

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!

- *The new BCHINA Float 05/28/31 widened 2bps from RO at SOFR+38 this morning. Asian IG space overall tightened 1-3bps, led by NIPLIF/LGENSO/HYNMTR. Asian AT1s edged 0.3-0.5pt higher amid better buying and short covering. The SOFTBK curve rose 0.5-1.0pt. Media reported that SoftBank-backed OpenAI plans to file for an IPO as early as the next few days or weeks.*
- **UPLIN:** *Earnings recovery in FY26 and proactive liability management underpin its credit profile. UPLIN 28-30 were unchanged this morning. See below.*
- *The Indonesian government will centralize exports of strategic commodities to lift state revenues and tighten control of natural resources. INDYIJ 29/MEDCIJ 28-30s were unchanged to 0.6pt lower yesterday. INDYIJ 29/MEDCIJ 30s were 0.2-0.5pt higher this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, VNKRL 27' and 29' dropped 1.1-1.6pts. Media reported that Vanke last week came up with a list of assets worth RMB39.4bn (cUSD5.8bn) that could potentially be pledged as collateral for its currently unsecured offshore loans. FUTLAN 28/FTLNHD 27-29/LNGFOR 27-32 were unchanged to 0.2pt lower. WESCHI 28-29 leaked another 0.9-1.3pts. EHICAR 27-29 were 0.8-1.4pts weaker. In HK, the NWDEVL/VDNWDL complex were 0.3pt lower to 0.2pt higher. MTRC Perps lost 0.2-0.3pt. In SE Asian space, INDYIJ were down 0.6pt. The Indonesian government issued a regulation establishing a SOE to act as a single-exporter channel for critical natural resources like crude palm oil and coal, effective 1 Jun'26. Indika Energy 1Q26 revenue increased by 0.7% yoy to USD493.2mn. MEDCIJ 28-30s were unchanged to 0.2pt lower. UPLINs closed 0.2pt lower. See our comments on UPL's FY26 results below. The ReNew Energy complex were unchanged to 0.1pt lower. See our comments [yesterday](#) on FY26 results of ReNew Energy. PTTGC Perps leaked 0.1-0.2pt. GLPSPs were unchanged to 0.3pt higher. In JP space, RAKUTNs closed 0.1-0.2pt lower. See our comments on Rakuten on [18 May'26](#). RESLIF 6.875 Perp/NOMURA 7 Perp lowered by 0.2pt. Japanese and European AT1s overall closed 0.2-0.3pt lower amid better selling and short covering. However, LLOYDS 6 5/8 Perp edged 1.0pt higher. In LGFV space, AMs and HFs were selling higher-beta and USD issues. We saw better selling in 4-5%-handle yielding names like HKIQCL/CDCOMM/CCUDIH/BCDHGR.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MTRC 5 1/4 04/01/55	98.0	1.1	VNKRLE 3.975 11/09/27	44.1	-1.6
PTTGC 5.2 03/30/52	87.7	1.0	ACPM 4.85 PERP	76.8	-1.4
LLOYDS 6 5/8 PERP	97.1	1.0	EHICAR 10 10/14/29	47.4	-1.4
CNOOC 3.3 09/30/49	74.3	1.0	WESCHI 9.9 12/04/28	87.7	-1.3
CNOOC 7 1/2 07/30/39	125.7	0.9	VNKRLE 3 1/2 11/12/29	41.4	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.08%), Dow (+1.31%) and Nasdaq (+1.54%) were higher on Wednesday. US crude oil inventories were -7.863mn barrels, compared to the market expectation of -2.500mn. UST yield was lower on Wednesday. 2/5/10/30 year yield was at 4.04%/4.22%/4.57%/5.11%.

❖ Desk Analyst Comments 分析员市场观点

➤ UPLLIN: Earnings recovery in FY26 and proactive liability management underpin its credit profile

Table 1: UPL's o/s USD bonds and our SEA picks

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur	Issue rating (M/S/F)
UPLLIN 4.5 03/08/28	XS1789391148	300	97.1	6.2%	1.7	Ba2/BB/BB
UPLLIN 4.625 06/16/30	XS2189565992	500	93.1	6.6%	3.5	Ba2/BB/BB
INCLN 4.5 04/18/27	USV4605MAA63	400	98.5	6.2%	0.9	Ba3/-/BB-
INDYIJ 8.75 05/07/29	USY71247AA15	455	101.1	8.3%	2.6	B1-/B+
MEDCIJ 8.96 04/27/29	USY5951MAA00	482	103.7	7.5%	2.5	Ba3/BB-/BB-
MEDCIJ 8.625 05/19/30	USY56616AA68	600	104.0	7.4%	3.3	Ba3/BB-/BB-
VEDLN 10.25 06/03/28	USG9T27HAH76	300	103.0	8.6%	1.7	-/BB-/BB-
VEDLN 10.875 09/17/29	USG9T27HAG93	1,200	106.6	8.5%	2.7	-/BB-/

Source: Bloomberg.

Overall, we view UPL's credit profile is underpinned by improving profitability, sustained deleveraging momentum and proactive liability management. See Table 1 for our picks in the SEA space, which we view offer better risk-adjusted return than UPLLINs. UPL delivered solid FY26 results with revenue rising 11% yoy to INR518.4bn, driven by volume growth of 8% and a favorable FX impact of 2%, partially offset by 3% pricing headwind. Its contribution profit grew 17% yoy to INR213.4bn, with contribution profit margin expanding to 41.2% in view of higher capacity utilization and lower input cost. UPL's EBITDA increased 18% yoy to INR95.9bn with EBITDA margin improving to 18.5%, led by UPL Corp and Advanta. UPL met its FY26 guidance on both revenue (+4-8% yoy) and EBITDA (+12-16% yoy).

