CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2025

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *The new NACF Float 29/NACF 4.375 30 tightened 4-5bps from ROs this morning. SHIKON/NSINTW 34-45s were 2-4bps tighter. LASUDE 26 was up 0.4pt. CKPH/CKINF Perps were down 0.4-0.5pt. NOMURA Perp was down 0.1pt.*

- ***VNKRLE:*** *1H25 net loss to widen up to RMB12bn from 1H24's RMB10bn. We maintain buy on VNKRLEs which were down 0.1pt this morning. See below.*

- ***China Economy/Global Economy:*** *CMBI expects China's export growth to decelerate from 5.9% in 2024 to 2% in 2025 while import growth may mildly slow down from 1.1% to 0.5%; the RMB may appreciate against the USD with the USD/RMB rate dropping from the current 7.15 to 7.1 by year end. Meanwhile, CMBI expects sovereign yields are expected to decline modestly across most economies. See below for comments from CMBI economic research.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, the recent new NTT 4.622 28/NTT 5.171 32/NTT 5.502 35 and NTT Float 30 were under better selling from Chinese AMs/Props and closed unchanged to 1bps wider. The new NSANY 32-35s were 0.2-0.3pt higher. NACF priced 3.5yr floating rated bond at SOFR+68 (IPT at SOFR+110) and 5yr fixed rated bond at T+50 (IPT at T+90). Meanwhile in KR, LGENSO 27-35s were 1-5bps tighter. In Chinese IGs, BABA/MEITUA/TENCNT/XIAOMI 30-31s were under onshore buying and closed 1-3bps tighter. In financials, NANYAN/BNKEA 32-34s were 2-5bps tighter. SUMIBK/MIZUHO Float 30-31s were 1-2bps tighter. In insurance, SHIKON/NSINTW 34-35s were 3-5bps tighter. Meanwhile, NIPLIF 55s/NOMURA 7 Perp were down 0.1pt. In AT1s, INTNED 7.25/UBS 6.85/HSBC 7.05 Perps were 0.1-0.3pt lower. In HK, LASUDE/LIHHK 26s were up 0.3-0.8pt. REGH Perp declined 0.7pt. NWDEVL Perps/27-31s were unchanged to 0.5pt lower. Media reported that NWD had missed self-imposed deadline for completing HKD15.6bn (cUSD2bn) loan led by Deutsche Bank. MTRC Perps were 0.1pt lower. In Chinese properties, ROADKG 28-30s/Perps were unchanged to 0.5pt higher. See our comments on 14 Jul '25. YLLGSP 26/VNKRLE 29 were unchanged to 0.1pt higher. See our comments on Yanlord's further buy back of YLLGSP

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴蒨莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

26 on 14 Jul '25. Last night, Vanke announced profit earning for 1H25. See our comments below. On the other hand, CHIOLI 35-43s were 0.2-0.7pt lower. In SE Asia, GLPSP Perps were 0.3-0.6pt higher. VLLPM 27-29s were 0.1pt lower to 0.4pt higher.

In LGFVs, there were active two-way flows on CNH names such as WFBHIN 6.9 28s/ZOUCAO 6.9 27s and USD names such as ZKCONS 6.8 28s/TAIANH 6.9 28s. In SOE perps, SPICPE Perp was 0.1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change
GARUDA 6 1/2 12/28/31	**76.9**	**1.1**
LASUDE 5 07/28/26	**50.7**	**0.8**
GLPSP 4.6 PERP	**48.0**	**0.6**
ROADKG 5.9 09/05/28	**27.9**	**0.5**
GWFOOD 3.258 10/29/30	**83.3**	**0.5**

Top Underperformers	Price	Change
CHINLP 2 1/2 06/30/35	**79.9**	**-0.8**
TAISEM 3 1/8 10/25/41	**76.2**	**-0.8**
KORGAS 6 1/4 01/20/42	**107.3**	**-0.7**
SINOPC 4 1/4 04/24/43	**88.1**	**-0.7**
REGH 6 1/2 PERP	**21.3**	**-0.7**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.33%), Dow (-0.63%) and Nasdaq (-0.22%) were lower on last Friday. Trump announced 30% tariffs on goods from EU and Mexico, effective 1 Aug'25. UST yield was higher on last Friday, 2/5/10/30 yield at 3.90%/3.99%/4.43%/4.96%.

