

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2024”](#). Thank you for your support!

- *China AT1 and SOE perp were firm this morning, ICBCAS/BOCOM PERP rose 0.1-0.125pt. Bank T2s were also under better buying. Front-end Asian IGs were heavy. Flows on CNH LGFVs were active while USD LGFVs were stable.*
- *ZHHFGRs/CPDEVs: From Zhuhai to Beijing. ZHHFGRs were unchanged to 0.2 lower and CPDEVs were unchanged to 0.1 lower this morning. See below.*
- *VEDLN: Vedanta Limited directors' panel approved allotment of INR10bn (cUSD120mn) NCDs; Media reported that Vedanta Limited plans to raise up to USD958mn via qualified institutional placement of shares. VEDLNs were unchanged to 0.2pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, LGELECs tightened 2bps. LGENSOs/HYUELEs widened 1-2bps. DAESec 27/29 were 1-3bps wider post company announced new mandate. In Chinese IGs, the long-end of SINOPEs/CCAMCLs were 0.9-2.7pts higher. In the high beta TMTs, MEITUA/LENOVO/WB 30s were 2-3bps tighter. BCLMHK/CISIFG/CMINLE Floater 27s were traded in active two-way flows and tightened 1-2bps. In Chinese AMCs, CCAMCL/ORIEAS 29s tightened 1-3bps. GRWALL 28/Perp were 0.1-0.3pt higher (unchanged to 5bps tighter in spreads). CINDBKs/CHILOVs/NANYANs/DAHSINs widened 1-2bps. AT1s were firm and their yields continued to edge towards inside 7% across European/Canadian/Thai AT1s. SOCGEN 8.5 Perp/ BNP 6.875 Prep/Ry 7.048 Perp/ BNS 4.9 Perp were up 0.2-0.3pt. KBTB 4.4 Perp was up 0.1pt. In HK, BNKEA/CKHH 34s tightened 2-4bps. FAEACO Perp was 0.1pt higher. REGH 6.5 Perp lowered 1.9pts. NWDEVL Perps/27-31s declined another 0.5-1.5pts on profit taking from PBs. In Chinese properties, FUTLAN/FTLNHD 24-26s were 0.3-0.9pt higher. CHIOLI 26/34 were well bid by RMs and closed 0.3-0.5pt higher. In Macau gaming, SANLTDs/STCITYs were 0.2- 0.5pt higher. In Indonesia, MDLNIJ 27s lowered 1.3pts and 25s declined 0.4pt. Elsewhere, GLPSP 25/Perps were 0.5-1.0pt higher. In India, GRNKENs were up 0.2pt. VEDLNs closed unchanged to 0.1pt higher.

In LGFVs, the flows were mixed. USD papers remained well bid. GZINFU '26/CONSON '26/LYURBN '26/DFINVH '25 were 0.1-0.2pt higher. In contrast, CNH papers were better-offered by profit taking selling. CDJKAM 8 '27 and

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CQNANA 4.99 '27 were unchanged to 0.1pt lower. In the high beta IG names, GRPCIN '26/ ZHONAN '25 were up 0.1pt. Elsewhere, CHYBK '32/ LUSOIB '34 were 0.2pt higher, with their yields trading above 7%. Meanwhile, SCGAU '80/ CASHLD Perp were under better buying from AMs and closed 0.1pt higher. In SOE perps, CHPWCN 4.25 Perp/ CHCOMU 3.65 Perp were 0.1pt lower. ZHHFGRs closed unchanged. See below for comments on the call of its perps.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 5 02/08/48	86.2	2.7	REGH 6 1/2 PERP	44.0	-1.9
SINOPE 4 1/4 05/03/46	89.0	1.0	NWDEVL 4 1/8 PERP	60.5	-1.5
GLPSP 3 7/8 06/04/25	94.0	1.0	MDLNIJ 5 04/30/27	38.4	-1.3
SINOPE 4 1/4 04/12/47	88.9	1.0	NWDEVL 4.8 PERP	42.0	-1.5
SINOPE 3.44 11/12/49	77.0	0.9	NWDEVL 6 1/4 PERP	53.0	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.88%), Dow (+0.08%) and Nasdaq (-1.95%) were mixed on Thursday. US Jun'24 CPI was +3.0% yoy, lower than the expectation of +3.1% yoy. The latest US initial jobless claim was +222k, lower than the expectation of +236k. UST yields retreated yesterday, 2/5/10/30 yield reached 4.50%/4.13%/4.20%/4.41%.

