

CMBI Credit Commentary

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

- *Market was quiet this morning. Financial floaters and front-end HRINTH were well bid. Chemchina was heavy. JP insurance names were weak amid JPY depreciation. LGFV sector were stable with light flows.*
- **Chinese properties:** *First yoy monthly contracted sales increase since Apr'23. See below comments.*
- **VEDLN:** *All-time high first half results in 1HFY25. Maintain neutral on VEDLNs on valuation. See below comments.*

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

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was mixed. In Chinese IGs, HAOHUA/TENCNT 30-31s were 1-2bps wider. On the other hand, MEITUA 28-30s were 1-2bps tighter. In financials, CSILTD Float '27 tightened 2bps. Chinese AMCs were mixed. CCAMCLs tightened 2-3bps, while the front end of ORIEASs widened 1bp. ANZ '30/MQGAU '32/WSTP'36 were 2-4bps wider on AM/PB selling. In EU AT1s, INTNED 7.25/HSBC 6.95/UBS 6.85 Perps were down 0.2-0.5pt on RM/PB selling. In insurance hybrids, ZURNVX '55/MYLIFE '54/NIPLIF '54/SUMILF 5.875 Perp were 0.1-0.4pt lower. In HK, AIA 34/54 were 1-3bps wider. NWDEVL Perps/27-30s and LIFUNG/CKINF FFL Perps were 0.4-2.4pts lower on selling from RMs/PBs. In Chinese properties, DALWAN 24-26s rose another 0.8-1.7pts. ROADKG 28-30s were up 0.3-0.5pt. Outside properties, the new FOSUNI '28 closed 0.1pt higher from RO, FOSUNI 26-27s were 0.4-0.5pt lower. EHICAR 26-27s dropped 1.4-2.3pts. In Macau gaming, SANLTDs/WYNNMACs were down 0.2-0.3pt. See our comments on [13 Nov '24](#). In India, UPLLIN 28/30/Perp were up another 0.4-1.8pts and closed 0.8-2.9pts higher WTD. See our comments on [13 Nov '24](#). VEDLN 26-29s were unchanged to 0.1pt higher. See comments below.

The primary activities were active in LGFV space. WZLCSO priced a CNH1.94bn 3-yr bond at par to yield 3.9%. QDRK priced a CNH1bn 3-yr bond at par to yield 5.2%. NGNGH priced a CNH350mn 3-yr bond (guaranteed by Anhui Xingtai Financing Guarantee Group) at par to yield 6.5%. CDECST priced a USD348.34mn 3-yr bond at par to yield 6.5%. CQHECA priced a USD115mn 3-yr bond at par to yield 7%. We continued to see decent two-way flows among RMs/HFs focusing on higher-yielding CNH papers. In SOE perps, CCBINT 3.329 Perp was up 0.2pt, CHPWCN 4.25 Perp were down 0.1pt.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| UPLLIN 5 1/4 PERP | 81.8 | 1.8 | NWDEVL 8 5/8 02/08/28 | 90.2 | -2.4 |
| DALWAN 11 01/20/25 | 89.0 | 1.7 | EHICAR 12 09/26/27 | 63.9 | -2.3 |
| DALWAN 11 02/13/26 | 77.9 | 1.0 | CJRAIL 4 1/4 11/24/45 | 85.2 | -1.5 |
| DALWAN 7 1/4 12/29/24 | 95.9 | 0.8 | EHICAR 7 09/21/26 | 67.7 | -1.4 |
| CITLTD 4.485 09/07/46 | 82.3 | 0.7 | DBJJP 3.665 12/18/43 | 77.9 | -1.2 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.02%), Dow (+0.11%) and Nasdaq (-0.26%) were mixed yesterday. US Oct'24 CPI was +2.6% yoy, in line with the expectation. Long-term UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.27%/4.30%/4.44%/4.63%.

