

CMBI Credit Commentary

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

- *Markets were active this morning. New issues CHEVBK'26 widened 2bps. HRINTHs rose 0.5-1pt while front-end CCAMCLs were better selling. Bank T2/AT1 were two-way balanced. LGFV/SOE perps were stable with active flows.*
- *VEDLN: Considers voluntary exchange offer for VEDLN'24s-25 with upfront payment. See below.*
- *GLPSP: GLP said China Logistics Group has completed due diligence on its asset portfolio for sale; GLP expects the transaction will close by the end of 2023. GLPSPs rose 0.25 to 0.5pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex-JP IG market had another quiet session as clients stayed cautious before US CPI data night. The new EIBKOR 2y/5y/10y papers closed unchanged to 1bp tighter. Chinese TMT/SOE benchmark were unchanged to a touch wider. TENCNT/HAOHUA 30s edged 1-2bps wider with small selling in the PM session. The high-beta TMTs such as MEITUA 30s widened 3-5bps. In financials, Chinese bank T2s such as BCHINA/ICBCAS/CINDBK/NANYAN closed unchanged to 1bp wider and flows remained active two way. Chinese AT1s such as ICBCAS AT1s were a touch weaker. HSBC AT1s were better offered by PBs. AMC space was traded slightly softer. HRINTH curve was traded unchanged to 0.25pt lower. The front end of CCAMCLs were better sold. HK IGs such as HKAA/HKLSP papers widened 2-3bps. HK Corp perps were firm. NWDEVL 6.25 Perp /LIFUNG 5.25 Perp were marked 1pt higher. Chinese/HK properties were soft. COGARD/FTLNHD 24s were down 0.5pt. YLLGSPs were down 0.5-1pts. GRNLGR '25 was 0.5-2pts lower. ROADKGs were among the exceptions, indicated 0.75-1.25pts higher. In industrials, HILOHO 24s declined 0.75pt. Macau gaming papers such as SANLTDs/WYNMACs were down 0.5pt. In Indian space, VEDLN '26 was traded 2.5pts higher. See below for more comments on Vedanta. Elsewhere, GLPCHIs were marked 1.25-1.5pts higher. Media reported that China Logistics completed the DD on an asset portfolio of cUSD7bn for sales and partial asset monetization would be on track to close by end of 2023.

The sentiment remained upbeat in LGFV space amid talks on more top-down support on Chongqing LGFVs. We saw strong demand for the higher-yielding LGFVs specifically Chongqing names from Chinese accounts. This week, there were more and more papers such as Jiangsu names ZHJWC/DFINVH and CQNANA 26s breaking inside 9%. CCUDIH/GSHIAV 24s were quoted 0.2pt higher. Whilst the papers used to yield 7%+ such as CQNANA 24s quickly moved towards 6%-handle in light of thin offer liquidity. Meanwhile, we continued to see onshore RMB funded mandates deploying in quality 26s

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papers at low-6% despite some volatility on the FX front. There were also some flows from cash management trades in 23s LGFVs. Elsewhere, SOE Perps was traded slightly weaker amid selling from RMs/AMs despite some AMs demand at ~6.3%+. CHMETL 2.95 Perp/MINMET 3.375 Perp were better-offered. FRESHK 24s/25s were bid up 0.75pt higher with some more demand recovery in this name.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 9 1/4 04/23/26	62.4	2.6	GRNLGR 5.9 02/12/25	10.6	-1.9
CHGRAU 9.109 PERP	68.6	2.0	CHJMAO 4 7/8 PERP	97.8	-1.1
APLNJ 5.95 06/02/24	71.2	1.4	YLLGSP 5 1/8 05/20/26	67.8	-1.0
GLPCHI 2.95 03/29/26	60.3	1.4	LNGFOR 3.85 01/13/32	52.4	-0.7
GLPCHI 4.974 02/26/24	87.8	1.3	AGILE 6.05 10/13/25	12.5	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.12%), Dow (-0.20%) and Nasdaq (+0.29%) were mixed yesterday. US Aug CPI was +3.7% yoy, rebounded from +3.2% yoy in Jul and was higher than the expectation of +3.6% yoy. The U.S. Energy Department has talked to oil producers and refiners to ensure stable supply at the time of rising energy prices. The US treasury yields mostly retreated on Wednesday, 2/5/10/30 yield reached at 4.96%/4.39%/4.25%/4.34%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ VEDLN: Considers voluntary exchange offer for VEDLN'24s-25 with upfront payment

While Vedanta's terms for liability management exercises have yet to be disclosed, media reported yesterday that it plans to launch a voluntary exchange offer to extend the maturities by 3 years for its VEDLN 13.875'24, VEDLN 6.125'24 and VEDLN 8.95'25 totaled cUSD3.2bn. The upfront payment could be funded by USD750mn net proceeds from a planned new facility, of which USD500mn could be allocated to VEDLN 13.875'24. It would represent 50% upfront repayment of VEDLN 13.875'24 with an outstanding amount of USD1bn.

Meanwhile, holders of VEDLN 6.125'24 is seeking a structural-seniority upgrade to rank pari-passu with VEDLN 13.875'24 and VEDLN 8.95'25. The latter 2 bonds are guaranteed by Vedanta's subsidiaries Twin Star Holdings and Welter Trading Ltd. This is in line with our expectation that Vedanta may need to offer additional incentives for "non-secured" bondholders to gain support. Furthermore, the company would consider consent solicitation through EGMs as last alternative.

On top of the financing options we discussed in our daily on Tue, Vedanta is exploring to sell its steel businesses at USD1.5-2bn and iron businesses at USD1bn over the next two years. Please refer to [our previous comment](#) for more detailed discussions.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Everbright Bank, Sydney Branch	550	3yr	5.965%	SOFR+63	-/BBB+/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Korea Southern Power Co Ltd	USD	-	3yr	T+130	Aa2/-/AA-

➤ News and market color

- Regarding onshore primary issuances, there were 96 credit bonds issued yesterday with an amount of RMB79bn. As for Month-to-date, 651 credit bonds were issued with a total amount of RMB615bn raised, representing a 24.6% yoy increase
- Media reported that China may allow local governments to issue special bonds next year to support urban renewal projects
- **[ADEIN]** Media reported that Adani Group is in talks with multiple global banks to refinance cUSD3.5bn debt taken on for Ambuja deal
- **[COGARD]** Media reported that Country Garden's offshore bondholders are in talks with law firm Ashurst to set up group
- **[GLPSP]** GLP said China Logistics Group has completed due diligence on its asset portfolio for sale; GLP expects the transaction will close by the end of 2023
- **[KAISAG]** Media reported that Kaisa sent prelim offshore restructuring proposal to bondholder group; Winding-up petition hearing adjourned to 27 Sep
- **[MEDCIJ]** Medco Energi said to fund Middle East asset purchase with mix of cash and debt but no need to assess capital markets
- **[MOLAND]** Modern Land China 1H23 revenue rose 38% yoy to RMB3.33bn and pretax loss narrowed to RMB986.4mn from RMB1.34bn in 1H22
- **[SMCPM]** San Miguel Corp filed preliminary prospectus for cUSD880mn Series 2 preferred share sale
- **[SOFTBK]** Media reported that SoftBank Group-owned Arm could raise up to USD5.23bn at price of USD51 per share, the top of the range, in its US IPO
- **[WFURCD]** Moody's assigned Ba1 CFR to Weifang Urban Construction, downgraded the company's senior unsecured rating to Ba1 and placed negative outlook
- **[ZENENT]** Zensun Enterprises completed exchange offer for 12.5% senior notes due 2023

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