

## CMBI Credit Commentary

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

- This morning, we saw better buying on short-term T2s like BNKEA/DAHSIN, which tightened 5-10bps. PBs were selling short duration, Middle Eastern front-end bank papers. VNKRL 27/GLPSP 4.6 Perp leaked 0.8pt. Zhongsheng expected to turn to loss for FY25 due to increased gross loss from automobile business, declined commissions from automobile financing, and non-cash impairments. ZHOSHK 28 was unchanged while we saw better selling from Chinese RMs.*
- WESCHI:** Potential China asset disposal to support liquidity profile. Maintain buy on WESCHI 28-29, which were unchanged this morning. See below.
- China Economy:** Softening credit demand. CMBI expects the PBOC to shift focus toward lowering the absolute cost of credit to stimulate demand; to cut LPR and RRR by 10-15 bps and 50 bps in the end of 2Q26, while focusing on targeted support through structural monetary instruments in the near term. See comments from CMBI economic research below.

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#### ❖ Trading desk comments 交易台市场观点

Last Friday, Chinese TMTs/HAOHUA/BNKEA/DAHSIN opened 1-3bps tighter, but later retraced to 2-7bps wider at Asia close. ZHOSHK 28 tightened 2bps. LASUDE 26 was 0.6pt lower. Lai Sun Development's subsidiary Lai Fung Holdings (LFH) said its 1H26 loss is expected to widen as the company recorded losses from a property disposal and asset write-downs. See our comments [last Friday](#). HYSANs were unchanged to 0.4pt lower. FOSUNI 26-29 were unchanged to 0.3pt lower, though we saw buying from Chinese AMs. WESCHI 28-29 lost 0.5-0.7pt. In Chinese properties, VNKRL 27' and 29' leaked 1.5-1.7pts. LNGFOR 27-32 were 0.1-0.4pt weaker. On the other hand, FUTLAN 28/FTLNHD 26-29 edged 0.1-0.3pt higher. KR corporate issues HYUELE/HYMNTR/POHANG/LGENSO, KR financial T2s DAESSEC/SHNHAN, JP financial names SUMIBK/SUMIFL/MUFG/MIZUHO and JP corporate names NTT/MITHCC/JERA/KANSEL widened 2-7bps. Long-end SOFTBKs lost 0.6-0.7pt. AT1s and insurance subs were another 0.3-0.5pt weaker, though some PBs bought on dip. In SE Asian space, GARUDA 31 dropped 2.9pts. Media reported that Indonesia's Danantara has decided to postpone its plan to inject IDR30tn (cUSD1.77bn) into Garuda to 2H26, from 2Q26. GLPSPs lost 0.7-1.5pts. TOPTB 6.1 Perp/PTTGC Perps were 0.5-1.1pts lower, as petrochemical and oil-related companies are prone to the ongoing war influence. SMCGL Perps were unchanged to 0.8pt lower. In the Middle East, ARAMCO 30-35s/SECO 29-36 were 0.1-0.4pt lower. The LGFV space remained largely intact from all the macro volatilities, as flows skewed to slightly better buying from RMs.

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
PMBROV 11 1/2 02/18/30	94.9	0.9	GARUDA 6 1/2 12/28/31	86.7	-2.9
HCELEC 4.65 12/29/26	65.3	0.7	VNKRLE 3.975 11/09/27	45.6	-1.7
PRXNA 4.027 08/03/50	69.3	0.5	GLPSP 4 1/2 PERP	63.3	-1.5
CCAMCL 4 3/4 12/04/37	92.9	0.5	VNKRLE 3 1/2 11/12/29	42.7	-1.5
HENLND 3 7/8 03/01/29	97.2	0.4	VLLPM 7 1/4 07/20/27	52.5	-1.4

