CMB INTERNATIONAL

Fixed Income
Credit Commentary

16 Jan 2026

CMBI Credit Commentary

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

- *This morning, the new KUAISH 31s was initially a touch wider but later returned to unchanged from RO at T+50, while the new KUAISH 36s widened 4bps from RO at T+70. MEITUA 32-35s were 1-3bps wider. FRESHK 29 tightened 3bps. VNKRLE 27-29 rose another 2.7-2.8pts. GLPSP 4.5 Perp was 0.9pt higher.*

- ***SNBAB:*** *The new SNBAB 6.15 Perp is fairly priced. See below.*

- ***China Economy:*** *Signal of moderate monetary easing. CMBI expects 50bps RRR cut and two 10bps LPR reductions this year. Regarding exchange rate policy, the central bank remains committed to market-driven flexibility and RMB resilience. The USD/RMB is projected to decline to 6.93 at end-1H26 before rising to 6.97 by year-end. See comments from CMBI economic research below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the new ANZNZ 29-31s tightened 3-5bps from ROs. ASBBNK 30 was 3bps tighter. In Chinese TMT space, MEITUA curve tightened 3-4bps, although modest profit-taking activities emerged in the afternoon session. Kuaishou Technology priced its new issues today. See our comments on the FV yesterday. Chinese IG beta names FRESHK grinded 2-4bps tighter amid solid buying flows. The NWDEVL/VDNWDL complex surged 0.5-6.4pts. The NWD stock rose 15% yesterday, on back of the recurring market rumors over the sales of Rosewood Hotel. In Chinese properties, VNKRLE 27-29 recovered strong and rose 5.4-5.6pts. Vanke proposed to extend the principal payment for a year for its two onshore bonds from 15 Dec'25 and 28 Dec'25, respectively, with upfront cash repayment as options in the proposals. LNGFOR 27-32 edged 0.2-0.5pt higher. The Korean IG space remained upbeat. SKBTAM 29s tightened another 3bps. HYNMTR fixed-rate belly bonds and 4yr FRNs tightened 2-4bps amid buying from Chinese onshore accounts and offshore banks/AMs. HYNMTR 31 FRN was better digested and closed only 1bp tighter. The Japanese IG space remained broadly stable with spreads 1-2bps tighter, supported by continuous demand in bank FRNs. SOFTBK 65 was 0.8pt lower. Japanese and European AT1s and insurance subs were up to 0.1pt softer amid better selling from London. Demand from Asia continued to focus on the front-end AT1s. In SE Asia space, PETMK long-end bonds widened 1-5bps amid AM selling. VLLPM 29 dropped 1.1pts. GLPSP Perps increased by 0.7-0.8pt. Middle Eastern IG names were firm and edged 0.2pt higher. Two-way flows prevailed on bank 5yr senior papers, while FRNs attracted stronger bids.

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In LGFV space, we saw better selling on the new CNH LECCIG 29s in secondary market as tactical investors attempted to recycle cash for anticipated new issues ahead. On the other hand, rest of the LGFV space remained largely afloat, with retail investors buying higher-yielding issues in small sizes, whilst RMs topping USD IG/quality NR names yielding at mid-4% to high-6%. Elsewhere, demand recovered for CNH papers away from LGFVs, especially for selected 5-10yr issues.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change
NWDEVL 5 1/4 PERP	**64.1**	**6.4**
NWDEVL 10.131 PERP	**65.4**	**5.6**
VNKRLE 3.975 11/09/27	**22.0**	**5.6**
VNKRLE 3 1/2 11/12/29	**21.6**	**5.4**
NWDEVL 4 1/8 PERP	**54.9**	**4.4**

Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	**59.0**	**-1.1**
BEIENT 6 3/8 05/12/41	**110.2**	**-1.0**
YANTZE 3.2 10/16/49	**75.2**	**-0.8**
SOFTBK 8 1/4 10/29/65	**94.9**	**-0.8**
CNOOC 5 3/4 01/26/41	**108.5**	**-0.7**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.26%), Dow (+0.60%) and Nasdaq (+0.25%) were higher on Thursday. US latest initial jobless claims was +198k, lower than the market expectation of +215k. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.56%/3.77%/4.17%/4.79%.

❖ Desk Analyst Comments 分析员市场观点

➢ SNBAB: The new SNBAB 6.15 Perp is fairly priced

The Saudi National Bank (SNB) priced a PerpNC5.5 AT1 USD bond (unrated) at 6.15% yesterday, tightened 47.5bps from IPT at 6.625%. The issue size is USD1bn on an order book of over USD2bn. SNB is Saudi Arabia's largest banking group by total assets, with c27% market share as of Sep'25. It operates in nine countries and has a diversified franchise spanning across wholesale and retail banking, treasury, asset management and brokerage.

