

## CMBI Credit Commentary

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

- *The flows in Asia IG space were light with JP out for holiday. KDB/KHFC/SUMIBK/MIZUHO Float 28-31s tightened 2-3bps this morning. HKAA 28-30s tightened 1-2bps. ADANEMs/ADGREGs/ARENRJJs were 1.1-1.5pts higher.*
- *VNKRLE: Is the shareholder support so far enough? VNKRLE 25-29s up 1.4-4.1pts this morning. See below.*
- *Asia ex-JP USD bonds issuance: Jan'25 gross issuance increased 23.4% yoy to USD19.5bn. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was skewed to better buying amid mixed flows. In KR, HYUELE 29-33s tightened 1-3bps. LGENSO 27-29s widened 1-2bps. In Chinese IGs, WB 30s tightened 5bps. MEITUA/LENOVO 28-30s were 1-3bps tighter. The long end of SINOPC/CHGRID 43-47s were 0.6-0.9pt lower. In financials, the recent new MIZUHO/SUMIBK Float 30-31s were 2-3bps tighter. In Chinese AMCs, CFAMCI 29s/30s were 0.1-0.2pt higher (2-4bps tighter). BNKEA 34s tightened 5bps on PB buying. In AT1s, the recent new UBS 7/7.125 Perps were 0.1-0.2pt lower. UBS 7.75/SOCGEN 8.125 Perps were up 0.2pt. In JP insurance hybrids, SUMILF Perp/FUKOKU Perp/MY LIFE 54s were down 0.1-0.3pt. In HK, NWDEVL 27-31s/Perps rose another 0.4-1.7pts after the gain of 3.5-5.0pts over the last week. However, HYSAN Perps retreated 0.2-0.8pt after the gain of 1.6-2.0pts over the last week. CSIPRO 25 closed 0.4pt lower post the CFO change. In Chinese properties, VNKRLE 25s were up 1.0pt following the gain of 3.4pts over the last week. VNKRLE 27-29s rose 2.9-4.4pts following the drop of 0.8-1.6pts over the last week. Last night, Vanke announced that SZ would provide 3-yr shareholder's loan of RMB2.8bn. See below comments. FTLNHD 25-26s were up another 1.1-1.3pts. DALWAN 26s/LNGFOR 29s/CHJMAO 29s were up 0.4-0.7pt. In India, ADSEZs/ADANEMs/ARENRJJs/ADGREGs were another 0.2-0.6pt higher.

In LGFVs, PXCONS priced a USD193.2mn 35-month bond (SBLC provided by Bank of Jiujiang) at par to yield 6.5%. CQNANA/YYCCIG 25-26s closed unchanged to 0.1pt higher following the tender offers on their due-2025 bonds. See comments on [10 Feb'25](#). There were two-way interests on CNH papers such as ZBZCHD 28s/ZOUCAO 27s. In SOE perps, HUADIA/CHSCOI Perps were down 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change
VNKRLE 3 1/2 11/12/29	63.7	4.4
VNKRLE 3.975 11/09/27	66.6	2.9
NWDEVL 4 3/4 01/23/27	61.7	1.7
FTLNHD 4 5/8 10/15/25	92.7	1.6
NWDEVL 8 5/8 02/08/28	58.1	1.5

Top Underperformers	Price	Change
SINOPC 4 1/4 04/24/43	88.2	-0.9
HYSAN 4.85 PERP	67.6	-0.8
CCAMCL 5 02/08/48	86.3	-0.8
CHGRID 4 05/04/47	87.1	-0.7
CJRAIL 4 1/4 11/24/45	84.8	-0.6

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.67%), Dow (+0.38%) and Nasdaq (+0.98%) were higher on Monday. Steelmakers surged after Trump said he would impose 25% tariffs on steel and aluminum imports on top of existing duties on the metals. Long-term UST yield was higher on Monday, 2/5/10/30 yield at 4.28%/4.34%/4.51%/4.71%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ VNKRLE: Is the shareholder support so far enough?

Last night, Vanke announced it entered into a loan agreement with SZ Metro for a 3-year amortizing loan of up to RMB2.8bn. The loan, bearing an interest rate of 1-yr LPR-76bps (i.e. 2.34%), will be secured by Vanke's stakes in Onowo at a LTV of 70%. 97% of the loan amount will be repaid 3-years from the date of the first drawdown.

Put things into perspective, Vanke will have obligations of public bond redemptions totaled RMB13.5bn in 1H25, including the RMB3bn maturity of VANKE 2.98 02/16/25 due next Monday (16 Feb'25 is Sunday). For FY25, the obligations of public bond redemptions will be RMB33.2bn. These will dwarf the size of shareholder's loan of RMB2.8bn, and even the potential sales of its interests in VX Logistic and GLP for a total of RMB20bn (USD2.8bn).

