

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *This morning, the new CCAMCL '30 were 3bps wider from RO at SOFR+87bps. Asia IG space stabilized. We saw selling flows in front-end papers including DAHSIN/NANYAN/CCAMCL/ORIEAS/FRESHK and SG bank T2s. KR space were 1-2bps tighter. GLPSP/GLPCHI were unchanged to 1.5pts lower.*
- **CATLIF/FUBON:** *Solid 9M26 results despite Sep'26 earnings pressure. TW lifers were unchanged this morning. See below.*
- **MEDCIJ:** *Medco Energi said no material impact on operations from wildfire; 2026 production and operational targets remain on track and in line with plan. MEDCIJ '28-30 down 0.1-0.3pt yesterday and were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG spreads widened 3-7bps amid the rates rally. UST yields remained highly volatile, retraced 22-25bps from their post-CPI highs. We saw heavy selling on TW lifers, SHIKON/FUBON/CATLIF/NSINTW widened 5bps. Chinese RM provided a somewhat surprising pocket of demand in the belly of the curve, targeting XIAOMI/AACTEC/MEITUA. By contrast, the 2-3yr front-end papers faced heavy selling, particularly in Chinese AMCs and low-spread FRNs. Bank T2 papers was generally better offered, with BNKEA/BBLTB/NANYAN/DAHSIN widened 3-5bps. JP FRNs also widened 1-3bps. KR credits continued to underperform with better sellers across the board. Spreads widened 3-8bps across SK Group (HYUELE/SKBTAM/SKONKR), other corporates (POHANG/POINTL/LGENSO/HYNMTR), utilities in the '29-31 sector (KORELE and its subsidiaries, and KOROIL), and financials. However, we saw some onshore deployment flows in lower-spread quasi-FRNs and managed to tighten by up to 2bps. Asia HY was also weaker. Airlines GARUDA '31/PALPM '31 were down 1.9-2.9pts. GENTMK Perps fell another 1.3-1.5pts. GLPSP Perps dropped 0.5pt. SOFTBKs declined by up to 1.1pts. VEDLNs were unchanged to 0.4pt lower. WESCHI '28-29 were down 1.1-1.4pts. On the other hand, VNKRLE '27 and '29 rose 0.3-0.8pt.

Cyrena Ng, CPA 吴倩莹
(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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BHP 5 3/4 09/05/55	95.2	1.5	PALPM 7 3/4 07/16/31	89.4	-2.9
TACHEM 5.65 07/05/54	91.7	1.5	GARUDA 6 1/2 12/28/31	79.3	-1.9
MTRC 5 1/4 04/01/55	92.9	1.4	GENTMK 8.3 PERP	89.3	-1.5
BHP 5 1/2 09/08/53	92.7	1.4	WESCHI 10 1/2 11/11/29	85.1	-1.4
RIOLN 5 7/8 03/14/65	95.1	1.4	GENTMK 7 5/8 PERP	90.2	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.33%), Dow (+1.08%) and Nasdaq (+0.08%) were higher on Thursday. US Sep'26 PPI was +1.3% mom, higher than the market expectation of +0.6%. US Sep'26 Retail Sales/Core Retail Sales were +0.8% mom/+0.9% mom, respectively, higher than the market expectation of +0.3%/+0.6%. US latest Initial Jobless Claims were +199k, same as the market expectation. UST yield was lower yesterday. 2/5/10/30 year UST yield was at 4.77%/4.91%/5.10%/5.43%.

❖ Desk Analyst Comments 分析员市场观点

➤ CATLIF/FUBON: Solid 9M26 results despite Sep'26 earnings pressure

Cathay Life reported after-tax net profit of TWD1.8bn in Sep'26, decreased 70.0% yoy. For 9M26, after-tax net profit rose 75.0% yoy to TWD60.2bn. Sep'26 earnings faced pressure from rising bond yields following the Fed's 25bps rate hike, partly offset by steady CSM release and recurring investment income. Including FVOCI equity disposal gains of TWD110bn in 9M26, the combined contribution to retained earnings exceeded TWD170bn in 9M26, with equity gain realizations accounting for c65% of the total. FX volatility reserves exceeded TWD140bn as of Sep'26, providing an additional buffer against currency volatility, while the equity-to-asset ratio stood at 12%, comfortably above the 3% threshold.

