

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2024

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!

- *Market was quiet before May'24 NFP. Asian IG space was unchanged to 1bps tighter this morning. Vanke repaid VNKRL'24, other VNKRLs moved -0.3 to +0.1pt.*
- *MEITUA: Net cash position increased to RMB85.6bn as at Mar'24. Maintain buy on MEITUA 3.05'30 and CBs. See below.*
- *GLPCHI: GLP China announced HKD20bn (cUSD2.56bn) MTN programme becoming effective on 7 Jun'24. GLPCHI'26 down 0.1pt this morning.*

❖ Trading desk comments 交易台市场观点

Asia IG space had another soft day yesterday. HYNMTR/HYUELE/DAESEC 26-29s were unchanged to 3bp wider. POHANG 27/29 were 3bps wider. OCBCSP 34/UOBSP '32 were 1-4bps wider. ANZ/MQGAU/WSTP 27-30s widened 1-5bps. In Chinese IGs, HAOHUA 27-30s widened 3-5bps. TENCNT/BABA 30-31s were 2-4bps wider. In financials, BOCAVI 28-33s were 3-5bps wider. In Chinese AMCs, CCAMCL/ORIEAS 27-29s were 2-5bps wider. HRINTH 24/27/Perp were under better buying and closed unchanged to 0.1pt higher (unchanged to 5bps tighter). In AT1s, WSTP 5 Perp was up 0.1pt. EU names such as STANLN/HSBC/INTNED/NWG/SOCGEN/BNP/UBS Perps were under small better buying and closed unchanged to 0.3pt higher. In HK, AIA/CKHH 29s/34s were 2-3bps wider. CKINF Perps were 1.0-1.6pts higher. CKPH Perps were up 0.5-0.8pt. Chinese properties performed mixed. ROADKG 24-26s/Perps were 0.7-1.7pts higher. GRNCH 25s were unchanged to 0.2pt higher, following the repurchasing USD150mn of GRNCH 2.3 '25. On the other hand, VNKRL 25/27/29 were down 0.3-0.9pt. LNGFOR 27/28/32 were 0.5-0.8pt lower. CHJMAOs were unchanged to 0.3pt lower, following Fitch changed its rating outlook to negative from stable. The long-end of CHIOLs were unchanged to 0.2pt lower. CSCHCN 4.5 08/19/27 and CSCHCN 9 06/26/24 dropped 1.1-1.3pts. Outside properties, CHIOIL '26 was up 0.4pt. GJTLIJ '26 was 0.8pt lower. In Macau gaming, SANLTD '31/STCITY '29 were up 0.3pt. In India, ADSEZs/ADANEMs/ADGREGs were up 0.3-0.9pt. In Indonesia, LMRTSP 24/26 were another 0.1-0.2pt higher.

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The LGFVs were stable amid light flows. Clients sidelined ahead of NFP data on Fri. CNSHAN Perp was up another 0.1pt and closed 0.4pt higher WTD. BCDHGR/CPDEV 26s were up 0.1pt. In the high beta names, CWAHK '26 was 0.4pt higher. FRESHK 25/26 were up 0.1pt. HUANEN '29/HNINTL '30 were 0.2-0.4pt lower. In SOE perps, CHCOMU 3.65 Perp/HUANEN 3.08 Perp were up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CKINF 4.85 PERP	79.5	1.6	CSCHCN 4 1/2 08/19/27	21.7	-1.3
ROADKG 6.7 09/30/24	51.1	1.4	CSCHCN 9 06/26/24	21.8	-1.1
ROADKG 7.95 PERP	13.0	1.3	VNKRLE 3.975 11/09/27	67.9	-0.9
ROADKG 7 PERP	12.1	1.3	GJTLIJ 8.95 06/23/26	98.0	-0.8
ROADKG 7 3/4 PERP	15.2	1.2	VNKRLE 3 1/2 11/12/29	61.0	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.02%), Dow (+0.20%) and Nasdaq (-0.09%) were stable on Thursday before May'24 NFP. The latest US initial jobless claim was +229k, higher than the expectation of +220k. ECB cut rates by 25bps as expected. UST yield retreated yesterday, 2/5/10/30 yield was 4.72%/4.29%/4.28%/4.43%.

❖ Desk analyst comments 分析员市场观点

➤ MEITUA: Net cash position increased to RMB85.6bn as at Mar'24. Maintain buy on MEITUA 3.05'30 and CBs

Meituan's revenue increased by 25% to RMB73.3bn in 1Q24, attributable to an increase in the number of transactions in food delivery services and partly offset by the lower average order value. Gross profit margin improved to 35.1% from 33.8% in 1Q23, adjusted EBITDA increased by 29% to RMB8.1bn from RMB6.3bn over the same period. Meanwhile, unrestricted cash and cash equivalent increased to RMB50.8bn at Mar'24, from RMB33.3bn at Dec'23.

