

CMBI Credit Commentary

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

- The new PETMK/MTRC 30-55s widened 1-6bps this morning. BABA/HAOHUA/MEITUA/XIAOMI 27-35s widened 2-9bps. REGH Perp dropped 2.3pts following the announcement to defer distribution to the next distribution payment date from 14 Apr'25. INDYIJ 29 declined 0.4pt.
- **CFAMCI:** Higher FY24 profit further improved CFAMCI's capital adequacy. CFAMCI's were and unchanged this morning. See below.
- **CKHH:** Media reported CK Hutchison will not sign agreement to sell two Panama Canal ports this week. Separately, CKHH said it has not made any decisions to proceed with any transactions related to the global telecom business. CKHH/HPHTSPs were unchanged this morning.

❖ Trading desk comments 交易台市场观点

Last Friday, the new MTRC/PETMK 30-55s and BBLTB 40s were 2-4bps tighter. The new LGENSO 28-35s also tightened 1-2bps, while the new HYNMTR 30s/32s widened 3-5bps. In Chinese IGs, HAOHUA/MEITUA 28-30s were 2-3bps tighter on onshore accounts buying. See our comments on Meituan's FY24 results on 28 Mar'25. ZHOSHK 28 widened 2bps. The long end of SINOCHs/CNOOCs were 1.1-1.5pts higher. In financials, EU AT1s and JP insurance hybrids were firm on better buying from AMs/PBs. HSBC/BNP Perps were unchanged to 0.1pt higher. MYLIFE 55s/NIPLIF 54s rose 0.1-0.2pt. In HK, media reported CKH would delay the signing of agreement to sell two Panama Canal ports on 2 Apr '25. HPHTSP 30s/CKHH 29-34s closed unchanged to 2bps tighter amid mixed flows. FWDGHD 29-31s tightened 4-6bps. NWDEVL Perps/27-31s were unchanged to 0.8pt higher. In Chinese properties, CHIOLI 29-43s were 0.3-0.7pt higher. On the other hand, VNKRLE 29 dropped 0.5-0.6pt. Outside properties, BTSDF 28 closed unchanged. See our comments on 28 Mar '25. In India, ADGREG/AREN RJ 39-42s were 0.2-0.7pt lower. In Indonesia, INDYIJ 29s closed 0.2pt higher.

LGFV were under better buying from RMs, while the flows remained light ahead of quarter end. LIANYU 25s/SXUCI 26s were up 0.2pt. There were two way interests on CNH names such as SDGAOC 27s/SHAHEI 27s. In SOE perps, CHPWCN/CHCOMU Perps were 0.2pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOCH 6.3 11/12/40	111.6	1.5	ADGREG 6.7 03/12/42	89.6	-0.7
CNOOC 4 7/8 04/30/44	98.5	1.3	SOFTBK 5 1/4 07/06/31	94.9	-0.6
CNOOC 7 1/2 07/30/39	129.9	1.3	VNKRLE 3.975 11/09/27	71.6	-0.6
TAISEM 4 1/2 04/22/52	92.0	1.2	VNKRLE 3 1/2 11/12/29	62.0	-0.5
SINOPE 4.6 09/12/48	94.9	1.2	PLBIJ 5 3/8 05/05/45	92.0	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.97%), Dow (-1.69%) and Nasdaq (-2.70%) were lower on last Friday. The US Feb'25 core PCE price index was +2.8% yoy/+0.4% mom, higher than the market expectation of +2.7% yoy/+0.3% mom. UST yield retreated on last Friday, 2/5/10/30 yield at 3.89%/3.98%/4.27%/4.64%.

❖ Desk Analyst Comments 分析员市场观点

➤ CFAMCI: Higher FY24 profit further improved CFAMCI's capital adequacy

China CITIC FAMC (CFAMCI)'s total income increased by 53% to RMB107.4bn in FY24. The significant growth was attributable to 82% yoy increase in income from investments in associates to RMB75.7bn. This offset the 25% lower in income from distressed debt assets to RMB12.9bn and slightly lower in interest income. As per CFAMCI, the FY24 impairment losses increased by 129% to RMB71.0bn under more comprehensive risk management and the allowance to distressed debt assets ratio increased to 32.0% as of Dec'24 from 22.6% as of Dec'23. The profit for the year from continuing operations turned positive at RMB6.9bn in FY24, from losses of RMB59mn in FY23. The FY24 ROAA and ROAE both improved to 0.75% and 18.40% from 0.02% and 3.60% in FY23, respectively.

We view the focus of CFAMCI on higher quality equity stakes continued to provide CFAMCI with recurring earnings and cash flow. These, along with close tie with CITIC Group, will continue to support CFAMCI's credit profile. The capital adequacy of CFAMCI continued to improve to 15.7% as of Dec'24, from 15.1% as of Dec'23 and higher than the regulatory minimum requirement of 12.5%. The leverage ratio reduced to 10.1x as of Dec'24 from 11.5x as of Dec'23, and below the regulatory cap of 16.7x.

