

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 BOCOM'27 tightened 2bps, DAESEC'27 tightened 3bps this morning. HAOHUA/CCAMCL/ORIEAS narrowed 1-3bps, WBs tightened 1-2bps. BCLMHK/NAB floaters were under better selling.*
- *HYUELE: Yield pick-up plays over global peers. We initiate buy recommendations on HYUELEs. See comments below.*
- *VEDLN: Upgraded to B- by S&P. Maintain neutral on VEDLNs. VEDLNs were unchanged to 0.3pt higher this morning. See comments below.*

❖ Trading desk comments 交易台市场观点

Yesterday, DXSECU priced a USD350mn 3-yr bond at par to yield 5.3%. BOCOM priced a USD550mn 3-yr floating rate bond at SOFR+55. The new DAESEC closed 8bps wider at CT2+131 from RO (CT2 +123). The old DAESEC 25/26/27/29s were unchanged to 2bps wider. HYUELEs/LGENSOs/KOHNPPWs widened 1-3bps. In Chinese IGs, the long end of CNOOCs/CHGRIDS/YANTZEs were 0.6-1.0pt higher (unchanged to 5bps tighter). HAOHUA/TENCNT 28s/30s widened 1-2bps. MEITUA/WB/XIAOMI 30s widened 2-3bps. ZHOSHK '28 widened 5bps. In Chinese AMCs, CCAMCL 26/27/28/29/30 widened 2-5bps. GRWALL 27s widened 4bps. HRINTH 24-26s tightened 2bps. In AT1s, BNP 8 Perp/ACAFP 6.5 Perp were 0.1-0.2pt lower. In AU/JP, ANZ/ANZNZ/CBAU/MQGAU/NAB T2s widened 1-3bps. SMBCACs/SUNTORS widened 1-2bps. In HK, DAHSIN/BNKEA/CKHH 33-34s widened 2-5bps. Chinese properties were weak. VNKRL 25/27/29 were 0.4-0.9pt lower. FUTLAN/FTLNHD 24-26s were 0.3-0.6pt lower. ROADKs were down 0.3-0.4pt. In industrials, FOSUN '27/HILOHO '24 were 0.4pt lower. In Macau gaming, MPELs/SANLTDs were up 0.2pt. In India, UPLIN 28/30/Perp moved 0.7-1.4pts lower. VEDLNs were unchanged to 0.3pt lower. S&P upgraded Vedanta Resources one notch to B-. See below for comments. Elsewhere, VLLPM '29 lowered 0.2pt.

In LGFVs, ZHHFGR '25 and CPDEV 26/Perp were 0.1pt higher. JMUDIV/SHGUOH 25s were up 0.1pt. HNYUZI '26/SECGRP '24/CCUDIH '24 were 0.1-0.2pt lower. In SOE perps, CHPWCN 3.45 Perp was up 0.1pt, CHSCOI 3.4 Perp was down 0.1pt. In the high beta names, HUANEN '29/HNINTL '30 were 0.2pt higher.

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

Cyrena Ng, CPA 吳倩瑩
 (852) 3900 0801
 cyrenang@cmbi.com.hk

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHGRID 4 05/04/47	86.0	1.0	UPLLIN 5 1/4 PERP	73.8	-1.4
YANTZE 3.2 10/16/49	73.7	0.8	UPLLIN 4 5/8 06/16/30	84.2	-1.1
CHGRID 4 3/8 05/22/43	92.0	0.8	VNKRLE 3 1/2 11/12/29	56.4	-0.9
TAISEM 4 1/2 04/22/52	93.8	0.8	UPLLIN 4 1/2 03/08/28	89.5	-0.7
CNOOC 4 7/8 04/30/44	96.7	0.8	VNKRLE 3.975 11/09/27	63.2	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.51%), Dow (+0.20%) and Nasdaq (-0.93%) were mixed on Thursday. US 2Q24 GDP rose 2.8% qoq, higher than the expectation of +2.0% qoq. The latest US initial jobless claim was +235k, lower than the expectation of +237k. Long-term UST yields retreated yesterday, 2/5/10/30 yield reached 4.41%/4.13%/4.27%/4.50%.

❖ Desk analyst comments 分析员市场观点

➤ HYUELE: Yield pick-up plays over global peers

Initiate buy on HYUELEs, prefer 1 ½ 01/19/26 and 2 ¾ 01/19/31

We initiate buy recommendations on HYUELEs (Baa2/BBB-/BBB) in view of SK Hynix's strong market position globally, improving cash flow and credit profile, as well as 10-20bps yield pick-up HYUELEs offering over bonds of other global peers. Within the HYUELE complex, we prefer **HYUELE 1 ½ 01/19/26** and **HYUELE 2 ¾ 01/19/31** most for lower cash prices. At 94.7 and 84.5, HYUELE 1 ½ 01/19/26 and HYUELE 2 ¾ 01/19/31 are trading at YTM of 5.3% (z-spread of 73bps) and 5.2% (z-spread of 143bps), respectively.

SK Hynix is the second largest global memory chip maker by revenue after Samsung Electronics. It manufactures, distributes and sells semiconductor products. SK Hynix is also the major supplier of HBM3 chips to Nvidia, which has a dominant market share of 98% in data-center GPU shipments in 2023.

