

CMBI Credit Commentary

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

- *The new MIZUHO Float 31s tightened 5bps from RO this morning, while MIZUHO 5.098 31s/5.422 36s widened 2-3bps from ROs. The new KORELE 28s tightened 7bps to CT2+53 from RO. HYUELE 27-31s tightened 2-5bps. VNKRL 25-29s up another 1.5-1.7pts. The new CNH FRESHK 4.25 28s was 0.5pt lower from RO.*
- **FRESHK:** Far East Horizon priced 3-year CNH bonds at 4.25%. We maintain buy on FRESHKs. FRESHK 25-28s were unchanged this morning. See below.
- **DALWAN:** Dalian Wanda sells Siping Wanda Plaza Investment and Yangzhou Wanda Commercial Plaza to New China Life Insurance. DALWAN 26s were unchanged this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was skewed to better selling. On primary, MIZUHO priced MIZUHO Float 31s, MIZUHO 5.098 31s, MIZUHO 5.422 36s at SOFR+108, CT5+82, CT10+98, respectively. The old MIZUHO 5.778 29s/MIZUHO 5.376 30s were 1-2bps wider. In KR, HYNMTR Float 27-28s tightened 1-3bps. In Chinese IGs, BABA/TENCNT/MEITUA 28-31s widened 1-2bps. HAOHUA 28-30s widened 2-3bps on some profit taking. In financials, FRESHK priced a CNH1.2bn 3-yr bond at 99.583 to yield 4.4%. See comments below. CCAMCL/GRWALL 26-30s were 1-5bps wider under better selling from AMs/PBs. Bank T2s were mixed. ICBCAS 25/CCB 30s were 1-2bps wider under better selling. DAHSIN 33s, on the other hand, tightened 4bps. In JP insurance hybrids, MYLIFE 54s rose 0.5pt to high-99 on back of short covering. NIPLIF 54s/SUMILF Perp were up 0.3-0.4pt. In EU AT1s, the new UBS 7 Perp rallied 0.6pt from RO at par on PB/AM buying. UBS 6.85 Perp was also 0.5pt higher. STANLN 7.625/BBVASM 7.75 Perps were up 0.2-0.4pt. In HK and Chinese properties, NWDEVL 27-31s rose another 1.8-2.7pts and closed 3.2-4.1pts higher WTD. NWDEVL Perps were also up 0.6-1.1pts, closed unchanged to 0.3pt higher WTD. HYSAN Perps were up 0.5-1.3pts. VNKRL 25s rebounded 1.9pts, closed 1.5pts higher WTD. VNKRL 27-29s rebounded 1.6-1.8pts, closed 2.4-2.5pts lower WTD. LNGFOR 27-32s/FTLNHD 25-26s were up 0.3-0.6pt. POLHON 25s, however, retreated 0.5pt. Outside properties, EHICAR 26-27s declined another 0.3-0.7pt, closed 0.8-0.9pt lower WTD. In Macau gaming, MPEL/WYNMAC 27-29s were up 0.3pt. In India, ADGREG 42s/AREN RJ 39s rose 1.8pts following media report that Adani Green is in talks with Indian banks to raise up-to USD2.5bn funding. ADSEZs/ ADANEMs were 0.6-1.2pts higher.

In LGFVs, the sentiment also remained upbeat. ZBTECH 27s/CPDEV 25-26s were up 0.1pt. There were two-way interests on CNH names such as QDOCID/SDGAOC 27s. In SOE perps, HUADIA/HUANEN Perps were up 0.1pt.

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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	57.6	3.0	EHICAR 12 09/26/27	68.7	-0.7
NWDEVL 4 1/2 05/19/30	47.7	2.8	POLHON 4 11/10/25	97.0	-0.5
NWDEVL 8 5/8 02/08/28	55.6	2.7	CHGRID 4.85 05/07/44	98.6	-0.5
NWDEVL 4 3/4 01/23/27	59.1	2.1	SINOCH 6.3 11/12/40	108.9	-0.4
NWDEVL 3 3/4 01/14/31	46.4	2.0	YANTZE 3.2 10/16/49	74.4	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.76%), Dow (-0.28%) and Nasdaq (-1.20%) were weak on Monday. Trump will pause new tariffs on Mexico for one month and engage in further negotiations. Proposed tariffs on Canadian imports also postponed for at least 30 days. Long-term UST yield retreated on Monday, 2/5/10/30 yield at 4.26%/4.35%/4.54%/4.77%.

