

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

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 Asian G3 Bond Benchmark Review 2024](#)". Thank you for your support!

- *New NWDEVL'28 down 2pts this morning. Asian IG widened 10-20bps with better selling flows while we saw buying interests on belly CKHH and TENCNT. GRWALL/HRINTH were also well bid. LGFV space was stable.*
- *EHICAR: Delay in closing the onshore syndicated loans should be temporary; maintain buy. EHICARs were unchanged to 1pt lower this morning. See comments below.*
- *MEDCIJ: Improved credit profile in 1H24. Maintain buy on MEDCIJ'28/29. MEDCIJs were down 0.3 to 1.3pts this morning. See comments below.*

❖ Trading desk comments 交易台市场观点

Last Friday, UST yields tightened 12-20bps overnight and Asia IG space was under better selling. The new NWDEVL '28 closed 1.2pts lower from par. NWDEVL Perps/27-31s declined 0.8-1.7pts under profit taking from PBs/RMs. That said, these bonds/perps still closed 2.6-4.4pts higher WoW. In KR, the recently issued DAESEC 5.5 '27 widened 6bps. LGENSO/LGELEC/HYNMTR 29s closed 7-10bps wider. In Chinese IGs, HAOHUA/SINOCH 28-31s widened 3-7bps. TENCNT/BABA 27-31s were 2-8bps wider. In Chinese AMCs, GRWALL 7.15 Perp was 0.1pt higher. CCAMCL/ORIEAS 27-30s were 6-12bps wider. CSFCO/CISIFG/GTJA Float 27s tightened 1-2bps. In regional financials, NANYAN/BNKEA T2s widened 7-13bps under heavy profit taking. BBLTB/OCBCSP 34s widened 4-7bps. ANZ/WSTP 30s, on the other hand, tightened 2-4bps. In AT1s, ICBCAS/BOCOM Perps were 0.1-0.2pt higher. In EU AT1s, the recent issues such as SANTAN 8 Perp/DNBNO 7.375 Perp were down 0.4pt. ACAFP 6.5 Perp/SOCGEN 8.5 Perp/INTNED 8 Perp were 0.2-0.7pt lower. Chinese properties were mixed. CHIOLIs were 0.8-2.1pts higher. On the other hand, VNKRL 27/29 were 0.4-0.6pt lower. ROADKGs were down 0.3-0.6pt. In industrials, EHICAR '27/WESCHI '26 were up 0.3-0.4pt. In Macau gaming, SANLTD 27-30s were 0.4-0.7pt higher. MEPL/WYNMAC 27-29s were 0.3-0.6pt lower. In India, UPLLIN 28/30/Perp were 1.8-2.3pts lower following its 1Q25 results with lower margin and higher net debts. Azure Power announced early results of its tender offer and accepted for purchase USD8mn of AZUPOE 3.575 '26. AZUPOEs closed unchanged.

In LGFVs, CPDEV 25/26 and ZHHFGR '25 were 0.2-0.3pt higher. On the other hand, HNYUZI/GSHIAV 27s were down 0.1-0.2pt. SDECIDI '26 was

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0.3pt lower. In SOE perps, CHPWCN 4.25 Perp/CHSCOI 3.4 Perp were 0.1pt higher. CHCOMU 3.65 Perp was 0.1pt lower. In the high beta names, HUANEN '31/HNINTL '29 were 0.9-1.1pts higher. SUNSHG '26 was down 0.2pt. TIANFS '26 was 0.1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOPE 3.68 08/08/49	84.5	2.7	UPLLIN 4 5/8 06/16/30	82.8	-2.3
TAISEM 4 1/2 04/22/52	99.2	2.6	UPLLIN 5 1/4 PERP	72.9	-2.2
SINOPE 4 1/4 04/12/47	93.1	2.6	UPLLIN 4 1/2 03/08/28	88.0	-1.8
SINOPE 4 09/13/47	89.5	2.5	NWDEVL 4 1/8 PERP	68.0	-1.7
TAISEM 3 1/4 10/25/51	79.5	2.5	NWDEVL 6 1/4 PERP	57.4	-1.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.84%), Dow (-1.51%) and Nasdaq (-2.43%) remained weak on Last Friday. US Jul'24 NFP was +114k, lower than the expectation of +176k. US Jul'24 unemployment rate was 4.3%, higher than the expectation of 4.1%. China Caixin Jul'24 service PMI was 52.1, higher than the expectation of 51.4. UST yields retreated on Friday, 2/5/10/30 yield reached 3.88%/3.62%/3.80%/4.11%.

❖ Desk analyst comments 分析员市场观点

➤ EHICAR: Delay in closing the onshore syndicated loans should be temporary; maintain buy

EHICAR'26/27 were 8.5-9pts lower since early Jul'24, partly due to the concerns of delay in closing the onshore syndicated loans. We believe that the delay is temporary and continue to expect EHICAR's credit profile to improve considerably over the next 2-3 years given the gradual recovery of its operating performance and the increasing uses of operating lease model starting from 2Q23. We maintain buy on EHICARs and believe that the lower cash prices offer better entry points. The conclusion and upsize, if any, of the onshore syndicated loans could be a catalyst for outperformance in the near-term.

