

CMBI Credit Commentary

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

- *BABA/TENCNT 27-35s tightened 2-5bps this morning. CKHH 28-34s were unchanged to 2bps wider. LGNSO 30-35s and BBLTB 34-40s were unchanged to 3bps tighter. RAKUTN Perps were up another 0.5-0.7pt. NIPLIF 55s/SUMILF Perp were up 0.3-0.4pt.*
- *Asia ex-JP USD bonds issuance: Gross issuance increased 43.7% yoy in 4M25. See below.*
- *China Economy: Tariff shock amplifies deflationary drag. CMBI expects a further 10 bps LPR cut in 2H25 along with a possible moderate increase in the broad fiscal deficit; CPI and PPI may rise from 0.2% and -2.2% in 2024 to 0.3% and -1% in 2025. See below for comments from CMBI economic research.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, the sentiment was firm as US-China jointly announced the better-than-expected trade deal after talks in Geneva. Both the US and China agreed to cancel the escalatory retaliation tariffs of 91% since 2 Apr'25, and to suspend 24% of the reciprocal tariffs for 90 days. Chinese IGs such as BABA/TENCNT/HAOHUA 27-35s tightened 5-10bps. ZHOSHK 26-28s tightened 8-10bps. Meanwhile in SOE names, AVICCPs/AVIILCs closed unchanged yesterday. Last night, media reported AVIC Industry-Finance Holdings planned to redeem USD400mn AVICCP 2.5 06/04/25 and USD300mn AVICCP 2.375 02/09/26. See our comments on 2 Apr '25. The long end of CHGRID/CNOOC/SINOCH 40-50s were 0.8-1.2pts lower (unchanged to 3bps wider in spreads). In KR, HYNMTR/LGENSO 30-35s were 2-10bps tighter. In JP, RAKUTN Perps were up 0.5-1.1pts. In financials, JP/AU bank papers such as SUMIBK/SMBCAC/WSTP 30-35s were 3-5bps tighter. CATLIF/NSINTW 34s tightened 5bps. BBLTB 34-40s were 5-15bps tighter. AT1s and insurance hybrids were under strong better buying from AM/FMs. BNP/SOGEN/HSBC Perps were up 0.3-0.8pt. NIPLIF/MYLIFE 51-55s and SUMILF Perp were up 0.2-0.5pt. Meanwhile, PETMK 30-55s were 5-7bps tighter. In HK, HKAA/MTRC 30-55s were 3-5bps tighter. BNKEA/DAHSIN/SHCMBK 33-34s were 8-25bps tighter. HYSAN Perps were up 0.6-0.7pt. However, NWDEVL Perps declined 0.5-1.0pts. In Chinese properties, VNKRLE 27-29s rose 2.1pts. DALWAN 26s were up 0.4-0.6pt. Outside properties, FOSUNI 25-28s/WESCHI 26s were up 0.1-0.5pt. In SE Asia, VEDLN 28-33s increased 1.9-4.1pts. ADSEZ/ADTIN/ADANEM/AREN RJ 27-41s were up 0.4-0.6pt. Elsewhere, INDYIJ 29s/MEDCIJ 28-30s increased 0.4-2.4pts. GLPSP 25-28s/GLPCHI 26s were unchanged to 0.4pt higher.

In LGFVs, there were decent two-way flows among USD and CNH papers. The recent new HKIQCL/CDECTH 28s were unchanged to 0.1pt higher. SDEC DI/CCUDI H 25-26s were up 0.1pt. There were buying interests on

