

CMBI Credit Commentary

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

- *New issue DAESEC'27/29 tightened 10/24bps this morning. High-beta China IG names XIAOMI/LENOVO were 1-3bps tighter post the rescue package news while flows of AMC sector skewed to sell.*
- *China AMCs: S&P suspended Great Wall's BBB rating. GRWALLs were unchanged to down 0.3pt this morning. See below.*
- *GEMDAL: Media reported that Gemdale has secured support from Shenzhen Futian district government for RMB7bn syndicated loan. GEMDAL'24 rose 0.2pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, DAESEC priced a USD300mn 3-yr bond at CT2+175/CT3+200 and a USD300mn 5-yr bond at CT5+222. The new DAESEC papers closed unchanged around the ROs. The new POHANG/HYUELE 29s were unchanged to 2bps tighter. On the secondary side, we saw selling flows post lunch. In Chinese SOE/TMT benchmarks, HAOHUAs were 1-3bps wider. TMTs were unchanged to 4bps wider. In AMC space, HRINTHs were around 0.25pt lower while other AMC peers were stable. Chinese bank T2s such as BCHINA/ICBCAS papers were 1-2bps tighter. In Chinese AT1s, BOCOM/CHOHIN Perps were 0.1pt higher. EU AT1s such as HSBC/STANLN Perps were up 0.3-0.5pt. JP/AU space were under better buying in bank and leasing space. SUMIFL/WSTP papers were 1-3bps tighter. HK Corp space was mixed. PEAKRN/NANFUND Perps were 0.5-1pt higher. However, NWDEVL/HYSAN Perps were 0.5-2.4pts lower amid PB selling flows. SHUION 24-25s were down 1.4-1.6pts. Chinese properties moved lower. VNKRL 24s dropped 1.1-1.2pts, and VNKRL 25-29s fell 5.0-5.9pts. There were chatters about evaded taxes problems in Vanke's subsidiary at Yantai in Shandong province, which the unit denied in an announcement. LNGFORs lowered 2.9-4.3pts across the curve. GEMDAL '24 was 3.8pts lower. CHJMAO 24-29s declined 1.9-3.8pts. In industrials, EHICAR 24/26 were down 0.5pt. WESCHI '26 was 1.1pts lower. Macau gaming names SANLTD/WYNMAC 27-31s were down 0.4-0.6pt. In Indian space, VEDLNs were up 0.5-1.2pts. Indonesian name LPKRIJ 25/26 were 0.3-0.6pt higher. KIJAII '27 was up 1.7pts. MDLNIJ 25/27 were 1.2-3.1pts higher.

In LGFV/Perp spaces, CPDEV/ZHHFGR papers were better sold by AMs as investors attempted to lock in YTD gains and to trim risks. CPDEV/ZHHFGR 25-26s were unchanged to 0.5pt lower. In light of the fragile sentiment, we also saw more profit-locking selling flows on other names that had rallied YTD. ZHONAN/GRPCIN 26s declined another 0.5-0.7pt. Meanwhile, quality LGFVs and SOE perps that were away from the market focus remained

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largely stable. In Shandong names, QDJZWD 25s were up 0.1-0.3pt. JNHTE/CNSHAN 24s were up 0.1-0.2pt. CHSCOI 3.4 Perp/CHPWCN 4.25 Perp were up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 3 06/30/25	29.1	3.1	VNKRLE 3.15 05/12/25	74.9	-5.9
KIJAIJ 7 1/2 12/15/27	90.4	1.7	VNKRLE 3 1/2 11/12/29	50.7	-5.9
MDLNIJ 5 04/30/27	31.0	1.2	VNKRLE 3.975 11/09/27	59.4	-5.0
VEDLN 9 1/4 04/23/26	74.9	1.2	LNGFOR 3.95 09/16/29	41.9	-4.3
PEAKRN 5.35 PERP	89.7	1.0	GEMDAL 4.95 08/12/24	54.6	-3.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.22%), Dow (+0.36%) and Nasdaq (+0.32%) continued to rise on Monday. WTI/Brent crude oil rose 1.94%/1.74% to USD74.7/79.9 per barrel. UST yields slightly retreated yesterday, 2/5/10/30 yield reached at 4.37%/4.03%/4.11%/4.32%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ China AMCs: S&P suspended Great Wall's BBB rating

S&P suspended Great Wall's BBB rating due to insufficient information. The agency said it might withdraw the rating if the information sufficient requirements for rating surveillance would still not be met, which could occur in 2024. We are not surprised with the suspension/ downgrade on Great Wall due to delay in financial reporting and we view this is already priced in the valuation of GRWALLs. According to S&P, Great Wall expects to make a net profit of RMB1.3-1.5bn in FY23 and the 2023 financial reports will be available by the end of Apr'24, regardless we are still waiting for the 2022 financial reports at the time of writing.

