

CMBI Credit Commentary

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

- *10yr UST yield breached 5% on Monday then retreated to 4.86%. Front-end names were actively traded this morning. High quality LGFVs and big four banks' AT1s were under better buying by Chinese buyers.*
- **Chinese leasing:** *Initiate buy on FRESHK 2 ⅝'24, FRESHK 3 ⅝'25, BCLMHK Float 24-25s and CDBFLC 2 ⅞'30. See below.*
- **LOGPH:** *Media reported that Logan is planning to extend maturity of offshore debts to up to eight years from seven years in its new restructuring proposal.*

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❖ Trading desk comments 交易台市场观点

Last Friday, overnight UST 10yr yields widened 7bps to 4.98%. Asia ex-JP IG space had a busy session with active two-way flows. Chinese benchmark SOE/TMT were unchanged to 2bps tighter. The long end of CHIOLIs/CHGRIDs were better bid. The high-beta TMTs MEITUA/XIAOMI 30s widened 4-6bps. In financials, we saw active two-way flows on the CN/KR/SG bank T2s. ICBCAS/BCHINA/KEBHNH/UBOSP 28-30s tightened 1-2bps. The leasing/AMC papers were subdued with better selling flows. CDBFLC/ORIEAS 30s widened 5-7bps. HRINTH announced the 5th round of repurchases but we saw better selling flows on HRINTH 24-29s though they closed unchanged. Chinese AT1s, especially c25 issues, continued to be sought-after by Chinese RMs. Thai AT1s BBLTB/KBANK Perps were under small better offered. In European names, HSBC/STANLN Perps were 0.25-0.5pt lower. UBS 7 Perp was up 0.6pt. MUFG 8.2 Perp was 0.5pt higher. In HK Corp space, NWDEV/CKINF Perps moved 0.4-1pt lower. HK/Chinese properties remained weak. YLLGSP '26 dropped 3pts. VNKRLE 25/27 were traded down 2.3-2.8pts, in light of RM selling. LNGFOR 27/32 declined 1.2-2.3pts. DALWAN/CSCHCN 24-26s lowered 1.6-2.2pts. FUTLAN/FTLNHD 24-25s were 0.7-0.9pt lower. COGARDs edged down 0.3pt. HPDLF 23/24 closed unchanged to 0.2pt lower. After close, Fitch downgraded Hopson to 'B' from "B+" with a stable outlook. CHJMAOs performed more resilient, closed unchanged to 0.1pt higher with Chinese AMs switching out of the called CHJMAO 4.875 Perp into CHJMAO '24. Industrials were mixed. AACTEC '26/EHICAR '24 gained 0.4-0.7pt. while ANTOIL '25 lowered 2.6pts. Macau gaming names were quiet. STCITY 29/30 were 0.9-1.1pts higher. In Indian space, VEDLN '26/ADTIN '26/ADSEZ '29 lowered 0.8-0.9pt. Indonesian names LPKRIJ/LMRTSP 24-25s were up 0.3pt. Elsewhere, GLPCHI 24/26 dropped 1.4-1.9pts.

The LGFV/Perp spaces were stable despite volatilities in rates. On the primary side, JNHTE priced 3yr USD280mn bond at par to yield 7.4%. Flow wise, we saw Chinese accounts continued to deploy cash in the front-end of SOE perps and LGFVs. The 7%-handle Shandong names remained a key area of interest. JNHTE/JINLIX 24s were 0.1pt higher. The higher-yielding names performed mixed. GSHIAV '25/KMRLGP '24 were up 0.1-0.3pt while higher-yielding Shandong/Chongqing names SHDOIS '24/SHGUOH '26/CQNANA '26 were down 0.1-0.4pt. CPDEV 25/26 dropped 1.7-2.5pts. CPDEV/ZHHFGR Perps were down 0.3pt. In SOE perps, CHINEV 3.8 Perp/CHCOMU 3.425 Perp were down 0.1-0.2pt. Elsewhere, FRESHK '25 was 1.5pts lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHIOLI 3 1/8 03/02/35	69.0	1.3	YLLGSP 5 1/8 05/20/26	53.6	-3.0
STCITY 5 01/15/29	71.1	1.1	VNKRLE 3 1/2 11/12/29	49.3	-2.8
CHIOLI 6.45 06/11/34	94.6	1.1	VNKRLE 3.975 11/09/27	59.4	-2.7
YYCCIG 3.48 11/24/26	90.0	1.0	ANTOIL 8 3/4 01/26/25	87.0	-2.6
CHGRID 4.85 05/07/44	87.1	1.0	CPDEV 3.85 07/14/25	70.6	-2.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.17%), Dow (-0.58%) and Nasdaq (+0.27%) were weak on Monday. Euro-zone Oct'23 consumer confidence index was -17.9, compared with the expectation of -18.3. 10yr UST yield reached 5% at opening then moved down, other long-term UST yields retreated at closing while short-term yields were stable, 2/5/10/30 yield reached 5.05%/4.81%/4.86%/5.01%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ China leasing: Initiate coverage on Chinese leasing sector

