

## CMBI Credit Commentary

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

- *Market focuses on new issues this morning, BOCAVI'29 tightened c2bps, SAMTOT'29 was unchanged and HYUELE'27/29 tightened 1bps. IG/SOE/LGFV spaces were stable, BABA/TENCNT narrowed 1-2bps.*
- **China Grand Auto:** CHIGRA 9 1/8 01/30/24 to be fully repaid as scheduled. CHIGRA'24 down 1.2pts this morning after 4.5pts rally since 28 Dec'23. See below.
- **Chinese properties:** Guangzhou issued the first batch of housing voucher to facilitate urban renewal and clear inventory. See below.

#### ❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield tightened 4-6bps across the curve. On the new issues, BOCAVI priced 5-yr bond of USD500mn at T+125. The new BOCAVI '29 tightened 2bps from RO this morning. The new HYUELE '27 tightened 3bps from its RO (CT2+121/CT3+145) and HYUELE '29 tightened 5bps from its RO (CT5+167). The new INDON 29/34/54 were traded 0.3-0.4pt higher from the Mon closes. Chinese SOE/TMT benchmarks HAOHUA '30/TENCNT '29/BABA '31 tightened 1-3bps. In Chinese financials, BOCAVI 28s widened 4bps and 24/33 were also under better selling ahead of the new issue. In AMCs, HRINTHs were another 0.1-0.2pt lower (5-15bps wider). CCAMCL 27-31s widened 5bps. The front end of Chinese bank T2s/leasing papers remained better offered. ICBCAS/ICBCIL/CMINLE 24s-26s widened 2-4bps. Chinese AT1s were stable. BOCOM/BOCOHK/CINDBK Perps were up 0.1pt. EU AT1s HSBC/ STANLN/UBS Perps were under better buying from PBs. In KR/TH space, POHANG/LGENSO/BBLTB 28s were under better selling and widened 2-3bps. HK/Chinese properties were firm. SHUION 24-26s were up 0.5pt. DALWAN 25-26s were up 1.2-1.9pts. Media reported China Vanke would use internal resources to redeem USD630mn VNKRL 5.35 03/11/2024 and arrange syndicated loans to partly refinance other offshore bonds maturing in 2024. VNKRL'24 was up around 1pt. In industrials, CHIGRA '24 was up 4.1pts, post media reported China Grand Automotive decided to repay the USD231.7mn CHIGRA 9.125 01/30/2024 in full on time. See below for comments. ANTOIL '25/EHICAR '26 were 2.5pts higher. In Indian space, VEDLNs were up 1.4-3.7pts. Indonesian name LMRTSP 24/26 were another 1.4-4.1pts higher. LPKRIJ 25/26 were up 1.2-1.6pts. However, MDLNIJ '25 was 2.3pts lower. Elsewhere, GLPCHI '24/GLPSP '25 were up 0.5-0.8pt.

The LGFV/Perp spaces had a firm session. The quality LGFVs were under better buying as RMs continued to deploy cash. HZCONI '25/GZINFU '26 were up 0.1-0.3pt. Chongqing names CQNANA 26 were up 0.2-0.5pt. Shandong names QDJZWD '25/QDHTCO '24 were up 0.1pt. The higher-

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yielding LGFVs were also traded in a constructive tone. GSHIAV/KMRLGP 24s were 0.3-0.8pt higher. In SOE perps, CHPWCN/RLCON Perps were up 0.1pt. However, there were some profit taking flows on the high-beta IG papers. SUNSHG '26 was 0.6pt lower.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 7 1/2 02/09/26	80.0	4.1	MDLNIJ 3 06/30/25	22.3	-2.3
CHIGRA 9 1/8 01/30/24	100.2	4.1	CSCHCN 9 04/12/24	29.2	-1.0
VEDLN 6 1/8 08/09/24	77.5	3.7	RDHGCL 7.8 03/20/24	83.1	-1.0
ANTOIL 8 3/4 01/26/25	96.2	2.5	CHNTHI 1.828 11/09/25	90.6	-0.9
EHICAR 7 09/21/26	68.8	2.5	AACTEC 3 3/4 06/02/31	75.5	-0.8

