

CMBI Credit Commentary

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

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- *Small better buying on IG corps this morning. New issue LGFV ZZREAL'25 weakened a bit but found support at 5.2%. SBLC bonds were basically the same after the talks on new issuance restriction. SBLC bonds have been fairly illiquid in secondary markets.*
- *Asia ex-JP USD bonds issuance: New issuance dropped 46.8% yoy in 8M22 as ascending interest rate and weak market sentiment. LGFV issuance continue to increase amid chill environment. See below.*
- *PBOC cut foreign exchange reserve ratio to 6% from 8% to support RMB exchange rate, the cut could release about USD20bn liquidity to the market. The PBOC may further lower LPR or MLF rate in the near future to reduce the finance costs of enterprises and individuals.*

❖ Trading desk comments 交易台市场观点

Yesterday, IG spreads was mostly unchanged on light two ways, with US out for holiday. Financials space was quite peaceful with AMCs slightly weakened on RM selling. GRWALL curve down another 0.25-0.5pt while HRINTHs down 0.125-0.375pt. Cash traded AT1s are in general 5-25ct higher, and stalled over there. T2s space emerged small-sized buying interest on the front-end. TMT space was roughly the same with BIDU/TENCNT tightened 2-6bps. IG property space was a touch softer amid property tumbling again. SINOCES were roughly unchanged to 1pt lower, post the Moody's downgraded Sino-Ocean group from Ba1 to Ba2 on funding access deterioration. China HY space started the week on a tepid note, with the property sector continued the weak run amid fresh Covid-concerns and profit taking in benchmarks. BB high-beta names COGARD/CIFIHG underperformed and both curves were down another 2.5-5pts, though prints were light. Beaten-down names AGILEs/CHINSCs/CENCHIs were 1.5-3pts lower on the screen. Elsewhere, GRNLGR 23s up 1.5-2.5pts. CHJMAO'26 up 2pts. In industrial space, CHIOIL'26 down ~6pts. FOSUNIs were traded unchanged to 2pts lower yesterday amid the related onshore equities fall. FOSUNI curve closed flat to ~0.5-1pt higher this morning, post news on FOSUN Tourism' share replacement plan. Ex-China HY was mixed with Indonesian HY outperformed. Indonesian energy investment firm ABMMIJ was also up 2.5pts amid Moody's B1 affirmation with stable outlook and acquisition progress of a coal miner, GEMS. State electric giant PLNII notably jumped ~5.5pts.

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The LGFV/SOE Perp space had a relatively light day amid US holiday, despite another round of selloff in HY space. As rates retraced from recent high after NFP on Friday evening, Chinese fund managers resumed deployment in SOE perps and to a lesser extent LGFVs, with a preference on papers that provided yield pickup - namely longer dated to call SOE perps and higher-beta LGFVs like steel names. Flows were otherwise concentrated in front end issues (mainly c22 SOE perps and AT1s) amid two-way cash management demand. Overall, SOE Perps' cash levels edged 25-40ct higher for front-end bullets, which translated to ~5bps tighter on top of overnight CT2 rally. In LGFV space, 2-3yr papers felt a bit soft whilst front-end papers with juicy carry >4% were still sought after.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
PLNIJ 5 1/4 10/24/42	90.8	5.4	CHIOIL 4.7 06/30/26	77.3	-5.9
ZENENT 12 1/2 09/13/22	88.8	4.2	COGARD 5 1/8 01/14/27	37.1	-4.9
ABMMIJ 9 1/2 08/05/26	87.0	2.4	COGARD 3 1/8 10/22/25	39.9	-4.6
GRNLGR 6 3/4 06/25/23	48.9	2.4	CIFIHG 6 07/16/25	44.7	-4.5
CHJMAO 3.2 04/09/26	77.6	1.9	COGARD 8 01/27/24	52.5	-4.5