❖ Desk Analyst Comments 分析员市场观点

➢ VNKRLE: 1H25 net loss to widen up to RMB12bn from 1H24's RMB10bn

China Vanke expects a net loss of RMB10-12bn (cUSD1.4-1.7bn) in 1H25, compared with a net loss of RMB9.9bn (cUSD1.4bn) in 1H24. The 1H25 net loss was due to (i) significantly decline in real estate development projects' settlements scale and the gross profit margin remained at a low level; (ii) additional asset impairment, and (iii) bulk asset and equity transactions below their book values. As per Vanke, it has obtained new financing and refinancing totaled RMB24.9bn (excluding shareholder's loans) and repaid public debts totaled RMB16.5bn during 1H25. There is also no offshore public debts due before 2027.

We have buy recommendations on VNKRLEs, in view of Vanke's more manageable offshore debt maturities and strong financial support from the SZ Metro. YTD, Vanke obtained six shareholder's loans totaled RMB21.1bn from SZ Metro (including RMB12.5bn unsecured loans since Apr'25) at an interest rate of 2.34%. There was also a media report last month that the Shenzhen government approved SZ Metro's plan to consolidate the financials of Vanke. Meanwhile. we view the current valuations of VNKRLEs already priced in Vanke's expected 1H25 net loss given the slow recovery of the property markets. With the strengthened support from SZ Metro as evidenced by the provision of unsecured loans, we consider Vanke a survivor of the sector and VNKRLEs offer good carry. Offered 81.9 and 73.0, VNKRLE 3.975 11/09/27 and VNKRLE 3 1/2 11/12/29 are trading at YTM of 13.3% and 11.6%, respectively. YTD, VNKRLEs rose 24.8-30.7pts.

Table 1: Bond profiles of VNKRLE

Security name	O/s Amt (USD mn)	Maturity	Coupon	Offer price	YTM
VNKRLE 3.975 11/09/27	1,000	11/9/2027	3.975%	81.9	13.3%
VNKRLE 3 1/2 11/12/29	300	11/12/2029	3.500%	73.0	11.6%

Source: Bloomberg.

➢ China Economy: Exports bounced up ahead of softening in 2H

China's exports came in above market expectations as contraction of exports to the US narrowed. Exports of transportation equipment and chips remained robust while labor-intensive products and rare earth remained subdued. Imports rebounded thanks to robust AI-related demand, as imports volume of copper ore, copper products and integrated circuits picked up. The CN-US shipping prices have plunged by 60% shortly after the surge following the tariff truce, indicating that the front-loading demand may lose steam. Looking forward, we think US-China trade negotiations may shape China's policy direction. Under our baseline scenario, the US and China may reach consensus on partial trade issues and sign a phase-one agreement, in which China would gradually shift policy focus toward economic rebalancing, moderately widening the fiscal deficit. The broad fiscal deficit ratio (defined as official fiscal deficit + local government special bonds + special sovereign bonds) may rise from 8.4% in 2025 to 9.0% in 2026. Spending would increasingly shift from infrastructure and corporate subsidies toward household transfers, social security, and consumption subsidies, with further efforts to reduce industrial overcapacity and support a moderately stronger RMB. We expect China's export growth to decelerate from 5.9% in 2024 to 2% in 2025 while import growth may mildly slow down from 1.1% to 0.5%. The RMB may appreciate against the USD with the USD/RMB rate dropping from the current 7.15 to 7.1 by year end.

Exports rebounded as contraction of exports to the US narrowed. Exports bounced up to 5.8% (all on a YoY basis unless specified) in June from 4.8% in May, beating market expectation at 3.2%. Exports to the US recovered to -16.1% in June compared to -34.5% in May, as the tariffs truce since mid-May drove exports front-loading. Shipments to ASEAN and Africa picked up to 16.8% and 34.8% in June from 14.8% and 33.3%. Exports to the EU slowed down from 12% to 7.6% in June, as the ongoing EU-China trade tensions mounted. Exports to Latin America, South Korea and Russia declined in June, while those to India and UK moderated. Trade surplus expanded to US$115bn in June, one of the largest months in history, which should boosted China's GDP growth in 2Q25.

Transportation equipment and chips were the major drivers. Ship and motor vehicles rose by 23.6% and 23.1% in June, compared to 43.7% and 13.7% in May, while integrated circuits remained robust at 24.2% YoY growth, moderating from 33.4%. Other tech products including cellphones and personal computers narrowed their contraction to -2.8% and -10.4%, up from -3.8% and -23.2% in May. Low value-added exports including textile yam, travel goods & bags and garment remained subdued, while housing-related products including furniture and lamps & lighting products rebounded from -9.7% and -7.5% to 0.6% and 1.2%. Rare earth remained in deep contraction at -46.9% in June compared to -48.3% in May, as its exports have become a key bargaining chip in tariff negotiations.

