

CMBI Credit Commentary

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

- *Continual buying interest this morning, on low cash price non-distressed bonds, including TPHL (3-5pts), REDSUN '23 jumped 9pts post its announcement of depositing fund for its due Apr'22 notes. COGARD saw profit-taking.*
- *Positive news on developers' repayments on maturities with Redsun and Powerlong remitted fund for upcoming maturities. REDSUN '23 jumped 9pts. CIFI, on the other hand, announced the tender offer for its dim sum bonds due 23 Apr'22.. We have buy on CIFIHG and hold on the perps. See our [latest comments on CIFI](#)..*
- **CHPWCN:** *Power Construction Corp of China sub perp NC5 new issue Fair Value at 4.2%, vs IPG 4.7%. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY space continued the strong rebounding trend. KAISAG saw strong market buying and up 5-6pts on the back of its strategic co-operation agreement with China Merchants Shekou and China Great Wall Asset Management. SUNAC/TPHL/PWRLNG/CSCHCN were traded up 5-8pts alongside their rebound in on-shore market. Other property names like CAPG/SHIMAO rose 3-4pts and AGILE/COGARD/GRNLGR also up around 2pts. Industrial space was also skewed to better buying, with WESCHI/FOUNSI up 2-3pts.

Chinese IG market was generally traded firmer. Benchmark names in SOE generally tightened 2-3bps. The previously issued CHGRID saw high buying flows and tightened 3-5bps. TMT sector was broadly stable but also saw buying in shorter-end curves. Financial space continued to tighten 5-10bps while AT1 names generally dropped 0.25pt.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHOUSE 7.6 06/10/23	31.0	15.0	CHIGRA 9 1/8 01/30/24	61.6	-11.1
TPHL 6 3/4 07/08/25	53.5	10.3	ZENENT 12 1/2 09/13/23	95.5	-7.3
PWRLNG 6.95 07/23/23	54.5	10.0	CHJMAO 4 PERP	96.0	-1.8
TPHL 6.6 03/02/23	66.5	9.2	LGUANG 11 06/04/22	14.9	-1.2
FUTLAN 4.45 07/13/25	75.2	8.5	GRNLHK 10.21 PERP	74.1	-1.2

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market ended lower Wednesday, as the Federal Reserve said it would be prepared to reduce its \$9 trillion balance sheet more quickly than forecast, according to minutes from the central bank's March meeting. The S&P (-0.97%), Dow (-0.42%), Nasdaq (-2.22%) closed lower, following release of the minutes, which indicated that the Fed would begin reducing its balance sheet by around \$95 billion a month, nearly twice as fast as in 2017, while moving to 'expeditiously' lift interest rates. Those signals lifted Treasury bond yields to the highest levels in two years, with 1/5/10/30Yr yield reaching 1.79%/2.70%/2.61%/2.63%.

❖ Desk analyst comments 分析员市场观点

➤ Power Construction Corporation of China New Issue

CHPWCN [Baa1/BBB+/BBB+, all stable outlook by M/S/F]

Issuer: DianJian Haiyu Limited.

Guarantor: Power Construction Corporation of China

Tenor: Perp NC5

Ranking: Subordinated perp

UOP: repay existing offshore debt

Issuance size: Benchmark, Reg S only

Fair value for new CHPWCN Sub perp at 4.2%

vs IPG 4.7%. This will be CHPWCH's first and only subordinated perp with an issue rating Baa2 by Moody's, compared to its existing senior perps trading at YTC~3.3%- 4.1%% with corresponding first call date in 2023-2026 respectively.

Power Construction Corp of China is a strong Central SOE 100% owned by SASAC, it is also the largest power construction operator in China. Our FV is derived from a comparison of China SOE sub perps SPICPF 3.38 Perp (YTC~3.9%) (Baa1 issue rating, keepwell structure) and CHCOMU 3.65 Perp (YTC~4%) (Baa2 issue rating), both with their first call date in 2026.

This new issue contains 101 CoC put, 300bp step up on 1st call date, dividend stopper.

<https://www.cmbi.com/article/6609.html?lang=en>

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Fortescue Metal Group	1500	8	5.875	5.875	Ba1/BB+/-
Fortescue Metal Group	1500	10	6.125	6.125	Ba1/BB+/-

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Ganzhou Development	USD	-	3	4.8%	Baa3-/BBB-
Xi'an Municipal Infrastructure	USD	-	3	4.0%	-/BBB+
Power Construction Corporation of China	USD	-	Sub perp NC5	4.7%	Baa2

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB76bn. As for Month-to-date, 154 credit bonds were issued with a total amount of RMB169bn raised, representing a 47.5% yoy decrease.
- **[AGILE]** Agile Group unit's 21Panya01 bondholders exercise RMB 692.407mn put option. Agile plans to resell such notes.
- **[CIFIHG]** CIFI tender offer 100 for 100 in principal amount its dim sum bond (O/S RMB1.48bn) due 23 Apr'22.
- **[CNMDHL]** delays circular on 75% stake acquisition of Aiyangniu Technology to on or before 29 April. China Modern Dairy acquires such stake from China Mengniu Dairy and COFCO Corporation, for RMB 287.77mn.
- **[PWRLNG]** remits funds for repayment of all outstanding 3.9% senior notes due 2022 at maturity.
- **[REDSUN]** deposits funds into designated bank account for full redemption at maturity of outstanding 9.95% senior notes due 2022.

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