

CMBI Credit Commentary

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

- *Market was two-way balanced this morning. Asian IG space overall widened 0-2bps due to profit takings. AMCs were unchanged as market has priced-in the downgrades. VNKRLs down 0.5-3pts while other IG developers were stable.*
- **DALWAN:** *Sold 10th Wanda Plaza; Dalian Wanda Group refinanced two loans via 364-day loans. DALWANs were unchanged to down 0.7pt this morning. See below.*
- **China AMC:** *Moody's downgraded CCAMCL/HRINTH by one notch to Baa1/Ba1, outlooks are negative; ORIEAS/ GRWALL by two notches to Baa2/Baa3, outlook of ORIEAS is negative while GRWALL remains on review for downgrade.*

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❖ Trading desk comments 交易台市场观点

Last Friday, overnight UST yield widened 2-4bps. On the new issues, WOORIB 27/29 tightened another 1-3bps from Thu close. The new SKENER /POHANG 27s and SAMTOT '29 tightened 1-4bps. On the secondary side, Moody's downgraded HRINTH/CCAMCL one notch, and downgraded GRWALL/ORIEAS two notches. HRINTHs closed unchanged to 0.3pt lower (around 15bps wider), post Moody's downgrade. CCAMCL/GRWALL/ORIEAS 26-30s closed unchanged to 4bps wider from Thu spread level. In bank T2s, NANYAN/SHCMBK/DAHSIN papers were better bid and tightened 1-2bps. In AT1s, CHOHIN Perps were unchanged to 0.1pt higher, supported by Chinese AM and prop desks buying. In Chinese SOE/TMT benchmarks, HAOHUA/BIDU/TENCNT 30-31s were 3-5bps tighter. The BBB TMTs MEITUA/XIAOMI/WB 30s tightened 4-5bps. In HK space, IG name HKLSP 33s were 2bps tighter. SHUION '26 was down 2.6pts. Chinese properties were mixed. CSCHCNs were up 1.2-1.6pts to close 10pts higher last week. On the other hand, GEMDAL/FTLNHD 24s were 1.8-2.9pts lower. ROADKG 24-26s and RDHGCL '24 lowered 1.2-3.6pts. VNKRL 25-27s were down 1.5-1.8pts. LNGFORs were down 0.5-0.9pt. In industrials, HILOHO '24 was 1.2pts higher. EHICAR 24/26 were up 0.5pt. Macau gaming names SANLTD/STCITY 27-30s were up 0.4-0.9pt. In Indian space, VEDLNs were up 0.4-0.9pt. AZUPOE '26 was 1.4pts higher. Indonesian names were quiet. APLNIJ '24 was up 1.7pts.

The LGFV/Perp spaces, we saw global RMs turned more cautious and took a pause from the post-CPI buying, predominantly in yield compression plays such as SUNSHG/ZHONAN. SUNSHG/ZHONAN 24-26s were unchanged to 0.1pt lower, amid profit taking from HFs/AMs. There was also profit taking from PBs/HFs in CPDEVs. Meanwhile Chinese RMs remained generally strong buyers of bonds, as banks and asset managers sought to deploy ahead of Chinese New Year, and so these loose papers were absorbed fairly

easily generally speaking. We saw RM buying quality LGFVs and SOE Perps even at 5%-handle, as such their yields remained attractive against corresponding CNY yields amid falling onshore yields and FX hedging costs YTD. GZINFU '26/HZCONI 25-26s were up 0.1-0.2pt. In SOE perps, HUADIA 3.375 Perp/CHPWCN 3.08 Perp were up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
APLNIJ 5.95 06/02/24	91.5	1.7	RDHGCL 7.8 03/20/24	79.6	-3.6
CSCHCN 9 04/12/24	45.4	1.6	ROADKG 5.2 01/12/26	31.5	-3.2
AZUPOE 3.375 0819/26	91.8	1.4	FTLNHD 4.8 12/15/24	43.0	-2.9
HILOHO 9 3/4 11/18/24	60.0	1.2	SHUION 5 1/2 06/29/26	56.6	-2.6
CSCHCN 9 06/26/24	45.0	1.2	VNKRLE 3.15 05/12/25	80.8	-1.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.23%), Dow (+1.05%) and Nasdaq (+1.70%) rallied higher on Last Friday. US home sales in 2023 was 4.09mn units, declined 18.7% yoy and was the weakest year for home sales since 1995. China 1/5yr LPR were unchanged at 3.45%/4.2% as expected. UST yields were stable on last Friday, 2/5/10/30 yield reached at 4.39%/4.08%/4.15%/4.36%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ DALWAN: Sold 10th Wanda Plaza; Dalian Wanda Group refinanced two loans via 364-day loans

