

## CMBI Credit Commentary

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

- *Markets were active this morning. New issues KOROIL 5.25'26 widened 5bps while KOROIL Float'26 tightened 3bps. BOCAVI'28 was 5bps wider post the tap. Asian IG benchmarks were unchanged. LGFV sector was under better buying.*
- **Vanke:** *The stronger than expected signal of support from SZMC.VNKRLEs further increased 1.25 to 4.5pts this morning post yesterday's 2.5-12pts rebound. See below.*
- **YLLGSP:** *Media reported that Yanlord has received commitments from existing lenders to refinance cUSD200mn of its originally USD1.1bn-equivalent offshore syndicated loan due-11 Feb'24. YLLGSPs rose 0.5-1.5pts this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex JP IG space had a risk-on session post weaker-than-expected NFP data last Friday. Chinese TMT benchmarks TENCNT/BABA 29-31s were 1-3bps tighter. The high beta TMTs MEITUA/WB 30s tightened 5-20bps. In Chinese SOEs, HAOHUA curve were 5-10bps tighter. The front end of CNOOC/HAOHUA/COSL were also under better buying. SOE perps were firm. CHPWCN 4.25 Perp/CHSCOI 3.4 Perp/HUADIA 3.375 Perp were 0.1-0.2pt higher. In financials, HRINTHs were 0.25-0.5pt higher amid mixed two-way flows on its front-end and better buying flows on the longer-end. CCAMCL/ORIEAS tightened 5-8bps. The front end of leasing papers were better bid. The recent new BOCAVI 28s tightened 1-2bps. Chinese AT1s BCHINA/BOCOM/ICBCAS Perps were up 0.1-0.2pt. Thai AT1s BBLTB/KBANK Perps were 0.7pt higher. Korean financials SHINFN/WOORIB 26-28s tightened 3bps, whilst Korean Corp papers HYUELE/LGCHM 28s were under better selling. HK IGs HKAA/CKHH 33s were 1-2bps tighter. NWDEVL Perps were another 1.1-1.8pts higher. Chinese properties bounced higher. Market focus was on Vanke's online meeting with financial institutions. VNKRLE 24-29s rallied 8-12pts across the curve. See below for comments. LNGFORs were traded 3.9-5pts higher. CHJMAOs gained 1.0-3.7pts. PINGRE 24-26s and GRNCH 25s were up 1.2-1.6pts. SHUION/YLLGSP 24s/26s were 1.1-2.6pts higher. CHIOLI 34-35s were among the exceptions to close 0.8pt lower. In industrials, HONGQI '24 was down 0.5pt. In Macau gaming, SANLTD/STCITY/WYNNMAC 28-30s were up 0.8-1.1pts. Indian space performed mixed. The renewables GRNKEN/RPVIN 26-28s were up 0.4-0.8pt. Indonesian names were quiet. APLNIJ '24 was down 1.2pts.

The LGFV space were stable in cash prices amid mixed flows. On the primary front, GXFING priced a USD150mn 2yr bond at par to yield 7.5%. The flows in LGFVs were mixed while front-end papers were under better selling.

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CPDEV 25/26/Perp gained 3.9-5.9pts. In the 7-8% LGFVs, CQNANA 26s were 0.2-0.4pt higher whilst CQNANA 24s declined 0.2-0.3pt. GZGETH/GZINFU 23-26s were down 0.1-0.2pt. In the higher-yielding LGFVs, GSHIAV 24-25s lowered 0.2-0.8pt. Shandong names SHDOIS '24/SHGUOH '25 were down 0.1pt. FRESHK 24/25 were up 0.1-0.2pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.15 05/12/25	<b>78.2</b>	<b>12.0</b>	APLNIJ 5.95 06/02/24	<b>79.0</b>	<b>-1.2</b>
VNKRLE 3 1/2 11/12/29	<b>54.4</b>	<b>11.7</b>	CHNTHI 1.828 11/09/25	<b>97.2</b>	<b>-1.0</b>
VNKRLE 3.975 11/09/27	<b>59.7</b>	<b>10.9</b>	CHIOLI 6.45 06/11/34	<b>95.0</b>	<b>-0.8</b>
VNKRLE 4.2 06/07/24	<b>92.3</b>	<b>8.0</b>	CHIOLI 3 1/8 03/02/35	<b>69.2</b>	<b>-0.8</b>
CPDEV 3.85 07/14/25	<b>76.5</b>	<b>5.9</b>	AGILE 5 1/2 05/17/26	<b>7.8</b>	<b>-0.8</b>

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.18%), Dow (+0.10%) and Nasdaq (+0.30%) closed higher for six consecutive trading days on Monday. China Oct export/import was -6.4%/+3.0% yoy, compared with the expectation of -3.3%/-5.4% yoy. Euro-zone Oct Markit servicing PMI was 47.8, same with the market expectation. The UST yields rebounded yesterday, 2/5/10/30 yield reached 4.93%/4.60%/4.67%/4.84%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Vanke: The stronger than expected signal of support from SZMC

During the meeting with financial institutions yesterday, Shenzhen Metro Group Co., Ltd. (SZMC) sent a stronger than expected signal of providing support to Vanke. SZMC, 100% owned by Shenzhen SASAC, owns 27.88% of Vanke's total outstanding capital and is the largest shareholder of latter.

