

## CMBI Credit Commentary

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

- *New issue POHANG'27/29 tightened 16/9bps while ORIEAS'29 widened 3bps this morning. Asian IG space was stable with two-way flows. VNKRLEs were unchanged to 0.8pt higher post the news that Vanke is seeking for RMB50bn loan to repay bonds and private debts.*
- **RAKUTN:** Buy RAKUTN 5.125 PERP as a low cash price and yield pick-up trade. See below.
- **EHICAR:** Media reported that eHi Car got lead lender Industrial Bank's approval for commitment towards RMB800mn syndicated loan; Separately, eHi is in the process of obtaining an up to RMB1bn domestic syndicated loan to be led by Shanghai Pudong Development Bank. EHICARs moved -0.1 to +0.1pt this morning.

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the overnight UST yields widened 3-9bps. In KR, POHANG priced a USD300mn 3-yr bond at CT3+168, and a USD400mn 5-yr bond at CT5+188. KOMRMRs tightened 4-5bps. HYUELEs were 2-5bps tighter, whilst DAESECs/ DFHOLDS widened 1-2bps under profit taking from RMs/PBs. AU T2s such as NAB/WSTP/ANZ 29-32s were unchanged to 4bps wider. In JP, SMCAC/SUMIFL 33s were 1bp tighter under better buying from PBs. JP insurance hybrids such as FUKOKU/SUMILF Perps were 0.2-0.4pt lower amid widening rates. In Chinese IGs, HAOHUA 27-30s were 1-2bps tighter. TENCNT/WB 30s were 2-3bps tighter. In financials, ORIEAS priced a USD650mn 5-yr bond at T+130. CCAMCL '29/ORIEAS '27 were under better buying and tightened 1-2bps. HRINTH 24-25s were unchanged to 10bps wider. BOCAVI '30/ICBCIL '27 were under small better buying and closed 1bp tighter. The FRNs such as CICCHK/CMINLE/CSFCO 24-27s were under better selling but spreads closed unchanged. PINGIN '34 tightened 3bps. In AT1s, BACR 4.375 Perp/HSBC 6 Perp/INTNED 3.875 Perp were 0.125-0.375pt lower. In HK, CKHH/HKLSP 29s/34s were 1-3bps tighter. LASUDE '26 was down 0.8pt. Chinese properties performed mixed. SHUION 24-26s rebounded 1.6-3.7pts, but is still 3.0-7.6pts lower WTD. VNKRLE 25/29 were 0.6pt higher on media report of secured loans arrangement and repayment of VNKRLE 4.2 06/07/24. CHIOLI 42-43s were up 0.5pt. FUTLAN '25/FTLNHD '24 were up 0.2-0.3pt. On the other hand, ROADKGs dropped another 0.7-2.6pts. In industrials, FOSUNI 26-27s were up 0.4-0.6pt. HILOHO '24 was 1.0pt lower. In Macau gaming, WYNMAC '24/MPEL '27 were 0.4-0.6pt higher. In India. ADANEMs/ADSEZs/ADTINs/ADGREGs were 0.2-0.6pt lower, despite S&P revised India's outlook to positive from stable and affirmed ratings. In Indonesia, LMRTSP 26/Perp were 0.3-2.1pts higher.

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In LGFVs, the new JJUCID 6.45 '25 was 0.1pt lower. CNSHAN 6.5 Perp hovered unchanged. The 6%-handle front-end LGFVs were under better selling driven by cash raising needs, while the high-yielding LGFV names remained under better buying across their USD and CNH issues. CPDEV/BCDHGR 26s were 0.2pt higher. Meanwhile the low-yielding (mid-5%) SOE perps were traded in mixed two-way flows among AMs. HUADIA 3.375 Perp was 0.1pt higher whilst CHPWCN 3.45 Perp was down 0.1pt. CTIH 6.4 Perp was 0.2pt lower. In the high beta names, HNINTL '30/HUANEN '29 were 0.5-1.0pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 5 1/2 03/03/25	79.8	3.7	ROADKG 6 09/04/25	29.7	-2.6
SHUION 6.15 08/24/24	91.4	2.6	ROADKG 5.9 03/05/25	37.1	-2.4
LMRTSP 8.096 PERP	36.6	2.1	ROADKG 6.7 09/30/24	50.2	-2.3
SHUION 5 1/2 06/29/26	67.7	1.6	ROADKG 5.2 01/12/26	24.4	-1.5
HILOHO 9 3/4 11/18/24	59.0	1.0	GRNLGR 6 7/8 07/03/30	9.6	-1.3

