

## CMBI Credit Commentary

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

- *Asian IG space was under better buying this morning. The space tightened 2-5bps with buying flows on KR/TMT names. AT1/Corp Perps down 0.5 to 1pt, JP/EU names were weak while China names were stable.*
- **Asia ex-JP USD bonds issuance:** 1M24 gross issuance down 8.2% yoy to USD29.5bn. See below.
- **LNGFOR:** Completed the repayment of RMB2.7bn for domestic bonds due in Jan'24. Media reported the company has prepared funds for the repayment of due Feb/Mar domestic bonds. LNGFORs were unchanged to down 0.1pt this morning.

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#### ❖ Trading desk comments 交易台市场观点

Last Friday, the tone in Asia IG space remained constructive ahead of NFP on Fri night. The recent new HYUCAP 27/29 were unchanged to 2bps tighter, and POHANG '27/SAMTOT '29 were traded in active two-way flows and closed unchanged to 2bps wider. In JP/AU space, SUMIFL 29s widened 10bps under heavy selling. Meanwhile JP insurance hybrids such as SUMILFs/NIPLIFs were 0.1pt higher as local bids remained robust. There was profit taking on MQGAU 29s/33s. Chinese IG benchmarks were better bid. HAOHUA 29-30s tightened 2-3bps. BABA 31s/TENCNT 30s were unchanged to 2bps tighter. The high beta TMTs were traded in active two-way flows. WB/LENOVO 30s closed unchanged to 3bps tighter. In financials, the front end of CCBLs were under better selling and widened 1-3bps. In bank T2s, DAHSIN/SHCMBK 33s were under better buying and tightened 2-3bps. Chinese AT1s such as CINDBK 4.8 Perp/BOCOM 3.8 Perp/ICBCAS 3.58 Perp were up 0.1pt. In EU/Thai AT1s, HSBC 8 Perp/STANLN 7.75 Perp/KBANK 4 Perp closed 0.1-0.4pt higher. HK Corp space was mixed. LASUDE/PCGIHD 26s were 1.3-1.6pts higher. BNKEA 5.825 Perp/FWDGHD 6.675 Perp were up 0.4-0.5pt, whilst NWDEVL Perps were 0.5-0.8pt lower. PIBRIN '24 closed c1pt higher after the report of Richard Li's potential divestment. We saw the flows on the name were PBs selling into the buying flows from HFs. See our comments on PIBRIN '24 in the daily on 2 Feb'24. Chinese properties were firm. YUEXIU/YLLGSP 26s were 0.6pt higher. FUTLAN/FTLNHD 24-25s were up 0.4-0.5pt. RDHGCL '24 was 4.8pts higher to close at low-60s after the report of cancellation of bondholders' meeting for RDHGCL 7.8 03/20/24. CSCHCN 24s were 0.8-1.2pts higher. The exceptions are LNGFORs/CHIOLIs which were 0.5-0.8pt lower. Elsewhere, SFHOLD '31 was down 1.8pts. FOSUNI 25-27s were up 0.6-1.2pts. Macau gaming names SANLTD/STCITY/MPCL 27-31s were 0.5-1.1pts higher. In Indian space, ADSEZ/ADANEM 30-32s were up 0.5-0.7pt.

VEDLN 26/28 were 0.7-1.1pts higher. Indonesian names LPKRIJ '26/LMRTSP '24 were down 0.9-1.2pts.

The LGFVs/Perps/high-beta names remained firm although the flows were skewed to better offered in some low-yielding shorter-dated papers. GZGETH/NJYZSO papers were down 0.1pt. On the other hand, SHUGRP/QDHTCO papers were 0.1-0.2pt higher. SOE perps were mixed. CHSCOI 3.4 Perp was up 0.1pt, whilst CHPWCN Perps were down 0.1pt. In high-beta IGs, CPDEV/ZHHFGR names remained sought after. CPDEV/ZHHFGR Perps were 0.1-0.5pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
RDHGCL 7.8 03/20/24	60.4	4.8	SFHOLD 3 1/8 11/17/31	86.4	-1.8
LASUDE 5 07/28/26	58.2	1.6	CHGRID 4 05/04/47	85.6	-1.7
PCGIHD 4 1/2 08/23/26	90.3	1.3	CITLTD 5.07 04/18/48	94.0	-1.6
FOSUNI 5.05 01/27/27	78.8	1.2	CHGRID 4.85 05/07/44	97.7	-1.4
CSCHCN 9 12/11/24	44.5	1.2	AIA 4 7/8 03/11/44	95.7	-1.4

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+1.07%), Dow (+0.35%) and Nasdaq (+1.74%) rallied higher on Friday. US Jan'24 NFP increased 353k, higher than the expectation of 187k. US Jan'24 unemployment rate was 3.7%, lower than the expectation of 3.8%. China Caixin service PMI in Jan'24 was 52.7, lower than the expectation of 53.0. UST yields moved higher on Friday, 2/5/10/30 yield reached at 4.36%/3.99%/4.03%/4.22%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

