

CMBI Credit Commentary

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

- *This morning, the new BCLMHK 30s tightened 2bps from RO (SOFR+77). The new SUMITR Float 03/13/30 tightened 13bps from RO (SOFR+99). SUMIBK/MIZUHO Float 30-31s tightened 2-3bps. HYSAN/LIFUNG Perps were up 0.3pts.*
- **NWDEVL:** *the in-line, positive surprises and disappointment of 1HFY25 results. NWDEVLs were 1.8-12.7pts higher post results announcement and were unchanged to 0.6pts higher this morning. See below.*
- **China Economy:** *PMI returns to expansion amid ongoing economic recovery. CMBI expects the fiscal policy would be more proactive, and general fiscal deficit, ultra-long central government special bonds and local government special bonds may increase to 4%, 1.3% and 3.1% of GDP in 2025. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易台市场观点

Yesterday, UST yield tightened another 2-7bps after tightening 14-20bps over last week. The momentum on HK corps/banks remains strong with better-than-expected operating results and/or progress in asset disposals. NWDEVL 6.15 Perp jumped 12.7pts, and rest of NWDEVL Perps/NWDEVL 27-31s moved 1.8-5.3pts higher. See [our comments on 3 Mar '25](#) and below. FAEACO 12.764 Perp rose 1.4pts after the sale of BC Invest. See our comments on [3 Mar '25](#). HYSAN Perps closed 0.1-0.7pt higher following the launch of new HYSAN NC5.5 Perp and concurrent tender offer for HYSAN 4.1 Perp. NANFUN/CKINF/CASHLD/LIFUNG Perps were up 0.3-0.8pt. HK T2s such as DAHSIN/SHCMBK/NANYAN 33-34s were 1-4bps tighter. BNKEA 30-34s also tightened 2-5bps on PB buying. In KR/JP, SUMITR 27s widened 2bps amid new SUMITRs pricing. SUMIBK/MIZUHO Float 30-31s tightened 1bp. KOWEPW/KOSOPW/HYNMTR/POHANG 25-28s widened 1-2bps. In Chinese IGs, BABA/MEITUA/TENCNT/HAOHUA 28-31s were unchanged to 2bps wider. In financials, leasing floaters were mixed. BCLMHK priced the new 3-yr and 5-yr bonds at SOFR+67 and SOFR+77, respectively. BCLMHK Float 27s widened 2bps, while CMINLE Float 27s tightened 1bp. CCAMCL/ORIEAS/CFAMCI 25-28s were under better selling and closed 1-4bps wider. FRESHK 28s tightened 3-4bps. WSTP/ANZ/NAB 30-36s were unchanged to 3bps wider. In AT1s, ICBCAS Perps were up 0.1-0.2pt while BNP Perps were unchanged to 0.2pt lower. In Chinese properties, GRNCH 28s rose 0.4pt. VNKRL 25-29s were up 0.2-0.3pt. Outside properties, WESCHI 26s/ EHICAR 26s declined 0.4-0.5pt. In India, ADGREG 42s/AREN RJ 39s were down 0.2-0.6pt.

In LGFVs, GXCMIN 25s were up 0.1-0.2pt. There were two way interests on CNH names such as CYEADI 27s/WHWDLH 25s. SOE perps were better bid by strong deployment demands from Chinese AMs. CHPWCN Perps were up 0.2pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 6.15 PERP	69.7	12.7	AGILE 15.124 PERP	4.0	-0.6
NWDEVL 8 5/8 02/08/28	75.3	5.3	WESCHI 4.95 07/08/26	77.5	-0.6
NWDEVL 3 3/4 01/14/31	60.4	3.8	EHICAR 7 09/21/26	71.9	-0.5
NWDEVL 4 1/2 05/19/30	61.8	3.7	GARUDA 6 1/2 12/28/31	65.5	-0.4
NWDEVL 4 1/8 PERP	35.1	3.4	SHUION 5 1/2 06/29/26	93.7	-0.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.76%), Dow (-1.48%) and Nasdaq (-2.64%) were lower on Monday. US Feb'25 ISM Manufacturing PMI was 50.3, lower than the expectation of 50.6. Trump said 25% tariffs on Canada and Mexico will go into effect on Tuesday with reciprocal tariffs starting 2 Apr'25. Trump also raised tariffs on Chinese goods to 20% from 10%. UST yield retreated on Monday, 2/5/10/30 yield at 3.96%/3.97%/4.16%/4.45%.

