

CMBI Credit Commentary

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

- *TW lifers widened 2-3bps this morning, after Nanshan Life announced the new mandate on a USD 15.5NC10.5 T2. The rest of Asia IG space was unchanged to 1-2bps wider amid mixed 2-way flows. SM Prime circulates T5+150bps-area IPG for 5yr USD bond issue of up to USD350mn. SM Prime's parent SMIC's USD bond SMPM 5.375 07/24/29 was unchanged this morning.*
- **PCORPM:** *FV of the new PCORPM Perp to be mid-7%. PCORPM 5.95 PERP was up 0.1pt this morning. See below.*
- **China Economy:** *Soft trade calls for consumption stimulus. See the comments from CMBI economic research below.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new HYUELE 28-30s were 1-2bps wider amid small selling flow. Asia IG was overall 1-3bps wider. In China space, MEITUA curve widened 1-3bps as selling pressure remained heavy. We saw better selling for XIAOMI from global money. ZHOSHK widened 5bps. S&P revised the outlook of Zhongsheng from stable to negative on declining profitability. In Chinese properties, LNGFOR 29-32s were 0.3-0.7pt higher, while LNGFOR 28 was 0.3pt lower. See our commentary [yesterday](#). FUTLAN 28/FTLNHD 26 were 0.1-0.2pt higher. GRNLGR 28-29s were down 0.5-0.8pt. NWDEVL 27-31s rose 2.1-3.1pts, and NWDEVL PERPs edged 2-2.5pts higher. NWD's shares jumped 17.4% yesterday on no specific news to the company. On 1 Sep, NWD denied the rumours of funding injection from controlling shareholder. FAEACO dropped another 3.3pts. HK bank NANYAN/BNKEA T2s closed unchanged amid small selling flow. TW lifers slightly retraced from a strong momentum and closed 1-3bps wider. SHIKON 35 held up well, trading at T+187. The more recent FUBON 35 was 3bps wider with TW onshore profit-taking. We saw better buying from AMs/PBs on FUBON 35. In Korea, there was small selling for front-end HYNMTRs/LGENSOs. In Japan, the recent issue NOMURA 5.043 06/10/36 closed unchanged amid mixed two-way flows. The new MITCO curve was 1-2bps tighter. The rest of JP recent issues KYUSEL/NORBK/MUFG/HOKKEL were largely unchanged. We continued to see AMs loading up duration via perpetual instruments in MTRC Perps, recent Yankee and Japanese AT1s, and insurance hybrid issues, which were 0.5pt higher. In Southeast Asia, there were two-way flows on OCBCSP 35s and BBLTB curve. PCORPM 5.95 PERP was 0.2pt lower. See comments below on the FV of the new PCORPM Perp. SMCGL PERPs were unchanged to 0.2pt lower. See comments below on the FV of the new PCORPM Perp. SMCGL PERPs were unchanged to 0.2pt lower. San Miguel started consent solicitation for certain onshore bonds on 8 Sep'25. LGFVs had another largely steady session despite a flurry of offers in higher-yielding CNH papers. The recent issues were comfortably digested by RM buyers.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/2 05/19/30	62.9	3.1	FAEACO 12.814 PERP	38.3	-3.3
NWDEVL 4 1/8 07/18/29	64.4	2.6	BORLTD 9 1/2 08/07/32	95.5	-0.8
NWDEVL 4 1/8 PERP	33.2	2.5	GRNLGR 6 3/4 09/26/29	20.0	-0.8
NWDEVL 5 1/4 PERP	37.2	2.5	TOPTB 3 1/2 10/17/49	68.8	-0.6
NWDEVL 10.131 PERP	44.1	2.4	GRNLGR 5.6 11/13/28	20.0	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.21%), Dow (+0.25%) and Nasdaq (+0.45%) were lower on Monday. UST yield was lower on Monday. 2/5/10/30 yield was at 3.49%/3.57%/4.05%/4.69%.

❖ Desk Analyst Comments 分析员市场观点

➤ PCORPM: FV of the new PCORPM Perp to be mid-7%

Petron set the minimum initial rate of distribution of the new perp at 7.35%. The new perp will be first callable in Sep'28, and the coupon will be reset with 250bps step-up margin if not called. The 250bps step-up margin is the same as the PCORPM 5.95 Perp. We view the FV of the new PerpNC3 to be mid-7%, in view of its PCORPM 5.95 Perp is trading at YTC of 6.8% and adjusted for 2.5 years longer in "tenor". See Table 1.

