

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2024

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "[The Asset Asian G3 Bond Benchmark Review 2024](#)". Thank you for your support!

- *In Asia IG, UOBSP/OCBCSP 32s widened another 1-2bps. JP insurers such as NIPLIF '54/FUKOKU Perp were up 0.2pt after the decline of 0.2-0.3pt on last Fri. The long-end of CHIOLIs were up 0.3-0.4pt.*
- *LPKRIJ: Accepted USD219.5mn in tender offer. See below.*
- **China Economy - Exports beat to power economic recovery.** CMBI expects exports and imports of goods may rise from -4.6% and -5.5% in 2023 to 3.6% and 3.3% in 2024. See below for comments from CMBI economic research.

❖ Trading desk comments 交易台市场观点

Last Friday, the recent new POHANG '27 tightened 1bp. LGENSO '28 tightened 2bps while LGENSO '26 widened 1bp. HYNMTR 27/29/31 closed unchanged to 2bps tighter. UOBSP/OCBCSP T2s widened 1-3bps. In Chinese IGs, the long-end of SINOPEs/SINOCHs/CHGRIDs were down 1.0-1.6pts (unchanged to 10bps wider in spreads). TENCNT 28/30 were 1-2bps wider. In the high beta TMTs, XIAOMI 30-31s closed 1-3bps tighter. In financials, CCAMCL/ORIEAS 27-29s were 1-4bps tighter. In EU AT1s, UBS 7.75 Perp/BNP 8 Perp/ACAF 6.5 Perp were 0.1-0.3pt lower. In HK, CKINF Perps were up another 1.0pt after gaining 1.0-1.6pts on last Thur. Chinese properties were firm. ROADKG 24-26s were up 1.4-1.8pts and closed 2.2-2.8pts higher last week, ROADKG Perps were up 1.2pts and closed 1.8pts higher last week. DALWAN 25/26 was 0.5-1.1pts higher. FUTLAN/FTLNHD/VNKRLE 25s were up 0.3-0.4pt. SHUION 24-26s, on the other hand, declined 0.3-0.4pt. In industrials, CHIOIL '26 was 0.9pt higher. In Macau gaming, MPELs/SANLTD 28-30s were down 0.3-0.6pt. In Indonesia, LMRTSP '24 and '26 increased another 0.3pt and 2.2pts respectively. LPKRIJ 25/26 closed 0.4-1.8pts higher, following the announcement of the tender offer results. See below for comments. MDLNIJ 25/26 were 1.1-1.2pts higher. In India, UPLLIN 28/30/Perp were up 0.3-0.5pt.

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In LGFVs, CPDEV 25/26/Perp were 0.2-0.3pt higher. ZHHFGR '25 was up 0.1pt. In Shandong names, CNSHAN 6.5 Perp/QDJZWD '27/SHGUOH '25 were up 0.1pt. In SOE perps, CHPWCN/CHSCOI/CHCOMU Perps were 0.1pt higher. In the high beta names, GRPCIN/ZHONAN 26s were up 0.2pt. HUANEN '29/HNINTL '30 were down 0.9-1.9pts.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 7 1/2 02/09/26	91.9	2.2	HUANEN 3 12/10/29	89.1	-1.9
LPKRIJ 6 3/4 10/31/26	94.9	1.8	TENCNT 3.925 01/19/38	84.5	-1.6
ROADKG 5 1/8 07/26/26	26.5	1.8	TENCNT 3.24 06/03/50	66.1	-1.6
ROADKG 5.2 01/12/26	26.8	1.5	CHGRID 4 05/04/47	85.1	-1.6
ROADKG 6 09/04/25	32.2	1.5	SINOPE 4 1/4 04/12/47	86.6	-1.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.26%), Dow (+0.18%) and Nasdaq (+0.35%) were strong on Monday. US May's 24 NFP was +272k, higher than the expectation of +182k. US May'24 unemployment rate was 4.0%, higher than the expectation of 3.9%. UST yield rallied higher yesterday, 2/5/10/30 yield was 4.87%/4.48%/4.47%/4.59%.

