

## CMBI Credit Commentary

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

- *New HKAA'28-35 tightened 2-15bps, YWSOAO'28 down 0.1pt this morning. Asian IG space widened 1-3bps with active flows on AMC, TMT and Korea space. VNKRLEs further down 3-4pts and CHJMAO Perp down 2pt.*
- **China domestic consumption:** *Expansion of "upgrade and replacement program". See comments below.*
- **DALWAN:** *Media reported that Dalian Wanda Commercial Management sold at least 17 Wanda plazas to insurers since 2023; Wanda Group claimed of over RMB25bn arrears due to equity transaction disputes in four arbitrations. DALWANs were unchanged this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the new BOCAVI 28s tightened 4bps from RO (CT3+60). See our comments on [8 Jan '25](#). The new CLFCAP 30s tightened 10bps from RO (CT5+35) on RM/PB adding. The new EIBKOR 4.625 '28/EIBKOR 4.875 '30 tightened 1-2bps, EBIKOR 5.25 '35 tightened 7bps, while EIBKOR Float 01/14/28 widened 3bps. In Chinese IGs, TENCNT/XIAOMI 30s tightened 1-2bps. China announced to expand its subsidy policies on consumer products and industrial equipment upgrades. See comments below. In financials, CSILTD Float 27s tightened 1bp on better buying, while BCLMHK Float 25-27s widened 1-2bps. In Chinese AMCs, CCAMCLs/ORIEASs/GRWALLs were 1-4bps wider. CFAMCIs were unchanged to 2bps tighter. T2s were better sold. NANYANs were 1-2bps wider. CBAAUs/ANZs widened 2-5bps on AM/PB selling. In AT1s, the new STANLN 7.625 Perp/BBVASM 7.75 Perp declined 0.2pt and 0.6pt from ROs at par in light of UST 10-yr yield widened to 4.68%, the highest level since Apr '24. The long-dated-to-call papers such as UBS 7.75/INTNED 8 Perp were down 0.2-0.4pt. In JP, the new DAIL 6.2 Perp closed 0.1pt higher from RO at par. NIPLIF/MYLIFE 54s were 0.3pt lower. In HK, NWDEVL Perps/27-31s were 0.7-2.3pts higher but still closed 1.1-1.9pts lower WTD. LASUDE 26s decreased 0.7pt. Media reported Lai Sun Development plans to sell Fairmont St Andrews in Scotland for GBP75mn. In Chinese properties, VNKRLE 25-29s fell another 3.7-4.3pts and closed 4.7-6.8pts lower WTD. LNGFOR 27-32s dropped 1.7-2.1pts and closed 2.0-2.4pts lower WTD. ROADKG 27-30s were down 0.4-0.6pt. Outside properties, FOSUNI 25-28s were unchanged to 0.2pt lower. In India, ADTINs/ADSEZs were 0.2-0.5pt higher. Elsewhere, GLPSP Perps were 1.2-1.8pts lower.

In LGFVs, HBCITY priced USD150mn 3-yr bond (SBLC by Huishang Bank) at 5%. The new HNRAIL '28 was 0.3pt lower from RO at par following a tight primary pricing. We saw tactical investors took profit on LGFV positions into RM deployment buying. There were two-way interests on the CNH names

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such as CFCTGC 27s/SHLTIG 27s/HZGSHK 26s. In SOE perps, COFCHK 3.1/CHPWCN 3.45 Perps were up 0.1pt, SPICPT 3.45 Perp was down 0.2pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4.8 PERP	30.7	2.3	VNKRLE 3.975 11/09/27	44.4	-4.3
NWDEVL 4 1/8 PERP	35.8	2.3	VNKRLE 3 1/2 11/12/29	41.9	-4.3
NWDEVL 6.15 PERP	60.7	2.2	VNKRLE 3.15 05/12/25	79.2	-3.7
NWDEVL 6 1/4 PERP	35.4	1.9	LNGFOR 3.95 09/16/29	73.4	-2.1
NWDEVL 4 1/2 05/19/30	60.3	1.7	LNGFOR 3 3/8 04/13/27	82.1	-1.8

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.16%), Dow (+0.25%) and Nasdaq (-0.06%) were mixed on Wednesday. US Dec'24 ADP employment was +122k, lower than the expectation of +139k. The latest US initial jobless claim was +201k, lower than the expectation of +214k. China Dec'24 CPI/PPI was +0.1%/-2.3% yoy, compared with the expectation of +0.1%/-2.4% yoy. UST yield slightly retreated yesterday, 2/5/10/30 yield reached 4.28%/4.45%/4.67%/4.91%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ China domestic consumption: Expansion of “upgrade and replacement program”

The NDRC and the MoF issued the "Notice on Expanding of Large-Scale Equipment Upgrade and Consumer Goods Replacement in 2025" (the "2025 Notice"). The 2025 Notice expands the scope of the “upgrade and replacement program” or “two new”, following the policy framework issued in Mar'24 on equipment upgrade, consumer goods replacement, recycling and standard improvement. The Chinese government will subsidize more equipment upgrade and consumer goods replacement to boost domestic consumption. See Table 1 for summary of subsidies on consumer goods.

We prefer domestic consumption plays, and we view Xiaomi one of the major beneficiaries of “upgrade and replacement program” as well as the policy direction to stimulate domestic demand. Xiaomi's product offerings cover majority of the consumer goods included in the “upgrade and replacement program”, including mobile devices, small home appliances and electric cars. AAC Tech and Zhongsheng will also benefited from the higher demand for smartphone and car replacement policies, respectively. See Table 2 for summary of our consumption plays picks.

