

## CMBI Credit Commentary

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

- *Markets remained quiet this morning. Asian IG space overall moved +/-2bps. BABAs were stable though its stakes were massively sold by Softbank. LGFV new issue SHRIGH'26 were mostly unchanged. Besides, we saw squeeze on some SOE perps.*
- **AACTEC:** *Impact of delay in using solid-state button will have limited negative impact. We consider AAC a solid IG with good liquidity, and initiate Buy recommendations on AACTECs which were unchanged to down 0.75pt this morning. See below.*
- **NWDEVL:** *NWD's China property arm issued its first onshore CMBS for RMB1bn with 3.5% coupon. Maintain Buy on NWDEVL 6.15 Perp, NWDEVL 4.125 Perp, NWSZF 5.75 Perp. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the cautious tone persisted in Asia IG space ahead of the announcement of CPI data. In Korea space, KDB/EIBKOR edged 1-2bps tighter on 5-10y curve and KHFC were also under better buying. New MUFs performed well, tightening 10bps from the RO level, with more buying flows on its 26s/29s. In China SOEs, HAOHUA curve was under better buying with 30s tightened 4bps to T+207. TMTs closed unchanged to 1-2bps tighter amid mixed two-way flows. In financials, Bank T2s were also unchanged. In AMCs, HRINTH curve got better buying. China property space was relatively stable. Fitch downgraded Sino-Ocean Group's rating by two notches to B-. SINOCs were unchanged to 0.5pt higher after the curve gained 1-3pts on Tue. CHINSCs were indicated 1pt lower. On the other hand, COGARD 5.125 '25 was marked 4pts higher. Rest of COGARDs were up 0.5-1pt across the curve. CIFIHGs/CENCHIs/ GRNLGRs moved 1-2.5pts lower. Industrials FOSUNs were up 0.5pt. Macau gaming names were unchanged. In India space, VEDLNs were traded 1.5-2.5pts higher, post reports on Vedanta's talks with Farallon Capital Management for a minimum USD1bn fundraising. Renewables such as GRNKENS/RPVINs were up 0.5pt. In Indonesia space, SOEs such as PERTIJs/PLNIJs were up 0.5-1pt.

In the LGFV/Perp/Asia AT1 spaces, the sentiment remained fairly upbeat, thanks to Q2 deployment flows from RM and covering in shorts/risks ahead of announcement of CPI data. Activities remained on the lower side with thin offer-side liquidity since market had calmed down from the CS/banking turmoil in mid-March. SOE Perps edged 0.125-0.25pt higher. Most c24 SOE perps were traded at low-5%. AM clients were happy to be lured into taking some profits here. Price actions in AT1s were largely similar but more squeezey in names such as NANYAN/CINDBK/HSBC/ STANLN. NANYAN 7.35 Perp bounced back to 98-handle amid extremely thin offer liquidity. LGFVs were a bit more mixed but overall skewed to better buying.

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bonds in 5.5%-6.5% yielding low-beta names were being digested easily as more offshore Chinese AMs returned to buying. Higher yielding papers remained largely supported too, with the exception of SHRIHG 25 in light of the new 3y issue.

### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
COGARD 5 1/8 01/17/25	69.2	4.1	GRNLGR 5.9 02/12/25	37.1	-2.4
VEDLN 8.95 03/11/25	70.3	2.4	CIFIHG 5 1/4 05/13/26	19.0	-2.2
VEDLN 13 7/8 01/21/24	87.1	2.1	CIFIHG 6 07/16/25	19.0	-2.1
VEDLN 9 1/4 04/23/26	63.6	1.6	KNMIDI 5 1/2 10/09/23	95.0	-1.8
VEDLN 6 1/8 08/09/24	63.7	1.5	CIFIHG 5 1/2 01/23/23	19.0	-1.7

### ❖ Marco News Recap 宏观新闻回顾

**Macro** – U.S. stock markets retreated yesterday, S&P (-0.41%), Dow (-0.11%) and Nasdaq (-0.85%) opened high as March CPI data was lower than expectation to 5% then turned to down due to market's worry about potential recession by the end of 2023. Crude Oil price rose c2% to 83 and 87 for WTI and Brent oil, reached highest level since Nov'22. The U.S. treasury yield overall down yesterday, the 2/5/10/30 yields reached 3.95%/3.46%/3.41%/3.64%, respectively.