Petron launched exchange and tender offers for USD550mn PCORPM 5.95 Perp and concurrent new USD Perp issuance. The exchange and tender price is at par. Petron will accept any bond validly tendered for the exchange offer, while it will accept up to the net proceeds from the concurrent net issue in the tender offer. Holders who submitted an exchange instruction can also submit a tender instruction without revoking their original instruction, and vice versa. Holders intend to make different elections with respect to portions of their holdings must deliver separate instructions with respect to each such portion.

Petron, the largest oil refiner and retailer in the Philippines, generated PHP385.45bn revenue in 1H25, a 13% yoy decrease from 1H24. The decline was primarily due to a 7% yoy drop in sales volume to 64.2mn barrels and lower oil prices. The lower export volume and trading activities were partly mitigated by 13% yoy increase in domestic retail sales volume. Gross profit fell by 8% yoy to PHP23.6bn in 1H25. The gross profit margin slightly increased to 6.1% from 5.8% as lower oil prices, driven by lower feedstock because of global trade tensions and OPEC+'s decision to unwind production cuts. The average benchmark Dubai crude oil price dropped to USD72/barrel in 1H25, down 14% from USD83/barrel in 1H24.

Petron's leverage improved in Jun'25 compared to Dec'24. Cash and cash equivalents increased to PHP36.4bn from PHP30.4bn in Dec'24, supported by strong operating cash inflow of PHP45.1bn from reduced net working capital. Total debts and net debts were PHP240.5bn and PHP202.5bn, decreased from PHP269.8bn and PHP238.3bn, respectively. Besides, we view Petron has good access to different funding channels including bank borrowing and bond markets. In Feb'25, Petron refinanced a bridge loan obtained in 2024 with a PHP5bn 5-year amortizing term loan at floating rate, payable in 10 equal instalment semi-annually beginning in Aug'25. In Jul'25, Petron issued totaled PHP32bn retail bonds to refinance existing debts, at interest rates of 6.5945%-7.3896%.

Table 1: Bond profile PCORPM and peers

Security name	Px	YTC	Amt o/s (USDmn)	First call date	Coupon reset date	Coupon reset (incl. step-up)
PCORPM 5.95 Perp	99.5	6.8%	550.0	19 Apr'26	19 Apr'26	5yUST+7.574%
SMCGL 7 Perp	99.8	8.9%	163.1	21 Oct'25	21 Oct'25	5yUST+9.199%
SMCGL 5.7 Perp	99.1	8.1%	300.4	21 Jan'26	21 Jan'26	5yUST+6.554%
SMCGL 5.45 Perp	97.0	8.0%	683.5	9 Dec'26	9 Dec'26	5yUST+7.155%
SMCGL 8.75 Perp	100.0	8.7%	900.0	12 Jun'29	12 Sep'29	5yUST+7.732%
SMCGL 8.125 Perp	98.2	8.6%	600.0	2 Dec'29	2 Mar'30	5yUST+6.404%
SMCGL 8.95 Perp	100.3	8.9%	400.0	24 Apr'30	24 Jul'30	5yUST+7.445%

Source: Bloomberg.

Table 2 : Summary of the exchange and tender offers

Security name	PCORPM 5.95 Perp
ISIN	XS2330597738
Amt issued and o/s (USD mn)	550
First call date	19 Apr'26
Ask px	100.2
YTC	5.6%
Exchange px	100
Max. acceptance amt in the exchange offer	Any and all
Tender px	100
Max. acceptance amt in the tender offer	Not exceeding the net proceeds from the concurrent new issue
Expiration time	12 Sep'25 EDT
Settlement date	22 Sep'25

Source: Company filing.

➤ China Economy: Soft trade calls for consumption stimulus

China's exports moderated as the drags from both tariffs and demand overdraft following earlier front-loading began to materialize. Exports to the US plunged further, while resilient shipments to ASEAN largely offset the decline. Exports of low value-added items further softened, while integrated circuits and transport equipment remained robust. Imports further slowed down, showing almost no growth since 2023, underscoring persistently subdued domestic demand. The global economy is entering a rebalancing cycle: the US drives investment with high tariffs, low taxes, cheap energy, and accommodative rates; China responds with fiscal expansion, household support, capacity cuts, firm RMB, import promotion and reduced reliance on exports. Looking ahead, China's exports may face further headwinds in remaining of the year, as we expect China's export growth to decelerate from 5.9% in 2024 to 3% in 2025 while import growth may mildly rise from 1.1% to 1.5%. USD/RMB rates may appreciate from the current 7.15 to 7.1 by year end.

