

CMBI Credit Commentary

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

- *Asia IG space was skewed to better selling this morning. HYUELEs widened 1-2bps. TENCNT/MEITUA 30s widened 3bps. VNKRLs declined 0.8-1.5pts. DALWANs/LNGFORs down 0.3-0.6pt. The CNH LGFVs were under better selling*
- **China Economy:** *NDRC briefing focused on the implementation of supportive policies announced rather than the introduction of new supportive policies. See below for comments.*
- **Macau gaming:** *Macau records 916k visitors arrivals during first six days of National Day Golden Week Holiday. The average daily arrivals were 37.4% higher than that of 2023. Macau gaming space were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, UST 10-yr yield widened 18bps to 4.0% following the stronger-than-expected US job data. KOCRGF priced a USD200mn 3-yr floating-rate bond at SOFR+85. DAESEC 26/27/29 tightened 3-6bps. HYUELE/LGENSO 27-34s were 2-3bps tighter. Meanwhile KRKPSC 27/29 were 6-9bps tighter. In Chinese IGs, HAOHUA/TENCNT 28-30s tightened 4-5bps. MEITUA/WB 30s tightened 5-6bps. ZHOSHKs tightened 5-9bps after tightening 20-28bps over the last week. In financials, FRESHKs tightened another 8-10bps after tightening 18-24bps over the last week. AIA 28-34s tightened 2-5bps on PB/RM chasing. BNKEA/NANYAN 32-34s remained well bid and closed 4-6bps tighter. In T2s, ANZ/CBAU/MQGAU T2s were 2-4bps tighter under PB buying. In AT1s, ACAFP 6.7 Perp/INTNED 7.25 Perp/LLOYDS 6.75 Perp/UBS 6.85 Perp were another 0.4-0.7pt lower. In Chinese AMCs, HRINTHs were 0.1-0.3pt lower (4-9bps wider). GRWALL 28/30 closed unchanged to 3bps wider. In JP, FUKOKU 6.8 Perp/SUMILF 5.875 Perp were 0.2-0.4pt lower. NIPLIF/MYLIFE 54s declined 0.5-0.6pt. In Chinese properties, CHJMAO '29 rose 1.1pts. PINGRE '25 was 0.6pt higher. On the other hand, VNKRL 27/29 declined 0.7-1.4pts. ROADKG 28-30s were 0.2-0.7pt lower. DALWAN '25/26 were 0.5pt lower. In HK, CKHH/HKLSP 33-34s also tightened 3bps. NWDEVL Perps/27-31s were 0.1-0.4pt lower. Outside properties, EHICAR '26 and '27 were up 0.3 and 0.7pt, respectively. In Macau gaming, MPELs/MGMCHIs/SANLTDs were 0.2-0.5pt lower. In India, Adani Green Energy announced the mandate to issue USD bonds. ADGREG '42 was 0.3pt lower. UPLLIN Perp increased 0.8pt. Elsewhere, GLPSP Perps were 0.5pt higher. Media reported that GLP would announce the sale of its non-China operations to Ares.

In LGFVs, GXCMIN/LIANYU/ZZCITY 25s were 0.2-0.3pt higher. CPDEV 26/Perp were 0.1-0.3pt higher. HKIQCL/GZGETH/CDCOMM 27s were up 0.1pt. In SOE perps, HUADIA 3.375 Perp/COFCHK 3.1 Perp were down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHJMAO 4 1/4 07/23/29	83.2	1.1	DBJJP 3.665 12/18/43	82.6	-2.6
UPLLIN 5 1/4 PERP	77.3	0.8	DBJJP 3.363 04/25/44	77.4	-2.3
EHICAR 12 09/26/27	72.2	0.7	MITHCC 3 1/2 01/24/29	93.5	-1.6
PINGRE 3 1/4 06/23/25	96.2	0.6	CHGDNU 4.8 09/11/48	92.6	-1.6
AACTEC 3 3/4 06/02/31	90.8	0.6	VNKRLE 3 1/2 11/12/29	64.1	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.96%), Dow (-0.94%) and Nasdaq (-1.18%) were lower yesterday. According to CME's FedWatch tool, markets are pricing in an 86% chance of 25bps rate cut and 15% chance the central bank would not cut rates in Nov'24. UST yield moved higher yesterday, 2/5/10/30 yield reached 3.99%/3.86%/4.03%/4.30%.

