

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *The new OCBCSP 4.55 35s initially widened then back to unchanged from reoffer at par this morning. The new MITSCO 4.398 30 tightened 10bps. The new JERA 4.544 30 tightened 1-2bps. China TMT BABA/MEITUA/TENCNT/WB/XIAOMI were 2-3bps wider. Moody's upgraded Xiaomi by one notch to Baa1 with stable outlook.*
- **BOCAVI:** *Neutral on the new BOCAVI 4.25 03/04/31, which were 0.1pt higher from reoffer at 99.544 this morning. Prefer FRESHKs in the Chinese leasing space. See below.*
- **MEDCIJ:** *Moody's upgraded Medco Energi by one notch to Ba3 from B1 on improved capacity to absorb future acquisitions, outlook changed to stable from positive. We maintain buy on MEDCIJs, and prefer MEDCIJ 30s which were 0.2pt higher this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday was a weaker day across the spaces amid a steeper UST curve following the latest headline that Trump ordered the removal of Fed governor Lisa Cook. The Asia IG space overall widened 1-5bps. We saw more secondary selling with a handful of IG new issues in the pipeline, including BOCAVI/OCBCSP/JERA/MITSCO. China TMT names MEITUA/WB/TENCNT/BABA/XIAOMI and TW lifers SHIKON/NSINTW widened 4-5bps. In Greater China high-beta credits, MTRC perps fell 0.1-0.3pt amid selling from AMs in the NC10 tranche. LIHHK 4.8 06/18/26 rose 1.7pts, and NWDEVL 27-31s were 0.1-0.5pt higher. CTFCHK 28-29s was unchanged to 0.1pt lower. Media report that CTF Services has terminated talks with Yuexiu for the sale of its mainland China toll road assets valued at USD2bn. WESCHI 26 was down 0.1pt, even though the company announced a strong 1H25 profit recovery. See our comments on WESCHI [yesterday](#). In Chinese properties, GRNLGR 7 ¼ 12/16/28 was down 1pt. CSCHCN 27 was 0.3pt lower. In Korea space, LGENSOs/HYUELEs/HYNMTRs were 2-3bps wider. In JP, SOBKCO 30/35 closed 1-2bps wider. NTT 35s curve left unchanged amid two-way flows. Japanese insurance hybrids leaked by up to 0.1pt amid RMs selling to make room for new issues. We saw mixed flows for Asia FRNs, namely Chinese leasing FRNs and JP Banks names. We saw better selling flow from RMs for AU 2-5yr bank FRNs and better buying flow for AU T2 papers. ALVGR 6.55 PERP retraced 0.2pt. In AT1s, Yankee names were generally 0.3-0.5pt weaker led by the long-end bonds amid better selling flows from RMs and mixed flows from PBs. French names BNP/ACAFR retraced c0.4pt, and SOCGEN 8 1/8 PERP was 0.8pt lower in a wave of selling at London open amid headlines on a potential confidence vote that may topple France's government. In SEA space, BBLTB curve was 2-3bps wider. Elsewhere, LGFVs remained slow as selling pressure persisted on several recent high-yielding issues, as liquidity stayed generally thin in absence of new demand to digest loose bonds.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LIHHK 4.8 06/18/26	93.4	1.7	LLOYDS 6.413 PERP	104.6	-1.2
CHGDNU 4.8 09/11/48	89.6	1.5	BNP 7.45 PERP	101.7	-1.1
KOREAT 6 1/2 09/07/34	109.1	0.7	GRNLGR 7 1/4 12/16/28	19.0	-1.0
NANYAN 6 1/2 PERP	102.2	0.7	FAEACO 12.814 PERP	45.5	-1.0
NWDEVL 3 3/4 01/14/31	53.9	0.5	SOCGEN 8 1/8 PERP	103.7	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.41%), Dow (+0.30%) and Nasdaq (+0.44%) were higher on Tuesday. US Aug'25 CB Consumer Confidence was 97.4, higher than the market expectation of 96.4. UST yield was lower on Tuesday, 2/5/10/30 yield at 3.61%/3.75%/4.26%/4.90%.

❖ Desk Analyst Comments 分析员市场观点

➤ **BOCAVI: Neutral on the new BOCAVI 4.25 03/04/31**

BOC Aviation (BOCAVI) issues USD500mn 5.5-year USD bonds (S&P/Fitch: A-). The bonds were priced at 99.544 to yield 4.344% (T+58bps) with coupon rate at 4.25%, vs IPT of T+90bps. The net proceeds will be used to fund new capex, general corporate purposes and/or refinancing. At 99.7, the new BOCAVI 4.25 03/04/31 is trading at Z+88bps/YTM of 4.3% which were 0.1pt higher from reoffer at 99.544 this morning, and 2bps wider than the BOCAVI 2.625 09/17/30 (Z+86bps/YTM of 4.3%) with 6-month longer in tenor. We view the current valuation is fair, therefore we are neutral on the new BOCAVI 4.25 03/04/31.

