

CMBI Credit Commentary

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

- Asian IG space was firm this morning. HAOHUAs tightened 1-3bps. NANYANs/BNKEAs tightened 2-5bps. SHUION '26/FTLNHD '25 were 0.6-0.7pt higher, VNKRL 27/29 up 0.4pt.
- **GTJA/HAISEC:** More thoughts on the merger. GTJAs/HAISECs/HTISECs /UNFILEs were unchanged to 2bps tighter this morning. See below for comments.
- **CPDEV:** Beijing Capital Group to fully redeem CPDEV 5.75 Perp of USD500mn on the first call date on 14 Nov'24. CPDEV 5.75 Perp was unchanged this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, BCHINA priced the floating-rate 3-yr bond at SOFR+59. HKMTGC priced the USD850mn 3-yr social bond at CT3+33. EIBKOR priced a USD500mn 3-yr bond at CT3+36. The new NORBK '29 tightened 20bps from its RO. In financials, GTJA and Haitong entered the merger agreement. See comments below. DAESEC 29s tightened 2bps. AIA 33-34s were 1-2bps tighter. In T2s, ANZ/CBAU T2s were 1-3bps tighter. DAHSIN 33s/NANYAN 34s were under better buying and closed 2bps tighter. In AT1s, HSBC 6.95/6.875 Perps were 0.1-0.3pt lower. In Chinese AMCs, HRINTH 29-30s were 0.1-0.2pt lower. ORIEAS 27-30s were unchanged to 3bps tighter. In Chinese IGs, HAOHUA '30/BABA '31 closed 1-2bps tighter. MEITUA '29/30 tightened 1-2bps. ZHOSHK '28 widened 3bps. In KR IGs, LGENSO 28-29s widened 1-2bps. Chinese properties were lackluster. FUTLAN/FTLNHD 25-26s dropped 1.1-1.3pts. DALWAN 25-26s and VNKRL 25-29s were 0.7-1.2pts lower. ROADKG 28-30s/Perps and LNGFOR 27-32s were down 0.4-0.9pt. In HK, CKHH 33-34s were 1-2bps tighter. NWDEVLs were unchanged to 0.4pt lower. Outside properties, WESCHI '26 declined 0.6pt. In Macau gaming, SANLTDs/STCITYs were down 0.2-0.5pt. Elsewhere, GLPSP Perps declined 1.8pts after gaining 2.4-2.5pts on Tue, GLPCHI '26 /GLPSP '25 rose 1.0pt and 0.2pt, respectively after the increase of 0.5-0.7pt on Tue. See our comments on [9 Oct '24](#).

In LGFVs, NJYZSO '27/HZCONI '26 were 0.3-0.4pt higher. CDHIIN/CONSON/UECTED 26s were up 0.1pt. In SOE perps, CHPWCN 3.45 Perp was up 0.1pt, CCBINT 3.329/SPICPT 3.45 Perps were down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 2.95 03/29/26	90.1	1.0	GLPSP 4.6 PERP	67.1	-1.8
EDU 2 1/8 07/02/25	98.5	0.9	GLPSP 4 1/2 PERP	68.3	-1.8
HZCONI 2.95 10/28/26	94.8	0.4	DBJJP 3.665 12/18/43	81.3	-1.5
NORBK 5.43 03/09/28	101.5	0.4	FTLNHD 4 5/8 10/15/25	79.7	-1.3
MUFG 5.406 04/19/34	104.7	0.4	FUTLAN 4.45 07/13/25	84.8	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.71%), Dow (+1.03%) and Nasdaq (+0.6%) were higher yesterday. The Fed's Sep'24 meeting minutes showed a substantial majority of officials supported an half-point rate cut, but more universal agreement the initial move would not commit the Fed to any particular pace of rate reductions in future. UST yield were higher yesterday, 2/5/10/30 yield reached 3.99%/3.91%/4.06%/4.34%.

