

CMBI Credit Commentary

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

- *There were China onshore buyers for CNH LGFV bonds this morning. NWDEVL 4.5 05/19/30 and EBIUH 1.638 01/13/26 rose 1.2-1.4pts. CKPH 3.8 PERP and YUZHOU 4.5 06/30/29 were 0.7-0.8pt lower.*
- **PCORPM:** *FV of the new PCORPM Perp to be mid-7% vs IPT at 7.6%. Please also read our new issue color on [9 Sep'25](#). PCORPM 5.95 Perp was down 0.1pt this morning. See below.*
- **China Economy:** *Credit weakness points to liquidity easing. CMBI expects another 10 bps LPR cut following the Fed rate cut in Sep and 50bps RRR cut; the MoF may increase subsidies to households and consumers in 4Q25 to boost consumption. See the comments from CMBI economic research below.*

❖ Trading desk comments 交易台市场观点

Last Friday, there were active two-way flows in the TW lifer space. NSINTW 41 tightened c20bps in two trading days from RO at T+185. See our comment [on 10 Sep'25](#). CATLIFs/SHIKON/FUBON/NSINTW 34 were also 3-7bps tighter, with TW fast money selling and global RMs/PBs topping. NWDEVL PERPs were 1.2-1.6pts higher, and NWDEVL 27-31s increased by 0.7-0.9pt, with the exception that NWDEVL 30 was unchanged. LASUDE 5 07/28/26 rose 1.3pts. HYSAN 7.2 PERP was up 0.7pt. Hysan raised junior subordinated 5NC2 notes of USD17mn to keep the rating of HYSAN 7.2 PERP at IG. See our comments [last Friday](#). FOSUNI 26-29s were unchanged to 0.1pt higher. Fosun signed an USD910mn sustainability-linked syndicated loan, and will accept all validly tendered notes of USD294.43mn FOSUNI 5 05/18/26. In Chinese properties, LNGFOR 27-32s rose another 0.3-0.5pt. VNKRL 27-29s/FUTLAN 28/FTLNHD 25 were 0.1-0.3pt higher. In Korea space, HYUELE 28-30s were 1-2bps tighter. We saw better selling on the recent KHFC 28-30s. In Japan, FRNs were 1-2bps tighter and fixed bonds were 1-4bps tighter. We saw better buying on NTT/NOMURA/SUMITR/MIZUHO. There were robust buying flows on Japanese insurance hybrids and AT1s from institutions such as AMs, HFs and prop desks. The Japan space was overall up 0.5-1pt, led by on-the-run issues MUFG 6.35 PERP/NOMURA 7 PERP/SUMILF 55 alongside other 10yr callable papers. There were also buying flows from Asian AMs for Yankee AT1s in the recent 7-10yr to call issues, which edged 0.3pt higher. In Southeast Asia, BBLTB sub curve was 5bps tighter, and OCBSP 35s tightened 2bps. PCORPM 5.95 PERP was up 0.2pt. See comment below. SMCGL PERPs were unchanged to 0.3pt higher. BORLTD 9 ½ 08/07/32 was down 0.7pt.

Liquidity in higher-yielding LGFV bonds remained lackluster. Liquidity bids were more than 50bps wider than in levels of August, as primary supply continued to come into the space. However, the new CNH KNMIDI 8.5 27 edged 0.4-0.5pt firmer, or 20-30bps tighter, from primary reoffer.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4.8 PERP	32.8	1.6	CHGDNU 4.8 09/11/48	90.9	-2.0
NWDEVL 4 1/8 PERP	36.0	1.5	CCAMCL 5 02/08/48	92.7	-1.5
NWDEVL 6 1/4 PERP	34.8	1.4	PTTGC 4.3 03/18/51	82.2	-0.8
LASUDE 5 07/28/26	52.7	1.3	BORLTD 9 1/2 08/07/32	94.8	-0.7
NWDEVL 5 1/4 PERP	40.1	1.3	PTTGC 5.2 03/30/52	94.2	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.05%), Dow (-0.59%) and Nasdaq (+0.44%) were mixed on last Friday. UST yield was higher on last Friday. 2/5/10/30 yield was at 3.56%/3.63%/4.06%/4.68%.

❖ Desk Analyst Comments 分析员市场观点

➤ **PCORPM: FV of the new PCORPM Perp to be mid-7% vs IPT at 7.6%**

Petron announced IPT of 7.6% for the new PerpNC3, with the issue size capped at USD475mn. We maintain our view on the FV of the new perp to be mid-7%, in view of its PCORPM 5.95 Perp is trading at 6.7% YTC and adjusted for 2.5 years longer to first reset date. The new perp is callable at par from one month prior to the step-up date and on each distribution payment date thereafter. If not called, the coupon will be reset in year 3 with a step-up of 250bps. Coupons are deferrable at the issuer's discretion on a cumulative and compounding basis, subject to a dividend stopper on junior and parity securities and a dividend pusher with a six-month look-back. Please also read the new issue color in our daily on 9 Sep'25.

Petron received USD333.19mn PCORPM 5.95 Perp validly tendered for the exchange offer and USD54.19mn for the cash tender, totaled USD387.389mn at expiration deadline. Petron will accept all bonds validly tendered into the exchange offer, and will accept up to the net proceeds from the concurrent new issue in the tender offer.

