

CMBI Credit Commentary

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

- *MTRC 35-55s widened 1-2bps this morning. HAOHUA 28-30s widened 2-4bps. NWDEVL Perps/27-31s were unchanged to 0.3pts higher. MYLIFE/NIPLIF 54-55s were up 0.1-0.2pts.*
- **Chinese properties:** *Yoy contracted sales extended decline in 3M25. See below.*
- **China Economy:** *Solid growth to meet incoming headwinds. CMBI expects China's GDP growth to decelerate from 5.4% in 1Q25 to 4.2% in 2Q25 and 4.6% in 2H25 with the full-year growth at 4.7%; the PBOC may cut RRR by 50bps and LPRs by 20bps soon in 2Q25; China might launch additional fiscal stimulus measures especially those targeting consumption in 2H25. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易台市场观点

Yesterday, on primary, the new GRWALL 5.25 28 closed 12bps wider from RO (CT3+145) amid mixed flows. The new MUFG 5.159 31/Float 31 tightened 3-5bps from ROs (CT5+117, SOFR+148 respectively) amid two way flows, while the new MUFG 5.615 36 closed unchanged at RO (CT10+127). In HK, NWDEVL Perps/27-31s moved -0.6pts to +2.6pts, closed 0.5-4.3pts higher WTD. NWD can issue call notice not less than 30 days nor more than 60 days to the holders of the NWDEVL 6.15 Perp. While the first distribution reset date of the perp is 16 Jun'25, therefore yesterday, i.e. 16 Apr'25, was the first day NWD can issue such notice to call on the perps on 16 Jun'25. HKAA/MTRC 30-35s were tightened 2-4bps. In KR, KRKPSC/LGENSO 29s widened 5-8bps. In Chinese IGs, BABA/TENCNT 30-35s were 1-3bps wider. The long end of CNOOC/CHGRID/SINOPC 37-47s were 0.9-1.8pts higher (unchanged to 7bps tighter). In financials, BCLMHK Float 27-30s widened 3-4bps. DBSP/OCBCSP 26-34s and SMCAC/MARUB 30-35s were 1-4bps wider. In EU AT1s, HSBC/INTNED Perps were up 0.2-0.4pts. In JP, FUKOKU/ASAMLI Perps and MYLIFE/NIPLIF 54-55s were 0.1-0.3pts lower. RAKUTN Perps/27-29s were 0.4-1.0pts lower. In Chinese properties, DALWAN 26s were up 1.1pts, closed 2.2pts higher WTD. LNGFOR 27-32s/VNKRLE 27-29s were up 0.3-0.7pts, closed 2.2-4.6pts higher WTD. Outside properties, EHICAR 26s increased 1.6pts. In India and Indonesia, ADSEZs/ADANEMs/ADGREGs were down 0.3-0.4pts. UPLLIN Perp declined 1.4pts. INDYIJ 29s dropped 0.9pts following Fitch's one notch downgrade to B+ with a stable outlook. Elsewhere, SMCGL Perps were unchanged to 0.2pts higher. See our comments on 16 Apr '25.

In LGFVs, the new GZDZCD 5.75 27 was 0.2pt higher from RO at par thanks to AM topping up on the back of good RV against the other recent new LGFVs. There were buying flows from RM clearing up loose bonds. The CNH names

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such as SDGAOC 6.9 28s/GUIJKA 6.3 28s were sought after. In SOE perps, CHSCOI Perp was up 0.1pt, CHPWCN Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 3/4 01/23/27	77.2	2.6	UPLLIN 5 1/4 PERP	90.3	-1.4
CNOOC 3.3 09/30/49	74.7	1.9	ROADKG 6 03/04/29	41.7	-1.1
NWDEVL 6.15 PERP	77.0	1.7	RAKUTN 8 1/8 PERP	92.7	-1.0
EHICAR 7 09/21/26	70.2	1.6	INDYIJ 8 3/4 05/07/29	91.0	-0.9
SINOPC 4 1/4 04/24/43	88.0	1.4	RAKUTN 6 1/4 PERP	83.9	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-2.24%), Dow (-1.73%) and Nasdaq (-3.07%) were lower on Wednesday. US Mar'25 retail sales was +1.4% mom, higher than the market expectation of 1.3%. Powell says Fed remains in wait-and-see mode on the economy's direction before changing interest rates. China wants US to appoint a point person for talks who has Trump's support, and can help prepare a deal that Xi and Trump can sign when they meet. UST yields retreated on Wednesday, 2/5/10/30 yield at 3.77%/3.91%/4.29%/4.74%.

