

CMBI Credit Commentary

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

- *This morning, the recent new HANFGI 5 28s/HWFPCO 4.75 28s widened 2-3bps. KTGC 5 28s widened 1bp. BABA/TENCNT 30-35s tightened 2-5bps. NIPLIF/MYLIFE 55s and HSBC Perps were up another 0.3-0.4pt.*
- **BBLTB:** ROA and ROE improved in 1Q25 supported by fee and other income. Maintain buy on BBLTB 5 Perp (AT1), BBLTB 3.466 09/23/36 (T2) and BBLTB 6.056 03/25/40 (T2). BBLTBs were 0.1-1.5pts higher post results announcement. See below.
- **China Policy:** China's policy outlook after the tariff shock. CMBI expects policymakers may turn to aggressive fiscal stimulus to boost consumption in 2H25, as exports continue to slow while durable sales start to lose momentum. See below for comments from CMBI economic research.

❖ Trading desk comments 交易台市场观点

Last Friday, on primary, the new NIPLIF 6.5 55s surged 1.2pts from RO at par amid top up demand from PBs. See our comments on [24 Apr'25](#). The new SUMIFL 5.236 30s closed 15bps tighter from RO. The new HANFGI 5 28s and KTGC 5 28s tightened 6bps and 28bps from ROs, respectively. In Korea IGs, HYUELE/HYNMTR/LGENSO 27-33s were 3-5bps tighter. See our comments on SK Hynix on [25 Apr'25](#). KHFC Float 30s tightened 3bps. In Chinese IGs, BABA/TENCNT 30-35s were 1-3bps tighter. The long end of CHGRID/TENCNT 47-49s were 1.3-1.9pts higher (5bps tighter). In financials, AMCs were under better buying. GRWALLS/CFAMCIs were 0.4-1.0pt higher (1-6bps tighter) and CCAMCLs/ORIEASs were 5-7bps tighter. MIUZHO/SUMIBK Float 28-30s were unchanged to 3bps tighter. CBAAU/WSTP 30-36s were 2-5bps tighter. NSINTW 34s tightened 8bps. BBLTB 34-40s tightened 5bps on PB chasing. See comments below. Meanwhile PETMK 35s/55s were 2-4bps tighter. In JP insurance hybrids, NIPLIF 51-54s/MYLIFE 55s and FUKOKU 6.8/SUMILF 5.875 Perps rebounded 0.7-1.0pt as investors reloaded risks. In EU AT1s, HSBC/BNP/INTNED Perps were 0.3-0.8pt higher. In HK, HKAA/MTRC 30s/35s were unchanged to 2bps tighter, while MTRC 55s widened 1bp on small profit taking. NWDEVL 27s rose 0.4-1.3pts and closed 0.7-4.3pts higher WoW. See our comments on [25 Apr'25](#). In Chinese properties, VNKRLE 27-29s rose 1.9pts. CHIOLI 26-43s were up 0.6-1.1pts. In SEA, UPLLIN Perp increased 3.1pts. ADANEMs/ADGREGs/ARENJRs were 0.6-1.1pts higher. MEDCIJ 26-28s were up 0.3-0.5pt. GARUDA 31s/NICAU 28s were 0.4-0.9pt lower.

LGFVs remained sought after, as institutional investors reloaded positions ahead of Labor Day Holiday. There were PB buying flows on CNH papers such as HSIVEH 6.5 28s/NGNGH 6.5 27s/DYOLIN 6.8 27s. In SOE perps, HUADIA/CHPWCN Perps were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
UPLLIN 5 1/4 PERP	94.7	3.1	GARUDA 6 1/2 12/28/31	66.1	-0.9
NWDEVL 5 7/8 06/16/27	78.2	2.6	MPEL 5 3/4 07/21/28	95.2	-0.7
RILIN 4 7/8 02/10/45	88.1	2.5	NICAU 11 1/4 10/21/28	100.7	-0.5
CHGRID 4 3/8 05/22/43	92.7	2.0	HBTUID 7 1/2 07/10/26	96.0	-0.5
CHGRID 4 05/04/47	86.8	2.0	TOYOTA 5.123 07/13/33	102.0	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.74%), Dow (+0.05%) and Nasdaq (+1.26%) were higher on last Friday. China has exempted some US imports from its 125% tariffs and is asking firms to identify critical goods they need levy-free. UST yields retreated on last Friday, 2/5/10/30 yield at 3.74%/3.88%/4.29%/4.74%.

❖ Desk Analyst Comments 分析员市场观点

➤ BBLTB: ROA and ROE improved in 1Q25 supported by fee and other income

Bangkok Bank (BBLTB) reported higher profitability in terms of ROA and ROE in 1Q25 compared to 1Q24 with ample capital buffer above the regulatory minimum requirement. We expect the asset quality of BBLTB and its local peers to be under pressure in 2025 in view of the challenges to Thai corps presented by the US trade policies. That said, we expect BBLTB's ample capital buffer to cushion the potential profit volatility from the economic headwinds.

