

CMBI Credit Commentary

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

- *Market sentiment was strong this morning. Asian IG benchmarks tightened 1-3bps, high-beta names were 10-20bps tighter and IG Perps rose c0.5pt. Vanke plans to hold a meeting with financial institutions this afternoon, VNKRLs rebounded 1-7pts.*
- **Asia ex-JP USD bonds issuance:** 10M23 gross issuance down 21.5% yoy to USD121.3bn. See below.
- **VEDLN:** Media reported that Vedanta Group is in advanced discussions to secure private loan of USD1.25bn at 18%-20% interest rate. VEDLNs moved -0.1 to +0.3pt this morning.

❖ Trading desk comments 交易台市场观点

Last Friday, overnight UST 10yr yields tightened 10bps. Asia ex JP IG space had a constructive session. On the primary front, the new BOCAVI '28 tightened 9bps from the RO level (T+130) at open, but close at T+124/+123 on profit taking. In Korea space, the new DFHOLD 26s tightened another 5bps. The recent new KDB 28s/33s were 1-2bps tighter. HYUELE 28s/33s were also under better buying and closed 7-9bps tighter. Chinese SOE/TMT benchmarks TENCNT/HAOHUA 30s were unchanged to 1bp tighter. The high beta TMTs MEITUA/XIAOMI/WB 30s tightened 4-8bps. In Chinese financials, HRINTHs were 0.1-0.2pt higher (10bps tighter). CCAMCL/ORIEAS 29-30s tightened 2-4bps. Chinese bank T2s remained under better selling. ICBCAS/BOCOHK 30-31s were 2bps wider. HK IGs HKLSP/CKHH 33s tightened 2bps. In HK Corp space, NWDEVL Perps gained 1.1-2.3pts and NWDEVL '27 was 2pts higher. On the other hand, LIFUNG 5.25 Perp/CKINF 4.85 Perp were down 0.3-0.5pt. HK/Chinese properties performed mixed. YLLGSP 24/26 were up 0.3-0.6pt. VNKRL 24-25s were 1.2-3.9pts higher. GEMDAL '24 closed 1.1pts higher. However, FUTLAN/FTLNHD 24-25s were 0.6pt lower. CSCHCNs were down 0.4-0.9pt. CHJMAO '24/LASUDE '26 lowered 0.8pt. In industrials, HONGQI '24/AACTEC '26 were 0.3-0.5pt higher. In Macau gaming names, MPEL 27-29s were up 1.5-2pts. MGMCHI/SANLTD/WYNMAC 26-29s gained 1-1.5pts. Indian space was mixed, renewables GRNKEN 26/RPVIN '28 closed 0.5-0.7pt higher. ADSEZ/ADTIN 26-29s were also up 0.5-0.7pt, whilst VEDLNs were 0.1-0.4pt lower. Over the weekend, media reported Vedanta Group was in advanced discussions to secure a private loan of USD1.25bn at 18%-20% interest rate. Indonesian name LPKRIJ '25 was up 1.7pts. Elsewhere, GLPCHI 24/26 were another 0.4-0.8pt lower while GLPSPs were unchanged.

The LGFV/Perp spaces were firm. The LGFV 23-25 papers were better bid by front-end cash parking flows. In the 7-8% LGFVs, GZINFU 24/26 were 0.1-0.3pt higher. Chongqing/Shandong names CQNANA/SHUGRP/SHDOIS 24s were up 0.2-0.3pt. CQLGST 24s gained 0.3-0.7pt. GSHIAV 24-25s and

