

CMBI Credit Commentary

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

- *Markets was active and skewed to better buying this morning. Markets focused on new issues, NORBK'28 tightened 5bps; HSBC 6NC5 narrowed 5-7 bps; SUMI'28 tightened c10bps; CTIH 6.4 Perps slightly rose with strong holding power.*
- **WYNMAC:** *Upsized 6NP4 CB issue signals the re-opening of access to capital markets. WYNMACs were unchanged to +0.25pt this morning. See below.*
- **Asian ex-JP USD:** *2M23 gross issuance down 14.3% yoy while FTZ increased 13 times yoy. See below.*

❖ Trading desk comments 交易台市场观点

Asia IG space turned weaker yesterday. All-in yield buyers initially loaded up papers flows turned to better selling after UST 10y broke 4%. On new issue front, CTIH priced the USD2bn Perp NC5 at par to yield 6.4% (IPT at 6.75%). New SUMITR priced USD2bn in three tranches, and performed well, tightened 10-20bps. New KBANK 28s first tightened 3bps, but retraced amid rates sold off and closed mostly unchanged at around T+115. IG spreads closed generally 2-5bps wider. TMT benchmarks like TENCNT curve were unchanged to 2bps wider, while BBB papers like MEITUA/JD widened 3-8bps. SOEs were stable, HAOHUA 30s closed unchanged at T+194 amid two way flows. Elsewhere, HK/Korea papers like HKAA/KHFC/KDB/EIBKOR widened 3-5bps. POHANG still traded heavily on the back of onshore selling and were 3-5bps wider into close. In IG properties, VNKRLs tightened 5-8bps post its announcement of share placement to raise around HKD3.9bn. China HY property bonds were mixed. CENCHI 23s rallied another 3.5-5.5pts yesterday to close 9-10pts higher WoW. Rest of CENCHIs were up 1.5-2.5pts. On the other hand, AGILEs/GRNLGRs were traded down ~1pt. SINOCEs/CSCHCNs/COGARDs/FUTLANs were also marked another 0.5-1pt lower. Industrial and Macau gaming names were unchanged. CARINC were marked 1.5pt higher at 95 level. In India space, Adani complex bonds were unchanged to 0.5pt higher. VEDLNs and renewables were quoted down 0.5pt. Indonesian names LMRTSPs/LPKRIJs were indicated 0.25-0.5pt lower.

In the Asia AT1/Perp/LGFV space, Wednesday's euphoric mood did not extend to yesterday, following overnight UST yields climbed another ~5bps higher. AT1s retraced by around 0.45-0.75pt, led by liquid Big 4 bank papers. ICBCAS 3.2 Perp/BOCOM 3.8 Perp got hit down 0.5-0.75pt, quoted at 92.25 and 95, respectively. ICBCAS 3.58 Perp/BCHINA 3.6 Perp were marked down 0.25pt. New HSBC 8 Perp faded from Wednesday's 101 level, but found support at 0.375pt lower as PB demand remained strong. Korean AT1s lowered 0.5pt amid RM and HF selling, dragged by rates movement. Non-SOE perps continued to underperform, weighed down by broader sentiment