PLEASE READ THE AUTHOR CERTIFICATION AND IMPORTANT DISCLOSURES ON LAST PAGE

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

Cyrena Ng, CPA 吳蓓瑩
 (852) 3900 0801
 cyrenang@cmbi.com.hk

Jerry Wang 王世超
 (852) 3761 8919
 jerrywang@cmbi.com.hk

CNH names such as SHGZON 27s/TZXHIG 28s. In SOE perps, CTIH Perp was 0.2pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 9.85 04/24/33	94.4	4.1	SINOC 6.3 11/12/40	106.7	-1.2
VEDLN 11 1/4 12/03/31	100.2	3.3	HAOHUA 3.7 09/22/50	69.2	-1.2
VEDLN 9.475 07/24/30	94.7	3.2	CHGDNU 4.8 09/11/48	87.8	-1.0
VEDLN 10 7/8 09/17/29	98.6	2.6	NWDEVL 6.15 PERP	76.1	-1.0
INDYIJ 8 3/4 05/07/29	97.5	2.4	NWDEVL 4.8 PERP	27.5	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+3.26%), Dow (+2.81%) and Nasdaq (+4.35%) were higher on Monday. The US and China have agreed to put most tariffs on pause for 90 days. The US will cut tariffs imposed on Chinese imports to 30% from 145% while China would cut tariffs on US imports to 10% from 125%. US to lower the de minimis tariff to 54% from 120%. UST yield was higher on Monday, 2/5/10/30 yield at 3.98%/4.09%/4.45%/4.89%.

❖ Desk Analyst Comments 分析员市场观点

➤ Asia ex-JP USD bonds issuance: Gross issuance increased 43.7% yoy in 4M25

In Apr'25, the gross issuance of Asia ex-JP USD bonds (excl. supranational banks) increased by 81.7% yoy to USD22.2bn from USD12.2bn in Apr'24. China (USD7.4bn), Malaysia (USD5.0bn) and South Korea (USD3.2bn) were amongst the largest issuers. IGs contributed 84.4% of the gross issuance amount. Issuance from LGFVs and financials totaled USD5.5bn and USD5.2bn, accounting for 24.7% and 23.2% of total gross issuance of the month, respectively. In 4M25, gross issuance of Asia ex-JP USD bonds increased 43.8% yoy to USD70.3bn. China (USD25.9bn), South Korea (USD13.0bn), Hong Kong (USD8.2bn) were the major issuers. Financial institutions issued USD bonds totaled USD26.5bn, accounting for 37.7% of the gross issuance amount.

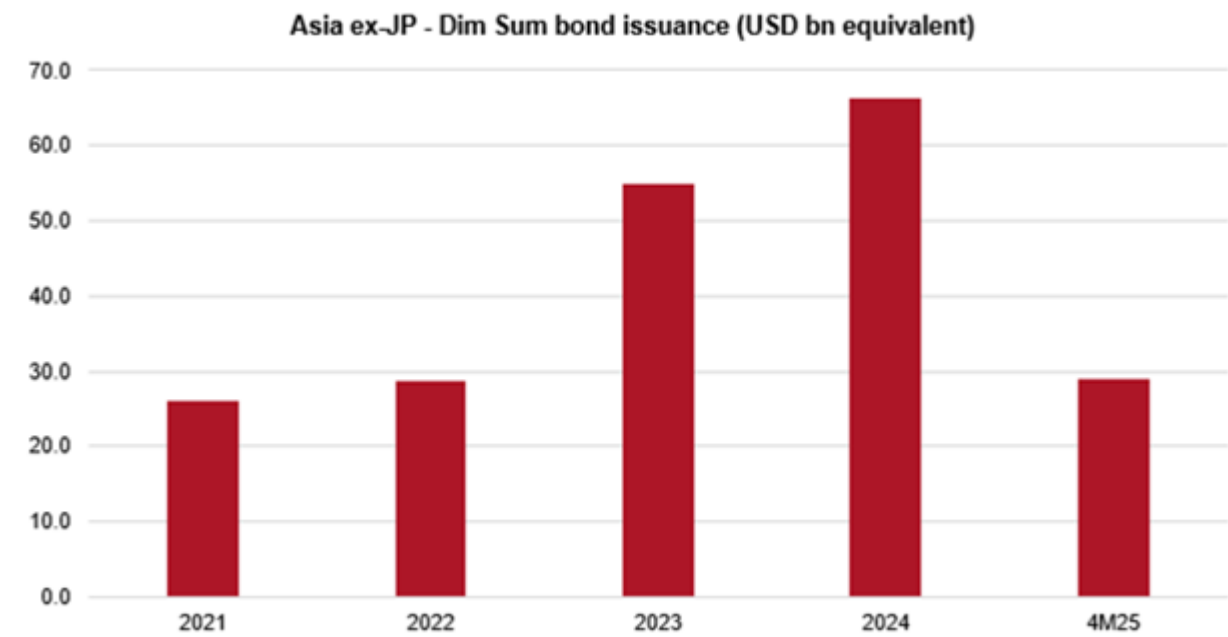
For Chinese USD bonds, the gross issuance totaled USD7.4bn in Apr'25. IGs and unrated contributed 70.2% and 29.8% of the gross issuance amount, respectively. Issuance from LGFVs and financials totaled USD5.5bn and USD1.9bn, accounting for 73.7% and 26.3% of the gross issuance amount in Apr'25, respectively. In 4M25, the gross issuance of Chinese USD bonds totaled USD25.9bn. IGs, HYs, and unrated contributed 49.4%, 6.5% and 44.1% of the gross issuance amount, respectively. Issuance from LGFVs and financials totaled USD15.1bn and USD7.8bn, accounting for 58.4% and 30.3% of gross issuance amount in 4M25, respectively.