On the other hand, we expect that CFAMCI will continue to refinance its USD bonds through lower-cost onshore funding channels. In 2024, CFAMCI redeemed offshore bonds totaled USD1.4bn without tapping offshore bond markets. It also redeemed onshore bonds of RMB6bn (cUSD819mn) in 2024, and CFAMCI does not have any onshore bonds outstanding after the redemption.

While the conviction levels in the Chinese AMC space are lower, CFAMCIs continue to be our top picks in the Chinese AMC space for their better risk-return profiles. Within the CFAMCI curve, we like CFAMCI 3.875 11/13/29, CFAMCI 3.375 02/24/30 and CFAMCI 3.625 09/30/30. we also like CFAMCI 4.25 Perp a good short-tenor carry play in view of the high certainty of call on the first call date. Outside CFAMCI, we like CCAMCL 4.4 Perp as we believe that the certainty of call on the first call date is also high.

Table 1: Our Chinese AMC's picks

Security name	ISIN	Amt o/s (USDmn)	First call date	Coupon reset	Step-up (bps)	Px	YTC/YTM (%)
CCAMCL 4.4 Perp	XS2397254579	1,700	3 Nov'26	5yr UST+3.232%	-	99.0	5.0
CFAMCI 4.25 Perp	XS2235973943	250	30 Sep'25	5yr UST+6.979%	300	99.5	5.4
CFAMCI 3.875 11/13/29	XS2076078786	200	-	-	-	94.5	5.2
CFAMCI 3.375 02/24/30	XS2122990810	271	-	-	-	91.8	5.3
CFAMCI 3.625 09/30/30	XS2235973869	139	-	-	-	91.8	5.4

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Anqing Yixiu District Beautiful Village Construction Co	45	3yr	7.6%	7.6%	Unrated
Bank of the Philippines Islands	500/300	5yr/10yr	5.0%/5.625%	T+105/T+130	-/BBB+/-
Development Bank of Kazakhstan	500	5yr	5.625%	5.7%	-/BBB-/BBB
QBE Insurance	500	10.5NC5.5	5.834%	T+175	-/BBB/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhengzhou Jianzhong Construction and	USD	-	3yr	7.5%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 99 credit bonds issued on last Friday with an amount of RMB53bn. As for month-to-date, 2,133 credit bonds were issued with a total amount of RMB1,776bn raised, representing a 10.8% yoy decrease
- [ASRIIJ]** Alam Sutera FY24 revenue falls 13% yoy to IDR3.4tn (cUSD207mn)
- [CFAMCI]** China CITIC Financial AMC FY24 revenue jumps 54% yoy to RMB107.4bn (cUSD14.8bn)
- [CHINSC]** China SCE FY24 revenue up by 95% yoy to RMB40.8bn (USD5.6bn)
- [COGARD]** Country Garden FY24 revenue falls 37% yoy to RMB252.8bn (cUSD34.8bn)
- [CSCHCN]** China South City FY24 revenue climbs 16% yoy to HKD4.1bn (cUSD525mn)
- [FOSUNI]** Fosun FY24 revenue declines 3.1% yoy to RMB192.1bn (cUSD26.5bn)
- [FUTLAN/FTLNHD]** Seazen Group FY24 revenue decreases 25% yoy to RMB89.2bn (cUSD12.3bn)
- [GRNCH]** Greentown China FY24 revenue rises 21% yoy to RMB158.6bn (cUSD21.8bn)

- **[HYSAN]** Hysan Development FY24 revenue rises 6.2% yoy to HKD3.4bn (cUSD439mn)
- **[INDYIJ]** Indika Energy FY24 adjusted EBITDA falls 35% yoy to USD258mn
- **[LNGFOR]** Longfor FY24 revenue falls 29.5% yoy to RMB127.5bn (cUSD17.6bn)
- **[NWDEVL]** NWD proposes pledging K11 Musea as additional security for HKD60bn refinancing loan, CTFE to provide letter of support
- **[REGH]** Regal Hotels International to defer distribution on REGH 6.5 Perp to next distribution payment date
- **[SHUION]** Shui On Land FY24 revenue down 16% yoy to RMB8.2bn (cUSD1.1bn)
- **[VEDLN]** Vedanta Ltd board approved extension of timeline for fulfilment of conditions precedent for demerger scheme to 30 Sep'25, given conditions precedent in the scheme, including approval of the National Company Law Tribunal and approvals from certain government authorities, are in the process of being completed
- **[ZHOSHK]** Zhongsheng total revenue down 6.2% yoy to RMB168.1bn (cUSD23.2bn)

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