

CMBI Credit Commentary

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

- *This morning, the new KUAISH 31s was initially a touch wider but later returned to unchanged from RO at T+50, while the new KUAISH 36s widened 4bps from RO at T+70. MEITUA 32-35s were 1-3bps wider. FRESHK 29 tightened 3bps. VNKRL 27-29 rose another 2.7-2.8pts. GLPSP 4.5 Perp was 0.9pt higher.*
- **SNBAB:** *The new SNBAB 6.15 Perp is fairly priced. See below.*
- **China Economy:** *Signal of moderate monetary easing. CMBI expects 50bps RRR cut and two 10bps LPR reductions this year. Regarding exchange rate policy, the central bank remains committed to market-driven flexibility and RMB resilience. The USD/RMB is projected to decline to 6.93 at end-1H26 before rising to 6.97 by year-end. See comments from CMBI economic research below.*

Glenn Ko, CFA 高志和
 (852) 3657 6235
 glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
 (852) 3900 0801
 cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
 (852) 3900 0830
 zhangyujing@cmbi.com.hk

❖ Trading desk comments 交易台市场观点

Yesterday, the new ANZ 29-31s tightened 3-5bps from ROs. ASBBNK 30 was 3bps tighter. In Chinese TMT space, MEITUA curve tightened 3-4bps, although modest profit-taking activities emerged in the afternoon session. Kuaishou Technology priced its new issues today. See our comments on the FV [yesterday](#). Chinese IG beta names FRESHK grinded 2-4bps tighter amid solid buying flows. The NWDEV/VDNWD complex surged 0.5-6.4pts. The NWD stock rose 15% yesterday, on back of the recurring market rumors over the sales of Rosewood Hotel. In Chinese properties, VNKRL 27-29 recovered strong and rose 5.4-5.6pts. Vanke proposed to extend the principal payment for a year for its two onshore bonds from 15 Dec'25 and 28 Dec'25, respectively, with upfront cash repayment as options in the proposals. LNGFOR 27-32 edged 0.2-0.5pt higher. The Korean IG space remained upbeat. SKBTAM 29s tightened another 3bps. HYNMTR fixed-rate belly bonds and 4yr FRNs tightened 2-4bps amid buying from Chinese onshore accounts and offshore banks/AMs. HYNMTR 31 FRN was better digested and closed only 1bp tighter. The Japanese IG space remained broadly stable with spreads 1-2bps tighter, supported by continuous demand in bank FRNs. SOFTBK 65 was 0.8pt lower. Japanese and European AT1s and insurance subs were up to 0.1pt softer amid better selling from London. Demand from Asia continued to focus on the front-end AT1s. In SE Asia space, PETMK long-end bonds widened 1-5bps amid AM selling. VLLPM 29 dropped 1.1pts. GLPSP Perps increased by 0.7-0.8pt. Middle Eastern IG names were firm and edged 0.2pt higher. Two-way flows prevailed on bank 5yr senior papers, while FRNs attracted stronger bids.

In LGFV space, we saw better selling on the new CNH LECCIG 29s in secondary market as tactical investors attempted to recycle cash for anticipated new issues ahead. On the other hand, rest of the LGFV space remained largely afloat, with retail investors buying higher-yielding issues in small sizes, whilst RMs topping USD IG/quality NR names yielding at mid-4% to high-6%. Elsewhere, demand recovered for CNH papers away from LGFVs, especially for selected 5-10yr issues.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 5 1/4 PERP	64.1	6.4	VLLPM 9 3/8 07/29/29	59.0	-1.1
NWDEVL 10.131 PERP	65.4	5.6	BEIENT 6 3/8 05/12/41	110.2	-1.0
VNKRLE 3.975 11/09/27	22.0	5.6	YANTZE 3.2 10/16/49	75.2	-0.8
VNKRLE 3 1/2 11/12/29	21.6	5.4	SOFTBK 8 1/4 10/29/65	94.9	-0.8
NWDEVL 4 1/8 PERP	54.9	4.4	CNOOC 5 3/4 01/26/41	108.5	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.26%), Dow (+0.60%) and Nasdaq (+0.25%) were higher on Thursday. US latest initial jobless claims was +198k, lower than the market expectation of +215k. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.56%/3.77%/4.17%/4.79%.

❖ Desk Analyst Comments 分析员市场观点

➤ SNBAB: The new SNBAB 6.15 Perp is fairly priced

The Saudi National Bank (SNB) priced a PerpNC5.5 AT1 USD bond (unrated) at 6.15% yesterday, tightened 47.5bps from IPT at 6.625%. The issue size is USD1bn on an order book of over USD2bn. SNB is Saudi Arabia's largest banking group by total assets, with c27% market share as of Sep'25. It operates in nine countries and has a diversified franchise spanning across wholesale and retail banking, treasury, asset management and brokerage.

