

CMBI Credit Commentary

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

- *Asian IG space was 1-3bps tighter this morning. Recent issued CMINLE'27 was unchanged. We saw buying flows on belly AMC/ChemChina. LGFV sector was quiet, new issue JJUCID'25 was heavy.*
- **ORIEAS:** *FV of new 5-yr USD bonds to be T+130-135bps. See below.*
- **Chinese properties** - *Weekly highlight: Awaiting more positive signs on property sales. See below for comments from CMBI equity research.*

❖ Trading desk comments 交易台市场观点

Yesterday, KOMRMR 29s tightened 5bps. CITNAT 27/29 were 1-2bps tighter. OCCBSP 34s tightened 1bp. SBIIN '29/RECLIN '28 closed unchanged to 2bps tighter. AU T2s such as ANZ '30/WSTP '32/NAB '29 widened 2-3bps. In Chinese IGs, TENCNT '28/BIDU '30 were 1-3bps tighter. The front end of Chinese AMCs such as CCAMCL/ORIEAS/HRINTH 24-27s closed unchanged to 5bps wider. In financials, the new CMINLE 0 '27 tightened 8bps from RO (SOFR+76) despite some profit taking, while the other FRNs such as CICCHK/CSFCO 27s widened 1-2bps. PINGIN '34 tightened 3bps. In AT1s, BNKEA 5.825 Perp remained better bid by RM and closed 0.2pt higher. EU AT1s such as HSBC 6 Perp/BACR 4.375 Perp/INTNED 3.375 Perp were 0.1-0.3pt lower. In HK, AIA/CKHH 29s/34s were 1-2bps tighter. LASUDE '26 increased 0.9pt. Chinese properties moved lower. GEMDAL '24 declined 1.8pts. LNGFOR 29/32 were down 0.6-0.9pt. The long end of CHIOLIs closed unchanged to 0.2pt lower. SHUION 25/26 plunged 5.8-6.0pts while SHUION '24 was down 1.5pts. ROADKGs were 0.4-1.0pt lower. Media report that Shui On Land and Road King were meeting bankers to explore options for their USD bonds. Media also reported that Road King had proposed a 1.5-2-yr maturity extension for its amortizing due-Sept club loan (o/s cUSD240mn) with some upfront prepayment. In industrials, FOSUNI 26/27 were 0.3-1.2pts higher. In Macau gaming, MPELs/SANLTDs were down 0.3-0.4pt. In Indonesia, LMRTSP 24/26 were up 0.8-2.6pts, following media report that LMIRT has obtained a new secured amortizing term loan of up to IDR2.5tn (cUSD155mn). In India, VEDLN 26-28s were up 0.3-0.6pt.

In LGFVs, JJUCID priced a USD142mn 364-day bond at par to yield 6.45%. The new CNSHAN 6.5 Perp was 0.1pt lower under profit taking. The new QDJZWD 7.9 '27 edged 0.25pt higher supported by its attractive yield level. The property-related LGFVs such as CPDEV/BCDHGR 26s were 0.1pt higher. In the 5-6% LGFVs, GZGETH '27/GZDZCD '26 were 0.1pt lower. In SOE perps, CHSCOI 4 Perp was 0.1pt higher, while RLCONS 3.97 Perp was down 0.1pt. In the high beta names, HNINTL/HUANEN 29-31s were 0.1-0.3pt lower.

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 7 1/2 02/09/26	89.3	2.6	SHUION 5 1/2 06/29/26	66.9	-6.0
FOSUNI 5.05 01/27/27	90.3	1.2	SHUION 5 1/2 03/03/25	76.8	-5.8
LASUDE 5 07/28/26	66.9	0.9	GEMDAL 4.95 08/12/24	92.3	-1.8
LMRTSP 7 1/4 06/19/24	99.6	0.8	SHUION 6.15 08/24/24	89.1	-1.5
VEDLN 13 7/8 01/21/27	97.2	0.6	PERTIJ 4.15 02/25/60	72.2	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.74%), Dow (-1.06%) and Nasdaq (-0.58%) were weak on Wednesday. UST yield continued to rally higher yesterday, 2/5/10/30 yield was 4.96%/4.63%/4.61%/4.74%.

