

CMBI Credit Commentary

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

- *Market was overall quiet this morning. We saw Macau gaming rebounded 2-3pts and short coverings on AT1/SOE Perps. LGFVs 23s were sold by some holders to raise money.*
- **EHOUSE:** Filed Chapter 15 Bankruptcy for recognition of the restructuring plan. See below.
- **Asia ex-JP USD bonds issuance:** New issuance amount decreased 48.0% yoy in 9M22, the markets further cooled down compared to 46.8% yoy drop in 8M22, LGFV issuance also decelerated. See below.

❖ Trading desk comments 交易平台市场观点

This Monday and Tuesday, China IGs continued to trade heavier as market sidelined upon China and Hong Kong holiday. IG spreads broadly widened 3-5bps without massive selling but also no buyer. Financials space weakened a bit, though AMCs outperformed. HRINTHs were traded 1-2.5pts higher, following the recent positive news that China Huarong approved new issuance and planned to repurchase some notes/perps. CCAMCLs/ORIEASs were also up 0.5-1pt. Bank T2s were largely stable amid light two-ways, while market was playing a catch-up theme given large macro moves in US sessions. ICBCAS 3.2%'Perp tightened 4bps. TMTs such as TENCNT/MEITUA tightened 2-8bps. TAISEMs were still sought-after, with spread grinding 5bps tighter. IG property was mixed, with VNKRLs were unchanged to 0.5pt higher whilst LNGFORs down 0.5-1.5pts. China HY space was marginally firmer on balanced inquiries in lower beta benchmark names. A mixed tone on COGARDs with most tranches up 0.5-2pts while COGARD 6.15%'25 down 10pts. It was traded back to mid-30 after being bid up to mid-40 in last Friday. CIFIHGs were up 1.5-3pts, chased by PB accounts. Elsewhere, CENCHIs/FUTLANs/FTLNHDs were traded down 1.5-2.5pts. In industrial space, FOSUNIs/HONGQIs dropped 0.5-1.5pts. CHNAAR'24 was down around 4pts. In gaming space, SANLTDs/WYNMACs were up 0.5-1.5pts. Away from China, Indian renewables were marginally better bid with small size demand, despite VEDLNs/GRNKENS were down 0.5-1pt though S&P upgraded Greenko to B+ from BB-. Indonesian HYs showed more balanced two-ways though bid side firming in line.

The LGFV/SOE Perp spaces had a very quiet start into Q4. Not only onshore investors are out on National Day long holiday, but also many located in HK are also off, whilst those staying behind set their eyes on CS saga and European bank papers instead. Flows continued to be dominated by rebalancing driven selling from global RMs in high yielding LGFVs and

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benchmark AT1s, albeit light overall and in an orderly fashion. Bids in LGFV/AT1 spaces remained fairly supportive despite apparently thinner liquidity. Sentiment was generally calm in the spaces notwithstanding the turmoil in CS (equity -8%-10%, 5y CDS surged to 293bps, AT1 -11-16pts, senior +80-90bps), and despite some (likely fund flows driven) selling in Chinese AT1s as well. Investors still generally saw this as a potential buy-at-dip opportunity especially for Big 5 bank names especially when onshore return. SOE Perps were roughly unchanged, while benchmarks HAOHUA/CNOOC was up 0.5-1pt.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CIFIHG 6.55 03/28/24	28.2	3.0	COGARD 6.15 09/17/25	34.8	-10.4
CIFIHG 6.45 11/07/24	25.5	2.6	CHNAAR 5 1/2 03/08/24	85.1	-4.2
HRINTH 5 1/2 04/27/47	69.0	2.5	FIHUCN 5 02/26/28	89.6	-3.0
CIFIHG 4.45 08/17/26	21.5	2.3	RILIN 4 7/8 02/10/45	86.0	-2.4
HRINTH 4 1/2 05/29/29	74.0	2.3	CENCHI 7.65 08/27/23	30.0	-2.4

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets rebounded on Monday and Tuesday. The S&P (+3.06%), Dow (+2.80%) and Nasdaq (+3.34%) increased as some economic indicators turned to depressed after consecutive hikes and markets expect it may affect Fed's hawkish attitudes about rates decision in the future. The U.S. Job openings dropped 10% mom in August and recorded as 10.05 million, which was lower than market expectation. The U.S. treasury yields down in past two days and the yields curves bull steepened that 2/5/10/30 yield reaching 4.10%/3.84%/3.62%/3.70%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ EHOUSE : Filed Chapter 15 Bankruptcy for recognition of the restructuring plan

E-house filed for Chapter 15 bankruptcy in the US Bankruptcy Court, seeking recognition of its restructuring in Cayman as a foreign main proceeding. The company has two senior unsecured notes due in '22 and '23, USD600mn in total (Old Notes). c89% of the Old Notes signed onto the RSA, which contains an effective date deadline of 13 Oct'22. It is seeking an extension to 31 Oct'22, with the right to further push it to 30 Nov'22.

