

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

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- *This morning, NTT 4.622 28/NTT 4.876 30/NTT 5.171 32 tightened 3-5bps, NTT 5.502 35 tightened 8bps. NTT Float 28-30s tightened 10-20bps. The new CSILTD Float 28, however, widened 7bps. SHIKON/NSINTW/CATLIF 34-35s tightened 10-20bps. MTRC Perps were unchanged to 0.1pt higher.*
- **BABA:** Alibaba raised cUSD1.5bn from issuance of EBs. See below.
- **China Economy:** Persistent deflationary pressure. CMBI expects a further 10bps LPR cut and 50bps RRR cut in 4Q25 to boost the property sector and consumption; CPI and PPI may rise from 0.2% and -2.2% in 2024 to 0.3% and -2% in 2025. See below for comments from CMBI economic research.

❖ Trading desk comments 交易台市场观点

Yesterday, NTT priced 2yr, 3yr, 5yr, 7yr, 10yr fixed rated bonds at T+72, T+82, T+97, T+107, T+117 (from IPTs at T+110, T+120, T+135, T+145, T+155) respectively. NTT also priced 3yr, 5yr floating rated bonds at SOFR+108, SOFR+131. The old NTT 27-35s widened 2-5bps, SOBKCO 35s widened 5bps. CSILTD priced 3yr floating rated bond at SOFR+115. MTCTB priced a 5yr social bond at par to yield 7.55%, the new MTCTB 30 was up 0.5pt from RO. In KR, HYNMTR Float 30s tightened 3bps. NHSECS/DAESEC 28-30s were unchanged to 1bps wider amid mixed flows. In Chinese IGs, BABA/LENOVO 30-35s were 1-3bps tighter. JD/BABA 50-57s and CNOOC/SINOPE 39-47s were 0.9-1.2pts higher (1-5bps tighter) in light of UST yield tightened 4-8bps. Media reported JD.com will invest RMB10bn to boost sales on its platform. In financials, WSTP/ANZNZ 30-36s were 1-3bps tighter. BBLTB 34s/36s/40s were unchanged to 2bps tighter. In AT1s, NWG 7.3/INTNED 8 Perp were up 0.2-0.3pt. In insurance, NIPLIF 55s/MYLIFE 54s were down 0.1pt. In Chinese properties, ROADKG 28-30s were up 0.4-1.1pts, ROADKG Perps were up 0.1-0.2pts. CHIOLI 28-43s were up 0.1-0.5pt. Outside properties, EHICAR 26 rose 0.8pt. In HK, FAEACO 12.814 Perp lowered 2.8pts amid rising concerns ahead of the perp's next callable date on 18 Aug'25. REGH 6.5 Perp lowered 1.3pts, HYSAN 4.1 Perp lowered 0.4pt. On the other hand, MTRC Perps were unchanged to 0.1pt higher. In SE Asia, the long end of TOPTB 43-50s widened 5bps. VEDLN 28-33s were 0.8-1.3pts lower. Vedanta Ltd said Viceroy Research's short-seller report is a combination of selective misinformation and baseless allegations. VLLPM

27-29s lowered 0.3-1.0pts. GLPSP Perps were 0.7-0.9pts lower. RCBPM Perp/29-30s were unchanged to 0.1pt higher. See our comments on [9 Jul '25](#).

LGFVs were largely unchanged across CNH and USD spaces. We saw the recent rally gradually lost steam with yields having compressed by up to 150bps since the beginning of Jun'25. There were two way interests on USD names such as JJUCID 6.25 26s/ZZECON 6.9 28s and CNH names such as ZOUCAO 6.9 28s/JLIDC 6.5 28s/LUOYNG 7.5 26s. The CNH XIANGY 3.15 28 was up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
JD 4 1/8 01/14/50	78.7	1.2	FAEACO 12.814 PERP	46.4	-2.8
CNOOC 4 7/8 04/30/44	96.7	1.1	REGH 6 1/2 PERP	21.3	-1.3
YANTZE 3.2 10/16/49	74.1	1.1	VEDLN 11 1/4 12/03/31	103.0	-1.3
ROADKG 6.7 03/30/28	27.3	1.1	VEDLN 9.475 07/24/30	98.0	-1.2
CNOOC 7 1/2 07/30/39	128.9	1.0	VEDLN 9.85 04/24/33	98.7	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.61%), Dow (+0.49%) and Nasdaq (+0.94%) were higher on Wednesday. Trump announced a 50% tariff on cooper will come into effect on 1 Aug'25. Trump said Brazil will be charged with a 50% tariff on products sent to the US, higher than the 10% imposed on 2 Apr'25. UST yield was lower on Wednesday, 2/5/10/30 yield at 3.86%/3.92%/4.34%/4.87%.

