

CMBI Credit Commentary

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

- *Markets were quiet except AMC sector this morning. HRINTH curve opened 1-3pts higher post the repurchase announcement then retraced to 1-1.5pts higher by noon with active two way flows. GRWALLs moved -0.2 to +0.5pt and CCAMCLs/ORIEAS were unchanged.*
- **Chinese AMCs:** *Huarong's large buy-back demonstrated the confidence on its liquidity. See below.*
- **China TMTs:** *Maintain buy XIAOMI'30-31s, XIAOMI 0'27 (CB), MEITUA'27-28s (CB), initiate buy on WB 3 3/8'30. See below and [our full report published yesterday](#).*

❖ Trading desk comments 交易台市场观点

Yesterday, 10yr UST yield widened 6bps to 4.365%, the highest level since 2007. On the new issue front, LGENSO priced a USD400mn 3yr bond at CT2+67.5 (CT3+100), and a USD600mn 5yr bond at CT5+130. The new LGENSO 28s edged 2bps wider while its 26s widened 5bps. The recent new BBLTB 28s/33s closed 2bps wider. Chinese SOE/TMT benchmark names such as HAOHUA/TENCNT 30s edged 1-2bps wider amid mixed two-way flows. The high-beta TMTs such as LENOVO 28s/30s tightened 3-5bps. In financials, HRINTH curve retraced 0.25-1pt from Monday high and flows were better selling from RMs/PBs. HRINTH announced last night that it had repurchased and cancelled a total of cUSD288mn equivalent of its senior bonds. See below for comments. CCAMCLs widened 2-3bps. The front end of Chinese bank T2s remained well-bid with active two-way flows and closed unchanged to 1bp tighter. HK IGs HKAA/HKLSP 33s tightened 6bps. HK Corp space was weaker. NWDEV 27/Perp lowered 2pts. HK/Chinese properties drifted lower. YLLGSP 26s/SHUION 24s dropped 1.5pts. FUTLANs/FTLNHDs declined 1pt. ROADKG 24s/25s were quoted down 1-2pts. CHJMAO/LNGFOR/VNKRLE 28-29s lowered 1.25-1.75pts. COGARDs were down 0.5pt. Media reported the holders of COGARD's USD500mn 6.15% due-2025 bonds have yet to receive the coupon. The 30-day grace period to cure the missed coupon will end on 18 Oct'23. In industrials, EHICARs were up 0.25-0.5pt. Macau gaming papers such as SANLTD/WYNMAC 27-29s grinded 0.5pt higher. In Indian space, VEDLN 24s/26s were traded 0.5-1pt higher. Indonesian coal name BUMAIJ '26 was traded 3pts higher. Elsewhere, GLPCHI 24s/26s were quoted 1.25-1.75pts lower.

The LGFV space held firm with light volume ahead of FOMC. The front-end of LGFVs such as QDHTCO 24s/GXFING 23s were sought-after by RMs. The 6% papers such as YWSOAO 25s/HZCONI 26s were marked 0.1pt higher. Elsewhere, HNYUZI 24s/ZHANLO 25s were also better bid amid active balanced two-way flows. The higher-yielding names remained under better buying. Chongqing/Shandong names such as CQNANA 4.56

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'26/SHGUOH 3.15 '25 were marked 0.1pt higher. SOE perps such as CHMETL 2.95 Perp/CHALUM 4.1 Perp were traded 0.125pt higher. FRESHK 24s/ZHONAN 25s were marked 0.1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BUMAIJ 7 3/4 02/10/26	87.0	3.1	PINGRE 3 1/4 06/23/25	68.5	-2.7
SSW 5 1/2 08/01/29	81.6	1.3	GEMDAL 4.95 08/12/24	50.6	-2.4
RISSUN 9 1/2 09/17/24	7.8	1.0	SHUION 5 1/2 06/29/26	49.1	-2.2
GRNLGR 6 3/4 09/26/25	9.0	1.0	NWDEVL 4 3/4 01/23/27	76.8	-2.1
VEDLN 9 1/4 04/23/26	64.0	0.9	NWDEVL 6 1/4 PERP	50.3	-2.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.22%), Dow (-0.31%) and Nasdaq (-0.23%) were weak before the FOMC. PBOC hold 1/5yr LPR unchanged at 3.45%/4.2% as expected in Sep's LPR quotation. Euro-zone Aug CPI was 5.2% yoy, lower than the expectation of 5.3% yoy. The US treasury yields rallied higher on Tuesday, 2/5/10/30 yield reached at 5.08%/4.51%/4.37%/4.43%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese AMCs: Huarong's large buy-back demonstrates confidence on its liquidity

