

CMBI Credit Commentary

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

- *New issues TIANFS'26 rose 0.5pt and SUMIBK 6.6 PERP edged up 0.6pt this morning. China TMTs tightened 1-2bps. KR space was weak and widened c2bps.*
- **China LGFVs:** *High-beta names in 12 provinces may benefit from the new method of debt swap. We maintain buy recommendations on **CCUDIH, GSHIAV, GXFING** and **KMRLGP**. See below.*
- *Hong Kong government scrapped Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty on residential properties. HKMA is going to further adjust mortgage policies. HYSANs and NWDEVLs rose 1.5-2pts this morning. See our comments on HK corps in the [daily on 23 Feb'24](#).*

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❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield widened 3-5bps and IG spreads were traded mixed in a small range bound. KR space was under better selling, DAESSEC/HYUELE/HYNMTR 27s/29s widened 1-3bps. AU/NZ names such as WSTPNZ/ANZNZ 27-30s widened 2-4bps. In Chinese IGs, BABA/HAOHUA curves tightened 2bps amid active two-way flows. The high beta TMTs such as LENOVO/MEITUA/XIAOMI 30s were under small selling and widened 1-3bps. In financials, AMCs were under better buying and ORIEAS/CCAMCL 27-30s tightened 2-5bps. In AT1s, Chinese big-4 AT1s such as BCHINA/ICBCAS Perps were unchanged to 0.1pt higher, supported by demand from onshore RMs. EU AT1s such as BNP 8 Perp/UBS 7.75 Perp were down 0.1-0.3pt. BNKEA 5.825 Perp/BNKEA 5.875 Perp were around 0.4-0.5pt lower amid more profit taking from PBs. HK names were mixed. HYSAN 4.1 Perp was 0.4pt higher under PB buying, whereas NWDEVL Perps lowered another 0.5-0.8pt after declining 0.5-1.3pts on Mon. CPREIT '30/LIHHK 25-26s were down 0.3-0.4pt. Chinese properties were weak. VNKRL 5.35 03/11/24 maturing in two weeks' time was unchanged, but the rest of VNKRL 24-29s dropped 1.5-4.5pts amid heavy selling. Media reported VNKRL was seeking to extend its non-standard debt. LNGFOR 28-32s were 1-1.4pts lower. RDHGCL'24 was another 2.5pts lower and closed at mid-50s. On the other hand, FUTLAN/FTLNHD 24-26s were 0.3-1.0pt higher. In industrials, HILOHO '24 was up another 0.9pt and closed at high-60s. WESCHI '26 declined 0.9pt after gaining around 5pts last week. Macau gaming names such as MPEL/WYNMAC 25-29s were down 0.3-0.8pt. In Indian space, VEDLN 26-28s declined 0.9-2.7pts. Elsewhere, GLPCHI '26/GLPSP Perps lowered 0.4-0.5pt.

In LGFVs/perps/high beta spaces, we saw clients trimmed risks and took profit into month-end following the recent rally. The insurance hybrids such as SUMILF 5.875 Perp/AIA 2.9 Perp were 0.1-0.3pt lower under clients selling in light of higher rates. GRPCIN/SUNSHG 26s were also 0.1-0.3pt lower. LGFVs and SOE perps remained largely stable thanks to onshore RM support. The 5-6% LGFVs NJYZSO '27/BJCONS '26 were up 0.1pt. Shandong names JMUDIV '25/QDJZWD '24 were 0.1pt higher. CPDEV/ZHHFGR 25/26 were up 0.1-0.3pt. CWAHK '26 was 0.5pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CATIC 3.3 09/23/30	85.3	2.8	VNKRLE 3.975 11/09/27	55.5	-4.5
CHEDRP 2 1/2 12/01/25	11.1	1.5	VNKRLE 3.15 05/12/25	75.0	-3.5
FTLNHD 4 5/8 10/15/25	30.4	1.0	VNKRLE 3 1/2 11/12/29	47.3	-3.3
HILHOH 9 3/4 11/18/24	68.1	0.9	VEDLN 9 1/4 04/23/26	83.4	-2.7
TJFTZI 3 11/24/24	96.8	0.8	RDHGCL 7.8 03/20/24	55.5	-2.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.17%), Dow (-0.25%) and Nasdaq (+0.37%) were mixed on Tuesday and markets were cautious before PCE. US Conference Board Consumer Confidence in Feb dropped to 106.7 from 110.9 in Jan and was lower than the expectation of 114.8. new home sales in Jan'24 was 661k units, lower than the expectation of 680k. UST yield edged up on Tuesday, 2/5/10/30 yield reached 4.70%/4.32%/4.31%/4.44%.

