

CMBI Credit Commentary

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

- *This morning, the new HSBC 6.75 Perp up 0.2pt from RO at par amid active two-way flows. Asia IG space was 1-3bps tighter. We saw better buying on 2-5 years across China/Japan/Korea. GLPSP 4.6 Perp rose 0.8pt. GLPSP 4.5 Perp/VNKRLE 27-29/WESCHI 29 up 0.3-0.4pt.*
- **GRNCH:** *FV of new 3NC2 at mid-7% vs IPG of 8.05%. See below.*
- **PTTGC:** *1Q26 revenue and EBITDA surged on higher oil prices and tighter market supply. Maintain buy on PTTGC 6.5 Perp and PTTGC 7.125 Perp for decent carry. PTTGC 6.5 Perp and PTTGC 7.125 Perp were unchanged this morning. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG spreads closed unchanged to 3bps tighter amid light flows. The sentiment softened slightly as the US's rejection of Iran's peace talk response drove oil prices higher and triggered a modest sell-off in UST. Across the space, we saw demand remained anchored by "all-in" yield buyers selectively adding JP corporates/banks and Taiwan lifers at current rate levels. CATLIF/FUBON/NSINTW/SHIKON were 1-4bps tighter. JP insurance subs were largely stable. China IG beta names like FRESHKs/ZHOSHK 28 edged 0.1-0.3pt higher on improved private bank and curve-wide buying. Chinese TMT KUAISH 31 tightened 4bps. In the Korea space, despite technical cash-raising and rebalancing from asset managers in POHANG/PKX/KOMRMR, we saw aggressive bidding on these curves and closed unchanged to 1bp tighter. Local accounts continued to seek yield through further deployment into higher-spread financials like DAESecs which were 2-3bps tighter. European AT1s were a touch softer amid the resumption of primary pipeline. HSBC Holdings priced USD1.5bn PerpNC7 AT1 (Baa3/-/BBB) at 6.75%, tightened from IPT at 7.125%.

Asia HY/higher beta space were largely stable amid muted activities. GLPSP 4.5 Perp rose 2.3pts, GLPSP 4.6 Perp/GLPCHI 29/GLPSP 28 up 0.8-1.8pts. GLP will not redeem GLPSP 4.6 Perp on the first call date on 17 May'26, the coupon will then be reset to 5yrUST+3.735%, i.e. c7.8%. Chinese properties VNKRLE 27-29 was 2.4-3.1pts higher. Vanke will make RMB864.2mn payment for onshore bond 23WankeMTN002 12 May'26, which Vanke received bondholders approval over payment adjustment at the bondholders' meeting on 6 May'26. LNGFOR 27-32 were 0.4-0.6pt higher. SHUION 26-29 up 0.2pt. On the other hand, WESCHI 28-29 down 0.3-1.2pts. Macau gaming bonds were largely unchanged. In SEA, VEDLN 28-33 were unchanged. See our comment on Vedanta Ltd's 1Q26 results yesterday. PTTGC 31-32 were 5-7bps tighter while PTTGC Perps were unchanged. See our comments below on PTTGC's 1Q26 results. VLLPM 29 down 1.2pts.

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We saw decent two-way flows across several high-yielding LGFVs names among RM clients, mostly in USD issues. On CNH, 10-30y part of the yield curve continued to weaken, whereas 3-5y papers remained well demanded by cross boarder RM.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	44.0	3.1	VLLPM 9 3/8 07/29/29	37.7	-1.2
VNKRLE 3 1/2 11/12/29	41.2	2.4	WESCHI 10 1/2 11/11/29	91.8	-1.2
GLPSP 4 1/2 PERP	52.5	2.3	CCAMCL 4 3/4 12/04/37	92.7	-1.2
GLPSP 9 3/4 05/20/28	83.0	1.8	KZOKZ 6 3/8 10/24/48	100.6	-1.0
GLPCHI 7 3/4 04/30/29	84.5	1.2	TOPTB 3 1/2 10/17/49	68.3	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.19%), Dow (+0.19%) and Nasdaq (+0.10%) were higher on Monday. US Apr'26 Existing Home Sales were 4.02mn, lower than the market expectation of 4.05mn. UST yield was higher on Monday. 2/5/10/30 year yield was at 3.95%/4.07%/4.42%/4.98%.

❖ Desk Analyst Comments 分析员市场观点

➤ GRNCH: FV of new 3NC2 at mid-7% vs IPG of 8.05%

Table 1: Bond profile of GRNCH

Security name	Amt o/s (USD mn)	Coupon	Maturity	Ask px	Mid-YTM
GRNCH 8.45 02/24/28	500.0	8.45%	2/24/2028	102.1	7.4%

Source: Bloomberg.

