Fixed Income
Credit Commentary

18 Sep 2026

CMBI Credit Commentary

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

- *This morning, the BOJ raised its policy rate by 25bps to 1.25%, a 31-year high. Asia IG spreads were unchanged to 2bps tighter. Flows were mixed, with two-way flows in 5yr paper and switching from front-end paper into Perps/AT1s. Asia HY sentiment improved. We saw better buying in long-end Japanese subs and gained 0.5-0.8pt.*

- ***INDYIJ:** Strong 1H26 performance supports attractive carry; monitor DSI implementation risk. Maintain buy on INDYIJ 8.75 05/07/29, which was 0.1pt higher this morning. See below.*

- ***INTNED:** ING will redeem USD1.5bn INTNED 5.75 Perp on the first call date on 16 Nov'26. INTNEDs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG traded in a broadly risk-on tone, as the Fed outcome appeared to alleviate some investor concerns around the monetary-policy path and the outlook for rates and credit duration. Bonds were generally 2-4bps tighter across the space. Chinese TMT benchmarks opened 3-5bps tighter on duration buying, although spread sellers used the move to offload risk, with bonds subsequently giving back 1-2bps of the initial gains. Bank T2 BNKEA/BBLTB/DAHSIN were 2-4bps tighter. China AMC were unchanged to 3bps tighter. We also saw significant buying interest in the front-end, low-spread '27-'29 papers, particularly in recent new issues that had been pressured by the earlier rates sell-off. Korean quasi-corporates KOMIPW/KOSOPW/KOEWPW/KOROIL '28s/'29s tightened 2-5bps. The c5yr belly was relatively quiet. Korean securities houses DAESEC/NHSECS/HYUSEC tightened 4-6bps.

In higher-yielding space, long-end and belly insurance subs and AT1s rebounded 0.3-0.5pt post-FOMC amid a flattening move in rates. The move was led by on-the-run Japanese issues, including SONYLF/KAMPOS/MIZUHO/SUMIBK, and was followed by European names. Short covering and RM risk replenishment supported the recovery. Front-end paper also edged 0.1-0.2pt higher despite weaker rates, as overall risk sentiment improved. Elsewhere, the SOFTBK USD curve rebounded 0.3-0.5pt on the Apollo loan headline. The rest of Asia high-beta credits and perps were marginally firmer, although flows remained skewed toward modest net selling, given their relative resilience through the macro move. Chinese industrial names FOSUNI/WESCHI dropped 0.1-0.2pt. Chinese/HK developers CHJMAO/CHIOLI/GRNCH were unchanged to 0.5pt higher. NWDVELs were weak and down 0.1-1.3pt. VNKRLE '27/'29 dropped 0.1-1.3pts. USD LGFVs yielding inside 6% remained under heavy selling pressure, alongside selected SOE perps and Chinese AT1s, as their spreads had become very tight following the rates move. In contrast, USD LGFVs yielding 7% or above remained broadly supported. CNH LGFVs had a slower

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but stable session alongside the broader CNH universe. Client interest was limited outside several onshore RM accounts, amid heightened volatility in the USD market. CNH TMTs were unchanged to 0.2pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change
VLLPM 7 1/4 07/20/27	**87.9**	**1.4**
ARAMCO 6 02/02/56	**90.9**	**1.2**
GLENLN 6 11/15/41	**98.4**	**1.2**
ARAMCO 6 3/8 06/02/55	**95.8**	**1.2**
RIOLN 5 7/8 03/14/65	**96.8**	**1.2**

Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	**51.7**	**-1.3**
NWDEVL 4.8 PERP	**50.0**	**-1.3**
NWDEVL 8 5/8 02/08/28	**94.1**	**-1.1**
NWDEVL 6 1/4 PERP	**57.5**	**-0.6**
NWDEVL 4 1/8 PERP	**81.2**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.14%), Dow (+0.61%) and Nasdaq (+1.69%) were higher on Thursday. UST yield was lower Thursday. 2/5/10/30 year UST yield was at 4.67%/4.78%/4.94%/5.29%.

❖ Desk Analyst Comments 分析员市场观点

➢ INDYIJ: Strong 1H26 performance supports attractive carry; monitor DSI implementation risk

Table 1: Indika o/s USD bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	Ask YTM	Issue rating (M/S/F)
INDYIJ 8.75 05/07/29	USY71247AA15	555	102.3	7.2%	B1/-/B+

Source: Bloomberg.

We maintain buy on INDYIJ 8.75 05/07/29 at 102.3 (YTM of 7.2%). Indika's 1H26 operating performance improved on stronger coal prices, while liquidity remained solid and leverage declined. We continue to view the bond as an attractive carry play in Asia HY, supported by financial flexibility, diversified funding access and Indika's track record of proactive liability management.