We view the new SNBAB 6.15 Perp (first coupon reset in Jul'31) is fairly priced, in view of the valuation of its SNBAB 6.2 Perp (first coupon rest in Dec'31) trading at YTC of 6.2% as well as its peer RJHIAB 6.15 Perp (first coupon reset in Jan'32) is trading at YTC of 6.1%. RJHIAB 6.15 Perp was issued by Al Rajhi Bank, Saudi Arabia's second largest bank by total assets with c24% market shares as of Sep'25. Within Middle East AT1, we maintain buy on Saudi Arabia's BSFR 6.375 Perp and UAE's EBIUH 4.25 Perp. At 100.9, BSFR 6.375 Perp (first coupon reset in May'31) is trading broadly the same as the new SNBAB 6.15 Perp and benefits from a coupon reset occurring two months earlier. Please refer to below for our recommendations.

Table 1: Our Middle East AT1 and T2 picks

Security name	Amt o/s (USDmn)	Basel III	Ask px	YTC	Mod dur	First call date	First coupon reset date	Issue rating (M/S/F)	Issuer rating (M/S/F)
BSFR 6.375 Perp	650	AT1	100.9	6.2%	4.0	11/07/2030	05/07/2031	Unrated	A1/A-/A-
BSFR 5.761 09/03/35	1000	T2	100.1	5.7%	3.9	09/03/2030	09/03/2030	-/-/BBB	A1/A-/A-
EBIUH 4.25 Perp	750	AT1	98.9	5.3%	1.1	02/27/2027	05/27/2027	Unrated	A1/-/A+
FABUH 6.32 04/04/34	1,000	T2	104.0	4.7%	2.4	10/04/2028	04/04/2029	-/-/A	Aa3/AA-/AA-
FABUH 5.804 01/16/35	750	T2	103.1	4.8%	3.1	07/16/2029	01/16/2030	-/-/A	Aa3/AA-/AA-

The new SNBAB 6.15 Perp is first callable on 22 Apr'31 and on any date thereafter up to (and including) the first coupon reset on 22 Jul'31, and on any interest payment date thereafter. The coupon will be reset to 5yrUST+initial spread of 2.343% on 22 Jul'31 and every fifth anniversary thereafter. Coupon payment is optional, non-cumulative and subject to mandatory cancellation upon: (i) insufficient distributable profits; (ii) breach of applicable regulatory capital requirements; (iii) financial regulator's requirement; or (iv) the solvency condition. The perp also includes a dividend stopper.

In 9M25, SNB generated ROTA of 2.2% and ROTE of 17.5%, increased from 2.0% and 16.3% in 9M24, respectively, driven by higher fee and commission income. The cost to income ratio was also lower at 25.2% under disciplined cost management, compared to 28.4% in 9M24. Moreover, SNB has robust capital adequacy. CET1 ratio was 17.6% and Tier 1 ratio was 19.5% as of Sep'25, higher than the regulatory requirement of 9.2% and 10.7%, respectively. Liquidity metrics were solid, with NSFR at 112% and LCR of 263% as of Sep'25. Moreover, SNB asset quality improved, its NPL ratio dropped to 0.8% as of Sep'25 from 1.2% as of Dec'24. By sector, c28% of NPL were from commerce sector, c25% from building & construction, c24% from consumer and c9% from manufacturing.

- **China Economy: Signal of moderate monetary easing**

China's outstanding social financing growth exhibited a notable deceleration toward the end of 2025. This trend, coupled with a sharp slowdown in M1 supply growth, underscores a cooling in economic activity and private sector confidence. There is a persistent economic imbalance between robust supply and weak demand as the corporate sector remains the primary engine of credit expansion and the household sector continues to prioritize deleveraging over new borrowings. In response, the People's Bank of China (PBOC) has signaled a shift toward a more accommodative stance and additional property stimulus for 2026, characterized by cuts in structural re-lending facilities and minimum down payment ratio for commercial property loans. Looking ahead, the central bank has indicated additional room for interest rate and RRR cuts, with expectations of a 50bps RRR cut and two 10bps LPR reductions this year. Regarding exchange rate policy, the central bank remains committed to market-driven flexibility and RMB resilience. The USD/RMB is projected to decline to 6.93 at end-1H26 before rising to 6.97 by year-end.

Credit and M1 growth slowed down as economic activities weakened. Outstanding social financing growth continued to decline from 8.7% at end-3Q25 to 8.5% at end-November and 8.3% at end-December, indicating a slowdown of broad credit growth. Outstanding government bond financing growth moderated from 18.8% at end-November to 17.1% at end-December as the fiscal expansion momentum softened. Outstanding RMB loan growth remained unchanged at 6.4% at the year end, but new RMB loan financing dropped 8.1% in December with the loan funding to business sector up 118.4% and that to household sector remaining negative. New medium- and long-term loans to households dropped 96.7% YoY, as housing sales continued to slump. Despite a YoY increase of bond and loan financing in the corporate sector, broad economic activity and private confidence weakened as M1 supply growth decelerated from 7.2% at end-3Q25 to 4.9% at end-November and 3.8% at end-December. 80% of M1 was demand deposits, which were oriented to economic transactions.

