

CMBI Credit Commentary

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

- *Weak morning session to start the week. COGARD/CHINSC/KWGPRO underperformed and down 3-4pts. IG spread widen 2-5bps and AT1 also down 0.5-1pt following weak US Treasuries move.*
- **FOSUNI:** *Maintain Buy on FOSUNIs in view of its adequate liquidity, sizable investment portfolio and manageable debt maturity profile. We prefer FOSUNI 6.85 '24 offered at 96.3 (YTM~ 8.7%)*
- **ZHPRHK:** *Missed coupon of ZHPRHK 8.35%'24 and 7.1%'24 notes which constituted event of default. The company intends to make interest payment no later than 31 May 2022.*

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❖ Trading desk comments 交易平台市场观点

Last Friday, Chinese HY space was mixed. REDSUN and TPHL curves saw better market buying interest. On the other hand, GRNLGR/CENCHI/FUTLAN/FTLNHD/ZHPRHK were skewed to selling and traded down 1-3pts. Other property names like CIFIHF/RONXIN/PWRLNG/AGILE remained stable.

Chinese IG market was quiet amid weak sentiment. TMT space generally tightened 1bp. Financial and AT1 sector was broadly weak with HRINTH down 0.25pt.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
HONGSL 9 7/8 08/27/22	56.5	27.5	FOSUNI 6.85 07/02/24	95.4	-3.8
ZHLGHD 9 1/2 07/29/22	33.6	9.1	FTLNHD 4 5/8 10/15/25	69.3	-3.2
YUNAEN 4 1/2 PERP	94.7	5.5	ZHPRHK 9.15 05/06/23	12.6	-3.1
REDSUN 7.3 01/13/25	26.6	5.0	ZHPRHK 14.724 PERP	12.6	-2.5
CSCHCN 11.95 02/09/23	85.4	3.7	LOGPH 7 1/2 08/25/22	38.0	-2.4

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock market ended mixed last Friday as investors faced an array of market uncertainties, highlighted by the Federal Reserve's challenge to execute a soft landing for the world's largest economy. The S&P (-0.27%), Dow (+0.40%), Nasdaq (-1.34%) closed mixed. Russia's war on Ukraine continues to disrupt food and energy, and China's Covid surge is extending disruption in global supply chains, notably in tech and auto sectors. As for oil prices, WTI crude futures for May delivery were marked \$1.92 higher at \$97.98 per barrel. Treasury bond yields curve continued to advance, with 1/5/10/30Yr yield reaching 1.81%/2.76%/2.72%/2.76%.

➤ **Desk analyst comments 分析员市场观点**

➤ **FOSUNI: Large investment portfolio sufficiently buffers Fosun's refinancing requirement**

Maintain Buy on FOSUNIs in view of its adequate liquidity, sizable investment portfolio and manageable debt maturity profile. We prefer FOSUNI 6.85 '24 offered at 96.3 (YTM~ 8.7%) among its curve.

Fosun International reported top 20 holdings of subsidiaries and investment with an effective market value of RMB 126.7bn as of 31 Dec' 2021. This includes shares of its operating subsidiaries (Fosun Pharma, Shanghai Yuyuan, Hainan Mining and Fosun Tourism Group) and other financial investment. This can help Fosun to meet its onshore bond maturity of RMB 29bn for rest of 2022.

Most of the shares of its investment portfolio remain unpledged which give Fosun several financing sources, including disposal, share pledge financing and exchangeable bond. For instance, Fosun issued an exchangeable bond of RMB 2bn which can be exchanged into 13.36% shares of Hainan Mining on 31 Mar' 22. Fosun also pledged 8.99% shares of subsidiary Shanghai Yuyuan (with market value of RMB 3.6bn) on 17 Mar'22 for debt repayment. We also assess Fosun will receive support from financial institutions in refinancing, given its Loan-to-Value ratio of investment portfolio remains at c.30% range, according to management at FY2021 results.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Chongqing Casin Group	33	2Yr+10Mon	4	4	-/-/-

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
CITIC Securities International	USD	-	3	-	-/BBB+/-
CITIC Securities International	USD	-	5	-	-/BBB+/-
Yiwu State-owned Capital	USD	-	-	-	Baa3/-/BBB
Towngas Smart Energy	USD	-	-	-	Baa1/BBB+/-

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 55 credit bonds issued yesterday with an amount of RMB53bn. As for Month-to-date, 247 credit bonds were issued with a total amount of RMB306bn raised, representing a 39.6% yoy decrease.
- **[CHJMAO]** outlook revised to stable on deleveraging amid industry downcycle; ratings affirmed at BBB- by S&P.
- **[HONHUA]** downgraded to B-; maintains RWN – Fitch.
- **[MOLAND]** to transfer equity interests in two joint land development projects in Hefei to Feidong Binfeng for RMB 40mn.
- **[SHAGAN]** announces change of CEO.
- **[SUNAC]** transfers 50% stake of Guangzhou residential project to local SOE, according to HKET.

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