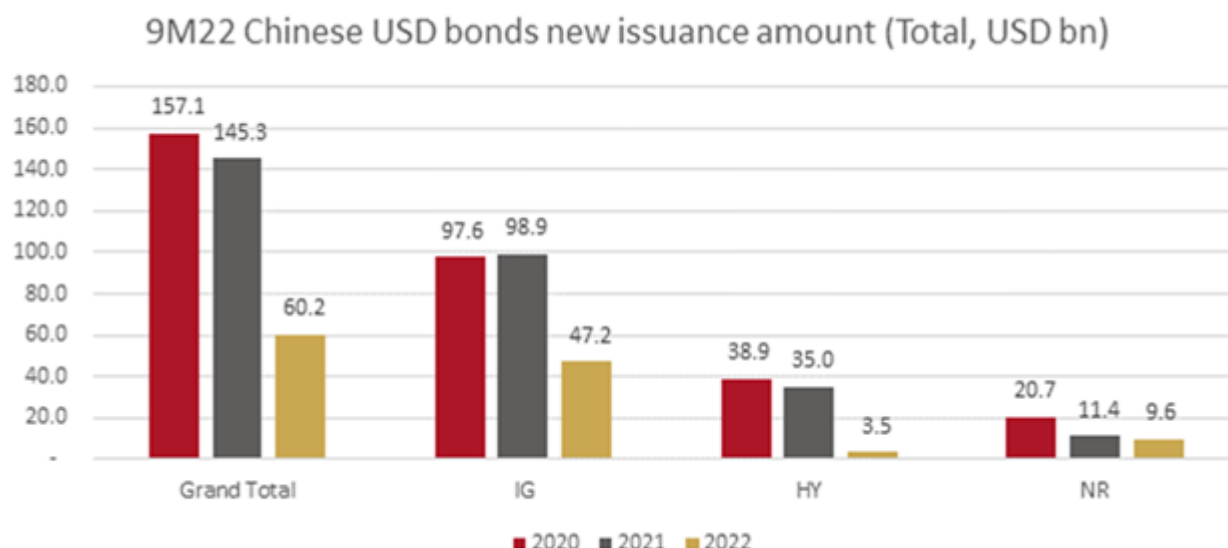
The foreign representative of E-house said the company has USD2.1mn cash, USD85.3mn in loans to developers plus marketable securities, USD743mn receivables from group companies, and other assets on its book as of 31 Mar'22.

Details of the scheme

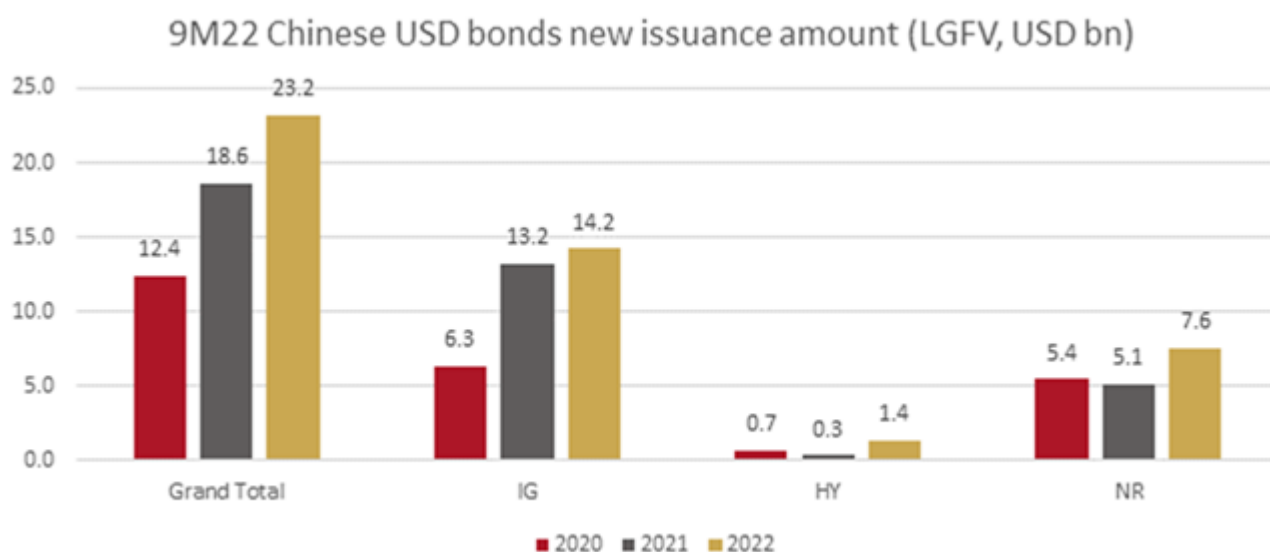
Upfront principal payment	6pts
Par at exchange	94pts
Accrued and unpaid interest	Up to but not including 18 Apr'22: in cash From 18 Apr'22 up to restructuring effective date: in the form of new notes
New notes coupon	8%
New maturity	2025, 3 rd anniversary of the restructuring effective date
Effective date	13 Oct'22, seeking an extension to 31 Oct'22