We view Indonesia's plan to centralize strategic commodity exports through SOE DSI introduces a new policy risk. During the transition period from 1 Sep'26 to 31 Dec'26, DSI acts as a supervisory intermediary, with exporters retaining direct customer relationships and no commission is charged. From 1 Jan'27, DSI is expected to become the sole sales agent. The key uncertainties are export price realization, cash collection timing and potential agency fees. While we do not assume a material impact on Indika at this stage, we will monitor the final framework and DSI's commercial and payment role. Separately, qualifying mining exporters may retain only 30% of export proceeds in domestic FX banks for at least three months from 1 Sep'26, compared to the standard 100% retention requirement for at least 12 months. We view the regulatory relief as supportive for corporates' flexibility in funding capex and offshore debt obligations, and expect Indonesian HY technical to remain constructive.

Indika's revenue increased 19.9% yoy to USD1,146.9mn in 1H26, supported by higher Kideco ASP and volumes and stronger Tripatra contribution. Kideco's cash cost excl. royalty rose 9.1% yoy to USD37.3/ton due to higher fuel costs. However, cash cost incl. royalty increased only 2.9% yoy to USD46.5/ton, reflecting lower royalty rates under the revised IUPK scheme. Management maintained FY26 guidance for Kideco's ASP of

USD50.3/ton and production of 30.3mt, 1H26 production represented c50% of full-year guidance. Non-coal revenue rose 38.8% yoy to USD260.2mn, or 21.9% of total revenue, from 18.6% in 1H25.

Gross profit increased 36.5% yoy to USD181.2mn and gross margin expanded to 15.8%, from 13.9% in 1H25. Adj. EBITDA rose 43.7% yoy to USD139.1mn, while operating cash flow rose 59.2% yoy to USD52.0mn. On the other hand, capex increased 78.0% yoy to USD80.1mn, represented 21.1% of FY26 guidance of USD380.4mn. Gold Awak Mas is the key investment, which Indika has spent USD340mn with the project 61% complete as of Jun’26. Based on the total budget cost of USD568mn, implying USD228mn to be spent before targeted completion in FY27. Successful commissioning should help Indika to diversify earnings going forward.

Cash increased 24.6% to USD608.1mn as of Jun’26 from Dec’25. Total debt/LTM adj. EBITDA and net debt/LTM adj. EBITDA improved to 5.0x and 2.6x, respectively. Debt maturities remain concentrated in 2029 totaled USD720mn, comprising USD555mn of bonds and USD165mn of Masmindo project-loan amortization. We view this as manageable given Indika’s liquidity and demonstrated funding access, including its recent bond tap and USD375mn secured loan raised in Jun’25 for early debt repayment and Gold Awak Mas funding. Media reported Indika is considering a stake sale in Kideco, which contributed c75% of 1H26 revenue. The transaction could enhance financial flexibility if proceeds are used for debt reduction and/or non-coal capex, in our view.

Table 2: 1H26 financial highlights

USD mn	1H25	1H26	Change
Revenue	956.8	1,146.9	19.9%
Gross profit	132.7	181.1	36.5%
Adj. EBITDA	96.8	139.1	43.7%
Operating profit	54.1	99.0	83.0%
Operating cash flow	32.7	52.0	59.2%
Capex	45.0	80.1	78.0%
Gross profit margin	13.9%	15.8%	1.9 ppts
Adj. EBITDA margin	10.1%	12.1%	2.0 ppts
Operating margin	5.7%	8.6%	3.0 ppts
KIDECO			
ASP (USD/ton)	51.2	54.7	6.8%
Production (MT)	14.5	15.2	4.8%
Cash cost (ex. royalty, USD/ton)	34.2	37.3	9.1%
Cash cost (incl. royalty, USD/ton)	45.2	46.5	2.9%
Strip Ratio (x)	5.1	5.0	-
Newcastle Benchmark	102.6	127.9	24.7%
USDmn	**Dec'25**	**Jun'26**	**Change**
Cash and cash equivalents	488.2	608.1	24.6%
Total debt	1,076.8	1,253.5	16.4%
Net debt	588.6	645.4	9.6%
Total debt/LTM adj. EBITDA	5.1x	5.0x	-
Net debt/LTM adj. EBITDA	2.8x	2.6x	-

Source: Company filling, CMBI FICC Research.

Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of Maharashtra/Gift City	500	5yr	6.112%	T+130	-/BBB/BBB-

Offshore Asia New Issues (Pipeline)

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

News and market color

- Regarding onshore primary issuances, there were 126 credit bonds issued yesterday with an amount of RMB118bn. As for month-to-date, 1,222 credit bonds were issued with a total amount of RMB1,283bn raised, representing a 13.3% yoy increase

- Indonesia to create new business entity for oil and gas to streamline cross-sector permits and provide greater flexibility in negotiating production-sharing contracts, including cost-recovery arrangements

- **[CGRNEG]** S&P affirmed Continuum Green Energy BB- rating with negative outlook; rating on parent withdrawn

- **[INCLEN/INGPHL/RPVIN]** Moody’s revised the outlook of ReNew's and four related issuers' outlook to positive from stable; ratings affirmed

- **[MEDCIJ]** Media reported Medco Energi plans USD bond to refinance MEDCIJ ’28 and MEDCIJ ‘29

- **[NWDEVL/VDNWDL]** New World Development proposes spin-off, REIT listing of Shanghai K11 property on SSE

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