

## CMBI Credit Commentary

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

- *Asian IG space was stable this morning. Low beta names like CKHH, HKAA were under better buying and there were active two-way flows on other front-end IG bonds. AMC sector was mostly unchanged.*
- **FUTLAN/FTLNHD:** *Plans to issue 4th CBICL-guaranteed notes. FUTLANs/FTLNHDs moved -0.5 to +0.4pt this morning. See below.*
- **DALWAN:** *Media reported that Dalian Wanda Group plans to extend the repayment of USD1.3bn loans for a second time which are linked to Zhuhai Wanda's IPO. DALWANs moved -0.25 to 0.25pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex-JP IG space was traded in a constructive tone. Chinese SOE/TMT benchmarks names grinded 1-2bps tighter. TENCNT 30s/BIDU 31s were 2bps tighter. The high-beta TMTs were stable in spreads, XIAOMI 30s/31s were under better buying. In Chinese financials, HRINTH curve was traded 0.5-0.8pts higher and flows turned better buying among RMs/AMs post further buyback. CCAMCL 27s tightened 5bps and its 24-27s were traded in balanced two-way flows. GRWALL 3.95 Perp was 0.5pt higher. In AT1s, BNKEA 5.875 Perp/CHOHIN 5.7 Perp gained 0.4-0.6pt. HSBC/STANLN AT1s were up 0.5-1pt. In Asian bank T2s/leasing space, BCHINA/ICBCAS/CCB/NANYAN/BOCAVI/ UOBSP papers were traded in active two-way flows. Korea space was under better buying. HYUELE/KOLAHO 28s grinded 1-6bps tighter. In HK space, CKHH/HKLSP 33s were better bid. LEEMAN 5.5 Perp was traded stable at high-80s post further repurchases of USD23.83mn. However, NWDEVL Perps lowered 1-1.2pts. Chinese properties remained lackluster. LNGFOR 28-32s declined 1-1.2pts. GEMDAL/VNKRLE 24s edged down 0.8-0.9pt. On the other hand, CSCHCNs performed mixed. CSCHCN 9 12/11/24 gained 2.5pts while the rest of CSCHCN 24s lowered 2-2.3pts. DALWAN '24 was stable at high-50s. Last night, media reported DALWAN planned to extend for a second time on the prepayment deadline for USD1.3bn of loans linked to Zhuhai Wanda unit's IPO. Industrials were firm. EHICAR 24s was 0.4pt higher following the announcement of repurchases of USD46.425mn on its due-2024s. AACTEC/WESCHI 26s were up 0.6-0.8pt. HONGQI was unchanged at high-90s. Moody's affirmed China Hongqiao's Ba2 ratings but revised the outlook to negative from stable. Macau gaming names MPEL/SANLTD 28s/29s were down 0.5-0.6pt. In Indian space, VEDLN 24s/25s were up 0.2-0.3pt. Indonesian names MEDCIJ 25-27s were 0.8-1.3pts higher, after Medco Energi announced the tender offer and concurrent new issue.

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There were good two-way flows in LGFVs amid an overall upbeat sentiment. The 23s/24s LGFVs remained firm, supported by cash deployment buying. The 7-8% Shandong names QDJZWD 25s/QDHTCO 24s were up 0.1pt. Several high-beta/higher-yielding names were better bid. Chongqing/Shandong names CQNANA 26s/SHGUOH 25s were unchanged to 0.2pt higher. CPDEV 5.75 Perp was up another 0.6pt to close at 79. Elsewhere, SOE Perps were better bought by both onshore and offshore Chinese RMs. In SOE perps, HUADIA 3.375 Perp/HUANEN 3.08 Perp were down 0.2pt. FRESHK 25s/26s were up 0.6-0.7pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSCHCN 9 12/11/24	43.5	2.5	CSCHCN 9 06/26/24	48.3	-2.3
MEDCIJ 6.95 11/12/28	94.8	1.3	CSCHCN 9 04/12/24	51.0	-2.0
MEDCIJ 6 3/4 01/30/25	101.1	1.1	TAISEM 4 1/2 04/22/52	83.9	-2.0
MEDCIJ 6 3/8 01/30/27	95.7	0.8	CITLTD 5.07 04/18/48	85.3	-1.8
AACTEC 2 5/8 06/02/26	86.6	0.8	SINOPE 4.6 09/12/48	81.8	-1.8

