

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报****The Asset Asian G3 Bond Benchmark Review 2025**

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *The new SHINFN 4.5 30 was 1bp wider from RO (T+63) this morning. NHSECS/DAESEC/DFHOLD 26-30s were unchanged to 2bps wider. NSINTW/SHIKON 34-35s tightened 1-2bps. The CNH LGFVs tightened 10-15bps following media report of SBBC program expansion.*
- **Quick thoughts on the mull of Southbound bond connect expansion.** See below.
- **Asia ex-JP USD bonds issuance:** Gross issuance increased 30.0% yoy in 1H25. See below.

❖ Trading desk comments 交易台市场观点

Yesterday, NSANY announced new issue mandate of 5yr, 7yr, 10yr USD bonds. Asia IG space was skewed to better selling. In KR, the recent new KORGAS/NHSECS 28-30s widened 2bps. TYANLI 35/HYNMTR 27-30s tightened 3-5bps. In Chinese IGs, BABA/HAOHUA/MEITUA 28-35s were unchanged to 2bps wider. The long end of CNOOC/CNPCCH/CHGRID 41-44s were 0.6-1.2pts lower (unchanged to 5bps wider). In financials, FRESHK 26-28s and AHBMK/AMMMK 30s were 1-2bps wider. CBAAU Float 28-32s were unchanged to 2bps wider, while SUMIBK Float 29-31s were unchanged to 2bps tighter. In AT1s, LLOYDS 6.75/NWG 8.125 Perps were up 0.4-0.5pt. In insurance, NIPLIF 55s/MYLIFE 54s/FUKOKU 6.8 Perp were up 0.1pt. In HK, BNKEA/DAHSIN 33-34s were 3-4ps wider. BTSDF 28 lowered 0.6pt. See our comments on H&H's on 7 Jul '25. NWDEVL Perps/27-31s were unchanged to 1.1pts lower. HYSAN 4.85 Perp was down 0.5pt. MTRC Perps were unchanged to 0.1pt lower. LASUDE 26 lowered 1.2pts. On the other hand, REGH 6.5 Perp rose 0.6pt. In Chinese properties, CHIOLI 28-43s were 0.1-0.7pt lower. Outside properties, EHICAR 26-27s lowered another 0.2-1.2pts after moving 0.9-2.2pts lower over last week. In SE Asia, VEDLN 28-33s were 0.3-0.7pt lower.

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LGFV space remained strong. There were buying flows from RMs/HFs across higher yielding CNH names such as CDTFDG 7.3 27s/ZIBOPR 5.8 28s and USD names such as BANDHI 6.9 28s/TAIANH 6.9 28s/KAFEDI 6.5 28s. In SOE perps, HUANEN Perp was up 0.1pt, AVIILC Perp was 0.7pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AVIILC 6 1/8 PERP	100.1	0.7	TAISEM 4 1/2 04/22/52	88.3	-1.8
REGH 6 1/2 PERP	22.3	0.6	EHICAR 7 09/21/26	67.5	-1.2
ROADKG 6.7 03/30/28	26.2	0.5	LASUDE 5 07/28/26	49.1	-1.2
LLOYDS 6 3/4 PERP	99.4	0.5	CNOOC 4 7/8 04/30/44	95.7	-1.2
CTFSHK 6 3/8 08/22/28	96.7	0.4	CNPCCH 5.95 04/28/41	107.2	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.79%), Dow (-0.94%) and Nasdaq (-0.92%) were lower on Monday. Trump said he would impose a 25% tariff on goods from Japan and South Korea starting on 1 Aug'25. UST yield was higher on Monday, 2/5/10/30 yield at 3.90%/3.96%/4.40%/4.92%.

❖ Desk Analyst Comments 分析员市场观点

➤ Quick thoughts on the mull of Southbound bond connect expansion

Media reported that the Chinese regulators had held early talks on doubling Southbound bond connect quota to RMB1tn (cUSD139bn). The expansion include an annual quota of up to RMB500bn to non-bank financial institutions (NBFIs) such as asset managers and lifers. The discussions also include the “reuse” of Northbound bond connect quota for repos. While there is no detail as to the pace of implementation, approval process, time table, etc., we believe that the expansion will strengthen the technical demand for offshore USD and CNH bonds and will be a positive development for our universe. In our recent marketing trips to mainland China in cities such as Beijing, Chengdu, Guangzhou, Nanjing, Shanghai and Shenzhen, the consistent takeaways from onshore investors (banks and non-banks) are that they are actively looking for opportunities for offshore investments given the tight yield of the onshore bond markets after the big bull run.

