

CMBI Credit Commentary

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

- *Asian IG space tightened 1-5bps amid strong sentiment this morning. CN/JP/SK IGs were under better buying. AT1/Corp Perps were relatively stable. Flows from onshore buyers were lighter today.*
- **CSCHCN:** *Another stake sale in Feb'24 CSCHCNs rose 13-21pts in YTD and were unchanged to +1.5pts this morning. See below.*
- **DALWAN:** *Media reported that Abu Dhabi wealth fund is considering buying a minority stake in Zhuhai Wanda Commercial Management Group. DALWANs rose 0.1-1.3pts this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield widened 15-20bps from Fri's Asia close after the post-NFP repricing. Asia IG space had a strong session and spreads were 2-7bps tighter. KR recent new issues such as KORELE 27s/HYUELE 29s tightened 3-5bps. In JP space, SUMIFL 29s tightened 4bps. The insurance hybrids such as ASAMLI 4.1 Perp/FUKOKU 6.8 Perp were 0.3-0.5pt lower in light of the rates widening. Chinese SOE/TMT benchmarks HAOHUA/TENCNT 30s were 1-3bps tighter. The high beta TMTs MEITUA/LENOVOWB 30s tightened 4-7bps. In financials, AU/NZ bank papers such as WSTP/MQGAU/ANZ 26-30s tightened 3-5bps. Thai name BBLTB 28-33s were also 2-5bps tighter. Chinese AMCs/leasing names were under better buying. CMINLE/CDBFLC 30s tightened 1-4bps. HRINTHs were 0.1-0.3pt higher (10-20bps tighter). Chinese AT1s BOCOM/BOCOHK/CINDBK/ICBCAS Perps were 0.1pt lower. EU/KR/Thai AT1s were mixed, while cash prices were largely stable thanks to PB buying. HSBC/STANLN Perps were down 0.1pt. SHINFN 2.875 Perp/KBANK 5.275 Perp were up 0.1pt. HK Corp space was mixed. SFHOLD '31 was up 1.1pts. FWDGHD/CHOHIN Perps were up 0.3-0.6pt. NWDEVL Perps were another 0.7-1pt lower under better selling flows from PBs. SHUION 24-26s were down 0.3-0.5pt. Chinese properties were under better selling. VNKRL 25-27s and LNGFOR 27-29s were 0.5-1.1pts lower. YUEXIUs/ROADKGs were down 0.3-0.5pt. In industrials, FOSUNI 25-27s were up 0.2-0.4pt, whereas EHICAR 24/26 were 0.2-0.5pt lower. Macau gaming names were quiet. MPEL '29/SANLTD '27 were down 0.8-1pt. In Indian space, UPLLIN Perp dropped 4.5pts, and UPLLIN 28/30 lowered 3.6pts post its weaker-than-expected 3Q24 results ended Dec '23. VEDLN 26-28s were down 0.3-0.5pt. Indonesian names LMRTSP '24/LPKRIJ '26 were up 0.6-0.7pt..

In the LGFVs/Perps/high-beta names, the flows were skewed to slightly better selling but the market tone was rather resilient despite choppy rates. Chinese bond prices were largely stable, the LGFVs/SOE perps only lowered around 0.125pt, as dealers were happy to load up some risks in anticipation of robust deployment demands in the coming year of dragon. The 5-6% LGFVs HZCONI/SXUCI 25-26s were down 0.1pt. In the higher-yielding LGFVs, SHGUOH '25/SHUGRP '24 were 0.1-0.2pt lower. QDHTCO 24s/CQNANA 26s were 0.2pt lower. In SOE perps, CHSCOI 3.5 Perp/HUANEN 3.08 Perp/SPICPT 3.45 Perp were up 0.1pt. CPDEV/ZHHFGR 25/Perp were up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TSINGH 6 1/2 01/31/28	48.6	1.8	UPLLIN 5 1/4 PERP	77.2	-4.5
SFHOLD 3 1/8 11/17/31	86.5	1.1	UPLLIN 4 5/8 06/16/30	83.0	-3.6
LPKRIJ 6 3/4 10/31/26	87.7	0.7	UPLLIN 4 1/2 03/08/28	87.7	-3.6
LMRTSP 7 1/4 06/19/24	96.7	0.6	TAISEM 4 1/2 04/22/52	94.3	-2.1
FWDGHD 8.492 PERP	89.4	0.6	YANTZE 3.2 10/16/49	70.4	-1.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.32%), Dow (-0.71%) and Nasdaq (-0.20%) were weak on Monday. US Markit service PMI in Jan'24 was 52.5, lower than the expectation of 52.9. OCED raised global economy growth to 2.9% in 2024. UST yields moved higher yesterday, 2/5/10/30 yield reached at 4.46%/4.13%/4.17%/4.35%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CSCHCN: Another stake sale