❖ Desk Analyst Comments 分析员市场观点

➤ Chinese properties: Yoy contracted sales extended decline in 3M25

In Mar'25, 32 developers under our radar reported contracted sales totaled RMB182.0bn, decreased 19.9% yoy from RMB227.1bn in Mar'24. 9 out of 32 developers reported yoy increases in contracted sales in Mar'25, down from 10 developers in Feb'25.

In 3M25, the cumulative contracted sales of 32 developers dropped 15.5% yoy to RMB401.8bn. 8 out of 32 developers reported yoy increases in contracted sales in 3M25. YUEXIU (RMB30.8bn), SINOCE (RMB5.3bn) and YLLGSP (RMB5.3bn) were the better performers with 42%, 22%, 17% yoy increase in contracted sales, respectively. The bottom performers were FUTLAN/FTLNHD (RMB5.1bn), JNHUIG/RDHGCL (RMB1.7bn), and GEMDAL (RMB8.2bn) that their contracted sales dropped 57%, 56%, 51% yoy in 3M25, respectively.

As per NBS, the new home prices in 24 out of 70 cities surveyed reported a mom increase in Mar'25, increased from 18 cities in Feb'25. The average new home prices across 70 major cities in China dropped 4.5% yoy in Mar'25, reduced from 4.8% yoy decrease in Feb'25. These show a slight improvement in market sediment in Mar'25 compared to Feb'25, in our view. We expect to see further relaxation of home purchase restrictions in the tier-1 cities in 2025, except Guangzhou which had cancelled all the purchase restrictions for Guangzhou residents and non-Guangzhou families in Sep'24. We also expect to see further LPR cut to stimulate the housing demand. Our house view is LPR cuts by 20bps soon in 2Q25.

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Mar'25 MoM Growth	Mar'25 YoY Growth	Mar'25 YTD Sales	Mar'25 YTD Sales Growth
Yuexiu Property	越秀地产	YUEXIU	6,602	6,225	18,000	169%	59%	30,827	92%
Sino-Ocean	远洋集团	SINOCE	1,890	990	2,400	122%	4%	5,280	22%
Yanlord*	仁恒置地*	YLLGSP	1,420	2,650	1,230	-54%	24%	5,300	17%
Central China Real Estate	建业地产	CENCHI	580	990	540	-45%	23%	2,110	15%
China Jinmao	中国金茂	CHJMAO	6,695	4,416	7,191	63%	3%	18,302	4%
Sunac China	融创中国	SUNAC	6,840	1,800	1,460	-19%	-58%	10,100	1%
China Resources Land	华润置地	CRHZCH	11,600	13,500	26,100	83%	-13%	51,200	1%
Poly Real Estate	保利地产	POLYRE	18,015	15,996	29,016	81%	7%	63,027	0%
Greentown	绿城	GRNCH	11,300	12,700	28,400	24%	0%	52,400	-2%
Logan Property*	龙光地产*	LOGPH	550	460	760	65%	10%	1,770	10%
Greenland Holding*	绿地控股集团*	GRNLGR	3,300	3,600	5,600	56%	2%	12,500	1%
Yuzhou Properties	禹洲地产	YUZHOU	501	561	872	55%	-3%	1,934	12%
China SCE*	中骏集团控股*	CHINSC	600	800	920	15%	-9%	2,320	13%
Shimao	世茂房地产	SHIMAO	2,200	1,870	3,000	60%	-23%	7,070	14%
Times Property	时代中国控股	TPHL	650	280	320	14%	-53%	1,250	18%
China Overseas	中国海外发展	CHIOU	12,020	13,200	21,200	61%	-49%	46,420	23%
Longfor (Attributable)	龙湖集团	LNGFOR	3,010	3,730	4,740	27%	-36%	11,480	28%
Zhenro Properties	正荣地产	ZHPRHK	373	330	421	26%	-24%	1,124	32%
KWG Property	合景泰富集团	KWGPPO	502	361	801	122%	-25%	1,664	34%
Zhongliang	中梁控股	ZHLGHD	1,100	1,210	1,090	-10%	-27%	3,400	35%
Ronshine China*	荣信中国*	RONXIN	350	283	457	61%	-38%	1,090	37%
China Vanke*	万科企业*	VNKRLE	11,010	10,200	13,200	29%	-46%	34,410	41%
Country Garden (Attributable)	碧桂园	COGARD	2,260	2,300	3,210	40%	-25%	7,770	42%
Redsun	弘阳地产	REDSUN/HONGSL	669	443	408	-8%	-51%	1,520	43%
CIFI Holdings	弘辉集团	CIFIHG	1,810	1,610	2,020	25%	-52%	5,440	46%
Hopson	合生创展	HPDLF	473	427	1,174	155%	-41%	2,074	47%
Agile	雅居乐	AGILE	790	860	1,170	36%	-18%	2,820	47%
Powerlong	宝龙地产	PWRLNG	692	608	696	14%	-55%	1,996	48%
Jingrui Holdings	景瑞控股	JINGRU	60	62	120	84%	-29%	242	50%
Gemdale	金地集团	GEMDAL	2,250	2,800	3,100	11%	-49%	8,150	51%
Radiance*	金辉控股*	JNHUIG/RDHGCL	490	1,010	210	-79%	-89%	1,710	56%
Future Land	新城控股	FUTLAN/FTLNHD	1,017	1,959	2,127	9%	-50%	5,103	57%

