

**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 2023”](#). Thank you for your time. Your support will mean a lot to us.

- *Asian IG space was strong and tightened 2-10bps this morning. We saw buyers on LENOVO/SINOCH curves and AMC sector. Front end bank T2 was better selling. LGFV/SOE Perp/AT1 were overall two-way balanced.*
- *LPKRIJ: Revenue increased 18.5% yoy to IDR8.07tn and EBITDA rose 39% yoy to IDR1.97tn in 1H23. LPKRIJs were unchanged to rose 0.15pt this morning. See below.*
- *HAIDIL: Increase in customer flow post-COVID19 control measures boost revenue and profit for 1H23. HAIDIL'26 down 0.25pt this morning. See below.*

**❖ Trading desk comments 交易台市场观点**

Last Friday, Asia ex-JP IG space had a firm session post FOMC. The recent new KORELE/DAESEC 26s were unchanged to 1bp tighter. Korea IG space was relatively muted. In Chinese SOEs, SINOCH/SINOPE 31s tightened 1-2bps. TMT benchmarks TENCNT 30s/BABA 31s grinded 2-5bps tighter. The high beta TMTs such as LENOVO/MEITUA/ XIAOMI 30s were notably squeezed 5-20bps tighter. In financials, the front end of leasing papers were under some small selling. AMC space was better bid on the belly to front end. HRINTHs were traded 10-20bps tighter. Chinese AT1s were skewed to better selling. Chinese properties were firm. DALWAN 24 rallied 9pts, while the rest of DALWANs were traded 3.5-5.5pts higher. SHUIONS were marked up 2.75-5pts. FTLNHDs/FUTLANs gained 2-5pts. COGARDs were traded 0.75-2.75pts higher. On the other hand, AGILEs declined 0.25-0.75pt. Industrials EHICAR 24 was bid up 0.75pt. Macau gaming names SANLTDs/STICTYs grinded 0.75-1.5pts higher. In Indian space, VEDLNs were traded up 0.25-1.25pts. Indonesian SOEs PERTIJs/PLNIJs were indicated 0.5pts lower. Elsewhere, GLPCHI 26 was marked down 1pt.

The LGFV/Perp space performed mixed. There was a flurry of deployment buying flows from onshore AMs in several 26s/27s LGFVs. On the other hand, several low-yielding LGFV names such as low-6% 25s bonds continued to be offloaded by Chinese security houses. We reckon these papers will continue to reprice wider, against the backdrop of funding/hurdle levels remained elevated. On the other hand, the demand remained more

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consistent in papers yielding ~9% to double-digit yield, from more risk-tolerant mandates onshore RMs and PBs. For bonds yielding 7%-8%, the buying interests were more in well-known LGFV names, versus better selling in the less-known names especially those from weaker regions like Shandong/Jiangxi. SHDOIS 24 declined 0.5pt. SHGUOH/HKIQCL 23-25s were marked 0.125pt lower. Away from LGFVs, SOE/HK Perps were both better offered. CKINF 4.85 Perp/LIFUNG 5.25 Perp were marked 0.25pt lower.

#### ❖ Last Trading Day's Top Movers

| Top Performers        | Price | Change | Top Underperformers   | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| DALWAN 7 1/4 01/29/24 | 60.6  | 8.9    | RISSUN 9 1/2 09/17/24 | 7.7   | -2.2   |
| DALWAN 11 01/20/25    | 46.7  | 5.4    | RISSUN 9 1/2 03/16/23 | 7.7   | -2.0   |
| SHUION 5 1/2 06/29/26 | 57.4  | 5.1    | GRNLHK 10.21 PERP     | 22.6  | -1.0   |
| FTLNHD 4 1/2 05/02/26 | 41.2  | 5.1    | AGILE 5 1/2 05/17/26  | 17.0  | -0.8   |
| SHUION 5 1/2 03/03/25 | 62.4  | 4.9    | FANGYA 1.98 11/10/24  | 95.8  | -0.6   |

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.99%), Dow (+0.50%) and Nasdaq (+1.90%) performed strong last Friday. The US Jun core PCE price index was +4.1% yoy, lower than market expectation of +4.2% yoy. The Jul US Michigan Consumer Sentiment was 71.6, lower than market expectation of 72.6. China Jul official manufacturing PMI was 49.3, higher than market expectation of 49.2 and recovered from 49.0 in Jun. The US treasury yields retreated last Friday, the 2/5/10/30 yield reached at 4.87%/4.18%/3.96%/4.03%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ LPKRIJ: Revenue increased 18.5% yoy to IDR8.07tn and EBITDA rose 39% yoy to IDR1.97tn in 1H23

Lippo Karawaci 1H23 results recovered. Its revenue increased 18.5% yoy to IDR8.07tn (cUSD535.4mn) and EBITDA rose 39% yoy to IDR1.97 (cUSD130mn) tn in 1H23. The company's net profit has been positive for the first time since 1H19 as IDR1.4tn c(USD93mn) .

By segment, Healthcare, Real Estate and Lifestyle contributed 65.4%, 27.0% and 7.6% revenue, respectively. Correspondingly, these three segments contributed 68.7%, 24.0% and 7.2% of Lippo Karawaci's total EBITDA. Healthcare continued to be the growth driver with yoy revenue/EBITDA growth of 13%/31%, out-performed the single-digit revenue/EBITDA growth of the other two segments. Real Estate sector secured IDR2.48bn marketing sales in 1H23 and achieved 50.6% of FY23 target. The company will launch more diverse projects including high-rise products in 2H23 to reach the FY23 target.

