

CMBI Credit Commentary

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

- *Markets were a little more stable compared to previous days in this week. We saw some selling flows on LGFV/SOE Perp/AT1 from RM. There were some short coverings on AT1 after sector's slump yesterday but the volume was little.*
- **NAGACL:** Up to USD120mn tender offer for NAGACL 7.95 07/06/24. See below.
- **CIMWLB:** Eyes on the decision of CMB Wing Lung Bank if CIMWLB 3.75 11/22/27 will be called. The last day to issue a call notice is 7 Nov'22. CIMWLB 3.75 11/22/27 was traded around 99 with plenty of inquiries this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, IG space had another bloodbath day in Asia financials, though otherwise market was defensive after a hawkish tone from FOMC. Financial names were significantly weighed down by the non-call of the Korea lifer Heungkuk, the first such move in South Korea since 2009. HUKLFI 4.475 Perp slumped 12.5pts and triggered repricing of the segment. Insurers' Perps and Chinese banks took the hit as investors started pricing in extension risks. China Big 5 bank AT1s broadly (BCHINA 3.6/BOCOM 3.8) lowered 0.5-1pt, while T2s like CCB were 10-15bps wider. HK names were a bit more vulnerable. BNKEA 5.875/5.825 Perps led the free-fall by plunging 26/8pts, respectively. High-beta names CHOHIN/NANYAN Perps broadly went down 8-13pts to close at mid-70s. Among other financials, AIA 2.7 Perp closed 6pts lower and ended at low-70s. Korea insurers KYOBOL/TYANLI down 8-10pts. SHINFN was up 2pts, amid Shinhan Financial Group's net income exceeded expectation, and its balance sheet looked robust amongst the peers. AMCs suffered from the weak sentiment from broader financials, GRWALL/CCAMCL Perps also dropped 2-6pts. TMTs widened 1-5bps amid some FM selling. IG properties had a surprisingly firm session as forced selling disappeared in beta benchmarks. LNGFORs bounced back 2.5-4pts to close at mid-20s. VNKRL/DALWAN 23-24s were up 0.5-1pt. China HY weakened a bit along with rates sold off post a hawkish tone from Fed overnight. COGARDs/CIFIGHGs were unchanged. Elsewhere, CSCHCNs were down 3-4.5pts. Whereas JNHUIG'23 was up 2pt on the back of Radiance Group revived its CBIC-back new issuance. Among HK properties, NWDEVL 5.25 Perp/ HYSAN 4.85 Perp notably plummeted 10-13pts at to high-50s level. Rest of NWDEVL/HYSAN Perps were down 2.5-7.5pts. Elsewhere, COGO 2.45 '26 was down 15.5pts. FAEACO was up 6.5pts, amid news that Far East Horizon unit raised RMB1bn via three year MTN offering to repay debts. In industrial space, we saw two way flows in FOSUNI 23 and some better buyers of CHIOIL '23/ZOOMLI '22. Macau gaming names was

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stable with MGMCHI/SANLTD up 0.5-1pt. Ex-China HY was quiet with market sidelined after 75bps rates hike and negative headlines in financials.

In the LGFV/SOE Perp spaces, market was really weak with attention diverted to Heungkuk's decision not to call its Perps. Flows were 95% selling from all sorts of institutions as the only tiny bit of buying came from retail and low-ball short covering. LGFVs showed bids over the place and closed 0.5-0.75pt lower, with several more eye-catching names got hit at low prints. Nowadays we have the highest quality names (ie., names with onshore lines like HKIQCL/ZHAPIE/ZHANLO 25s) traded at low-90 or ~7%, while long end/weaker quality ones at low-to-mid-80s, and exotic names at 70s or liquidity bids around 40/50. SOE Perps were also marked down by 0.75-1.75pts on the day, and we saw some selling interests of 2-3yr to call SOEs from some AMs/PBs. Whilst we did see a bit of short covering in the PM session, the overall tone remained extremely weak at least in offshore. We reckon that the market will continue to be more keen on highest-quality notes to sit through the rates cycle.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FAEACO 7 3/8 PERP	92.1	6.4	BNKEA 5 7/8 PERP	65.0	-25.6
LNGFOR 4 1/2 01/16/28	27.4	3.9	COGO 2.45 02/09/26	67.3	-15.5
LNGFOR 3.95 09/16/29	24.5	2.7	NWDEVL 5 1/4 PERP	56.4	-12.6
LNGFOR 3.85 01/13/32	23.6	2.3	HUKLFI 4.475 PERP	72.3	-12.6
CKINF 4.85 PERP	69.3	1.9	TYANLI 5 1/4 PERP	58.1	-10.7