Table 1: Huarong's buy-back lists

Ticker	Currency	Issue size (mn)	O/S (mn)	Buy-back amt (mn)	% of issue size	Offer price	YTM
HRINTH 4 1/2 05/29/29	USD	700	601.348	98.652	14.09%	81.181	8.8%
HRINTH 3 7/8 11/13/29	USD	500	447.525	52.475	10.50%	79.34	8.2%
HRINTH 3 5/8 09/30/30	USD	350	309	41	11.71%	79.359	7.5%
HRINTH 4.95 11/07/47	USD	700	627.735	72.265	10.32%	72.428	7.4%
HRINTH 3.8 11/07/25	SGD	400	368	32	8.00%	84.641	12.2%

Source: Bloomberg, Company fillings.

Huarong bought back and cancelled a total of cUSD288mn equivalent of its bonds. We believe that the repurchases have been conducted over the past few months, especially over the past 2 months after HRINTHs corrected 3-11pts resulting from the collateral damage of the potential default of Country Garden and the failure of Great Wall to file its FY22 annual report. While Huarong bought back SGD32mn of HRINTH 3.8 11/07/25, the focuses of repurchases are on longer-dated and low cash price bonds. The repurchases of longer-dated bonds demonstrated Huarong's strong confidence on its liquidity ahead of the maturity of HRINTH 2.125 09/30/23 (o/s USD600mn) on 30 Sep'23. We would not be surprised if other Chinese AMCs have also taken or will take advantage of the price corrections since late Jul'23 for bond buy-back. The repurchases continue to support the near-term performance of the sector. Subsequent to Huarong's announcement, HRINTHs moved 1-1.5pts higher, GRWALLs moved -0.2 to +0.5pt and CCAMCLs/ORIEAS were unchanged this morning.

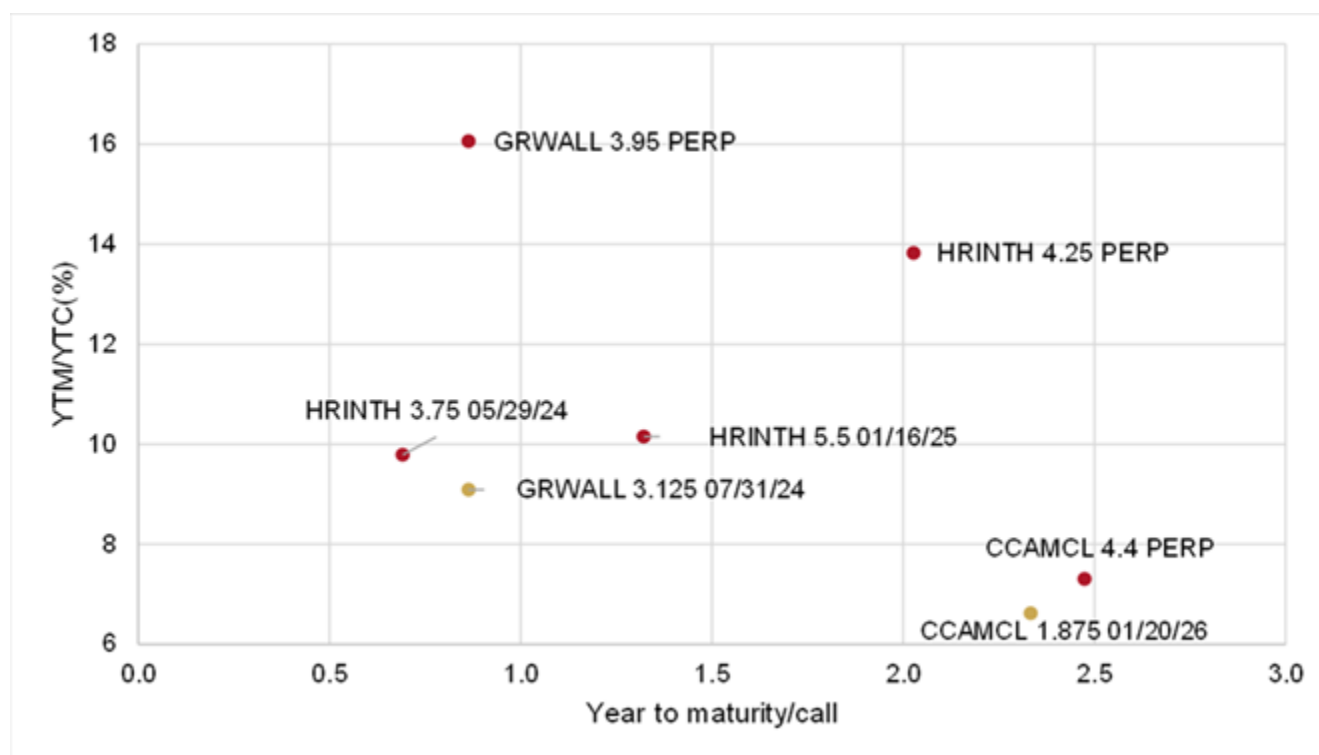
As we discussed in [our comments China AMCs: Repayment matters more than reporting published on 8 Sep'23](#), we expect strong government support to the sector continues. The Chinese government has demonstrated strong support for Huarong in times of distress. **HRINTHs** have been our top picks of the sector. We also like **GRWALL 3.95 Perp (callable 07/31/24)** after the recent price correction and **CCAMCL 4.4 Perp (callable 03/11/26)** as a low beta play.