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.61%), Dow (-0.26%) and Nasdaq (-0.93%) were lower on last Friday. The US has lifted sanctions against Russia pertaining to the delivery and sale of crude oil until 11 Apr'26. US 4Q25 GDP was +0.7% qoq, lower than the market expectation of +1.4%. US Jan'26 Core PCE Price Index was +0.4% mom/+3.1% yoy, in line with the market expectation. US Jan'26 JOLTS Job Openings was 6.946mn, higher than the market expectation of 6.76mn. UST yield bull steepened last Friday. 2/5/10/30 year yield was at 3.73%/3.87%/4.28%/4.90%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ WESCHI: Potential China asset disposal to support liquidity profile

We maintain buy on WESCHI 28-29, in view of West China Cement (Weschi)'s improving operating results, good execution of overseas expansion strategy, and considerably relieved refinancing risk following the tender offers for WESCHI 26 in Dec'25 and Feb'26, funded with the issuance of USD400mn WESCHI 28 and USD300mn WESCHI 29. Subsequently, Weschi exercised an early call on the remaining WESCHI 26 in full on 6 Mar'26.

**Table 1: Bond profile of WESCHI**

Security name	Issue amt (USD mn)	O/s amt (USD mn)	Coupon	Maturity	Ask price	YTM
WESCHI 9.9 12/04/28	400	400	9.9%	2028/12/04	98.4	10.6%
WESCHI 10.5 11/11/29	300	300	10.5%	2029/11/11	98.3	11.1%

Source: Bloomberg.

Weschi is in preliminary discussions with a potential buyer, an associate of Conch International which is a substantial shareholder of the company, regarding the disposal of certain assets in mainland China. We understand that no legally binding agreement or definitive agreement has been entered at this stage. In our view, the asset disposal, if successfully goes ahead, will strengthen Weschi's near-term liquidity profile, accelerate deleveraging through net debt reduction, as well as allow management to redeploy capital towards higher-margin overseas operations.

The asset disposal also aligns with Weschi's broader strategic pivot towards more profitable overseas business from the challenging domestic cement markets, which continued to face overcapacity and pricing pressure. Recalled that Weschi divested its non-core Xinjiang assets in Aug'25 for a total consideration of RMB1.65bn in three installments (80% in 2025, 14% in 2026, and 6% in 2027). The disposals of Xinjiang assets were part of its plan to sell non-core assets in Xinjiang, Guizhou and Sichuan for RMB2-3bn. We believe that Weschi continues to explore the sales of non-core assets in Guizhou and Sichuan, valuation of these assets should be

cRMB1.3-1.4bn. Weschi issued positive profit alert on 4 Mar'26, expecting its profit attributable to owners to increase 33-43% yoy to RMB833-896mn in FY25 which was partly driven by an increase in overseas cement sales volume. Please see comments in our daily on [5 Mar'26](#).

### ➤ **China Economy: Softening credit demand**

China's credit data suggests that liquidity remained ample but endogenous demand stayed weak in 2M26. Social financing edged up supported mainly by corporate bonds and bankers' acceptances, while M1 and M2 pointed to improving liquidity conditions. However, new RMB loans continued to fall notably, dragged by renewed household deleveraging in both consumer credit and mortgage demand. Corporate borrowing remained tilted toward short-term loans rather than long-term capex. With credit demand remained subdued, the effectiveness of liquidity provision alone is reaching its limit. We expect the central bank to shift focus toward lowering the absolute cost of credit to stimulate demand as property market continued to contract and RMB remained strong. We expect PBOC to cut LPR and RRR by 10-15 bps and 50 bps in the end of 2Q26, while focusing on targeted support through structural monetary instruments in the near term.

