

CMBI Credit Commentary

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

The Asset G3 Bond Benchmark Review 2026

- This morning, we saw better selling in the new HKTGHD 36 and 10yr AU T2s, versus better buying in 3-5yr Chinese SOEs and leasing names, but their spreads were largely unchanged. JP and European AT1s were 0.3pt lower to 0.3pt higher. GLPSP 4.6 Perp gained 0.6pt. ACPM 4.85 Perp was 0.2pt higher. EHICAR 26-29 were 0.2-0.3pt lower. 10yr CNH issues leaked 0.3pt amid profit taking from AMs.*
- SMCGL:** *The minimum 8.75% initial distribution rate for the new USD perp is fair. See below.*
- SOFTBK:** *SoftBank Group's mobile payment unit PayPay agreed to buy a 70.2% stake in T&D Financial Life Insurance in cash for JPY134.3bn (cUSD839.7mn). SOFTBKs moved -0.1pt to +0.2pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new BZLNZ Float 31 tightened 7bps from RO at SOFR+79, and BZLNZ 4.757 06/10/31 traded 3bps tighter from T+55. On the other hand, the new HKTGHD 36 widened 2bps from RO at T+73 amid better selling. In secondary IG space, 10yr LINREI/KUAISH/LGENSO papers closed 1-3bps wider amid selling pressure. Chinese TMTs TENCNT/XIAOMI/JD were unchanged amid two-way flows. ZHOSHK 28 lost another 0.6pt. In higher-yielding space, EHICAR 26 rose 8.6pts, though there was no particular news to explain the gain. In Chinese properties, VNKRL 27' and 29' gained 0.4-0.5pt. FUTLAN 28/FTLNHD 27-29 were 0.1pt lower to 0.1pt higher. In SE Asian space, GLPSP Perps edged 0.3-0.4pt higher, while GLPSP 28/GLPCHI 29 were unchanged to 0.3pt lower. INDYIJ 29/MEDCIJ 28-30 were unchanged to 0.3pt lower. TOPTB/PTTGC Perps lost 0.1pt. In JP, SOFTBKs retraced up to 1.0pt. Japanese and European AT1s leaked by 0.1-0.2pt, driven by small better selling from London. Insurance subs weakened by 0.1pt amid better selling in the long end from AMs and prop desks. In LGFV space, we continued to see that USD papers were under selling pressure across credit curves, whilst CNH issues remained sought after by HFs, tactical investors and cross-border RMs. Elsewhere, long-end CNH issues retraced by 0.3-0.6pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHICAR 7 09/21/26	78.0	8.6	SOFTBK 8 1/2 04/22/36	105.0	-1.0
LUSOIB 7.2 06/30/33	101.3	0.7	SOFTBK 8 1/4 10/29/65	98.5	-0.7
IPTBZU 6.45 10/09/30	100.6	0.5	ROADKG 6 03/04/29	19.4	-0.7
TACHEM 5.8 07/05/64	98.1	0.5	SOFTBK 7 5/8 04/29/61	97.7	-0.6
TAISEM 2 1/2 10/25/31	90.4	0.5	ZHOSHK 5.98 01/30/28	96.1	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.41%), Dow (+1.73%) and Nasdaq (-0.09%) were mixed on Thursday. US latest initial jobless claims were 225k, higher than the market expectation of 214k. UST yield were lower on Thursday. 2/5/10/30 year yield was at 4.05%/4.18%/4.47%/4.97%.

