

Asia Pacific Credit Update

Asia IG Energy Monthly: Sector OAS -12bp
MoM at 89bp

Industry Overview

Asia IG Energy in line with Asia IG & beating US IG Energy

According to ICE Index, Asia IG Energy OAS was 12bp tighter in Feb'24, largely in-line with Asia IG Corp (-14bp), Asia IG Tech (-14bp), Asia IG Utility (-13bp) (Exhibit 6). Sector OAS is 89bp at Feb 29th, vs the 2023 tightest level of 93bp (Exhibit 2). Asia IG Energy is quoted 2bp/10bp inside Asia IG Tech/Asia Utility as we write, compared with 4bp/11bp tighter at end-Jan, and 1Y average at 19bp/16bp (Exhibit 10-11). Asia IG Energy has outperformed US IG Energy (Exhibit 12). It is trading 21bp tighter than US peers now, vs 11bp tighter at end-Jan and 1Y average at 27bp. In terms of rating (Exhibit 5), single A-rated & BBB-rated were performing largely the same, with OAS tightening 12bp & 11bp MoM respectively. Total return this month is -0.5%, underperforming Energy equities (Exhibit 6), such that Hang Seng Energy/Nifty Energy/Thailand Energy & Utilities Index has achieved a 7.9%/5.8%/1.5% monthly return.

US\$ bond new issue and maturity

In Feb'24, Asia IG Energy had USD bond redemption of US\$500mn, coming from KORGAS 3.875% '24 matured on Feb 12nd. Primary market remained muted. The next maturity in the sector is SINOPE 4.375% 24 (US\$1.4bn) due on Apr 10th. (Exhibit 17).

Brent +2.3% MoM at \$83.6; JKM -12.2% MoM at \$8.4

Brent increased by 2.3% in Feb'24 to \$83.6/bbl on the back of OPEC+ production cuts and increasingly complex geopolitical landscape. In the medium-term, [our commodity expects the Brent prices to average \\$60-80/bbl through 2029](#) to keep the global oil market in balance (vs. \$50-70/bbl in 2016-2021 period). On the other hand, JKM continued to fall by 12.2% MoM to \$8.4/MMBtu under a lackluster demand in warm weather and ample LNG supply (Exhibit 3).

Best & worst performing credits; 4Q23 earnings update

Top performers in Feb were mainly long-dated PTT complex, while the worst performing credits were short-dated A-rated names (Exhibit 1, 16-17). Meanwhile, PTT complex issuers (TOPTB, PTTTB, PTTGC, PTTEPT) have reported solid 4Q23 numbers.

Exhibit 1: Weekly Bond Movers in terms of G-spread

PERTIJ 1.4 26 was 60bp tighter; PETMK 3.5 25 was 11bp wider, by spread

Leaders			Laggards		
Bond	Current	MTD Chg	Bond	Current	MTD Chg
PERTIJ 1.4 26	69	(60)	PETMK 3.5 25	56	+11
TOPTB 3.75 50	154	(36)	CNPCC 1.35 25	55	+8
PTTGC 4.3 51	175	(35)	RILIN 4.125 25	73	+7
PTTGC 5.2 52	177	(33)	KOROIL 1.75 25	45	+6
PERTIJ 3.1 30	99	(30)	SINOPE 2.15 25	53	+5

Source: BofA Global Research, Bloomberg. Note: we exclude bonds due in 2024

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01 March 2024

Global Emerging Markets | Corporate Credit
Asia

Table of Contents

Key charts	2
Spread curve performance	3
Historical performance vs Tech/Utility/US	4
Top 10 and bottom 10 performers	6
Maturity schedule for Asia Energy IG issuers	7
Full list of our recommendations in Asia IG Energy	7

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Glossary

OAS: option-adjusted spread

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Refer to important disclosures on page 10 to 12.

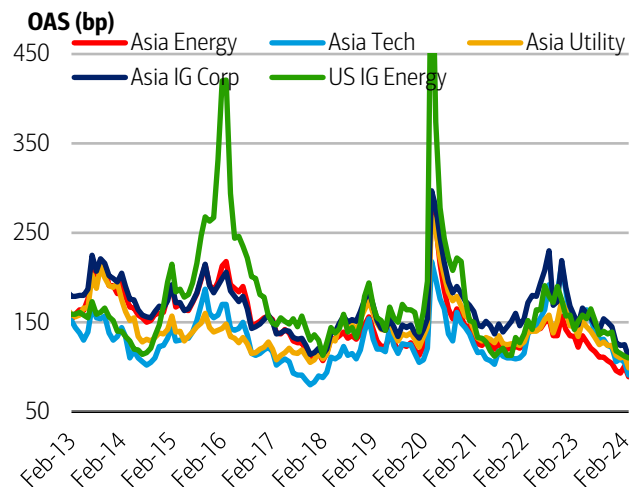
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Key charts

