

CMBI Credit Commentary

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

- *New NAB'30 tightened 2-3bps while NAB'36 widened 2bps. EXIMBK'35 widened 2bps. China TMT space opened 5-10bps wider post news of US military-related blacklist then recovered to unchanged. Short-term LGFVs were under better selling.*
- **FOSUNI:** *Tender offer for FOSUNI'25 and concurrent tap on FOSUNI'28. FOSUNIs moved -0.2 to +0.2pt this morning. See comments below.*
- **HONGQI:** *Neutral on the new HONGQI 7.05 01/10/28. HONGQI'28 rose c0.8pt this morning. See below.*

❖ Trading desk comments 交易平台市场观点

Yesterday, EXIMBK priced a USD1bn 10-yr bond at CT10+100 and the old EXIMBK 30-35s widened 3bps. HYNMTR priced the 3-yr and 5-yr fixed-rated bonds at CT3+75 and CT5+93, and priced the 3-yr floating-rated bond at SOFR+92. DAESECs were 1bp wider, LGENSOs widened 1-3bps. KRKPSCs tightened 3-5bps. Chinese IGs were mixed. HAOHUA 27-29s were unchanged to 2bps tighter. TENCNT 29-31s tightened 1-3bps on some block buying while LENOVOs/WBs widened 2-5bps. BABAs were 1-2bps wider. In financials, CCAMCLs closed 1-3bps tighter amid mixed two-way flows. TW lifers were mixed. CATLIF 34-39s were under better buying and tightened 1-2bps, while NSINTW 34s widened 3bps. In AT1s, the callable 25-27s papers such as HSBC 6/DB 6 Perps were better bid and closed 0.1-0.2pt higher. In JP, MYLIFE 54s/NIPLIF 54s/SUMILF Perp/FUKOKU Perp were 0.3-0.5pt lower. In HK, NWDEVL Perps/27-30s dropped 3.1-4.4pts after the gain of 1.0-3.6pts over the last week. In Chinese properties, FTLNHD/SHUION 25-26s rose another 0.8-0.9pt after the increase of 0.4-1.4pts over the last week. Outside properties, HONGQI priced a USD330mn 3-yr bond at par to yield 7.05%. See comments below. FOSUNI announced the tender offer FOSUNI'25 and concurrent tap on FOSUNI'28 of up to USD200mn. See comments below. In Indonesia, MDLNIJ 27s were up 0.8pt. In India, ADANEMs/ADINCOs/ADGREGs/ARENRJIs were 0.1-0.5pt higher.

In LGFVs, QZSOAT priced a USD470mn 3-yr bond at par to yield 4.82%. HNRail announced new issue mandate of a 3-yr USD bond. CPDEV 25-26s were up 0.2pt. There were mixed two-way interests on CNH LGFVs such as ZOUCAO/QDOCID 27s. In SOE perps, SPICPT 3.45 Perp/CHPWCN 4.25 Perp were up 0.1-0.4pt, CHSCOI 3.4 Perp was 0.2pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 5 04/30/27	29.8	0.8	NWDEVL 5 1/4 PERP	42.9	-4.4
SHUION 5 1/2 06/29/26	85.5	0.8	NWDEVL 4 1/8 PERP	33.7	-3.9
FTLNHD 4 5/8 10/15/25	91.0	0.8	NWDEVL 4.8 PERP	28.0	-3.8
ADINCO 3 02/16/31	84.4	0.5	NWDEVL 6.15 PERP	58.4	-3.7
CHPWCN 4 1/4 PERP	98.7	0.4	NWDEVL 8 5/8 02/08/28	69.5	-3.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.55%), Dow (-0.06%) and Nasdaq (+1.24%) were mixed on Monday. US Dec'24 Markit service PMI was 56.8, lower than the expectation of 58.5. UST yield moved higher yesterday, 2/5/10/30 yield reached 4.28%/4.42%/4.62%/4.85%.

❖ Desk Analyst Comments 分析员市场观点

➤ FOSUNI: Tender offer for FOSUNI'25 and concurrent tap on FOSUNI'28

Table 1: Summary of FOSUNI's tender offer

Bond	FOSUNI 5.95 10/19/25
O/s amt (USDmn)	400
Tender price	100
Pricing of the new note	On or about 7 Jan'25
Announcement of maximum acceptance amount	On or about 8 Jan'25
Expiration	15 Jan'25
Settlement date	On or about 21 Jan'25
Ask price	99.4
Ask YTM (%)	6.7

Source: Company filing, Bloomberg.

Fosun International announced the tender offer for FOSUNI 5.95'25 with purchase price of 100 and the concurrent tap on FOSUNI'28 with a maximum tap amount of USD200mn. The maximum acceptance amount of tender offer will be the amount of tap. Fosun expects to announce the maximum acceptance amount on or about 8 Jan'25. The company will accept tenders on a pro-rata basis if the aggregate principal amount of bonds validly tendered exceeds the maximum acceptance amount.