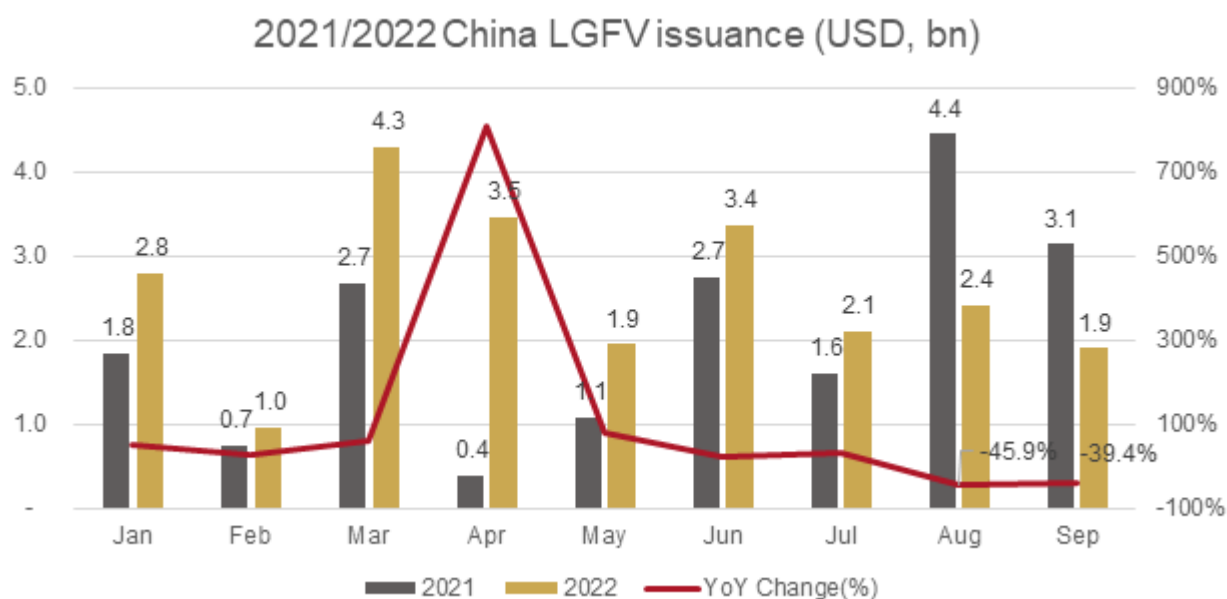
➤ **Asia ex-JP USD bonds issuance: 48.0% yoy drop in 9M22, China LGFV decelerated**

In 9M22, the gross issuance of Asia ex-JP fell 48.0% yoy to USD148.2bn. The new issues further slowed down compared to 46.8% yoy drop in 8M22 as the interest rate kept increasing. The new issues from China fell 58.5% yoy to USD60.2bn in 9M22. Specifically, IG, HY and NR dropped 52.3%, 90.1% and 15.7% to USD47.2bn, USD3.5bn and USD9.6bn, respectively. The Chinese properties USD bonds issuance slumped 80.3% yoy to USD7.5bn.



LGFV is an exceptional segment amid the sluggish market environment, the issuance from LGFV space increased 24.5% yoy to USD23.2bn in 9M22. By credit ratings, IG, HY and NR issuances increased 7.7%, 329.4% and 48.6% to USD14.2bn, USD1.4bn and USD7.6bn, respectively. The proportion of LGFV issuance in the total issuance amount increased to 38.5% in 9M22 from 12.8% in 9M21. Though LGFV issuance is more active compared to other sectors YTD, it recorded 45.9% and 39.4% yoy decrease in Aug'22 and Sep'22, impeded by rising financing cost.





➤ 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)
Republic of the Philippines	USD	-	5yr	T+155	Baa2/BBB+/BBB
Republic of the Philippines	USD	-	10.5yr	T+220	Baa2/BBB+/BBB
Republic of the Philippines	USD	-	25yr	6.55%	Baa2/BBB+/BBB

➤ Market conditions and color

- Onshore primary issuances suspend during the National Day Holiday.
- [ADROIJ]** Adaro Energy minerals is in talks with several local banks about USD1bn syndicated loan for aluminum smelter
- [COGARD]** Jiumaojiu terminated the RMB1bn 26% stake acquisition of Guangzhou IFC Mall project from Country Garden
- [FOSUNI]** Fosun International got cRMB250mn by disposing the A-shares of Fosun Pharmaceutical
- [GRNKEN]** S&P upgraded Greenko Energy to BB- from B+ and gave stable outlook
- [REDSUN]** Redsun missed the repayment of REDSUN 10.5 10/03/22 and it may trigger cross default of the rest four USD bonds

- **[ROADKG]** Moody's affirmed Road King's CFR Ba3 ratings and changed the outlook to negative
- **[SHIMAO]** Shimao Group disclosed that it signed a HKD10.3bn refinancing loan facility agreement with United Overseas Bank in early September for its Hong Kong Kowloon Tai Wo Ping project
- **[VEDLN]** Vedanta Resources pledges 69.68% stakes in Vedanta Ltd stake to obtain facilities totaling USD250mn; USD150mn from UBI and USD100mn from Canara Bank. We have buy recommendations on VEDLNs and prefer shorter-dated VEDLN

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