CMBI Credit Commentary

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

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- *Asian IG spread tightened 2-5bps this morning. Chinese TMT and TW lifer T2s traded with active two-way flows. KR corps were 3-5bps tighter. EU AT1 rose c0.25pt. In LGFV space, we saw buying interests in Guangdong names such as GZDZCD/KCGZIG.*

- ***INCLEN/INGPHL/RPVIN:** Solid adj. EBITDA growth in 1HFY27 with improving refinancing visibility. Maintain buy on INCLEN 4.5 04/18/27, which was unchanged this morning. See below.*

- ***China Economy:** Upstream gains, downstream strains. CMBI views moderating PPI inflation could support a broader economic recovery if driven by a sustained decline in oil prices, which would ease downstream cost pressures and improve household purchasing power, making slower producer inflation potentially supportive of a broader economic recovery. See comments from CMBI economic research below.*

❖ Trading desk comments 交易台市场观点

Asia IG remained resilient yesterday amid light flows, with SG out for the holiday. Chinese IG recovered, with spread broadly tightened 1-4bps. Chinese TMT BABA/TENCNT/MEITUA were 1-3bps tighter. AMCs and financial FRNs were under active two-way flows and were 1-3bps tighter. Bank T2s NANYAN/SHCMBK/DAHSIN and TW lifer T2s were 1-4bps tighter. In KR space, financial names SHINFN/EIBKOR/NHSECS were unchanged to 2bps wider. HYUELE tightened 1-3bps. KORELE/KOBCOP/POHANG were unchanged to 2bps wider. In EU AT1 space, the recent new HSBC 7.625 Perp further rallied 0.5pt higher. LLOYDS 6 5/8 Perp/BNP 7.45 Perp/BNP 7.2 Perp/SOCGEN 8 1/2 Perp/ACAFP 7 1/8 Perp/UBS 7 Perp rose 1.0-1.4pts.

In the higher-yielding space, WLISRC '36 dropped 3.1pts. SOFTBKs further dropped 1.0-2.5pts. GLPSP/GLPCHI rose 0.1-0.4pt. Macau gaming names were mixed and moved -0.4 to +0.2pt. CNH ZHHFGR rebounded 0.5-2.0pts while CPDEV/BCDHGR decreased 0.1-0.2pt. Other Chinese property developers CHJMAO/LNGFOR/FUTLAN were 0.5-1pt higher. LGFVs recovered, with buying interest from onshore client.

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❖ **Last Trading Day's Top Movers**

Top Performers	Price	Change
CITLTD 4 3/4 02/04/36	**95.8**	**2.8**
LLOYDS 6 5/8 PERP	**97.4**	**1.4**
BNP 7.45 PERP	**98.2**	**1.2**
SOCGEN 8 1/2 PERP	**103.5**	**1.1**
ACAFP 7 1/8 PERP	**95.4**	**1.0**

Top Underperformers	Price	Change
WLISRC 7 7/8 06/23/36	**84.9**	**-3.1**
SOFTBK 7 5/8 04/29/61	**87.7**	**-2.5**
SOFTBK 8 1/4 10/29/65	**86.7**	**-1.8**
SOFTBK 6 7/8 PERP	**95.0**	**-1.7**
QDJZWD 6.95 03/31/28	**95.9**	**-1.5**

❖ **Marco News Recap 宏观新闻回顾**

Macro – S&P (+2.35%), Dow (+2.15%) and Nasdaq (+2.74%) were higher on Monday. 2/5/10 year UST yield was higher yesterday. 2/5/10/30 year UST yield was at 4.56%/4.67%/4.88%/5.26%.

❖ **Desk Analyst Comments 分析员市场观点**

➢ **INCLEN/INGPHL/RPVIN: Solid adj. EBITDA growth in 1HFY27 with improving refinancing visibility**

Table 1: RNW o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur	Issue rating (M/S/F)
INGPHL 4 02/22/27	USV4819LAA09	368	99.4	6.0%	0.3	Ba3/-/BB-
RPVIN 5.875 03/05/27	USY7279WAA90	270	99.9	6.1%	0.3	Ba3/-/BB-
INCLEN 4.5 04/18/27	USV4605MAA63	400	98.9	7.1%	0.4	Ba3/-/BB-
RPVIN 4.5 07/14/28	USY7280PAA13	585	96.8	6.5%	1.6	Ba3/-/BB-
RPVIN 6.5 02/02/31	USY72910AA35	600	97.2	7.3%	3.6	Ba3/-/BB-

Source: Bloomberg.

