

CMBI Credit Commentary

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

- *The recent new HKAAs/EIBKORs widened 1-2bps this morning. DAIL 6.2 Perp rebounded 0.6pt to 100.5 post UST yields tightened 10-15bps following lower-than-expected CPI. CHINLP 5.45 Perp up 0.2pt.*
- **GESP:** *Prefer NSINTW 5.45 09/11/34 (T2) to the new GESP 5.398 Perp (AT1). See below.*
- **VEDLN:** *Creditors of Vedanta Limited may meet next month to vote on the demerger plan, followed by a shareholders' meeting. VEDLNs are largely unchanged this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, the new HYUCAP 28s tightened 5bps from RO (CT3+80), while the new MITHCC 28s tightened 3bps from RO (CT3+82). The recent new issues KHFC 30s tightened 1bp, HKAA 30s/35s closed unchanged to 2bps wider. EIBKOR 30s/35s also widened 1-3bps. In Chinese IGs, SINOCH/TENCNT 28-31s closed 1-2bps tighter. The long-end of SINOPEs/SINOCHs/BABAs were 1.2-1.6pts higher (1-4bps tighter) in light of UST yields tightened 10-15bps across the curve. In financials, bank T2s were under better selling. NANYAN/DAHSIN/BNKEA/DBSSP/ANZNZ/ASBBNK 30-34s were 1-3bps wider. The insurance hybrids were soft ahead of US CPI data. The new GESP 5.398 Perp closed 0.7pt lower on HF selling. DAIL 6.2 Perp also retreated 0.2pt to 99.9. MYLIFE 54s/ZURNVX 55s/PHNXLN Perps were better offered by RMs/PBs and closed unchanged to 0.1pt lower. On the other hand, the tone on AT1s was constructive. BACR 8/LLOYDS 8/UBS 6.85 Perps were 0.1-0.3pt higher. Chinese properties were lackluster. VNKRL 25s fell another 7.8pts and closed 14.4pts lower WTD, VNKRL 27-29s dropped another 3.4-3.5pts and closed 7.4-7.9pts lower WTD. LNGFOR 27-32s declined 1.2-2.0pts and closed 2.2-3.5pts lower WTD. FTLNHD 26s/ROADKG 25s were down 0.8-1.2pts. In HK, NWDEVL Perps/27-31s decreased 1.3-2.8pts and closed 1.7-4.4pts lower WTD. Outside properties, EHICAR 26-27s were up another 0.4pt. In Indonesia, MEDCIJ 27-29s were 0.2-0.5pt higher following Medco Energi provided intercompany loan of USD435.3mn to its subsidiary to repay debts. See our comments on [15 Jan'25](#). In India, the new VEDLN 9.475 30s and VEDLN 9.85 33s closed 0.3 and 0.6pt higher from RO (100 and 99.916), respectively. The old VEDLN 26-31s were unchanged to 0.4pt lower. Elsewhere, GLPSP Perps declined 0.7-0.8pt.

In LGFVs, there were constructive two-way flows where RMs deployed cash, while PBs/HFs took profit off their in-the-money positions. The new YGCZCH 4.95 28s held unchanged around RO at par. GZGETH 27s/SHGUOH 26s were 0.1-0.2pt higher. In SOE perps, CTIH Perp was up 0.1pt under better buying flows from RMs, HUANEN Perp was down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOCH 6.3 11/12/40	105.7	1.6	VNKRLE 3.15 05/12/25	62.8	-7.8
RILIN 6 1/4 10/19/40	103.7	1.5	VNKRLE 3.975 11/09/27	33.9	-3.5
BABA 5 5/8 11/26/54	95.9	1.5	VNKRLE 3 1/2 11/12/29	32.0	-3.4
CHGRID 4 05/04/47	84.2	1.4	NWDEVL 6.15 Perp	56.3	-2.8
SINOPE 4 7/8 05/17/42	95.7	1.4	NWDEVL 4 1/8 07/18/29	57.1	-2.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.83%), Dow (+1.65%) and Nasdaq (+2.45%) were strong on Wednesday. US Dec'24 CPI was +2.9% yoy, in line with the market expectation. Markets expect a cut of at least 25bps at the Jun Fed meeting following the CPI data. UST yield retreated yesterday, 2/5/10/30 yield reached 4.27%/4.45%/4.66%/4.88%.