Note: * represents the data was collected from CRIC.

Source: Company filings, CRIC.

➤ China Economy: Solid growth to meet incoming headwinds

China saw another season of stronger-than-expected GDP growth, although the further contracting GDP deflator indicated that the deflation risk was still entrenched. Activity data all came in notably above market expectation, as retail sales further rallied driven by durable goods under trade-in scheme and industrial output robustly expanded thanks to the export front-loading. Fixed asset investment edged up due to the rising infrastructure investment. However, the property market has shown signs of softening as growth of new and second-hand housing sales both declined in early Apr. The tariff war may exert additional pressure on growth and deflation through multiple channels, including declining exports, weaker business investment and deteriorating consumer confidence, as we expect it may lead to 0.75-1.25 ppts decline in GDP. The policymakers might respond by further loosening monetary policy and implementing additional fiscal stimulus, which would partially offset the negative impact of the trade war. We expect China's GDP growth to decelerate from 5.4% in 1Q25 to 4.2% in 2Q25 and 4.6% in 2H25 with the full-year growth at 4.7%. The PBOC may cut RRR by 50bps and LPRs by 20bps soon in 2Q25. China might launch additional fiscal stimulus measures especially those targeting consumption in 2H25, including expanding consumer trade-in schemes, providing national child-birth subsidies, and strengthening social benefit net.

1Q GDP growth beat expectation but GDP deflator was still negative. China's GDP growth in YoY terms (all on a YoY basis unless otherwise specified) stayed flat at 5.4% in 1Q25, beating the market expectations of 5.2%. Meanwhile, the seasonally adjusted QoQ growth of GDP moderated from 1.6% in 4Q24 to 1.2% in 1Q25. GDP deflator dipped to -0.8% in 1Q25 compared to -0.78% in 4Q24, indicating the ongoing deflation risk was still entrenched.

A slowdown is emerging in the property market in Apr. The decline of gross floor area (GFA) sold for commercial housing narrowed to 3% in 1Q25 from -5.1% 2M25, according to NBS, with residence GFA

narrowed to -2% from -3.4%. Housing start recovered to -10.6% in 1Q25 compared to -29.5% in 2M25. For new housing sales according to market data, YoY sales in 30 major cities dropped to -11.5% in first half of Apr from -0.5% in Mar, dragged by tier 2 & 3 cities dipping 18.2% and 13.2%. Tier-1 cities also moderated from 22.7% in Mar to 1.3% in first half of Apr. Second-hand housing sales in 11 selective cities compared to 2019 also saw a notable slowdown in first half of Apr to 107.5% from 134% in Mar, with its YoY growth moderated to 16.4% from 33.5%. Housing prices rebounded in tier-1 cities while lower-tier cities kept declining, trading price cuts for a higher sales volume. The negative shock from tariff war may weigh on housing market, particularly those cities with larger share of exports as % of GDP. The ongoing softening of housing market in 2Q might trigger additional policy stimulus to support the economy and equity market.

