

CMBI Credit Commentary

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

- *This morning, we saw selling flow for HSBC/MIZUHO/SUMIBK 5-6yr floaters. PTTGC 51-52s and TOPTB 49 were 0.7-2pts higher. PTTGC launched tender offers for its PTTGC 51-52s. FAEACO 12.814 Perp was 1.1pts lower. In LGFVs, there were buyers for CNH short-term bonds. ZHOSHK 28 was largely unchanged. See below.*
- **FUBON:** *FV of the new FUBON to be T+95-100. CATLIFs/NSINTW34/SHIKON 35 were unchanged this morning. See below.*
- **China Economy:** *PMI shows mild reflation in upstream sectors. CMBI expects another 10 bps LPR and 50 bps cut in 4Q25. Policy may also strengthen transfer payments to low- and middle-income households, the social security system and multi-child families to more effectively boost household consumption. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易台市场观点

Last Friday, the recent IG new issues were overall unchanged to 1bp wider. We saw buying flows from AMs on HOKKEL 4.587 09/04/30, and two-way flows from RMs and PBs on OCBCSP 4.55 35s. The other new BCOAVI 4 ¼ 31/JERA 4.544 30s/MITSCO 4.398 30s were unchanged. TW lifers SHIKON/NSINTW widened 2-3bps. MEITUA 28-30s/BABAs widened 1-3bps. See our comment on MEITUA's 1H25 deteriorated profitability [last Friday](#). CNMDHL 26-30s tightened 1-4bps. See our analysis on [28 Aug'25](#). ZHOSHK 5.98 01/30/28 tightened 2bps. See our commentary [last Friday](#). NWDEVL 27-31s were 0.6-0.9pt higher. LIFUNG 5 ¼ PERP climbed 1.4pts. In Chinese properties, VNKRLE 27-29s/CSCHCN 27/YLLGSP 26 were 0.1-0.6pt higher. As for Asia FRNs, we saw selling flow on front-end Chinese banks/leasing names like BCHINA/CHEVBK/BCLMHK/AGRBK. Korean corps such as LGENSO/HYNMTR/HYUELE were 1-3bps wider. S&P changed SAMTOT rating outlook to negative from stable, increasing fallen angel risk. SAMTOT 5 ½ 07/18/29 widened 2bps. In Japan space, there was PBs selling flow on MUFG/NOMURA curves. Japanese insurance hybrids edged 0.3pt higher led by the recent FUKOKU 55 and driven by demand from onshore Japan, whilst Yankee AT1s were largely stable amid slight recovery in French names SOCGEN/BNP. In SEA, GLPSP PERPs and GLPSP 9 ¾ 05/20/28 were continuing the growth momentum and rose 1.5-3.5pts, post the headline of an up-to USD1.5bn investment from a subsidiary of the Abu Dhabi Investment Authority to support its next stage of growth. TOPTB 43s/48/50 were 3bps tighter to 1bp wider. GARUDA 6 ½ 12/28/31 rose 1.5pts.

In LGFVs, the flows from Chinese clients were largely bullish and skewed to buying recent CNH papers. On the other hand, international investors were more inclined to sell, having taken into account FX hedging costs. Meanwhile, we saw demand gradually coming back in high-yielding USD LGFV papers.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPSP 4.6 PERP	64.7	3.5	CSLAU 4.95 04/27/62	85.9	-1.0
GLPSP 4 1/2 PERP	67.5	3.2	CBAAU 3.9 07/12/47	80.2	-0.9
GLPSP 9 3/4 05/20/28	103.3	1.5	CSLAU 4 3/4 04/27/52	85.3	-0.9
LIFUNG 5 1/4 PERP	56.3	1.2	CSLAU 5.417 04/03/54	93.9	-0.8
NWDEVL 4 3/4 01/23/27	81.3	0.9	BABA 4.4 12/06/57	82.4	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.64%), Dow (-0.20%) and Nasdaq (-1.15%) were lower on last Friday. US Jul'25 Core PCE Price Index was +0.3% mom/+2.9% yoy, same as the market expectation. UST yield was lower while 10/30 yr UST yield was higher on last Friday. 2/5/10/30 yield was at 3.59%/3.68%/4.23%/4.92%.

❖ Desk Analyst Comments 分析员市场观点

➤ FUBON: FV of the new FUBON to be T+95-100

Fubon Life proposes to issue 10.25yr USD T2 bond (S&P/Fitch: BBB+). This is Fubon Life's first USD T2 bond issuance and the coupon of this T2 will be FFL and non-deferrable. The new FUBON is callable 10 years after the issuance and within the three-month window preceding the maturity. Fubon Life will use the proceeds to supplement and strengthen its regulatory capital adequacy ratio. We consider the FV of the new FUBON to be T+95-100, in view of its peers CATLIF 5.95 07/05/34 and CATLIF 5.3 09/05/39 (callable Sep'34), adjusted for tenor and new issue premiums.

