

## CMBI Credit Commentary

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

- *Markets were quiet this morning. TMT sector skewed to sell and overall widened 2-5bps. In financials, bank T2s were better bid while AMCs were mostly unchanged. CKHH'28/33 issued yesterday were two way balanced this morning.*
- **Asian T2s:** Lower beta plays in volatile times. We prefer **ANZ 2.95 07/22/30, KBANK 3.343 10/02/31, SHINFN 3.34 02/05/30, WSTP 2.894 02/04/30** for their decent risk-return profiles. See below.
- **SINOCE:** Media reported Sino-Ocean denied the rumors of setting up a creditor committee and mentioned its plan to remit funds to redeem RMB2bn note before 23 Apr. SINOCEs moved another 0.5-5pts this morning after 2.5-11pts decline yesterday.

#### ❖ Trading desk comments 交易台市场观点

Asia IG was performed softly yesterday with the exception of new issues. New CKHH 5Y was priced at T+110, tightened 10bps to T+100 at the open and stayed in T+98/+102 for the rest of the day. CKHH 10Y tightened 7bps (from RO at T+135) and closed at T+128. New SUMIFL 28s gapped 20bps from RO at T+170 to close at T+150. On secondary side, low beta papers such as KDB/EIBKOR/KHFC/MUFG were better bid by bank accounts whilst China IG benchmarks were generally better offered. In China SOEs, HAOHUA 30s widened 4bps. In TMTs, BABA curve edged 2-4bps wider. BBB tech names such as MEITUA/JD 30s ended 5-10bps wider. In financials, AMCs were traded in a weak tone again. HRINTH curve was marked 0.5-1pt lower (10-20bps wider), and we saw more sellers on CCAMCL/GRWALL. HRINTH/GRWALL perps also closed 0.5-1pt lower. China properties experienced another round of selling triggered by rumors on SINOCE. SINOCE 6 '24 notably plunged 11pts and the rest of SINOCEs closed 2.5-6pts lower. Media reported that Sino-Ocean refuted the chatters about setting up a creditor committee. COGARDs were weighed down 1.5-5pts. CHINSCs/ROADKGs declined 2.5-4pts. AGILEs/GRNLGRs were marked down 0.5-2.5pts. On the other hand, DALWAN 6.875 '23 was traded 1pt higher. DALWAN 24-26s were traded 0.5-2pts lower. In industrials, FOSUNIs were under better buying. EHICAR 26s gained 1.75pts. Macau gaming names such as SANLTDs/STICTYs/WYNMACs moved 0.5-1.5pts lower. In India space, VEDLNs dropped 1.5-4pts. Renewables such as RPVINs/GRNKENs were down 0.75-1.75pts. Indonesian oil name MEDCIJs were traded 0.5-2.5pts lower.

In the LGFV/Perp/Asia AT1 spaces, sentiment weakened with overnight rates trending higher again. UST 2y yield climbed another 5bps to 4.25%. LGFV space was quiet and resilient at the current level, while liquidity remained weak. BBB and above LGFV papers were sought after especially the 25/26s

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papers. We saw active two way flows on HZCONI/SHGUOH/YWSOAO 23-25s. Shandong/Chongqing names remained under spotlight, HKIQCL/CNSHAN closed 0.125-0.25pt higher. CDCOMM 24s/CQNANA 26s were quoted 0.25pt higher. SOE Perps such as HUADIA/HAOHUA were subdued on light flows. Elsewhere, BNKEA perps were traded 0.5-1pt higher. In AT1s, benchmark BOCOM 3.8 Perp/ICBCAS 3.58 Perp lowered 0.125pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHICAR 7 09/21/26	66.2	1.7	SINOCE 6 07/30/24	43.1	-10.9
FIHUCN 5 02/26/28	85.9	1.2	SINOCE 2.7 01/13/25	33.7	-5.9
SUNSHG 4 1/2 04/20/26	90.8	1.2	SINOCE 4 3/4 01/14/30	25.9	-5.2
DALWAN 6 7/8 07/23/23	93.6	1.1	COGARD 3 1/8 10/22/25	52.9	-4.9
LMRTSP 7 1/4 06/19/24	67.0	1.0	COGARD 6.15 09/17/25	60.4	-4.8

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.01%), Dow (-0.25%) and Nasdaq (+0.03%) were overall stable yesterday. Fed report shows that U.S. economic activity was little changed in recent weeks as the employment growth somewhat moderated and price increases appeared to slow. The UK March CPI was +10.1% yoy and higher than expectation of +9.8% yoy. The U.S. treasury yield edged up yesterday, 2/5/10/30 yield bear flattened to 4.24%/3.71%/3.60%/3.79%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Asian T2s: Lower beta plays in volatile times

