

CMBI Credit Commentary

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

The Asset G3 Bond Benchmark Review 2026

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset G3 Bond Benchmark Review 2026". Thank you for your support!

- *The new KOGRGF 4.591 05/28/29 traded 3bps tighter from RO at T+45 this morning. The new OCBCSP Float 29 was unchanged from RO at SOFR+47. Chinese IG space was largely unchanged to 3bps tighter. We saw better buying and short covering on long-end JP AT1s and insurance subs, but the prices were largely stable. WESCHI 29 recovered 0.5pt. NWDEVL 4.8 Perp lost 0.5pt.*
- **PCORPM:** 1Q26 margin under pressure amid refinery outages and Middle East supply shock. Maintain buy on PCORPM 7.35 Perp, which was 0.1pt higher this morning. See below.
- **HCELEC:** Media reported Huachen Energy sounded out plan for 5-7yr extension of USD627mn HCELEC 4.65 12/29/26, which was 2.5pts lower this morning.

❖ Trading desk comments 交易平台市场观点

Yesterday, WESCHI 28-29 dropped 1.2-1.3pts. The market suspects that the Ebola outbreak in the Democratic Republic of Congo and Uganda could hurt West China Cement's business because its plants in these two countries represent c20% of WCC's existing African production capacity. In Chinese/HK properties, VNKRL 27' and 29' were down 0.7pt. Fitch downgraded Vanke to RD from CC following its recent completion of an onshore bond restructuring. Fitch believes further debt restructuring or missed payments are likely in the coming weeks, given Vanke's tight liquidity and significant upcoming capital market debt maturities. LNGFOR 27-32 closed 0.1-0.6pt lower. HYSAN 4.85 Perp leaked 1.2pts. The NWDEVL/VDNWDL complex traded up to 0.5pt lower. The sister of NWD chairman, Amy Cheng, had sold another USD10mn perps and purchased USD10mn bullets, and now holds USD101.9mn of the perps and cUSD25.9mn equivalent in bullets. The CEO of Rosewood Hotel Group Sonia Cheng said that its brands are not for sale, and there are over 30 projects set for developments over the next five years. In Asian IG space, MEITUA 31-35s and Taiwanese lifers leaked to 3-5bps wider. In KR, LGENSO/PKX traded 3-4bps tighter. Recent new issues NHNCOR/SKONKR/HWQCUS alongside 5yr bank papers closed 1-2bps tighter. In JP space, IG issues closed 1-5bps tighter on the back of better-buying interests in front-to-belly bank papers, though we saw Chinese RMs selling issues with longer tenors (more than 10yrs). RAKUTNs closed

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unchanged to 0.3pt lower. See our comments on Rakuten 1Q26 results [yesterday](#). Japanese and European AT1s and insurance subs were down 0.3-0.5pt amid better selling, primarily in the long end and belly of the yield curve. In SE Asian space, SMCGL Perps/PCORPM 7.35 Perp lost 0.3-0.4pt. See comments on Petron 1Q26 results below. TOPTB/PPTGC Perps leaked 0.3-0.6pt. GLPSPs/VEDLN 28-33s were 0.1-0.4pt lower. In LGFV space, we saw largely stable two-way flows among Chinese RMs, mainly in CNH and higher-yielding USD issues.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TSINGH 6 1/2 01/31/28	92.2	0.6	WESCHI 10 1/2 11/11/29	89.0	-1.3
DEVPHI 2 3/8 03/11/31	90.8	0.5	HYSAN 4.85 PERP	76.1	-1.2
YANTZE 3.2 10/16/49	73.1	0.5	WESCHI 9.9 12/04/28	89.4	-1.2
KNBZMK 4.759 09/05/34	98.9	0.4	GENTMK 8.3 PERP	97.5	-0.9
VLLPM 7 1/4 07/20/27	53.3	0.4	PMBROV 11 1/2 02/18/30	84.6	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.07%), Dow (+0.32%) and Nasdaq (-0.51%) were mixed on Monday. 5/10/30 year UST yield was higher on Monday. 2/5/10/30 year yield was at 4.07%/4.27%/4.61%/5.14%.

❖ Desk Analyst Comments 分析员市场观点

➤ PCORPM: 1Q26 margin under pressure amid refinery outages and Middle East supply shock

Table 1: Petron's o/s USD bond

Security name	ISIN	Ask px	Yield to next reset	Amt o/s (USDmn)	First call date	Coupon reset date	Coupon (incl. step-up)	Step-up (bps)	Issue rating (M/S/F)
PCORPM 7.35 Perp	XS3178401793	101.7	6.5%	475	22 Aug'28	22 Sep'28	3yrUST+6.375%	250	Unrated

Source: Bloomberg.

We maintain buy on PCORPM 7.35 Perp (coupon reset Sep'28) for its attractive carry. At 101.7, PCORPM 7.35 Perp is trading at yield to first reset of 6.5%. We like Petron's smooth access to diverse funding channels as well as notably lower refinancing pressure after the exchange and tender offers. We acknowledged that Petron maintains track records of calling its perps on the first coupon reset dates; PCORPM 7.5 Perp in Aug'18, PCORPM 4.6 Perp in Jul'23 and PCORPM 5.95 Perp in Apr'26.