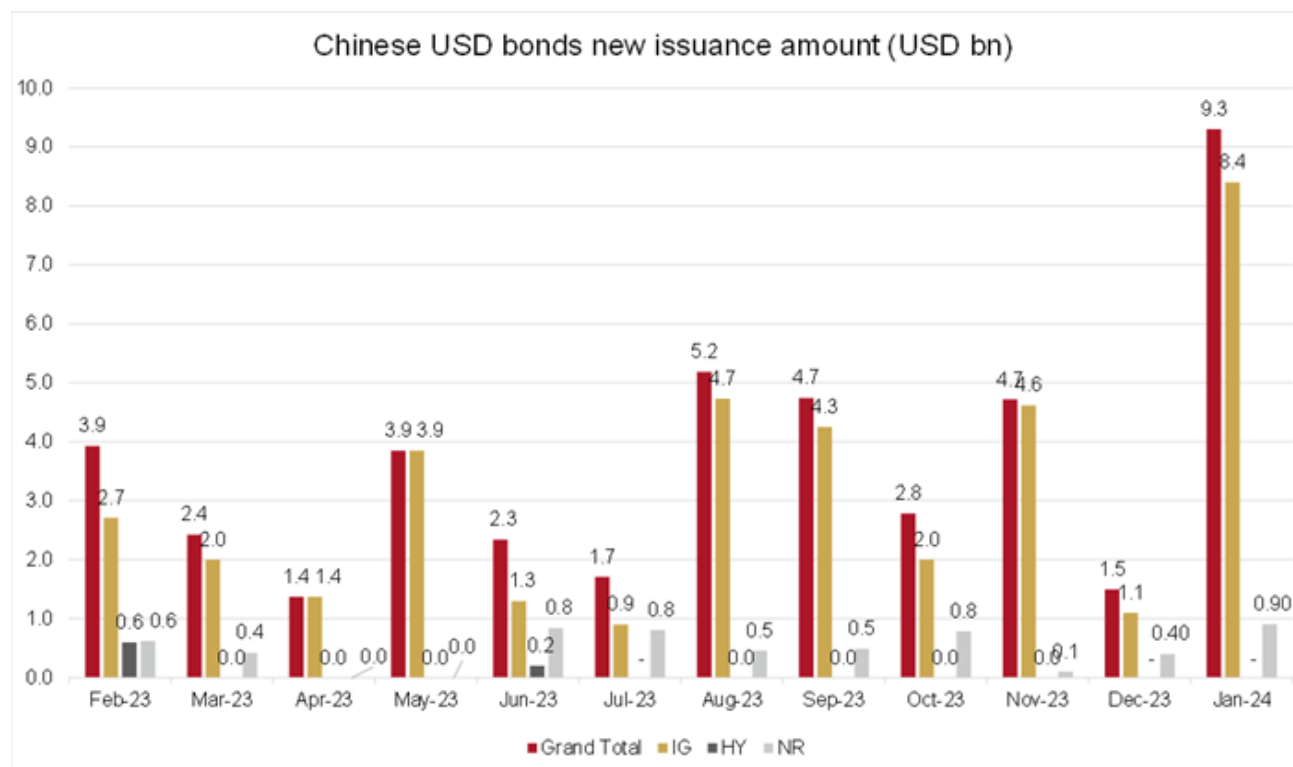
##### ➤ Asia ex-JP USD bonds issuance: 1M24 gross issuance down 8.2% yoy to USD29.5bn

In Jan'24, the gross issuance decreased 8.2% yoy to USD29.5bn from USD32.1bn in Jan'23. South Korea (USD10.9bn), China (USD9.3bn) and Philippines (USD5.4bn) are amongst the largest contributors to the issuance and IGs accounted for 87.6% of the gross issuance. In 2023, gross issuance dropped 17.5% to USD132.4bn (incl. sovereign), reflecting the weak market sentiment, interest rate hikes and the resulting strong USD.

