CMB INTERNATIONAL

Fixed Income
Credit Commentary

16 Jul 2026

CMBI Credit Commentary

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

- *This morning, the Asia IG space was 2bps wider to 2bps tighter amid light flows. The new NACF Float 30s and NACF 31s were largely unchanged from RO at SOFR+60 and T+42, respectively. We saw better selling in front-end, lower-yielding LGFV USD issues. 10yr CNH IG TMTs edged 0.3-1.0pt higher.*

- ***CINDBK:** We view the pricing of the new CINDBK 5 Perp as fair. The new USD CINDBK 5 Perp edged 0.5pt higher from RO at par, while the new CNH CINDBK 2.3 Perp rose 1.5pts from RO at par amid Chinese accounts topping up. See below.*

- ***INDYIJ:** Media reported Indika Energy considers sale of coal unit Kideco, which could value at more than USD1bn. INDYIJ 29s was 0.5pt higher this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday was relatively a muted session for Asian IG credit. Spreads overall closed unchanged to 2bps wider on the back of tactical profit-taking across TMT BABA 35s/TENCNT 36s and MEITUAs. ZHOSHK closed 0.2pt lower. TW lifers were unchanged to 2bps wider, though we saw small better buying in NSINTW. See our comments on CATLIF yesterday. KR IG credits remained range-bound in thin volumes and light better selling in the front-end industrial and quasi-sovereign FRNs. JP IG space leaked 1-2bps wider on better selling in recent new issues, particularly long-duration tranches and FRNs.

In higher-yielding space, JP insurance subs and European AT1s traded 0.1pt lower to 0.1pt higher, amid better selling flows from onshore JP and London accounts. In SE Asian space, VEDLNs were 0.2pt lower to 0.1pt higher. Vedanta Resources accepted all of the USD227.325mn VEDLN 9.475 07/24/30, USD209.373mn VEDLN 11.25 12/03/31, USD186.069mn VEDLN 9.125 10/15/32, and USD329.431mn VEDLN 9.85 04/24/33 validly tendered for purchase in the tender offer. GLPSP Perps lowered 0.1-0.2pt. In Greater China space, WESCHI 28-29 leaked 0.1-0.6pt. The NWDEVL/VDNWDL complexes traded unchanged to 0.5pt lower. VNKRLE 27-29 were 0.1pt lower to 0.1pt higher. The Macau gaming complexes were unchanged to 0.1pt higher. Front-end LGFV issues remained largely afloat as RMs continued to buy high-yielding names across CNH and USD papers.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AXIATA 3.064 08/19/50	**69.8**	**1.6**	WESCHI 10 1/2 11/11/29	**82.1**	**-0.6**
CSCHCN 4 1/2 08/19/27	**22.7**	**1.1**	NWDEVL 4 1/8 07/18/29	**84.3**	**-0.5**
TSTSME 11 3/8 02/05/31	**107.8**	**0.8**	WLISRC 7 7/8 06/23/36	**95.1**	**-0.5**
BHP 6 1/4 05/15/33	**105.7**	**0.7**	CKINF 4.2 PERP	**71.6**	**-0.5**
BABA 5 5/8 11/26/54	**97.8**	**0.7**	CKINF 4 PERP	**68.8**	**-0.4**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.38%), Dow (+0.29%) and Nasdaq (+0.62%) were higher on Wednesday. The US latest Crude Oil Inventories decreased by 1.692mn barrels, lower than the market expectation of a decrease of 1.800mn barrels. UST yield were lower on Wednesday. 2/5/10/30 year yield was at 4.13%/4.26%/4.55%/5.08%.

❖ Desk Analyst Comments 分析员市场观点

➢ CINDBK: We view the pricing of the new CINDBK 5 Perp as fair

Yesterday, China CITIC Bank International (CINDBK, A3/-/A-) priced a USD Reg S PerpNC5 AT1 (Ba2/-/-) at 5.0%, tightened from IPT of 5.45%. The issue size is USD400mn on an order book of over USD2bn. We view the pricing as broadly fair, taking cues of the valuations of NANYAN 7.35 Perp (Ba2/-/-, first call Mar'28, YTC 4.7%) and NANYAN 6.5 Perp (Ba2/-/-, first call Apr'27, YTC 4.6%), after adjusted for the longer to first call profile. Concurrently, CINDBK priced a CNH Reg S PerpNC5 AT1 (Ba2/-/-) at 2.3%, tightened from IPT of 2.9%. The issue size is CNH1.33bn on an order book of over CNH10.3bn. The new USD CINDBK 5 Perp edged 0.5pt higher from RO at par this morning, while the new CNH CINDBK 2.3 Perp rose 1.5pts from RO at par. We believe the performance of both the USD and CNH tranches to be supported by solid onshore demand.

