

CMBI Credit Commentary

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

- *Markets were stable this morning. IG benchmarks were mostly unchanged. KR names and AMC sector was under better buying that HRINTH curve rallied 0.5-0.75pt. LGFVs were two-way balanced. NWDEVL rebounded 2pts. LNGFORs were unchanged to +1.25pt by mid-day post downgrade.*
- **MONMIN:** Exchange offer for MONMIN 9.25 04/15/24 and concurrent new money issuance. MONMIN'24 rose 3pts this morning. See below.
- **CARINC:** CAR Inc announced to redeem all outstanding CARINC 9.75 03/31/24 at c103.656pts on 27 Sep. [See our comments on CARINC on 18 Aug'23.](#)

❖ Trading desk comments 交易台市场观点

Last Friday, UST yield widened 2-5bps. Overall, Asia ex-JP IG space was traded on a cautious tone as market awaited for Powell's speech on Friday night at Jackson Hole. NWDEVL Perps performed mixed after the company denied recent rumors on asset pledging. The high-cash-price papers further weakened. NWDEVL 6.15 Perp/NWDEVL 5.25 Perp dropped 3-4pts with better selling among PBs. NWSZF Perp dropped 2-3 pts. The low-cash-price paper NWDEVL 4.8 Perp, on the other hand, closed 4pts higher. Other HK perps such as NANFUN perps dropped 2-3pts. CKINF/CKPH/HYSAN/REGH perps were traded 1-1.5pts lower. HK IG space stabilized with some bottom-fishing, as CKHH/HKLSP 33s tightened 3-5bps from wide after widening 5-15bps on Thursday. Chinese IG spreads such as HAOHUAs closed 1-2bp wider. TMT benchmarks such as BABA/TENCNT were unchanged to 2bps wider with two-way active flows. In the high-beta TMTs, MEITUA/LENOVO papers widened 3-6bps. In financials, AMCs were under small selling. HRINTHs were traded 0.25-0.75pts lower (10-40bps wider). CCAMCL had mixed two-way flows with its 27s edged 5bps tighter from Thursday wide, while the long-end of CCAMCLs widened by 5-10bps. SG Bank T2s were also better bid from clients. In AT1s, flows were overall skewed to small better selling. STANLN/BNP perps were down 0.5pt. Thai names such as BBLTB/KBANK AT1s were quoted down 0.125pt. Whist Chinese AT1s were better bid with some buying/short covering. HK/Chinese properties were mixed. ROADKGs jumped 3-6.5pts across the curve, while ROADKG Perps gained 1.5pts. DALWAN '24/SHUION '25 were quoted 1pt higher. On the other hand, LNGFORs lowered 1pt. AGILE '25/GRNLGR '26 were down 1-2pts. In industrials, EHICARs/AACTECs were traded 0.5-1pt higher. CARINC '24 was up 0.5pt. Over the weekend, CAR Inc announced to redeem in full for all outstanding of its due-2024 at 103.65625% on 27 Sept '23. Macau gaming papers such as MPELs/SANLTDs were quoted 0.5pt lower. In Indian space, VEDLNs declined 0.5-1.5pts. Indonesian names LPKRIJs/LMRTSPs were marked down 0.5-1pt. Elsewhere, GLPCHI '26 was bid up 2pts.

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LGFVs were largely firm with light flows. SHGUOH/SHDOIS/SHUGRP 23-25s were quoted 0.125pt higher. CPDEV 5.75 Perp was traded 0.1pt higher with some dip buying from Chinese accounts. The front end of quality LGFV papers were under some small buying flows. There continued to be some short squeeze in the high-yielding papers. CQLGST '24/CDCOMM '27 were better bid. KMRLGP '24 was bid up 1pt. However, QDHTCO '24 was better offered. SOE perps largely stable. CHSCOI/HUADIA Perps were down 0.1pt. The high-beta Insurer papers such as ZHONAN/SUNSHG were also subject to small better selling from PBs/Prop desks.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 5.9 03/05/25	47.5	6.4	CHINSC 7 3/8 04/09/24	9.5	-6.5
ROADKG 6.7 09/30/24	55.8	4.8	NWDEVL 6.15 PERP	64.0	-4.0
NWDEVL 4.8 PERP	38.3	3.8	REGH 6 1/2 PERP	47.0	-4.0
ROADKG 5.2 01/12/26	32.5	3.1	BNKEA 5.825 PERP	76.8	-2.9
ROADKG 6 09/04/25	38.2	2.7	NWDEVL 5 1/4 PERP	56.3	-2.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.67%), Dow (+0.73%) and Nasdaq (+0.94%) rose on last Friday as Fed chairman's speech at Jackson Hole was not beyond-expected hawkish. China halved stamp duty on stock transactions to boost market. Euro-zone Jul CPI was +5.3% yoy, down from +5.5% yoy in Jun and same with market expectation. US treasury yields rallied higher last Friday, 2/5/10/30 yield reached at 5.03%/4.44%/4.25%/4.30%, respectively.

