

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *New issue EIBKOR Floater tightened c10bps, EIBKOR'27/29 were unchanged to 2bps tighter, CBKIN'29 and NSINTW'34 were unchanged. KRKPCS tightened 3-5bps. NWDEVLs rebounded 1-2pts. EU AT1s were active and performed well. We maintain buy on FUTLAN/FTLNHDs. See comments below.*
- *Asia ex-JP USD bonds issuance: 8M24 gross issuance increased 31.3% yoy to USD129.4bn. See comments below.*
- *PCORPM: To redeem Series 3A preferred shares on first call date. Maintain buy on PCORPM 5.95 Perp. See comments below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, SUMITR priced the 3-yr floating-rate bond at SOFR+98, and also priced the 3-yr, 5-yr, 10-yr fixed-rate bonds at CT3+75, CT5+90, CT10+105, respectively. NSINTW priced a USD700mn 10-yr T2 at CT10+170. CATLIF 34/39 were 3-5bps wider. In KR, HYUELEs/LGENSOs widened 2-7bps. KRKPCS 27/29 widened another 10-15bps. In Chinese IGs, HAOHUA 28-30s widened 3-5bps. BABA/TENCNT 30-31s were 1-2bps wider. MEITUA 30s widened 4bps after tightening 5bps on Tue. In financials, Chinese AMCs were mixed. HRINTH 26-27s were unchanged to 3bps tighter (unchanged to 0.1pt higher). The front end of CCAMCLs were 1-2bps wider. In AT1s, BNP priced a USD1bn NC10 Perp at par to yield 7.375%, and the new BNP 7.375 Perp was 0.4pt higher from RO at par. BACR 8 Perp/SOCGEN 8.5 Perp were down 0.2-0.4pt. In HK, BNKEA 34s widened 7bps. NANYAN 29s were 2bps wider. NWDEVL Perps/27-31s dropped 1.4-3.5pts and closed 4.3-7.2pts lower WTD. We saw spillover to other HK corps. HYSAN 4.1 Perp/CKINF 4.85 Perp were 0.2-0.4pt lower. In Chinese properties, FTLNHD '24 was down 0.3pt, FUTLAN/FTLNHD 25-26s declined 0.9-1.1pts. See our comments on [Seazen](#) yesterday. SHUION 25-26s dropped another 1.0-2.6pts. LNGFOR 27-32s were 0.9-1.3pts lower. In industrials, WESCHI '26 fell 1.8pts. Last night, Fitch downgraded West China Cement by two notches to B- and placed ratings on Rating Watch Negative, WESCHI '26 lowered another 2.1pts this morning. CHIOIL '26 declined 1.7pts. FOSUNI 25-27s were down 0.4-0.6pt. In Macau gaming, SANLTDs were up 0.1-0.5pt. See our comments on [4 Sep'24](#). In India, VEDLNs closed unchanged to 0.1pt lower, following the tender offer on VEDLN 13.875 '27/VEDLN 13.875 '28 at par. See our comments on [4 Sep'24](#). UPLLINs were 0.6-1.0pts lower. ADANEMs/ADSEZs/ADTINs were

0.1-0.5pt lower. Elsewhere, GLPCHI '26/GLPSP 4.5 Perp were 1.4-1.8pts lower.

In LGFVs, HKIQCL announced new issue mandate of a 3-yr USD bond. QDJZWD 25-27s were up 0.1-0.2pt. JIMOTM 24-25s were up 0.6-0.8pt. In SOE perps, CHSCOI 4 Perp/SPICPT 3.45 Perp were up 0.1pt. GRPCIN '25/ZHONAN '26 were 0.1pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHGRID 4 3/8 05/22/43	97.0	1.2	NWDEVL 8 5/8 02/08/28	89.8	-3.5
CHGRID 4 05/04/47	91.6	1.0	SHUION 5 1/2 06/29/26	71.2	-2.6
SINOPE 3.44 11/12/49	81.3	1.0	NWDEVL 4 1/2 05/19/30	68.6	-2.5
SINOPE 3.1 01/08/51	75.8	0.9	NWDEVL 4 1/8 07/18/29	70.1	-2.5
DBJJP 3.749 12/18/48	83.8	0.9	NWDEVL 4 1/8 PERP	59.5	-2.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.16%), Dow (+0.09%) and Nasdaq (-0.30%) were mixed on Wednesday. US Jul'24 JOLTS Job Openings was 7.67mn, lower than the expectation of 8.09mn. UST yield retreated that 2/5/10/30 yield reached 3.76%/3.56%/3.77%/4.06%.

