CMB INTERNATIONAL 招银国际

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CMBI Credit Commentary

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

- *The new GZFINH 4.05 04/15/29 was down 0.4pt from RO at par this morning. We saw PBs selling HK property names, which were overall down 0.3pt. Asian IG space was unchanged to 2bps wider. FOSUNI 28 rose 2.4pts. EHICAR 26 was 1.8pts higher. FTLNHD 27 up 0.7pt. AVIILC 28 down 0.7pt.*

- ***INDYIJ:** FY25 adj. EBITDA declined 18.6% yoy on softened coal demand and ASP. Maintain buy on INDYIJ 8.75 05/07/29. INDYIJ 29s down 0.2pt this morning. See below.*

- ***China Economy:** Reflation broadens upstream, while final demand still lags. CMBI expects the CPI, PPI and GDP deflator to reflate from 0.1%, -2.6% and -1% in 2025 to 0.8%, 1% and 0.9% in 2026. The rise in price levels may push back the PBOC's rate cut to the end of 3Q with room for a 10bps LPR cut and a 50bps RRR cut. See comments from CMBI economic research below.*

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❖ Trading desk comments 交易台市场观点

Last Friday, FOSUNI 26-29 were unchanged to 1.9pts higher. Media reported that Fosun weighs options to sell its 20.45% stake in Banco Comercial Português SA to raise cash and streamline its portfolio. WESCHI 28-29 were 1.1pts firmer. EHICAR 26-27 were 0.1pt lower to 0.4pt higher. eHi waived the minimum acceptance level of 85% and accepted 63.51% of EHICAR 7 09/21/26 validly tendered, leaving cUSD97mn of of EHICAR 7 09/21/26 to remain outstanding and issuing cUSD152mn of new bonds due 2029. In HK, FAEACO 12.814 Perp rose 1.7pts. LIFUNG 5.25 Perp was 1.4pts higher. In Chinese properties, LNGFOR 27-32 were 0.1-0.4pt higher. FUTLAN 28/FTLLNHD 26-29 were 0.5pt lower to 0.1pt higher. TW lifers tightened 5-8bps amid RMs lifting NSINTW and SHIKON. In KR space, LGENSO/HYNMTR/POHANG/GSCCOR tightened 5-10bps. Financials and quasi-sovereign papers like KOMRMR/KOROIL/SHNHAN/WOORIB also closed 2–5bps tighter. In JP space, recent MUFG and MIZUHO issues tightened 4-6bps, while the rest of JP IG credits traded 1-3bps tighter. RESLIF 6.875 Perp was 0.3pt higher. Flows in JP AT1s and insurance subs were moderate two-way overall across Asia and London sessions. In SE Asian space, IHFLIN 27-30 gained 0.4-0.5pt. CRISIL upgraded the rating of Sammaan Capital to AA+ from AA on support from the IHC Group. The ReNew Energy complex edged 0.1-0.3pt higher. TOPTB Perp/PTTGC Perps traded 0.2-0.4pt higher. INDYIJ 29 gained 0.3pt. See comments below on Indika Energy FY25 results. MEDCIJ 26-30s were 0.1pt lower to 0.1pt higher. See our comments on FY25 Medco Energi results last Friday. In LGFV space, we continued to see better-buying on higher-yielding papers overall, primarily in CNH issues. Nonetheless, NNCOMM 7.3 04/30/27 was 0.5pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FOSUNI 6.8 09/09/29	**98.2**	**1.9**	HCELEC 4.65 12/29/26	**63.9**	**-1.7**
FAEACO 12.814 PERP	**70.0**	**1.7**	HYSAN 2.82 09/04/29	**93.8**	**-0.6**
LIFUNG 5 1/4 PERP	**58.9**	**1.4**	BEIENT 6 3/8 05/12/41	**109.8**	**-0.6**
ADSEZ 5 08/02/41	**86.2**	**1.3**	CCAMCL 5 02/08/48	**91.6**	**-0.6**
WESCHI 10 1/2 11/11/29	**94.2**	**1.1**	BABA 5 5/8 11/26/54	**99.9**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.11%), Dow (-0.56%) and Nasdaq (+0.35%) were mixed on last Friday. US Mar'26 CPI was +0.9% mom/+3.3% yoy, lower than the market expectation of +1.0% mom/+3.4% yoy, respectively. UST yield was higher on last Friday. 2/5/10/30 year yield was at 3.81%/3.94%/4.31%/4.91%.

