

CMBI Credit Commentary

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

- ❖ *Asia IG spreads were 5-15bps wider this morning amid US reciprocal tariffs, including 104% on China, come into effect. MTRC 55s widened 12bps. SUMILF 5.875/MUFG 8.2 Perps down 2.4-2.8pts. MYLIFE 55s declined 3.5pts. LGFVs were firm.*
- ❖ **MEDCIJ:** *Bonds buyback continues amid market volatility. Maintain buy on MEDCIJs and prefer MEDCIJ 6.95 11/12/28 for better risk-return profile within the curve. MEDCIJs down 2.2-5.7pts post the US's announcement of 32% reciprocal tariff on Indonesia, and down 0.4-1.4pts this morning. See below.*
- ❖ **PTTGC:** *Fitch downgraded PTT Global Chemical by one notch to BBB- from BBB on slower than expected earnings recovery amid a prolonged down cycle for petrochemicals; outlook stable. PTTGCs down 0.7-2.1pts this morning.*
- ❖ **Trading desk comments 交易平台市场观点**

Yesterday, the credit spreads of Asia IGs were unchanged to 10bps tighter. IG papers with all-in yield below 5% remained skewed to better selling. In Chinese IGs, MEITUA/TENCNT 28-30s were 1-3bps tighter on onshore accounts buying. HAAA/MTRC 30-35s were under better buying and closed 4-10bps tighter. The long end of SINOPE/CNOOC 45-50s were 2.3-2.7pts lower (6-12bps wider in spreads). In financials, CCAMCL/ORIEAS/GRWALL/CFAMCI 26-30s were better sold and closed 1-15bps wider. In EU AT1s, the short-dated-to-call papers such as LLOYDS 8/HSBC 8 Perps were up 0.8-1.3pts under better buying from PBs but still closed 1.7-2.6pts lower WTD. In JP, AT1s and insurance hybrids had a slight recovery session. MUFG 8.2/DAIL 6.2 Perps and MYLIFE/NIPLIF 54-55s were up 0.1-0.4pt, closed 2.4-3.6pts lower WTD. RAKUTN 5.125 Perp/29s rebounded 0.5-1.4pts, closed 2.4-2.9pts lower WTD. SOFTBK 6.875 Perp rebounded 3.0pts and closed 5.3pts lower WTD. In HK and Chinese properties, HYSAN 4.85 Perp increased 2.0pt on PB buying. FTLNHD/FUTLAN 25-26s bounced 1.4-3.8pts, closed 3.3-4.6pts lower WTD. VNKRL 27-29s rebounded 0.6-2.2pts, closed 3.3-4.0pts lower WTD. GRNCH 25-28s were unchanged to 0.2pt higher. Outside properties, WESCHI 26 increased 1.8pts, closed 6.4pts lower WTD. SANLTD/MPEL/STCITY/WYNMAC 26-29s were up 0.9-1.7pts. See our comments on [8 Apr '25](#). In India and Indonesia, ADGREG/ARENRS/ADANEMs/ADSEZs were up 1.7-4.3pts, closed 3.9-6.5pts lower WTD. MEDCIJ 26-28s rose 2.2-3.3pts, closed 5.6-7.8pts lower WTD. See our comments below on MEDCIJ's earnings call.

The flows in LGFVs were mixed. We saw offshore holders were better sellers of bonds to raise cash, while onshore investors were better buyers on the

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higher yielding LGFVs. There were two way interests on USD LGFVs such as ZKCONS 6.8 28s/CCUDIH 6.8 27s. CPDEV 26s were down 0.2pt, CPDEV 28s were 0.3pt higher. In SOE perps, HUADIA/COFCHK Perps were down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADGREG 6.7 03/12/42	80.7	4.3	SINOPE 4.6 09/12/48	94.1	-2.7
FTLNHD 4 5/8 10/15/25	86.5	3.8	SINOPE 4 1/4 05/03/46	89.8	-2.5
MEDCIJ 6.95 11/12/28	90.4	3.3	HAOHUA 4 3/4 06/19/49	86.4	-2.4
ADANEM 3.949 02/12/30	78.6	3.3	CNOOC 4 7/8 04/30/44	98.0	-2.4
ADSEZ 5 08/02/41	68.4	3.2	SINOPE 4.1 04/28/45	89.1	-2.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.23%), Dow (-0.91%) and Nasdaq (+0.10%) were mixed on Monday. Trump will add another 50% tariff on Chinese imports on 9 Apr'25 unless China withdraws its 34% tariff on US goods. UST yield was higher on Monday, 2/5/10/30 yield at 3.73%/3.82%/4.15%/4.58%.