Imports rebounded as AI-related demand remained robust. China's imports of goods dipped from -3.4% in May to 1.1% in June, better than the market expectations of 0.2%. Imports from the US moderately edged up to -15.5% in June from -18.1%. AI-related demand was strong, as import volume of copper ore and copper products rose 1.7% and 5.5% in June compared to 6.2% and -15.7% in May, while integrated circuits, the largest import category, accelerated to 11.44%. For energy products, import volume of crude oil and natural gas rebounded by 7.4% and 1.1% while coal notably dropped 26% in June. Import volume of raw materials including iron ore rebounded, while intermediate goods showed a mixed picture. Steel products and plastics declined 17.5% and 10.5% in import volume while rubber rose by 27.4% in June. Import volume of crops moderated as grain and soybean eased to -6.1% and 10.4% in June from 4.5% and 36.2% in May.

US-China trade negotiations may shape China's policy direction. The CN-US shipping prices have plunged by 60%, shortly after the demand surge following the tariff truce, indicating that the front-loading demand may lose steam in the coming months. Looking forward, under our baseline scenario, the US and China may reach consensus on partial trade issues and sign a phase-one agreement. US tariffs on Chinese goods may decline from the current 51% to 30-40%. China would gradually shift policy focus toward economic rebalancing, moderately widening the fiscal deficit. The broad fiscal deficit ratio (defined as official fiscal deficit + local government special bonds + special sovereign bonds) may rise from 8.4% in 2025 to 9.0% in 2026. Spending would increasingly shift from infrastructure and corporate subsidies toward household transfers, social security, and consumption subsidies, with further efforts to reduce industrial overcapacity and support a moderately stronger RMB. We expect China's export growth to decelerate from 5.9% in 2024 to 2% in 2025 while import growth may mildly slow down from 1.1% to 0.5%. The RMB may appreciate against the USD with the USD/RMB rate dropping from the current 7.15 to 7.1 by year end.

Click here for the full report.

- **Global Economy: 2H25 Outlook: Divergence and Rebalancing**

Global economic growth looks set to slow in 2H25, with narrowing growth differentials between the US and other major economies, yet widening inflation gaps. Monetary policy remains divergent, while fiscal, industrial, and trade policies take center stage to drive economic rebalancing and restructure global supply chains. Sovereign yields are expected to decline modestly across most economies. The US dollar may soften slightly, and global equities may see mild gains, albeit with increasing divergence.

The US: GDP YoY growth is set to moderate from 2.0% in Q1 to 1.0% in Q4, and from 2.8% in 2024 to 1.5% in 2025 and 1.8% in 2026. Unemployment is projected to rise from 4.2% to 4.5% by year-end. PCE inflation might peak at 2.6% in Q3 and fall to 2.4% in Q4 and 2.3% in 2026. Trump policy may improve, shifting from tariffs and federal layoffs toward trade deals, tax cuts, and deregulation. We expect the Fed to cut rates in both September and December, with QT already substantially slowed. 10Y Treasury yield is likely to decline from 4.3% to 4.1% by end-2025 and 3.8% by end-2026. DXY may dip below 95 before rebounding to 96 by year-end. The S&P 500 may gain 3% in 2H and 8.5% for the year, led by IT, banks, industrials, and healthcare.

The UK: GDP growth is expected to slow from 1.3% YoY in Q1 to 0.8% in Q4, falling from 1.1% in 2024 to 1.0% in 2025 and recovering to 1.3% in 2026. CPI inflation could rise from 2.8% in Q1 to 3.5% in Q3, then moderate to 3.2% in Q4 and 2.4% in 2026. Fiscal expansion momentum may weaken, with the deficit ratio declining from 5.2% in 2024 to 4.2% in 2025 and 3.7% in 2026. One rate cut is expected in Q4, followed by two more in 2026 and a sharp slowdown in QT. The 10-year gilt yield may fall from 4.45% to 4.2% by year-end. The FTSE 100 is expected to rise 4% in 2H and 11% for the year, with favorable outlooks for financials, industrials, healthcare, and staples. GBP/USD may strengthen from 1.345 at end-June to 1.36 at year-end.