Table 2: Summary of our picks

	Ask Price	Ask YTM/YTC	Year to maturity/call	First call date	Coupon reset	Step-up (bps)	Amt o/s (USDmn)
CCAMCL 4.4 Perp	92.2	7.3%	2.5	03/11/26	5yr UST+3.232%	N/A	1,700
GRWALL 3.95 Perp	91.6	16.1%	0.9	07/31/24	5yr UST+7.145%	500	400
HRINTH 4.25 Perp	83.6	13.8%	2.0	09/30/25	5yr UST+6.979%	300	250
HRINTH 3.75 05/29/24	96.1	9.8%	0.7	N/A	N/A	N/A	900
HRINTH 5.5 01/16/25	94.4	10.1%	1.3	N/A	N/A	N/A	1,400

Source: Bloomberg.

Chart 1: YTM/YTC of our picks



Source: Bloomberg.

- China TMT: Maintain buy XIAOMI'30-31s, XIAOMI 0'27 (CB), MEITUA'27-28s (CB), initiate buy on WB 3 3/8'30

Executive Summary

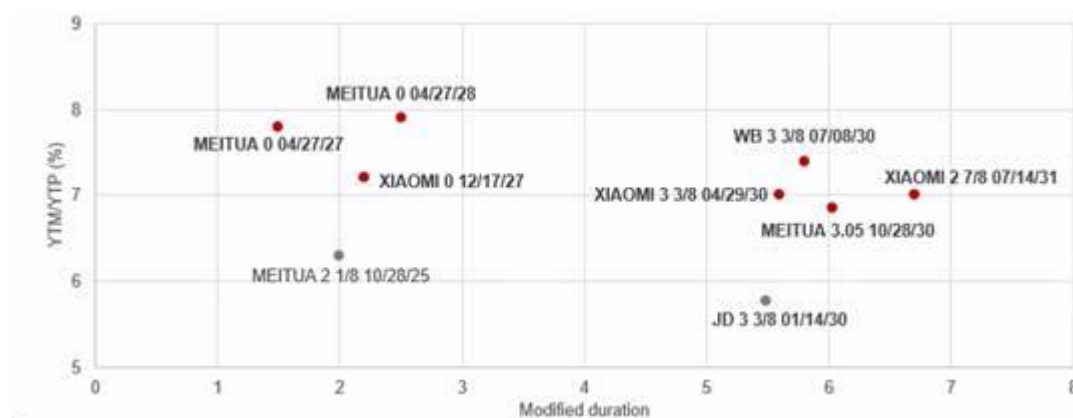
- **Credit stories remain sound:** Chinese TMT issuers are generally cash-rich with solid liquidity profiles. Most of them are in net cash positions and have strong coverage ratios at their rating levels. See Table 6 on p.7.
- **Shorter-dated XIAOMIs remain our top picks:** We like Xiaomi for its solid credit story. The sizeable net cash position and operating cash inflow offset the impact of higher R&D expenses, especially those on EV. XIAOMI 3 3/8 04/29/30 (Baa2/BBB-/BBB) and XIAOMI 2 7/8 07/14/31 (Baa2/BBB-/BBB) offer 121bps yield pick-up over JD 3 3/8'30 (Baa1/A-/A-) and 12bps over MEITUA 3.05'30 (Baa3/BBB-/BBB-). Additionally, XIAOMI 0 12/17/27 (CB, Baa2/-/-), puttable in Dec'25 with a YTP of 7.1%, is a good short-dated play within the XIAOMI curve. We prefer shorter-dated XIAOMIs as well as other Chinese TMT papers because of our view of "higher for longer" UST.
- **Prefer CBs within the MEITUA curve:** At 88.8, MEITUA 0 04/27/27 (CB, Baa3/-/-, put on 27 Apr'25) offers a YTP of 7.8% and a yield pick-up of c159bps over MEITUA 2.125 10/28/25. The cash price of the CB is c3pts lower and the tenor is effectively 6 months shorter. We also like MEITUA 0 04/27/28 (CB, Baa3/-/-, put on 27 Apr'26) which offers largely the same YTP but 6pts lower in cash price and a year longer in tenor. The CB redemptions should be comfortably managed with Meituan's sizeable net cash position.
- **Initiate Buy recommendation on WB 3 3/8'30:** At 78.6, WB 3 3/8 07/08/30 (Baa2/BBB-/A-) is trading at a YTM of 7.4%, 58bps pick-up over MEITUA 3.05'30 which is rated 1 notch lower. The current valuation of WB 3 3/8'30 has more than priced in the concerns on Moody's negative outlook, in our view. We are neutral on WB 3½ 07/05/24 in view of better alternatives for short-dated plays with higher yield and lower cash prices.
- **Turned neutral on PDD 0'25 (CB):** PDD 0 12/01/25, puttable at 100 on 1 Dec'23, has up 3pts since our recommendation in May'23. At 98.4, the CB is trading at a YTP of 8.1% with 2.5 months to the put date. While we still like the credit story of PDD, we turn neutral to the CB as the near-term upside for the CB appears to be limited unless CB holders are very confident on its near-term equity story. The stock price of PDD was 44.6% higher since May'23 and the US tariff issue which, in our view, will be an overhang of its equity story in the near-term.

