

## CMBI Credit Commentary

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

- *The new ICBCAS Float 29 tightened 1bp from RO at SOFR+38 this morning. Asia IG space recovered and tightened 5bps, though there were still profit-taking flows on JP FRNs. GLPSP 4.25/4.6 Perps recovered 1.3-1.4pts. NWDEVL 10.131 Perp/FAEACO 12.814 Perp/LNGFOR 32 were 0.6-0.7pt lower.*
- **Gross USD bonds issuance:** *Asia Pacific Gross USD bonds issuance increased 24.6% yoy in 2M26. See below.*
- **China Economy:** *CPI in Feb'26 rebounded to 1.3% yoy thanks to the base effect and surging tourism price during holidays. PPI beat market expectation driven by surging prices in upstream sectors including crude oil and non-ferrous metals, while PPI of consumer goods remained subdued. China appears to be edging out of deflation. See comments from CMBI economic research below.*

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#### ❖ Trading desk comments 交易平台市场观点

Yesterday, benchmark POE corporate and financial names across CN/HK/JP/KR traded 5-7bps wider. Panic selling appeared among higher betas like FRESHK/ZHOSHK and drove the bonds to 20-30bps wider. We also saw selling flows on 4-6yr FRNs issued recently like HSBC/SUMIBK/SUMITR. Selling pressure was more subdued in various quasi-sovereign bonds in KR and LINREI/HKE in HK. These widened only 1-5bps. NWDEVL/VDNWDL complex were 0.1-1.3pts lower, while FAEACO 12.814 Perp rose 1.1pts. As for other higher-yielding names in the region, FOSUNI 26-29 lost 0.1-2.4pts after profit warning. WESCHI 28-29 leaked 0.9pt. In Chinese properties, FUTLAN 28/FTLNHD 26-29 were down by 0.1-0.5pt. See our comments [yesterday](#) on Seazen in relation to the results of tender offer and announcement of plan to issue commercial REITs. LNGFOR 27-32 dropped 1.9-2.6pts after profit warning and further deterioration of 2H25 results. In SE Asian space, PTTGC Perps were down another 1.3-1.8pts after Fitch revised the rating outlook of PTT Global Chemical to negative from stable while affirmed the company's BBB-rating. TOPTB 6.1 Perp also lost 1.3pts. GLPSPs dived 1.8-2.8pts. In JP space, long-end SOFTBKs leaked 1.2-1.4pts. Japanese and Yankee AT1s and insurance subs dropped by another 1.0-2.0pts, as selling accelerated especially across on-the-run issues and long-end bonds of HSBC/UBS/INTNED/BNP, whereas a small number of RMs/prop desks would pick up the papers at cheaper prices. In the Middle East, FABUH/BSFR/ARAMCO were 0.2-0.7pt lower.

In LGFVs, more HFs were selling short-dated papers in attempt to recycle cash to buy the dip elsewhere. Having said that, the space overall remained resilient from the macro shock as bonds remained supported by Chinese RM buyers across USD and CNH papers.

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TTMTIN 4.35 06/09/26	99.6	1.7	GARUDA 6 1/2 12/28/31	89.8	-2.9
CNOOC 5 3/4 01/26/41	109.7	1.2	GLPSP 4 1/2 PERP	64.6	-2.8
FAEACO 12.814 PERP	82.3	1.1	LNGFOR 3.85 01/13/32	72.9	-2.6
CHIOLI 5.35 11/15/42	96.0	0.9	FOSUNI 6.8 09/09/29	96.5	-2.4
YANTZE 3.2 10/16/49	77.4	0.9	GLPSP 4.6 PERP	61.7	-2.4

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.83%), Dow (+0.50%) and Nasdaq (+1.38%) were higher on Monday. Brent and West Texas Intermediate both plunged 10% to less than USD90 a barrel again. Japan's 4Q25 GDP increased by +0.3% qoq, higher than the market expectation of +0.1% qoq. UST yield bull flattened on Monday. 2/5/10/30 year yield was at 3.56%/3.71%/4.12%/4.72%.