RMB mn	FY22 net profit	FY23 net profit	Total asset as of Sep'23
CSC Xian	650	-144	8,954
First Asia Pacific	90	265	1,644
Source: Bloomberg.			

On 5 Feb'24, China South City (CSC) announced to sell its remaining 50% stake of Shenzhen First Asia Pacific Property Management (First Asia Pacific) via public tender. In Aug'22, CSC sold its 50% stakes in First Asia Pacific to Shenzhen SEZ Construction and Development Group (SZCDG) for RMB1.26bn (cUSD177mn). We believe that the previous valuation offer a good gauge for current valuation given the growing net profit of First Asia Pacific.

Recalled that CSC announced to sell c30.6% stake in CSC Xian via public tender on 1 Feb'24. In Dec'22, SZCDG agreed to inject RMB5bn in return for the 69.4% stakes in CSC Xian. Based on this, valuation of China South City's remaining 30.6% was valued at RMB2.2bn (cUSD310mn). That said, we expect the valuation of its remaining stakes to be subject to significant downward adjustment in view of the deteriorating operating performance of CSC Xian.

We continue to see a strong willingness for China South City to honour repayments. It cured missed coupon of cUSD12.9mn of CSCHCN 9 06/26/24 prior to the expiry of grace period on 25 Dec'23. Nonetheless, we expect China South City to conduct further liability management exercises as it only managed to extend CSCHCN 4.5 08/19/27 for 3 years and failed to extend maturities of other four USD bonds in Dec'23.

We believe that China South City's funding access and drawdown of un-used loan facility can only be resumed if it can extend the maturities of its other 4 outstanding USD bonds and secure the continued support from SZCDG. Currently, cRMB3.6bn of China South City's loan facility of RMB6bn arranged in Mar'23 remains undrawn. CSCHCNs rose 13-21pts in YTD and were unchanged to +1.5pts this morning.

Security Name	o/s amt (USD mn)	ISIN	Ask Price	YTM
CSCHCN 9 04/12/24	291	XS2085883119	46.85	1,432
CSCHCN 9 06/26/24	287	XS2120092882	46.38	310
CSCHCN 9 10/09/24	203	XS2238030162	43.92	186
CSCHCN 9 12/11/24	333	XS2227909640	44.11	141
CSCHCN 4.5 08/19/27	227	XS1720216388	39.12	42
	1,340			

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)
HDFC Bank Ltd	USD	-	3/5yr	T+125/140	Baa3/BBB-/-

➤ News and market color

- Regarding onshore primary issuances, there were 69 credit bonds issued yesterday with an amount of RMB64bn. As for Month-to-date, 272 credit bonds were issued with a total amount of RMB339bn raised, representing a 371.5% yoy increase
- [ADEIN]** Adani Enterprises plans to triple capital expenditure to cUSD11bn FY25
- [FOSUNI]** Media reported that Fosun International is considering selling minority stake in Club Med which was acquired in 2015 for EUR939mn; it is also mulling to sell 10% stake of Belgian insurer Ageas at EUR736mn
- [FRESHK]** Far East Horizon further repurchases USD7.92mn of FRESHK 2.625 03/03/24

- **[GLPCHI]** GLP China unit remitted fund for redemption of 18GLPR1 onshore bonds
- **[LPKRIJ]** Lippo Karawaci FY23 property rose 7% to IDR5.12tn (cUSD3.25bn)
- **[LSEAGN]** Landsea Green Management proposes to sell approximately 13.17% of Landsea Homes' shares

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