ReNew Energy (ReNew)'s credit profile remains underpinned by resilient operating cash generation, a growing renewables portfolio and its scaled market position as India's second-largest renewable operator by installed capacity after Adani Green. Within the ReNew complex, we continue to prefer INCLEN 4.5 04/18/27 in view of the holdco's more diversified income sources and generation mix, despite the structural subordination risk.

We view ReNew Energy's 2QFY27 results as credit positive, with a larger operating asset base and improving collections supporting debt-servicing capacity. Revenue rose 28.2% yoy to INR46.5bn and adj. EBITDA increased 28.0% yoy to INR33.6bn. Growth was primarily driven by a 29.5% yoy increase in power sales revenue to INR33.8bn, supported by stronger wind PLF, while solar PLF remained flat amid grid-related curtailment. External manufacturing sales also grew 23.0% yoy to INR12.5bn.

In 1HFY27, revenue increased 21.0% yoy to INR91.1bn and adj. EBITDA rose 19.7% yoy to INR64.0bn. Stronger manufacturing performance drove ReNew to raise the lower end of its FY27 adj. EBITDA guidance to INR105bn from INR103bn, with the upper end unchanged at INR109bn. CFe guidance remained at INR18-22bn. With 1HFY27 adj. EBITDA representing 59-61% of full-year guidance, we view ReNew as on track to meet its target. We view manufacturing continues to diversify its earnings beyond generation, despite its adj. EBITDA margin moderated to 33% in 1HFY27 from 37% in 1HFY26, as per our calculation. Management expects further moderation in 2HFY27 as industry cell capacity expands. Meanwhile, commissioned capacity increased 19.5% yoy to 13.7GW as of Sep'26. The 20.5GW committed portfolio provides visibility on further EBITDA growth, which help mitigate manufacturing margin pressure.

In 1HFY27, operating cash flow rose 28.9% yoy to INR52.5bn, outpacing the 6.8% yoy increase in capex to INR47.5bn and supporting stronger free cash flow generation. IPP receivable days fell to 63 days as of Sep'26 from 84 days a year earlier, helped by a growing contribution from faster paying central government counterparties. Cash and bank balances declined 5.6% qoq to INR72.5bn, while net leverage improved to 6.9x as EBITDA growth offset higher net debt. We expect operating cash generation and asset monetization to support gradual deleveraging. Management expects USD190mn of cash proceeds from the agreed sale of over 1GW of assets and USD84mn from the sale of its controlling stake in 3E, which should enhance financial flexibility upon completion.

On refinancing, ReNew is scheduled to redeem USD84mn of INGPHL 4 02/22/27 early on 19 Nov'26. It has obtained commitments of USD1.25bn in respect of total maturities of USD1.7bn in 2027 (incl. the three USD bonds), which provides refinancing visibility. While execution risk remains in view of the concentration of maturities first half of 2027, we take comfort from ReNew's demonstrated access to diversified funding channels, with existing liquidity totaled INR72.5bn of cash and banks balances providing an additional buffer.

Table 2: 2QFY27 and 1HFY27 financial highlights

INR mn	2QFY26	2QFY27	Change	1HFY26	1HFY27	Change
Revenue	36,266	46,487	28.2%	75,264	91,068	21.0%
Adj. EBITDA	26,240	33,588	28.0%	53,459	63,980	19.7%
Adj. EBITDA margin	72.4%	72.3%	-0.1 pct pt	71.0%	70.3%	-0.8 pct pt
Profit before tax	5,587	9,946	78.0%	13,318	18,289	37.3%
Operating cash flow	28,814	30,883	7.2%	40,690	52,453	28.9%
Capex	31,609	19,986	-36.8%	44,523	47,543	6.8%
Cashflow to equity (CFe)	4,586	10,192	122.2%	19,910	23,030	15.7%
Plant load factor						
Wind	39.0%	44.0%	5.0 pct pt			
Solar	20.0%	20.0%	-			
INR mn	**Jun'26**	**Sep'26**	**Change**			
Cash and bank balances	76,832	72,514	-5.6%			
Total debt	806,952	826,044	2.4%			
Net debt	730,120	753,530	3.2%			
Net debt/LTM adj. EBITDA	7.2x	6.9x	-			

Source: Company filling, CMBI FICC Research.

- **China Economy: Upstream gains, downstream strains**

October's inflation data highlight a widening divergence between upstream cost pressures and final-demand pricing power due to subdued final demand. CPI eased to 0.7% YoY and core inflation softened to 0.8%, as food and gold inflation weakened; durable-goods prices remained subdued and services inflation moderated, despite sharp increases in energy and electronics prices. PPI accelerated to 5.7%, driven primarily by energy and chemicals. The divergence favors selected upstream producers but threatens downstream margins as input cost hikes outpace selling prices. Aggregate industrial profits could therefore remain strong, albeit without generating a broad recovery in hiring, wages and private investment, limiting support for consumption. Moderating PPI inflation could support a broader economic recovery if driven by a sustained decline in oil prices, which would ease downstream cost pressures and improve household purchasing power, making slower producer inflation potentially supportive of a broader economic recovery.