Glenn Ko, CFA 高志和
 (852) 3657 6235
 glennko@cmbi.com.hk

Cyrena Ng, CPA 吳倩瑩
 (852) 3900 0801
 cyrenang@cmbi.com.hk

Jerry Wang 王世超
 (852) 3761 8919
 jerrywang@cmbi.com.hk

across the spaces. HK FFL Perps like LIFUNG/CKINF/CKPH perps dropped another 1.5-3pts while reset Perps leaked 0.75-1pt, on the back of better selling. SOE Perps remained staled, except for a selective names like SINOCH perps were marked down 0.125pt. LGFV flows were overall two-way skewed to slight better selling in high-beta names yielding $\geq 7\%$. While valuations looked fairly rich for some of these names, clients faced thin offer side liquidity to redeploy money. Shandong names such as SHGUOH/SHDOIS were unchanged to 0.125pt higher. High yielding LGFVs like GXFING 23/GSHIAV 25s had active two way mixed flows.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CENCHI 7 1/4 04/24/23	67.0	5.6	CKINF 4.2 PERP	76.4	-5.2
CENCHI 7.65 08/27/23	45.3	4.3	LIFUNG 5 1/4 PERP	58.3	-2.9
CENCHI 7.9 11/07/23	40.2	3.7	CKPH 3 1/2 PERP	64.9	-2.0
CENCHI 7 3/4 05/24/24	35.8	2.1	NANFUN 5 PERP	75.1	-1.4
CARINC 9 3/4 03/31/24	95.3	1.7	HYSAN 4.85 PERP	77.8	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – U.S. stock markets rebounded on Thursday. S&P (+0.76%), Dow (+1.05%) and Nasdaq (+0.73%) were boosted by Fed official's dovish comment that interest rate hike may be suspended after summer. U.S. latest weekly jobless claim is +190k, down from +192k in last week and lower than expectation of +195k. The U.S. treasury yields climbed higher yesterday, 2/5/10/30 yields reached 4.89%/4.32%/4.08%/4.03%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Wynn Macau: Upsized CB issue signals normalizing funding access

Wynn Macau issued 6NP4 CBs of USD600mn for general corporate purposes. The conversion price is HKD10.24/share, representing 26.8% conversion premium based on 2 Mar'23 close price. The issue upsized from USD500mn to USD600mn. Wynn Macau's CB issue signaled Macau gaming operators' resumption of access to capital markets. We expect more capital market activities from the sector.

Subsequent to the reopening of China since last Dec, gaming revenue and tourist arrivals in Macau rebounded significantly. The gaming revenue in Feb'23 revenue rose 33.1% yoy to MOP10.32bn (cUSD1.28bn), and 2M23 gaming revenue was up 55.3% yoy to MOP21.9bn (cUSD2.71bn). As per Wynn Macau, it expects its 2M23 adjusted property EBITDA to rebound substantially to USD94-98mn from only USD4.5mn in 2M22.

The USD bonds of Macau gaming sector rebounded 10-40pts since Nov'22. While the conviction is lower as we discussed before, we still consider the sector offering good carry with bond performance to be supported by their resumption of capital market access. From a risk-return perspective, we prefer **MPELs** and **STCITYs** most in the Macau gaming sector.

Terms	Content
Issue amount	USD600 mn
Maturity	7 Mar'29
Coupon	4.5%
Issue price	100% of the principal amount of the bonds
Lock-up undertakings	90 days from the date of the Offering Memorandum

Conversion price	HKD10.24/share, FX rate: HKD/USD=7.8497
Conversion premium	26.8% based on 2 Mar close price
Redemption at the option of Company/Bondholder	After 7 Mar'27

Wynn Macau USD bonds:

