

## CMBI Credit Commentary

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

- *Light flows this morning. New BABAs were unchanged with two-way flows. Front-end HRINTHs were under better selling. CNH LGFVs were weak.*
- **ADANEM:** Downgrade DANEM 3.867 07/22/31 to sell from buy on uncertainties over funding access. ADGREG '42 plunged 16pts, ARENRJ '39 fell 11pts, ADANEMs/ADSEZs/ADTINs dropped 4-8pts post alleged bribery news. See below comments.
- **DALWAN:** Media reported that Dalian Wanda Commercial Management seeks to extend DALWAN 11 01/20/25 by one year; funds readied for USD240mn final amortization on DALWAN'24. DALWANs down 0.5-0.9pt post the news.

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the new CNH BABA 34s/44s were 0.6-0.9pt lower under heavy selling as repo/funding costs remained elevated. The new USD BABA 30s closed unchanged amid mixed two-way flows, its 35s widened 3bps, while its 54s tightened 6bps. Among other Chinese IGs, HAOHUA/BIDU 28-30s were unchanged to 2bps tighter. In financials, CCMACLS/ORIEASs were 1-3bps tighter. BCHINAs/ICBCASs tightened 2bps. CBAAUs/NABs/MQGAUs were 1-3bps wider. Meanwhile in SEA, KRKPSCs were 2bps tighter. The long end of TOPTBs were 5-10bps wider. In EU AT1s, INTNED 8/BNP 7.375/HSBC 6.95 Perps were 0.1-0.4pt lower. In HK, AIA 27-29s/BNKEA 27-32s were 1-4bps tighter. BTSDf '26 was unchanged following its 9M24 results. See our comments below. Chinese properties were mixed. DALWAN '24 was up 0.6pt, DALWAN 25-26s lowered 0.4-0.9pt. Media reported DALWAN has readied funds to pay the final amortization of DALWAN 7.25 12/29/24, while it is seeking maturity extension for its USD400mn DALWAN 11 01/20/25. VNKRLE 25-29s declined 0.3-0.7pt following the S&P's one notch downgrade to B+ with a negative outlook. LNGFORs were also down 0.2-0.5pt. On the other hand, SHUIONs were up 0.3-0.5pt. Outside properties, EHICAR/WESCHI 26s were up 0.8-1.3pts. HILOHO '24 declined 1.2pts. MPELS/SANLTDs were down 0.2-0.3pt. In India, UPLLINs rose 0.2-1.7pts following the updates on rights issue plan of cUSD400.3mn and selling of minority stakes in Advanta to Alpha Wave to raise USD250mn at UPL's level. VEDLNs were unchanged following the new issue mandates of 3.5NC1.5 and 7NC3 guaranteed senior bonds. In Indonesia, MDLNIJs were unchanged to 0.3pt lower. MDLNIJ delayed commencement of its proposed ALM exercise and expects to hold another investor call on 25 Nov '24.

In LGFVs, there were more selling flows in high-yielding CNH papers, with some investors offloading in-the-money positions at a thinner profit margin. Meanwhile, non-SBBC cross-border RM investors remained better buyers. See our comments on LGFVs on [20 Nov '24](#). We saw two-way interests on

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the CNH names such as GXDVIN 6.3 '27/SHEDCI 6.3 '27/HUASST 6.5 '27. In SOE perps, CHSCOI 3.4/CHINLP 3.55 Perps were up 0.1-0.2pt.

### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
UPLIN 5 1/4 PERP	86.4	1.7	HILOHO 9 3/4 11/18/24	45.6	-1.2
WESCHI 4.95 07/08/26	78.8	1.3	DALWAN 11 01/20/25	86.5	-0.9
EHICAR 7 09/21/26	64.9	0.8	BABA 3 1/2 11/28/44	99.1	-0.9
DALWAN 7 1/4 12/29/24	96.9	0.6	VNKRLE 3 1/2 11/12/29	56.4	-0.7
UPLIN 4 5/8 06/16/30	87.9	0.6	TAISEM 3.1 09/23/51	69.7	-0.6

### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.13%), Dow (+0.32%) and Nasdaq (-0.11%) were mixed on Wednesday. PBOC hold 1/5yr LPR unchanged at 3.1%/3.6% as expected. UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.31%/4.28%/4.41%/4.59%.

### ❖ Desk Analyst Comments 分析员市场观点

#### ➤ ADANEM: Downgrade ADANEM 3.867 07/22/31 to sell from buy on uncertainties over funding access

We downgraded ADANEM 3.867 07/22/31 to sell from buy, on uncertainties over the offshore funding access of Adani Group, funding pressure resulting any defease of bond issues and rating downgrade pressure amid the bribery charges by the US SEC. Gautam Adani, the chairman of Adani Group, and his nephew Sagar Adani, Executive Director of Adani Green, are alleged to orchestrate a bribery scheme from 2020 to 2024. This involves paying cUSD265mn in bribes to Indian government officials to obtain solar energy supply contracts, as well as falsely touting Adani Green's compliance with anti-bribery principles. A key moving part of the charge will be how determined is the US regulator to pursue the charge with the new administration coming onboard soon.