The new perps will be callable on the reset date on 22 Jul'31, subject to prior written consent from the HKMA. It is also subject to non-viability loss absorption, triggered upon the earlier of the HKMA notifying the bank in writing that: (i) it is of the view that a full or partial reduction or conversion of principal, together with the cancellation of any accrued but unpaid interest, is necessary, without which the bank would become non-viable; and (ii) a determination has been made by the relevant authorities that a public sector capital injection or equivalent support is required, without which the bank would become non-viable. Moreover, the perps may be written off, cancelled, converted, modified, or otherwise have its form changed through the exercise of Hong Kong Resolution Authority powers, without prior notice. The new perps are also subject to dividend stopper.

CINDBK is the 9th largest commercial bank in Hong Kong by total assets as of Dec'25. The bank is 75%-owned by China CITIC Bank (0998.HK), which is c60%-owned by CITIC Limited (0267.HK), ultimately controlled by CITIC Group with 53.12% ownership, a MoF-owned SOE. In FY25, CINDBK's operating income rose 2.9% yoy to HKD10.9bn, driven by 8.2% growth in non-interest income to HKD3.2bn, partly offset by a 1.0% decline in net interest income to HKD7.8bn. NIM compressed to 1.51% from 1.79% in FY24, reflecting funding cost pressure and asset yield compression. Cost-to-income increased to 45% from 38% over the same period. Despite margin pressure, profit rose 11.3% yoy to HKD3.1bn, supported by lower impairment losses. ROAA declined marginally to 0.56%, while ROAE improved to 6.16% from 5.99%.

As of Dec'25, total loans increased 7.4% yoy to HKD246bn, comprised of HK corporate loans (41%), HK retail loans (18%), trade finance (2%), and offshore lending (39%). Within HK corporate loans, property development and investment exposure remained elevated at 30% (cHKD30.3bn). While the CRE proportion declined from 36% in FY23 to 30% in FY25, absolute exposure remained broadly flat at cHKD29-30bn, implying limited de-risking in a weak property cycle. Asset quality improved, with impaired loan ratio declined to 1.76% as of Dec'25 from 2.13% as of Dec'24, and NPL coverage ratio strengthened to 78.1% from 51.1%. Capitalization is strong, with CET1 ratio at 15.8%, well above the c7.4% regulatory minimum that help provide a buffer against asset quality volatility.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Anhui Transportation Holding Group	400	3yr	4.35%	4.35%	Unrated
China CITIC Bank International	400	PerpNC5	5.0%	5.0%	Ba2/-/-
NongHyup Bank	300	3.5yr	SOFR+60	SOFR+60	Aa3/A+/-
	300	5yr	4.625%	T+42	
Tata Capital	400	3.5yr	5.332%	T+107	-/BBB/-

➢ Offshore Asia New Issues (Pipeline)

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

➢ News and market color

- Regarding onshore primary issuances, there were 119 credit bonds issued yesterday with an amount of RMB137bn. As for month-to-date, 932 credit bonds were issued with a total amount of RMB938bn raised, representing a 6.8% yoy decrease

- **[ARAMCO]** Saudi Aramco expected to ship no term crude to Chinese refiners in Aug'26

- **[BHP]** BHP workers to strike at key Australian iron ore export hub on 16 Jul'26; BHP iron ore production rose 1% yoy to 264.7mn tons in FY26 as record high

- **[FRIDPT]** Freeport Indonesia cuts 2026 gold output target 16% to stabilize operation

- **[FUBON]** Fubon Life's after tax profit was TWD1.7bn in Jun'26 and TWD55.6bn in 1H26

- **[IHFLIN]** Sammaan Capital board panel to consider proposal for buyback of USD-denominated bonds

- **[MEDCIJ]** Medco Energi Internasional has scheduled update meetings with fixed income investors between 27 and 29 Jul'26

- **[NSINTW]** Nan Shan Life pretax profit up 163.7% yoy to TWD38.5bn in 1H26

- **[RIOLN]** Rio Tinto paid USD443mn to the Mongolian government following the tax authority's decision on the Oyu Tolgoi copper and gold mine's audits in 2021 and 2022

- **[SINOPE]** China Petroleum & Chemical is conducting a comprehensive business overhaul, setting up new business units, to boost profit amid softening demand

- **[VEDLN]** Vedanta Resources accepted all of the USD227.325mn VEDLN 9.475 07/24/30, USD209.373mn VEDLN 11.25 12/03/31, USD186.069mn VEDLN 9.125 10/15/32, and USD329.431mn VEDLN 9.85 04/24/33 validly tendered for purchase in the tender offer

- **[VNKRLE]** China Vanke units extended USD55m loans from United Overseas Bank

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