

CMBI Credit Commentary

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

- *UST yields tightened 6-10bps this morning. NANYAN 34s/SHCMBK 33s tightened 1-2bps. HAOHUA/TENCNT 30s widened 1bp. VNKRL 25-29s up another 1.7-2.2pts.*
- *RCBPM: FV of the new 5-year USD bonds to be T+130-135bps. See below.*
- *NWDEVL: New World Development clarified that it had not been in the process of, or commenced any discussion on, any holistic debt restructuring. NWDEVLs were unchanged to 2.5pts lower this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the spotlight was on NWD after the media report on debt restructuring. NWD denied that it was in the process of, or commenced any discussion on, any holistic debt restructuring. NWDEVL 27-31s/Perps plunged 7.5-18.0pts and closed 11.3-24.2pts lower YTD. In financials, HK T2s were better sold on NWDEVL's spillover. BNKEA 27-34s widened 20-40bps. BNKEA 5.825 Perp (callable in 2025) was marked 0.5pt lower amid the sharp widening in BNKEA curve, while the flows in this perp were limited. NANYAN 34s/DAHSIN 33s widened 5-10bps. In EU AT1s, BNP 7.375/SOCGEN 8.5/INTNED 7.25 Perps were 0.3-0.5pt higher. In Insurance hybrids, MYLIFE 54s/NIPLIF 54s/ASAMLI 4.1 Perp were unchanged to 0.2pt higher on some short covering. The recent new EIBKOR/KHFC 30s widened 2-3bps. In Chinese IGs, HAOHUA/TENCNT 30s were 1-2bps tighter. MEITUA/XIAOMI 28-30s tightened 2-4bps. In Chinese properties, media reported Shenzhen government held a closed-door meeting on last Fri to stabilize Vanke's operations. VNKRL increased another 6.0-7.2pts, closed 8.4-11.0pts lower YTD. LNGFOR 27-32s/FTLNHD 25-26s rose another 0.5-1.6pts. CHIOLIs/CHJMAOs were up 0.2-0.5pt. Outside properties, WESCHI 26s dropped another 0.8pt after the decrease of 2.5pts over the last week. In the Philippines, RCBPM announced new issue mandate of a USD 5-yr bond. See comments below. VLLPM 27s/29s declined 1.9-2.9pts. In India, ADTINs/ADSEZ 26-36s were up 0.2-0.6pt. UPLLIN Perp was up 0.3pt.

In LGFVs, there were better buying flows from Chinese RMs, and the flows in CNH papers gradually picked up after the loose bonds in high-yielding USD names were largely swept up. We saw strong buying interests in Anhui papers such as LJREVI/NGNGH 27s since last week, perhaps thanks to the relatively high yields they offered compared to other high-beta LGFVs from Eastern provinces. In SOE perps, SPICPT 3.45/CHPWCN 3.08 Perps were 0.1pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	41.2	7.2	NWDEVL 6.15 PERP	33.8	-18.0
VNKRLE 3 1/2 11/12/29	39.4	6.4	NWDEVL 4 3/4 01/23/27	52.2	-14.5
VNKRLE 3.15 05/12/25	70.3	6.0	NWDEVL 8 5/8 02/08/28	51.4	-14.4
FTLNHD 4 5/8 10/15/25	88.7	1.6	NWDEVL 5 7/8 06/16/27	52.3	-14.3
LNGFOR 4 1/2 01/16/28	75.4	1.5	NWDEVL 5 1/4 PERP	28.7	-12.4

❖ Marco News Recap 宏观新闻回顾

Macro – US stock markets closed on Monday. Donald Trump was sworn in as the 47th President of the US on Monday. UST yield were unchanged, 2/5/10/30 yield stayed at 4.27%/4.42%/4.61%/4.84%.

❖ Desk Analyst Comments 分析员市场观点

➤ RCBPM: FV of the new 5-year USD bonds to be T+130-135bps

Rizal Commercial Banking Corp. (RCBPM) proposes to issue 5-year senior unsecured USD sustainability bonds (Moody's: Baa3). We consider the FV of new RCBPM'30 to be T+130-135bps vs. IPT of T+145bps, in view of one year longer in tenor compared with RCBPM 5.5 01/18/29 (Z+127bps/YTM of 5.3%).

RCBPM is the 6th largest bank in the Philippines by total assets as of 30 Sep'24 and it is one of the domestic systemically important bank in the country. It operates traditional banking, investment banking, leasing, stock brokering and trust services. In 9M24, RCBPM's NIM increased to 3.8% from 3.4% in FY23. With lower gain on assets sold and foreign exchange losses in 9M24, the ROAA and ROAE both decreased in 9M24 compared to those of FY23.

The asset quality of RCBPM also deteriorated, non-performing loans ratio increased to 2.13% as at Sep'24 from 1.75% as at Dec'23. These led CET1 ratio declined to 13.8% as of Sep'24 from 14.7% as of Dec'23. That said, its latest CET1 ratio is still 5.3 pct pts higher than the regulatory minimum requirement of 8.5% including the capital conservation buffer. We have buy recommendation on RCBPM 6.5 Perp, despite the conviction is lower after its good performance (+4pts) in 2024. In our view, the chance of RCB to be non-viable in the near-term is low.

Table 1: RCBPM's o/s USD bonds and perps

Security name	ISIN	Amt o/s (USD mn)	Px	Z-spread (bps)	YTM/YTC (%)	First call date	Mod dur	Issue rating (M/S/F)
RCBPM 5.5 01/18/29	XS2690996827	400	100.6	127	5.3	-	3.5	Baa3/-/-
RCBPM 6.5 Perp	XS2219370660	300	99.8	255	6.8	27 Aug'25	0.6	B1/-/-

Source: Bloomberg.

➤ Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of New Zealand	USD	500	10NC5	T+155	A3/A/-
Phoenix Charm International Investment/ Danyang Investment	USD	-	3yr	5%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 93 credit bonds issued yesterday with an amount of RMB75bn. As for month-to-date, 1,541 credit bonds were issued with a total amount of RMB1,242bn raised, representing a 34.5% yoy increase
- [COGARD]** Country's Garden's shares resumed trading on the Stock Exchange of Hong Kong today. Hong Kong High Court approves adjournment of its winding-up petition hearing to 26 May'25. Media reported that Country Garden aims to finalize offshore restructuring terms in Feb'25 and seek court approval in Apr'25
- [GTJA]** HKEx has granted the conditional approval for the listing of the Guotai Junan H Shares to be issued as consideration of the share exchange in respect of its proposed merger with Haitong Securities; all the pre-conditions of the proposed merger have been fulfilled
- [NWDEVL]** New World Development clarified it has not been in the process of, or commenced any discussion on, any holistic debt restructuring
- [PLNIJ]** Media reported PLN starts operating 26 new power plants that required a total investment of IDR72tn (cUSD4.4bn), which aims for a new and renewable energy mix of 26% by 2025
- [SINOCE]** English Court reserves judgement on sanction of Sino-Ocean's UK restructuring plan
- [TPHL]** Times China said scheme creditors holding 85.33% of the aggregate outstanding principal amount of the in-scope debt have acceded to the RSA
- [VEDLN]** Fitch upgraded Vedanta Resources by two notches to B+ from B- on significant reduction in its refinancing risks, outlook is stable
- [VNKRLE]** S&P downgraded China Vanke by two notches to B- from B+ on weak liquidity position; Fitch downgraded China Vanke by two notches to B- from B+ on deterioration in its sales and cash generation

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