

CMBI Credit Commentary

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

- *Asian IGs were well bid along rates rally, IG space tightened 3-10bps this morning. Long-end AT1s were under better selling. LGFVs were stable. DALWANs/VNKRLEs further down 0.1-0.4pt.*
- **Asia ex-JP USD bonds issuance:** 10M24 gross issuance increased 33.7% yoy to USD162.2bn. See below comments.
- **CHIYBK:** Yield pick-up plays in a lower conviction environment. Initiate buy on CHIYBK 8 Perp and CHIYBK 5.75 04/07/32. See below comments.

❖ Trading desk comments 交易台市场观点

Yesterday, 10-yr UST tightened 5bps. LGENSO 34s tightened 2bps. The long-end of TENCNTs/BABAs closed unchanged to 3bps wider. MEITUAs closed 1-4bps tighter amid mixed two-way flows. In financials, CBAAU/ASBBNK T2s were 1-3bps wider. In insurance hybrids, MYLIFE '54 rose 0.3pt. NIPLIF '54/SUMILF 5.875 Perp were up 0.1-0.2pt. EU AT1s were skewed to better buying from AMs. INTNED 7.25/LLOYDS 8/SANTAN 9.625 Perps were 0.1-0.3pt higher. In HK, CHIYBK '32/Perp were unchanged to 0.1pt higher. See our initiation of buy recommendations on [CHIYBKs](#). BNKEA 27-32s were 1-3bps tighter. AIA/CKHH 30-34s were unchanged to 3bps wider. CKINF 4/CKPH 3.8/HYSAN 4.85/NANFUN 5 FFL Perps were 0.3-0.5pt lower. In Chinese properties, FTLNHD/FUTLAN 25-26s declined 0.4-0.9pt. On the other hand, ROADKG 28-30s rebounded 0.5-1.0pts. In Macau gaming, STCITY/MPEL 25-29s were up 0.2-0.4pt. Away from China, GLPSP Perps were 0.4-1.2pts higher. In Indonesia, MDLNIJ '25/27 declined 0.3-0.5pt. MEDCIJ 26-29s were unchanged, see our comments on MEDCIJ's 9M24 results on [5 Nov '24](#).

In LGFVs, the flows were mixed two-way as investors focused on refining portfolio rather taking on new risks ahead of the conclusion on NPC standing committee meeting. TAIFIN priced a USD300mn 2-yr bond at par to yield 6.5%. The recent new WUECDE '27 was up 0.1pt. ZHAPE/QZSOAT/WHGBIO 25s were 0.1pt higher. SHGUOH '26/TYSTOW '25 were down 0.2pt. In SOE perps, COFCHK Perp was 0.1pt higher, CCBINT/CHPWCN/CHCOMU Perps were down 0.1-0.2pt.

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❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| GLPSP 4.6 PERP | 59.5 | 1.2 | FTLNHD 4 5/8 10/15/25 | 84.1 | -0.9 |
| ROADKG 6.7 03/30/28 | 54.5 | 1.0 | MDLNIJ 5 06/30/25 | 44.8 | -0.5 |
| SUMIBK 6.184 07/13/43 | 110.7 | 0.9 | CKINF 4 PERP | 71.0 | -0.5 |
| ROADKG 5 1/8 01/26/30 | 39.2 | 0.8 | FUTLAN 4.45 07/13/25 | 88.1 | -0.5 |
| LASUDE 5 07/28/26 | 67.7 | 0.7 | FTLNHD 4 1/2 05/02/26 | 76.3 | -0.4 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.23%), Dow (+1.02%) and Nasdaq (+1.43%) rallied higher on Tuesday. US Oct'24 Markit service PMI was 55.0, lower than the expectation of 55.3. UST yield retreated yesterday, 2/5/10/30 yield reached 4.19%/4.16%/4.26%/4.44%.

