

CMBI Credit Commentary

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

- *Markets sentiment were slightly weak this morning. New issue WSTP tightened 2bps with two way balanced flows. Korean IG names HYUELE and KDB widened 2-5bps. Other benchmark names also widened c2bps as markets were cautious before CPI data.*
- **VEDLN:** *Media reported Vedanta is in talks with private funds to raise USD1.5bn partly to repay Oaktree notes. It continues to seek USD500mn from Indian banks that likely close near end of Mar. VEDLNs changed -0.25 to 0.25pt by mid-day.*
- **LNGFOR:** *S&P revised Longfor's outlook to stable from negative on stabilizing funding channels and affirmed rating at BBB-. LNGFORs down 0.25 to 0.5pt this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, Asia IG space turned a bit softer amid some consolidation across spaces. KDB priced USD1bn 4.375% 5Y bonds due-2028 at T+60 to yield 4.427% and USD1bn 4.375% 10Y bonds due-2033 at T+80 to yield 4.473%. The new KDBs widened 5bps and flows were basically one way selling at open, then the 28s & 33s pair settled 5bps wider at T+65 & T+85 area respectively on the day. Given UST level retreated 5bps overnight, the cash prices actually just closed at around RO level. EIBKOR curve got dragged down by KDB to widen 3bps. More selling on HYUELE 28s and 33s emerged, and bid was fragile so the papers widened another 7-15bps. In Chinese financials, leasing and T2 names underperformed amid profit taking and CCB/ICBCAS T2s were traded 3-5bps wider. SOEs remained very well bid. In TMTs, TENCNT 24-25s were 3-7bps tighter under small lifting while benchmark 10y papers were unchanged. BBB names like LENOVO curve outperformed by tightening 3-5bps with active two-way flows, and XIAOMI were also under better buying. In IG properties, LNGFOR 28-29s closed ~1pt higher. S&P revised Longfor's outlook to stable from negative on stabilizing funding channels (BBB- affirmed). Chinese HY property space drifted ~1pt lower. Benchmark COGARDs closed 0.5-1pt lower though we started to see the small profit taking flows slowed down. ROADKGs/CSCHCNs trended 0.5-1pt lower. CHINSCs were down 1.5-2.5pts on the day. AGILEs/CENCHIs/GRNLGRs were quoted 0.5-2pts lower. Elsewhere, HK corp perps were mixed. NWDEV/LNWSZF were down 0.5pt whilst HYSAN '35 was marked 1.5pts higher. Industrial names FOSUNIs were marked down 1-1.5pts. Macau gaming names were mixed. WYNMACs/MPeLs were 0.5-1pt lower whilst STCITYs were up 0.5-1pt. India space had a mixed session, Adani complex bonds were marked down a little. ADSEZs/ ADANEMs/ ADANIGs still lowered 0.5-1.5pts. Renewables GRNKENS/RPVINs were up 0.5pt. VEDLNs drifted 0.5-2pts lower on the day with notably more better-selling technical flows in its

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

25s/26s. On Thursday night, media reported Vedanta was in talks with private funds to raise USD1.5bn partly to repay Oaktree notes, the USD500mn Indian bank loan likely to close by March-end. Indonesian HYs remained rather muted, except LMRTSPs were down 0.75pt.

In the LGFV/Perp/Asia AT1 space, investor focus remained on the macro front and so activities in the spaces continued to be front-end-centric. Flows were overall skewed to better selling among profit taking flows and some switching demand. We reckon these carry bonds with little capital gain potential would always go to the marginal buyer with the lowest funding cost/ hurdle yield. And these carry bonds were essentially trading at up to negative 0.2pt bid-ask-spread. Hence the upside in yield terms was extremely limited for dealers, as funding costs continued to rise among RM clients with onshore USD deposit rate at low-5%, the recent high. Overall, LGFV flows remained on the light side as the upward momentum lost steam. Coastal names like SHUGRP 24s/SHGUOH 25s outperformed by closing 0.5-1pt higher, while weaker names like GSHIAV/ZHHFGR were also under better buying. Perps consolidated to a better selling session. AT1 also slightly softened to end 0.125-0.25pt lower, with benchmark ICBCAS 3.2 Perp was marked down 94.95 on street.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HYSAN 3.55 06/16/35	85.6	1.6	GRNLGR 6 3/4 06/25/24	55.6	-1.9
LVGEM 12 03/10/23	87.0	1.0	VEDLN 8.95 03/11/25	76.5	-1.7
STCITY 6 1/2 01/15/28	90.7	1.0	CHINSC 7 3/8 04/09/24	58.9	-1.6
GRNLGR 5.6 11/13/24	55.2	1.0	ADANIG 4 3/8 09/08/24	77.9	-1.5
LNGFOR 4 1/2 01/16/28	89.8	0.9	CENCHI 7.9 11/07/23	33.6	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – U.S. stock markets remained weak on Thursday, S&P (-0.88%), Dow (-0.73%) and Nasdaq (-1.02%) were all down amid markets' worry about Fed's next interest rate step. U.S. weekly jobless claims were 196k, slightly higher than forecast of 190k and 183k in last week. China Jan'23 CPI was +2.1% yoy and PPI was -0.8% yoy. The U.S. treasury yields rebounded higher yesterday, 2/5/10/30 yields reached 4.48%/3.87%/3.67%/3.75%, respectively.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Westpac New Zealand	1500	5yr	4.902%	T+105	A1/AA1/-
Greensaif pipeline S.a.r.l.	1500/1500/1500	10/15/19yr	-	T+200/245/275	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 50 credit bonds issued yesterday with an amount of RMB55bn. As for month-to-date, 228 credit bonds were issued with a total amount of RMB246bn raised

- **[ADANIG]** Norway's sovereign wealth fund has exited its investment in Adani. Sustainalytics downgraded the "business ethics and controversy" ESG scores of Adani Total Gas and Adani Transmission to moderate from low. MSCI is reviewing the public float of Adani Group securities
- **[BEIPRO]** Beijing Properties unit gets USD76mn HKD loan with keepwell agreement
- **[GRNCH]** The coupon of Greentown's onshore bond due in 2025 (20Lvcheng01) will increase to 4.5% from 3.19% after 6 Mar put
- **[HUAHK]** Huai'an Development Holdings has proposed to offer RMB6bn corporate bonds via a private placement
- **[LNGFOR]** Longfor's outlook revised to stable from negative by S&P on stabilizing funding channels, rating affirmed at BBB-
- **[MEDCIJ]** Medco Energi plans USD370mn capex in 2023
- **[PWRLNG]** Media reported that Powerlong makes 15% amortization, coupon payments on time for two rescheduled onshore bonds totaled RMB1.6bn
- **[TPHL]** Times China aims to start communications with offshore bondholders over a restructuring proposal from end of Mar or early Apr; The company proposes extension of up to 4.5 years for onshore bonds
- **[VEDLN]** Vedanta is in talks with private funds to raise USD1.5bn partly to repay Oaktree notes. It also continues to seek USD500mn from Indian banks that likely close near end of Mar
- **[WYNMAC]** Hotel and casino operator Wynn Resorts priced a US\$600m 8-year NCL senior unsecured note at 7.125%
- **[YANGOG]** Yango fails to make payment on overdue RMB46.02bn of debts
- **[YUEXIU]** Yuexiu Property plans to issue up to RMB9.4bn (cUSD1.38bn) to repay corporate bonds

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets

or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.