

CMBI Credit Commentary

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

- *Markets were firm this morning. Asian IG space tightened 3-10bps and China TMT was especially under better buying. Recent KR/JP/SG new issues were 1-3bps tighter. We saw profit taking on developers CHJMAO/VNKRLE/CPDEV but they were still well demanded.*
- **GRNCH:** *plans to raise RMB1bn via 3yr MTN at 3.8-4.45%. GRNCHs were unchanged to down 0.3pt this morning. See below.*
- **CNDATA:** *Chindata announced to redeem all outstanding USD300mn 10.50% senior notes due 2026 on 26 Jan'24. CNDATA'26 rose 1pt post the announcement.*

❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST 2-yr yield widened 12bps. On the primary front, WOORIB priced a USD300mn 3-yr bond at CT2+53/CT3+75 and a USD400mn 5-yr bond at CT5+85, and their spreads closed 8-10bps tighter from the ROs. The new SUMIFL/SATSSP/SKENER papers also tightened 5-10bps while the new POHANG '27 was 1bp tighter. Elsewhere in KR space, HYUELE 27-29s/SAMTOT '29 tightened 2-3bps. AU bank names such as WSTP/MQGAU/NAB papers were under better buying and closed unchanged to 4bps tighter. Chinese TMT/SOE benchmarks BABA/TENCNT/HAOHUA 30-31s closed 2-5bps tighter. We saw selling in 24s-26s and switching to longer duration (28s-31s). The high beta TMTs LENOVO/MEITUA 30s were 5bps tighter. In financials, HRINTH s were mixed with buying on its front end vs selling on the longer-tenor papers. HRINTH 24s-26s were 1-2bps tighter while its 30s were unchanged to 1bp wider. CCAMCL Perp was up 0.5pt. Chinese bank T2s such as CINDBK/NANYAN/SHCMBK 33s were sought-after and closed 1-5bps tighter. In AT1s, CHOHIN Perps were 0.2pt higher under buying from offshore Chinese AMs/Prop desks. EU AT1s such as HSBC/STANLN Perps closed 0.1-0.2pt higher on the back of PB buying. HK Corp space was mixed. LASUDE/PCGIHD 26s were up 1.2-1.5pts. However, NWDEVL Perps were down 0.7-1.5pts. SHUION 24-26s were 2.1-3.8pts lower. Chinese properties moved lower. GEMDAL '24 declined another 2.9pts to close 6pts lower WTD. VNKRLEs/LNGFORs were down 1.1-1.8pts. YLLGSP/ROADKG 24-26s were 0.9-1.4pts lower. FUTLAN/FTLNHD 24-26s were down 0.5-0.9pt. In industrials, HILOHO '24 was 3.1pts higher and CHIOIL '26 was up 1.1pts. Elsewhere, Chindata announced to redeem the full amount of its USD300mn CNDATA 10.5 02/23/26 on 26 Jan '24. CNDATA '26 was 1pt higher and closed at around 108 in cash price. Macau gaming names MPEL/WYNMAC 27-29s were up 0.5-1.2pts. In Indian space, VEDLN 26-28s were up 0.7-2.5pts. Indonesian names were mixed. LPKRIJ '25/LMRTSP '26 were 0.5-0.9pt higher. MDLNIJ '25 was down 2.6pts.

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The LGFV/Perp spaces had a firm session and we saw yield buyers re-emerged. The buying flows remained to focus on the high-beta papers with a yield pickup in light of the yield compression theme. The quality LGFVs were better bid supported by buying from Chinese RMs and banks. SHGUOH '26/GZGETH '25/CDCOMM '24 were up 0.1pt. That said, for bonds that had rallied sharply recently such as GZINFU '26/CPDEV '25, we saw some profit taking flows from PBs/AMs. Meanwhile, the SOE perps yielding below 6% were traded in active two-way flows among Chinese prop desks. HUADIA 3.375 Perp/CHPWCN 4.3 Perp were up 0.1pt. JP insurance papers such as FOKOKU/SUMILF Perps recovered a bit from Wednesday's softness and closed unchanged to 0.1pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HILOHO 9 3/4 11/18/24	58.7	3.1	SHUION 5 1/2 03/03/25	66.4	-3.8
VEDLN 9 1/4 04/23/26	73.4	2.5	SHUION 6.15 08/24/24	82.0	-3.2
PCGIHD 4 1/2 08/23/26	87.5	1.5	GEMDAL 4.95 08/12/24	60.2	-2.9
LASUDE 5 07/28/26	48.5	1.2	MDLNIJ 3 06/30/25	23.8	-2.6
MPEL 5 3/4 07/21/28	93.3	1.2	VNKRLE 3 1/2 11/12/29	57.4	-2.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.88%), Dow (+0.54%) and Nasdaq (+1.35%) rebounded on Thursday. US latest initial jobless claim was +187k, lower than the expectation of +207k. Philadelphia Fed manufacturing index in Jan'24 was -10.6, compared with the expectation of -7.0. UST yields moved higher yesterday, 2/5/10/30 yield reached at 4.34%/4.04%/4.14%/4.37%, respectively.

