

CMBI Credit Commentary

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

- *IGs traded heavier amid higher rates outlook, HAOHUA long-end weakened 15bps amid US DoD concerns. Short end SOEs and liquid AT1s like ICBCAS 3.2%Perp still had support from onshore. In HYs, CIFIHG broadly down another 2.5-3.5pts with CIFIHG'23 notably fell 7.5pts by mid-day. See news and market colour below for more on CIFI.*
 - **China SCE:** *Missed payments on trust products. CHINSCs were traded down 3-8.5pts this morning. See comments below.*
 - **Chinese Properties:** *Slight recovered from the July's low in Sep'22. The markets may kept reviving in 4Q22 as the back of new policies published in the end of Sep. See below.*
- ❖ **Trading desk comments 交易平台市场观点**

Yesterday, China IG space opened in a soft tone with the hope on Fed dovish faded. Most of the trades done were still about the short carry bonds at the previous closing levels, as US and JP were out for holiday. Financials space was a bit mixed but overall quite steady. AT1 core names firmed up 0.25pt with balanced two-way among AM sellers and PB buyers. T2s tightened 2-5bps as Chinese RM demand resumed, amid light flows again as there were no UST cash trading. AMCs were showing two-ways with HRINTHs price ended unchanged to 0.25pt lower. TMT space was muted. IG property sector continued the recent losing streak, with LNGFORs/ VRKRLEs lowered 0.5-1.5pts. China HYs was still on the weaker side, with PB/RM de-risk selling. CIFIHG first traded up 5pts post report that CIFI has paid the coupon on its CBs due on Saturday (8 October), but upbeat soon faded to close unchanged to 1pt lower. COGARDs also down 0.5-1pt. CHINSCs were notably down 0.5-3.5pts after the media reported that China SCE and SHIMAO missed payments on RMB1.6bn of trust products. CHINSC 23-24s were traded at low-to-mid-20s amid mounting concerns, despite the developer informally said it transferred funds to the trustee for the 9 October coupon on its 7.375% due-9 April 2024 bonds. Elsewhere, ROADKGs/GRNLGRs bounced 1-2pts. FTLNHDs were down 1.5-2.5pts. Non-property space performed mixed. HAIDIL'26 was up 3pts after Haidilao announced to repurchase up to USD240mn of its HAIDIL 2.15%'26. In industrials, FOSUNs closed down 1.5-3.5pts despite the conglomerate denied the rumor that lenders rejected a request by Shanghai Fosun Pharmaceutical for an onshore loan. Away from China, Indian and Indonesian HYs were largely sideways to slightly down. AZUPOEs were down ~0.5pt whilst VEDLNs were up ~0.5pt.

In LGFV/SOE Perp spaces, market tone remained soft with overall flows skewed to better selling from offshore asset managers. LGFVs were relatively resilient although non-Chinese RM continued to offload their

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holdings in the space - mainly in front end high-coupon/ higher-yielding papers - thanks to Chinese NBRM parking cash here. Meanwhile, with onshore clients back, buying re-emerged in solid 2-3y names at mid-to-high-5%. Nonetheless 26s and beyond papers continued to struggle in finding a bid within 6% as fund managers were keen to get out. CNSHAN' Perp stabilized at 94.25 level. SOE Perps continued to trade quite heavy with pretty-much every issue beyond 22 call heading towards $\geq 6\%$. HAOHUA/ CNBG/ SINOCH Perps continued to be very well offered (along with HAOHUA bullets), after Syngenta announced new USD primary mandate. Having said that, we continued to see buying interests from Chinese NBRM in these at 6%+, reminding the market that this is still a matter of level only - after all even HUANEN 2.85 Perp c23 is at low-5% already. HAOHUA front-end tightened 5bps while long-end weakened a bit.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HAIDIL 2.15 01/14/26	84.2	3.1	CHINSC 7 1/4 04/19/23	27.5	-3.6
GRNLGR 5.6 11/13/22	86.1	2.0	FOSUNI 5.95 10/19/25	35.2	-3.4
CIFIHG 11.581 PERP	11.7	1.9	FOSUNI 5.05 01/27/27	34.8	-2.2
SINOCE 6.876 PERP	24.2	1.7	FTLNHD 4.8 12/15/24	37.9	-2.2
FWDINS 5 1/2 PERP	93.4	1.5	FOSUNI 6 3/4 07/02/23	59.0	-2.1