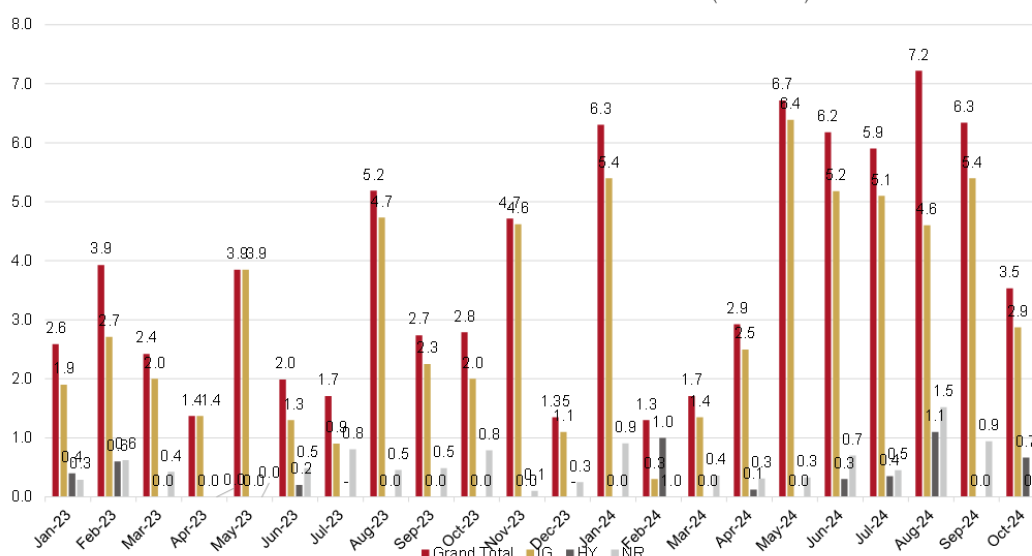
❖ Desk Analyst Comments 分析员市场观点

➤ Asia ex-JP USD bonds issuance: 10M24 gross issuance increased 33.7% yoy to USD162.2bn

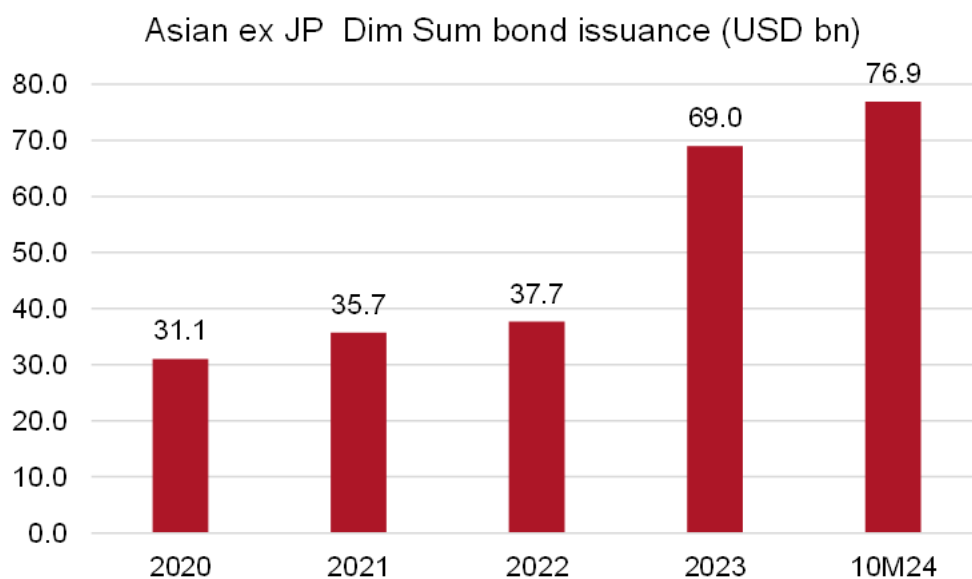
In Oct'24, the gross issuance of Asia ex-JP USD bonds rose 44.4% yoy to USD11.2bn from USD7.8bn in Oct'23. China (USD3.5bn), South Korea (USD3.2bn) and Hong Kong (USD2.4bn) were amongst the largest issuers. IGs contributed 77.6% of the gross issuance amount and financial sector remained the largest issuer with issuance amount of USD6.9bn, accounting for 61.4% of total gross issuance of the month. In 10M24, gross issuance of Asia ex-JP USD bonds increased 33.7% yoy to USD162.2bn. China (USD48.1bn), South Korea (USD45.3bn), and Hong Kong (USD13.7bn) were the major contributors. Financial institutions issued USD bonds totaled USD97.9bn, accounting for 60.4% of the gross issuance amount.

In 10M24, gross USD bonds issuance from Chinese issuers rose 68.4% yoy to USD48.1bn. Besides, the offshore USD and Dim Sum issuances by LGFVs increased 113.0% and 61.4% yoy to USD14.4bn and USD19.5bn equivalent, respectively. On the other hand, the Asia ex-JP Dim Sum bonds issuance remained active. The total issuance amount increased 37.9% yoy to USD76.9bn equivalent in 10M24. We expect LGFV Dim Sum issuance to continue to be active given its lower funding cost and yield pick-up over onshore bonds.

