

CMBI Credit Commentary

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

- *Asian IG space tightened 1-2bps this morning. Front-end leasing/AMC were under better buying. JP/KR names were active with two-way flows. LGFVs were weak. VNKRLs moved -0.25 to +0.5pt.*
- **Seazen:** *Plans to issue CBICL-guaranteed onshore bonds of up to RMB1.36bn. FUTLAN/FTLNHD were unchanged to 0.5pt higher this morning. See below.*
- **CHIOIL:** *China Oil & Gas Group further delays publication of FY23 results to 25 Apr'24. CHIOIL'26 down 1.7pts post the announcement.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the sentiment on Asia IG was constructive although the flows were mixed. The new LGELEC 27s and 29s tightened 3bps and 1bp, respectively from their last closes. HYUELE/HYNMTR 27-29s were better offered by PBs/AMs and widened 2bps. In JP/AU, MUFs/MIZUHOs were under better buying and edged 1-2bps tighter. MQGAUs/ANZs T2s were also better bid and tightened 2-4bps. In Chinese IGs, SINOCHs/TENCNTs widened 1-2bps. In financials, Chinese AMCs were under better buying. CCAMCL/ORIEAS/HRINTH 24-25s were 6-12bps tighter. However, the front end of Chinese bank T2s such as BCHINAs/CCBs/ICBCASs/ NANYANs/BNKEAs/DAHSINs were unchanged to 4bps wider amid mixed two-way flows. In AT1s, EU names were under better buying from AMs/Prop desks. HSBC 8 Perp/BNP 8 Perp/BACR 9.625 Perp were 0.2-0.4pt higher. In HK, NWDEVL 29/31 and HYSAN 4.1 Perp were 0.2-0.9pt lower. LIFUNGS declined 0.5-0.6pt following S&P's one-notch downgrade. Chinese properties performed mixed. FUTLAN '25 moved 1.9pts higher, and FTLNHD '24 was up 0.9pt. Media reported Seazen's plan to issue CBICL-guaranteed bonds of up to RMB1.36bn (cUSD187.8mn) in early May. See below for comments. LNGFOR 27-32s were up 1.0-1.2pts. DALWAN 25/26 were 0.4-0.5pt higher. YXREIT '26/CHIOLI '34 were up 0.2-0.4pt. On the other hand, CSCHCN '24 was 2.5pts lower. ROADKGs were down 0.2-0.5pt. In industrials, CHIOIL '26 declined 1.7pts to mid-80s. China Oil & Gas announced a further delay on the publication of its FY23 results to 25th Apr. ANTOIL '26 was also down 0.5pt. In Macau gaming, WYNMACs were up 0.3-0.5pt whilst SANLTDs/STCITYs were 0.2-0.6pt lower. Indonesian name LMRTSP 24/26 were down 0.2-0.4pt following concerns of "liability management alternatives" on its 24s. LPKRIJ 25-26s dropped 1.2-1.5pts. In Indian space, ADSEZs/ADTINs were 0.2-0.6pt lower.

The LGFV flows were more mixed. The low-yielding LGFVs were traded wider towards 6% at a slow pace, while the bids remained supportive from local buying. The quality LGFVs such as GZGETH/SYSTIO/CDCOMM 27s were down 0.1-0.2pt. In the high-yielding LGFVs, CPDEV 26/Perp were down 0.3-0.4pt. In Shandong names, QDJZWD '25/JNHTE '24 were up 0.1pt whilst SHDOIS '24 was down 0.2pt. In SOE perps, CHPWCN 3.45 Perp/SPICPT 3.45 Perp were up 0.1-0.2pt whilst CHPWCN 3.08 Perp was down 0.1pt. In the high-beta names, HUANEN '31/HNINTL '30 were up 0.2-0.5pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FUTLAN 4.45 07/13/25	45.7	1.9	CSCHCN 9 06/26/24	20.7	-2.5
LNGFOR 3 3/8 04/13/27	63.8	1.2	CHIOIL 4.7 06/30/26	86.7	-1.7
LNGFOR 3.95 09/16/29	54.9	1.2	LPKRIJ 8 1/8 01/22/25	92.8	-1.5
LNGFOR 3.85 01/13/32	47.6	1.0	LPKRIJ 6 3/4 10/31/26	84.9	-1.2
FTLNHD 4.8 12/15/24	66.2	0.9	NWDEVL 3 3/4 01/14/31	67.6	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.87%), Dow (+0.67%) and Nasdaq (+1.11%) rebounded on Monday. Gold price dropped 3.07% to cUSD2,340 per ounce as middle east tension mitigated. UST yield were stable yesterday, 2/5/10/30 yield reached 4.97%/4.66%/4.62%/4.72%.

