

CMBI Credit Commentary

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

- *Markets were weak this morning after UST rates up. In Asian IG space, China benchmark names widened 1-5bps and HRINTHs down 0.5-1pt. HK/Thailand names widened 2-5bps.*
- **Asia ex-JP USD bonds issuance:** 9M23 gross issuance down 23.8% yoy to USD113.5bn. See below.
- **VEDLN:** Media reported that Vedanta Resources is in advanced talks with Standard Chartered Bank, JPMorgan for USD3bn refinancing. VEDLNs down 0.2 to 0.75pt this morning

❖ Trading desk comments 交易平台市场观点

Yesterday, overnight USY 10yr yields widened 10bps to 4.69%. Asia ex-JP IG space was quiet given the Chinese Golden week. On the recent new issue front, the BBLTB 28s/33s widened 1-3bps. On the secondary front, IG spreads were unchanged to a touch wider. The flows were balanced two-way. In Chinese SOEs, the long-end of CHGRIDs/SINOPEs were subdued. TMT benchmarks TENCNT 30s widened 3bps. In financials, AMCs were under better selling. HRINTHs were traded 0.3-0.5pt lower. Korea space was under better selling, LGENSO/SHINFN/CITNAT/WOORIB/KOEWPW papers edged 1-2bps wider. The SG bank T2s also widened 2-3bps. Chinese AT1s such as BCHINA/ICBCAS Perps were stable. Thai/European AT1s were better offered by PBs. BBLTB/KBANK Perps were down 0.7-1pt. HK Corp perps remained active. NWDEV L Perps gained another 1.7-4.3pts after bouncing 1-4pts on last Friday after NWD mentioned its intention to buy back bonds and perps last Friday. NWSZF 5.75 Perp/HKCGAS 4.75 Perp were under better buying as well. However, FFL perps such as LIFUNG 5.25 Perp/CKPH 3.8 Perp were down 1.2-2.3pts. Chinese properties moved lower. LNGFOR/VNKRLE 27s/28s declined 2.2-2.8pts. CHJMAO 26-29s were down 1.5-2pts. On the other hand, PINGRE 25s/26s were among the exceptions, gained 0.8pt. CSCHCN 24s were up 0.5-2.5pts. Industrials were firm. EHICAR 26s/ANTOIL 25s/AACTEC 31s were up c0.7pt. Macau gaming names performed softly. SANLTDs/STCITYs/ WYNMACs were 1-2pts lower. In Indian space, VEDLN 24-26s dropped 2-2.5pts. Indonesian names LMRTSP 24s/26s were up 0.5pt. KIJAIJ '27 was up 1.5pts.

The LGFV/Perp spaces had an quiet session with onshore accounts out for holiday. The flows in LGFVs were muted except for scattered selling from offshore PB/Retail accounts in small sizes. Shandong/Chongqing names were subdued. SHDOIS 24s/SHGUOH 25s/CQNANA 26s were down 0.1-0.3pt. The higher-yielding KMRLGP/WFURCD 24s were 0.3-0.4pt lower. On the other hand, GSHIAV 23s/24s were up 0.1pt. ZHHFGR 25/Perp were 0.1-0.3pt higher. SOE perps were firm in light of Chinese PB buying. CHPWCN 4.25 Perp/CHALUM 4.1 Perp/RLCONS 3.97 Perp/CHINEV 3.8 Perp were up 0.1-0.2pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 5 1/4 PERP	63.5	4.3	VNKRLE 3 1/2 11/12/29	58.7	-3.7
NWDEVL 4 1/8 PERP	53.1	3.6	CHGRID 4.85 05/07/44	88.0	-3.0
NWDEVL 6.15 PERP	75.5	2.5	TAISEM 4 1/2 04/22/52	83.0	-2.9
NWDEVL 6 1/4 PERP	53.2	2.1	CHGRID 4 05/04/47	76.4	-2.9
NWDEVL 4.8 PERP	43.1	1.7	LNGFOR 4 1/2 01/16/28	53.3	-2.7

