

CMBI Credit Commentary

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

- *Markets were overall stable this morning. In Asian IG space, AMC sector overall down. LENOVO, XIAOMI widened 5-10bps. LGFV/SOE Perp/AT1 stabilized from last week's better selling and we saw buy interests.*
- **CARINC:** *announced tender offer for CARINC 9.75 03/31/24. We have buy recommendations on CARINC'24 and EHICAR'24 and '26. CARINC'24 were traded at 97 and EHICARs rose 0.5pt this morning. See below.*
- **CIFIHG:** *Media reported that CIFI is likely to issue delayed up to RMB1.5bn CBICL-guaranteed bonds by Mar'23. CIFIHGs were unchanged to down 0.25pt by mid-day.*

❖ Trading desk comments 交易台市场观点

Last Friday, Asia IG space had another softer day, with IG spread levels marked unchanged to 5bps wider amid UST yields rallying. On new issue front, KHFC priced a USD1bn 4.625% 5Y social bond due-2028 at T+70 (to yield 4.749%), and a USD300mn 4.625% 10Y social bond due-2033 at T+88 (to yield 4.708%). New KHFC 28s were 4-5bps wider than RO while 33s tightened 2-3bps. Other Korean IGs also softened with HYUELE 28s/33s widened 3-5bps. China TMTs/SOEs remained fragile. TMT benchmarks were largely stable but higher-beta tech names notably underperformed. TENCNT 30s/31 went 2-4bps wider to T+150 level. BBB names WB 30s/MEITUA 30s/XIAOMI 31s all widened another 10-15bps. SOEs were mixed. CNOOC/SINOPE were under better buying across the curve whilst HAOHUAs were under better selling. HAOHUA 30s were quoted at T+185/T+180 by EOD, 13bps wider WoW. Chinese financials was subdued, as AMCs and leasing names underperformed. HRINTHs were pushed 30-60bps wider (0.5-1pt lower) across the curve. Into the afternoon, we saw S&P withdrew ratings on China Huarong Financial Leasing at the company's request. ICBCIL/BOCAVI widened 2-4bps. In IG properties, YUEXIU announced the plans to issue up to RMB1.9bn (USD 277.5mn) on 20-21 February in two tranches, i.e. 5Y/7Y with coupons of 3.15%/3.5%, respectively. China HY property space was roughly stable. COGARDs were 0.5-1.5pts lower. SINOCEs/FUTLANs/ROADKGs were unchanged to 0.5pt lower. On the other hand, CHINSC 24-25s lowered another 0.5-1pt to around mid-40s, amid Moody's downgrade to B3/Caa1. Industrial names FOSUNIs were up 0.5-1pt. Macau gaming names like MGMCHIs/STCITYs/WYNMACs lower another 0.5-1.5pts. In Indian space, Adani Group's IG bonds opened 2pts higher post the investor call, but ADANEMs/ADSEZs closed back to unchanged to 1pt lower. ADGREG 24s and ADANIG 24s were marked at 94 and 84, respectively (last print at 91 and 80, respectively before the call). Adani stated that it would have a refinancing plan with cash or underwritten financing in place by end-June. Rest of the space was unchanged to slightly lower in cash priced bonds amid rates move. VEDLNs

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moved 0.5-1.5pts lower. Indonesian HYs were largely stable. Indonesian names were muted except LPKRIJs/MEDCIJs were down 0.5-1pt.

The Perp/Asia AT1/LGFV spaces all drifted lower as softening sentiment continued, with perps were notably marked down at 0.25~1pt lower while LGFVs performed mixed. AT1s opened on a positive note but the tone quickly faded in the afternoon to close ~0.25pt lower amid the rates move. ICBCAS 3.2 Perp/BCHINA 3.6 Perp were down 0.25-0.5pt. BNKEA 5.825/5.875 perps were notably marked down 1-2pts. SOE perps are overall ~0.125pt lower but still relatively firm as generally all lower bids were well absorbed. We also saw a massive round of perp names sell-off before close as CT2 spiked. Non-SOE perps like NWDEVL perps were down 0.5-1pt. CKINF perp was marked 2-4pts lower. LGFVs were largely stable. Shandong names outperformed with HKIQCL was marked 1.5pts higher. SHUGRP/SHDOIS 24s were bid up 0.5-1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADGREG 6 1/4 12/10/24	94.1	3.3	GRNLHK 10.21 PERP	47.4	-4.0
TSINGH 5 3/8 01/31/23	44.5	2.1	CKINF 4 PERP	74.7	-3.9
CITLTD 4.85 04/25/46	94.6	1.9	CPDEV 4.65 01/19/26	88.1	-2.7
CITLTD 4.485 09/07/46	90.0	1.8	ADANIG 4 3/8 09/08/24	83.1	-1.9
CITLTD 5.07 04/18/48	99.0	1.6	PERTIJ 4.7 07/30/49	81.0	-1.9

❖ Marco News Recap 宏观新闻回顾

Macro – U.S. stock markets remained weak on last Friday, S&P (-0.28%), Dow (+0.39%) and Nasdaq (-0.58%) down amid worries about future interest rate hike pace which is expected to be 25bps or more in Mar and May respectively. U.S. import prices fall in Jan'23 for the seventh months consecutively. China implemented registration-based IPO since this week. The U.S. treasury yields overall down on Friday, 2/5/10/30 yields reached 4.60%/4.03%/3.82%/3.88%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CARINC: announced tender offer for CARINC 9.75 03/31/24

