

CMBI Credit Commentary

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

- *Markets were a bit weak this morning. For Asian IG space, benchmark names BABA/TENCNT/HAOHUA were unchanged to widened 3bps, high beta papers XIAOMI/LENOVO were 5-10bps wider. Flows on SOE Perp and LGFV were small and LGFVs overall down 0.25pt due to weak sentiment.*
- **HK Corps: Prefer perps for yield pick-up.** Our picks are NWDEVL 4.125 perp, ROADKG 7.75 PERP and LEEMAN 5.5 Perp. See below.
- **ADANIG:** Adani is in talks with lenders to repay USD500mn bridge loan, also with IHC for capital infusion of up to USD1.5bn; expects to repay CP on maturity instead of its usual practice of rolling over. ADANIG rose 1.75pts this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space had a weaker session. Recent new issued KDB 28N/33N edged 1-2bps tighter. Market spotlight was a BBG chatters on potential sanction risks on ChemChina, HAOHUA/SINOCHEM widened 8-10bps across the curve in the AM session post the headline. Into the afternoon, we started to see some opportunistic buyers jumped in at wide but the curve still ended up 3-7bps wider than Monday close. HAOHUA were marked 3-5bps wider on the 24-25s, 5-7bps wider on 27-29s. Aside from HAOHUA family, the rest of IG space were roughly stable, with TMT benchmarks closed unchanged to a touch wider on thin liquidity. In Chinese financials, bank T2s encountered profit taking on BCHINA/CCB in the PM session. Leasing space was stable under two-way balanced flows from PBs. In AMCs, CCAMCL 10y papers widened 10bps to T+230 level but the sector was still relatively firm. In IG properties, LNGFOR 27-32s led the fall to drop 1.5-2pts in cash prices. Chinese HY property remained fragile. COGARDS/FUTLANs/FTLNHDs trended down 0.5-1pt. AGILEs/CENCHIs/KWGPROs were down 0.5-1.5pts. Industrial names FOSUNIs were quoted down another 1-3pts across the curve. WESCHIs drifted another ~1.5pts lower. Macau gaming names MPELs/STCITYs were down 0.5-1pt while WYNMACs lowered 1-1.5pts. In Indian space, Adani complex modestly retrieved some losses post news on potential capital infusion from IHC. ADSEZs notably bounced 1.5-2pts higher, while ADANEMs/ADTINs/ADANIGs were traded up 0.5pt. VEDLN and renewables were unchanged to 0.5pt higher. Indonesian space was mixed, LMRTSPs/LPKRIJs were down 0.5-1pt whilst PERTIJs were marked up 1-2pts across the curve.

In the LGFV/Perp/Asia AT1 spaces, market was relatively quiet ahead of CPI release, as broader sentiment softened this week. On primary side, HEDGCN priced 3Y USD bond at 7.3% on Monday and it hovered around par with solid

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support. We saw two-way flows in LGFVs among PB and RM skewed to slight better selling in some of the weaker names, and also in front end papers as clients switched out of bonds with little excess yield and duration. SHUGRP 23s/SHGUOH 25s were under better buying. SOE perps c24s-c25s stabilized at mid-5% on the back of Chinese RM picking up bonds, whilst front end c23s issues remained better offered. Non-SOE Perps were 0.5-1pt lower led by NWDEVL. LEEMAN 5.5 Perp lowered 1pt to be traded at 93.5 level. We saw HAOHUA/SINOCH perps were largely unaffected by the long end volatilities driven by fresh sanction worries, thanks to the short first call date in 2023. Elsewhere, Chinese AT1 benchmarks like ICBCAS were under better selling amid light flows.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADSEZ 4.2 08/04/27	81.0	1.7	LNGFOR 3.95 09/16/29	80.0	-1.9
PERTIJ 5 5/8 05/20/43	95.4	1.6	LNGFOR 3.85 01/13/32	75.1	-1.6
PERTIJ 6 1/2 05/27/41	103.6	1.5	LNGFOR 3 3/8 04/13/27	85.6	-1.6
ADSEZ 4 07/30/27	80.8	1.5	AGILE 5 3/4 01/02/25	62.8	-1.4
ADSEZ 3 3/8 07/24/24	90.9	1.4	HAOHUA 4 3/4 06/19/49	80.5	-1.4