While we view Fubon Life's closest peer is Cathay Life (CATLIF) in terms of asset size, we view the credit profile of Fubon Life is slightly better in view of higher profitability and capital adequacy, despite they both are rated the same at BBB+. As we discussed in our [Asia Credit Outlook 2025](#), Asian lifer is an emerging segment in the course of full adoption of IFRS 4, 9, and 17. We see more debut names in the segment and new issue premium from debut issuers.

Table 1: Bond profile of TW lifers

Security name	ISIN	Amt o/s (USD mn)	Px	T-spread (bps)	Z-spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
CATLIF 5.95 07/05/34	XS2852920342	600	105.5	94	155	5.2%	6.8	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	100.7	98	158	5.2%	6.9	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	97.0	166	226	5.9%	6.8	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	105.0	203	259	6.3%	7.0	-/BBB/-

Source: Bloomberg.

Fubon Life is Taiwan's 2nd largest life insurer by total assets (TWD6.0tn as of Jun'25), after CATLIF's TWD8.8tn. Despite its smaller size, Fubon Life's credit profile is slightly better than that of CATLIF in view of Fubon Life's higher profitability and capital strength. In 1H25, its ROAE was 8.7%, higher than CATLIF's 5.7%. Fubon Life's RBC ratio is also higher at 405% as of Jun'25, well above CATLIF's 328% and the regulatory minimum of 200%, while its equity-to-asset ratio of 9.9% exceeded both CATLIF's 8.0% and the regulatory requirement of 3%.

During the 1H25, TWD appreciated by c10% against the USD, negatively impacting the capital positions of TW lifers as the value of their USD denominated bond portfolios declined. This sector-wide headwind led to lower

equity-to-asset ratios across the industry as of Jun'25 compared to Dec'24. Nonetheless, Fubon Life maintained the highest equity/asset ratio among its peers at 9.9% as of Jun'25, compared to CATLIF (c8%), Nan Shan Life (NSINTW, 5.8%), and Shin Kong Life (SHIKON, 4.3%).

Fubon Life's resilience, in our view, could be attributed to a more diversified investment portfolio and lower exposures to foreign bonds and equities. As of Jun'25, foreign bonds accounted for 52.2% of Fubon Life's total investment portfolio, lower than CATLIF's 59.2%, NSINTW's 61.1% and SHIKON's 69.4% (as of Mar'25). Fubon Life's exposures to domestic bonds were higher than its peers at 13.0% as of Jun'25, compared to CATLIF's 7.8%, NSINTW's 5.1% and SHIKON's 11.3% (as of Mar'25). Overall, Fubon Life's foreign bonds and equities exposures at 59.4% were lower than its peers, i.e. CATLIF's 63.7%, NSINTW's 65.1%, and SHIKON's 70.3% (as of Mar'25).

Fubon Life's FX position as of Dec'24 was split between equities and funds (16%) and bonds and cash (84%). Within the bond and cash component, 74.6% was hedged through FX policy, currency swaps, and non-deliverable forwards, with the remaining 25.1% was unhedged USD and 0.3% other currencies. We estimated that Fubon Life's overall FX position was c63% hedged as of Dec'24, and it was similar to that of CATLIF, NSINTW, and SHIKON at a range of 60-65%.

➤ **ZHOSHK: Credit profile remains solid under a challenging operating environment**

Maintain buy on ZHOSHK 5.98 01/30/28

Table 1: Summary of Zhongsheng's o/s bond

Ticker	ISIN	Ccy	Size (mn)	O/S (mn)	Coupon	Maturity	Offer px	Z-spread	YTM (%)
ZHOSHK 5.98 01/30/28	XS2867272630	USD	600.0	600.0	5.98%	1/30/2028	101.2	202	5.4%

Source: Bloomberg.

Zhongsheng (rated Baa2/BBB/BBB by Moody's/S&P/Fitch)'s 1H25 operating performance continued to be dragged by the negative gross margin of new car sales. That said, we take comfort with its solid credit and liquidity profiles, supported by its consistent positive FCF generation, reducing debts and low near-term refinancing pressure through the active liability management since Jul'24. ZHOSHK 5.98 01/30/28 has been outperforming since Jul'25, cash price has been 2pts higher and credit spread tightened 50bps since then. Nonetheless, we still consider ZHOSHK 5.98 01/30/28 one of the few good shorter-dated in Chinese IG space and maintain buy on ZHOSHKs.