CPI moderated as food and gold's contribution outweighed gasoline's. CPI slowed to 0.7% YoY in October from 0.9% in September, below market expectations at 0.8%. MoM was unchanged following a 0.2% increase. Food prices fell 1.0% MoM, with fresh vegetables down 5.8% and pork down 1.0%. Gold jewellery inflation slowed sharply to 4.5% YoY from 22.5%, while vehicle fuel accelerated to 20.2%. Food and gold together reduced their contributions to annual headline inflation by approximately 0.29ppt, outweighing a 0.16ppt increase in gasoline's contribution. We've seen a gradual recovery in pork price after the government intervention, as declining breeding sow inventory has driven up the pork wholesale price.

Core inflation is becoming more dependent on a technology-price impulse. Core CPI eased to 0.8% YoY in October from 1.0% in September and remained flat MoM for a second consecutive month. The gold correction explains part of the slowdown, but pricing outside gold and electronics remains subdued. Home-appliance prices fell 1.1% MoM, vehicle prices declined 0.2%, and rents slipped another 0.1%. Services inflation softened to 0.7% YoY despite the holiday-related rebound in tourism. Communication-equipment prices remained an exception, rising 16.1% YoY, but their monthly increase slowed to 1.7% from 3.6%. Further up the supply chain, electronics producer-price growth moderated to 0.1% MoM from 0.4%, suggesting that the technology-price impulse could fade before household-facing inflation strengthens.

PPI accelerated, but price transmission remains concentrated in intermediate inputs. PPI rose to 5.7% YoY in October from 5.0% in September, beating market expectations at 5.4%, although monthly inflation slowed to 0.7% from 1.2%. Energy is the major driver, as fuel processing and crude oil & gas extraction increased 6.1% and 6% respectively. Chemical-product prices rose 3.1% MoM, accelerating from 2.4%, while coal moderated to 2.7% from 9.5%. Paper products, smelting of ferrous and non-ferrous metals, machinery, automobile and other transportation equipment remained subdued. Consumer-goods PPI fell 0.1% MoM after two consecutive increases, and durable-goods prices also declined 0.1%. Meanwhile, producer purchase prices increased 1.1% MoM, exceeding factory-gate inflation of 0.7%. The divergence signals continued pressure on firms unable to pass higher costs through to customers.

The PPI–CPI divergence can lift aggregate industrial profits while weakening the breadth of the economic recovery. The gap between PPI and CPI widened to 5.0ppt from 4.1ppt, as profits are increasingly being redistributed towards energy and selected materials producers, while downstream manufacturers face higher costs and limited selling-price increases due to weak final demand. Aggregate industrial profits could consequently remain strong even as profitability deteriorates across a wider range of firms. The concentrated upstream gains may provide less support to the hiring-wages-consumption/private investment cycle than a broad earnings recovery. Moderating CPI offers households some purchasing-power relief from rising energy cost, but that benefit could be offset if employers respond to margin pressures by restraining pay and recruitment. We therefore see the divergence as a potential headwind to domestic demand, despite stronger nominal industrial revenues. Conversely, a sustained oil-price decline could improve downstream margins and household purchasing power even as PPI falls, which we believe could cultivate a healthier adjustment.

Click here for the full report.

- **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	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

- **News and market color**

  - Regarding onshore primary issuances, there were 52 credit bonds issued yesterday with an amount of RMB42bn. As for month-to-date, 336 credit bonds were issued with a total amount of RMB335bn raised, representing a 33.8% yoy decrease
  - **[ACAFP]** Credit Agricole proposes to Banco BPM to create together a new leading Italian bank
  - **[BABA]** Media reported Alibaba chip arm T-Head is planning a Hong Kong IPO next year, aiming to raise up to USD3bn
  - **[DALWAN]** Dalian Wanda Commercial Management appointed Wang Jianlin as chairman
  - **[PXCONS]** Pingxiang City Construction launched tender offer for USD193.2mn PXCONS 6.5 01/13/28 at 101.29
  - **[SOFTBK]** SoftBank Group and partners plans to invest USD1.9bn in AI infrastructure in Malaysia
  - **[ZHHFGR]** Fitch Downgraded Zhuhai Huafa Group to BB+; maintained Rating Watch Negative

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