❖ Desk Analyst Comments 分析员市场观点

➤ Chinese properties: First yoy monthly contracted sales increase since Apr'23

In Oct'24, 32 developers under our radar reported contracted sales totaled RMB247.3bn, slightly increased 0.1% yoy from RMB247.0bn in Oct'23. The yoy change of monthly contracted sales recovered from the decline of 41.4% in Sep'24 and 25.3% yoy in Aug'24. Oct'24 was the first month when our tracked developers posted yoy monthly contracted sales increase since Apr'23 and 30 out of 32 developers reported yoy increased contracted sales.

Nonetheless, the cumulative contracted sales in 10M24 of these 32 developers dropped 34.0% yoy to RMB1,835.1bn. All developers under our radar posted yoy decrease in cumulative contracted sales in 10M24. GRNCH (RMB215.0bn) was a better performer with a modest yoy contracted sales decline of 3%. The distressed developers continued to underperform. The contracted sales of COGARD (RMB40.7bn), LOGPH (RMB7.2bn) and Agile (RMB13.6bn) dropped 75%, 67% and 66% yoy in 10M24, respectively.

The recovery of Chinese real estate market was mainly driven by a series of supportive measures launched in Sep'24. The Chinese government [cut LPR, lowered down payment ratio](#) and canceled home purchase restrictions in [tier-1 cities](#). In the end of Oct'24, the inventory months of four tier-1 cities, e.g. Beijing, Shanghai, Guangzhou and Shenzhen decreased to 19, 8, 11 and 11 from 29, 10, 23, 28 in the end of Sep'24, respectively. We expect the Chinese government to launch more stimulus package to sustain the de-stocking. Additionally, we see a larger room for policy support from the Chinese government after the US rate cut. Our house view is another 25bps cut in 2024 and another 100bps in 2025. The potential supportive measures could include more LPR cuts and further relaxation of home purchase restrictions in high tier cities, to boost the property sector.