As per Vanke's press release last night and meeting minutes circulated, the key takeaways from the meeting are:-

- SZMC will purchase Vanke's URPs in Shenzhen with an estimated value of RMB10bn (cUSD1.4bn);
- Shenzhen SASAC will coordinate with other Shenzhen SASAC-owned entities to actively prepare for the repurchases of Vanke's bonds;
- SZMC reiterates that it has no plan to cut its stakes in Vanke;
- Shenzhen SASAC will co-ordinate with financial institutions on providing financing for Vanke;
- Offshore cash on hand of cUSD1bn.

Indeed, there have been traces of SZMC's stronger involvement in Vanke. On 27 Oct'23, XIN Jie, the chairman and secretary of party committee of SZMC, was appointed as the vice chairman of Vanke which has been an important investment of SZMC and Shenzhen SASAC. Vanke contributed over 30% of Shenzhen SASAC's total assets and net profit on a gross basis. We understand that Shenzhen SASAC incorporates Vanke's operating and financial figures on a gross basis for statistical purposes although Vanke is not a consolidated entity of SZMC and Shenzhen SASAC.

The stronger involvement of SZMC and Shenzhen SASAC has reinforced our belief that Vanke is one of the few survivors of the sector as [we predicted in beginning of this year](#). Vanke has been performing resiliently compared with most of its peers. In 10M23, Vanke's contract sales decreased 9.9% yoy to RMB312.4bn. As of 30 Sep'23,

Vanke had RMB101.2bn unrestricted cash on hand, 2.0x of its short-term debts of RMB51.1bn. Vanke's financing cost of new debts in 9M23 was 3.64%, including two 3yr onshore notes totaled RMB4bn at weighted average cost of 3.085%, lower than 4.06% comprehensive financing cost in FY22. Vanke is one of the few Chinese developers with continued access to onshore bond markets.

VNKRLEs were 8-24pts lower in Oct'23 before 7-15pts rebound last week. We consider VNKRLEs offering good value and prefer longer-dated VNKRLEs in view of lower cash prices. VNKRLEs rose another 1.25 to 4.5pts this morning.

Security Name	Currency	ISIN	Amt Out (USD mn)	Ask Price	Ask YTM (%)	Mod Dur	Rating (M/S/F)
VNKRLE 4.2 06/07/24	USD	XS1958532829	600	85.61	33.3	0.49	Baa2 *-/BBB/BBB
VNKRLE 5.35 03/11/24	USD	XS1917548247	630	92.01	30.8	0.31	Baa2 *-/BBB/BBB
VNKRLE 3.975 11/09/27	USD	XS1713193586	1,000	48.72	24.9	3.07	Baa2 *-/BBB/BBB
VNKRLE 3.15 05/12/25	USD	XS2078641888	423	62.65	37.7	1.22	Baa2 *-/BBB/BBB
VNKRLE 3 ½ 11/12/29	USD	XS2078642183	300	40.31	21.8	4.38	Baa2 *-/BBB/BBB
VNKRLE 3.45 05/25/24	CNY	HK0000732427	225	84.54	37.3	0.45	-/BBB/-
VNKRLE 3.55 06/08/25	CNY	HK0000854296	76	63.86	35.2	1.29	-/BBB/-
Total			3,255				

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Guangxi Financial Investment	150	2yr	7.5%	7.5%	-/-/BBB
HSBC	2000	11NC10	7.399%	T+275	Baa1/BBB/A-
Korea National Oil Corp	300/500	3yr	5.25%/6.436%	T+80/SOFR+108	Aa2/AA/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Dah Sing Bank	USD	-	10NC5	-	Baa1/-/BBB-
Fukoku Mutual Life	USD	-	Perp	7.2%	-/A-/A-
Export-Import Bank of Korea	USD	-	5YR	SOFR+90	Aa2/AA/AA-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 37 credit bonds issued yesterday with an amount of RMB37bn. As for Month-to-date, 243 credit bonds were issued with a total amount of RMB219bn raised, representing a 11.7% yoy decrease
- **[BABA]** Media reported that Alibaba Group plans to buy the rest stakes of its 49% owned US-listed Chinese logistics firm Best at USD0.144 per share
- **[CHINSC]** China SCE Group to sell shopping mall complex in Beijing to SCE Intelligent Commercial Management for around RMB1.09bn

- **[DALWAN]** Dalian Wanda Commercial Management schedules redemption of 20DalianwandaMTN005 notes on 13 Nov
- **[GEMDAL]** Media reported that Gemdale has not yet raised enough fund for the redemption of its public debt due by the end of 2023
- **[HAIDIL]** S&P upgraded Haidilao international to BBB from BBB-
- **[JINJII]** Jinjiang International issued RMB800m 3.35% five-year MTNs to repay debts
- **[LOGPH]** Media reported that some creditors of Logan Group are likely to vote in favor of the group's revised proposal to restructure its USD6.62bn offshore debt as the alternative of a liquidation is a much worse option
- **[VEDLN]** Media reported that Vedanta planned liability-management exercise for its next three outstanding public USD bonds is likely to be delayed by 3-4 weeks as talks for new facility yet to conclude
- **[WHWDLH]** Weihai Wendeng District Bluesea Investment & Development to issue USD98mn 8.5% guaranteed bonds due 2024
- **[YANGZH]** Yangzhou Economic and Technology Development Zone Development proposes to offer RMB500m one-year MTNs to repay debts
- **[YLLGSP]** Media reported that Yanlord has received commitments from some existing lenders for a refinancing of around USD200mn of its originally USD1.1bn-equivalent offshore syndicated loan due-11 Feb'24

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