❖ Desk Analyst Comments 分析员市场观点

➤ BABA: Alibaba raised cUSD1.5bn from sales of EBs

Alibaba raised HKD12.0bn (cUSD1.5bn) from issuance of zero-coupon exchangeable bonds (EBs) due 2032, by reference to the ordinary shares of Alibaba's 64%-owned subsidiary Alibaba Health Information Technology Limited (Alibaba Health, 0241.HK). The EBs are unsecured obligations of Alibaba, and will mature on 9 Jul'32. The initial exchange ratio of the EBs is c160,513.6 Alibaba Health shares per HKD1mn principal amount of EBs, which is equivalent to an initial exchange price of HKD6.23 per Alibaba Health share. The initial exchange price represents a premium of 48% over the price of HKD4.21 per Alibaba Health share in the delta placement concurrently conducted by bookrunners to facilitate hedging activities by investors.

Holders of the EBs may exchange all or any portion of the EBs at their option at any time on or after the 41st day following the issue date of the EBs to, and including, the close of business on the 5th scheduled trading day immediately preceding the maturity date of the EBs. Upon exchange, Alibaba may, at its option, elect to satisfy its exchange obligation by delivering Alibaba Health shares, cash, or a combination of cash and Alibaba Health shares.

We view the EBs issuance is slightly positive to Alibaba's credit profile. The EBs add financial flexibility to Alibaba, while the leverage increase is minimal given the size of the EBs of cRMB11.0bn is petite compared to its total debts of RMB231bn as of Mar'25. The EBs are also zero-coupon in nature which do not require regular cash outflow. Alibaba has strong cash position of RMB374bn (unrestricted cash + short-term investment) as well as net cash position of RMB144bn as of Mar'25.

➤ China Economy: Persistent deflationary pressure

China's YoY CPI bounced back to positive territory in June while its MoM growth remained negative. Energy prices rebounded while food, durable goods and services remained lethargic. PPI slumped to the two-year trough albeit with rising energy prices. Industries with a high export share faced higher deflationary pressure, while fierce supply-side competition remained in most sectors. Deflation pressure may continue to accumulate due to weak consumer demand and softening global trade, despite policymakers' recent efforts to curb disorderly competition from the supply side. China economy may face further headwinds in 2H25 given the intensifying deflation, softening property sector and payback effect from the trade-in scheme, in our view. China may gradually shift its policy framework towards economic rebalancing with consumption stimulus and capacity reduction after the country could reach a trade deal with the US. We expect a further 10bps LPR cut and 50bps RRR cut in 4Q25 to boost the property sector and consumption. We estimate that CPI and PPI may rise from 0.2% and -2.2% in 2024 to 0.3% and -2% in 2025.

CPI returned to positive amid rebounding energy prices. China's CPI YoY edged up to 0.1% in June from -0.1% in May, better than market expectation at 0%. In sequential terms, CPI remained negative at -0.1% in June compared to -0.2% in May. Food price further dropped 0.4% MoM in June as pork price dipped 1.2% MoM. High-frequency data indicated continued declines in vegetable prices by 0.5% MoM in early July, while pork ex-factory price rebounded. Vehicle fuel price rebounded by 0.3% MoM as global crude oil price surged in early June. We expect CPI to continue its recovery in July due to the rising gas and food prices, although a higher base may pull its YoY growth down to -0.1%.

Core CPI remained subdued due to falling durable goods and tourism prices. Core inflation edged up to 0.7% YoY in June from 0.6% in May, while its MoM growth stayed flat at 0%. Durable goods including telecom equipment and vehicles dropped 0.2% and 0.4% respectively while home appliances stayed unchanged at 0%, amid intensifying price competition. It's worth noting that the discounts from the trade-in scheme are excluded from CPI calculations. Discretionary goods also saw price declines as footwear and clothing both dropped by 0.1% in June. Service price stayed flat at 0% MoM in June, as tourism price dropped 0.8% in June while medical service and housing rent rose by 0.3% and 0.1%. Other services remained subdued, with no price change recorded in categories such as education, express, telecommunications and home services.