The shareholder's loan, coupled with the recent management changes, reflect SZ Metro's tightening control and support to Vanke. Nonetheless, taking cues from the case of China South City, we believe that the roles of SZ Metro or SZ government will be more of potential buyers of assets of Vanke and coordinators of the negotiation among Vanke and its creditors. We believe that the SZ Metro and SZ government will unlikely inject cash and liquidity into Vanke on a non-commercial basis given the constraints on SOEs and municipal governments. Admittedly, the operating scale and importance of Vanke is much larger. However, the debt load of Vanke is also much larger.

Our base case remains Vanke will have to go through liability management exercises and we expect this to be a consensual and friendly with partial repayment and maturity extension. SZ Metro and SZ government will help orchestrate the refinancing/rollover of onshore loans. We envisage that one of the pre-requisites for onshore creditors to compromise is the concession from onshore and offshore public bondholders. The concession could be in the form of partial repayment and maturity extension.

YTD, VNKRLEs moved 15.7-20.2pts higher on the expectation of bail-out from the SZ government. While VNKRLE'27 and '29 appear to be priced in a reasonable chance of LMEs, we believe that the upside and downside of VNKRLE'25s (both USD and CNH) are asymmetric. For Chinese properties, we prefer DALWANs, FUTLAN/FTLNHDs LNGFORs and YLLGSP'26.

**Table 1: Bond profile of VNKRLE**

Security Name	ISIN	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating (M/S/F)
VNKRLE 3.15 05/12/25	XS2078641888	423	97.7	12.7	Caa1/B-/CCC+
VNKRLE 3.975 11/09/27	XS1713193586	1,000	71.3	17.6	Caa1/B-/CCC+
VNKRLE 3 ½ 11/12/29	XS2078642183	300	66.0	13.4	Caa1/B-/CCC+