Table 1: Summary of our picks

Bond	Ask Px	Ask YTM/YTP	Outstanding (USD mn)	Maturity/put date	Modified duration
MEITUA 0 04/27/27	88.8	7.8%	1,480	04/27/25	1.5
MEITUA 0 04/27/28	82.9	7.9%	1,500	04/27/26	2.5
WB 3 3/8 07/08/30	78.6	7.4%	750	07/08/30	5.8
XIAOMI 0 12/17/27	85.5	7.1%	855	12/17/25	2.2
XIAOMI 3 3/8 04/29/30	81.2	7.0%	600	04/29/30	5.6
XIAOMI 2 7/8 07/14/31	75.6	7.0%	800	07/14/31	6.7

Source: Bloomberg.

Chart 1: YTM/YTP of our picks



Source: Bloomberg.

Click [here](#) for full report

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Zhengjin Financial International (Bvi) Co., Limited	60	364d	7.5%	7.5%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Jinshine International Co., Ltd (Guaranteed by XZETDZ)	USD	-	3yr	6.5%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 122 credit bonds issued yesterday with an amount of RMB138bn. As for Month-to-date, 1,031 credit bonds were issued with a total amount of RMB963bn raised, representing a 26.6% yoy increase
- [BABA]** Alibaba movie arm bought Chinese concert producer Damai in USD167mn in an all-stock deal
- [COGARD]** Media reported that bondholders of USD500mn COGARD 6.15 09/17/25 have not receive 17 Sep coupon yet
- [GSHIAV]** Gansu Provincial Highway Aviation Tourism Investment Group circulated 4.1%-area IPG for three-year SBLC-backed CNH green bonds
- [NIO]** NIO priced USD500mn/500mn of convertible senior notes due 2029/2030 at 3.875%/4.625%, initial purchasers will have the option to buy another up to USD75mn for each note
- [REDSUN]** Redsun Properties announced that it did not expect to pay USD200mn REDSUN 9.5 09/20/23 on due date

- **[SOFTBK]** Media reported that SoftBank Group is leading a USD280mn funding round of a US location mapping startup
- **[SUNAC]** Media reported that Sunac China filed for Chapter 15 bankruptcy protection in US
- **[VEYONG]** S&P affirmed ENN Natural Gas's BBB- rating and changed outlook to positive
- **[YNPOWE]** Yunnan Provincial Energy Investment issued RMB1bn 2yr corporate bonds with 4.0% coupon to repay debts
- **[ZHHFGR]** Zhuhai Huafa Properties issued RMB1.1bn 3yr MTN with 3.62% coupon and RMB0.9bn 5yr MTN with 4.15% coupon to repay debts
- **[ZZCITY]** Zhuzhou City Construction Development proposed to offer RMB3bn corporate bonds

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