14 Nov 2025

CMBI Credit Commentary

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

- *We saw selling on JP FRNs this morning. Yankee AT1s and insurance hybrids were down 0.1-0.3pt overall. SOFTBK 65/TAIANH 28 were 1.1-1.4pts lower. CRNAU 29s was 0.3pt higher.*
- ***RAKUTN:** On track to achieve FY25 target with record 3Q EBITDA. Maintain buy on RAKUTN 5.125 Perp and RAKUTN 8.125 Perp. See below.*
- ***China Economy:** Soft credit drags on 4Q momentum. CMBI expects 10bps LPR cut and 50bps RRR cut in Dec'25 or 1Q26. See below for comments from CMBI economic research.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the new MAYMK Float 28 tightened 4bps from pricing at SOFR+60, while the new ABCIHL 27 and ABCIHL Float 28 widened 2bps from RO at T+32 and SOFR+48, respectively. The new RESLIF 6.875 Perp rallied to 101.375 amid top-up demand from AMs and PBs but closed only 0.9pt higher from RO at par. RESLIF offers good carry of high-6% yield at the belly of the yield curve (callable in May'32) and scarcity value as a rare Aussie name. In the secondary IG space, Chinese benchmark names MEITUA/CCAMCL were 1-3bps wider, and other credit betas like ZHOSHK 28 and TW lifers SHIKON/NSINTW were 2-5bps wider amid RM selling. The NWDEVL complex was up to 0.6pt lower. EHICAR 26-27 dropped 0.5-1.8pts. In Chinese properties, VNKRLE 27-29/FUTLAN 28/FTLNHD 26-27 were unchanged to 0.2pt lower. See our comments on VNKRLE on 12 Nov'25. YUZHOU 27 increased by 0.5pt. In KR space, insurance subs TYANLI/HLINSU were 2-6bps wider, and corps/quasi-sovereign names HANMIL/HYUELE/KOBCOP/KORELE were 1-4bps wider with mixed flows. In SEA space, VLLPM 29 rose 1.3pts. GLPSPs were unchanged to 0.2pt lower. Yankee AT1s were 0.1-0.3pt weaker amid selling pressure from London, mostly in the long end and belly of the curve, while flows on front-end papers skewed towards better buying.

In LGFV space, higher-yielding papers continued to have more buying interests from HFs and dealers to prepare for next year, and onshore AAA-guaranteed issues remained sought after by RMs. Meanwhile, there were decent two-way exchanges among AMs on lower-yielding issues across both CNH and USD. JZSOCO 6 1/2 07/28/28 and TAIANH 6.9 07/16/28 were 0.5-1.1pts higher.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	**60.3**	**1.3**	EHICAR 7 09/21/26	**80.6**	**-1.8**
JZSOCO 6 1/2 07/28/28	**97.4**	**1.1**	CHGDNU 4.8 09/11/48	**92.2**	**-1.7**
YUZHOU 7 06/30/27	**11.4**	**0.5**	TOPTB 4 7/8 01/23/43	**88.1**	**-1.1**
TAIANH 6.9 07/16/28	**93.8**	**0.5**	YANTZE 3.2 10/16/49	**76.8**	**-0.9**
CCAMCL 4 3/4 12/04/37	**94.8**	**0.5**	TACHEM 5.8 07/05/64	**99.6**	**-0.8**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.66%), Dow (-1.65%) and Nasdaq (-2.29%) were lower on Thursday. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.58%/3.71%/4.11%/4.70%.

❖ Desk Analyst Comments 分析员市场观点

➢ RAKUTN: On track to achieve FY25 target with record 3Q EBITDA

We maintain buy on RAKUTN 5.125 Perp and RAKUTN 8.125 Perp, in view of the yield pick-up and good carry within the RAKUTN curve. At 99.5, RAKUTN 5.125 Perp is trading at YTC of 6.3%, offering yield pick-up of 155bps over RAKUTN 11.25 02/15/27. RAKUTN 8.125 Perp is trading at YTC of 6.9% at 104.4, offering yield-pick up of 98bps over RAKUTN 9.75 04/15/29 with 8 months longer in "tenor".

We continue to view a good chance of Rakuten calling its perps on their respective first call dates, in view of its improving operating performance and good access to various funding channels. YTD, Rakuten issued onshore bonds totaled JPY352bn. Rakuten plans to redeem RAKUTN 5.125 Perp on the first call date in Apr'26. We have a neutral recommendation on RAKUTN 6.25 Perp as we prefer shorter tenor facing our expectation of higher rate volatility.

