

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2024”](#). Thank you for your support!

- *Active two-way flows this morning. China SOEs and Korea IGs were well bid and EU AT1s were firm. LGFVs were stable with two-way balanced flows.*
- *Asia ex-JP USD bonds issuance: 1H24 gross issuance increased 23.0% yoy to USD100.3bn. See below.*
- *Chinese properties - Weekly highlight: expect strong sales momentum to last longer. See below for comments from CMBI equity research.*

❖ Trading desk comments 交易平台市场观点

Yesterday, Asia IG space had a quiet session with US out for holiday. The recent issues in the likes of LGENSO 27/29/34 tightened 1-2bps. SHNHAN '34 tightened 2bps. HYNMTR Float 06/24/27 widened 2bps. In Chinese IGs, CHGRID '47/CHSCOI '27 were 0.3-0.5pt lower. In financials, CMINLE Float 06/04/27 tightened 2bps. HRINTH 26-29s were 0.2-0.3pt higher (5-10bps tighter). GRWALL 3.95 Perp/CCAMCL 4.4 Perp were also 0.1-0.2pt higher (5-20bps tighter). In AT1s, ICBCAS 3.2 Perp/CINDBK 4.8 Perp were up 0.1pt. In EU AT1s, UBS 7.75 Perp/BNP 8 Perp were 0.1-0.3pt higher. In JP, SUMILF 5.875 Perp/FUKOKU 6.8 Perp/NIPLIF '53 were 0.2-0.3pt higher. In HK, FWDGHD '31 tightened another 2bps. BNKEA '34 tightened 3bps. NWDEVL 5.25 Perp was up 0.5pt. FAEACO Perp was up 0.4pt. Chinese properties moved higher. ROADKG Perps/24-26s were up another 0.8-2.1pts after gaining 3.4-5.4pts on Wed. VNKRL 25/27/29 rose 1.3-1.7pts. FUTLAN '25/GEMDAL '24 were up 0.6-0.9pt. In industrials, HILOHO '24/FOSUNI '26 were 0.3pt higher. In Macau gaming, MPELs/WYNMACs were up 0.2-0.3pt. In Indonesia, MDLNIJ 25/27 were up another 1.5-3.5pts and closed 2.7-8.3pts higher WTD. GARUDA '31 declined 1.8pts. In India, ADSEZs/ADANEMs/ADTINs were 0.2-0.5pt higher. Elsewhere, GLPSP Perps were up 1.5-1.7pts. GLPCHI '26 was up 0.8pt.

In the LGFVs/high beta spaces, the sentiment was firm. RMs continued to deploy cash for 2H in quality LGFVs and SOE perps. In LGFVs, GZINFU '26/GZGETH '27 were up 0.1pt. HNRAIL '27 was 0.4pt higher. In SOE perps, HUANEN 5.3 Perp/SPICPT 3.45 Perp moved 0.1pt higher. There were also some tactical trimming/ profit taking in high beta names as their yields continued to compress, CWAHK '26 was 0.4pt lower. HUANEN

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'31/HNINTL '30 were down 0.1-0.3pt. FRESHKs were unchanged to 0.1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 5 04/30/27	43.0	3.5	GARUDA 6 1/2 12/28/31	59.3	-1.8
ROADKG 7.95 PERP	24.9	2.1	AGILE 6.05 10/13/25	6.5	-0.6
ROADKG 5.9 03/05/25	46.5	2.1	CHGRID 4 05/04/47	85.1	-0.5
ROADKG 7 3/4 PERP	26.3	1.8	CHSCOI 3 7/8 11/29/27	94.0	-0.4
VNKRLE 3.975 11/09/27	63.9	1.7	CWAHK 4.85 05/18/26	92.0	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – US stock market closed on Thursday. UST yield were unchanged yesterday, 2/5/10/30 yield stayed at 4.71%/4.33%/4.36%/4.53%.