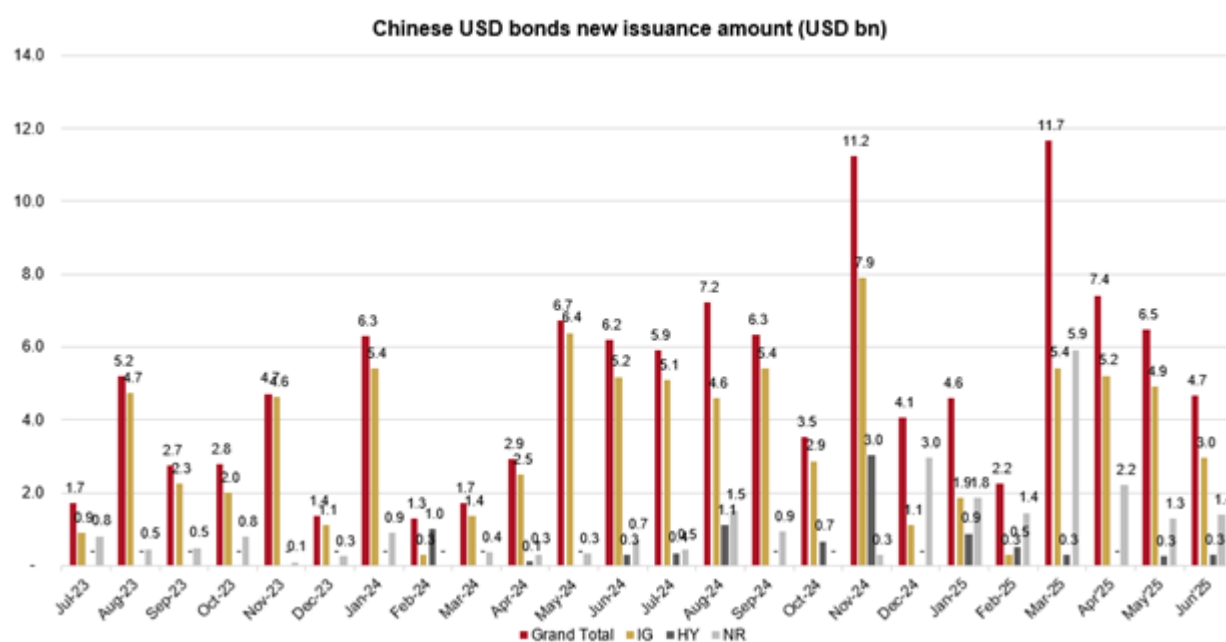
To us, the most significant changes for the above-mentioned relaxation will be the significant increase in bond connect quota and inclusion of NBFIs under bond connect. We need to observe whether the expansion of Southbound bond connect quota to NBFIs is a substitute for or supplement of QDII. In our view, the Chinese regulators should be more open to larger offshore investment quota under the backdrop of strengthened RMB against USD, and the very low yield environment onshore. Currently, Southbound bond connect covers banks which are generally more cautious and less flexible in expanding their white-lists given their approach of credit approval for bond investments and concerns of capital charges for capital papers of financial institutions.

By segments, we believe that banks' and lifers' capital papers (AT1 and T2) will most likely to benefit from a significant bond connect quota expansion as NBFIs are not subject to the concerns of capital charge on capital papers as banks are. NBFIs are also more flexible to invest in non-SOEs and non-China credits as banks may probably invest only in bonds from issuers with whom banks have lending relationship. In our view, bonds of Chinese TMTs and banks and lifers' capital papers from Australia, Japan, Singapore, South Korea, Taiwan and even Thailand will be the key beneficiaries of the quota expansion.

➤ **Asia ex-JP USD bonds issuance: Gross issuance increased 30.0% yoy in 1H25**

In Jun'25, the gross issuance of Asia ex-JP USD bonds (excl. supranational banks) dropped by 17.3% yoy to USD9.2bn from USD11.2bn in Jun'24. China (USD4.7bn), South Korea (USD2.0bn) and Hong Kong (USD1.0bn) remain to be the largest issuers. IGs contributed 72.3% of the gross issuance amount. Issuance from financials and LGFV totaled USD5.0bn and USD1.6bn, accounting for 54.5% and 17.9% of total gross issuance of the month, respectively. In 1H25, gross issuance of Asia ex-JP USD bonds increased 30.0% yoy to USD94.3bn. China (USD37.3bn), South Korea (USD20.1bn), Hong Kong (USD9.7bn) were the major issuers. Financial institutions issued USD bonds totaled USD39.4bn, accounting for 41.8% of the gross issuance amount.

