

CMBI Credit Commentary

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

- *Self-off on FOSUNIs continued this morning. The bonds were down another 2-5pts from 5-6pts loss yesterday. We also see selling in other industrial names like HONGQI and WESCHI, which were down around 1pt. Long-end IG (BABA/TENCNT/HAOHUA/SINOPE) spreads tightened 2-4bps.*
- *As upward momentum in rates resumed this morning after US holiday, selling in the LGFV/SOE Perps space accelerated in the front end where absolute yields could barely cover rising funding costs for many Chinese RM. 22s papers were quickly repriced to low-mid-3% from <3% whilst 23s widened to high-3%.*
- *CIFIHG: Media reported that company plans to issue onshore bonds up to RMB500mn that partially protected by CRMW or CDS. Bonds jumped 0.5-1pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Chinese IG space was quite quiet as all US market was closed for holiday on Monday. In financials, AT1 like BOCHK/BCHINA still generally saw better buyer. T2 like CCB tightened 5bps. Other IG spreads were roughly at the same level. In SOE space, CHALUM/CSSCHI tightened 3-4bps. HAOHUA saw slightly better buyer under two way trading. TMT space was mixed. BABA/BIDU were stable while MEITUA widened 6bps.

LGFV/SOE Perps was weak, as rates had been the main driver in the spaces since last week. Most participants sidelined in absence of UST cash trading due to US holiday. Flows were overall light and skewed to better selling mostly in 23s LGFV given their relatively lower absolute yield. Nonetheless, most BBB names still managed to find bids at 3.7%-3.8% range, having climbed from low-3% over past two weeks.

FOSUNI was at market focus yesterday, which rebounded 2-3pts on the long-end at open after its tender offer news. We saw fast money buying on longer-end lower dollar price FOSUNI '24-26s, but the gain dwindled way in the afternoon when management did not eloquently address its refinancing plan for 2023 offshore maturities at its investor call. FOSUNI ended the day down 5-6pts. For industrials, HONGQI was dragged down and we saw better seller of HONGQI '24 at +93 handle as well.

High-beta property names' dollar bonds were basically unchanged despite their stocks rallied under positive sentiment fueled by increasing implementation of shanty town redevelopment and compensation in lower-tier cities. Among higher quality names, COGARD/CIFIHG up 0.5-1pt. On the other hand, SINHL down 1.5pts. RONXIN down 2-5pts across the curve. Macau gaming sector was broadly down on growing concerns about the short-term liquidity issues amid resurging COVID cases lately.

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➤ **Last Trading Day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 5.9 02/12/23	42.9	2.4	FOSUNI 6.85 07/02/24	77.6	-9.8
HPDLF 6.8 12/28/23	80.0	2.2	FOSUNI 5 05/18/26	65.8	-8.4
GRNLGR 5 3/4 09/26/22	60.1	1.8	FOSUNI 5.95 10/19/25	72.4	-7.8
LGUANG 10.4 03/09/23	9.9	1.2	FOSUNI 6 3/4 07/02/23	84.4	-7.3
GRNLGR 6 3/4 09/26/23	35.3	1.2	FOSUNI 5.95 01/29/23	88.0	-7.2

❖ **Macro News Recap** 交易平台市场观点

Macro – U.S. stocks was closed on Monday while global markets showed a slight rebound after the worst drop in global stocks last week since 2020. Stocks climbed in Asia and U.S. equity futures pointed higher as investor sentiment stabilized. In China, PBOC kept its benchmark lending rate unchanged, showing confidence in the country's strong recovery momentum despite Covid flared again in Shenzhen. Global central banks are expected to be slightly bullish in the interim to quell inflation. UST 10y yield is now at 3.23% for last trading day.

❖ **Desk analyst comments** 交易平台市场观点

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

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Fujian Jinjiang Urban Construction Investment Development Group	USD	-	364D	4.8	-/-/-
Linyi City Development International	USD	-	3	5.5	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 71 credit bonds issued yesterday with an amount of RMB56bn. As for Month-to-date, 1058 credit bonds were issued with a total amount of RMB1113bn raised, representing a 7.3% yoy decrease.
- **[CWAHK]** China Water Affairs announces that it has signed a finance lease agreement with China Huarong Asset Management involving the sale of storage and transportation production facilities in Hangzhou for RMB550mn
- **[EVERRE]** China Evergrande New Energy Vehicle Group announces that it has received share trading resumption guidance from the HKEX
- **[HLBCNH]** Moody downgraded Helenbergh's corporate family rating (CFR) to Caa1 from B2 and the company's senior unsecured rating to Caa2 from B3

- **[JINGRU]** Jingrui Properties Group announces the company is expecting to disclose its FY21 results by 15 September
- **[KAISAG]** Kaisa Group announces that CFO Wu Jianxin has resigned due to personal endeavours. Luo Tingting has been appointed as the new CFO
- **[LEAHOL]** Leading Holdings Group announces that the expiration deadline under the exchange offer for its outstanding 12% senior notes due 2022 has been extended to 22 Jun'22
- **[NWDEVL]** New World Development announces that it has accepted USD129mn of 4.375% guaranteed notes due 2022 for purchase under its tender offer
- **[POLYRE]** Poly Property Group announces that its unit has issued RMB1bn T1 MTNs with 3.17% and 3.68% coupon
- **[RSMACA]** Red Star Macalline discloses that holders of its onshore bonds have approved a proposal over early redemption of the bonds at the bondholders' meeting on 20 Jun
- **[TENCNT]** Tencent has reaped around HKD720mn through a sale of shares of Koolearn Technology
- **[VEDLN]** Vedanta issues a clarification that the sale of its copper smelter at Tuticorin is only at an exploratory stage currently
- **[YUNAEN]** Yunan Provincial Energy Investment has set the offering size at RMB1bn for its proposed offering of two-year MTNs

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