

CMBI Credit Commentary

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

- *This morning, CRNAU 29/VLLPM 29 dropped 1.9-2.5pts. VNKRL 27-29 lowered another 1.0pt. We saw better buying on long-end SOE property names CPDEV/GRNCH as well as LGFVs, which edged 0.3-0.5pt higher. CHDUIN 26/DALWAN 26/SOFTBK 61 were 0.4-0.5pt higher.*
- **European AT1s:** Our picks are BACR 4.375 Perp and INTNED 4.25 Perp. BACR 4.375 Perp was 0.3pt higher this morning. See below.
- **SOFTBK:** SoftBank will boost investment in US startup OpenAI to USD34.7bn this year. SOFTBKs were 0.1pt lower to 0.4pt higher this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, HYNMTR 2-4yr papers tightened 3-4bps, while long-end HYNMTRs were largely unchanged. We saw better buying on the front-end AMC bonds like ORIEAS/CCAMCL 27s, which tightened 2-5bps. NANYAN 7.35 Perp was up by 0.7pt. In Macau gaming, MPEL 27-32s were unchanged to 0.2pt higher. WYNMAC 27-34s were 0.1pt lower to 0.5pt higher. SANLTDs/STCITYs were up by 0.1pt. See our comments on [2 Dec'25](#). In HK/Chinese properties, LASUDE 26 was up by 0.6pt. FAEACO 12.814 Perp was 0.2pt higher. DALWAN 26 was 0.9pt higher. Media reported that DALWAN is mulling a buyback offer for part of the USD400mn bond due Feb'26. LOGPH 8.7 Perp was 0.5pt lower. VNKRL 27-29s lowered by 0.4-0.6pt. Fitch placed Vanke and its subsidiary Vanke Real Estate (Hong Kong) on Rating Watch Negative. Vanke HK's senior unsecured rating and outstanding senior notes rating were downgraded to CC from CCC-. FTLNHD 26/FUTLAN 28 were down by 0.1pt. On the other hand, LNGFOR 27-32s increased by 0.1-0.4pt. In AU space, CRNAU 29 was up by 1.2pts. PMBROV 30 was 0.5pt lower. In SE Asia, VLLPM 29 rose 2.9pts. VEDLN 28-33s/SMCGL Perps were unchanged to 0.1pt higher. MEDCIJ 26-30s were 0.2pt lower to 0.1pt higher. INDYIJ 29s were down by 0.1pt. Yankee AT1s edged 0.3pt higher during the London session.

In LGFV space, higher-yielding issues down the credit curve edged up by 0.8-1.0pt, or c25bps tighter in yields as tactical investors expedited pace to load risk ahead of next year. KNMIDI 26 rose 1.4pts. Meanwhile, there were two-way flows that skewed towards better buying across CNH and USD onshore AAA-guaranteed papers. In non-LGFV CNH space, we saw buyers returned for long-end SOE/POE notes.

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
VLLPM 9 3/8 07/29/29	56.2	2.9	VNKRLE 3 1/2 11/12/29	20.2	-0.6
KNMIDI 8 1/2 08/20/26	99.5	1.4	PMBROV 11 1/2 02/18/30	98.4	-0.5
CRNAU 9 1/4 10/01/29	94.3	1.2	LOGPH 8.7 PERP	4.5	-0.5
DALWAN 11 02/13/26	91.9	0.9	VNKRLE 3.975 11/09/27	20.6	-0.4
NANYAN 7.35 PERP	105.0	0.7	NUFAU 5 01/27/30	90.1	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.30%), Dow (+0.86%) and Nasdaq (+0.17%) were higher on Wednesday. US Nov'25 ADP Nonfarm Employment Change was -32k, lower than the market expectation of +5k. US Nov'25 S&P Global Services PMI was 54.1, lower than the expectation of 55.0. US Crude Oil Inventories was +0.574mn, higher than the expectation of -1.9mn. In Nov'25, US ISM Non-Manufacturing PMI and Prices were 52.6 and 65.4, compared with market expectations of 52.0 and 68.0, respectively. UST yield was lower on Wednesday. 2/5/10/30 year yield was at 3.49%/3.62%/4.06%/4.73%.

❖ Desk Analyst Comments 分析员市场观点

➤ European AT1s: Our picks under Basel III finalization

Our top picks are BACR 4.375 Perp and INTNED 4.25 Perp

In European USD AT1 space, we prefer UK and EU G-SIBs in view of their stance of equity should be written down ahead of AT1 in any resolution first. We consider the risk of non-call and coupon skips for EU G-SIBs is low under the backdrop of the falling UST and these banks' ability and incentive to maintain access to capital markets at low funding costs. We pick banks with good track records in coupon payments as scheduled and calling their AT1s on the first call dates. Finally, we prefer shorter tenor (to call) AT1s given our view of yield curve to stay steep, if not steepening, and AT1s with lower cash prices.

