20 Jan 2026

CMBI Credit Commentary

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

- *The new SHUION 9.75 01/26/29 was up 0.3pt from RO at 98.423 this morning. Asian FRNs were 1-2bps wider, while Asian fixed-rate IG bonds were 1-3bps tighter. KUAISH 31-36s tightened by 2bps. VLLPM 29 was 0.7pt lower. EHICAR 27-29 recovered 0.9pt.*
- ***CHIOIL:*** *FV of the new CHIOIL 29 to be high-6% vs IPT at 7.25%. See below.*
- ***China Economy:*** *Weakening growth may prompt policy easing. CMBI expects a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad-fiscal deficit should remain almost flat at 8.5% in 2026; full-year GDP growth rate may decline from 5% in 2025 to 4.8% in 2026. See comments from CMBI economic research below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the recent new issue KUAISH 31s closed unchanged, while KUAISH 36s widened by 1bp. MEITUA 28-35s were unchanged to 3bps wider. Chinese/HK beta names ZHOSHK/FRESHK and bank T2s BNKEA 32-34s were sought after by AMs/PBs in small sizes and closed 1-7bps tighter. NWDEVL Perps/VDNWDL Perps surged 0.4-8.3pts. NWD shares jumped 16% to a two-year high after media reported that Chow Tai Fook Enterprises might boost support for NWD. FAEACO 12.814 Perp/LASUDE 26 increased by another 0.6pt. CHIOIL 26 also edged 0.6pt higher. China Oil and Gas proposed to issue new USD 3NC2 bond to fund the concurrent tender offer for CHIOIL 26. See our comments below. EHICAR 26-27 dropped 1.0-1.5pts. In Chinese properties, SHUION 26 gained 2.0pt. See comments yesterday. FUTLAN 28/FTLNHD 26-27 rose 0.5-1.4pts. DALWAN 28 was up by 0.4pt. On the other hand, LNGFOR 27-32 were down by 0.2-0.9pts. VNKRLE 27-29 retraced 0.6pt. In KR space, recent new issues POHANG/SKBTAM were 1-2bps wider amid profit-taking flow. In JP space, MUFG 32-37s/TACHEM 35/NTT 35 softened to 2-5bps wider. SOFTBK 65 was 0.9pt lower. In SE Asia space, BBLTB T2s widened by 1-3bps. ACENPM 4 Perp lost 0.9pt. VEDLN 28-33s/SMCGL Perps were down by 0.1-0.4pt. The ReNew Energy complex were 0.4pt lower to 0.1pt higher. ReNew Energy Global mandated new USD bonds issuance to refinance RNW 7.95 07/28/26 of USD525mn. INDYIJ 29s/MEDCIJ 26-30s were unchanged to 0.1pt lower. GLPSPs gained 0.1-0.3pt. In the Middle East, SNBAB 6.15 Perp lost 0.1pt. In LGFV space, HUXJDP 2.65 10/27/26 was 1.0pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 10.131 PERP	**74.5**	**8.3**	EHICAR 7 09/21/26	**75.8**	**-1.5**
NWDEVL 4 1/8 PERP	**61.7**	**5.8**	HUXJDP 2.65 10/27/26	**96.8**	**-1.0**
NWDEVL 5 1/4 PERP	**69.9**	**4.6**	EHICAR 12 09/26/27	**62.8**	**-1.0**
NWDEVL 6 1/4 PERP	**57.6**	**4.5**	SOFTBK 8 1/4 10/29/65	**94.2**	**-0.9**
GRNLGR 6 3/4 06/25/28	**17.5**	**4.4**	ACENPM 4 PERP	**66.3**	**-0.9**

❖ Marco News Recap 宏观新闻回顾

Macro – US Stock markets were closed on Monday due to Martin Luther King Jr. Day. UST yield was unchanged on Monday. 2/5/10/30 year yield was at 3.59%/3.82%/4.24%/4.83%.

❖ Desk Analyst Comments 分析员市场观点

➢ CHIOIL: FV of the new CHIOIL 29 to be high-6% vs IPT at 7.25%

China Oil & Gas Group (0603.HK, CHIOIL) proposes to issue 3NC2 Reg S USD senior bond (Ba3/BB/-). The new CHIOIL 29 will be guaranteed by certain non-PRC incorporated subsidiaries, with share pledges of the offshore initial subsidiary guarantors subject to release conditions. We view the FV of new CHIOIL 29 to be high-6% vs IPT at 7.25%, taking cues from the valuation of other Chinese HY peers in utility sector such as CWAHK 5.875 10/22/30 (Ba1/BB+/-) which is trading at YTW of 6.4% and adjusted for the rating and tenor differential.

The net proceeds from the new bond will be used to fund the concurrent tender offer for CHIOIL 4.7 06/30/26 of USD361mn and for general corporate purposes. The tender price is at par, CHIOIL will accept up to the lower of the o/s principal amount of CHIOIL 26 and the new issue amount. CHIOIL may prioritize to accept the amount tendered from holders who subscribe the new bond, and intends to prioritize the allocation of the new bond to the holder of CHIOIL 26 who tendered their bonds. Settlement of the tender offer is conditional upon the settlement of the new bond issuance.