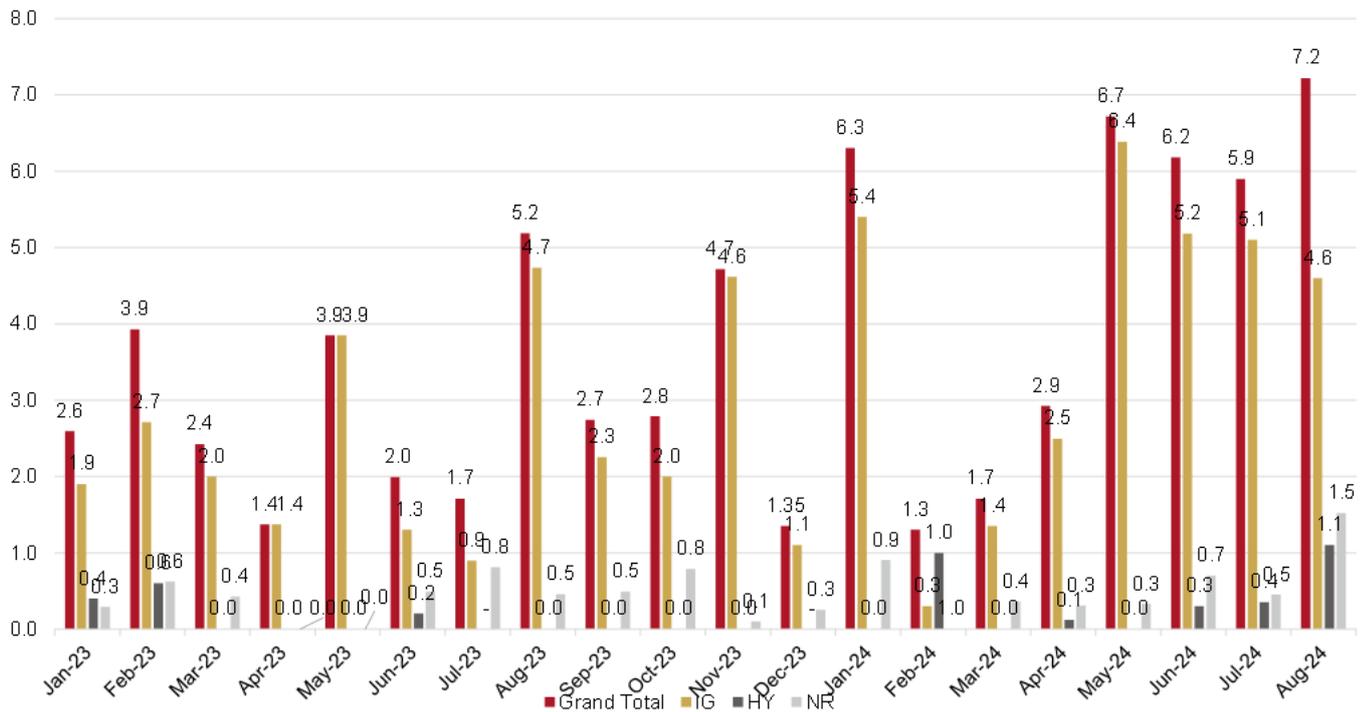
❖ Desk analyst comments 分析员市场观点

➤ Asia ex-JP USD bonds issuance: 8M24 gross issuance increased 31.3% yoy to USD129.4bn

In Aug'24, the issuance of Asia ex-JP USD bond rose 51.0% yoy to USD16.3bn from USD10.8bn in Aug'23. China (USD7.2bn), Philippines (USD2.5bn sovereign bonds), and Malaysia (USD1.0bn) were the largest issuers. IG bonds contributed 78.2% of the gross issuance in Aug'24. Financial sector remained the largest issuer with issuance amount of USD9.5bn, accounting for 58.3% of total gross issuance of the month. In 8M24, gross issuance of Asia ex-JP USD bonds increased 31.3% yoy to USD129.4bn. China (USD38.3bn), South Korea (USD34.3bn), and Hong Kong (USD9.1bn) were countries/regions with most gross issuances. Financial institutions issued USD81.8bn bonds in 8M24, accounting for 63.2% of gross issuance.

