

## CMBI Credit Commentary

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

- *Weak trading liquidity lingers. High dollar price developers' sell-off continues. PWRLNG/FUTLAN down 5pts. CIFIHG/GRNLGR/LOGPH down 3-4pts. Zhenro's curve unchanged at 10-13 dollar px, after it "sweetened" consent and exchange offer terms. Contagion spreads to other Chinese credits, FOSUNI/CARINC/EHICAR down 1-3pt. Exception is COGARD up 0.5pt -1pt this morning after its fund raising news.*
- **CSCHCN:** *entered into third strategic cooperation agreement with Shenzhen SOEs since mid-Feb'22. we consider these agreements signal that the share subscription of SZCDG is proceeding on track.*
- **WB:** *its solid 2021 result came with increasing investment appetite, we are UW. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space traded relatively firmer. SHIMAO/CAPG outperformed and up 0.5-1pts. SHUION/SUNAC traded slightly down 1-2pts while AGILE/CENCHI/GRNLGR/ROADKG closed 2-3pts down. REDSUN curve down 2-3pts but the REDSUN 22s plunged 15pts for the day. CHINSC 23s also plunged around 10pts while the rest of the curve down 5-8pts. Other property names including CIFIHG/COGARD/DALWAN/FTLNHD/KWGPRO/LOGPH were skewed to better selling and down 3-5pts. Industrial sector remained soft, EHICAR down 2-3pts while FOSUNI down around 1pt.

IG market opened firm with benchmark spread 1-3bps tighter, but gave up gains towards the end of the day. In SOE sector, HAOHUA/CHGRID got impacted by street selling flows and spreads widened 2-3bps. TMT sector names like TENCNT saw selling flows in the market and widened around 5bps.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
AGILE 8 3/8 PERP	27.5	3.6	REDSUN 9.95 04/11/22	42.3	-17.7
GZRFPR 12 3/8 11/18/22	30.1	2.9	CHINSC 7 1/4 04/19/23	57.9	-10.7
SHIMAO 4 3/4 07/03/22	32.5	2.3	CHINSC 5.95 09/29/24	51.4	-9.2
SHIMAO 5.2 01/16/27	20.4	2.1	FUTLAN 4.45 07/13/25	41.3	-9.1
SHIMAO 5.6 07/15/26	22.2	1.8	KWGPRO 5.2 09/21/22	58.1	-7.8

➤ **Macro News Recap 宏观新闻回顾**

**Macro** – U.S. stock indexes dropped and bond yields slightly grew on Tuesday coming with oil price advanced. The S&P (-0.53%), Dow (-0.29%), Nasdaq (-1.56%) closed lower. Oil prices rallied, rising back above USD 110 a barrel to the highest level since 2014. U.S. Treasury yield curve remained stable exclude the 1-Year treasury, with 1/5/10/30Yr yield being 1.08%/1.74%/1.86%/2.24%.

➤ **Desk analyst comments 分析员市场观点**

➤ **China South City (CSC) entered into a strategic cooperation agreement with Shenzhen Urban Planning and Design Institute**

China South City (CSC) entered into a strategic cooperation agreement with Shenzhen Urban Planning and Design Institute on the planning and research of an URP with a site area of 430k sqm and commercial value of over RMB100bn. Shenzhen Urban Planning and Design Institute is a subsidiary of SZCDG with which CSCS entered into shares subscription agreement 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.

The latest agreement is the third strategic cooperation agreement CSC signed with Shenzhen SOEs since mid-Feb'22. While there is not much detail on these agreements, we consider these agreements signal that the share subscription of SZCDG is proceeding on track. As we wrote before, the timetable to complete the share subscription agreement remains to be on Apr'22. CSCHCNs are our picks for the Chinese property sector.

➤ **WB: Weibo's solid 2021 result came with increasing investment appetite, we are UW**

Weibo's revenue/EBITDA rose to USD 2,257mn and USD 878mn in 2021, up 34%yoy and 45%yoy, thanks to recovering online advertising demand and a boost to traffic from the Tokyo Olympics. Operating cash flow was USD 814mn in 2021 (vs 2020's USD 742mn).

However, in tandem with the robust sale growth, Weibo showed a growing investment appetite and spent >USD 800mn during 2021, to diversify into other media verticals i.e. gaming, e-sports and lower its reliance in entertainment sector. This compares to its USD 210mn spending in 2020. The change in strategy (in defending social media advertising market share amid plateaued users' growth) might keep its investment spending high. Weibo's net cash position balance lowered to USD 700mn by end-2021, from USD 1,068mn at end-2020.

Among its tech peers, Weibo has the lowest net cash position and smaller buffer for acquisition spending. The low transparency of its parent co. - SINA Corp, after privatization will also weigh on Weibo's credit quality. As such, we view Weibo as a peripheral credit among Chinese TMT IG space, and UW WB '30 at YTW~4.3%, 93 mid-px.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Piced Today					

➤ **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 45 credit bonds issued yesterday with an amount of RMB 90bn. As for Month-to-date, 133 credit bonds were issued with a total amount of RMB 181bn raised, representing a 36.5% yoy decrease.
- **[ADROIJ]** reports USD 2.1bn operational EBITDA for FY21, up 138% YoY
- **[COGARD]** further repurchases USD 6mn of 4.75% senior notes due January 2023 from open market; country garden granted RMB 15bn loan pursuant to strategic cooperation agreement with China Merchants Bank
- **[GERSP]** prices USD 90mn 8.5% senior notes due 2026
- **[JINKE]** extends maturity on RMB 319mn due-27 Feb trust loan, prioritizes public bond repayment, according to debtwire ; outlook changed to negative and B1 rating affirmed by Moody's
- **[KWGPRO]** rating downgraded to B2, and outlook negative according to Moody's
- **[LOGPH]** missed payment on a trust loan due 1 March arranged by Ping An Trust Co, according to Debtwire
- **[SHIMAO]** downgraded to CCC on rising refinancing risk, and off Watch Negative, according to Fitch

- **[SUNAC]** schedules 8 March meeting with holders of RMB 4bn notes due 2024. The meeting will vote on a proposal to add a put option for bondholders in 2023

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