

## CMBI Credit Commentary

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

- *Markets were stable with light flows this morning. Asian IG space was overall unchanged. SOE developers were firm, YUEXIUs rose 0.2-0.8pts, CRHZCH/CHIOLI/COGO were unchanged to 0.1pt higher.*
- **VNKRLE:** *Signs of more supportive funding environment. VNKRLEs were unchanged to 0.6pt lower this morning. See below.*
- **DALWAN:** *Media reported that PAG is mulling acquisition of Dalian Wanda Group's shopping mall properties which could be valued at up to RMB100bn (cUSD13.8bn). DALWANs were unchanged to 0.4pt higher this morning.*

#### ❖ Trading desk comments 交易台市场观点

Asia IG space had a quiet session last Friday. HYNMTRs/HYUELEs/KOBCOPs/KOGRGFs closed unchanged to 2bps tighter. SMBCAC 33-34s tightened 2-3bps. PTTGC '32/TOPTB '30 widened 1-3bps. The new TIANFS 6.25' 26 was 0.1pt lower from the RO (99.538). CSFCO'27 were traded in light flows and hovered unchanged around the RO (SOFR+67). The new CCAMCL 29s were traded in mixed two-way flows and closed 1bp tighter. PINGIN 34s edged 1bp tighter. DAHSIN/NANYAN/SHCMBK T2s tightened 2-6bps. In AT1s, KBANK/KTBTB Perps were down 0.3pt. EU AT1s such as BACR 8 Perp/HSBC 8 Perp/INTNED 3.875 Perp were 0.1-0.3pt lower on PB selling from Asia. The new DNBNO 7.375 Perp was priced at par and close at 100.125. In HK, CKHH 29/34 were unchanged to 1bp tighter. NWDEVLs were 0.7-1.3pts lower. Chinese properties were mixed. GEMDAL '24 rose 2.5pts. CHIOLI 34-43s/COGO '26/CHJMAO '26 were up 0.2-0.5pt. FUTLAN/FTLNHD 24-26s were up 0.1-0.6pt and closed 31.0-43.8pts higher YTD. CSCHCN 9 10/09/24 and CSCHCN 4.5 08/19/27 were 1.0-1.4pts higher. On the other hand, LNGFOR 27-32s dropped 0.9-2.4pts. VNKRLE 25-29s were 1.5-2.3pts lower. Outside properties, WESCHI '27 was 0.7pt higher. FOSUNI 25-27s were up 0.3pt. In Macau gaming, SANLTDs were 0.2-0.3pt lower. In Indonesia, LMRTSP '26 was up 1.4pts. APLNIJ '24 was up 1.0pt and closed 8.5pts higher WoW. In India, UPLLIN 28/30/Perp were 0.5-0.8pt lower.

In LGFVs, the new CNSHAN 6.5 Perp was well-absorbed by RMs and closed at 100.7/100.8 despite the large issue size of USD900mn. In the 5-6% LGFVs, CDCOMM '27/NJYZSO '27/HZCONI '26 were up 0.1pt while GZGETH '25/GZINFU '26 were down 0.1pt. Meanwhile, SHDOIS '24/SHGUOH '25 were up 0.1pt. In SOE perps, RLCONS 3.97 Perp was up 0.1pt, while CHPWCN 3.45 Perp/CHSCOI 4 Perp were down 0.1pt. In the high beta names, HUANEN '29/HNINTL '30 were up 0.3-0.7pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GEMDAL 4.95 08/12/24	94.1	2.5	LNGFOR 3.85 01/13/32	64.1	-2.4
CSCHCN 9 10/09/24	22.1	1.4	LNGFOR 3 3/8 04/13/27	77.8	-2.4
LMRTSP 7 1/2 02/09/26	86.3	1.4	VNKRLE 3 1/2 11/12/29	63.4	-2.3
CSCHCN 4 1/2 08/19/27	21.8	1.0	VNKRLE 3.975 11/09/27	69.6	-2.1
TAISEM 3 1/4 10/25/51	74.2	0.9	LNGFOR 3.95 09/16/29	70.1	-2.0

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.70%), Dow (+0.01%) and Nasdaq (+1.10%) rebounded on last Friday. US May'24 University of Michigan consumer sentiment was 69.1, higher than the expectation of 67.4. US Apr'24 durable goods order rose 0.7% mom, higher than the expectation of -0.9% mom. UST yield was stable on last Friday, 2/5/10/30 yield were 4.93%/4.53%/4.46%/4.57%.

