

## CMBI Credit Commentary

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

#### The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "[The Asset Asian G3 Bond Benchmark Review 2024](#)". Thank you for your support!

- *New issue CCUDIH'27 was unchanged this morning. GTJA'27 widened c3bps, HYNMTR'26-31 were mixed. In IG space, SINOCH/CCAMCL/ORIEAS tightened 2-5bps. AT1/SOE perp were under better buying.*
- **EHICAR:** *Weaker 1Q24 operating performance but utilization rate to be ramped up; maintain buy on EHICARs which were 0.1-0.6p lower since releasing its 1Q24 results. See below.*
- **MGMCHI:** *Media reported that MGM China is mulling expanding its Cotai resort in Macau to attract more mass-market tourists. MGMCHIs were unchanged this morning.*

#### ❖ Trading desk comments 交易台市场观点

Asia IG space had a quiet session with US and SG out for holiday. HYNMTR priced a 2, 3, 5, 7-yr bond of USD750mn at T+78, T+90, T+110, T+120, respectively. The new HYNMTR 26-31s were unchanged to 1bp tighter. HYNMTR also priced a 3-yr floating-rated bond of USD750mn at SOFR+104, and the new HYNMTR Float 06/24/27 tightened 3bps from RO. KRKPSC 29s tightened 2bps. In AU T2s, WSTP 28-29s tightened 2bps. WSTPNZ '29/NAB '34/ANZ '34 widened 1-2bps. In Chinese IGs, TENCNT '29/HAOHUA '30 widened 1-2bps. HAOHUA 48-49s were 0.7-0.9pt lower (5-10bps wider). In financials, GTJA Float 06/26/27 tightened 3bps from RO (SOFR+65). Chinese AMCs were traded in mixed two-way flows. CCAMCL/ORIEAS 29s tightened 1-2bps. CCAMCL/HRINTH 27s widened 2-3bps. In EU AT1s, HSBC 6 Perp/UBS 7.75 Perp/BNP 8 Perp were up 0.2pt. Chinese properties performed mixed. FUTLAN/FTLNHD 24-26s were 0.7-1.2pts higher. SHUION 24-26s were up 0.6-0.7pt. LNGFOR '32, on the other hand, was 0.8pt lower after gaining 3.1pts on Tue. ROADKG Perps/24-26s were down another 0.2-0.5pt and closed 1.7-2.3pts lower WTD. In industrials, HILOHO '24 was 1.7pts lower. In Macau gaming, MGMCHI 25-27s closed unchanged to 0.1pt lower. In Indonesia, MDLNIJ 25-27s (callable in 2024) were 2.4-4.0pts higher. In India, CONTLE '27 was 0.1pt higher following the tender offer at par.

In LGFVs, CCUDIH priced a USD230mn 3-yr bond at par to yield 6.8%. CPDEV 25/26/Perp were 0.1pt higher. KMRLGP '24 was up 0.5pt. LIANYU '25 was down 0.5pt. In the 5-6% LGFVs,

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GZGETH/CDCOMM/NYJZSO 27s were up 0.1pt. In SOE perps, SPICPT 3.45 Perp was up 0.1pt, while CHSCOI 3.4 Perp/CHCOMU 3.65 Perp were 0.2-0.3pt lower. In the high beta names, HUANEN 29/31 were 0.2-0.8pt lower. The insurance names such as GRPCIN/SUNSHG/ZHONAN 26s were 0.2pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 5 06/30/25	36.4	4.0	HILHO 9 3/4 11/18/24	57.8	-1.7
MDLNIJ 5 04/30/27	29.8	2.4	HAOHUA 4 3/4 06/19/49	89.7	-0.9
FTLNHD 4.8 12/15/24	88.0	1.2	HUANEN 3 12/10/29	91.2	-0.8
FTLNHD 4 5/8 10/15/25	71.3	1.1	LNGFOR 3.85 01/13/32	62.9	-0.8
FUTLAN 4.45 07/13/25	74.8	0.9	HAOHUA 5 1/2 03/14/48	99.6	-0.7

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.31%), Dow (+0.67%) and Nasdaq (-1.09%) were mixed on Monday. UST yield was stable yesterday, 2/5/10/30 yield reached 4.71%/4.27%/4.25%/4.38%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ **EHICAR: Weaker 1Q24 operating performance but utilization rate to be ramped up; maintain buy on EHICARs**

On a yoy basis, EHICAR's operating performance weakened in 1Q24 with lower fleet utilization rate (61%) and ADRR after active fleet expansion. In 1Q24, EHICAR increased its fleet size by 42%. Indeed, its fleet size increased by 65% over the 12-month to Mar'24. As such, its debt level in the form of lease liabilities increased notably.

