

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *Market sentiment was weak this morning. CN/KR/HK IG spaces widened 2-5bps. Chinese TMTs BABA/TENCNT and KR names DAESEC/HYNMTR were weak under profit taking. BNKEAs were 10-15bps wider.*
- *INDYIJ: Completion of the MUTU sale. INDYIJ'24 rose 0.1pt and INDYIJ'25 was unchanged this morning. See below.*
- *YLLGSP: Weaker results but progresses in refinancing. YLLGSP'26 rose 2.5pts this morning. See below*

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(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, Asia IGs were traded in mixed two-way flows. On the new issue front, SUMIBK priced a USD1bn PerpNC10.25 subordinated bond at par to yield 6.602%. The new SUMIBK 6.6 Perp climbed to around 101 at open, then retraced to around 100.4 at EOD. The new TIANFS 6.5 '26, priced at 99.448, rose to 100/100.2 thanks to the top-up demands from RMs/AMs. JP name SUMITR 26s/28s were under better selling ahead of the new issues of USD2.25bn. KR space was soft, HYUCAP/DAESEC/HYUELE 27s/29s widened 2bps. Chinese IG benchmarks such as HAOHUA/BABA 30-31s tightened 1-3bps. There was also selling on TENCNT 29-30s. The high beta TMTs such as MEITUA/XIAOMI 30s were unchanged to 4bps tighter. In financials, the leasing name BOCAVI 29s tightened 3bps whereas the floater BCLMHK '27 was under better selling. In T2s, DAHSIN 33s and BNKEA 27s/32s widened 2-3bps. In AT1s, EU names such as BACR 9.625 Perp/BNP 8 Perp were down 0.1pt amid profit taking. STANLN Perps were 0.3-0.4pt higher. Meanwhile the high-yielding short-dated-to-call AT1s such as CHOHN 5.5 Perp/BNKEA 5.825 Perp were up 0.1-0.2pt. HK gov't announced Budget 2024-2025 and scrapped Special Stamp Duty, Buyer's Stamp Duty and New Residential Stamp Duty on residential properties. HKLSP 33s tightened 5bps. HK Corp papers moved higher in cash prices in the morning session, while the rally faded in the afternoon amid profit taking from HFs at the highs. NWDEVL/HYSAN Perps and 27-30s closed 0.9-2.0pts higher. PCPDC '26 was up 1.4pts, and CSIPRO '25/LIHHK '26/CPREIT '30 were up 0.5-0.6pt. Chinese properties were mixed. FUTLAN/FTLNHD 24-25s were 0.6-1.7pts higher. GEMDALs/CHIOLIs were up 0.4-0.5pt. On the other hand, VNKRL 24s were unchanged while VNKRL 25-29s were down another 0.5-1.2pts to close 3-5pts lower WTD. PINGRE '25 declined 0.9pt. LNGFOR 28-32s were down another 0.5pt to close 1-3pts lower WTD. In industrials, HILOHO '24 was up another 0.6pt to close at 69, the recent high. Macau gaming names such as MGMCHI/MPEL/STCITY 25-29s were down 0.4-0.6pt. In Indian space, VEDLN 27-28s were 0.6-0.8pt higher. Indonesian names were quiet.

In LGFV space, the 5-6% LGFVs BJSTAT '25/NJYZSO '27/GZDZCD '26/GUAMET '30 were 0.1-0.3pt higher. In SOE perps, CHSCOI 3.4 Perp/HUADIA 3.375 Perp were up 0.1pt. CPDEV 25/26/Perp were 0.4-0.6pt higher. The high-beta names FRESHK '25/CWAHK '26 were up 0.4-0.8pt.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-------------------|-------|--------|-----------------------|-------|--------|
| NWDEVL 4 1/8 PERP | 56.2 | 2.0 | VNKRLE 3.15 05/12/25 | 74.4 | -1.2 |
| NWDEVL 6.15 PERP | 81.9 | 1.8 | VNKRLE 3 1/2 11/12/29 | 47.1 | -1.0 |
| FUTLAN 6 08/12/24 | 76.9 | 1.7 | PINGRE 3 1/4 06/23/25 | 90.2 | -0.9 |
| HYSAN 4.1 PERP | 88.6 | 1.7 | ROADKG 7 PERP | 19.9 | -0.7 |
| NWDEVL 6 1/4 PERP | 55.5 | 1.7 | STCITY 5 01/15/29 | 87.6 | -0.6 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.17%), Dow (-0.06%) and Nasdaq (-0.55%) slightly down on Wednesday. US real GDP rose at an annual rate of 3.2% in 4Q23, lower than the expectation of 3.3%. UST yield edged up yesterday, 2/5/10/30 yield reached 4.64%/4.26%/4.27%/4.40%.

