

## CMBI Credit Commentary

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

- *Asian IG space was stable. LGFVs were under better buying with active flows. AT1s slightly declined. DALWANS/NWDEVLs were unchanged to 0.3pt higher.*
- **Chinese properties:** *Weak contracted sales in Nov'24. See comments below.*
- **RAKUTN:** *Buy RAKUTN 5.125 Perp and RAKUTN 8.125 Perp. See comments below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, HYUELE/LGENSO 29-31s tightened 2-3bps. In Chinese IGs, BABA 35s/TENCNT 30s tightened 1-2bps. In financials, BCLMHK Float 25-27s tightened 1-3bps. FRESHK 26-27s tightened 2-4bps. See our comments on Chinese leasing on [11 Dec '24](#). In EU AT1s, BNP 7.375/SOCGEN 7.875 Perps were 0.2-0.4pt higher. UBS 7.75/HSBC 6.875 Perp were down 0.1-0.2pt. In JP, NIPLIF 51-54s were another 0.1-0.2pt lower. RAKUTN Perps/27-29s were unchanged to 0.1pt lower. See comments below. In HK and Chinese properties, NWDEVL Perps/27-30s rebounded another 0.4-0.8pt and closed 2.7-5.0pts higher WTD. SHUION 26s rose 0.8pt. ROADKG Perps/28-30s increased 0.4-0.6pt. However, CHIOLI 34-43s declined 0.2-1.0pt. VNKRL 25-29s lowered 0.3-0.7pt. Outside properties, EHICAR 26-27s/WESCHI 26s were up 0.4-1.0pt. In India, ADSEZs/ADTINs/ADGREGs were 0.3-1.0pt lower. Adani Ports SEZ have withdrawn USD 553m loan request from DFC for Sri Lanka port project and will instead fund the project with internal accruals and capital management plan. GRNKENS were 0.2-0.4pt higher. In Indonesia, MDLNIJ 27s were 0.5pt higher.

In LGFVs, SHGUOH/GZGETH 25s were 0.1pt higher. BCDHGR/WUXIND/SXUCI 26s were down 0.1-0.2pt. There were two-way mixed interests on CNH papers such as SDGAOC 27s/QDOCID 27s/HBTUID 26s. In SOE perps, SPICPT 3.45/CHCOMU 3.65/CHPWCN 3.08 Perps were up 0.1-0.2pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4.8 PERP	41.7	0.8	TAISEM 4 1/2 04/22/52	94.8	-1.0
NWDEVL 4 1/8 07/18/29	73.0	0.8	CHIOLI 6 3/8 10/29/43	103.8	-1.0
SHUION 5 1/2 06/29/26	84.6	0.8	ADSEZ 3.1 02/02/31	77.9	-1.0
NWDEVL 4 1/8 PERP	54.3	0.7	ADSEZ 3.828 02/02/32	79.0	-0.9
NWDEVL 5 1/4 PERP	69.9	0.7	CHGRID 4 05/04/47	88.5	-0.9

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.82%), Dow (-0.22%) and Nasdaq (+1.77%) were mixed on Wednesday. US Nov'24 CPI was +2.7% yoy, in line with the market expectation. Long-term UST yields moved higher yesterday, 2/5/10/30 yield reached 4.15%/4.13%/4.26%/4.48%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ Chinese properties: Weak contracted sales in Nov'24

In Nov'24, 32 developers under our radar reported contracted sales totaled RMB195.4bn, decreased 16.1% yoy from RMB233.0bn in Nov'23. The monthly yoy contracted sales growth rate reversed to negative from +0.1% yoy in Oct'24 which was the first month when our tracked developers posted yoy monthly contracted sales increase since Apr'23. In Nov'24, 9 out of 32 developers reported yoy increased contracted sales, compared to 30 developers with yoy increased contracted sales in Oct'24.

In 11M24, the cumulative contracted sales of 32 developers dropped 33.0% yoy to RMB2,030.5bn. All developers under our radar posted yoy decrease in cumulative contracted sales in 11M24. GRNCH (RMB256.4bn) was a better performer with a modest yoy contracted sales decline of 4%. The distressed developers continued to underperform. The contracted sales of COGARD (RMB43.8bn), LOGPH (RMB7.8bn) and Agile (RMB14.8bn) dropped 74%, 65% and 65% yoy in 11M24, respectively.

