CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

2 Feb 2026

CMBI Credit Commentary

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

- *HYNMTR FRNs were 1-2bps tighter this morning. KUAISH slightly recovered to 1bp tighter. There were two-way flows on ZHOSHK 28 but the spread was unchanged. FAEACO 12.814 Perp/VNKRLE 27 were 1.0-1.2pts lower. NDPAPE 14 Perp was 0.3pt higher.*

- ***WESCHI:*** *To issue USD300mn WESCHI 29 to fund concurrent tender offer for USD200mn WESCHI 26. WESCHI 26-28 were 0.4-1.0pt higher this morning. See below.*

- ***China Economy:*** *PMI signals demand softening. CMBI expects a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad fiscal deficit should remain almost flat at 8.5% in 2026. We expect full-year GDP growth rate may decline from 5% in 2025 to 4.6% in 2026. See comments from CMBI economic research below.*

❖ Trading desk comments 交易台市场观点

Last Friday, financial FRNs traded 1bp wider. In HK, the NWDEVL/VDNWDL complex surged another 0.5-3.0pts, following the market rumors that Blackstone might become NWD's single largest shareholder, but no agreement has been reached yet. FAEACO 12.814 Perp rose 1.5pts. SHUION 26-29 edged 0.2-0.6pt higher. SUNHKC 26 was 0.1pt lower, while SUNHKC 29 was 0.3pt higher. TW lifers were 2-4bps wider amid street selling on NSINTW/SHIKON. Long-end MEITUA/KUAISH also widened 2-3bps. EHICAR 26 was down by 0.6pt. WESCHI 26-28 were 0.1pt higher. WESCHI will issue USD300mn bond and launched concurrent tender offer for WESCHI 4.95 07/08/26. See comments below. In Chinese properties, VNKRLEs rose 1.8-2.7pts. Meanwhile, Vanke expects a net loss of RMB82bn (cUSD12bn) in FY25. FUTLAN 28 edged 1.1pts higher, and FTLNHD 26-27 were 0.1-0.2pt higher. LNGFOR 27-32 were 0.2pt lower to 0.2pt higher. In SE Asian space, OCBCSP/UOBSP traded 1-2bps wider. IHFLIN 27-30/TOPTB 6.1 Perp were unchanged to 0.1pt lower. The ReNew Energy complex and MEDCIJ 26-30s/SMCGL Perps were 0.1pt lower to 0.2pt higher. VLLPM 27-29 rose 1.0-1.3pts. GLPSP Perps were up by 0.5-0.9pt. Meanwhile, softness in JP insurance subs like RESLIF 6.875 Perp persisted as the bonds leaked by another 0.1pt. NTT 35/MUFG35-36 were 1-3bps wider. Yankee AT1s were another 0.3pt weaker from late Friday morning and into London session. We saw prop desks and London accounts trimming belly to long end issues, whilst 1-2yr-to-call papers remained resilient thanks to robust demand from Asian (especially Chinese) RMs. In the Middle East, ARAMCO 30-56s/SECO 29-36s widened 1-4bps. Long-end KSAs were down another 0.1-0.5pt. LGFV space held on stable. Flows were moderate two-way with tactical bondholders selling to RMs. There was also small selling in some lower-yielding IG LGFV names, which was quickly digested.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change
NWDEVL 10.131 PERP	**79.8**	**3.0**
VNKRLE 3.975 11/09/27	**33.5**	**2.7**
VNKRLE 3 1/2 11/12/29	**31.7**	**1.8**
NWDEVL 4 1/2 05/19/30	**82.4**	**1.8**
NWDEVL 6 1/4 PERP	**63.4**	**1.6**

Top Underperformers	Price	Change
DBKAZ 2.95 05/06/31	**90.2**	**-0.8**
TOPTB 3 1/2 10/17/49	**71.2**	**-0.6**
EHICAR 7 09/21/26	**73.8**	**-0.6**
IDASAL 5.8 05/15/50	**96.2**	**-0.6**
ROADKG 7 PERP	**19.0**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.43%), Dow (-0.36%) and Nasdaq (-0.94%) were lower on last Friday. Trump nominated Kevin Warsh to lead Federal Reserve. US Dec'25 PPI was +0.5% mom, higher than the market expectation of +0.2%. 2/5 year UST yield was higher while 10/30 year UST yield was lower on last Friday. 2/5/10/30 year yield was at 3.52%/3.79%/4.26%/4.87%.