❖ Desk analyst comments 分析员市场观点

➤ ORIEAS: FV of new 5-yr USD bonds to be T+130-135bps

We consider the FV of the proposed 5-yr ORIEAS'29 to be T+130-135bps (YTM of 5.93%-5.98%) vs. IPT of T+180 (YTM of 6.43%) given that the current YTM of ORIEAS 3.5 09/24/29 is 5.96% and YTM of CCAMCL 5.75 05/28/29 is 5.84% while the credit rating of China Cinda AMC is one notch higher than China Orient AMC. In AMC sector, HRINTHs and GRWALL 3.95 Perp remain to be our top picks. For lower beta play in the sector, we like CCAMCL 4.4 Perp. See our comments on [HRINTH](#) and [GRWALL](#).

	ORIEAS 3 ½ 09/24/29	CCAMCL 5 ¾ 05/28/29
YTM	5.96	5.84
T-Spread	133	121
Maturity	24 Sep'29	28 May'29
Rating (M/S/F)	-/BBB/A-	-/BBB+/A-

Source: Bloomberg.

The proposed new 5-yr USD bonds (to be rated BBB/A- by S&P and Fitch) will be issued under the MTN program of USD1.4mn. The bonds will be issued by Joy Treasure Assets Holdings Inc., and guaranteed by China Orient Asset Management (International) Holding Limited.

Security Name	ISIN	Amt o/s (USD mn)	Ask price	YTM/YTC (ask, %)	First call date	Coupon reset	Step-up (bps)	Rating (M/S/F)
CCAMCL 4.4 Perp	XS2397254579	1700	96.1	6.2	11/03/26	5yr UST+3.232%	-	B1/-/-
GRWALL 3.95 Perp	XS2023803872	400	99.6	6.6	07/31/24	5yr UST+7.145%	500	-/-/BBB-
HRINTH 4.25 Perp	XS2235973943	250	96.2	7.3	09/30/25	5yr UST+6.979%	300	-/-/BB-
HRINTH 4.75 04/27/27	XS1596795358	850	95.2	6.6	-	-	-	Ba2/-/BBB
HRINTH 4.25 11/07/27	XS1711550373	1,100	92.4	6.8	-	-	-	Ba2/-/BBB
HRINTH 4.5 05/29/29	XS2001732283	544	91.3	6.6	-	-	-	Ba2/-/BBB

Source: Bloomberg.

➤ Chinese properties - Weekly highlight: Awaiting more positive signs on property sales.

Shanghai, Guangzhou and Shenzhen have stepped up their policy relaxation efforts on two dimensions including purchase restrictions and the mortgage loan. By analysing the policy timeline and specifics in four cities, we think

Beijing still has room for policy relaxation in both dimensions. We believe that **1)** policy easing may provide a marginal stimulus to property sales as it has indeed unlocked the eligibility of a certain range of potential buyers. **2)** On the sentiment front, a number of homebuyers may believe that the market is nearing its bottom following the continuous policy rollout, thereby accelerating their pace of entering the market. Chengdu and Hangzhou showed improvement on both new home and secondary market since mid-May, and Beijing also saw a positive trend on the secondary market in the past week. **We anticipate** that sales in the coming June may be moderately bolstered by policy stimulus, thereby resulting in better data for 2Q compared to 1Q. Additionally, considering that further supportive policies may continue to be introduced at appropriate junctures, we foresee a continued recovery in the sector's performance on a medium to long-term basis and advise investors to buy the dip. For stocks, we prefer PM companies like CR MixC, Poly Services, Binjiang Services and Onowo, property agents BEKE, and PJM company Greentown Mgmt. For developers, we recommend CR Land with LT value.

