

CMBI Credit Commentary

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

- *Better buying flow this morning on policies relaxation on the property sector.. Outperformers include GRNLGR/SUNAC (+5pts), PWRLNG/TPHL (+5-6pts), KAISAG curve up 5-8pts on its strategic cooperation with China Merchants Shekou and China Great Wall AMC. IG space CHGRID tightened 2-5bp with strong buying interest. AT1 down 0.5pt due to tight valuation.*
- **China Grand Auto:** CHIGRA 8.65%'22 will mature on the coming Friday (8 Apr'22). As per our discussions with the company, it will repay bonds on maturity. See [our comments on 7 Mar'22](#).
- **INDYIJ:** maintain BUY on INDYIJ '24 at YTM~5.9% and INDYIJ '25 at YTM~7.4%, given Indika's low leverage as a beneficiary of high coal price, and its pragmatic diversification strategy. See below.

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❖ Trading desk comments 交易台市场观点

On Monday, Chinese HY space rebounded with positive market sentiment. LOGPH rose 6-9pts, and SUNAC/RONXIN up 4-6pts. We also saw better buying across property space. Outperformers included COGARD (+2pts), CIFIHG (+2pts), FUTLAN (+2-4pts). Other property names such as PWRLNG/TPHL/AGILE also traded up 3-5pts.

Chinese IG market was generally traded firmer, with benchmark names tightened 2-3bps. Names in SOE and TMT sector saw better market buying under the news that China authorities proposed to change audit rules to avoid US delisting of Chinese companies. Financial and AT1 space has outperformed the market, while LGFV sector was quiet.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
JIAYUA 12 1/2 07/21/23	38.0	5.1	SUNSHI 9 1/4 04/15/23	9.8	-3.1
FTLNHD 4 5/8 10/15/25	70.6	3.4	CITLTD 4.85 04/25/46	106.1	-2.3
KAISAG 11.95 11/12/23	22.7	2.8	CITLTD 4.485 09/07/46	100.8	-2.2
KAISAG 11.7 11/11/25	22.5	2.7	BEIENT 6 3/8 05/12/41	123.0	-2.2
TPHL 5.55 06/04/24	47.9	2.4	SINOPE 4 1/4 04/12/47	97.3	-2.2

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market ended lower Tuesday, while Treasury bond yields climbed higher. Investors looked to the impact of renewed sanctions on Russia while closely tracking Treasury bond yields ahead of the Fed minutes the day after. The S&P (-1.26%), Dow (-0.80%), Nasdaq (-2.26%) closed lower. As for oil prices, Brent contracts for June fell \$2.96 to \$104.60 per barrel, despite the reported atrocities in the city of Bucha, as well as ongoing discoveries of civilian executions by Russian troops in Ukraine, have accelerated calls for renewed sanctions on Russia. Treasury yield strongly rebounded, with 1/5/10/30Yr yield reaching 1.77%/2.69%/2.54%/2.57%.

❖ Desk analyst comments 分析员市场观点

➤ INDYIJ – Solid FY2021 results; maintain Buy

We maintain BUY on INDYIJ 5.875% '24 at 99.9 (YTM~5.9%) and INDYIJ 8.25% '25 at 102.4 (YTM~7.4%), given Indika's low leverage as a beneficiary of high coal price, and its pragmatic diversification strategy. INDYIJS offer better relative value compared to MEDCIJ '25 at 101 (YTM~6.3%) and BSDEIJ '25 at 97.3 (YTM~7%)

Solid FY2021 results

Indika's revenue had a stellar growth of 48%yoy to USD 3,069mn, and EBITDA tripled to USD 870mn. This was on the back of strong industry coal price (Newcastle benchmark rose to USD137/ton, +126%yoy) and Indika's coal ASP rose to USD 61.4/ton, +62% yoy. The moderate increase of Indika's coal ASP, relative to benchmark, was due to Indika's compliance of DMO – where Indika supplied 30% coal volume domestically at below market rate. Operating cash flow (deducted finance cost) improved to USD 485mn, sufficiently covered its capex of USD 25mn and new investment of USD 83mn in 2021. Its gross and net Debt/EBITDA lowered to 1.7x and 0.7x, with cash balance of USD 867mn against total debt USD 1,453mn.

Please see our full note <https://www.cmbi.com/article/6604.html?lang=en>

➤ 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)
Freeport Indonesia	USD	-	-	-	Baa3/NR/BBB-
SAEL Ltd	USD	-	7	-	Ba3/NR/BB
Power Construction Corp.	USD	-	Perp	-	Baa2/-/-
Yangzhou Economic	USD	-	-	-	Ba1/BB+/-
Shinhan Bank	USD	-	-	T+225	Baa1/BBB+/BBB+
Xi'an Municipal Infrastructure	USD	-	-	-	-/-/BBB+

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 51 credit bonds issued yesterday with an amount of RMB39bn. As for Month-to-date, 88 credit bonds were issued with a total amount of RMB88bn raised, representing a 55.4% yoy decrease.
- **[CENCHI]** downgraded to B3/Caa1; outlook negative - Moody's
- **[DEXICN]** repurchase USD 4.45mn of 11.875% senior notes due 2022 in open market
- **[JPFAIJ]** outlook changed to negative on substantial distribution proposed by parent; BB- ratings affirmed - S&P
- **[KAISAG]** signs strategic co-operation agreement with China Merchants Shekou, China Great Wall Asset Management
- **[SHNSUN]** announced on 4 April that trading of its USD 200mn 10.5% senior notes due 2022 will be suspended due to cross-default triggered by the 2023 senior notes acceleration notice.

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