The sentiment on Chinese property market shows signs of improvement, driven by a series of supportive measures launched in Sep'24. As of 11 Dec'24, the inventory months of four tier-1 cities, e.g. Beijing, Shanghai, Guangzhou and Shenzhen moved to 17, 7, 12 and 6 from 15, 6, 11, 6 in mid-Nov'24, respectively. In Dec'24, the Politburo Meeting sounded out more proactive fiscal policy and more easing monetary policy in 2025 to stabilize the property market. We expect more concrete supportive measures related to property sector, e.g. further LPR cut and repurchase of commercial houses as affordable houses, to be announced over the coming weeks post CEWC this week.

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Trend	Nov'24 MoM Growth	Nov'24 YoY Growth	Nov'24 YTD Sales	Nov'24 YTD Sales Growth
Greentown	绿城	GRNCH	12,000	12,900	28,300	22,300	23,300	27,700	21,000	18,100	21,600	27,800	31,800		1%	-6%	246,800	-4%
China Overseas	中国海外发展	CHIOI	10,504	8,491	41,211	21,795	19,700	46,677	13,192	18,460	18,819	41,589	30,028		3%	31%	270,466	-6%
China Resources Land*	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	25,800		7%	7%	229,100	-20%
Shimao	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	2,720		3%	12%	31,180	-22%
Poly Real Estate	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	24,001		3%	-23%	308,022	-23%
Yuexiu Property	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	10,021		5%	-16%	101,021	-24%
Times Property	时代中国控股	TPHL	532	841	685	1,055	1,005	705	855	550	555	1,305	855		4%	31%	8,943	-33%
Yanlord*	仁恒置地*	YLLGSP	1,480	2,060	990	1,870	2,950	1,850	1,470	1,220	860	2,930	1,590		6%	6%	19,270	-34%
Sino-Ocean*	远洋集团*	SINOCE	1,200	820	2,300	2,800	2,440	8,770	1,790	2,640	1,960	2,730	3,700		6%	25%	31,150	-34%
China Vanke	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	20,130		6%	-34%	222,680	-35%
Central China Real Estate	建业地产	CENCHI	710	680	440	750	950	960	620	800	720	960	960		0%	8%	8,550	-37%
China Jinmao	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	7,999		1%	-20%	83,000	-37%
Longfor (Attributable)	龙湖集团	LNGFOR	4,660	3,680	7,440	6,230	5,980	6,780	5,250	4,630	5,140	7,340	5,710		2%	-18%	62,840	-41%
Greenland Holding*	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	5,320		1%	-47%	58,760	-43%
Sunac China	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	1,610		3%	-54%	45,390	-43%
Hopson	合生创展	HPDLF	1,286	630	1,978	1,510	1,665	1,781	1,488	1,389	1,164	1,649	1,126		2%	13%	15,666	-43%
Jingrui Holdings	景瑞控股	JINGRU	206	112	170	167	131	130	287	133	130	250	194		2%	-7%	1,910	-46%
Future Land	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	2,514		4%	-50%	36,964	-48%
Zhongliang	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	1,270		1%	-33%	16,440	-49%
Radiance*	金辉控股*	JNHUIGRDHGL	1,450	610	1,840	870	1,430	2,160	1,290	290	460	1,030	860		7%	-64%	12,290	-49%
CIFI Holdings	旭辉集团	CIFHG	3,720	2,240	4,180	3,980	3,340	2,850	1,860	1,940	2,020	2,870	2,270		1%	-41%	31,270	-52%
Ronshine China	融信中国	RONXIN	448	543	742	542	544	543	602	1,076	446	659	789		3%	-1%	6,932	-55%
Powerlong	宝龙地产	PWRLNG	1,121	1,177	1,548	1,134	1,208	1,142	1,056	634	614	1,109	987		1%	-13%	11,730	-56%
Gemdale	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	4,810		4%	-53%	63,240	-56%
Yuzhou Properties	禹洲地产	YUZHOU	803	503	902	802	703	632	465	431	473	752	781		4%	11%	7,247	-58%
Zhenro Properties	正荣地产	ZHPRHK	619	471	554	591	596	594	468	430	570	558	539		3%	-24%	5,990	-59%
KWG Property	合景泰富集团	KWGPRO	830	620	1,070	970	1,180	990	760	710	603	847	650		3%	-48%	9,230	-61%
Redsun	弘阳地产	REDSUN/HONGSL	982	862	831	702	723	711	680	581	601	723	621		4%	-33%	8,017	-62%
China SCE*	中骏集团控股*	CHINSC	850	820	1,010	630	1,110	350	1,350	1,480	520	1,020	930		9%	-9%	10,070	-62%
Agile	雅居乐	AGLE	2,390	1,530	1,430	1,190	1,650	800	810	540	1,820	1,390	1,200		4%	-46%	14,750	-65%
Logan Property*	龙光地产*	LOGPH	800	760	400	520	790	1,270	1,030	360	500	750	650		3%	-7%	7,830	-65%
Country Garden (Attributable)	碧桂园	COGARD	5,490	3,720	4,300	3,850	4,290	4,300	3,410	3,430	3,620	4,330	3,010		0%	-51%	43,750	-74%