##### Executive Summary

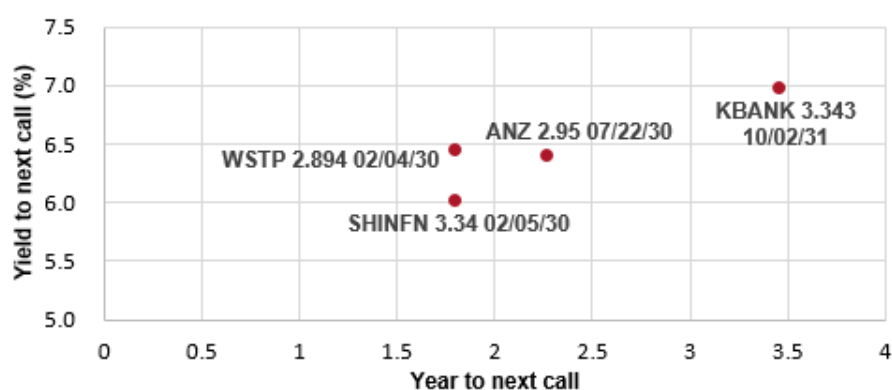
- We consider Asian T2s lower beta and yield pick-up trades over their seniors and global peers. In times of volatility when bonds and capital papers of European peers were hit by the woes of SVB and CS, Asian T2s have been performing resiliently with largely muted price actions (See table 4). Within the Asian T2s space, we prefer **ANZ 2.95 07/22/30, KBANK 3.343 10/02/31, SHINFN 3.34 02/05/30, WSTP 2.894 02/04/30** for their decent risk-return profiles. We believe the likelihood of non-viability event is low and the return predictability of these T2s are high given the issuers' solid capital adequacy, stable dividend policy and track records of calling their T2s on the first call dates (except for KBANK 3.343'31 which is Kasikornbank's first T2 issuance).
- As we discussed in our trilogy on Asian AT1s ([Asian AT1s Part I – Our picks on Chinese G-SIBs AT1s](#), [Asian AT1s Part II – Picks on DM AT1s](#), [Asian AT1s Part III – Picks on EM AT1s](#)), the return predictability of Asian bank papers has been higher compared with that of its EU peers in view of the sound track records of call on the first call dates and distributions. Indeed, we would argue that the return predictability of bank T2s would be even higher than that of AT1s given its higher seniority in the capital structure.

Table 1: Summary of our picks

	First call date	YTC	Px	Year to call	Amount o/s
KBANK 3.343 10/02/31	10/02/26	7.0	89.0	3.5	USD800mn
WSTP 2.894 02/04/30	02/04/25	6.4	94.1	1.8	USD1500mn
ANZ 2.95 07/22/30	07/22/25	6.4	92.8	2.3	USD1250mn
SHINFN 3.34 02/05/30	02/05/25	6.0	95.5	1.8	USD500mn

Source: Bloomberg.

Chart 1: YTC of our picks



Source: Bloomberg.

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## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
ReNew Energy	400	3.25NC2.25	7.95%	8.15%	Ba3/-/BB-

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Pertamina Geothermal	USD	-	5yr	5.6%	Baa3/-/BBB-

## ➤ News and market color

- Regarding onshore primary issuances, there were 124 credit bonds issued yesterday with an amount of RMB144bn. As for Month-to-date, 1,204 credit bonds were issued with a total amount of RMB1,280bn raised, representing a 51.7% yoy increase
- [BABA]** Media reported that Alibaba China grocery chain Freshippo is working on potential HK IPO, which is expected before 2024

- **[BYANIJ]** Bayan Resources to allocate up to USD250mn capex this year, increased from USD207.9mn in FY22
- **[DALWAN]** Dalian Wanda Group's subsidiary Beijing Wanda Investment is planning to sell up to 3% stake in Wanda Film Holding in the open market within six months
- **[HAIDIL]** Fitch affirmed Haidilao BBB- ratings and changed outlook to stable from negative
- **[POLHON]** Poly Property obtained HKD400mn uncommitted revolving loan facility from Bank of Communications
- **[SINOCE]** Media reported that Sino-Ocean denied the news that it plans to set up a creditor committee; the company also said it plans to remit funds to redeem RMB2bn note before 23 Apr
- **[SUNKWP]** Sunkwan Properties auditor EY does not express opinion on FY22 financial statements due to multiple uncertainties relating to going concern
- **[YUEXIU]** Yuexiu Property in share trading halt, pending the release of an announcement relating to inside information
- **[ZHHFGR]** Zhuhai Huafa plans to issue offshore RMB bond

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