## ❖ Desk analyst comments 分析员市场观点

## ➤ VNKRLE: Signs of more supportive funding environment

On 23 May'24, media reported that China Vanke pledged its shares in Vanke Logistics to China Merchants Bank and Industrial Bank for RMB20bn loans. A RMB10bn loan has been approved by China Merchants Bank while the other RMB10bn loan is pending approval from Industrial Bank. The RMB20bn loans are not refinancing but additional facility under regulators' guidance. Besides, media also reported that China Vanke has securitized some private debts held by insurers in to newly issued CMBS and termed out the maturities of the private debts to 2027. Over the past few weeks, the company has achieved progresses in funding access. The company also filed application for listing of infrastructure REIT and is exploring various asset disposals.

In May'24, China Vanke obtained bank loans and credit lines totaled RMB18.6bn from various banks. See below table for details. As of Mar'24, China Vanke had cash (excl. restricted cash) of RMB80.8bn and net debts of RMB262.4bn, compared with cash of RMB96.9bn and net debts of RMB246.3bn in Dec'23. Vanke's short-term debts increased 27.5% to RMB84.2bn from RMB66.0bn in Dec'23, the newly acquired bank loans and credit lines could help mitigate Vanke's short-term liquidity pressure under the backdrop of weak contracted sales. In 4M24, Vanke's contracted sales was RMB78.9bn, decreased 42% yoy from RMB134.9bn in 4M23. VNKRLE'24 have rallied c4pts and VNKRLE'25-29 rebounded 19-25pts in May'24. We maintain our neutral view on VNKRLEs.

Date	Amount (RMB bn)	Tenor	Bank
10 May'24	1.3	3yr	PSBC
13 May'24	0.7	3yr	BOC
13 May'24	2.2	3yr	ABC
13 May'24	4.4	10yr	Bank of Beijing
20 May'24	1.2	-	BOC
23 May'24	7.8	42mth	-
23 May'24	1.0	-	-
Total	18.6		

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chongqing Xinshuangquan Urban Construction and Development	69	3yr	7.5%	7.5%	-/-/-
Jinan Shizhong Finance Investment Group	100	364D	7.2%	7.2%	-/-/-
Jinyun State Owned Assets Investment and Operation Group	51.7	3yr	6.8%	6.8%	-/-/-

## ➤ 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

- Regarding onshore primary issuances, there were 77 credit bonds issued yesterday with an amount of RMB81bn. As for month-to-date, 811 credit bonds were issued with a total amount of RMB1,042bn raised, representing a 24.5% yoy increase
- [CIFIHG]** CIFI Holdings planned offshore restructuring got supports from bondholders with 59% in principal amount of CIFI's offshore debts
- [DALWAN]** Media reported that PAG is mulling acquisition of Dalian Wanda Group's shopping mall properties which could be valued at up to RMB100bn (cUSD13.8bn)
- [FUTLAN/FTLNHD]** Seazen Holdings proposed to offer up to RMB20bn debt financing instruments, the proposal has been approved by the company's board of directors and is pending approval from its shareholders
- [GEMDAL]** Gemdale repaid RMB12bn 21JindiMTN004 onshore notes
- [MUTHIN]** Moody's affirmed Muthoot Finance's Ba2 CFR and placed stable outlook
- [SHDOIS]** Shandong Iron and Steel scheduled early redemption of RMB1bn extendable notes on 23 Jun'24
- [UPLLIN]** Fitch downgraded UPL Corp one notch to BB and placed negative outlook

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