❖ Desk Analyst Comments 分析员市场观点

➢ WESCHI: To issue USD300mn WESCHI 29 to fund concurrent tender offer for USD200mn WESCHI 26

West China Cement (Weschi) launched a tender offer for its USD200mn WESCHI 4.95 07/08/26. The tender price is 101.238, equivalent to the bond's call price. Weschi will accept any and all of the amounts tendered, and the offer expires on 6 Feb'26 5pm CET. Weschi plans to exercise the call option to redeem WESCHI 26 in full on 6 Mar'26 at 101.238.

Concurrently, Weschi will issue USD300mn WESCHI 10.5 11/11/29 (-/B/B). Net proceeds will be used to refinance existing debts, including funding the tender offer and early redemption for WESCHI 4.95 07/08/26. We maintain buy on WESCHI 9.9 12/04/28 for its good carry. At 100.3, WESCHI 28 is trading at YTM of 9.8%, which was up c2pts YTD. Weschi's earnings improved in 1H25, and we view near-term refinancing risk as lower following the tender offer for WESCHI 26 in Dec'25, where Weschi issued WESCHI 28 to fund the tender offer and redeemed USD400mn WESCHI 26.

Table 1: Summary of the tender offer

Security name	WESCHI 4.95 07/08/26
ISIN	XS2346524783
Amt o/s (USD mn)	200
Tender px	101.238
Amount subject to the tender	Any and all
Expiration deadline	6 Feb'26 5pm CET
Tender settlement date	On or around 11 Feb'26

Source: Company's filling.

➢ China Economy: PMI signals demand softening

China's manufacturing PMI retreated in January after a brief December rebound with weaker seasonality despite a later-than-usual Chinese New Year (CNY). Demand softened as both new orders slipped back into contraction and export orders weakened again. Deflation pressure nevertheless continued to ease, with raw material purchase and ex-factory prices both expanding, indicating PPI may return to positive sooner than expected. Service PMI remained in contraction while construction PMI fell back, signaling mounting pressure to stabilize the fixed asset investment. We expect the softening growth momentum from both domestic and external demand deterioration should trigger a new round of policy stimulus around CNY, including stabilizing the property market by lowering mortgage rates and purchasing unsold property and stimulating consumption by increasing fiscal subsidies and strengthening the social safety net. Looking forward, we expect a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad fiscal deficit should remain almost flat at 8.5% in 2026. We expect full-year GDP growth rate may decline from 5% in 2025 to 4.6% in 2026.

Manufacturing PMI eased after the December rebound. Manufacturing PMI fell to 49.3% in January from 50.1% in December, slipping back into contraction and fell short of market expectation at 50.2%. Demand conditions softened as the new order index declined to 49.2% from 50.8%, while new export orders fell to 47.8% from 49.0%. Production eased but stayed in expansion at 50.6% in Jan vs. 51.7% in Dec, indicating supply-side resilience despite softer demand. Deflation pressure continued to ease as raw material purchase prices stayed elevated at 56.1% compared to 53.1% in Dec, while ex-factory prices improved to 50.6% from 48.9%, the first time since May 2024, indicating stronger cost pass-through to downstream pricing. PPI may return to positive sooner than we expected given the surge of global commodities prices. Import demand stayed weak, and inventory indicators remained subdued, highlighting cautious corporate behavior.

Non-manufacturing PMI softened. Non-manufacturing activity weakened in January ahead of the CNY, with services remaining in contraction and construction falling back. Service PMI edged down to 49.5% in Jan from 49.7%, with activity expectations improving to 57.1%. Service selling prices improved to 48.9% from 48.1%, while employment remained subdued at 47.0%. Construction fell to 48.8% in January from 52.8% in December, with new orders weakening to 40.1% from 47.4% and business expectations easing to 49.8% from 57.4%, indicating mounting pressure on fixed asset investment despite policymakers' pledge to stabilize it.