Table 1: Rakuten's USD bond profile

Security Name	ISIN	Amt o/s (USDmn)	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	107.9	4.7%	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	USJ64264AK09	2,000	111.8	5.9%	-	-	-	-/BB/-
RAKUTN 5.125 Perp	USJ6S87BAA66	750	99.5	6.3%	22 Apr'26	5yUST+4.578%	25	-/B/-
RAKUTN 8.125 Perp	USJ64264AM64	550	104.4	6.9%	15 Dec'29	5yUST+4.000%	25	-/B/-
RAKUTN 6.25 Perp	USJ6S87BAX69	1,000	96.9	6.9%	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

Rakuten reported strong 3Q25 results, with robust revenue growth across all three segments. The 3Q25 revenue rose 11% yoy to JPY629bn, while EBITDA jumped 29% yoy to JPY119bn which is an all-time high for 3Q. For 9M25, revenue grew 11% yoy to JPY1.8tn and EBITDA surged 43% yoy to JPY302bn. Rakuten is on track to achieve its FY25 EBITDA target of over JPY400bn in view of the current run-rate. In 9M25, Rakuten's EBITDA was c75% of its FY25 target.

By segment, internet services revenue increased 11% yoy to JPY350bn in 3Q25, led by Rakuten Ichiba. Demand was boosted by users bringing forward purchases ahead of changes to the hometown tax program effective from Oct'25. As such, a reactionary yoy decline is expected in 4Q25. We also saw revenue growth in Rakuten Travel during 3Q25, supported by the World Expo and continued inbound tourism momentum.

FinTech segment revenue rose 20% yoy to JPY251bn in 3Q25, driven by an expanding customer base across the card, banking, securities, and payment businesses, all of which achieved record-high quarterly revenues in 3Q25. Rakuten Bank delivered a 21.2% ROE for 1HFY25 (ended Sep'25), benefiting from a 41% yoy rise in ordinary income supported by higher policy rates. The bank's CAR was 10.9% as of Sep'25. Rakuten insurance showed 9% yoy growth in revenue from strong sales of medical and online automobile insurances. General insurance experienced loss due to one-off adjustment to projected income and expenses of existing contracts, coupled with increased payments for Kyushu heavy rains, and we view these losses as temporary.

Mobile segment revenue grew 12% yoy to JPY119bn in 3Q25. Segment EBITDA reached JPY11bn in 3Q25 and JPY14bn for 9M25. We view Rakuten is on track to deliver full-year positive EBITDA in mobile, underpinned by solid growth in both net ARPU and subscriber numbers. Net ARPU increased 4.6% yoy to JPY2,471 in 3Q25, while total subscribers reached 9.3mn as of Sep'25, up from 7.9mn a year earlier. Rakuten aims to reach 10mn subscribers by end-2025, which should continue to support mobile revenue growth, in our view.

Despite EBITDA improvement, Rakuten reported a net loss of JPY11bn in 3Q25, mainly due to a one-off impairment charge of JPY28bn related to the withdrawal of its online supermarket business from the Kansai area. Excluding this non-cash item, net profit would have been JPY16bn in 3Q25.

Management maintained its target to lower the net debt/EBITDA (non-FinTech net interest-bearing debt to non-FinTech non-GAAP EBITDA). The LTM ratio was 8.3x as of Sep'25, and Rakuten expected the ratio to rise slightly to 8.5x in Dec'25, then decline to 6.0x in Dec'26 and below 5x in Dec'27. The deleveraging trajectory will be supported by proactive maturity management and EBITDA growth. Rakuten's consolidated equity ratio was 4.3% as of Sep'25, with management setting a mid-term target of 5% and maintaining a long-term target of 10%.

As of Sep'25, Rakuten had JPY5.3tn in cash and cash equivalents, down 14% from JPY6.2tn as of Dec'24. Rakuten recorded operating cash outflow of JPY81bn during 9M25, mainly due to a reduction in financial liabilities for securities. Capex totaled JPY157bn for 9M25, down 20% yoy. We continue to view Rakuten's capex as manageable and expect funding to come from internal resources given its sizable cash position. Rakuten is in a net debt position of JPY125bn as of Sep'25, shifted from a net cash position of JPY709bn as of Dec'24, largely due to bond redemptions during 9M25. Total debts stood at JPY5.5tn. We take comfort that Rakuten has already addressed all bond maturities and callable bonds through the end of 2025.

Table 2: 3Q25 financial highlights

JPY bn	3Q24	3Q25	Change
Revenue	567	629	11%
-Internet services	315	350	11%
-FinTech	208	251	20%
-Mobile	106	119	12%
Operating income	1	8	1382%
Reported EBITDA	92	119	29%
Net loss	(66)	(11)	-83%
Operating cash flow	154	53	-66%
Capex	(46)	(43)	-7%
	Dec'24	**Sep'25**	**Change**
Cash on hand	6,171	5,327	-14%
Total debt	5,462	5,452	-

Net debt/(cash)	(709)	125	N/A

Source: Company filling.