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.62%), Dow (-0.51%) and Nasdaq (0.63%) retreated post sticky Sep CPI on Thursday, the latest CPI was +0.4% mom, higher than the market expectation of +0.3% mom. The latest initial jobless claim was +209k, compared to the market expectation of +210k. The UST yields rallied higher yesterday, 2/5/10/30 yield reached 5.06%/4.69%/4.70%/4.86%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ FUTLAN/FTLNHD: Plans to issue 4<sup>th</sup> CBICL-guaranteed notes

Seazen plans to issue 3-year RMB1.5bn CBICL-guaranteed interbank notes at 3.3%-4.3% coupon as early as next month, and it will be Seazen's 4<sup>th</sup> CBICL-guaranteed notes issuance. Since Sep'22, it has issued 3 CBICL-guaranteed tranches totaled RMB3.85bn. At the same time, it is also looking into issuance of domestic corporate bonds with CDS protection.

Seazen is one of the few non-state owned developers remain current on its debt obligations, and maintain access to various funding channels. On top of the CBICL-guaranteed issuances onshore, Seazen successfully issued 364-day FTLNHD 7.95 05/20/24 of USD100mn offshore in May'23 to refinance another 364-day paper due in Jun'23. It has totaled USD1.8bn USD bonds outstanding, and the next maturity will be in May'24 of USD100mn. We view its refinancing risk is manageable, with the financial flexibility provided by its maturing IP portfolios as well as funding channels access. Please refer to our comment [Seazen - Too much downside priced in](#) for more detailed discussion. We prefer longer-dated, lower cash price FUTLANs/FTLNHDs. FUTLANs/FTLNHDs moved -0.5 to +0.4pt this morning.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Shinhan Bank Co Ltd	500	5yr	6.425%	SOFR+108	Aa3/A+/A

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhejiang Kunpeng	USD	-	364d	7.3%	Baa3/-/-

## ➤ News and market color

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB118bn. As for Month-to-date, 230 credit bonds were issued with a total amount of RMB246bn raised, representing a 4.5% yoy increase
- [AGILE]** Agile Group announced to sell, acquire equity interests in some companies engaged in real estate development totaled cRMB1.2bn to offset debts
- [CHAECO]** Changde Economic Construction Investment issued RMB1bn five-year MTNs with 4.0% coupon; It plans to offer RMB800mn three-year MTNs to repay debts
- [CHIOIL]** China Gas Holdings proposes to offer up to RMB1.5bn five-year MTNs to repay debts
- [DALWAN]** Media reported that Dalian Wanda Group plans to extend the repayment of USD1.3bn loans for a second time which are linked to Zhuhai Wanda's IPO
- [FUTLAN]** Seazen Holdings plans to issue RMB1.5bn CBICL-guaranteed interbank notes as early as Nov'23
- [GCLNE]** GCL New Energy said to cut liabilities by around RMB2.59bn following disposal of Suzhou solar power project companies
- [NWSZF]** NWS Holdings to hold EGM on 2 Nov to consider HKD9.15/share conditional voluntary general cash offer from CTFE
- [QDJZWD]** Qingdao Jiaozhou Bay Development issued RMB800mn two-year MTNs at 3.76% coupon to repay debts
- [SINOCE]** Sino-Ocean Group announced to arrange payment for USD3.8mn interest due 26 October of 3.80% notes due 2025 after obtaining relevant finance
- [VEDLN]** Vedanta incorporates wholly owned subsidiary Vedanta Iron and Steel towards implementation of demerger scheme

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