

## CMBI Credit Commentary

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

- *The new EVRGTT 29 tightened 10bps from RO at T+160 this morning. PCORPM 7.35 Perp rose 1.5pts. QDJZWD 28 recovered 0.4pt. EHICAR 26 was 0.8pt lower. We saw two-way flows skewed towards better buying on LGFVs, higher-beta CNH issues and European AT1s, but the prices were largely unchanged.*
- **ZHHFGR:** *Zhuhai Huafa priced 3yr dim sum bond at 4.2% for refinancing. ZHHFGR 4.2 04/23/29 was largely unchanged amid muted flow. See below.*
- **China Economy:** *Q1 beat but recovery remained uneven. CMBI expects a 50bp RRR cut and a 10bp LPR cut by end-3Q26, and full-year GDP growth to slow from 5.0% in 2025 to 4.7% in 2026. See comments from CMBI economic research below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, in the new issuance space, the new BBNIIJ 7.15 Perp and the USD SOFTBK 29-36s closed 0.3-0.4pt higher. See our comments on BBNIIJ on [15 Apr'26](#). The new ALVGR 6.5 Perp edged 0.3pt firmer. In Chinese IG space, we saw profit taking on LENOVO 30-32s and AACTEC 31, though the spreads closed largely unchanged. ZHOSHK 28 traded 0.4pt higher amid RM buying. Chinese/HK T2s CINDBK/DAHSIN/BNKEA and TW lifers FUBON/SHIKON closed up to 3bps tighter amid better buying from Chinese and Global RMs. As for higher-yielding papers in the region, NDPAPE 14 Perp was 0.5pt firmer. FAEACO 12.814 Perp/MTRC 5.625 Perp/MTRC 4.875 Perp edged 0.1-0.2pt higher. EHICAR 26 gained 0.4pt, while EHICAR 27 was unchanged. In Chinese properties, FTLNHD 27-29/FUTLAN 28 were 0.1-0.5pt higher. In KR space, the recent new issues NHNCOR 31s traded 2bps tighter. The rest of the KR space was largely unchanged. RMs were buying POHANG but selling HYUELE. In SE Asian space, GLPSPs/PCORPM 7.35 Perp were down 0.6-1.0pt. OCBCSP subs and BBLTB sub curve were unchanged to 2bps tighter amid two-way flows. In JP space, we saw mixed two-way flows on MIZUHO 29-31s and better buying on FRNs of NTT/MUFG/SUMIBK/MIZUHO. Japanese insurance subs edged 0.1-0.3pt higher despite better selling emerged in selected issues like MYLIFE 55. Yankee AT1s were overall stable. Though mildly better-selling flows occurred in the belly of the curve, the long end remained better bid by short-covering interests.

In LGFV, QDJZWD 28 dropped another 1.3pts and QDJZWD 27s were 0.1pt lower, after the negative news headlines on the issuer's subsidiary. We saw better selling from AMs and securities houses on QDJZWD USD papers, whilst their CNH counterparts remained largely stable.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 4 3/4 12/04/37	93.9	1.7	QDJZWD 6.95 03/31/28	98.5	-1.3
FTLNHD 11.88 09/30/27	96.5	0.5	GLPSP 4 1/2 PERP	51.8	-1.0
NDPAPE 14 PERP	104.8	0.5	PCORPM 7.35 PERP	99.2	-1.0
BSFR 6 3/8 PERP	99.0	0.4	GLPSP 4.6 PERP	48.5	-0.8
ZHOSHK 5.98 01/30/28	96.6	0.4	TACHEM 5.8 07/05/64	97.0	-0.8

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.26%), Dow (+0.24%) and Nasdaq (+0.36%) were higher on Thursday. US latest initial jobless claims were +207k, lower than the market expectation of +213k. US Apr'26 Philadelphia Fed Manufacturing Index was 26.7, higher than the market expectation of 10.3. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.78%/3.91%/4.32%/4.93%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ ZHHFGR: Zhuhai Huafa priced 3yr dim sum bond at 4.2% for refinancing