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.15%), Dow (-0.42%) and Nasdaq (+0.09%) were mixed on Tuesday. US Nov'23 goods and services exports/imports both decreased 1.9% mom to USD253.7bn/USD316.9bn. Nov'23 Trade deficit narrowed to USD63.2bn from USD64.5bn in Oct, compared with the expectation of USD64.8bn. UST yields slightly retreated yesterday, 2/5/10/30 yield reached 4.36%/3.97%/4.01%/4.17%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ China Grand Auto: CHIGRA 9 1/8 01/30/24 to be fully repaid as scheduled

On 28 Dec'23, China Grand Auto has launched the bondholders' identification process for CHIGRA 9 1/8 01/30/24, leading to speculations on liability management exercise to extend the bond maturity. Nonetheless, as per our discussions with the company, it explicitly mentioned that CHIGRA 9 1/8 01/30/24 would be repaid in full on the maturity (30 Jan'24). There would be no maturity extension and no exchange. It also responded in the e-interview platform in Shanghai Stock Exchange that its operations were stable and CHIGRA 9 1/8 01/30/24 would be repaid in full as scheduled.

Currently, CHIGRA 9 1/8 01/30/24 (o/s USD231.7mn) is the only outstanding USD issue of China Grand Auto. The company has so far fully repaid or redeemed 6 of its offshore issues totaled USD1.7bn, including 2 perps: CHGRAU 8 3/4 Perp on 15 Dec'19 (the first call date) and CHGRAU 9.109 Perp on 30 Oct'23 (the 2nd coupon reset date, 3 year after the first call date). The operating performance of China Grand Auto has been resilience throughout the past few years with stable profitability. In 9M23, its LTM operating profit was RMB3.1bn and cash flow from operations was RMB1.2bn. As of Sep'23, its cash on hand was RMB12.1bn. We believe that China Grand Auto has the ability and incentive to honour the full repayment of its only offshore issue as scheduled. CHIGRA'24 was 1.2pts lower at 99.0 this morning after 4.5pts rally since 28 Dec'23.

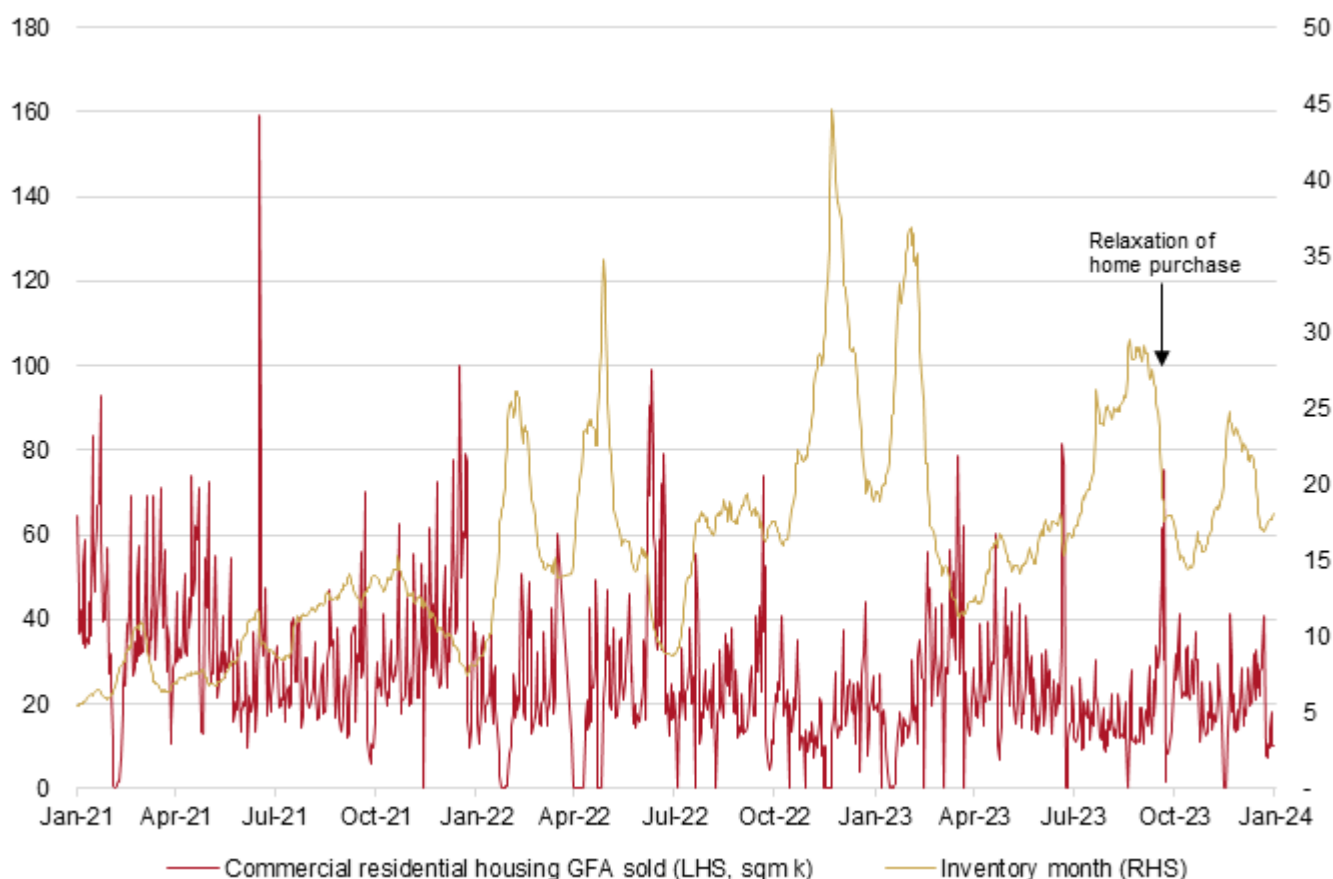
##### ➤ Chinese properties: GZ issued the first housing voucher to facilitate urban renewal and clear inventory

