

CMBI Credit Commentary

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

- *New issue ICBCAS'27 widened 5bps this morning. Chinese IGs were weak with better selling while KR IGs were firm. SOE developers continued to be under better buying, CHIOLI/CHJMAO/COGO were unchanged to 0.3pt higher.*
- *FUTLAN/FTLNHD: Seazen launched the issuance of its 5th CBICL-guaranteed onshore bonds. FUTLANs/FTLNHDs were unchanged to 0.5pt higher this morning. See below.*
- *HPDLF: Hopson announced that it had deposited sufficient funds to repay its only o/s USD bond HPDLF 7 05/18/24 (o/s USD300mn) in full.*

❖ Trading desk comments 交易台市场观点

Yesterday, the tone of Asia was firm in general after the overnight UST tightened 8-12bps from Tue close on lower-than-expected CPI data. In KR, DAESec 29s tightened 5bps. HYUELE 31-33s were 3bps tighter. HYNCRD/HYUCAP/ LGELEC/HYNMTR 27-29s were unchanged to 2bps tighter. In regional financials, ANZ 34s tightened 2bps. The long end of MQGAUs tightened 3bps, whilst WSTPs widened 1-3bps on profit taking. SBIIN 28-29s were well bid and tightened 1-2bps but the new OCBCSP 34s widened 1bp. In EU AT1s, the recent new NWG 8.125 Perp/STANLN 7.875 Perp were up 0.9-1.4pts. In Chinese IGs, HAOHUAs/TENCNTs were unchanged to 2bps wider. In financials, BOCAVI/AVIILC 24-28s widened 2-3bps under some profit taking. In AMCs, HRINTH 25-27s were 0.1-0.3pt higher (around 5bps tighter) amid active two-way flows. BNKEA 27/30/32 closed 1-4bps wider amid some profit taking from PBs. AIA/CKHH 34s widened 1-2bps. In HK corps, NWDEVL's step-up perps NWDEVL 5.25 Perp/NWDEVL 4.125 Perp were 1.7-2.7pts higher. NWDEVL 27-31s were up around 1.0pt while NWDEVL FFL Perps were 1.5-2.3pts higher. HYSAN Perps were up 0.4-1.4pts on RM/PB buying. Chinese properties moved higher on media report of official meeting to discuss further support to the property market today. See our daily on [16 May'24](#). VNKRL 25-29s were up 4.2-5.4pts and closed 8.4-11.2pts higher WTD. FUTLAN/FTLNHD 24-26s gained 0.5-3.9pts. LNGFOR 27-32s were up 2.9-3.2pts and closed 3.7-6.0pts higher WTD. SHUION 25-26s were up 2.4-3.1pts. CHJMAO '29/GEMDAL '24 were up 1.1-2.3pts. CHIOLIs/COGOs were around 0.6-1.0pt higher. CSCHCNs, on the other hand, lowered 0.9-1.1pts. In industrial, FOSUNIs were up 0.3-0.5pt. WESCHI '26 was 0.8pt higher. In Macau gaming, SANLTDs moved 0.9-1.4pts higher. MPELs/STCITYs were up 0.3-0.6pt. In India, UPLIN 28/30/Perp increased another 0.7-1.1pts. VEDLN 26-28s also gained 0.8-1.0pts. In Indonesia, LPKRIJ 25/26 were up 0.5-0.8pt.

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In LGFVs/SOE perps, the property-related LGFVs such as CPDEV 25/26 moved 0.7-1.1pts higher. In the 5-6% LGFVs, GZGETH/CDCOMM 27s were up 0.1pt. Shandong names SHGUOH '25/QDJZWD '24 were 0.1-0.3pt higher. CHSCOI 4 Perp/SPICPT 3.45 Perp were up 0.1pt while HUADIA 3.375 Perp was down 0.1pt. In the high beta names, GRPCIN/SUNSHG 26s were down 0.2pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	63.5	5.4	CSCHCN 9 06/26/24	20.2	-1.1
VNKRLE 3 1/2 11/12/29	58.3	5.0	CSCHCN 4 1/2 08/19/27	19.5	-1.1
VNKRLE 3.15 05/12/25	82.6	4.2	CSCHCN 9 12/11/24	20.3	-1.0
FUTLAN 4.45 07/13/25	69.6	3.9	AGILE 5 3/4 01/02/25	6.3	-0.9
FTLNHD 4 1/2 05/02/26	54.5	3.8	CSCHCN 9 10/09/24	20.8	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.21%), Dow (-0.10%) and Nasdaq (-0.26%) retreated on Thursday. The latest US initial jobless claim was +222k, higher than the expectation of +219k. US May'24 Philadelphia Fed Manufacturing index was 4.5, lower than the expectation of 7.7. UST yield rallied higher yesterday, 2/5/10/30 yield were 4.78%/4.40%/4.38%/4.52%.