Zhuhai Huafa Group priced a new RMB500mn 3-year dim sum bond (Fitch: BBB) at 4.2%. We view the valuation of ZHHFGR 4.2 04/23/29 as fair, in view of ZHHFGR 3.05 10/17/28 is trading at YTM of 4.0% and adjusted for c6months longer in tenor. Proceeds will be used to refinance the maturing RMB500mn dim sum bond ZHHFGR 4 ½ 04/27/26 due later this month.

The new ZHHFGR 29 will be issued through Huafa Investment Holding 2022 I Company Limited and guaranteed from Zhuhai Huafa Group, maintaining the same structure of the maturing ZHHFGR 4 ½ 04/27/26. We view that the government support towards Zhuhai Huafa Group is strong, underpinned by Zhuhai SASAC's 93.48% and Guangdong Provincial Department of Finance's 6.52% ownerships, respectively. Zhuhai Huafa Group received government capital injections totaled RMB24.1bn in the forms of assets and equity during 2020-2024. These injections made up 13.9% of the total owner's equity of Zhuhai Huafa Group as of Dec'24. In May'25, Fitch revised the outlook of Zhuhai Huafa Group to positive from stable and affirmed the BBB rating, reflecting its strengthening position and financing role as a core government-related entity following two rounds of reforms in 2024 and 2025.

Zhuhai Huafa Group is the largest state-owned platform in Zhuhai with RMB729.3bn total assets as of Dec'24. It holds a strategic infrastructure mandate by the Zhuhai Government including SZM CBD with RMB35.8bn estimated investment. The Group demonstrates business diversification beyond property developments, with 45.5% of the FY24 total revenue from sales and trading of materials and commodities, 36.4% from property developments, and the remainder from urban operations and other sectors. Furthermore, Zhuhai Huafa Group has diversified funding channels onshore and offshore, including undrawn bank facilities of RMB256.4bn as of Mar'25. Following the redemption of ZHHFGR 2.8 11/04/25 of USD400mn in Nov'25, Zhuhai Huafa Group does not have any USD bond outstanding.

Table 1: Zhuhai Huafa o/s dim sum bonds

Security name	ISIN	Maturity	First call date	Amt o/s (RMB mn)	Ask px	YTW	Issue rating (M/S/F)
ZHHFGR 4 ½ 04/27/26	MO0000000246	04/27/2026	-	500	100.1	-	-/-/BBB
ZHHFGR 6 Perp	HK0001038576	-	06/30/2027	2,530	102.3	4.0%	-/-/BBB-
ZHHFGR 4 ½ 12/23/27	HK0001085882	12/23/2027	-	1,400	101.1	3.8%	-/-/BBB
ZHHFGR 3.05 10/17/28	HK0001201430	10/17/2028	-	1,420	97.8	4.0%	-/-/BBB
ZHHFGR 4.2 04/23/29	MO0000000600	04/23/2029	-	500	100.0	4.2%	-/-/BBB

Source: Bloomberg.

### ➤ China Economy: Q1 beat but recovery remained uneven

Q1 GDP growth rebounded and came in better than market expected, while a recovering GDP deflator points to a possible first positive reading in 2Q26 after more than three years of deflation. Industrial output and fixed asset investment were robust, supported by exports and fiscal expansion, while retail sales, especially durable goods, and service output moderated in Mar, as growth of household real disposable income dropped to 3 years' low. The property sector remained in contraction, despite showing limited signs of recovery as sales and prices among tier-1 cities bounced up. Higher energy prices may help narrow deflation through upstream cost pass-through, but this is still cost-push rather than demand-led and may squeeze downstream margins and household purchasing power, in our view. On the other hand, the Middle East tensions may push policymakers to prioritize security over growth again, potentially slowing China's economic rebalancing process. Looking ahead, we expect a 50bp RRR cut and a 10bp LPR cut by end-3Q26, and full-year GDP growth to slow from 5.0% in 2025 to 4.7% in 2026.

