

CMBI Credit Commentary

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

- *Asian IGs were under better selling. New issue CHINAM'26 narrowed 2bps to SOFR+63. The other recent new issues CKHH and BOCAVI widened c2bps. We also saw buying interests in long-end CCAMCL'31. LGFV/SOE Perp/AT1 sectors were quiet.*
- **DALWAN:** *Stakes freeze due to commercial disputes of Dalian Wanda Group. The amount involved is RMB1bn. DALWANs down 5.5-8pts this morning. See below.*
- **FOSUNI:** *Media reported that Fosun International chairman is about to sell his stake in Tosperity Securities to Shandong SOEs. FOSUNIs were unchanged to up 1.75pts this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, overnight rates remained volatile and UST 2y yields hovered in a range of 15-20bps around 4.45%, post recent data prints such as NFP/US PMI. Asia ex JP IG space had a muted session with the credit spreads in Asia were still traded in a small range without a clear direction. The recent new issues HKINTL 28s and 33s notably widened 4-7bps to be quoted at T+32 and T+50 respectively. Elsewhere in HK/KR IGs, we also saw some profit taking on CKHH/AIA. EIBKOR 28s and 33s were traded 5bps wider to close at T+80 and T+100, respectively. In Chinese SOEs, SINOPE 30s/31s edged 2bps wider. TMT benchmarks TENCNT/BIDU 30s widened 2-4bps. In financials, leasing papers performed mixed with buyers on 23s but were under better selling for the rest of the curve. CCBL/CMINLE 24s-26s widened 1-3bps. Overall Chinese IG spreads closed unchanged to a touch wider. Chinese properties were mixed. DALWANs moved another 0.5-2pts lower across the curve. COGARD/FUTLAN/FTLNHD 24-26s were traded down 0.5-1pt. CENCHIs/CIFIHGs were quoted down 0.125pt at low-teens. On the other hand, CHINSC 24s were traded 1-3pts higher. Industrials also performed mixed. FOSUNIs drifted 0.5-0.75pt lower. Whilst WESCHI 26s were traded up 1.5pts. Macau gaming papers were firm. SANLTDs were marked 0.5-1.5pts higher, WYNMACs were up 0.5-1pt. Indian renewables GRNKENS were marked 0.25-0.5pt higher. ADANEMs/ADTINs gained 0.25pt. Indonesian names LPKRIJ 25s/MEDCIJ 27s were bid up 0.25pt.

The LGFV/Perp/AT1 spaces had a mixed but overall constructive session. The front-end LGFV papers remained generally better offered as tightness in funding front persisted. Whilst the flows from AMs who were not directly impacted by funding costs were two-way mixed, as some clients were happy to park cash for some decent ($\geq 6\%$) short-term carry. We also saw some other clients still sought to sell the front-end LGFVs and make room for positions. Elsewhere, Chinese AT1s and SOE Perps stabilized amid two-way flows among Chinese NBRMs, as street continued to try to push yields higher.

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ICBCAS AT1s were still marked 0.125-0.25pt lower while BCHINA/BOCOM AT1s closed unchanged. Flows in LGFVs remained largely sporadic from PBs in mainly high-yielding/ high-beta names, whilst institutional clients generally looked for 1-2y papers that offered some yield pickup. Shandong/Chongqing names remained relatively active. CQLGST 24s/SHGUOH 25s were marked 0.1pt higher. KMRLGP 3.9 '24 were marked 3.5pts lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHINSC 7 3/8 04/09/24	35.4	3.1	KMRLGP 3.9 12/12/24	85.8	-3.6
BTSDf 5 5/8 10/24/24	90.4	2.6	DALWAN 6 7/8 07/23/23	91.6	-1.7
WESCHI 4.95 07/08/26	73.4	1.7	COGARD 7 1/4 04/08/26	38.8	-1.1
HPDLF 6.8 12/28/23	85.8	1.1	FUTLAN 6 08/12/24	66.3	-1.0
APLNIJ 5.95 06/02/24	43.4	1.0	DALWAN 11 02/13/26	47.9	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.24%), Dow (+0.03%) and Nasdaq (+0.36%) rebounded and S&P, Nasdaq reached highest points within 2023. The World Bank raised its 2023 global GDP growth outlook to +2.1% from 1.7% as major economies showed were resilient than forecast, but lowered 2024 GDP outlook to +2.4% from +2.7% due to high interest rate. The US treasury mostly edged up yesterday, the 2/5/10/30 yield reached 4.51%/3.85%/3.70%/3.87%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ DALWAN: Stakes Freeze due to commercial disputes of Dalian Wanda Group

On 5 Jun'23, a total of RMB1.98bn of Dalian Wanda group's stakes in Dalian Wanda Commercial Management (DALWAN) was frozen by Shanghai Hongkou District People's Court, in addition to another RMB45.27mn stakes frozen by Dalian Xigang District People's Court since 24 Nov'22. The latest stakes frozen is equivalent to 43.7% of DALWAN's outstanding capital. Dalwan Wanda group owns 52.97% stakes in DALWAN. WANG Jianlin has another 8.16% stakes in DALWAN. We understand the stakes freeze was due to the commercial disputes between Dalian Wanda group's property unit with another property developer, and Dalian Wanda group provides guarantee for the property unit. The amount involved is RMB1bn and hence, the impact should be manageable in our view. As per DALWAN, there will be no acceleration of payment resulting from the stakes freeze. DALWANs down 5.5-8pts this morning.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
CMB London Branch	400	3yr	5.742%	SOFR+65	A2/-/-
Hangzhou Shangcheng District	200	364d	5.9%	5.9%	-/-/BBB
Zhongtai International Finance	200	2yr	6.7%	6.7%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
National Australia Bank Ltd	USD	-	2-5yr	T+90-95/ 130-135	Aa3/AA-/-

➤ News and market color

- Regarding onshore primary issuances, there were 74 credit bonds issued yesterday with an amount of RMB90bn. As for Month-to-date, 270 credit bonds were issued with a total amount of RMB311bn raised, representing a 157.1% yoy increase
- Fitch revised outlook of China engineering & construction, steel & cement sector to neutral from deteriorating
- Media reported that Shandong provincial government asks SOEs to support LGFVs in Weifang over past few months; Guangxi government proposed regulations that local government cannot provide guarantee or commitment to SOE debts and should not be responsible for SOE debts
- **[ADEIN]** Adani Group's EBITDA grows 36% yoy to INR572.2bn (cUSD6.9bn) in FY23; the company revives its cUSD1.8bn investment plan for Mundra PVC project
- **[FOSUNI]** Media reported that Fosun International chairman is about to sell his stake in Tosperity Securities to Shandong SOEs
- **[FUTLAN]** Seazen Holdings schedules RMB780mn 21Xinkong01 bond put option exercise on 9-15 June; the company recorded RMB7.03bn contracted sales in May'23, down 36.5% yoy
- **[GCLNE]** GCL Technology further buys back 5.5mn shares for around HKD8.6mn
- **[GLPCHI]** GLP C-REIT raises RMB1.85bn in follow-on offering to acquire new logistics assets from GLP China
- **[PWRLNG]** Powerlong mulls swapping next three USD bond maturities into 364-day and two-year paper; in talks to extend offshore loan maturities

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