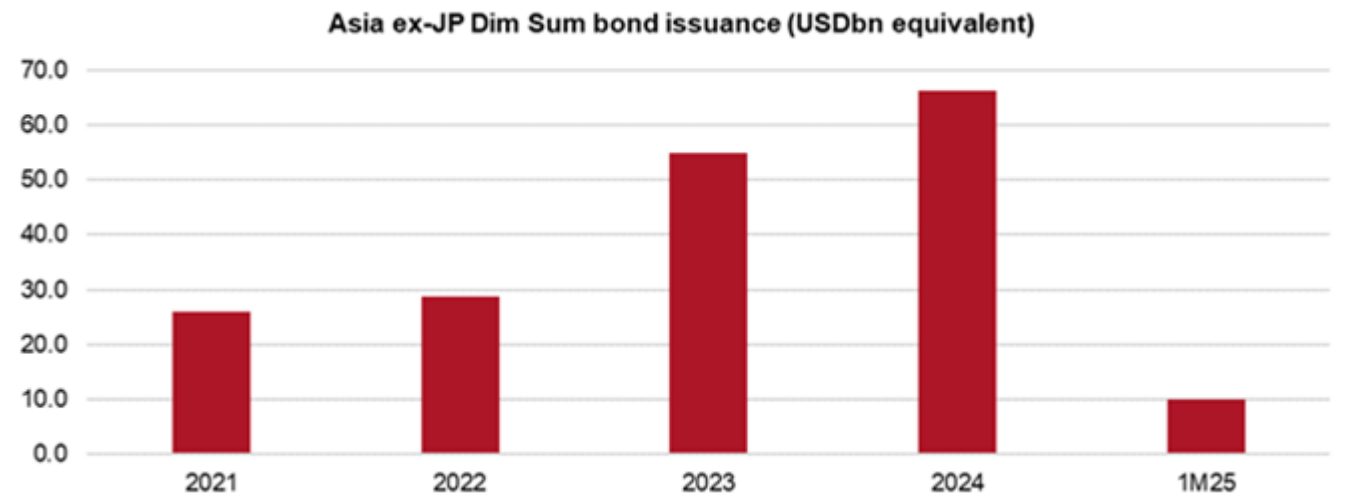
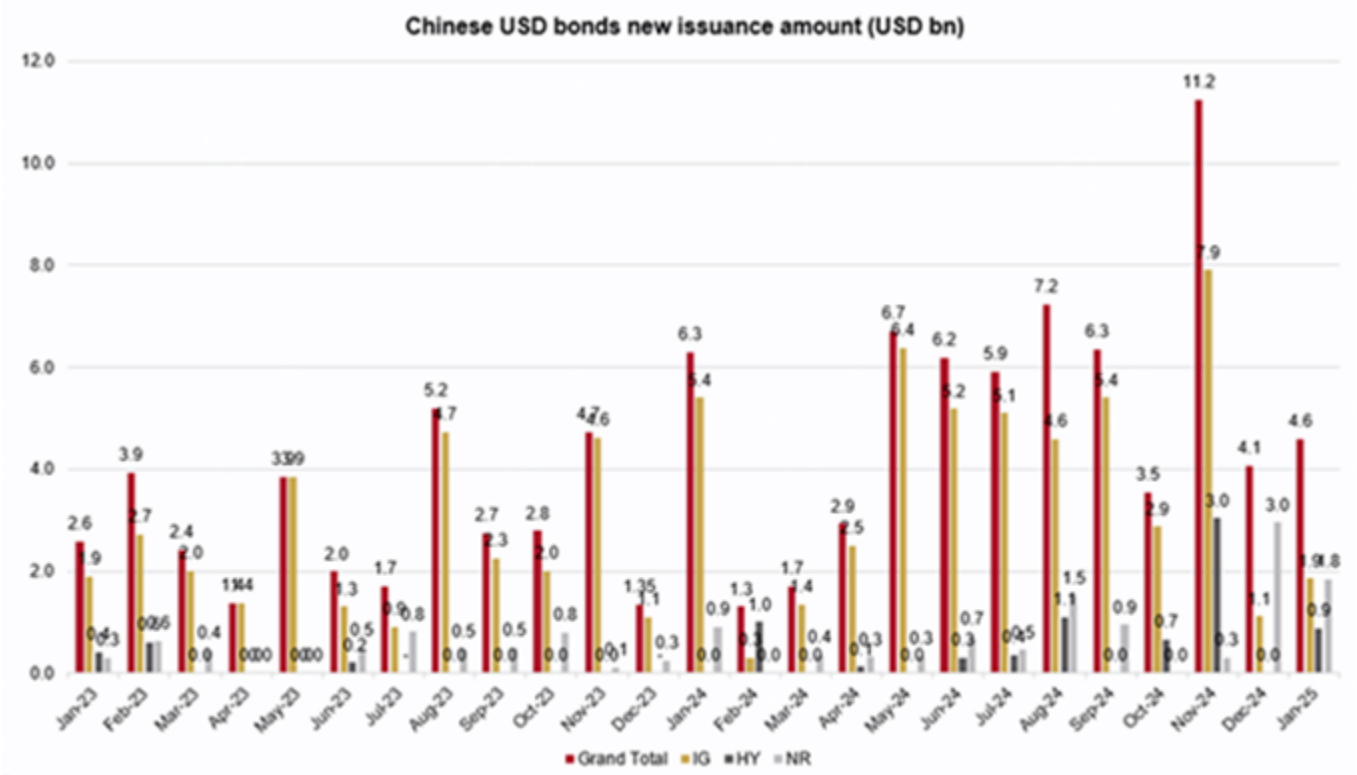
Source: Bloomberg.

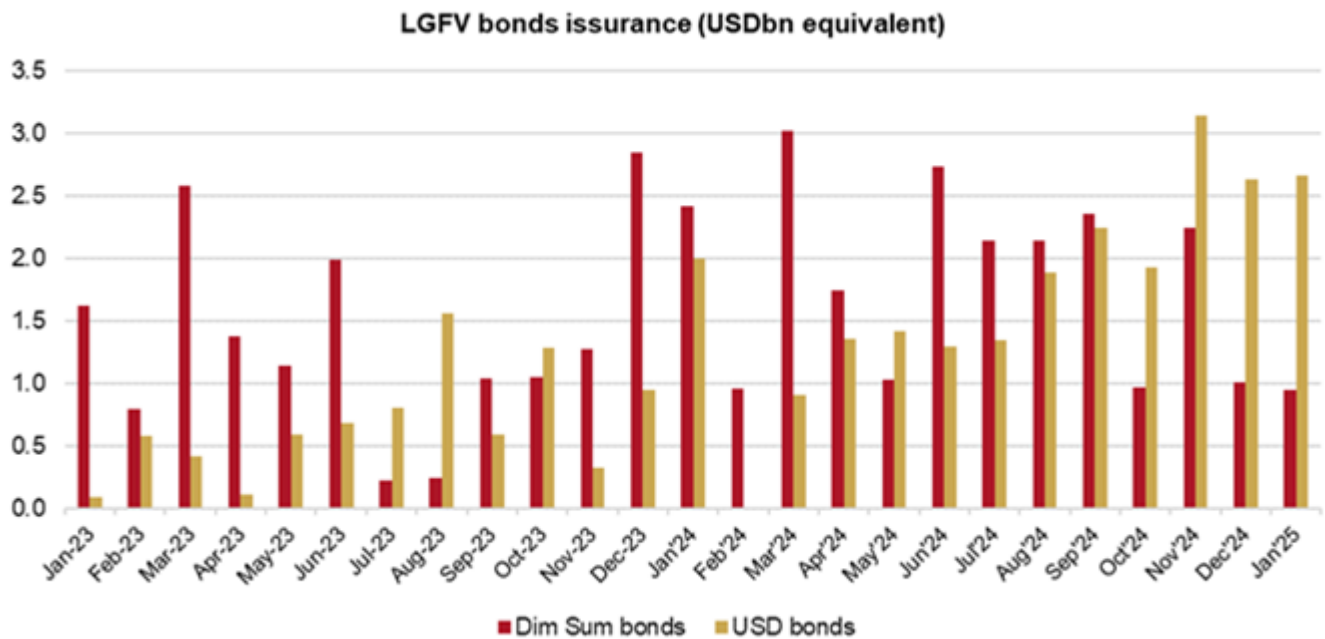
➤ **Asia ex-JP USD bonds issuance: Jan'25 gross issuance increased 26.6% yoy to USD19.5bn**