SK Hynix's credit profile and profitability improved notably since 4Q23, driven by the surging demand for AI memory globally. SK Hynix reported a strong set of 2Q24 results with upbeat guidance and higher capex. We expect the management to remain disciplined in expansion, such that the revised capex plan will continue to be funded within its internal resources (i.e cash on hand and operating cash flow). These help protect its credit profile.

Table 1: Bond profiles of HYUELEs

Security Name	O/s amt (USDmn)	Mod Dur	Ask Price	YTM (Ask)	Z-Spread (Ask)	Rating (M/S/F)
HYUELE 3 09/17/24	500	0.2	99.6	5.6	19.6	Baa2/BBB-/BBB
HYUELE 0 11/17/25	300	0.1	101.4	5.9	63.1	Baa2/-/BBB
HYUELE 6 ¼ 01/17/26	750	1.4	101.3	5.3	78.7	Baa2/BBB-/BBB
HYUELE 1 ½ 01/19/26	1000	1.4	94.7	5.3	72.9	Baa2/BBB-/BBB
HYUELE 5 ½ 01/16/27	500	2.3	100.9	5.1	92.4	Baa2/BBB-/BBB
HYUELE 6 ¾ 01/17/28	1000	3.1	103.5	5.2	126.0	Baa2/BBB-/BBB
HYUELE 5 ½ 01/16/29	1000	3.9	101.7	5.3	123.4	Baa2/BBB-/BBB
HYUELE 2 ¾ 01/19/31	1000	5.9	84.5	5.2	142.7	Baa2/BBB-/BBB
HYUELE 6 ½ 01/17/33	750	6.6	107.6	5.4	157.7	Baa2/BBB-/BBB

Source: Bloomberg.

Click [here](#) for full report

➤ **VEDLN: Upgraded to B- by S&P. Maintain neutral on VEDLNs**

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	95.60	12.10	Ca/B-/-
VEDLN 13.875 01/21/27	US92243XAD30	470	99.99	13.86	-/B-/-
VEDLN 13.875 12/09/28	US92243XAE13	1,008	99.07	14.17	-/B-/-
VEDLN 13.875 12/09/28	US92241TAM45	894	98.97	14.21	Ca/B-/-
Total		2,972			

Source: Bloomberg.

S&P upgraded Vedanta Resources (VRL) to B- from CCC+ with stable outlook on improving capital structure and liquidity. VRL completed the liability management exercise (LME) in Jan'24. The LME helped lower the leverage of VRL and lengthen its debt maturities though at the expense of higher funding costs. We take additional comfort that VRL and Vedanta Ltd (VEDL) remain accessible to different funding channels. That said, we remain neutral on VEDLNs on valuation. See our comments on the demerger and maturity profiles of VRL and VEDL in [daily on 11 Jul'24](#), and VEDL's latest share placement in [daily on 17 Jul'24](#).

The upgrade by S&P reflected its expectation on VRL to have sufficient internal resources to meet debt maturities until Dec'25 after the recent funds raised and improved dividend capacity at its subsidiaries. The agency also expects VRL to have tangible refinancing progress by Apr'25 on VEDLN 9.25 04/23/26 of USD1.2bn, without any extension of maturity considered as a distressed transaction under their rating criteria. Recalled that VEDLN'27-28s retain tenor seniority over VEDLN'26. In case VEDLN'26 is not refinanced by Dec'25, VEDLN'27-28s will have to be redeemed on 20 Apr'26.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of Communications Co., Ltd.	550	3yr	SOFR+55	SOFR+55	A2/-/-
Dongxing Securities Co., Ltd.	350	3yr	5.3%	5.3%	-/-/BBB-

➤ **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 109 credit bonds issued yesterday with an amount of RMB84bn. As for month-to-date, 1,675 credit bonds were issued with a total amount of RMB1,663bn raised, representing a 20.7% yoy increase
- [ADANIG]** Adani Green 1Q25 revenue rose 31% yoy to cUSD340mn and EBITDA from power supply rose 23% yoy to cUSD284mn
- [ADSEZ]** Adani Ports and Special Economic Zone announces redemption of ADSEZ 3.375 07/24/24

- **[ADTIN]** Adani Energy Solutions 1Q25 revenue rose 46.8% yoy to cUSD643mn and adj. EBITDA rose 27.9% yoy to cUSD211mn; The company plans to raise INR50bn (cUSD597mn) via share sale
- **[DALWAN]** Media reported that Dalian Wanda Commercial Management sells 66.67% stake in Zhengzhou Erqi Wanda Plaza to Zhuhai Wanda Zhongcai Media
- **[GALCLD]** Media reported that Bohai Leasing was close to refinancing USD2bn in debt
- **[LGENSO]** Media reported that LG Energy Solution is expecting its FY24 revenue to decline more than 20% on weak EV demand
- **[SINOCE]** Media reported that Sino-Ocean bondholder AHG advisors claim more than 60% holders oppose restructuring plan
- **[VEDLN]** S&P upgraded Vedanta Resources to B- with stable outlook
- **[ZHHFGR]** Zhuhai Huafa Group cancelled USD20.56mn of ZHHFGR 4.25 PERP

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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