We maintain buy on **BACR 4.375 Perp** (Ba1/BB+/BBB-, first call in Mar'28), supported by Barclays' strong CET1 ratio of 14.1% in Sep'25, consistent call history of its USD AT1s and the lower cash price of the AT1. The bank's robust capital position provides substantial buffer above the 7.0% mechanical trigger. At 96.4, BACR 4.375 Perp is trading 6.1% YTC, provides c90bps yield pick-up of over HSBC 8 Perp (Baa3/-/BBB, first call in Mar'28). We also maintain buy on **INTNED 3.875 Perp** (Ba1/-/BBB, first call in May'27). At 96.9, INTNED 3.875 Perp is trading at 6.2% YTC and offers pick-up of c40bps over UBS 4.875 Perp (-/BBB-/BBB-, first call in Feb'27). ING has solid capital metrics, CET1 ratio of 13.4% in Sep'25 which is higher than the 7.0% mechanical trigger (see Table 4), and good track records to call its USD AT1s on the first call dates. We expect ING to continue to call its perps on the first call. BACR 4.375 Perp and INTNED 3.875 Perp will be converted into equity rather than being written down at PONV. This loss absorption mechanism, in our view, is more favourable from a recovery perspective.

We anticipate a modest increase in the net issuance in the space, driven by the refinancing requirements, potential capital replenishment arising from Basel III finalization and falling UST. ECB and the Bank of England reaffirmed the role of AT1 in bolstering banks' capital cushion after the collapse of Credit Suisse in Mar'23. This is in contrast to the plan of APRA of Australia to start phasing out AT1s as early as Jan'27.

Table 1: Our European AT1 picks

Security Name	ISIN	Amt o/s (USD mn)	Ask px	YTC	Issue rating (M/S/F)	First call date
BACR 4.375 Perp	US06738EBT10	1,500	96.4	6.1%	Ba1/BB+/BBB-	15 Mar'28
INTNED 3.875 Perp	US456837AY94	1,000	96.9	6.2%	Ba1/-/BBB	16 May'27

Source: Bloomberg.

Table 2: Basel 3.1 implementation timeline

Component	EU	UK
Credit risk SA	1 Jan'25	1 Jan'27
Credit risk IRB	1 Jan'25	1 Jan'27
Market risk	1 Jan'27	1 Jan'27
CVA	1 Jan'25	1 Jan'27
Operational risk	1 Jan'25	1 Jan'27
Output floor phase in	From 1 Jan'25 till 1 Jan'30 (with transitional arrangement until 31 Dec'32)	From 1 Jan'27 till 1 Jan'30

Source: BIS as of 31 Oct'25.

Click [here](#) for the full report.

➤ Offshore Asia New Issues (Priced)

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

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of China Limited, HK Branch	USD	-	3yr	SOFR+100bps	A1/A/A

➤ News and market color

- Regarding onshore primary issuances, there were 104 credit bonds issued yesterday with an amount of RMB69bn. As for Month-to-date, 258 credit bonds were issued with a total amount of RMB208bn raised, representing a 47.7% yoy increase
- China's new debt department signaled higher priority for LGFV de-risking
- Shanghai launched a campaign to remove social media content that is considered bearish about the country's protracted real estate slump
- [COGARD]** Country Garden shareholders cleared USD13bn MCB issuance as part of debt restructuring
- [DALWAN]** Wanda Commercial bought back the Wanda Plaza mall in Yantai City; Wanda Commercial weighs buying back part of USD400mn DALWAN 11 02/13/2026

- **[INDYIJ]** Indika Energy will prioritize cash preservation and refocus its capex allocations in 2026 by deferring non-priority investments until coal prices improve
- **[NSASY]** Nissan CFO outlines strategic reset and partnership priorities amid tariff turmoil
- **[NWDEVL]** New World Development announced final results of exchange offer for notes and securities; to exchange and cancel its outstanding perps in aggregate principal amounts of USD2,292,955,000 and notes of USD235,974,000; to issue USD1,175,548,191 in aggregate amount of new perps and USD186,563,710 of new notes
- **[RILIN]** Reliance expanded cricket footprint with USD80mn stake in UK Oval Invincibles
- **[SOFTBK]** SoftBank will boost investment in US startup OpenAI to USD34.7bn this year
- **[TCLAU]** Transurban priced tender offer to buy back USD118.5mn of TCLAU 3 3/8 03/22/2027
- **[VNKRLE]** China Vanke faces opposition from some onshore bondholders on extension plan; Vanke's 21Wanke06 bond enters temporary trading suspension
- **[WESCHI]** Fitch assigned West China Cement B ratings with stable outlook

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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