

CMBI Credit Commentary

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

- *Markets were weak this morning. In Asia IG space, long-term names widened 1-2bps while short-term bonds were better buying. Recent new issue CICCHK continued to be actively bought.*
- **CARINC:** *Refinancing risk is notably lower, maintain Buy on CARINC 9.75 03/31/24. The bonds price was unchanged this morning. See below.*
- **DALWAN:** *Wanda Commercial tapped DALWAN 11 02/13/26 for additional USD100mn through a small club deal to fully utilize the remaining NDRC quota expiring soon. DALWAN 11 02/13/26 were indicated at 91.5/92.5 and DALWANs moved -0.25 to +0.25pt by mid-day.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space closed on a soft tone with limited flows. IG spreads broadly closed 1-3bps wider. New CICCHK/CHEVBK/HDFCB 26s tightened 2-3bps with all-in yield buyers loading up. In financials, China Bank T2s, especially on BCHINA 24s, was actively traded. Front-ended leasing papers were chased after by global RM accounts. BOCAVI curve tightened 3-8bps. TMTs were largely unchanged to a touch wider on benchmarks, but high beta names like LENOVO were 2-5bps wider. We saw the buy-sell ratio was roughly 2:1 on the day across China leasing/Bank T2/TMT and Korea/TH Fins space. Korea low beta names grinded 1-3bps tighter on EIBKOR/KDB/KHFC curves. China HY property space was broadly up 1-2pts with benchmarks having better demand. DALWAN 26s were unchanged at 92 level after the USD100mn tap of DALWAN 11 02/13/26 to fully utilize its expiring NDRC quota through a small club deal. COGARDs/CHINSCs/ROADKGs gained another 1.5-3.5pts across the curve. SINOCEs/FTLNHDs were up 0.5-1pt. LVGEM 23s were quoted 4pts higher at 96 level post the developer announced partial buyback of its due-2023s yesterday. AGILEs/CENCHIs were up 1.5-3.5pts. On the other hand, CSCHCNs lowered another 1-2.5pts to below 90 level and all its 24s were quoted at high-80s. Industrial names FOSUNI 26-27s were up 1-2pts. Macau gaming names were largely firm. MPELs/SANLTDs were 0.5-1pt higher across names amid two-way flows. Indian space performed slightly mixed. ADSEZs/ADANIGs were indicated 0.5-1.5pts lower. VEDLNs 23s held steady whilst rest of VEDLNs were marked 2.5-3.5pts lower on street. GRNKENs were bid up 0.5-1pt. The media reported Greenko Energy is ready to prepay its nearest maturity, the USD500mn tranche GRNKEN 4 7/8 08/16/23. Indonesian names LMRTSP 24s/26s were marked 2-3pts lower on the day, despite media reported Lippo Karawaci shall help introduce its associate LMIRT to local banks for refinancing its upcoming loan maturities.

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The LGFV/Perp/Asia AT1 space was largely stable skewed to a touch weaker. LGFVs had mixed two-way flows across names yielding 9% to double-digit yields. While on the other end of the credit curve, the rich <6% papers were better offered amid rising rates. Perps were around 0.25pt lower with FFL Perps leading sell flows. NWDEVL/NANFUN FFL perps were 0.25-0.5pt lower. The step-up Perps had sporadic PB demand at high-single-digit yields. AT1s were mixed across spaces with 5%-handle Chinese names dropped 0.25-0.5pt in light of RM selling. Chinese benchmarks ICBCAS 3.2 Perp/BOCOM 3.8 Perp were traded down ~0.25pt. Whilst Thai names like BBLTB 5 Perp/KBANK 5.275 Perp were squeezed 0.5-1pt higher amid PB/Retail buying. Elsewhere 23s/ c23s AT1 papers continued to see two-way flows across spaces at mid-to-high-5% for liquidity management.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LVGEM 12 03/10/23	96.7	4.0	VEDLN 8.95 03/11/25	68.2	-3.3
CENCHI 7.65 08/27/23	40.2	3.8	VEDLN 13 7/8 01/21/24	82.8	-3.2
AGILE 5 1/2 04/21/25	60.4	3.8	LMRTSP 7 1/2 02/09/26	62.9	-3.1
COGARD 5 1/8 01/14/27	64.2	3.4	CSCHCN 9 10/09/24	86.8	-2.6
ROADKG 5 1/8 07/26/26	77.4	3.1	VEDLN 6 1/8 08/09/24	66.1	-2.5