**Social financing flows edged up across Jan-Feb.** Outstanding social financing (SF) growth remained flat at 8.2% YoY for Feb 2026, down from 8.3% at the end of 2025. Monthly TSF rose 3.4% in Feb mostly driven by the equity financing, while combined TSF flow across Jan-Feb (sorting out the CNY impacts) rose 3.4% to RMB 9.6 tn. Government bond financing remained the key anchor at RMB2.40trn in Jan-Feb, broadly flat from a high base last year as fiscal policy remained supportive. Corporate bond financing increased 6.5% YoY to RMB655bn in Feb, while undiscounted bankers' acceptances rose sharply to RMB454bn from RMB167bn a year ago, suggesting stronger liquidity intermediation within the banking system. By contrast, new RMB loans under social financing slipped 2.1% YoY. M2 growth held at 9.0% YoY in both Jan and Feb, while M1 accelerated further to 5.9% YoY in Feb from 3.8% in Dec and 4.9% in Jan, pointing to improving liquidity conditions and somewhat better money circulation.

**New RMB loans weighed by household deleveraging while corporate demand remained cautious.** New RMB loan for Jan-Feb 2026 dropped 8.6% to RMB5.6tn. Household loans remained the most significant drag. Consumer credit demand further deteriorated in 2026 as short-term loan to household further contracted RMB360bn in Jan-Feb from RMB324bn in 2025. Medium- & long-term household loans continued to struggle, dropping 56.3% across Jan-Feb, signalling that the property market continued to slump. On the corporate side, while lending stayed positive at 2.1%, the composition shifted further toward short-term loans. Corporate M&L loans edge up by 1.8% in Jan-Feb while short-term loans significantly rose by 28%, suggesting prioritizing liquidity management over long-term capex.

**Liquidity remained ample amid persistent real-economy headwinds.** The combined Jan-Feb figures suggest that while the central bank has been effective in maintaining adequate liquidity, as seen in M1&M2, the transmission to the real economy is hindered by weak borrower sentiment. Monetary aggregates are improving, but credit aggregates, particularly long-term loans to households and private corporates, are lagging. With fragile household confidence and the property sector still in a deleveraging phase, the effectiveness of liquidity provision alone is reaching its limit. We expect the central bank to shift focus toward lowering the absolute cost of credit to stimulate demand as property market continued to sink while RMB remained strong. We expect PBOC to cut LPR and RRR by 10-15 bps and 50 bps in the end of 2Q26, while focusing on targeted support through structural monetary instruments in the near term.

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 News Issues Priced Today					

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia News Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 80 credit bonds issued on last Friday with an amount of RMB64bn. As for month-to-date, 952 credit bonds were issued with a total amount of RMB776bn raised, representing a 15.6% yoy increase
- **[BHP]** China Mineral Resources Group further expanded its ban on BHP Group iron ore imports on 12 Mar'26, the second such prohibition in two weeks
- **[LASUDE]** Lai Fung Holdings said its loss attributable to shareholders in 1HFY26 to increase by no less than 100% compared with the loss of HKD164mn (cUSD21mn) in 1HFY25, primarily attributed to the loss incurred on the sale of an accommodation tower and write-down of properties in Hengqin Novotown Phase II
- **[LINYCI]** Fitch withdrew Linyi City Development Group's BBB- ratings for commercial reasons
- **[KAISAG]** Kaisa Group received the requisite consents to amend the terms of six bonds totaling USD6.7bn
- **[MEITUA]** Media reported Meituan's CEO warned against blind expansion overseas and said the Chinese food delivery giant should remain focused on the instant retail segment
- **[MGMCHI]** MGM China will start opening 124 new accommodation suites at its MGM Cotai complex from Apr'26
- **[NWDEVL/VDNWDL]** Hong Kong's statutory authority rejected NWD's K11 Artus hotel conversion to flats
- **[PCCW/PCPDC]** Pacific Century Premium Developments to hold fixed-income investor meetings during 18-20 Mar'26; sold Pacific Century Place, Jakarta for USD400mn
- **[SJMHOL]** Daisy Ho Chiu Fung, chairman of SJM Holdings, purchased USD3mn in aggregate of the SJMHOL 6.5 01/15/31
- **[RIOLN]** Rio Tinto suspended operations at its Kennecott copper mine in Utah, US, following the death of a contract worker on 12 Mar'26

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