CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

11 May 2026

CMBI Credit Commentary

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

- *Asia IG space was unchanged to 2bps tighter on light flows this morning. GLPSP Perps/GLPSP 28 rose 0.8-2.0pts and GLPCHI 29 up 0.4pt. GLP released its FY25 results last Friday with core underlying EBITDA jumped c80% yoy to USD2.3bn. CKINF Perps/SHUION 29 were 0.2pt higher. HYSAN 29/PTTGC 52/TOPTB 43 down 0.5-0.6pt.*

- ***VEDLN:** Record revenue in FY26, mainly driven by volume growth and cost reduction. VEDLN 28-33 were unchanged this morning. See below.*

- ***China Economy:** Global AI boom leads to stronger exports cycle. CMBI raised 2026 goods export growth forecast to around 8-9% from 4% and import growth to around 12-14% from 8%,while expecting the trade surplus to narrow from the 2025 high. USD/RMB may stay firm around 6.8 in 2Q26 before edging down to 6.78 by year-end. See comments from CMBI economic research below.*

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴蒨莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ **Trading desk comments 交易台市场观点**

Last Friday, the new HKINTL 31s outperformed with 7bps tightening. We saw the new BNKEA 32 was under mixed two-way flows and closed largely unchanged. Asia IG spreads were unchanged to 3bps tighter, supported by a constructive bid despite elevated rate levels. FRESHKs continued to attract real money interests and closed unchanged. See our comment last Friday on FEH. ZHOSHK 28 was 3bps tighter. Taiwan lifers CATLIF/FUBON/NSINTW/SHIKON experienced a technical squeeze and tightened an additional 1-3bps on light volumes. In Korea, flows were more mixed two way. LGENSO tightened 3-5bps across the belly and long end. HYUELE remained squeezed across the '27-'31 tenors and were 2-3bps tighter. Media reported SK Hynix secured several funding offers from major global technology companies that seek to secure memory chip supplies amid the strong AI boom. On the other hand, we saw front-end Korean papers were traded more balanced with a better-offered bias. In Japan, we saw a positive bids with private bank and real money accounts favoring NIPLIF '31s/'33s, while asset managers and PBs moved into NTT '35s and the '30/'31 FRN space. JP AT1s and insurance subs were largely unchanged in a muted session. In SEA, spreads were unchanged to 3bps tighter, supported by broad-based buying across the BBLTB senior and subordinated curves. European AT1s were marked down by 0.3pt, we saw occasional selling from AM in long end issues while demand for short-dated-to-call issues persisted.

CMBI Fixed Income
fis@cmbi.com.hk

In Asia HY/higher beta space, GLPSP Perps/GLPCHI 29 were 0.9-1.2pts higher. GLP core underlying EBITDA jumped 79.6% yoy to USD2.3bn in FY25, and plans to reset the coupon of GLPSP 4.5 Perp on the first coupon reset date on 17 May'26 to 5yrUST+3.735%, i.e. c7.7%. Chinese properties VNKRLE '27-'29 were 0.3-0.7pt higher. Media reported Vanke informed some holders of VNKRLE '27 that it has started remitting funds to pay interest. HK names CKINF 4.85 Perp down 0.5pt. HYSAN 35/LIFUNG Perp was 0.4-0.7pt higher. Macau gaming bonds were largely unchanged. See our comment on SJM's 1Q26 result last Friday. Asian high-beta perps were marked down by 0.1-0.3pt but remained fairly firm amid slight better buying flows from RM. ACENPM 4 Perp was 0.6pt lower. LGFVs were overall stable amid mixed two-way flows. We saw quality IG/low-yielding papers with RM demand whilst some profit taking/switch-out selling from tactical holders on high-yielding names. On CNH front, we saw the new HKINTL under one-way selling from institutions to sporadic retail buyers. The rest of 20-30y papers were better sold.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPSP 4.6 PERP	**47.8**	**1.2**	MINCAP 5 5/8 08/10/37	**97.2**	**-0.6**
GLPSP 4 1/2 PERP	**50.1**	**1.2**	FRIDPT 6.2 04/14/52	**99.2**	**-0.6**
PMBROV 11 1/2 02/18/30	**82.5**	**1.1**	ACENPM 4 PERP	**62.7**	**-0.6**
HAOHUA 3.7 09/22/50	**76.2**	**1.0**	CKINF 4.85 PERP	**84.4**	**-0.5**
KZOKZ 6 3/8 10/24/48	**101.6**	**0.9**	TSINGH 6 1/2 01/31/28	**91.8**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.84%), Dow (+0.02%) and Nasdaq (+1.17%) were higher on last Friday. US Apr'26 Nonfarm Payrolls were +115k, higher than the market expectation of +65k. US Apr'26 Unemployment Rate was 4.3%, same as the market expectation. UST yield was lower on last Friday. 2/5/10/30 year yield was at 3.90%/4.02%/4.38%/4.95%.