## ❖ Desk Analyst Comments 分析员市场观点

➤ **Gross USD bonds issuance: Asia Pacific Gross USD bonds issuance increased 24.6% yoy in 2M26****Gross USD issuance of Asia Pacific increased 24.6% yoy in 2M26**

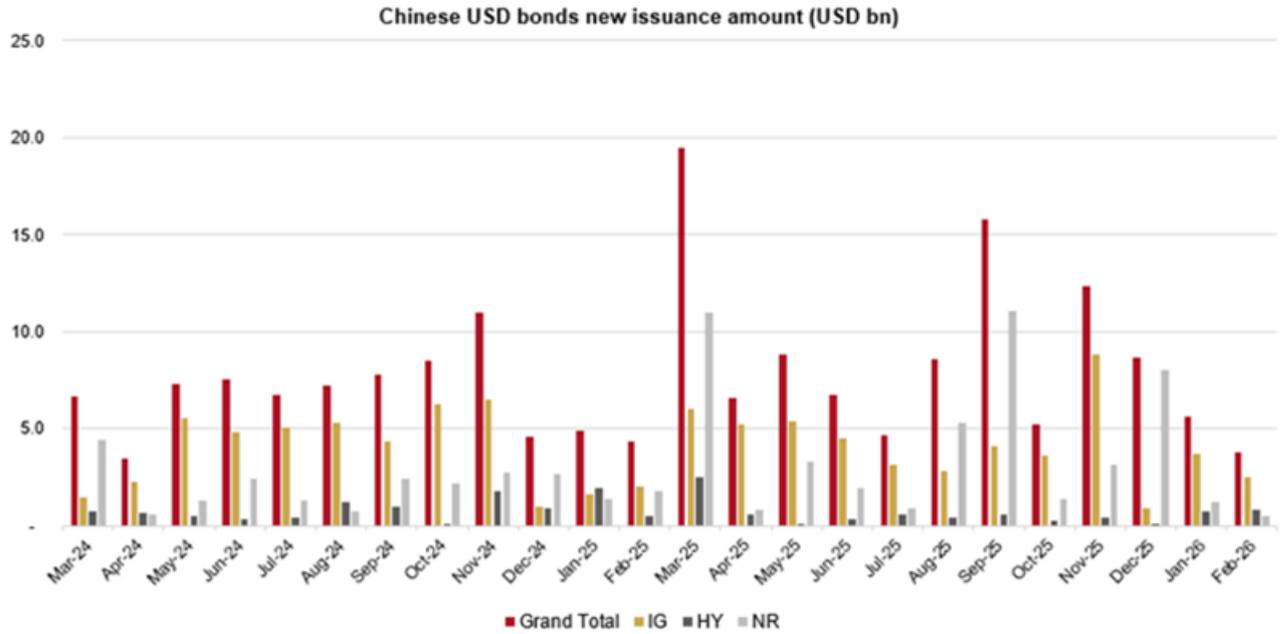
In Feb'26, the gross issuance of USD bonds from Asia Pacific increased by 29.3% yoy to USD21.7bn. Japan (USD10.0bn), South Korea (USD4.7bn) and China (USD3.8bn) were among the top issuers. 65.5% of the gross issuance amount were IGs. By sector, financials (59.5%), sovereigns (16.1%) and materials (6.9%) were among the top issuers. Cumulatively, the gross issuance of USD bonds in Asia Pacific rose 24.6% yoy to USD72.1bn in 2M26. Japan (USD20.9bn), South Korea (USD15.1bn) and China (USD9.4bn) were among the top issuers. 81.4% of the gross issuance amount were IGs. By sector, financials (64.7%), sovereigns (12.4%) and utilities (5.5%) were among the top issuers.

