

## CMBI Credit Commentary

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

- *Two-way balanced flows in Asian IG space this morning. We saw selling flows on short-end names, and buying flows on the belly and long-end names. Besides, China LGFV/SOE Perp were stable with light flows.*
- **VEDLN:** *USD1.2bn loan deal lowers the near-term default risk. VEDLNs rose 0.5 to 1.75pts this morning. See below.*
- **LNGFOR:** *Media reported that Longfor Group onshore unit plans to issue up to RMB1.2bn three-year bonds with a price guidance of 3.4-4.4%. The bonds may get guarantee from CBIC. LNGFORs were unchanged to 0.5pt lower this morning.*

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#### ❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield widened 6-9bps across the curve. Asia IG space had a relatively soft session. Moody's affirmed China's 'A1' rating, and changed outlook to 'negative' from 'stable'. In Chinese SOE/TMT benchmarks, the long-end of CHGRID/SINOPE papers were better bid. TENCNT/BIDU 30-31s were unchanged to 1bp tighter. The high-beta TMTs XIAOMI/MEITUA 30-31s were 1-3bps tighter. In financials, Chinese AMC/Leasing names were traded in balanced two-way flows. CCAMCL/CMINLE/ICBCIL 24-26s widened 1-4bps. Chinese AT1s BOCOHK 3.725 Perp/ICBCAS 3.2 Perp were 0.1pt lower. EU AT1 remained firm, thanks to the continuous demand from PBs. HSBC/STANLN Perps closed 0.3pt higher. In HK Corp space, NWDEVL Perps were 0.8-1.4pts lower. BNKEA/LIFUNG Perps declined 0.6-0.9pt. Chinese properties remained sluggish. ROADKG 25-26s dropped another 1.5-2.3pts. CSCHCNs were unchanged to 1.2pts lower to close at low-20s, following the launch of consent solicitation of 3-year term-out for all of its due-2024s. FUTLAN/FTLNHD 24-26s, LNGFOR 27-32s and GEMDAL '24/YLLGSP '26 were 0.8-1.5pts lower. In industrials, CHIOIL/HILOHO 24-26s were down 0.3pt. Macau gaming names MPEL/WYNMAC 24-29s declined 0.4-0.7pt. Indian space performed well. GRNKEN/RPVIN 26-28s were 0.3-0.8pt higher. VEDLN 24-25s were 0.8-1.1pts higher. In Indonesian space, MEDCIJ 27-28s were up 0.3-0.4pt. LMRTSP 24-26s were 0.9-1.1pts higher.

The LGFV/Perp spaces were quiet but sentiment remained upbeat. The client interests were largely driven by position fine-tuning before year-end. We saw RMs continued to deploy cash in quality LGFV names. The 6-7% LGFVs HZCONI/JNHITE 24-25s were up 0.1pt. The recent new GZGETH 6.3 '25 was stable at around 6.2% YTM and closed at around 100.3 level. CPDEV 25/Perp were 0.5-0.8pt higher. On the other hand, Shandong names HKIQCL '25/SHGUOH '26 were down 0.1-0.2pt. SOE perps had a little bit of

retracement in cash prices as more profit taking emerged at around 6.0% yield level. The shorter-dated-to-call SOE perps were under better selling. CHSCOI 3.4 Perp/CHPWCN 4.3 Perp were down 0.1pt.

### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOPC 4 1/4 04/24/43	86.1	2.0	ROADKG 5 1/8 07/26/26	25.9	-2.3
CITLTD 5.07 04/18/48	92.4	1.7	ZHLGHD 9 3/4 12/31/23	8.6	-1.9
TAISEM 4 1/2 04/22/52	94.3	1.6	ROADKG 6 09/04/25	46.7	-1.7
SINOPE 4.6 09/12/48	90.5	1.5	FTLNHD 4.8 12/15/24	36.7	-1.5
CHGRID 4.85 05/07/44	96.2	1.4	NWDEVL 5 1/4 PERP	65.8	-1.4

### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.06%), Dow (-0.22%) and Nasdaq (+0.31%) were mixed on Tuesday. US Nov Markit service PMI was 50.8, same with the expectation. Euro zone Nov Markit service PMI was 48.7, higher than the expectation of 48.2. The UST yields retreated yesterday, the 2/5/10/30 yield reached 4.57%/4.14%/4.18%/4.30%, respectively.