Guangzhou Municipal Bureau of Planning and Natural Resources provided more details on the housing vouchers on 8 Jan. Guangzhou government approved the resettlement plan via the use of housing voucher, and Guangzhou Liwan District issued the first batch of housing voucher in the city on 5 Jan. The plan is expected to be implemented across the city.

Residents of the residential properties pending demolition for urban redevelopments are now given an option to be compensated with housing vouchers, on top of the existing options including resettlement after rehabilitation and monetary compensation. The housing vouchers are a combination of basic compensation, reallocation reward and policy incentive fee. Residents are allowed to use the housing vouchers to buy newly built commercial housing in a designated list. The tenor of the housing voucher is 18 months, the unused part can be exchanged into cash after expiration. Each district will formulate its own policies. Furthermore, the housing voucher can be transferred once if the resident already owns residential properties in Guangzhou.

In addition to Guangzhou, there are over 10 cities in China adopted housing vouchers in facilitating urban redevelopment projects (URPs). Guangzhou plans to cut down the number of settlement housing to be built in URPs via the use of housing voucher. The housing voucher will help reduce the inventory levels by turning housing demand of residents affected by URPs into the commercial housing market. There are four developers included in the designated list including Liwan Development Group, China Overseas, Pearl River Enterprises, and Licheng Investment. We expect more notable impact on the local property market after more URPs will adopt the housing voucher and more clarity on the actual implementation of the housing voucher over the medium term.

**Chart 1: Guangzhou commercial housing sales and inventory month**



Source: Wind.

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
BOC Aviation (USA) Corporation	500	5yr	5.0%	T+125	-/A-/A-
Hanwha TotalEnergies Petrochemical	400	5.5yr	5.5%	T+153	Baa1/BBB/-
Ji'An Chengtong Holding Group	96.32	3yr	5.55%	5.55%	-/-/-

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
CICC	USD	-	3yr	T+130/SOFR+140	-/-/BBB+
Rizal Commercial Banking Corp	USD	-	5yr	T+195	Baa3/-/-
State Bank of India London Branch	USD	-	5yr	T+150	-/BBB-/BBB-
Sumitomo Life Insurance	USD	-	PerpNC10	6.25%	A3/-/A-

## ➤ News and market color

- Regarding onshore primary issuances, there were 82 credit bonds issued yesterday with an amount of RMB57bn. As for Month-to-date, 378 credit bonds were issued with a total amount of RMB302bn raised, representing a 10.4% yoy increase
- Media reported that LGFVs had been instructed by regulators to cease issuing offshore bonds with a duration of 364 days
- [ADSEZ]** Adani Ports raised INR5bn (cUSD60.2mn) via allotment of 50,000 NCDs in two series
- [VEDLN]** Moody's downgrade Vedanta Resources Limited's ratings to Caa3 on distressed exchange and maintained negative outlook
- [VNRLE]** Media reported that China Vanke would use internal resources to redeem USD630mn bonds due-11 Mar'24 and arrange syndicated loans to partly refi other offshore bonds maturing 2024

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