招银国际
CMB INTERNATIONAL

Fixed Income
Credit Commentary

19 Aug 2026

CMBI Credit Commentary

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

- *Asia IG spreads were unchanged to 1bp wider in a quiet session this morning. We saw PB buying in AT1s. The new CNH LUSOIB 3.6 Perp gained 0.4pt from RO at par before retracing to par by noon, while the new USD LUSOIB 6.6 Perp rose 0.2pt on limited flows. GLPSP 4.6 Perp/WESCHI 28 down 0.4-0.5pt.*

- ***XIAOMI:*** *Consumer business margins weakened in 2Q26; EV remained loss-making. Maintain buy on XIAOMI 30-31, which were unchanged this morning. See below.*

- ***INCLEN/INGPHL/RPVIN****: ReNew Energy total Income increased 16.0% yoy to INR47.8bn (cUSD506mn) in 1QFY27. INCLEN/INGPHL/RPVIN were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, macro sentiment turned defensive in Asia IG as the long end of the UST curve led a broader sell-off, weighing on equities and credit spreads. The move was driven by renewed Middle East tensions, rising oil prices and concerns over inflation. The 30yr UST yield climbed to its highest level since 2007. We saw block-size liquidations in 1-3yr paper and FRNs across China/Korea/SE Asia. Among Chinese TMTs, 10yr benchmark KUAISH/BABA widened 1-2bps on selling, although TENCNT 36s held in well at T+50. Taiwan lifers widened 1-2bps amid selling in CATLIF/FUBON. In Korea, block liquidations in 2-3yr industrial names HYUELE/LGENSO/SKBTAM/MOMPER pushed bonds 3-7bps wider into supporting bids. Korean financials DAESEC/NHSECS/HANFGI faced heavy selling pressure and closed 2-4bps wider. Japanese FRNs remained relatively resilient, closed unchanged to 1bp wider. In SE Asia, the new ICICI 31s tightened 10bps from RO at T+105, and pulling the outstanding curve 2-3bps tighter. BBLTB sub curves ‘34s/’36s/‘40s absorbed better selling flows while spreads remained unchanged.

In higher-yielding space, European and Japanese AT1s and insurance subs were 0.2-0.5pt weaker as oil prices and rates moved sharply higher following overnight Middle East headlines. Asia flows were skewed toward AM selling as accounts trimmed risk, while PB activity was mixed between selling and selective front-end dip buying. European names recovered 0.1-0.3pt in the London session, however, as short covering dominated and PBs turned clearer buyers amid a modest retracement in rates. In CNH, Chinese RMs continued adding 10yr risk in high-grade names such as CHGRID, TMTs and PSASP, with bonds edged 0.1-0.3pt higher. CNH LGFVs remained very well bid, with paper yielding low-3% or above compressing by a further 5-10bps. USD LGFVs remained mixed, demand persisted for bonds yielding 6-7% or more, whereas paper yielding inside the low-5% area or around +100bps over the CT2 remained better offered amid the higher USD-rates backdrop.

Cyrena Ng, CPA 吴倩莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BABA 5 5/8 11/26/54	**94.3**	**0.6**	CRNAU 9 1/4 10/01/29	**85.3**	**-2.2**
TSIVMG 1.6 12/17/39	**48.3**	**0.4**	VNKRLE 3.975 11/09/27	**57.0**	**-0.9**
GLPSP 4.6 PERP	**57.6**	**0.4**	SOFTBK 8 1/2 04/22/36	**100.9**	**-0.7**
TRAFIG 5 7/8 PERP	**99.7**	**0.4**	CITLTD 4 3/4 02/04/36	**93.0**	**-0.7**
RIOLN 5 7/8 03/14/65	**96.2**	**0.4**	CITLTD 4.85 04/25/46	**83.9**	**-0.7**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.69%), Dow (-0.22%) and Nasdaq (-1.33%) were lower on Tuesday. UST yield was lower on Tuesday. 2/5/10/30 year yield was at 4.19%/4.37%/4.71%/5.28%.

❖ Desk Analyst Comments 分析员市场观点

➢ XIAOMI: Consumer business margins weakened in 2Q26; EV remained loss-making

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	94.3	87	5.0%	3.8	Baa2/BBB/BBB
LENOVO 6.536 07/27/32	US526250AE54	562.5	107.2	95	5.1%	4.7	Baa2/BBB/BBB
MEITUA 3.05 10/28/30	US58533EAC75	1250	92.2	107	5.1%	3.8	Baa1/BBB+/BBB+
MEITUA 4 ½ 05/05/31	US58533EAG89	600	97.0	115	5.2%	4.1	Baa1/BBB+/BBB+
XIAOMI 3.375 04/29/30	US98422HAA41	600	95.2	76	4.8%	3.4	Baa1/BBB/BBB+
XIAOMI 2.875 07/14/31	US98422HAC07	800	91.1	85	4.9%	4.5	Baa1/BBB/BBB+

Source: Bloomberg.

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.

In 2Q26, Xiaomi's revenue declined 6.1% yoy to RMB108.9bn, while operating profit fell 19.1% yoy to RMB10.9bn and adj. net profit dropped 42.6% yoy to RMB6.2bn. Gross margin compressed to 19.8% from 22.5% in 1H25. The weaker results were mainly attributable to a significant increase in key component costs amid persistent geopolitical uncertainties, together with intensified industry competition. Xiaomi's core Smartphone × AIoT business remained under pressure during the quarter, while Smart EV continued to deliver strong growth but remained loss-making.