### ❖ Desk analyst comments 分析员市场观点

#### ➤ AACTEC: Impact of delay in using solid-state button will have limited negative impact

The shares of AAC was down 15% yesterday on the back of Apple's delay in using solid-state button for iPhone 15 to be rolled out in Sep'23. AAC is one the largest suppliers for haptic engine for Apple. The delay could cut the revenue growth of AAC by c1.5%/4% in FY23/FY24 as per our equity research and we expect no material impact on AAC's credit profile as a result of the delay. Its 3 o/s USD bonds: AACTEC'24, '26 and '31 are trading at YTM of 6.8%, 8.6% and 8.9%, respectively. The current cash prices of '26' and '31 are 4-8pts lower than the levels in mid Feb. We consider AAC a solid IG with good liquidity, and initiate Buy recommendations on AACTECs.

	Outstanding (USD mn)	Offer price	YTM
AACTEC 2 5/8 06/02/26	252.60	83.81	8.6%
AACTEC 3 3/4 06/02/31	350.00	70.68	8.9%
AACTEC 3 11/27/24	276.82	94.33	6.8%

Source: Bloomberg.

#### ➤ NWDVEL: issued China first onshore CMBS for RMB1bn with 3.5% coupon

New World Development's unit New World China successfully issued its first onshore CMBS for RMB1bn with 3.5% coupon and the expected maturity is on 20 Mar'35, the target project is a shopping mall located in Guangzhou Baiyun district and opened in Dec'18. The issuance marks NWD's ability in monetizing its IPs in China and its diversifying funding channels. We maintain buy on NWDEVL 6.15 Perp, NWDEVL 4.125 Perp, NWSZF 5.75 Perp as we view the chance that NWD and NWS holding will call these perps on their first call dates is high given the coupon to be reset and step-up. Besides, the price of NWDEVL 6.15 Perp and NWDEVL 4.125 Perp were down 2pts and 5pts since mid Feb'23, the corrections provide even better entry points.

	Outstanding (USD mn)	Offer price	YTC	Year to next call
NWDEVL 6.15 PERP	500	93.89	9.7%	1.93
NWDEVL 4.125 PERP	1200	75.95	10.5%	4.91
NWSZF 5.75 PERP	1019.1	98.93	7.1%	0.80

Source: Bloomberg.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Shangrao Investment Holdings International Company Limited	120	3yr	7.9%	7.9%	-/-/BBB-

### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Nickel Industries Ltd	USD	-	5.5NC2.5	11.5%	B1/-/B+
Korea Ocean Business Corp.	USD	-	3/5yr	-	-

### ➤ News and market color

- Regarding onshore primary issuances, there were 116 credit bonds issued yesterday with an amount of RMB111bn. As for Month-to-date, 653 credit bonds were issued with a total amount of RMB717bn raised, representing a 65.1% yoy increase
- **[BABA]** SoftBank cut owned Alibaba's stakes to 3.8% from high point as 34%
- **[FOSUNI]** Media reported that Fosun repaid USD1.2bn-equivalent loan due yesterday with new USD 365m-equivalent facility and internal cash
- **[JINKE]** Jinke Property failed to make partial payment as scheduled for H0Jinke03 bonds for RMB65mn within 30-day grace period
- **[KAISAG]** Media reported Kaisa Group sells Cheung Sha Wan retail properties in Hong Kong for HKD55mn
- **[SUNAC]** Sunac China fulfills HKEx share trading resumption guidance and trading to resume on 13 April

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