2024 YTD Sales (in RMB mn)

| CN Name | BBG Ticker | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Trend | Oct'24 MoM Growth | Oct'24 YoY Growth | Oct'24 YTD Sales | Oct'24 YTD Sales Growth |
|---------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------------------|-------------------|------------------|-------------------------|
| 绿城 | GRNCH | 12,000 | 12,900 | 28,300 | 22,300 | 23,300 | 27,700 | 21,000 | 18,100 | 21,600 | 27,800 | | 29% | -9% | 215,000 | -3% |
| 中国海外发展 | CHIOLI | 10,504 | 8,491 | 41,211 | 21,795 | 19,700 | 46,677 | 13,192 | 18,460 | 18,819 | 41,589 | | 121% | 66% | 240,438 | -9% |
| 华润置地 | CRHZCH | 11,420 | 9,190 | 30,110 | 21,280 | 20,700 | 32,000 | 15,500 | 15,200 | 16,900 | 31,000 | | 83% | 12% | 203,300 | -22% |
| 保利地产 | POLYRE | 20,323 | 15,624 | 27,036 | 33,024 | 35,314 | 42,014 | 25,318 | 22,115 | 20,916 | 42,337 | | 102% | 28% | 284,021 | -23% |
| 世茂房地产 | SHIMAO | 2,110 | 2,240 | 3,900 | 2,610 | 2,920 | 3,310 | 2,720 | 2,600 | 2,940 | 3,110 | | 6% | 39% | 28,460 | -24% |
| 越秀地产 | YUEXIU | 6,545 | 3,815 | 11,341 | 8,312 | 10,078 | 15,308 | 5,028 | 10,002 | 7,210 | 13,361 | | 85% | -47% | 91,000 | -25% |
| 万科企业 | VNKRLE | 19,450 | 14,000 | 24,510 | 20,890 | 23,330 | 25,130 | 19,220 | 17,240 | 17,420 | 21,360 | | 23% | -33% | 202,550 | -35% |
| 时代中国控股 | TPHL | 532 | 841 | 685 | 1,055 | 1,005 | 705 | 855 | 550 | 555 | 1,305 | | 135% | 74% | 8,088 | -37% |
| 仁恒置地* | YLLGSP | 1,480 | 2,060 | 990 | 1,870 | 2,950 | 1,850 | 1,470 | 1,220 | 860 | 2,930 | | 241% | 49% | 17,680 | -37% |
| 中国金茂 | CHJMAO | 6,400 | 4,150 | 6,970 | 6,500 | 7,220 | 13,300 | 5,660 | 6,196 | 7,008 | 11,597 | | 65% | -7% | 75,001 | -39% |
| 远洋集团 | SINOCE | 1,200 | 820 | 2,300 | 2,800 | 2,440 | 8,770 | 1,790 | 2,640 | 1,960 | 2,730 | | 39% | 0% | 27,450 | -40% |
| 建业地产 | CENCHI | 710 | 680 | 440 | 750 | 950 | 960 | 620 | 800 | 720 | 960 | | 33% | 5% | 7,590 | -40% |
| 绿地控股集团* | GRNLGR | 4,500 | 4,000 | 5,500 | 3,800 | 6,130 | 7,940 | 5,770 | 5,000 | 6,000 | 4,800 | | -20% | -40% | 53,440 | -42% |
| 融创中国 | SUNAC | 3,760 | 2,730 | 3,510 | 12,450 | 2,270 | 1,560 | 1,410 | 7,350 | 1,410 | 7,330 | | 420% | 54% | 43,780 | -42% |
| 龙湖集团 | LONGFOR | 4,660 | 3,680 | 7,440 | 6,230 | 5,980 | 6,780 | 5,250 | 4,630 | 5,140 | 7,340 | | 43% | -21% | 57,130 | -43% |
| 合生创展 | HPDLF | 1,286 | 630 | 1,978 | 1,510 | 1,665 | 1,781 | 1,488 | 1,389 | 1,164 | 1,649 | | 42% | 16% | 14,540 | -46% |
| 金辉控股* | JNHUIG/RDHGCL | 1,450 | 610 | 1,840 | 870 | 1,430 | 2,160 | 1,290 | 290 | 460 | 1,030 | | 124% | -50% | 11,430 | -47% |
| 新城控股 | FUTLAN/FTLNHD | 3,692 | 4,020 | 4,236 | 3,704 | 4,102 | 3,801 | 3,487 | 2,501 | 2,291 | 2,616 | | 14% | -57% | 34,450 | -48% |
| 景瑞控股 | JINGRU | 206 | 112 | 170 | 167 | 131 | 130 | 287 | 133 | 130 | 250 | | 92% | 23% | 1,716 | -49% |
| 中梁控股 | ZHLGHD | 2,010 | 1,730 | 1,500 | 1,370 | 1,450 | 1,600 | 1,360 | 1,300 | 1,250 | 1,600 | | 28% | -33% | 15,170 | -50% |
| 旭辉集团 | CIFIHG | 3,720 | 2,240 | 4,180 | 3,980 | 3,340 | 2,850 | 1,860 | 1,940 | 2,020 | 2,870 | | 42% | -34% | 29,000 | -52% |
| 金地集团 | GEMDAL | 5,510 | 5,100 | 6,130 | 6,240 | 6,510 | 6,630 | 6,100 | 5,400 | 5,200 | 5,610 | | 8% | -49% | 58,430 | -56% |
| 宝龙地产 | PWRLNG | 1,121 | 1,177 | 1,548 | 1,134 | 1,208 | 1,142 | 1,056 | 634 | 614 | 1,109 | | 81% | -32% | 10,743 | -58% |
| 融创中国 | RONXIN | 448 | 543 | 742 | 542 | 544 | 543 | 602 | 1,076 | 446 | 659 | | 48% | -61% | 6,143 | -58% |
| 正荣地产 | ZHPRKH | 619 | 471 | 554 | 591 | 596 | 594 | 468 | 430 | 570 | 558 | | -2% | -43% | 5,451 | -60% |
| 禹洲地产 | YUZHOU | 803 | 503 | 902 | 802 | 703 | 632 | 465 | 431 | 473 | 752 | | 59% | -32% | 6,466 | -61% |
| 合景泰富集团 | KWGPPO | 830 | 620 | 1,070 | 970 | 1,180 | 990 | 760 | 710 | 603 | 847 | | 40% | 11% | 8,580 | -62% |
| 弘阳地产 | REDSUN/HONGSL | 982 | 862 | 831 | 702 | 723 | 711 | 680 | 581 | 601 | 723 | | 20% | -40% | 7,396 | -63% |
| 中骏集团控股* | CHINSC | 850 | 820 | 1,010 | 630 | 1,110 | 350 | 1,350 | 1,480 | 520 | 1,020 | | 96% | 1% | 9,140 | -64% |
| 雅居乐 | AGILE | 2,390 | 1,530 | 1,430 | 1,190 | 1,650 | 800 | 810 | 540 | 1,820 | 1,390 | | -24% | -60% | 13,550 | -66% |
| 龙光地产* | LOGPH | 800 | 760 | 400 | 520 | 790 | 1,270 | 1,030 | 360 | 500 | 750 | | 50% | -25% | 7,180 | -67% |
| 碧桂园 | COGARD | 5,490 | 3,720 | 4,300 | 3,850 | 4,290 | 4,300 | 3,410 | 3,430 | 3,620 | 4,330 | | 20% | -31% | 40,740 | -75% |