Exhibit 2: Historical spread performance – Asia IG Energy vs comps

Asia IG Energy performed in line with Asia IG Corps and outperformed US peers

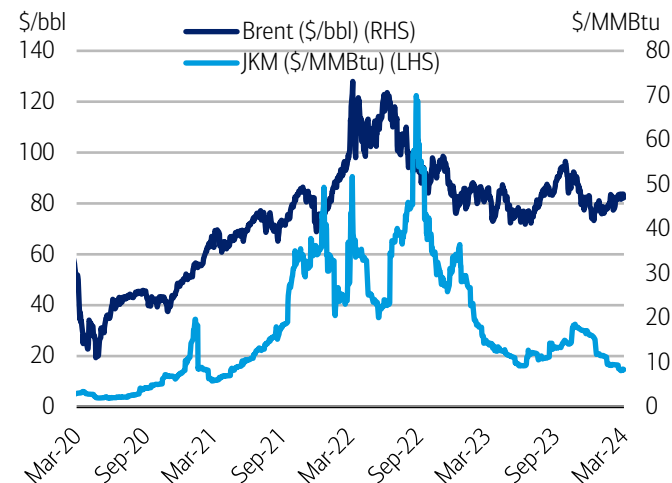


Source: BofA Global Research, ICE Index

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Exhibit 3: Energy price

In Feb'24, Brent increased by 2.3% to \$83.6/bbl, and JKM fell by 12.2% to \$8.4/MMBtu

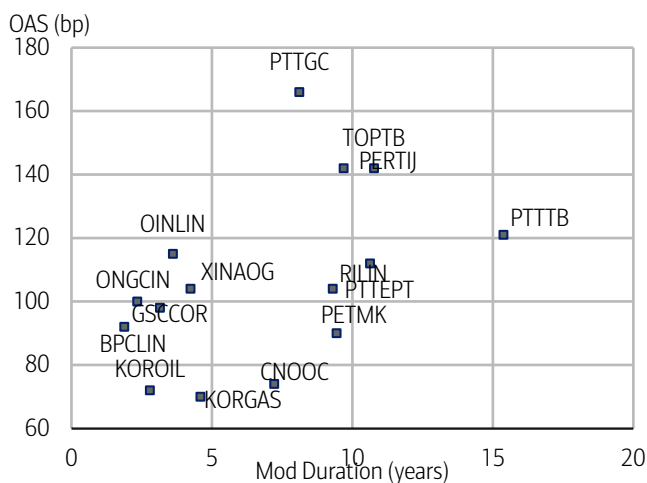


Source: BofA Global Research, Bloomberg

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Exhibit 4: Scatter plot – OAS Spread vs Duration

In terms of OAS, PTTGC is trading the widest while Korea oil majors are trading the tightest

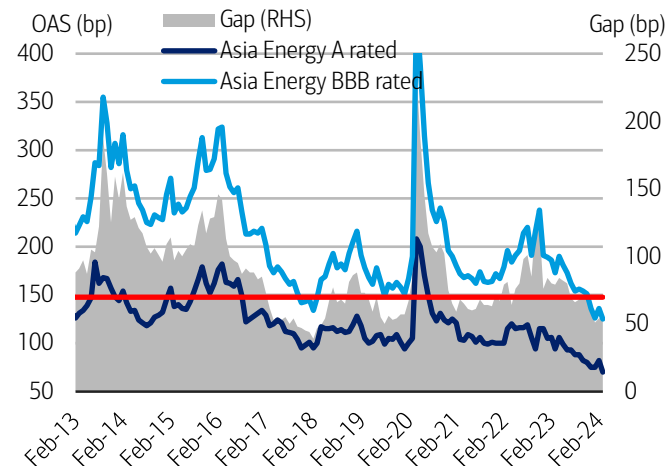


Source: BofA Global Research, ICE Index

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Exhibit 5: Historical performance – Asia Energy A rated vs BBB rated

Asia Energy A rated is trading 55bp tighter than BBB, vs 1yr avg at 68bp tighter



Source: BofA Global Research, ICE Index

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Exhibit 6: Performance recap in Feb – Asia IG Energy vs peers

In Feb'24, Asia IG Energy performed in-line with Asia IG Tech and Asia IG Utility, outperformed US IG Energy and underperformed equities

ICE Sector Indices	OAS (bp)			Total return (%)	
	Current	MTD Chg	YTD Chg	MTD	YTD
Asia IG Energy	89	(12)	(4)	-0.5%	-1.3%
Asia IG Tech	91	(14)	(18)	-0.5%	-0.1%
Asia IG Utility	99	(13)	(11)	-0.5%	-0.5%
US IG Energy	110	(2)	(5)	-1.4%	-1.1%
Asia IG Energy by rating					
-A	70	(12)	(5)	-1.9%	-2.0%
-BBB	125	(11)	(1)	-1.3%	-0.8%
Equity Indices					
Hang Seng Energy Index (HSCIEN)				7.9%	15.7%
Nifty Energy Index (NSENRG)				5.8%	16.6%
Thailand Energy & Utilities Index (SETENERG)				1.5%	-1.0%