Nonetheless, we expect the ramping up of fleet utilization and phasing out of financing leases to notably improve its cash flow and leverage over the coming 2-3 years. As per EHICAR, its near-term focus is to ramp up the fleet utilization instead of further active fleet size expansion. We expect the utilization rate to gradually ramp up, especially in 3Q, the traditional peak season, with higher ADRR. As per EHICAR, it expects the fleet utilization rate to gradually increase to c65%.

On the other hand, EHICAR turned to operating leases for car additions since 2H23. Currently, c30% of its cars are self-owned with the balance under leases. EHICAR will gradually replace cars under financing leases with cars under operating leases. This will help reduce its leverage as only c40% of the car ASP will be booked as lease liabilities under operating leases, compared with c90% of car ASP will be booked as other borrowings under financing leases. Additionally, the transition to operating leases will also help spare EHICAR from the uncertainties of the ASP and timing of used car sales.

EHICAR's debt maturities are manageable with lengthened debt maturity profile. In Mar'24, EHICAR has successfully exchanged USD336.9mn (cRMB2.4bn) EHICAR 7.75'24 into EHICAR 12'27. Its near-term refinancing pressure was largely relieved post the exchange offer and concurrent new issue. Besides, the successful exchange could facilitate it to secure longer-term onshore funding after the near-term offshore refinancing overhang had been resolved. As per EHICAR, it expects to get Industrial Bank-led RMB800mn to RMB1bn 3-yr syndicated loans with interest rate of c4% by early Jul'24. It is also in process of securing another RMB800mn to RMB1bn onshore syndicated loans.

We consider EHCARs offer attractive carry with catalysts to outperform in view of the improving credit profile and potential re-IPO. Hence we maintain buy on EHCARs.

Security Name	ISIN	o/s amount (USD mn)	Ask Price	YTM (Ask)	Rating (M/S/F)
EHICAR 7.75 11/14/24	XS2335327388	44.61	100.4	6.6	-/-
EHICAR 7 09/21/26	XS2384059122	300	86.8	14.0	-/-
EHICAR 12 09/26/27	XS2782510049	325	92.5	15.0	-/-

Source: Bloomberg.

#### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
BOC Johannesburg	300	3yr	5.946%	SOFR+58	A1/-/A
Changchun Urban Development	230	3yr	6.8%	6.8%	-/-/BBB

#### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of East Asia	USD	-	10NC5	T+290	Baa2/BBB-/-
Bocom Leasing Management HK	USD	-	3yr	T+105/SOFR+115	A3/-/A
FWD Group Holdings	USD	-	7yr	T+380	Baa3/-/BBB-
Shangrao Innovation Development	USD	-	34.5mth	6.0%	-/-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 108 credit bonds issued yesterday with an amount of RMB119bn. As for month-to-date, 1,114 credit bonds were issued with a total amount of RMB1,121bn raised, representing a 5.5% yoy decrease
- **[CAPG]** Media reported that Aoyuan aims to launch a new restructuring plan for public domestic bonds before end-Mar'25 and seeks deferral of small-sized payment on due-2026 notes
- **[CINDBK]** China CITIC Bank announced USD5bn MTN programme effective on 20 Jun'24
- **[KAISAG]** Media reported that Kaisa Group's Chairman returned to mainland China to seek regulatory approval for offshore debt restructuring
- **[LIFUNG]** Li & Fung obtained USD75mn senior credit loan facility from IFC
- **[MGMCHI]** Media reported that MGM China is mulling expanding its Cotai resort in Macau to attract more mass-market tourists
- **[VEDLN]** Media reported that Vedanta Limited plans to conclude sale of steel, raw materials business by Oct'24

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