

## CMBI Credit Commentary

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

- *Markets remained quiet this morning. Low-beta IG names like CKHH, AIA and CITNAT were better buying with 2-3bps tighten. TMT sector slightly down and TENCNT widened 2-3bps. New issue PGEOIJ'28 rose c0.5pt.*
- **Seazen: Further onshore issues alleviate refinancing pressure.** FUTLAN/FTLNHD changed -0.5 to +0.5pt by mid-day. See below.
- **YUEXIU:** Yuexiu Property proposes right issue of 930mn shares at HKD9 per share to raise HKD8.36bn (cUSD1.06bn). YUEXIUs moved -0.5 to +0.25 this morning. We consider YUEXIUs fairly-valued. For Chinese IG properties, we prefer LNGFORs for yield pick-up. See below.

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space had a quiet and marginally weaker session. On the new issue front, new CKHHs remained active and closed 1-2bps tighter. We saw better buying on CKHH 10y while the 5y paper had more mixed two-way flows. In Korea space, HYUELE curve tightened 5-10bps. Whilst in Korea financials, quasi-sovereign bank papers such as KDB/EIBKOR were under better selling on the front end. In China SOEs, the longer tenor of SINOCHs/SINOPEs tightened 2-4bps. TMT benchmark opened 3-5bps wider, but flows turned to mixed two-way in the afternoon. TENCNT 30s/BABA 31s retraced 2-4bps from the intra-day wide to close at T+151 and T+133 (1-2bps wider than last close), respectively. In financials, HRINTH curve moved another 5-15bps wider. Other AMCs were under small selling. GRWALL/CCAMCL perps lowered another 0.125-0.25pt. Leasing papers 23s/24s were under better selling. Chinese properties were still fragile. SINOCEs dropped another 1.5-6.5pts. GRNLGRs/AGILEs moved 1.5-2.5pts lower. CHINSCs/ROADKGs/COGARDs were down 1.25-4.25pts. On the other hand, SHUIONs/YLLGSPs were bid up 0.25-1.25pts. Industrials performed mixed. FOSUNIs/HONGQIs were traded 0.25-0.75pt higher. EHICAR/HILOHO 24s were marked 0.25-0.5pt lower. Macau gaming names such as MGMCHIs/STCITYs were traded down 0.5-1pt. In India space, Adani complex's BBB papers ADSEZs/ADANEMs were traded 0.5-1.25pt higher. VEDLNs gained 0.5-1pt. GRNKENS/RPVINs/AZUPOEs were also marked 0.25-0.5pt higher.

In the LGFV/Perp/Asia AT1 spaces, LGFVs had another constructive session amid thin trading volume. Sentiment on front-end LGFVs generally remained cautious as yield was getting less attractive at around mid-5%, compared to funding costs. Higher-yielding papers, as well as selective quality names remained sought after. GXFING/GSHIAV 23s were under better buying. Flows on Shandong/Chongqing names were still quite active but a bit mixed. Higher-yielding LGFVs like SHUGRP were under better buying whilst QDHTCO/CQLGST were under better selling. Big-bank AT1s were better bid.

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ICBCAS 3.58 Perp/BOCOM 3.8 Perp grinded 0.125pt higher. Thai bank names such as BBLTB/KBANK AT1s also edged 0.125pt higher. KEBHNB 3.5 Perp was bid up 1pt. However, HK bank AT1s such as BNKEA/CINDBK perps moved 0.25-0.5pt lower. Elsewhere, CTIH 6.4 perp was marked 0.25pt lower.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 6.15 08/24/24	90.9	1.2	SINOCE 5.95 02/04/27	26.2	-6.5
VEDLN 6 1/8 08/09/24	62.9	1.1	SINOCE 6 07/30/24	38.8	-4.3
ADSEZ 3.828 02/02/32	68.5	1.1	CHINSC 7 3/8 04/09/24	58.1	-4.2
ADSEZ 3.1 02/02/31	68.2	1.0	ROADKG 5 1/8 07/26/26	59.1	-3.6
KEBHNB 3 1/2 PERP	88.8	0.9	GRNLGR 5 7/8 07/03/26	26.1	-2.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.60%), Dow (-0.33%) and Nasdaq (-0.80%) were weak yesterday, mainly affected by disappointed Tesla 1Q23 results. U.S. latest weekly initial jobless claim increased to +245k from +240k in last week and was higher than expectation of +245k. PBOC maintains 1/5yr LPR unchanged at 3.65%/4.3% for eight consecutive months. The U.S. treasury yield overall down yesterday, 2/5/10/30 yields decreased to 4.14%/3.63%/3.54%/3.75%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Seazen: Further onshore issues alleviate refinancing pressure