The offshore LGFV USD bonds issuance (including only issues with an issue size of at least USD100mn) was USD5.5bn in Apr'25, compared with USD1.4bn in Apr'24. In 4M25, the gross issuance was USD15.1bn, compared to USD4.3bn in 4M24.

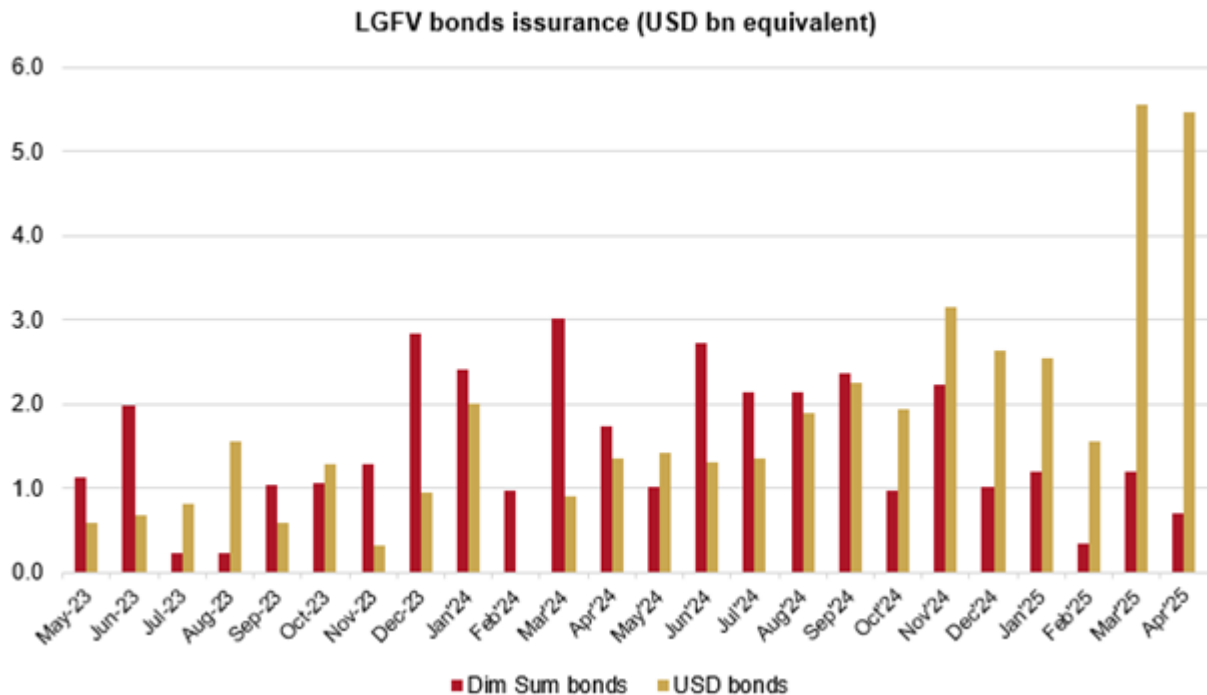
On the other hand, the Asia ex-JP Dim Sum bonds issuance in Apr'25 rose 7.7% yoy to USD3.2bn equivalent from USD3.0bn equivalent in Apr'24, partly reflected the lower funding costs of dim sum bond issuance, as well as issuances from sovereign and entities from China and HK. In 4M25, the gross issuance was USD29.0bn equivalent, increased 27.4% yoy from USD22.8bn equivalent in 4M24. On LGFV Dim Sum issuance, the gross issuance in Apr'25 decreased by 59.2% yoy to USD0.7bn equivalent from USD1.7bn equivalent in Apr'24. In 4M25, the gross issuance was USD3.4bn equivalent, down 57.6% yoy from USD8.1bn equivalent from 4M24.