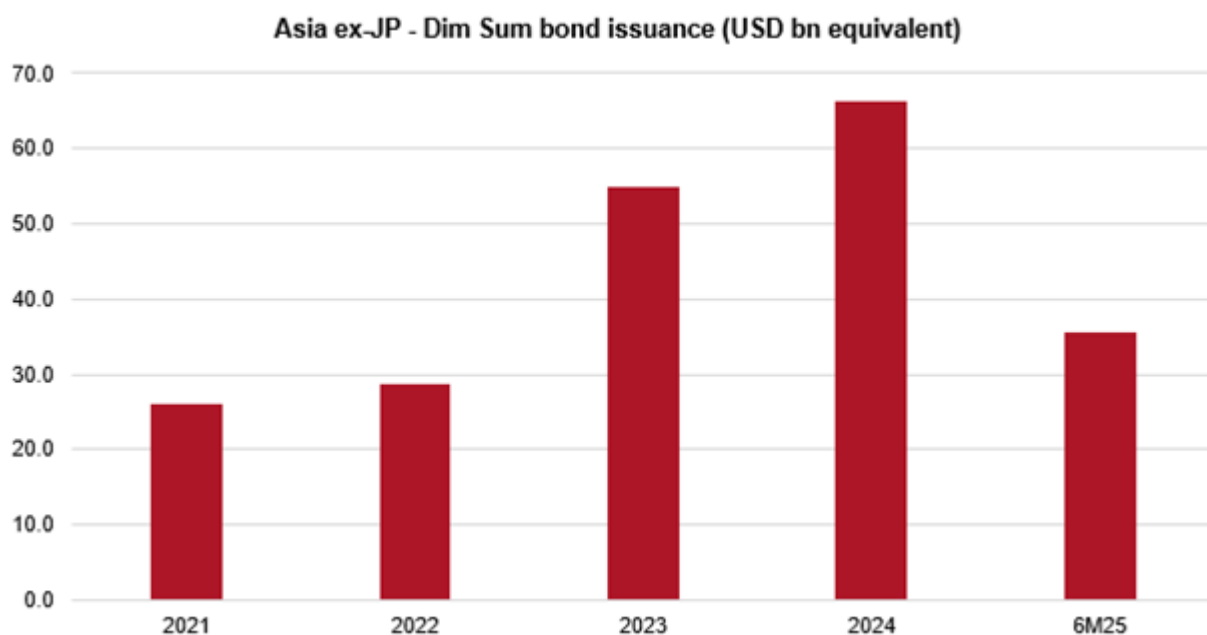
For Chinese USD bonds, the gross issuance totaled USD4.7bn in Jun'25. IGs, HYs and unrated contributed 63.4%, 6.4% and 30.1% of the gross issuance amount, respectively. Issuance from financials and LGFVs totaled USD2.3bn and USD1.6bn, accounting for 49.7% and 35.3% of the gross issuance amount in Jun'25, respectively. In 1H25, the gross issuance of Chinese USD bonds totaled USD37.4bn, 48.8% yoy increase from USD25.1bn in 1H24. IGs, HYs, and unrated contributed 55.3%, 6.0% and 38.7% of the gross issuance amount in 1H25, respectively. Issuance from LGFVs and financials totaled USD18.2bn and USD15.0bn, accounting for 48.8% and 40.0% of gross issuance amount in 1H25, respectively.



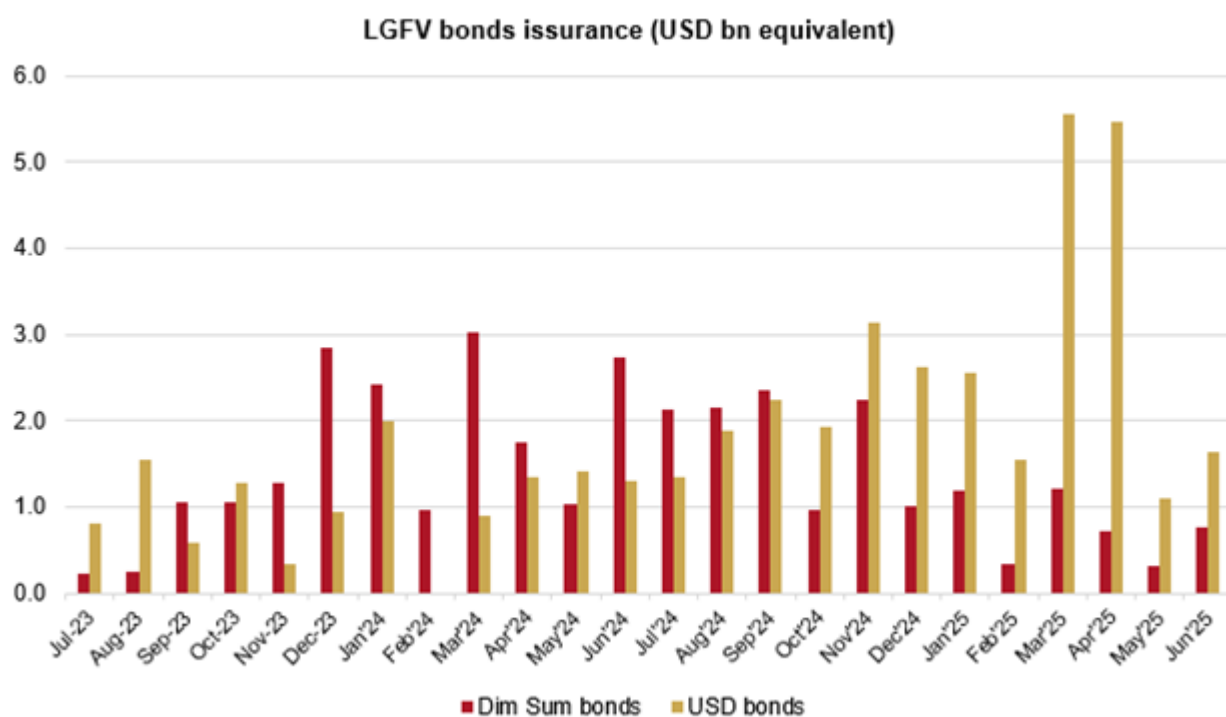
Source: Bloomberg.

