

CMBI Credit Commentary

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

- *Asian IG space were firm despite much profit taking. TMT/SOE spreads were unchanged, bank T2s widened 2-5bps. China property sector were weak that LNGFORs were unchanged to down 1.25pts, CHJMAOs were unchanged to down 0.5pt.*
- **VNKRLE:** *Obtained approval from CSRC on consumption infrastructure REIT registration. VNKRLEs moved -1.5pts to +0.1pt this morning. See below.*
- **DALWAN:** *Media reported that Zhuhai Wanda Commercial Management Group plans to postpone its listing in Hong Kong until 2026. DALWANs were unchanged to down 0.5pt this morning.*

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

❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST 10yr yields widened 6bps to 4.47%. Asia IG space remains firm. Chinese SOE/TMT benchmark HAOHUA/BABA papers were under better buying and closed unchanged to 2bps tighter. The high beta TMT space was quiet. MEITUA/WB 30s tightened 2-4bps. In Chinese financials, there was active two-way trading on the front-end leasing/AMC/bank T2 names. CCAMCL/CMINLE 24-27s widened 3-7bps. Chinese AT1s were also better-offered. CINDBK 4.8 Perp/ICBCAS 3.58 Perp were down 0.1pt. KR space was mixed. HYUELE curve was under better selling, while the quasi-sovereign names KORGASs/KOROILs were still better bid. In JP space, SMBCAC 28/33 were under better buying and closed 1-5bps tighter. In HK Corp space, NWDEVL Perps were 0.2-0.6pt lower. HK/Chinese properties performed mixed. SHUION 24/26 gained 0.9-1.5pts. HPDLF 23/24 were up another 0.5-0.7pt post the USD13mn buyback of HPDLF 6.8 12/28/23. AGILE 25-26s were 0.9-2.9pts higher and GRNLGRs were up 0.5-1.5pts. GRNCH 25s were 0.9-1.3pts higher. ROADKG Perps were up 0.5-1pt. However, VNKRLE 25-29s dropped 1.8-3.9pts while VNKRLE 24s were 0.8pt lower, post Moody's downgrade. CHJMAO '24/GEMDAL '29 lowered 2.2-2.4pts. LNGFOR 27-32s were down 1.3-2.1pts. FUTLAN/FTLNHD 24-26s were 1.1-1.8pts lower. COGARDs were unchanged to 1pt lower. Industrials were mixed. HONGQI/WESCHI 24-26s were up 0.3pt whilst ANTOIL '25/CHIOIL '26 were 0.7-1.3pts lower. In Macau gaming, STCITY 25-29s closed another 0.5-0.8pt higher after the upsized tender offer on STCITY 6 07/15/25. SANLTDs were up 0.3-0.4pt across the curve. Indian steel names JSTLIN 26-32s were 0.6-0.9pt lower. AZUPOE '24 declined 1.1pts. Indonesian name LPKRIJ '25 was down 0.6pt. Elsewhere, GLPCHI 24/26 were 0.5-1.2pts lower.

On the new issue front, we saw new LUSOIB 10.5NC5.5 T2 was under heavy selling and closed 0.4-0.5pt below RO. The LGFV/Perp spaces had an uneventful session yesterday. CQNANA 24s closed 0.1pt higher at high-90s after upsizing the tender offers for CQNANA 4.66 06/04/24 and CQNANA 4.2 07/07/24. Shandong names SHDOIS '24/SHGUOH '25/QDJZWD '24 were 0.1pt lower. The higher-yielding papers GSHIAV 24-25s were up 0.2-0.8pt. CPDEV 25 was down 0.5pt. SOE perps were stable, while selected names CHSCOI 4 Perp/CHPWCN 3.45 Perp were down 0.2pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AGILE 5 1/2 05/17/26	19.7	2.9	VNKRLE 3 1/2 11/12/29	61.0	-3.9
SHUION 5 1/2 06/29/26	53.1	1.5	VNKRLE 3.975 11/09/27	68.7	-3.3
GRNLGR 8 1/4 01/22/31	9.1	1.5	VNKRLE 3.15 05/12/25	84.6	-2.5
GRNCH 4.7 04/29/25	85.5	1.3	CHJMAO 4 1/4 07/23/29	68.0	-2.4
ROADKG 7 3/4 PERP	25.9	1.0	LNGFOR 4 1/2 01/16/28	63.2	-2.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.20%), Dow (-0.16%) and Nasdaq (-0.07%) were weak on Monday. US Oct new home sales was 679k, down from 719k in Sep and was lower than the expectation of 721k. The UST yield retreated yesterday, 2/5/10/30 yield reached 4.84%/4.38%/4.39%/4.53%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ VNKRLE: Obtained approval from CSRC on consumption infrastructure REIT registration