➤ **Macro News Recap 宏观新闻回顾**

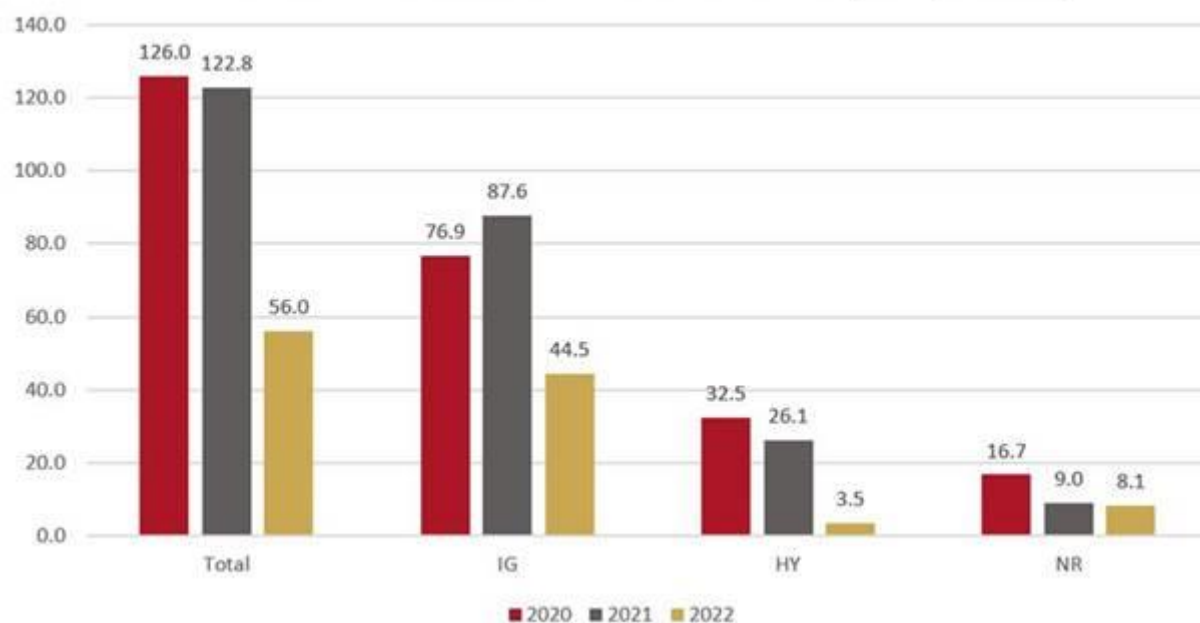
Macro – U.S. stock markets closed on Monday vacation. PBOC cut foreign exchange reserve ratio to 6% from 8% to support Renminbi as the back of U.S. dollar index once exceeded 110 yesterday. The cut may release about USD20bn liquidity to the market. China Caixin Services PMI decreased to 55 in Aug'22 from 55.5 in Jul'22. OPEC+ agreed to reduce the production of crude oil for 100k barrels per day (0.1% of global demand) since Oct'22 to maintain the oil price. The U.S. treasury yields stayed at Friday's level and the curves were still inverted with 2/5/10/30 yield reaching 3.40%/3.30%/3.20%/3.35%, respectively.

❖ **Desk analyst comments 分析员市场观点**

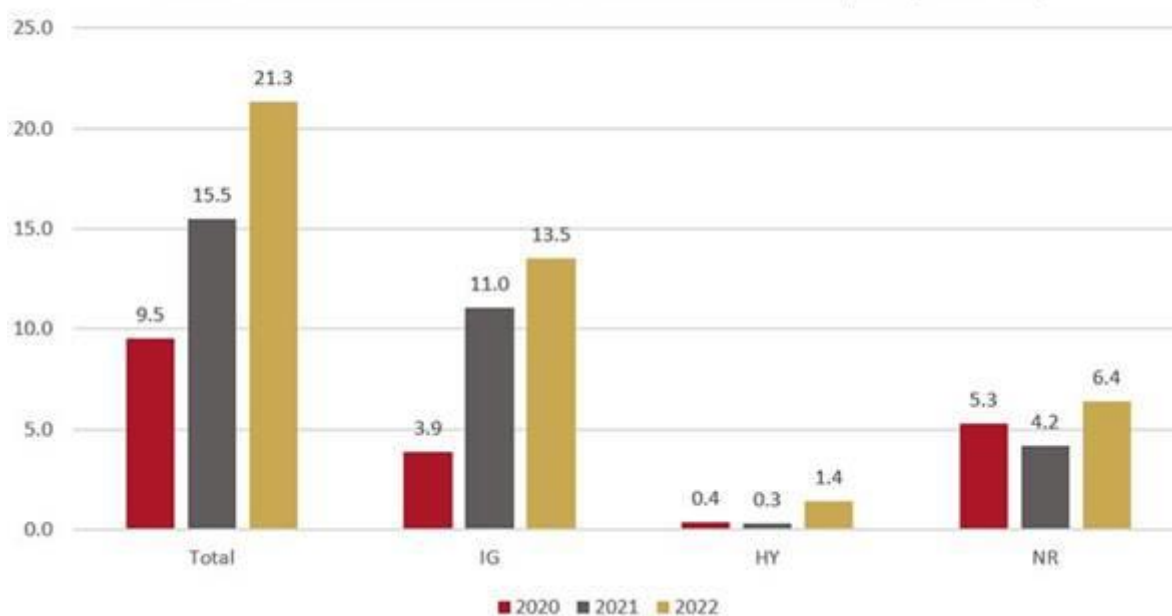
Asia ex-JP USD bonds issuance: 46.8% yoy drop in 8M22