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets largely down last Friday. The S&P (-2.80%), Dow (-2.11%) and Nasdaq (-3.80%) fell as the U.S. Sep's labor market data was still robust: the unemployment rate was 3.5%, better than the market expectation of 3.7%; NFP rise by 263k, higher than the expectation of 255k. The markets expect there is a 75bps hike in Nov and another 25bps in Dec then pushing the fed funds rate to 4.5%-4.75%. The U.S. treasury yields kept ascending on last Friday and the 2/5/10/30 yields reached 4.30%/4.14%/3.89%/3.86%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ China SCE: Missed payments on trust products

China SCE and Shimao missed the payments of trusted products of RMB1.6bn due last month. The project involved is a 50%/50% JV between China SCE and Shimao for the development of a residential-cum-commercial project in Jinan. As per our discussions with China SCE, the first 2 phases of the project were delivered. China SCE does not consolidate the project; instead Shimao has been in charge of the construction and funding of project. China SCE has been more than honoring its pro-rata obligations of this project. The sales of phase 3 are undergoing, all sale proceeds are in the escrow account. The saleable resources are cRMB3bn, sufficient to cover debts at the project level. China SCE appears not to have further cash commitment on this project.

➤ Chinese Properties : The slight recovery in contract sales from the July's lows continued in Sep'22

In Sep'22, 17 out of 36 developers recorded an average of 30% MoM increase in contract sales. Total contract sales of 36 developers recorded a 3.8% mom increase, continuing the slowly reviving pace since Aug'22 when the total contract sales increased 2.0% mom from frozen July. As a result, the YOY decline in 9M22 cumulative contract sales of 36 developers under our radar narrowed to 44.2% from 45.5% in 8M22.

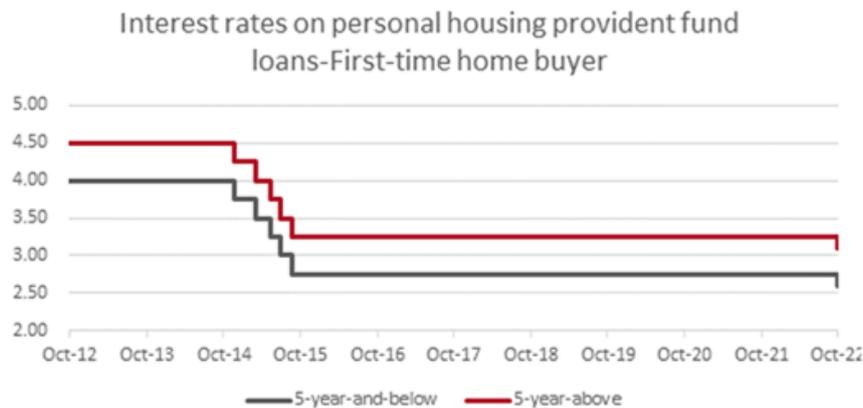
Amongst developers under our radar, "outperformers" in 9M22 are YUEXIU (RMB80.2bn, +13% YoY), GRNCH (RMB183.7bn, -8% YoY), CRHZCH (RMB201.7bn, -12% YoY) and POLYRE (RMB320.1bn, -22% YoY). Underperformers are DAFAPG (RMB4.8bn, -86% YoY), CAPG (RMB18.3bn, -81% YoY) and ZHPRHK (RMB27bn, -77% YoY).

