

## CMBI Credit Commentary

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

- *Risk aversion continued after unfavorable UST move overnight. TPHL/FUTLAN/CIFIHG/CENCHI down 3-5pt, while GRNLGR down 0.5pts. Recent Long-end New Issue, i.e. CHGRID '27 and CHPWCN Perp also underperformed.*
- *China Property: Contract sales down an average of -47% yoy in 1Q22 for 27 developers with available figures. We believe more meaningful improvement could only come starting 3Q22. See below.*
- *China Policy: China's total social financing rebounded in Mar'22 amid strong government bond issuance and short-term loans to corporates. A mild cut in LPRs and further easing of liquidity & credit supply in 2Q22 are possible in our view. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY space pulled back from recent rally. We saw sell flows in property names. SUNAC curve traded down 2-3pts despite the company transferred 50% stake of its Guangzhou residential project to local SOE. SHIMAO curve dropped 2-4pts after its onshore bond maturity extension proposal. Other underperformers include high quality names like COGARD (-1-3pts), CIFIHG (-3-4pts), FUTLAN (-3-4pts). In industrial space, we saw continual buying of HONGQI'22 and HONGQI'23 but FOSUNI was relatively weak (-1-2pts). The Macau gaming names generally dropped 2-4pts amid surging covid cases in China.

Chinese IG market also performed weak amid market selling. Benchmark names generally widened 3bps. SFHOLD widened 5-10bps following weaker than expected Q1 earnings. Benchmark names of TMT sector, i.e., MEITUA and XIAOMI, broadly widened 4-5bps. Financial space generally widened 2-3bps and AT1 slightly went down by 0.25pt.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
CSCHCN 7 1/4 11/20/22	88.1	4.1	ZHLGHD 12 04/17/23	26.8	-10.5
CSCHCN 10 7/8 10/26/22	89.5	3.5	FTLNHD 4.8 12/15/24	70.1	-6.1
CSCHCN 11 1/2 08/12/22	91.4	1.6	FTLNHD 6.8 08/05/23	75.6	-6.0
THHTGP 7 7/8 01/17/21	14.1	1.6	TPHL 6 3/4 07/08/25	50.5	-5.9
THHTGP 11 1/4 09/11/20	14.1	1.6	FUTLAN 6.15 04/15/23	75.8	-5.3

❖ **Macro News Recap 宏观新闻回顾**

**Macro** – U.S. stock market ended lower on Monday, while Treasury bond yields continued to test multi-year highs, as investors shift focus from the ongoing war in Ukraine to a busy slate of earnings and data releases this week. The S&P (-1.69%), Dow (-1.19%), Nasdaq (-2.18%) closed lower. Inflation remains the key driver in terms of bond market performance on Monday. With crucial readings for both producer prices and consumers prices due this week, each of which are expected to accelerate to multi-decade highs, traders are pricing-in faster and deeper rate hikes from the Federal Reserve, which in turn is boosting day-to-day rates in the market for U.S. Treasuries. Treasury bond yields curve further advanced, with 1/5/10/30Yr yield reaching 1.85%/2.79%/2.79%/2.84%.

❖ **Desk analyst comments 分析员市场观点**

➤ **Chinese properties: Contract sales down 47% YoY in 1Q22**

For the 27 developers with available contract sales figures up to the end of Mar'22, all of them reported significant drop in contract sales in 1Q22. Their contract sales fell 47% yoy on average in 1Q22 while GFA presold was down an average of c43%, implied a modest ASP decline of c4%.

Dafa and Jingrui were amongst the most notable underperformers with contract sales down 76% and 73% yoy, respectively. Modern Land and Zhenro also reported 66% and 65% of yoy drop, respectively.

Better-performers are Vanke, Poly Real estate, Country Garden and Times with contract sales down 21%, 27%, 29% and 30% yoy in 1Q22.

In view of the recent outbreak of COVID-19 and restrictive lock-down in YRD and PRD where majority of developers under our radar are exposed to, we expect contact sales continue to be weak in 2Q22. We believe that more meaningful improvement could only come starting 3Q22 when impact of recent loosening policies will funnels through and the lock-down policies will have eased.

