15 Jul 2026

CMBI Credit Commentary

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

- *This morning, Asian IG space was overall unchanged to 2bps wider. MEITUAs widened 2bps amid two-way flows. We saw better selling in IG front-end FRNs. JP insurance subs leaked 0.1pt amid better selling from onshore JP accounts. WESCHI 28/NWDEVL 30 edged 0.4pt higher. We saw two-way skewed towards better buying in LGFV CNH issues.*

- ***CATLIF:** Strong 1H26 earnings on equity tailwinds and steady CSM release. TW lifers traded 1-2bps wider this morning. See below.*

- ***XIAOMI:** Media reported Xiaomi's global smartphone shipments dropped 26.3% yoy in 2Q26 to 31.2mn, ranked as the 3rd largest vendor globally with 11.2% market share, down from 14.2% in 2Q25. XIAOMIs were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, Asia IG credit closed on a broadly stable yet mixed tone, with markets largely sidelined ahead of the US CPI print. KR new issues were resilient, with the new EIBKOR 29-31 tightened 3-5bps and the new KORELE 29-31/KTGC 30 tightened 1-2bps from ROs. HYNMTR/LGENSO FRNs also closed 1-2bps tighter amid active PB buying. In contrast, the JP space softened and repriced 2-5bps wider amid heavy new supplies. The new MUFG Float 32 tightened 3bps from RO at SOFR+107. We saw better selling in recent new issues NTT/NOMURA. In Chinese IG space, we saw selective buying in BABA/KUAISH and front-end AMCs to lock in higher yields, and their spreads closed largely unchanged.

In higher-yielding space, SOFTBKs declined by up to 0.9pt. JP insurance subs traded 0.3pt weaker, driven by better selling in the long end. European AT1s were broadly 0.3pt lower amid continuous better selling from London, although we saw AMs and PBs buying the dips mainly in the front end. In SE Asian space, GLPSP Perps gained 0.2-0.4pt, while SMCGL perps leaked 0.1pt. INDYIJ 29/MEDCIJ 28-30 were unchanged to 0.2pt lower. S&P affirmed Indonesia's BBB rating with a stable outlook, citing government efforts to centralize management and reduce leakages in the resource and mineral sectors could eventually increase revenue and export earnings, particularly if policy implementation improve. In LGFV space, we saw RMs and PBs buying higher-yielding (especially CNH) issues, whereas AMs and RMs selling lower-yielding USD papers (<5%).

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
CCAMCL 4 3/4 12/04/37	**91.2**	**0.9**
SOUTAU 4.35 04/14/32	**96.8**	**0.5**
TRAFIG 5 5/8 07/01/31	**98.8**	**0.5**
QBEAU 5.239 11/10/37	**98.6**	**0.4**
GLPSP 7.865 PERP	**58.4**	**0.4**

Top Underperformers	Price	Change
ACNRGY 5.1 PERP	**79.4**	**-1.0**
SOFTBK 8 1/2 04/22/36	**102.3**	**-0.9**
EHICAR 12 09/26/27	**43.5**	**-0.8**
CSCHCN 4 1/2 08/19/27	**21.6**	**-0.8**
SOFTBK 7 1/2 07/10/35	**100.9**	**-0.7**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.38%), Dow (+0.02%) and Nasdaq (+0.90%) were higher on Tuesday. US Jun'26 CPI/Core CPI was -0.4%/0.0% mom, below the market expectation of -0.1%+/0.2% mom, respectively. US Jun'26 CPI/Core CPI was +3.5%/+2.6% yoy, below the market expectation of +3.8%/+2.8%,respectively. UST yield were lower on Tuesday. 2/5/10/30 year yield was at 4.18%/4.31%/4.58%/5.08%.

