

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2024”](#). Thank you for your support!

- *New issue KRA'27 tightened 7bps, ANZ floater tightened 3bps, CHINAM'27 widened 1bps this morning. Asian IG space was unchanged to 2bps wider. HRINTHs were active and rallied 0.25-0.5pt higher.*
- **FAEACO:** *Potential tender offer and swap of FAEACO 7.375 Perp. Within the HK corp space, we still prefer the perps of NWDEVL with high coupon step-up, i.e. NWDEVL 6.15 Perp, NWDEVL 5.25 Perp and NWDEVL 4.125 Perp. FAEACO 7.375 Perp down 0.15pt this morning. See below.*
- **GRNKEN:** *Media reported that Greenko will deploy NaBFID loans to prepay over USD1bn USD bonds maturing in 2025. GRNKENs were unchanged to 0.4pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, ANZ priced a USD750mn 3-yr bond at T+50, and a USD1.25bn 3-yr floating rate bond at SOFR+68. CHINAM priced a USD300mn 3-yr floating rate bond at SOFR+54. LGENSO 27/29/34 were 3-4bps wider. HYUELE 27/28 widened 2bps. DFHOLDS/DAESECs closed unchanged to 2bps tighter. MQGAU/ANZ T2s were 1-2bps wider. SBIIN '29/RECLIN '27/BBLTB '34 widened 1-4bps. JP insurance hybrids such as KYOBOL '52/NIPLIF '51/ SUMILF Perp were up 0.1-0.2pt. In China IGs, BABA '27/TENCNT '30/HAOHUA '30 were unchanged to 2bps wider. LENOVO/WB 30s widened 1-2bps. In financials, Chinese AMCs were mixed. CCAMCL/ORIEAS 27-30s widened 1-3bps. GRWALLs remained better bid and closed 1-5bps tighter. CICCHK/CMINLE/BCLMHK/CSFCO Floater 27s tightened 1-3bps on AM chasing. In AT1s, BOCOM 3.8 Perp/KBANK 4 Perp/KTBTB 4.4 Perp were up 0.1-0.3pt. French names SOCGEN/ BNP Perps were 0.2-0.4pt higher. UBS/ HSBC/ NWG/ STANLN Perps were also up 0.2-0.3pt. In HK, BNKEA/AIA/CKHH 34s were 1-3bps wider. NWDEVLs/HYSANs moved 0.2-0.5pt higher on the back of HF/PB buying. LIHKK '25/PCPDC '26/CPREIT '30 were up 0.3-0.4pt. Chinese properties were firm. GEMDAL '24/FUTLAN '25 were up 0.6-0.9pt. VNKRL/CHJMAO 25s were 0.4pt higher. Outside properties, GWFOOD '30 was 0.6pt higher. SANLTDs/STCITYs were up 0.3-0.4pt. In India, UPLLIN 28/30/Perp moved 1.2-1.9pts higher. VEDLN 26-28s were 0.4-0.7pt higher. ADSEZs/ADGREGs were up 0.3-0.5pt. RILIN 45-52s were 0.5-0.6pt lower. In Indonesia, MDLNIJ 25/27 were down 0.3-0.4pt.

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There were active flows in LGFVs across both USD and CNH issues. WFURCD '24 was up 0.4pt. KNMIDI '25 was up 0.3pt. HZCONI '26/GZGETH '27 were 0.1-0.2pt higher. CNSHAN/ZHHFGR Perp were up 0.1pt. In the high-beta IG names, HUANEN '29 was 1.5pts higher. CWAHK '26 was up 0.5pt. GRPCINs/ ZHOSHKs closed 0.1pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
UPLLIN 5 1/4 PERP	75.1	1.9	TAISEM 1 1/4 04/23/26	93.5	-0.8
HUANEN 3 12/10/29	91.9	1.5	TAISEM 4 3/8 07/22/27	98.4	-0.7
UPLLIN 4 5/8 06/16/30	85.2	1.3	TAISEM 1 3/4 04/23/28	89.5	-0.6
UPLLIN 4 1/2 03/08/28	90.1	1.2	RILIN 4 7/8 02/10/45	90.7	-0.6
FUTLAN 4.45 07/13/25	75.4	0.9	SUMIBK 4.306 10/16/28	97.3	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.10%), Dow (-0.08%) and Nasdaq (+0.28%) were mixed on Monday. UST yields were stable yesterday, 2/5/10/30 yield reached 4.62%/4.23%/4.28%/4.46%.

