

## CMBI Credit Commentary

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

- *Market remained strong this morning. Asian IG benchmarks tightened 1-3bps. High-beta TMTs tightened c5bps. HRINTHs rose c0.25pt. EU AT1s rose c0.25pt. LGFVs were well bid. NWDEVLs were unchanged to 1.5pts higher.*
- *LPKRIJ: More debt reduction from further sale of Siloam stakes. Maintain neutral on valuation. See comments below.*
- *Chinese properties: Media reported that China is considering to allow mega cities such as Shanghai and Beijing to relax home restrictions for non-resident buyers. LNGFOR/VNKRLE were unchanged to 1pt higher.*

#### ❖ Trading desk comments 交易平台市场观点

Yesterday, Asia IG space was on risk-on tone after larger than expected rate cut by Fed. CATLIFs/NSINTWs were 3-5bps tighter. LGENSO 29/34 were 5-10bps tighter. KRKPSC 27/29 tightened 10-15bps. In JP insurance hybrids, FUKOKU 6.8 Perp/SUMILF 5.875 Perp/MYLIFE '54 were 0.1-0.4pt higher. In Chinese IGs, HAOHUA 28-30s tightened 3-5bps. BABA/TENCNT 30-31s were 2-3bps tighter. MEITUA/WB 30s were 3-7bps tighter. In financials, BBLTB '33/KBANK '31 were 2-4bps tighter. Chinese AMCs were firm. CCAMCLs/ORIEASs tightened 5-7bps. HRINTHs/GRWALLs were 0.1-0.3pt higher (5-9bps tighter). BOCAVIs were unchanged to 2bps tighter. However, BCLMHK/CMINLE Float 26-27s were under better selling and closed 1-2bps wider. In AT1s, NDAFH priced a USD800mn NC5 Perp at par to yield 6.3%. The recent new BNP 7.375 Perp/UBS 6.85 Perp/INTNED 7.25 Perp were 0.4-1.0pt higher. BMO 6.699 Perp/BMS 4.9 Perp were up 0.2-0.3pt. We saw investors rushed to lock in yield against the lower rate outlook. In HK, NANYAN/BNKEA T2s were 10-15bps tighter. AIAs/CKHHs tightened 3-5bps. NWDEVL 27-31s/Perps were 1.0-2.1pts higher. LIHHK '25/LASUDE '26 were up 0.3-0.4pt. Chinese properties moved higher. SHUION 25-26s rose 2.3-2.6pts and closed 3.5-3.9pts higher WTD. DALWAN 25-26s/VNKRLE 25-29s/LNGFOR 28-32s were also up 0.5-1.3pts. Outside properties, FOSUNI 25-27s/CHIOIL '26 were up 0.2-0.4pt. In Macau gaming, MPELs/SANLTDs/STCITYs/WYNMACs were 0.3-0.7pt higher. In Indonesia, LPKRIJ '25/26 were 0.5-1.4pts higher. See below for comments. MEDCIJs were up 0.2-0.4pt. In India, UPLLINs were another 1.3-1.5pts higher and closed 1.8-2.2pts higher WTD. ADANEMs/ADSEZs/ADTINs were up another 0.4-0.9pt. VEDLNs were unchanged to 0.2pt higher. See our comments on [19 Sep'24](#). Elsewhere, GLPCHI '26 and GLPSP '25/Perps were 0.8-1.5pts higher.

We saw small better buying flows in LGFVs. CQNXCT priced a USD200mn 3-yr bond at par to yield 6.6%. SRUOHG priced a CNH360mn 3-yr bond at par to yield 5.5%. HZCONI '25/BJAFHO '26/SXCUI '26/GZGETH '27 were 0.1-0.2pt higher. ZHONAN/GRPCIN 26s were down 0.1pt. In SOE perps, COFCHK/CHPWCN Perps were up 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 5 1/2 06/29/26	74.0	2.6	CITLTD 4.85 03/13/38	93.6	-1.5
SHUION 5 1/2 03/03/25	85.6	2.3	DBJJP 3.749 12/18/48	83.9	-1.4
NWDEVL 8 5/8 02/08/28	88.2	2.1	DBJJP 3.46 04/23/49	79.0	-1.3
NWDEVL 4 1/8 07/18/29	69.8	1.9	CHGDNU 4.8 09/11/48	95.3	-1.3
NWDEVL 4 1/2 05/19/30	68.3	1.7	CHGRID 4 05/04/47	92.0	-1.2

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+1.70%), Dow (+1.26%) and Nasdaq (+2.51%) were strong on Thursday and S&P, Dow reached historical high levels. The latest US initial jobless claim was +219k, lower than the expectation of +230k. PBOC held 1/5yr LPR unchanged at 3.35%/3.85% as expected. UST yields were mixed yesterday, 2/5/10/30 yield reached 3.59%/3.49%/3.73%/4.06%.

