

CMBI Credit Commentary

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

- *Asia IGs BABA/TENCNT/MEITUA 30-35s were 4-7bps tighter this morning. BNP/HSBC Perps rebounded 0.5-1.5pts. SUMIBK/SUMILF Perps and MYLIFE/NIPLIF 54-55s were up 0.9-1.8pts.*
- **GRWALL:** *FV of the new GRWALL 28 to be T+140bps vs IPT of T+195bps. GRWALL 30s tightened 5bps this morning. See below.*
- **China Economy:** *Front-loading effect supports exports with uncertainties ahead. CMBI expects the PBOC might cut RRR and LPRs moderately in 2Q25 to boost stock and housing markets; China's export growth to decelerate from 5.9% in 2024 to 3.3% in 2025, while import growth may mildly rise from 1.1% to 2.2%; the USD/RMB rate to reach 7.40 at end-2025 from 7.35 at end-2024. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易台市场观点

Yesterday, MTRC/PETMK 35-55s tightened 5-9bps. HYNMTR/HYUELE 27-33s closed 1-5bps tighter. In Chinese IGs, BABA/TENCNT/MEITUA 30-35s tightened 4-9bps, while the long end of BABA/TENCNT 50-61s were 1-6bps wider. There were concerns on the potential delisting of Chinese ADRs in the US. In financials, BBLTB 29s/40s closed unchanged to 5bps tighter. Chinese bank T2s and leasing floaters were under heavy selling. CCB/BOCOHK/ICBCAS 26-30s and BCLMHK Float 26-30s were 1-6bps wider. In EU AT1s, HSBC 6.95/BNP 7.375/SOCGEN 8.125 Perps were 0.3-0.9pt lower. In JP AT1s and insurance hybrids, SUMIBK 6.6/MUFG 8.2 Perps were 0.1-0.4pt higher. SUMILF 5.875 Perp/MYLIFE 55s/NIPLIF 54s were up 0.2-0.5pt. In Chinese properties, LNGFOR 27-32s/VNKRLE 27-29s were up 1.3-2.7pts after the decline of 0.5-2.1pts over the last week. FTLNHD/FUTLAN 25-26s were up 0.6-1.2pts. See our comments on 11 Apr '25. On the other hand, SHUION 26s declined 1.0pt after the decrease of 1.4pts over the last week. Outside properties, MGMCHI 27s/MPEL 29s/WYNMAC 28s were 0.6-1.8pts higher. In Indonesia, MEDCIJ 26-29s rebounded 0.8-1.6pts after the decline of 1.0-3.7pts over the last week. INDYIJ 29s rose 2.2pts after the drop of 8.0pts over the last week. In India, VEDLN 28-33s were up 0.3-1.5pts. ADGREG/ARENRJ 39-42s and ADSEZ 29-31s were 0.9-1.8pts higher.

LGFVs were firm. Offers were largely digested by RM buying flows. There were two way interests on CNH names such as ZCHLIM 28s/SHLGED 27s/CQLGST 27s. In SOE perps, HUANEN 3.08/HUADIA 3.375/SPICPT 3.45 Perps were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3 1/2 11/12/29	61.6	2.7	SHUION 5 1/2 06/29/26	95.0	-1.0
INDYIJ 8 3/4 05/07/29	91.4	2.2	SOCGEN 8 1/8 PERP	94.9	-0.9
LNGFOR 3.95 09/16/29	78.4	2.2	CFAMCI 3 5/8 09/30/30	88.2	-0.8
LNGFOR 3.85 01/13/32	70.3	1.9	BNP 7 3/8 PERP	94.8	-0.7
ADGREG 6.7 03/12/42	85.6	1.8	MINMET 4.95 07/22/26	96.8	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.79%), Dow (+0.78%) and Nasdaq (+0.64%) were higher on Monday. The US Mar'25 NY Fed Consumer 1yr Inflation Expectation was 3.58%, increased from 3.13% in Feb'25. US is considering a modification to the 25% tariffs imposed on foreign auto and auto parts imports from Mexico, Canada and other places. UST yields was lower on Monday, 2/5/10/30 yield at 3.84%/4.02%/4.38%/4.80%.