❖ Desk analyst comments 分析员市场观点

➤ LPKRIJ: Accepted USD219.5mn in tender offers

Lippo Karawaci (LPKR) accepted USD170.6mn of LPKRIJ 8 ½ 01/22/25, and USD48.9mn of LPKRIJ 6 ¾ 10/31/26 in the tender offers. LPKR did not disclose the average tender prices for the two bonds. The minimum prices (incl. consent fee of 0.5) for the due-25 and due-26 are 96.5 and 89.5, respectively. Meanwhile, LPKR also received requisite consents from the bondholders of the two bonds to permit LPKR to sell the 10.4% stake in Siloam International Hospital (Siloam) for IDR3.85tn (cUSD235mn). Assuming all the bonds were tendered at the minimum prices, LPKR has to pay USD209.1mn (excl. accrued interests) in total for the repurchase. The tender offers are to be funded by the net proceeds from the sale of Siloam stakes.

Meanwhile, Siloam is the largest revenue and EBITDA driver of LPKR. In 1Q24, Siloam recorded revenue of IDR2.3tn revenue and underlying EBITDA of IDR706bn, representing 51% and 59% of LPKR consolidated revenue and underlying EBITDA, respectively. LPKR used to own 100% of Siloam before the Siloam was listed in 2013. LPKR increased its ownership in Siloam from 51.1% to 55.4% in 2020, and to 57.9% in 2022. The latest shareholding before the disposal is 58.07%. After the disposal of 10.4% interest, LPKR's ownership in Siloam reduced to 47.67%. LPKR would no longer own a majority equity interests in Siloam and it will no longer be a restricted subsidiary of LPKR. On top of stake sales, LPKR also sold land parcels to Siloam. LPKR has sold land parcels in South Jakarta and West Jakarta to Siloam in Jul'23, Feb'24 and Apr'24 with sale proceeds totaled IDR690bn (cUSD42.1mn).

The tender offer reduced the outstanding amount of LPKRIJ 8 ½ 01/22/25 to USD66.5mn, LPKR's near-term refinancing pressure is significantly lower. The tender offers also improve the financial flexibility to refinance LPKRIJ 6.75 10/31/26 (o/s USD145.8mn) to be due in Oct'26. As Siloam is no longer a restricted subsidiary of LPKR, we would not be surprised to see LPKR to further divest its interests in Siloam. This could be an alternative liquidity source for refinancing of LPKRIJ 6.75 10/31/26. We estimated the value of remaining 47.67% stakes in Siloam to be cUSD1.1bn. Other liquidity sources include disposal of properties to Lippo Malls Indonesia Retail Trust (LMIRT) or divestment of LMIRT although valuation would be adversely affected by the

difficult financial position of LMIRT. We are neutral on LPKRIJ'25 and '26 in view of the limited upside and thin trading liquidity.

Security Name	ISIN	o/s amount (USD mn)	Accepted amt (USDmn)	o/s amt after tender offer (USDmn)	YTM (% ask)	Px (ask)
LPKRIJ 8 ½ 01/22/25	XS2099273737	237.2	170.6	66.5	7.95	100.0
LPKRIJ 6 ¾ 10/31/26	XS1506085114	194.7	48.9	145.8	9.32	94.6
Total			219.5	212.3		

Source: Bloomberg, Company fillings.

➤ China Economy - Exports beat to power economic recovery

China's exports of goods extended its recovery and notably expanded by 7.6% YoY in May, bolstered by exports to Global South and surge in shipments of ships, EV, home appliances, furniture and integrated circuits. Imports of goods came in lower than expected, dragged by a decline in imports of grains, copper ores, crude oil, machine tools and airplanes. Looking forward, China's exports will maintain solid growth rates thanks to low base effect, price advantage and overseas demand improvement. Moreover, the front-loading effect before possible more tariff hikes in the EU and US might potentially propel exports in the near term. We expect exports and imports of goods may rise from -4.6% and -5.5% in 2023 to 3.6% and 3.3% in 2024. Chinese exporters or companies with high exposure to overseas market may remain investors' favour in the stock market.

Exports extended its rebound with major trading partners. China's exports of goods continued its rebound to 7.6% YoY (all on a YoY basis unless specified) in May after rising 1.5% in Apr thanks to a much lower base last year. Exports to ASEAN, China's largest trading partner since 2023, significantly accelerated to 22.5% growth in May from 8.1%, as exports to Vietnam and Malaysia became strong drivers. Exports to other major trading partners including the EU, US and Japan also saw a rebound from -3.6%, -2.8% and -10.9% to -1%, 3.6% and -1.6%. Exports to Latin America also notably expanded from 2.2% to 18.9% as Brazil became the largest EV export destination in 2024, while India, Africa and Russia improved after declining in Apr. China's exports has entered an upward trajectory, as low base effect from last year triggered and buoyed by the competitive pricing especially in the emerging markets, providing robust support for the moderate recovery of the Chinese economy.