Source: BofA Global Research, ICE Index, Bloomberg

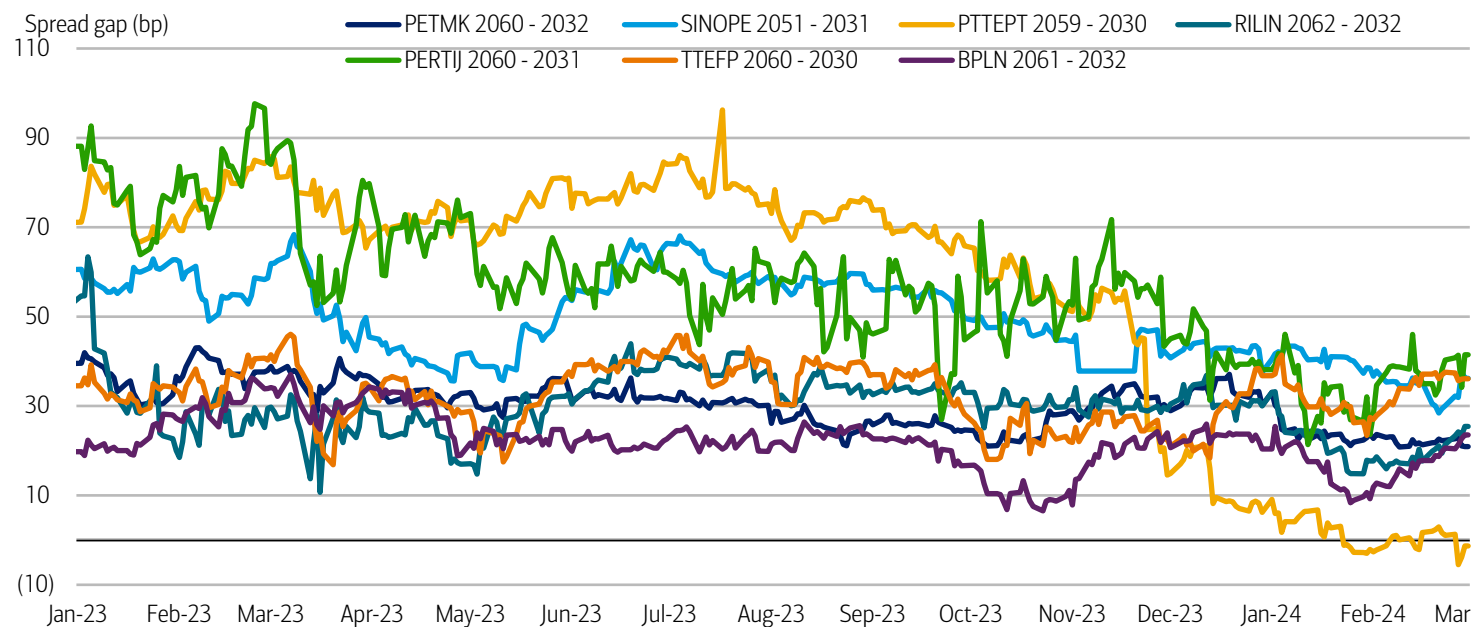
Note: ANIG: ICE BofA Asia Dollar Investment Grade Non-Financial Index,. Data on month end basis.

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Spread curve performance

Exhibit 7: Historical performance – 10Y/30-40Y spread difference for selected Asia/DM energy credits

10Y/30-40Y curve has been widening in Feb for most selected issuers; PTTEPT has the flattest curve.

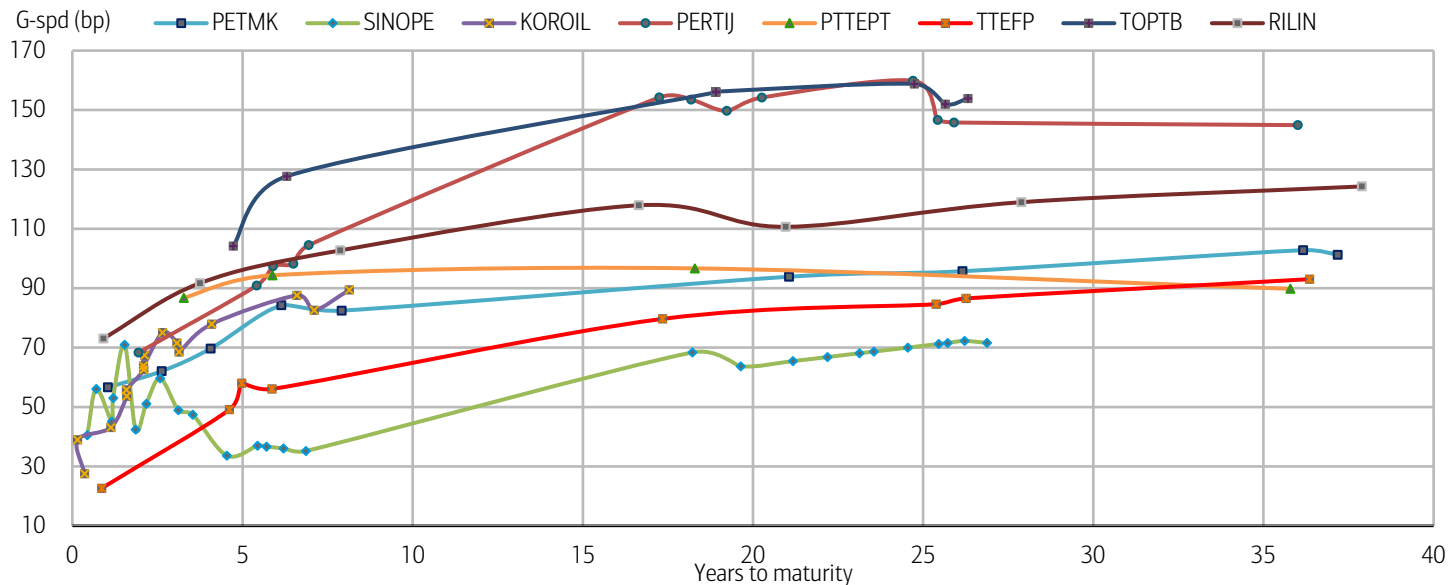


Source: BofA Global Research, Bloomberg

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Exhibit 8: Spread curve for selected Asia/DM energy credits

SINOPE is trading tight within Asia energy space and inside DM peers such as TTEFP.