❖ Desk Analyst Comments 分析员市场观点

➢ VEDLN: Record revenue in FY26; volume growth and cost reduction as key drivers

Table 1: VRL's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur	Issue rating (M/S/F)
VEDLN 10.25 06/03/28	USG9T27HAH76	300	103.2	8.5%	1.8	-/B/B+
VEDLN 10.875 09/17/29	USG9T27HAG93	1,200	106.9	8.5%	2.8	-/B/-
VEDLN 9.475 07/24/30	USG9T27HAL88	550	106.4	7.7%	3.4	B2/B/-
VEDLN 11.25 12/03/31	USG9T27HAJ33	500	111.2	8.7%	4.0	-/B/B+
VEDLN 9.125 10/15/32	USG9T27HAN45	500	105.9	7.9%	4.8	B2/-/B+
VEDLN 9.85 04/24/33	USG9T27HAK06	550	108.6	8.2%	5.0	B2/B/-

Source: Bloomberg.

We acknowledge Vedanta Limited (VEDL)'s good access to diversified funding channels and the improved debt maturity profile at Vedanta Resources Ltd. (VRL) following LMEs since Jan'24. On 5 May'26, Moody's upgraded VRL's rating by one notch to Ba3 from B1 with positive outlook on improving earnings and cash flows.

Within the VEDLN complex, we recommend a switch to VEDLN 28-29 and to take profit from VEDLN 30-31, as VEDLN 28-29 offer more attractive cash prices than the ’31 and higher yields compared to the ’30.

VEDL delivered record-high revenue and EBITDA in FY26. Its revenue was up 15% yoy to INR1,740.8bn, while EBITDA rose 29% yoy to INR559.8bn, exceeded its full year target of cINR532bn. EBITDA margin expanded to 32.2% from 28.9% in FY25. The strong performance was driven by record production volumes across aluminum, alumina, mined metal, and IOB pig iron, with the cost of production (COP) for both aluminum and refined metal at their lowest levels in five years. Finance costs declined 33% yoy to INR28.2bn, reflected lower average borrowing cost of 8.9% in FY26 (FY25: 10.0%) amid a more accommodative interest rate environment. As a result, PAT reached to its highest-ever level at INR251bn, representing a 22% yoy increase.

Looking into FY27, VEDL guided the COP of aluminum to be USD1,650-1,700/t (FY26: USD1,752/t) and refined metal to be USD975-1,000/t (FY26: USD959/t), represented a modest increase from 5-year record low level in FY26 in view of impact from war in the Middle East. Meanwhile, VEDL guided the FY27 production volumes of alumina (FY27: 4.1-4.2mt; FY26: c4mt), mined metal (FY27:1,140-1,160kt; FY26: 1.1kt), pig iron (FY27: 950-1,001kt; FY26: 895kt) to be higher than those of FY26, while aluminum to be lower at 2.6-2.7mt (FY26: 2.9mt). Besides, VEDL won bids for composite licenses on 10 blocks, including gold, manganese and critical minerals. In three of these blocks, the exploration is at an advanced stage. VEDL expects these three blocks to be in the final production and mining decisions by mid-2027.

During FY26, VEDL generated operating cash flow of INR395bn, broadly same as the level in FY25, as higher taxes paid and an increase in net working capital offset the profit growth. VEDL spent INR149.2bn in growth capex on volume expansion, cost compression and supply chain integration, at the lower end of its budget at INR150-170bn set a year earlier. Management guided a higher growth capex budget of INR170-190bn for FY27 with increased investment in zinc and others. We expect VEDL to continue funding capex primarily through operating cash inflows, given its strong operating performance.