❖ Desk Analyst Comments 分析员市场观点

➤ NWDEVL: the in-line, positive surprises and disappointment of 1HFY25 results

Switching ideas within NWDEVL curve

NWD's dated bonds and perps moved 2-5pts and 3-13pts higher, respectively post 1HFY25 result announcement on last Friday. Since late Jan'25 its dated bonds and perps rebounded 20-37pts and 14-37pts, respectively. At current valuations, cash yield of its perps are not as attractive as we discussed on [27 Jan'25](#), especially for the FFL perps and 6.15 perp as their cash yield is lower than the YTM of some dated bonds. We change our recommendations on NWDEVL 4.8 perp and NWDEVL 6.15 perp to neutral from buy and recommend buy on NWDEVL 8.625 02/08/28 which offers the highest YTM and cash yield amongst NWD's dated bonds. Indeed, NWDEVL 8.625 02/08/28's cash yield is comparable to those of NWDEVL perps.

Table 1: Bond profiles of NWDEVL

Security name	ISIN	Maturity/Next call date	Amt Out (USD mn)	Ask Price	Ask YTM/YTNC	Coupon	Cash yield	Cash yield after step-up	Recommendations
NWDEVL 6 1/4 PERP	XS1960476387	First Call on 7 Mar'24	1,300.0	34.5	394.2%	6.25%	18.1%	NA	Maintain neutral
NWDEVL 4.8 PERP	XS2268392599	First Call on 9 Sep'23	700.0	31.3	2836.3%	4.8%	15.3%	NA	Change to neutral from buy
NWDEVL 6.15 PERP	XS2435611327	3/16/2025	345.3	70.4	559.7%	6.15%	8.7%	14.4%	Change to neutral from buy
NWDEVL 5 1/4 PERP	XS2132986741	3/22/2026	999.0	46.7	97.2%	5.25%	11.2%	25.3%	Maintain buy
NWDEVL 4 3/4 01/23/27	XS1549621586	1/23/2027	458.4	81.7	16.5%	4.75%	5.8%	NA	Maintain neutral
NWDEVL 5 7/8 06/16/27	XS2488074662	6/16/2027	172.0	79.3	17.2%	5.875%	7.4%	NA	Maintain neutral
NWDEVL 8 5/8 02/08/28	XS2873948702	2/8/2028	400.0	76.0	19.8%	8.625%	11.3%	NA	Change to buy from neutral
NWDEVL 4 1/8 PERP	XS2348062899	3/10/2028	1,144.4	35.2	45.9%	4.125%	11.7%	27.9%	Change to buy from neutral
NWDEVL 4 1/8 07/18/29	XS2028401086	7/18/2029	717.8	64.0	15.9%	4.125%	6.4%	NA	Maintain neutral
NWDEVL 4 1/2 05/19/30	XS2175969125	5/19/2030	442.6	61.7	15.5%	4.5%	7.3%	NA	Maintain neutral
NWDEVL 3 3/4 01/14/31	XS2282055081	1/14/2031	76.1	61.0	13.6%	3.75%	6.1%	NA	Maintain neutral

Source: Bloomberg.

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

➤ **China Economy: PMI returns to expansion amid ongoing economic recovery**

Feb manufacturing PMI bounced back to expansion partly due to distortions from the Chinese New Year, as it reflects sequential changes. Demand and production continued their recovery trend since the stimulus in last Sep while deflation pressure in final products persisted. Service PMI moderated as holiday-related activities retreated while construction PMI notably surged thanks to the work resumption after the CNY. The recent rebound in manufacturing PMI has been driven by the trade-in scheme and the front-loading effect in exports. The recovery might last in the first three quarters and slow down again in 4Q25 due to possible rising tariffs and the diminishing marginal impact of the stimulus. For the NPC this week, we don't anticipate any major surprises, with GDP, CPI and unemployment rate likely to be set at 5%, 2% and 5.5% for 2025. We expect the fiscal policy would be more proactive, and general fiscal deficit, ultra-long central government special bonds and local government special bonds may increase to 4%, 1.3% and 3.1% of GDP in 2025.