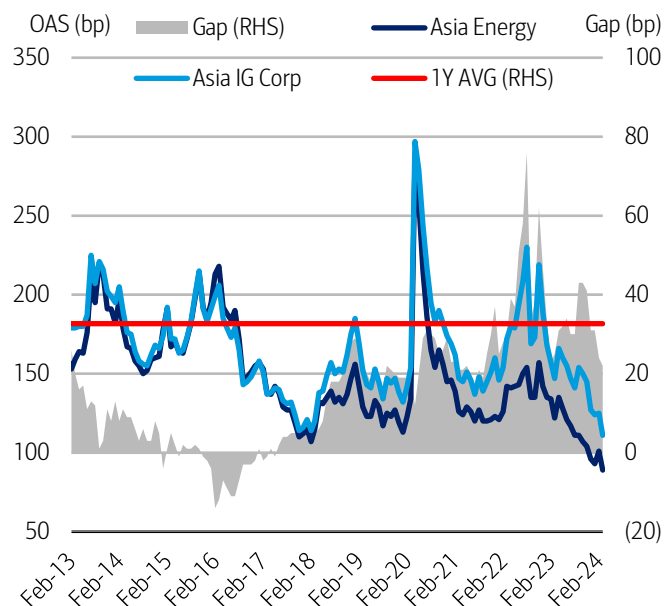
Source: BofA Global Research, Bloomberg

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Historical performance vs Tech/Utility/US

Exhibit 9: Historical performance – Asia Energy vs Asia IG Corps

Asia IG Corps are currently 22bp wider than Asia Energy, vs 1yr avg at 33bp wider

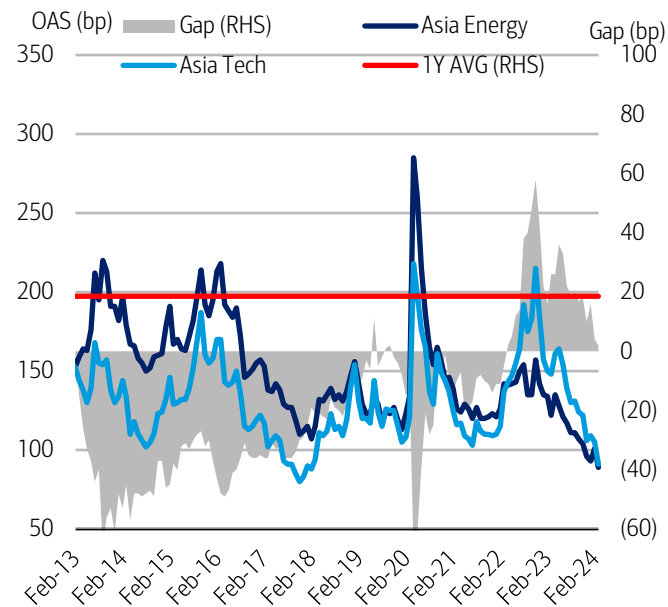


Source: BofA Global Research, ICE Index

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Exhibit 10: Historical performance – Asia Energy vs Asia IG Tech

Asia IG Tech is trading 2bp wider than Asia Energy, vs 1yr avg at 19bp wider

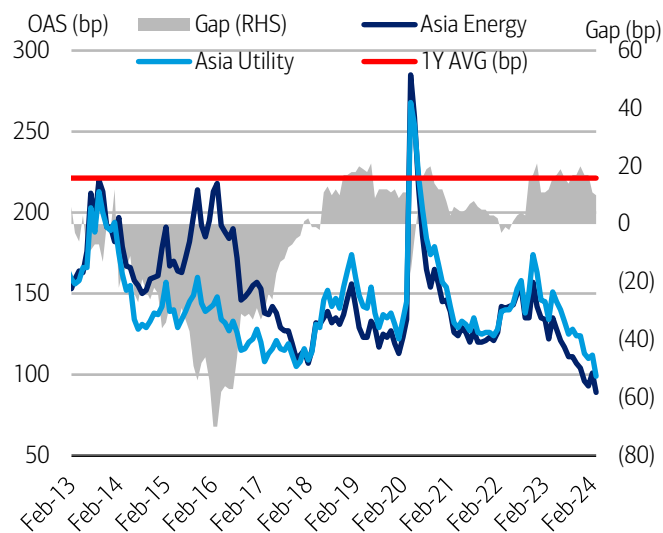


Source: BofA Global Research, ICE Index

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Exhibit 11: Historical performance – Asia Energy vs Asia IG Utility

Asia IG Utility are trading 10bp wider than Asia Energy, vs 1yr avg at 16bp wider