PMI pointed to softening economic momentum into 2026. The January PMI showed weaker seasonality, despite a later-than-normal CNY. Domestic demand indicators softened as new order index in PMI further contracted, new housing market continued to slump and durable sales like vehicles notably dipped. External demand also faced headwinds as export order index weakened again and policy makers vowed to rebalance the outsized trade surplus in China. Policy makers might pivot to boosting domestic demand, including stabilizing the property market by lowering mortgage rates and purchasing unsold property and stimulating consumption by increasing fiscal subsidies and strengthening the social safety net. Looking forward, we expect a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad fiscal deficit should remain almost flat at 8.5% in 2026. We expect full-year GDP growth rate may decline from 5% in 2025 to 4.6% in 2026.

Click here for the full report.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ADM Elektrik	500	5NC2	9.5%	9.5%	B2/-/BB-
Tsetsen Mining and Energy	300	5yr	11.375%	11.5%	Unrated
West China Cement	300	3.75yr	10.5%	10.5%	-/B/B

Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
CMBC International Funding (HK)	USD	-	3yr	SOFR+115	-/-/BBB-
New Development Bank	USD	-	3yr	SOFR MS+55	Unrated

News and market color

- Regarding onshore primary issuances, there were 81 credit bonds issued on last Friday with an amount of RMB45bn. As for Jan'26, 1,999 credit bonds were issued with a total amount of RMB1,691bn raised, representing a 16.2% yoy increase

- Media reported China is considering the sale of special government bonds of RMB200bn (cUSD29bn) to recapitalize some of its largest insurers, including China Life Insurance and China Taiping Insurance, and to inject RMB300bn into ICBC and ABC

- Macau gaming revenue for Jan'26 rose 24% yoy to MOP22.6bn (cUSD2.8bn)

- Indonesia is reforming its equity markets after a fear of being demoted from emerging-markets to frontier status caused the Jakarta Composite Index (JCI) to plunge by as much as 16.5% last week

- **[ADGREG]** Adani Green said directors plan to seek dismissal in US SEC lawsuit

- **[AZUPOE]** Azure Power Energy delayed planned early redemption of AZUPOE 3.575 08/19/26 of USD294.184mn to be on or around 13 Feb'26 from 5 Feb'26

- **[CKHH]** Panama's top court has rules that the contract granted to CK Hutchison to operate two ports near the Panama canal is unconstitutional

- **[COGO]** China Overseas Grand Oceans priced a 3yr dim sum bond (-/-/BBB) at 3.2%, tightened from IPT at 3.75%. The issue size is RMB1.3bn

- **[DALWAN]** Dalian Wanda announced to redeem USD50mn of DALWAN 11 02/13/28, and the maximum acceptance amount of the tender offer for DALWAN 11 02/13/28 is USD350mn

- **[MUTHIN]** Muthoot Finance plans to raise USD600mn under global medium-term note program

- **[NOMURA]** Nomura Holdings 9MFY26 net revenue rose 10.5% yoy to JPY1.6tn (cUSD10.4bn)

- **[NWDEVL/VDNWDL]** CTFE confirmed it has been approached by, and has received proposals from, several potential investors regarding potential investments in NWD. CTFE is engaged in ongoing discussions with these potential investors but no agreement has been reached with any of them. As of today, none of such proposals is intended to result in a general offer being made for the shares of NWD

- **[VEDLN]** Vedanta Ltd.'s demerge plan to be made effective on 1 Apr'26; expects to list four proposed demerged units, Vedanta Iron & Steel, Vedanta Aluminium, Vedanta Oil & Gas, and Vedanta Power, by mid-May'26

- **[VNKRLE]** China Vanke expects its loss attributable to shareholders to widen sharply in FY25 to RMB82bn (cUSD11.8bn), partly because of impairment provisions and losses from certain operating businesses

- **[YUEXIU]** Yuexiu Property priced a 3yr dim sum bond (unrated) at 3.4%, tightened from IPT at 3.85%. The issue size is RMB1.735bn

Fixed Income Department
Tel: 852 3657 6235/ 852 3900 0801
fis@cmbi.com.hk

Author Certification

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)(“The Order”) or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States
CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore
This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.