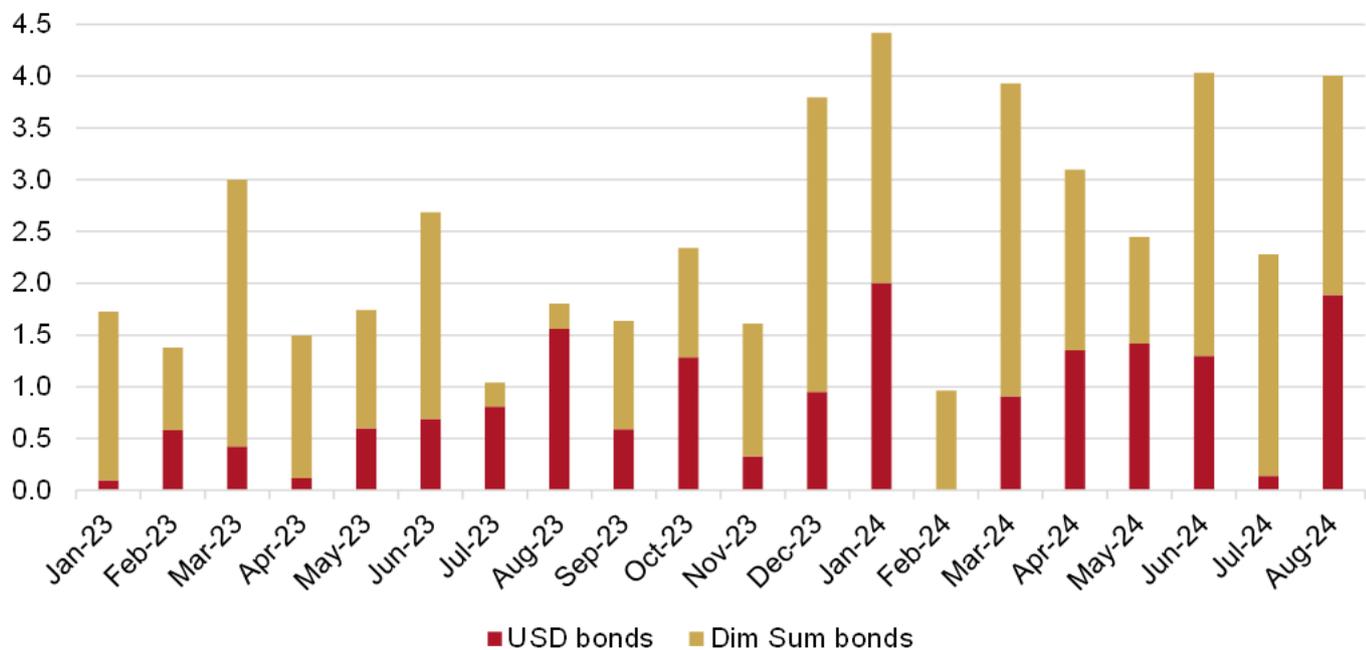
In 8M24, Chinese issuers issued USD bond totaled USD38.3bn, rose 66.0% yoy from USD23.1bn in 8M23. LGFV USD bond issuance doubled to USD10.2bn from USD4.9bn 8M23. Besides, LGFV Dim Sum bonds issuance increased 61.8% yoy to USD16.2bn in 8M24. There are USD14.bn USD LGFV bonds will be matured in the rest of 2024, we expect LGFV bond issuance to remain active given the low funding cost of Dim Sum bond issuance and to be decreased funding cost of USD bond issuance after potential USD rates cut.

Chinese USD bonds new issuance amount (USD bn)



Source: Dealogic.

LGFV Dim Sum bonds issuance (USD bn)



Source: Bloomberg, Dealogic.

➤ **PCORPM: To redeem Series 3A preferred shares on first call date. Maintain buy on PCORPM 5.95 Perp**

Bond	O/s amt (USDmn)	Px	YTC (%)	Coupon reset
PCORPM 5.95 Perp	550	99.05	6.58	5yrUST+7.574%

Source: Bloomberg.

Petron will issue Series 4D/4E preferred shares with dividend rate of 6.8364%/7.1032%, respectively, and the shares will be listed on the Main Board of the Philippine Stock Exchange on 23 Sep'24. The net proceeds are estimated to be PHP12.9bn, or PHP16.9bn if oversubscription option exercised, and will be used to redeem the Series 3A preferred shares of PHP13.4bn, refinance debts and fund general corporate purposes. The Series 3A preferred shares with dividend rate of 6.8713% and will be first callable in Dec'24, or step-up by 3.25% from the initial dividend rate after the first call date. The preferred shares issuance demonstrates Petron's good access to onshore capital markets, as well as the willingness and ability to call the preferred shares to avoid dividend step-up.

