

## CMBI Credit Commentary

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

- *The new KOMRMR 31 tightened 10bps from RO at T+100 this morning, while the new HYNMTR 28-31s were largely unchanged from ROs. ZHOSHK 28 edged 0.3pt higher amid better buying. The rest of Asian IG space traded 3-5bps tighter overall. AMs continued to buy front-end perps. GLPSP 28/GLPCHI 29 rose 1.1-1.3pts.*
- **FTLNHD/FUTLAN:** *An outperformer in a challenging operating environment. See below.*
- **China Economy:** *PMI notably beat market expectation. CMBI revised Q1 GDP forecast to 4.8% from 4.5%, mainly driven by expanding trade surplus; rising price level may push the PBOC rate cut from 2Q26 to 3Q26. See the comments from CMBI economic research below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Yankee AT1s and insurance subs recovered by up to 1.3pts. Asian AMs added 2-to-5yr-to-call Yankee AT1 issues, and some tactical investors bought higher risk, 10yr-to-call papers. LLOYDS 6.625 Perp/HSBC 7 Perp/BNP 6.875 Perp were 1.1-1.3pts firmer. In Chinese higher-beta space, EHICAR 26-27 were unchanged to 0.1pt higher. EHi extended the exchange expiration date to 9 Apr'26 from 30 Mar'26 for EHICAR 26. FOSUNI 26-29 edged 0.1-0.3pt higher. Fosun launched a tender offer for outstanding FOSUNI 5 05/18/26 at par, to be funded with internal resources. See our comments on EHi and Fosun [yesterday](#). In Chinese properties, ROADKG Perps dropped 1.1-1.2pts. Road King's loss for FY25 deteriorated 60% yoy to RMB5.3bn. VNKRL 27' and 29' retraced 0.3-0.8pt. FUTLAN 28/FTLNHD 26-29 were 0.2pt lower to 1.0pt higher. See our comments on Seazen's FY25 results below. In Chinese IG space, KUAISH/MEITUA closed largely unchanged amid two-way flows. ZHOSHK 28 recovered 0.5pt with RM buying. See our comments on the silver linings of [Zhongsheng's weak FY25 results](#). In HK space, we saw better selling on bank T2s BNKEA/NANYAN. In KR space, dip buyers emerged to pick up front-end, 26-29s corporate papers like HYNMTR/LGENSO/SKBTAM, but the space closed largely unchanged. In JP space, we saw better selling on bank FRNs whilst better buying on 10yr duration bank papers SUMI/MUFG. RAKUTN 27 gained 0.3pt amid mixed flows from non-Japanese Asian AMs and prop investors. In SE Asian space, we saw better buying on OCBCSP 35-36 while better selling on BBLTB/KBANK from PBs and RMs. VEDLN 28-33s were up by 0.2-1.0pt. Vedanta Limited further extended the deadline for its proposed demerger by 3 months to 30 Jun'26 as it awaits government approvals. LGFV names had a quiet session amid light flows.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LLOYDS 6 5/8 PERP	95.8	1.3	ROADKG 7 PERP	18.8	-1.2
PERTIJ 4.175 01/21/50	74.0	1.2	ROADKG 7.95 PERP	18.8	-1.1
HSBC 7 PERP	99.1	1.1	GARUDA 6 1/2 12/28/31	82.2	-0.7
BNP 6 7/8 PERP	97.0	1.1	ACPM 4.85 PERP	80.2	-0.7
VEDLN 9.85 04/24/33	102.7	1.0	NAVOIM 6.95 10/17/31	104.6	-0.6

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+2.91%), Dow (+2.49%) and Nasdaq (+3.83%) were higher on Tuesday. US Mar'26 CB Consumer Confidence was 91.8, higher than the market expectation of 87.8. US Feb'26 JOLTS Job Openings was 6.882mn, lower than the market expectation of 6.890mn. UST yield was lower on Tuesday. 2/5/10/30 year yield was at 3.79%/3.92%/4.30%/4.88%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ FTLNHD/FUTLAN: An outperformer in a challenging operating environment