**Gross USD issuance of Asia ex-JP, AU & NZ rose 22.1% yoy to USD42.2bn in 2M26**

In Feb'26, the gross issuance of USD bonds from Asia ex-JP, AU & NZ increased by 47.4% yoy to USD11.2bn. South Korea (USD4.7bn), China (USD3.8bn) and Thailand (USD1.0bn) were among the top issuers. 46.2% of the gross issuance amount were IGs. By sector, financials (44.0%), sovereigns (31.2%) and communications (8.9%) were among the top issuers. Cumulatively, the gross issuance of USD bonds in Asia ex-JP, AU & NZ increased by 22.1% yoy to USD42.2bn in 2M26. South Korea (USD15.1bn), China (USD9.4bn) and Indonesia (USD4.2bn) were among the top issuers. 73.0% of the gross issuance amount were IGs. By sector, financials (47.5%), sovereigns (21.2%) and utilities (8.3%) were among the top issuers.

**Gross USD issuance of China increased 2.7% yoy in 2M26 to USD9.4bn**

In Feb'26, the gross issuance of USD bonds from China totaled USD3.8bn, decreased 12.1% yoy. IGs, HYs, and unrated contributed 65.9%, 20.9% and 13.2% of the gross issuance amount, respectively. By sector, financials (64.5%), metals & mining (13.2%) and LGFVs (12.8%) were among the top issuers. Cumulatively, gross issuance of USD bonds from China totaled USD9.4bn in 2M26, representing a 2.7% yoy increase. IGs, HYs, and unrated contributed 65.5%, 16.5% and 18.0% of the gross issuance amount, respectively. By sector, financials (58.6%), communications (15.9%) and real estate (10.8%) were among the top issuers.



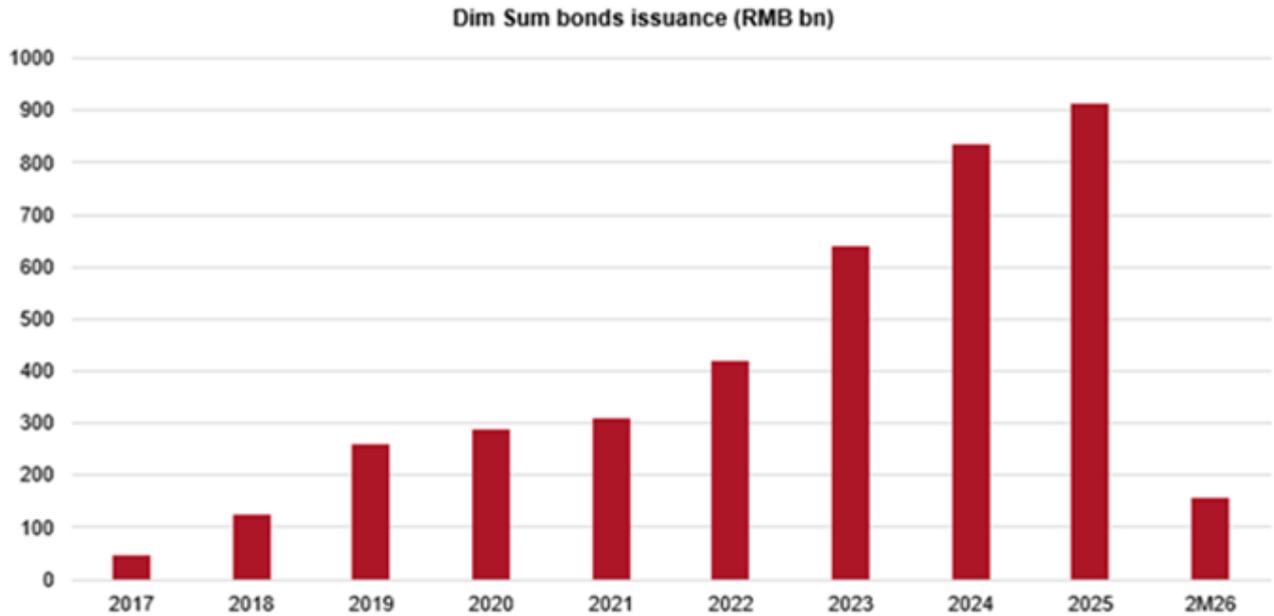
Source: Bloomberg.

