

## CMBI Credit Commentary

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

- *Markets were overall quiet this morning. In Asian IG space, new issue KDB widened 3bps, other benchmark names widened 0-2bps while T2/leasing were well bid. For LGFV/SOE Perps, flows skewed to better selling mainly due to profit taking.*
- *LPKRIJ: Lippo Karawaci to draw IDR loan to repay USD maturities in 2025 and 2026. LPKRIJs were unchanged to down 0.25pt this morning. See below.*
- *BEIPRO: Beijing Properties (Holdings) signed RMB2.06bn (cUSD300mn) three-year loan documents with keepwell from Beijing Enterprises Group. BEIPRO 5.95 02/27/23 was traded at 99.5ish this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space closed on a constructive tone amid rather quiet balanced flows. IG spreads were largely unchanged to 2bps tighter across the spaces with better buying in 5y papers, despite Powell speech indicated to have further rate hikes amid strong labor market. Korea IG was firm with robust demand on new KDB deal. We saw activities elevated, as the new supply of longer-tenor papers were less frequently seen in Korea space. KDB offered USD2bn bonds split between 5yr and 10yr notes, and IPT looked fair enough. Recent new issues EIBKOR/HKAA were better bid. HKAA 33s were traded at T+78/T+80 daily range with rather active two-way flows, and closed at the tighter side. HYUELE curve widened another 5bps on the day. The 28s was marked 30bps wider from the tightest print T+200 since S&P revised the rating outlook of HYUELE to negative. We saw support on HYUELE 28s at T+230 level. Chinese financials were stable. Leasing/T2 papers were all better bid and hard to find sellers. Recent outperformer BOCAVI tightened another 3-5bps, and bank T2 benchmarks CCB 29-32s tightened 2-6bps. TMT benchmarks BIDU/TENCNT were 2-3bps tighter. However, BBB name MEITUA widened 5-8bps, on the back of Bytedance's foray into food delivery businesses. China HYs performed mixed with property bonds broadly down 1pt. SINOCEs/CIFIHGs were down 0.5-1pt. COGARDs were unchanged. KWGPORs were traded 1.5pts lower, whilst CENCHIs/GRNLGRs were up 0.5-1pt. In Industrials, FOSUNs were stable. There are active two-way flows on Macau gaming, MGMCHIs/SANLTDs drifted 0.5pt higher. Indian HYs had a quite strong session. Adani complex bonds like ADSEZs/ADANEMs/ADTINs recovered 1.5-2.5pts under some small buying from both HF and RM. ADANIGs climbed to 5.5pts higher at high-70s. On Wednesday night, media reported Adani group planned to pre-pay a USD500mn bridge loan due next month. VEDLNs notably bounced 1.5-2.5pt higher, and renewables were up 0.5pt. Indonesian HYs were rather muted.

In the SOE/Asia AT1/LGFV space, we had a very quiet day as investors

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sidelined and reassessed the rates outlook. Flows were slightly skewed to small better selling across the spaces, particularly in perps, although price action was overall stable. High-grade SOE Property names like CHIOLI remained very well bid in the belly thanks to the attractive RV. SOE perps like HAOHUA/HUADIA/CSSSHI perps grinded 5-10bps tighter. AT1 names were stable. ICBC 3.2 Perp was firm at 95 area. In LGFVs, quality papers such as SHDOIS '24/SHGUOH '25 were traded up 0.5pt at around 96. Weaker names GSHIAVs/TLINVTs were also marked 0.25-0.5pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADANIG 4 3/8 09/08/24	79.4	5.6	GRNLGR 5.9 02/12/25	52.6	-1.1
VEDLN 8.95 03/11/25	78.2	2.6	SINOCE 4 3/4 01/14/30	68.6	-1.1
ADTIN 4 08/03/26	83.1	2.4	SINOCE 5.95 02/04/27	76.4	-1.0
ADSEZ 4 3/8 07/03/29	78.2	2.3	SINOCE 2.7 01/13/25	79.2	-0.9
ADANEM 3.949 02/12/30	75.0	2.2	CIFIHG 6.55 03/28/24	31.3	-0.9