❖ Desk analyst comments 分析员市场观点

➤ INDYIJ: Completion of the sale of MUTU

Indika completed the sale of its entire 100% stakes in MUTU to PT Petrindo Jaya Kreasi. In 2023, MUTU accounted for c10% of Indika's total coal production. Recalled that Indika entered into CSPA to sell the MUTU stakes in Sep'23. The transaction value is USD218mn, including USD203mn for the stakes and USD15mn for the assignment of marketing rights. Indika has received the proceeds of USD203mn and expect to complete the assignment of marketing rights in the coming 2 weeks. We believe that the proceeds will be mainly used for capex and diversification into non-coal businesses.

The stakes sale is line with Indika's strategies to diversify from coal operations. In 9M23, MUTU and coal operations (including MUTU) accounted for 8.9% and 88.9% of Indika revenue. It targets to raise the revenue contribution of non-coal operations to 25% by 2025 from 11.1% in 9M23.

At 99.9 and 100.8, INDYIJ 5.875 11/09/24 and INDYIJ 8 ¼ 10/22/25 are trading at YTM of 6.0% and 7.7%, respectively. We are neutral on INDYIJs in view of the unappealing valuation. For Indonesia commodity plays, we prefer MEDCIJs on better valuations. INDYIJ'24 rose 0.1pt and INDYIJ'25 was unchanged this morning.

➤ Yanlord: Weaker results but progresses in refinancing

Maintain buy on YLLGSP'26

We consider Yanlord a "survivor" in the Chinese sector given its more resilient operating performance and manageable debt maturities. Subsequent to the full repayment of YLLGSP'24 yesterday, Yanlord's only outstanding offshore bond is YLLGSP'26 due May'26. Furthermore, Yanlord's IPs in Singapore should offer it an alternative liquidity source if needed. YTD, YLLGSP'26 had moved 13pts higher under the backdrop of more supportive regulatory environment. At 73.8, YLLGSP'26 is trading at YTM of 20.4%. YLLGSP'26 continues to offer a good risk and return profile, in our opinion. We maintain Buy on YLLGSP'24 and '26.

| | O/S (USD mn) | Maturity | Coupon | Offer price | YTM (%) |
|-----------------------|--------------|-----------|--------|-------------|---------|
| YLLGSP 5 1/8 05/20/26 | 500.0 | 5/20/2026 | 5.13% | 73.8 | 20.4% |

Source: Bloomberg.

Click [here](#) for full report

➤ Offshore Asia New Issues (Priced)

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|----------------------------|---------------|----------|-----------------|-------------|----------------------|
| Metropolitan Bank&Trust | 500/500 | 5/10yr | 5.375%/5.5% | T+110/130 | Baa2/-/- |
| Nanchang Jinkai Group | 68 | 3yr | 5.25% | 5.25% | -/-/- |
| Sumitomo Mitsui Trust Bank | 1000/750/500 | 3/5/10yr | 5.2%/5.2%/5.35% | T+80/95/110 | A1/A/- |
| Standard Chartered | 1000 | PNC6 | 7.875% | 7.875% | Ba1/BB-/BBB- |

➤ Offshore Asia New Issues (Pipeline)

| Issuer/Guarantor | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|---|----------|---------------|-------|---------|----------------------|
| Fujian Jinjiang Construction Investment | USD | - | 364d | 6.9% | -/-/- |
| Shaanxi Financial Asset Management Co., Ltd | USD | - | 3yr | 6.5% | -/-/BBB |

➤ News and market color

- Regarding onshore primary issuances, there were 120 credit bonds issued yesterday with an amount of RMB125bn. As for month-to-date, 890 credit bonds were issued with a total amount of RMB886bn raised, representing a 24.5% yoy decrease
- China MHURD asked local governments to unveil their one-year housing plans for 2024/2025 before 30 Apr'24 and 31 Mar'25 to stabilize the market
- **[ADANIG]** Moody's assigned Ba1 to Adani Green Energy RG1's proposed USD 18-year notes
- **[BTSDf]** H&H repurchased USD21.2mn BTSDf 5.625 10/24/24 from open market
- **[GWFOOD]** Wens Foodstuff recorded RMB6.3bn net loss for FY23, compared with RMB5.3bn net profit for FY22
- **[GZRFPR]** Guangzhou R&F announced exchange offer and consent solicitation for its USD bonds totaled cUSD5.7bn
- **[HPDLF]** Media reported that Hopson is in refi talks with providers of HKD1.3bn due-Jun'24 syndicated loan; The company plans to use internal cash to redeem USD300mn due 18 May'24 bonds

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

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.