**Gross USD issuance of Middle East increased 33.9% yoy to USD67.4bn in 2M26**

In Feb'26, the gross issuance of USD bonds from the Middle East decreased by 53.7% yoy to USD10.9bn. The UAE (USD4.9bn), Turkey (USD3.8bn) and Qatar (USD1.6bn) were among the top issuers. 14.9% of the gross issuance amount were IGs, 20.2% were HYs, and 64.9% were NR. By sector, sovereigns (48.5%), financials (30.4%), and real estate (10.1%) were among the top issuers. Cumulatively, the gross issuance of USD bonds in the Middle East increased by 33.9% yoy to USD67.4bn in 2M26. Saudi Arabia (USD27.1bn), the UAE (USD11.6bn) and Turkey (USD10.9bn) were among the top issuers. 65.6% of the gross issuance amount were IGs, 18.7% were HYs, and 15.6% were NR. By sector, sovereigns (43.6%), financials (32.2%) and energy (8.4%) were among the top issuers.

**Dim Sum bonds issuance dropped 30.3% yoy to RMB157.8bn in 2M26**

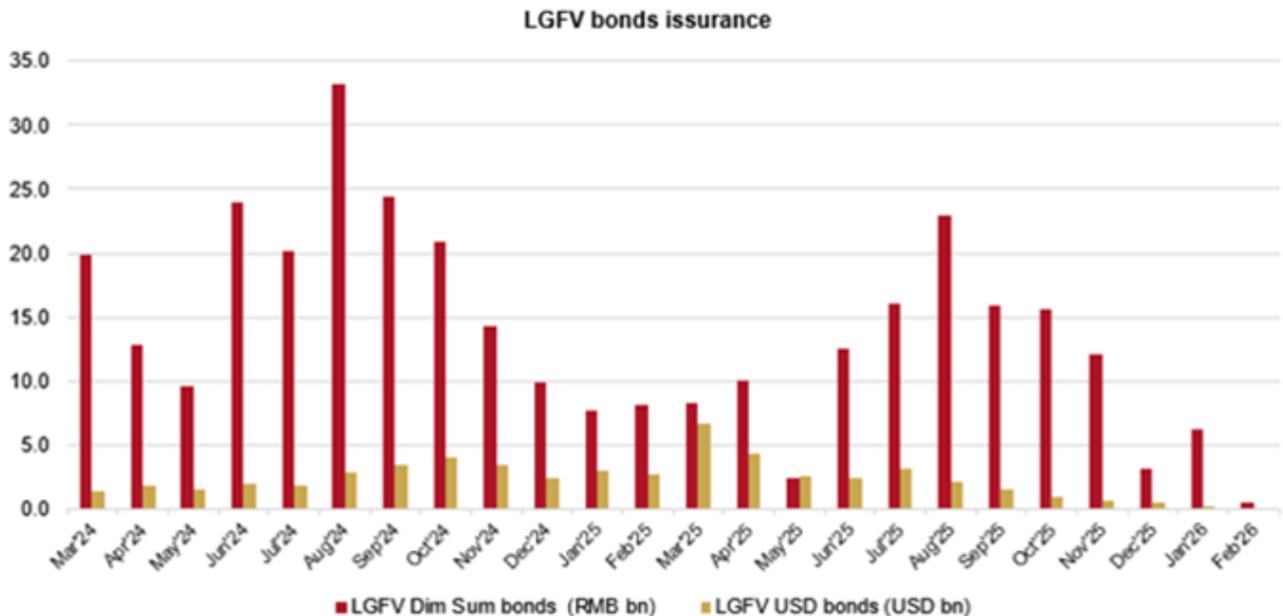
In Feb'26, the gross issuance of Dim Sum bonds was RMB94.3bn, decreased 32.4% yoy. China (RMB67.0bn), US (RMB10.7bn) and Indonesia (RMB9.3bn) were among the top issuers. 10.5% of the gross issuance amount were IGs. By sector, sovereigns (77.7%), financials (20.5%) and real estate (0.7%) were among the top issuers. Cumulatively, the gross issuance of Dim Sum bonds was RMB157.8bn, decreased 30.3% yoy in 2M26. China (RMB95.6bn), US (RMB25.3bn) and UK (RMB9.8bn) were among the top issuers. 9.7% of the gross issuance amount were IGs. By sector, sovereigns (46.4%), financials (43.2%) and LGFV (4.3%) were among the top issuers. Meanwhile, the gross issuance of Asia ex-JP, AU & NZ Dim Sum bonds totaled RMB77.6bn in Feb'26 and RMB108.8bn in 2M26, decreased 43.1% and 48.5% yoy, respectively.



