

CMBI Credit Commentary

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

- *The new BCHINA Float 12/11/28 tightened 2bps from RO at SOFR+41. CHGDN 48/CRNAU 29 dropped 2.1-2.6pts. RILIN 32-62s rose 0.4-1.5pts after the headlines that S&P upgraded Reliance Industries' ratings to A- from BBB+ and affirmed stable outlook.*
- *Taiwan lifers: An emerging subset with new premium. Maintain buy on SHIKON 35 and FUBON 35. See below.*
- *VEDLN: Moody's changed the outlook of VRL to positive from stable and affirmed B1 rating on improvement in VRL's earnings and cash flow. VEDLNs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, HYNMTR 28-30 FRNs tightened 1-2bps. In JP space, NTT 30 FRNs were 2bps wider amid two-way trading, and PBs/Chinese accounts were selling 10yr SOBKCO/SMBCAC/NTT/MUFG, which widened 1-3bps. SOFTBK 61-65s rose 0.6-0.8pt. Media reported that SoftBank will boost investments in US startup OpenAI to USD34.7bn this year. Japanese and Yankee AT1s and insurance subs were a touch firmer. We continued to see Chinese/Asian AMs chasing after 1-3yr-to-call issues, whilst papers in the belly and long end of the curve grounded 0.1-0.3pt higher at Asia close on cautious mixed flows. In Middle East, there were better-buying on BSFR 29 and FABUH FRNs, which were 1bp tighter. In greater China space, the MEITUA curve was 2-3bps tighter in the morning but retraced slightly in the afternoon. XIAOMI 31 widened 4bps amid better-selling flows. We saw better buying on front-end banks and leasing papers. TW lifers CATLIF /SHIKON/NSINTW closed largely unchanged amid mixed two-way flows. The NWDEVL complex was 0.8pt lower to 0.2pt higher. The Macau gaming bonds SJMHOL/MGMCHI/MPEL/SANLTD/STCITY/ WYNMAC increased by 0.1-0.2pt in general, with the exception of SANLTD 26, which was down by 0.1pt. DALWAN 26 rose another 0.6pt. In Chinese properties, VNKRLE 27-29 lowered by 0.3-0.4pt. Vanke faces opposition from some onshore bondholders on extension plan. LNGFOR 27-32 was 0.1pt higher. Other SOE property USD papers continued to gradually recover. However, their CNH counterparts remained rather heavy. In SEA space, OCBCSP/BBLTB T2s remained heavy and widened 2-4bps. INDYIJ 29s/IHFLIN 27-30s/VEDLN 28-33s/SMCGL Perps were unchanged to 0.3pt higher. MEDCIJ 26-30s/VLLPM 27-29s edged 0.1-0.2pt higher.

In LGFV space, flows overall skewed towards better buying for papers yielding $\geq 3\%$, as RMs were buying from tactical investors. On the other hand, lower-yielding issues like HUALUG 2.2 10/27/26 dropped 0.8pt.

Glenn Ko, CFA 高志和
 (852) 3657 6235
 glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
 (852) 3900 0801
 cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
 (852) 3900 0830
 zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SOFTBK 8 1/4 10/29/65	94.5	0.8	HUALUG 2.2 10/27/26	97.3	-0.8
SOFTBK 7 5/8 04/29/61	95.2	0.6	NWDEVL 6 1/4 PERP	48.1	-0.8
MGMTGE 11 1/2 01/18/27	101.2	0.6	GWFOOD 3.258 10/29/30	89.1	-0.7
DALWAN 11 02/13/26	92.5	0.6	BABA 4.4 12/06/57	84.2	-0.6
PMBROV 11 1/2 02/18/30	98.9	0.5	SINOCH 6.3 11/12/40	114.7	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.11%), Dow (-0.07%) and Nasdaq (+0.22%) were mixed on Thursday. The latest initial jobless claims was +191k, lower than the market expectation of +219k. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.52%/3.68%/4.11%/4.76%.

