

CMBI Credit Commentary

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

- *Active flows on front-end names this morning. Front-end T2s, leasing names and LGFV were under better buying. IG benchmarks were unchanged. New issues ICBC'26 were weak. Shandong LGFVs were active traded due to new issues.*
- **HRINTH:** *Room for further repurchases? HRINTHs were unchanged this morning. See below.*
- **DALWAN:** *Dalian Wanda Commercial Management resold RMB514.15mn and cancelled RMB3.3bn 20Wanda01 bonds. DALWANs down 1-2pts this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST 10yr yield widened 8bps to 4.91%. On new issues, MUFG priced USD750mn AT1 at par to yield 8.2%. The AT1 opened at 101.3, and was traded 0.8pt lower to close at 100.5 after profit taking flows. ICBCAS priced USD500mn 3yr fixed rate bond at T+45, and USD1bn 3yr FRN at SOFR+60. Both 3yr floating/fixed rate ICBCAS were trade heavily, widened 10-15bps. In Korea space, new KDB papers were unchanged to 1bp wider. KEBHNB 28s were under better buying from PBs but closed unchanged. On the secondary front, the tone in Asia IG space turned softer. In China SOE/TMT benchmarks, HAOHUA/BIDU were 1-3bps wider. The high beta TMTs WB/XIAOMI/MEITUA 30s were under better selling. Chinese financials were mixed. The front end of leasing/AMC papers were better bid. CCAMCL '25/ORIEAS '27/CMINLE '26 tightened 2-4bps. Last night, HRINTH announced further repurchases totaled USD201.12mn. See comments below. Chinese bank T2s were better sold. BCHINAs/CCBs widened 3-6bps. In HK Corp space, NWDEVL 4.8 Perp/HYSAN 4.1 Perp were down 0.9-1.4pts as RM selling flows persisted amid higher rates level. HK/Chinese properties moved lower. LNGFORs/VNKRLEs lowered another 1.9-3.9pts. PINGRE 25/26 dropped 2.6-3.7pts. FUTLAN/FTLNHD/GRNCH 24-25s were down 0.8-1.5pts. COGARDs declined 0.5pt. The exceptions are SHUION '23/YLLGSP '24 which were 0.4pt higher. Whilst Chinese properties moved lower. Industrials were mixed. AACTEC/CHALHK 26s were up 0.3-0.4pt. WESCHI '26 declined 0.9pt. In Macau gaming names, MGMCHI/SANLTD/STCITY 25-30s lowered 0.8-1.6pts. In Indian space, AZUPOEs/ADSEZs were 0.5-1.1pts lower. In Indonesia, MEDCIJ 27-28s closed 0.5pt lower. MEDCIJ priced USD500mn 5.5NC2 at 98.771 to yield 9.25%. BSDEIJ '25 was 2.3pts higher. BSDEIJ announced the launch of a tender offer for any-and-all of its outstanding USD300mn 5.95% due-2025 senior notes at par. Elsewhere, GLPCHI 24/26 declined 0.9-1.6pts while GLPSPs closed 0.5pt lower.

PLEASE READ THE AUTHOR CERTIFICATION AND IMPORTANT DISCLOSURES ON LAST PAGE

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

The LGFV/Perp spaces had a stable session with balanced two-way flows. On the primary front, we saw the new issue JINLIX 7.3 '26 was better bid under top-up demands from RMs. JLNLI 3.4 '24 was up 0.5pt. CONSON 7 '26 was traded softly given its keepwell structure (vs. CONSON 2.8 '23 the direct issuance) but managed to stabilize at 99.7, thanks to its high coupon. The 7%-handle papers from Shandong were better bid by demand from new RM mandates. JNHTE 24s/QDHTCO 24s were 0.1pt higher. Elsewhere in LGFVs, the flows were light in Chinese names across on-and-offshore RMs. There were also some switching out of front end papers. CPDEV 25/26/Perp lowered 2.1-4.2pts. SOE Perps were muted.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BSDEIJ 5.95 01/23/25	100.1	2.3	CPDEV 3.85 07/14/25	73.1	-4.2
ROADKG 5.9 03/05/25	59.1	2.0	LNGFOR 3 3/8 04/13/27	47.3	-3.9
ZJSOAM 3.2 10/18/24	96.9	1.6	PINGRE 3.45 07/29/26	53.7	-3.7
CSCHCN 9 07/20/24	43.8	0.6	LNGFOR 4 1/2 01/16/28	44.2	-2.7
JINLIX 3.4 11/16/24	96.5	0.5	PINGRE 3 1/4 06/23/25	60.3	-2.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.85%), Dow (-0.75%) and Nasdaq (-0.96%) continued to down on Thursday. The latest US initial jobless claim was +198k, lower than the expectation of +212k and last week's +211k. The Philadelphia Fed Manufacturing Index was -9.0 in Oct, compared with the expectation of -6.4. US existing home sales dropped 2% mom to 3.96mn units, the lowest level since 2010, while was still higher than the expectation of 3.89mn units. Long-term UST yields rallied higher while short-term yields were stable yesterday, 2/5/10/30 yield reached 5.14%/4.95%/4.98%/5.11%, respectively.