Recalled that Fitch downgraded the ratings on the four AMCs by one notch on 3 Jan'24. Great Wall, Huarong and Orient were placed at rating watch negative while the outlook for Cinda is stable. On the other hand, Moody's also downgraded Cinda and Huarong by one notch to Baa1/Ba1 with negative outlooks, Orient and Great Wall by two notches to Baa2/Baa3 on 19 Jan'24, and the outlook of Orient is negative and Great Wall remains on review for downgrade.

Despite the lower conviction after the rally in 2023, we stay with our recommendations on the AMC perps. We continue to take a top-down approach in analyzing the Chinese AMC sector in view of the strategic importance of the sector in maintaining the stability of Chinese financial system, and the demonstrated support from the Chinese government for Huarong in times of distress. Huarong has announced cRMB1-2bn net profit in FY23 versus loss of RMB27.6bn in FY22. We expect further credit spread compression among issues of 4 state-owned AMCs and recovery of China economy. Our picks are HRINTH 4.75 04/27/27, HRINTH 4.25 11/07/27 and HRINTH 4.5 05/29/29. We also like perps including HRINTH 4.25 Perp (callable Sep'25), CCAMCL 4.4 Perp (callable in Nov'26) and GRWALL 3.95 Perp (callable 07/31/24). Please also refer to our [2024 Asia Credit Outlook](#).

	Moody's	S&P	Fitch
Cinda	Baa1/Negative	BBB+/Stable	A-/Stable
Great Wall	Baa3/review for downgrade	Suspended	BBB/Rating watch negative

Huarong
Orient
Source: Moody's, S&P Global Ratings, Fitch Ratings.

Ba1/Negative
Baa2/Negative

BBB-/Stable
BBB/Stable

BBB/Rating watch negative
A-/Rating watch negative

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Mirae Asset Securities	600	3/5yr	5.875%/6%	T+200/222	Baa2/BBB/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of New Zealand	USD	-	5yr	T+130	A1/AA/-
Hainan State Farms Investment Holdings Group., Ltd.	USD	-	3yr	6.65%	-/-/BBB

➤ News and market color

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB54bn. As for Month-to-date, 1,183 credit bonds were issued with a total amount of RMB975bn raised, representing a 6.9% yoy increase
- Media reported that China home foreclosures up for auction rose 43% yoy to 389k units in 2023
- [ADSEZ]** S&P affirmed Adani Electricity, Adani Ports's ratings and changed outlook to stable from negative
- [COGARD]** Country Garden's property assets in Guangzhou up for sale at RMB3.82bn
- [FRESHK]** Far East Horizon cuts conversion price of 2025, 2026 notes after approval of special dividend
- [GEMDAL]** Media reported that Gemdale has secured support from Shenzhen Futian district government for RMB7bn syndicated loan
- [GRNKEN]** Fitch affirmed Greenko Energy's BB ratings and changed outlook to stable from negative
- [HRINTH]** China Huarong AMC expects to turn to net profit of RMB1-2bn in FY23
- [LVGEM]** LVGEM (China) Real Estate Investment issues USD 5.278m, HKD 114m, CNY 40.5m 8% guaranteed commercial notes due 2025
- [NWDEVL]** Media reported that New World Development and Abu Dhabi Investment Authority plan to refinance HKD9.25bn syndicated loan related the to takeover of HK luxury hotels
- [REDSUN]** Redsun Properties' parent Hong Yang Group faces winding-up petition in Hong Kong

- **[SINOCE]** Sino-Ocean unit gets holder consents for maturity extension of two onshore public bonds totaled RMB4.7bn

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