❖ Marco News Recap 宏观新闻回顾

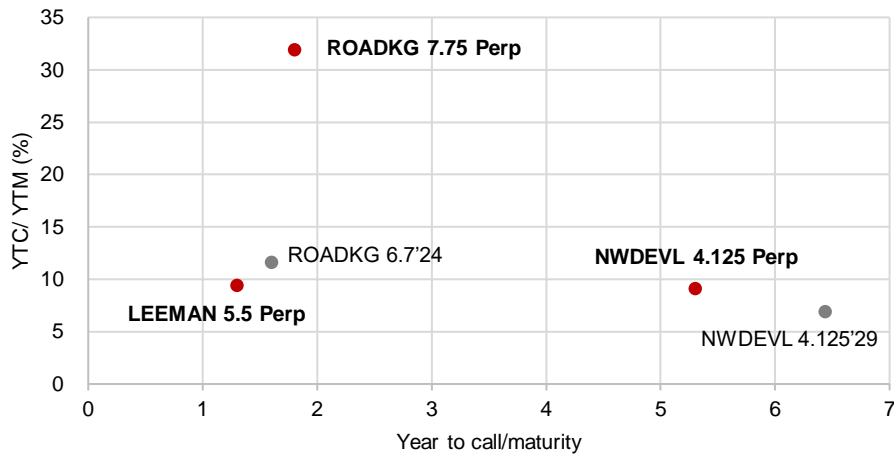
Macro – U.S. stock markets were weak on Tuesday, S&P (-0.03%), Dow (-0.46%) and Nasdaq (+0.57%) were affected by higher than expectation Jan'23 CPI data which is published as +6.4% yoy and +0.5% mom, reflecting a sticky inflation. Several Fed officials expressed hawkish view about future interest rate hike. The U.S. treasury yields edged higher yesterday, 2/5/10/30 yields reached 4.60%/4.00%/3.77%/3.81%, respectively

❖ Desk analyst comments 分析员市场观点

➤ HK corps: Prefer perps for yield pick-up

HK corps have performed well since Nov'22, in line with the sharp rebound of the market. Like peers in other space, the conviction of HK corps is lower at current valuation. Nonetheless, we still see value in selected HK perps of which coupon will be reset and/or step-up upon the first call dates and issuers can access various funding channels. We considers those issuers will be strongly incentivized and have the ability to call their perps to control funding costs. These perps not only offer good carry but also offer decent yield pick-up over their respective senior papers. Our picks are **NWDEVL 4.125 perp**, **ROADKG 7.75 PERP** and **LEEMAN 5.5 Perp**.

Chart 1: YTC of our picks



Source: Bloomberg.

Table 1: Summary of our picks

	NWDEVL 4.125 Perp	ROADKG 7.75 Perp	LEEMAN 5.5 Perp
Credit rating (M/S/F)	-	Ba3	-
YTC	9.1	31.9	9.4
Ask px	81.4	70.1	95.0
Year to call	5.3	1.8	1.3
First call date	06/10/28	11/18/24	05/29/24
Outstanding (USD mn)	1,200	300	240.6

Source: Bloomberg.

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➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chindata Group	USD	-	3yr	11.25%	-/-/BBB-
Mitsubishi UFJ Financial Group	USD	-	3NC2/6NC5/ 8NC7/11NC10	T+130/170/ 185/195	A1/A-/A-

➤ **News and market color**

- Regarding onshore primary issuances, there were 81 credit bonds issued yesterday with an amount of RMB66bn. As for month-to-date, 432 credit bonds were issued with a total amount of RMB438bn raised, representing a 250.3% yoy increase
- **[ADANIG]** Adani is in talks with lenders to repay USD500mn bridge loan, and also with IHC for capital infusion of up to USD1.5bn. The company expects to repay their CP on maturity instead of their usual practice of rolling over
- **[BEIPRO]** Beijing Properties signed USD50mn 1-year loan facilities with keepwell agreement
- **[CHFOTN]** China Fortune Land's Co-President Meng Jing has been detained by Chinese authorities on suspicions of committing an offence
- **[EXCECP]** Excellence Commercial Properties proposed to offer RMB400mn 3-year MTNs to fund project development, and/or to repay offshore USD debts
- **[LPKRIJ]** Lippo Karawaci completed tender offer, USD288.7m of due-25, and USD308.5m of due-26 notes remain outstanding
- **[NWDEVL]** New World Development announced the sale of commercial property KOHO in Kwun Tong, Hong Kong for HKD1.7bn
- **[VEDLN]** Vedanta reduced net debt by USD2bn in past 11 months, achieved half of its USD4bn 3-year debt reduction commitment in the first year

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