**Maintain buy on FUTLAN/FTLNHDs**

We maintain buy on FUTLAN/FTLNHDs in view of the bonds' good risk and return profiles, especially after Seazen demonstrated once again its good access to various funding channels. We consider Seazen one of the very few stand-outs among non-state-owned Chinese property developers in term of operating performance and access to capital markets. Its resilience has been supported by the growing recurring income from its high quality (i.e. high occupancy rate, 97.8% in Dec'25) investment properties (IPs).

**Table 1: Bond profiles of FUTLAN/FTLNHD**

Security name	ISIN	Amt o/s (USD mn)	Maturity	Coupon	Ask px	YTM
FTLNHD 4 1/2 05/02/26	XS2290806285	236.022	5/2/2026	4.50%	100.2	2.4%
FTLNHD 11.88 09/30/27	XS3192214685	94.027	9/30/2027	11.88%	96.4	14.7%
FTLNHD 11.8 03/09/29	XS3298830434	355	3/9/2029	11.80%	95.2	13.9%
FUTLAN 11.88 06/26/28	XS3099012406	350	6/26/2028	11.88%	96.1	14.0%

Source: Bloomberg.

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

## ➤ China Economy: PMI notably beat market expectation

China's manufacturing PMI sharply rebounded in Mar partly distorted by the later and longer CNY holiday in 2026, as the 3M MA remained in contraction. Demand and production both improved, while inventory cycle, and export and import orders recovered. Deflation pressure notably eased as raw materials purchase price and ex-factory price rose to 5-year highs, driven by surging energy prices. Non-manufacturing PMI edged up, with services back in expansion while construction remained in contraction. Price indexes of both manufacturing and service sectors indicated the cost-push reflation may lead to a positive PPI in upcoming months, supporting a rebound in industrial profits particularly in upstream sectors. However, downstream firms' pricing power

remains limited and margin pressure may persist as final consumer demand remains soft. In our view, the rising price level does not mean a broad-based recovery in domestic demand or a clear end to China's deflation cycle yet, but it does mark an encouraging first step towards reflation. We are revising Q1 GDP forecast to 4.8% from 4.5%, mainly driven by expanding trade surplus. Rising price level may push the PBOC rate cut from 2Q26 to 3Q26, in our view.

**Manufacturing PMI notably rebounded driven by seasonal distortions.** Manufacturing PMI recovered to 50.4% in Mar from 49% in Feb, beating market expectation at 49.9%. The sharp rebound in Mar was likely distorted by the later and longer CNY holiday in 2026, as Feb PMI undershot expectations. The 3-month moving average remained in contraction, edging up slightly from 49.5% to 49.6% in Mar. Demand and production both improved, as new order index and production index surged to 51.6% and 51.4% in Mar from 48.6% and 49.6%. Reflation continued as raw materials purchase price and ex-factory price further expanded to 63.9% and 55.4%, the largest expansion in 5 years driven by surging energy prices. Export and import order narrowed their contraction in Mar, while employment index remained subdued at 48.6%. Breaking down by sector, food processing, smelting and pressing of non-ferrous metals expanded in both new orders and production, while textile & garment, chemical fiber and rubber & plastic notable contracted.

**Non-manufacturing PMI edged up, with services back in expansion.** Non-manufacturing PMI edged up to 50.1% in Mar from 49.5%, beating market expectation at 49.9%. Service PMI rose to 50.2% in Mar driven by rising price index of input and final sales, while new order index further contracted to 45.3%. Breaking down by sector, railway transport, telecommunications & broadcasting, monetary, financial and insurance services remained in high prosperity; while retail and lodging & dining contracted. Construction PMI inched up from 48.2% to 49.3% in Mar, indicating a slower pace of contraction.