❖ Desk analyst comments 分析员市场观点

➤ **China Economy: NDRC briefing focused on the implementation of supportive policies announced rather than the introduction of new policies**

The NDRC briefing this morning disappointed the market as no significant and incremental supportive measure was announced. With hindsight, we should not be too surprised that the focuses on the briefing this morning were more on the implementation of supportive policies announced rather than the introduction of significant and incremental policies. Indeed, we should expect more supportive policies/measures from the State Council, PBOC, CSRC and MOF, etc. Recalled that PBOC, NFRA and CSRC announced economic stimulus packages on [24 Sep'24](#), and relaxed the home purchase restrictions in all Tier-1 cities on [30 Sep'24](#). As we have been arguing, we see a larger room for policy support from the Chinese government after the US rate cut. The concerns on further RMB depreciation and capital outflow resulting from easing in China will notably be alleviated under a falling US interest rate environment. We consider that the moves so far from the Chinese government to address negative wealth effect and deflationary pressure are right and crucial steps to stabilize the economy.

NDRC emphasized the consistency in policies implementation across different aspects including fiscal, financial, consumption, investment, properties, stock markets, employment and social, and the government will review the impacts of the policies promptly to ensure the effectiveness. The government will focus on encouraging consumption and benefit the livelihood of the people to support the economy. In our view, **MEITUA**, **XIAOMI** and **ZHOSHK** could be the beneficiaries under policy to boost domestic spending over the short to medium term.

At the same time, the government will increase infrastructure spending to drive the economic growth. It will support the issuance of infrastructure REITs to allow more private enterprises to participate in construction of railway, power, and water projects. At the same time, ultra-long government bonds will be issued next year to support the construction of the projects in "Two-important project list", while the local governments will issue special bonds to support the construction of basic infrastructures and urban renewal. We expect the Chinese government to announce more follow-through measures to stimulate private and public spending over the coming weeks.

Meanwhile, on top of lowering the mortgages rate of existing loans and down payment ratios, the government will continue to control the housing supply, increase the loans for the white-listed projects and further relax the home purchase restrictions in order to stimulate the housing demand, which in turn, will help lower the inventory

level. In our view, addressing the high inventory level and declining price trend are keys to the recovery of the sector. We continue to see the path of recovery for the sector to be longer. That said, we see value in the Chinese properties space. We prefer developers having manageable debt maturities and matured IPs, which could be collateralized for secured financing. We maintain buy on **CHJMAO, DALWAN, FUTLAN/FTLNHD, GRNCH, LNGFOR** and **YLLGSP**.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea Credit Guarantee Fund	200	3y	SOFR+85	SOFR+85	Aa2/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
The Norinchukin Bank	USD	-	5y	T+155	A1/A/-
Korea Development Bank	USD	1,000	3y	SOFR MS+62	Aa2/AA/AA-
Hong Kong Mortgage Corp.	USD	-	3y	-	Aa3/AA+/-

➤ **News and market color**

- Onshore primary issuances suspend yesterday during the National Day Holiday
- **[GLPSP]** Media reported GLP Capital Partners could announce sale of non-China operations to Ares today
- **[MEDCIJ]** Medco Energi receives valid tenders for USD57.1mn of MEDCIJ'26 and USD68.8mn of MEDCIJ'27 as of early tender deadline
- **[SUNHUN]** S&P revised the outlook of Sun Hung Kai Properties to negative from stable on weakening property development margins, A+ ratings affirmed
- **[YGCZCH]** Shandong Energy Group issued USD500mn YGCZCH 3.5 10/03/29 (CB) with initial conversion price of HKD13.77 per share

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