

CMBI Credit Commentary

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

- *Selective buying interest this morning. REDSUN long-end (up 2-4pts) buoyed by its prepared full repayment of due Apr'22 notes. CSCHCN (up 1-2pts) with short-end all trading above 80 level. Underperformers are ZHPRHK/CENCHI, down 1-2pts.*
- *New issue **CHPWCN** 4.25% Pnc'27 opened 0.5pt lower but gradually recovered to 99.8/99.95 by noon with Chinese real money buying interest, stabilizing at YTC 4.3% vs our FV of 4.2%.*
- ***CAPG**: Media reported Aoyuan aims to finalize a preliminary plan to restructure its USD 6.4bn offshore debt by end-April or early May, including haircut on notional principal and a maturity extension of around 3-5 years.*

❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY space was mixed. REDSUN curve was traded up 5-15pts, after its announcement of full repayment of due Apr'22 notes, and TPHL/GZRFPR/AGILE up 2-3pts. Other outperformers like CAPG/GRNLGR/YUZHOU also up 0.5-pt. However, we saw some market selling in some high-quality names. CENCHI/SUNAC were traded down 2-4pts, and COGARD/CIFIHG/KWGPRO/PWRLNG/SHIMAO down 1-2pts. Other property names like DALWAN/LOGPH/SUION/SINOCE/ROADKG were traded flat. The Macau gaming sector pulled back with SJMHOL down 0.5-1pt, on news of more VIP junket closure.

Chinese IG market was quiet amid weak sentiment after the hawkish-tone minutes of FOMC meeting was released. Benchmark names slightly widened 2-3bps. In SOE sector, HAOHUA widened 4bps. For the rest of the market, the TMT, financials, and AT1/Perp sectors were all stable.

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➤ **Yesterday's Top Movers**

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|------------------------|-------|--------|----------------------|-------|--------|
| REDSUN 10 1/2 10/03/22 | 49.6 | 15.8 | JINKE 6.85 05/28/24 | 32.7 | -48.0 |
| REDSUN 9.7 04/16/23 | 35.9 | 9.6 | JINGRU 12 07/25/22 | 22.2 | -33.3 |
| TPHL 5.55 06/04/24 | 59.4 | 3.9 | SUNAC 6 1/2 01/26/26 | 31.6 | -4.9 |
| REDSUN 9 1/2 09/20/23 | 28.9 | 3.7 | SUNAC 7.95 08/08/22 | 38.7 | -4.8 |
| REDSUN 7.3 05/21/24 | 24.5 | 3.6 | SUNAC 8.35 04/19/23 | 35.0 | -4.5 |

❖ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock market ended slightly higher Thursday, while Treasury bond yields advanced further, as investors picked through details of minutes from the Federal Reserve's last policy meeting and geared-up for the start of the first-quarter earnings season early next week. The S&P (+0.43%), Dow (+0.25%), Nasdaq (+0.06%) closed higher. As for oil prices, WTI futures contracts for May delivery were marked 81 cents higher on the session at \$97.04 per barrel, as supply constraints linked to Russia's war on Ukraine, and the prospect of energy sector focused sanctions offset a modestly bigger-than-expected increase in domestic U.S. crude stocks. Treasury bond yields curve steepened with longer end (10/30Yr) rose, with 1/5/10/30Yr yield reaching 1.78%/2.70%/2.66%/2.69%.

❖ **Desk analyst comments 分析员市场观点**

➤ **EHOUSE: additional information on its New Notes under Exchange Offer**

Ehouse highlighted additional information regarding its New Notes under Exchange Offer and Consent Solicitation with concurrent RSA, including

- 1) Amortizing repayment schedule: 10%, 6%, 8%, 10% at end of 1 year, 18, months, 2 year and 30 months. Remaining 66% on maturity date on 14 Apr' 2025.
- 2) Limitation on specified asset sales: 50% of the net consideration from share or asset sale of a) TM Home Ltd, and b) CRIC Holding Ltd and CRIC Holdings (HK) will repay the principal of the New Notes within 3 months.

For key terms of the EO and RSA, please refer to [our note on 1st Apr' 22](#).

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

| Issuer | Size (mn) | Tenor | Coupon | Yield | Issue Rating (M/S/F) |
|--|-----------|---------|--------|-------|----------------------|
| Yangzhou Economic and Technological Development Zone Development | 300 | 3 | 4 | 4 | Ba1/BB+/- |
| Freeport Indonesia | 750 | 5 | 4.763 | 4.763 | Baa3/-/BBB- |
| Freeport Indonesia | 1500 | 10 | 5.315 | 5.315 | Baa3/-/BBB- |
| Freeport Indonesia | 750 | 30 | 6.2 | 6.2 | Baa3/-/BBB- |
| Power Construction Corporation of China | 500 | PerpNC5 | 4.25 | 4.25 | Baa2/-/- |

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

| Issuer | Currency | Size (mn) | Tenor | IPG | Issue Rating (M/S/F) |
|---------------------|----------|-----------|-------|-----|----------------------|
| Korea Midland Power | USD | - | - | - | Aa2/AA/- |

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 31 credit bonds issued yesterday with an amount of RMB76bn. As for Month-to-date, 188 credit bonds were issued with a total amount of RMB247bn raised, representing a 42.7% yoy decrease.
- **[DEXICN]** repurchased USD 2.74mn of 11.875% senior notes due 2022 in open market
- **[FOSUNI]** Subsidiary Shanghai Fosun Pharmaceutical proposes to offer up to RMB 8bn corporate bonds to boost working capital and repay debts.
- **[HONGQI]** outlook revised to positive amid deleveraging trend, favorable industry conditions; BB-rating affirmed - S&P
- **[MONMIN]** rating placed on CWN on low cross-border throughput - S&P
- **[REDSUN]** Moody's downgrades REDSUN to B3/CAA1, outlook remains negative.
- **[TPHL]** Moody's downgrades Times China to B2/B3; outlook negative.

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