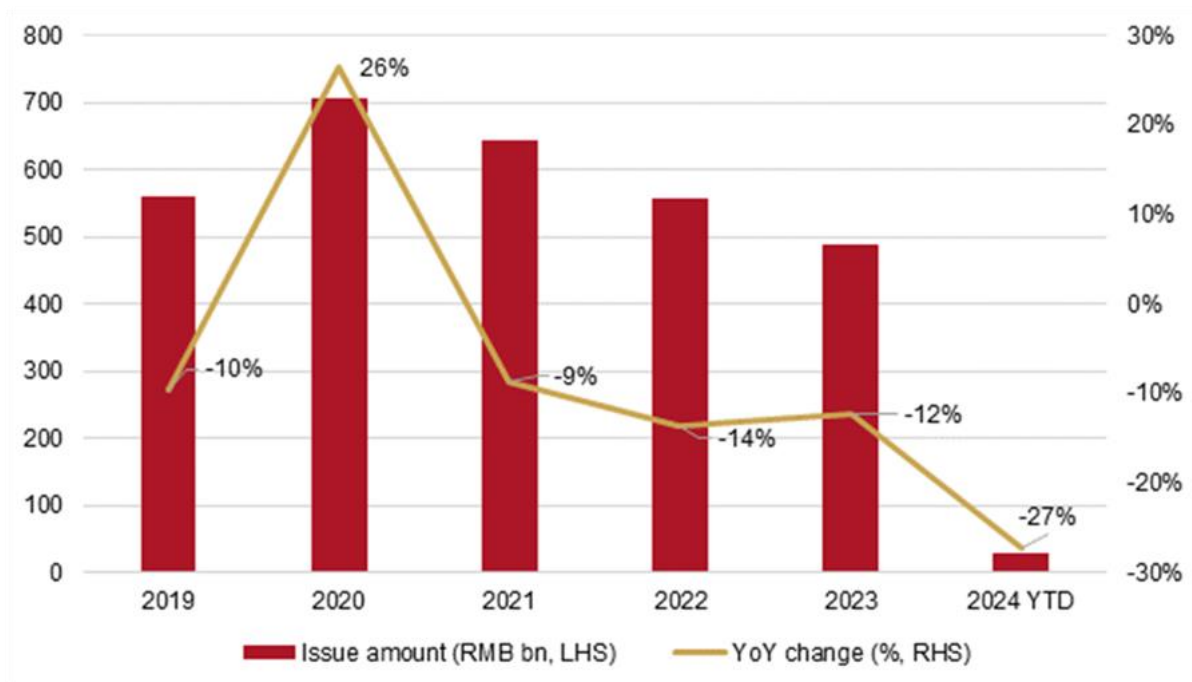
❖ Desk analyst comments 分析员市场观点

➤ GRNCH: plans to raise RMB1bn via 3yr MTN at 3.8-4.45%

Greentown's onshore unit plans to raise RMB1bn via onshore MTN. The bond has 3-year maturity and to be priced at 3.8-4.45%. It is Greentown's first bond issuance in this year. In 2023, Greentown raised RMB12.2bn in domestic bond market (incl. ABS) with coupon range of 3.3-4.5%. On the other hand, Greentown's contracted sales in 2023 rose 0.3% yoy to RMB301.1bn, it is the one of only two non-SOE developers (HPDLF, +0.01% yoy) which recorded yoy growth of contracted sales among 34 developers under our radar.

The onshore financing channels remain accessible for non-distressed developers despite weaker real estate market. For bond financing, there were RMB28.6bn onshore bonds issued in 2024YTD, issuers with USD bonds outstanding include GRNCH, POLYRE, and ZHHFGR. For bank loans, a group of Chinese commercial banks including the big four banks held meetings with developers to discuss financing supports in Dec'23, in response to PBOC/NAFR/CRSC's proposal of fulfilling reasonable financing needs of developers with different types of ownership. We expect there to be more banks to publish details of financing supports to property developers post Ping A Bank's whitelist. We believe that the survivors of the sector will be those with focus in Tier1/2 cities, quality IPs, and manageable near-term debt maturities. Our picks for the sector are **CHJMAO**, **CSCHCN**, **DALWAN**, **FUTLAN/FTLNHD**, **HPDLF**, **LNGFOR** and **YLLGSP**. See below Table 1 for the prices and YTM.

Chart 1: Real estate sector onshore bonds issuance



Source: Wind.

Table 1: Our Chinese property picks in 2024 outlook

Ticker	Ask price		Ask YTM (%)	
	19 Jan'24	31 Dec'23	19 Jan'24	31 Dec'23
CHJMAO	68.2-97.6	66.2-96.9	10.0-12.4	10.68-14.78
CSCHCN	38.0-45.8	26.4-28.8	45.9-1,105.8	226.28-1,542.14
DALWAN	70.0-86.6	61.8-81.0	24.1-36.6	41.98-228.90
FUTLAN/FTLNHD	25.0-68.6	25.2-56.5	81.3-900.0	76.66-708.49
HPDLF	95.3	91.2	22.3	34.18
LNGFOR	41.4-58.4	41.7-56.9	18.0-22.5	17.55-23.49
YLLGSP	72.1-99.4	59.4-96.3	13.2-20.9	30.74-33.29

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
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					(M/S/F)
Emirates NBD Bank PJSC	USD	-	5yr	SOFR+140	A2/-/A+

➤ News and market color

- Regarding onshore primary issuances, there were 113 credit bonds issued yesterday with an amount of RMB85bn. As for Month-to-date, 1,051 credit bonds were issued with a total amount of RMB879bn raised, representing a 2.2% yoy decrease
- Media reported that Macau expects to receive an average of 120k visitors per day during Chinese New Year, c70% of pre-covid 2019 level
- [AGILE]** Meida reported that Agile plans to pay 5% principal and accrued interest due 19 Jan totaling RMB263.5mn on its guaranteed RMB3.96bn 5.1% CMBS
- [CNDA]** Chindata announced to redeem all outstanding USD300mn 10.50% senior notes due 2026 on 26 Jan'24
- [GLPCHI]** GLP unit's 18GLPR1 bondholders exercised RMB7.1mn put option
- [MGMTGE]** Moody's affirmed Mongolian Mortgage Corp's B3 ratings and placed negative outlook

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