

**CMBI Credit Commentary****Fixed Income Daily Market Update 固定收益部市场日报**

- *Asia IG space was strong this morning, the front-end of China IGs were 1-5bps tighter. CCAMCL 26-30s tightened 2-5bps. The new GRNCH '28 was 0.2pt lower after the announcement of tap at 100.5.*
- **RAKUTN:** *First operating profit in five years. Maintain buy on RAKUTN 5.125 Perp and RAKUTN 8.125 Perp. See below.*
- *President Xi Jinping hosted a symposium with the leaders of non-stated-owned enterprises yesterday including Alibaba, BYD, DeepSeek, Huawei, Meituan, Tencent, and Xiaomi. Long-end BABA/TENCNT tightened 5bps yesterday, BABA 31s/XIAOMI 30s tightened 1-3bps this morning.*

**❖ Trading desk comments 交易平台市场观点**

Yesterday, the flows in Asia IG space were light quiet amid US holiday. The recent new MIZUHO/SUMIBK Float 30-31s were 1-2bps wider. LGNSO 34s widened 2bps on profit taking. In Chinese IGs, the long end of BABAs/TENCNTs tightened 5bps. In financials, CCAMCL/ORIEAS 26-30s were 3-6bps tighter on better buying from RMs/AMs. CFAMCI 29s/30s were 0.3-0.5pts higher (15-20bps tighter), while CFAMCI Perp was 0.1pt lower (5bp wider) on better selling. See our comments on Chinese AMCs on [17 Feb '25](#). FRESHK 28s tightened 5bps on better buying from global AMs. In T2s, DAHSIN 31-33s tightened 5-10bp. BNKEA/NANYAN 34s were 4-5bps tighter amid mixed two-way flows. In EU AT1s, INTNED 7.25/HSBC 6.95 Perps were 0.1-0.3pt higher in light of lower rates. In JP, MYLIFE/NIPLIF 53-54s were up 0.4-0.5pt. RAKUTN Perps were up 0.1-0.3pt. In HK corps, NWDEV 28-31s/Perps were 1.2-2.3pts higher after closing 0.2-4.3pts higher over the last week. In Chinese properties, the new GRNCH 8.45 '28 retreated 0.2pt from Fri close on AM taking profit and closed at 100.8. SHUION 26s/VNKRLE 25-29s retreated 0.4-0.7pt. On the other hand, DALWAN 26s increased 1.2pts. FTLNHD/FUTLAN 25-26s were 0.6pt higher. SOE properties such as CHJMAO/YXREIT 26s were up 0.2-0.4pt. Outside properties, FOSUNI 26-27s were up 0.3pt. In India, ADSEZs/ADANEMs/ADGREGs were up 0.4-0.7pt.

LGFVs remained very firm thanks to relentless deployment from Chinese RMs. There was yield compression led by the 8%-10% yielding papers, whilst the low-teens yielding papers remained sought after although we gradually saw some more offers in Shandong names. CPDEV 26s/ZHHFGR 25s were up 0.1pt. There were two-way interests on CNH names such as CHDOHU 26s/HSNCII 28s. In SOE perps, CHPWCN/CHSCOI Perps were up 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 8 5/8 02/08/28	61.8	2.3	SHUION 5 1/2 06/29/26	91.2	-0.7
NWDEVL 3 3/4 01/14/31	51.1	1.9	VNKRLE 3 1/2 11/12/29	65.1	-0.7
NWDEVL 4 1/2 05/19/30	51.5	1.7	CHGRID 4 05/04/47	87.4	-0.7
NWDEVL 6.15 Perp	40.7	1.5	VNKRLE 3.975 11/09/27	73.2	-0.6
NWDEVL 4 3/4 01/23/27	65.6	1.3	ROADKG 6.7 03/30/28	48.3	-0.5

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – US stock markets closed on Monday. UST yield were unchanged, 2/5/10/30 yield stayed at 4.26%/4.33%/4.47%/4.69%.

## ❖ Desk Analyst Comments 分析员市场观点

➤ **RAKUTN: First operating profit in five years. Maintain buy on RAKUTN 5.125 Perp and RAKUTN 8.125 Perp**

Rakuten reported record-high full year revenue in FY24 at JPY2.3tn, representing 10% yoy increase from FY23 with improvements in all three segments. Rakuten also delivered the first operating profit in FY24 since FY19 at JPY7bn, the EBITDA also increased 120% yoy to JPY326bn. See Table 2. Rakuten achieved all three FY24 financial targets, i.e. full-year non-GAAP consolidated operating income profit, monthly EBITDA profit for Rakuten Mobile, and self-funding at the group level. For FY25, Rakuten targets to grow its consolidated non-GAAP operating profit, and achieve full-year EBITDA profit for Rakuten Mobile.

In Dec'24, Rakuten Mobile achieved first monthly EBITDA profit at JPY2.3bn since the company entered into the mobile network operation and APRU exceeded JPY3,000 during the same month. The breakthroughs were attributable to [increasing](#) number of subscribers as network quality improved, as well as the boost from Saikyo Thanks Festival held in Dec'24. Rakuten expects to hold the event regularly. Rakuten aims to have 10mn subscribers in the near-term, increase from 8.3mn as of Dec'24 and 6.53mn as of Dec'23.

Moreover, Rakuten has achieved self-funding at the group level in FY24, the cash flow generated was sufficient to fund the needs of mobile businesses, capex as well as interest payments. In FY25, Rakuten budgets JPY150bn capex for bandwidth expansion and new base stations. The FY25 budget is higher than the actual spending of JPY81bn in FY24, owing to some of the investment were postponed to FY25 from FY24. We expect Rakuten to fund the capex by the internal resources. As at Dec'24, Rakuten's cash on hand increased to JPY6,171bn because of higher operating cash flow and lower capex than FY23 of JPY168bn. The total debts (incl. perps) was JPY5,860bn, implying a net cash position of JPY311bn (cUSD2bn). We consider Rakuten's liquidity profile sufficient over the medium term.

