

## CMBI Credit Commentary

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

#### The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "[The Asset Asian G3 Bond Benchmark Review 2024](#)". Thank you for your support!

- *Light flows this morning. Recent issue MATSEL'34 was better sold. The front-end AMC/Leasing/Bank T2 were under better selling.*
- *Chinese properties: More signs of stabilization. See below.*
- *China Economy - Credit remained weak with positive signs and Exports stronger than domestic demand. PBOC may further cut RRR by 25bps and LPRs by 15bps in 2H24. CMBI expects exports and imports of goods to rise 3.6% and 3.3% in 2024 after dropping 4.6% and 5.5% in 2023. See below for comments from CMBI economic research.*

#### ❖ Trading desk comments 交易台市场观点

Last Friday, UST yield tightened 8-12bps post lower-than-expected US Jun CPI. In Chinese IGs, HAOHUA '30/TENCNT '30/BABA '31 were unchanged to 2bps wider. In financials, HLINSUs/KEBHNBs/SHINFNs were unchanged to 3bps tighter. BCHINAs/NANYANs/BNKEAs tightened 1-2bps. CINDBK/CHILOV 33s, on the other hand, widened 2-4bps. ANZ/MQGAU/CMINLE/NOMURA/BACR Floater 27s widened 1-3bps. LUSOIB '34/CHIYBK '32 were 0.2-0.3pt higher. Chinese AMCs were mixed. HRINTHs were 0.1-0.2pt higher (2-5bps tighter). CCAMCL/ORIEAS 27-29s widened 1-2bps. In AT1s, BOCOHK/BOCOM/ICBCAS Perps were up 0.1pt. In EU AT1s, INTNED 3.875 Perp/HSBC 6.5 Perp were up 0.1-0.2pt. BNP 8 Perp was up 0.3pt. In HK, NWDEVL/HYSAN Perps moved 0.8-2.1pts higher. Chinese properties were firm. SHUION/POLHON 25s were 0.8-1.0pt higher. VNKRL 27/29 were up 0.8pt. FUTLAN/FTLNHD 24-26s were 0.5-0.8pt higher. LNGFOR '29/CHIOLI '42 were up 0.6pt. Outside properties, FOSUNI '25/CHIOIL '26 were 0.3-0.5pt higher. In Macau gaming, MPELs/STCITYs were 0.2-0.5pt higher. In Indonesia, MEDCIJ 27/28 increased 0.3-0.5pt. GARUDA '31 declined 0.6pt. In India, VEDLNs were 0.2-0.4pt higher. ADSEZs/ADGREGs/ADANEMs were up 0.3-0.4pt. RILIN 26s were 0.8-1.1pts lower. Elsewhere, GLPSP Perps were up 0.7-0.9pt.

In LGFVs/SOE perps/high beta spaces, the buying flows focused on the front end of USD LGFV papers with yield pickup. CDCOMM '24/JMUDIV '24/QDJZWD '25 were 0.1-0.2pt higher. NJYZSO '27/SXUCI '26 were up 0.1pt. GZINFU/GZDZCD 26s were 0.1pt higher. CNH LGFV papers were mixed. WUXIMU '24/JNUCGC 24s were up 0.1pt. ZIBOPR '27/JNXCIG '25 were unchanged to 0.1pt lower. In SOE perps, CTIH 6.4 Perp increased 0.4pt.

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**Glenn Ko, CFA** 高志和  
(852) 3657 6235  
glennko@cmbi.com.hk

