

## CMBI Credit Commentary

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

#### The Asset G3 Bond Benchmark Review 2026

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset G3 Bond Benchmark Review 2026". Thank you for your support!

- *Long-end Asian IG issues widened 1-3bps this morning. Asian AT1s and insurance subs leaked 0.3-0.5pt amid better selling. HYSAN 4.85 Perp lost 1.2pts. GENTMK 8.3 Perp was 0.8pt lower. NDPAPE 14 Perp/ACENPM 4 Perp edged 0.3-0.4pt higher. EBIUHs were unchanged. Emirates NBD has received all regulatory and government approvals for USD3bn RBL Bank acquisition.*
- **RAKUTN:** 1Q26 EBITDA surged 36% yoy on broad-based segment growth. Maintain buy on RAKUTN 8.125 Perp, which was 0.2pt lower this morning. See below.
- **China Policy:** Takeaways from Xi-Trump summit. CMBI believes the truce is rather tactical as near-term constraints are driving both sides toward stabilization, which should compress China risk premium, support Hong Kong and A-share re-rating, favor domestic AI infrastructure and quality export leaders, and create room for gradual RMB appreciation to 6.78 by year-end. See comments from CMBI economic research below.

#### ❖ Trading desk comments 交易台市场观点

Last Friday, the new NANFUN 5.75 05/21/36 closed 5-7bps tighter from the RO. See our comments on [14 May'26](#). The recent new issue BNKEA 32 leaked 2bps wider amid selling pressure from PBs and HFs. We saw two-way flows in 10yr LINREI and HKE papers, which closed 1-2bps wider. Chinese benchmark names widened 1-3bps. The FRESHK curve closed 5bps wider, and ZHOSHK 28 lowered by 0.3pt amid AM selling. Taiwanese lifers CATLIF/NSINTW traded 2-4bps wider amid better selling. The Macau gaming complex closed up to 0.4pt lower. Moody's downgraded SJM Holdings by one notch to B1 from Ba3. In Chinese properties, VNKRL 27-29/LNGFOR 27-32 leaked 0.1-0.3pt. FUTLAN 28/FTLNHD 27-29 were 0.5pt lower to 0.1pt higher. In KR space, HYUELE/POHANG/NHNCOR/KOMRMR/LGENSO underperformed and traded up to 7bps wider. In JP space, NIPLIF 31-33 were squeezed to 1-2bps tighter. Japanese and European AT1s and insurance subs were down 0.1-0.5pt, amid heavy selling from RMs particularly in the long end of the curve. RESLIF 6.875 Perp/NOMURA 7 Perp were 0.3pt lower. In SE Asian space, ADANEM/ADGREG/ADSEZ/ADTIN/AREN RJ rose 0.3-1.0pt. Media reported that Adani Group seeks to revive plans to raise cUSD1bn via USD-denominated bonds. The proposed bonds would be issued by Adani Green

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

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

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

Energy, and proceeds will be used for capital expenditures and refinancing. Gautam Adani would pay USD6mn and Sagar would pay USD12mn under the proposed agreement filed in federal court to end SEC's allegations they made false and misleading representations about Adani Green Energy, pending court's approval. IHFLIN 27-30/VEDLN 28-33s were unchanged to 0.3pt lower. MEDCIJ 28-30/INDYIJ 29 lost 0.1-0.5pt. TOPTB/PTTGC Perps were traded 0.2-0.4pt lower. In LGFV space, we saw better selling across lower-yielding IG names.

### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADGREG 6.7 03/12/42	98.3	1.0	YANTZE 3.2 10/16/49	72.6	-1.5
ARENRJ 4 5/8 10/15/39	85.1	0.9	PETMK 5.848 04/03/55	102.4	-1.4
PMBROV 11 1/2 02/18/30	85.4	0.9	MTRC 5 1/4 04/01/55	97.4	-1.4
GARUDA 6 1/2 12/28/31	82.6	0.7	BEIENT 6 3/8 05/12/41	107.1	-1.4
GRNLGR 6 3/4 06/25/28	17.0	0.6	BABA 5 5/8 11/26/54	98.7	-1.3

### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-1.24%), Dow (-1.07%) and Nasdaq (-1.54%) were lower on last Friday. UST yield was higher on last Friday. 2/5/10/30 year yield was at 4.09%/4.26%/4.59%/5.12%.