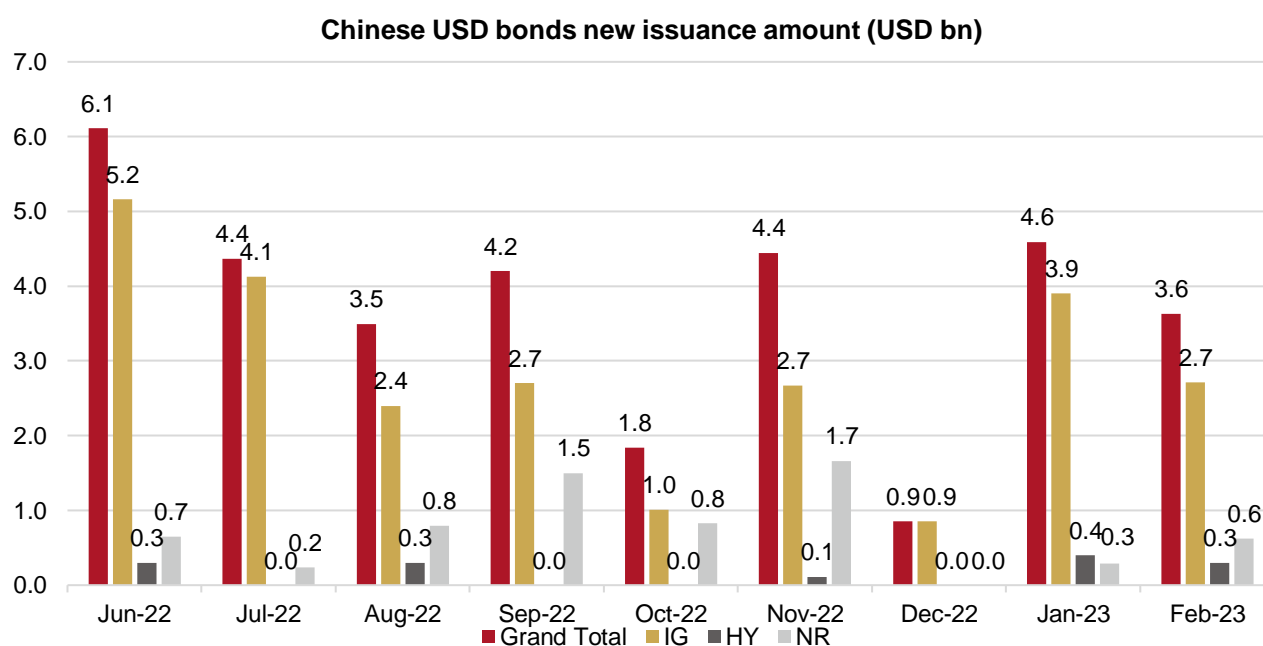
Name	O/S amount (USDmn)	Ask price	YTM (ask)	Next call date
WYNMAC 5.625 08/26/28	1350	86.8	8.7	8/26/2023
WYNMAC 5.125 12/15/29	1000	83.3	8.4	12/15/2024
WYNMAC 5.5 01/15/26	1000	92.6	8.5	4/3/2023
WYNMAC 5.5 10/01/27	750	88.9	8.5	4/3/2023
WYNMAC 4.875 10/01/24	600	96.4	7.4	3/13/2023

Source: Bloomberg.

➤ Asia ex-JP USD bond: 2M23 gross issuance down 14.3% yoy, FTZ issues continued the rising trend