In Nov'24, Fosun repurchased USD300mn FOSUNI'25 at 99.5 through tender offer with proceeds from issuance of FOSUNI'28. We expect Fosun to use all proceeds from the tap of FOSUNI'28 to fund the tender offer. We are neutral on FOSUNIs. In Asian non-IG space, we prefer BTSDF 13.5 06/26/26 (M/S/F rating: Ba3/BB/-) and EHICAR'26-27 (M/S/F rating: -/-/-) for better risk-return profiles. See details in [our 2025 outlook](#). Currently, BTSDF 13.5'26 and EHICAR'26-27 are traded at 106.8 and 67.6-68.9 with YTM of 8.5% and 30.2-32.0%, respectively.

Table 2: FOSUNI's outstanding USD bonds

Security Name	ISIN	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating (M/S/F)
FOSUNI 5.95 10/19/25	XS2238561794	400	99.4	6.7	-/BB/-
FOSUNI 5 05/18/26	XS2343337122	500	96.4	7.8	-/BB/-
FOSUNI 5.05 01/27/27	XS2281321799	500	94.5	8.0	-/BB/-

FOSUNI 8 ½ 05/19/28

XS2922957746

300

101.2

8.1

-/BB-/-

Source: Bloomberg.

➤ **HONGQI: Neutral on the new HONGQI 7.05 01/10/28**

China Hongqiao (Hongqiao) issues USD330mn 3-year USD bonds HONGQI 7.05 01/10/28 (Fitch: BB+), and it is guaranteed by the same subsidiary guarantors as HONGQI 7.75 03/27/25. The proceeds from the new issuance will be used to refinance HONGQI 7.75 03/27/25 of USD300mn due in Mar'25. HONGQI 7.05 01/10/28 moved 0.8pt higher this morning. At 100.8, HONGQI 7.05 01/10/28 is trading at YTM of 6.75%. We are neutral on HONGQI 7.05 01/10/28 on valuation.

For commodity-related plays, we prefer VEDLN 10.25 06/03/28 (-/B-/B-, YTM of 8.97%) and MEDCIJ 6.95 11/12/28 (B1/BB-/BB-, YTM of 6.98%). We believe MEDCIJ is a candidate for early redemptions. Meanwhile, HONGQI 7.05 01/10/28 is also trading 143bps lower than its local BB- rated peer FOSUNI 8.5 05/19/28 (YTM of 8.18%).

We understand that Hongqiao has good access to lower-cost onshore funding. In 2024, Hongqiao issued onshore bonds totaled cUSD1.8bn equivalent at an weighted average coupon rate at 3.2%, as per our estimates. Hongqiao has an offshore debt issuance quota of USD900mn expiring in Jul'25 (USD400mn for loans, up to USD400mn for USD bonds, and the remaining to be allocated for other purposes). There will be room of USD70mn for Hongqiao to retap the new issue. Hongqiao has an o/s CB (HONGQI 5.25 01/25/26) of USD300mn due Jan'26. The CB will likely be converted into equities given the parity of 176. Subsequent to the issuance to refinance HONGQI 7.75 03/27/25, the near-term refinancing risk of Hongqiao will be largely relieved. The next major offshore maturity will be the new issue, i.e. HONGQI 7.05 01/10/28, in Jan'28. We are comfortable with Hongqiao's near-term liquidity profile.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Hongqiao Group	330	3yr	7.05%	7.05%	-/-/BB+
Hyundai Capital	850/800	3/5yr	5.0%/5.3%	T+75/93	A3/A-/A-
Hyundai Capital	350	3yr	5.253%	SOFR+92	A3/A-/A-
India Export-Import Bank	1000	10yr	5.5%	T+100	Baa3/BBB-/BBB-
National Australia Bank	750/750	5yr	4.901%/5.122%	T+50/SOFR+79	Aa2/AA-/A-
National Australia Bank	1250	11NC10	5.902%	T+130	A3/A-/A-
Quzhou State-Owned Capital Operator	470	3yr	4.82%	4.82%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chugoku Electric Power	USD	-	10yr	T+135	-/BBB+/-
Clifford Capital	USD	-	5yr	T+65	-/AAA/-
Henan Railway Construction & Investment Group	USD	-	3yr	5.2%	-/-/A
Export-Import Bank of Korea	USD	-	3/5/10yr	T+55/75/90	Aa2/AA/AA-
Export-Import Bank of Korea	USD	-	3yr	SOFR Equiv	Aa2/AA/AA-
Standard Chartered	USD	-	PNC7	7.875%	Ba1/BB-/BBB-
Sumitomo Mitsui Financial Group Inc	USD	-	5.25yr	SOFR Equiv	A1/A-/A-

Sumitomo Mitsui Financial Group Inc	USD	-	5.25/7/10yr	T+100/110/120	A1/A-/A-
Yiwu State-Owned Capital Operation	USD	-	3yr	-	Baa3/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 128 credit bonds issued yesterday with an amount of RMB94bn. As for Month-to-date, 287 credit bonds were issued with a total amount of RMB200bn raised, representing a 3% yoy increase
- [ROXIN]** Media reported that Roshine China plans to restructure its onshore debt of cRMB10.7bn
- [SUNAC]** Media reported that Sunac China told USD creditors it may not be able to repay bonds before maturity of Sep'25
- [VHMVN]** Moody's assigned Vinhomes B1 rating with stable rating outlook

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