❖ Marco News Recap 宏观新闻回顾

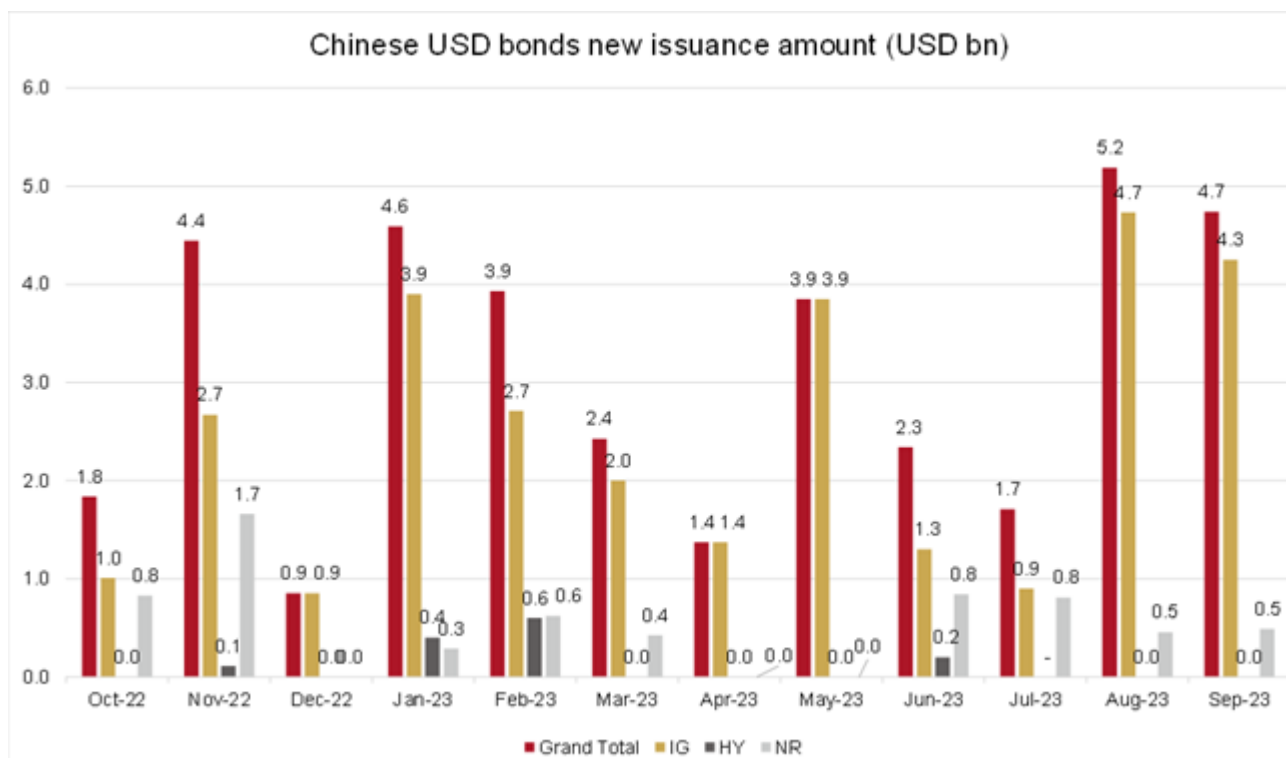
Macro – S&P (-1.37%), Dow (-1.29%) and Nasdaq (-1.87%) retreated on Tuesday. US job opening unexpectedly increased in Aug that JOLTS report showed there were 9.61mn job opening, increased from 8.92mn in Jul and was higher than the expectation of 8.8mn. The UST yields continued to rally higher yesterday, 2/5/10/30 yield reached at 5.15%/4.80%/4.81%/4.95%, respectively.