Note: \* represents the data was collected from CRIC.

Source: Company filings, CRIC.

### ➤ RAKUTN: Buy RAKUTN 5.125 Perp and RAKUTN 8.125 Perp

We initiate buy on the new RAKUTN 8.125 Perp in view of the lower cash price, yield pick-up and good carry within the RAKUTN curve. At 100.3, RAKUTN 8.125 Perp (callable Dec'29) is trading at YTC of 8.1%, offers yield-pick up of 108bps over RAKUTN 9.75 04/15/29 with 8 months longer in "tenor", as well as trading 13bps lower than RAKUTN 6.25 Perp but callable c1.3 years earlier. Meanwhile, we maintain buy on RAKUTN 5.125 Perp (callable Apr'26) in view of yield pick-up of 88bps over RAKUTN 11.25 02/15/27 and 43bps over SOFTBK 6.875 Perp (callable Jul'27), despite the conviction is lower after the price rally during the year. See Chart 1. At 97.3, RAKUTN 5.125 Perp is trading at YTC of 7.3%. The coupon of RAKUTN 5.125 Perp and RAKUTN 8.125 Perp will be reset with a coupon step-up of 25bps if the perps are not called on their respective first call dates. We see a good chance of Rakuten to call the perps on first call dates, in view of its improving operating performance and good access to various funding channels. We have a neutral recommendation on RAKUTN 6.25 Perp as we prefer shorter tenor facing our expectation of higher rate volatility.

We understand that the issuance of RAKUTN 8.125 Perp is to redeem its due-2055 JPY subordinated bonds on their respective first call dates in Nov-Dec'25. The redemptions of the two JPY subordinated bonds reinforce our view that Rakuten will call its perps on the first call date. Indeed, these two JPY subordinated bonds carry coupon step-up to 2.2-3.6% from 1.81%-2.61% if they are not called on their first call dates, the magnitude of coupon step-up is lower than its USD perps.

**Table 1: Bond profile of Rakuten**

Security Name	ISIN	Amt o/s (USDmn)	Px	YTM/YTC (%)	First call date	Coupon reset	Step-up (bps)	Issue rating (M/S/F)
RAKUTN 11.25 02/15/27	US75102WAG33	1,800	109.7	6.40	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	US75102WAK45	2,000	110.1	6.97	-	-	-	-/BB/-
<b>RAKUTN 5.125 Perp</b>	<b>US75102WAA62</b>	<b>750</b>	<b>97.3</b>	<b>7.28</b>	<b>22 Apr'26</b>	<b>5yUST+4.578%</b>	<b>25</b>	<b>-/B/-</b>
<b>RAKUTN 8.125 Perp</b>	<b>US75102WAM01</b>	<b>550</b>	<b>100.3</b>	<b>8.05</b>	<b>15 Dec'29</b>	<b>5yUST+4.000%</b>	<b>25</b>	<b>-/B/-</b>
RAKUTN 6.25 Perp	US75102WAB46	1,000	90.6	8.18	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

Chart 1: Yield differential of RAKUTN 5.125 Perp and peers



## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

## ➤ News and market color

- Regarding onshore primary issuances, there were 116 credit bonds issued yesterday with an amount of RMB89bn. As for month-to-date, 796 credit bonds were issued with a total amount of RMB742bn raised, representing a 60% yoy increase
- [ADANIG]** Media reported that Adani Group initiated talks with lenders, investors to refinance Adani Green Energy's USD1.1bn loans
- [RNW]** Media reported that ReNew Energy Global's controlling shareholders offered to take the company private at USD7.07 per share.
- [SJM HOL]** SJM Holding announced to acquire Zhuhai property for RMB546mn



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