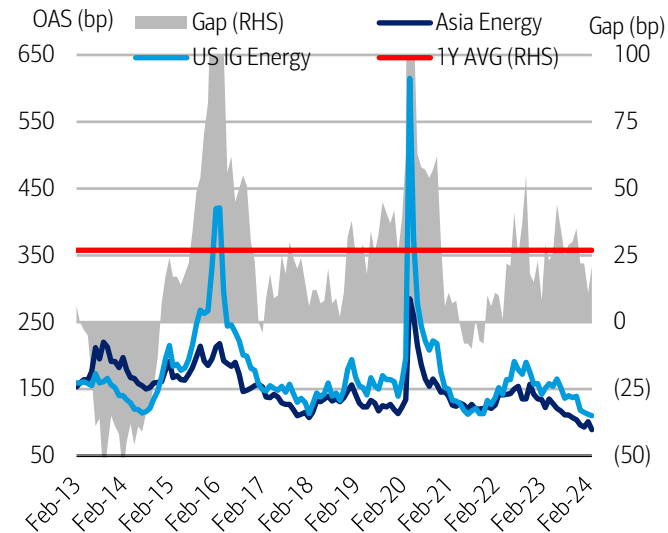


Source: BofA Global Research, ICE Index

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Exhibit 12: Historical performance – Asia Energy vs US IG Energy

US IG Energy are trading 21bp wider than Asia Energy, vs 1yr avg at 27bp wider

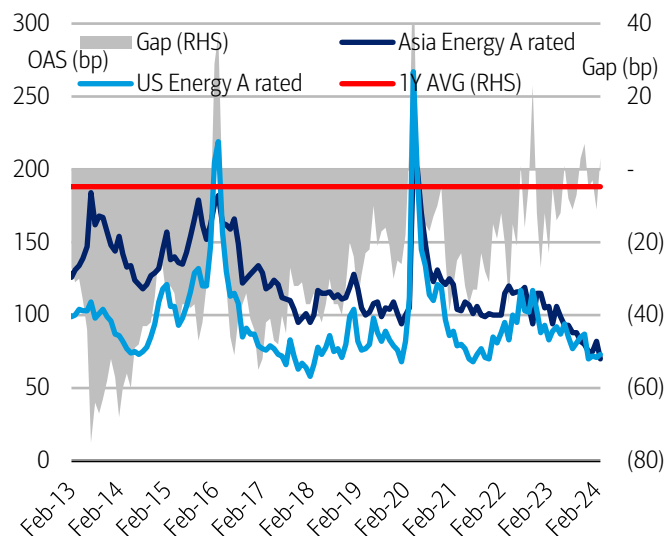


Source: BofA Global Research, ICE Index

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Exhibit 13: Historical performance – Asia Energy A rated vs US Energy A rated

US A rated Energy is trading 3bp wider than Asia A-rated Energy, vs 1yr avg at 5bp tighter.

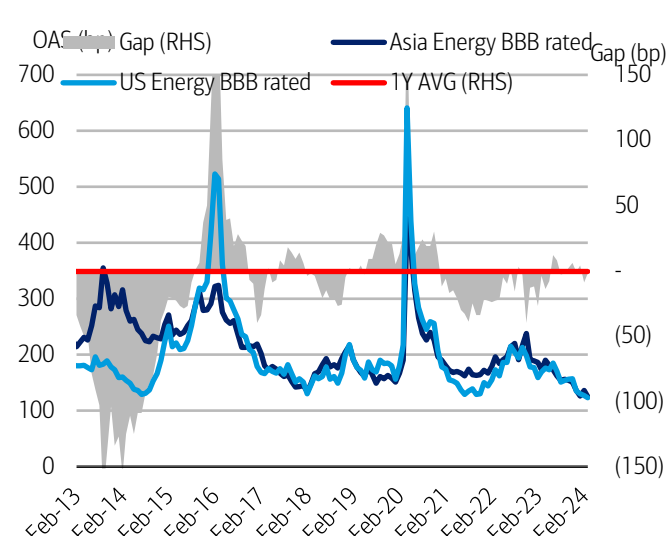


Source: BofA Global Research, ICE Index

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Exhibit 14: Historical performance – Asia Energy BBB rated vs US Energy BBB rated

US BBB rated Energy is trading 2bp tighter than Asia BBB rated Energy, vs 1yr avg at 1bp tighter



Source: BofA Global Research, ICE Index

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Top 10 and bottom 10 performers