Source: Bloomberg.



Source: Bloomberg.



➤ China Economy: Tariff shock amplifies deflationary drag

April CPI remained in negative territory, as the trade war exerted downward pressure on energy prices and the price levels of export-oriented industries. Tourism price rebounded supported by the Qingming holiday, while prices for other services and durable goods remained subdued. PPI further deteriorated due to sliding global commodity prices and soft domestic construction activities. The tariff shock is expected to weaken external demand and dampen domestic demand through confidence channels, exacerbating overcapacity. The current stimulus package may prove insufficient amid intensifying deflationary pressures, as policy efforts in 2Q25 focus on monetary and financial market measures. Based on the assessment of economic damage and the preliminary outcome of U.S.-China negotiations, policymakers are expected to announce the scale of fiscal and consumption support for the second half of the year at the early July Politburo meeting. In 2H25, we expect a further 10 bps LPR cut, along with a possible moderate increase in the broad fiscal deficit. Policy may also strengthen transfer payments to low- and middle-income households, the social security system, and multi-child families to more effectively boost household consumption. CPI and PPI may rise from 0.2% and -2.2% in 2024 to 0.3% and -1% in 2025.

CPI stays negative on falling energy prices. China's CPI YoY stayed flat at -0.1% in Apr, slightly above market expectation at -0.15%. In sequential terms, CPI bounced up to 0.1% in Apr from -0.4% in Mar. Food price rose to 0.2% MoM in Jan after dropping 0.9% in Mar, as reduced imports drove a 3.9% increase in beef prices. Pork prices also narrowed its decline from -4.4% MoM to -1.6%, but it may remain muted as inventories of breeding sows and live hogs stayed elevated. Vegetable CPI saw -1.8% MoM decline, up from -5.1% in Mar. High-frequency data indicated continued declines in vegetable prices by 3.7% MoM, while pork retail price edged down. Vehicle fuel price dropped 2% in Apr as global crude oil price slumped in Apr. We expect subdued crude oil prices to continue weighing on overall energy prices. We expect the CPI to further edge down due to falling food and energy prices.

Core CPI continued to rally thanks to the robust service price. Core inflation remained flat at 0.5% in Apr, with its MoM growth recovering to 0.2% from 0%. Service price reflatd MoM from -0.4% to 0.3% in Apr, as tourism price surged 3.1% in Apr thanks to national holidays. Other services remained subdued, with no price change recorded in categories such as education, rent, telecommunications, and household services. Goods price remained soft, particularly the trade-in scheme items. Telecom equipment, home appliances and vehicles

prices dropped 1.3%, 0% and 0.3% respectively in Apr. Discretionary goods prices declined as related moderating exports led to overcapacity pressures, with clothing prices dipping 0.1% MoM in April.

