

## CMBI Credit Commentary

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

#### The Asset Asian G3 Bond Benchmark Review 2025

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 2025". Thank you for your support!

- *SMBCAC/SUMIFL 26-28s and MEITUA 30s were 2-5bps tighter this morning. The new SHCONS 4.6 28 was 0.1pt higher from RO at par.*
- *EHICAR: Slow deleveraging while refinancing risk manageable. EHICAR 26-27s were 0.2-0.5pt higher this morning. See below.*
- *JP insurers: Top four JP life insurers Dai-ichi Life, Meiji Yasuda Life, Nippon Life and Sumitomo Life reported combined unrealized bond losses of JPY8.5tn (cUSD60bn) in last fiscal year. MYLIFE/NIPLIF 54-55s and DAIL 6.2 Perp were up another 0.3pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, in KR, the recent new issue KOLAHO 27s/KORAIL 28s tightened 1-2bps. LGENSO Float 30s/LGENSO 5.875 35s tightened 1-3bps. In Chinese IGs, the front end of HAOHUAs and the long end of BABAs/TENCNTs were unchanged to 2bps tighter. The long end of HAOHUA/CNOOC 44-50s were 0.9-1.4pts higher (2-6bps tighter). MEITUA 30s widened 4bps but still closed 2bps tighter WTD. See our comments on 27 May '25. In financials, CCAMCL/CFAMCI 26-28s were 1-2bps tighter on RM buying, while ORIEAS 28-30s were unchanged to 1bps wider on AM selling. CCAMCL 48s were 1.6pts higher (9bps tighter). BOCAVI/CDBALF 27-30s were 1-3bps tighter. FRESHK 26-28s were 2-7bps tighter. BBLTB 33s widened 2bps on small selling. SMBCAC/SUMITR/SUMIFL 26-34s tightened 2-4bps on PB buying. SUMIBK/NOMURA Float 26-30s closed 1-3bps tighter. EU AT1s were firm amid the positive development of US-EU tariff talks. BNP 8/SOCGEN 8.5 Perps were up 0.1-0.3pt on better buying from PBs/RMs. JP insurance hybrids were mixed with better selling from AMs vs better buying from PBs/RMs. MYLIFE/NIPLIF 54-55s and DAIL/SUMILF Perps were unchanged to 0.3pt higher. In HK, MTRC 30-55s widened 1-2bps. NWDEVL Perps/27-31s declined 0.4-2.4pts, closed 0.6-2.9pts lower WTD. Moody's changed outlook on HK to stable from negative, affirmed Aa3. Chinese properties were stable. Outside properties, EHICAR 26-27s were up 0.2-0.4pt, See comments below. In SE Asia, ADANEMs/ADSEZs/ADTINs/ARENJs were 0.2-0.5pt higher. GLPSP Perps were down 0.1-0.7pt.

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In LGFVs, there were solid deployment buying flows on the higher yielding papers from RMs. CPDEV 25-28s were traded in mixed two-way flows among RMs/HFs and closed unchanged to 0.2pt higher. There were two way interests on HNXHCI 7.5 25s/JDZUDG 6.5 28s. The CNH ZHHFGR 6 Perp remained sought after and closed unchanged following Fitch revised its outlook to positive from stable. CCUDIH 25-28s were unchanged to 0.1pt higher following Moody's revised its outlook to stable from negative. In SOE perps, HUANEN/HUADIA Perps were unchanged to 0.1pt higher. Moody's revised the outlooks on Huaneng and Huadian to stable from negative.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 5 02/08/48	85.7	1.6	NWDEVL 6.15 PERP	59.9	-2.4
HAOHUA 5 1/2 03/14/48	93.6	1.4	NWDEVL 5 1/4 PERP	38.7	-1.9
SUMIBK 6.184 07/13/43	104.2	1.3	NWDEVL 8 5/8 02/08/28	69.9	-1.7
CNOOC 4 7/8 04/30/44	94.6	1.1	NWDEVL 5 7/8 06/16/27	73.0	-1.6
BABA 4.4 12/06/57	78.0	1.0	NWDEVL 4 3/4 01/23/27	75.9	-1.1

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+2.05%), Dow (+1.78%) and Nasdaq (+2.47%) were higher on Tuesday. US May'25 CB Consumer Confidence was 98.0, higher than the market expectation of 87.1. UST yield retreated on Tuesday, 2/5/10/30 yield at 3.92%/4.04%/4.43%/4.94%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ EHICAR: Slow deleveraging while refinancing risk manageable

Security name	O/S (USD mn)	Maturity	Coupon	Offer price	YTM (%)
EHICAR 7 09/21/26	269.0	9/21/2026	7.0%	72.2	35.7%
EHICAR 12 09/26/27	320.0	9/26/2027	12.0%	68.8	32.5%

We maintain buy on EHICARs and consider these offering superior risk-return profiles in Chinese HY space. Subsequent to the exchange in Mar'24 and securing onshore bilateral loans of RMB1bn in FY24, its refinancing pressure is manageable. We expect EHi to slowly deleverage with higher EBITDA, driven by higher utilization, and lower net debt, supported by free cash flow generation as capex will be more contained.