Smartphone revenue declined 7.5% yoy to RMB42.1bn. Shipments fell 26.5% yoy to 31.2m units, partly offset by a 25.9% increase in ASP to RMB1,351. The lower shipments were mainly attributable to weaker global demand, as well as a reduction in mid-range and low-end smartphone shipments as part of portfolio optimization. Its global smartphone market share declined to 11.5% from 14.7% in 2Q25, although it remained the 3rd largest global smartphone vendor by shipments for the 24th consecutive quarter, behind Samsung and Apple. Revenue from IoT and lifestyle products declined 19.2% yoy to RMB31.3bn, mainly due to lower national subsidies in China. This was partly offset by higher overseas revenue, supported by tablets, smart TVs and wearables. Overall, gross margin for the Smartphone × AIoT segment compressed to 20.0% in 2Q26 from 21.6% in 2Q25, reflecting higher component costs.

Smart EV, AI and other new initiatives generated revenue of RMB24.9bn in 2Q26, up 17.1% yoy. EV deliveries increased 28.2% yoy to 104k units, while ASP declined 9.6% yoy to RMB229k per unit, mainly due to product mix, including a greater contribution from YU7 deliveries and a lower proportion of SU7 Ultra sales. Segment gross margin compressed to 19.2% from 26.4% in 2Q25, while operating loss widened to RMB2.6bn in 2Q26 from RMB300mn in 2Q25. We continue to view Smart EV as strategically positive for Xiaomi's business profile, despite the near-term drag from the operating losses. Xiaomi is gaining scale and expanding its product portfolio. While further model launches and production ramp-ups should support volume growth, these will also increase capex and marketing expenses, particularly against the backdrop of a weaker passenger vehicle market in China.

Xiaomi's liquidity profile remained strong. As of Jun'26, Xiaomi had net cash (unrestricted cash and short-term investments less total debt) of RMB82.4bn, up 31.2% from Mar'26. The increase in net cash was mainly driven by the decrease in long-term bank deposits and lower capex, despite weaker operating cash inflow. The cash/ST debt ratio improved to 3.8x. In our view, Xiaomi's sizeable net cash position should provide sufficient flexibility to fund higher R&D spending and capex. Xiaomi spent RMB18.2bn in R&D in 1H26, represented c46% of FY26 budget of RMB40bn.

Looking into 2H26, we believe that a recovery in profitability will depend largely on the trajectory of key component costs, which hinges on the broader geopolitical developments. We will also monitor the pace of operating loss reduction in the Smart EV segment, together with capex allocation and capital discipline. Overall, we view Xiaomi's credit profile remained solid, as supported by its strong liquidity profile.

Table 2: Xiaomi's 2Q26 and 1H26 financial highlights

RMB mn	2Q25	2Q26	Change	1H25	1H26	Change
Revenue	115,956	108,922	-6.1%	227,249	208,063	-8.4%
-Smartphone × AIoT	*94,693*	*84,026*	*-11.3%*	*187,406*	*163,303*	*-12.9%*
-Smart EV, AI and other new initiatives	*21,263*	*24,896*	*17.1%*	*39,843*	*44,760*	*12.3%*
Gross profit	26,101	21,609	-17.2%	51,507	43,419	-15.7%
Operating profit	13,437	10,870	-19.1%	26,562	16,183	-39.1%
Adj. net profit	10,831	6,219	-42.6%	21,506	12,291	-42.8%
Operating cash flow	23,545	3,842	-83.7%	28,055	2,050	-92.7%
Capex	4,900	3,600	-26.5%	7,600	6,900	-9.2%
Gross margin	22.5%	19.8%	-2.7 ppts			
-Smartphone × AIoT	21.6%	20.0%	-1.6 ppts			
-Smart EV, AI and other new initiatives	26.4%	19.2%	-7.2 ppts			

RMB mn	Mar'26	Jun'26	Change
Cash and bank balances	26,334	37,252	41.5%
Short-term bank deposits and investment	71,891	84,471	17.5%
Unrestricted cash and ST investment	98,225	121,724	23.9%
ST debt	10,361	9,706	-6.3%
LT debt	25,007	29,570	18.2%
Total debt	35,367	39,277	11.1%
Net cash	62,858	82,447	31.2%
Cash/ST debts	2.5x	3.8x	-

Source: Bloomberg, CMBI FICC Research.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CITIC Securities	400	5yr	SOFR+53	SOFR+53	-/-/A-
Kotak Mahindra Bank	650	5yr	5.478%	T+108	-/BBB/-
Korea SMEs & Startups Agency	400	3.5yr	4.5%	T+40	Aa2/-/-
Luso International Banking	100	PerpNC5	6.6%	6.6%	Unrated

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Chiba Bank	USD	300	5yr	T+85	A1/-/-

➢ News and market color

- Regarding onshore primary issuances, there were 150 credit bonds issued yesterday with an amount of RMB182bn. As for month-to-date, 1,173 credit bonds were issued with a total amount of RMB1,074bn raised, representing a 1% yoy increase

- **[SOFTBK]** SoftBank plans JPY1tn retail bond sale

- **[INCLEN/INGPHL/RPVIN]** ReNew Energy total Income for 1QFY27 was INR47.8bn (cUSD506mn), compared to INR41.2bn (cUSD435mn) 1QFY26

Fixed Income Department
Tel: 852 3900 0801/ 852 3761 8919
fis@cmbi.com.hk

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.