As of Mar’26, cash and equivalents increased to INR284.9bn from INR206.0bn in Mar’25, while net debts were unchanged at INR532.5bn. Net debt/EBITDA improved to 1.0x from 1.2x, achieved its deleverage target of 1.0x indicated at the 1HFY26 results briefing. Looking ahead, VEDL aims to reduce net debts by cUSD1.8bn and net leverage to further improve to 0.65x by Mar’27, supported by continued EBITDA growth.

The demerger, effective 1 May’26, created four new entities and together with VEDL, five companies. In Apr’26, VEDL revised its dividend policy allowing a flexibility to pay dividend it deems fit in future from the current rule of at least 30% of profits. While these five companies are running independently and have different policies, VEDL expects these five companies to align with the current dividend rule going forward. As discussed, we view the demerger moderately credit positive as we anticipate the demerger will lead to better data transparency and potentially better funding access for the whole group over the longer-term.

Table 2: VEDL's FY26 financial highlights

INR bn	FY25	FY26	Change
Revenue	1,507.3	1,740.8	15%
Continuing operation	*621.5*	*772.9*	*24%*
-Zinc, lead and silver	*329.0*	*390.6*	*19%*
-Zinc International	*39.2*	*48.6*	*24%*
-Copper	*230.5*	*310.7*	*35%*
-Power	*1.4*	*1.4*	*-1%*
-Others	*21.4*	*21.7*	*1%*
Discontinued operation	*896.1*	*980.8*	*9%*
-Oil and gas	*110.4*	*95.8*	*-13%*
-Aluminum	*585.2*	*658.5*	*13%*
-Iron ore	*60.9*	*64.6*	*6%*
-Power	*60.2*	*88.9*	*48%*
-Others	*79.4*	*73.1*	*-8%*
EBITDA	435.4	559.8	29%
EBITDA margin	28.9%	32.2%	3.3 pct pt
Finance cost	42.0	28.2	-33%
Net profit after tax	205.4	251.0	22%
Operating cash flow	395.6	395.0	0%
Capex	170.1	208.8	23%

INR bn	Mar'25	Mar'26	Change
Cash and cash equivalent	207.5	284.9	37%
Total debts	751.9	817.4	9%
Net debts	544.4	532.5	-2%
Total debt/EBITDA	1.7x	1.5x	-
Net debt/EBITDA	1.3x	1.0x	-

Source: Company filling, CMBI FICC Research.

- **China Economy: Global AI boom leads to stronger exports cycle**

China's exports in Apr notably rebounded, boosted by the global AI-hardware boom and rising demand for green-tech products, with shipments improving across major partners. We believe the export strength should support the economic resilience, manufacturing output and RMB stability in the near term, but the quality of growth is increasingly K-shaped: Sectors benefiting from the external industrial cycle remain highly resilient, while overall domestic demand stays relatively subdued. Strong import strength reflected chip-price inflation, energy and raw material costs more than a clear consumption recovery. Policy easing may stay measured with external demand still resilient. We raise our 2026 goods export growth forecast to around 8-9% from 4% and import growth to around 12-14% from 8%,while expecting the trade surplus to narrow from the 2025 high. USD/RMB may stay firm around 6.8 in 2Q26 before edging down to 6.78 by year-end.

Exports rebounded sharply. Exports rose 14.1% in Apr, well above Mar's 2.5% and market expectations, helped by resilient overseas demand, inventory restocking and AI-related production chains. Exports to the US rose 11.3% in Apr after falling 26.5% in Mar, while shipments to Southeast Asia and Europe also increased, and exports to Japan rose 4%. However, 4M26 exports to the US still fell 10.2%, suggesting the April rebound does not fully reverse the structural drag from tariffs and supply-chain diversification. The trade surplus widened to US$84.8bn in Apr from US$51.1bn in Mar, but the 4M26 surplus still narrowed YoY as imports outpaced exports.

Exports remained boosted by global AI boom. High-tech and mechanical-electrical exports remained the main growth drivers in Apr. Integrated circuit exports almost doubled by rising 99.6% in Apr, while PC exports also accelerated by 47.3%, with ICs and PCs contributing more than half of headline export growth. Auto exports stayed robust at around 44%, likely supported by elevated oil prices and stronger overseas demand for Chinese EVs and fuel-efficient models. However, the semiconductor story should be interpreted carefully: IC export value rose 99.6% in Apr, while volume growth slowed to only 3.7%, implying that chip-price inflation, rather than pure shipment volume, drove most of the nominal strength. Labor-intensive exports including textile yarn, travel goods and garments remained weak, suggesting the export cycle is concentrated in AI-linked electronics, autos and selected green-tech products rather than a broad recovery across all categories.