EHi posted mixed results in FY24, somewhat dragged by the significant increase in fleet size in 1Q24 and lower utilization rate (61.2% in FY24 vs 69.8% in FY23). We note the sequential improvement in EBITDA and net debt reduction since 2Q24. EBITDA in FY24 increased 32% to RMB2.2bn, driven by the significant increase in fleet size. As at FYE24, EHi had a fleet size of 125,701, compared with 92,699 as at FYE23 (vs c135k in Feb'24). That said, EBITDA after lease payment dropped 30% to RMB1.1bn, reflecting the migration to the operating lease model. Overall, its net debt/EBITDA improved to 4.5x in FY24 from 5.1x in FY23. Net debt/(EBITDA-lease payment) weakened to 9.1x from 5.5x over the same period. However, operating cash flow after lease payment reversed to +RMB920mn from negative -RMB230mn.

As per EHi, it will maintain a largely stable fleet size and will be more prudent in capex. Its focuses will be on deleveraging and ramping up utilization rate. It is comfortable to achieve a utilization rate of 68% and target to achieve an utilization rate of 70% or above. YTD, the number of orders increased 20-30%. It also benefits from the increase in demand from business travelers which help smoothen out the impact of seasonality. Given the competitive environment, it targets to achieve an ADRR flat to that of FY24, i.e. RMB222.

We expect EHi's net debt/EBITDA and net debt/(EBITDA-lease payment) to gradually improve, driven mainly by higher utilization rate. We also believe that its refinancing risk to be contained. EHi turned to secure onshore bilateral loans of RMB1bn despite the delay in obtaining onshore syndicated loans. Its weighted average loan cost in FY24 was 3.6%, down from previously level of 4.3-4.9%. EHi has credit lines of RMB7.1bn and RMN1.6bn remains undrawn. Additionally, our concerns of its negative equity was mitigated. As per EHi, no debt covenant of EHi is related to the size of equity. EHi obtained 1-year NDRC quota of USD400mn for refinancing and is still preparing for IPO. The timing of bond issue and IPO will depend on market condition.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Abu Dhabi Commercial Bank	600	5yr	SOFR+100	SOFR+100	-/A+/A+
Chengdu Tianfu Dagang Group	54.5	2yr	7.0%	7.0%	Unrated
HSBC USA Inc	900/ 350	3yr/ 3yr	4.65%/ SOFR+97	T+73/ SOFR+97	A2/A-/A+
Kaifeng Development and Investment	103.4	3yr	6.5%	6.5%	Unrated
National Australia Bank	1750	5yr	4.37%	SOFR MS+71	Aa2/AA-/AA-
Qingdao Jimo District Urban Development Investment	125	2yr	6.9%	6.9%	Unrated
The Kyrgyz Republic	700	5yr	7.75%	8.0%	-/B+/B
Yongda Investment/ Shanghai Construction Group	600	3yr	4.6%	4.6%	Baa2/-/-



➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
AFFIN Bank Bhd	USD	-	5yr	T+135	A3/-/-
Saudi Arabian Oil Co (ARAMCO)	USD	-	5yr/ 10yr/ 30yr	T+115/ T+130/ T+185	Aa3/-/A+

➤ **News and market color**

- Regarding onshore primary issuances, there were 114 credit bonds issued yesterday with an amount of RMB127bn. As for month-to-date, 1,161 credit bonds were issued with a total amount of RMB1,444bn raised, representing a 32.5% yoy increase
- China meets with carmakers to discuss sales of zero-mileage used cars
- [BABA]** Alibaba weighs paring down minority stake in express delivery firm ZTO
- [CSIPRO]** CSI Properties cancelled USD150mn of CSIPRO 5.45 07/21/25 in pursuant of the tender offer, USD146.132mn remains outstanding
- [DFHOLD]** Korea Investment Holdings eyes 15% ROE, USD11bn in equity by 2030

- **[EHICAR]** eHi gets USD400mn offshore borrowing quota and eyes liability management tools for bonds; eHi has bought back 10% of its USD269mn of EHICAR 7 09/21/26 and 2% of its USD325mn of EHICAR 12 09/26/27
- **[FIRPAC]** First Pacific's Philippine subsidiary, Metro Pacific, defers sale of 20% stake in tollways arm
- **[RAKUTN]** Rakuten invests in fintech in bid to provide round-the-clock US stock trading
- **[SDGOLD]** Shandong Gold completes redemption of SDGOLD 4.95 Perp of USD100mn
- **[SINOCH]** US says Italian tiremaker Pirelli likely to face restrictions due to China owner Sinochem
- **[TPHL]** Hong Kong court orders Times China to hold creditors meeting for scheme approval

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