Initiate buy on FRESHK 2 5/8'24, FRESHK 3 3/8'25, BCLMHK Float 24-25s and CDBFLC 2 7/8'30

Leasing companies in China can be broadly classified into 2 categories: commercial leasing companies and financial leasing companies. Financing leasing companies enjoy lower funding costs than that of commercial leasing companies given their more diversified funding channels and more stringent regulatory requirements. Hence, the RV analysis should also be separated between commercial leasing companies and financial leasing companies, factoring in their fundamental differences.

For commercial leasing companies, FRESHKs are our picks because of the more attractive risk-return profiles than those of peers such as BOCAVI, CHNAAR and PINIFL. Within the FRESHK curve, we pick **FRESHK 2 5/8 03/03/24** as a short-dated carry play, and **FRESHK 3 3/8 02/18/25** for its better risk-return profile. At 97.7, FRESHK 2 5/8 03/03/24 is trading at a YTM of 9.1%. For FRESHK 3 3/8 02/18/25, it is trading at YTM of 10.4% at 91.5.

For financial leasing companies, we pick **BCLMHK Float 09/05/24**, **BCLMHK Float 12/10/24**, and **BCLMHK Float 03/02/25** as short-dated and low beta plays under an uncertain interest rate environment. They are trading at YTM of 6.6-6.8% with cash prices close to par. BCLMHK Float 24-25s also present 79-94bps yield pick-up over the senior notes of BOCOM.

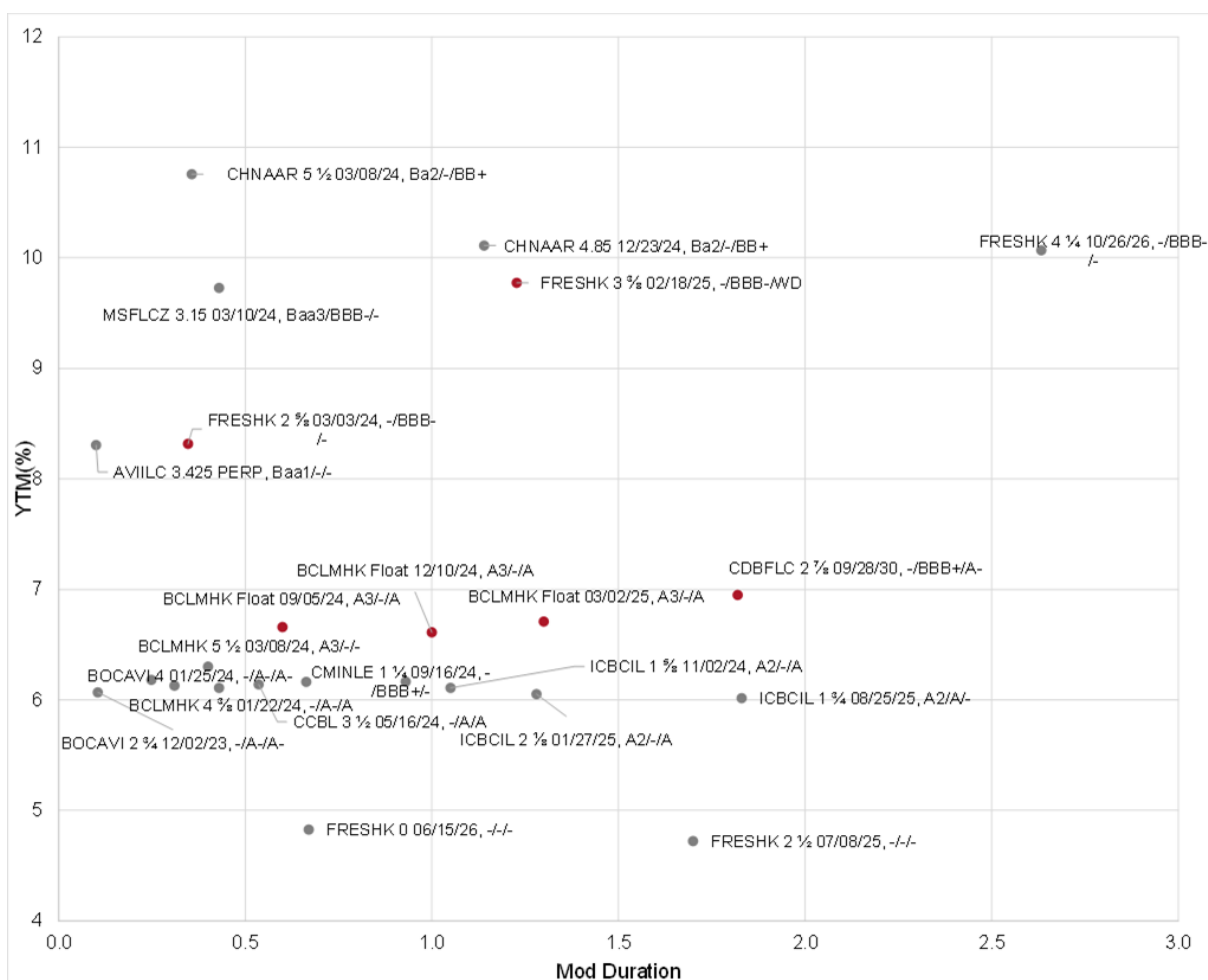
Additionally, we consider **CDBFLC 2 ⅞ 09/28/30** (Tier 2 bond, callable 09/28/25) a yield pick-up play over its own senior unsecured bonds and its parent's senior bonds. At 92.7, CDBFLC 2 ⅞ 09/28/30 is trading at YTC of 6.9%. It offers a yield pick-up of 117bps and 142bps over CDBLFD 2 03/04/26 and SDBC 1 10/27/25.