❖ Desk Analyst Comments 分析员市场观点

➢ INDYIJ: FY25 adj. EBITDA declined 18.6% on softened coal demand and ASP

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	455	101.1	8.2%	B1/-/B+

Source: Bloomberg.

Despite the weaker commodity prices, Indonesian HYs' technical remains strong as issuers have been actively making uses lower-cost onshore funding alternatives to repay and early redeem their offshore bonds. At 101.1, INDYIJ 8.75 05/07/29 is trading at YTM of 8.2%. We maintain buy on INDYIJ 8.75 05/07/29 as a good carry play. We believe that Indika remains a candidate for early redemptions given its sufficient liquidity, disciplined capex, and track records of tender offers and early calls. These should continue to support the performance of INDYIJ 8.75 05/07/29.

Indika's FY25 results softened, driven by weaker coal ASP and lower volumes. The ASP of Kideco fell 12.4% to USD49.9/ton from USD57/ton in FY24, while volume decreased 0.6% yoy to 30.5mt, as sluggish export demand (18mt in FY25 vs 20mt in FY24) was partially offset by increased domestic demand (12.8mt in FY25 vs 11.1mt in FY24). Indika Resources' sales volume declined sharply to 0.9mt from 3.8mt. The impact of lower coal ASP and sales volume was somewhat mitigated by growing non-core revenue which increased 23.3% yoy to USD408.3mn, accounting for 19% of Indika's total revenue in FY25, increased from 15.4% in FY24. The impact was also partly mitigated by lower cash cost (ex. royalty) of coal which decreased 6.4% yoy to USD33.8/ton amid a lower strip ratio of 5.1x. Including royalty, cash cost dropped 14% yoy to USD43.1/ton, aided by the revised IUPK royalty scheme effective Apr'25. The revised scheme imposes the 28% maximum royalty rate only when coal prices exceed USD180/ton, compared to USD100/ton previously. Overall in FY25, Indika's revenue was down 17% to USD2.0bn, its operating profit and adj. EBITDA declined 27.6% and 18.6% yoy, respectively.

Indika sounded out a cautious tone for FY26 under the backdrop that the Indonesian government is discussing policies to raise coal royalties to boost state revenue from natural resources. That said, Indika guides stable

ASP and production in FY26. The company expects ASP of Kideco in FY26 to be USD50.3/ton compared to USD49.9/ton in FY25, and production volume to be 30.3mt versus 30.5mt in FY25.

Indika's total debt/EBITDA and net debt/EBITDA ratios worsened to 5.1x and 2.8x, compared to 4.1x and 2.4x in Dec'24, respectively, given lower EBITDA. Meanwhile, Indika generated operating cash inflow of USD84.1mn in FY25, compared to a cash outflow of USD55.2mn in FY24. The improvement was mainly driven by lower royalty paid to the government and lower net working capital. Its cash on hand stood at USD488.2mn as of Dec'25, 7.3% higher than the level in Dec'24. We take comfort from Indika's proactive liability management and diversified funding access. In Jun'25, Indika secured a USD375mn 5-year facility (SOFR+1.75% prior to commercial operation date (COD); SOFR+1.65% after COD) to early repay a USD250mn loan and to finance project Gold Awak Mas. We also take comfort from its disciplined capex. Indika's FY25 capex was USD129mn, representing c56% of the FY25 budget of USD246mn. Indika utilized c50-70% of its annual capex budget over the past five years. The lower capex utilization in FY25 was also partly attributable to delays in project Gold Awak Mas, which has been pushed back to 2H26 from the end-2025 due to delays in land acquisition. Furthermore, Moody's downgraded Indika's rating by one notch to B1 from Ba3 and revised the outlook to stable from negative in Feb'26, while Fitch affirmed the company's rating at B+ and stable outlook in Mar'26.

