CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

17 Aug 2026

CMBI Credit Commentary

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

- *Asia IG spreads widened 1-2bps this morning. We saw some Chinese accounts selling in front-end FRESHK/SMBCAC 31. ICICIs were 2-3bps wider amid a new 5yr USD senior bond issue pipeline. Flows in higher-yielding space were mixed and two-way, with small better buying in European AT1s, while small better selling in JP insurance subs. EHICAR 26 rose 2.5pts. CKINF Perps were 0.2-0.5pt higher.*

- ***CATLIF:** Robust 7M26 earnings and capital buffers offset market sensitivity in Jul'26. Maintain buy on FUBON 35 and NSINTW 41. Taiwan lifers were unchanged this morning. See below.*

- ***LNGFOR:** Longfor warned its profit attributable to owners to fall up to 44% yoy to RMB1.8-2.0bn (cUSD266.9-296.5mn) in 1H26 from RMB3.2bn (cUSD477.4mn) in 1H25 amid weak real estate market. LNGFORs were unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Last Friday, Asia IG was tilted towards better selling, particularly in front-end paper on all-in yields. We saw better selling in 3-7yr financial across JP names NOMURA/MUFG, KR names NHSECS/DAESEC and SE Asia names EXIMBK/SBIIN, as well as TMT HYUELE/TAISEM/ NTT/KUAISH, and these bonds traded 1-3bps wider. On the other hand, we saw AMs showed better deployment demand for bank T2s OCBCSP/ANZ/BNKEA/ DAHSIN, while PBs showed decent demand for 3-5yr FRNs across financials and corporates names.

In higher-yielding space, flows were two-way with slightly better buying in the recent new BNP 7.125 Perp, while London accounts were better offered. Asian high-beta perps, JP and European AT1s and insurance subs were broadly stable and closed up to 0.3pt higher following a firmer overnight session after the softer US PPI print. Flows were skewed towards AMs/PBs buying, mainly in the front end. CN/HK names WESCHI 28-29 led the space and gained 0.4-1.5pts. NWDEVL/VDNWDL complexes closed unchanged to 0.6pt higher. In CNH space, the new CNH CHGRIDs rallied with onshore CHGRID yields, and rose 0.4/1.3/2.0pts across '31/'36/'46, respectively, 0.2-0.4pt further higher before stabilizing and retraced slightly into close on profit-taking. We saw investors looking for names with a local bid but no onshore issues such as TMT, as well as broadening their scope to regional SOEs/LGFVs like SDGOLD/HEFIND, or overseas names like INDON, given the limited available of outstanding CNH bonds with direct onshore comparable. High-yielding CNH LGFVs remained sought after by RMs and tactical investors, with the highest-yielding names compressed inside 7% yields. Demand also spilled over into selected USD LGFVs yielding >=6%, while USD papers yielding <=5% or below remained under pressure amid the USD-rates backdrop.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
WESCHI 9.9 12/04/28	**92.1**	**1.5**	MTRC 5 1/4 04/01/55	**94.7**	**-0.8**
GARUDA 6 1/2 12/28/31	**88.1**	**1.1**	GLENLN 6.141 04/01/55	**97.8**	**-0.8**
NWDEVL 3 3/4 01/14/31	**78.4**	**0.6**	RIOLN 5 7/8 03/14/65	**96.4**	**-0.7**
EHICAR 12 09/26/27	**41.6**	**0.5**	TACHEM 5.8 07/05/64	**93.7**	**-0.7**
GENTMK 8.3 PERP	**97.0**	**0.5**	MIZUHO 5.824 07/13/47	**95.8**	**-0.7**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.17%), Dow (-0.20%) and Nasdaq (-0.28%) were lower on last Friday. UST yield was higher on last Friday. 2/5/10/30 year yield was at 4.17%/4.36%/4.68%/5.25%.