We like BBLTB for its resilient and more diversified business profile, and maintain buy on BBLTB 6.056 03/25/40 (T2, callable 25 Mar'25) on higher yield among BBLTBs and better trading liquidity. We also like BBLTB 5 Perp (AT1, callable 23 Sep'25) and BBLTB 3.466 09/23/36 (T2, callable 23 Sep'31) for yield pick-up over its senior bond with similar "tenors".

Table 1: Our picks

Security name	ISIN	Type	Amt o/s (USD mn)	Ask Px	YTC	First call date	Mod duration	Issue rating (Moody's)
BBLTB 5 Perp	US06000BAA08	AT1	750	99.5	6.2%	23 Sep'25	0.4	Ba1
BBLTB 3.466 09/23/36	US059895AV49	T2	1,000	88.1	5.7%	23 Sep'31	5.7	Baa3
BBLTB 6.056 03/25/40	US06000GAA94	T2	1,000	99.3	6.2%	25 Mar'35	7.3	Baa3

Source: Bloomberg.

BBLTB's NIM dropped to 2.89% in 1Q25 from 3.06% in 1Q24, in line with the market trend. The BOT policy rate was 2.0% in 1Q25, compared to 2.5% in 1Q24. Its net fee income increased by 10% yoy to THB7.6bn, driven by loan related fee, bancassurance and mutual fund services. The ECL increased by 8% yoy in 1Q25, reflecting lower-than-expected growth prospect of Thai economy and uncertainties from US trade policy. BBLTB continued to focus on cost management during 1Q25, cost-to-income ratio dropped to 45.5% in 1Q25 from 47.1% in 1Q24. During 1Q25, BBLTB recorded THB4.9bn gains on financial instruments and investments in 1Q25, compared to THB9.8mn in 1Q24. As a result, the ROA and ROE both increased in 1Q25. See Table 2.

As of Mar'25, BBLTB's CET1 ratio dropped to 17.3% from 17.8% as of Dec'24 with a lower capital base, still well above the regulatory requirement of 8%. We envisage the decrease in its capital base as of Mar'25 due partly to the losses on equity investments at FVOCI of THB13.5bn during 1Q25, resulting in a decrease in other

reserve and therefore the capital base. BBLTB's CET 1 ratio was higher than its peer Kasikornbank (16.6%) yet lower than Krung Thai Bank (18.2%) as of Mar'25.

BBLTB's asset quality deteriorated slightly as of Mar'25 compared to Dec'24. The NPL ratio/NPL coverage ratio was 3.0%/300% as of Mar'25, worsened from 2.7%/334% as of Dec'24, respectively. Still, we view BBLTB continued to demonstrate better-than-peers asset quality in view of more diversified business profile high quality customer base with majority of loans directed to large corporate customers. The NPL ratio/NPL coverage ratio of BBLTB were better than its peers Kasikornbank (3.2%/159%) and Krung Thai Bank (3.0%/188%), respectively, as of Mar'25.

Table 2: Financial Highlights

	1Q24	1Q25	Yoy change	4Q24	Qoq change
NIM	3.06%	2.89%	-0.17 pct pt	3.09%	-0.20 pct pt
ROA	0.93%	1.11%	0.18 pct pt	0.92%	0.19 pct pt
ROE	7.81%	9.15%	1.34 pct pt	7.50%	1.65 pct pt
Cost-to-income ratio	47.1%	45.5%	-1.6 pct pt	53.1%	-7.6 pct pt
NPL ratio	3.0%	3.0%	-	2.7%	0.3 pct pt
NPL coverage	292%	300%	8.6 pct pt	334%	-34 pct pt
CET 1 ratio	17.0%	17.3%	0.3 pct pt	17.8%	-0.5 pct pt
Buffer above regulatory minimum	9.0%	9.3%	0.3 pct pt	9.8%	-0.5 pct pt
Tier 1 ratio	17.8%	18.1%	0.3 pct pt	18.7%	-0.6 pct pt
Total capital ratio	21.5%	22.9%	1.4 pct pt	22.4%	0.5 pct pt

Source: Company filings.

➤ China Policy: China's policy outlook after the tariff shock

The Politburo held a meeting last Friday (25 Apr), calling for solid efforts to deal with the uncertainties caused by the US tariff shock. The meeting indicates that China will not succumb to US pressure as it prepares for a prolonged Sino-US conflict. Policymakers' planned measures for 2Q25 include a mild cut in RRR and LPRs, speeding up government bond issuance and fiscal spending, targeting employment support, especially in affected sectors, expanding the trade-in subsidy to include more durable goods, accelerating the AI+ initiative, opening up the service sector, strengthening trade ties with non-US economies, supporting companies to go global, stabilising the housing market and stimulating the capital market. The policy plan for 2Q25 seems conservative, as the policymakers need more time to observe and assess the dynamics of the Trump shock and its impact on China's economic growth. Policymakers may turn to aggressive fiscal stimulus to boost consumption in 2H25, as exports continue to slow while durable sales start to lose momentum. Keeping RMB and stock markets relatively stable might be a key target for China in struggling with the US.