2022 YTD Sales (in RMB mn)

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Trend	Sep'22 MoM Growth	Sep'22 YoY Growth	Sep'22 YTD Sales	Sep'22 YTD Sales Growth
Agle	雅居乐	AGLE	7,380	6,720	7,010	3,940	6,130	8,270	5,010	5,050	4,410		-13%	-5%	53,920	
Aoyuan Property	中国奥园	CAPO	1,920	1,580	4,460	1,560	2,390	3,010	1,090	1,240	1,050		-19%	-9%	18,300	
Central China Real Estate	建业地产	CENCHI	2,007	1,158	3,102	2,630	2,170	2,973	2,119	1,735	1,470		-15%	-7%	19,364	
China Jinmao	中国金茂	CHUMAO	10,000	7,000	14,660	10,240	9,000	19,000	10,497	16,520	13,063		-21%	-5%	109,980	
China Overseas	中国海外发展	CHOUJ	14,779	10,839	22,662	20,362	26,391	43,467	17,468	22,507	24,025		7%	18%	202,500	
China Resources Land	华润置地	CRHZCH	15,262	9,813	20,896	15,057	20,320	39,690	28,050	21,912	30,700		40%	39%	201,700	
China SCE	中骏集团控股	CHJNSC	5,022	4,219	8,010	4,490	4,790	6,050	5,049	3,490	4,520		30%	-4%	45,640	
China Vanke	万科企业	VNKRL	35,600	29,370	41,530	30,840	30,760	47,190	33,690	30,970	34,730		12%	-4%	314,680	
CIFI Holdings	世茂集团	CFIHG	8,440	8,300	12,000	10,100	10,800	13,500	16,100	15,060	10,020		-33%	-37%	104,320	
Country Garden (Attributable)	碧桂园	COGARD	36,360	32,760	30,110	22,640	28,710	34,520	30,110	28,870	32,020		11%	-30%	276,100	
Dafa Properties	大发地产	DAFAPG	1,011	990	607	302	300	500	361	300	446		49%	-80%	4,817	
Dexin China	德信中国	DEXCN	2,830	2,480	4,040	3,040	2,640	4,350	2,810	2,920	2,430		-17%	-37%	27,540	
Future Land	新城控股	FUTLANFTLND	7,862	11,231	11,968	9,029	11,081	13,991	10,890	9,560	9,024		-9%	-51%	94,634	
Gemdale	金地集团	GEMDAL	14,960	9,620	20,930	12,500	14,190	28,400	18,550	21,230	22,700		7%	7%	163,080	
Greenland Holding	绿地控股集团	GRNLGR	12,010	8,040	10,750	7,960	10,930	18,680	7,900	10,000	14,000		40%	-35%	100,300	
Greentown	绿城	GRNCH	11,700	11,500	15,100	15,500	11,900	34,000	27,300	29,700	27,000		-9%	27%	183,700	
Guangzhou R&F	富力地产	GZRFR	4,600	4,510	4,370	4,270	2,978	4,670	1,900	2,760	1,240		-35%	-88%	31,298	
Jiayuan International	佳源国际	JIAYUA	1,727	1,276	1,516	892	983	1,386	1,047	771	982		27%	-67%	10,580	
Jingui Holdings	景瑞控股	JINGUI	634	581	1,016	905	693	680	425	460	407		-12%	-77%	5,801	
KWG Property	合景泰富集团	KWGPPO	4,160	4,381	4,533	4,352	4,121	4,681	4,761	3,010	3,110		3%	-41%	37,109	
Logan Property (Attributable)	龙光地产	LOGPH	9,010	4,200	3,910	3,200	3,540	3,740	2,730	4,640	3,940		-15%	-60%	38,910	
Longfor (Attributable)	龙湖集团	LNGFOR	6,990	6,080	11,000	7,360	9,060	16,020	11,850	14,500	12,190		-16%	-74%	95,050	
Poly Real Estate	保利地产	POLYRE	28,302	23,978	38,415	30,519	38,003	51,003	33,001	38,479	38,395		0%	7%	320,095	
Powerlong	宝龙地产	PWRLNG	4,701	3,101	4,313	3,096	3,810	4,220	3,206	2,710	2,410		-11%	-63%	31,570	
Radianse	金辉控股	JNHUIGRHOCL	4,320	3,050	3,150	3,690	3,910	6,250	4,050	2,960	1,620		-39%	-40%	33,200	
Redco Properties	力高集团	REDPRO	2,617	1,903	1,025	1,502	2,317	2,901	2,516	3,116	3,140		1%	14%	21,037	
Redsun	弘阳地产	REDSUNHONGSL	4,020	3,062	2,738	2,587	3,108	4,094	2,832	1,729	3,403		-37%	-31%	27,573	
Ronshine China	融信中国	RONXON	6,506	8,329	5,396	4,336	5,067	9,103	7,570	2,652	4,092		-54%	-67%	53,052	
Shimao	世茂房地产	SHIMAO	7,510	7,260	7,340	6,030	6,110	9,500	6,820	6,220	8,000		29%	-65%	64,790	
Sino-Ocean	远洋集团	SINOCE	4,450	3,730	6,850	6,830	7,410	13,700	8,990	9,110	8,050		-12%	-51%	69,160	
Sunac China	融创中国	SUNAC	27,920	22,360	22,080	13,570	12,850	14,040	11,030	10,750	8,740		-19%	-61%	143,340	
Times Property	时代中国控股	TPHL	7,088	2,516	4,563	3,580	4,530	5,180	2,763	2,268	2,063		-10%	-70%	34,581	
Yuesu Property	越秀地产	YUEXOU	5,040	2,824	5,951	12,544	8,256	14,299	5,990	8,636	16,681		93%	17%	80,181	
Yuzhou Properties	禹洲地产	YUZHOU	4,520	3,354	3,520	2,612	2,911	4,031	2,952	3,860	2,268		-41%	-75%	30,028	
Zhenro Properties	正荣地产	ZHPRHK	7,897	3,529	2,585	2,301	2,316	2,689	2,055	1,713	1,922		12%	-81%	27,007	
Zhongliang	中梁控股	ZHLGHD	8,390	6,410	6,800	4,100	6,000	7,000	4,700	4,220	4,480		6%	-83%	52,100	