Meanwhile, Petron delivered strong set of results in 1H24. The company's revenue grew by 21% yoy to PHP445bn from 1H23. The growth was mainly driven by 20% increase in sales volume to 69.1mn barrels particularly in retail segment. The gross profit margin decreased by 0.7 pct pt from 1H23 to 5.8% in 1H24, reflected the higher feedstock costs. The average benchmark crude Dubai price was USD83/bbl in 1H24 compared with USD79/bbl in 1H23. Its EBITDA increased 3% yoy in 1H24, but the EBITDA margin decreased 0.9 pct pt from 1H23 to 5.2% in 1H24, reflecting the higher selling and administrative costs.

As of Jun'24, Petron's cash balance increased 11% to PHP31bn from PHP28bn at Dec'23 attributable free cash flow generated. Besides, Petron's leverage was slightly lower at Jun'24. The total debts (incl. USD perp) of cPHP288bn as of Jun'24 was 1% lower than the level as of Dec'23, and the total debt (incl. USD perp)/EBITDA dropped to 6.3x at Jun'24 from 6.4x at Dec'23. The cash to short-term debt remained low, which stood at 0.2x as of Jun'24 and Dec'23. We take additional comfort on Petron's accessibility to bank borrowings to refinance its short-term dues. In Jul'24, Petron drew totaled USD229mn from a USD500mn 5-year amortizing term loan to repay debts, with 7 equal semi-annual installments beginning in Jul'26. The interest on the facility is payable monthly based on SOFR.

We maintain buy on PCORPM 5.95 Perp and expect Petron to call the perp on the first call date, in view of the coupon reset and 250bps step-up to c11.2% after the first call date in Apr'26. At 99.1, PCORPM 5.95 Perp was traded at YTC of 6.6%. Recalled that Petron called PCORPM 4.6 Perp and PCORPM 7.5 Perp on their first call dates in Jul'23 and Jun'18, respectively. We take comfort that PCORPM 5.95 Perp is Petron's only outstanding USD issue. Its offshore refinancing pressure is manageable.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Canara Bank	300	5yr	4.896%	4.896%	Baa3/-/BBB-
Export-Import Bank of Korea	700/800/500	3/5/5yr	4.0%/4.0%/6.195%	T+43/55/SOFR+82	Aa2/AA/AA-
Meiji Yasuda Life	USD	-	30NC10	6.0%	A3/A/-
Nan Shan Life Insurance	700	10yr	5.45%	5.45%	-/BBB/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Denso Corporation	USD	-	5yr	T+110	A2/A+/-
GF Securities Co., Ltd	USD	-	3yr	SOFR+115	-/BBB/-
Jiangsu Jinguan Investment Development Group	USD	-	3yr	5.4%	-/-
Korea Housing Finance Corp	USD	-	3.5yr	T+85	Aa2/AA/-

Mitsui & Co	USD	-	5yr	T+115	A3/A/-
Qingdao City Construction	USD	-	3yr	6.35%	-/-/BBB+
San Miguel Global Power	USD	-	PNC5	9.0%	-/-/-
Woodside Energy SEC	USD	-	10/30yr	T+165/195	Baa1/BBB+/-

➤ News and market color

- Regarding onshore primary issuances, there were 56 credit bonds issued yesterday with an amount of RMB68bn. As for Month-to-date, 195 credit bonds were issued with a total amount of RMB190bn raised, representing a 47.6% yoy increase
- Media reported that China government considers mortgage-rate cuts to bolster property market
- **[ADANEM]** Media reported that Adani Power plans to invest USD2.14bn to triple capacity of 1320MW Kawai plant
- **[AGILE]** Media reported that Agile launched holder identification for USD bonds, perps
- **[COGARD]** Media reported that Country Garden plans to extend grace period for repayment of nine domestic bonds until Mar'25
- **[DALWAN]** Media reported that Dalian Wanda Commercial Management Group's RMB541mn equity in Newland Commercial Management frozen by court
- **[FOSUNI]** Fosun Tourism announced to sell Thomas Cook Tourism (UK) to ESKY.PL for up to GBP30mn
- **[HAIDIL]** Fitch upgraded Haidilao to BBB with stable rating outlook
- **[HYUELE]** Media reported that SK Hynix plans to begin mass production of HBM3E by the end of Sep'24
- **[VNKRLE]** China Vanke borrowed RMB3.5bn from Ping An Bank, RMB7.98bn from Bank of Communications
- **[WESCHI]** Fitch downgraded West Cement to B- with negative rating outlook

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