## ❖ Desk analyst comments 分析员市场观点

## ➤ LPKRIJ: More debt reduction from further sale of Siloam stakes. Maintain neutral on valuation

Lippo Karawaci (LPKR) sold 18.57% of its stake in Siloam International Hospital (Siloam) for IDR6.9tn (cUSD450mn) in a tender offer launched by CVC's Capital's Sight Investment. After this stakes sale, LPKR's stakes in Siloam further reduced to 29.09% from 47.66%. Sight Investment, on the other hand, raised its stake in Siloam increased to 28.97% from 10.4%. Recalled that Sight Investment acquired 10.4% stakes in Siloam from LPKR in May'24. In aggregate, LPKR sold 28.97%, or half of its shareholdings, in Siloam to Sight Investment for IDR10.8tn (cUSD690mn).

LPKR plans to use part of the proceeds from the latest sale, i.e. IDR3.9tn (cUSD254mn) for debt repayment. This should be more than sufficient to cover the two outstanding USD bonds totaled USD212.3mn. On a pro-forma basis, LPKR would bring its net debts (incl. lease liabilities) down to IDR7.9tn from IDR11.8tn as at Jun'24 and IDR17.6tn as at Dec'23 per our calculation. LPKR's revenue stood at IDR8tn in 1H24 and 1H23, and EBITDA increased by 1% yoy to IDR1.94tn from IDR1.91tn in 1H23. Its profit before tax increased to IDR20.4tn from IDR1.8tn, thanks to an one-off gain of IDR20.7tn from disposal of 10.4% stake in Siloam in May'24. LPKR would have recorded loss before tax of cIDR290bn if excluding the IDR20.7tn one-off gain. That said, its operating cash flow increased to IDR1.7tn in 1H24 from IDR157bn in 1H23, supported by improved collections. LPKR achieved IDR3.4tn marketing sales in 1H24, represented 58% of FY24 marketing sales target.

The further stake sale in Siloam is in line with our expectation. The stakes in Siloam, in our view, is an alternative liquidity source for LPKR. Nonetheless, Siloam contributed 63% of total revenue and EBITDA to LPKR in 1H24. The stake sales reduce the profit contribution from Siloam from FYE24 onwards. Other liquidity sources for LPKR include disposal of properties to Lippo Malls Indonesia Retail Trust (LMIRT), while LPKR said it has no intention to divest its stake in LMIRT. We are neutral on LPKRIJ'25 and '26 in view of the limited upside and thin trading liquidity.

Table 1: Bond profile of LPKR

Security Name	ISIN	o/s amt (USD mn)	Px (ask)	YTM (% ask)
LPKRIJ 8 1/8 01/22/25	XS2099273737	66.5	101.2	4.3
LPKRIJ 6 3/4 10/31/26	XS1506085114	145.8	99.8	6.9
Total		212.3		

Source: Bloomberg.

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chongqing Southern New City	200	3yr	6.6%	6.6%	-/-/-

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhejiang Xinchang Investment Development	USD	-	3yr	6.5%	-/-/-
Zhoushan City Investment Group Corporation	USD	-	3yr	5.5%	-/-/-

## ➤ News and market color

- Regarding onshore primary issuances, there were 121 credit bonds issued yesterday with an amount of RMB102bn. As for month-to-date, 1,071 credit bonds were issued with a total amount of RMB915bn raised, representing a 6.9% yoy decrease
- [ASRIIJ]** Fitch affirmed Alam Sutera's B- rating and changed the rating outlook to stable from negative
- [NIO]** Media reported that NIO plans to acquire a plant in Belgium from Audi
- [ZHPRHK]** Zhenro Properties further extends RSA longstop date to 31 Oct'24

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