❖ Desk analyst comments 分析员市场观点

➤ China LGFV: High-beta names in 12 provinces may benefits from the new method of debt swap

As we wrote yesterday, [the unprecedented debts swap](#) in Guizhou last week could be a template of refinancing for weak LGFVs. We expect more local government-owned SOEs with better credit profiles to issue private bonds and help repay debts of weaker LGFVs in the same provinces and regions even the SOEs and LGFVs may not have shareholding relationship. In Guizhou's case, the private bond was issued by Hongyingda Construction Project Management, a SOE 100%-owned by Guizhou Anshun Xixiu District Bureau of Finance and guaranteed by Guizhou State Owned Asset Operation, a SOE 100% owned by Guizhou Provincial Department of Finance. All the proceeds will be used to repay two onshore private bonds of LGFV Anshun Xixiu Qiancheng Industry Co. Ltd, owned by Anshun Xixiu District Bureau of Finance.

We believe that LGFVs from provinces or region with high debt ratio such as Chongqing, Gansu, Guangxi, Guizhou, Jilin, Tianjin and Yunnan will be the major beneficiaries. Our picks of LGFVs in these provinces and regions are **CCUDIH**, **GSHIAV**, **GXFING** and **KMRLGP**. Please read our [2024 Asia Credit Outlook](#) for more detailed discussions.

Name	ISIN	Ask Price	YTM (Ask)	Mod Dur	Rating (M/S/F)	YTD px change
CCUDIH 4.3 09/09/24	XS2374510407	98.9	6.5	0.5	Baa2-/BBB	0.6
CCUDIH 4.3 04/27/24	XS2325858038	99.7	6.1	0.2	Baa2-/BBB	0.5
CCUDIH 7 06/13/26	XS2701555968	100.4	6.8	2.1	-/BBB	-0.3
CCUDIH 5 06/14/25	XS2476853085	98.5	6.2	1.2	Baa2-/BBB	1.1
GSHIAV 4.9 03/30/25	XS2455963590	97.4	7.5	1.0	-/BBB+/-	1.6
GSHIAV 3 ½ 06/10/24	XS2349205455	98.9	7.4	0.3	-/BBB+/-	0.7
GXFING 7 ½ 11/14/25	XS2713658537	101.4	6.6	1.6	-/BBB	1.3
KMRLGP 3.9 12/12/24	XS2084435002	94.8	10.9	0.7	-/-	3.3

KMRLGP 8 ½ 12/07/25 XS2558634791 92.9 13.1 1.6 -/-/ 1.2
 Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Tianfeng Securities Co., Ltd	300	2yr	6.5%	6.8%	-/-/BBB-
Sumitomo Mitsui Financial Group	1000	PNC10.25	6.6%	6.6%	Baa3/BB+/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Fujian Jinjiang Construction Investment	USD	-	364d	-	-/-/
Metropolitan Bank&Trust	USD	-	5/10yr	T+140/160	Baa2/-/
Sumitomo Mitsui Trust Bank	USD	-	3/5/10yr	T+105/120/135	A1/A/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 91 credit bonds issued yesterday with an amount of RMB81bn. As for month-to-date, 768 credit bonds were issued with a total amount of RMB757bn raised, representing a 33.2% yoy decrease
- **[ADANIG]** Media reported that Adani Green is going to market USD409mn 18-year 144A/Reg S USD senior secured amortizing bonds
- **[COGARD]** Country Garden faces winding-up petition due to non-payment of HKD1.6bn term loan facility
- **[DALWAN]** Dalian Wanda Group sold equity interests in Haikou Wanda Plaza, it is the 12th Wanda Plaza sold by the group since May'23
- **[GDPLY]** Beijing Energy plans to raise RMB5bn (cUSD695mn) by issuing ABS
- **[GZRFPR]** Guangzhou R&F Properties to hold EGM on 18 Mar to consider sale of London property to Cheung Chung Kiu
- **[RAKUTN]** Rakuten plans to raise up to JPY100bn (cUSD660mn) via bond-type class shares in Mar'24 for debt redemption
- **[YLLGSP]** Yanlord repaid USD400mn YLLGSP 6.8 02/27/24. In 2023, Yanlord's revenue increased 51.1% yoy to RMB43.4bn while profit decreased to negative RMB0.7bn from RMB2.9bn in 2022

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