2022 YTD Sales (in MM RMB)

Company	CN Name	BBG Ticker	Stock Code	Jan	Feb	Mar	Mar'22 YTD Sales	Mar'22 YTD Sales Growth
<b>IG Rated</b>								
China Jinmao	中国金茂	CHJMAO	00817.HK	10,000	7,000	14,660	31,660	-50%
China Overseas(HKD)	中国海外发展		00688.HK	14,779	10,839	22,662	48,280	-46%
- COGO	中海宏洋	COGO		3,621	2,234	3,303	9,158	-41%
- COLI	中海发展	COLI		11,158	8,605	19,359	39,122	-47%
China Vanke	万科企业	VNKRL	02202.HK	35,600	64,970	41,530	142,100	-21%
Country Garden (Attributable)	碧桂园	COGARD	02007.HK	36,360	32,760	30,110	99,230	-29%
Poly Real Estate	保利地产	POLYRE	600048.SH	28,302	23,978	38,415	90,695	-27%
Yuexiu Property	越秀地产	YUEXIU	00123.HK	5,040	2,824	5,951	13,815	-45%
<b>BB Rated</b>								
Agile	雅居乐	AGILE	03383.HK	7,380	6,720	7,010	21,110	-47%
CIFI Holdings	旭辉集团	CIFIHG	00884.HK	8,440	8,300	12,000	28,740	-49%
Gemdale	金地集团	GEMDAL	600383.SH	14,960	9,620	20,930	45,510	-34%
Greenland Holding	绿地控股集团	GRNGR	600606.SH	10,800	7,240	20,480	38,520	-45%
Greentown	绿城	GRNCH	03900.HK	11,700	11,500	15,100	38,300	-33%
Logan Property (attributable)	龙光地产	LOGPH	03380.HK	9,010	4,200	3,910	17,120	-58%
Sunac China	融创中国	SUNAC	01918.HK	27,920	22,360	22,080	72,360	-38%
Times Property	时代中国控股	TPHL	01233.HK	7,088	2,516	4,563	14,167	-30%
<b>B Rated</b>								
Central China Real Estate	建业地产	CENCHI	00832.HK	2,007	1,158	3,102	6,267	-42%
China SCE	中骏集团控股	CHINSC	01966.HK	5,022	4,219	8,010	17,251	-34%
Dafa Properties	大发地产	DAFAPG	06111.HK	1,011	990	607	2,608	-76%
Dexin China	德信中国	DEXICN	02019.HK	2,830	2,480	4,040	9,350	-51%
Guangzhou R&F	富力地产	GZRFPR	02777.HK	4,600	4,510	4,370	13,480	-56%
Jingrui Holdings	景瑞控股	JINGRU	01862.HK	634	581	1,016	2,231	-73%
Modern Land	当代置业	MOLAND	01107.HK	692	913	1,568	3,172	-66%
Powerlong	宝龙地产	PWLNGR	01238.HK	4,701	3,101	4,313	12,115	-51%
Redsun	弘阳地产	REDSUN/HONGSL	01996.HK	4,020	3,062	2,738	9,820	-50%
Ronshine China	融信中国	RONXIN	03301.HK	6,506	8,329	5,396	20,231	-49%
Zhenro Properties	正荣地产	ZHENRO	06158.HK	7,897	3,529	2,585	14,011	-65%
Zhongliang	中梁控股	ZHLGHD	02772.HK	8,390	6,410	6,800	21,600	-55%

### ➤ China Policy – China needs further credit easing to boost demand

China's new credit rebounded in March as governments accelerated bond issuance and banks expanded short-term loan supply to corporates. But medium & long term loans especially mortgage loans remained weak amid sluggish housing demand. The Chinese policymakers have to demonstrate their determination to defend the 5.5% GDP growth target for 2022. We expect a possible mild cut in LPRs and further easing of liquidity & credit supply in 2Q22. The economy prospect may gradually improve from May and the stock market may see a second round of rebounding after the recent slump.

- **New credit rebounded in March amid strong government bond issuance & short-term loans to corporates.** Total social financing rose 37.7% YoY in March after dropping 30.8% YoY in February. The YoY growth of outstanding social financing and M2 supply accelerated from 10.2% and 9.2% in February to 10.6% and 9.7% in March. Government bond financing increased 125.2% YoY in March as the cabinet urged to accelerate government special bond issuance to boost infrastructure investment. Corporate bond financing slightly rose 2.3% YoY, while new loans to corporate sector jumped 55% YoY with the short-term and medium & long term respectively up 115.8% YoY and 1.1% YoY in March. Off-balance-sheet financing turned positive in March as banks' acceptance financing and new entrusted loans respectively reached RMB28.6bn and RMB10.6bn and trust loans saw a smaller MoM decline at RMB25.9bn.

Please see CMBI Research Team full report <https://www.cmbi.com/article/6619.html?lang=en>

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Foshan Gaoming	200	3	3.5	3.5	-/-/-

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
CITIC Securities International	USD	-	3	T+125bps	-/BBB+/-
CITIC Bank International	USD	-	AT1	-	Ba2/-/-
Yunnan Provincial Energy Investment	USD	300	-	-	-/BBB-
Yiwu State-owned Capital	USD	600	-	4.5%	Baa3/-/BBB

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 70 credit bonds issued yesterday with an amount of RMB112bn. As for Month-to-date, 321 credit bonds were issued with a total amount of RMB429bn raised, representing a 27% yoy decrease.
- **[CIFIHG]** to issue additional HKD588mn 6.95% guaranteed 2025 CBs for refinancing. Total issue size increased to HKD2.545bn. CIFI continues to demonstrate its good access to different funding channels.
- **[DALWAN]** announced on 11 April that USD126.85mn of its 7.25% guaranteed bonds due 2022 have been tendered for purchase under its purchase offer.
- **[XINAOG]** ENN Energy Outlook Revised to Positive on Resilient Profits, Strengthening Parent Credit Profile; 'BBB' Ratings Affirmed by S&P.
- **[YUNMET]** Yunnan Health & Cultural Tourism Holding announced full repayment of USD800mn 5.5% guaranteed bonds due 8 Apr' 2022.
- **[ZHPRHK]** requests trading suspension for senior notes due 2023–2025.

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