Table 2: Greentown's new USD 3NC2 offering summary

Issuer:	Greentown China, listed in HK (3900 HK)
Issue size:	USD300mn (capped)
Tenor:	3NC2
Ranking:	Senior unsecured
Rating:	B1 by Moody's
UOP:	Refinancing of existing indebtedness
COC put:	101 if CCCG owns less than 20% of voting rights in Greentown and a rating decline
Key incurrence test:	FCCR no less than 2x

Source: Company filing.

Taking cues from the mid-YTM of GRNCH 8.45 02/24/28 at 7.4%, we consider mid-7% will be the fair value for new GRNCH 3NC2. We have a buy recommendation on GRNCH 8.45 02/24/28 and consider the bond a good carry play given Greentown's resilient operating performance as well as good funding access, thanks partly to the ownership of CCCG, a central SASAC-owned group. As of Dec'25, Greentown China (Greentown) is 28.881% and 22.904% owned by CCCG, a central SASAC-owned group and Wharf, a blue-chip HK conglomerate.

In FY25, Greentown's contract sales from self-invested projects declined 11% to RMB153.4bn with a sell-through rate of c77%. According to Chinese Index Academy, Greentown ranked second on the "Top 100 PRC Real Estate Total Contracted Sales List". Its more resilience performance under the challenging macro backdrop reflected its strong brand name and focuses on higher tier cities. As of Dec'25, self-invested saleable resources totaling RMB163.1bn (5.23mn sqm), of which 85% (by value) are located in Tier 1 and 2 cities. Greentown set contract sales target (from its self-invested projects) at cRMB130bn and land acquisition at cRMB100bn for FY26. In 4M26, Greentown achieved total contract sales of RMB54.9bn, equivalent to 42.2% of its full-year sales target.

Greentown's credit and debt maturity profiles remain manageable despite higher net debts on land bank replenishment. As of Dec'25, its net gearing ratio was 66.8%, cash-to-ST debt ratio of over 2x and the ST debt to total debt ratio improved to 19% as of Dec'25 from 23% a year earlier. Greentown has actively managed its debt maturity profile since 2024. In Feb'25, it redeemed two USD bonds totaling RMB452mn in principal amount through tender offers, funded with the concurrent issuance of USD500mn GRNCH 8.45 02/24/28, the first USD bond issuance by Chinese property developer since Feb'23.

In addition to resuming access to USD bond market in Feb'25, Greentown has good access to onshore funding channels. It issued 8 onshore bonds totaling RMB8.5bn with an weighted funding cost of c4% in FY25, and remains one of the few developers capable of issuing onshore bonds on an unsecured basis and without CBICL guarantees. YTD, it issued 2 onshore bonds totaling RMB2bn with lower funding cost ranging from 2.9% to 3.2%.

➤ **PTTGC: 1Q26 revenue and EBITDA surged on higher oil prices and tighter market supply**

Table 1: Bond profile of PTTGCs

Security name	ISIN	Amt o/s (USDmn)	Ask px	YTC	First call date	Coupon reset date	Coupon reset	Step-up (bps)	Issue rating
PTTGC 6.5 Perp	USY3004DAD67	600	101.3	6.2%	10 Sep'30	10 Dec'30	5yrUST+2.815%	-	Ba2/-/BB
PTTGC 7.125 Perp	USY3004DAE41	500	102.5	6.8%	10 Mar'35	10 Sep'35	5yrUST+3.162%	25	Ba2/-/BB

Source: Bloomberg.

We maintain buy on PTTGC 6.5 Perp and PTTGC 7.125 Perp for decent carry in PTTGC curve. At 99.6, PTTGC 6.5 Perp is trading at 6.6% YTC, offering a yield pick-up of c130bps vs its senior PTTGC 2.98 03/18/31 with 3 months shorter in "tenor", as well as c20bps over TOPTB 6.1 Perp (first coupon reset in Apr'31). At 100.0, PTTGC 7.125 Perp is trading at 7.1% YTC, and is the highest yielding paper within the PTTGC curve. Despite the perps' coupon will only be reset with minimal step-ups, we believe that PTT Global Chemical (PTTGC) remains incentivized to call and replace the perps to preserve the hybrid market access and equity credit recognition.

In 1Q26, PTTGC's revenue rose 11% yoy to THB147.0bn, driven by higher ASPs result from sudden supply tightening due to Middle East conflict. Supply shock supported a product to feed margin expansion to 25% (1Q25:23%). Adj. EBITDA surged 176% yoy to THB14.8bn, with adj. EBITDA margin expanded to 10% from 4%. This was primarily driven by upstream segments (refinery, aromatics and Olefins), and robust growth in performance chemicals through Allnex's improved sales volume and cost discipline. Non-recurring items during 1Q26 include gains on partial sales of shares in Thai Tank Terminal (TTT) and related restructuring in Jetty and Tank Farm Storage business (Jetty) totaled THB3.3bn, stock gain and NRV of THB7.2bn, asset impairment

losses totaled THB6.6bn, and commodity hedging loss of THB8.0bn. Overall, PTTGC recorded net profit of THB3.2bn in 1Q26, compared to a loss of THB2.6bn in 1Q25.