Exhibit 15: Best and Worst Performing - Monthly

PERTIJ 1.4 26 outperformed this month in terms of G-spread movement

		Mid G-spread		
Bond	Issuer	Current	MTD Chg	YTD Chg
Best Performing Asia Energy IG Bonds MTD				
PERTIJ 1.4 26	Pt Pertamina (Persero)	69.3	(60.0)	(36.9)
TOPTB 3.75 50	Thaioil Trsry Center	153.8	(35.8)	(39.1)
PTTGC 4.3 51	Gc Treasury Centre Co	175.3	(35.0)	(36.8)
PTTGC 5.2 52	Gc Treasury Centre Co	177.2	(33.2)	(41.6)
PERTIJ 3.1 30	Pt Pertamina (Persero)	99.3	(29.9)	(10.0)
CNOOC 4.25 43	Cnooc Finance 2013 Ltd	67.3	(25.3)	(22.4)
CNOOC 3.3 49	Cnooc Finance 2013 Ltd	72.4	(23.5)	(23.3)
PTTEPT 6.35 42	Pttep Treasury Center Co	96.6	(20.7)	(58.0)
KORGAS 6.25 42	Korea Gas Corp	67.2	(20.6)	(19.4)
RILIN 2.875 32	Reliance Industries Ltd	102.8	(20.5)	(19.7)
Worst Performing Asia Energy IG Bonds MTD				
PETMK 3.5 25	Petronas Capital Ltd	56.1	10.6	(23.1)
CNPCC 1.35 25	Cnpc Global Capital	55.3	7.6	2.3
RILIN 4.125 25	Reliance Industries Ltd	72.5	7.4	18.2
KOROIL 1.75 25	Korea National Oil Corp	45.3	5.8	2.8
SINOPE 2.15 25	Sinopec Grp Dev 2018	52.7	5.3	0.5
KORGAS 3.5 25	Korea Gas Corp	47.8	1.6	7.7
KOROIL 3.25 25	Korea National Oil Corp	54.5	0.0	(5.5)
PTTTB 3.7 70	Ptt Treasury Centre	105.3	(1.7)	(20.2)
KORGAS 3.125 27	Korea Gas Corp	66.4	(1.9)	(0.8)
KORGAS 2.25 26	Korea Gas Corp	62.7	(3.3)	(4.5)

Source: BofA Global Research, Bloomberg. Note: we exclude bonds due in 2024

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Exhibit 16: Best and Worst Performing - YTD

PTTEPT 6.35 42 outperformed YTD in terms of G-spread movement

		Mid G-spread		
Bond	Issuer	Current	MTD Chg	YTD Chg
Best Performing Asian Energy IG Bonds YTD				
PTTEPT 6.35 42	Pttep Treasury Center Co	96.6	(20.7)	(58.0)
PTTGC 5.2 52	Gc Treasury Centre Co	177.2	(33.2)	(41.6)
TOPTB 3.75 50	Thaioil Trsry Center	153.8	(35.8)	(39.1)
PERTIJ 1.4 26	Pt Pertamina (Persero)	69.3	(60.0)	(36.9)
PTTGC 4.3 51	Gc Treasury Centre Co	175.3	(35.0)	(36.8)
CNOOC 6.4 37	Cnooc Petroleum North	89.5	(19.7)	(35.5)
TOPTB 2.5 30	Thaioil Trsry Center	128.0	(10.1)	(25.2)
RILIN 4.875 45	Reliance Industries Ltd	110.5	(19.8)	(23.6)
CNOOC 3.3 49	Cnooc Finance 2013 Ltd	72.4	(23.5)	(23.3)
PETMK 3.5 25	Petronas Capital Ltd	56.1	10.6	(23.1)
Worst Performing Asian Energy IG Bonds YTD				
RILIN 4.125 25	Reliance Industries Ltd	72.5	7.4	18.2
PERTIJ 4.175 50	Pt Pertamina (Persero)	146.8	(6.6)	8.0
KORGAS 3.5 25	Korea Gas Corp	47.8	1.6	7.7
PERTIJ 6 42	Pt Pertamina (Persero)	154.4	(10.6)	3.4
PETMK 2.48 32	Petronas Capital Ltd	82.6	(6.7)	3.2
KOROIL 1.75 25	Korea National Oil Corp	45.3	5.8	2.8
CNPCC 1.35 25	Cnpcc Global Capital	55.3	7.6	2.3
PERTIJ 6.5 41	Pt Pertamina (Persero)	155.2	(8.5)	1.3
SINOPE 2.15 25	Sinopec Grp Dev 2018	52.7	5.3	0.5
KORGAS 2.875 29	Korea Gas Corp	72.3	(4.7)	(0.0)

Source: BofA Global Research, Bloomberg. Note: we excludes bonds due in 2024

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Maturity schedule for Asia Energy IG issuers

Exhibit 17: USD bond maturity of Asia Energy IG sector

Next maturity in Asia IG Energy sector is US\$1.4n from SINOPE on Apr 10th.

Issuer	Bond name	Bond Maturity	Currency	Amount Outstanding (USD mn)
SINOPEC GRP OVERSEA 2014	SINOPE 4.375 24	10-Apr-2024	USD	1,400
OIL INDIA LTD	OINLIN 5.375 24	17-Apr-2024	USD	500
HARVEST OPERATIONS CORP	KOROIL 1 24	26-Apr-2024	USD	500
CNOOC FINANCE 2014 ULC	CNOOC 4.25 24	30-Apr-2024	USD	2,250
GS CALTEX CORP	GSCCOR 3 24	4-Jun-2024	USD	300
KOREA NATIONAL OIL CORP	KOROIL 3.25 24	10-Jul-2024	USD	550
ONGC VIDESH LTD	ONGCIN 4.625 24	15-Jul-2024	USD	750
SINOPEC GRP DEV 2018	SINOPE 2.5 24	8-Aug-2024	USD	800
GS CALTEX CORP	GSCCOR Float 8/28/24	28-Aug-2024	USD	100
SINOPEC GRP DEV 2018	SINOPE 2.5 24	12-Nov-2024	USD	700

Source: BofA Global Research, Bloomberg

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Full list of our recommendations in Asia IG Energy

Exhibit 18: Full list of our recommendations in Asia IG Energy

Below are our recommendations in Asia IG Energy space.

