

CMBI Credit Commentary

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

The Asset G3 Bond Benchmark Review 2026

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- This morning, the new fixed and floating NAB 29s tightened 2-3bps from RO at T+37 and SOFR+54, respectively. The new STANLN 7 Perp edged 0.6pt higher from RO at par. LGENSOs tightened 1-2bps amid better buying. SOFTBK 65/GENTMK 8.3 Perp gained 0.4pt. NWDEVL 5.25 Perp/EHICAR 27 were down 0.4-0.5pt.*
- XIAOMI:** Weaker 1Q26 results amid significant increase in key component prices and subsidies paid for vehicle purchase tax. Chinese TMT names were unchanged this morning. See below.*
- BTSDf:** Media reported that H&H is in talks with lenders for a cUSD400mn loan refinancing. The proposed facility is expected to have a three-year maturity, with a two-year extension option, and the indicative price talk is at a margin between 200bps and 300bps. BTSDf 28 was unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, WESCHI 28-29 led the space and rose 1.9-2.2pts. GLPSPs/GLPCHI edged another 1.2-1.5pts higher. FOSUNI 27-29/HONGQIs were unchanged to 0.1pt higher. Fitch changed the outlook of China Hongqiao to positive from stable and affirmed BB+ ratings on improved debt structure, strong profitability, robust cash flow generation, and solid industry fundamentals. In HK, MTRC Perps lost 0.1-0.2pt. FAEACO 12.814 Perp was 0.3pt lower. Front-end Hong Kong T2s like the BNKEA and NANYAN 34s faced selling pressure but closed largely unchanged. In Chinese properties, VNKRL 27-29/FUTLAN 28/FTLNHD 27-29 were unchanged to 0.2pt lower. Chinese TMTs were overall unchanged amid two-way flows. See our comments below on XIAOMI 1Q26 results. Taiwan Lifers/LGENSO/POHANG and the recent new issue HANFGI 31 widened by 1-3bps. In SE Asian space, VEDLN 28-33s gained 0.1-0.5pt. See our thoughts on Vedanta's plan to tap the USD bond market [yesterday](#). SMCGL Perps/MEDCIJ 28-30 were 0.1pt lower to 0.1pt higher. GENTMKs and TOPTB/PTTGC Perps were unchanged to 0.2pt lower. Southeast Asian T2s like the BBLTB curve tightened 3-5bps amid better buying from PBs. In JP space, SOFTBKs were unchanged to 0.2pt higher. Japanese and European AT1s, as well as insurance subs were unchanged to 0.5pt lower. STANLN 7 Perp/SANTAN 8 Perp lost 0.5pt. The LGFV space remained largely stable, despite better-selling flows in lower-yielding USD papers. The new SDECDI 4.25 05/01/29 weakened by 0.3pt from RO at par.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
WESCHI 10 1/2 11/11/29	89.9	2.2	STANLN 7 PERP	101.2	-0.5
WESCHI 9.9 12/04/28	90.9	1.9	CHIYBK 5 3/4 04/07/32	99.9	-0.5
GLPSP 9 3/4 05/20/28	87.0	1.5	ACPM 5 1/8 PERP	81.6	-0.5
GLPSP 7.865 PERP	58.6	1.3	SANTAN 8 PERP	107.5	-0.5
GLPCHI 7 3/4 04/30/29	87.3	1.3	ACNRGY 5.1 PERP	81.6	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.58%), Dow (+0.05%) and Nasdaq (+0.91%) were higher on Thursday. The US Apr'26 Core PCE Price Index increased by 0.2% mom and 3.3% yoy, the prior lower than the forecast of 0.3% mom, while the latter same as market expectation. The Apr'26 Durable Goods Orders rose 7.9% mom, higher than the market expectation of a 4.0% mom increase. The US Initial Jobless Claims was +215k, higher than the expectation of +211k. The US Crude Oil Inventories was -3.327mn, higher than the market expectation of -3.8mn. UST yield were lower on Thursday. 2/5/10/30 year yield was at 3.99%/4.15%/4.45%/4.98%.

❖ Desk Analyst Comments 分析员市场观点

➤ **XIAOMI: Weaker 1Q26 results amid significant increase in key component prices and subsidies paid for vehicle purchase tax**

For the Chinese TMT credits, we prefer BBB over A given the formers' more balanced risk-return profiles. Within the BBB subset, we continue to prefer MEITUAs and XIAOMIs in view their more solid credit and liquidity profiles despite their weakened operating performance. We also prefer bonds with tenors of 3-to 5-year given our expectation of high UST volatility, especially in the long-end of the curve. Hence, we maintain buy on XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31. In this subset, we also like MEITUA 3.05 10/28/30 and MEITUA 4 1/2 05/05/31.