### ❖ Desk Analyst Comments 分析员市场观点

#### ➤ RAKUTN: 1Q26 EBITDA surged 36% yoy on broad-based segment growth

Table 1: Rakuten's o/s USD bonds

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	104.4	5.1%	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	USJ64264AK09	2,000	109.9	6.0%	-	-	-	-/BB/-
RAKUTN 8.125 Perp	USJ64264AM64	550	103.0	7.2%	15 Dec'29	5yUST+4.000%	25	-/B/-
RAKUTN 6.25 Perp	USJ6S87BAX69	1,000	95.5	7.4%	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

We maintain buy on RAKUTN 8.125 Perp, in view of the yield pick-up and good carry within the RAKUTN curve. The perp is trading at YTC of 7.2% at 103.0, offering yield-pick up of c120bps over RAKUTN 9.75 04/15/29 with 8 months longer in "tenor". We continue to view a good chance of Rakuten calling its perp on its first call date, supported by its improving operating performance, sizeable cash on hand and good access to various funding channels. Recently, Rakuten redeemed its USD750mn RAKUTN 5.125 Perp on the first call date in Apr'26 through JPY-denominated perp issue of JPY82bn and cash on hand. We have a neutral recommendation on RAKUTN 6.25 Perp, we prefer shorter tenor given our expectation of higher rate volatility.

In 1Q26, Rakuten's revenue rose 14.4% yoy to JPY643.6bn, driven by expanding high-margin advertising services, increased gross transaction value (GTV) across the Fintech business, and solid subscriber growth in the mobile segment to 10.36mn from 8.62mn in 1Q25. Net ARPU increased to JPY2,442 from 2,430 in 1Q25. Supported by growth across all three segments, EBITDA jumped 36.2% yoy to JPY108.8bn. While the first quarter is the weakest quarter seasonally, Rakuten turned into positive operating income in 1Q26 compared to operating losses in 1Q23, 1Q24 and 1Q25. 1Q26 is also the first time for Rakuten to achieve a positive non-

GAAP operating income in 1Q since entering into the MNO business. Net loss narrowed to JPY1.8bn from JPY61.9bn in 1Q25.

During 1Q26, Rakuten's operating cash outflow reduced by 34% yoy to JPY487.1bn, given the stronger operating results and lower net working capital outflow mainly from increase in financial liabilities for securities business. Its capex increased 30% yoy to JPY71.1bn, and its capex requirements should continue to increase in 2Q26 and onwards as Rakuten plans to accelerate base station construction for mobile segment from 2Q26. That said, we expect Rakuten to fund its capex via internal resources given its sizable cash position. Its net debt was JPY612.0bn, compared to a net cash position of JPY267.9bn as of Dec'25 as cash balances lowered on negative operating cash flow. In Apr'26, Rakuten redeemed USD750mn RAKUTN 5.125 Perp on the first call date, funded by the proceeds of a JPY-denominated perp issued in Oct'25 and cash on hand. Looking ahead, management expects to address the redemption of senior bonds totaled JPY65bn in FY26 by using cash on hand.

Management targets to lower the net debt/EBITDA (non-FinTech net interest-bearing debt to EBITDA) to less than 5.0x by Dec'27, down from 5.6x as of Mar'26. The target looks achievable based on the current run-rate and the improved 1Q26 performance. On equity ratio (total equity to total assets), management targets to increase from 4.4% as of Mar'26 to 5% in the medium term while 10% over the long-term. In our view, the deleveraging trajectory of Rakuten remains supported by both proactive maturity management and continued EBITDA growth.

**Table 2: 1Q26 financial highlights**

JPY bn	1Q25	1Q26	Change
<b>Revenue</b>	562.7	643.6	14%
-Internet services	305.5	317.6	4%
-FinTech	223.6	275.3	23%
-Mobile	110.7	131.2	18%
Operating income/ (loss)	(15.4)	30.4	-
Reported EBITDA	79.9	108.8	36%
Net loss	61.9	1.8	-97%
Operating cash outflow	737.7	487.1	-34%
Capex	54.9	71.1	30%
<b>JPY bn</b>	<b>Dec'25</b>	<b>Mar'26</b>	<b>Change</b>
Cash on hand	5,837.6	5,042.3	-14%
Total debt	5,569.6	5,654.3	2%
Net debt/ (cash)	(267.9)	612.0	-

Source: Company filing, CMBI FICC Research.

