

CMBI Credit Commentary

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

- **New issue CHALUM '27** tightened by 5bps from reoffer T+135bps. Fallen angel of SANLTD widens by 20bps post S&P cut to BB+. VEDLN's curve is muted despite Moody's outlook change to B2/Neg.
- **CSCHCN:** announced a strategic cooperation agreement with Pengcheng Zhixiang, a subsidiary of SZCDG. Recalled SZCDG entered into a share subscription agreement to acquire 29.28% enlarged stakes and become the largest shareholder of CSC on 31 Dec '21. We reiterate OW, see below.
- **China Macro:** Jan's weak inflation supports further easing of macro policies, amid US tightening monetary policy. See below.

❖ Trading desk comments 交易台市场观点

Yesterday, China HY property opened with positive sentiment but traded down again afterwards. SHIMAO curve, especially the front end, gap down 4-5pts post headline about trust product extension negotiation. RONXIN Mar'22 once rose to 70pts but retreated back before day end. In industrial space, names such as FOSUNI/CHIGRA saw more selling.

IG market continued to stabilize with recovering sentiment. SOE names like HAOHUA/SINOPE saw some demands and tightened 2-4bps. In financial sector, AMC names including CCAMCL/HRINTH narrowed 2-3bps while Tier 2 notes like BOCHK 31s and CCB 32s down slightly with selling flows. SFHOLD 10yr spread turned 3-4bps tighter.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
RONXIN 10 1/2 03/01/22	67.9	5.3	JINGRU 14 1/2 02/19/23	31.2	-9.1
WYNMAC 4 7/8 10/01/24	95.4	1.7	SHIMAO 4 3/4 07/03/22	62.0	-4.9
WYNMAC 5 1/2 10/01/27	90.3	1.6	SHIMAO 3.975 09/16/23	49.2	-4.8
WYNMAC 5 1/8 12/15/29	87.6	1.6	SHIMAO 5.6 07/15/26	42.7	-4.5
WYNMAC 4 7/8 10/01/24	95.3	1.5	SHIMAO 6 1/8 02/21/24	44.4	-4.5

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stocks indexes ended mixed yesterday as investors resume their inflation concern following January retail sales exceeded market forecasts, rising 3.8% from Dec'21. The S&P (0.09%), Nasdaq (-0.11%), and Dow (-0.16%) were mostly flat last night. The yield on the benchmark 10Y Treasury note came down slightly to 2.03%. The 1/5/30 yield declined slightly to 1.09/ 1.90/2.34% respectively.

Desk analyst comments 分析员市场观点➤ **CSCHCN - China South City: Strategic Cooperation with SZ LGFV**

On 16 Feb'22, China South City (CSC) announced the strategic cooperation agreement with Pengcheng Zhixiang, a subsidiary of SZCDG to offer the information-based and intelligent park solutions for the 8 China South Cities. Recalled that CSC entered into shares subscription agreement with SZCDG on 30 Dec'21, such that SZCDG will acquire 29.28% enlarged stakes and become the largest shareholder of CSC. SZCDG is a LGFV wholly owned by Shenzhen SASAC. On the same day, CSC also entered into a strategic cooperation agreement with SZCDG to explore cooperation and synergistic opportunities. Hence, the strategic cooperation agreement yesterday is not "new". To some extent, we notice a bit more details such as identifying the entity, i.e. Pengcheng Zhixing, for the cooperation. This reflects the progress in the discussions with SZCDG. As per our discussions with CSC today, the timetable to complete the share subscription agreement remains to be on Apr'22. CSCHCNs remains our picks for the Chinese property sector. See our [Asia HY Corps Outlook](#) and [comments on China South City: Shenzhen SASAC to become the largest shareholder](#) for more detailed discussions.

➤ **China Macro – Jan inflation further decelerated**

Jan's CPI and PPI YoY growth rates decelerated to 0.9% and 9.1%, from 1.5% and 10.3% in Dec. It indicated consumption demand remained weak while supply side condition continued to improve. China's weak fixed investment, resumption of production and US's planned policy tightening implies downside risk in some industrial products. China's weak inflation supports further easing of macro policies in future. See our Macro team publication: [China Economy – Inflation below expectation amid weak demand](#)

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Aluminum Corporation of China	USD600	5yr	2.95%	T+135	-/-/A-
Midea Group	USD450	5yr	2.88%	T+98	A3/A/A

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

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

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 79 credit bonds issued yesterday with an amount of RMB133bn. As for Month-to-date, 236 credit bonds were issued with a total amount of RMB307bn raised, representing a 30.5% yoy decrease.
- **[SANLTD]** Las Vegas Sands and Sands China downgraded one notch to BB+ on slower 2022 Macau recovery by S&P; Outlook negative
- **[VEDLN]** Vedanta's outlook changed to negative; B2 affirmed by Moody's, to reflects holding company VRL's large near-term refinancing requirements amid capital markets' tightening liquidity
- **[SHIMAO]** Shimao proposes two-year extension of CNY 6bn loan from CITIC Trust, offers to repay 10% of CNY 1.3bn due today by month-end. Media also reported Shimao has been in talks with SOEs to sell its stake in Shenzhen projects, including Shum Yip Group Co., Shenzhen Investment Holdings, China Construction Investment Asset Management Group and AMCs.
- **[CHJMAO]** issues RMB1.8bn 3+2yr corporate bonds with 3.20% coupon to repay debts
- **[CHINSC]** further repurchases USD 31m of 5.875% senior notes due 2022 in open market
- **[LNGFOR]** Chongqing Longhu's 'G17Longhu3' bondholders exercise RMB692.4mn put option
- **[JINKE]** priced "22JINKE01" at 8.00%, the high end of coupon range
- **[GRNCH]** Greentown unit to raise up to CNY 1bn via domestic notes
- **[FINSTR]** Financial Street Holdings proposes to offer CNY 1.14bn five-year MTNs to repay debts
- **[YUNAEN]** Yunnan Provincial Energy to raise up to CNY 2bn via SCP issuance to repay debt
- **[GRNLGR]** Greenland Holding cancels CNY 720m '21Lvdi02' bonds after it failed to resell the puttable amount of the bonds

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