

CMBI Credit Commentary

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

- **IG/AT1/Fin perp/LGFV:** Short covering and fast money pushed certain TMT names 5-7bps tighter before profit-taking flows took levels back to DTD 3-4bps tighter. See Buyers on SOE front/belly. AT1/Fin perp prices up another 25-50c. LGFV remains firm amid stabilizing USD rates and falling onshore yields.
- **HY:** GRNLGR down 2-3pts on Chinese and fast money selling, PWRLNG curve down another ~0.5pt with 11/22 trading around 35. Others broadly +/- 0.25pt.
- **New issues:** CMHI deal quite muted and stuck in the tight range +129 to +127 for most of this morning, some flipping from Chinese accounts and lack of international accounts following up in the secondary market.

❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY property space generally remained lackluster, with a sharp drop on PWRLNG taking the lead. Among higher quality names, COGARD fell 0.5-2pts and CIFIHG lost 0.25-0.75 pt. FUTLAN prices slightly up 0.75pt on the short end. The distressed names was traded down under selling pressure. PWRLNG once plunged as much as 10pts on the short end with weak market sentiment. KWGPRO down around 0.5-1pt. SHIMAO fell 1-3 pts under real money selling. The Macau gaming sector traded stable, ending around 0.5pt higher with some real money buying interest.

Chinese IG spread basically tightened around 4-6bps. In financial space, we saw AT1 names rose around 0.25pt with some buying interest on the short end. In AMC sector, HRINTH tightened 1pt as it proposed to issue undated capital bonds of as much as 20b yuan. In TMT sector, TENCENT/BABA tightened 3-8bps. The SOE sector was broadly stable.

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➤ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AGILE 8 3/8 PERP	24.8	1.5	PWRLNG 7 1/8 11/08/22	36.5	-8.2
SINHLD 8 1/2 01/24/22	3.9	1.3	PWRLNG 6.95 07/23/23	30.2	-4.4
WYNMAC 5 1/2 01/15/26	80.9	1.1	PWRLNG 6 1/4 08/10/24	26.4	-2.8
AGILE 5 1/2 05/17/26	38.5	0.9	SHIMAO 4 3/4 07/03/22	21.6	-2.7
TAIHUA 5 02/22/24	99.1	0.8	SHIMAO 6 1/8 02/21/24	15.3	-2.7

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stocks rose after the minutes were published, while Treasury yields fluctuated and the dollar pared gains. The S&P (+0.95%), Nasdaq (+1.51%), and Dow (+0.60%) closed higher. In view of the China's condition faring worse than 2020 pandemic, Premier Li concluded that Chinese policymakers are in greater urgency to support the economy after the historically weak activity growth in April and continued increases in unemployment rates. May FOMC meetings confirmed "most participants/officials" see 50bps hikes at the next "couple of meetings". Treasury yield twist-steepen, with the 2/5/10/30 yield retreating to 2.48/2.71/2.75/2.97% respectively.

➤ Offshore Asia New Issues (Priced)

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
China Merchants Port Holdings	USD500	5	4	T+130	Baa1/BBB/-
Korea Development Bank	USD300	3	3.125	T+52.5	Aa2/AA/AA-
Xianning Urban Development Group (SBLC by China Bohai Bank)	USD70.5	3	3	4.5	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer	Currency	Size (mn)	Tenor	FPG/IPG	Issue Rating (M/S/F)
Export Import Bank of Thailand	USD	-	5	T+160	Baa1/-/BBB+
Zhangzhou Transportation Development Group	USD	-	3	5.4	-/-/BB+

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 71 credit bonds issued yesterday with an amount of RMB93bn. As for Month-to-date, 724 credit bonds were issued with a total amount of RMB760bn raised, representing a 4% yoy decrease.
- **[DAFAPG]** DaFa Properties not aware of the reason for the 66% share price yesterday. Indeed, its share price fell c75% since mid-May'22
- **[FRETAI]** Future Retail denies allegations levelled by Amazon against company
- **[HRINTH]** China Huarong Asset Management to hold EGM on 15 June to consider issuance of undated capital bonds
- **[PWRLNG]** Powerlong USD bonds fall on screenshot of purported perp amendments to avoid June call. Powerlong Real Estate rating reinstated at B; Outlook Negative - S&P
- **[YUZHOU]** Yuzhou aims to finalize holistic restructuring by year-end
- **[JIAZHO]** Jiangsu Zhongnan downgraded to Caa2 from B3; bonds to Caa3 from Caa1 with outlook remaining negative

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