

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!

- *This morning, NWDEVL 4.8 Perp/NWDEVL 30s down 5.0-5.6pts. NWDEVL 4.125/5.25 Perps up 3.3-3.8pts after moving lower last Friday. BNKEA 34s widened 5-10bps amid mixed flows on spillover of NWDEVL Perps' coupon deferral. Asia IGs widened 2-5bps. ADSEZ 27-41s up 0.1-0.3pt, Adani Port's board approved the buyback of USD bonds last Saturday. See below.*
- **NWDEVL:** A negative surprise. See below.
- **China Economy:** Mild improvement after US-China tariff truce. CMBI expects USD/RMB rates might fluctuate within 7.20-7.25 in the short term before a moderate decline to 7.12-7.17 if a trade deal is reached. See below for comments from CMBI economic research.

❖ Trading desk comments 交易台市场观点

Last Fri evening, NWD announced the deferral of coupon for 4 of its 5 outstanding perps. At Fri close, NWDEVL 4.8 Perp and NWDEVL 29-31s closed unchanged to 2.2pts lower WoW. NWDEVL 4.125/NWDEVL 6.15/NWDEVL 5.25/NWDEVL 6.25 Perps and NWDEVL 27-29s closed 6.4-37.3pts lower WoW. See comments below. On IG primary, the new CMINLE Float 28/30 closed unchanged from ROs amid light flows. In KR, KOROIL/KHFC Float 28-30s closed unchanged to 1bp wider. LGNSO 34-35s and PKX 30s were 2-5bps wider. On the other hand, HYUELE/DAESEC 26-30s were unchanged to 2bps tighter. In Chinese and HK IGs, BABA 31-35s/MEITUA 29-30s were 2-5bps wider. The long end of XIAOMI/TENCNT 49-61s were 0.4-0.9pt lower (1-6bps wider). CKHH/HKLSP/HKAA/MTRC 30-35s were 1-3bps wider. In financials, BNKEA 28s tightened 8bps. However, NANYAN/DAHSIN 33-34s widened 3-5bps. BBLTB 33-40s were 1-4bps wider. In AU/JP, CBAU/NAB 30-36s were unchanged to 2bps wider. SMBCAC/NTT/SUMIBK/NOMURA 26-30s were 1-3bps wider. In insurance hybrids, SUMILF/DAIL Perps and NIPLIF 54-55s were unchanged to 0.1pt higher. In AT1s, the new HSBC 7.05 Perp closed unchanged from RO at par amid mixed flows with PB buying vs institutional selling. HSBC 6.95/BNP 8/SOCGEN 8/UBS 7 Perps were unchanged to 0.2pt lower. In Chinese properties, CHIOLI 29-34s were up 0.2-0.5pt. On the other hand, SHUION 26s declined 0.2-0.5pt. Outside properties, WESCHI 26s declined 0.8pt.

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In SE Asia, ADSEZ 27-41s were up 0.4-0.8pt. ADTIN 36s/ARENRJ 39s/ADGREG 42s were up 0.4-0.6pt. Over the weekend, Adani Ports' board approved buyback of its USD bonds up to USD1bn over the next six financial quarters. See comments below. VEDLN 29-33s were down 0.2-0.3pt. See our comments on [30 May'25](#). VLLPM 27-29s lowered 0.2-0.8pt.

In LGFVs, there were two way interests on USD names such as CQXHUC 7.5 27s/ZOUCAO 6.98 27s and CNH names such as SDGAOC 6.9 27s/BXCAIJ 7 28s. In SOE perps, CHCOMU/AVIILC Perps were 0.1-0.2pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/2 05/19/30	53.7	1.7	NWDEVL 6.15 PERP	26.0	-32.6
NWDEVL 3 3/4 01/14/31	52.0	1.4	NWDEVL 5 1/4 PERP	19.9	-17.7
NWDEVL 4.8 PERP	26.3	1.0	NWDEVL 4 1/8 PERP	18.9	-10.6
PERTIJ 4.7 07/30/49	79.4	0.9	NWDEVL 8 5/8 02/08/28	62.0	-6.1
NWDEVL 4 1/8 07/18/29	54.2	0.9	NWDEVL 6 1/4 PERP	22.1	-5.2

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.01%), Dow (+0.13%) and Nasdaq (-0.32%) were mixed on last Friday. Trump said he will speak to China's President Xi and hopefully work out their differences on trade and tariffs. UST yield retreated on last Friday, 2/5/10/30 yield at 3.89%/3.96%/4.41%/4.92%.