Fubon Life reported net profit of TWD670mn in Sep'26, decreased 94.2% yoy. For 9M26, net profit increased 37.6% yoy to TWD65.9bn. The weaker monthly performance reflected fixed income valuation and disposal losses as Fubon Life repositioned its portfolio amid rising bond yields. Steady CSM release and recurring investment income remained supportive, while reinvestment at higher yields should improve recurring income over time. Including FVOCI equity disposal gains, the combined contribution to retained earnings reached TWD9.6bn in Sep'26 and a record TWD182.9bn in 9M26. FVOCI equity disposal gains contributed TWD117.0bn, or c64% of the cumulative total in 9M26, broadly in line with Cathay Life. Capitalization remained solid, with equity-to-asset ratio exceeded 16% as of Sep'26, comfortably above the 3% regulatory minimum.

We continue to view the credit profiles of Cathay Life and Fubon Life as supported by recurring earnings capacity and a strengthened capital position, which provide cushions against market volatility. Their growing CSM balances should underpin medium-term earnings visibility. That said, earnings quality remains partly sensitive to market conditions, particularly equity performance and valuation gains. Among the 4 Taiwan lifers, we view CATLIF and FUBON as RV peers, in view of their credit profiles and scale of operations. We continue to prefer FUBON 5.45 12/10/35 with a yield pick-up of 10-20bps against CATLIFs. We also pair NSINTW and SHIKON, with NSINTW 5 7/8 03/17/41 remained our preferred pick, reflecting its more balanced risk-return profile.

Table 1: Bond profile of selected TW lifers

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTW	Mod dur	First call date	Payment rank	Issue rating (M/S/F)
CATLIF 5.95 07/05/34	XS2852920342	600	98.9	146	6.1%	6.0	N/A	Subordinated	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	94.3	156	6.2%	6.3	09/05/2034	Subordinated	-/BBB+/BBB+
CATLIF 5 1/2 04/29/41	XS3255390463	500	92.0	194	6.6%	7.0	04/29/2036	Subordinated	-/BBB+/BBB+
FUBON 5.45 12/10/35	XS3151416727	650	93.9	165	6.3%	6.9	09/10/2035	Subordinated	-/BBB+/BBB+
FUBON 5.87 07/27/41	XS3384667146	350	94.7	192	6.6%	7.2	07/27/2036	Subordinated	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	91.8	215	6.8%	6.2	N/A	Subordinated	-/BBB+/BBB
NSINTW 5 % 03/17/41	XS3046322593	653	92.0	239	7.1%	6.8	12/17/2035	Subordinated	-/BBB+/BBB
NSINTW 6.85 03/25/42	XS3502507943	333	97.9	243	7.1%	7.2	12/25/2036	Subordinated	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	99.0	243	7.1%	6.3	N/A	Subordinated	-/BBB/-

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Cinda (2020) I Manageme Limited	400	3.5yr	SOFR+87	SOFR+87	-/BBB+/-
Halcyon Agri Corporation Limited	65	PerpNC3	7.95%	7.95%	-/-/BBB-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 136 credit bonds issued yesterday with an amount of RMB110bn. As for month-to-date, 589 credit bonds were issued with a total amount of RMB589bn raised, representing a 37.4% yoy increase
- Media reported China has delegated to provincial governments the partial power to approve offshore bond refinancing plans by local SOEs and LGFVs, which could potentially accelerate the process of obtaining quota for refinancing offshore bonds
- [HCELEC]** Huachen Energy to hold investor call today at 4pm HKT
- [YESIN]** India's top court voided Yes Bank's INR84bn (cUSD880mn) AT1 bond write-off in 2020

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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