Table 1: Summary of the tender offer

Security name	CHIOIL 4.7 06/30/26
ISIN	XS2328392951
Amt o/s (USD mn)	361
Tender px	100
Amount subject to the tender	The lower of the o/s principal amount and the new issuance
Expiration deadline	26 Jan'26 4pm GMT
Tender settlement date	On or about 28 Jan'26

Source: Company's filling.

CHIOIL is China's 7th largest downstream natural gas player, with a 9.6% market share in 2024 based on annual natural gas sales volume. It supplies natural gas to end customers through its self-owned natural gas branch pipelines and city-gas distribution networks, supported by 71 city-gas concession rights across 13 provinces. CHIOIL also has upstream exposure through oil and gas production in Canada via Baccalieu Energy Inc., which it acquired in 2014.

In FY24, CHIOIL generated revenue of HKD17.7bn, comprising 79% from sales and distribution of natural gas and related products, 15% from production and sales of coal-derived clean energy and related products, and the remaining 6% split evenly between (i) exploitation and production of crude oil and natural gas and (ii) gas pipeline connection and construction services income. In FY24, CHIOIL sold 7.3bn m3) of gas in China and produced 5,082 boe/day of oil and gas in Canada.

In FY24, CHIOIL generated gross profit of HKD2.2bn with a gross margin of 12% which is broadly unchanged since 2022. FY24 EBITDA was HKD2.0bn with an EBITDA margin of 12%, compared to 9% in FY23 and 15% in FY22. As of Dec'24, CHIOIL had cash of HKD4.3bn and total debts of HKD8.5bn. Total debt/EBITDA and net debt/EBITDA was 4.2x and 2.1x, respectively, while EBITDA/ interest coverage ratio was 4.4x. Its net debt/EBITDA of 2.1x remains within CHIOIL's internal target of below 3.0x.

- **China Economy: Weakening growth may prompt policy easing**

China's GDP just managed to meet the full-year target despite a sharp slowdown in 4Q. Property market remained in deep contraction in Dec, with both sales and prices continued to deteriorate. Retail sales dropped to a new low post-Covid due to the demand overdraft from trade-in subsidy, while FAI declined notably dragged by slumping property sector, the anti-involution campaign and tighter LG fiscal rules. VAIO picked up thanks to the rebound in delivery value for exports in Dec. A high base and a sharp loss of momentum toward end-2025 are likely to extend the deceleration into 1Q26, increasing the risk to achieve the 5% growth target and triggering renewed policy easing in 1Q26, in our view. The support is expected to focus on the property sector via a mix of monetary and fiscal tools, including further LPR cuts and interest payment subsidies, while direct inventory purchases from the Central Government remain unlikely before 2H26. The government support on consumption is likely to stay targeted rather than broad-based, centered on transfers to the unemployed, low-income, multi-child households, and higher rural social benefits. Looking forward, we expect a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad-fiscal deficit should remain almost flat at 8.5% in 2026. We expect full-year GDP growth rate may decline from 5% in 2025 to 4.8% in 2026.

Despite a sharp slowdown in 4Q, GDP just managed to meet the full-year target. China's GDP growth in YoY terms (all on a YoY basis unless otherwise specified) moderated to 4.5% in 4Q25 from 4.8% in 3Q25, with full-year GDP growth in 2025 just managed to meet the target of 5%. GDP deflator narrowed to -0.7% in 4Q25 from 1% in 3Q25, as anti-involution campaign drove price reflation particularly in upstream sectors. Full-year births fell to 7.02mn, the lowest level since the founding of the PRC, while the national population declined by 2.4mn. These trends underscore medium-to long-term structural challenges for the economy, including a shrinking working-age population and weakening aggregate demand. We expect the GDP to slow from 5% in 2025 to 4.8% in 2026.

Property sector deteriorated on both sales and prices. The contraction of gross floor area (GFA) sold for commercial buildings dropped 8.7% in 2025 compared to -12.9% in 2024 according to the NBS, marking the third year in contraction, while the residential sales dropped to -9.2% in 2025 compared to -14.1% in 2024. The new housing sales in first half of Jan continued to slump according to market data, as the recovery ratio of 30 major cities compared to 2018-2019 dripped below 30%, while its YoY contraction expanded to -41% in early Jan from -32% in Dec. Second-hand housing sales of 11 selective cities moderately rebounded as its recovery ratio rose to 116% in first half of Jan from 104% in Dec and its YoY decline narrowed to -19%. New and second-hand housing prices continued to decline in Dec, especially in tier-2 & 3 cities. Listing price continued to decline in Dec, but the pace slowed down. The weakening property market may further weigh on durable consumption and developers' cash flow, prompting major policy easing in 1Q26.

