

CMBI Credit Commentary

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

- *Market sentiment was firm this morning. Asian IG space tightened 1-3bps. Asian AT1 were 0.1-0.2pt higher. EU AT1 rose c0.5pt. Recent issued LGFV LYURBN'26, JIUJDV'27 were under better buying.*
- **GRWALL/HRINTH:** *Maintain buy on GRWALL Perp and HRINTHs. See below.*
- **GLPSP:** *GLP's FY23 revenue increased 27% to USD2.4bn while EBITDA down 30% to USD1.5bn. GLPSPs moved -0.3 to +0.5pt post the result.*

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❖ Trading desk comments 交易台市场观点

Last Friday, the sentiment in Asia IG space remained firm. In KR, HYUELE 31/33 tightened another 3bps. DAESSEC/CITNAT 29s were 2bps tighter. In JP, SMBCAC 33-34s were 1-2bps tighter. In Chinese IGs, HAOHUA '30/BABA '31/TENCNT '31 were unchanged to 2bps tighter. In financials, the bank T2s were mixed. ICBCAS '24/SHCMBK '33 were 1-3bps wider. BNKEA 27s/32s were under better buying and tightened 2-5bps. Chinese AMCs were better bid. CCAMCLs were 5bps tighter. HRINTHs/GRWALLs were unchanged to 0.1pt higher (unchanged to 10bps tighter). In AT1s, EU names such as HSBC 8 perp/BNP 8 Perp/ACAFF 6.5 Perp were 0.2-0.3pt higher. In HK Corp names, NWDEVL Perps were up 0.3-1.4pts and closed 2.5-4.0pts higher. LIHHK 25-26s were up 0.3-0.5pt. Chinese properties were mixed. LNGFOR 27/29/32 were 0.4-0.7pt higher and closed 5.6-6.5pts higher WoW. ROADKG 24-26s moved another 0.5-0.9pt higher. CHIOLs were up 0.5-0.6pt. DALWAN '24 increased 1.8pts, whilst DALWAN '25-26s were down 0.5-1.5pts. AGILEs were 0.9-1.4pts lower. CHJMAO/GRNCH 25s declined 0.6-1.0pt. Outside properties, ANTOIL '25/WESCHI '26/CNMDHL '26 were up 0.3-0.5pt. HILOHO '24 dropped another 1.6pts and closed 2.7pts lower WoW. Macau gaming sector moved higher. MPELs/STCITYs/WYNMACs were 0.5-0.9pt higher. In Indian space, VEDLN 26-28s were up 0.8-1.9pts and closed 1.8-2.9pts higher WoW. ADSEZs/ADTINs/ADGREGs were 0.2-0.5pt higher. Indonesian name LPKRIJ 25-26s moved 0.4-0.9pt higher. MEDCIJ 26-28s were unchanged to 0.2pt lower. Elsewhere, GLPCHI '26 gained 0.8pt and closed 3.8pts higher WoW.

The LGFVs/SOE perps/high-beta spaces were stable and the flows were mixed. Shandong names such as SHGUOH '26/SHDOIS '24/QDJZWD '25 were down 0.1pt. In the 5-6% LGFVs, NJYZSO '27/GZGETH '27/HZCONI '26/SXUCI '26 were up 0.1pt. In SOE perps, COFCHK 3.1 Perp/SPICPT 3.45 Perp were up 0.1pt, while HUADIA 3.375 Perp/CHCOMU 3.65 Perp were down 0.2pt. In the high-beta names, FRESHK 25-27s were 0.1-0.2pt higher. HUANEN '31 was 0.7pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 9 1/4 04/23/26	83.6	1.9	HILOH 9 3/4 11/18/24	64.1	-1.6
DALWAN 7 1/4 12/29/24	92.1	1.8	DALWAN 11 01/20/25	88.8	-1.5
SINOPE 4 1/4 04/12/47	86.5	1.5	AGILE 6.05 10/13/25	11.3	-1.4
NWDEVL 5 1/4 PERP	69.3	1.4	AGILE 5 3/4 01/02/25	14.2	-1.0
VEDLN 13 7/8 12/09/28	91.2	1.3	CHJMAO 4.4 03/04/25	95.9	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.26%), Dow (+1.18%) and Nasdaq (+1.99%) were strong on last Friday post weak employment data. US Apr'24 NFP was +175k, lower than the expectation of +238k. US Apr'24 unemployment rate was 3.9%, higher than the expectation of 3.8%. UST yield retreated on last Friday, 2/5/10/30 yield reached 4.81%/4.48%/4.50%/4.66%.