PPI slumped further albeit with rising crude oil price. YoY contraction of PPI further widened to -3.6% in June from -3.3% in May, marking its lowest level since July 2023 and missing the market expectation at -3.2%. The MoM growth remained flat at -0.4% for the fourth consecutive month, further weighing on the profit margin of the manufacturing sector. PPI of mining industries rebounded to -1.2% in June from -2.5%. Extraction of crude oil & gas rebounded to 2.6% MoM in June from -5.6%, while coal dipped 3.4%. Non-ferrous metals rose 1.3% MoM thanks to robust AI-related demand while ferrous metals dropped 2% MoM, indicating that domestic construction activities remained soft. Final consumption goods dropped 0.1% in June, as food and durable goods dipped 0.3% and 0.1% respectively. Industries with a high export share are facing price pressure, as computers & electronics, electrical equipment and textile dropped 0.4%, 0.2% and 0.2% respectively. Fierce supply-side competition mildly eased as the YoY decline of electric vehicles, photovoltaic equipment and lithium batteries narrowed by 0.4%, 1.2% and 0.2%. We expect the subdued PPI should persist due to the drag from the trade war and fierce price competition among manufacturers, which should further weigh on overall corporate earnings.

Deflation pressure might push China to gradually shift its policy framework towards economic rebalancing. The policymakers have acknowledged the disruptive impact of fierce supply-side price competition, as the top leadership just vowed to curb disorderly low-price competition among enterprises. However, deflation pressure may continue to accumulate due to the softening global trade and subdued domestic demand, aside from the supply side. China economy may face further headwinds in 2H25 given the intensifying deflation, softening property sector and payback effect from the trade-in scheme. China may gradually shift its policy framework towards economic rebalancing with consumption stimulus and capacity

reduction in future after the country could reach a trade deal with the US. We expect a further 10bps LPR cut and 50bps RRR cut in 4Q25 to boost the property sector and consumption.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CITIC Securities International	600	3yr	SOFR+60	SOFR+60	-/BBB+/-
	1250/	2yr/	4.567%/	T+72/	
	1500/	3yr/	4.622%/	T+82/	
	500/	3yr/	SOFR+108/	SOFR+108/	
NTT Finance Corporation	2500/	5yr/	4.876%/	T+97/	A3/A-/-
	500/	5yr/	SOFR+131/	SOFR+131/	
	2500/	7yr/	5.171%/	T+107/	
	2500	10yr	5.502%	T+117	
Trafigura Funding	500	5yr	6.25%	6.25%	Unrated
Zhenjiang Transportation Industry Group	220	3yr	4.78%	4.78%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Nissan Motor	USD	Min 750/	5yr/	7.5%/	Ba2/BB/BB
		Min 750/	7yr/	7.75%/	
		Min 750	10yr	8.125%	
Phoenix Charm International Investment	USD	-	3yr	6.2%	Unrated
Suzhou City Construction Investment	USD	-	3yr	5.7%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 114 credit bonds issued yesterday with an amount of RMB112bn. As for month-to-date, 563 credit bonds were issued with a total amount of RMB620bn raised, representing a 15.5% yoy increase
- **[ADSEZ]** Adani Ports and Special Economic Zone Ltd will raise around USD100mn from MUFG, pricing at SOFR+2.1-2.2%
- **[FAEACO]** Far East Consortium has conditionally granted a total of 20mn share options to Winnie Chiu and Wendy Chiu, Executive Director and the Joint Managing Director of the company. The exercise price of the option is HKD0.806 per share, compared to the last close at HKD0.79 per share
- **[JD]** JD.com to invest RMB10bn (cUSD1.4bn) across brands and segments to increase sales
- **[MEDCIJ]** Medco Energi arm Mitra Energi Pelayaran obtained IDR1.8tn (cUSD112mn) bank loan from state lender Bank Negara Indonesia
- **[NSANY]** Nissan Motor sets conversion price of due-2031 CB at JPY397.2, conversion premium of 30.02% over the last close

- **[NWDEVL]** NWD plans to sell K11 buildings in Hangzhou, Shenzhen and Shanghai
- **[PKX/POHANG]** POSCO sells its 82.5% stake in stainless steel JV in China for KRW400bn (cUSD292mn)
- **[SMCGL]** San Miguel Global Power launches par for par exchange offers for SMCGL 7 Perp and SMCGL 5.7 Perp, new USD perp pricing date on or around 17 Jul'25
- **[TPHL]** Times China to hold EGM on 25 Jul'25 to consider proposed restructuring
- **[VEDLN]** Vedanta Limited says Viceroy Research's short-seller report is a combination of selective misinformation and baseless allegations

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