During the investors' call in Jun'24, EHICAR mentioned that it would close the syndicated loans of RMB800mn-1bn in early Jul'24. As per our recent discussions with EHICAR, the delay in closing the syndicated loans was mainly attributable to more participating banks in the syndicated loans than originally expected. The credit approval process is therefore lengthened but terms (3-yr and funding cost below 5%) of the syndicated loans are the largely the same as previously communicated to the market. We would monitor if the final loan size will be larger than RMB800mn-1bn as per previously indicated.

On a separate note, after the active fleet size expansion in 1Q24, EHICAR has more or less completed its fleet expansion in the near-term and has turned its focus to ramp up the fleet utilization. The company noted the improvement in operating stats such as fleet utilization rate and ADRR from Jun'24. 3Q is traditionally a peak of the car rental industry. The improvement should be more obvious. More detailed operating stats and guidance will be available when EHICAR will release its 1H24 results in Sep'24.

Regarding the IPO in the US, EHICAR has obtained CAC approval, and is pending on the approval from CSRC. EHICAR does not have a concrete IPO timetable.

Security Name	ISIN	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating(M/S/F)
EHICAR 7 ¾ 11/14/24	XS2335327388	44.6	100.5	5.7	-/-

EHICAR 7 09/21/26	XS2384059122	300.0	78.1	20.2	-/-
EHICAR 12 09/26/27	XS2782510049	325.0	83.3	19.3	-/-

Source: Bloomberg.

➤ MEDCIJ: Improved credit profile in 1H24. Maintain buy on MEDCIJ'28/29

Medco Energi (Medco) released largely stable 1H24 results. In 1H24, Medco's oil and gas production was 153 mboepd, higher than the company's guidance of 145-150 mboepd but 5.6% lower than that in 1H23. The impact of lower oil and gas production was offset by higher ASP. Hence, Medco's revenue in 1H24 rose 4.4% yoy to USD1,165mn and its EBITDA increased 2% yoy to USD650mn. We expect Medco's revenue and EBITDA to reach cUSD2.35bn and cUSD1.3bn in FY24, slightly higher than USD2.25bn and USD1.26bn in FY23, respectively.

Medco's credit profile remained solid for its credit ratings. As of Jun'24, Medco had cash on hand of USD663.5mn, increased 52.3% from USD435.7mn in Dec'24. Its total debts decreased 2.3% to USD3.45bn from USD3.53bn in Dec'24. Its net debt to EBITDA ratio improved to 1.7x from 2.1x in Dec'23. We consider Medco's cash on hand and operating cash inflow to be sufficient to cover its ST debts of USD378mn and capex of cUSD240mn in 2H24.

Medco has actively managed its maturities in the past year. It early redeemed due 25-28 MEDCIJs totaled USD545mn via tender offers since Nov'23 and early called USD33mn MEDCIJ'25 in May'24. We expect Medco to conduct more early redemptions or early calls given its sufficient liquidity and good access to onshore funds. In 1H24, Medco issued IDR bonds of USD95mn with coupon rates ranging from 7.35 to 8.5%. In 2Q24, both S&P and Fitch upgraded Medco one notch to BB- with stable outlook on enhanced financial flexibility. MEDCIJs rose 1.3-4pts in 2024, we maintain buy on MEDCIJs and prefer MEDCIJ 28/29 for better risk-return profile within the curve.

Security Name	ISIN	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating(M/S/F)
MEDCIJ 7 % 05/14/26	US58405FAA30	314.7	101.4	6.5	B1/BB-/BB-
MEDCIJ 6 % 01/30/27	US58406LAA98	498.7	99.5	6.6	B1/BB-/BB-
MEDCIJ 6.95 11/12/28	US58406RAA68	299.4	100.2	6.9	B1/BB-/BB-
MEDCIJ 8.96 04/27/29	US58407HAA77	500.0	106.1	7.4	B1/BB-/BB-

Source: Bloomberg.

➤ 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)
Henan Investment Group Co., Ltd.	USD	-	3yr	-	-/-/A

➤ News and market color

- Regarding onshore primary issuances, there were 60 credit bonds issued last Friday with an amount of RMB43bn. As for Month-to-date, 130 credit bonds were issued with a total amount of RMB141bn raised, representing a 42.5% yoy increase
- [ADTIN] Adani Energy Solutions raises USD1bn in shares via QIP

- **[AZUPOE]** Azure Power announced early results of tender offer for USD8mn of AZUPOE 3.575'26
- **[DALWAN]** Media reported that Dalian Wanda Commercial Management Group's RMB150mn equity interests in Qingdao Licang Wanda Plaza and Xi'an Daming Palace Wanda Plaza frozen by court
- **[GEMDAL]** Media reported that Gemdale US unit sold Seattle luxury high-rise for USD175mn
- **[NWDEVL]** New World Development will convene a EGM on 22 Aug'24 to vote on USD200mn disposal
- **[VEDLN]** Vedanta unit Hindustan Zinc's 1Q25 revenue rose 12% yoy to cUSD971mn and EBITDA rose 17% yoy to cUSD471mn
- **[YIDCHL]** Yida China received additional share trading resumption guidance from HKEx

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