Exports continued to revive especially for IT products. Following the upswing of global tech-cycle, exports of cellphone, computers and integrated circuits extended their rally by growing 8.1%, 6.4% and 28.5% in May after rising 7.3%, 8.2% and 17.8% in Apr. Rapid growth in ship and auto vehicles exports persisted but moderated to 57.1% and 16.6% after growing 91.3% and 28.8% in April. Property-related products including home appliances and furniture rebounded as exports jumped 18.3% and 16% from 10.9% and 3.5% in Apr. Other major items including textile, garment and plastic products also notably rebounded. The export of Chinese products with overwhelming competitive advantage in price and quality such as EV, lithium battery and photovoltaic products continued to experience robust growth, but simultaneously faced increased tariff threat, as we witnessed in the US and the EU.

Imports of goods showed soft domestic demand. China's imports of goods eased to 1.8% in May after rising 8.4% in April, below market expectations. Intermediate goods for further processing and manufacturing equipment including steel products and machine tool softened with their import volume declined to 1.1% and -26.2% in May from 13.8% and -32.7%, while both volume and price of copper products showed strong resilience increasing 15.8% and 11.6% from 8% and 1.6%. Imports volume of energy goods including coal, crude oil and

natural gas moderated to 10.7%, -8.7% and 6.5% from 11.2%, 5.4% and 14.7%. Import price of crude oil continued to rebound while price of natural gas and coal declined. Imports of raw materials including iron ore and copper ore softened in terms of volume from 12.6% and 11.9% in Apr to 6.1% and -11.6% in May. For agricultural products, the import volume of grain and soybean dropped to negative YoY while their prices remained in contraction. For integrated circuits, the import volume registered 15.3% growth in May from 20.4%.

Recovery of exports will consolidate. Exports data continued to improve, primarily driven by exports to emerging economies and surge in tech products and EV shipments. We expect the exports to further restore in the upcoming months thanks to the low base effect, external demand improvement and China's increasing price advantage in most manufacturing products. Moreover, the tariff threat from the EU and US may prompt more front-loading orders, potentially boosting exports in the near term. Global trade of goods may moderately improve in 2024 thanks to base effect, restocking cycle as well as resurgence of commodity prices. WTO expects global trade volume to increase by 3.2% in 2024. We might see a mild rebound of RMB in 2H24-1H25 as China's growth and price gradually rebound while the US economy and inflation gradually cool down.

Click [here](#) for the full report.

➤ 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)
Asian Development Bank	USD	-	4y	SOFR+30	Aaa/AAA/AAA
Kunming Anju Group	USD	-	1.5y	8%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 39 credit bonds issued last Friday with an amount of RMB29bn. As for Month-to-date, 390 credit bonds were issued with a total amount of RMB448bn raised, representing a 12% yoy increase
- [AGILE]** Media reported Agile has selected advisors for a holistic offshore-debt restructuring
- [CCAMCL]** Cinda International proposes to dispose of its 100% equity interest in Cinda International (Shanghai) Investment Consultant and Cinda Lingxian (Shenzhen) Equity Investment Fund Management by way of public listing for transfer in Shanghai United Assets and Equity Exchange
- [CNOOC]** CNOOC Petroleum North America commenced cash tender offer for up to USD750mn aggregate principal of its five outstanding notes. The acceptance priority of the tender is '39>'37>'35>'32>'28. The early tender fixed spreads are T10+55bps/T10+35bps/T10+30bps/T10+40bps/T10+40bps respectively, and the early deadline will be 24 Jun'24
- [LMRTSP]** Fitch upgraded the rating of Lippo Malls to CCC on improved liquidity following the distressed debt exchange

- **[RONXIN]** Ronshine Service failed to comply with the HKEX's listing rules about the minimum number of independent non-executive directors, following the resignation of Ye Azhong
- **[SKYFAM]** The winding-up petition hearing of Skyfame Realty has been adjourned to 4 Oct'24

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