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KMNRLGP 24s were 0.4-0.6pt higher. CPDEV 26/Perp were 0.6-2.3pts higher. In SOE perps, HUADIA 4 Perp/RLCONS 3.97 Perp/CHPWCN 3.45 Perp were up 0.1pt. Elsewhere, FRESHK/ZHONAN 26s were up 0.1-0.3pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.15 05/12/25	66.0	3.9	CSCHCN 9 10/09/24	37.4	-0.9
VNKRLE 3 1/2 11/12/29	42.5	2.8	GLPCHI 2.95 03/29/26	50.9	-0.8
NWDEVL 5 1/4 PERP	63.3	2.3	CHJMAO 4 06/21/24	93.1	-0.8
CPDEV 5 3/4 PERP	77.7	2.3	LASUDE 5 07/28/26	44.1	-0.8
NWDEVL 4 3/4 01/23/27	81.6	2.3	FTLNHD 4.8 12/15/24	30.3	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.94%), Dow (+0.66%) and Nasdaq (+1.38%) continued to rally higher on last Friday. The US Oct NFP was +150k, down from +297k in Sep and lower than the expectation of +180k. US Oct unemployment rate was 3.9%, higher than the expectation of 3.8%. US Oct Markit servicing PMI was 50.6, compared with the expectation of 50.9. The UST yields moved higher on Friday, 2/5/10/30 yield reached 4.83%/4.49%/4.57%/4.77%, respectively.

