

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 c5bps and we saw buying flows on AMC/T2 and KR names. Developers FUTLAN/FTLNHD/VNKRLE were unchanged to 0.6pt higher.*
- ***LPKRIJ:** Ready to redeem LPKRIJ 8.125 01/22/25 in Jan'25. LPKRIJ'25 was unchanged this morning. See below comments.*
- ***SINOCH:** Sinochem is being investigated by Italian government over a potential breach of rules to curb its influence over Pirelli. We believe that the investigation will have immaterial impact to Sinochem given the 37% stakes in Pirelli only a small part of Sinochem's total assets of cUSD115bn. SINOCHs were unchanged to 4bps tighter this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, UST curve bear-steepened and the yields widened 7-17bps amid the US presidential election. The flows in Asia IG space were under better buying after the UST moved higher. HYUELE/LGENSO/DAESEC/KOROIL/KORELE 27-34s were 4-8bps tighter. Meanwhile KRKPSC 27-29s tightened 9-10bps. In Chinese IGs, BABA/TENCNT/HAOHUA 30-31s tightened 3-8bps. MEITUA/ZHOSHK 28-30s were 4-6bps tighter. XIAOMI/LENOVO 30-31s tightened 5-7bps. In financials, FRESHKs tightened 8-10bps. Chinese AMC were mixed. CCAMCLs/ORIEASs were 5bps tighter. HRINTH 25-26s widened 1-3bps. EU AT1s were under one-way buying from Asian RMs/AMs. BACR 8/HSBC 8/SOCGEN 8.5 Perps were 0.1-0.4pt higher. However in insurance hybrids, NIPLIF '53/ZURNVX '55/FUKOKU Perp were 0.2-0.4pt lower in light of higher UST rates. In HK, BNKEA/NANYAN T2s closed 5-10bps tighter. AIA/CKHH 33-34s were 5-8bps tighter. NWDEVL 4.8/NANFUN 5 FFL Perps were down 0.3-0.4pt. In Chinese properties, SHUION 25-26s rose 0.5-1.0pt following the set-up of new Limited Partnership to restructure the investment holding structure and the proceeds from the transaction will be used to repay near-term offshore debts. ROADKG 28-30s/Perps were 0.4-0.7pt higher. In Macau gaming, MPELs/SANLTDs were 0.2-0.5pt lower. Outside China, GLPSP Perps were up 0.3-0.4pt. In Indonesia, LPKRIJ expects to redeem its USD63.7mn LPKRIJ 8.125 01/22/25 at maturity using the proceeds from stakes sales of Siloam Int'l Hospitals, per its earnings call. LPKRIJ '25 was unchanged. See comments below.

In SOE perps, the recent new CHPWCN 4.65/SPICPD 4.95 Perps were 0.1pt lower amid higher UST rates. COFCHK 3.1 Perp was down 0.1pt, while SPICPT 3.45 Perp was up 0.1pt. The flows skewed to better buying in LGFVs. There were onshore RMs picking up high-yielding LGFVs across CNH and USD papers. KMRLGP '24/GXCMIN '25/LIANYU '25 were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 5 1/2 06/29/26	86.1	1.0	DBJJP 3.749 12/18/48	76.5	-2.4
ROADKG 5 1/8 01/26/30	39.8	0.7	SINOPE 4.6 09/12/48	93.2	-2.3
ROADKG 5.9 09/05/28	47.3	0.7	HAOHUA 5 1/2 03/14/48	100.4	-2.2
ROADKG 5.2 07/12/29	40.8	0.5	DBJJP 3.46 04/23/49	71.9	-2.2
ROADKG 7.95 PERP	19.8	0.5	SUMIBK 6.184 07/13/43	108.6	-2.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+2.53%), Dow (+3.57%) and Nasdaq (+2.95%) were strong on Wednesday. China Oct'24 export/import was +12.7%/-2.3% yoy, compared with the expectation of +5.0%/-2.0% yoy. UST yield rallied higher yesterday, 2/5/10/30 yield reached 4.27%/4.27%/4.42%/4.60%.