For liability management, LPKRIJ had cash on hand of IDR2.09tn (cUSD140mn) as of 1H23, down 20.6% from the level in Dec'22. Nonetheless, we take comfort that the company has no heavy due debts before 2025. Besides, the company launched two tender offer to repurchased USD148.6mn of LPKRIJ'25 in 1H23. We consider the liquidity condition of Lippo Karawaci is on an improving track along with the economic resumption post pandemic. LPKRIJs were unchanged to rose 0.15pt this morning.

Table 1: Debt maturity of LPKRIJ in 1H23

| In IDR bn | 2023 | 2024 | 2025  | 2026  | 2027 |
|-----------|------|------|-------|-------|------|
| IDR debt  | 191  | 352  | 460   | 529   | 604  |
| USD debt  | -    | -    | 3,563 | 2,925 | -    |

|            |     |     |       |       |     |
|------------|-----|-----|-------|-------|-----|
| Total debt | 191 | 352 | 4,023 | 3,454 | 604 |
|------------|-----|-----|-------|-------|-----|

Source: company fillings.

Table 2: Bond profile of LPKRIJ

| Bond                  | Ask px | YTM (ask, %) | Amt o/s (USDmn) | Bond rating (Moody's/Fitch) |
|-----------------------|--------|--------------|-----------------|-----------------------------|
| LPKRIJ 8.125 01/22/25 | 84.38  | 20.97        | 237.15          | Caa1/B-                     |
| LPKRIJ 6.75 10/31/26  | 72.25  | 18.48        | 194.66          | Caa1/B-                     |

Source: Bloomberg.

➤ **HAIDIL: Increase in customer flow post-COVID19 control measures boost revenue and profit for 1H23**

Haidilao issued positive profit alert yesterday that it expects no less than 23.7% yoy increase in revenue from continuing operations for 6M23. It also expects no less than RMB2.2bn net profit from continuing operations for 6M23, increase from RMB72mn for 6M22. The growth is mainly attributed to an increase in customer flow and improved operating performance of Haidilao restaurants post-COVID19 control measures, as well as increase in number of restaurants following the reopening of previously suspended restaurants under the "Hard Bone" plan.

HAIDIL 2.15 01/14/26 of cUSD300mn is the only USD bond outstanding for Haidilao. In Oct'22, the company completed a tender offer in to repurchase USD240mn at USD84.8 by its internal resources. After the tender, it reported RMB6.6bn cash at Dec'22, well above the short-term debt of RMB3.3bn. Growth in revenue and profit in 1H23 would further improve its operating cashflow generation and also available cash. At the same time, we expect to see more notable post-COVID19 recovery in consumption, travel, and gaming sectors, in contrast to real estate sector. At 90.62, HAIDIL'26 is trading at YTM of 6.34%. We consider HAIDIL offers favorable risk-return supported by improving operating performance. HAIDIL'26 down 0.25pt this morning.

Table 1: Bond profile of HAIDIL

| Bond                 | Ask px | YTM (ask, %) | Amt o/s (USDmn) | Bond rating (S&P/Fitch) |
|----------------------|--------|--------------|-----------------|-------------------------|
| HAIDIL 2.15 01/14/26 | 90.62  | 6.34         | 298.98          | BBB-/BBB-               |

Source: Bloomberg.

➤ **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) |
|-----------------------------------|----------|---------------|-------|---------|----------------------|
| GS Caltex Corp                    | USD      | -             | 5yr   | T+165   | Baa1/BBB/-           |
| China Cinda 2020 I Management Ltd | USD      | -             | 3.5yr | T+175   | -/BBB+/-             |

➤ **News and market color**

- Regarding onshore primary issuances, there were 89 credit bonds issued last Friday with an amount of RMB59bn. As for Month-to-date, 1,649 credit bonds were issued with a total amount of RMB1,553bn raised, representing a 18.6% yoy increase
- **[AGILE]** Agile Group announced it is likely to turn to loss in 1H23 from RMB3.4bn net profit in 1H22
- **[COGARD]** Media reported that Country Garden unit remitted fund for redemption of RMB2.2bn 19Bidi02 bonds due 1 Aug; The company expected to turn to loss in 1H23 from RMB4.9bn net profit in 1H22; Its controlling shareholder Yang Huiyan is to donate 20% stake in Country Garden Services Holdings to charity
- **[GRNCH]** Greentown proposes to offer up to RMB1bn three-year MTNs to repay debts
- **[GRNLGR]** Moody's downgraded Greenland Holding and Greenland Hong Kong ratings to Ca/Caa3, and placed negative outlook
- **[HAIDIL]** Haidilao expects 1H23 revenue to rise 24% yoy and no less than RMB18.8bn
- **[HONGQI]** China Hongqiao expected 1H23 net profit to drop around 70% yoy; its unit issued RMB720mn MTNs with 4.95% coupon rate to repay debts
- **[SHIMAO]** Shimao Group's share trading is to resume on 31 Jul; Shimao FY22 revenue decreased 42% and auditor refrains from expressing an opinion
- **[SINOCE]** Moody's downgraded Sino-Ocean corporate family rating to Caa2 and placed negative outlook; The company extended voting period for bondholders meeting on 18Yuanyang01
- **[VEDLN]** Media reported that Vedanta will invest USD5bn in first phase of setting up semiconductor fab and display units

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