Note: * represents the data was collected from CRIC.

Source: Company filings, CRIC.

➤ VEDLN: All-time high first half results in 1HFY25. Maintain neutral on VEDLNs on valuation

Vedanta Limited (VEDL)'s revenue was up by 1% yoy to INR724bn in 1HFY25, driven by aluminum and zinc businesses. EBITDA reached all-time high for first half at INR206bn in 1HFY25, increased by 10% yoy. Excluding the one-off gain in 1HFY24, the 1HFY25 revenue and EBITDA of VEDL would have yoy increased by 8% and 46%, respectively. VEDL's production aluminum of 1,205kt (+3% yoy) and Zinc India of 524kt (+5% yoy) were also reached the all-time highs in 2QFY25. VEDL could record the highest-ever annual EBITDA in FY25, considering the 1H EBITDA usually accounted for 40% of the annual EBITDA.

As of Sep'24, VEDL's net debts decreased to INR569bn with higher cash and cash equivalent from higher FCF. VEDL's net debt/EBITDA was flat at 1.5x at Sep'24 and Mar'24. The average interest cost of VEDL was 10.5% in 1HFY25, increased from 9.65% in FY24.

VEDL is on track for the demerger plan. The first National Company Law Tribunal (NCLT) hearing is concluded. VEDL will conduct shareholders and creditors meeting in coming few months, and expect to complete the demerger by 31 Mar'25.

On the other hand, Vedanta Resources (VRL) is on track to its USD3bn deleveraging target over three years from Apr'24, with a target completion of 1/3 (i.e USD1bn) in 1HFY25. As of Sep'24, VRL had USD4.8bn of debts including USD3bn bonds, USD1bn bank loans and USD850mn private facility. VRL will repay USD400mn of the private facility due in Apr'25 with brand fee and dividend for the remainder due Aug'25. In the earning call, VEDL said that VRL would refinance the USD bonds over the next few months without further details. In our view, VRL may also take out the remaining of VEDLN 13.875 12/09/28 of USD308mn after the tender offer and calls.

We maintain neutral on VEDLNs on valuation. The improved profitability in VEDL should help to maintain the stability of dividend upstreamed to VRL. YTD, VEDL approved interim dividends totaled INR136bn (cUSD1.6bn) for FY25. We take additional comfort from their good access to various onshore and offshore funding channels.