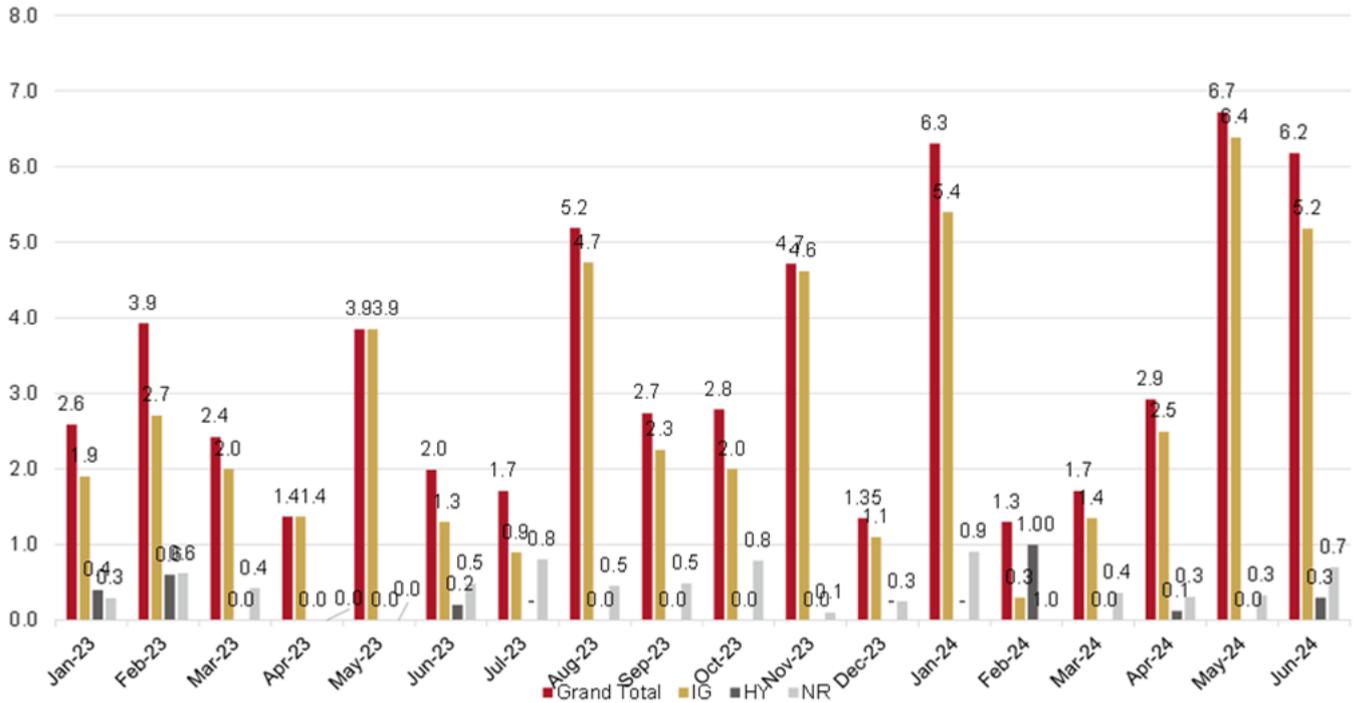
❖ Desk analyst comments 分析员市场观点

➤ Asia ex-JP USD bonds issuance: 1H24 gross issuance increased 23.0% yoy to USD100.3bn

In Jun'24, Asia ex-JP USD bond issuance doubled yoy to USD21.8bn from USD10.9bn in Jun'23. South Korea (USD8.3bn), China (USD6.2bn) and Indonesia (USD2.4bn) remain to be the largest issuers. IG bonds contributed 92.4% of the gross issuance in the month. Financial sector continued to be the largest issuer with issuance amount of USD12.7bn, accounting for 58.3% of total gross issuance of the month. In 1H24, gross issuance of Asia ex-JP USD bonds increased 23.0% yoy to USD100.3bn. South Korea (USD31.3bn), China (USD25.1bn) and Hong Kong (USD6.3bn) were the issuers with most gross issuances. Financial institutions issued USD67.8bn bonds in 1H24, accounting for 67.6% of gross issuance.