As of Mar'26, PTTGC had cash and ST investments totaled THB54.3bn, increased from THB18.9bn as of Dec'25, driven by operating cash inflow of THB31.3bn, and asset monetization from partial disposal of TTT of THB4.4bn and Jetty of THB4.8bn. Total debt/LTM adj. EBITDA and net debt/LTM adj. EBITDA improved to 6.0x and 4.2x, respectively, on the back of EBITDA growth.

The Middle East tensions could bring sustain volatility in the near-term. While crude oil prices and rising transportation and insurance costs may push feedstock prices higher, demand could be supported by inventory restocking in 2Q26 despite the sector is still facing pressure from the structural transition to cleaner energy sources. That said, we take comfort on PTTGC's positive cash flow generation which remained sufficient to cover its capex in past few years and should continue to support debt reduction alongside asset monetization.

Table 4: PTTGC's 1Q26 financial highlights

THB mn	1Q25	1Q26	Change
Sales revenue	132,547	146,936	11%
Feedstock cost	102,373	109,912	7%
Product to feed margin	30,174	37,024	23%
Adj. EBITDA	5,377	14,846	176%
<i>Upstream</i>	3,019	12,938	329%
<i>Intermediates</i>	(206)	(671)	-
<i>Polymers & Chemicals</i>	814	(126)	-115%
<i>Bio & Circularity</i>	209	257	23%
<i>Performance Chemicals</i>	1,644	2,363	44%
<i>Service and Others</i>	(103)	85	-
Net profit/ (loss)	(2,567)	3,232	-
Product to feed margin (%)	23%	25%	2 pct pt
Adj. EBITDA margin	4%	10%	6 pct pt
<i>Upstream</i>	4%	15%	11 pct pt
<i>Intermediates</i>	-1%	-4%	-3 pct pt
<i>Polymers & Chemicals</i>	3%	-1%	-4 pct pt
<i>Bio & Circularity</i>	4%	5%	1 pct pt
<i>Performance Chemicals</i>	8%	12%	4 pct pt
THB mn	Dec'25	Mar'26	Change
Cash and ST investment	18,925	54,319	187%
Total debt	180,102	183,000	2%
Net debt	161,177	128,681	-20%
Total debt/LTM adj. EBITDA	8.6x	6.0x	-
Net debt/LTM adj. EBITDA	7.7x	4.2x	-

Source: Company filing, CMBI FICC Research.

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

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

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Greentown China	USD	-	3NC2	8.05%	B1/BB-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 39 credit bonds issued yesterday with an amount of RMB70bn. As for month-to-date, 230 credit bonds were issued with a total amount of RMB248bn raised, representing a 18.6% yoy decrease
- **[ARAMCO]** Aramco 1Q26 adjusted net income jumped 26.3% yoy to USD33.6bn
- **[CWAHK]** China Water Affairs settled tender offer to purchase USD105.433m CWAHK 4.85 05/18/26, USD219.567mn remains outstanding
- **[DAESEC]** Mirae Asset Securities 1Q26 operating revenue surged 72% yoy to KRW925bn (cUSD627.7mn)
- **[FRIDPT]** Freeport Indonesia pushed back the timeline for full operations of its Grasberg Block Cave (GBC) underground copper mine to early 2028 amid groundwater infiltration
- **[HSBC]** HSBC Holdings priced USD1.5bn PerpNC7 AT1 (Baa3/-/BBB) at 6.75%, tightened from IPT at 7.125%
- **[KUAISHI]** Media reported Kuaishou Technology plans to spin off its King AI for listing at a USD20bn valuation
- **[LIHHK]** Media reported Lifestyle International receives only cHKD3.8bn in commitments to refinance HKD7bn loan due in Jun'26
- **[NWDEVL]** NWD has applied to the Hong Kong Town Planning Board for a review of the latter's refusal to allow the conversion of its K11 Artus hotel to flats
- **[QBEAU]** QBE Insurance to fully redeem USD524.1mn QBEAU 5.875 06/17/46 on the first call date on 17 Jun'26
- **[RIOLN]** Rio Tinto signed a 30-year Jinbi solar project power purchase agreement with ACEN Corp.-owned Yindjibarndi Energy Corp; is considering increasing its stake in McEwen Copper, the operator of the Los Azules project in Argentina

- **[SOFTBK]** SoftBank expects to generate more than JPY100bn (cUSD638mn) in sales from its battery business by 2030; may unveil a USD multibillion project in France as part of its ambitious AI infrastructure push
- **[TOPTB]** Thai Oil is boosting crude imports from Africa, North and South America to cut its reliance on Middle East suppliers amid the Iran war
- **[UPLLN]** UPL Limited EBITDA rose 18% yoy to INR95.9bn (cUSD1.0bn) in FY26

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