Table 2: Indika FY25 financial and operational highlights

USD mn	FY24	FY25	Change
Revenue	2,446.7	2,030.9	-17.0%
Operating profit	158.1	114.4	-27.6%
Adj. EBITDA	258.3	210.3	-18.6%
Operating cash flow	(55.2)	84.1	-
Capex	122.0	139.0	13.9%
KIDECO			
ASP (USD/ton)	57.0	49.9	-12.4%
Production (MT)	30.7	30.5	-0.6%
Cash cost (ex. royalty, USD/ton)	36.1	33.8	-6.4%
Cash cost (incl. royalty, USD/ton)	50.1	43.1	-14.0%
Strip Ratio (x)	5.7	5.1	-10.5%
Newcastle Benchmark	134.8	105.5	-21.8%
Indika Resources			
Coal Traded Volume (MT)	3.8	0.9	-76.3%
	Dec'24	**Dec'25**	**Change**
Cash and cash equivalents	455.0	488.2	7.3%
Total debt	1,068.8	1,076.8	0.8%
Net debt	613.8	588.6	-4.1%
Total debt/EBITDA	4.1x	5.1x	-
Net debt/EBITDA	2.4x	2.8x	-

Source: Company filling, CMBI FICC Research.

- **China Economy: Reflation broadens upstream, while final demand still lags**

YoY CPI stayed positive in Mar, although it eased from Feb as post-CNY normalization in food and services outweighed the sharp rebound in fuel costs. Core CPI moderated as domestic demand remained soft. PPI turned positive YoY for the first time since Sep 2022, led mainly by energy and related sectors like chemical products and rubber & plastic products, while final consumer goods prices stayed subdued. We are seeing a more visible reflation in upstream sectors, but the still-weak housing and big-ticket consumption data suggest the reflation remains uneven and is not yet fully demand-led, which should compress profit margin in lower-stream sectors and consumer demand. This backdrop is constructive for upstream resources, energy, industrials and high-dividend value names in the near term, while a broader rerating in consumption, property and domestic cyclicals still requires a clearer recovery in household demand. Looking forward, we expect the CPI, PPI and GDP deflator to reflate from 0.1%, -2.6% and -1% in 2025 to 0.8%, 1% and 0.9% in 2026. The rise in price levels may push back the PBOC's rate cut to the end of 3Q with room for a 10bps LPR cut and a 50bps RRR cut.

CPI moderated on the back of post-holiday normalization in food despite surging energy prices. China's CPI YoY softened to 1.0% in Mar from 1.3% in Feb, below market expectation of 1.3%. In sequential terms, CPI fell 0.7% in Mar after rising 1.0% in Feb, largely reflecting the payback after the Chinese New Year holiday. Food inflation remained positive at 0.3% YoY, but cooled from 1.7% in Feb. Food price dropped 2.7% MoM in Mar, as fresh vegetable and meat prices fell 10.1% and 3.9%, with pork down 7.3%. By contrast, vehicle fuel prices surged 10.0% MoM as oil prices moved higher, lifting YoY growth to 3.4% from -9.0% in Feb. Looking forward, food price may continue to soften, as pork and vegetable prices keep falling in Apr, weighing on CPI, while vehicle fuel prices continue to rise.

Core CPI edged down as service inflation cooled. Core inflation eased to 1.1% YoY in Mar from 1.8% in Feb, while service inflation slowed to 0.8% from 1.6%. Core CPI fell 1.1% MoM after rising 1.1% in Feb mainly due to post-holiday normalization, as tourism prices dropped 12.9% in Mar after a 14.1% surge in Feb, while home service prices fell 2.8% after rising 1.7% in the prior month. Other services remained subdued as housing rent, telecom service and education service remained flat and express service dropped 0.5% MoM. Durable goods prices remained weak, as transport vehicle prices remained negative at -1.1% YoY, home appliance inflation slowed to 2.4% from 5.3%, while telecom equipment rose to 2.6%. Prices of nondurable goods including shoes and clothing also edged down. Overall, the moderation in core and service inflation indicates that domestic demand remains subdued and is not yet strong enough to underpin a broad consumption-led reflation.

