CMB INTERNATIONAL 招银国际

Fixed Income
Credit Commentary

3 Jul 2026

CMBI Credit Commentary

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

- *Asian IG credits were unchanged to 2bps tighter this morning. GENTMK/MTRC Perps edged 0.1-0.3pt higher. SOFTBK 29-31 were 0.2-0.3pt higher. GLPSPs/GLPCHI lost 0.4-0.6pt. ZHOSHK 28 was down 0.3pt. We saw two-way flows in LGFVs.*

- ***RAKUTN:*** *Government subsidies help mitigate the incremental capex needs for the satellite project. Maintain buy on RAKUTN 8.125 Perp, which was unchanged this morning. See below.*

- ***VEDLN:*** *Vedanta Resources obtained bondholders approval on the consent solicitation proposals for VEDLN 30-33s, consent fee payment expected on or about 16 Jul'26. VEDLNs were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, the recent new issues MIZUHO 30-47s and SUMIBK 32-47s traded 2-5bps tighter. In JP, RESLIF 6.875 Perp edged 0.1pt higher, while NOMURA 7 Perp lost 0.2pt. SOFTBKs traded unchanged to 0.5pt lower. Media reported that SoftBank restarted talks for an USD10bn loan backed by OpenAI stock. RAKUTNs were largely unchanged. See comments below. European AT1s traded largely unchanged to 0.2pt lower amid better selling from AMs. In Chinese IG, TMT TENCNT/BABA/KUAISH 10yr papers tightened 2-5bps. ZHOSHK 28 was down 0.3pt. MTRC Perps down 0.2pt. In Chinese higher-yielding papers, WESCHI 28-29 leaked 0.1-0.3pt. EHICARs were down 0.1-0.6pt. The Macau gaming complexes were 0.1pt lower to 0.1pt higher. See our comments yesterday on Macau gaming 1H26 GGR. In Chinese/HK properties, The NWDEVL/VDNWDL complexes were 0.1pt lower to 0.7pt higher. LASUDE 26 was down 0.6pt. Lai Sun Development secured 96% bondholders approval for amendments on LASUDE 26, and meanwhile, Lai Sun Development completed 50% stake sale of Central office property. VNKRLE 27-29 were 0.2pt lower to 0.1pt higher. LNGFOR 28-32 closed unchanged to 0.1pt lower. In LGFV space, we saw better buying across USD and CNH issues from RMs. In SE Asia, GLPSPs/GLPCHI overall edged 0.6-1.1pts higher, except GLPSP 4.6 Perp lost 0.2pt. VEDLN 28-37s were 0.1pt lower to 0.4pt higher. TOPTB/PTTGC Perps were unchanged to 0.1pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 7 3/4 04/30/29	**86.8**	**1.1**	CFAMCI 5 1/2 04/27/47	**97.9**	**-1.0**
VLLPM 7 1/4 07/20/27	**69.7**	**0.8**	EHICAR 12 09/26/27	**44.5**	**-0.6**
GLPSP 9 3/4 05/20/28	**86.0**	**0.8**	PLNIJ 6 1/4 01/25/49	**97.3**	**-0.6**
NWDEVL 10.131 PERP	**97.9**	**0.7**	PERTIJ 6.45 05/30/44	**101.3**	**-0.6**
GLPSP 7.865 PERP	**58.0**	**0.6**	PLNIJ 4 7/8 07/17/49	**80.3**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.00%), Dow (+1.14%) and Nasdaq (-0.80%) were mixed on Thursday. US Jun'26 Nonfarm Payrolls were +57k, lower than the market expectation of +114k. US Jun'26 Unemployment Rate was 4.2%, lower than the market expectation of 4.3%. US latest Initial Jobless Claims were 215k, lower than the market expectation of 219k. UST yield bull steepened on Thursday. 2/5/10/30 year yield was at 4.14%/4.23%/4.49%/4.98%.

