

CMBI Credit Commentary

Switch ideas: SWHYSE 2.625%'25 to CICCHK 2.875%'25

- **We recommend investors to switch from SWHYSE 2.625%'25 to CICCHK 2.875%'25 to take advantage of the new issue premium of CICCHK 2.875%'25:-**
 - Sell SWHYSE 2.625%'25 (Baa2/NR) at bid price 99.2, i.e. T+79.8bp
 - Buy CICCHK 2.875%'25 (Baa1/BBB+) at ask price 99.0, i.e. T+113.1bp

The switch offers yield pick-up of 33.3bps, 1 notch up in the credit curve and cash take-out of 0. pt for a 5-day extension in maturity. We believe that 33bps pick-up is more than enough to compensate for the keepwell structure, especially CICCHK is rated 1 notch higher.

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