At the end of Sep'22, Chinese central government published three policies to boost real estate market for both new houses and second hand houses, the markets may sustain recovery in 4Q22.

Date	Department	Policy	Impact
29 Sep'22	PBOC/CBIRC	Governments of qualified cities (new house prices decrease by MoM and YoY) could decide whether to maintain, lower or cancel the lower limit for interest rates on local newly-issued first-home mortgages by the end of 2022	Among 70 major cities whose house prices tracked by NBS, 23 cities are qualified
30 Sep'22	PBOC	PBOC lower the interest rates on personal housing provident fund loans for first-time home buyers by 0.15 percentage points from 1 Oct'22	Interest rate is 2.6%/3.1% for 5-year-and-below loans and 5-year-above loans
30 Sep'22	MOF/STA	Residents who buy new homes within one year after selling old homes will enjoy personal-income tax refunds on the sale. The refunds take effect from Oct'22 to Dec'23	Tax refunds equal to ~1-2% total price reduction



➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD 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 (USD mn)	Tenor	FPG	Issue Rating (M/S/F)
Oriental Capital Company Limited	USD	-	3yr	7.0%	-/-/-

➤ Market conditions and color

- Regarding onshore primary issuances, there were 76 credit bonds issued yesterday with an amount of RMB73bn. As for Month-to-date, 96 credit bonds were issued with a total amount of RMB100bn raised, representing a 120.8% yoy increase.
- **[ASRIIJ]** Alam Sutera launched tender offer and consent solicitation for its o/s USD171.4mn ASRIIJ 8 05/02/2024 (traded at c81pts this morning) to repurchase the bonds at 82 minimally and seeks to amend some terms
- **[CIFIHG]** CIFI Group proposed to defer paying USD70mn amortization on HSBC-led syndicated loan until 28 Oct'22; Media reported that the bondholders of its HKD2.55bn 6.95% CBs yet to receive yesterday's coupon. The coupon payment is cUSD11.3mn. A quick check on the OC of CBs, there will be no grace period for missing coupon payment of the CBs. The missing of CB coupon will not trigger cross default of CIFI for the timing being as the threshold for cross-default is USD30mn. Eyes will be on the negotiation for the deferred amortization of USD70mn
- **[FTHDGR]** Fantasia scheduled the put option exercise for its RMB1.54bn 20Huayang02 on 14-20 October
- **[JINGRU]** Moody's withdrawn Jingrui ratings due to insufficient information
- **[KWGPRO]** KWG plans to pay on time any of its RMB1bn 20Hejing06 registered for their 12 Oct put
- **[LIHHK]** Lifestyle International delays scheme document on HKD5 per share privatization proposal to on or before 31 October
- **[SHNSUN]** Shinsun announced the company got support from Jizhu city's bailout fund.
- **[SOFTBK]** SoftBank Group accepted for purchasing USD750m of 6.00% undated hybrid notes, USD1.51bn of USD and EUR-denominated senior notes via tender offers
- **[SUNAC]** Moody's withdrawn Sunac ratings due to insufficient information

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