PPI deteriorated due to sliding global commodity prices and trade war. YoY contraction of PPI further dipped to -2.7% in Apr from -2.5% in Mar, slightly better than market expectations at -2.8%. The MoM growth remained flat at -0.4%. For mining industries, PPI of coal mining and oil & gas further dropped to -15.2% and -14.2% YoY compared to -14.9% and -8.5% in Mar, while ferrous and non-ferrous metals subtly moderated to 19% and -6.3%. The domestic construction activities remained soft. Final consumption goods remained subdued, falling 0.2% MoM, weighed down by declining durable goods prices. Export-oriented industries saw notable price declines in April, with autos, computers and electronics, and furniture falling by 0.5%, 0.2%, and 0.2%, respectively. We expect the subdued PPI should persist as the drag from trade war persists. We expect PPI to remain muted in the near term as the drag from the ongoing trade war continues.

Rising risk of deepening deflation. The tariff shock is expected to weaken external demand and dampen domestic demand through confidence channels, exacerbating overcapacity. In April, both the ex-factory price index and the raw material input price index in the manufacturing PMI contracted further, indicating intensifying deflationary pressure ahead. The current stimulus package might be insufficient to ease the deflation pressure, as current policy focuses on monetary and financial market measures in 2Q25. Based on the assessment of economic damage and the preliminary outcome of U.S.-China talks, policymakers may announce the scale of fiscal and consumption support for the second half of the year at the early July Politburo meeting. In 2H25, we expect a further 10 bps LPR cut, along with a possible moderate increase in the broad fiscal deficit. Policy may also strengthen transfer payments to low- and middle-income households, the social security system, and multi-child families to more effectively boost household 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)
Korea Housing Finance Corp	USD	-	5yr	SOFR+115	Aaa/AAA/-
Liyuan International/ Nanjing Lishui	USD	-	3yr	5.6%	Unrated

➤ **News and market color**

- issuances, there were 44 credit bonds issued yesterday with an amount of RMB40bn. As for month-to-date, 323 credit bonds were issued with a total amount of RMB345bn raised, representing a 117.6% yoy increase
- **[AVIILC]** AVIC Industry-Finance plans to redeem USD bonds on time; looking to conduct exchange offer for onshore notes

- **[CKHH]** CK Hutchison says Panama port transaction will not proceed under illegal or non-compliant conditions
- **[CIFIHG]** CIFI aims to align onshore, offshore debt restructuring plans to secure 50% haircut
- **[DAESEC]** Mirae Asset Securities' BBB rating withdrawn by S&P
- **[HATELE]** SK Broadband 1Q25 EBITDA climbs 5.5% yoy to KRW336bn (CUSD 240.5m)
- **[INCLN]** ReNew Energy to build USD2.6bn facility in India's Andhra Pradesh state
- **[NSANY]** Nissan Motor to cut 10,000 jobs more globally
- **[ORIX]** ORIX FY25 revenue rises 2.1% yoy to JPY2.9tn (cUSD19.8bn); operating income declines 8% yoy to JPY 331.8bn (cUSD2.3bn)
- **[PWRLNG]** Powerlong unit's winding-up petition hearing rescheduled to 21 Jul'25
- **[SKM]** SK Telecom's consolidated revenue grew 0.5% yoy in 1Q25 to KRW 4.45tn (cUSD 3.17bn), operating income surged 14% yoy, and net income increased by 1% yoy
- **[SMCGL]** San Miguel Global Power redeems and cancels SMCGL 5.95 Perp
- **[SOFTBK]** SoftBank plan to raise USD100bn for AI projects hit roadblock amid tariff fears
- **[UPLLN]** UPL Limited EBITDA surges 47% yoy in FY25 to INR81.2bn (cUSD950.5mn), consolidated revenue rises 8% yoy to INR466.4bn (cUSD 5.5bn)
- **[VEDLN]** Vedanta Ltd scouting for new mineral assets in several Indian states

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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