

CMBI Credit Commentary

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

- *Sharp pull-back in SUNAC, down 6-9pts this morning, after rating downgrade to B- triggering private bonds acceleration per media. CIFI and COGARD got dragged down as well, down 1-2pts and 3-6pts, respectively.*
- **CARINC:** *accepted for tender USD 100mn of 2022 notes, remaining USD 179.348mn O/S can be covered by the company's latest cash on hand. We reiterate CARINC '22 notes will be money good.*
- **VEDLN:** *Media reported Vedanta Ltd in talks with Indian and foreign banks over loan proposal to refinance part of its FY23 maturities (USD3.7bn), where the group intends to repay USD 1.7bn – USD 2bn via internal cash accruals and up-streamed dividend.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY property space continued the strong rebound since Wednesday afternoon alongside significant rebound in equity market. Higher quality names saw better buying, COGARD up 7-17pts with buying skewed to low-cash price longer-end, CIFIHG also up 10-17pts. Other property names such as SUNAC/KWPGOR traded up 6-12pts, LOGPH rebounded 7-9pts and SHIMAO/SINOCE rose 2-3pts. The industrial sector also saw recovery with FOSUNI up 3-4pts.

China IG space also rebounded strongly amid positive sentiment. In TMT sector, spreads generally tightened 40-60bps for leading names, i.e BABA. SOE sector also tightened 15-20bps while AT1/Perps rebounded 1-2pts.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CIFIHG 6.45 11/07/24	64.7	18.7	EHOUSE 7 5/8 04/18/22	16.6	-44.0
CIFIHG 5 1/2 01/23/23	80.9	18.2	BEDUUS 7.45 07/31/22	80.1	-10.2
COGARD 4.8 08/06/30	61.7	17.7	EHOUSE 7.6 06/10/23	12.1	-5.4
COGARD 6.15 09/17/25	64.4	17.7	HADIL 2.15 01/14/26	80.0	-3.0
COGARD 5.4 05/27/25	64.2	17.6	MOLAND 11.95 03/04/24	16.7	-2.9

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock indexes increased as investors re-set rate expectations digesting a hawkish statement from chairman Jerome Powell. The S&P (+1.23%), Dow (+1.23%), Nasdaq (+1.33%) closed higher. Oil prices leaped, despite a warning from the International Energy Agency, that global markets could see a 3 million barrel per day shortfall from sanctions on Russian crude. Treasury yield curve steepened with short-end declined but long-end 10/20/30-year rose, 1/5/10/30Yr yield reached 1.30%/2.17%/2.20%/2.50%.

➤ Desk analyst comments 分析员市场观点

➤ **CARINC: accepted for tender USD 100mn of 2022 notes**

CAR Inc. accepted for purchase USD 100mn of its CARINC 8.875 2022 notes at 98 tender offer price. Settlement date will be on 22 March, 2022. After that, USD 179.348mn notes remains outstanding.

According to our communication with management, recent lockdown in China in Mar – Apr '22 might hinder its operation somewhat. But the company has sufficient cash ready to redeem remaining USD notes in May 2022, it had approximately RMB 2bn cash on hand as of End-Feb '22. Again, we reiterate CARINC '22 will be money good. See [our notes on 23 Feb '22](#)

➤ Offshore Asia New Issues (Priced)

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced 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 49 credit bonds issued yesterday with an amount of RMB44bn. As for Month-to-date, 1106 credit bonds were issued with a total amount of RMB1114bn raised, representing a 12.7% yoy decrease.
- Issuance growth in China's onshore bond market will likely be slow in 2022, according to Moody's
- **[COGARD]** executives to buy up to RMB 20mn bonds to maintain stability of bond prices
- **[SHIMAO]** transfers funds to redeem outstanding RMB 950mn notes due 19 March
- **[SUNAC]** Sunac in talks with bondholders after private USD notes become puttable, following downgrade of its rating to B- on Thurs by various rating agency
- **[VEDLN]** Vedanta in talks with Indian state-owned banks to raise debt at holdco to refi part of USD 3.7bn FY23 maturities, and its bond plans were delayed by volatile market

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