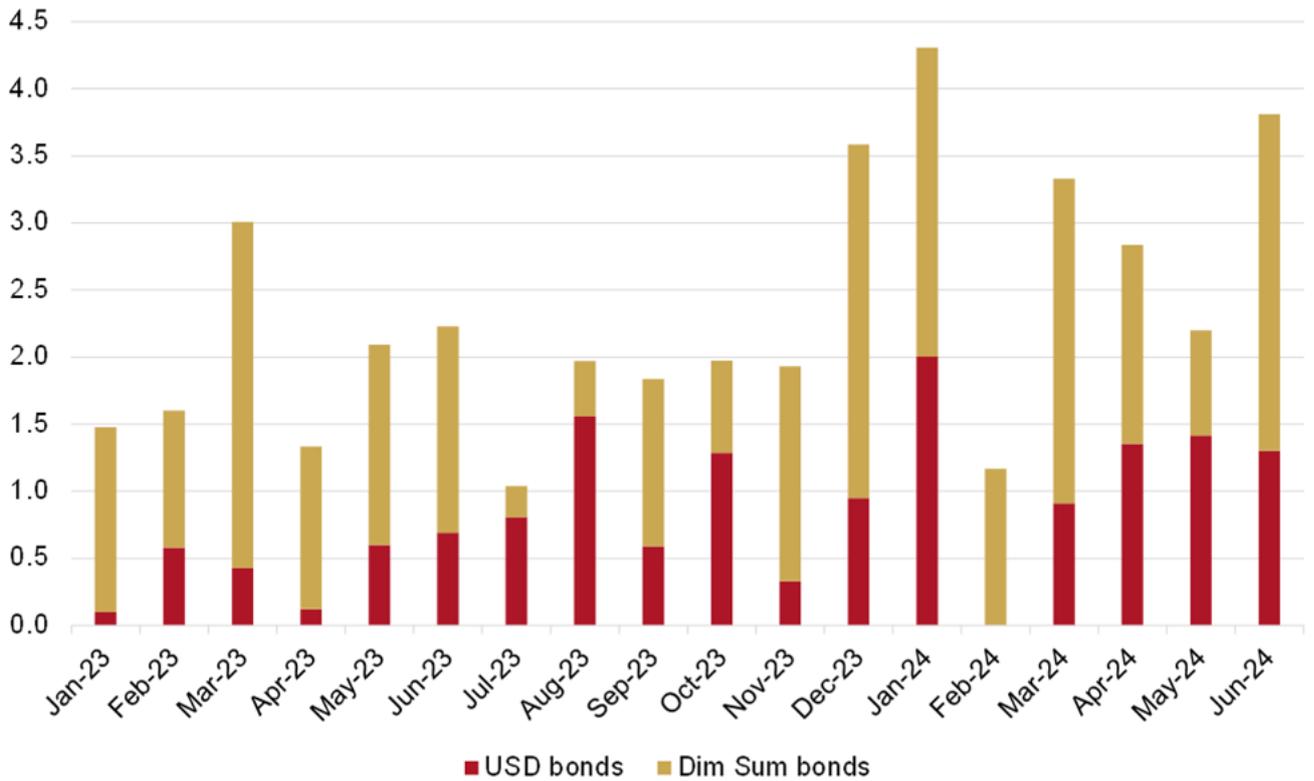
In 1H24, Chinese issuers issued USD bond totaled USD25.1bn, rose 55.6% yoy from USD16.2bn in 1H23. LGFV USD bond issuance increased 177.8% to USD7.0bn from USD2.5bn in 1H23 and LGFV Dim Sum bonds issuance increased 15.5% yoy to USD10.7bn in 1H24. In 1H24, the weighted average coupons of LGFV Dim Sum new issuance was 5.3%, lower than 6.3% of LGFV USD issuance. There are USD18.1bn USD LGFV bonds will be matured in 2H24, we expect Dim Sum LGFV bond issuance to remain active given the lower funding cost.

Chinese USD bonds new issuance amount (USD bn)



Source: Dealogic.

LGFV Dim Sum bonds issuance (USD bn)



Source: Bloomberg, Dealogic.

