

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

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 2024”](#). Thank you for your support!

- *New issue CCAMCL '27/30 widened c5bps this morning. Asian IG space was weak with better selling flows. LGFVs were well bid. AZUPOE announced a small tender offer for AZUPOE 3.575 08/19/26. AZUPOEs were unchanged to 0.3pt higher. See below.*
- *SM Investments: FV for 5-yr issue to be 5-yr UST+130-135bps, i.e. YTM of c5.4%. See comments below.*
- *VEDLN: VEDL raised cUSD958mn via share placement to repay debts. See comments below.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new NACF Float '27 tightened 9bps from RO (SOFR+80), NACF 4.75 '29 tightened 1bp from RO (T+68). LGENSO 27/29/34 closed 1-2bps wider under heavy selling from clients. DAESEC 26/27 widened 1-3bps. NIPLIFs/FUKOKUs were up 0.1-0.2pt. In Chinese IGs, the long-end of CHGRIDs/SINOPEs/BABAs were 0.9-1.1pts higher in light of rates tightening. HAOHUA 28/30 were 1-2bps wider. LENOVO/MEITUA 30s tightened 2-3bps. In financials, CCAMCL priced a 3-yr bond and a 5.5-yr bond (both of USD500mn) at T+115 and T+143, respectively. The old CCAMCL 27-30s were under better selling and closed 1-3bps wider. ORIEAS 27/29 widened 2-4bps. HRINTHs closed unchanged to 5bps wider (unchanged to 0.1pt lower) amid mixed two-way flows. CHIYBK '32/LUSOIB '34 were 0.1-0.2pt higher. In AT1s, BNP 8 Perp/INTNED 8 Perp/HSBC 6 Perp were 0.1-0.3pt higher. UBS 7.75 Perp was down 0.2pt. In HK, CKINF Perps were 0.7-0.8pt higher. Chinese properties were firm. SHUION 24/25 were 0.6-0.8pt higher. CHIOLIs were 0.2-0.9pt higher. Outside properties, EHICAR 26/27 dropped 0.7-0.8pt. In Macau gaming, MPEL/SANLTD/WYNNMAC 26-29s were 0.2-0.4pt higher. In Indonesia, MDLNIJ 25/27 lowered 0.5-1.3pts. In India, VEDLN 26-28s were 0.1-0.4pt higher following raising equity of cUSD957mn at Vedanta Ltd.. See below for comments. AZUPOE 24/26 were unchanged to 0.1pt higher. AZUPOE launched a tender offer for USD8mn of its AZUPOE 3.575 '26. See below for details.

In LGFVs, LYURBN/JUNCGC 26s were 0.1pt higher. On the other hand, HRINT '25/DFINVH '25/CDCOMM '27 were down 0.1pt. CHDXCH '26/GZGETH '27 were 0.2pt lower. HZWXTZ '24 was down 0.4pt.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蔭瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

In SOE perps, CHSCOI 4 Perp/COFCHK 3.1 Perp/HUADIA 3.375 Perp were up 0.1-0.2pt. CHPWCN 4.25 Perp was down 0.2pt. In the high beta names, HUANEN/HNINTL 29-31s were 0.4-0.5pt higher. CWAHK '26 was up 0.3pt. TIANFS '26 was 0.2pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TAISEM 4 1/2 04/22/52	95.5	1.2	MDLNIJ 5 04/30/27	37.2	-1.3
BABA 4.4 12/06/57	82.1	1.2	EHICAR 12 09/26/27	89.3	-0.8
CHGRID 4 05/04/47	87.1	1.1	EHICAR 7 09/21/26	83.8	-0.7
CHGRID 4 3/8 05/22/43	93.1	1.1	MDLNIJ 5 06/30/25	47.6	-0.5
SINOPE 3.44 11/12/49	77.4	1.1	HZWXTZ 2.05 09/16/24	98.9	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.64%), Dow (+1.85%) and Nasdaq (+0.20%) were strong on Tuesday. US Jun'24 retail sales was unchanged qoq, higher than the expectation of -0.3% qoq. UST yields retreated yesterday, 2/5/10/30 yield reached 4.43%/4.09%/4.17%/4.38%.

