

CMBI Credit Commentary

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

- *Markets sentiment was strong this morning with most flows skewed to buying. In IG space, recent new issues and TMT tightened 2-4bps, high-beta TMT MEITUA/LENOVO were squeezed c10bps. Besides, short-end names/AT1/SOE Perp were better selling.*
- **AGILE:** *Roll over of cUSD720mn syndicated loans for 19 months. AGILEs moved -1.5 to +0.25pts post the refinancing news this morning. See below.*
- **DALWAN:** *CSRC may need additional consultations with other Chinese regulators on Zhuhai Wanda's IPO before coming back with feedback. Our thoughts are the same, what matters are valuation, not approval of the IPO. [See our latest comments on DALWAN](#). DALWANs were unchanged to down 1pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex JP IG space continued the constructive tone and spreads grinded another 2-5bps tighter across the board. Flows remained to be better buying especially on low beta papers. CKHH 28s/33s tightened 3-4bps and recent new BOCAVI 28s edged 2-3bps tighter. Chinese SOEs were under better buying. CHALUM/SINOPE/ SOPOWZ/SHPORT tightened 1-4ps. TMT benchmarks BABA 31s/TENCNT 30s were marked 1-2bps tighter. High beta TMTs such as WB/XIAOMI/MEITUA notably tightened 5-10bps. In financials, bank T2/leasing were under small better buying and ICBCILs/CMINLEs closed unchanged to 2bps tighter. In AMC, GRWALLs were still better bid. GRWALL/CCAMCL Perps moved 0.75pt higher thanks to Chinese AM buying. HRINTHs closed largely flat amid mixed two-way flows. Aside from China, Korea space remained under better buying. The front end of LGCHM/SKONKR/HYUELE/KIAMTR/GSCCOR were sought-after, though Korea financials were relatively quiet. There was small buying on SG bank T2 names, OCBSP/UOBSP tightened 2-4bps. Chinese properties continued to move lower. DALWANs slumped another 2.5-7pts across the curve. COGARDs lowered 1-3pts. SHUION 26s/CHINSC 24s dropped around 4.5pts. GRNLGR 24s performed mixed and stayed ranged bound at mid-30s. Industrials FOSUNIs/HONGQIs moved around 0.5pt lower. Macau gaming names SANLTDs/STCITYs drifted another 0.5-1pt lower. In Indian space, VEDLNs gained 1-2pts post media reported VRL was to obtain cUSD900mn loan from existing debt holder Oaktree Capital, JPM, etc. Indonesian space was rather quiet.

The front end of Perps/AT1s closed on a relatively firm tone. The AT1s were largely steady whilst HSBC and Thai AT1 stayed supported with demand from PBs. Selective Chinese AT1s were under small better buying from onshore. ICBCAS 3.2 Perp/BOCOM 3.8 Perp were bid up 0.125pt. SOE Perps were 0.125pt lower. CTIH 6.4 Perp gained 0.5pt and broke through

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104.5 after further topping up from onshore RMs. LGFV flows were mixed, 23s were better offered whilst we continue to see deployment demand on quality 25s/26s papers. Price actions in weaker LGFVs remained a little choppy.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 13 7/8 01/21/24	88.6	2.0	DALWAN 7 1/4 01/29/24	42.7	-7.1
VEDLN 9 1/4 04/23/26	67.4	1.4	DALWAN 6 7/8 07/23/23	70.4	-6.9
VEDLN 8.95 03/11/25	71.1	1.3	SHUIION 5 1/2 06/29/26	66.3	-4.6
ROADKG 5 1/8 07/26/26	42.7	1.3	CHINSC 7 3/8 04/09/24	35.2	-4.4
GRNLGR 6 3/4 06/25/24	35.7	1.2	CHJMAO 4 1/4 07/23/29	74.1	-3.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.02%), Dow (-0.42%) and Nasdaq (+0.50%) were mixed and markets focused on debt ceiling talk, while the meeting held on Monday afternoon ended with no deal again. Fed of St Louis president said there may have another two interest rate hike within the year. The US treasury edged higher on Monday, the 2/5/10/30 yields reached 4.29%/3.77%/3.72%/3.97%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ AGILE: Roll over of cUSD720mn syndicated loans for 19 months

Agile obtained cUSD720mn syndicated loans in two tranches, HKD5.3bn and USD47.2mn, with a tenor of 19 months. The loans will be solely for refinancing in full the banking facilities obtained in 2021. Given the lenders of the syndicated loans are the original lenders of the facilities in 2021, Agile effectively extended the maturity of existing facilities by 19 months to Dec'24. YTD, the company has secured more than HKD8.2bn (cUSD1.1bn) equivalent of syndicated bank loans. Recalled that in Mar'23, it obtained cUSD332mn syndicated loans in two tranches, HKD2.3bn and USD37mn, with a tenor of 12 months. Similar to the latest loans, the Mar'23 loans were granted to refinance in full the same amount of outstanding debts obtained in 2020, and the lenders are the original lenders of the loans in 2020.

Agile's next USD bond maturity will be in Jan'25, and the next bank loan maturity will be in Mar'24 after the completion of the above two loans refinancing. We acknowledge that Agile is one of the few non state-owned developers remains current on all of its debts despite it has been "making use" of the 30-day grace period on the USD bond coupon payment since Nov'22. It will have the coupon payments of USD12.4mn on AGILE 5.5 05/17/26 due this month, USD14.4mn in Jul and USD35.6mn in total in Oct-Nov. Meanwhile, it deferred the distribution of its perps in Dec'22 and Mar'23, and it is likely to defer upcoming distribution due in Jun'23 concerning the liquidity condition.

The roll-over of existing loans will partly relieve Agile's liquidity pressure. That said, a more notable improvement in its credit and liquidity profiles will only come with a significant sales recovery, in our view. In Jan-Apr'23, its contracted sales fell 18% yoy. AGILEs moved -1.5 to +0.25pts post the refinancing news this morning.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	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)
CCB Sydney	USD	-	3yr	T+95	A1/-/-
Khazanah Nasional Bhd	USD	-	5/10yr	-	A3/A/-/-
Tokyo Metropolitan	USD	500	3yr	SOFR MS+90	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 47 credit bonds issued yesterday with an amount of RMB55bn. As for Month-to-date, 550 credit bonds were issued with a total amount of RMB652bn raised, representing a 32.1% yoy increase
- **[BABA]** S&P said Alibaba's reorganization is likely credit neutral for now
- **[CHALUM]** Chalico redeemed all outstanding USD350mn CHALUM 5 PERP on the first call date
- **[CIFIHG]** CIFI schedules interest payment regarding RMB2.12bn bonds on 29 May
- **[COGARD]** Country Garden unit schedules interest payment regarding RMB500mn bonds on 24 May
- **[PWRLNG]** Powerlong unit to make partial payment of RMB50mn for RMB750mn 20BaolongMTN001 notes on 27 May
- **[VEDLN]** Vedanta board approved first interim dividend payout of around INR68.77bn (cUSD830mn) for FY24

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