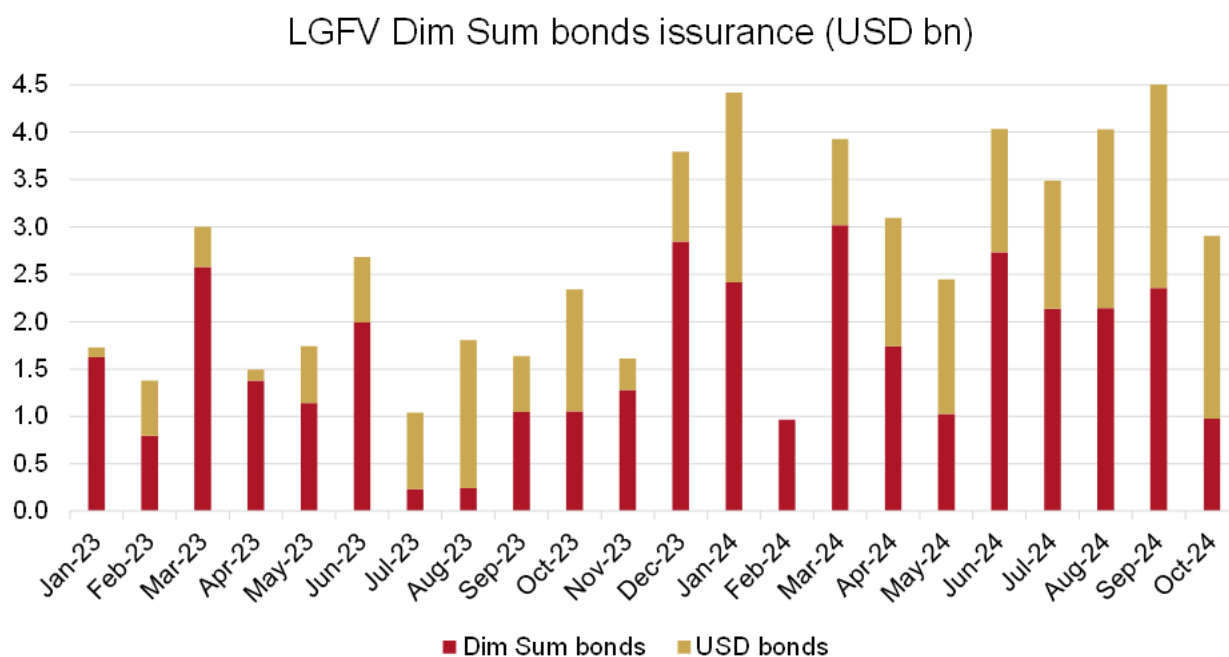
Chinese USD bonds new issuance amount (USD bn)



Source: Dealogic.



Source: Bloomberg, Dealogic.



Source: Bloomberg, Dealogic.

➤ **CHIYBKs: Yield pick-up plays in a lower conviction environment**

Initiate buy on CHIYBK 8 Perp and CHIYBK 5.75 04/07/32

YTD, the spread of Asian AT1 and T2 has tightened notably and conviction level is lower. Nonetheless, we believe that CHIYBK 8 Perp (AT1) and CHIYBK 5.75 04/07/32 (T2) still offer more appealing risk-return profiles compared with those of its peers. The concerns of weaker credit profile of Chiyu Bank, in terms of lower profitability, weaker asset quality, and smaller business scale, is tempered by its sufficient capital buffer, track records of calling its AT1 on the first call date and parental support from Xiamen International Bank (XMINLB).

We believe that the likelihood of Chiyu Bank's AT1 and T2 being called on the first call dates is high. Hence, we initiate buy recommendations on CHIYBK 8 Perp (AT1) and CHIYBK 5.75 04/07/32 (T2). Between the AT1 and T2, we prefer AT1 more in view of the widening yield differential between them. See Chart 1.

Table 1: Bond profile of CHIYBK

| Security name | Ask px | YTC (ask, %) | First call date | Yr to call | Amt o/s (USD mn) | Bond rating |
|----------------------|--------|-----------------|--------------------|------------|---------------------|----------------|
| CHIYBK 8 Perp | 100.8 | 7.8 | 10/26/2027 | 3.0 | 200 | NR |
| CHIYBK 5.75 04/07/32 | 99.5 | 6.0 | 04/07/2027 | 2.4 | 200 | NR |

Source: Bloomberg.

Chart 1: Yield differential of CHIYBK 8 Perp over CHIYBK 5.75 04/07/32



Source: Bloomberg.

Click [here](#) for full report.

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

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|-------------------------------|---------------|-------|--------|--------|-------------------------|
| Taishan Finance International | 300 | 2yr | 6.5% | 6.5% | -/-/- |

➤ **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 80 credit bonds issued yesterday with an amount of RMB104bn. As for Month-to-date, 231 credit bonds were issued with a total amount of RMB255bn raised, representing a 39.4% yoy increase
- **[ABMMIJ]** Moody's affirmed ABM Investama's B1 ratings and maintained stable rating outlook
- **[KAISAG]** Media reported that Kaisa looks to sell headquarters office in Hong Kong for over HKD500mn
- **[MPEL]** Melco Resorts 9M24 operating revenue rose 28.5% yoy to USD3.45bn and operating profit rose 143.3% yoy to USD387.7mn
- **[PCORPM]** Petron 9M24 revenue rose 12% yoy to cUSD11.3bn and operating income down 17.5% yoy to cUSD381.7mn
- **[SHUION]** Shui On Land to set up RMB8.1bn limited partnership with China Life Insurance for joint development of Shanghai property projects

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