

CMBI Credit Commentary

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

- *Asia IG space was quiet this morning. The new NORBK '29 tightened 20bps from its RO (CT5+123). VNKRLs declined another 1.0-1.3pts. NWDEVLs were unchanged to down 0.4pt.*
- **GLPSP:** *Sale of GCP's non-China operations to Ares for up to USD5.2bn. GLPCHI '26/GLPSP '25 were another 0.6-0.9pt higher and GLPSP Perps were down 0.2-0.3pt this morning. See below for comments.*
- **LASUDE:** *Lai Fung Holdings expects FY24 loss to decrease no less than 50% yoy; eSUN Holdings expects FY24 loss to widen yoy due to increase in assets impairment. LASUDE '26 was unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the sentiment in Asia IG space turned soft after the NDRC briefing which focuses on implementation of stimulus policies instead of introduction of new stimulus policies. See our comments on [8 Oct '24](#). In KR, DAESEC 26-29s were 1-3bps tighter. LGENSO 28/29 tightened 3-4bps. In Chinese IGs, SINOCH/BABA 31s and TENCNT 28/30 were unchanged to 3bps wider. MEITUA 28/29/30 widened 2-3bps. ZHOSHK '28 widened 4bps. In financials, FRESHK 26/28 widened 5bps under selling from AMs. DAHSIN '33/BNKEA '32/NANYAN '34 were 1-4bps tighter. In AT1s, the recent new ACAFP 6.7/CMZB 7.5 Perps were unchanged to 0.2pt higher amid mixed two-way flows. HSBC 6.875/6.95 Perps were 0.1-0.2pt lower. In JP insurance hybrids, SUMILF 5.875 Perp/FUKOKU 6.8 Perp were 0.1-0.3pt lower. In Chinese AMCs, CCAMCLs/ORIEASs were unchanged to 2bps wider. The front end of HRINTHS were unchanged to 4bps wider. In Chinese properties, VNKRL 25/27/29 and LNGFOR 28/29/32 dropped 1.7-3.3pts. DALWAN 25-26s, FUTLAN/FTLNHD 25-26s and ROADKG 28-30s declined 1.4-2.2pts. SHUION 25-26s were also 0.8-1.2pts lower. Outside properties, FOSUNI 26-27s were 0.3-0.5pt lower. Away from China, GLPSP Perps rose 2.4-2.5pts and GLPSP '25/GLPCHI '26 were up 0.5-0.7pt. Ares Management has entered into a definitive agreement to acquire GLP Capital Partners' non-China operations. See comments below. In India, ADANEMs/ADSEZs/ADGREGs were down 0.1-0.4pt.

In LGFVs, SDECDI '26 was up 0.4pt. GETDZS '25/UECTED '27 were 0.1-0.2pt higher. CPDEV/ZHHFGR '25s were 0.1-0.2pt lower. HKIQCL/NJYZSO '27s were down 0.1-0.3pt. In SOE perps, HUANEN 5.3 Perp was up 0.2pt. CHPWCN 3.45 Perp was down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPSP 4 1/2 PERP	70.0	2.5	VNKRLE 3.975 11/09/27	65.4	-3.3
GLPSP 4.6 PERP	68.9	2.4	VNKRLE 3 1/2 11/12/29	61.8	-2.2
GLPCHI 2.95 03/29/26	89.1	0.7	FTLNHD 4 1/2 05/02/26	72.1	-2.2
MIZUHO 2.172 05/22/32	85.3	0.6	ROADKG 5 1/8 01/26/30	46.3	-2.1
GLPSP 3 7/8 06/04/25	96.1	0.5	LNGFOR 3.95 09/16/29	74.5	-1.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.97%), Dow (+0.30%) and Nasdaq (+1.45%) were higher yesterday. Markets are waiting for the CPI tomorrow. UST yield were largely unchanged yesterday, 2/5/10/30 yield reached 3.98%/3.86%/4.04%/4.32%.