➤ **China Economy: Credit weakness points to liquidity easing**

China's credit growth notably eased in Aug as government financing softened amid a higher base last year. Meanwhile, private sector remained lethargic as loans to household and corporate sectors plunged. The liquidity condition remained accommodative as the average DR007 rate edged down. The trend of shifting of household deposits into equities also continued as new savings deposits saw the lowest increase since 2014, while non-bank financial institution deposits remained elevated. However, sustainability of the market rally hinges on an economic fundamental recovery supported by stronger consumer demand and a reflation in prices. Softening economic activities in 3Q25 may drive further policy easing in 4Q25, as we expect another 10 bps LPR cut following the Fed rate cut in Sep and 50bps RRR cut. Meanwhile, the MoF may increase subsidies to households and consumers in 4Q25 to boost consumption.

Social financing flows slowed down as government financing eased. Outstanding social financing (SF) edged down to 8.8% in Aug from 9% in July (all in YoY terms unless otherwise specified), the first decline since Oct 2024. The SF flow dropped 15.3% to RMB2.57trn, while beating market expectation at RMB2.49trn. Government bond issuance remained the major driver showing the first YoY decline in 2025, while dropping 19.1% to RMB1.37trn in Aug due to a higher base last year. RMB loans to the real economy under SF notably dropped 40.2% to RMB623bn in Aug, indicating credit demand in the private sector remained subdued. Corporate bond issuance dropped 21.2% to RMB134bn in Aug compared to RMB279bn in July. M2 remained

unchanged at 8.8% in Aug, as fiscal deposits increased by RMB1.9trn. The M1 rose to 6% in Aug from 5.6% due to a lower base. The liquidity condition remained accommodative as the PBoC net injected RMB202bn into the banking system and the average DR007 rate edged down to 1.5% from 1.55% in Aug.

New RMB loans continued to weaken. Growth of outstanding RMB loans edged down to 6.8% in Aug from 6.9%, as the new RMB loans notably slumped by 29.8% to RMB590bn in May, better than market expectations at RMB581bn. Credit demand of household sector further weakened with total loan flows remarkably dropped 84.2%. ST loan flow dipped 84.7% to RMB11bn in Aug, as consumers were still reluctant to spend. M&L term loan flows also decreased by 83.3% to RMB20bn in Aug, amid the softening property market. Corporate sector also dropped 34.4% in loans flow to RMB590bn in Aug. ST loan recovered to RMB70bn in Aug from its year ago level of -RMB190bn while M&L term loan edged down 4.1% to RMB470bn. Net bill financing dropped 90.3% to RMB53bn, reflecting a tighter credit condition in banking system as banks lifted lending rates following the anti-involution competition guidance.

Equity markets remained buoyant, although their sustainability hinges on economic recovery and reflation prospect. Ample liquidity and the shift of household deposits into equities have fueled the recent stock rally. August data confirmed the trend, with new household deposits rising by only RMB 0.1trn — the lowest since 2014 — while non-bank financial institution deposits increased to RMB 1.2trn. However, sustainability hinges on an economic recovery supported by stronger consumer demand and a reflation in prices alongside improving corporate earnings. Softening economic activities in 3Q25 may drive further policy easing in 4Q25, as we expect another 10 bps LPR cut following the Fed rate cut in Sep and 50bps RRR cut. Meanwhile, the MoF may increase subsidies to households and consumers in 4Q25 to boost consumption.

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

➤ **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	Pricing	Issue Rating (M/S/F)
Hyundai Capital America	USD	-	3yr/ 3yr/ 5yr/ 5yr	T+110/ SOFR Equiv/ T+125/ SOFR Equiv	A3/A-/A-
Petron Corp	USD	475 (capped)	PerpNC3	7.6%	Unrated
The Export-Import Bank of Korea	USD	-	3yr/ 5yr	SOFR+70/ T+50	Aa2/AA/AA-

➤ **News and market color**

- Regarding onshore primary issuances, there were 130 credit bonds issued last Friday with an amount of RMB77bn. As for month-to-date, 785 credit bonds were issued with a total amount of RMB689bn raised, representing a 2.7% yoy increase

- China started two investigations targeting the US semiconductor industry ahead of planned trade negotiations with the US
- China's NEV sales set to surpass gas cars, near 50% market share
- **[ADSEZ]** Adani Group prohibited vessels sanctioned by the US, EU, and the UK from entering all its ports
- **[CHJMAO]** China Jinmao exploring dim sum bond offering to refinance USD600mn CHJMAO 3.2 04/09/26
- **[CHOHIN]** Chong Hing Bank mandates AT1 dim sum issuance
- **[GLPCHI]** GLP China aims to issue up to RMB1bn three-year panda bonds
- **[HYUELE]** SK Hynix ready to start mass production of cutting-edge high-bandwidth AI chip
- **[INCLEN/RNW]** ReNew in discussions to raise USD815mn from 5-year loan for refinancing
- **[JD]** UK supermarket chain Sainsbury's said it ended discussions to sell merchandise retailer Argos to JD.com after JD.com requested revised term
- **[KAISAG]** Kaisa anticipates restructuring effective date to occur on or around 15 Sep'25
- **[ORIX]** ORIX's property investment arm to bolster fund size by 33% to JPY40bn (cUSD271mn)
- **[PERTIJ]** Pertamina plans to spin off Pelita Air to merge with Garuda Indonesia
- **[SJMHL]** Fitch revised the outlook of SJM Holdings to negative from stable, reflects uncertainty around SJMH's deleveraging trajectory, with recent results showing slowing EBITDA and cash flow improvement from the Grand Lisboa Palace resort; affirmed BB- rating
- **[TENCNT]** Tencent mandates issuance of 5-year, 10-year, 30-year dim sum bonds
- **[VEDLN]** Vedanta Limited said its unit Talwandi Sabo Power agreed to settle all disputes with Sepco Electric Power Construction Corporation related to the engineering, procurement, and construction contracts. Vedanta Ltd has sought the approval of the Competition Commission of India (CCI) to acquire Jaiprakash Associates

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