❖ Desk Analyst Comments 分析员市场观点

➤ MEDCIJ: Bonds buyback continues amid market volatility

Security Name	ISIN	Amt o/s (USDmn)	Ask Px	Ask YTM	Issue rating (M/S/F)
MEDCIJ 7 ¾ 05/14/26	US58405FAA30	242.3	98.3	9.0%	B1/BB-/BB-
MEDCIJ 6 ¾ 01/30/27	US58406LAA98	435.3	95.8	8.9%	B1/BB-/BB-
MEDCIJ 6.95 11/12/28	US58406RAA68	299.4	92.8	9.3%	B1/BB-/BB-
MEDCIJ 8.96 04/27/29	US58407HAA77	500.0	96.2	10.1%	B1/BB-/BB-

Source: Bloomberg.

We maintain buy on MEDCIJs and prefer MEDCIJ 6.95 11/12/28 for its better risk-return profile within the curve. We continue to view Medco Energi (Medco) as a candidate to conduct more early redemptions or early calls given its sufficient liquidity and good access to onshore funds. As per Medco, it can swap its IDR bonds at less than 6%. With the strong onshore liquidity in Indonesia, we consider Indika, another commodity play in Indonesia, also a candidate for early redemptions.

Medco continues to buy back its bonds in 2025 and repurchased USD9mn YTD. As per Medco, it is willing to support the curve as long as bond prices are below par, and amount to be repurchased depends on market prices with no specific target. At the time of writing, MEDCIJs down 2.6-6.8pts post the US's announcement of 32% reciprocal tariff on Indonesia. We expect Medco continues to buyback its USD bonds in view of the lower cash prices. Recalled that Medco has been actively managing its maturity profile by riding on improving operating flow and stronger onshore liquidity over the past two years, and repurchased totaled USD337mn of USD bonds through tender offers and market repurchases in FY24. Medco will keep USD funding as an option for future acquisitions while it is looking for high-margin producing assets in Southeast Asia and the Middle East. Please also read our comment on [Medco's FY24 results in our daily on 3 Apr'25](#).

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating
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					(M/S/F)
Wuxing Industry Investment/ Huzhou Wuxing Talent Industry Investment	148	3yr	6.5%	6.5%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chongqing Nan'an Urban Construction & Development	USD	-	3yr	5.5%	Unrated
Xianjin Industry Investment/	USD	-	3yr	5.3%	-/BBB

➤ **News and market color**

- Regarding onshore primary issuances, there were 108 credit bonds issued yesterday with an amount of RMB128bn. As for month-to-date, 294 credit bonds were issued with a total amount of RMB312bn raised, representing a 13.6% yoy increase
- Fitch revised the outlooks of the Chinese five state-owned banks, ICBC, CCB, BOC, ABC and BOCOM, and CMB to stable from negative and affirmed rating, on expectation that the likelihood of extraordinary support being available to the six banks will remain unchanged despite the downgrade of China sovereign rating to A/Stable from A+/Negative
- China NFRA raises the cap for Chinese insurers' equity asset allocation ratio corresponding to the comprehensive solvency ratio (CSR) by 5% for whose CSR ranging from 150% to 200%, 250% to 300%, and above 350%
- **[CRHZCH]** Moody's revised the outlook of China Resources Land to stable from negative, reflected its solid operating and financial profiles amid weak market conditions
- **[HPDLF]** Fitch withdrew Hopson's CCC- rating due to Hopson's decision to stop participating in the rating process
- **[KAISAG]** Kaisa secures court sanction for Rui Jing BVI scheme in debt restructuring plan, schemes effective date occurs on 7 Apr'25
- **[LENOVO]** Lenovo 1Q25 PC shipments rise 11% yoy as industry braces for impact of tariffs
- **[SHFLIN]** Shriram Finance seeks Reserve Bank of India approval to underwrite government debts
- **[SINOPE]** China Petroleum & Chemical (Sinopec) said its controlling shareholder will invest RMB2-3bn (cUSD274-411mn) to buy Sinopec's shares
- **[VEDLN]** Vedanta Ltd considers further modifying demerger to four units, retaining Talwandi Sabo Power (TSPL) within Vedanta Ltd after the National Company Law Tribunal rejected the separation of TSPL last month

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