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.60%), Dow (-0.86%) and Nasdaq (-1.08%) remained weak on Thursday. US 1Q24 GDP rose 1.3% mom, lower than the expectation of +1.6% mom. The latest US initial jobless claim was +219k, higher than the expectation of +218k. China May'24 official manufacturing/non-manufacturing PMI was 49.5/51.1, lower than the expectation of 50.5/51.5. UST yield retreated yesterday, 2/5/10/30 yield was 4.92%/4.57%/4.55%/4.69%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ RAKUTN: Buy RAKUTN 5.125 PERP as a low cash price and yield pick-up trade

We initiate a buy recommendation on RAKUTN 5.125 PERP (M/S/F rating: -/B/-) as a lower-cash price and yield pick-up trade over other RAKUTNs. At 86.5, RAKUTN 5.125 PERP (the first call date on 22 Apr'26) is traded at a YTC of 13.4%, offering a yield pick-up of 460bps and 630bps over RAKUTN 11.25 02/15/27 (M/S/F rating: -/BB/-) and SOFTBK 6.875 PERP ((M/S/F rating: B2/B+/-). If RAKUTN 5.125 PERP will not be called on the first call date, its coupon will be reset to 5yr UST+4.578% with a 25bps coupon step-up, i.e. 9.1% based on current 5yr UST (compared with the YTM of 8.8% of RAKUTN'27). We see a good chance Rakuten to call the perp on first call date in view of improving operating performance and good access to various funding channels. The correction and volatility of RAKUTN 5.125 PERP since mid Apr'24 offer a better since mid Apr'24, in our opinion, offer a better entry opportunities.

Rakuten's operating performance notably improved. In 1Q24, Rakuten's revenue rose 8.0% yoy to JPY513.6bn (cUSD3.3bn) and EBITDA increased to JPY52.8bn (cUSD338mn) from JPY3.5bn in 1Q23 with improvement in all three segments. In 1Q24, Rakuten's CAPEX lowered 29.9% yoy to JPY73.7bn (cUSD472mn) as the CAPEX on Mobile segment reduced 51.4% yoy to JPY38.7bn (cUSD248mn). We expect Rakuten's 2024 CAPEX to reduce c25% to cJPY290bn (cUSD1.85bn) given the network-related CAPEX to be contained at JPY100bn.

As of Mar'24, Rakuten had cash on hand of JPY5,369bn (cUSD34.4bn) and net debts of JPY4,722bn (cUSD30.2bn). In 2024, Rakuten has raised USD3.8bn and JPY50bn (cUSD320mn) via offshore and onshore bond issuance at avg. funding costs of 10.5% and 6%. As per the company, it has adequate liquidity to address debt repayments in 2024 and 2025 post the bond issuances. It also scheduled to call its two JPY bonds callable in 2H25 totaled cUSD730mn on their first call date. Rakuten's liquidity profile is adequate over the medium terms. Hence, we see a high likelihood of RAKUTN 5.125 PERP being called on the first call date. On 29 May'24, S&P

affirmed Rakuten's BB rating and revised the outlook on Rakuten to stable from negative, reflecting Rakuten's improved liquidity and recovery of its nonfinancial unit over next one to two years.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Orient Asset Management	650	5yr	5.75%	T+130	-/BBB/A-
Chongqing Xinshuangquan Urban Construction and Development	96	3yr	7.5%	7.5%	-/-/-
Krakatau Posco	300/400	3/5yr	6.375%/6.375%	T+168/188	-/BBB/-
Nanchang Jinkai Group	186	35mth	7.0%	7.0%	-/-/-

➤ **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 76 credit bonds issued yesterday with an amount of RMB56bn. As for month-to-date, 1,118 credit bonds were issued with a total amount of RMB1,248bn raised, representing a 6.4% yoy increase
- **[ADANIG]** Fitch assigned Adani Green Energy RG1's USD notes BBB- rating and placed stable outlook
- **[EHICAR]** Media reported that eHi Car got lead lender Industrial Bank's approval for commitment towards RMB800mn syndicated loan; Separately, eHi is in the process of obtaining an up to RMB1bn domestic syndicated loan to be led by Shanghai Pudong Development Bank
- **[FOSUNI]** S&P affirmed Fosun International BB- ratings and placed stable outlook
- **[HPDLF]** Meida reported that Hopson is sounding out private credit funds for refi of HKD1.3bn Seatown loan; The company got consents for extension of due-June bank loan and seeks extension of PP notes
- **[SININT]** Moody's placed Sinochem International's Baa1 ratings on review for downgrade
- **[VNKRLE]** Media reported that China Vanke is in advanced negotiations with lenders for RMB50bn loan to repay bonds, private debt. The loan will be backed by Vanke's real estate assets of which the valuation is cRMB80-90bn; China Vanke has prepared asset package totaled RMB130bn for collateral
- **[XIAOMI]** Xiaomi clarified the rumor that it plans to acquire or gain control of Evergrande NEV

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