We view the new SNBAB 6.15 Perp (first coupon reset in Jul'31) is fairly priced, in view of the valuation of its SNBAB 6.2 Perp (first coupon rest in Dec'31) trading at YTC of 6.2% as well as its peer RJHIAB 6.15 Perp (first coupon reset in Jan'32) is trading at YTC of 6.1%. RJHIAB 6.15 Perp was issued by Al Rajhi Bank, Saudi Arabia's second largest bank by total assets with c24% market shares as of Sep'25. Within Middle East AT1, we maintain buy on Saudi Arabia's BSFR 6.375 Perp and UAE's EBIUH 4.25 Perp. At 100.9, BSFR 6.375 Perp (first coupon reset in May'31) is trading broadly the same as the new SNBAB 6.15 Perp and benefits from a coupon reset occurring two months earlier. Please refer to below for our recommendations.

Table 1: Our Middle East AT1 and T2 picks

Security name	Amt o/s (USDmn)	Basel III	Ask px	YTC	Mod dur	First call date	First coupon reset date	Issue rating (M/S/F)	Issuer rating (M/S/F)
BSFR 6.375 Perp	650	AT1	100.9	6.2%	4.0	11/07/2030	05/07/2031	Unrated	A1/A-/A-
BSFR 5.761 09/03/35	1000	T2	100.1	5.7%	3.9	09/03/2030	09/03/2030	-/-/BBB	A1/A-/A-
EBIUH 4.25 Perp	750	AT1	98.9	5.3%	1.1	02/27/2027	05/27/2027	Unrated	A1-/A+
FABUH 6.32 04/04/34	1,000	T2	104.0	4.7%	2.4	10/04/2028	04/04/2029	-/-/A	Aa3/AA-/AA-
FABUH 5.804 01/16/35	750	T2	103.1	4.8%	3.1	07/16/2029	01/16/2030	-/-/A	Aa3/AA-/AA-

The new SNBAB 6.15 Perp is first callable on 22 Apr'31 and on any date thereafter up to (and including) the first coupon reset on 22 Jul'31, and on any interest payment date thereafter. The coupon will be reset to 5yrUST+initial spread of 2.343% on 22 Jul'31 and every fifth anniversary thereafter. Coupon payment is optional, non-cumulative and subject to mandatory cancellation upon: (i) insufficient distributable profits; (ii) breach of applicable regulatory capital requirements; (iii) financial regulator's requirement; or (iv) the solvency condition. The perp also includes a dividend stopper.

In 9M25, SNB generated ROTA of 2.2% and ROTE of 17.5%, increased from 2.0% and 16.3% in 9M24, respectively, driven by higher fee and commission income. The cost to income ratio was also lower at 25.2% under disciplined cost management, compared to 28.4% in 9M24. Moreover, SNB has robust capital adequacy. CET1 ratio was 17.6% and Tier 1 ratio was 19.5% as of Sep'25, higher than the regulatory requirement of 9.2% and 10.7%, respectively. Liquidity metrics were solid, with NSFR at 112% and LCR of 263% as of Sep'25. Moreover, SNB asset quality improved, its NPL ratio dropped to 0.8% as of Sep'25 from 1.2% as of Dec'24. By sector, c28% of NPL were from commerce sector, c25% from building & construction, c24% from consumer and c9% from manufacturing.

➤ **China Economy: Signal of moderate monetary easing**

China's outstanding social financing growth exhibited a notable deceleration toward the end of 2025. This trend, coupled with a sharp slowdown in M1 supply growth, underscores a cooling in economic activity and private sector confidence. There is a persistent economic imbalance between robust supply and weak demand as the corporate sector remains the primary engine of credit expansion and the household sector continues to prioritize deleveraging over new borrowings. In response, the People's Bank of China (PBOC) has signaled a shift toward a more accommodative stance and additional property stimulus for 2026, characterized by cuts in structural re-lending facilities and minimum down payment ratio for commercial property loans. Looking ahead, the central bank has indicated additional room for interest rate and RRR cuts, with expectations of a 50bps RRR cut and two 10bps LPR reductions this year. Regarding exchange rate policy, the central bank remains committed to market-driven flexibility and RMB resilience. The USD/RMB is projected to decline to 6.93 at end-1H26 before rising to 6.97 by year-end.

Credit and M1 growth slowed down as economic activities weakened. Outstanding social financing growth continued to decline from 8.7% at end-3Q25 to 8.5% at end-November and 8.3% at end-December, indicating a slowdown of broad credit growth. Outstanding government bond financing growth moderated from 18.8% at end-November to 17.1% at end-December as the fiscal expansion momentum softened. Outstanding RMB loan growth remained unchanged at 6.4% at the year end, but new RMB loan financing dropped 8.1% in December with the loan funding to business sector up 118.4% and that to household sector remaining negative. New medium- and long-term loans to households dropped 96.7% YoY, as housing sales continued to slump. Despite a YoY increase of bond and loan financing in the corporate sector, broad economic activity and private confidence weakened as M1 supply growth decelerated from 7.2% at end-3Q25 to 4.9% at end-November and 3.8% at end-December. 80% of M1 was demand deposits, which were oriented to economic transactions.

