

CMBI Credit Commentary

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

- *COGARD continued to trade up 1-2pts this morning and KWGPRO also up 0.5pt on the back of loan repayment and PP roll over news. IG space was relatively stable with active flows.*
- ***JIAYUA:** front end plunged almost 10pts to 30 level following 41% drop in equity and subsequent trading halt. Today is the end of coupon payment grace period for JIAYUA 13.75% 2023.*
- ***Chinese properties:** we saw some positive progress in onshore bond market this week post supportive measures announcement and news including mortgage rate cut and CRMW support. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY property space was mixed. COGARD/KWGPRO were skewed to better buying. COGARD saw most of the buying interest in the front end and rose 0.5pt. CENCHI and GRNLGR traded down 0.5-1pt. The industrial and Macau gaming sector also performed weak. MGMCHI fell 0.5-2pts and SJM also traded down 3pts.

Chinese IG market was quiet with weak sentiment. In TMT sector, benchmark names performed mixed after Vice Premier Liu he voiced public support for Internet companies and restored market confidence. In financial sector, we saw some buying interest in CCAMCL/BOCHKL with spread tightened 2-3bps. AT1 names generally rose 0.25pt with some RM buying interest. AMC space hit down with ORIEAS widened 15-20bps in the morning but paired some loss in the afternoon, back to 10bps wider DTD.

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➤ **LAST Trading Day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHHFGR 4 1/4 PERP	95.8	1.9	STCITY 5 01/15/29	57.0	-5.4
MEITUA 0 04/27/28	80.3	1.1	WYNMAC 5 5/8 08/26/28	70.1	-5.0
COGARD 4.2 02/06/26	63.7	0.9	WYNMAC 5 5/8 08/26/28	70.2	-4.9
JINGRU 12 07/25/22	20.1	0.9	STCITY 5 01/15/29	58.8	-3.6
HAOHUA 3.9 PERP	101.8	0.9	WYNMAC 5 1/2 01/15/26	78.3	-3.5

❖ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stocks rallied yesterday with S&P (+2.02%), Nasdaq (+2.76%), and Dow (+1.34%) all closed higher. US Retail spending increased 0.9% in April, boosted by demand and inflation. On the other hand, Powell said the Federal Reserve will continue tightening monetary policy until it sees “clear and convincing” evidence that inflation is coming back down towards the US central bank’s longstanding 2 per cent target. Treasury yield rebounded, with the 2/5/10/30 yield reaching 2.71/2.96/2.98/3.17% respectively.

❖ **Desk analyst comments 分析员市场观点**➤ **Chinese properties: Onshore bond market progress**

After the supportive measures announcement and news including mortgage rate cut and CRMW support, we saw some positive progress in onshore bond market this week:

Issuer	Tenor (yr)	Size	Status
Longfor Group	3+3	RMB500mn	Expected to issue on 18-19 May'22
Country Garden	1+1+1	RMB500mn	Expected to issue on 24 May'22
Midea Real Estate	2+2	RMB1bn	Expected to issue on 24 May'22
Seazen Holdings		RMB6.2bn	Received feedback from Shanghai Exchange

As mentioned in our [Daily on 16 May](#), we believe that CRMW will help improve some higher credit quality developers' access to onshore bond markets but will take time for this initiative to have a widespread impact of the sector's access to the capital markets.

➤ **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)
Shandong Gold Group	USD	100	PerpNC3	5.5	-/-
Avic International Leasing	USD	-	-	-	-/-/A-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 41 credit bonds issued yesterday with an amount of RMB53bn. As for Month-to-date, 337 credit bonds were issued with a total amount of RMB384bn raised, representing a 13.3% yoy decrease.
- Chinese cities are offering property-buying incentives to families with 2 or 3 kids to revive real estate sales and boost birth rates, per Bloomberg. Hangzhou is the first major residential market to allow so.
- **[AGILE]** Agile says funds ready for HKD3.8bn loan repayment due in late May
- **[FUTLAN/FTLNHD]** received feedback from Shanghai Exchange regarding its RMB6.2bn onshore bond issuance
- **[GZRFPR]** Guangzhou R&F Properties appoints BDO as new auditor; gains HKEX waiver to delay dispatch of FY21 annual report up to 15 July
- **[HRINTH]** Huarong International Financial signs supplemental facility letter to renew up to USD100mn facility
- **[KWGPRO]** KWG says will repay on time HKD1.16bn remaining on due-5 June loan from internal cash; USD150mn of USD220mn Le Ming-issued PP rolled
- **[RONXIN]** Ronshine China gains HKEX waiver to delay dispatch of FY21 annual report to on or before 31 May

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