UPL's operating cash flow declined 23% yoy to INR78.6bn in FY26, reflected longer receivables days and higher inventories built in anticipation of global uncertainty in 1QFY27. Its net working capital days were 57 days in FY26. UPL's management expects this metric to normalize at 60-65 days through the cycle. As of Mar'26, its cash and bank balances fell 36% yoy to INR60.9bn, on weaker operating cash flow and higher capex of cUSD261mn (slightly above guidance of USD250mn). The key outflows included the redemption of UPLLIN

5.25 Perp of USD400mn (cINR34.1bn) in May'25 and repayment of USD500mn (cUSD42.6bn) loan in Mar'26, partially offset by the remaining USD200mn (cINR17.0bn) tranche of right issue proceeds received in Sep'25.

UPL's total debt and net debt reduced by USD850mn and USD400mn, respectively, from the levels as of Mar'25. Its net debts/EBITDA improved to 1.8x in FY26 from 2.3x in FY25, as per our calculation, and to 1.6x based on UPL's calculation which was at the lower end of its target of 1.6-1.8x. Management targets its net debt/EBITDA to further reduce to 1.2-1.5x over the medium term.

In 1QFY27, management guided revenue growth of 10-14% yoy and EBITDA growth of 14-18% yoy, despite the seasonally slow in first quarter. The growth drivers include geographical expansion by Advanta, margin expansion from SUPERFORM's strategic pivot toward higher-margin specialty chemical products (18-20% EBITDA margin vs 12-13% for ag-chemical products), and a broader recovery in the global corp protection market following a multi-year channel destocking cycle.

Management refrained from issuing full-year FY27 guidance, citing geopolitical headwinds in the Middle East resulting supply chain disruptions and price volatility across raw materials and finished goods. Against an uncertain macro backdrop, we take comfort from UPL's resilient 4QFY26 performance (EBITDA grew 13% yoy) despite oil prices peaking in Mar'26, as well as its limited near-term refinancing risk. In Mar'26, UPL refinanced USD400mn loan originally due in Sep'26 in advance, secured improved pricing and extended the maturity by three years to Mar'29. UPL will have another USD500mn loan due in Dec'26, the USD300mn RCF secured in Mar'26 provides UPL with adequate financial flexibility for refinancing. Separately, all the three rating agencies revised the outlook of UPL to stable from negative during 1HFY26, in line with our expectation given UPL's improving profitability and continued deleveraging trajectory.

Table 2: FY26 financial highlights

INR bn	FY25	FY26	Change
Revenue	466.4	518.4	11%
Contribution profit	181.7	213.4	17%
EBITDA	81.2	95.9	18%
Operating cash flow	101.5	78.6	-23%
Capex	12.5	23.5	88%
Revenue by platform			
-UPL Corp	343.8	382.8	11%
-UPL SAS	32.3	32.1	-1%
-Advanta	55.7	68.4	23%
-SUPERFORM	101.8	103.0	1%
Revenue by region			
-Latin America	176.0	193.6	10%
-North America	60.7	71.8	18%
-Europe	71.9	81.7	14%
-India	59.5	63.4	7%
-Rest of the world	98.3	107.9	10%
Contribution margin	39.0%	41.2%	2.2 pct pt
EBITDA margin	17.4%	18.5%	1.1 pct pt

INR bn	Mar'25	Mar'26	Change
Cash and bank balances	95.4	60.9	-36%
Total debts	280.9	235.8	-16%
Net debts	185.5	174.9	-6%
Net debt/EBITDA	2.3x	1.8x	-
Net working capital days	53	57	-
-Inventory days	81	89	-
-Receivable days	102	116	-
-Payable days	130	148	-

Source: Company filling, CMBI FICC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Alinma Bank	500	PerpNC5.5	6.625%	6.625%	Unrated
Bank of China Limited Sydney Branch	500	5yr	SOFR+38	SOFR+38	A1/A/A
Huzhou City Investment Development	295	3yr	4.45%	4.45%	-/-/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 106 credit bonds issued yesterday with an amount of RMB101bn. As for month-to-date, 683 credit bonds were issued with a total amount of RMB843bn raised, representing a 3.6% yoy decrease
- **[CQNANA]** Fitch withdrew Chongqing Nan'an Urban Construction & Development's BBB rating due to insufficient information from the issuer to maintain the ratings
- **[CSIPRO]** CSI Properties tapped USD50mn CSIPRO 10.5 05/21/28 to refinance or repay certain indebtedness
- **[IDASAL]** Fitch upgraded Mineral Industri Indonesia (MIND ID) by one notch to BBB from BBB- with negative outlook, equalized it with Indonesia's sovereign rating (BBB/Negative)
- **[IHFLIN]** Sammaan Capital interest income fell 22.2% yoy in FY26 to INR55.9bn (cUSD578.4mn)
- **[INDYIJ]** Indika Energy 1Q26 revenue increased by 0.7% yoy to USD493.2mn

- **[MEITUA]** Meituan faces lawsuit from Brazilian rival alleging corporate espionage
- **[PCORPM]** Petron plans to redeem its series 3B preferred shares on 25 Jun'26
- **[RAKUTN]** Rakuten Group expects to achieve ordinary profit of JPY33bn (cUSD207.5mn) in FY28 as a result of its fintech business reorganization
- **[SOFTBK]** SoftBank Group Corp's USD40bn bridge facilities pay initial CME Term SOFR+250bps; SoftBank Group-backed OpenAI plans to file for an IPO as early as the next few days or weeks
- **[VNKRLE]** Vanke provided lenders list of assets that could be pledged for currently unsecured offshore loans

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