❖ Desk Analyst Comments 分析员市场观点

➢ CATLIF: Strong 1H26 earnings on equity tailwinds and steady CSM release

Cathay Life reported after-tax net profit of TWD11.4bn in Jun'26, significantly higher than TWD2.7bn in Jun'25. The strong earnings were primarily driven by continued momentum in equity markets, supported by AI-related themes, semi-annual real estate revaluation gains, and steady CSM release. For 1H26, after-tax net profit reached TWD46.2bn, more than doubled from TWD18.8bn in 1H25. Adjusting for FVOCI equity disposal gains, adjusted net profit was cTWD30bn in Jun'26 and cTWD130bn for 1H26, indicating that underlying profitability remained solid, albeit still partly supported by market-driven factors. We understand that TWSE Index rose c57% in 1H26 which provided a strong tailwind, while domestic equities accounted for 6.9% of Cathay Life's investment portfolio as of Mar'26. In addition, Cathay Life continued to build buffers against FX volatility, with FX volatility reserves increased to TWD130bn as of Jun'26. The equity-to-asset ratio improved to above 11% as of Jun'26 from 8.2% as of Mar'26, comfortably above the regulatory minimum requirement of 3%.

We continue to view Cathay Life's credit profile as supported by stable earnings capacity and a strengthening capital position, with a growing CSM balance underpinning medium-term earnings visibility. That said, earnings quality remains partly sensitive to market conditions, particularly equity performance and valuation gains. The build-up of FX volatility reserves should help mitigate FX-driven earnings volatility, although currency risk persists given its sizable overseas investment portfolio. The TWD appreciated sharply by c13% against the USD in 1H25, it was relatively stable in 1H26 at c1.4%, implying the FX impact was more contained during 1H26. Overall, we view solid capital buffers and steady CSM release continue to support its credit profile, despite earnings volatility could re-emerge if equity markets or FX trends reverse.

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 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	103.3	130	5.4%	6.3	N/A	Subordinated	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	98.9	134	5.5%	6.4	09/05/2034	Subordinated	-/BBB+/BBB+
FUBON 5.45 12/10/35	XS3151416727	650	97.8	159	5.8%	7.2	09/10/2035	Subordinated	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	96.4	187	6.0%	6.3	N/A	Subordinated	-/BBB+/BBB
NSINTW 5 ⅞ 03/17/41	XS3046322593	653	97.3	209	6.3%	7.0	12/17/2035	Subordinated	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	103.9	222	6.4%	6.6	N/A	Subordinated	-/BBB/-

Source: Bloomberg.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chengdu Dongjin Huaizhou Xincheng Investment	30	3yr	4.9%	4.9%	Unrated

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Anhui Transportation Holding Group	USD	-	3yr	4.8%	
China CITIC Bank International Limited	USD	-	PerpNC5	5.45%	Ba2/-/-
New Development Bank	USD	-	3yr	SOFR MS+45	Unrated
NongHyup Bank	USD		3.5yr 5yr	SOFR+90 T+75	A3/A-/-
Tata Capital	USD	-	3.5yr	T+140	-/BBB/-

➢ News and market color

- Regarding onshore primary issuances, there were 103 credit bonds issued yesterday with an amount of RMB91bn. As for month-to-date, 816 credit bonds were issued with a total amount of RMB813bn raised, representing a 11.2% yoy decrease

- China average new home prices drop 3.3% yoy in Jun'26

- The Macau government has kept at 50 the cap on licensed gaming promoters, also known as junkets, for 2027, unchanged from the previous three years

- **[GRNCH]** Greentown China onshore unit raised RMB1bn via domestic bonds

- **[HYUELE]** SK Hynix could partner with foreign investors under relaxed capital-raising rule

- **[INCLEN/INGPHL/RPVIN]** ReNew Power obtained cUSD730mn green loan financing for a 320-megawatt "round the clock" hybrid renewable facility in India, the first such project in India

- **[PTTGC]** PTT Global Chemical said the board of GC Logistics Solutions (Vietnam), an indirect joint venture of PTTGC, approved the dissolution of the logistics firm

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