Imports stayed elevated due to tech inputs, chip prices and the energy shock. Imports rose 25.3% YoY in Apr, still far above the pace implied by domestic demand indicators. The composition points to a supply-chain and price story. IC imports remained strong in value terms, while processing and assembly imports stayed elevated, reflecting AI-related demand and higher memory-chip prices. At the same time, crude oil import value rose sharply even as volumes contracted, showing the Middle East-related energy shock had started to feed into China's import bill. Commodity volume signals were mixed, with iron ore slowing, copper improving modestly, coal contracting and soybeans rebounding sharply ahead of the US-China summit. Overall, the import rebound looks more like AI supply-chain demand, commodity price effects and selective restocking than a broad-based domestic recovery.

Stronger trade growth pointed to a more diverged economy in 2026. April trade data suggest China is not simply benefiting from a traditional export recovery, but from a more concentrated "external industrial cycle" driven by global AI-hardware boom and energy-transition products. The export strength should support the economic resilience, manufacturing output and RMB stability in the near term, but it does not signal a broad demand recovery, in our view. The same forces lifting exports are also raising imports, as chip-price inflation and the energy shock push up the import bill, while domestic demand remains uneven. China is exporting high-end manufacturing capacity but importing cost pressure, leaving the economy more K-shaped rather than more balanced. Policy easing may stay muted in the near term, especially with external demand still resilient, but we believe the case for stronger domestic-demand support should rise in 2H26 if the trade surplus narrows and property/consumption remain weak. We raise our 2026 goods export growth forecast to around 8-9% and import growth to around 12-14%, while expecting the trade surplus to narrow from the 2025 high. USD/RMB may stay firm around 6.8 in 2Q26 before edging down to 6.78 by year-end.

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	Pricing	Issue Rating (M/S/F)
ICBC Financial Leasing	USD	-	3yr	SOFR+105	A1/-/A

- **News and market color**

  - Regarding onshore primary issuances, there were 37 credit bonds issued last Friday with an amount of RMB59bn. As for month-to-date, 191 credit bonds were issued with a total amount of RMB178bn raised, representing a 0.9% yoy decrease
  - **[BABA/TENCNT]** Alibaba and Tencent' earnings face pressure from escalating AI investment costs and intensifying domestic competition
  - **[GLPSP]** GLP core underlying EBITDA jumped 79.6% yoy to USD2.3bn in FY25, and plans to reset the coupon of GLPSP 4.5 Perp on the first coupon reset date on 17 May'26 to 5yrUST+3.735%, i.e. c7.7%
  - **[HSBC]** HSBC Holdings PerpNC7 AT1 (Baa3/-/BBB) IPT at 7.125%
  - **[LGELEC]** LG Electronics to invest USD1bn for capacity expansion in India's Greater Noida
  - **[PIFINL]** Piramal Finance eyed foreign currency loans of up to USD1bn in 2026
  - **[PTTGC]** PTTGC doubled the amount of credit it can receive from parent company PTT under an intercompany borrowing and lending agreement
  - **[QBEAU]** QBE Insurance 1Q26 gross premium increased 11% yoy to USD9.2bn
  - **[ROADKG]** Road King continued to defer the distributions on its USD Perps
  - **[SHFLIN]** Moody's upgraded Shriram Finance by one notch to Baa3 from Ba1, reflected credit profile strengthening following MUFG Bank taking 20% stake for USD4.4bn; outlook stable
  - **[SOFTBK]** SoftBank scaled back target size for margin loan backed by OpenAI stake to USD6bn
  - **[TAISEM]** TSMC plans to set up a JV with Sony Group's chip arm to develop cutting-edge image sensors for AI applications
  - **[TOPTB]** Thai Oil 1Q26 EBITDA surged 389.6% yoy to THB31.6bn (cUSD980.3mn)

- **[VNKRLE]** China Vanke's bondholders agreed to extend the payment of its RMB2bn 1% notes due May'26 by one year. Media reported China Vanke informed some holders of its VNKRLE 3.975 11/09/27 that it has started remitting funds to pay interest

Fixed Income Department
Tel: 852 3657 6235/ 852 3900 0801
fis@cmbi.com.hk

Author Certification

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

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.