

## CMBI Credit Commentary

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

- *Light flows this morning. KR IGs widened 1-3bps. China TMTs widened 1-2bps. Bank T2 and AMCs were active with two-way flows. NWDEVs were unchanged to 1.1pts higher.*
- ***EHICAR:** Stronger 3Q24 as expected. Onshore syndicated loan is not a near-term must. EHICARs rose c4pts post results. See comments below*
- ***MEDCIJ:** Medco Energi plans to issue cUSD157mn equivalent domestic bonds for refinancing and partial buyback of USD bonds. MEDCIJs were unchanged to 0.1pt higher this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the flows in KR space remained better selling. HYUELEs/HYNMTRs/LGENSOs widened 1-4bps. DAESECs/DFHOLDS were 2-5bps wider. In JP, the new RAKUTN 8.125 NC5 Perp closed 1.0pt higher from RO at par, while RAKUTN 5.125/6.25 Perps and 27s/29s were also 0.1-0.3pt higher. SUMILF 5.875 Perp/MYLIFE 54s were up 0.1pt. In Chinese IGs, MEITUA/LENOVO/XIAOMI 28-32s were 2-3bps wider. See our comments on [MEITUA's 9M24 results](#). TENCNT 30s/BABA 34s were 1bp wider. In financials, BNKEA/NANYAN T2s were 1-2bps wider. MQGAU/UOBSP/WSTP T2s widened 1-3bps. In EU AT1s, BNP 8/SOCGEN 8.125 Perps were 0.2-0.4pt higher. SANTAN 9.625/UBS 7.75 Perp were up 0.1-0.2pt. In Chinese properties, FUTLAN/FTLNHD 25-26s dropped 0.6-1.0pt. VNKRL 25-29s were 0.3-0.8pt lower. ROADKG Perps/28-30s, on the other hand, were up 0.3-0.6pt. Media reported CVC Capital's stakes in Road King Expressway International was up for sale. Outside properties, EHICAR 26s/27s declined 0.5-0.9pt. See our comments below on EHICAR. In Macau gaming, WYNMAC/MPEL 28-29s were up 0.2-0.4pt. In India, UPLLINs were up 0.3-0.8pt. ADTINs/ADSEZs/ADGREGs were 0.1-0.3pt lower. In Indonesia, MDLNIJ 25s rebounded 1.1pts.

In LGFVs, ZHZHCC priced a USD210mn 3-yr bond at par to yield 5%. GXCMIN 25s/WUXIND 26s were up 0.1-0.2pt. Fitch revised the outlook on Beijing Capital Development Holding to negative from stable. BCDHGR 26s closed unchanged. There were mixed two-way interests on CNH LGFVs such as NTHGCL/PHSOAH 27s. In SOE perps, CHSCOI 3.4/CHWPCN 4.25 Perps were up 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 5 06/30/25	38.6	1.1	FUTLAN 4.45 07/13/25	93.7	-1.0
CHGDNU 4.8 09/11/48	94.3	0.9	EHICAR 7 09/21/26	67.1	-0.9
UPLLIN 5 1/4 PERP	88.3	0.8	VNKRLE 3 1/2 11/12/29	54.8	-0.8
AIA 3.2 09/16/40	77.8	0.7	VNKRLE 3.975 11/09/27	58.0	-0.7
ROADKG 5.2 07/12/29	39.7	0.6	FTLNHD 4 5/8 10/15/25	90.1	-0.6

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.19%), Dow (-0.55%) and Nasdaq (-0.18%) retreated on Thursday. The latest US initial jobless claim was +224k, higher than the expectation of +215k. UST yield edged lower yesterday, 2/5/10/30 yield reached 4.15%/4.07%/4.17%/4.33%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ EHICAR: Stronger 3Q24 as expected. Onshore syndicated loan is not a near-term must

Security Name	ISIN	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating(M/S/F)
EHICAR 7 09/21/26	XS2384059122	300.0	67.8	32.0%	-/-/-
EHICAR 12 09/26/27	XS2782510049	325.0	66.5	30.6%	-/-/-

Source: Bloomberg.

We maintain buy on EHICARs. After the recent corrections due mainly to the delay in finalizing onshore syndicated loans and weak 1H24 results, we believe that the valuations of EHICARs are even more attractive after posting considerably improved 3Q24 results. EHICARs offer attractive carry among performing credits in our universe. We believe that its credit profile will gradually improve, supported by stronger free cash flow from ramping up utilization and further migration to operating leases. These should be positive in paving the way to secure onshore syndicated and bilateral loans.

In 3Q24, EHICAR's operating performance considerably rebounded from the low in 2Q24, reflecting the seasonal peak in 3Q and ramping-up utilization rate after aggressive fleet additions in 1Q24. EHICAR increased its fleet size by 42% during the quarter and has maintained a largely stable fleet size since then. In 3Q24, its fleet utilization rate has notably rebounded to 65.5% (on par with that of 4Q23 and in line with EHICAR's target of 65% mentioned during the investors' call for 1Q24 results) from 59.0% in 2Q24. ADRR also rebounded notably on a qoq basis. Hence, its EBITDA minus lease payments have considerably increased despite was still c4% lower than that of 3Q23. The positive free cash flow in 9M24 and improving operating performance also led to notably improvements in its key coverage ratios from the levels in 1Q24.

As per EHICAR, its focuses will be balancing the utilization rate and ADRR going forward. The operating stats of 4Q24 were slightly weaker than those of 4Q23. Nonetheless, we expect EHICAR to be prudent in fleet size expansion facing the weak economy and pressure on ADRR. The positive free cash flow and migration to operating leases will lead to further improvement in credit profile. Currently, c54% of its fleet is under operating leases. EHICAR targets to bring the level up to 70%.

EHICAR did not provide much update on the progress of onshore syndicated loan arrangement. It mentioned about the delay is due to some banks prefer to provide bilateral loans instead of being a part of the syndicated loans. Hence the overall credit approval process has been delayed. We believe that the stronger 3Q24 results

and prospect of further improvement in credit profile should heighten EHICAR's chance to secure onshore loans; either syndicated or bilateral. Indeed, subsequent to the exchange offer, new USD bond issue and repayment of onshore syndicated loans in 1H24, EHICAR is not under an impending pressure for new loans in the near-term. EHICAR did not provided any updates on the re-IPO.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Zhengzhou Urban Construction Investment	210	3yr	5.0%	5.0%	-/-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 116 credit bonds issued yesterday with an amount of RMB102bn. As for Month-to-date, 375 credit bonds were issued with a total amount of RMB332bn raised, representing a 62.8% yoy increase
- **[BCDHGR]** Fitch affirmed Beijing Capital Development Holding's BBB- rating and revised the rating outlook to negative from stable
- **[CHIOLI]** China Overseas Nov'24 contracted sales rose 30.9% yoy to RMB30bn
- **[MEDCIJ]** Medco Energi plans to issue cUSD157mn domestic bonds for refinancing and partial buyback of USD bonds

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