

CMBI Credit Commentary

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

- *The new HSBC Float '29 and HSBC Float '31 tightened 10bps and 20bps from ROs (SOFR+103 and SOFR+129, respectively) this morning, while the new HSBC fixed-rated 29-36s were unchanged. ANZ/WSTP 30-33s widened 1-2bps. NWDEVLs were unchanged to 0.5pt higher. VNKRLs down another 0.3pt.*
- **UPLLIN:** *UPL considers to redeem UPLLIN 5.25 Perp funded by USD bond issuance. UPLLIN 5.25 Perp was up 0.1pts this morning while UPLLIN 28-30s were unchanged. See below.*
- **NWSZF:** *CTF Services' adjusted EBITDA dropped by 4.5% yoy to HKD3.6bn (cUSD458mn) in 1HFY25. NWSZF 28-29s were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, UST yield tightened another 2-5bps and closed 14-20bps tighter WTD. The sentiment remained firm in Chinese IGs. BABA/MEITUA/LENOVO 28-31s closed unchanged to 2bps wider despite RM/PB buying. See our comments on Lenovo's 9MFY25 results on [26 Feb'25](#). In financials, JP/AU bank papers such as MIZUHO/NAB/WSTP/ANZ 32-36s widened 2-4bps on profit taking. FRESHK 25-28s were unchanged to 2bps tighter on AM buying. In AT1s, DANBNK 7/BACR 7.625 Perps were 0.1-0.3pt higher. Meanwhile, KRKPSC 27-29s tightened 1-3bps. TOPTB 43-48s widened another 2-4bps on RM/PB selling. In HK corps, NWDEVL Perps/27-31s rose another 1.1-2.7pts and closed 2.1-5.4pts higher WTD. Chinese properties were mixed. LNGFOR 28-32s were 0.4-0.8pt higher. CHIOLI 28-43s were up 0.3-0.7pt. VNKRL 27-29s, however, declined 0.7-0.8pt. In India, UPLLIN 5.25 Perp rose 0.2pt post media reported UPL considers to issue USD bonds to redeem its o/s USD400mn UPLLIN 5.25 Perp. See comments below. ADSEZ 29-31s/ARENERJ 39s/ADGREG 42s were up 0.3-0.6pt.

In LGFVs, there were two way interests on CNH names such as JDZUDG 7.5 28s/QHCTJS 7 28s. In SOE perps, COFCHK/CHPWCN Perps were down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/8 PERP	31.8	2.7	VNKRLE 3 1/2 11/12/29	61.3	-0.8
NWDEVL 4.8 PERP	28.4	2.5	CCAMCL 5 02/08/48	90.5	-0.8
NWDEVL 6 1/4 PERP	31.1	2.5	VNKRLE 3.975 11/09/27	71.2	-0.7
NWDEVL 6.15 PERP	55.8	2.1	CHGDNU 4.8 09/11/48	94.3	-0.4
NWDEVL 4 3/4 01/23/27	77.9	1.5	IIFPTN 1 1/2 01/27/26	95.2	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.47%), Dow (+0.37%) and Nasdaq (-1.35%) were mixed on Tuesday. US Feb'25 Conference Board's consumer confidence index was 98.3, lower than the market expectation of 102.7. UST yield retreated on Tuesday, 2/5/10/30 yield at 4.07%/4.12%/4.30%/4.55%.

❖ Desk Analyst Comments 分析员市场观点

➤ UPLLIN: UPL considers to redeem UPLLIN 5.25 Perp funded by USD bond issuance

UPL is considering a USD bond issuance to redeem its UPLLIN 5.25 Perp of USD400mn with a pricing target of below 7%, per media report. The coupon of UPLLIN 5.25 Perp will be reset in May'25 to 5yrUST+3.865% (without step-up), i.e. c7.9% compared with UPL's cost of debts of c7%. As we discussed before, we view the likelihood of the subordinated perp being called by May'25 is higher given the strong 9MFY25 operating results, rights issue and stake sale of Advanta.