❖ Desk Analyst Comments 分析员市场观点

➤ NWDEVL: A negative surprise

Coupon deferral at a sensitive time

NWD announced coupon deferral for 4 out of it 5 outstanding perps. The amount of coupon payment to be deferred totaled USD77.2mn. The timing of the deferral is a surprise to us given the media reports on the positive progresses of loan refinancing and target to close the refinancing soon. The next coupon payment for NWDEVL 6 1/4 PERP will be on 7 Sep'25 with a coupon payment of USD40.6mn. In view of the latest developments, the coupon payment of NWDEVL 6 1/4 PERP will likely be deferred.

The key is whether the deferral is surprise to banks

We have been arguing since the discussions of the loan refinancing that NWD will not be able to redeem its perps before the completion of loan refinancing. However, we do not expect NWD to defer coupon payments given the progress in loan refinancing as per media reports. Indeed, NWD faced the same window to defer coupon payments in Dec'24 but chose to continue the coupon payments then. Additionally, NWD just announced on 30 May'25 that it had achieved over 95% of its contract sales and NCD target. To us, the key question is whether the coupon deferral will help convince banks to commit to loan refinancing through conserving liquidity or the deferral is as much a negative surprise to NWD's relationship banks as to us. The news flow on loan refinancing in the coming few weeks will offer more clarity.

Loan refinancing to be completed remains our base case

Nonetheless, we expect the loan refinancing to be completed given our belief that banks are incentivized to roll over NWD's loan, partly helped by the lower HIBOR and progress in contract sales and NCD. 1M HIBOR lowered from c4.6% beginning of the year to below 0.6% now. If the coupon deferral is a negative surprise to NWD's relationship banks, the time table for competing loan refinancing could be subject to more uncertainties and banks could be more demanding on terms of loan refinancing.

Coupon can be deferred, not skipped

The coupon of NWD's perps can be deferred but cannot be skipped as banks' AT1s. We understand that there is no limit as to the number of times coupon can be deferred. That said, the coupon deferred will be "interest bearing". Given the dividend stopper and "interest on interest", we believe that resumption of stock dividend payment and settling the deferred coupon are amongst the priorities of NWD and Cheng family although completing the loan refinancing should be the top priority for the time being.

Will NWD conduct LME on bonds and perps?

We believe that completing the loan refinancing is NWD's focus now. If the loan refinancing can be completed as previously reported, NWD will have very limited amount of ST debts in 2025 and 2026. With sharply lower HIBOR and better sales momentum, NWD's liquidity and refinancing pressure should be notably relieved. The big question remains whether banks are surprised by the coupon deferral and if so, how's the progress of refinancing will be affected. Given our base case of loan refinancing will be completed and next scheduled maturity of USD bonds on Jan'27, we believe that NWD is under less pressure to conduct a holistic restructuring on its USD bonds and perps in the near-term. If NWD can secure additional loans, such as the DB loan as reported, NWD could draw down the loans to buy back or tender offer the higher coupon-paying and lower cash price bonds and perps.

Significant downside priced in, focus on better risk-return profiles

NWDEVLs perps moved 3-31 pts lower after the coupon deferral with movements of dated bonds contained. At current levels, we believe that NWDEVLs have priced in significant downside. For bonds with dated maturities, we prefer NWDEVL 8 5/8 02/08/28 for its highest cash yield. For perps, we can no longer look at these on a cash yield basis. That said, we believe that NWDEVL 5 1/4 PERP offer better risk-return profile amongst the outstanding perps given the largest coupon step-up. NWDEVL 5 1/4 PERP should be in a higher priority in case of any market repurchases and tender offers.

