

CMBI Credit Commentary

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

- *The recent issues KOB COP'27/29 were unchanged to 1bps wider. LNGFOR/FUTLAN were unchanged to 1.5pts higher. VNK RLEs rebounded 0.2-1.4pts despite downgraded to Ba3.*
- **LEEMAN:** *Announced to redeem LEEMAN 5.5 PERP on the first call date at par. See below.*
- **CHJMAO:** *Support from Sinochem demonstrated once more. CHJMAO moved -0.5 to +0.7pt this morning. See below.*

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❖ Trading desk comments 交易台市场观点

Last Friday, the overnight rates widened 5-7bps post stronger than expected core PCE data. KR space was stable amid mixed two-way flows. LGELEC/HYUELE 27-29s were unchanged to 1bp tighter, whereas KEBHNB/WOORIB 27s widened 2bps. In Chinese IGs, HAOHUA/TENCNT 29s were unchanged to 2bps tighter. The high beta TMTs, however, were under better selling. MEITUA/LENOVO/WB 30s widened 1-3bps. In financials, Chinese AMCs were mixed. HRINTH 24-29s were unchanged to 10bps tighter under small buying, while its 47s were traded 1.1-1.7pts lower (10-25bps wider). There were active two-way flows in bank T2s. CCB 5 '26 tightened 3bps, while BCHINA 5 '24 widened 2bps. SG bank names such as OCBCSPs/UOBSPs widened 1-3bps. In AT1s, BCHINA/BOCOM Perps were down 0.1pt. EU AT1s were stable under better buying from Asian PBs. HSBC 6.375 Perp/UBS 7 Perp were 0.1-0.2pt higher. In HK, the recent new CKHH 29/34 tightened 1bp and 5bps from the last closes, respectively. LIHHK '26/CPREIT '30 were 0.6-0.8pt lower. NWDEVL 6.25 Perp/REGH 6.5 Perp/CKPH 3.8 Perp were down 0.9-1.7pts. Chinese properties moved higher. LNGFOR 27-32s were up 0.9-1.6pts and closed 2.1-4.2pts higher WoW. FUTLAN/FTLNHD 24-26s increased 0.6-1.5pts. GEMDAL '24/DALWAN '26/CHIOLI '42 were 1.0-1.5pts higher. ROADKGs were up 0.3-1.0pt. On the other hand, CSCHCN 9 06/26/24 declined 2.7pts after the gain of 2pts on last Thu. In industrials, CHIOIL '26 moved 0.7pt higher to mid-80s, post the announcement of FY23 results. In Macau gaming, MGMCHI '27/WYNMAC '29/SANLTD '30 were down 0.5-0.8pt. Indonesian name APLNIJ '24 increased 1.3pts. LMRTSP '26 was down another 0.8pt and closed 5.8pts lower WoW. In Indian space, VEDLNs were 0.3-0.7pt lower.

The LGFVs/SOE perps/high-beta spaces were quiet. There were some top-up demands on LYURBN 6.8 '26, NNCOMM 7.3 '27, and CQNANA 4.99 27 CNH. These papers closed unchanged to 0.1pt higher from par. In the 5-6% LGFVs, SXUCI '26 was up 0.1pt whilst CHUDIN '26 was down 0.1pt. The higher-yielding LGFVs such as CPDEV 25/26/Perp and BCDHGR '26 were

0.2-0.5pt higher. In SOE perps, CHSCOI 3.4 Perp/HAUDIA 3.375 Perp/COFCHK 3.1 Perp were up 0.1-0.2pt. After Fri close, CHPWCN announced the call of its USD500mn CHPWCN 4.3 Perp at par on the first call date.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LNGFOR 3 3/8 04/13/27	66.2	1.6	CSCHCN 9 06/26/24	20.4	-2.7
LNGFOR 3.95 09/16/29	56.9	1.5	REGH 6 1/2 PERP	48.5	-1.7
GEMDAL 4.95 08/12/24	87.0	1.5	HRINTH 4.95 11/07/47	77.2	-1.7
FTLNHD 4.8 12/15/24	67.6	1.5	HRINTH 5 1/2 04/27/47	84.3	-1.1
CHIOLI 5.35 11/15/42	83.0	1.3	NWDEVL 6 1/4 PERP	46.5	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.02%), Dow (+0.40%) and Nasdaq (+2.03%) continued to rebound on last Friday. US Mar'24 core PCE was +2.8% yoy, higher than the expectation of +2.6% yoy. US Apr'24 University of Michigan consumer sentiment was 77.2, lower than the expectation of 79.3. UST yield retreated on last Friday, 2/5/10/30 yield reached 4.96%/4.68%/4.67%/4.78%.

❖ Desk analyst comments 分析员市场观点

➤ LEEMAN: Announced to redeem LEEMAN 5.5 PERP on first call date at par

On 26 Apr'24, Lee & Man Paper Manufacturing Limited (Lee & Man) announced to fully redeem USD206.3mn LEEMAN 5.5 PERP at 100 on 29 May'24. Recalled that we have a buy recommendation on LEEMAN 5.5 PERP and [have been expecting the perp to be called on the first call date](#). LEEMAN 5.5 PERP was issued in May'19 with issue amount of USD300mn and has coupon step-up of 500bps if not called on its first call date of 29 May'24. Since Dec'22, Lee & Man started to conduct early redemption of the perp that it repurchased USD59.4mn/USD34.3mn via tender offer and open market repurchase, respectively.