Petron's 1Q26 revenue rose 27% yoy to PHP246.0bn, driven by a 13% yoy increase in sales volumes to 34.62mn barrels and elevated fuel prices. However, cost of sales rose by 30% yoy to PHP235.5bn during the quarter, due to the suspension of refinery operations in Malaysia (Port Dickson Refinery, under repairs after the tropical storm in Nov'25) and reduced outputs in the Philippines (Bataan Refinery, under scheduled maintenance). Coupled with the conflict in the Middle East, Petron therefore need to source crude oil outside the conflict zone and replaced the refinery outputs with purchased products at an elevated price given the supply disruptions. Dubai crude averaged USD86/bbl in 1Q26, up 12% yoy. Hence, gross profit declined 22% yoy to PHP10.5bn, with gross margin compressed to 4.3% in 1Q26 from 6.9% in 1Q25. In 1Q26, Petron's EBITDA fell 33% yoy to PHP8.8bn on 12% yoy increase in SG&A expenses, largely employee costs and repairs and maintenance. Overall, net profit dropped 56% yoy to PHP1.8bn.

We take comfort that Petron continued to generate positive free cash flow for net debt reduction since 1Q25. As of Mar'26, Petron's cash and ST investments surged 62% to PHP69.9bn, supported by the free cash flow of PHP17.2bn. Petron spent PHP1.6bn in capex in 1Q26, represented 5% lower yoy, reflecting disciplined spending amid the operational disruptions. Its net leverage improved to 4.3x on stronger cash position despite slightly higher gross debt and lower LTM EBITDA. Its cash to ST debt also improved to 0.6x from 0.4x as of Dec'25. We take additional comfort with Petron's good access to bank borrowings for refinancing of short-term dues. Last week, Petron secured PHP15bn short-term revolving credit facilities from the Philippines' sovereign wealth fund MIC to purchase and/or import of crude oil, refined petroleum products and related capex. In our view, this should provide additional financial flexibility to Petron to manage the ongoing supply disruption.

We understand that Port Dickson Refinery in Malaysia remains shutdown and that should continue to squeeze the refining margin. That said, the scheduled maintenance at the Bataan Refinery in the Philippines had been completed during 1Q26 and it is capable of processing oil apart from its usual Middle East crude import. With the resumption of the operation at Bataan Refinery, that should mitigate production cost pressure and support the refining margin recovery in 2Q26 and onwards from the 1Q26 levels.

Table 2: 1Q26 financial highlights

PHP mn	1Q25	1Q26	Change
Sales	194,376	246,019	27%
-Petroleum	193,644	245,192	27%
-Leasing	294	294	-
-Marketing	200	268	34%
-Others	238	265	11%
Gross profit	13,496	10,521	-22%
EBITDA	13,210	8,794	-33%
Net profit	4,025	1,778	-56%
Operating cash flow	24,483	18,863	-23%
Capex	1,710	1,628	-5%
Free cash flow	22,773	17,235	-24%
Gross profit margin	6.9%	4.3%	-2.7 pct pt
EBITDA margin	6.8%	3.6%	-3.2 pct pt
Net profit margin	2.1%	0.7%	-1.3 pct pt
	Dec'25	Mar'26	Change
Cash and ST investment	43,139	69,929	62%
Total debt	270,783	272,702	1%
Net debt	227,644	202,773	-11%
Total debt/LTM EBITDA	5.3x	5.8x	
Net debt/LTM EBITDA	4.4x	4.3x	
Cash/ST debt	0.4x	0.6x	

Note: Debt incl. perpetual securities.

Source: Company filling, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea Credit Guarantee Fund	300	3yr	4.591%	T+45	Aa2/AA/-
Oversea-Chinese Banking Corporation	500	3yr	SOFR+47	SOFR+47	Aa1/AA-/AA-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Republic of Indonesia	USD	-	5yr/ 10yr	5.3%/ 5.95%	Baa2/BBB/BBB

➤ **News and market color**

- Regarding onshore primary issuances, there were 45 credit bonds issued yesterday with an amount of RMB64bn. As for month-to-date, 490 credit bonds were issued with a total amount of RMB624bn raised, representing a 6.6% yoy decrease
- **[ADEIN]** Adani Enterprises agreed to pay USD275mn to settle a US sanctions probe tied to alleged Iran-origin LPG imports
- **[ARAMCO]** Saudi Aramco aims to boost natural gas capacity by 80% by 2030
- **[HCELEC]** Media reported Huachen Energy sounded out plan for 5-7 year extension of USD627mn HCELEC 4.65 12/29/26
- **[LGELEC]** LG Electronics faces a lawsuit in the US over the potential infringement of liquid crystal display (LCD) patents
- **[MIZUHO/RAKUTN]** Mizuho Financial plans to invest in Rakuten Group's online bank
- **[NWDEVL]** NWD chair's sister has again sold USD10mn perps and purchased USD10mn dated bonds, and now holds USD101.9mn of the preps and HKD202.8mn (cUSD25.9mn) in dated bonds; CEO of Rosewood Hotel Group Sonia Cheng said that its brands are not for sale, and there are over 30 projects set for development over the next five years; NWD is in talks to pay a fee to end its long-term rental obligations to the troubled 11 Skies shopping mall project
- **[TACHEM]** Takeda Pharmaceutical was found guilty in the US over plot to delay release of generic drug
- **[VNKRLE]** Fitch downgraded China Vanke to RD from CC following its recent completion of an onshore bond restructuring; maintained the rating at RD despite the DDE completion as the agency believes further debt restructuring or missed payments are likely in the coming weeks, given the company's tight liquidity and significant upcoming capital market debt maturities

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