➢ **China Economy: Soft credit drags on 4Q momentum**

Social financing flows fell sharply below market expectation and continued its moderation. Government bond issuance slowed notably, suggesting further retreat in fiscal impulse. Credit demand in the real economy weakened materially across both housing and corporate sectors, reflecting worsening property sentiment and sluggish corporate capex. Combined with softer M1 and M2, these trends point to weakening economic momentum into late 4Q. Looking forward, the central bank's 3Q Monetary Policy Report downplayed the focus on quantity targets, and highlighted priorities of "adequate counter-cyclical and cross-cyclical adjustments" and "enhancing policy transmission," suggesting the PBoC will focus on the effectiveness of existing easing measures, but may still cut RRR and LPR if achieving the full-year growth target becomes more challenging. We still expect 10 bps LPR cut and 50 bps RRR cut in this December or 1Q26.

Social financing flows weakened further. Outstanding social financing (SF) growth softened to 8.5% YoY in Oct from 8.7% in Sep, as the SF flow contracted by 42.3% YoY to RMB815bn, significantly below market expectation of RMB1.53trn. Government bond issuance dropped 53.4% YoY, pointing to a notable deceleration in fiscal spending momentum. Corporate bond financing remained strong, with issuance rising 150% YoY to RMB246.9bn, extending the recovery from September. RMB loans to the real economy under SF remained subdued, consistent with soft credit demand. M1 growth slowed to 6.2% in Oct from 7.2%, while M2 eased to 8.2% from 8.4%, suggesting weakening cash-flow conditions and transaction activities among firms, while households maintained a preference for precautionary savings.

New RMB loans remained weak. Growth of outstanding RMB loans slipped to 6.5% in Oct from 6.6%, marking another historical low. The flow of new RMB loans fell 56% YoY to RMB220bn in Oct, far below market expectation of RMB460bn. Credit demand from households deteriorated sharply, with household loans contracting RMB360bn, compared to an increase of RMB398bn in September and RMB160bn in last October. During the period, short-term household loans dropped RMB287bn, while medium- and long-term mortgage-related loans fell RMB70bn, both pointing to a deepening downturn in consumption and property demand. Corporate loan demand was also soft, with short-term loans falling RMB190bn, while corporate bill financing surged to RMB501bn, suggesting firms relied more on low-cost bill credit amid weak capex appetite.

Trend of migrating deposits into stocks showed signs of reversal. Household deleveraging intensified, with both ST and M&L-term household loans posting sizable declines, indicating weakening housing sales and consumer demand. Corporate financing shifted toward bill credit rather than genuine capex expansion. Combined with the deceleration in M1 and M2, these trends point to softer economic momentum into late 4Q. Looking forward, the central bank's 3Q Monetary Policy Report stressed that as the base grows, the slower increases in social financing and money supply are natural, and that policy focus will gradually shift away from quantity targets. The report also highlighted the needs for "adequate counter-cyclical and cross-cyclical adjustments" and improving transmission of existing tools—implying the PBoC will prioritize to enhance the effectiveness of prior easing. However, if pressure on achieving the full-year growth target intensifies, further RRR and LPR cuts remain likely in the coming months. We still expect 10 bps LPR cut and 50 bps RRR cut in this December or 1Q26.

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

News and market color

- Regarding onshore primary issuances, there were 127 credit bonds issued yesterday with an amount of RMB146bn. As for month-to-date, 830 credit bonds were issued with a total amount of RMB932bn raised, representing a 39.2% yoy increase

- **[ADTIN]** Adani Energy Solutions is considering raising at least USD500mn in foreign-currency debt

- **[CSIPRO]** CSI Properties said its joint venture obtained a term loan facility of HKD6.1bn (cUSD786mn) to refinance certain banking facilities

- **[FOSUNI]** Fosun priced 5NC2 EUR400mn senior unsecured bond at 5.875%, tightened 25bps from IPT at 6.125%

- **[LGCHEM]** LG Chem signed a KRW3.8tn (cUSD2.6bn) mid-to-long-term contract with an undisclosed party to supply cathode materials for EVs

- **[MINAU]** Mineral Resources and its Managing Director Chris Ellison are under a fresh probe by the Australian Taxation Office (ATO)

- **[MUTHIN]** Muthoot Finance 1HFY26 interest income surges 46.5% yoy to INR133.8bn (cUSD1.5bn)

- **[NSANY]** Nissan Motor is in discussions to deepen its partnership with fellow Japanese automaker Honda Motor after failed merger talks

- **[RIOLN]** Rio Tinto suspended development of its USD2.4bn Jadar lithium project in Serbia to prioritize investments and personnel on other projects

- **[SJMHOL]** SJM satellite venue Casino Casa Real to shut on 21 Nov’25

- **[SOFTBK]** SoftBank Group and Blackstone are in early-stage talks to acquire stakes in the Indian cloud infrastructure startup Neysa Networks

- **[VLLPM]** Vista Land & Lifescapes plans a LME for its VLLPM 7 ¼ 07/20/27 of USD420mn as early as Jul’26

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