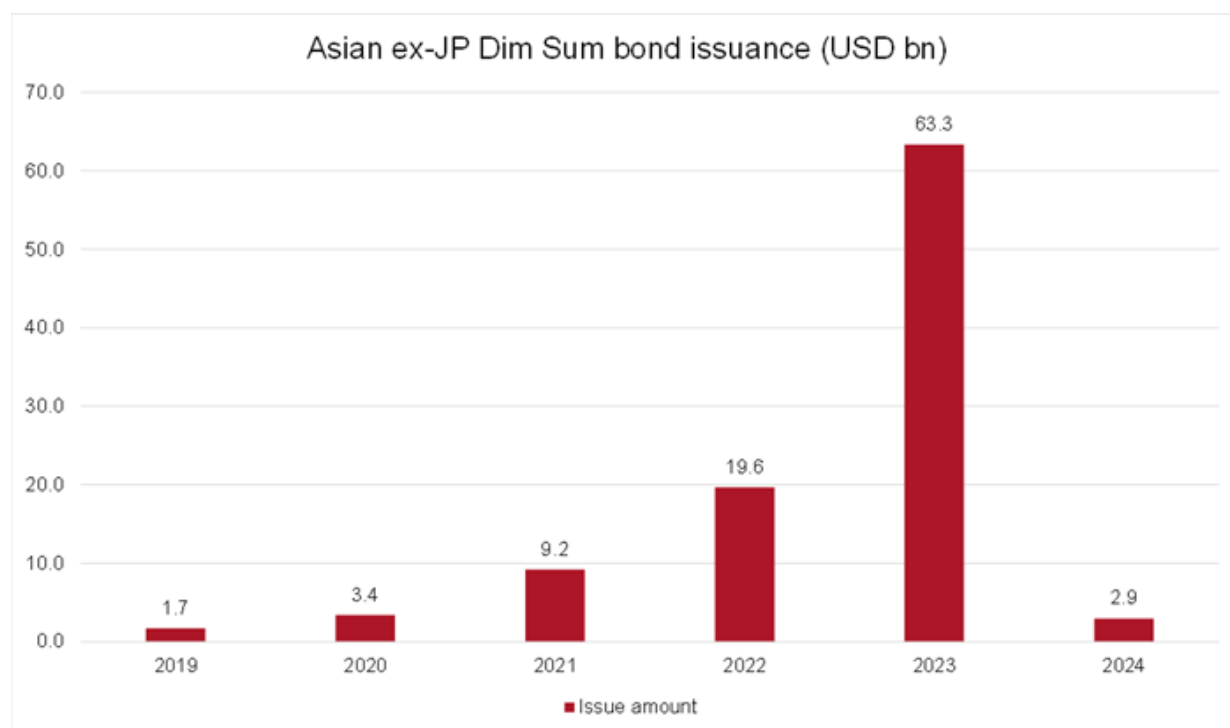
In Jan'24, financials remained to be the largest issuers with issuance amount of USD21.1bn, contributing 71.6% of total issuance. In China space, the USD new issuance increased 102.7% yoy to USD9.3bn and the main issuers are banks and leasing companies. LGFV issuance increased 19.0x to USD2.0bn which was the highest level since Aug'22.

Meanwhile, we note the issuance of Dim Sum bonds hit record high in the past 2 years. In 2023, the issuance of Dim Sum bonds 37% to USD84.5bn equivalent (issuance in Asia ex JP increased 222% to cUSD63.3bn equivalent despite RMB weakening and USD bond issuance fallen significantly over the past 3 years. On supply side, we believe that the major reason for the higher issuance of Dim Sum bonds is lower funding costs given the sentiment of USD market has been weak. Issuers, especially Chinese issuers, have also been more incentivized to issue Dim Sum bonds when RMB has been depreciating against USD. On demand side, Dim Sum bonds offer yield pick-up over onshore bonds with similar credit profiles.

Recalled that the gross issuance amount in 2023 was USD132.4bn, and the scheduled maturities in 2024. 2025 and 2026 will be USD242bn, USD234bn and USD212bn, respectively. While we expect gross issuance of USD bonds in Asia ex JP to pick up from a low base in 2023 in anticipation of rate cuts and the resulting weaker USD, we believe that the net redemption trend to continue in the coming 3 years. Over the past 2 years, the net redemption totaled USD204bn, leading Asia ex JP USD bond space to shrink to c15% at the end of 2023. Indeed, China is not the only country experienced successive drops in gross issuance. In India, the gross issuance of USD bonds dropped 23.2% to USD5.1bn in 2023. Compared with that of USD21.3bn in 2021, the gross issuance of India dropped 75.8% over the past 2 years. In Indonesia, the gross issuance fell in the past 3 years. In 2023, the gross issuance of Indonesia fell 41.8% to USD6.2bn. Compared with that of USD21.0bn in 2020, gross issuance of Indonesia dropped 70.5% over the past 3 years.



Source: Dealogic.



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)
HDFC Bank Ltd	USD	-	3/5yr	-	Baa3/BBB-/-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 23 credit bonds issued yesterday with an amount of RMB20bn. As for Month-to-date, 205 credit bonds were issued with a total amount of RMB274bn raised, representing a 281.7% yoy increase
- [AZUPOE]** Fitch affirmed Azure Power RG's bonds at B and removed RWN
- [CCAMCL]** Moody's affirmed Cinda AMC's Baa1 ratings following rating methodology update and placed negative outlook
- [COGARD]** Media reported Country Garden has more than 30 projects included on China's property project whitelist

- **[GRWALL]** Moody's maintained Greatwall AMC's Baa3 ratings for downgrade following rating methodology update
- **[LNGFOR]** Longfor Group completed payment of RMB2.7bn for domestic bonds due in Jan'24. Media reported the company has prepared funds for RMB3bn payment of due Feb/Mar domestic bonds
- **[ORIEAS]** Moody's affirmed Orient AMC's Baa2 ratings following rating methodology update and placed negative outlook
- **[SHIMAO]** Media reported Shimao Group has 16 projects included on China's property project whitelist
- **[SINOCE]** Media reported Sino-Ocean Group has 20 projects included on China's property project whitelist
- **[SKYFAM]** Skyfame Realty winding up petition hearing further adjourned to 7 Jun
- **[SUNAC]** Media reported Sunac has more than 90 projects included on China's property project whitelist

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