❖ Desk analyst comments 分析员市场观点

➤ FUTLAN: Plans to issue CBICL-guaranteed onshore bonds of up to RMB1.36bn

Media reported Seazen's plan to issue CBICL-guaranteed onshore bonds of up to RMB1.36bn (cUSD190mn) in early May'24. This would be Seazen's fifth CBICL-guaranteed onshore issuance. The issue appears to be upsized from RMB400mn when the issue plan was first reported on 10 Apr'24. As reported, the new issuance comprises two tranches: a three-year tranche of RMB800mn with a coupon rate of 2.8%-4% and a five-year tranche of RMB560mn with a coupon rate of 3.5%-5%, compared with Seazen's weighted average funding costs of 6.15% as of FYE23. We expect the two tranches to be priced closer to the upper ends of guidance in view of the yield curve of Seazen's CBICL-guaranteed bonds.

In FY24, Seazen has offshore bond maturities totaled USD800mn and onshore bond redemptions (maturities and put) totaled RMB1bn (cUSD139mn). We take comfort that Seazen remains accessible to various funding channels including the onshore bond markets. Besides, Seazen's matured investment properties could offer additional financial flexibility for refinancing. As per our discussions with Seazen, it has 46 unpledged shopping malls as of Apr'24. This could translate into an additional financing from these IPs to be RMB18.4bn (cUSD2.6bn) assuming a LTV of 50%. We continue to believe that Seazen is one of the survivors of the sector given its financial flexibility and manageable maturities, and maintain buy recommendations on FUTLANs/FTLNHDs.

Table 1: Seazen's CBICL-guaranteed bonds

Security Name	ISIN	o/s amount (USD mn)	Issue date	Tenor	YTM (Ask)
FTLNHD 4.48 12/14/26	CND10007FDG4	120	12/12/2023	3yr	3.7
FTLNHD 4 07/25/26	CND10006TMV7	119	7/24/2023	3yr	3.1
FTLNHD 4.3 12/12/25	CND10005YR52	287	12/09/2022	3yr	2.8

FTLNHD 3.28 09/13/25	CND10005NVNO	144	9/8/2022	3yr	2.8
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Total		669			
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Source: Bloomberg, Wind.

Table 2: Seazen's USD bonds

Security Name	ISIN	o/s amount (USD mn)	YTM (Ask)	Ask Price	Rating (M/S/F)
FUTLAN 6 08/12/24	XS2215175634	250	62.6	85.4	-/-
FTLNHD 4.8 12/15/24	XS2270462794	450	85.1	65.3	-/B/-
FUTLAN 4.45 07/13/25	XS2281036249	300	84.7	45.1	-/-
FTLNHD 4 ½ 10/15/25	XS2353272284	300	75.0	42.7	Caa2/-/-
FTLNHD 4 ½ 05/02/26	XS2290806285	404	68.5	34.9	Caa2/-/-
Total		1,704			

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)
CK Hutchison International	USD	-	5/10yr	T+115/135	A2/A/A-
Linyi City Construction Investment Group	USD	-	2yr	7.2%	-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 132 credit bonds issued yesterday with an amount of RMB138bn. As for month-to-date, 1,331 credit bonds were issued with a total amount of RMB1,260bn raised, representing a 14.5% yoy decrease
- **[CHIOIL]** China Oil & Gas Group further delays publication of FY23 results to 25 Apr'24
- **[DEXICN]** Dexin China expects to turn to loss of cRMB2bn for FY23 due to increase in cost of sales and fair value losses on investment properties
- **[JINKE]** Jinke Property Group announced that court accepted its restructuring application
- **[SOFTBK]** Media reported that SoftBank plans to invest JPY150bn (cUSD970mn) by 2025 to develop generative AI
- **[STCITY]** Studio City Finance announced early tender results of STCITY 6 07/15/25 that USD307mn in valid tenders received

- **[ZENENT]** Zensun Enterprises does not expect to settle ZENENT 12.5 04/28/24 upon maturity

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