As of Jun'25, BOCAVI has 834 aircrafts including 32 managed and 351 on order. During 1H25, BOCAVI placed 120 new aircraft orders and scheduled for delivery through to the end of 2032, while it sold 18 owned aircrafts and one engine. All aircrafts on orderbook scheduled for delivery before May'27 are placed with airline customers. During 1H25, BOCAVI generated USD1.2bn revenue, 5.8% yoy increase from 1H24. Operating cash flow net of interest was USD1bn in 1H25, increased from USD908mn in 1H24.

Besides, BOCAVI had ample available liquidity of USD6.1bn as of Jun'25, comprising USD533mn cash and short-term deposits and remaining are undrawn credit facilities. BOCAVI's next USD bonds maturity will be USD500mn BOCAVI 1.75 01/21/26. We view BOCAVI has good access to different funding channels including bond issuances and bank loans. We also take comfort from its positive operating cash flow as well as proceeds from asset sales. Furthermore, we are not concerned of its refinancing requirements and expect the company to continue to tap the USD bond market.

In Chinese commercial leasing space, we prefer FRESHKs in view of FRESHKs offer more attractive risk-return profiles than BOCAVIs. We also acknowledge Far East Horizon's more diversified operations and better profitability. At 99.2-102.3, FRESHK 26-28s are trading at Z+123-206bps/YTM of 5.0-5.5%.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
BOC Aviation	500	5.5yr	4.25%	T+58	-/A-/A-
BSF Finance	1000	10NC5	5.761%	T+200	-/-/BBB

Boxinyuan International	180	3yr	4.88%	4.88%	Unrated
Fukoku Mutual Life	700	30NC10	5.75%	5.75%	-/A-/A-
JERA Co	500	5yr	4.544%	T+78	-/A-/A-
MITSUI & CO.	500	5yr	4.398%	T+63	A3/A/-
Muthoot Finance	600	4.5yr	6.375%	6.375%	Ba1/BB+/-
Oversea-Chinese Banking Corporatio	1000	10NC5	4.55%	T+80	A2/BBB+/A

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hokkaido Electric Power	USD	-	5yr	T+120	-/BBB+/-
Luoyang Cultural Tourism Investment Group	USD	-	3yr	7.5%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 133 credit bonds issued yesterday with an amount of RMB98bn. As for month-to-date, 1,920 credit bonds were issued with a total amount of RMB1,642bn raised, representing a 2.5% yoy decrease
- Danantara may scrap USD1bn bond plan; to tap SOE dividends and existing USD10bn loan
- **[AVICCP]** AVIC Industry Finance has accepted all the USD267.55mn AVICCP 2.375 02/09/26 validly tendered in the tender offer, the remaining USD32.45mn will be redeemed on 3 Sep'25 by exercising the early redemption option
- **[BTSDf]** Health & Happiness 1H25 revenue rises 4.9% yoy to RMB7.1bn (cUSD980.5mn)
- **[CDBFLC]** China Development Bank Financial Leasing to redeem all USD700mn CDBFLC 2.875 09/28/30 (T2) on the call date on 28 Sep'25
- **[CHJMAO]** China Jinmao 1H25 revenue rises 14% yoy to RMB25.1bn (cUSD3.5bn)
- **[CHMDHL]** China Modern Dairy 1H25 revenue declines 5.4% yoy to RMB6.1bn (cUSD848.1mn)
- **[CMHI]** China Merchants Port to redeem all USD200mn CMHI 3.875 Perp on the first call date on 9 Oct'25
- **[CRHZCH]** China Resources Land 1H25 revenue rises 20% yoy to RMB94.9bn (cUSD13.3bn)
- **[DFHOLD]** Korea Investment & Securities aims to increase its capital by KRW900bn (cUSD648mn)
- **[EMPINT]** Emperor International restructuring proposal seeks to extend offshore loans' maturity to 31 Jul'27
- **[GLPSP]** GLP has signed a strategic partnership with Zhejiang government-affiliated entities, raising RMB2.5bn (cUSD349.1mn) for its China data center business

- **[PDD]** Temu has resumed direct shipping between China and the US following a trade truce
- **[ROADKG]** Road King Infrastructure 1H25 revenue slumps 49% yoy to HKD1.8bn (cUSD228.5mn)
- **[SINOPE]** Sinopec will provide engineering services for a project to build the world's biggest integrated green hydrogen facility in Saudi Arabia
- **[SOFTBK]** SoftBank sells shares in e-commerce firm Coupang for USD576.8mn
- **[XIAOMI]** Moody's upgraded Xiaomi's by one notch to Baa1 from Baa2; outlook changed to stable

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