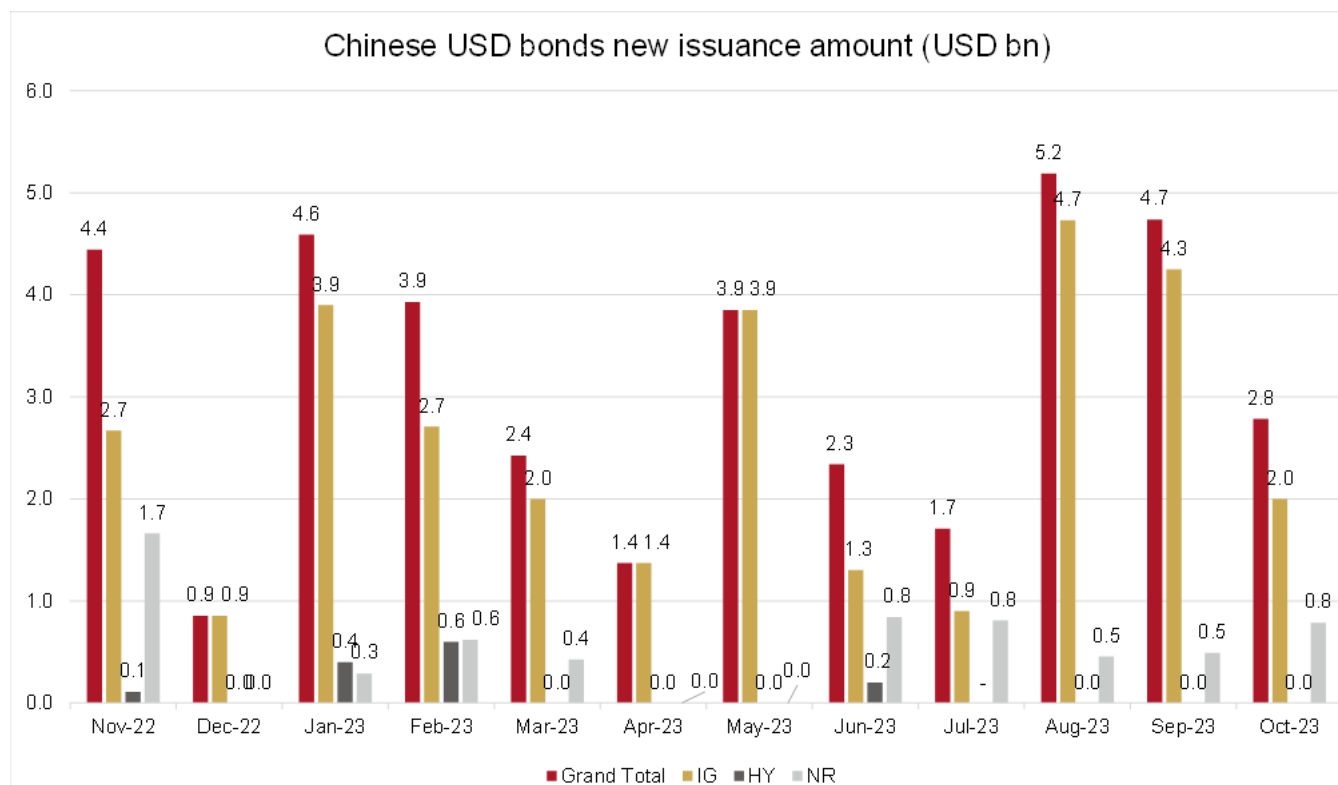
❖ Desk analyst comments 分析员市场观点

➤ Asia ex-JP USD bonds issuance: 10M23 gross issuance down 21.5% yoy to USD121.3bn

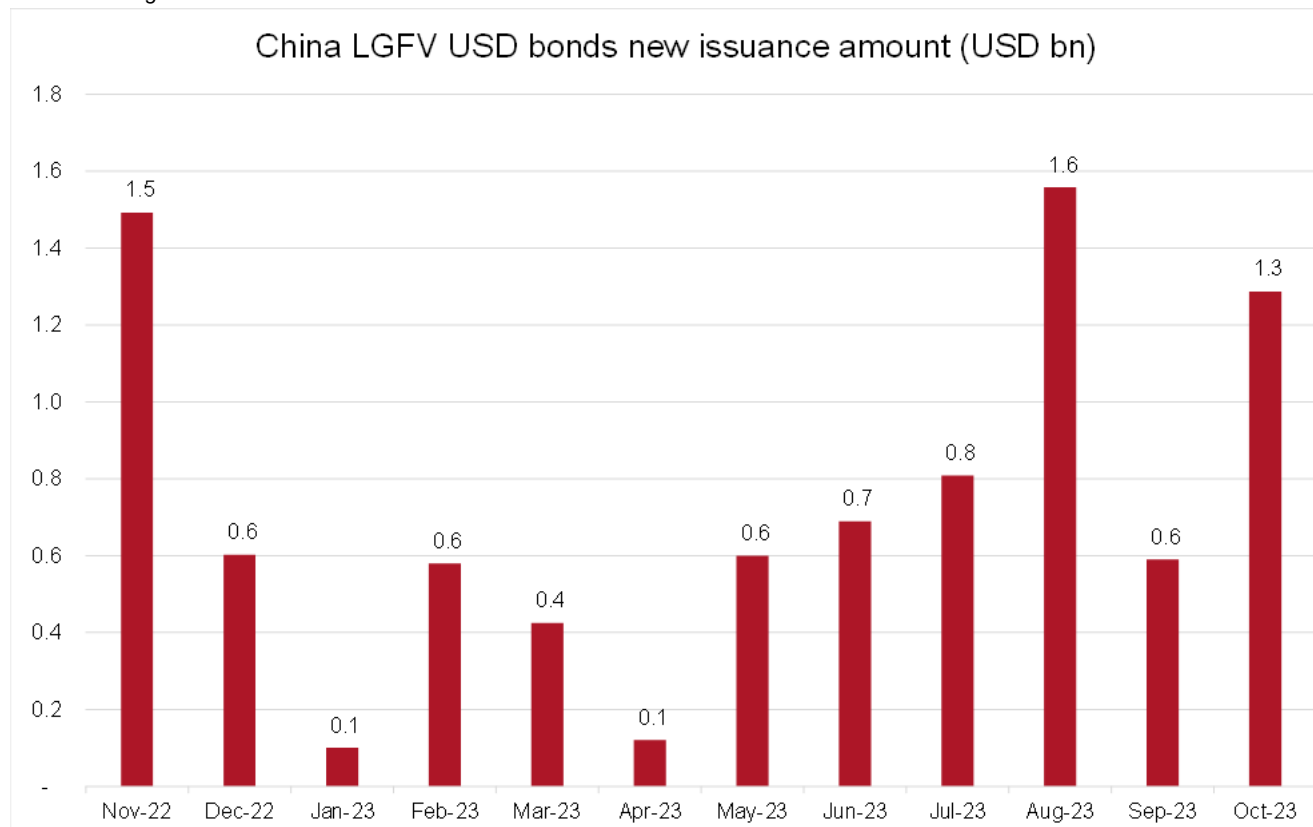
In Oct'23, the gross issuance of Asia ex-JP USD bonds increased 41.9% yoy to USD7.8bn from USD5.5bn in Oct'22. The monthly issuance has increased yoy for three consecutive months since Aug'23 within 2023. South Korea (USD4.4bn), China (USD2.8bn) and Indonesia (USD0.5bn) are amongst the largest contributors to the issuance. IGs accounted for 83.5% of the gross issuance in Oct'23. By sector, financials continued to be the largest issuers with issuance amount of USD6.3bn, c80.9% of total issuance.