China Vanke's affiliate SCPG Holdings has received approval from CSRC regarding its registration of CICC-SCPG Consumption Infrastructure REIT. It is one of the first batch of domestic consumption infrastructure REITs. Together with Vanke, China Resources Land and China Jinmao also received approval from CSRC to launch their respective REITs.

The target infrastructure asset of CICC-SCPG Consumption Infrastructure REIT is Hangzhou Xixi In-City, located in Yuhang District in Hangzhou. It is the largest TOD shopping center in terms of single block construction area in the west of Hangzhou, valued at RMB4bn. During 1H23, Xixi In-City's turnover exceed RMB2.1bn and generated RMB163mn revenue with 99.2% occupancy rate.

At Jun'23, Vanke had 203 retail projects with a GFA of 11.2mn sqm (excluded management provision asset-light projects) and realized RMB4.3bn revenue from retail property development business. Hangzhou Xixi In-City was the 4th largest retail project by revenue among all projects managed by Vanke. The launch of the REIT will help Vanke to monetize its commercial real estate projects. Besides, the successful launch by Vanke, China Resources Land and China Jinmao of their REITs also could help pave the way for the potential launches of consumption infrastructure REITs by non-state-owned property developers going forward.

In Mar'23, NDRC issued the "Notice on Regulating and Efficiently Promoting the Application and Recommendation of REITs Projects in the Infrastructure Field", with priority to urban and rural commercial network projects. And in Oct'23, CSRC decided to expand the pilot asset types of publicly offered REITs to consumption infrastructure. Before the approval on consumption infrastructure REITs, property developers could have access to affordable rental housing REITs and warehouse and logistic REITs.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
SND International (BVI) Co., Ltd.	330	3yr	5.95%	5.95%	-/-/BBB+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Citic Bank International Limited	USD	-	10NC5	T+200	Baa2/-/-
Government of Mongolia	USD	350	5.5yr	8.75%	-/B/B

➤ News and market color

- Regarding onshore primary issuances, there were 62 credit bonds issued yesterday with an amount of RMB55bn. As for Month-to-date, 1,441 credit bonds were issued with a total amount of RMB1,524bn raised, representing a 18.9% yoy increase
- [APLNIJ]** Fitch upgraded Agung Podomoro to CC on canceled tender offer
- [BABA]** Media reported that Alibaba closed its quantum computing lab to cut costs
- [CHIGRA]** China Grand Auto remitted funds to redeem RMB600mn notes
- [CHNAAR]** China Aircraft Leasing issued RMB500mn three-year corporate bonds with 3.58% coupon
- [DALWAN]** Media reported that Zhuhai Wanda Commercial Management Group plans to postpone its listing in Hong Kong until 2026
- [HRINTH]** Huarong convened EGM to vote on its planned name change to China CITIC Financial Asset Management on 15 Dec
- [LUSOIB]** LGFV Guangzhou City Construction's offshore-bonds-linked entity's appeal in Luso Bank recovery suit (HKD247.2mn) dismissed by HK court
- [REDPRO]** Redco expects to get RMB5.5-6.5bn net loss in FY22
- [VNKRLE]** China Construction Bank held a meeting with China Vanke, Longfor, Midea Real Estate, Seazen, Binjiang and Dahua to understand their financing needs

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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