

CMBI Credit Commentary

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

- *Asian IG space was 1-3bps tighter this morning. Recent issued CMINLE'27 was unchanged. We saw buying flows on belly AMC/ChemChina. LGFV sector was quiet, new issue JJUCID'25 was heavy.*
- **ORIEAS:** *FV of new 5-yr USD bonds to be T+130-135bps. See below.*
- **Chinese properties** - *Weekly highlight: Awaiting more positive signs on property sales. See below for comments from CMBI equity research.*

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❖ Trading desk comments 交易台市场观点

Yesterday, KOMRMR 29s tightened 5bps. CITNAT 27/29 were 1-2bps tighter. OCCBSP 34s tightened 1bp. SBIIN '29/RECLIN '28 closed unchanged to 2bps tighter. AU T2s such as ANZ '30/WSTP '32/NAB '29 widened 2-3bps. In Chinese IGs, TENCNT '28/BIDU '30 were 1-3bps tighter. The front end of Chinese AMCs such as CCAMCL/ORIEAS/HRINTH 24-27s closed unchanged to 5bps wider. In financials, the new CMINLE 0 '27 tightened 8bps from RO (SOFR+76) despite some profit taking, while the other FRNs such as CICCHK/CSFCO 27s widened 1-2bps. PINGIN '34 tightened 3bps. In AT1s, BNKEA 5.825 Perp remained better bid by RM and closed 0.2pt higher. EU AT1s such as HSBC 6 Perp/BACR 4.375 Perp/INTNED 3.375 Perp were 0.1-0.3pt lower. In HK, AIA/CKHH 29s/34s were 1-2bps tighter. LASUDE '26 increased 0.9pt. Chinese properties moved lower. GEMDAL '24 declined 1.8pts. LNGFOR 29/32 were down 0.6-0.9pt. The long end of CHIOLIs closed unchanged to 0.2pt lower. SHUION 25/26 plunged 5.8-6.0pts while SHUION '24 was down 1.5pts. ROADKGs were 0.4-1.0pt lower. Media report that Shui On Land and Road King were meeting bankers to explore options for their USD bonds. Media also reported that Road King had proposed a 1.5-2-yr maturity extension for its amortizing due-Sept club loan (o/s cUSD240mn) with some upfront prepayment. In industrials, FOSUNI 26/27 were 0.3-1.2pts higher. In Macau gaming, MPELs/SANLTDs were down 0.3-0.4pt. In Indonesia, LMRTSP 24/26 were up 0.8-2.6pts, following media report that LMIRT has obtained a new secured amortizing term loan of up to IDR2.5tn (cUSD155mn). In India, VEDLN 26-28s were up 0.3-0.6pt.

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In LGFVs, JJUCID priced a USD142mn 364-day bond at par to yield 6.45%. The new CNSHAN 6.5 Perp was 0.1pt lower under profit taking. The new QDJZWD 7.9 '27 edged 0.25pt higher supported by its attractive yield level. The property-related LGFVs such as CPDEV/BCDHGR 26s were 0.1pt higher. In the 5-6% LGFVs, GZGETH '27/GZDZCD '26 were 0.1pt lower. In SOE perps, CHSCOI 4 Perp was 0.1pt higher, while RLCONS 3.97 Perp was down 0.1pt. In the high beta names, HNINTL/HUANEN 29-31s were 0.1-0.3pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 7 1/2 02/09/26	89.3	2.6	SHUION 5 1/2 06/29/26	66.9	-6.0
FOSUNI 5.05 01/27/27	90.3	1.2	SHUION 5 1/2 03/03/25	76.8	-5.8
LASUDE 5 07/28/26	66.9	0.9	GEMDAL 4.95 08/12/24	92.3	-1.8
LMRTSP 7 1/4 06/19/24	99.6	0.8	SHUION 6.15 08/24/24	89.1	-1.5
VEDLN 13 7/8 01/21/27	97.2	0.6	PERTIJ 4.15 02/25/60	72.2	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.74%), Dow (-1.06%) and Nasdaq (-0.58%) were weak on Wednesday. UST yield continued to rally higher yesterday, 2/5/10/30 yield was 4.96%/4.63%/4.61%/4.74%.