❖ Desk Analyst Comments 分析员市场观点

➤ **GRWALL: FV of the new GRWALL 28 to be T+140bps vs IPT of T+195bps**

China Great Wall AMC (Great Wall) proposes to issue 3yr senior bonds (Fitch: BBB-). We consider the FV of new GRWALL 28 to be T+140bps vs. IPT of T+195bps, in view of GRWALL 6.375 01/02/28 (Fitch: BBB-) is trading at T+132bps/Z+156bps/YTM of 5.2% at 102.9 plus tenor premium. We also view the new GRWALL 28 to trade slightly above its peers CCAMCL 2.5 01/20/28 (-/BBB+/A-, T+118ps/Z+144bps/YTM of 5.0%) and CCAMCL 4.75 02/08/28 (Baa2/BBB+/A-, T+121bps/Z+147bps/YTM of 5.1%) to reflect the lower credit rating. That said, we continue to see the spread among CCAMCLs, GRWALLs and ORIEASs continues to diminish in view of more centralized control by Central Huijing Investment over Cinda, Great Wall and Orient.

The new GRWALL 28 will also be guaranteed by China Great Wall AMC International Holdings, a wholly-owned offshore subsidiary of Great Wall. The structure is the same as Great Wall's existing USD issues. The new GRWALL 28 has a CoC triggering event put at 101 of the principal amount when (1) Great Wall ceases to own and control >50.1% of the guarantor; or (2) the guarantor ceases to own and control directly 100% of the issuer; or (3) the Chinese government or persons controlled by the Chinese government ceases to control Great Wall; and (4) the new GRWALL 28 cease to be rated at IG within 6 months after the change of control (i.e. Rating Decline). A change of control triggering event refers to the occurrence of both a change of control and a Rating Decline. The COC clause is the same as the GRWALL 6.375 01/02/28 and GRWALL 7.15 Perp issued in Jul'24. The proceeds from the proposed issuance will be used to refinance GRWALL 4.25 04/28/25 of USD500mn.

We continue to view the Chinese AMCs from a top-down approach and the government support to them continues. Within the space, CFAMCIs continue to be our top picks for their better risk-return profiles while the conviction levels are lower. Outside CFAMCI, we like CCAMCL 4.4 Perp of which, we believe that the certainty of call on the first call date is high. We are neutral to GRWALL 7.15 Perp. At 103.8, GRWALL 7.15 Perp is trading at YTC of 5.2% with the first call date in Jul'27. We consider GRWALL 7.15 Perp fairly priced and prefer CCAMCL 4.4 Perp more for its more balanced risk-return profiles.

➤ **China Economy: Front-loading effect supports exports with uncertainties ahead**

China posted another record-high trade surplus exceeding US\$100bn in Mar, as exports rebounded markedly across trading partners driven by the frontloading effect in anticipation of higher tariffs in the future. Imports

moderately recovered from its early-year trough, yet remained subdued due to soft domestic demand. Trump's aggressive tariffs might slow China's economic growth by over 0.5ppts by reducing exports, hurting business investment and undermining consumer confidence. China would enhance trade and investment ties with non-US economies and reorient its growth model toward a more consumption-driven structure. China might launch additional fiscal stimulus measures especially those targeting consumption, including expanding consumer trade-in schemes, providing child-birth subsidies, and strengthening social benefit net. The PBOC might cut RRR and LPRs moderately in 2Q25 to boost stock and housing markets. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 3.3% in 2025, while import growth may mildly rise from 1.1% to 2.2%. We expect the USD/RMB rate to reach 7.40 at end-2025 from 7.35 at end-2024.

