

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 2023”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets tend to risk-off as rates rallied higher. In Asian IG space, New issue NOMURAs slightly widened. TMT benchmarks were 2-4bps wider. For SOE Perps, we saw buyers on bonds reached 6.2% yields. Besides, there are buying interests on short term LGFVs with higher than 6% yields.*
- **NWSZF/NWDEVL:** *CTFH obtained HKD25.2bn loan for NWS buyout reflected the good access to funding for the Cheng family. The key to the NWS offer remains to be the minority shareholders' approval of NWD. NWDEVL moved -0.25 to 0.25pt and NWSZFs were unchanged to +0.25pt this morning. See below.*
- **SINOCE:** *Media reported on the potential on a holistic risk-resolution plan although the next USD bond maturity will be on Jul'24. SINOCEs were unchanged to +2.75pts this morning and its onshore bonds were temporarily trading halted due to sharp rebound. SINOCEs were down 12 to 18pts since last week.*

❖ Trading desk comments 交易台市场观点

Asia ex-JP IG space had another quiet day yesterday despite Korea space was active. On the new issue front, KOEWPW priced a new 5y USD350mn bond at T+135. Shinhan Financial mandated for a 5Y USD bond issuance. On the secondary front, NACF 28s tightened by 3bps. In Chinese SOEs, HAOHUA curve edged 1-2bps wider. TMT benchmarks closed unchanged. The high beta TMTs opened 3-5bps tighter but erased early strength in the afternoon session and closed unchanged to 5bps wider. In financials, Chinese bank T2s were unchanged to 5bps wider. AMC space was overall mixed and quiet with light flows. The long end of HRINTHs were under small selling. Whilst CCAMCLs were better bid across the curve. Leasing paper CDBFLC 30NC25 were traded 5bps tighter to close at T+157. In HK space, the recent new issues HKINTL/CKHH 28s/33s widened by 1-2bps. AIA curve were under better buying, with its 27s-33s edged 2-4bps tighter. Chinese properties remained sluggish. SINOCEs fell 2.5-8.5pts across the curve to close between low-10s to mid-10s, post media reported its main shareholders were working on a “holistic risk-resolution plan” for both its onshore and offshore debt. COGARDs dropped 1.5-4.5pts. FUTLANs/FTLNHDs declined 3.5-5.5pts. ROADKGs broadly dropped 1-5pts across the curve, except that ROADKG 7 Perp was bid up 1.25pts. Industrials performed mixed. FOSUNIs

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gained 0.5-1.5pts. Whilst EHICAR/WESCHI 24s/26s were marked 1.75-2.25pts lower. Macau gaming names such as WYNMAC/SANLTD 28-30s were marked 0.25-0.75pt lower. In Indian space, VEDLNs lowered 0.5-1pt. ADSEZs and RPVINs grinded 0.25-0.5pt higher. Indonesian papers LMRTSPs were marked down 0.5-1pt.

In the LGFV/Perp spaces, activities were on the lower side. Chongqing names CQNANAs/CQLGSTs were quoted 0.125pt lower. Shandong names SHUGRP 24s/SHGUOH 25s were traded 0.25-0.3pt lower. Activities were overall skewed to small better buying in the front-end of SOE Perps. HUADIA 3.375 Perp/RLCONS 3.97 Perp were marked 0.125pt higher. In HK Corp Perp space, NANFUNG 5 Perp gained 0.75pt. PEAKRN 5.35 Perp/LEEMAN 5.5 Perp were indicated 0.25-0.3pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FOSUNI 5 05/18/26	74.9	1.4	SINOCE 6 07/30/24	16.0	-8.4
ROADKG 7 PERP	27.0	1.3	SINOCE 5.95 02/04/27	9.5	-7.7
FOSUNI 6.85 07/02/24	90.9	0.9	FUTLAN 4.45 07/13/25	40.9	-5.4
FOSUNI 5.05 01/27/27	69.0	0.9	ROADKG 5.2 01/12/26	46.6	-5.0
NANFUN 5 PERP	77.8	0.8	GEMDAL 4.95 08/12/24	75.4	-4.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.20%), Dow (-0.38%) and Nasdaq (-0.18%) were weak yesterday as Fed published a hawkish meeting minute that almost all Fed officials expect for additional interest rate hike within 2023. Eurozone Jun Markit service PMI was 52.0, down from 55.1 in May and was lower than expectation of 52.4. The US treasury rallied higher yesterday, the 2/5/10/30 yield reached 4.94%/4.25%/3.95%/3.95%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ NWSZF/NWDEVL: CTFH obtained HKD25.2bn loan for NWS buyout

Media reported that CTFH obtained a cHKD25.2bn (cUSD3.2bn) bridge loan to fund the HKD35.5bn (cUSD4.6bn) buyout for its unit NWS Holdings from NWD. The loan is provided by BOCHK, HSBC and ING and each bank committed HKD8.4bn. The remaining part of funds (cHKD10.3bn) will come from CFTH's internal resources. The bridge loan reflects the Cheng family's good access to funding.

Currently CTFH holds 45.2% stake of NWD and NWD owns 60.9% stake of NWS. NWD will received HKD21.8bn cash when the buyout is completed. NWD's liquidity will be notably improved that its cash on hand will increase 46% to HKD56.8bn on a pro-forma basis. The key to the NWS offer remains to be the minority shareholders' approval of NWD. We continue to view that NWD and NWS have ability and wiliness to redeem their perps with coupon step-up. We maintain Buy on NWDEVL 4.125 Perp, NWDEVL 6.15 Perp and NWSZF 5.75 Perp. [See our 27 Jun daily for more details.](#)

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Korea East-West Power Co Ltd	350	5yr	4.875%	T+98	Aa2/-/AA-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Toyota Motor Corp	USD	-	3/5/10yr	T+80/100/135	A1/A+/-
Sumitomo Mitsui Financial Group	USD	-	3/5/7/10yr	T+140/165 /185/195	A1/A+/-
Sumitomo Mitsui Financial Group	USD	-	20yr	T+225	A2/BBB+/-

➤ News and market color

- Regarding onshore primary issuances, there were 56 credit bonds issued yesterday with an amount of RMB49bn. As for Month-to-date, 159 credit bonds were issued with a total amount of RMB137bn raised, representing a 17.1% yoy decrease
- **[COGO]** Fitch affirmed China Overseas Grand Oceans at BBB and placed stable outlook
- **[EHOUSE]** E-House (China) Enterprise to hold EGM on 27 July to consider details of restructuring, TM Home share issuance
- **[KNMIDI]** Kunming Industrial Development & Investment sells 0.5% stake in Hongta Securities for USD25.3mn
- **[SHIMAO]** Shimaos USD1.8bn land portfolio in Shenzhen was unsold in a forced auction
- **[SINOCE]** Media reported that Sino-Ocean said main shareholders working on a holistic risk-resolution plan and it is trying to avoid using grace period for Jul USD coupons
- **[SUNAC]** Sunac unit signed agreement to sell Chongqing Kesang Hotel Management for RMB421.6mn
- **[VNKRLE]** Vanke plans to raise up to RMB2bn via 3-year domestic MTNs

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