❖ Desk analyst comments 分析员市场观点

Mongolian Mining Corporation announced an exchange offer for its MONMIN 9.25 04/15/24. The outstanding amount of the notes are cUSD350.2mn. For each USD100 in principal, the exchange consideration comprises of: (i) upfront principal payment of USD30 in cash, (ii) new 3-year notes with principal amount of USD70, (iii) exchange fee of USD5 in cash, (iv) fractional cash payment (i.e. if the aggregate principal of the new notes is not an integral multiple or less than such minimum principal amount), and (v) accrued interests. The issue price of the new notes is expected to be USD97, the minimum coupon will be announced on or about 30 Aug. The minimum acceptance amount is 75% of the outstanding principal, and the expiration date will be on 5 Sep.

Exchange offer of MONMIN 9.25 04/15/24

Outstanding amount	USD350.2mn
Upfront payment	30
Exchange fee	5
New 3-year notes principal	70
New notes price	97
Minimum acceptance	75%
Expiration date	5 Sep'23

The company has been utilizing its cash to deleverage by repurchasing MONMIN 9.25 04/15/24 since last year. It completed a tender offer for the notes back in Dec'22 and cUSD42.6mn were validly tendered. During 8M23, it repurchased cUSD41.2mn in total as disclosed in the 1H23 financials and earnings call. At Jun'23, the company had USD208mn cash in hand, compared with USD65mn at Dec'22. In response to the proposed issuance, Moody's placed the company's B3 rating under review for downgrade, reflecting its tight liquidity and the uncertainty over the proposed note issuance. The agency could downgrade the company if it fails to complete the refinancing plan on time.

Meanwhile, the company concurrently offers new 3-year notes, which is not a part of the exchange offer. The new money issuance is expected to be priced on 6 Sep, and it will have the same terms and form a single series with the notes to be issued under the exchange offer. MONMIN 9.25'24 rose 3pts this morning post announcement of exchange offer.

	Ask px	YTM (Ask)	O/s amt (USD)
MONMIN 9.25 04/15/24	93.98	19.85%	350.2
MONMIN Float Perp	86.07	-	142.5

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Suzhou Urban Investment	45	3yr	5.7%	5.7%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Shandong Marine Group	USD	-	3yr	7.5%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 130 credit bonds issued yesterday with an amount of RMB95bn. As for Month-to-date, 1,848 credit bonds were issued with a total amount of RMB1,622bn raised, representing a 9% yoy increase
- CSRC relaxed refinancing restrictions on A-share listed real estate companies that their refinancing will not be restricted if the companies recorded loss or its stock price is below IPO price or net asset value per share
- [ADEIN]** Media reported that Adani Group may raise cUSD2bn from selling stakes in group companies to Abu Dhabi Investment Authority, International Holding Company
- [BEIENT]** Beijing Enterprises accepted up to RMB2bn three-year term loan facility letter
- [COGARD]** Media reported that Country Garden expects proposed three-year extension to serve as model for further extensions of all other non-third-party-guaranteed domestic notes; it plans to sell 26.67% equity interest in Guangzhou Asian Games City to China Overseas Land & Investment for RMB1.29bn
- [DALWAN]** Dalian Wanda Commercial Management increased registered capital 500% to RMB27.1bn from RMB4.5bn
- [EVERRE]** China Evergrande 1H23 revenue rose 44% yoy to RMB128.18bn and net loss narrowed to RMB39.25bn; its share trading resumed on 28 Aug

- **[GZRFPR]** Guangzhou R&F Properties expected cRMB4.9bn net loss for 1H23
- **[LNGFOR]** Moody's downgraded Longfor's ratings to Baa3 and placed it on review for further downgrade
- **[LVGEM]** LVGEM (China) expected to turn to loss of RMB580mn in 1H23, compared to RMB1bn net profit in 1H22
- **[NWDEVL]** New World Development denied pledging commercial properties for alternative financing;
- **[SUNAC]** Sunac China announced that the Hong Kong Court has directed a scheme meeting to consider and approve the proposed offshore debt restructuring be held on 18 Sep

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