### ❖ Desk analyst comments 分析员市场观点

#### ➤ VEDLN: USD1.2bn loan deal lowers the near-term default risk

Media reported that Vedanta Resources would sign a USD1.2bn loan with a group of private funds next week to repay the bonds due in 2024-25. The loan will be raised against the shares of Vedanta Resources and royalty receivables from group entities. The tenor will be two years and interest at 18% p.a. Vedanta was reported to be in discussions with the private fund group for a USD1bn loan in Sep'23.

While there have been refinancing talks between Vedanta and various banks and private fund over the past few months, it is yet to table a solid refinancing plan relating to the USD3.2bn bond due in 2024-25. Given VEDLN 13.875 01/21/24 of USD1bn will be due in 1.5 months' time, the USD1.2bn loan to be provided by the private fund group will be critical for Vedanta for the refinancing of VEDLN 13.875 01/21/24. After the maturity of VEDLN 13.875 01/21/24, Vedanta will face the repayment of VEDLN 6.125 08/09/24 (o/s amount of USD950.9mn) due Aug'24 as well as VEDLN 8.95 03/11/25 (o/s amount of USD1.2bn) due Mar'25. The refinancing pressure remains very high.

Recalled back in Sep'23, Vedanta discussed with the bondholders of VEDLN 13.875'24, VEDLN 6.125'24 and VEDLN 8.95'25 about maturity extensions by 3 years to 2027-28. It is also exploring a potential divestment of the iron and steel business, which could be a more remote funding option for Vedanta to meet its debt obligations.

Bond	Amt o/s (USDmn)	Ask px	Ask YTM (%)
VEDLN 13.875 01/21/24	1,000	89.72	103.22
VEDLN 6.125 08/09/24	950.9	63.65	88.58
VEDLN 8.95 03/11/25	1,200	72.82	37.91
VEDLN 9.25 04/23/26	600	57.50	37.85
	3,750.9		

Source: Bloomberg.

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Taizhou Huaxin Pharma	42	3yr	6.0%	6.0%	-/-/-

## ➤ 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 95 credit bonds issued yesterday with an amount of RMB86bn. As for Month-to-date, 193 credit bonds were issued with a total amount of RMB204bn raised, representing a 12.3% yoy increase
- [AVIILC]** AVIC International Leasing announced to issue USD187mn guaranteed perps
- [COGARD]** Media reported that Country Garden has issued an internal notice to conduct a organizational restructure, which involves consolidating 14 regions into seven new regions
- [CSCHCN]** Media reported that China South City AHG of noteholders engages Kirkland & Ellis to organize call with other investors to oppose developer's term-out proposal
- [FOSUNI]** Fosun International completed the stake disposal in Nanjing Nangang
- [LNGFOR]** Longfor Group unit Chongqing Longhu Development plans to issue up to RMB1.2bn three-year bonds with a price guidance of 3.4-4.4%
- [NIO]** NIO 3Q23 revenue rose 46.6% yoy to cUSD2.67bn and loss narrowed to cUSD0.64bn
- [SANLTD]** Sands China controlling shareholder Las Vegas Sands plans to boost its stakes in the company for c1.19% of total issued shares with cUSD250mn
- [SOFTBK]** SoftBank plans to buy majority stake in Irish car software startup for USD513mn
- [VNRKLE]** Bank of China meet with developers including Greentown, Longfor, Vanke and Seazen to discuss support for property market

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