**Cyrena Ng, CPA** 吳蓓瑩  
(852) 3900 0801  
cyrenang@cmbi.com.hk

**Jerry Wang** 王世超  
(852) 3761 8919  
jerrywang@cmbi.com.hk

CHPWCN 3.08 Perp/SPICPT 3.45 Perp were 0.1pt higher. CHSCOI 3.4 Perp/CHPWCN 3.45 Perp were 0.1-0.2pt lower. In the high beta names, ZHONAN/GRPCIN/SUNSHG 25-26s were up 0.1pt. HUANEN '29 was 1.7pts lower.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/8 PERP	63.4	2.1	HUANEN 3 12/10/29	90.6	-1.7
HYSAN 4.85 PERP	70.0	1.8	RILIN 1.87 01/15/26	95.2	-1.1
NWDEVL 5 1/4 PERP	84.5	1.6	RILIN 2.06 01/15/26	96.1	-0.9
TAISEM 4 3/8 07/22/27	98.9	1.5	RILIN 2.444 01/15/26	96.4	-0.8
TAISEM 1 1/4 04/23/26	93.8	1.4	RILIN 2.512 01/15/26	96.7	-0.8

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.88%), Dow (+0.08%) and Nasdaq (-1.95%) were mixed on Thursday. US Jun'24 CPI was +3.0% yoy, lower than the expectation of +3.1% yoy. The latest US initial jobless claim was +222k, lower than the expectation of +236k. UST yields retreated yesterday, 2/5/10/30 yield reached 4.50%/4.13%/4.20%/4.41%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Chinese properties: More signs of stabilization

In Jun'24, 33 developers under our radar reported contracted sales totaled RMB252.9bn, decreased 17.4% yoy from RMB306.2bn in Jun'23 while rebounded 28.6% mom from RMB196.7bn in May'24 after [a series of supportive measures](#) were launched in mid-May'24. In May'24, the total contracted sales of these developers increased 0.8% mom. 18 out of 33 developers reported mom rebound in contracted sales. In 1H24, the cumulative contracted sales of the 33 developers dropped 40.4% yoy to RMB870.1bn, the decline in contracted sales further narrowed from -44.8% yoy in 5M24.

All developers under our radar posted yoy decreased cumulative contracted sales in 1H24. In 1H24, GRNCH (RMB126.5bn) was the better performer with 6% yoy declines in contracted sales. The distressed developers continued to underperform. The contracted sales of COGARD (RMB26.0bn), CHINSC (RMB4.8bn) and KWGPRO (RMB5.7bn) fell 80%, 76% and 70% yoy in 1H24, respectively.

As per NBS, the nationwide newly constructed commercial residential housing sales declined 26.9% yoy to RMB4,127bn in 1H24, compared to -30.9% yoy in 5M24. In Jun'24, the sales prices of newly constructed commercial residential housing in tier-1,2 and 3 cities dropped 3.7%, 4.5% and 5.4% yoy, widened from -3.2%, -3.7% and -4.9% yoy in May'24. The decline of nationwide residential housing sales was moderated at lower prices. We expect to see more supportive measures from governments, including further LPR cut in 2H24.