Exports accelerated markedly across major trading partners. Exports rebounded to 12.4% (all on a YoY basis unless specified) in Mar after rising 2.3% in 2M25, notably beating market expectation of 3.5%. Exports to the US escalated from 2.3% in 2M25 to 9.1% in Mar, even though 20% tariff rate had been implemented. Exports to other major trading partners, including ASEAN and the EU, also picked up from 5.7% and 0.6% in 2M25 to 11.6% and 10.3% in Mar. Exports to emerging markets including Latin America, Africa and India notably rebounded, as well as exports to developed markets including Japan, the UK and Canada. Trade surplus reached US\$102.6bn in Mar, as three of the past four months since last Dec have posted record-high trade surpluses of exceeding US\$100bn.

Housing-related and low-value-added products surged. Tech-related products including integrated circuits and personal computer moderated in Mar but remained robust overall, while cellphone recovered to 7.7% in Mar from -3.3% in 2M25. Housing-related products including furniture and lamps & lighting products saw notable rebound from -15.5% and -21.7% in 2M25 to 7.2% and 22.7%. Ships and motor vehicles slowed down in Mar, while general equipment picked up. Low value-added exports including textile yam, garment and toy also surged in Mar ahead of the tariff hikes.

Imports narrowed its contraction. China's imports of goods moderately recovered to -4.3% in Mar after dipping 8.4% in 2M25, in line with market expectations. Import volume of crops notably declined as grain and soybean dropped by 54.1% and 36.8% in Mar compared to -34% and -1.8% in 2M25. For energy products, import volume of coal and natural gas dropped 6.4% and 14.9% in Mar, while crude oil rebounded 4.7%. For raw materials, import volume of iron ore and rubber rose to -6.7% and 16.9% in Mar from -13% and 6.9%, while import volume of copper ore moderated from 3.2% in 2M25 to 2.7%. Import volume of finished goods saw notable growth, with airplanes and integrated circuits rising 76.5% and 11.1%.

Trade war might prompt China to reorient its growth model toward a more consumption-driven structure. China's share of the global trade surplus has quickly expanded from little over 30% in 2020 to over 40% in 2024, with momentum continuing in early 2025. While the global trade war initiated by the US might prompt China to deepen economic engagement with non-US economies, other economies may find it increasingly difficult to absorb the export spillover from a single country accounting for possibly almost 50% of the global trade surplus in the future. Therefore, China has to transition toward a more consumption-driven economy in order to absorb its gigantic production level. The PBOC may cut RRR and LPRs in 2Q25 by 50bps and 20bps respectively. China might launch additional fiscal stimulus measures especially those targeting consumption, including expanding consumer trade-in schemes, providing child-birth subsidies and strengthening social benefit net. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 3.3% in 2025, while import growth may mildly rise from 1.1% to 2.2%. We expect the USD/RMB rate to reach 7.40 at end-2025 from 7.35 at end-2024.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating
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(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)
China Great Wall AMC	USD	-	3yr	T+195	-/-/BBB-
Chongqing Hechuan City Construction Investment (Group)	USD	-	3yr	6.8%	Unrated
Science City (Guangzhou) Investment Group	USD	-	2yr	6.0%	-/-/BBB
Shanghai (Hong Kong) International Investments/ Lianyungang Port Group	USD	-	3yr	5.4%	-/-/BBB
Tai'an Financial Holdings Group	USD	-	3yr	6.5%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 105 credit bonds issued yesterday with an amount of RMB82bn. As for month-to-date, 753 credit bonds were issued with a total amount of RMB722bn raised, representing a 14.6% yoy increase
- South Korea announced a chip industry support package of KRW33tn (cUSD23.2bn) for 2025, 27% yoy increase from 2024
- The Macau government will push the gambling hub's six casino operators to boost non-gaming investments, including in China
- [BABA]** Alibaba to provide AI technology to NIO following a similar deal with BMW Group
- [CSIPRO]** CSI Properties' HKD1.4bn rights issue oversubscribed
- [HONGQI]** S&P upgraded China Hongqiao by one notch to BB from BB- on leverage and liquidity improvements, outlook stable
- [JD]** S&P revised the outlook of JD.com to positive from stable on strengthening retail business, affirmed A- rating

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