❖ Desk analyst comments 分析员市场观点

➤ GTJA/HAISEC: More thoughts on the merger

Haitong and GTJA announced the details for their merger. As we discussed on [6 Sep'24](#), we consider the merger more of GTJA's acquisition of Haitong. We believe that the merger will be neutral to slightly positive to both of them given the more strategic important of the merged company to the Shanghai government and stability of the financial system in China, as well as the slightly increase in equity base after share placement. We consider GTJAs and HTISECs are fairly priced and are neutral on them.

In essence, the merger will be settled through swapping 1 Haitong share for 0.62 GTJA share. Meanwhile, GTJA will raise ancillary funds of RMB10bn through A-share placement to Shanghai State-owned Assets Management Co., Ltd. which is a wholly-owned subsidiary of Shanghai International. Along with its subsidiaries, Shanghai International owns an aggregate stake of 33.4% in GTJA and is the largest shareholder of GTJA. On a pro-forma basis (i.e. assuming the merger and share placement to go through), Shanghai International's shareholding in the merged entity will be diluted to 20.4% but will continue to be the largest shareholder. Shanghai government, through Shanghai International and other related entities, will control about 1/3 of the shares in the merged entity. We do not expect COC put of the USD bonds and early debt repayments at Haitong level to be triggered resulting from the merger.

Regarding approval thresholds, the merger will have to be approved by 2/3 of votes to be casted in the EGMs of GTJA and Haitong. For Haitong, the merger means its standalone listing status will be lost. The votes against the merger in the Haitong EGM will therefore have to be no more than 10%. Our base case is that both GTJA and Haitong will be able to secure shareholder's approvals factoring in Shanghai government's effective control of both GTJA and Haitong, as well as the benefit (i.e becoming more strategic important) from the merger. We also expect the greenlight from regulatory approvals though timing will be more uncertain.

Security name	ISIN	O/s amt (USDmn)	Px	YTM/YTC (%)	Rating (M/S/F)
GTJA Float 06/26/27	XS2841932614	400.0	99.8	5.6	Baa1/-/-
GTJA 1.6 11/24/24	CND10004NX66	300.0	99.6	5.3	-/BBB+/-
GTJA 2 04/21/26	XS2333222292	500.0	96.0	4.8	Baa1/-/-
GUOTJU 2 03/03/26	XS2306072732	400.0	96.1	5.0	-/BBB+/-
HAISEC 2.107 03/12/25	XS2129684127	670.0	94.8	5.6	-/BBB/-

HTISEC 2 ½ 05/20/26	XS2338405991	300.0	94.8	5.4	-/BBB/-
HTISEC 3 ½ 05/18/25	XS2068971980	400.0	98.6	5.6	-/BBB/-
HTISEC 6.85 PERP	XS2600555424	200.0	102.4	6.1	-/-/-
UNFILE 4.2 04/27/25	XS2461426459	200.0	99.4	5.3	-/-/-

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China, London Branch	300	3y	SOFR+59	SOFR+59	A1/A/A
Export-Import Bank of Korea	500	3y	4.125%	4.125%	Aa2/AA/-
Hong Kong Mortgage Corp.	850	3y	4.125%	4.125%	Aa3/AA+/-
Mianyang Xinxing Investment Holdings	45	3y	7%	7%	Unrated

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 54 credit bonds issued yesterday with an amount of RMB54bn. As for month-to-date, 73 credit bonds were issued with a total amount of RMB64bn raised, representing a 43.5% yoy increase
- [COGARD]** Media reported Country Garden failed to meet the self-set target date for obtaining creditors support on its restructuring plan
- [CPDEV]** Beijing Capital Group to fully redeem CPDEV 5.75 Perp of USD500mn on the first call date on 14 Nov'24
- [GLMTMO]** S&P upgraded Golomt Bank JSC and Trade and Development Bank JSC to B+ from B on improved business stability with stable outlook
- [VEDLN]** Vedanta Resources redeemed VEDLN 13.875 01/21/27 in full and USD310mn of VEDLN 13.875 12/09/28 (original o/s amt: USD1,008mn) on 4 Oct'24

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