Retail sales picked up driven by trade-in subsidy items. Retail sales growth accelerated to 5.9% in Mar from 4% in 2M25, beating market consensus at 4.4%. Durables qualified for trade-in scheme remained in robust growth as home appliance, cultural & office products and furniture respectively further rose by 19.3%, 21.7% and 18.1% in Mar. The newly qualified telecom equip edged up to 26.9% in Mar from 26.2% in 2M25. Auto sales recovered to -0.8% in Mar from -4.4% in 2M25 while its volume rose 10.4%, indicating the intensifying price war. Staples like food and daily used good remained robust, while discretionary items including clothing and cosmetics moderated. Looking forward, retail sales may rise from 3.5% in 2024 to 4.7% in 2025, with possible strong recovery in 1H25 driven by the expanding trade-in schemes, but this could come at the expense of future demand, as we may see a slowdown in 2H25.

FAI edged up as infrastructure investment further rallied. Total FAI growth inched up to 4.2% in 1Q25 from 4.1% in 2M25, above market expectations at 4%. By sector, infrastructure FAI accelerated to 12.6% in Mar from 10% in 2M25 as the current fiscal expansion granted LG greater financial leverage to facilitate economic growth. Manufacturing FAI, driven by sectors including auto, other transport equip, general equip and non-ferrous metal, edged up to 9.2% in Mar from 9%. Property development investment further contracted to -10% in Mar from -9.8% in 2M25, since financial conditions of most private developers remained challenging. Looking forward, FAI growth might mildly accelerate from 3.2% in 2024 to 3.7% in 2025 thanks to the narrower declines of property development investment. Manufacturing and infrastructure investment growth is likely to fall from 9.2% and 9.2% in 2024 to 8.5% and 8.7% in 2025.

Industrial output expanded robustly due to export front-loading. VAIO growth climbed to 7.7% in Mar compared to 5.9% in 2M25, above market consensus of 5.9%. Other transport equip, electrical equip and electronic equip remained robust at 19%, 13% and 13.1% in Mar. Growth of industrial output has picked up notably since Dec 2024, along with delivery value for exports, possibly driven by front-loading effect in exports after Trump got elected. Growth of service output index also increased from 6.3% in Mar from 5.6% in 2M25. Looking forward, industrial output may decelerate as headwinds from trade intensify and demand overdraft due to trade-in subsidy.

China might further loosen policies to defy the trade war shock. China's GDP growth was stronger-than-expected over the past two quarters which was supported by vigorous consumption and rebound in housing market, both fuelled by policy stimulus, as well as robust industrial output driven by exports front-loading. However, the tariff war may exert downside pressure on growth and deflation through multiple channels, including declining exports, weaker corporate investment and deteriorating consumer confidence. The tariff war might lower China's GDP growth by 0.75-1.25ppts. China might further loosen monetary policy and expand fiscal stimulus to boost housing market and consumer demand, which could partially offset the negative impact of the tariff war. We expect China's GDP growth to decelerate from 5.4% in 1Q25 to 4.2% in 2Q25 and 4.6% in 2H25 with the full-year growth at 4.7%. The PBOC may cut RRR by 50bps and LPRs by 20bps soon in 2Q25. China might launch additional fiscal stimulus measures especially those targeting consumption in 2H25, including expanding consumer trade-in schemes, providing child-birth subsidies, and strengthening social benefit net.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Agricultural Bank of China Limited Hong Kong Branch	800	3yr	SOFR+52	SOFR+52	A1/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Fujian Zhanglong Group Co	USD	-	3yr	5.6%	-/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 151 credit bonds issued yesterday with an amount of RMB130bn. As for month-to-date, 1,081 credit bonds were issued with a total amount of RMB966bn raised, representing a 21.7% yoy increase
- Property investment in China fell 9.9% yoy to RMB1.99tn (cUSD272.5bn) 1Q25
- Indonesia to propose raising US energy imports by USD10bn in tariff negotiations
- [GWFOOD]** Wens Foodstuff Group repurchased USD13.2mn of GWFOOD 2.349 10/29/25 and USD6mn of GWFOOD 3.258 10/29/30
- [HYUELE]** SK Hynix 1Q25 semiconductor exports rise 27% yoy to KRW8.28tn (cUSD5.8bn)
- [INDYIJ]** Fitch downgraded Indika Energy B+ from BB- on agency's expectations that Indika's EBITDA net leverage will remain above 3.0x in 2025-2026 (2024: 2.9x) due to lower coal prices and still high production costs; outlook stable

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