Table 1: Bond profiles of NWDEVLs

Security name	ISIN	Maturity/Next call date	Amt Out (USD mn)	Ask price on 29 May'25	Ask Price	Ask YTM/YTNC	Coupon	Cash yield
NWDEVL 6 1/4 PERP	XS1960476387	First Call on 7 Mar'24	1,300.0	28.1	23.9	1185.4%	6.25%	26.2%
NWDEVL 4.8 PERP	XS2268392599	First Call on 9 Sep'23	700.0	26.2	23.5	1980826.8%	4.8%	20.4%
NWDEVL 6.15 PERP	XS2435611327	First Call on 16 Mar'25	345.3	60.3	29.7	408717.5%	6.15%	20.7%
NWDEVL 5 1/4 PERP	XS2132986741	3/22/2026	999.0	38.6	24.4	300.0%	5.25%	21.5%
NWDEVL 4 3/4 01/23/27	XS1549621586	1/23/2027	458.4	75.1	77.0	22.2%	4.75%	6.2%
NWDEVL 5 7/8 06/16/27	XS2488074662	6/16/2027	172.0	73.2	74.0	22.5%	5.875%	7.9%
NWDEVL 8 5/8 02/08/28	XS2873948702	2/8/2028	400.0	68.9	64.6	28.3%	8.625%	13.4%
NWDEVL 4 1/8 PERP	XS2348062899	3/10/2028	1,144.4	30.4	24.3	68.9%	4.125%	17.0%
NWDEVL 4 1/8 07/18/29	XS2028401086	7/18/2029	717.8	54.2	54.7	21.1%	4.125%	7.5%
NWDEVL 4 1/2 05/19/30	XS2175969125	5/19/2030	442.6	53.0	48.9	21.9%	4.5%	9.2%
NWDEVL 3 3/4 01/14/31	XS2282055081	1/14/2031	76.1	51.3	52.7	17.2%	3.75%	7.1%

Source: Bloomberg.

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

➤ ADSEZ: To buy back USD bonds up to USD1bn via tender offer

Last Saturday, Adani Port's board approved buyback of USD bonds up to USD1bn via tender offer over the next six financial quarters. Adani Port has totaled USD3.25bn USD bonds outstanding. See Table 1. Among ADSEZs, we expect Adani Port to prioritize the redemption of ADSEZ 4 07/30/27 and ADSEZ 4.2 08/04/27 which will be matured in Jul and Aug'27, respectively, totaled USD1.25bn. The longer-dated and higher-coupon ADSEZ 5 08/02/41 could also be a candidate for tender offer in view of lower cash price at 79.0.

The tender offer will be partly funded by the 15-year NCD of INR50bn (cUSD584mn) raised by Adani Port last week from the state-run Life Insurance Corp. of India (LIC). The interest rate is 7.75%. As discussed before, impact of US indictments on Adani Group will likely be smaller than our original expectation considering Adani Green's refinancing progress so far. That said, the unresolved US incitement could bring negative surprise to the bonds of Adani complex. We continue to view valuations of the bonds of Adani complex unappealing, and maintain neutral on the Adani complex.

Table 1: Bond profile of Adani complex

Security name	ISIN	Amt Out (USD mn)	Ask Price	YTM	Issue rating (M/S/F)
ADSEZ 4 07/30/27	US00652MAD48	500	96.7	5.7%	Baa3/BBB-/BBB-
ADSEZ 4.2 08/04/27	US00652MAG78	750	96.8	5.8%	Baa3/BBB-/BBB-
ADSEZ 4 3/8 07/03/29	US00652MAE21	750	93.7	6.1%	Baa3/BBB-/BBB-
ADSEZ 3.1 02/02/31	US00652MAH51	500	84.6	6.4%	Baa3/BBB-/BBB-
ADSEZ 3.828 02/02/32	US00652MAK80	300	85.6	6.5%	Baa3/BBB-/BBB-
ADSEZ 5 08/02/41	US00652MAJ18	450	79.0	7.2%	Baa3/BBB-/BBB-
ADANEM 3.949 02/12/30	US00654GAA13	880	88.9	6.8%	Baa3/BBB-/BBB-
ADANEM 3.867 07/22/31	US00654GAB95	300	84.9	6.9%	Baa3/-/BBB-
ADGREG 6.7 03/12/42	US00654AAC09	408	90.3	8.0%	Ba1/-/BBB-
ADTIN 4 08/03/26	US00652XAA63	500	98.3	5.5%	Baa3/-/BBB-
ADTIN 4 1/4 05/21/36	US00652XAB47	363	84.8	7.0%	Baa3/-/BBB-
ARENRJ 4 5/8 10/15/39	US00654CAA09	308	80.8	7.6%	Ba1/BB+/BBB-

Source: Bloomberg.