We understand that boosting domestic consumption is the top priority of the Chinese government in 2025. The first tranche of financial support in 2025 is RMB81bn, while RMB150bn was used in 2024. We expect the financial support in 2025 could exceed that of 2024 in order to further boost domestic demand. That said, we believe the impact on domestic consumption hinges on the consumers' income expectation and confidence in the economy.

**Table 1: Summary of subsidies on consumer goods**

	Mobile phones and other digital products	Home appliances	Cars
<b>Scope</b>	New mobile phones, tablets and smartwatches	Expand to 12 categories from 8: refrigerators, washer machines, TVs, air conditioners, computers, water heaters, household stoves, range hoods, and newly added microwave, water purifiers, dishwashers, and rice cookers into the qualifying list	Consumers who scrap or transfer a passenger car registered in their own name and purchase a new passenger car.

<b>Unit price cap</b>	RMB6,000 (cUSD818)	N/A	N/A
<b>Subsidy</b>	15%	20% for products with level 1 energy efficiency or water efficiency; 15% for products with level 2 energy efficiency or water efficiency	See below.
<b>Subsidy cap</b>	RMB500 (cUSD68) for each product	RMB2,000 (cUSD273) for each product	Scrap (gasoline car for more than 11.5-year old, diesel and other fuel car for more than 9.5-year old, and new energy car more than 6-year old) and purchase car listed in "Catalog of new energy vehicle models that are exempted from vehicle purchase tax": New energy car: RMB20,000 (cUSD2,728) per unit; Fuel-powered car with a displacement of 2 liters and below: RMB15,000 (cUSD2,046) per unit  Transfer: New energy car: RMB15,000 (cUSD2,046) per unit; Fuel-powered car: RMB13,000 (cUSD1,773) per unit
<b>Terms</b>	Maximum one device in each category	Maximum one product in each category (maximum 3 products for air conditioners), consumer enjoyed the subsidies in 2024 will also entitled the subsidy in 2025	The passage car to be scrapped or transferred must be registered under the name of the consumer before 8 Jan'24

Source: NDRC

**Table 2: Summary of our consumption plays picks**

Security name	ISIN	Ccy	Amt o/s (USD mn)	Px	Z-spread (bps)	YTM/YTP (%)	First put date	Put px
AACTEC 2 ½ 06/02/26	XS2341038656	USD	231	96.5	112	5.3	-	-
AACTEC 3 ¾ 06/02/31	XS2342248593	USD	292	89.1	165	5.8	-	-
EHICAR 7 09/21/26	XS2384059122	USD	300	69.6	2,737	31.5	-	-
EHICAR 12 09/26/27	XS2782510049	USD	325	67.6	2,626	30.4	-	-
MEITUA 0 04/27/27	XS2333568751	USD	1,484	98.8	123	5.5	27 Apr'25	100.37
MEITUA 2.125 10/28/25	US58533EAB92	USD	750	97.8	78	5.0	-	-
TENCNT 3.595 01/19/28	US88032WAG15	USD	2,500	96.5	74	4.9	-	-
TENCNT 3.975 04/11/29	US88032WAN65	USD	3,000	96.1	85	5.0	-	-
WB 3.375 07/08/30	US948596AE12	USD	750	89.4	149	5.6	-	-
XIAOMI 3.375 04/29/30	US98422HAA41	USD	600	90.9	122	5.4	-	-
XIAOMI 2.875 07/14/31	US98422HAC07	USD	800	85.8	134	5.5	-	-
ZHOSHK 0 05/21/25 (CB)	XS2171663227	HKD	398	115.3	126	5.3	-	-
ZHOSHK 3 01/13/26	XS2278364075	USD	158	97.2	169	5.9	-	-
ZHOSHK 5.98 01/30/28	XS2867272630	USD	600	99.1	217	6.3	-	-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Airport Authority Hong Kong	1300/1850/1000	3.5/5.5/10yr	4.75%/4.875%/5.125%	T+45/50/55	-/AA+/-
Chouzhou International Investment	400	3yr	4.8%	4.8%	Baa3/-/-
HuaiBei City Construction Investment	150	3yr	5.0%	5.0%	-/-/-

Yiwu State-Owned Capital Operation	400	3yr	4.8%	4.8%	Baa3/-/-
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➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
AmBank M Bhd	USD	-	3/5yr	-	A3/BBB+/-
CLP Power HK Finance	USD	500	3yr	5.875%	A3/A/-/-
Hyundai Capital Services	USD	-	3yr	-	-/-/-
Resona Bank Ltd	USD	-	3yr	T+100	A2/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 158 credit bonds issued yesterday with an amount of RMB109bn. As for month-to-date, 549 credit bonds were issued with a total amount of RMB379bn raised, representing a 54.2% yoy increase
- **[DALWAN]** Media reported that Dalian Wanda Commercial Management sold at least 17 Wanda plazas to insurers since 2023; Wanda Group claimed of over RMB25bn arrears due to equity transaction disputes in four arbitrations
- **[HYUELE]** Media reported that SK Hynix's HBM DRAM output to rise 70% in 2025
- **[LENOVO]** Lenovo cuts conversion price of LENOVO 2.5% 08/26/29 to HKD8.95 from HKD9.06 a share

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