❖ Desk Analyst Comments 分析员市场观点

➤ FRESHK: Far East Horizon priced 3-year CNH bonds at 4.25%.

Far East Horizon (FEH) priced 3-year CNH bonds, FRESHK 4.25 02/14/28 (S&P:BBB-), of CNH1.2bn (cUSD165mn) at a coupon rate of 4.25% yesterday. FEH will use the proceeds for general corporate purposes, and may, subject to approvals by the PRC government, on-lent the proceeds to its onshore subsidiaries by way of intercompany loan. Compared with an USD bond issue, the Dim Sum bond issue offer a lower-cost funding alternative with less forex exposure, taking cues from FRESHK 5.875 03/05/28 which is trading at Z+222bps/YTM of 6.2%. Within Chinese leasing sector, our top picks are FRESHKs for FEH's more diversified operations and better profitability. In our view, FRESHKs offer more attractive risk-return profiles than those of their peers such as BOCAVIs and CHNAARs.

FEH continues to have smooth access to the various funding channels. The last Dim Sum bond issued by FEH was in 2023. It issued two Dim Sum bonds totaled RMB900mn (cUSD123mn) with tenors of 3 years. Meanwhile, FEH issued two USD bonds totaled USD1.1bn in 2024. It redeemed FRESHK 2.625 03/03/24 of USD500mn, as well as redeemed and cancelled USD249.1mn of FRESHK 0 06/15/26 (CB) in Jun'24 pursuant to put exercised by CB holders.

FEH has diversified interest-earning assets across different industries and regions. Its NIM was 4.47% in 1H24, compared with 4.42% in 1H23. ROAA and ROAE dropped to 1.30%/8.49% in 1H24, from 1.97%/13.27% in 1H23, attributable to lower other income and gains as well as increase in finance costs. That said, we take comfort on FEH's stable asset quality and leverage ratio in past few years. Its NPL ratio was within the range of 1.04% to 1.10% during 2020-1H24. The leverage ratio of the parent company and its subsidiaries were also below the regulatory cap of 8x in past 5 years. We expect FEH's operating performance and asset quality to remain stable in view of its diversified leasing asset base.

Table 1: Bond profiles of FRESHK

Security name	ISIN	Amt o/s (USDmn)	Px	Z-spread (bps)	YTM (%)	Issue rating (M/S/F)
FRESHK 3.375 02/18/25	XS2109200050	300	100.0	10	4.4	-/BBB-/-
FRESHK 4.25 10/26/26	XS2393797530	300	97.4	180	5.9	-/BBB-/-

FRESHK 6.625 04/16/27	XS2800583606	500	101.2	198	6.0	-/BBB-/-
FRESHK 5.875 03/05/28	XS2886144232	550	99.0	222	6.2	-/BBB-/-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea Electric Power Corporatic	400	3yr	4.75%	4.812%	Aa2/AA/--
Mizuho Financial Group	700/300/900	6.25NC5.25/ 6.25NC5.25/ 11.25NC10.25	5.098%/SOFR+108/ 5.422%	5.098%/SOFR+108/ 5.422%	A1/A/-
Yueyang Construction and Investment Group	220	5yr	5.55%	5.55%	Unrated

➤ **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 5 credit bonds issued yesterday with an amount of RMB7bn. As for Month-to-date, 6 credit bonds were issued with a total amount of RMB8bn raised, representing a 97.9% yoy decrease
- [DAESEC]** Mirae Asset Securities FY24 pretax income up 217% yoy to KRW1.2tn
- [SINOCE]** Sino-Ocean's English restructuring plan became effective on 5 Feb'25. Its offshore debt restructuring is being implemented through the English restructuring plan and an inter-conditional Hong Kong scheme of arrangement. The Hong Kong High Court will meet on 19 Feb'25
- [VEDLN]** Vedanta Resources is looking to borrow USD1bn for the development of its Konkola Copper Mines in Zambia to boost its annual copper production to around 300k tons in the next five years

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