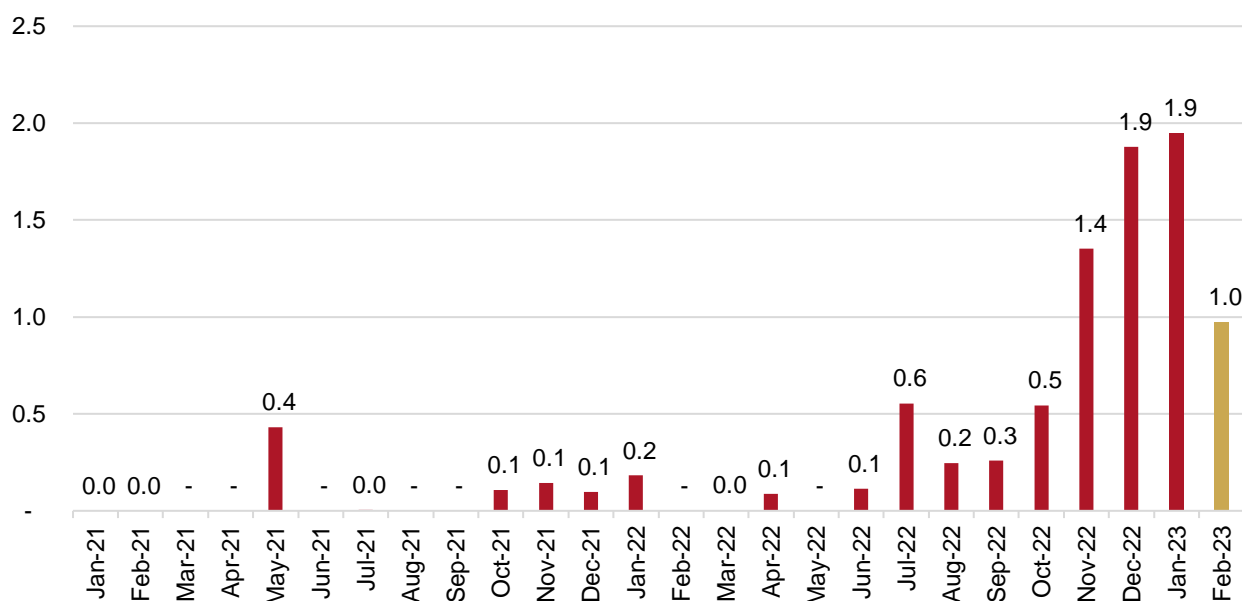
The gross issuance of Asia ex-JP USD bond issuance in 2M23 was USD40.2bn, down 14.3% yoy from USD46.9bn in 2M23. IG issuance accounted for 81.2% of the gross issuance. In 2M23, new issuance from China was USD8.2bn, down 60.2% yoy. Out of the issuances of USD8.2bn from China, 80.4% of these were IG, mainly financials.

FTZ bonds issuance continued the rising trend since 2H22, increased 13 times yoy to USD2.9bn in 2M23. In Feb'23, FTZ issue amount down 50.0% mom to RMB6.8bn (cUSD1.0bn) with weighted average coupon rate of 4.64%. The coupon rate rose from 4.51% in Jan'23 while still lower than the 6.64% average coupon rate of USD bond issued by Chinese companies in Feb'23. Among 13 FTZ bond issuers in Feb'23, 7 issuers have outstanding USD bonds while choose to refinance via FTZ bonds. As we have been discussing with clients, the new funding avenues such as FTZ is amongst one of the reasons we believe that Asia ex-JP USD bond is a shrinking space over the medium term.



Source: Dealogic.

Shanghai FTZ bonds new issuance amount (USD bn equivalent)



Source: DMI.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
China Taiping Insurance Holding	2000	PNC5	6.4%	6.4%	-/-/BBB+
HSBC	2000/2250/2750	6NC5/11NC10/ 21NC20	6.161%/6.254%/ 6.332%	T+185/220/210	A3/A-/A+
Norinchukin Bank	500	5yr	5.43%	T+110	A1/A/-
Sumitomo Corp	500	5yr	5.55%	T+125	Baa1/BBB+/-

➤ 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 110 credit bonds issued yesterday with an amount of RMB95bn. As for Month-to-date, 194 credit bonds were issued with a total amount of RMB162bn raised, representing a 40.3% yoy increase
- [CAPG]** Media reported China Aoyuan to disclose restructuring plan of offshore debts within this week
- [CHINSC]** Media reported China SCE plans to sell Hongqiao SCE Plaza's buildings in Shanghai for cRMB2.5bn (cUSD0.36bn)

- **[FOSUNI]** Media reported Fosun International is continuing its refinancing efforts for an originally USD1.2bn-equivalent three-year senior unsecured loan due Apr'23
- **[GRNKEN]** Media reported Greenko Energy seeks to raise USD700mn via right rights issue at USD7bn valuation
- **[POLHON]** Poly Property expects net profit to drop 60% yoy for FY22
- **[PTTGC]** PTT Global Chemical repurchases USD50mn of PTTGC 4.4 03/30/2032
- **[SHIMAO]** Shimao Group unit Shimao Jianshe proposes to repay seven domestic notes through Sept 2027, one tranche through June 2028

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

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