➤ **Chinese properties - Weekly highlight: expect strong sales momentum to last longer**

The demand-side policy easing continued in multiple cities regarding CPF (central provident fund) housing loans and purchase limits. One more city – Hebei's Cangzhou announced plans to acquire unsold housing inventory. The land market showed signs of confidence restoring in a few cities and we suggest watching the good number of land auctions in July. High-frequency data recorded a strong month based on the combined effects of policy incentives, centralized online registration in mid-year and the lower base. Our "tier-1 city watch" reveals a stronger-than-expected week in 26W with all four cities significantly surpassing their weekly avg. in both primary and secondary markets. For 1H24, GZ and SH came out on top in primary and secondary markets. **Given the active transactions in secondary market will unlock the purchasing power of buyers looking to sell old for buying new, we expect the sales momentum to sustain for at least 1-2 months if no further policy support is involved.** With the benign policy outlook, enhanced implementation efforts, encouraging signs in land auction and property sales, We believe the industry will start disentangling from the negative cycle and moving towards a positive cycle. We suggest investors buy the dip. We recommend asset-light companies benefiting from the existing market such as CR MixC, Poly Services, Binjiang Services, Onowo, BEKE and Greentown Mgmt. For developers, we recommend CR Land with LT value.

What is new? 1) The trend of policy easing on demand side continued in various cities. Several have relaxed CPF housing loan policies including [Xuzhou](#), [Langfang](#), [Anhui's Lu'an](#), [Zunyi](#), [Liupanshui](#), [Hubei's Jingzhou](#), [Sichuan's Ziyang](#), [Yunnan's Yuxi](#), [Yunnan's Pu'er](#). [Foshan](#) has further eased purchase limits. **2)** Efforts on de-stocking are being further implemented, with [Hebei's Cangzhou](#) declaring that stated-owned platforms will acquire a portion of the completed but unsold housing inventory to serve as social housing. **3)** The land market showed positive signs with multiple land parcels in Beijing, Fuzhou, Tianjin and Hefei being transacted at a premium. **We attribute** this primarily to the cities' focus on supplying **high-quality** plots in core areas, the continuation of demand-side easing policies, the cancellation of selling price caps on supply side and the initial recovery on property sales, which have slightly restored the confidence of developers. We believe that the industry is progressively emerging from the negative cycle and moving towards a positive cycle.

High-frequency data: The daily avg. transaction volume went up by 39%/24% post-517 policy (vs. pre-517 policy) in primary/secondary markets which are affirming the effectiveness of policy easing. As of 30 Jun, secondary home sales volume in 17 cities went up by 10% YoY in Jun (vs. -5% YoY in May) and narrowed the YTD decline to -9% YoY from -12% at the end of May. The new home sales volume in 30 major cities in Jun decreased 19% YoY, largely narrowing from -38% YoY in May. The YTD decline was narrowed to -37% YoY in Jun from -41% YoY last month. Given the solid performance in secondary market will unlock the purchasing power of buyers looking to sell old for buying new, we anticipate the sales performance to sustain for at least 1-2 months if no further policy support is involved.

Transaction watch in tier-1 cities (weekly). During the 26th week of 2024 (24-30 Jun), units of new homes sold saw improvement with SH, SZ, GZ and BJ surpassing their weekly avg. by 179%, 96%, 96% and 81%. SZ/GZ booked the highest week in the year. Units of secondary homes sold in BJ, SH, BJ and GZ in 26W surpassed weekly avg. by 71%, 49%, 22% and 18%. SH/BJ/GZ booked the highest week in the year. SH recorded the highest month since Jun 2021. Based on total units sold in 1H24, we find that GZ was the best in primary market and SH ranked the 1st in secondary market.

Click [here](#) for full report

➤ **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)
Bayfront Infrastructure Management	USD	-	-	-	-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 106 credit bonds issued yesterday with an amount of RMB147bn. As for Month-to-date, 257 credit bonds were issued with a total amount of RMB301bn raised, representing a 253% yoy increase
- **[DALWAN]** Dalian Wanda Commercial Management Group's RMB16.2bn equity in Newland Commercial Management frozen by court; The company sold another Wanda Plaza which is located in Jiangxi Yichun
- **[ADEIN]** Media reported that Adani Energy Solutions, Adani Enterprises are planning to raise up to USD 2bn-USD 2.5bn via qualified institutional placements
- **[VNKRL]** China Vanke-controlled SCPG sells Shanghai Nanxiang Incity Mega 48% stake to GIC
- **[HPDLF]** S&P affirmed Hopson Development's B rating with stable outlook
- **[HAISEC]** Haitong International Securities Group announced USD5bn MTN programme
- **[NWDEVL]** Media reported that New World Development and Far East Consortium are selling a residential project at the lowest prices of HKD17.2k per square foot in the Hong Kong Kai Tak district in eight years

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