❖ Desk analyst comments 分析员市场观点

➤ GLPSP: Sales of GCP's non-China operations to Ares for up to USD5.2bn

GLP agreed to sell its businesses in Japan, U.S., Europe, Brazil and Vietnam of GLP Capital Partners (GCP) to Ares Management. The total considerations are up to USD5.2bn, comprising initial consideration of USD3.7bn (USD1.8bn in cash and USD1.9bn in Ares shares) and additional earn-out provision up to USD1.5bn. The transaction is expected to close in the 1H25 subject to customary regulatory approvals and other closing conditions. GCP and GCP International had AUM of USD126bn and USD44bn respectively as at Jun'24.

GLP, owns 54.5% of GCP, expects to receive up to USD2.5bn from the sales of GCP non-China operations. Out of the USD2.5bn considerations, initial considerations of USD1.8bn will be comprised of USD1.5bn in cash and USD0.3bn in Ares shares, as well as USD0.7bn additional earn-out provision. GLP plans to use USD1.25bn for debt repayments and USD250mn for capex. The sales of non-China operations of GCP would help to alleviate the near-term refinancing pressure of GLP in particular the next USD bond maturity of USD1bn in Jun'25. As at Jun'24, GLP had cash of USD1.9bn and ST debts of USD4.6bn.

Besides, GLP is on track to achieve the USD10bn monetization target announced in Oct'23, and GLP expects to exceed the monetization target in the coming months. We view the continuous deleveraging of GLP, thanks mainly to asset monetization, would enhance its financial resilience. On a pro-forma basis, the disposals of GCP's non-China operations will lower the net leverage of GLP to 3.4x from 5.4x at Jun'24, and the core underlying EBITDA/interest paid will increase to 4.0x from 2.7x.

On the other hand, GLP recorded LBT of USD311mn in 1H24 compared with PBT of USD346mn in 1H23, mainly due to 13% drop in revenue to USD1bn, as well as share of loss from equity accounted investments of USD60mn. On core underlying EBITDA basis, GLP recorded LTM core underlying EBITDA of USD2bn, 10% yoy decrease from USD2.2bn in LTM 1H23. The net debts to core underlying EBITDA of 5.4x at Jun'24 was largely the same as 5.3x at Dec'23.

Security name	ISIN	O/s amt (USDmn)	Px	YTM/YTC (%)	Rating (M/S/F)
GLPSP 4.5 Perp	XS2340147813	850	70.0	29.24	-/-B+
GLPSP 4.6 Perp	XS2357239057	300	69.2	19.79	-/-B+
GLPSP 3.875 06/04/25	XS1242348164	1000	96.1	10.20	-/-BB
GLPCHI 2.95 03/29/26	XS2314779427	700	90.5	10.47	-/-

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
The Norinchukin Bank	500	5y	T+123	T+123	A1/A/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of China, London Branch	USD	-	3y	SOFR+105	A1/A/A
CITIC Securities International	USD	-	3y	-	-/BBB+/-
Export-Import Bank of Korea	USD	-	3y	T+60	Aa2/AA/-
Mianyang Xinxing Investment Holdings	USD	-	3y	7.2%	Unrated
Yantai Guofeng Investment	USD	-	3y	-	-/BBB+

➤ News and market color

- Regarding onshore primary issuances, there were 22 credit bonds issued yesterday with an amount of RMB13bn. As for month-to-date, 22 credit bonds were issued with a total amount of RMB13bn raised, representing a 17.4% yoy decrease
- China will hold a briefing on fiscal policy on 12 Oct'24 to introduce moves to strengthen fiscal policy to shore up growth and answer questions
- **[ADGREG]** Media reported Adani Green Energy intends to raise up to USD1bn from the proposed bond issuance
- **[CAPG]** China Aoyuan to issue 80.9mn new shares to eligible scheme creditors
- **[HYSAN]** Hysan Development announced USD4bn MTN program
- **[YUZHOU]** Yuzhou Group's HK Scheme and Cayman Scheme sanctioned by Courts; schemes effective date occurred on 4 Oct'24

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