❖ Desk analyst comments 分析员市场观点

➤ AZUPOE: Tender offer for AZUPOE 3.575 08/19/26

Table 1: Details of the tender offer

Bond	AZUPOE 3.575 08/19/26
o/s amt	USD331.2mn
Purchase price	100
Maximum acceptance amount	USD8mn
Deadline	1 Aug'24(early) / 13 Aug'24(expiration)

Source: Company fillings.

Azure Power announced tender offer for AZUPOE 3.575'26 with maximum acceptance amount of USD8mn and purchase price of 100. The tender offer deadline is 1 Aug'24(early) and 13 Aug'24(expiration) . It is the second tender offer for the bond in 2024. Recalled that Azure Power repurchased USD12mn of AZUPOE 3.575 08/19/26 and USD40mn of AZUPOE 5.65 12/24/24 via tender offer in Feb'24. We consider the small maximum acceptance amount of two tender offers for AZUPOE'26 to be parts of the mandatory cash sweep amortization redemptions of the bond. As of Jul'24, the company has redeemed USD70.8mn of AZUPOE'26 as scheduled and there will be another USD59mn amortization remaining before maturity.

AZUPOE'24/26 rallied 1-2pts higher since mid-Jun'24. Among Indian new energy players, we prefer ADANIG 4.375 09/08/24 and INCLN 4.5 04/18/27 for better risk-return profiles. At and 99.7 and 93.2, ADANIG 4.375 09/08/24 and INCLN 4.5 04/18/27 currently provides YTM of 6.0% and 7.3%

Table 2: Amortization schedule of AZUPOE 3.575 08/19/26

	Mandatory amortization redemption	Mandatory cash sweep amortization redemption
19 Aug'24	1.48%	2.02%
19 Feb'25	1.48%	2.02%
19 Aug'25	1.67%	1.98%
19 Feb'26	1.67%	1.98%
19 Aug'26	All remaining o/s bonds	

Source: Company fillings.

Table 3: AZUPOE's outstanding bonds

	ISIN	o/s amt (USD mn)	Ask price	YTM (ask, %)
AZUPOE 5.65 12/24/24	US05502TAA60	310.1	99.5	6.9
AZUPOE 3.575 08/19/26	US05502VAA17	331.2	92.1	7.7

Source: Bloomberg.

➤ **SM Investments: FV for 5-yr issue to be 5-yr UST+130-135bps, i.e. YTM of c5.4%**

Issuer	SMIC SG
Guarantor	SM investments Corporation
Status	Senior unsecured
Rating	Unrated
Expected issue size	USD350mn
Tenor	5 years
Format	Reg S

We consider FV for SM investments Corporation (SMIC) to be 5-yr UST+130-35bps (i.e. YTM of c5.4%), taking cues from both JGSPM 4 ½ 07/09/30 and ICTPM 4 ¾ 06/17/30 are trading at 5-yr UST+140bps, and SMIC's stronger business profile and more diversified operations.

SMIC is a blue-chip conglomerate in the Philippines with strong operating track records and leading market positions in various sectors of the country. Banking, (BDO and Chinabank), property (SM Prime) and retail (SM Retail) accounted for 47%, 25% and 19% of its net income attributable to equity holders in FY23. SMIC has a solid operating and credit profile with EBITDA margin ranging from 20-27% over the past 4 years. Its net gearing and EBITDA/int ratio improved to 55.7% and 6.9x in FY23 from 64.8% and 4.2x in FYE20, respectively. It also has a good access to various funding channels including onshore bank loans and bond market. It issued 3-yr and 5-yr onshore bonds in Feb'22 at coupon rates of 3.592% and 4.771%, respectively.