Within Asian corporate perps, we prefer perps with high coupon step-up as issuers are more incentivized to early redeem or buy back their perps on or before call dates. Besides Lee & Man, we have [buy recommendation on perps](#) of New World Development (NWD) and San Miguel Corporation (SMC) complex. In Dec'23, NWD launched tender offer and early redeemed cUSD610mn bonds including USD55.6mn of NWDEVL 4.125 PERP and USD46.1mn of NWDEVL 6.15 PERP after the sale of NWS stakes to CTF. On Mar'24, SMC's unit San Miguel Global Power announced to fully call SCMGL 6.5 PERP on first call date of 25 Apr'24. We continue to prefer perps with high coupon step-ups and believe that NWD and SMC would call their perps with high coupon step-ups on the first call dates. See below for our recommendations on corporate perps.

Bonds	Amt o/s (USD mn)	First call date	Ask price	Year to call	YTC (ask, %)	Coupon reset	Coupon step-up
NWDEVL 6.15 PERP	453.9	3/16/2025	83.1	0.9	29.4	3yrUST+6.201%	300bps
NWDEVL 5.25 PERP	999	3/22/2026	64.6	1.9	31.4	5yrUST+7.889%	300bps
NWDEVL 4.125 PERP	1,144.4	3/10/2028	49.9	4.4	25.1	5yrUST+5.858%	300bps
PCORPM 5.95 PERP	550	4/19/2026	97.0	2.0	7.6	5yrUST+7.574%	250bps
SMCPM 5.5 PERP	500	7/29/2025	97.4	1.3	7.7	5yrUST+10.237%	500bps

Source: Bloomberg.

➤ **CHJMAO: Support from Sinochem demonstrated once more**

On 26 Apr'26, Jinmao announced that its wholly owned subsidiary, Zhantuo, entered into the loan agreement with Sinochem Finance which would provide 12-year loans of RMB15bn to Zhantuo to be secured by the 6 office buildings and underground garage developed by Zhantuo in Chaoyang, Beijing. The preliminary appraised value of these is RMB3.1bn, representing a LTV of c48%. The funding cost of these loans is 5-year LPR, i.e. only 2.4% for the time being. The loans will be drawn down in 2 tranches; RMB1.08bn by 28 Jun'24 and the balance by 30 Aug'24. The loan proceeds will be used to partial repay the shareholder's loans from Jinmao. As at 26 Apr'24, Jinmao's o/s shareholder's loans to Zhantuo was RMB3.13bn. The loans from Sinochem to Zhantuo, in our view, are effectively low-cost liquidity supports provided by Sinochem to Jinmao.

As discussed in our comments on Jinmao on last thur and 2 Apr'23, Sinochem has been supportive for the developments of Jinmao. During the investors' call on FY23 results, Jinmao disclosed that it obtained shareholder's loans of cRMB20bn p.a. from Sinochem. We also acknowledge that there are cross acceleration clauses between the USD bonds of Jinmao and those of Sinochem. Hence, we continue to believe that the supports from Sinochem to Jinmao will be forthcoming.

Among state-owned developers, our top-picks are CHJMAOs which offer the best risk-return profiles. Even for Jinmao's perps without high coupon step-up (but with reset), we consider the likelihood of them being called on the first call dates is high given its ability to access lower-cost funding channels. We maintain buy on CHJMAOs.

Security Name	Amt o/s (USD mn)	Ask Price	YTM (Ask)	YTC (Ask)	Next Call Date	Coupon Reset	Rating (M/S/F)
CHJMAO 4 06/21/24	250	99.38	8.316	-	-	-	-/BBB/-
CHJMAO 4.4 03/04/25	350	95.52	10.051	-	-	-	Ba2/-/-
CHJMAO 3.2 04/09/26	600	86.61	11.046	-	-	-	-/-/BBB-
CHJMAO 4 ¼ 07/23/29	500	67.69	12.936	-	-	-	Ba2/-/-
CHJMAO 7 ½ PERP	400	92.61	10.848	20.805	12/6/2024	5yrUST+5.539	-/-/-
CHJMAO 6 PERP	500	84.46	11.278	16.444	2/8/2026	5yrUST+5.584	B1/-/-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	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)
Golomt Bank	USD	-	-	-	B3/B/-
Kookmin Bank	USD	-	3/5yr	T+85/95	Aa3/A+/-
Jiujiang Municipal Development	USD	-	3yr	7.1%	-/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 131 credit bonds issued last Friday with an amount of RMB119bn. As for month-to-date, 1,938 credit bonds were issued with a total amount of RMB1,925bn raised, representing a 0.6% yoy decrease
- **[ADANIG]** Media reported that Adani Green Energy may price planned USD400mn 5yr loan at SOFR+ 2.5%; The company is planning new USD1.3bn bond issuance
- **[APLNIJ]** APLN announced that the scheduled call with bondholders on 29 Apr'24 will be postponed
- **[CENCHI]** Central China Management expects to publish FY23 results by end of Jun'24
- **[CHPWCN]** Power Construction Corp of China to redeem all outstanding USD500mn CHPWCN 4.3 PERP on first call date of 20 Jun'24
- **[COGARD]** Media reported that Country Garden will present a debt restructure plan to offshore creditors in 2H24
- **[CSCIF]** China Securities announced USD4bn MTN programme
- **[MGMTGE]** Mongolian Mortgage repurchased USD22.3mn of MGMTGE 11.5 01/18/2027
- **[PWRLNG]** Powerlong scheme creditors holding above 88% of in-scope debt have acceded to RSA
- **[ROADKG]** Road King Infrastructure announced that it received RMB3.97bn from disposal of interests in Road King (China) Infrastructure
- **[VNKRLE]** Moody's downgraded China Vanke's ratings two notches to Ba3 and placed negative outlook

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