

CMBI Credit Commentary

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

- *New SPSP'29 tightened 3bps this morning. SEA Bank T2s were weak. Front-end AMCs were well bid. SOE developers rebounded with two-way flows, COGO/CHIOLIs/YUEXIUs were unchanged to 0.2pt higher.*
- **SMCGL:** *Concurrent exchange and tender offers. FV of new USD perp to be high-7%. SMCGL Perps moved -0.3 to +0.1pt this morning. See below comments.*
- **Macau gaming:** *Macao government expects 2025 GGR to rise to MOP240bn (cUSD30bn) vs our estimate of cMOP230bn for 2024. This represents a moderate GGR growth of 4-5% in 2025.*

❖ Trading desk comments 交易平台市场观点

Yesterday, on primary, SPSP priced the USD700mn 5-yr bond at CT5+45. The new CHINA '27 and CHINA '29 tightened 30bps from their ROs (CT3+1/CT2-1 and CT5+3, respectively). Chinese IGs were mixed. TENCNT 28-31s tightened 1-3bps following its 3Q24 results. BABA/MEITUA 28-31s were 1-2bps tighter, while HAOHUA 30s widened 1-2bps. In financials, BCHINAs were unchanged to 2bps tighter following Fitch's one notch upgrade to A+ with outlook stable. HRINTH 26/27s were 2-7bps tighter. On the other hand, the longer-dated-to-call WSTP/ANZ/MQGAU T2s were 2-5bps wider on FM/AM selling. BNKEAs/SHNHANs also widened 1-4bps. In EU AT1s, SOCGEN priced a USD1bn NC5.5 Perp at par to yield 8.125%. NWG priced a USD750mn NC10 Perp at par to yield 7.3%. BACR 9.625/INTNED 8/LLOYDS 6.75 Perps were 0.1-0.3pt lower. In JP, MYLIFE '54/NIPLIF '54/SUMILF 5.875 Perp were down 0.1-0.4pt. RAKUTN 27/29/Perp were unchanged to 0.2pt higher. In HK, NWDEVL Perps and 27s were another 0.3-0.8pt lower on PB selling. Chinese properties performed mixed. State-owned CHIOLIs/COGOs/YXREITs/ POLHONs were 0.2-0.8pt higher. However, SHUION 25-26s dropped 2.0-2.5pts. Outside China, SMCGL announced new issue mandate of a NC5.25 Perp, and concurrent par-for-par exchange offers on SMCGL 5.95/7/5.7 Perps, along with tender offers on SMCGL 5.95/7 Perps at 101. See comments below. SMCGL Perps were 0.2-0.5pt higher. In India, VEDLNs were unchanged to 0.1pt higher. See our comments on [14 Nov '24](#). UPLLINs were up another 0.2-0.4pt.

In LGFVs, JDSOAM priced a CNH325mn 3-yr bond at par to yield 5.2%. There was better buying in quality USD LGFVs from offshore RM accounts, and in higher-yielding CNH LGFVs from cross-border investors. CDHIIN/CHDUIN/CHDXCH/ SHGUOH 26s were up 0.1pt. In SOE perps, SPICPT/SPICPD Perps were 0.1pt higher following Moody's upgraded State Power Investment Corporation one notch to A1 and maintained outlook negative.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EXIMCH 4 11/28/47	86.9	1.4	SHUION 5 1/2 06/29/26	84.3	-2.5
CCAMCL 5 02/08/48	86.6	1.0	SHUION 5 1/2 03/03/25	93.5	-2.0
HAOHUA 5 1/2 03/14/48	100.6	1.0	INDON 4.45 04/15/70	82.6	-1.0
CITLTD 5.07 04/18/48	88.9	0.8	INDON 3.7 10/30/49	76.7	-1.0
CHIOIL 4.7 06/30/26	93.2	0.8	PLNIJ 6.15 05/21/48	99.7	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.60%), Dow (-0.47%) and Nasdaq (-0.64%) retreated on Thursday. The latest US initial jobless claim was +217k, lower than the expectation of +224k. China Oct'24 unemployment rate was 5.0%, lower than the expectation of 5.1%. Short-term UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.34%/4.32%/4.43%/4.58%.

❖ Desk Analyst Comments 分析员市场观点

➤ **SMCGL: Concurrent exchange and tender offers. FV of new USD perp to be high-7%**

San Miguel Global Power (SMCGL) launched exchange offers on SMCGL 5.95 Perp (callable May'25), SMCGL 7 Perp (callable Oct'25) and SMCGL 5.7 Perp (callable Jan'26), and concurrent tender offers for SMCGL 5.95 Perp and SMCGL 7 Perp. See Table 1. These will be funded with the issuance of a new USD NC5.25, which will have the same coupon reset and step-up (i.e. reset to 5yrUST+initial spread+250bps step-up) as all the five o/s perps of SMCGL. We view the FV of the new USD perp to be high 7%, factoring into c20-30bps premium for its c8-month longer in "tenor" than SMCGL 8.75 Perp which will be first callable in Jun'29. At 104.5, SMCGL 8.75 Perp was traded at YTC of 7.6%.