❖ Desk Analyst Comments 分析员市场观点

➢ CATLIF: Robust 7M26 earnings and capital buffers offset market sensitivity in Jul'26

Cathay Life reported after-tax net profit of TWD5.4bn in Jul'26, increased 26% yoy, supported by steady CSM release and recurring income. For 7M26, after-tax net profit reached TWD51.7bn, more than doubled from TWD23.0bn in 7M25. Adjusting for FVOCI equity disposal gains, adj. net profit reached cTWD140bn in 7M26, implying adj. net profit of cTWD10bn in Jul'26, indicated that underlying profitability remained solid. Cathay Life's Jul'26 earnings yoy growth moderated from the Jun'26 level, highlighted the sensitivity of profit to equity market performance. Global equity and bond markets broadly declined in Jul'26 amid concerns over AI-related capex and elevated technology valuations. The TWSE Index declined 5.9% during Jul'26, albeit remaining up c49% in 7M26. In addition, Cathay Life continued to build its FX buffer, with FX volatility reserves increased by TWD5bn during Jul'26 to a record-high at TWD135bn as of Jul'26. The equity-to-asset ratio remained above 11% in both Jul'26 and Jun'26, comfortably above the regulatory minimum requirement of 3%.

We continue to view Cathay Life's credit profile as supported by solid earnings capacity and a strengthened capital position. Its growing CSM balance should underpin medium-term earnings visibility, while the higher FX volatility reserve improves resilience against currency movement. That said, earnings quality remains partly sensitive to market conditions, particularly equity performance and valuation gains. FX pressure was more contained in 7M26 with the TWD depreciated c3% against the USD, compared with c10% appreciation in 7M25. Overall, we view solid capital buffers and steady CSM release continue to support its credit profile, though earnings volatility could re-emerge if equity markets weaken, or TWD sharp appreciation resume.

Out of the 4 Taiwan lifers, we pair up CATLIF and FUBON for fair and relative value assessments, 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 up NSINTW and SHIKON, and we prefer NSINTW 5 ⅞ 03/17/41 most at current valuation in view of its more balanced risk-return profile, as well as lower cash price and better trading liquidity.

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	102.7	133	5.5%	6.2	N/A	Subordinated	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	98.1	139	5.6%	6.3	09/05/2034	Subordinated	-/BBB+/BBB+
CATLIF 5 1/2 04/29/41	XS3255390463	500	96.9	165	5.9%	7.3	04/29/2036	Subordinated	-/BBB+/BBB+
FUBON 5.45 12/10/35	XS3151416727	650	97.3	157	5.8%	7.1	09/10/2035	Subordinated	-/BBB+/BBB+
FUBON 5.87 07/27/41	XS3384667146	350	98.9	174	6.0%	7.4	07/27/2036	Subordinated	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	95.7	192	6.1%	6.2	N/A	Subordinated	-/BBB+/BBB
NSINTW 5 ⅞ 03/17/41	XS3046322593	653	96.8	208	6.3%	6.9	12/17/2035	Subordinated	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	103.5	219	6.4%	6.5	N/A	Subordinated	-/BBB/-

Source: Bloomberg.

➢ Offshore Asia New Issues (Priced)

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

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
ICICI Bank	USD	-	5yr	T+130	Baa3/BBB/-

➢ News and market color

- Regarding onshore primary issuances, there were 89 credit bonds issued last Friday with an amount of RMB77bn. As for month-to-date, 938 credit bonds were issued with a total amount of RMB843bn raised, representing a 5.3% yoy decrease

- **[DFHOLD]** Korea Investment Holdings won bid for KDB Life Insurance

- **[MPEL]** Melco Resorts 1H26 adjusted property EBITDA down 4.7% yoy to USD684.8mn

- **[UPLLIN]** S&P changed UPL Corp's outlook changed to positive from stable on resilient operations; BB rating affirmed

- **[VNKRLE]** Vanke unit obtained USD59mn loan secured by equity pledges from sister units

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