VRL issued USD900mn VEDLN 10.875 09/17/29 in Sep'24 and tapped USD300mn in Oct'24 for early redemption of VEDLN 13.875'27 in full and partial redemption of VEDLN 13.875'28.

Table 1: VEDL's 1H25 financial highlights

| INRbn | 1H24 | 1H25 | Change |
|------------------------|-------|--------|------------|
| Revenue | 718.9 | 724.1 | 1% |
| -Zinc, lead and silver | 136.2 | 158.0 | 16% |
| -Zinc International | 21.8 | 17.7 | -19% |
| -Oil and gas | 110.9 | 57.5 | -48% |
| -Aluminum | 238.6 | 272.5 | 14% |
| -Copper | 93.4 | 111.1 | 19% |
| -Iron ore | 41.2 | 26.9 | -35% |
| -Power | 32.0 | 34.6 | 8% |
| -Others | 44.8 | 45.8 | 2% |
| EBITDA | 188.1 | 206.4 | 10% |
| EBITDA margin | 26.2% | 28.5% | 2.3 pct pt |
| Finance cost | 46.3 | 48.9 | 6% |
| Profit after tax | 23.9 | 107.0 | 348% |
| Average interest cost | 9.04% | 10.51% | 1.5 pct pt |
| FCF pre capex | 87.9 | 129.0 | 47% |

| INRbn | Mar'24 | Sep'24 | Change |
|--------------------------|--------|--------|--------|
| Cash and cash equivalent | 154.2 | 217.2 | 41% |
| Total debts | 717.6 | 786.5 | 10% |
| Net debts | 563.4 | 569.3 | 1% |
| Net debt/EBITDA | 1.5x | 1.5x | - |

Source: Company filling.

Table 2: Bond profile of VRL

| Bond | ISIN | o/s amt (USDmn) | Ask px | YTM (Ask) | Issue rating |
|---------------------|--------------|-----------------|--------|-----------|--------------|
| VEDLN 9 ¼ 04/23/26 | US92243XAA90 | 600 | 99.58 | 9.6 | Caa1/CCC+/- |
| VEDLN 13 ¾ 12/09/28 | US92241TAM45 | 893.85 | 102.31 | 13.1 | Caa1/CCC+/- |
| VEDLN 13 ¾ 12/09/28 | US92243XAE13 | 608.26 | 100.71 | -17.5 | -/CCC+/- |
| VEDLN 10 ¾ 09/17/29 | US92243XAH44 | 1,200 | 103.08 | 10.0 | -/CCC+/- |

Source: Bloomberg

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

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|-------------------------|---------------|-------|--------------|--------|----------------------|
| PRC Ministry of Finance | 1250/750 | 3/5yr | 4.125%/4.25% | T+1/3 | -/-/- |

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

| Issuer/Guarantor | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|--|----------|---------------|-------|---------|----------------------|
| Singapore Power | USD | - | 5yr | T+75 | Aa1/AA+/- |
| Zhejiang Changxing Financial Holding Group | USD | - | 3yr | 5.9% | -/-/- |

➤ **News and market color**

- Regarding onshore primary issuances, there were 107 credit bonds issued yesterday with an amount of RMB100bn. As for month-to-date, 677 credit bonds were issued with a total amount of RMB664bn raised, representing a 19.2% yoy increase

- China Minister of Finance announced to cut home purchase deed tax to 1% from current 3% for both first- and second homebuyers of flats of 140sqm and below
- **[HONGQI]** Media reported that China Hongqiao mulls USD bonds offering early next year
- **[RAKUTN]** Rakuten Group 9M24 revenue rose 8.5% yoy to cUSD10.5bn and EBITDA rose 191.2% yoy to cUSD1.4bn; Rakuten Group announced to sell 14.99% share of Rakuten Card to Mizuho Financial for JPY165bn (cUSD1.05bn)
- **[TENCNT]** Tencent 3Q24 revenue rose 8% yoy to RMB167.2bn and gross profit rose 16% yoy to RMB88.8bn

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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