2024 YTD Sales (in RMB mn)

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Trend	Jun'24 MoM Growth	Jun'24 YoY Growth	Jun'24 YTD Sales	Jun'24 YTD Sales Growth
Greentown	绿城	GRNCH	12,000	12,900	28,300	22,300	23,300	27,700		19%	8%	126,500	-6%
China Overseas	中国海外发展	CHIOLI	10,504	8,491	41,211	21,795	19,700	46,677		137%	4%	148,378	-18%
Poly Real Estate	保利地产	POLYRE	20,323	15,624	27,036	33,024	35,314	42,014		19%	5%	173,335	-27%
Yuexiu Property	越秀地产	YUEXIU	6,545	3,815	11,341	8,312	10,078	15,308		52%	9%	55,399	-34%
China Resources Land	华润置地	CRHZCH	11,420	9,190	30,110	21,280	20,700	19,460		-6%	-8%	112,160	-34%
China Vanke	万科企业	VNKRLE	19,450	14,000	24,510	20,890	23,330	25,130		8%	-8%	127,310	-38%
Shimao	世茂房地产	SHIMAO	2,110	2,240	3,900	2,610	2,920	3,310		13%	-1%	17,090	-39%
Radianc*	金辉控股*	JNHUIG/RDHGCL	1,450	610	1,840	870	1,430	2,160		51%	8%	8,360	-41%
Future Land	新城控股	FUTLAN/FTLNHD	3,692	4,020	4,236	3,704	4,102	3,801		-7%	-3%	23,555	-44%
Hopson	合生创展	HPDLF	1,286	630	1,978	1,510	1,665	1,781		7%	-5%	8,850	-45%
Greenland Holding*	绿地控股集团*	GRNLGR	4,500	4,000	5,500	3,800	6,130	7,940		30%	-8%	31,870	-46%
Longfor (Attributable)	龙湖集团	LNGFOR	4,660	3,680	7,440	6,230	5,980	6,780		13%	-4%	34,770	-47%
Yanlord*	仁恒置地*	YLLGSP	1,480	2,060	990	1,870	2,950	1,850		-37%	-6%	11,200	-47%
China Jinmao	中国金茂	CHJMAO	6,400	4,150	6,970	6,500	7,220	13,300		84%	1%	44,540	-48%
Sino-Ocean	远洋集团	SINOCE	1,200	820	2,300	2,800	2,440	8,770		259%	5%	18,330	-49%
Times Property	时代中国控股	TPHL	532	841	685	1,055	1,005	705		-30%	-5%	4,823	-49%
Sunac China	融创中国	SUNAC	3,760	2,730	3,510	12,450	2,270	1,560		-31%	-8%	26,280	-50%
CIFI Holdings	旭辉集团	CIFIHG	3,720	2,240	4,180	3,980	3,340	2,850		-15%	-8%	20,310	-52%
Zhongliang	中梁控股	ZHLGHD	2,010	1,730	1,500	1,370	1,450	1,600		10%	-9%	9,660	-54%
Central China Real Estate	建业地产	CENCHI	710	680	440	750	950	960		1%	-4%	4,490	-55%
Gemdale	金地集团	GEMDAL	5,510	5,100	6,130	6,240	6,510	6,630		2%	-1%	36,120	-58%
Powerlong	宝龙地产	PWRLING	1,121	1,177	1,548	1,134	1,208	1,142		-5%	-6%	7,330	-58%
Guangzhou R&F	富力地产	GZRFPF	980	650	1,080	770	970	1,150		19%	-1%	5,600	-59%
Yuzhou Properties	禹洲地产	YUZHOU	803	503	902	802	703	632		-10%	-8%	4,345	-63%
Jingrui Holdings	景瑞控股	JINGRUI	206	112	170	167	131	130		-1%	-8%	916	-63%
Redsun	弘阳地产	REDSUN/HONGSL	982	862	831	702	723	711		-2%	-3%	4,811	-63%
Zhenro Properties	正荣地产	ZHPRHK	619	471	554	591	596	594		0%	-6%	3,425	-65%
Ronshine China	融信中国	RONXIN	448	543	742	542	544	543		0%	-7%	3,362	-66%
Logan Property*	龙光地产*	LOGPH	800	760	400	520	790	1,270		61%	-6%	4,540	-68%
Agile	雅居乐	AGILE	2,390	1,530	1,430	1,190	1,650	800		-52%	-7%	8,990	-68%
KWG Property	合景泰富集团	KWGPRO	830	620	1,070	970	1,180	990		-16%	-3%	5,660	-70%
China SCE*	中骏集团控股*	CHINSC	850	820	1,010	630	1,110	350		-68%	-8%	4,770	-76%
Country Garden (Attributable)	碧桂园	COGARD	5,490	3,720	4,300	3,850	4,290	4,300		0%	-3%	25,950	-80%

Note: \* represents the data was collected from CRIC.

Source: Company filings, CRIC.

## ➤ China Economy - Credit remained weak with positive signs

China's social financing flow deteriorated and fell short of market expectations. Although government financing rebounded amid faster bond issuance, private credit demand remained weak amid the property slump, persistent deflation and subdued confidence. The change in the statistics system also contributed to the low readings of credit and money supply as the PBOC pointed out the less-inflated data was part of the process to "drain the swamp". Looking forward, the PBOC may further cut RRR by 25bps and LPRs by 15bps in 2H24 to relieve the debt service burden for the private sector. To protect banks' NIMs, the central bank may also reduce deposit rates. Meanwhile, the central bank would continue to guide banks to expand credit supply to boost economic growth and defy deflation pressure. We expect credit growth may mildly rebound in 2H24-2025.

