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CMB INTERNATIONAL

Fixed Income
Credit Commentary

17 Jul 2026

CMBI Credit Commentary

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

- *Asian IG credits were unchanged to 2bps wider this morning. The recent new USD and CNH CINDBK Perps were largely unchanged amid two-way flows. See our comments yesterday. GLPSP 4.6 Perp was down 0.3pt. EHICAR 29 edged 0.4pt higher, while EHICAR 26 lost 0.3pt.*

- ***FUBON/NSINTW/SHIKON:** Shin Kong Life's 1H26 earnings recovery outpaced other Taiwan lifers. TW lifers were unchanged to 2bps wider this morning. See below.*

- ***China Economy:** Weak 2Q growth points to accommodative policy stance in 2H. CMBI expects the 2026 GDP to moderate to 4.6% (revised down from 4.7%) from 5% in 2025, dragged by demand payback following the trade-in subsidies, property-related fiscal stress at the local-government level, and persistently weak household income and employment expectations. See comments from CMBI economic research below.*

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❖ **Trading desk comments 交易台市场观点**

Yesterday, Asia IG space closed largely unchanged to a touch wider. The new NACF Float 30s and NACF 31s were largely unchanged from RO at SOFR+60 and T+42, respectively, amid balanced activities. We saw better buying in recent KR financial new issues NHSECS/DAESEC and existing HYNMTR/HYUELE, and their spreads closed 1-2bps tighter. In JP space, the recent new 10yr NTT/NOMURA and FRNs traded unchanged to 1bp tighter. We saw overall two-way skewed towards better selling on Chinese IG benchmark papers, while better buying in front-end GRWALL 28s and FRESHK 29s. TW lifers traded 1-2bps amid better selling.

In higher-yielding space, the new USD CINDBK 5 Perp edged 0.5pt higher from RO at par. The new CNH CINDBK 2.3 Perp rose 1.5pts from RO at par on back of top-up demand from non-bank Chinese RMs. See our comments on CINDBK yesterday. The rest of the CNH market were up 0.2-0.5pt, led by 10yr benchmarks. In LGFV space, HFs and AMs continued to pick up high-yielding papers across CNH and USD, whereas <5%-yielding USD issues remained under selling pressure against the USD rates backdrop. European AT1s were 0.1pt lower as London remained small better sellers in especially belly papers. JP insurance subs managed to stabilize and closed unchanged. SOFTBKs were unchanged to 0.4pt higher. S&P revised the outlook on Softbank Group to stable from negative and affirmed BB+ rating on a surge in the share price of Softbank Group's investee ARM Holdings since Apr'26, which has propelled SoftBank Group's key ratios to levels significantly higher than S&P's previous assumptions. In SE Asian space, INDYIJ 29 rose 0.6pt. Media reported Indika Energy considers sale of coal unit Kideco, which could value at more than USD1bn. GLPSPs/GLPCHI/GENTMK Perps edged 0.1-0.2pt higher.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
INDYIJ 8 3/4 05/07/29	**101.7**	**0.6**	CRNAU 9 1/4 10/01/29	**88.6**	**-2.9**
SOFTBK 8 1/4 10/29/65	**97.2**	**0.4**	ARAMCO 5 7/8 07/17/64	**91.4**	**-0.5**
SOFTBK 8 1/4 10/22/31	**102.6**	**0.4**	PRXNA 4.027 08/03/50	**69.1**	**-0.5**
LIFUNG 5 1/4 PERP	**56.6**	**0.4**	NWDEVL 4 1/2 05/19/30	**81.8**	**-0.5**
SOFTBK 7 1/2 07/10/35	**101.0**	**0.3**	NWDEVL 6 1/4 PERP	**63.8**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.51%), Dow (-0.20%) and Nasdaq (-1.47%) were lower on Thursday. The US latest Initial Jobless Claims were +208k, lower than the market expectation of +216k. US Jun'26 Core Retail Sales were -0.2% mom, lower than the market expectation of 0.0%. US Jul'26 Philadelphia Fed Manufacturing Index was 41.4, higher than the market expectation of 12.7. UST yield were higher on Thursday. 2/5/10/30 year yield was at 4.16%/4.28%/4.57%/5.09%.