In 8M22, the gross issuance of Asia ex-JP fell 46.8% yoy, on the back of ascending interest rate and weak market sentiment. The new issuance from China fell 54.4% yoy to USD56.0bn in 8M22. Specifically, IG, HY and NR dropped 49.2%, 86.8% and 10.6% to USD44.5bn, USD3.5bn and USD8.1bn, respectively. The Chinese properties USD bonds issuance slumped 81.5% yoy to USD6.5bn. LGFV continues to be the exceptional segment that new issuance from increased 37.4% yoy to USD21.3bn. By credit ratings, IG, HY and NR issuances increased 22.7%, 329.4% and 53.7% to USD13.5bn, USD1.4bn and USD6.4bn, respectively. The proportion of LGFV issuance in the total issuance amount increased to 38.0% in 8M22 from 12.6% in 8M21.

8M22 Chinese USD bonds new issuance amount(Total, USD bn)



8M22 Chinese USD bonds new issuance amount(LGFV, USD bn)



➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Zhengzhou Real Estate Group Co., Ltd.	USD350	3yr	5.1%	5.1%	-/-/BBB+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Ganzhou Urban Investment Holding Group Co., Ltd	USD	-	3yr	6.2%	-/-/BBB-
Tianjin Binhai New Area Construction and Investment Group Co., Ltd.	USD	-	3yr	5.3%	Baa2/-/-

➤ Market conditions and color

- Regarding onshore primary issuances, there were 57 credit bonds issued yesterday with an amount of RMB78bn. As for Month-to-date, 156 credit bonds were issued with a total amount of RMB225bn raised, representing a 43.6% yoy increase
- [ABMMIJ]** Moody's affirmed ABM Investama B1 corporate family rating and unchanged the outlook as stable
- [BUMIJJ]** Bumi announced that it plans to issue USD200bn new series C shares to repay all remaining debt(cUSD1.54bn)
- [CENCHI]** Central China Real Estate said it expects to collect up to RMB1.9bn(cUSD275mn) receivables from Henan local government this year
- [CIFIHG]** CIFI Holdings raised HKD628.1mn(cUSD80mn) via private share placement to refinance debt
- [ESR]** ESR Group announced to close a HKD4bn(cUSD513mn) sustainability-linked loan with an option to upsize it to HKD7bn(cUSD898mn)
- [EVERRE]** China Evergrande winding-up petition hearing deferred from 5 Sep to 7 Nov
- [FOSUNI]** Fosun International plans to raise cHKD240mn(cUSD30.6mn) via share placement in Fosun Tourism Group at HKD8.57 per share
- [FTHDGR]** The holders of Fantasia Group's unit 20Huayang01 bonds have exercised RMB2.4bn (cUSD345.2mn) put option
- [GEMDAL]** Moody's affirmed the Ba2 corporate family rating of Gemdale Corporation, outlook changed from stable to negative
- [GZRFPR]** Guangzhou R&F to sell Beijing hotel for RMB550mn(cUSD80mn) to lower its debt

- **[KAISAG]** Kaisa plans to start negotiation with offshore creditors in late Sep
- **[LIFUNG]** Moody's placed Li & Fung's Baa3 on review for downgrade on logistic unit sale
- **[LOGPH]** Logan's latest restructuring proposal to back the post-restructured offshore debt by all offshore assets
- **[LSEAGN]** Moody's downgraded Landsea from B3 to Caa1 on heightened liquidity and default risks, outlook remains negative
- **[SINOCE]** Moody's downgraded Sino-Ocean Group from Ba1 to Ba2 on funding access deterioration and reduced financial flexibility, outlook remains negative
- **[YANGOG]** Yango Group scheduled the exercise of put option for its 20yangcheng04 on 8-13 Sep, the o/s amount is RMB800mn
- **[VNKRLE]** China Vanke acquired two projects in Suzhou and Yinchuan for RMB1.756bn(cUSD253.04mn), and another one in Kunming for RMB232mn(cUSD33.6mn)
- **[ZHPRHK]** Zhenro Properties' unit newly added RMB80mn(cUSD11.5mn) overdue bank loans as of 31 Aug

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