Rakuten has already addressed all bonds maturing or reaching their call dates by end of 2025. Rakuten conducted a partial buyback of the two JPY-denominated bonds totaled JPY40bn. The two bonds are first callable in Nov-Dec'25 in Feb'25 and total outstanding amount is JPY36bn after the partial redemptions, funded by the issuance of RAKUTN 8.125 Perp of USD550mn in Dec'24. In 2026, RAKUTN 5.125 Perp of USD750mn will be first callable in Apr'26 as well as four JPY-denominated bonds totaled JPY89bn (cUSD586mn) will be matured. We expect that Rakuten will tap the bond markets continuously for refinancing, supported by its improving operating performance and operating cash flow generation.

**Table 1: Bond profile of Rakuten**

Security Name	ISIN	Amt o/s (USDmn)	Ask Px	Ask YTM/YTC	First call date	Coupon reset	Step-up (bps)	Issue rating (M/S/F)
RAKUTN 11.25 02/15/27	US75102WAG33	1,800	110.5	5.6%	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	US75102WAK45	2,000	111.0	6.7%	-	-	-	-/BB/-
RAKUTN 5.125 Perp	US75102WAA62	750	98.5	6.5%	22 Apr'26	5yUST+4.578%	25	-/B/-
RAKUTN 8.125 Perp	US75102WAM01	550	102.0	7.6%	15 Dec'29	5yUST+4.000%	25	-/B/-
RAKUTN 6.25 Perp	US75102WAB46	1,000	93.2	7.7%	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

YTD, RAKUTNs were up by 0.9-2.7pts. Despite the convictions are now lower, we maintain buy on RAKUTN 5.125 Perp and RAKUTN 8.125 Perp, in view of yield pick-up and good carry within the RAKUTN curve. At 98.5, RAKUTN 5.125 Perp is trading at YTC of 6.5%, offers yield pick-up of 88bps over RAKUTN 11.25 02/15/27. RAKUTN 8.125 Perp is trading at YTC of 7.6% at 102.0, offers yield-pick up of 95bps over RAKUTN 9.75 04/15/29 with 8 months longer in “tenor”.

We see a good chance of Rakuten to call the perps on first call dates, in view of its improving operating performance and good access to various funding channels. We have a neutral recommendation on RAKUTN 6.25 Perp as we prefer shorter tenor facing our expectation of higher rate volatility.

**Table 2: Financial highlights of Rakuten**

JPYbn	FY23	FY24	Change
Revenue	2,071	2,279	10%
-Internet services	1,212	1,282	6%
-FinTech	725	820	13%
-Mobile	365	441	21%
Operating profit/(loss)	(153)	7	NA
EBITDA	148	326	120%
Net loss attributable to the owner of the company	339	162	-52%
Operating cash flow	724	1,191	65%
Capex	194	84	-57%
	<b>Dec'23</b>	<b>Dec'24</b>	<b>Change</b>
Cash on hand	5,128	6,171	20%
Total debts (incl. perps)	5,112	5,860	15%

Source: Company filling, CMBI Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Qingdao Jiaozhou Bay Development Group	160	3yr	7%	7%	Unrated
Hong Kong JY Flower/ Kunming Industrial Development & Investment	220	1.5yr	8.5%	8.5%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
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Hutchison Port Holdings Trust	USD	-	5yr	T+110	Baa1/A-/-
Kansai Electric Power	USD	-	5yr	T+100	A3/-/-
ORIX Corporation	USD	-	10yr	T+115-120	A3/BBB+/A-
Sumitomo Mitsui Financial Group	USD	-	PerpNC10.25	6.875%	A1/A-/A-
The Government of Mongolia	USD	-	5yr	7.125%	-/B+/B+

### ➤ News and market color

- Regarding onshore primary issuances, there were 109 credit bonds issued yesterday with an amount of RMB87bn. As for month-to-date, 472 credit bonds were issued with a total amount of RMB385bn raised, representing a 1.9% yoy decrease
- The Reserve Bank of Australia cut interest rates by 25bps to 4.1%, the first easing since Nov'20
- Indonesian President signed a regulation on 17 Feb'25 requiring exporters of resources other than oil and gas to hold all proceeds locally for at least a year starting from 1 Mar'25, which he said would add USD80bn to the country's forex reserves. Oil and gas exporters will only have to keep 30% of proceeds onshore, in line with the 2023 rule
- [CQNANA]** Chongqing Nan'an District Urban Construction & Development extends expiration deadline of tender offer for CQNANA 4.98 05/06/25 to 21 Feb'25 from 18 Feb'25
- [GRNCH]** Greentown China Holdings announced tap of GRNCH 8.45 02/24/28, FPG at 100.5
- [IHFLIN]** Sammaan Capital to partner with global credit funds to enter high-yield loan market and build a INR150bn (cUSD1.73bn) loan book, expects its first deal in the segment in Mar'25
- [MONGOL]** The Government of Mongolia will accept USD391.7mn of MONGOL 5.125 04/07/26 tendered in full, acceptance of USD377.8mn of MONGOL 8.65 01/19/28 tendered will be subject to the size of the new bonds offering
- [NWDEVL]** Media reported that NWD sends out proposal to banks for refinancing HKD60bn-equivalent of loans, and NWD offers to pledge onshore and offshore assets totaled HKD120bn (cUSD15.4bn) including K11 Art Mall, 11 Skies shopping mall and K11 Atelier office building

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