Sector divergence showed economic imbalance. The loan data revealed a stark economic imbalance with robust supply and weak demand. The corporate sector remained the primary engine of credit growth, partially supported by the low-cost special loans targeting specific sectors. In sharp contrast, the household sector remained in the deleveraging trap with more debt repayments than new borrowings. The household sector's reluctance to borrow is partially due to the balance-sheet effect following the property market slump. With housing prices down over 35% in major cities since 3Q21, the erosion of household wealth and confidence has severely dampened consumer spending and reflationary momentum. Unlike the US subprime or Eurozone sovereign debt crises, Chinese households instead of banks bear the primary burden of asset devaluation as the mortgage non-performing loan (NPL) ratios remain low. China's system features high down payment requirements and strong lender protections. Legal constraints on personal bankruptcy and deep cultural attachment to homeownership, rooted in traditional values of family security and social status, deter borrowers from defaulting even in distress. Consequently, Chinese households absorb most of the balance-sheet impacts of property market slump, contributing to weakened confidence and spending power. After decades of viewing real estate as a "sure bet," the current price correction has triggered a psychological pivot toward financial conservatism. Households are now prioritizing "balance-sheet repair" over consumption, a behavior that presents a significant challenge to the government's goal of a consumption-led recovery.

Central bank signaled moderate easing ahead. After the credit data release, PBOC officials held a press conference yesterday to outline the monetary policy direction this year. First, the PBOC announced immediate rate cuts by 25bps to structural re-lending facilities and massive supply expansion of these facilities, indicating stronger policy support to targeted sectors. These structural re-lending facilities with lower rates than general re-lending facilities mainly aim at incentivizing banks to expand credit supply to private enterprises, tech companies, green development, agriculture, elderly care and other targeted sectors. By focusing on those specific sectors, the central bank tries to influence the allocation of credit supply to make it in line with top leaders' target of high-quality development and common prosperity. We believe the integration of these structural monetary policy tools with fiscal policy such as interest subsidies and credit guarantees creates a powerful policy multiplier to support China's technology innovation and green development. Second, the PBOC announced lowering the minimum downpayment ratio for commercial property loans from 50% to 30%. This is aimed at clearing the inventory of office and commercial property, signaling the property sector as one focus of the new round of policy stimulus. Third, a PBOC official said there is additional room to cut interest rates and RRR, indicating continued monetary policy easing in 2026. We expect the central bank to cut LPRs by 10bps and RRR by 50bps in 1Q26 and reduce LPRs by an additional 10bps in 3Q26. The liquidity condition will remain accommodative with mild declines in money market rates. Fourth, the PBOC implied exchange rate policy for 2026 remains anchored in a commitment to market-driven flexibility and strategic stability. A key takeaway from the press conference is the officials' confidence in the RMB's resilience. The policy priority is to enhance the FX market depth and resilience and to promote the use of RMB in trade settlement. We expect USD/RMB to decline to 6.93 at end-1H26 before rising to 6.97 at end-2026.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Japan Bank for International Corporation	500/ 1000	5yr/ 10yr	SOFR MS+44/ SOFR MS+60	SOFR MS+44/ SOFR MS+60	A1/A+/-
Kuaishou Technology	600/ 900	5yr/ 10yr	4.125%/ 4.75%	T+50/ T+70	A3/A-/A-
Qatar National Bank	650	5yr	SOFR+80	SOFR+80	-/A+/-
Saudi Electricity Sukuk Programme	500/ 700/ 1200	3yr/ 6yr/ 10yr	4.31%/ 4.518%/ 5.065%	T+70/ T+75/ T+90	Aa3/A/-
The Saudi National Bank	1000	PerpNC5.5	6.15%	6.15%	Unrated

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

Issuer/Guarantor	Size (USD	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

News and market color

- Regarding onshore primary issuances, there were 110 credit bonds issued yesterday with an amount of RMB83bn. As for month-to-date, 750 credit bonds were issued with a total amount of RMB597bn raised, representing a 20.6% yoy decrease

- **[ADANEM]** Moody's changed the outlook of Adani Electricity Mumbai to stable from negative; Baa3 ratings affirmed

- **[ADSEZ]** Moody's changed the outlook of Adani Ports to stable from negative; Baa3 ratings affirmed

- **[CTFSHK]** CTF Services applied for RMB5bn onshore bond registration with NAFMII; acquired three industrial logistics properties in East China

- **[KUAISH]** Kuaishou Technology priced RMB3.5bn 5yr dim sum bond at 2.45%, tightened from IPT at 2.95%

- **[NWDEVL]** Media reported Rosewood Hotel Group reiterated group and brands are not for sale

- **[SDOCIN]** Shandong Marine Group plans to refinance SDOCIN 7.25 09/05/26 of USD200mn with 3-year loan at SOFR+90bps

- **[SHFLIN]** S&P upgraded Shriram Finance by one notch to BBB- from BB+ on MUFG Bank investment; outlook stable

- **[VNKRLE]** China Vanke disclosed proposals to be voted at the bondholder meeting on 21 Jan'26 for its onshore bonds 22WankeMTN004 and 22WankeMTN005, which include adjustment of payment arrangement, credit enhancement via project company receivables, and an extension of grace period by 90 trading days

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