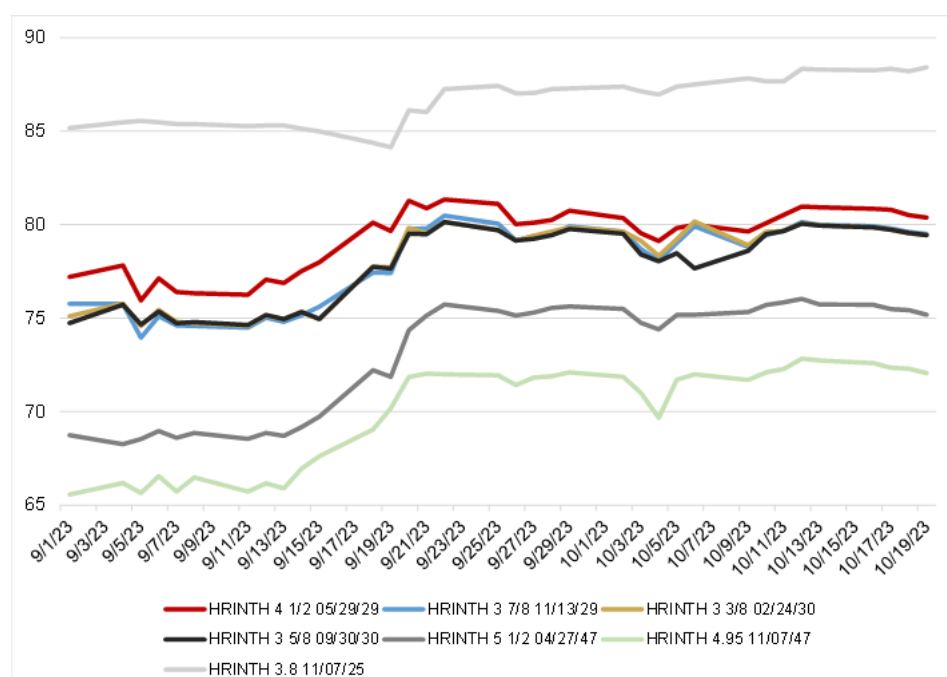
❖ Desk analyst comments 分析员市场观点

➤ HRINTH: Room for further repurchases?

Buy on HRINTHs on the expectation of further repurchases

Last night, Huarong announced the 5th round of offshore bond repurchases. In this round, the repurchased amount was USD201.12mn in principal. All of these were conducted between 12-19 Oct'23. The focuses remain to be on longer-dated and lower cash price bonds. HRINTHs are our top picks of the Chinese AMC sector given the better risk-return profiles and our expectation of further repurchases. Within the HRINTH curve, our preferences are HRINTH 3.75 05/29/24, HRINTH 5.5 01/16/25 and HRINTH 4.25 Perp (callable 09/30/25). For Chinese AMCs, we also like GRWALL 3.95 Perp (callable 07/31/24) and CCAMCL 4.4 Perp (callable 03/11/26) as a low beta play. YTD, Asia ex Australia, New Zealand and JP issuers had tender-offered and repurchased USD bonds totaled cUSD7.4bn in principal amount (excl. convertible bonds) vs USD15.6bn in 2022 (cUSD10.9bn over 10M22). Please read [our comments for Opportunities from tender offers and repurchases dated 17 Oct'23](#).

Chart 1: Price movement of repurchased HRINTHs since 1 Sep'23



Source: Bloomberg.

Click [here](#) for full report

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Medco Energi	500	5.5NC2	9.25%	9.5%	B1/B+/B+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Fujian Zhanglong Group	USD	-	-	-	-/-/BBB-
Jinan Hi-Tech Holding	USD	-	3yr	7.7%	-/-/BBB

➤ News and market color

- Regarding onshore primary issuances, there were 93 credit bonds issued yesterday with an amount of RMB147bn. As for Month-to-date, 662 credit bonds were issued with a total amount of RMB744bn raised, representing a 5.5% yoy increase

- PBOC kept 1/5yr LPR unchanged at 3.45%/4.2%
- China NBS published Sep home prices of 70 major cities. 54/65 cities recorded mom price decline for new/second-hand houses, only Beijing and Shanghai's home prices for both new and second-hand houses increased by mom
- **[CHAECO]** Changde Economic Construction Investment proposes to offer up to RMB1bn five-year MTNs to repay debts
- **[COGARD]** Media reported that Country Garden is seeking to sell remaining Wilton Greens projects valued USD1.3bn in Sydney to raise cash to pay creditors; The company denied rumors that founder and chairman have fled China
- **[DALWAN]** Dalian Wanda Commercial Management resold RMB514.15mn and cancelled RMB3.3bn 20Wanda01 bonds
- **[LIFUNG]** Li & Fung closed tender offer for due-2025 notes, USD209.2mn was purchased and USD313.3mn remains outstanding
- **[MOLAND]** Modern Land (China) announced to sell 20% of Changsha residential property development project to Times China at nil consideration to cut loss
- **[SHIMAO]** Media reported that Shimao Group Chairman Hui Wing Mau sold cattle farm investment portfolio in Western Australia for AUD250mn

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.