Source: Bloomberg.

**Lower issuance of USD and Dim Sim bonds from LGFVs**

In Feb'26, the gross USD bonds issuance of LGFVs decreased by 82.0% yoy to USD485.5mn, and Dim Sum LGFV bonds issuance decreased by 93.9% yoy to RMB500mn. Cumulatively, the gross USD bonds issuance of LGFVs decreased by 89.6% yoy to USD590mn in 2M26, and Dim Sum LGFV bonds issuance decreased by 57.2% yoy to RMB6.8bn. The lower LGFV Dim Sum bonds issuance in 2M26 was partly due to the tightened regulatory environment starting from 4Q24 to limit onshore investors' allocations to LGFV Dim Sum bonds through Southbound Bond Connect.



Source: Bloomberg.

## ➤ China Economy: Edging out of deflation

CPI in Feb rebounded to 1.3% thanks to the base effect and surging tourism price during holidays. Food and goods prices increased less than seasonal patterns would suggest in Jan-Feb, while other service price remained tepid. PPI beat market expectation again driven by surging prices in upstream sectors including crude oil and non-ferrous metals, while PPI of consumer goods remained relatively subdued. China appears to be edging out of deflation, yet the recovery of price-wage transmission remained fragile as reflation remained largely supply-driven, while the final consumption demands were still subdued and the energy inflation driven by Middle East tensions would erode real purchasing power. As price level—corporate earnings—household income transmission remained uneven, we reckon breaking the deflation spiral durably would require sustained fiscal expansion and demand-side stimulus, which came under expectations in the NPC meeting. Looking forward, we expect the CPI, PPI and GDP deflator to reflate from 0.1%, -2.6% and -1% in 2025 to 1.1%, 0.5% and 0.8% in 2026. We expect the PBOC to utilize its structural monetary tools in the near term, and lower the interest rate and RRR by 10bps and 50 bps by the end of 2Q26, as the real estate market continues to soften.

**CPI beat market expectation.** China's CPI YoY accelerated to 1.3% in Feb from 0.2% in Jan, notably beating the market expectation of 0.9%. In sequential terms, CPI picked up to 1% MoM in Feb from 0.2% in Jan. Average MoM growth in Jan-Feb rose 0.6%, broadly in line with historical CNY seasonality. Food and goods prices increased less than seasonal patterns would suggest, while service price rose stronger than usual. Vegetables and crops prices dropped -2.5% and -0.2% MoM on average in Jan-Feb, while meat price rose 2.6%. Vehicle fuel prices also rose by 0.8% MoM on average in Jan-Feb, as global crude oil prices surged ahead of the US-Iran conflicts. We expect headline CPI to drop to 1.1% as surging food price and service price driven by the CNY retreat in Mar, while energy price should further rise.

**Core CPI rose to the highest in years driven by tourism price.** Core inflation rose to 1.8% YoY in Feb, thanks to the lower base last year, marking the highest reading since 2019. Core CPI MoM expanded to 0.5% on average in Jan-Feb, better than the 0.2% historical seasonality, driven primarily by tourism, which notably rose 8% MoM on average in Jan-Feb, beating its historical seasonality at 2.5% MoM. Other services, on the other hand, remained subdued as housing rent, education and telecom service showed limited growth and were weaker than seasonality. Durable goods saw a mixed picture as auto and telecom equipment rose 0.2% and 0.5% on average in Jan-Feb, while home equipment dropped 0.2%. Non-durable goods edged down in Jan-Feb, as clothing and footwear dropped 0.2% and 0.1% on average. Other supplies and services which include gold jewellery—surged 2.5% MoM in Feb, as gold prices continued to pick up.