Retail sales continued to weaken. Retail sales growth further declined to 0.9%, below market consensus at 1.5%. Over the year, retail sales edged up to 3.7% in 2025 from 3.5% in 2024. Impacts of trade-in subsidies have largely run its course, as home appliances, furniture, construction materials and auto remained in contraction at -18.7%, -2.2%, -11.8% and -5%. Telecom equipment and cultural & office products, on the other hand, remained solid growth. Gold, silver & jewellery moderated from 8.5% in Nov to 5.9% in Dec. Other non-durable goods including food, beverage and clothing broadly slowed down, while daily used goods and cosmetics rebounded. Looking forward, we expect consumption growth to be flat in 2026 with a slowdown in retail sales growth yet a pick-up in service consumption. Retail sales of consumer goods may slow from 3.7% in 2025 to 3.4% in 2026 due to demand pull-forward.

FAI YTD growth remained subdued. The YoY growth of FAI further slumped to -16% in Dec from -11.1% in Nov. Over the year, the FAI dropped to -3.8% in 2025 compared to 3.2% in 2024, dragged by deep contraction in the property sector, the anti-involution campaign and tighter LG fiscal rules. Property investment further dropped 36.5% in Dec from -29.9% in Nov, another record slump on an already low base. The housing market remained over-supply while the advance payment and mortgage loans in funding source both declined by 16% and 18% in 2025. Infrastructure investment further dropped 16% in Dec with full-year growth at -1.5%, as investment in railway & road transport, public facility, water conservancy and social welfare further dipped. Manufacturing investment declined to -10.6% in Dec with full-year growth at 0.6%. Slowdown was broad-based, particularly in non-ferrous metal, metal product, general & special equipment and auto industries. Looking forward, FAI growth may recover from -3.8% in 2025 to 0.5% in 2026 as the CEWC 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 1.5% in 2026.

Industrial output edged up. VAIO growth inched up to 5.2% in Dec from 4.8%, beating market consensus at 4.9%. Mining slowed down to 5.4% in Dec from 6.3% in Nov, while public utility dropped to 0.8% from 4.3%. VAIO of manufacturing accelerated to 5.7% in Dec from 4.6% in Nov, as delivery value for exports rebounded to 3.2% in Dec from -0.1%. Textile, chemical products, medicine special equipment and computers, telecom & electronic equipment notably picked up while auto and other transport equipment slowed down. Growth of service output index rose to 5% in Dec from 4.2% with robust growth of IT, software developing, leasing and finance services. Looking forward, industrial output may decelerate due to the headwinds from exports, demand overdraft from trade-in subsidy and pressure from the anti-involution policy.

Sustained demand softening pointed to weak 1Q26, which may prompt policy easing. Policymakers stayed put in 2H25 despite a notable economic slowdown, as the 5% full-year growth target remained achievable. However, a high base effect and a sharp loss of momentum toward end-2025 are likely to extend the growth deceleration into 1Q26, making the 5% growth target for 2026 more difficult to attain, which could prompt a new round of policy easing. Support for the struggling property sector is expected to form a core part of the easing package, likely combining monetary and fiscal measures, including further LPR cuts and interest payment subsidies. Direct inventory purchases by the Central Government remain under discussion among policymakers but are unlikely to materialize before 2H26. On consumption, while we do not expect aggressive stimulus, the policy support is more likely to focus on targeted transfers, including subsidies for the unemployed, lower-income households, multi-child households and enhanced social benefits for rural residents. Looking forward, we expect a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad-fiscal deficit should remain almost flat at 8.5% in 2026. We expect full-year GDP growth rate may decline from 5% in 2025 to 4.8% in 2026.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Shui On Land	300	3NC1.5	9.75%	10.375%	Unrated

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

Issuer/Guarantor	Size (USD	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Oil & Gas	USD	-	3NC2	7.25%	Ba3/BB/-
The Republic of the Philippines	USD	-	5yr/ 10yr/	T+70/ T+100/	Baa2/BBB+/BBB
Toyota Finance Australia	USD	-	3.25yr/ 5yr	SOFR+90/ T+85	A1/A+/-
Woori Bank	USD	-	3yr/ 5yr	SOFR+85/ T+70	A1/A+/-

➢ **News and market color**

- Regarding onshore primary issuances, there were 100 credit bonds issued yesterday with an amount of RMB94bn. As for month-to-date, 1,045 credit bonds were issued with a total amount of RMB847bn raised, representing a 27.3% yoy decrease

- **[DALWAN]** Moody's downgraded Dalian Wanda Commercial Management Group's CFR to Ca from Caa2, outlook remains negative

- **[NICAU]** Nickel Industries expects 4Q25 adjusted EBITDA from operations to be USD35-40mn

- **[ROADKG]** Road King updated offshore debt restructuring progress; projected net cash surplus from onshore operations is RMB3.0-3.6bn

- **[SHUION]** Shui On Land issued SHUION 9.75 01/26/29 of USD300mn; repay post-tender amounts of SHUION 5.5 06/29/26 with cash

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