❖ Desk analyst comments 分析员市场观点

➤ FAEACO: Potential tender offer and swap of FAEACO 7.375 Perp

Bond	O/s amt (USD mn)	Px	YTC	Rating (M/S/F)
FAEACO 7.375 Perp	360	97.38	17.28%	-/-

Source: Bloomberg.

Far East Consortium (FAEACO) is seeking feedback from the holders of FAEACO 7.375 Perp (callable 18 Oct'24) on the refinancing options, per media report. The coupon of the perp will be reset and step up to 5yUST+initial spread of 592.4bps+300bps, i.e. c13.2%, from 7.375% if it is not called on the first call date on 18 Oct'24.

We are neutral on FAEACOs we do not see a strong catalyst for HK corps with retail and hotel exposure to perform from a trading perspective in view of change of spending behavior by mainland China travelers with lower average spending in Hong Kong, at the same time increase in visits to mainland China by Hong Kong residents. We prefer HK corps with less exposure on the office sector which is facing more challenges of WFH and new supply. We do not see much value for FFL perps or perps with only coupon reset. Within the HK corp space, we still prefer the perps of NWDEVL with high coupon step-up, i.e. NWDEVL 6.15 Perp, NWDEVL 5.25 Perp and NWDEVL 4.125 Perp.

Per media report, FAEACO is considering to repurchase one-third of the perp via tender offer, swap one-third into new bullet bond and the remaining one-third will remain outstanding until the next call date in Apr'25. The outstanding amount of FAEACO 7.375 Perp is USD360mn. FAEACO needs to ensure in compliance with the loan covenants after the redemption of the perp, that the net gearing ratio could not be greater than 80%. At Mar'24, its net gearing was 68.1%. FAEACO has one USD Perp FAEACO 7.375 Perp and three HKD bonds due'29-33 totaled HKD480mn (cUSD62mn) outstanding.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ANZ Banking Group	750/1250	3yr	4.9%/6.035%	T+50/SOFR+68	Aa2/AA-/AA-
China Merchants Bank New York Branch	300	3yr	5.896%	SOFR+54	A2/-/-
Kraton Corp	1000	3yr	5.0%	T+85	Aa2/-/AA-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Construction Bank Hong Kong Branch Hangzhou Shangcheng District	USD	-	3yr	SOFR+105	A1/-/-
Urban Construction & Comprehensiv Development	USD	200	3yr	6.5%	-/-/BBB-
Panasonic Holdings Corp	USD	-	10yr	T+125	Baa1/A/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 70 credit bonds issued yesterday with an amount of RMB72bn. As for month-to-date, 374 credit bonds were issued with a total amount of RMB418bn raised, representing a 69.6% yoy increase
- **[FOSUNI]** Fosun International repaid USD600mn FOSUNI 6.85 07/02/24, completing all offshore bond repayments for 2024
- **[GRNKEN]** Media reported that Greenko will deploy NaBFID loans to prepay over USD1bn USD bonds maturing in 2025
- **[INDYIJ]** Indika Energy arm Kideco allocated cUSD257mn capex for coal gasification project
- **[NWDEVL]** Media reported that New World Development is exploring cUSD27.4bn investments of infrastructure projects in Thailand
- **[VEDLN]** Media reported that Vedanta Limited scheduled to privately place USD120mn-equivalent INR bonds partly for debt repayment

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