❖ Desk Analyst Comments 分析员市场观点

➢ FUBON/NSINTW/SHIKON: Shin Kong Life's 1H26 earnings recovery outpaced other Taiwan lifers

Fubon Life's Jun'26 net profit fell to TWD1.7bn from TWD8.7bn in Jun'25. For 1H26, net profit surged to TWD55.6bn from TWD24.2bn in 1H25. The strong yoy growth was mainly driven by equity market tailwinds, CSM release and recurring investment income. Adjusted for FVOCI equity disposal gains, adjusted net profit was TWD19.8bn in Jun'26 and TWD143.2bn for 1H26, suggesting underlying profitability remained solid, albeit still partly supported by market-driven factors. We understand the TWSE Index rose c57% in 1H26, providing a meaningful tailwind, while domestic equities accounted for 9.8% of Fubon Life's investment portfolio as of Mar'26. Capitalization also strengthened, with the equity-to-asset ratio improved to above 15% as of Jun'26 from 11.5% as of Mar'26, well above the 3% regulatory minimum and providing a buffer against potential market volatility.

Nan Shan Life reported a similar earnings pattern, with Jun'26 net income declined to TWD1.1bn from TWD11.3bn in Jun'25, while 1H26 net income more than doubled to TWD30.9bn from TWD14.4bn in 1H25. Shin Kong Life delivered a more notable improvement, recorded TWD4.9bn after-tax profit in Jun'26 and TWD22.5bn for 1H26, reversed from a loss of TWD30.1bn in 1H25. We believe the turnaround was partly driven by investment gains in 1H26 compared to investment loss of TWD36.2bn incurred in 1H25.

As with Fubon Life and Cathay Life, earnings recovery across these lifers was partly supported by strong domestic equity market performance. Nan Shan Life's domestic equity exposure was lower at 5.5% of its investment portfolio as of Mar'26, lower than with Fubon Life (9.8%), Shin Kong Life (8.8%) and Cathay Life (6.9%), implying relatively less direct upside from equity market gains. We view the operating backdrop for the four Taiwan lifers as broadly similar, with earnings quality still partly contingent on market conditions, particularly equity performance. FX risk also remains a key swing factor given their sizable overseas investment exposure. While TWD/USD was relatively stable in 1H26, with modest TWD appreciation of c1.4% compared with c13% in 1H25, FX headwinds were more contained in the current period. That said, earnings volatility could re-emerge should equity markets or FX trends reverse.

Out of the four 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 20-30bps 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	103.6	129	5.4%	6.3	N/A	Subordinated	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	98.9	137	5.5%	6.4	09/05/2034	Subordinated	-/BBB+/BBB+
FUBON 5.45 12/10/35	XS3151416727	650	98.1	157	5.7%	7.2	09/10/2035	Subordinated	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	96.6	188	6.0%	6.3	N/A	Subordinated	-/BBB+/BBB
NSINTW 5 ⅞ 03/17/41	XS3046322593	653	97.6	208	6.2%	7.0	12/17/2035	Subordinated	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	104.2	221	6.3%	6.6	N/A	Subordinated	-/BBB/-

Source: Bloomberg.

➢ **China Economy: Weak 2Q growth points to accommodative policy stance in 2H**

China's economy lost momentum as real GDP growth slowed to 4.3% YoY in 2Q26, the weakest pace since 2022, while the GDP deflator turned positive at 1.5% after 12 negative quarters as deflation pressure eased. The increasingly K-shaped growth structure has not been sufficient to sustain overall resilience, as export strength and AI-related industrial production failed to offset weakening consumption and the continued property downturn. The weak 2Q print increases the odds of a pro-growth signal at the July Politburo meeting and more accommodative policy stance in 2H26 in our view, but the package will probably remain targeted, as GDP needs to grow by only 4.3% on average in 2H26 to meet the annual growth target's lower bound of 4.5%. We expect policymakers to continue prioritizing supply-side support, particularly AI development, technological self-reliance in strategic sectors and competitiveness in the global technology race, while providing moderate demand-side support through property stabilization, faster infrastructure execution and measures to strengthen household incomes. We expect the 2026 GDP to moderate to 4.6% (revised down from 4.7% previously) from 5% in 2025, dragged by demand payback following the trade-in subsidies, property-related fiscal stress at the local-government level, and persistently weak household income and employment expectations.