Manufacturing PMI rebounded following the Chinese New Year. Manufacturing PMI bounced up to 50.2% in Feb from 49.1% in Jan, slightly above market expectations at 49.9%. Demand continued its recovery trend since last Sep, rising to 51.1% in Feb from 49.2%, while production index remained robust. Other indexes also rebounded due to CNY distortions as PMI showed sequential changes. Deflation pressure persisted as ex-factory price index remained in contraction. Breaking down by sector, smelting and pressing of non-ferrous metals, general equipment, and electrical machinery maintained high growth in both new orders and production, while apparel & accessories and crude oil & coal processing contracted. Small & medium enterprises fell to 46.3% and 49.2%, while large enterprises rebounded to 52.5%. The recent rebound in the manufacturing PMI has been driven by the trade-in scheme and the front-loading effect in exports, particularly in midstream industries such as equipment and machinery. However, its sustainability may be challenged by rising tariffs and the diminishing marginal impact of the trade-in scheme.

Service moderated while construction notably surged. Service PMI slowed down to 50% in Feb from 50.2%. New order index and price index of final sale further contracted. Employment in services remained subdued. Breaking down by sector, activities in air transportation, postal services, telecom, broadcasting & TV, and the capital market and monetary market services remained in high prosperity; while retail, lodging and dining contracted following the CNY. Construction PMI also surged to 52.7% in Feb thanks to the work resumption after CNY.

We expect a well-anticipated NPC. We don't anticipate any major surprises from the NPC this week, with GDP, CPI and unemployment rate likely to be set at 5%, 2% and 5.5% for 2025. We expect the fiscal policy would be more proactive with broad fiscal deficit rising from 8.1% of GDP in 2024 to 9.8% in 2025, as general fiscal deficit, ultra-long central government special bonds and local government special bonds may increase to 4%, 1.3% and 3.1% of GDP from 3%, 0.7% and 2.9%. China may face increasing external headwinds as the US not only announced an additional 10% tariff on Mar 4 but is also pressuring its major trading partners like Canada and Mexico to raise their tariffs on Chinese goods. Policy support is likely to remain stable in 1H25 as the economy continues to recover. However, it may come under pressure for further easing in 2H25 once Trump shifts his focus to China, escalating trade tensions.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of Communications	500/500	3yr/5yr	SOFR+67/	SOFR+67/	A3/-/A

Financial Leasing Rudong County Mintai Urban and Rural Construction Engineering Co	100	3yr	SOFR+77 6.3%	SOFR+77 6.3%	Unrated
Sumitomo Mitsui Trust Bank	500/500/ 1000/500	3yr/5yr/5yr/ 10yr	4.5%/4.7%/ SOFR+99/ 5.05%	T+60/T+75/ SOFR+99/ T+90	A1/A/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hysan Development	USD	-	PerpNC5.5	7.6%	Baa3/-/-
IIFL Finance	USD	-	3yr	100.5	-/B+/B+
Knowledge City (Guangzhou) Investment Group	USD	-	3yr	5.8%	-/BBB
Meiji Yasuda Life	USD	-	30.25NC10.25	6.5%	A3/A/-/-
Shenwan Hongyuan Securities	USD	-	3yr	T+115	-/BBB/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 78 credit bonds issued yesterday with an amount of RMB69bn. As for Month-to-date, 78 credit bonds were issued with a total amount of RMB69bn raised, representing a 4.4% yoy increase
- **[ADGREG]** Adani Green refinances USD1.06bn maiden construction facility with 19-year amortizing debt
- **[GLPSP]** GLP completed the sale of GCP International to Ares Management
- **[GRNKEN]** Greenko Group seeks to raise USD1bn via offshore bonds to refinance maturing debts

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