❖ Desk analyst comments 分析员市场观点

➤ **ORIEAS: FV of new 5-yr USD bonds to be T+130-135bps**

We consider the FV of the proposed 5-yr ORIEAS'29 to be T+130-135bps (YTM of 5.93%-5.98%) vs. IPT of T+180 (YTM of 6.43%) given that the current YTM of ORIEAS 3.5 09/24/29 is 5.96% and YTM of CCAMCL 5.75 05/28/29 is 5.84% while the credit rating of China Cinda AMC is one notch higher than China Orient AMC. In AMC sector, HRINTHs and GRWALL 3.95 Perp remain to be our top picks. For lower beta play in the sector, we like CCAMCL 4.4 Perp. See our comments on [HRINTH](#) and [GRWALL](#).

	ORIEAS 3 ½ 09/24/29	CCAMCL 5 ¾ 05/28/29
YTM	5.96	5.84
T-Spread	133	121
Maturity	24 Sep'29	28 May'29
Rating (M/S/F)	-/BBB/A-	-/BBB+/A-

Source: Bloomberg.

The proposed new 5-yr USD bonds (to be rated BBB/A- by S&P and Fitch) will be issued under the MTN program of USD1.4mn. The bonds will be issued by Joy Treasure Assets Holdings Inc., and guaranteed by China Orient Asset Management (International) Holding Limited.

Security Name	ISIN	Amt o/s (USD mn)	Ask price	YTM/YTC (ask, %)	First call date	Coupon reset	Step-up (bps)	Rating (M/S/F)
CCAMCL 4.4 Perp	XS2397254579	1700	96.1	6.2	11/03/26	5yr UST+3.232%	-	B1/-/
GRWALL 3.95 Perp	XS2023803872	400	99.6	6.6	07/31/24	5yr UST+7.145%	500	-/-/BBB-
HRINTH 4.25 Perp	XS2235973943	250	96.2	7.3	09/30/25	5yr UST+6.979%	300	-/-/BB-
HRINTH 4.75 04/27/27	XS1596795358	850	95.2	6.6	-	-	-	Ba2/-/BBB
HRINTH 4.25 11/07/27	XS1711550373	1,100	92.4	6.8	-	-	-	Ba2/-/BBB
HRINTH 4.5 05/29/29	XS2001732283	544	91.3	6.6	-	-	-	Ba2/-/BBB

Source: Bloomberg.

➤ **Chinese properties - Weekly highlight: Awaiting more positive signs on property sales.**

Shanghai, Guangzhou and Shenzhen have stepped up their policy relaxation efforts on two dimensions including purchase restrictions and the mortgage loan. By analysing the policy timeline and specifics in four cities, we think

Beijing still has room for policy relaxation in both dimensions. We believe that **1)** policy easing may provide a marginal stimulus to property sales as it has indeed unlocked the eligibility of a certain range of potential buyers. **2)** On the sentiment front, a number of homebuyers may believe that the market is nearing its bottom following the continuous policy rollout, thereby accelerating their pace of entering the market. Chengdu and Hangzhou showed improvement on both new home and secondary market since mid-May, and Beijing also saw a positive trend on the secondary market in the past week. **We anticipate** that sales in the coming June may be moderately bolstered by policy stimulus, thereby resulting in better data for 2Q compared to 1Q. Additionally, considering that further supportive policies may continue to be introduced at appropriate junctures, we foresee a continued recovery in the sector's performance on a medium to long-term basis and advise investors to buy the dip. For stocks, we prefer PM companies like CR MixC, Poly Services, Binjiang Services and Onowo, property agents BEKE, and PJM company Greentown Mgmt. For developers, we recommend CR Land with LT value.