Eurozone: Growth might slow from 1.5% YoY in Q1 to 0.7% in Q4, but full-year growth could rise from 0.9% in 2024 to 1.0% in 2025 and 1.2% in 2026. CPI growth may decline from 2.3% in Q1 to 1.8% in Q4. Fiscal expansion may accelerate, with the deficit ratio rising from 3.1% in 2024 to 3.3% in 2025 and 3.4% in 2026. The ECB is expected to cut rate once in 2H25 and remain on hold in 2026. The 10-year AAA yield and EUR/USD may rise modestly from 2.65% and 1.17 to 2.75% and 1.19 by year-end, respectively. The FTSE Eurozone Index is projected to rise 2.5% in 2H and 15% for the year, led by financials, utilities, industrials, energy, and consumer discretionary.

Japan: Growth may decelerate from 1.7% YoY in Q1 to 0.3% in Q4 and rise from 0.2% in 2024 to 0.9% in 2025 and 0.8% in 2026. CPI may fall from 3.8% in Q1 to 2.1% in Q4. Fiscal stimulus may strengthen, pushing the deficit ratio from 2.2% in 2024 to 3.5% in 2025 and 3.4% in 2026. Rate hikes may be postponed to January 2026, while QT has slowed. The 10-year JGB yield may rise from 1.4% to 1.6% by year-end. USD/JPY may decline from 144 to 140. The TOPIX is expected to rise 1.5% in 2H and 4% for the year, with upside in utilities, communication services, and real estate.

China: Growth might ease from 5.4% YoY in Q1 to 4.6% in Q4 and from 5.0% in 2024 to 4.9% in 2025 and 4.6% in 2026. Deflation may intensify before easing, with CPI dropping 0.2% in Q3 before rising 1.0% in Q4. China's policies may shift toward economic rebalancing with increased fiscal support. The broad deficit ratio may rise from 6.6% in 2024 to 8.4% in 2025 and 9.0% in 2026, with stronger consumption stimulus and capacity reduction. A 50bp RRR cut and 10bp rate cut are likely in Q4. The 10-year CGB yield may first decline then rebound to 1.7% by year-end. USD/CNY may fall from 7.15 to 7.10. The Hang Seng Index and CSI 300 are expected to rise 3% and 6% in 2H, with full-year gains of 23% and 6%, respectively. We favor industrials, materials, staples, banks, and utilities in HK market.

Click here for the full report.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Anhui Boyang Urban Construction	49.3	3yr	5.3%	5.3%	Unrated
NongHyup Bank	300/ 300	3.5yr/ 5yr	SOFR+68/ 4.375%	SOFR+68/ T+50	Aa3/A+/-

- Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Weifang Urban Construction and Development Investment	USD	-	3yr	6.5%	Unrated

- **News and market color**

- Regarding onshore primary issuances, there were 79 credit bonds issued yesterday with an amount of RMB71bn. As for month-to-date, 843 credit bonds were issued with a total amount of RMB918bn raised, representing a 0.7% yoy decrease
- **[GRNLGR]** Greenland Holding forecasts RMB3bn-3.5bn (cUSD418-488mn) net loss for 1H25
- **[HNDA/NSANY]** Nissan in talks with Honda to set up common operating system for EV software
- **[NWDEVL]** NWD misses self-imposed deadline for completing HKD15.6bn (cUSD2bn) loan
- **[ORIX]** Orix invested an undisclosed amount in self-driving truck startup Robo Truck, boosting its footprint in the logistics industry
- **[PKX/POHANG]** POSCO will supply hydrogen-induced cracking-resistant steel to Saudi Arabian Oil (Aramco), boosting its presence in the energy steel market
- **[SMCGL]** San Miguel Global Power aims to raise up to USD150mn via an issuance of senior perpetual capital securities
- **[TSINGH]** Tsinghua Unigroup expects to complete proposed restructuring of USD200mn of TSINGH 6.5 01/31/28 no later than 31 Dec'25
- **[VEYONG/XINAOG]** ENN Natural Gas advances ENN Energy privatization as CSRC receives listing filing
- **[YUEXIU]** Yuexiu Property signs HKD1.45bn (cUSD185mn) three-year term loan facility agreement

Fixed Income Department
Tel: 852 3657 6235/ 852 3900 0801
fis@cmbi.com.hk

Author Certification

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.
Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.
This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.
The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.
CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.
Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)(“The Order”) or (II) are persons falling within Article 49(2) (a) to (d) (“High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.