Seazen Holdings (601155 CH) is reported to issue RMB2bn CBICL guaranteed bonds and the issue will further relieve its refinancing pressure. As we discussed in our comments: [Seazen: Maturing IP portfolio is a key differentiator](#) on 4 Apr'23, Seazen is one of the few non-state owned developers maintaining access to various funding channels. In FY22, Seazen Group (1030 HK) raised equity of cUSD450mn. Seazen Holdings issued USD100mn 1-year green notes in Jun'22 and onshore MTNs totalled RMB4bn, including RMB1bn in Sep'22 and RMB2bn in Dec'22 with CBICL guarantees. In Mar'23, Seazen Holdings announced A-share placement plan to raise no more than RMB8bn for project construction.

The key difference between Seazen and many of its peers is Seazen's ownership of maturing investment properties (IPs) which offer alternative liquidity sources in the form CBICL-guaranteed bonds, operating loans, CMBS and Commercial REIT. As per Seazen, the group's borrowings against these IPs are cRMB26bn (vs book value of its IPs of RMB113.2bn). Assuming a LTV of 60%, the group has a headroom of over RMB40bn for incremental operating loans, CBICL-guaranteed MTN, CMBS, etc. We estimate Seazen has maturity/redemption obligations of cRMB11bn in remaining FY23, its near-term refinancing risk is manageable. We have buy recommendations on Buy FUTLANs/FTLNHDs and prefer longer-dated papers.

	Offer YTM	Ask price	Ask price if fair YTM is:-	
			10%	12%
FUTLAN 6 08/12/24	27.8%	77.4	95.0	92.7
FUTLAN 4.45 07/13/25	25.5%	65.9	89.0	85.4
FTLNHD 7.95 06/01/23	15.1%	99.2	99.7	99.3
FTLNHD 6.8 08/05/23	28.5%	94.3	98.9	98.3
FTLNHD 4.8 12/15/24	22.9%	76.4	92.1	89.2
FTLNHD 4 5/8 10/15/25	23.0%	66.8	88.3	84.3
FTLNHD 4 1/2 05/02/26	22.8%	61.5	85.8	81.2

Sources: Bloomberg.