In Jan'25, the gross issuance of Asia ex-JP USD bonds (excl. supranational banks) increased by 23.4% yoy to USD19.5bn from USD15.8bn in Jan'24. South Korea (USD4.8bn), China (USD4.6bn) and Hong Kong (USD4.2bn) were amongst the largest issuers. IGs contributed 78.2% of the gross issuance amount. Issuance from financial institutions and transportation totaled USD8.3bn and USD4.2bn, accounting for 42.7% and 21.3% of total gross issuance of the month, respectively.

For Chinese USD bonds of USD4.6bn issued in Jan'25, IGs contributed 40.4% of the gross issuance amount. Issuance from LGFVs and financial institutions totaled USD2.5bn and USD1.2bn, accounting for 55.6% and 25.1% of total gross issuance of the month, respectively.

The Asia ex-JP Dim Sum bonds issuance in Jan'25 rose 199.7% yoy to USD10.1bn equivalent from USD3.4bn equivalent in Jan'24. Excluding the USD8.2bn equivalent issued by the PBOC in Jan'25, the Asia ex-JP Dim Sum bonds issuance would have decreased 43.3% yoy. On the other hand, the LGFV offshore USD bonds issuance increased by 27.1% yoy to USD2.5bn equivalent in Jan'25, while the LGFV Dim Sum issuance decreased by 60.5% yoy to USD1.0bn equivalent, partly reflected the RMB depreciation pressure under the backdrop of trade war. Our house view is USD/RMB to reach 7.5 by the end of 2025. The RMB depreciation may divert some onshore demand for LGFV bonds towards USD issues from Dim Sum issues. That said, we continue to see Dim Sum bond a lower-cost funding alternative for issuers and expect issuance amount size to stay aloft, taking cues from recording-breaking issuance over the past 3 years despite RMB depreciated.





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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Pingxiang City Construction Investment Group	193.2	3yr	6.5%	6.5%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Abu Dhabi Commercial Bank	USD	-	5yr	SOFR+105	-/A/A+

➤ **News and market color**

- Regarding onshore primary issuances, there were 51 credit bonds issued yesterday with an amount of RMB32bn. As for month-to-date, 64 credit bonds were issued with a total amount of RMB44bn raised, representing a 88.9% yoy decrease
- China's white-listed property project loans totaled RMB5.6tn (cUSD768bn) as at 22 Jan'25 according to NFRA, increased from RMB5.0tn (cUSD690bn) at end-2024
- Vietnam is considering introducing new taxes in the property sector to curb increasing prices and reduce speculation
- [DALWAN]** Dalian Wanda Commercial Management appointed Zhang Chunyuan as new CEO following resignation of Zhang Lin
- [GEMDAL]** Gemdale's US subsidiary sold an office building in California for USD69.4mn, which was acquired at USD79mn in 2021

- **[MONGOL]** The Government of Mongolia launched tender offers for MONGOL 5.125 04/07/26 and MONGOL 8.65 01/19/28 at purchase price of 100 and 106.5 respectively, conducts concurrent new bonds offering
- **[VNRKLE]** China Vanke signed RMB2.8bn (cUSD384mn) 3-year loan agreement with Shenzhen Metro Group at 1-year LPR minus 0.76%, provides asset collateral not exceeding RMB4bn (LTV at 70%)

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