❖ Desk analyst comments 分析员市场观点

➤ ZHHFGR/CPDEV: From Zhuhai to Beijing

	Amt o/s (USDmn)	Px (ask)	YTM/YTC (ask, %)	First call date	Call price	Coupon reset
ZHHFGR 4.25 Perp	202.05	99.84	7.52	18 Aug'24	100	3yUST+379.6bps+300bps
ZHHFGR 2.95 02/28/25	200	97.68	6.78	-		
ZHHFGR 2.8 11/04/25	400	95.03	6.85	-		
CPDEV 5.75 Perp	500	98.59	11.21	14 Nov'24	100	5yUST+406.6bps+400bps
CPDEV 3.85 07/14/25	450	95.73	8.41	-		
CPDEV 4.65 01/19/26	500	94.17	8.86	-		

Source: Bloomberg.

Zhuhai Huafa (ZHHFGR) cancelled USD148mn of its ZHHFGR 4.25 Perp on 11 Jul'24, and announced the call of the remaining USD202mn on 18 Aug'24, the first call date. These reflected ZHHFGR had actively repurchased the perps ahead of the call. The redemption of the perps on the first call date is in line with our expectation given Zhuhai Huafa Group's good access to low-cost onshore funding and the coupon reset and step-up clauses. We continue to see ZHHFGRs as higher-quality picks with better-return profile, compared with peers in the LGFV spaces. YTD, Zhuhai Huafa raised RMB17.7bn (cUSD2.4bn) in the onshore bond markets at coupon rates ranging from 1.9-3.5%, mainly for refinancing of onshore bonds totaled RMB16.7bn.

The coupon of ZHHFGR 4.25 Perp will be reset to c11%, based on the current UST, if the perp is not called on the first call date on 18 Aug'24. ZHHFGR has two other USD bonds outstanding totaled USD600mn, both will be due in 2025. While there is a high refinancing pressure, we take comfort from ZHHFGR's good access different funding channels, especially the onshore bond markets. The call of ZHHFGR 4.25 Perp also demonstrate its liquidity and strong willingness to manage funding costs.

For LGFV, we also like CPDEVs and prefer CPDEV 5.75 Perp which is callable on 14 Nov'24. We believe that the chance of this perp being called on the first call is very high, given the coupon of the perps will be reset to

c12.2%, based on the current UST, if it is not called on the first call date. Additionally, Beijing Capital City Development, parent company of CPDEV, has a good access to onshore funding channels. Since Jun'24, it raised onshore bonds totaled RMB4.3bn (cUSD580mn) at coupon rates 2.48-2.65% and is in the process of issuing another onshore bonds of RMB935mn. Recalled that CPDEV called its two previous perps on their first call dates, i.e. in Apr'18 and Dec'19, respectively. Taking cues from ZHHFGR's repurchases totaled 42% of the perp ahead of the first call date, we would not be surprised that if CPDEV has also been actively repurchasing its perp ahead of the call dates on Nov'24.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Piramal Capital & Housing Finance	USD	-	3.5yr	-	Ba3/BB-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 146 credit bonds issued yesterday with an amount of RMB110bn. As for month-to-date, 721 credit bonds were issued with a total amount of RMB841bn raised, representing a 111.8% yoy increase
- **[GRNKEN]** Fitch withdrew Greenko Mauritius' USD notes BB rating
- **[LOGPH]** Logan Group announced holders of more than 92% of its existing offshore bonds support [restructuring plan](#)
- **[LPKRIJ]** Fitch downgraded Lippo Karawaci downgraded to RD then upgraded to CCC+ on improved liquidity
- **[SHUION]** Shui On prepaid originally USD113mn-equivalent due-September loan
- **[SINOCE]** Sino-Ocean shareholders approve sale of 64.8% stake in commercial complex JV for USD536mn
- **[SUNHKC]** Sun Hung Kai & Co further repurchased USD13.64mn of SUNHKC 5.75 11/15/24
- **[VEDLN]** Vedanta Limited directors' panel approved allotment of 100,000 NCDs aggregating to INR10bn; Media reported that Vedanta Limited plans to raise up to USD958mn via qualified institutional placement of shares
- **[VNKRLK]** China Vanke secured RMB2.74bn loans from onshore banks

- **[XINHUZ]** Xinhua Zhongbao signed strategic cooperation agreements with four banks on up to RMB9.5bn credit lines

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