➤ China Economy: Mild improvement after US-China tariff truce

China's manufacturing PMI shrank at a slower pace in May with production and new orders rebounding after US-China tariff truce. The effects of front-loading and export rerouting underpinned China's manufacturing resilience. The confidence shock to consumers appeared to be limited, with the service PMI remaining above 50 and durable sales continuing to expand amid the trade-in program. However, deflationary pressure intensified as commodity prices slid following the tariff shock. Private business capex was weak as enterprises tried to keep inventory as low as possible amid increasing uncertainty. Looking forward, China might launch additional fiscal stimulus to boost consumption and reduce excess capacity to rebalance its economy if the country could reach a trade deal with the US. We expect an additional 10bps LPR cut in 2H25. In the short term, USD/RMB rates might fluctuate within 7.20-7.25 before a moderate decline to 7.12-7.17 if a trade deal is reached. There may also be two-way fluctuations in Chinese equities when the two largest economies hold trade talks, with a new rally potentially occurring after the two countries reach a deal.

Manufacturing PMI narrowed its contraction after the tariff truce. Manufacturing PMI rebounded to 49.5% in May from 49% in Apr, in line with market expectations. The rebound was primarily driven by production, rising from 49.8% to 50.7% in May, as the tariff truce lifted export and import orders to 47.5% and 47.1%, from 44.7% and 43.4%. Deflation pressure continued to intensify as raw material purchase price and ex-factory price index both contracted further to 46.9% and 44.7% in May, as we might see another negative MoM growth of PPI. Employment and corporates procurement both moderately recovered but remained in contraction. Breaking down by sector, agricultural product processing, specialized equipment, and transportation equip saw strong resilience in both new orders and production, while textiles, rubber & plastic products, ferrous and non-ferrous metal smelting and processing saw notable declines.

Service PMI maintained expansion. Service PMI edged up to 50.2% in May from 50.1%, with new order index rising to 46.6% from 45.9%, while the employment index edged down. Price index of input and final sale both

rebounded but remained in contraction. Breaking down by sector, activities in rail & air transportation, postal, telecom, broadcasting & TV and information technology services remained in high prosperity; while capital market and real estate services contracted. Construction PMI dipped to 51% in May from 51.9%, as business activity expectations fell to 52.4% from 53.8%.

China's policy dynamics depend on both economic condition and the outcome of Sino-US trade talks.

The resilient performance of consumer demand and uncertainty in Sino-US trade talks lowers China's urgency for additional fiscal expansion and consumption stimulus. Recently, Trump has accused China of breaching tariff agreements, casting a shadow over ongoing negotiations. While this may be a tactical move to accelerate talks, the slow progress in US's parallel discussions with Europe and Japan suggests that China-US negotiations will likely prove even more complex and protracted. Looking forward, China might launch additional fiscal stimulus to boost consumption and reduce excess capacity to rebalance its economy if the country could reach a trade deal with the US. In the short term, USD/RMB rates might fluctuate within 7.20-7.25 before a moderate decline to 7.12-7.17 if a trade deal is reached. There may also be two-way fluctuations in Chinese equities when the two largest economies hold trade talks, with a new rally potentially occurring after the two countries reach a deal.

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➤ **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)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Macau gaming revenue for May'25 rises 5% yoy to MOP21.2bn (cUSD2.6bn) to post-pandemic high buoyed by Labor Day break
- **[ADTIN]** Adani Energy Solutions to raise INR43bn (cUSD502mn) in shares through QIP; wins USD194.3mn transmission project in western India
- **[ANTOIL]** Anton Oilfield gets Hong Kong bourse approval to spin off unit ahead of China listing
- **[BNKEA]** Bank of East Asia completes full redemption of USD600mn BNKEA 4 05/29/30
- **[CHJMAO]** Fitch affirmed China Jinmao's BBB- rating; outlook negative
- **[CNSHAN]** Fitch upgraded Shandong Hi-Speed Holdings' rating to A- from BBB+; outlook stable
- **[COGARD]** Country Garden restructuring hits snag as bondholders oppose deal with banks

- **[FTHDGR]** Fantasia further delays closing of offshore debt revamp to 16 Jun'25
- **[FWDGHD]** FWD Group seeks to list shares in Hong Kong in Jul'25 after hiring more advisors
- **[GEELY]** S&P revised Zhejiang Geely Holding outlooks to negative from stable on Volvo's profitability strains, affirmed BBB- rating
- **[NWDEVL]** Media reported lenders with over 80% of loans confirm commitments for NWD refi/credit-enhancement deal
- **[VEDLN]** Vedanta Resources to meet fixed income investors in Hong Kong and Singapore this week
- **[VNRKLE]** China Vanke delays dispatch of circular on loan guarantee to on or before 9 Jun'25
- **[WOORIB]** Woori Bank plans to sell 20% stake in Lotte Card alongside MBK's exit

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