❖ Desk Analyst Comments 分析员市场观点

➤ LPKRIJ: Ready to redeem LPKRIJ 8.125 01/22/25 in Jan'25

Lippo Karawaci (LPKR) will redeem LPKRIJ 8.125 01/22/25 of USD63.7mn (cIDR1tn) at maturity, to be funded by the remaining sale proceeds of 18.57% stakes in Siloam International Hospital (Siloam) of IDR6.9tn (cUSD437mn) in Sep'24. LPKR used part of the sale proceeds to call LPKRIJ 6.75 10/31/26 of USD130.8mn (cIDR2.1tn) at par on 31 Oct'24, and repaid syndicated loan of IDR525bn in 3Q24. The remaining of the proceeds of IDR3tn were used for other corporate purposes. We are neutral on LPKRIJ 8.125 01/22/25, the only outstanding USD bonds of LPKR, in view of tight valuation and thin trading liquidity. At 100.4, LPKRIJ 8.125 01/22/25 was traded at YTM of 5.7%.

LPKR started to deconsolidate Siloam since 13 Jun'24 and Siloam is accounted as an associate after the completion of 10.4% stake sale then to reduce ownership in Siloam below 50%. LPKR sold another 18.57% stakes in Sep'24 to cut its ownership in Siloam down to 29.09%. As a result of the deconsolidation, the 9M24 revenue and gross profit of LPKR dropped by 25% yoy to IDR9.3tn and 23% yoy to IDR4.1tn, respectively. LPKR recorded PBT of IDR19tn in 9M24, increased from IDR1.8tn in 9M23, thanks to the one-off gain from sales of Siloam stakes of IDR21.1tn. LPKR would have recorded LBT of IDR2.2tn if excluding the one-off gain. Moreover, LPKR's operating cash flow increased to IDR1.1tn in 9M24 from IDR662mn in 9M23, with lower payment to suppliers during the period.

On a standalone basis, Siloam's revenue and underlying net profit were both up by 11% yoy in 9M24 from 9M23, supported by higher inpatient admission and outpatient visits. To LPKR, we understand that the profit from Siloam was IDR280bn 1H24 (incl. share of profit post deconsolidation), and IDR129bn in 3Q24. We expect Siloam will continue to be an important part of LPKR's business portfolio, despite LPKR's ownership dropped to 29.09%. That said, LPKR could further monetize its shareholdings in Siloam in case of necessary.

LPKR achieved IDR4.3tn marketing sales in 9M24, represented 79% of FY24 marketing sales target. This reflected its good sales execution and pricing strategies in a generally soft market. The revenue from real estate segment stood at IDR3.2tn at 9M24 and 9M23. Besides, the revenue from lifestyle segment increased by 14% yoy in 9M24, supported by improved hotel occupancy and average room rates. On the other hand, we acknowledged that the share of losses from Lippo Malls Indonesia Retail Trust (LMIRT) in 9M24 was IDR278bn, and LPKR has no intention to change its stakes in LMIRT. LPKR currently owns 47.29% stakes in LMIRT. During the analyst briefing yesterday, LPKR refused to comment on the financial situations of LMIRT.

➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 73 credit bonds issued yesterday with an amount of RMB59bn. As for Month-to-date, 302 credit bonds were issued with a total amount of RMB320bn raised, representing a 44.3% yoy increase
- [ADROIJ]** Fitch withdrew Adaro Indonesia's BBB- rating
- [GEMDAL]** Gemdale Oct'24 contracted sales down 49% yoy to RMB5.6bn
- [LINREI]** Link REIT 1H24 revenue rose 6.4% yoy to USD920.3mn and net property income rose 5.8% yoy to USD689.5mn
- [PTTGC]** PTT Global Chemical 9M24 revenue rose 3.8% yoy to USD14bn and adj.EBITDA rose 3.1% yoy to USD865mn
- [SHNSUN]** Shinsun Holdings (Group) share listing on HKEx to be cancelled with effect from 11 November 2024
- [SINOCH]** Media reported that Sinochem Holdings is being investigated by Italian government over a potential breach of rules designed to curb its influence over Pirelli

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