### ➤ YUEXIU: Announced HKD8.36bn right issues

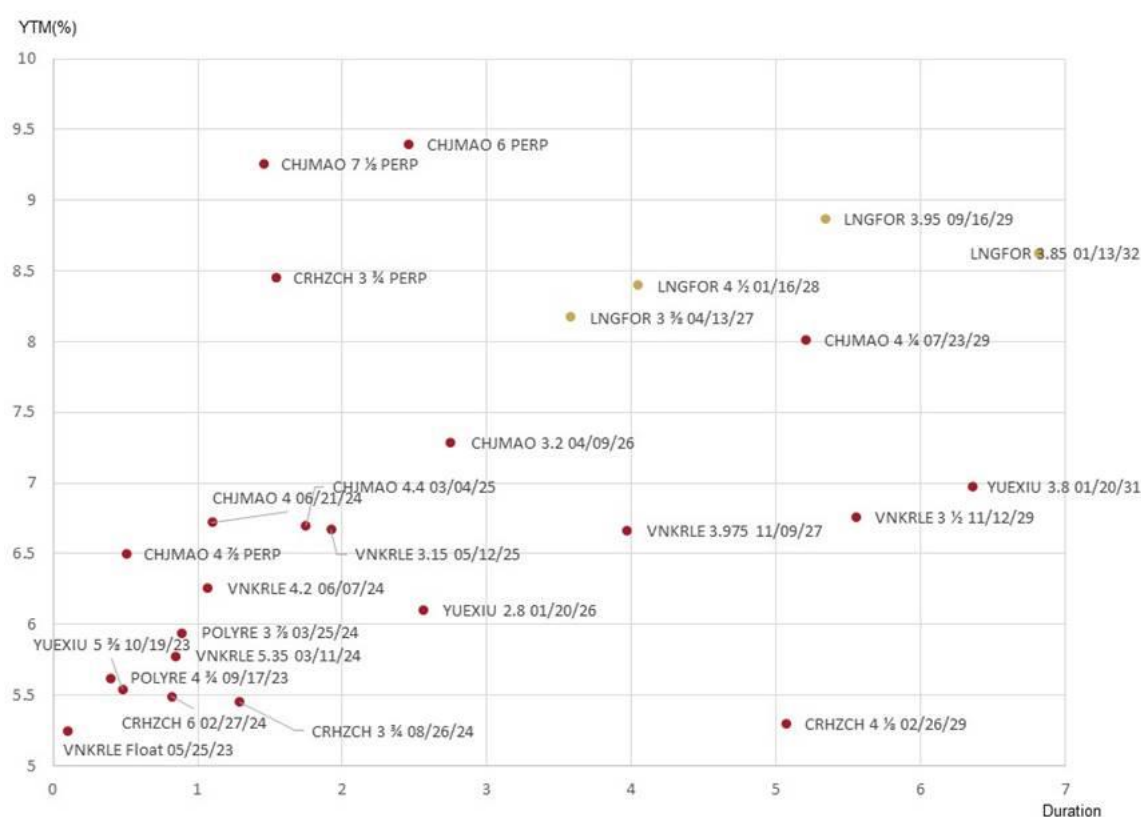
Yuexiu Property (Yuexiu) proposed to raise HKD8.36bn via right issues of c930mn shares at price of HKD9 per share, on the basis of 30 right shares for every 100 existing shares. The net proceeds will be used to invest core cities in GBA and other key provincial capital cities. Yuexiu is in green camp under 3 red-line. As of Dec'22, Yuexiu's Cash/ST debts, Net Gearing and Adj Liabilities to Assets ratios were 1.4x, was 64% and 68.8%, respectively. In 1Q23, it is the best performer among 37 developers under our radar in terms of contracted sales growth. Its contracted sales totaled RMB43.8bn in 1Q23, +217% yoy. It is also 1 of the only 2 developers under our radar reported contracted sales growth in FY22. The rights issue enhances its warchest for growing opportunities without sacrificing its financial prudence

Nonetheless, at YTM of 5.8-7.2%, we consider YUEXIUs are fairly value. Within Chinese IG properties, we prefer LNGFORs as these offer more decent yields (8.2%-8.9%). The prices of LNGFORs retreated 6-9pts since mid-Feb'23, we believe that the corrections offer better entry points. Please see [our latest comments on Longfor](#).

	Asked Price	YTM	O/S amount (USD mn)
YUEXIU 5.375 10/19/23	99.9	5.8	400
YUEXIU 2.8 01/20/26	91.8	6.3	650
YUEXIU 3.8 01/20/31	81.2	7.2	150
			1,200

Sources: Bloomberg.

**Chart:** YTM-Duration of Chinese IG developers' USD bonds



Sources: Bloomberg.

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Pertamina Geothermal	400	5yr	5.15%	5.15%	Baa3/-/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 136 credit bonds issued yesterday with an amount of RMB125bn. As for Month-to-date, 1,346 credit bonds were issued with a total amount of RMB1,407bn raised, representing a 46.9% yoy increase
- PBOC said China 1Q23 mortgage lending increased 50% QoQ to RMB590bn
- [COGARD]** Media reported that Country Garden plans to issue up to RMB800mn (cUSD116mn) CBICL-bakced MTN; the company failed to resell RMB3.39bn (cUSD492mn) due-2025 notes put by holders
- [DALWAN]** Dalian Wanda Commercial Management's 21DalianwandaMTN003 noteholders exercise RMB500mn put option
- [RNW]** ReNew Energy Global raised USD400mn via issue of green bonds with 7.95% coupon
- [SUNAC]** Sunac China announced that holders representing over 75% of existing debt submit letters to accede to RSA; consent fee deadline extended to 4 May
- [SYSTIO]** Shaoxing Shangyu State-owned Capital Investment Operation raised RMB630mn via offering 270-day bills at 2.85% coupon

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