❖ Desk Analyst Comments 分析员市场观点

➤ **GESP: Prefer NSINTW 5.45 09/11/34 (T2) to the new GESP 5.398 Perp (AT1)**

Great Eastern Life Assurance (GESP) issued GESP 5.398 Perp (AT1, S&P: A) of USD500mn. GESP 5.398 Perp is first callable on 22 Jan'32 at par, or the coupon will be reset to 5yUST+initial spread of 69.6bps without step-up. We view the incentive of call is lower in the absence of coupon step-up. Meanwhile, there is bail-in risk after MAS extended the statutory bail-in regime to the insurance sector from 31 Dec'24.

From a RV perspective, we prefer NSINTW 5.45 09/11/34 (T2) to GESP 5.398 Perp (AT1) for higher yield and higher seniority in the capital structure, we also maintain buy on NSINTW 5.45 09/11/34 for better risk-return profile in the Asian lifer universe. At 95.9, NSINTW 5.45 09/11/34 is trading at YTC of 6.0%/Z+181bps, and it is trading 40bps higher than CATLIF 5.95 07/05/34. Meanwhile, we maintain neutral on the JP lifers based on current valuations. We saw the yields of TW lifers bonds are less sensitive to the rates movements recently than those of the JP lifers, in view of lower credit ratings and thus higher credit spread of TW lifers bonds. We consider Asian lifer lower beta and diversification plays with better trading liquidity.

Table 1: More frequently traded Asian lifer subordinated bonds

Security name	ISIN	Amt o/s (USD mn)	Px	Z-spread (bps)	YTC/YTM (%)	First call date	Mod dur	Issue rating (M/S/F)
DAIL 6.2 Perp	USJ1121LAA38	2,000	100.7	189	6.1	16 Jan'35	7.4	-/A-/A
SUMILF 5.875 Perp	US86564CAE03	1,040	98.6	188	6.1	18 Jan'34	6.7	A3-/A-
NSINTW 5.45 09/11/34	XS2888260564	700	95.9	181	6.0	N/A	7.2	-/BBB+/BBB
MYLIFE 5.8 09/11/54	US585270AD32	1,750	98.4	181	6.0	11 Sep'34	7.1	A3/A-/
FUKOKU 6.8 Perp	XS2673651217	500	105.6	177	6.0	14 Nov'33	6.6	-/A-/A-
NIPLIF 5.95 04/16/54	US654579AN16	1,320	100.0	175	5.9	16 Apr'34	6.9	A3/A-/
CATLIF 5.8 05/09/34	TW000F190038	187	98.7	174	5.9	N/A	6.9	NR
CATLIF 5.3 09/05/39	XS2885079702	320	97.3	147	5.7	5 Sep'34	7.3	-/BBB+/BBB+
CATLIF 5.95 07/05/34	XS2852920342	600	102.5	141	5.6	N/A	7.2	-/BBB+/BBB+
GESP 5.398 Perp	XS2972561737	500	99.4	132	5.5	22 Jan'32	5.8	-/A/-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of Communications, Hong Kong Branch	300	3yr	SOFR+55	SOFR+55	A2/-/-
Jinan Shizhong Finance Investment Group Co.	97	3yr	6.5%	6.5%	Unrated
Lintou Overseas/ Linyi Investment Development Group	124	3yr	6.5%	6.5%	Unrated
Lishui Economic and Technological Development Zone Industrial Development Group Co	200	3yr	5.36%	5.36%	Unrated
Mianyang Xinxing Investment Holdings Co.	50	3yr	7.3%	7.3%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
AMBANK (M) BERHAD	USD	-	5yr	T+115	A3/BBB+/-
H&H Holdings	USD	-	3.5NC1.5	10.125%	Ba3/BB/-
IIFL Finance Ltd	USD	-	3.5yr	9%	-/B+/B+

➤ **News and market color**

- Regarding onshore primary issuances, there were 165 credit bonds issued yesterday with an amount of RMB168bn. As for month-to-date, 1,192 credit bonds were issued with a total amount of RMB923bn raised, representing a 51.2% yoy increase
- The Bank of Indonesia cut its benchmark interest rate by 25bps to 5.75%
- **[NWDEVL]** New World Development has generated more than HKD200mn (cUSD25.7mn) from the sale of five residential units at the State Pavilia redevelopment project in Hong Kong
- **[NWSZF]** CTF Services proposes to issue HKD780mn 4% CBs due 2025 for general corporate purposes
- **[VEDLN]** Media reported Vedanta Limited's creditors to meet in Feb'25 to decide on demerger to splits VEDL into five separately businesses, the demerger plan requires 75% approval from its creditors
- **[VNKRLE]** Media reported China Vanke-Hopu JV gets extension to end-Mar'25 for USD1.231bn 364-day bullet loan originally due Dec'24 backed by GLP holdco shares

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