Sector divergence showed economic imbalance. The loan data revealed a stark economic imbalance with robust supply and weak demand. The corporate sector remained the primary engine of credit growth, partially supported by the low-cost special loans targeting specific sectors. In sharp contrast, the household sector remained in the deleveraging trap with more debt repayments than new borrowings. The household sector's reluctance to borrow is partially due to the balance-sheet effect following the property market slump. With housing prices down over 35% in major cities since 3Q21, the erosion of household wealth and confidence has severely dampened consumer spending and reflationary momentum. Unlike the US subprime or Eurozone sovereign debt crises, Chinese households instead of banks bear the primary burden of asset devaluation as the mortgage non-performing loan (NPL) ratios remain low. China's system features high down payment requirements and strong lender protections. Legal constraints on personal bankruptcy and deep cultural attachment to homeownership, rooted in traditional values of family security and social status, deter borrowers

from defaulting even in distress. Consequently, Chinese households absorb most of the balance-sheet impacts of property market slump, contributing to weakened confidence and spending power. After decades of viewing real estate as a "sure bet," the current price correction has triggered a psychological pivot toward financial conservatism. Households are now prioritizing "balance-sheet repair" over consumption, a behavior that presents a significant challenge to the government's goal of a consumption-led recovery.

Central bank signaled moderate easing ahead. After the credit data release, PBOC officials held a press conference yesterday to outline the monetary policy direction this year. First, the PBOC announced immediate rate cuts by 25bps to structural re-lending facilities and massive supply expansion of these facilities, indicating stronger policy support to targeted sectors. These structural re-lending facilities with lower rates than general re-lending facilities mainly aim at incentivizing banks to expand credit supply to private enterprises, tech companies, green development, agriculture, elderly care and other targeted sectors. By focusing on those specific sectors, the central bank tries to influence the allocation of credit supply to make it in line with top leaders' target of high-quality development and common prosperity. We believe the integration of these structural monetary policy tools with fiscal policy such as interest subsidies and credit guarantees creates a powerful policy multiplier to support China's technology innovation and green development. Second, the PBOC announced lowering the minimum downpayment ratio for commercial property loans from 50% to 30%. This is aimed at clearing the inventory of office and commercial property, signaling the property sector as one focus of the new round of policy stimulus. Third, a PBOC official said there is additional room to cut interest rates and RRR, indicating continued monetary policy easing in 2026. We expect the central bank to cut LPRs by 10bps and RRR by 50bps in 1Q26 and reduce LPRs by an additional 10bps in 3Q26. The liquidity condition will remain accommodative with mild declines in money market rates. Fourth, the PBOC implied exchange rate policy for 2026 remains anchored in a commitment to market-driven flexibility and strategic stability. A key takeaway from the press conference is the officials' confidence in the RMB's resilience. The policy priority is to enhance the FX market depth and resilience and to promote the use of RMB in trade settlement. We expect USD/RMB to decline to 6.93 at end-1H26 before rising to 6.97 at end-2026.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Japan Bank for International Corporation	500/	5yr/	SOFR MS+44/	SOFR MS+44/	A1/A+/-
	1000	10yr	SOFR MS+60	SOFR MS+60	
Kuaishou Technology	600/	5yr/	4.125%/	T+50/	A3/A-/A-
	900	10yr	4.75%	T+70	
Qatar National Bank	650	5yr	SOFR+80	SOFR+80	-/A+/-
	500/	3yr/	4.31%/	T+70/	
Saudi Electricity Sukuk Programme	700/	6yr/	4.518%/	T+75/	Aa3/A/-
	1200	10yr	5.065%	T+90	
The Saudi National Bank	1000	PerpNC5.5	6.15%	6.15%	Unrated

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 110 credit bonds issued yesterday with an amount of RMB83bn. As for month-to-date, 750 credit bonds were issued with a total amount of RMB597bn raised, representing a 20.6% yoy decrease
- **[ADANEM]** Moody's changed the outlook of Adani Electricity Mumbai to stable from negative; Baa3 ratings affirmed
- **[ADSEZ]** Moody's changed the outlook of Adani Ports to stable from negative; Baa3 ratings affirmed
- **[CTFSHK]** CTF Services applied for RMB5bn onshore bond registration with NAFMII; acquired three industrial logistics properties in East China
- **[KUAISH]** Kuaishou Technology priced RMB3.5bn 5yr dim sum bond at 2.45%, tightened from IPT at 2.95%
- **[NWDEVL]** Media reported Rosewood Hotel Group reiterated group and brands are not for sale
- **[SDOCIN]** Shandong Marine Group plans to refinance SDOCIN 7.25 09/05/26 of USD200mn with 3-year loan at SOFR+90bps
- **[SHFLIN]** S&P upgraded Shriram Finance by one notch to BBB- from BB+ on MUFG Bank investment; outlook stable
- **[VNRKLE]** China Vanke disclosed proposals to be voted at the bondholder meeting on 21 Jan'26 for its onshore bonds 22WankeMTN004 and 22WankeMTN005, which include adjustment of payment arrangement, credit enhancement via project company receivables, and an extension of grace period by 90 trading days

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.