

CMBI Credit Commentary

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

- *New issue BZLNZ'29 tightened 9bps amid firm sentiment in IG space this morning. Recent new issue DAESEC'27/29 tightened 3bps. IG benchmarks/High-beta IGs were 1-3/3-5bps tighter. SEA AT1s were also well bid.*
- **VEYONG:** Accepted USD80.4mn as of the early deadline; set tender price at USD94.8. VEYONG'26 down 0.2pt this morning. See below.
- **GEMDAL:** Gemdale schedules RMB2bn 21Jindi01 bond put option exercise on 25-31 Jan'24. GEMDAL'24 continued to down 1pt this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield tightened 3-6bps. The new DAESEC 27s tightened 10bps from RO (CT2+175) and DAESEC 29s tightened 22bps from RO (CT5+222). On the secondary side, Korean securities papers such as DFHOLD/DAESEC 26s were 3-5bps tighter. Chinese IG benchmarks were traded in mixed two-way flows. HAOHUA/BABA 30-31s tightened 1-2bps whereas TENCNT/BIDU 30s widened 1bp. The high beta TMTs LENOVO/MEITUA 30s tightened 3-5bps. In financials, AMCs were traded a bit weaker. HRINTHs/GRWALLs were 0.3-0.5pt lower, CCAMCLs/ORIEASs widened 5bps and we saw selling flows on the longer duration papers. In leasing space, there were active two-way flows across names such as ICBCIL/CDBFLD/CMINLE/BOCAVI 24-26s. BOCAVI 28-33s tightened 1-3bps. In bank T2s, DAHSIN 33s widened 5bps while CINDBK/SHCMBK 33s were unchanged to 2bps tighter. Chinese big-4 bank T2s were under small buying. BCHINA '26/ICBCAS '25 tightened 2-3bps. Chinese AT1s were stable, while EU/Thai AT1s STANLN/BBLTB/KBANK Perps were up 0.2-0.5pt. In HK names, SHUION 24-26s were down another 2.2-2.9pts to close 4-5pts lower WTD. We saw the tone remained weak in HK property names amid PB selling. NWDEVL 29-31s/LIHHK 24-26s were 0.5-1.1pts lower. Chinese properties recovered in general. VNKRL 24s were up 0.5-1pt, and VNKRL 25-29s rebounded 2.8-5.2pts and we saw buying from PBs/Prop desks. GEMDAL '24 was bounced 4.6pts. LNGFORs/CHJMAOs were 0.5-2.2pts higher. On the other hand, FUTLAN 25-26s were down 0.8-0.9pt. CSCHCN 24s were 0.5-1.6pts lower. In industrials, EHICAR 24/26 and ANTOIL '24 were up 0.4-1.4pts. ENN Natural Gas purchased USD80.4mn of its VEYONG 3.375 05/12/26 via a tender offer. See below for comments. Macau gaming names SANLTDs/WYNMACs were 0.5-1pt higher. In Indian space, ADANEM/ADSEZ 27-32s were up 0.5-1.1pts. S&P affirmed the ratings of Adani Electricity and Adani Ports, and changed the outlooks to stable from negative. VEDLN 26-28s were up 0.4-0.8pt. Indonesian name LMRTSP '26 was up 1.6pts.

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In the LGFV/Perp spaces, sentiment was firm. The property-related names CPDEV/ZHHFGR stabilized a bit as occasional selling was met with keen bids again. CPDEV/ZHHFGR 25s were up 0.1pt. We continued to see Chinese RMs adding the high-beta names and switched out from the low-yielding papers, which were in turn well digested by cash parking demands from offshore prop desks. SOE perps and low-yielding LGFVs papers remained largely stable. HUADIA 4 Perp/CHSCOI 4 Perp were unchanged to 0.1pt higher. HZCONI '26/HKIQCL '25 were up 0.1pt. There were decent two-way interests in the high-beta LGFVs. SHGUOH/QDJZWD 25-26s were up 0.1pt. Elsewhere, JP insurance hybrids had a firm session. FUKOKU/SUMILF Perps were 0.2-0.5pt higher despite occasional profit taking from PBs.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.15 05/12/25	80.1	5.2	SHUION 5 1/2 06/29/26	52.6	-2.9
GEMDAL 4.95 08/12/24	59.2	4.6	SHUION 5 1/2 03/03/25	62.9	-2.2
VNKRLE 3 1/2 11/12/29	54.4	3.8	CSCHCN 9 12/11/24	42.1	-1.6
VNKRLE 3.975 11/09/27	62.2	2.8	SHUION 6.15 08/24/24	80.9	-1.6
LNGFOR 4 1/2 01/16/28	51.0	2.2	AGILE 5 3/4 01/02/25	18.9	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.29%), Dow (-0.25%) and Nasdaq (+0.43%) were mixed on Tuesday. Most of the Chinese provinces set 5%-6% GDP growth goal for FY24 during the provincial annual sessions. UST yields movements were mixed yesterday, short-term yields retreated while long-term yields moved higher, 2/5/10/30 yield reached at 4.31%/4.06%/4.14%/4.38%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ VEYONG: Accepted USD80.4mn as of the early deadline; set tender price at USD94.8

ENN Natural Gas accepted USD80.4mn, or 10.5% of its outstanding principal, of its VEYONG 3.375 05/12/26 as of the early deadline of the tender offer at a price of USD94.8. This is the maximum bid price in the modified Dutch auction conducted by the company. ENN also increased the tender offer consideration for the notes tendered after the early deadline and before the expiration date to USD94.8. Recalled that ENN plans to buy up to USD120mn in the tender offer, representing 15.6% of the total outstanding amount.

As at 30 Sep'23, ENN had RMB16.5bn cash on hand. And apart from the cash on hand, ENN also has access to onshore funding channel. It has an onshore bond VEYONG 3.3 04/26/26 trading at YTM of 2.7% at 101.3. At 94.6, VEYONG 3.375 05/12/26 is trading at YTM of 5.9% and 2.3 years to maturity.

Table 1: Details of tender offer

Bond	VEYONG 3.375 05/12/26
Consideration	USD94.8
Accepted amount as of early deadline	USD80.432mn
Maximum acceptance amount	USD120mn
Outstanding amount	USD770mn
Expiration time	6 Feb'24

Ask price 94.55
 Ask YTM (%) 5.94
 Source: Bloomberg, Company' filling.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of New Zealand	750	5yr	5.076%	T+103	A1/AA-/-
Hainan State Farms Investment Holdings Group., Ltd.	300	3yr	6.2%	6.2%	-/-/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Korea Electric Power Corp	USD	-	3yr	T+115	Aa2/AA/-
Shaoxing Shangyu State-Owned Capital	USD	-	-	-	-/-/BBB-

➤ News and market color

- Regarding onshore primary issuances, there were 65 credit bonds issued yesterday with an amount of RMB54bn. As for Month-to-date, 1,184 credit bonds were issued with a total amount of RMB977bn raised, representing a 7.1% yoy increase
- [FUTLAN]** Seazen opened 22 new Wu Yue Plazas in 2023, there are 161 plazas in operation nationwide
- [GEMDAL]** Gemdale schedules RMB2bn 21Jindi01 bond put option exercise on 25-31 Jan'24
- [GLPCHI]** GLP unit schedules redemption of RMB700mn 21GLP01 bonds on 25 Jan'24
- [MINMET]** Minmetals Land FY23 contracted sales drop 15% yoy to RMB11.3bn
- [YESTAR]** Yestar Healthcare's scheme meeting will be held on 19 Feb'24

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