What is new? [Shanghai](#) has once again eased its property policy by further loosening the home purchase restrictions to allow non-SH residents with social insurance records of >3 years (originally 5 years) to buy homes. It has also become the first city among tier-1 cities to lower the down payment ratio and mortgage rate. [Guangzhou](#) and [Shenzhen](#) also announced similar measures after the market close yesterday (28 May). We find that the recent policy relaxations are mainly in two directions: 1) easing restrictions to unlock additional home purchasing power, and 2) easing mortgage-related policies. [Figure 1 & 2](#) illustrate the timeline and specifics of the relaxation. In comparison, we think Beijing still has room for policy relaxation in both purchase restriction and mortgage loan-related policies. **We believe that 1)** policy easing may provide a marginal stimulus to property sales as it has indeed unlocked the eligibility of a certain range of potential buyers. **2)** On the sentiment front, a number of homebuyers not only in tier-1 cities but also in low tier cities may believe that the market is nearing its bottom following continuous policy rollouts, thereby accelerating their pace of entering the market.

High-frequency data: secondary market showed initial improvement. As of 27 May, [secondary home sales volume in 17 cities](#) went up 20% WoW and narrowed the QTD decline to -9% YoY vs. -17% YoY in 1Q24 the YTD decline was at -14% YoY. While the new home market is still lukewarm with [new home sales volume in 30 major cities](#) up only 1% WoW. YTD decline was at -41% YoY (-40% in [tier-1&2 cities](#), -45% in tier-3 cities).

Chengdu, Hangzhou and Beijing show positive signs on sales. It is noteworthy that among the cities that have recently implemented easing policies, Chengdu and Hangzhou have shown clear signs of recovery ([Figure 6 & 7](#)) in the sales of both new and second-hand homes since mid-May. Additionally, [Beijing's](#) secondary market has also exhibited a positive trend over the past week

Transaction watch in tier-1 cities (weekly). During the 21th week of 2024 (20-26 May), [units of new homes sold](#) in SH and SZ exceeded weekly avg. by 5% and 3%. GZ and BJ were below weekly avg. by -9% and -19%. [Units of secondary homes sold](#) in SZ, SH and BJ in 21W surpassing weekly avg. by 15%, 11% and 5%. GZ was 8% lower than weekly avg. Overall, SZ performed strongly in both primary and secondary markets.

Click [here](#) for full report

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Jinjiang Road and Bridge Construction & Development	142	364D	6.45%	6.45%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Orient Asset Management	USD	-	5yr	T+180	-/BBB/A-
Krakatau Posco	USD	-	3/5yr	T+200/220	-/BBB/-

➤ News and market color

- Regarding onshore primary issuances, there were 69 credit bonds issued yesterday with an amount of RMB45bn. As for month-to-date, 1,032 credit bonds were issued with a total amount of RMB1,188bn raised, representing a 7.1% yoy increase
- **[BTSDFI]** Media reported that Health & Happiness USD500-600mn term loan underwriters get internal approvals to proceed with deal to refi USD749mn due-June 2025 loan
- **[DALWAN]** Dalian Wanda Commercial Management further redeemed 20% of principal amount of 7.25% bonds due 2024
- **[FTHDGR]** Fantasia Holdings Group announced holders representing 81.96% of existing debt instruments acceded to RSA
- **[LEEMAN]** Lee & Man Paper Manufacturing completed redemption of LEEMAN 5.5 PERP
- **[PBRXIJ]** Media reported that Pan Brothers hired AJCapital as financial advisor for potential debt restructuring
- **[RAKUTN]** S&P affirmed Rakuten Group's BB rating and revised up outlook to stable from negative
- **[ROADKG]** Media reported that Road King Infrastructure proposed 1.5-2-year maturity extension for originally USD368mn-equivalent due-Sept loan and to offer some prepayment
- **[SHUION]** Media reported that Shui On Land met at least two bankers to explore options for USD 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.