❖ Desk Analyst Comments 分析员市场观点

➤ Taiwan lifers: An emerging subset with new premium

Maintain buy on SHIKON 35 and FUBON 35

Taiwan insurer is emerging market subset, coming to the offshore USD bond market since Sep'24 with new issue premium ahead of the full adoption of IFRS. Despite the tightened credit spread compared with the levels when we first put out our trade ideas in Jul'25, we continue to prefer SHIKON 6.95 06/26/35 for over NSINTWs for 20bps yield pick-up. We also continue to prefer FUBON 5.45 12/10/35 with a yield pick-up of 10bps.

Table 1: Bond profile of selected TW lifers

Security name	ISIN	Amt o/s (USD mn)	Ask px	T-spread (bps)	Z-spread (bps)	YTW	Mod dur	First call date	Payment rank	Issue rating (M/S/F)
CATLIF 5.95 07/05/34	XS2852920342	600	107.0	90	139	4.9%	6.6	N/A	Subordinated	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	102.1	95	143	5.0%	6.9	09/05/2034	Subordinated	-/BBB+/BBB+
FUBON 5.45 12/10/35	XS3151416727	650	101.9	116	158	5.2%	7.4	09/10/2035	Subordinated	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	99.4	151	199	5.5%	6.8	N/A	Subordinated	-/BBB+/BBB
NSINTW 5 7/8 03/17/41	XS3046322593	395	100.9	171	212	5.8%	7.4	12/17/2035	Subordinated	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	107.8	183	228	5.9%	6.8	N/A	Subordinated	-/BBB/-

Source: Bloomberg.

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➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Limited, HK Branch	300	3yr	SOFR+41	SOFR+41	A1/A/A
Yapi ve Kredi Bankasi	500	10.5NC5.5	7.55%	7.55%	-/-/B

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 116 credit bonds issued yesterday with an amount of RMB119bn. As for Month-to-date, 374 credit bonds were issued with a total amount of RMB333bn raised, representing a 45% yoy increase
- [AIA]** S&P upgraded AIA's core subsidiaries by one notch AA from AA- on sustained capital buffer, parent AIA Group Ltd. to AA- from A+; outlooks stable
- [BBLTB/KBANK/KTBTB]** Moody's affirmed the ratings of seven Thai financial institutions including Bangkok Bank, Bank of Ayudhya, KASIKORNBANK, Krung Thai Bank, Siam Commercial Bank, SCB and TMBThanachart Bank; maintained negative outlooks except Bank of Ayudhya which outlook remained stable
- [HYSAN]** Hysan filed with HKEX with USD4bn MTN program
- [PRUFIN]** S&P upgraded Prudential PLC core entities by one notch to AA from AA- on enhanced capital buffer, Prudential PLC by one notch to A+ from A; outlooks stable
- [PTTEPT]** PTT Exploration and Production plans to spend USD33.3bn over the next five years as it seeks to achieve net-zero greenhouse gas emissions by 2050
- [PTTGC]** PTT Global Chemical raised THB10bn (cUSD313.3mn) in perpetual bond offering
- [RIOLN]** Rio Tinto is looking to raise USD5-10bn via opportunistic asset sales, while introducing various cost-cutting measures and implementing rigorous fiscal discipline as part of its business streamlining
- [SAMTOT]** Moody's downgraded Hanwha TotalEnergies' senior unsecured rating to Ba1 from Baa3 and placed all ratings on review for downgrade; outlook negative
- [SOFTBK]** SoftBank Group agreed to sell a large portion of its stake in Indian technology startup InMobi for cUSD250m
- [VEDLN]** Moody's changed the outlook of VRL to positive from stable and affirmed B1 rating on improvement in VRL's earnings and cashflow; Vedanta Ltd got tribunal nod to acquire insolvent Incab Industries for USD60mn
- [VICVN]** Vingroup EV arm to invest USD500mn to expand India plant
- [VNKRLE]** China Vanke is offering to sell its commercial property Binjiang Vanke Center in Shanghai's Lujiazui area for RMB2bn (cUSD283mn)

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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