❖ Desk analyst comments 分析员市场观点

➤ FUTLAN/FTLNHD: The 5th CBICL-guaranteed onshore bonds issue

On 17 May'24, Seazen launched the issue of its 5th CBICL-guaranteed onshore bonds totaled RMB1.36bn (cUSD190mn). The issuance will be comprised of two tranches: the three-year tranche of RMB800mn; and the five-year tranche of RMB560mn. The IPTs for the two tranches are 2.4%-4% and 3.5%-4.5%, respectively. We expect them to be priced closer to the upper ends of IPTs in view of the yield curve of Seazen's CBICL-guaranteed bonds and track records of previous issues. Notwithstanding this, the funding costs of the new issues will still be well below Seazen's average funding cost of 6.15% in FY23. Seazen will use the proceeds of RMB1bn to repay debts and the remaining RMB360mn for working capital.

As of Mar'24, Seazen had cash of RMB17.9bn and total debt of RMB59.8bn, including RMB19.7bn short term debts. In FY24, Seazen has offshore bond maturities totaled USD800mn and onshore bond redemptions (maturities and put) totaled RMB1bn (cUSD139mn). In 4M24, Seazen's contracted sales were RMB15.7bn, decreasing 27.2% yoy from RMB21.5bn in 4M23. Despite weaker sales, we take comfort from Seazen's good access to low-cost onshore bond market. Additionally, as of Apr'24, Seazen has 46 unpledged shopping malls which could provide a liquidity headroom of RMB18.4bn (cUSD2.6bn) assuming a LTV of 50%. We consider Seazen's near-term debt maturities to be manageable and maintain buy on FUTLANs/FTLNHDs.

Security Name	ISIN	o/s amount (USD mn)	YTM (Ask)	Ask Price	Rating (M/S/F)
FUTLAN 6 08/12/24	XS2215175634	250	37.2	93.3	-/-/-
FTLNHD 4.8 12/15/24	XS2270462794	450	49.5	79.9	-/B/-
FUTLAN 4.45 07/13/25	XS2281036249	300	46.0	65.8	-/-/-
FTLNHD 4 % 10/15/25	XS2353272284	300	42.2	63.0	Caa2/-/-
FTLNHD 4 ½ 05/02/26	XS2290806285	404	44.9	50.8	Caa2/-/-
Total		1,704			

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ICBC HK Branch	1000	3yr	SOFR+48	SOFR+48	A1/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
PT Krakatau Posco	USD	-	3/5yr	-	-/BBB/-

➤ News and market color

- Regarding onshore primary issuances, there were 67 credit bonds issued yesterday with an amount of RMB136bn. As for month-to-date, 369 credit bonds were issued with a total amount of RMB473bn raised, representing a 27.9% yoy increase
- Media reported that Chinese government plans to meet with key officials on 17 May to discuss property market; China's average new home prices dropped 3.1% yoy in Apr'24
- [ADSEZ]** Norway sovereign wealth fund blacklisted Adani Ports due to war link
- [AGILE]** Moody's downgraded Agile to Ca from Caa2 and placed negative outlook
- [HPDLF]** Hopson Development deposited sufficient funds into designated bank account for repaying in full USD300mn HPDLF 7'24
- [LNGFOR]** Longfor unit Chongqing Longhu's 21Longhu03 bondholders exercised RMB1.49bn put option, the company cancelled all put bonds
- [MEDCIJ]** Medco Energi accept to purchase USD148.8mn of 2026 notes on prorated basis, none of 2027 notes as tender offers oversubscribed
- [MINMET]** Minmetals Land got HKD700mn revolving loans facility from banks
- [SUNAC]** Sunac China announced to increase second conversion cap of mandatory CBs to 100% of original issue amount
- [THSCPA]** Tus-Holdings announced tender offer, consent solicitation for 7.95% guaranteed bonds due 2024, 6.95% guaranteed bonds due 2024
- [VEDLN]** Vedanta Limited board approved fundraising of up to USD1bn via issuance of shares and/or other convertible instrument(s) and/or security, the board also approved USD490mn dividend in FY25
- [VNRLE]** China Vanke scheduled redemption of RMB1bn 21Wanke03 on 20 May'24

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