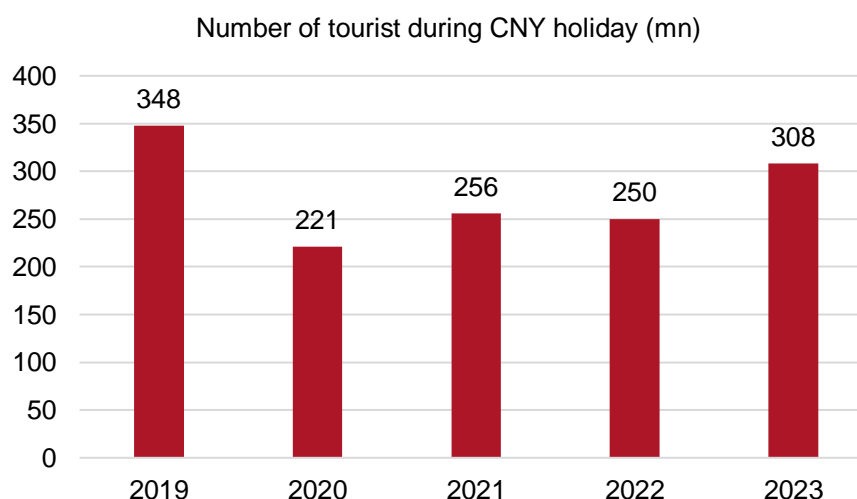
CAR Inc. announced up to USD100mn tender offer today for its only USD bond CARINC 9.75 03/31/24 with purchase price of 100. The tender offer reflects that Car Inc.'s liquidity is improving after China relaxed Covid-19 controls in 4Q22. As per CAR Inc., the order and utilization rate during Chinese New Year holidays have exceeded the historical high. The utilization rate was close to 90%. EHi, on the other hand, announced that its order increased close 40% yoy during Chinese New Year. Indeed, we noticed that the 3Q22 operating stats of both companies had already rebounded to levels close to, if not exceeded, the pre-pandemic levels. As we discussed in our Asia Credit Outlook 2023, both CAR Inc and EHi are direct beneficiaries of the re-opening of China. We have buy recommendations on CARINC'24 and EHICAR'24 and '26. CARINC'24 were traded at 97 and EHICARs rose 0.5pt this morning.

Tender offer details:

Bond	Bond O/S (USD mn)	Purchase price	Maximum acceptance amount (USD mn)	Deadline
CARINC 9.75 03/31/24	250	100	100	27 Feb'23

Chinese nationwide tourism market recovered a lot in the beginning of 2023. According to Ministry of Culture and Tourism, the number of tourist during Chinese New Year holiday was around 308mn, representing +23.1% yoy and 88.6% of 2019. It is likely that the whole market will gradually recover to within this year and China car rental names will benefits from the resumption.

	Price	YTM (%)	O/S amount	Rating (M/S/F)
CARINC 9.75 03/31/24	93.8	16.1	250	B3/B-/-
EHICAR 7.75 11/14/24	81.0	21.4	450	-/-/B-
EHICAR 7 09/21/26	72.9	17.5	300	-/-/B-



➤ Offshore Asia New Issues (Priced)

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

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Aozora Bank	USD	-	3yr	-	-/BBB+/-
Credit Agricole	USD	-	10NC5	5.2%	Baa1/BBB+/-A-
Shanghai Commercial Bank	USD	-	10NC5	-	A3/-/BBB

➤ News and market color

- Regarding onshore primary issuances, there were 52 credit bonds issued last Friday with an amount of RMB56bn. As for month-to-date, 661 credit bonds were issued with a total amount of RMB673bn raised, representing a 52.6% yoy increase
- Media reported that China will tighten lending rules to limit bank exposure to cash-strapped developers
- **[CARINC]** S&P affirmed CAR Inc. B- ratings and maintained negative outlook on tight liquidity despite strong operational recovery
- **[CHINSC]** Moody's downgraded China SCE's ratings to B3/Caa1 and maintained negative outlook
- **[CIFIHG]** Media reported that CIFI is likely to issue delayed up to RMB1.5bn CBICL-guaranteed bonds by Mar'23
- **[JINGRU]** Jingrui Holdings suspends payment due for JINGRU 14.5 02/19/23; notes to be delisted upon maturity
- **[LENOVO]** Lenovo 3Q23 revenue drops 24% yoy to USD15.3bn and operating profit down 20% yoy to USD750mn
- **[LVGEM]** Media reported that LVGEM is in talks with large USD bondholders of LVGEM 12 03/10/23 to swap into new private tranche and continues trying to refi remainder
- **[XINHUZ]** Xinhua Zhongbao proposes to offer up to RMB3bn corporate bonds
- **[YUEXIU]** Yuexiu Property to issue up to RMB1.9bn corporate bonds with coupon of 3.15%-3.5%; The company also propose to issue up to RMB5bn bonds to repay debt
- **[ZHLGHD]** Zhongliang Holdings intends to implement holistic solution for offshore debts by way of scheme of arrangement; expects to turn to loss for FY22

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