**GDP rebounded in 1Q26 while GDP deflator recovered.** China's GDP growth in YoY terms (all on a YoY basis unless otherwise specified) rose to 5.0% in 1Q26 from 4.5% in 4Q25, while nominal GDP growth improved to 4.9%, implying the GDP deflator has notably improved to -0.1% from -0.6% in 4Q25. We may finally see a positive deflator in 2Q26 after 14 quarters of deflation cycle due to the rising commodities prices in upper-stream sectors. However, the stronger Q1 reading was mainly supported by robust exports, a firmer industrial cycle and stabilizing fixed asset investment, rather than a broad domestic demand recovery. We expect GDP growth to slow from 5.0% in 2025 to 4.7% in 2026, with 2Q GDP slowing to 4.6% due to narrowing trade surplus and still-weak domestic consumption.

**Property sector showed improving signs.** The contraction of gross floor area (GFA) sold for commodity buildings narrowed to -10.4% YTD in 3M26 from -13.5% in 2M26. New starts stayed weak at -20.3% and total funding sources fell 17.3%, dragged by a 20.1% drop in advance receipts and a 34.6% decline in mortgage loans. New housing sales in the first half of Apr notably rebounded to 13.5% from -6% in Mar by GFA due to a lower base last year, as tier-1 cities surged by 35.5%. The recovery ratio of 30 major cities compared to 2018-2019, however, fell to 46% in Apr from 52% in Mar. Second-hand housing sales of 11 selective cities moderately rebounded in early Apr, with YoY GFA growth picking up to 9.63% from -4.2% in Mar, while the recovery ratio dropped to 114% from 127%. New and second-hand housing prices moderated on its MoM decline in Mar, as tier-1 cities rebounded by 0.2% and 0.4% respectively, while lower-tier cities further declined. Listing prices of second-hand properties continued to drop in Apr, though the pace of decline moderated. The ongoing downturn should continue to weigh on durables consumption and keep housing support high on the policy agenda in 1H26, as the limited signs of recovery is not enough to repair developers' cash flow or reverse the drag on household confidence.

**Retail sales moderated after the holiday lift faded.** Retail sales growth slowed to 1.7% in Mar from 2.8% in 2M26, lower than market expectations at 2.5%. Catering growth moderated to 2.9% in Mar from 4.8% in 2M26, while food, beverage, apparel and jewelry still held up relatively well at 9.5%, 8.2%, 7.0% and 11.7%, respectively. By contrast, policy-sensitive and housing-related categories weakened again, with home appliances, furniture, building materials and autos at -5.0%, -8.7%, -9.0% and -11.8% in Mar. Telecom equipment remained strong at 27.3%, but the broader retail mix suggests the March slowdown was driven by weaker big-ticket spending after the holiday boost and subsidy pull-forward. Moreover, growth of per capita disposable real income of households dropped to 4% in 1Q26, the slowest in 3 years. Looking ahead, we still expect consumption growth to stay muted in 2026, with softer goods consumption partly offset by a gradual recovery in services. Retail sales growth may slow from 3.7% in 2025 to 3.4% in 2026.

**FAI edged down.** Fixed asset investment dropped 1.4% YoY in Mar after rising 1.8% in 2M26, in line with market expectations. Property investment was still the main drag at -11.3% in Mar, reflecting continued oversupply, weak sales and tight funding conditions. Manufacturing investment improved to 4.9% in Mar from 3.1% in 2M26, supported by general equipment, autos, transport equipment and computer, communication and electronic equipment, while high-tech industry investment rose 7.4%. Infrastructure investment eased to 7.2% in Mar from 11.4% in 2M26, but remained solid, with transportation, utilities and public facility spending still supported by early fiscal funding. Looking forward, investment should continue to rely on fiscal support, policy-bank funding and selected industrial upgrading themes, especially in power infrastructure, data centers, semiconductors and networking equipment, while housing investment should remain weak, in our view. FAI growth may recover from -3.8% in 2025 to 1.1% in 2026 as the CEWC (Central Economic Work Conference) vowed to stabilize investment, with FAI in property, infrastructure and manufacturing rebounding from -17%, -1.5% and 0.6% in 2025 to -9%, 1.5% and 4% in 2026.