Exports moderated as drags from both tariffs and earlier front-loading began to materialize. Exports moderated to 4.4% (all on a YoY basis unless specified) in Aug from 7.2% in July, missing market expectation at 5.9%. Exports to the US plunged further to -33.1% YoY in August from -21.7%, as the drags from both tariffs and demand overdraft following earlier front-loading began to materialize. Conversely, exports to ASEAN accelerated to 22.5% YoY in August from 16.6%, with the region's resilience closely mirroring the contraction in US-bound shipments since Apr, suggesting ASEAN has emerged as a key rerouting hub. Exports to Africa and Latin America moderated to 25.9% and -2.3% in Aug from 42.4% and 7.7%, while exports to EU and Japan

accelerated to 10.4% and 6.7% from 9.2% and 2.4%. Trade surplus edged up to US\$102bn in Aug from US\$98bn.

Low value-added items further softened, while integrated circuits and transport equipment remained robust. Labor-intensive consumer goods including travel bags, garments and toys saw broad-based weakening, as well as property-related goods including furniture, lamps & lightning, and home appliances. Motor vehicles saw another strong growth of 17.3% in Aug, while ship exports rebounded to 34.9% from -1.5%. Integrated circuits picked up further to 32.8% in Aug from 29.2%, while cell phones and personal computers further contracted 3% and 6.6%, marking the first positive monthly growth since October 2024. This suggests that the export ban may have been partially eased.

The global economy is entering a rebalancing cycle. On one side, the US has launched rebalancing measures—leveraging high tariffs, lower taxation, subdued energy prices, accommodative monetary settings, and trade agreements—to attract industrial investment and strengthen domestic manufacturing. On the other side, China is expected to moderately increase fiscal stimulus, enhance household support, accelerate capacity rationalization, sustain a relatively firm RMB, encourage imports and rely less on exports. Looking ahead, China's exports may face further headwinds from the payback effect of earlier front-loading, tariff-induced pressure on global demand and supply chains, and the gradual closing of loopholes in rerouting and de minimis exemptions. We expect China's export growth to decelerate from 5.9% in 2024 to 3% in 2025 while import growth may mildly rise from 1.1% to 1.5%. USD/RMB rates may appreciate from the current 7.15 to 7.1 by year end.

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

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Shaoxing Shangyu State-owned Capital Investment and Operation	300	3yr	4.38%	4.38%	Unrated
Westpac	750	5yr	4.218%	T+65	A1/AA-/A+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Denso Corporation	USD	-	5yr	T+100	A2/A+/-
Petron	USD	-	PerpNC3	Min. 7.35%	Unrated
SM Prime Holdings	USD	350	5yr	T+150	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 56 credit bonds issued yesterday with an amount of RMB51bn. As for month-to-date, 335 credit bonds were issued with a total amount of RMB262bn raised, representing a 8.6% yoy decrease
- China's new energy vehicles (NEV) sales hit 18-month low in Aug'25 amid price wars
- [ADANI/ADGREG]** Adani Group plans to invest USD60bn across power businesses by FY32

- **[BABA]** Alibaba invests in robotics startup X Square Robot as part of its USD53bn AI push
- **[CSCHCN]** China South City receives share trading resumption guidance from HKEx
- **[HYUELE/SAMSNG]** The US intends to approve requests from SK Hynix and Samsung Electronics to ship US chipmaking tools to their Chinese plants only once a year
- **[HYUNHI]** HD Hyundai Heavy obtained an order to construct two container ships worth KRW409.5bn (cUSD292mn)
- **[LGCHEM]** LG Chem in talks to raise up to USD2.17bn via a price return swap deal
- **[LGELEC]** LG Electronics India is eyeing an INR 150bn (cUSD1.7bn) IPO in Oct'25
- **[PKX]** POSCO expects to increase Indian footprint via battery storage tie-up with ACME Solar
- **[QBE]** QBE plans to leave US home insurance market, dropping over 37,000 policies in California
- **[SHUION]** Shui On Land plans to issue USD bonds to refinance notes due 2026
- **[SMCGL/SMCPM]** San Miguel started consent solicitation for certain onshore bonds on 8 Sep'25
- **[WYNMAC]** Wynn Macau will cut the conversion price of its USD600mn WYNMAC 4.5 03/07/29 as a result of the 1H25 dividend payment
- **[YGCZCH]** Fitch has affirmed Shandong Energy's BB+ rating; outlook stable

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