### ➤ China Policy: Takeaways from Xi-Trump summit

The Beijing summit marks the start of a stabilization window in China-US relations, with deliverables broadly in line with market expectations. Both leaders found more common ground on geopolitical issues in Iran and Taiwan, though the H200 relaxation from Washington was rejected by Beijing. While tariff relief was limited, the more valuable outcome is that the series of Xi-Trump meetings through year-end lowers near-term escalation risk and anchors market expectations. However, we believe the truce is rather tactical as near-term constraints are driving both sides toward stabilization. Washington needs stabilization and cooperation ahead of the midterms and amid Middle East conflicts, while Beijing values a calmer external backdrop to support growth,

preserve Taiwan leverage, and buy time for technological upgrading. The full decoupling narrative is likely to evolve into strategic-sector decoupling layered with partial re-coupling in low-risk trade. After the US midterms, bipartisan pressure for a tougher China stance could again test the framework. For markets, stabilization should compress China risk premium, support Hong Kong and A-share re-rating, favor domestic AI infrastructure and quality export leaders, and create room for gradual RMB appreciation to 6.78 by year-end, based on our estimates.

**Summit deliverables landed within consensus.** The centerpiece commercial agreement is a Boeing framework of approximately 200 firm aircraft with a conditional upside of up to 750 planes, plus 400–450 GE Aerospace engines, valued at US\$17–25bn for the initial tranche. On agriculture, US Trade Representative Greer flagged a "double-digit billion" annual purchase commitment of American farm goods over three years on top of the October 2025 25mn metric tonnes soybean deal, while China renewed export licenses for 425 US beef plants alongside reciprocal non-tariff carve-outs from the US on dairy, aquatics, bonsai, and the recognition of Shandong avian-influenza-free zones. On tariff, there was no major change, as the effective rate has already dropped materially following the striking down of the IEEPA-based tariffs: the effective US rate on Chinese goods has fallen from roughly 33% pre-ruling (11% Section 301 + 10% IEEPA universal surcharge + 10% Busan-reduced fentanyl tariff + residual Section 232) to roughly 23% today (11% Section 301 + 10% Section 122 replacement surcharge + residual section 232), as the fentanyl tariff was entirely nullified. The more durable institutional output is the operationalization of the Bilateral Board of Trade and Board of Investment, which enables continuous working-level cooperation and incremental progress on bilateral disputes that can quietly deliver carve-outs, license renewals, and non-tariff barrier resolutions, including a US\$30bn non-sensitive consumer carve-out from tariff under Board-of-Trade review. Importantly, the diplomatic roadmap — Xi's autumn state visit, APEC Shenzhen in November, and G20 Miami in December — is in our view the most valuable summit deliverable, confirming a managed political risk regime through year-end that lowers escalation probability and anchors market expectations.

**On geopolitics, both leaders found more common ground.** On Iran and the Strait of Hormuz, the two sides established a shared baseline as both leaders agreed that the Strait "must remain open to support the free flow of energy". But the readouts diverge meaningfully on framing. The White House foregrounded opposition to militarization and tolls and publicized Xi's stated interest in purchasing US oil, while the Chinese readouts from MOFA, MOFCOM, and Wang Yi's 15 May briefing omitted any energy purchase commitment and emphasized a "permanent and comprehensive ceasefire" through negotiation as the fundamental solution. We read the asymmetry as Beijing preserving its Tehran-relationship optionality as Iran remains a load-bearing pillar of China's Middle East energy security, RMB-settlement architecture, and Belt-and-Road footprint. China may continue to provide discreet back-channel mediation, in line with its April role behind the short Pakistan-brokered ceasefire. Taiwan, by contrast, remains the structural redline of the China-US relationship and the single issue most capable of derailing the stabilization framework. Critically, we see Trump as the first US president openly willing to treat Taiwan arms sales as a negotiation lever rather than a fixed strategic commitment, which creates a previously unavailable bargaining surface for Beijing. We therefore see a credible opportunity for a transactional exchange over the coming quarters, as China extends incremental commitments to US purchases and trade rebalancing (agricultural, energy, civil aviation, potentially Treasuries) in return for marginal US movement on Taiwan, ranging from an explicit posture shift from "do not support" to "oppose" Taiwan independence, to a quiet delay or freeze of pending arms packages. Trump's response at the summit was disciplined silence, neither concession nor rebuke, which we interpret as preserving optionality on precisely this trade rather than foreclosing it, with any visible movement most likely deferred until after the November midterms to avoid a politically toxic "lost Iran, losing Taiwan" attack line.