Ticker	Bond	Maturity	Amt. Out. (USD mn)	G-spd mid (bp)	Price mid	YTM mid	BofA Rec.
BPCLIN	BPCLIN 4% '25	08-May-2025	500	73	98.1	5.3%	MW
BPCLIN	BPCLIN 4.375% '27	18-Jan-2027	498	102	97.1	5.5%	MW
CNOOC	CNOOC 4.25% '24	30-Apr-2024	2250	45	99.7	5.9%	MW
CNOOC	CNOOC 3.5% '25	05-May-2025	2000	37	98.0	5.3%	OW
CNOOC	CNOOC 4.375% '28	02-May-2028	1000	52	98.2	4.8%	MW
CNOOC	CNOOC 2.875% '29	30-Sep-2029	1000	54	90.7	4.8%	MW
CNOOC	CNOOC 5.5% '33	21-May-2033	300	78	103.3	5.1%	MW
CNOOC	CNOOC 5.75% '41	26-Jan-2041	500	72	106.5	5.2%	MW
CNOOC	CNOOC 5% '42	02-May-2042	500	72	97.9	5.2%	OW
CNOOC	CNOOC 4.25% '43	09-May-2043	500	67	89.0	5.2%	OW
CNOOC	CNOOC 4.875% '44	30-Apr-2044	500	66	96.4	5.2%	OW
CNOOC	CNOOC 3.3% '49	30-Sep-2049	500	72	73.8	5.2%	OW
CNPCCH	CNPCCH 1.35% '25	23-Jun-2025	900	55	95.0	5.4%	OW
CNPCCH	CNPCCH 2% '30	23-Jun-2030	500	58	84.6	4.8%	UW
CNPCCH	CNPCCH 5.95% '41	28-Apr-2041	500	79	107.6	5.2%	MW
HPCLIN	HPCLIN 4% '27	12-Jul-2027	500	108	95.5	5.5%	MW
OINLIN	OINLIN 5.375% '24	17-Apr-2024	500	55	99.9	5.9%	MW
OINLIN	OINLIN 4% '27	21-Apr-2027	500	105	95.8	5.5%	MW
OINLIN	OINLIN 5.125% '29	04-Feb-2029	550	107	99.0	5.3%	MW
PERTIJ	PERTIJ 1.4% '26	09-Feb-2026	1000	70	92.4	5.3%	MW
PERTIJ	PERTIJ 3.65% '29	30-Jul-2029	750	93	92.4	5.2%	MW
PERTIJ	PERTIJ 3.1% '30	21-Jan-2030	500	99	88.8	5.2%	UW
PERTIJ	PERTIJ 3.1% '30	27-Aug-2030	650	100	87.8	5.3%	UW
PERTIJ	PERTIJ 2.3% '31	09-Feb-2031	900	106	82.3	5.3%	UW
PERTIJ	PERTIJ 6.5% '41	27-May-2041	500	156	105.0	6.0%	MW
PERTIJ	PERTIJ 6% '42	03-May-2042	1222	155	99.5	6.0%	MW
PERTIJ	PERTIJ 5.625% '43	20-May-2043	1433	151	95.4	6.0%	MW
PERTIJ	PERTIJ 6.45% '44	30-May-2044	1500	156	104.1	6.1%	MW
PERTIJ	PERTIJ 6.5% '48	07-Nov-2048	750	161	105.3	6.1%	MW
PERTIJ	PERTIJ 4.7% '49	30-Jul-2049	750	148	83.8	5.9%	OW
PERTIJ	PERTIJ 4.175% '50	21-Jan-2050	1000	147	76.9	5.9%	OW
PERTIJ	PERTIJ 4.15% '60	25-Feb-2060	800	146	74.4	5.8%	MW
PETMK	PETMK 3.5% '25	18-Mar-2025	1500	55	98.0	5.5%	MW
PETMK	PETMK 7.625% '26	15-Oct-2026	500	62	105.9	5.1%	MW
PETMK	PETMK 2.112% '28	23-Mar-2028	600	70	89.4	5.0%	MW
PETMK	PETMK 3.5% '30	21-Apr-2030	2250	84	91.6	5.1%	OW
PETMK	PETMK 2.48% '32	28-Jan-2032	1250	83	83.2	5.1%	OW



Exhibit 18: Full list of our recommendations in Asia IG Energy

Below are our recommendations in Asia IG Energy space.