The offshore LGFV USD bonds issuance (including only issues with an issue size of at least USD100mn) was USD1.6bn in Jun'25, increased by 26.6% yoy from USD1.3bn in Jun'24. In 1H25, the gross issuance was USD17.9bn, increased by 155.8% from USD7.0bn in 1H24.

On the other hand, the Asia ex-JP Dim Sum bonds issuance in Jun'25 increased 3.3% yoy to USD4.7bn equivalent from USD4.5bn equivalent in Jun'24. In 1H25, the gross issuance was USD35.6bn equivalent, increased 7.7% yoy from USD33.1bn equivalent in 1H24. On LGFV Dim Sum issuance, the gross issuance in Jun'25 decreased by 72.3% yoy to USD0.8bn equivalent from USD2.7bn equivalent in Jun'24. In 1H25, the gross issuance was USD4.6bn equivalent, down 61.7% yoy from USD11.9bn equivalent from 1H24. The lower Dim Sum issuance was also partly due to the tightened regulatory environment for banks to invest in LGFV Dim Sum bonds through Southbound bond connect starting from 4Q24.



Source: Bloomberg.



Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Lotte Property & Development	300	3yr	4.375%	T+60	Aa3/-/-
Riyad Sukuk Limited	1250	10NC5	6.209%	T+225	Baa3/-/-

Shinhan Financial Group	500	5yr	4.5%	T+63	A1/A/-
Tianchang Agricultural Development	90	3yr	6.45%	6.45%	Unrated

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Mianyang Investment Holding	USD	-	3yr	5.7%	Unrated
Muangthai Capital Public Company	USD	-	5yr	7.85%	-/BB-/BB

➤ News and market color

- Regarding onshore primary issuances, there were 59 credit bonds issued yesterday with an amount of RMB47bn. As for month-to-date, 316 credit bonds were issued with a total amount of RMB317bn raised, representing a 8.3% yoy decrease
- **[FAEACO]** Media reported Far East Consortium and Chow Tai Fook Enterprises are in negotiations to find a new operator to replace Star Entertainment by early next year for Queen's Wharf casino in Brisbane
- **[GRNLGR]** Two holders of Greenland Holding's GRNLGR 5.875 07/03/30 say yet to get 3 Jul'25 cash coupon
- **[MEITUA]** Meituan gets record daily orders as fight for China instant retail market heats up
- **[NIO]** NIO ends JV with Chinese automaker Anhui Jianghuai Automobile Group (JAC), choosing to make EVs independently
- **[NSANY]** Nissan Motor to raise JPY150bn (cUSD1.0bn) via 6-year CBs; in talks to allow Taiwan's Foxconn to build EVs at Oppama plant in Japan
- **[NWDEVL]** Media reported New World Development is selling office space at K11 property in Shanghai at RMB2.85bn (cUSD397mn)
- **[SAMIND]** Samsung Heavy wins USD638mn contract from African customer
- **[SKM]** SK Telecom to invest USD513.5mn in information protection system
- **[VEDLN]** Vedanta Resources releases share encumbrance following USD200mn loan repayment to Canara Bank
- **[VNRLE]** China Vanke pledges 116.9mn shares of Onewo Inc as collateral for loan from Shenzhen Metro Group; extends two loans from United Overseas Bank by one year

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