What is new? [Shanghai](#) has once again eased its property policy by further loosening the home purchase restrictions to allow non-SH residents with social insurance records of >3 years (originally 5 years) to buy homes. It has also become the first city among tier-1 cities to lower the down payment ratio and mortgage rate. [Guangzhou](#) and [Shenzhen](#) also announced similar measures after the market close yesterday (28 May). We find that the recent policy relaxations are mainly in two directions: 1) easing restrictions to unlock additional home purchasing power, and 2) easing mortgage-related policies. [Figure 1 & 2](#) illustrate the timeline and specifics of the relaxation. In comparison, we think Beijing still has room for policy relaxation in both purchase restriction and mortgage loan-related policies. **We believe that 1)** policy easing may provide a marginal stimulus to property sales as it has indeed unlocked the eligibility of a certain range of potential buyers. **2)** On the sentiment front, a number of homebuyers not only in tier-1 cities but also in low tier cities may believe that the market is nearing its bottom following continuous policy rollouts, thereby accelerating their pace of entering the market.

High-frequency data: secondary market showed initial improvement. As of 27 May, [secondary home sales volume in 17 cities](#) went up 20% WoW and narrowed the QTD decline to -9% YoY vs. -17% YoY in 1Q24 the YTD decline was at -14% YoY. While the new home market is still lukewarm with [new home sales volume in 30 major cities](#) up only 1% WoW. YTD decline was at -41% YoY (-40% in [tier-1&2 cities](#), -45% in tier-3 cities).

Chengdu, Hangzhou and Beijing show positive signs on sales. It is noteworthy that among the cities that have recently implemented easing policies, Chengdu and Hangzhou have shown clear signs of recovery ([Figure 6 & 7](#)) in the sales of both new and second-hand homes since mid-May. Additionally, [Beijing's](#) secondary market has also exhibited a positive trend over the past week

Transaction watch in tier-1 cities (weekly). During the 21th week of 2024 (20-26 May), [units of new homes sold](#) in SH and SZ exceeded weekly avg. by 5% and 3%. GZ and BJ were below weekly avg. by -9% and -19%. [Units of secondary homes sold](#) in SZ, SH and BJ in 21W surpassing weekly avg. by 15%, 11% and 5%. GZ was 8% lower than weekly avg. Overall, SZ performed strongly in both primary and secondary markets.

Click [here](#) for full report

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Jinjiang Road and Bridge Construction & Development	142	364D	6.45%	6.45%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Orient Asset Management	USD	-	5yr	T+180	-/BBB/A-
Krakatau Posco	USD	-	3/5yr	T+200/220	-/BBB/-

➤ News and market color

- Regarding onshore primary issuances, there were 69 credit bonds issued yesterday with an amount of RMB45bn. As for month-to-date, 1,032 credit bonds were issued with a total amount of RMB1,188bn raised, representing a 7.1% yoy increase
- **[BTSDf]** Media reported that Health & Happiness USD500-600mn term loan underwriters get internal approvals to proceed with deal to refi USD749mn due-June 2025 loan
- **[DALWAN]** Dalian Wanda Commercial Management further redeemed 20% of principal amount of 7.25% bonds due 2024
- **[FTHDGR]** Fantasia Holdings Group announced holders representing 81.96% of existing debt instruments acceded to RSA
- **[LEEMAN]** Lee & Man Paper Manufacturing completed redemption of LEEMAN 5.5 PERP
- **[PBRXIJ]** Media reported that Pan Brothers hired AJCapital as financial advisor for potential debt restructuring
- **[RAKUTN]** S&P affirmed Rakuten Group's BB rating and revised up outlook to stable from negative
- **[ROADKG]** Media reported that Road King Infrastructure proposed 1.5-2-year maturity extension for originally USD368mn-equivalent due-Sept loan and to offer some prepayment
- **[SHUION]** Media reported that Shui On Land met at least two bankers to explore options for USD bonds

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