**Surging price indexes signaled easing deflation pressure.** Price indexes of both manufacturing and service sectors indicated the cost-push reflation may lead to a positive PPI in the next few months. Higher energy and raw material costs are lifting upstream prices and supporting a rebound in corporate profits as Jan-Feb industrial profits rose 15.2% YoY with strong gains in electronics and non-ferrous metals. However, downstream firms' pricing power remains limited and margin pressure may persist as final consumer demand remains soft. The rising price level does not mean a broad-based recovery in domestic demand or a clear end to China's deflation cycle yet, but it does mark an encouraging first step towards reflation alongside improving corporate profits. We are revising Q1 GDP forecast to 4.8% from 4.5%, mainly driven by expanding trade surplus.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea Mine Rehabilitation and Mineral Resources Corporation	500	5yr	4.875%	T+100	-/A+/A+
PT Bank Mandiri	750	5yr	5.25%	T+150	-/BBB/BBB

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
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Shinhan Bank	USD	-	3yr/ 5yr	SOFR+95/ T+80	Aa3/A+/A
The Export-Import Bank of Korea	USD	-	5yr	T+57	Aa2/-/AA-

➤ **News and market color**

- Regarding onshore primary issuances, there were 83 credit bonds issued yesterday with an amount of RMB38bn. As for Mar'26, 2,418 credit bonds were issued with a total amount of RMB1,907bn raised, representing a 6% yoy increase
- The government of Indonesia plans to increase the price of motor fuel by as much as 66% as part of a series of cost-savings measures in response to surging global oil prices triggered by the Iran war
- **[BTSDf]** Health and Happiness will go to court against the Australian Taxation Office (ATO) if the ATO rejects the its arguments on a tax dispute
- **[CDBFLC]** CDB Financial Leasing revenue down 1% yoy in FY25 to RMB28.3bn (cUSD4.1bn)
- **[CGRNEG]** Continuum Green Energy received USD67.5mn further investment from Just Climate, withdrawn the Draft Red Herring Prospectus filed with the Securities and Exchange Board of India
- **[CHALUM]** Aluminum Corp of China considers offshore bond sale totaled USD800mn in USD/RMB
- **[FAEACO]** Far East Consortium (FEC) completed Star Group stake deal on 31 Mar'26, FEC and CTFE now co-own DBC with 50% stakes each. FEC may record a gain before tax of HKD1.0bn (cUSD129mn) from the transaction upon completion which is expected in 2H26
- **[FOSUNI]** Fosun International prepaid USD500mn-equivalent loan due Apr'26 on 27 Mar'26
- **[HYUNHI]** HD Hyundai Heavy Industries is targeting a revenue of KRW37tn (cUSD24.4bn) in 2035
- **[IHFLIN]** IHC acquired 41.5% stake in Sammaan Capital through Avenir. Sammaan Capital has received an initial tranche cUSD600mn towards the allotment of equity shares and warrants, with an additional cUSD338mn to be received within a period of 18 months upon conversion of the warrants into fully paid equity shares
- **[JD]** JD.com 5yr and 10yr dim sum bonds (A3/A-/-) IPT at 2.6% and 3.2%, respectively
- **[LASUDE]** Lai Sun bondholders organized to seek improvement in LME terms; in talks to engage Simpson Thacher
- **[REGH]** Regal Hotels to defer distribution on USD225mn REGH 6.5 Perp to next the next payment date
- **[SKONKR]** SK On warned its business is under significant strain amid weakening electric vehicle demand in Europe and the US
- **[TPHL]** Times China considers to initiate onshore debt restructuring

- **[VEDLN]** Vedanta Ltd further extended the deadline for its proposed demerger by 3 months to 30 Jun'26 as it awaits government approvals
- **[VNRLE]** China Vanke FY25 operating loss widened to RMB52.1bn (cUSD7.5bn) from RMB20.8bn (cUSD3bn) in FY24; plans H-share issuance up to 20% of outstanding H shares

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