**Technology export controls saw no structural relaxation.** The US agreed to license up to 75,000 NVIDIA H200 chips to roughly ten major Chinese tech firms each under a 25% tariff/fee, yet Trump confirmed on Air

Force One returning home that Beijing has refused to approve the purchase. We thought this deliberate "buyers' strike" was motivated by three considerations: avoiding the enrichment of the US Treasury via the 25% surcharge, protecting domestic semiconductor industrial policy, and preserving leverage in reserve for higher-value concessions on the Blackwell architecture, the Pentagon's 1260H entity list, and the FCC's (Federal Communications Commission) electronic device testing regime. Beijing will continue to prioritize domestic substitution over negotiated US access, which should sustain policy-led capital flows into the "new quality productive forces" agenda and support domestic sectors including AI hardware, intelligent computing clusters and power-compute coordination.

**The relationship enters a fragile stabilization window.** Both sides have powerful near-term incentives for de-escalation. For the US, declining domestic approval, a compressed runway into the November midterms, and unresolved Middle East pressure require stabilization with China and its cooperation; for China, the subdued domestic demand raises the value of a calmer external environment, and underscores the need to preserve leverage on Taiwan and secure incremental space for tech and AI advancement through equipment access. However, the paths may diverge after the mid-term election, as the natural bipartisan common ground is precisely a tougher posture on China, and the truce architecture becomes structurally exposed. Looking forward, we do not expect full decoupling, as the asymmetric dependencies are too embedded, but rather an evolution toward strategic-sector decoupling layered with partial re-coupling in low-risk trade: continued tightening in semiconductors, AI, biotech, advanced manufacturing equipment, and dual-use technologies, alongside selective re-engagement in agriculture, civil aviation, non-sensitive consumer goods, and tourism-linked services. For China and Hong Kong equities, a stabilizing China-US relationship should compress the China risk premium and supports re-rating in the Hang Seng Index and CSI 300, with the most direct beneficiaries being domestic AI infrastructure, consumer discretionary exporters and industrial leaders aligned with the anti-involution campaign. The RMB may gradually appreciate 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)
Oversea-Chinese Banking Corporatio	USD	-	3yr	SOFR+80	Aa1/AA-/AA-

➤ **News and market color**

- Regarding onshore primary issuances, there were 57 credit bonds issued last Friday with an amount of RMB85bn. As for month-to-date, 445 credit bonds were issued with a total amount of RMB560bn raised, representing a 4.1% yoy decrease
- **[ADGREG]** Adani Group is revisiting its plan to raise around USD1bn via USD-denominated bonds
- **[ARAMCO]** Saudi Aramco has lined up asset divestments that could eventually raise as much as USD35bn

- **[EBIUH]** Emirates NBD has received all regulatory and government approvals for USD3bn RBL Bank acquisition
- **[FOSUNI]** Fosun International launched general syndication for USD600mn three-year loan
- **[GLOPM]** Globe Telecom's fintech arm, Mynt, is targeting a valuation of USD8bn in an IPO in the Philippine market
- **[SJMHOL]** Moody's downgraded SJM Holdings by one notch to B1 from Ba3 as leverage likely to remain high; outlook changed to stable from negative
- **[SOFTBK]** SoftBank's fully underwritten USD40bn bridge facilities for follow-on investment in OpenAI launched into syndication; SoftBank Group-owned chip designer Arm Holdings is being investigated by the US Federal Trade Commission over the licensing of its technology
- **[STCITY/STDCTY]** Study City to redeem the remaining USD153.579mn STDCTY 7 02/15/27 on 5 Jun'26 at par, plus accrued and unpaid interest to the date of the redemption and additional amounts
- **[VEDLN]** Vedanta Resources amended an earlier agreement to increase the total loan commitment amount to USD600mn from USD350mn previously
- **[XINAOG]** ENN Natural Gas shareholders approved extension of validity period in relation to ENN Energy privatisation at AGM

*Fixed Income Department*

*Tel: 852 3657 6235/ 852 3900 0801*

[fis@cmbi.com.hk](mailto: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-6 under 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.