We envisage a potential 5-year USD senior unsecured bond to be priced close to the target of UPL, in view of UPLLIN 4.625 06/16/30 is trading at YTM of 6.9% at 90.1. An additional premium would be needed to reflect the structural subordination for a potential USD PerpNC5 issuance, which is the same structure as UPLLIN 5.25 Perp. That said, we do not see a very strong incentive for UPL to call perp if the funding cost is substantially higher than the coupon of the perps after reset in May'25. As per UPL, banks treat UPLLIN 5.25 Perp as equity and this aligns with UPL's accounting treatment. However, the treatment by rating agencies vary. No equity credit was given by Moody's, S&P treats 50% of the principal of the perp as equity up to the first reset date while Fitch removed the 50% equity credit on the perp and accounts the perp as debt on 24 Feb'25 as they view the perp will be redeemed in the short-term.

We maintain neutral on UPLLIN 5.25 Perp on unappealing valuation and thin trading liquidity. At 99.5, UPLLIN 5.25 Perp is trading at yield to reset at 7.5%. For SEA corp perps, we prefer PCORPM 5.95 Perp, SMCGL 5.7 Perp, SMCGL 5.45 Perp, SMCGL 8.125 Perp and SMCPL 5.5 Perp.

Table 1: Bond profiles of UPLLIN

Security name	Amt o/s (USDmn)	Ask px	Ask YTM/ yield to reset	Issue rating (M/S/F)
UPLLIN 5.25 Perp	400	99.5	7.5%	B1/B+/-
UPLLIN 4.5 03/08/28	300	94.1	6.7%	Ba2/BB/BB
UPLLIN 4.625 06/16/30	500	90.1	6.9%	Ba2/BB/BB

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
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Chengdu Dongfangguangyi Investment Co	170	3yr	5.5%	5.5%	Unrated
Doha Finance Limited	500	5yr	5.25%	T+120	Baa1/-/A
HSBC Holdings Plc	1500/	4NC3/	4.899%/	T+85/	A3/A-/A+
	750/	4NC3/	SOFR+103/	SOFR+103/	
	1750/	6NC5/	5.13%/	T+105/	
	750/	6NC5/	SOFR+129/	SOFR+129/	
	2250	11NC10	5.45%	T+120	
National Central Cooling Company PJSC (Tabreed)	700	5yr	5.279%	T+115	Baa3/-/-
Zhoukou Urban Construction Investment Development Limited	120	3yr	6.8%	6.8%	Unrated

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB145bn. As for month-to-date, 1,179 credit bonds were issued with a total amount of RMB1,113bn raised, representing a 64.4% yoy increase
- China is looking to inject RMB400bn (cUSD55bn) capital into first batch of banks including ABC and BOCOM, mainly funded by issuance of new special sovereign debts
- Hong Kong to cut stamp duty on homes at HKD4mn (cUSD514.5k) or below to HKD100 (cUSD12.9)
- Reserve Bank of India (RBI) revises applicable risk weights on microfinance loans to 100%
- **[CQNANA]** Chongqing Nan'an District Urban Construction & Development to accept for purchase USD119m of CQNANA 4.98 05/06/25 under tender offer
- **[KMLHDM]** Kunming Anju Group commences consent solicitation for KMLHDM 8 12/14/25 of USD100mn
- **[LENOVO]** Lenovo 2024 India PC sales rose 7.3% yoy to 2.5mn units according to International Data Corporation
- **[MGFLIN]** Manappuram Finance to reduce the share of its microfinance portfolio to below 15% of its consolidated AUMs to de-risk, from 21% of consolidated AUM as of Dec'24
- **[MUTHIN]** Muthoot Finance gets RBI approval to open 115 new branches
- **[NSANY]** Nissan Motor downgraded to BB+ from BBB- by Fitch with negative outlook
- **[PWRLNG]** Powerlong is likely to emerge with revised restructuring plan as current scheme set to lapse after 28 Feb'25

- **[SYNGEN]** Syngenta to buy Novartis a genetic repository to boost crop research, the acquisition is expected to close on 1 Jun'25

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