Ticker	Bond	Maturity	Amt. Out. (USD mn)	G-spd mid (bp)	Price mid	YTM mid	BofA Rec.
PETMK	PETMK 4.5% '45	18-Mar-2045	1500	94	88.3	5.4%	MW
PETMK	PETMK 4.55% '50	21-Apr-2050	2750	95	88.3	5.4%	MW
PETMK	PETMK 4.8% '60	21-Apr-2060	1000	103	90.3	5.4%	MW
PETMK	PETMK 3.404% '61	28-Apr-2061	1750	101	68.3	5.4%	MW
PTTEPT	PTTEPT 2.587% '27	10-Jun-2027	500	87	92.0	5.3%	OW
PTTEPT	PTTEPT 2.993% '30	15-Jan-2030	350	94	88.8	5.2%	OW
PTTEPT	PTTEPT 6.35% '42	12-Jun-2042	458	96	110.1	5.4%	MW
PTTEPT	PTTEPT 3.903% '59	06-Dec-2059	600	90	77.7	5.3%	UW
PTTGC	PTTGC 2.98% '31	18-Mar-2031	630	155	83.7	5.8%	OW
PTTGC	PTTGC 4.4% '32	30-Mar-2032	800	157	90.8	5.8%	OW
PTTGC	PTTGC 4.3% '51	18-Mar-2051	525	175	75.3	6.2%	MW
PTTGC	PTTGC 5.2% '52	30-Mar-2052	240	177	86.5	6.2%	MW
PTTTB	PTTTB 5.875% '35	03-Aug-2035	53	141	101.5	5.7%	OW
PTTTB	PTTTB 4.5% '42	25-Oct-2042	330	114	87.2	5.6%	OW
PTTTB	PTTTB 4.5% '42	25-Oct-2042	241	116	87.0	5.6%	OW
PTTTB	PTTTB 3.7% '70	16-Jul-2070	700	105	70.5	5.4%	MW
SINOPE	SINOPE 4.25% '43	24-Apr-2043	500	68	88.3	5.2%	MW
SINOPE	SINOPE 4.375% '24	10-Apr-2024	1400	33	99.9	5.7%	MW
SINOPE	SINOPE 2.5% '24	08-Aug-2024	800	39	98.6	5.7%	MW
SINOPE	SINOPE 2.5% '24	12-Nov-2024	700	55	97.8	5.7%	MW
SINOPE	SINOPE 3.25% '25	28-Apr-2025	1500	44	97.6	5.4%	MW
SINOPE	SINOPE 2.15% '25	13-May-2025	1000	52	96.2	5.4%	MW
SINOPE	SINOPE 4.125% '25	12-Sep-2025	500	70	98.0	5.5%	MW
SINOPE	SINOPE 1.45% '26	08-Jan-2026	1150	42	93.6	5.1%	MW
SINOPE	SINOPE 3.5% '26	03-May-2026	700	51	96.7	5.1%	MW
SINOPE	SINOPE 2.75% '26	29-Sep-2026	600	60	94.4	5.1%	OW
SINOPE	SINOPE 3.625% '27	12-Apr-2027	1000	49	96.3	4.9%	UW
SINOPE	SINOPE 3.25% '27	13-Sep-2027	750	47	94.8	4.8%	UW
SINOPE	SINOPE 4.25% '28	12-Sep-2028	750	33	98.4	4.6%	MW
SINOPE	SINOPE 2.95% '29	08-Aug-2029	700	37	91.9	4.6%	MW
SINOPE	SINOPE 2.95% '29	12-Nov-2029	1000	36	91.6	4.6%	MW
SINOPE	SINOPE 2.7% '30	13-May-2030	1500	36	89.6	4.6%	UW
SINOPE	SINOPE 2.3% '31	08-Jan-2031	1200	35	86.4	4.6%	UW
SINOPE	SINOPE 4.875% '42	17-May-2042	1000	68	96.5	5.1%	MW
SINOPE	SINOPE 5.375% '43	17-Oct-2043	500	63	102.5	5.1%	MW
SINOPE	SINOPE 4.1% '45	28-Apr-2045	800	65	86.3	5.1%	MW
SINOPE	SINOPE 4.25% '46	03-May-2046	400	67	87.9	5.1%	MW
SINOPE	SINOPE 4.25% '47	12-Apr-2047	300	68	87.6	5.1%	MW
SINOPE	SINOPE 4% '47	13-Sep-2047	400	69	84.2	5.1%	MW
SINOPE	SINOPE 4.6% '48	12-Sep-2048	400	70	92.1	5.1%	MW
SINOPE	SINOPE 3.68% '49	08-Aug-2049	500	71	79.0	5.1%	MW
SINOPE	SINOPE 3.44% '49	12-Nov-2049	300	71	75.5	5.1%	MW
SINOPE	SINOPE 3.35% '50	13-May-2050	500	72	74.0	5.1%	MW
SINOPE	SINOPE 3.1% '51	08-Jan-2051	650	72	70.1	5.1%	MW
TOPTB	TOPTB 4.625% '28	20-Nov-2028	400	104	97.1	5.3%	MW
TOPTB	TOPTB 2.5% '30	18-Jun-2030	400	128	84.0	5.5%	OW
TOPTB	TOPTB 4.875% '43	23-Jan-2043	328	156	86.9	6.0%	MW
TOPTB	TOPTB 4.875% '43	23-Jan-2043	172	156	86.9	6.0%	MW
TOPTB	TOPTB 5.375% '48	20-Nov-2048	600	159	91.4	6.0%	MW
TOPTB	TOPTB 3.5% '49	17-Oct-2049	565	153	67.8	6.0%	MW
TOPTB	TOPTB 3.75% '50	18-Jun-2050	600	154	70.8	6.0%	MW

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



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