❖ Desk analyst comments 分析员市场观点

➤ GRWALL/HRINTH: Maintain buy on GRWALL Perp and HRINTHs

RMB mn	HRINTH		GRWALL	
	FY22	FY23	FY22	FY23
Total income	36,933	75,800	3,795	30,167
-P/L from fair value changes	-5,448	-3,388	-23,503	3,313
Total expenses	-74,802	-75,330	-48,495	-28,050
-Impairment losses on credit	-29,381	-33,026	-20,823	-4,612
Profit for the year	-27,792	212	-45,382	1,849
	Dec'22	Dec'23	Dec'22	Dec'23
Cash	96,754	86,885	26,088	44,872
ST Debt	422,112	414,072	180,754	218,952
LT Debt	397,927	431,125	208,455	154,686
Total debt	820,039	845,197	389,209	373,639
ROAA	-2.20%	0.00%	-7.50%	0.30%
ROAE	-49.80%	3.60%	-109.40%	9.80%
Liability to asset ratio	94.70%	95.00%	96.80%	96.50%
Capital adequacy ratios	15.10%	15.10%	15.1% (Jun'22)	-

Source: Company fillings

On 30 Apr'24, China Great Wall AMC (Great Wall) released long-overdue FY22 annual report, as well as FY23 and 1Q24 results. We are not surprised with sharply deteriorated FY22 results after the long delay in filing the annual report of FY22, we take comfort that the operating performance of Great Wall turned around in FY23. Furthermore, as we have been arguing, we view the sector with a top-down approach, taking cues from the demonstrated government support to Huarong.

In FY22, Great Wall's total income shrank c87% to RMB3.8bn from RMB28.9bn and net loss widened to RMB45.4bn from RMB8.2bn in FY21, driven primarily by increase in losses from financial assets held for trading

of cRMB18.6bn and impairment losses of RMB16.6bn from debt investments amid default waves of Chinese developers. Its net profit turned to positive RMB1.8bn in FY23 as valuation of its financial assets improved. In 1Q24, Great Wall's net income from main business decreased c34% yoy to RMB2.6bn and net profit dropped c79% yoy to RMB142mn. We do not expect Great Wall's operating performance to significantly improve in FY24 due to the weak real estate market, and narrowing interest margin resulting from PBOC's rate cuts.

Separately, China CITIC Financial AMC (Huarong) reported FY23 results on 26 Apr'24. It posted a net profit of RMB212mn in FY23, reversing from a net loss of RMB27.8bn in FY22. The stronger operating performance was mainly driven by gains from fair value change of investments in China Everbright Bank and CITIC Ltd. totaled cRMB41.5bn. In FY23, the income from Huarong's main business, e.g. distressed debt assets, decreased another 24% to RMB17.2bn after a drop of 19% in FY22. We expect Huarong's performance to remain weak in FY24 as Huarong's asset quality would likely continue to be pressured by the weak real estate market in China.

Although the profitability of two AMCs remains weak, we are not too concerned about their repayment ability given the demonstrated support from the Chinese government to the AMC sector. We expect the government support to remain strong in view of the sector's strategic importance to the stability of Chinese's financial system. We also take comfort that the AMCs remain accessible to various funding channels, including onshore bond market. During FY23, Huarong issued onshore bonds of RMB20bn in Aug'23 and RMB6.4bn in Dec'23 at coupon rates of 3.1% and 3.3%, respectively. China Orient, on the other hand, issued offshore bonds of USD750mn in Feb'24. While the conviction level is lower after rally, GRWALL 3.95 Perp and HRINTHs remain to be our top picks in the sector. For lower beta play in the sector, we like CCAMCL 4.4 Perp.

Security Name	ISIN	Amt o/s (USD mn)	Ask price	YTM/YTC (ask, %)	First call date	Coupon reset	Step-up (bps)	Rating (M/S/F)
CCAMCL 4.4 Perp	XS2397254579	1700	95.6	6.3	11/03/26	5yr UST+3.232%	-	B1/-/-
GRWALL 3.95 Perp	XS2023803872	400	99.3	6.8	07/31/24	5yr UST+7.145%	500	-/-/BBB-
HRINTH 4.25 Perp	XS2235973943	250	95.7	7.5	09/30/25	5yr UST+6.979%	300	-/-/BB-
HRINTH 4.75 04/27/27	XS1596795358	850	94.3	6.9	-	-	-	Ba2/-/BBB
HRINTH 4.25 11/07/27	XS1711550373	1,100	91.4	7.1	-	-	-	Ba2/-/BBB
HRINTH 4.5 05/29/29	XS2001732283	544	89.7	6.9	-	-	-	Ba2/-/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)
Security Bank	USD	-	5yr	-	Baa2/-/-

➤ News and market color

- Onshore primary issuances suspend during the Labor Holidays.

- **[ABMMIJ]** ABM Investama 1Q24 revenue down 30.2% yoy to USD270.7mn
- **[ADANIG]** Adani Green 4Q24 revenue down 2.3% yoy to USD303mn and power supply EBITDA down 8% yoy to USD217mn
- **[FOSUNI]** Media reported that Fosun International plans to fully draw down new cUSD549mn three-year unsecured bullet loan on 7 May to partly refi USD824mn unsecured bullet due same day
- **[GLPSP]** GLP's FY23 revenue increased 27% to USD2.4bn while EBITDA down 30% to USD1.5bn
- **[JIAYUA]** Jiayuan International engaged Reed Smith Richards Butler, Deloitte to advise on debt restructuring
- **[KMCMIN]** Kunming Traffic Investment's unit Kunming Transportation Industry disclosed that the company had overdue debts totaling cRMB375mn as of the end of 2023

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