PPI turned positive YoY but the rebound remained concentrated in energy and upstream materials. YoY PPI rose to 0.5% in Mar from -0.9% in Feb, marking its first positive reading since Sep 2022. MoM PPI growth accelerated to 1.0% from 0.4%, with production materials up 1.3%. Mining industries surged 3.9% MoM, led by oil and gas extraction at 15.8%, while coal, ferrous and non-ferrous prices moderated. Raw material and processing industries rose 2.4% and 0.5%, respectively. Chemical products and rubber & plastic products also surged 3.6% and 0.6% MoM in Mar driven by crude oil price. However, downstream sectors remained subdued: consumer goods PPI slipped 0.1% MoM, and on a YoY basis daily consumer goods and durable goods were still down 1.4% and 1.0%, auto manufacturing fell 2.5%, while computer, telecom and electronic equipment merely turned slightly positive at 0.4% thanks to surging storage and DRAM prices.

Demand-driven reflation will be essential for sustaining a more consistent price recovery and a broader China equity rerating. The Mar data confirmed that China's reflation is becoming more visible, but it is still more commodity-led than household demand-led. The turn in PPI into positive territory should support nominal revenue, earnings expectations and cash flow for upstream resources, energy, metals and industrials. Yet downstream demand has not fully recovered as housing and vehicle sales continued to dip YoY, suggesting the property chain and big-ticket discretionary demand have yet to form a convincing upcycle. This means a broad rerating in consumer, property, building materials and other domestic cyclicals still requires stronger household income expectations and firmer policy transmission. We believe demand-pull reflation will prove more sustainable than supply-induced price gains, which should keep policymakers inclined toward further support for households and the real estate sector. Looking forward, we expect the CPI, PPI and GDP deflator to reflate from 0.1%, -2.6% and -1% in 2025 to 0.8%, 1% and 0.9% in 2026. The rise in price levels may push back the PBOC's rate cut to the end of 3Q with room for a 10bps LPR cut and a 50bps RRR cut if housing and durable-goods demand fail to improve more meaningfully.

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Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Guang Ying Investment Limited	150	3yr	4.05%	4.05%	-/-/A-

Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Beijing Capital Development	USD	-	3yr	6.9%	-/-/BBB-

News and market color

- Regarding onshore primary issuances, there were 109 credit bonds issued last Friday with an amount of RMB105bn. As for month-to-date, 641 credit bonds were issued with a total amount of RMB666bn raised, representing a 20.1% yoy increase
- Indonesia is accelerating domestic production and procurement of liquefied petroleum gas (LPG), given uncertainty in the global energy supply chain
- **[FOSUNI]** Fosun International mulls options for 20.45% stake in Banco Comercial Portugues at cUSD3.3bn
- **[GRNKEN]** Moody's downgraded Greenko Energy Holdings by one notch to Ba3 from Ba2 on extended construction timelines and slower revenue ramp-up, outlook changed to stable from negative
- **[HNMNWP]** Hanuman Wind Power to host investor calls on 14 Apr'26 to market up to USD380mn 15-year secured amortising bonds
- **[INCLEN/INGPHL/RPVIN]** ReNew raised dual-currency project debt of USD730mn to finance a 1.3 GW round-the-clock project
- **[SINOCH]** Italy limits number of directors Sinochen can appoint to Pirelli's board
- **[TAISEM]** TSMC said 3QFY26 net revenue rose 35.1% yoy driven by demand from the AI industry

- **[TATAIN]** Tata Steel further deferred an EBITDA break-even target for its UK operations to FY27 as higher costs offset recent gains in steel prices

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