Table 1: Summary of our picks

Bond	Ask price	YTM/YTC (Ask)	o/s amt (USDmn)	Rating (M/S/F)	Guarantor
FRESHK 2 ⅞ 03/03/24	97.7	9.1%	450	-/BBB-/-	-
FRESHK 3 ⅞ 02/18/25	91.5	10.4%	300	-/BBB-/-	-
BCLMHK Float 09/05/24	100.2	6.6%	400	A3/-/A	-
BCLMHK Float 12/10/24,	100.0	6.8%	600	A3/-/A	-
BCLMHK Float 03/02/25	99.8	6.8%	500	A3/-/A	-
CDBFLC 2 ⅞ 09/28/30	92.7	6.9%	700	-/BBB+/A-	-

Source: Bloomberg.

Chart 1: Actively traded China leasing bonds (M/S/F)



Source: Bloomberg.

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➤ **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)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 91 credit bonds issued yesterday with an amount of RMB75bn. As for Month-to-date, 856 credit bonds were issued with a total amount of RMB911bn raised, representing a 1.8% yoy increase
- **[DALWAN]** Dalian Wanda Commercial Management scheduled interest payment for 20Wanda03 bonds on 30 Oct
- **[FRESHK]** Media reported that Far East Horizon will start repurchasing up to 10% of its shares with internal resources as it believes they are undervalued
- **[GEMDAL]** Media reported that Gemdale remitted funds for early redemption of RMB236mn ABS due 24 Oct
- **[GWFOOD]** Fitch downgraded Wens Foodstuff to BB and placed negative outlook
- **[LMRTSP]** Moody's affirmed LMIRT's Caa1 ratings and placed negative outlook
- **[LOGPH]** Media reported that Logan is planning to extend maturity of offshore debts to up to eight years from seven years in its new restructuring proposal
- **[LZDCID]** Liuzhou Dongtong Investment & Development received Shanghai bourse's approval over RMB2.5bn corporate bond offering
- **[SDEXPR]** Shandong Hi-Speed Group proposes to offer RMB2bn three-year MTNs to repay debts
- **[SINOCE]** Sino-Ocean halted trading of five onshore notes totaled RMB8.95bn

- [VEDLN] Media reported that Vedanta Ltd. CFO could be seeking to leave
- [YGCZCH] Shandong Energy proposes to offer up to RMB3bn corporate bonds to repay debts

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