**Industrial output stayed resilient thanks to robust export delivery value.** VAIO growth edged down to 5.7% in Mar from 6.3% in 2M26, still higher than market expectations at 5.4%. 1Q26 cumulative growth picked up to 6.1%, still above the 2025 full-year pace of 5.9%. Manufacturing remained the main anchor, with cumulative growth at 6.1% in 1Q26 from 5% in 4Q25, as export delivery value accelerated to 8.7% in Mar from 6.3% in 2M26, showing that external demand was still providing support. Chemicals, transport equipment and electronics stayed relatively strong, while non-metallic mineral products remained weak, indicating domestic construction demand was still soft. Service output growth slowed to 5.0% in Mar from 5.2% in 2M26, also pointing to some moderation in domestic activity. Looking ahead, industrial growth should stay more resilient than consumption and property in the near term, but it is still likely to slow as exports normalize.

**The March data argue for a more cautious reading of the Q1 rebound.** Activity in Q1 was better than feared, but the composition still looks driven by exports, manufacturing and fiscal-driven FAI rather than a self-sustaining rise in household and property demand. The slowdown in Mar big-ticket retail sales and services suggests the economy has not yet built a durable domestic-demand cycle. Higher energy and commodity prices may reduce deflation pressure at the margin, but the benefit is likely to be partly offset by weaker real purchasing power and margin pressure downstream. Middle East tensions may push policymakers to prioritize security over growth again, potentially slowing China's economic rebalancing process. Looking ahead, we expect a 50bp RRR cut and a 10bp LPR cut by end-3Q26, and full-year GDP growth to slow from 5.0% in 2025 to 4.7% 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)
Agricultural Bank of China/London	300	3yr	SOFR+35	SOFR+35	A1/-/-
Evergreen Marine Green	300	3yr	5.25%	T+160	Unrated
Malayan Banking Berhad	600	3yr	SOFR+57	SOFR+57	A3/-/-
Yangzhou Urban Construction	300	3yr	3.9%	3.9%	Unrated

➤ **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 163 credit bonds issued yesterday with an amount of RMB189bn. As for month-to-date, 1,165 credit bonds were issued with a total amount of RMB1,165bn raised, representing a 20.5% yoy increase
- **[HZSHCT]** Fitch changed the outlook of Hangzhou Shangcheng Urban Construction & Comp. to positive from stable; BBB- rating affirmed
- **[JFCPM]** Jollibee Group's planned USD86mn acquisition of All Day Fresh has been approved by South Korea's competition regulator
- **[LIFUNG]** S&P affirmed Li & Fung's BB ratings on signs of business growth, outlook stable
- **[MARUB]** Marubeni bought an 85% stake in Spanish energy distributor Factor Energia for EUR204mn (cUSD240.5mn)
- **[MONMIN]** Mongolian Mining 1Q26 washed coking coal sales jump 60% yoy YoY
- **[NSANY]** Fitch affirmed Nissan Motor at BB, outlook remains negative; in discussions with China's Chery Automobile and others about building cars at its underutilized plant in Sunderland, England
- **[SMPHD]** Sompo Holdings entered into a strategic partnership with UK-based Extracover Holdings (Zego) to develop cutting-edge digital insurance products for the Japanese market
- **[TAISEM]** TSMC expects 2Q26 revenue to grow more than 30% yoy as the company continues to benefit from AI demand

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