As at Mar'24, Meituan maintained ample liquidity with unrestricted cash and short-term treasury investments of RMB138.6bn and a net cash position (unrestricted cash and short term investments minus total debts) of RMB85.6bn. These should be sufficient to cover its short-term debts of RMB13.4bn and capex. Over the past 5 years, its net cash position averaged RMB55.3bn. In our view, Meituan has sufficient liquidity to redeem or repay its offshore maturities in the medium term.

Media reported Meituan is working on a new issuance of convertible bond, pending quota approval from NDRC. Its last CB issuance was in 2021 of USD3bn. MEITUA 0 04/27/27 will be puttable in less than a year, on 27 Apr'25 at 100.37. In our view, Meituan is able to redeem the CB with its internal resources based on the cash position at Mar'24.

We like Meituan's improving fundamental, benefited from the increases in domestic consumption and travel volumes in China. Moody's revised Meituan's outlook to positive in Mar'24, following Fitch's positive outlook revision in Dec'23 as well as rating upgrade by S&P in Nov'23. Meituan currently rated at Baa3/BBB/BBB-.

We maintain buy on MEITUAs, despite their current valuations are less attractive. At 87.0, MEITUA 3.05 10/28/30 is trading at YTM of 5.5% and Z-spread of 145bps. Within MEITUA curve, we prefer MEITUA 0'27 and MEITUA 0'28 (CB, Baa3/-/-). MEITUA 0 04/27/27, puttable at 100.37 on 27 Apr'25, is trading at 95.2 with a YTP of 6.1%. MEITUA 0'27 offers a yield pickup of 57bps over MEITUA 2.125'25 and the tenor is effectively

6 months shorter. For MEITUA 0'28, puttable at 101.28 on 27 Apr'26, offers YTP of 6.3%, 5pts lower in cash price than MEITUA 0'27 but a year longer in tenor.

Table 1: Meituan's key financials

RMB mn	1Q23	1Q24	Change
Revenue	58,617	73,276	25%
- Delivery services	16,905	21,065	25%
- Commission	16,243	20,657	27%
- Online marketing services and sales	7,783	10,391	34%
- Other services and sales	17,686	21,163	20%
Gross profit	19,817	25,697	30%
Adjusted EBITDA	6,262	8,070	29%
Adjusted net profit	5,491	7,488	36%
Gross margin	33.8%	35.1%	-
EBITDA margin	10.7%	11.0%	-
Net profit margin	5.7%	7.3%	-
	Dec'23	Mar'24	Change
Cash and cash equivalent	52,713	69,061	31%
-in which: restricted cash	19,373	18,277	-6%
Short-term treasury investments	111,821	87,811	-21%
ST debts	21,802	13,440	-38%
LT debts	38,819	39,558	2%
Total debts	60,621	52,998	-13%
Net cash (Unrestricted cash + ST inv - total debts)	84,540	85,596	1%
Cash/ST debts	2.4x	5.1x	-

Source: Company filings.

Table 2: Meituan's outstanding bonds

	Px (ask)	YTM/YTP (%)	Next put date	Put price	Amt o/s (USDmn)
MEITUA 0 04/27/27	95.16	6.11	04/27/25	100.37	1,480
MEITUA 0 04/27/28	89.70	6.28	04/27/26	101.28	1,500
MEITUA 2.125 10/28/25	95.47	5.54	-	-	750
MEITUA 3.05 10/28/30	87.03	5.48	-	-	1,250
Total					4,980

Source: Bloomberg

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Sydney Branch	800	3yr	5.866%	SOFR+50	A1/A/A

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 98 credit bonds issued yesterday with an amount of RMB107bn. As for Month-to-date, 350 credit bonds were issued with a total amount of RMB403bn raised, representing a 30% yoy increase
- **[COGARD]** Country Garden winding-up petition hearing further adjourned to 29 Jul'24
- **[GLPCHI]** GLP China announced HKD20bn (cUSD2.56bn) MTN programme becoming effective on 7 Jun'24
- **[GUOTJU]** Guotai Junan Securities announces USD3bn MTN programme becoming effective on Jun'24
- **[LOGPH]** Media reported that Logan Group sold properties in Sai Kung for HKD513.8mn (cUSD66mn)
- **[LPKRIJ]** Lippo Karawaci accepted for purchase USD170.6mn due 2025 bonds and USD48.9mn due 2026 bonds; requisite consents received for Siloam stake sale
- **[NIO]** NIO 1Q24 revenue down 7.2% yoy to USD1.4bn and vehicle sales down 3.2% yoy to 30.1k units
- **[RPVIN]** Renew Energy 4Q24 revenue down 4.4% yoy to USD297mn and adj.EBITDA rose 40% yoy to USD201.5mn

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