**PPI sustained its momentum driven by energy and non-ferrous metals prices.** The YoY contraction of PPI narrowed to -0.9% in Feb from -1.4% in Dec, beating market expectations of -1.2%. MoM growth was another 0.4% in Feb driven by reflation in upper stream industries. PPI for producer goods rose 0.5% MoM in Feb, as extraction sector surged 1.2% MoM in Feb, with crude oil & natural gas and non-ferrous metals mining picking up 5.1% and 7.1% in Feb. Raw materials and processing sectors rose 0.2% and 0.6% MoM in Feb, as chemical products manufacturing and non-ferrous metal smelting & processing rose 1.3% and 4.6% MoM. AI-related sectors including semiconductors and storage device saw notable price increases, while anti-involution sectors including lithium batteries, cement and photovoltaic equipment continued to see price reflation. However, downstream sectors remained subdued, as PPI of consumer goods stayed nearly flat at 0% MoM. Household necessities and clothing dropped by 0.4% and 0.2% MoM respectively, while durable goods rebounded 0.3% in Feb.

**China is edging out of deflation, yet reigniting a sustained price-wage spiral remains an uphill task.** China appears to be edging out of deflation, with policymakers committed to returning CPI to positive territory. Yet, the recovery of price-wage transmission remained fragile: price gains in CPI were largely driven by food

and gold jewellery, while energy inflation driven by Middle East tensions would erode real purchasing power rather than stimulating it. The PPI divergence between resilient upstream energy and metal prices driven by international commodities prices, against still-weak downstream consumer goods, shows a possible broken transmission mechanism, where rising input costs compress mid- and downstream margins rather than lifting them. Without a self-reinforcing wage-consumption cycle, this structural price uptick is better read as a moderation of deflationary pressure than a genuine inflationary turn, in our view. Breaking the spiral durably will require sustained fiscal expansion to support employment and household incomes, as PPI to corporate earnings transmission remained uneven. Looking forward, we expect the CPI, PPI and GDP deflator to reflate from 0.1%, -2.6% and -1% in 2025 to 1.1%, 0.5% and 0.8% in 2026. We expect the PBOC to utilize its structural monetary tools in the near term, and lower the interest rate and RRR by 10bps and 50 bps by the end of 2Q26, as the real estate market continues to soften.

Click [here](#) for the full report.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Industrial and Commercial Bank of China Limited Hong Kong Branch	1000	3yr	SOFR+38	SOFR+38	A1/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Laizhou Finance Investment Science City (Guangzhou)	USD	-	3yr	5.9%	NR
Investment Group Co., Ltd.	USD	-	2yr	4.95%	-/-/BBB

➤ **News and market color**

- Regarding onshore primary issuances, there were 91 credit bonds issued yesterday with an amount of RMB94bn. As for month-to-date, 511 credit bonds were issued with a total amount of RMB437bn raised, representing a 25.9% yoy increase
- Kazakhstan may place Panda bonds as soon as next month and could seek USD500mn
- **[ACENPM]** ACEN 2025 EBITDA was up 17% to PHP22.5bn (cUSD380.1mn)
- **[ARAMCO]** Saudi Aramco cuts output at two oilfields during Strait of Hormuz disruption
- **[COSL]** China Oilfield Services priced CNH5bn 3-year Reg S senior unsecured dim sum bond (A3/-/A-) at 1.95%, tightened from IPT at 2.45%
- **[GLPSP]** Media reported GLP plans Hong Kong IPO to raise at least USD1bn
- **[GRNKEN]** Media reported Greenko Energies mulls USD1bn IPO in India

- **[RIOLN]** Rio Tinto halts sale of titanium business as the Iran war created greater difficulties in striking a deal with potential Chinese buyers

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