Cumulatively, the gross issuance of Asia ex-JP USD bond issuance in 10M23 was USD121.3bn. As a result of yoy gross issuance increases over the past 3 months, the yoy gross issuance decline in 10M23 further narrowed to 21.5%, compared with a yoy decline -23.8% in 9M23.

LGFV issuances recovered from USD0.6bn in Sep'23 to USD1.3bn in Oct'23, rebounded 118.1% mom. Since Chinese Politburo meeting proposed to defuse local government debt risk in Jul'23, the Chinese government has taken successive actions to address the local debt burdens. As of 31 Oct'23, there are 25 provinces, including Inner Mongolia, Yunnan, Guizhou and Tianjin, have issued totaling cRMB1.0tn (cUSD137bn) special refinancing bonds to swap hidden debts. Besides, large state-owned banks are encouraged to extend loan maturities and to cut loan interest rates. We expect these measure to notable relieve near-term refinancing pressure, especially for LGFVs in including Inner Mongolia, Yunnan, Guizhou and Tianjin.



Source: Dealogic.



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➤ 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)
Guangxi Financial Investment	USD	-	2yr	7.7%	-/-/BBB
HSBC	USD	-	11NC10	T+300	Baa1/BBB/A-
Korea National Oil Corp	USD	-	3yr	T+115/SOFR Equiv	Aa2/AA/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 47 credit bonds issued yesterday with an amount of RMB40bn. As for Month-to-date, 206 credit bonds were issued with a total amount of RMB175bn raised, representing a 18.5% yoy decrease
- **[AGILE]** Media reported that Agile is seeking lenders' consent to reschedule 3% second amortisation due this month on originally USD719.2mn-equivalent loan
- **[CHADEC]** Changde Urban Construction and Investment issued RMB700mn three-year MTNs at 3.64% coupon to repay debts
- **[CHIGRA]** China Grand Automotive Services scheduled EGM on 28 Nov'23 to review proposal on termination of the 2023 ESOP plan. China Grand Automotive Services proposes up to RMB150mn share buyback
- **[CHINSC]** China SCE Group appointed Haitong International Securities as FA to explore feasible solutions to ease current liquidity issue
- **[COGARD]** Country Garden delivered approximately 460k residential units in 10M23
- **[GEMDAL]** Gemdale schedules RMB2bn 20JindiMTN004 redemption on 12 Nov
- **[INDYIJ]** Indika Energy said to that it plan to refinance some upcoming maturities with IDR-debt by the end of Nov'23
- **[NIO]** Media reported that NIO plans to reduce 10% of staff positions and spin off non-core businesses to lower cost
- **[NWSZF]** NWS Holdings proposes to offer RMB1.5-2bn three-year MTNs to repay debts
- **[SOFTBK]** SoftBank Corp launched JPY200bn (cUSD1.33bn) unsecured five- and seven-year loan into syndication
- **[VEDLN]** Media reported that Vedanta Group is in advanced discussions to secure private loan of USD1.25bn at 18%-20% interest rate

- **[VNRKLE]** China Vanke will hold an online meeting on 6 Nov with financial institutions to discuss recent volatility of bond prices in secondary market
- **[XINHUZ]** Fitch downgraded Xinhua Zhongbao to CCC+ and placed stable outlook

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