SMCGL will first apply the net proceeds from the issuance to settle the concurrent exchange and tender offers, any excess will be applied towards pre-development costs of solar energy projects and battery energy storage system projects. The exchanged securities will be fungible with the new securities to be issued.

The exchange offers are on a par for par basis. SMCGL will accept any and all amount offered for exchange SMCGL 5.95 Perp and SMCGL 7 Perp with cash consideration of USD1.5, while the maximum acceptance amount for SMCGL 5.7 Perp is USD100mn. Out of these 3 perps, the call date of SMCGL 5.7 Perp is the most "remote".

Regarding the tender offer on SMCGL 5.95 Perp and SMCGL 7 Perp, the acceptance priority will be given to SMCGL 5.95 Perp which will be callable about 5 months earlier in May'25. The acceptance priority is the same as the [concurrently tender offers launched in Aug'24](#). If the outstanding principal amount of SMCGL 5.95 Perp is less than USD125mn (25% of the original issued amount), SMCGL may exercise the option to redeem the remaining amounts at 101 which will be funded by the net proceeds. Correspondingly, SMCGL may accept lower principal amount of valid tenders of SMCGL 7 Perp if SMCGL exercises the "clean-up" call. The maximum acceptance amount of the tender offer is subject to the size of the net proceeds of the new issuance. In our view, SMCGL should be able to excise the call option to redeem SMCGL 5.95 Perp in full considering the outstanding amount is only USD176mn.

As discussed before, we believe the willingness of SMCGL to redeem its perps on the first call date is strong owing to the coupon reset and 250bps step-up. SMCGL has track records of calling its perps on the first call dates. For instance, SMCGL 7.5 Perp was called on 7 Nov'19, SMCGL 6.75 Perp was called on 26 Feb'21. SMCGL 6.5 Perp, which we had buy recommendation in [2024 Outlook](#), was also called on 25 Apr'24. For

SMCGLs, we prefer SMCGL 5.7 Perp and SMCGL 5.45 Perp for better risk-return profiles in view of their lower cash price, higher YTC and shorter effective tenor.

On the other hand, given issuers' ability to access lower-cost funding alternatives, we expect the trend of active early redemptions to continue. In our opinion, the most likely candidates for early redemptions include commodity players in Indonesia (Indika and Medco), Philippine corps which have accesses to various lower-cost funding channels, Thailand IGs (i.e. PTTEP, PTTGC and Thai Oil), Macau gaming operators, and NWDEVL which is on track with its non-core disposal plan. We have buy recommendations on [INDYIJ 8.75 05/07/29](#), [MEDCIJs](#), [PCORPM 5.95 Perp](#), [SMCPM 5.5 Perp](#), [MPELs and STCITYs](#), and [NWDEVL's Perps with high coupon step-up](#). We also like the Chinese IGs [ZHOSHKs](#) after funding exercise since Jul'24, as well as [AACTECs](#) post strong 1H24 results.

Table 1: SMCGL's outstanding USD perps

Security name	Amt o/s (USDmn)	Exchange px (USD)	Max. acceptance amt in exchange offer (USDmn)	Tender px (USD)	Max. acceptance amt in tender offer (USDmn)	Px	YTC (%)	First call date	Coupon reset (incl. 250bps step-up)
Under concurrent exchange and tender offer									
SMCGL 5.95 Perp	176.0	101.5	Any and all	101	Up to net	100.3	5.19	5 May'25	5yUST+6.796%
SMCGL 7 Perp	350.7	101.5	Any and all	101	proceeds from new issuance	100.4	6.53	21 Oct'25	5yUST+9.199%
Under exchange offer only									
SMCGL 5.7 Perp	593.3	100	100	-	-	98.7	6.87	21 Jan'26	5yUST+6.554%
Other outstanding perps									
SMCGL 5.45 Perp	683.5	-	-	-	-	96.5	7.33	9 Dec'26	5yUST+7.155%
SMCGL 8.75 Perp	900	-	-	-	-	104.5	7.62	12 Jun'29	5yUST+7.732%
Expiration deadline	22 Nov'24								
Pricing of new perp	On or around 25 Nov'24								
Result announcement	On or around 26 Nov'24								
Settlement date	On or around 2 Dec'24								

Source: Bloomberg, Company filling.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Singapore Power	700	5yr	4.625%	T+45	Aa1/AA+/-
Zhejiang Changxing Financial Holding Group	98	3yr	5.4%	5.4%	-/-/-

➤ **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 131 credit bonds issued yesterday with an amount of RMB103bn. As for month-to-date, 823 credit bonds were issued with a total amount of RMB766bn raised, representing a 16.5% yoy increase
- Macau government expects 2025 gaming revenue to rise to MOP240bn (cUSD30bn)
- **[JD]** JD.com 3Q24 net revenue rose 5.1% yoy to RMB260.4bn and EBITDA rose 17% yoy to RMB15.1bn
- **[LENOVO]** Lenovo 1H25 revenue rose 22% yoy to USD33.3bn and operating profit rose 27% yoy to USD1.2bn
- **[MONGOL]** Government of Mongolia repurchased USD53.9mn of 2027 bonds
- **[SINOCE]** Media reported that Sino-Ocean's key creditor group will file objection to debt revamp
- **[SJMHOL]** Media reported that SJM Holdings may consider debt restructuring to address high debt levels

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