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – U.S. stock markets were weak on Wednesday, S&P (-1.11%), Dow (-0.61%) and Nasdaq (-1.68%) adjusted after recent rally and several Fed officials said to continue increasing interest rate to subdue inflation. Bank of Canada published minutes of last month meeting which showed BOC would likely keep rate unchanged as 4.5% at next meeting. The U.S. treasury yields slightly dropped 1-4bps yesterday, 2/5/10/30 yields reached 4.45%/3.82%/3.63%/3.70%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ LPKRIJ: Lippo Karawaci to draw IDR loan to repay USD maturities in 2025 and 2026

Lippo Karawaci announced a drawdown of IDR3.89tn (USD257mn) from IDR6tn syndicated loan to refinance its USD notes due in 2025 and 2026. The tenor of the syndicated loan is 7 years at B17DRR+2.25%, the refinancing would extend the maturities by 5-6 years. The company completed the tender offer of these two notes in Jan'23, USD224.23mn was accepted that represented c27% of total outstanding notes. After the proposed early repayment of USD257mn, c58.5% of the outstanding USD notes as at Dec'22 will be repaid.

Due to U.S. Fed rate hike that led to unfavorable impact on USD/IDR exchange rate (IDR had depreciated 5.2% since first rate hike in Mar'22), raising the portion of IDR bank borrowings in the capital structure help reduce USD exposure. We expect a larger portion of the loan proceeds to be used to repay/redeem LPKPIJ'25. Based on the B17DRR announced in Jan'23 at 5.75%, we believe that Lippo Karawaci will be incentivized to early redeem more LPKPIJs to save interest expenses. See below for the summary of the company's outstanding USD bonds:

Bond	Bid px	YTM (%)	O/s amt (USDmn)	Tender offer in Jan'23		
				Tender px	O/s amt (USDmn)	Accepted amt (USDmn)
LPKRIJ 8.125 01/22/25	86.7	15.88	288.74	87	405	116.26
LPKRIJ 6.75 10/31/26	76.2	15.06	308.56	77	417.03	107.97
Total			597.30		822.03	224.23

Source: Bloomberg

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Korea Development Bank	1000/1000	5/10yr	4.375%/4.375%	T+60/80	Aa2/AA/AA-

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Westpac New Zealand	USD	-	5yr	T+130	A1/AA1/-

## ➤ News and market color

- Regarding onshore primary issuances, there were 65 credit bonds issued yesterday with an amount of RMB64bn. As for month-to-date, 181 credit bonds were issued with a total amount of RMB193bn raised
- Chinese passenger car sales slumped 38% yoy in Jan'23, and sales of electric vehicles dropped 6.3% yoy
- **[ABMMIJ]** ABM Investama targets 15-20% revenue growth in 2023
- **[ADANIG]** Media reported that Adani plans to prepay USD500mn loan due in Mar
- **[ADROIJ]** Adaro expects to close to an upsized syndicated loan of USD1.7bn with tenors of 5-8 years to finance its aluminum smelter project in 1H23
- **[BABA]** Alibaba and JD.com are working on ChatGPT-style technology to improve services
- **[BEIPRO]** Beijing Properties (Holdings) signs RMB2.06bn(cUSD0.3bn) three-year loan documents
- **[CAPG]** Media reported that China Aoyuan's 29.9% stake in Aoyuan Healthy Life may be acquired by a Guangdong SOE instead of a Shandong SOE as previously speculated
- **[DALWAN]** Dalian Wanda expects to offer RMB2bn inter-bank bonds in Mar
- **[LPKRIJ]** Lippo Karawaci announced a drawdown of IDR3.89tn (USD257mn) from IDR6tn syndicated loan to refinance its notes due in 2025 and 2026
- **[MEITUA]** Meituan plans to hire 10k workers in 1Q23 as it expects higher consumer spending in China
- **[RGETDC]** Rugao Economic and Trade Development canceled its proposed RMB500mn 3-year MTNs due to market volatility
- **[TPHL]** Media reported Times China is sounding out a 42-54-month amortization plan for all 14 domestic notes and ABS

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