On 16 Jan'24, the ownership of Xiamen Dianqian Wanda Plaza Commercial Mgmt., which operates Xiamen Huli Wanda Plaza was transferred from Zhuhai Wanda Commercial Mgmt. (ZWCM) to a Xiamen developer named Xiamen Jinshengyang Real Estate. It is the 10th Wanda Plaza sold by Dalian Wanda since it began to conduct asset disposals in May'23. Previously, DWCM sold nine Wanda Plazas and most of them locates in high tier cities including Shanghai, Guangzhou and Suzhou while the proceeds of these disposals are undisclosed. In 2023, Dalian Wanda opened 28 new Wanda Plazas around China, declined from 55 new plazas in 2022 and lower than its plan of opening 50 new plazas in the year. The slower pace reflects Dalian Wanda's caution on expansion based on tight liquidity..

We expect the proceeds of Xiamen Wanda Plaza disposal would be applied for maturities and there might be further assets disposal in 1H24. Recalled that DWCM redeemed and canceled 10% principal amount (USD60mn) of DALWAN 7.25 01/29/24 on Jan'24 as scheduled. In Nov'23, DWCM launched a [consent solicitation to extend the maturity](#) of DALWAN'24 for 11 months and scheduled four installments to fully redeem the bond in 2024. The next installment will be USD120mn (20% of issue size) on 29 May'24 according to the redemption schedule.

On the other hand, Dalian Wanda Group signed two 364-day loans to refinance two loans of its subsidiaries (Wanda Culture and Wanda Group Overseas) maturing this year, according to media report. The company made some repayments on the loans with other sources of funds, therefore the size of refinancing is smaller than the original size of the two loans totaled USD521.5mn. The new Wanda Group Overseas facility is guaranteed by Dalian Wanda Group and DWCM's unit Wanda Commercial Properties (Hong Kong) Co. Ltd. Despite tenor is relatively short that is within a year, it shows Dalian Wanda Group and DWCM is still able to refinance offshore to meet debt obligations.

Table 1: Bond profile of DALWAN

Security Name	O/S Amt (USD mn)	Ask Price	YTM (Ask, %)	Rating (M/S/F)
DALWAN 7.25 01/29/24	540	86.7	23.97	Ca-/CC
DALWAN 11 01/20/25	400	80.3	36.44	Ca-/CC
DALWAN 11 02/13/26	400	70.4	31.62	Ca-/CC
DALWANs' maturity profile (USD mn)				
29 May'24	120			
29 Sep'24	180			
29 Dec'24	240			
20 Jan'25	400			
13 Feb'26	400			

Source: Bloomberg

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Emirates NBD Bank PJSC	450	5yr	6.745%	SOFR+140	A2/-/A+

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hainan State Farms Investment Holdings Group., Ltd.	USD	-	-	-	Baa3/-/BBB
Mirae Asset Securities	USD	-	3/5yr	T+235/260	Baa2/BBB/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 71 credit bonds issued last Friday with an amount of RMB45bn. As for Month-to-date, 1,121 credit bonds were issued with a total amount of RMB923bn raised, representing a 1.6% yoy increase
- Media reported that China authority ordered debt-ridden local governments to suspend or delay some infrastructure projects to control risks
- Moody's downgraded CCAMCL/HRINTH by one notch to Baa1/Ba1, outlooks are negative; ORIEAS/ GRWALL by two notches to Baa2/Baa3, outlook of ORIEAS is negative while GRWALL remains on review for downgrade
- **[AGILE]** Agile onshore unit completed payment for due 19 Jan'24 ABS and notes totaled cRMB6bn; its unit's two enforcements discharged by court
- **[CNBG]** Moody's withdrew Sinochem's Bluestar Baa2 issuer rating and assigned Ba1 rating CFR
- **[CSCHCN]** Media reported that China South City plans to cure skipped 26 Dec'23 coupon on USD287.2mn CSCHCN 9 06/26/24 within 30-day grace period
- **[DALWAN]** Media reported that Dalian Wanda signed two 364-day loans of cUSD400mn to refinance subsidiaries' due-January, due-June facilities of USD522mn

- **[KWGPRO]** KWG engaged D.F. King to identify holders of nine offshore bonds with USD3.84bn outstanding
- **[LNGFOR]** Longfor unit schedules redemption of RMB670mn 16Longhu02 bonds on 25 Jan'24

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