❖ Desk Analyst Comments 分析员市场观点

➤ **SMCGL: The minimum 8.75% initial distribution rate for the new USD perp is fair****Table 1: Bond profiles of SMCGL**

Security name	ISIN	Px	Yield to next reset	Amt o/s (USDmn)	First call date	Coupon reset date	Coupon reset (incl. step-up)
SMCGL 5.45 Perp	XS2346954873	99.7	6.1%	683.5	9 Dec'26	9 Dec'26	5yUST+7.155%
SMCGL 8.75 Perp	XS2883979705	101.7	8.2%	900.0	12 Jun'29	12 Sep'29	5yUST+7.732%
SMCGL 8.125 Perp	XS2943809900	99.7	8.2%	600.0	2 Dec'29	2 Mar'30	5yUST+6.404%
SMCGL 8.95 Perp	XS3121131125	102.2	8.3%	515.0	24 Apr'30	24 Jul'30	5yUST+7.445%
SMCGL 8.375 Perp	XS3242497538	99.6	8.5%	300.0	20 Oct'30	20 Jan'31	5yUST+7.123%

Source: Bloomberg.

Table 2: Indicative timetable of the exchange and tender offer and concurrent new issue

Event	Time
Expiration deadline	8 Jun'26 4pm GMT
Pricing date	On or around 9 Jun'26
Result announcement date	On or around 10 Jun'26
Settlement date	On or about 17 Jun'26

Source: Company's filing.

San Miguel Global Power (SMCGL) plans to issue new USD perp to fund the exchange and tender offers at par for all of the SMCGL 5.45 Perp of USD683.5mn. We view the minimum initial distribution rate of 8.75% as fair, in view of the valuation of SMCGL 8.375 Perp (first coupon reset in Jan'31). See Table 1.

The new perp's coupon will be reset in Jun'31 to 5yrUST+initial spread+step-up margin of 250bps, and is first callable at par three months prior to the coupon reset date. The reset formula and step-up are the same as those of SMCGL's existing USD perps. The net proceeds from the new perp will be used to fund the exchange and tender offers, any remainder may be allocated to pre-development costs of solar and hydropower energy projects and capex related to BESS projects.

Holders may split their positions and elect either exchange or tender for each portion. SMCGL will accept all bonds submitted under the par-for-par exchange, while tenders will be accepted up to the amount of net proceeds from the new issuance. The new perp will carry identical terms and fungible with the exchanged securities.

The exchange and tender offers demonstrated once again SMCGL's ability and track records to manage the early redemptions of its perps proactively, supported by the company's good access to onshore and offshore funding channels. Recalled that SMCGL exchanged and tender-offered for SMCGL 5.7 Perp in Dec'25, and exchanged SMCGL 7 Perp and SMCGL 5.7 Perp in Jul'25. Additionally, SMCGL maintains track records of calling its perps on the first coupon reset dates, i.e. SMCGL 7.5 Perp in Nov'19, SMCGL 6.75 Perp in Feb'21, SMCGL 6.5 Perp in Apr'24, SMCGL 5.95 Perp in May'25, and SMCGL 7 Perp in Oct'25, and SMCGL 5.7 Perp in Jan'26.

Within the SMCGL curve, we prefer SMCGL 8.125 Perp and SMCGL 8.95 Perp for better risk-return profiles in view of their higher YTC in the Asia corporate perps universe, and better trading liquidity compared to that of SMCGL 8.375 Perp despite its higher YTC. We also have buy recommendation on PCORPM 7.35 Perp issued by SMCGL's affiliate Petron Corp. We consider these Philippine perps low-beta and good carry plays.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB99bn. As for Month-to-date, 343 credit bonds were issued with a total amount of RMB372bn raised, representing a 286.6% yoy increase
- Indonesia is targeting increasing its oil lifting output to 615,000 barrels per day (BOPD) in 2027 from 610,000 BOPD projected for 2026
- **[HUANEN]** Fitch upgraded Huaneng Group and Huaneng International by one notch to A from A- on its critical role in energy security, renewable expansion and market stability; outlook stable
- **[HYUELE]** SK Hynix wins strong backing from investors for US listing plan
- **[VEDLN]** Vedanta said no penalty/restriction imposed on company following ED search operation
- **[VNKRLE]** UOB seized control of China Vanke's Bush Tower in Midtown Manhattan

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