❖ Desk analyst comments 分析员市场观点

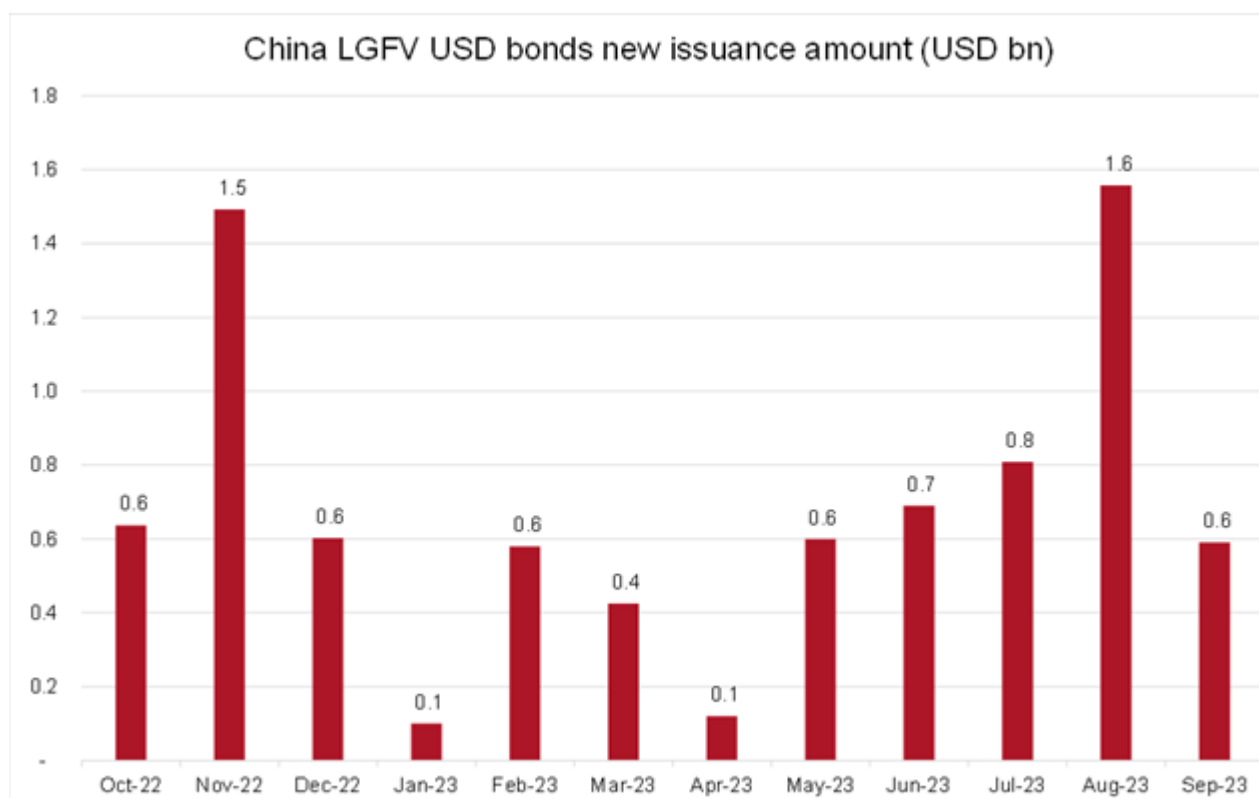
➤ Asia ex-JP USD bonds issuance: 9M23 gross issuance down 23.8% yoy to USD113.5bn

In Sep'23, the gross issuance in Sep'23 increased 3.7%yoy to USD15.0bn from USD14.4bn in Sep'22. Sep'23 is the second month recorded yoy issuance growth YTD following Aug'23. South Korea (USD6.4bn), China (USD4.7bn) and Singapore (USD1.5bn) are amongst the largest contributors to the issuance and IGs accounted for 84.4% of the gross issuance. By sector, financials remained to be the largest issuers with issuance amount of USD12.8bn, contributing 85.1% of total issuance. The gross issuance of Asia ex-JP USD bond issuance in 9M23 was USD113.5bn, down 23.8% yoy from USD149.1bn in 9M22. The yoy growth in gross issuance in Aug and Sep'23 helps narrow the YTD issuance decline from -29.6% yoy in Jul'23.

Post Free Trade Zone bond (FTZ bond) issuance was tightened by PBOC in May'23, we saw the LGFVs returned to the USD bond market for offshore financing despite the issuance in Sep'23 dropped from the high level in Aug'23. Since Chinese Politburo meeting proposed to defuse local government debt risk in Jul'23, the Chinese government has taken successive and forceful actions to address the local debt burdens. For example, Inner Mongolia municipal government will issue three bonds totaled RMB66.3bn (cUSD9.1bn) due 2026-2030 on 9 Oct'23 to settle the payables due to local enterprises including LGFVs. Despite the limitation on LGFV's refinancing channels, we expect to see more supportive measures from the central government to relieve the financial conditions LGFVs.



Source: Dealogic.



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➤ Offshore Asia New Issues (Priced)

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

➤ 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

- Onshore primary issuances suspend during the National Day Holiday
- **[GRNLGR]** Greenland Holding Group resumes trading of four USD bonds
- **[JIAYUA]** Moody's withdrew Jiayuan International's ratings due to insufficient information
- **[MEDCIJ]** Medco Energi 1H23 revenue rose 0.7% to USD1.12bn and net profit down 58.5% to USD130.3bn
- **[NWSZF]** NWS Holdings obtained Bermuda Monetary Authority approval in connection with HKD 9.15/share conditional voluntary general cash offer from CTFE
- **[SHIMAO]** Shimao chairman's Mason Group shareholders approve HKD 0.0338 per share privatization offer at court meeting, general meeting
- **[SINOCH]** Sinochem ended an agreement to cooperate as shareholder of high-end Italian tire maker Pirelli
- **[VEDLN]** Media reported that Vedanta Resources is in advanced talks with Standard Chartered Bank, JPMorgan for USD3bn refinancing; Vedanta Ltd said Oaktree Capital-backed entities subscribed USD300mn-equivalent INR bonds issued last week

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