**Social financing growth receded despite notable government bond issuance growth.** The growth of outstanding social financing (SF) slowed down to 8.1% YoY (all in YoY terms unless otherwise specified) in June from 8.4% in May, as the SF flow dropped by 22% to RMB3.3tn in June, after rising 32.7% to RMB2.1tn in May. Government bond issuance has picked up markedly since May and increased by 58% to RMB848.7bn in June. New RMB loans under SF has been declining YoY since Oct 2023 and dropped 32.2% to RMB2.2tn in June, after declining 32.9% to RMB819.7bn in May. Corporate bond issuance rebounded to RMB212.8bn in June from RMB28.5bn in May but dropped 5.4% compared to its year-ago level. Shadow financing contracted significantly as undiscounted banks' acceptance saw a significant negative flow at -RMB204.7bn in June. The M1 growth sank further to -5% from -4.2% as the central bank is discussing the modification of M1 definition to improve the data scope. M2 slowed down to a record low at 6.2% from 7% in May. We expect both M1 and M2 growth should stay muted in the near term due to weak property sales and business activities.

**Credit demand in private sector continued to deteriorate.** Growth of outstanding RMB loans hit another record low at 8.1% in June from 8.4%. The once again weaker-than-expected new RMB loans dipped 30.2% to

RMB2.1tn in June, after dropping 31.1% to RMB950bn in May. New loans to households have been extremely weak throughout 2024 ytd as they either contracted due to prepayment or their YoY change declined by double digits. New loans to households dropped 41% to RMB570.9bn in June with short-term loans down 50% and new M&L loans down 31%. Demand for consumer credit was soft amid elevated real interest rates while property sales have yet to show any material improvement following the policy easing. We expect the growing spread between new and existing mortgage rates would trigger more early payments, weighing on future M&L loans growth. New loans to the corporate sector further declined 28.5% to RMB1.6tn after dipping 13.5% to RMB740bn in May. Short-term loans dropped 10% to RMB670bn while M&L loans dipped 39% to RMB970bn, compared to RMB510bn in May with -35% growth. Bill financing contracted to -RMB39.3bn compared to positive RMB357.2bn in May.

**PBOC toned down the significance of deteriorating credit data as it is part of the “drain the swamp” process.** Recent credit data has been markedly weak as the modification of GDP calculations of financial sector and cancellation of hidden deposit interest have resulted in the all-time lows of both credit and monetary base growth. On the bright side, the less-inflated data would be better indications for the central bank to coordinate its monetary policy and better reflection of current economy. Looking forward, we expect further LPRs cut by 15bps to relieve debt service burden of consumers and private business. The central bank may also reduce deposit rates to protect banks' NIMs. Meanwhile, the central bank may guide banks to expand credit supply to boost economic growth and defy deflation pressure. We expect credit growth may gradually rebound in 2H24-2025.

Click [here](#) for full report

#### ➤ **China Economy - Exports stronger than domestic demand**

China's exports of goods continued its upward trajectory and expanded by 8.6% in June, bolstered by strong demand from the US & emerging markets and continuous surge of IT products, EV and ships. Imports of goods remained subdued as domestic demand remained weak. Trade surplus reached a record high, leading to possible further trade tensions with the US and EU. Looking forward, China's exports will maintain solid growth rates thanks to low base effect, price advantage and overseas demand improvement. We expect exports and imports of goods to rise 3.6% and 3.3% in 2024 after dropping 4.6% and 5.5% in 2023. We may see a mild rebound of RMB in 2H24-1H25 as China's growth and price gradually improve, while the US economy and inflation gradually cool down.