➤ **VEDLN: VEDL raised cUSD958mn via share placement to repay debts**

Table 1: Summary of VRL's USD bonds

Bond	ISIN	o/s amt (USDmn)	Ask px	YTM (ask, %)	Issue rating
VEDLN 9.25 04/23/26	US92243XAA90	600	93.99	13.15	Ca/CCC+/-
VEDLN 13.875 01/21/27	US92243XAD30	470	99.70	14.02	-/CCC+/-
VEDLN 13.875 12/09/28	US92243XAE13	1,008	97.88	14.54	-/CCC+/-
VEDLN 13.875 12/09/28	US92241TAM45	894	97.72	14.60	Ca/CCC+/-
Total		2,972			

Source: Bloomberg.

Vedanta Ltd (VEDL) raised INR80bn (USD957.63mn) via qualified institutions placement (QIP) of shares with a floor price of INR461.26 per share on 15 Jul'24. As per the placement document, the proceeds from the share issuance will be used to repay certain debts of VEDL and/or its subsidiary THL Zinc Ventures Ltd, in full or in part, totaled cUSD2.1bn as of 25 Jun'24, as well as general corporate purposes.

As at 31 Mar'24, VEDL had gross debts of INR717.6nm (cUSD8.6bn) and net debt/EBITDA of 1.5x. Assuming the entire proceeds from the share issuance of INR80bn to be used to repay debts, the proforma net debt/EBITDA will fall to 1.3x. Recalled that VEDL's board approved the share issuance up to INR85bn on 21 Jun'24, there is still room for upsize such that VEDL could capture cUSD60mn additionally.

The share placement should moderately alleviate the short-term refinancing pressure of VEDL. We maintain neutral on VEDLNs on valuation. VEDLNs had rallied 10-32pts after the liability management exercise in Jan'24.

We take comfort on VRL and VEDL on its accessibility to different funding channels, thought at the expense of higher funding costs.

Table 2: Specified debts to repay from the share issuance proceeds

Borrower	Lender	Nature	Amt (INRbn)	Amt (USDmn)	Repayment schedule
VEDL	Deutsche Bank	INR term loan dated 1 May'23	11,000	131.67	24-month working capital term loan
VEDL	Oaktree	NCD issued 27 Sep'23	25,000	299.24	Mar'25
VEDL	Union Bank of India	INR term loan dated 20 Dec'21	64,000	766.05	24 consecutive quarterly structured repayment instalments
THL Zinc Ventures Ltd	Oaktree	USD term loan dated 22 May'23	74,700	900	Repayable in instalments: (a) 24 months after the first utilization date; (b) 30 months after the first utilization date; (c) Termination date
Total			174,700	2,097	

Source: Company fillings.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Cinda AMC	500/500	3/5.5yr	5.375%/5.5%	T+115/143	-/-/A-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hong Kong SAR	USD	-	3yr	T+40	-/AA+/AA-
Ningbo Yincheng Group	USD	-	3yr	5.8%	Baa3/-/BBB
Woori Bank	USD	-	PNC5	6.75%	-/BBB-/-
Mitsubishi HC	USD	-	5.25yr	T+135	A3/A-/-
SM Investments Corp	USD	-	5yr	T+170	-/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 112 credit bonds issued yesterday with an amount of RMB82bn. As for month-to-date, 993 credit bonds were issued with a total amount of RMB1,056bn raised, representing a 58% yoy increase
- **[CNBG]** China National Bluestar redeemed all USD400mn CNBG 3.1 PERP
- **[CWAHK]** China Water Affairs plans to raise RMB500mn in 3yr green bond issued onshore
- **[EHICAR]** Media reported that eHi might take another month to close RMB800mn-1bn onshore syndicated loan
- **[FWDGRP]** FWD Group announced to redeem all outstanding USD600mn FWDGRP 6.375 PERP on 13 Sep'24
- **[GALCLD]** Media reported that Bohai leasing is in talks with private credit funds for USD1bn loan

- **[KWGPRO/LOGPH]** Media reported that Logan and KWG obtained over HKD8bn in commitments backed by joint venture of two developers for refi of HKD8.5bn loan due Aug'24
- **[LNGFOR]** Longfor onshore unit cancelled RMB1.5bn put onshore bonds
- **[ROADKG]** Road King Infrastructure announced settlement of tender offers and consent solicitations for senior notes due 2024-2026

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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