❖ Desk Analyst Comments 分析员市场观点

➢ RAKUTN: Government subsidies help mitigate the incremental capex needs for the satellite project

Table 1: Bond profile of RAKUTN

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM/ YTC	First call date	Coupon reset	Step-up (bps)	Issue rating (M/S/F)
RAKUTN 11.25 02/15/27	USJ64264AG96	1,800	103.5	5.4%	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	USJ64264AK09	2,000	108.8	6.2%	-	-	-	-/BB/-
RAKUTN 8.125 Perp	USJ64264AM64	550	102.9	7.2%	15 Dec'29	5yUST+4.000%	25	-/B/-
RAKUTN 6.25 Perp	USJ6S87BAX69	1,000	95.4	7.4%	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

We maintain buy on RAKUTN 8.125 Perp, in view of attractive yield pick-up and carry within the RAKUTN curve. The perp is trading at a YTC of 7.2% at 102.9, offering c100bps pick-up over RAKUTN 29 with 8 months longer in "tenor". We continue to see a good likelihood of Rakuten calling the perp at the first call date, supported by improving operating performance, diversified funding access, and a consistent call track record. We are neutral on RAKUTN 6.25 Perp, with a preference for shorter tenor given our expectation of higher rate volatility. Please also refer to our comment on Rakuten's 1Q26 results in our daily on 18 May'26.

We view the reported JPY150bn (cUSD924mn) government subsidy over three years, supporting Rakuten's domestic satellite project as reducing the near-term cash burden associated with building a satellite communication network in Japan. Rakuten is also in discussions with AST SpaceMobile to form a JV for the project. We expect the subsidy to partially offset upfront capex, particularly for equipment procurement and ground infrastructure. However, Rakuten will still need to fund ongoing network integration and operating costs, and we therefore expect meaningful positive EBITDA contribution only in the medium term, following the initial rollout phase. We also acknowledge that the satellite initiative could slow Rakuten's deleveraging trajectory given incremental capex requirements.

That said, we take comfort from management's target to reduce non-FinTech net interest-bearing debt/EBITDA to below 5.0x by Dec'27, from 5.6x as of Mar'26, supported by proactive maturity management and continued EBITDA growth across the group. In our view, the government subsidy provides a buffer to mitigate the initial cash outlay, allowing Rakuten to pursue the satellite opportunity without fundamentally derailing its deleveraging path. We continue to see ongoing liability management to support Rakuten's credit profile. In addition, the subsidy and JV structure could facilitate access to alternative funding channels, helping to contain incremental leverage.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
IIFL Finance	300	4yr	7.75%	7.75%	Ba3/B+/B+

➢ **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 71 credit bonds issued yesterday with an amount of RMB59bn. As for Month-to-date, 131 credit bonds were issued with a total amount of RMB130bn raised, representing a 7% yoy decrease

- The US resumed some dollar cash shipments to Iraq after suspending them in Apr'26

- **[MINMET]** Moody's upgraded China Minmetals by one notch to A3 from Baa1; outlook stable

- **[PKX/POHANG/POINTL]** POSCO Holdings is targeting a revenue of KRW87.9tn (cUSD56.5bn) in 2028, with operating profit at KRW6.7tn (cUSD4.3bn)

- **[SHFOLD]** SF Holding repurchased USD59.799mn SFHOLD 2.875 02/20/30, outstanding amount reduced to USD493.039mn

- **[SOFTBK]** SoftBank to set up neocloud business in US, tentatively named SB Neo

- **[VEDLN]** Vedanta Resources obtained bondholders approval on the consent solicitation proposals for VEDLN 9.475 07/24/30, VEDLN 11.25 12/03/31, VEDLN 9.125 10/15/32, and VEDLN 9.85 04/24/33, consent fee payment expected on or about 16 Jul'26; Hindustan Zinc 1QFY27 mined metal output rose 1% yoy to 268k tons

- **[VNKRLE]** China Vanke unit rolled over RMB55mn Bank of Shanghai loan

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