Growth slowed in 2Q, while the GDP deflator turned positive. Real GDP growth eased to 4.3% YoY in 2Q26 from 5.0% in 1Q26, missing market expectations at 4.5%, while sequential growth slowed to 0.9% QoQ from 1.3%. The moderation was broad-based, as 2Q averages for industrial output, services and retail sales growth slowed to 4.6%, 4.5% and 0.2%, respectively, from 6.1%, 5.1% and 2.4% in 1Q26, while investment contracted sharply. The GDP deflator rose to 1.5% in 2Q26 from -0.1%, ending 12 quarters of economy-wide deflation, which should help revenue and debt servicing, but it is not broad reflation as consumer demand remained soft and the price impulse was concentrated in energy and upstream goods. As global commodities prices started their declining trends in June, we may see moderating price momentum in the 2H26 weighing on corporate profits and deflation pressure.

Property weakness extended while tier-1 cities rebounded. Gross floor area sold fell 11.6% YTD in June from 10.8% in May, while new starts and completed area further declined 23.4% and 23.7% YTD, confirming that the improvement earlier in the year was not durable. The 30-city sales recovery rate dropped to 32.4% of the 2018-2019 average in the first half of July from 46.5% in June. Tier-1 cities saw a notable rebound in YoY sales in July at 29.7%, as wealth effect from the AI frenzy disproportionately benefited higher-income households. Lower-tier cities, however, saw bigger dips in July, at -14.4% and -21.6% in tier-2 and -3 cities. Second-hand transactions remained resilient, increasing by 10.5% YoY in the first half of July after rising 12.8% in June, yet existing-home prices fell 0.3% MoM. Tier-1 cities continued to see price rebounds in both new and second-hand housing while lower-tier cities continued to dip. Tier-1 stabilization masks lower-tier price declines that erode household wealth and local land revenue. We expect further policy support in 2H26 in completing projects, stabilizing liquidity by purchases of excess inventory, and fixing balance-sheet damages by stabilizing housing prices through mortgage easing and fee reduction.

Consumption remained soft despite a June bounce. Retail sales rose 1.0% YoY in June after falling 0.6% in May, beating market expectations at 0.1%, but average 2Q growth was only 0.2% versus 2.4% in 1Q26. June real retail growth was near zero using CPI as a rough deflator. Catering grew 1.2%, while home appliances, furniture, building materials and autos fell 8.7%, 6.6%, 10.5% and 16.1% as impacts of trade-in subsidies faded. Telecom and office equipment rebounded by 16.5% and 12.7%, but base effects and higher chip prices likely exaggerated the real-volume improvement. H1 real per-capita income rose 4.2%, versus only 2.7% growth in real consumption expenditure, while savings remained high and consumer confidence slipped to 89.5 in June. Looking forward, we expect consumption to remain muted as sustainable recovery requires household-income support, service-sector job creation and credible property stabilization rather than another temporary trade-in subsidy.

Investment contraction became the key downside drag. Urban FAI fell 5.7% YTD in June after dropping 4.1% in May, while its monthly YoY remained at -10% in June. Manufacturing, infrastructure and property investment fell roughly 3.2%, 10.2% and 24.2% in June respectively. Weaknesses among both state-controlled and private firms show that both fiscal and market-led investment remained subdued. The manufacturing sectors showed divergence, as other transport equipment and computers/electronics rose 24.7% and 6.5% YTD, while autos, special equipment and food manufacturing fell 4.2%, 8.6% and 8.1%. Strong exports alongside contracting manufacturing capex suggest firms doubt the durability of external demand, while efforts to curb excess capacity may also restrain investment. Infrastructure weakness due to property-related local fiscal stress and moderating government debt financing may improve in 2H26 as government bond issuance picked up in June.