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

➤ **China Economy: PMI shows mild reflation in upstream sectors**

China's manufacturing PMI edged higher in August, underpinned by improvements in both production and demand. Rebounding raw material price and ex-factory price indexes pointed to a mild price reflation in upstream sectors thanks to the anti-involution campaign. Non-manufacturing PMI inched up as service improved while construction extended its weakness. Reflated raw material prices may point to a mild recovery in PPI, which serves as a constructive leading indicator for a rebound in corporate profits. China's economic growth may face further slowdown pressure in 4Q25. However, the weak data might be a good news as it would increase the possibility of demand-side stimulus and supply-side capacity reduction. We expect another 10 bps LPR and 50 bps cut in 4Q25. Policy may also strengthen transfer payments to low- and middle-income households, the social security system and multi-child families to more effectively boost household consumption.

Manufacturing PMI remained in contraction while price level rebounded. Manufacturing PMI edged up to 49.4% from 49.3% in Aug, above market expectations of 49.1%. Production rose from 50.5% to 50.8% in Aug. New order index inched up to 49.5% from 49.3% as the export order edged up but remained in contraction at 47.2%. Anti-involution policy continued to support mild reflation in upstream material cost as raw material purchase price index further expanded to 53.3% from 51.5%, while ex-factory price edged up to 49.1% in Aug. Corporates procurement moderately recovered while employment further contracted. Breaking down by sector, pharmaceuticals and computer & electronic equipment saw robust performance in both new orders and production, while textiles & apparel, furniture, and chemical products saw notable declines.

Non-manufacturing PMI picked up amid recovering service sector. Non-manufacturing PMI Service PMI edged up to 50.3% in Aug from 50.1%. Service PMI accelerated to 50.5% from 50%, as business activity expectations expanded while the new order, sales price, and employment indexes edged down. Breaking down by sector, activities in rail, water & air transportation, telecom, broadcasting & TV and financial market services remained in high prosperity; while retail and real estate contracted. Construction PMI dipped to 49.1% in Aug from 50.6%, as new order index fell from 42.6% to 40.6%, indicating prolonged weakness in infrastructure investment in 2025.

Rebounding raw material prices may point to a mild reflation. The anti-involution campaign has driven the raw material price in major upstream industries including lithium battery, photovoltaic equipment and cement, although the prices of downstream end-products remained depressed due to weak demand. The mild recovery in PPI serves as a constructive leading indicator for a rebound in corporate profits, even though the sustainability of this recovery remains the key factor to monitor. China's economic growth may face further slowdown pressure in 4Q25 due to the softening of property market, payback effect of export frontloading and fading impact of trade-in program. However, the weak data might be a good news as it would increase the possibility of demand-side stimulus and supply-side capacity reduction. We expect another 10 bps LPR and 50 bps cut in 4Q25, along with a possible moderate increase in the broad fiscal deficit. Policy may also strengthen transfer payments to low- and middle-income households, the social security system and multi-child families to more effectively boost household 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)
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**

- Regarding onshore primary issuances, there were 56 credit bonds issued last Friday with an amount of RMB30bn. As for Aug'25, 2,193 credit bonds were issued with a total amount of RMB1,833bn raised, representing a 8.9% yoy decrease
- [AVICCP/AVIILC]** AVIC Industry-Finance fails to disclose 1H25 results by 31 Aug'25 as requested

- **[BABA]** Alibaba 1QFY26 adjusted EBITDA falls 11% yoy to RMB45.7bn (cUSD6.4bn); in discussions with lenders to refinance a USD6.5bn bank loan maturing in 2026
- **[BCHINA]** Bank of China 1H25 net interest income falls 5.3% yoy to RMB214.8bn (cUSD30.1bn)
- **[CKHH]** CK Hutchison Holdings is exploring listing its global telecom business in Hong Kong
- **[COGARD]** Country Garden 1H25 revenue drops 28.9% yoy to RMB72.6bn (cUSD10.2bn)
- **[EMPINT]** Emperor International secures Co-Com support for extension of HKD16.5bn (cUSD2.1bn) overdue loans to 31 Jul'27
- **[FUTLAN/FTLNHD]** Seazen plans to issue tokenized private debt in Hong Kong by 2025
- **[GLPSP]** Fitch withdrew GLP's rating AS GLP has chosen to stop participating in the rating process, before the withdrawal, GLP was affirmed at BB with stable outlook
- **[LNGFOR]** Longfor 1H25 revenue rises 25.4% yoy to RMB58.8bn (cUSD8.2bn)
- **[MONMIN]** Mongolia Mining to maintain USD219mN cash balance for liquidity
- **[NSANY]** Nissan Motor Indonesia will be acquired by the Indonesia-listed automaker Indomobil Sukses Internasional
- **[PTTGC]** PTT Global Chemical (PTTGC) mandated USD PerpNC5.25 and USD PerpNC10 issuances
- **[VEDLN]** Vedanta gets NCLT nod to withdraw scheme of arrangement for transfer of company's general reserves to retained earnings

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