Politburo meeting outlines policy plan for 2Q25. Policymakers have stressed the need to coordinate domestic economic work with global economic wars, indicating that China will not bow to US pressure as it prepares for a prolonged Sino-US conflict in the future. The Politburo proposed seven aspects of policy in 2Q25 to counter the tariff shock. First, additional cuts in RRR and LPR. We expect the PBOC to cut RRR and LPRs slightly in 2Q25. For the full year, we expect RRR and LPRs to be cut by 50bps and 20bps, respectively. Second, government bond issuance and fiscal spending will be accelerated to provide more support to the real economy. Policymakers do not intend to increase the broad fiscal deficit this year, at least in 2Q25. They may turn to aggressive fiscal stimulus to boost consumption in 2H25 after goods exports continue to slow down while durable sales start to lose momentum. Third, raise incomes of middle and low-income groups by increasing the allocation of unemployment insurance refunds to firms affected by tariffs to stabilise employment, improving credit support for elderly care and other labour-intensive services, and expanding the coverage of "trade-in" subsidies for durable goods. Fourth, cultivate new pillar industries by introducing a "sci-tech board" in the bond market and speeding up the implementation of the AI+ initiative. Fifth, promote the construction of a unified

national market, intensify pilot policies for opening up services, and support enterprises to go global. Sixth, strengthen the recovery of the housing market and reinvigorate the momentum of the stock market. Last but not least, strengthen trade relations with non-U.S. economies and collaborate to counteract unilateral bullying.

The tariff shock in 2025 is more severe than the US-China trade war in 2018. According to our estimate, Trump's current tariffs would reduce the annualised GDP growth rates of the world, the US, China and Eurozone by 0.9ppts, 1.2ppts, 1ppt and 0.5ppts, respectively, while the 2018 Sino-US trade war is estimated to have reduced their GDP growth rates by 0.5ppts, 0.4ppts, 0.6ppts and 0.7ppts. However, the MSCI World equity index fell less in the 2025 tariff shock than in the 2018 Sino-US trade war, as other international currencies appreciated sharply after the former shock, while they depreciated after the latter shock. The short-term impact of the 2025 tariff shock should be much smaller than the 2022 recession panic, the 2020 pandemic and the 2008 financial crisis, as the latter three shocks were estimated to reduce global GDP growth by 1.9ppts, 5.5ppts and 5.0ppts, respectively. The MSCI World Index declined by 16.3% in 2025 tariff shock while dropping by 59.6%, 33.9% and 27.4% from the peak before the shock to the trough after the 2018 financial crisis, 2020 pandemic and 2022 recession panic. However, the 2025 tariff shock could have a long-lasting impact on the global economic landscape, trade flows and geopolitics in the future.

RMB and the stock markets could be important battlegrounds in the US-China confrontation. The White House chose to use very high tariffs to pressure China with a view that the tariffs will crush China's economy and trigger a sharp fall in the RMB exchange rates and Chinese stocks, leading to a confidence crisis in the financial system, while a depreciation of RMB exchange rate will also help the cost of the tariffs to be borne more by Chinese exporters, reducing the inflationary pressure on the US. China has chosen to use very high retaliatory tariffs to prove to the US its determination to fight bravely, while it will endeavour to keep the RMB exchange rate and the stock market stable, support confidence in the financial markets, and increase the transmission of tariff costs to US inflation, thus letting the US back off.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Taiyuan State-owned Investment	200	3yr	5.1%	5.1%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Kookmin Bank	USD	-	3yr/ 5yr	T+120/ T+125	Aa3/A+/-
POSCO Holdings	USD	-	5yr/ 10yr	T+180/ T+200	Baa1/A-/-
Xianning Urban Development (Group)	USD	-	3yr	8.0%	Unrated
Zhongyuan Asset Management Co	USD	-	3yr	6.2%	-/-/BBB

➤ **News and market color**

- Regarding onshore primary issuances, there were 168 credit bonds issued last Friday with an amount of RMB180bn. As for month-to-date, 2,104 credit bonds were issued with a total amount of RMB1,993bn raised, representing a 10.3% yoy increase

- **[CHIOLI]** China Overseas Land 1Q25 operating profit drops 15% yoy to RMB5.7bn (cUSD778mn)
- **[COGARD]** Country Garden to raise RMB1.3bn (cUSD180mn) by selling 11% stake in aerospace firm LandSpace Technology
- **[GRNKEN]** ORIX terminates Greenko stake sale plan
- **[FRESHK]** Far East Horizon to cut conversion price of FRESHK 2.5 07/08/28 to HKD5.19 per share from HKD5.45 as well as FRESHK 0 06/15/26 to HKD6.7 per share from HKD7.04, effective from 6 May'25
- **[NSANY]** Fitch downgraded Nissan Motor to BB from BB+ on worsening market conditions in North America, increasing cost pressures due to tariffs; outlook negative
- **[SINOCH]** Sinochem may lose control over Italian tiremaker Pirelli despite 37% stake, a majority of Pirelli's board is inclined to approve a resolution ending Sinochem's control after a request from Italian regulators to put some daylight between the company and China
- **[VEYONG/XINAOG]** ENN Natural Gas to convene general meeting on 28 May'25 to consider privatization proposal for ENN Energy

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