Table 1: Bond profile of XIAOMI 30-31 and peers

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
LENOVO 3.421 11/02/30	US526250AB16	900.023	94.7	88	4.8%	4.0	Baa2/BBB/BBB
LENOVO 6.536 07/27/32	US526250AE54	562.5	108.3	104	4.9%	5.0	Baa2/BBB/BBB
MEITUA 3.05 10/28/30	US58533EAC75	1250	92.7	104	4.9%	4.0	Baa1/BBB+/BBB+
MEITUA 4 ½ 05/05/31	US58533EAG89	600	97.9	111	5.0%	4.3	Baa1/BBB+/BBB+
XIAOMI 3.375 04/29/30	US98422HAA41	600	95.7	72	4.6%	3.6	Baa1/BBB/BBB+
XIAOMI 2.875 07/14/31	US98422HAC07	800	92.0	76	4.6%	4.6	Baa1/BBB/BBB+

Source: Bloomberg.

The revenue of Xiaomi decreased by 10.9% yoy to RMB99.1bn in 1Q26, against the backdrop of geopolitical uncertainties, significant increase in prices of memory and commodities, and intensified industry competition. Revenue in Smartphone x AIoT dropped 14.5% yoy, partially offset by a 6.9% yoy revenue growth in Smart EV, AI and other new initiatives. The significant rise in memory cost has continued to impact the overall smartphone industry. Within the Smartphone x AIoT segment, Xiaomi's smartphones revenue declined by 12.5% yoy due to the lower shipment volumes, partially offset by higher ASP. During the quarter, the shipment volumes of Xiaomi's smartphones decreased 19.2% yoy to 33.8mn units due to product optimization and reduction in

shipments of mid and low-end smartphones. Nonetheless, Xiaomi remained as the world's 3rd largest smartphone manufacturer (after Samsung and Apple) by shipment volumes with a market share of 11.3%. The smartphone ASP increased by 8.2% yoy to record high of RMB1,310 per unit. Its revenue of IoT and lifestyle products declined 23.7% yoy, as a result of lower revenue in the Chinese Mainland after the reduction in national subsidies. However, overseas IoT and lifestyle products revenue reached a record high.

Xiaomi's Smart EV segment revenue increased 6.9% yoy and reached RMB19.9bn in 1Q26, driven by a 6.6% yoy growth in vehicle deliveries, partially offset by a 1.3% yoy decrease in ASP to RMB238,301. The increase in vehicle deliveries was primarily due to the introduction of Xiaomi YU7 Series, while decline in ASP was a result of subsidies for vehicle purchase tax of cRMB10-15k and the sales of in-stock vehicles with lower ASP. On 19 Mar'26, Xiaomi launched the New-Generation Xiaomi SU7 Series, and lock-in orders surpassed 80k vehicles by 6 May'26. As per the company's earnings call, Xiaomi did not sell any of the old SU7 in Jan-Feb'26 but delivered 26,000 of the new SU7 between the launch date in Mar'26 and 23 Apr'26. Xiaomi also introduced on 21 May'26 the new XIAOMI YU7 GT, a premium sports car priced at RMB389,900. The new products will boost both the ASP and vehicle deliveries of the smart EV segment revenue in the coming quarters. In our view, the growing contribution from smart EV should help to mitigate the softened smartphone market.

Although gross margin in both the Smartphone x AIoT segment and Smart EV segment declined in 1Q26, the overall GP margin of Xiaomi in 1Q26 was largely stable at 22.0%, compared to 22.8% in 1Q25. The margin decline was affected by rising prices of key components, intensified competition in the Chinese mainland, and subsidies for vehicle purchase tax. Its EBITDA declined 54.4% yoy to RMB5.4bn in 1Q26, with EBITDA margin narrowed 5.2 pct. pt. to 5.4%. The EBITDA margin was attributable to higher R&D and SG&A expenses.

As of Mar'26, Xiaomi had net cash (unrestricted cash and short term investments minus total debts) of RMB62.9bn, representing a 12.2% decrease from RMB71.6bn as of Dec'25. In 1Q26, Xiaomi recorded a net cash outflow from operating activities was RMB1.8bn in 1Q26, compared to a net cash inflow of RMB4.5bn in 1Q25. This reflected Xiaomi's halved PBT and increased income tax paid from RMB2.2bn to RMB3.9bn. Additionally, Xiaomi's capex during the quarter increased 20% yoy to RMB3.3bn. Nonetheless, Xiaomi maintains a strong liquidity profile with unrestricted cash to ST debts ratio at 2.5x. We expect Xiaomi to maintain a sizeable net cash position over the medium term as increasing R&D expenses and capex will be largely covered by internal resources, supported by the growing contribution from the Smart EV segment.