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets dropped in four consecutive trading days, the S&P (-1.06%), Dow (-0.46%) and Nasdaq (-1.73%) kept weak as the markets sentiment was struck by Fed's hawkish comments. The U.S. labor market was still strong that weekly unemployment claims totaled 217k in the end of Oct and was lower than the expectation of 220k. Chinese October Caixin service PMI was 48.4 and lower than expectation of 49.2. The U.S. treasury yield curves bear flattened that the 2/5/10/30 yields reached 4.71%/4.36%/4.14%/4.18%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ NAGACL: Tender offer for NAGACL 7.95 07/06/24

NagaCorp announced a tender offer for its sole USD bonds NAGACL 7.95 07/06/24 and funding source is company's surplus cash on-hand. The purchase will be conducted in a modified Dutch auction with a minimal price of 88 while the bonds were traded at 87 level yesterday. Before this tender offer, NagaCorp has repurchased and cancelled USD8.3mn of this bonds in mid-Oct. See below for details:

Details of the tender	
Notes	NAGACL 7.95 07/06/24
Outstanding amount	USD541.7mn
Minimal purchase price	88 per 100 in principal amount
Maximum acceptance amount	USD120mn
Offer expiration date	11 Nov'22

As of Jun'22, the company held USD190.6mn cash and total current liability was USD187.9mn. Along with the travel resumption of Cambodia and China, it recorded USD183.2mn EBITDA in 9M22 and significantly rebounded

from negative EBITDA of USD17.4mn in 9M21. With improving operating cash flow, we see chance of further tender offers and/or repurchases from NagaCorp to take advantage of low cash price and manage the refinancing risk of NAGACL 7.95 07/06/24.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Rowen International Co., Limited	USD91	364d	7.5%	7.5%	-/-/-

➤ **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 39 credit bonds issued yesterday with an amount of RMB91bn. As for Month-to-date, 183 credit bonds were issued with a total amount of RMB218bn raised, representing a 3% yoy increase
- [ABMMIJ]** ABM Investama announced not to accept any notes tender of ABMMIJ 9.5 08/05/26 after early tender time (2 Nov) as validly tendered offer is great than the original cap of USD40mn
- [ASRIIJ]** Alam Sutera 9M22 revenue up 55% yoy to USD175.3mn and cash balance up 65.7% yoy to USD88.6mn
- [GRNCH]** Media reported that Greentown is in talks with bank to refinance its USD180mn syndicated loan due Jan'23
- [GRNKO]** Greenko is in talks with REC over INR60bn(cUSD724.9mn) loan for renewable power project
- [GRNLGR]** S&P downgraded Greenland Holding to CC on distressed maturity extensions and placed negative outlook
- [HONGQI]** Shandong Hongqiao has raised RMB1bn (cUSD136.6mn) via an offering of five-year corporate bonds at coupon of 4%
- [HUKLFI]** South Korea Heungkuk Life announced to skip next call for USD500mn perps in Feb'23 and aim to call in May'23
- [JNHUIG]** Radiance Holdings plans to revive CBICL-guaranteed bond issuance (up to RMB800mn) by the end of Nov
- [LENOVO]** Lenovo 2Q23 revenue declined 4% yoy to USD17.1bn and operating profit up 4% yoy to USD851mn

- **[LNGFOR]** Longfor's controlling shareholder further purchased USD5.2mn senior notes and the company repurchased USD4mn senior notes
- **[LPKRIJ]** Lippo Karawaci lowers FY22 sales target to IDR4.8tn-5.2tn from IDR5.2tn and said no plan to refinance/repurchase bonds
- **[VEDLN]** Vedanta Resources announced discontinuation of rating engagement with Moody's after Moody's downgrade

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