Industrial output regained momentum, led by export-facing manufacturing. Value-added industrial output rose 5.3% YoY in June from 4.5% in May. Manufacturing accelerated to 6.0% and export delivery value rose to 14.8%, confirming that external demand remains the main anchor. Transport equipment excluding autos, computers/electronics, special equipment and general equipment grew 18.2%, 15.7%, 10.0% and 9.9%. Yet high-tech strength is narrower than it looks, as integrated-circuit output rose 18.8% while export volumes were broadly flat, and surging auto exports could not offset the larger domestic sales contraction. Construction-linked sectors remained weak, with non-metallic minerals down 2.3%, chemicals flat and non-ferrous metals down 3.8%. These showed a sectoral K-shape as AI-, equipment- and export-linked producers are outperforming property, consumer-facing and traditional industries. Looking forward, we estimate that industry output should continue to outperform, but exposure to trade friction, excess capacity and weaker global demand is rising.

Policy support is likely to build a floor instead of broad-based stimulus. The weak 2Q print increases the odds of a pro-growth signal at the July Politburo meeting and more accommodative policy stance in 2H26, but the package will probably remain targeted, as GDP needs to grow by only 4.3% on average in 2H26 to meet the annual growth target's lower bound of 4.5%.The latest consumption plan under the 15th Five-Year Plan also points to limited policy scope on impactful demand-side stimulus, as its 2030 target of RMB60tn social retail sales implies a modest 3.7% annual growth rate, only slightly above the 3.3% post-pandemic pace. We expect policymakers to remain focused on supply-side support, particularly for AI development, technological self-reliance in strategic sectors and global technological competition, while providing moderate demand-side easing through property stabilization, faster infrastructure execution, and measures to support household incomes. We expect China's 2026 GDP growth to moderate to 4.6%, with a 4.4-4.7% range. Upside would require accelerated fiscal spending, property sector stabilization, and improving consumption while downside risks are renewed deflation pressure, lower-tier property sector weakness and export normalization.

Click here for the full report.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Turkiye Is Bankasi AS	500	12NC7	8.4%	8.4%	-/-/B
New Development Bank	1750	3yr	4.375%	SOFR MS+39	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Neijiang Road and Bridge Group	USD	-	5yr	5.3%	Unrated

- **News and market color**

- Regarding onshore primary issuances, there were 125 credit bonds issued yesterday with an amount of RMB132bn. As for month-to-date, 1,056 credit bonds were issued with a total amount of RMB1,066bn raised, representing a 1.8% yoy decrease

- Macau's mass-market revenue, including slot machine play, inched up 0.8% yoy in 2Q26

- **[BHP]** BHP Group will invest USD900mn in the Ministers North iron ore project in Western Australia, targeting an annual output of 20mn tons upon full ramp-up

- **[COGREN]** Continuum arm plans to early redeem USD432mn COGREN 9 ½ 02/24/27 on 24 Aug'26

- **[DALWAN]** Dalian Wanda Group close to finalising terms of USD150mn loan to refi Infront-backed due-Sep'26 loan

- **[HYNMTR/SOFTBK]** Hyundai Motor to acquire SoftBank's stake in Boston Dynamics

- **[JD]** JD.com acquired landmark London office building to turn it into its UK headquarters amid its European expansion

- **[MEDCIJ]** The Sumbawa smelter of Amman Mineral Nusa Tengara, Amman Mineral Internasional's primary operating unit, has been fully operational since Jun'26; targets to produce 16 tons of gold and 162k tons of copper concentrate in 2026

- **[SINOCH/SYNNVX]** Sinochem-owned Syngenta likely to push back USD5bn Hong Kong IPO to 2027

- **[SOFTBK]** S&P revised the outlook of SoftBank Group to stable from negative on Arm stock rise; BB+ rating affirmed

- **[TAISEM]** TSMC 2Q26 net revenue up 36% yoy to TWD1.3tn (cUSD39.5bn)

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