Our immediate takes are the impact of the charges could be much larger than that of a short-seller report, and the near-term funding access to Adani Group, especially Adani Green, could be severely affected. We quickly went through the 41-page Grand Jury Charges which contain details on alleged bribery scheme and the involvement of individual. The charge on misleading US investors is on the offering of USD750mn bonds (USD175mn were offered to US investors) in Sep'21. We believe that the charge refers to ADANIG 4 3/8 09/08/24 which was supposed to mature on 8 Sep'24 but was defeased on 18 Jan'24.

The first impact to Adani Green's access to funding is the cancellation of the 20-year green bonds of USD600mn at 7.45% priced last night. We are concerned of the risk of further defease of USD bonds since 2020, especially ADGREG 6.7 03/12/42 which was issued in Mar'24, after the defease of ADANIG 4 3/8 09/08/24. There will also be a lot of uncertainties in terms of attitude of other creditors, i.e. whether they will reduce or cut the credits to Adani Green and its affiliates. Furthermore, Adani group companies will likely be under rating downgrade pressure on governance issues. As most of the bonds in the Adani complex are rated at Baa3/BBB-/BBB-(M/S/F), any rating downgrades will put bonds in the complex into the HY territory. The Adani complex fell 4-16pts this morning post alleged bribery news.

**Table 1: Bond profiles of Adani Group**

Bond	Amt o/s (USD mn)	Mod duration	Px	YTM (%)	Z-spread (bps)	Rank	Issue rating (M/S/F)
ADANEM 3.949 02/12/30	880	4.4	80.4	8.70	476	1st lien	Baa3/BBB-/BBB-

ADANEM 3.867 07/22/31	300	5.5	77.5	8.35	443	1st lien	Baa3/-/BBB-
ADSEZ 4 07/30/27	500	2.4	90.7	7.93	389	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 4.2 08/04/27	750	2.4	90.7	8.11	406	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 4 3/8 07/03/29	750	4.0	87.5	7.65	370	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 3.1 02/02/31	500	5.3	77.6	7.72	380	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 3.828 02/02/32	300	5.9	78.4	7.83	391	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 5 08/02/41	450	10.2	77.8	7.33	338	Sr Unsecured	Baa3/BBB-/BBB-
ADTIN 4 08/03/26	500	1.6	92.7	8.72	456	1st lien	Baa3/-/BBB-
ADTIN 4 1/4 05/21/36	363	5.8	79.9	6.79	507	1st lien	Baa3/-/BBB-
ARENRJ 4 5/8 10/15/39	308	6.7	72.8	7.72	610	1st lien	Ba1/BB+/BBB-
ADGREG 6.7 03/12/42	408	7.1	79.0	9.14	623	Secured	Ba1/-/BBB-

Source: Bloomberg, Company fillings.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Commonwealth Bank of Australia NY	1300/700	2yr	4.577%/5.056%	T+28/SOFR+46	Aa2/AA-/AA-
Ningbo Nanbin Group	83	3yr	5.4%	5.4%	-/-/-

### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of China Toronto Branch	USD	-	3yr	SOFR+105	A1/A/A
Qingdao Development Area Investment Constriction Group	USD	-	3yr	6.5%	-/-/-
Shandong Commercial Group	USD	-	3yr	6.5%	-/-/-
Yichun Yuanzhou District State-owned Investment Group	USD	-	3yr	5.0%	-/-/-

### ➤ News and market color

- Regarding onshore primary issuances, there were 127 credit bonds issued yesterday with an amount of RMB95bn. As for month-to-date, 1,276 credit bonds were issued with a total amount of RMB1,150bn raised, representing a 14.2% yoy increase
- [ADEIN/AZUPOE]** Adani Green, Azure Power senior execs charged by US SEC for alleged massive bribery scheme
- [DALWAN]** Media reported that Dalian Wanda Commercial Management seeks to extend DALWAN 11 01/20/25 by one year; funds readied for USD240mn final amortization on DALWAN'24
- [FOSUNI]** Fosun International accepted for purchase USD300mn of FOSUNI 5.95'25 via tender offer
- [GTJA/HAISEC]** Guotai Junan Securities, Haitong Securities deal received approval from Shanghai SASAC, SAMR
- [NIO]** NIO 3Q24 revenue down 2.1% yoy to cUSD2.58bn and gross profit rose 31.8% yoy to cUSD276mn

- **[RNW]** ReNew Energy Global FY1H25 revenue rose 5% yoy to USD587mn and adj.EBITDA rose 8.2% yoy to cUSD512mn
- **[UPLIN]** UPL seeks up to INR33.8bn (cUSD400mn) in rights issue
- **[VEDLN]** S&P placed Vedanta Resources on CreditWatch Positive; assigned preliminary B- rating on proposed guaranteed notes

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