

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- *The new CSILTD Float 31 widened 1bp from RO at SOFR+60 this morning. The new POHANG 31-36s tightened 2-3bps from initial pricing at T+75 and T+90, respectively. The new SKBTAM 29 tightened 3bps from RO at T+72. JP higher-yielding FRNs tightened 3-5bps.*
- **LASUDE:** *Small fund exit strengthens LSD's liquidity. LASUDE 26 was 0.2pt higher this morning. See below.*
- **SUNHCK:** *Sun Hung Kai commenced tender offer for its sole o/s USD bond SUNHCK 5 09/07/26 of USD350.057mn at par and concurrent 3yr Reg S USD bond issuance. SUNHCK 5 09/07/26 was 0.1pt higher this morning.*

❖ Trading desk comments 交易台市場观点

Yesterday, the recent new SJMHOL 31 was 0.2pt lower, while the recent new CASHLD 6.25 Perp and TOPTB 6.1 Perp were largely unchanged amid light flows. In Greater China, MEITUAs and front-end HAOHUA closed 3bps tighter to 1bp wider. FRESHK 26-29s were 4bps tighter to 2bps wider. See our comments [yesterday](#). In Chinese properties, LNGFOR 28-32 increased by 0.1-0.8pt, while LNGFOR 27 was down by 0.3pt. VNKRL 27-29 were 0.1-0.3pt lower. Media reported that PJT Partners urged Vanke's USD bondholders to consider declaring default on bonds due to cross-default clauses. In HK, BNKEA 34s widened up to 3bps, while the rest of HK T2s remained largely unchanged. CHIYBK 32 was 0.6pt higher. The NWDEVL/VDNWDL complex were 0.4pt lower to 1.1pts higher. LASUDE 26 was down by 0.4pt. See comments below. We saw better buying on FUBON/CATLIFs, but TW lifers closed mostly flat. In KR space, the HYNMTR curve tightened 2-3bps across both fixed-rate bonds and FRNs, driven by regional real-money and global PB deployment flows. In JP space, AM accounts were offloading TACHEM 35s, which widened by 2bps. Yankee and Japanese AT1s closed broadly unchanged to 0.1pt lower, with the exception of NOMURA 7 Perp, which edged 0.4pt higher thanks to deployment bids from Asia/Greater China investors. In SE Asia space, KBANK/BBLTB/OCBCSP/UOBSP T2s closed unchanged to 4bps tighter amid mixed two-way flows. VEDLN 28-33s were unchanged to 0.2pt higher. On the other hand, IHFLIN 27-30s/MEDCIJ 26-30s/INDYIJ 29s/SMCGL Perps were unchanged to 0.2pt lower. In the Middle East, long-end KSAs were 0.2-0.3pt lower with AM selling, while the belly and front-end of KSA held up well and closed unchanged. LGFVs remained sought after by RM investors across higher-yielding USD and CNH issues from various regions.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 5 7/8 06/16/27	91.4	1.1	LOGPH 8.7 PERP	4.6	-0.8
NWDEVL 8 5/8 02/08/28	91.1	0.9	GRNLGR 6 3/4 06/25/28	11.3	-0.8
LNGFOR 3.95 09/16/29	81.5	0.8	IIFPTN 1 1/2 01/27/26	96.4	-0.7
CHIYBK 5 3/4 04/07/32	99.6	0.6	PERTIJ 4.15 02/25/60	73.5	-0.7
NWDEVL 4 3/4 01/23/27	92.7	0.6	PTTGC 5.2 03/30/52	93.2	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.16%), Dow (+0.17%) and Nasdaq (+0.26%) were higher on Monday. UST yield was higher on Monday. 2/5/10/30 year yield was at 3.54%/3.77%/4.19%/4.83%.

❖ Desk Analyst Comments 分析员市场观点

➤ LASUDE: Small fund exit strengthens LSD's liquidity

Lai Sun Development (LSD) agreed to sell its LP interest in New Vision Fund to LGT Capital Partners for USD14.6mn. Net proceeds are expected to be cHKD113mn (cUSD14.5mn) and will be used for general working capital and debt repayment, while LSD expects to recognize a disposal loss of cHKD100mn.

New Vision Fund primarily invest in pre-IPO investments which are in the process of applying for listing as well as early-stage and growth-stage companies, which LSD viewed as relatively illiquid with more volatile and unpredictable return. We view the disposal as moderate credit positive. Despite the net proceeds are small, the disposal is consistent with LSD's asset monetization strategy and provides incremental liquidity to LSD. Based on LSD's HKD8bn disposal target for Feb'25-Jan'27 and the progress so far, i.e. project sales of HKD2.2bn and asset disposals totaled HKD4.2bn (incl. CCB Tower and Novotown Phase II Tower 1 and 3 in Hengqin). LSD has a remaining target of cHKD1.4bn asset disposals in coming 11 months.

LSD's only o/s USD bond, LASUDE 5 07/28/26 of USD493mn, will be due within six months. The full repayment hinges on larger asset disposals and its refinancing capacity via bank borrowings and bond market. We maintain neutral on LASUDE 5 07/28/26. At 74.3, LASUDE 26 is trading at 70.4% YTW. We view the current valuation priced in a potential consensual LME with partial upfront repayment and a maturity extension.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CSI MTN/ CITIC Securities	650	5yr	SOFR+60	SOFR+60	-/BBB+/-
POSCO	400/	5yr/	4.5%/	T+75/	Baa1/A/-
	300	10yr	5.0%	T+90	
Republic of Indonesia	1100/	5yr/	4.4%/	4.4%/	Baa2/BBB/BBB
	1100/	10yr/	5.0%	5.0%/	
SK Battery America	500	30yr	5.5%	5.5%	Aa3/-
	1000	3yr	4.25%	T+72	

➤ 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 84 credit bonds issued yesterday with an amount of RMB56bn. As for month-to-date, 534 credit bonds were issued with a total amount of RMB410bn raised, representing a 25.2% yoy decrease
- **[LASUDE]** Lai Sun Development agreed to sell LP interest in fund for USD14.6mn to improve liquidity
- **[SUNHCK]** Sun Hung Kai commenced tender offer for its sole o/s USD bond SUNHCK 5 09/07/26 of USD350.057mn at par and concurrent 3yr Reg S USD bond issuance
- **[VNKRLE]** Media reported PJT Partners urges China Vanke's USD bondholders to consider declaring default on bonds due to cross-default clauses

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