❖ Marco News Recap 宏观新闻回顾

Macro – U.S. stock markets were weak yesterday. S&P (+0.31%), Dow (+0.22%) and Nasdaq (+0.63%) technically rebounded amid unchanged economy fundamental. U.S. core capital goods order increased 0.8% mom in Jan'23 and was largest gain in last five months. ECB chief plans to increase 50bps interest rate in March. The U.S. treasury yields slightly down yesterday, 2/5/10/30 yields reached 4.78%/4.17%/3.92%/3.93%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CARINC: Refinancing risk is notably lower, maintain Buy

CAR Inc. bought back USD94.964mn of CARINC 9.75 03/31/24 through the tender offer. Subsequent to the completion of tender offer, the outstanding amount of CARINC 9.75 03/31/24 will reduce to USD155.036mn from USD250mn. The tendered amount was cUSD5mn lower than the maximum acceptance amount of USD100mn. This reflects, in our view, holders' confidence on CAR Inc. and the improving market sentiment. CARINC 9.75 03/31/24 is the company's only outstanding public USD bonds (its o/s CBs of USD175mn placed to MBK will mature in Dec'25 and be puttable in Dec'24). We believe that the tender offer and the expected strong recovery of operating performance to notably reduce CAR Inc.'s refinancing risk. At 94.4, CARINC 9.75 03/31/24 is trading at a YTM of 15.5%, we maintain Buy on the bonds. We also have Buy recommendations on EHICARs. CARINC'24 was unchanged and EHICARs down 0.25pt this morning.

The tender offer would be funded with its cash on hand. While its 4Q22 results would be affected by the surge in COVID-19 cases in China then and seasonality, we understand its cash flow and EBITDA YTD have recovered significantly. CAR Inc. expects 10-20% EBITDA growth in FY23 and sales proceeds of used vehicle of over RMB1bn. In LTM ended Sep'22, its EBITDA was cRMB1.8bn. We believe that the refinancing risk of CARINC 9.75 03/31/24 is manageable.

	Price	YTM (%)	O/S amount	Rating (M/S/F)
CARINC 9.75 03/31/24	97.0	16.1	250	B3/B-/-
EHICAR 7.75 11/14/24	81.0	21.4	450	-/-/B-
EHICAR 7 09/21/26	72.9	17.5	300	-/-/B-

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Guizhou Shuanglong Airport D&I Group (Additional issue)	5.7	3yr	7.0%	7.0%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Sumitomo Mitsui Financial Group	USD	-	3/5/7/10yr	T+125/160/175/19	-/-/-
Kasikornbank	USD	-	5yr	T+160	Baa1/-/BBB
Nanyang Commercial Bank	USD	-	PNC5	7.65%	Ba2/-/-
HSBC	USD	-	PNC5	8.5%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 70 credit bonds issued yesterday with an amount of RMB57bn. As for month-to-date, 1,250 credit bonds were issued with a total amount of RMB1,133bn raised, representing a 4.4% yoy increase
- [CHFOTN]** CFLD was warned by NAFMII for information disclosure failure
- [DALWAN]** Wanda Commercial tapped DALWAN 11 02/13/26 for additional USD100mn
- [EVERRE]** Media reported China Evergrande has over RMB27.3bn (cUSD3.9bn) of assets subject to enforcement
- [FOSUNI]** Fosun unit completes redemption of onshore RMB1bn (cUSD140mn) notes
- [GALCLD]** Bohai Leasing unit Avolon secured USD 810mn syndicated loan
- [JPFAIJ]** Japfa Comfeed plans share buyback with a budget of IDR350bn (cUSD23mn); The company also plans private share placement with up to 10% of issued shares, the plan needs approval from EGM
- [LENOVO]** Fitch affirmed Lenovo at BBB and placed stable outlook
- [POLYRE]** Poly Property to grant loans of RMB1.84bn to Huizhou Baozhi and SZ China Merchants for property development projects

- **[SINOCE]** Sino Ocean to use funding from RMB475mn sale and leaseback deal with with China Chengtong for refinancing

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