Table 2: Xiaomi's financial highlights

RMB mn	1Q25	1Q26	Change
Revenue	111,293	99,142	-10.9%
-Smartphone x AIoT	92,713	79,277	-14.5%
-Smart EV and other new initiatives	18,580	19,864	6.9%
Gross profit	25,406	21,810	-14.2%
EBITDA	11,747	5,360	-54.4%
Profit for the period	10,893	4,735	-56.5%
Operating cash flow	4,509	(1,792)	-139.7%
Gross margin	22.8%	22.0%	-0.8 pct pt
-Smartphone x AIoT	22.8%	22.5%	-0.3 pct pt
-Smart EV, AI and other new initiatives	23.2%	20.1%	-3.1 pct pt
EBITDA Margin	10.6%	5.4%	-5.2 pct pt
Net profit margin	9.8%	4.8%	-5.0 pct pt

Smartphone ASP (RMB)	1,211	1,310	8.2%
Smartphone shipment (mn unit)	41.8	33.8	-19.2%
Smart EV ASP (RMB)	238,301	235,116	-1.3%
Smart EV deliveries (unit)	75,869	80,856	6.6%

RMB mn	Dec'25	Mar'26	
Cash and bank balances	26,914	26,334	-2.2%
Short-term bank deposits and investment	80,782	71,891	-11.0%
Unrestricted cash and ST investment	107,697	98,225	-8.8%
ST debts	13,202	10,361	-21.5%
LT debts	22,921	25,007	9.1%
Total debts	36,124	35,367	-2.1%
Net cash	71,573	62,858	-12.2%
Cash/ST debts	2.0x	2.5x	

Source: Bloomberg, CMBI FICC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Jinan Licheng	130	3yr	4.75%	4.75%	Unrated
National Australia Bank Ltd	1250/	3yr/	T+37/	T+37/	Aa2/AA-/-
	750/	3yr/	SOFT+54/	SOFT+54/	
	1000	11NC10	T+118	T+118	

➤ 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 86 credit bonds issued yesterday with an amount of RMB78bn. As for month-to-date, 1,334 credit bonds were issued with a total amount of RMB1,505bn raised, representing a 2.7% yoy decrease
- **[BTSDf]** Media reported that H&H is in talks with lenders for a cUSD400mn loan refinancing. The proposed facility is expected to have a three-year maturity, with a two-year extension option, and the indicative price talk is at a margin between 200bps and 300bps
- **[DFHOLD]** Korea Investment & Securities unit OKX will acquire stake in virtual asset exchange Coinone for up to USD400mn
- **[GRNCH]** Greentown China onshore unit priced up to RMB2bn of bonds

- **[HONGQI]** Fitch changed the outlook of China Hongqiao to positive from stable and affirmed BB+ ratings on improved debt structure, strong profitability, robust cash flow generation, and solid industry fundamentals
- **[HYUNHI]** HD Hyundai Heavy and rival are likely to team up for USD19.25bn nuclear sub project
- **[JD]** JD.com's planned USD2.6bn Ceconomy acquisition faces in-depth EU probe
- **[LASUDE]** Lai Sun Development will sell 98.27% of Camper & Nicholsons International
- **[LGCHEM]** LG Chem's US unit and DTE Energy will invest USD1.6bn in clean energy
- **[LGELEC]** LG Electronics Indian unit got a USD12mn tax demand
- **[LINREI]** Link REIT FY26 revenue dropped 2% to HKD13.9bn (cUSD1.8bn)
- **[NOMURA]** Nomura raised key performance targets for FY30 pretax profit target by 50% to more than USD4.7bn
- **[PDD]** PDD-owned Temu was fined USD233mn by EU for selling illegal products
- **[SCUCIG]** Fitch withdrew Hangzhou Shangcheng Urban Construction & Comprehensive ratings for commercial reasons
- **[SKONKR]** SK On President, CEO Seok-hee Lee plans to step down due to health reasons
- **[SOFTBK]** SoftBank to redeem all o/s USD669.3mn of SOFTBK 4 07/06/26
- **[SWIRE]** Swire's bottling business opened two manufacturing plants in China, adding an expected production capacity of more than 3.1mn tons a year
- **[YLLGSP]** Moody's withdrew Yanlord's rating for business reasons

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