**Exports to the US and EU rebounded while those to ASEAN and Latin America remained strong.** China's exports of goods extended its rally from 7.6% (all on a YoY basis unless specified) in May to 8.6% in June with lower base effect kicking in. Exports to the US and EU recovered markedly with YoY growth rates up from 3.6% and -1% in May to 6.6% and 4.1% in June. Exports to ASEAN and Latin America maintained robust growth rates at 15% and 15.7% in June, compared to 22.5% and 18.9% in May. Exports to India, Russia, Japan, UK and Canada also broadly improved. Trade surplus has reached a record high of US\$99.1bn in June from US\$82.6bn in May.

**IT products and vehicles continued to lead the recovery.** Following the upswing of global tech cycle since late 2023, exports of computers and integrated circuits rose 9.8% and 23.4% in June, compared to the growth rates of 6.4% and 28.5% in May. But exports of cell phones slowed with the growth down from 8.1% to 1.9% in June. Exports of ship and auto vehicles remained their rapid growth at 53.8% and 12.6%, compared to 57.1% and 16.6% in May. Exports of home appliance maintained strong growth at 17.9% in June after rising 18.3% in May. Exports of labour-intensive products slowed as the growth rates of textile, garment and plastic products dropped to 5.9%, -1.8% and 7.2% in June from 7.2%, -0.4% and 8.6% in May. Exports of medical equipment picked up as its growth reached 10.5% in June, compared to 5.2% in 2Q24.

**Imports indicated weak domestic demand.** China's imports of goods dropped 2.3% in June after rising 1.8% in May, below market expectations of 2.5%. Import volume of crude oil further dropped 10.8% in June after

decreasing 8.7%, while the growth of natural gas slowed from 6.5% to 0.3% in June. For coal, the import volume picked up 11.9% in June after rising 10.7%. Import volume of iron ore slowed with the growth down from 6.1% to 2.2% in June; while that of copper ore picked up 8.5% in June after dropping 11.7%. Intermediate goods including steel products, copper products and plastics in primary form declined 5.7%, 3% and 5.7% in June after increasing 1.6%, 14.9% and 1.3% in May, while growth of machine tool rebounded to 1.8% from -26.2%. For integrated circuits, the growth of import volume slowed from 15.4% to 9.5% in June while its price dropped 16.3%. Consumer goods including auto vehicle and beauty cosmetics remained subdued throughout 2024.

**Export recovery is one of the few pillars supporting China's economy.** Exports continued to be one of the few tailwinds for economic recovery. We expect exports to further recover in the upcoming months thanks to the low base effect, external demand improvement and China's increasing price advantage in most manufacturing products. We may see a mild rebound of RMB in 2H24-1H25 as China's growth and price gradually rebound, while the US economy and inflation gradually cool down.

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

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

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Ningbo Yincheng Group	USD	-	3yr	-	-/-/-
NongHyup Bank	USD	-	3yr	SOFR+120	Aa3/A+/-
NongHyup Bank	USD	-	5yr	T+100	Aa3/A+/-
Qingdao Conson Development	USD	-	3yr	6.5%	-/BBB/BBB+

#### ➤ News and market color

- Regarding onshore primary issuances, there were 94 credit bonds issued yesterday with an amount of RMB79bn. As for month-to-date, 810 credit bonds were issued with a total amount of RMB918bn raised, representing a 86.8% yoy increase
- **[CHNAAR]** Moody's withdrew China Aircraft Leasing Group's Ba1 rating
- **[EDU]** Moody's affirmed New Oriental's Ba1 CFR with stable outlook
- **[FRESHK]** Far East Horizon said it prefers using revenue generated from operation to redeem USD300mn FRESHK 3.375 02/18/25 rather than refinance
- **[LMRTSP]** Lippo Malls Indonesia Retail Trust announced results of tender offer for USD148.6mn LMRTSP 7.5 02/09/26, USD125.9mn bonds were accepted

- [VEDLN] Media reported that Vedanta Limited is seeking cUSD360mn onshore bank loan to fund its unit ESL Steel capex

*Fixed Income Department*

*Tel: 852 3657 6235/ 852 3900 0801*

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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