

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 2023”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets were quiet before Mainland China holidays. New issue YWSOAO'26 slightly down as market struggled to digest the primary issuance. We saw buyers of due-24 LGFV at low 6% and selling flows on Chinese AT1s.*
- **SINOCE:** *Obtained unanimous agreement from lenders to defer offshore loans repayment by three months. SINOCEs moved -0.5 to 0.25pt this morning. See below.*
- **FUTLAN:** *Seazen Holdings announced to resell RMB780mn 21Xinkong01 put by bondholders. FUTLAN/FTLNHDs were unchanged to 2pts lower this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex JP IG space remained quiet ahead of holidays (HK on Thu, and China on Fri). TMT benchmarks TENCNT 30s/BABA 27s widened 1-2bps. Chinese SOEs had a mixed session. HAOHUA 28s/30s edged 1-2bps wider to close at T+157 and T+170, respectively. Whilst the rest of SOEs remained firm. CHGRID/CHALUM 26-28s grinded 1-2bps tighter. SINOCH 31s were traded 4bps tighter to T+160/+158 on the back of all-in-yield buyers' support after overnight UST yields widened 4-5bps. In financials, leasing names BOCAVI/ICBCIL 25s/26s edged 1-3bps wider. In AMCs, HRINTH curve was traded 0.25pt lower (around 10bps wider). Chinese big-5 AT1s were largely resilient. ICBCAS 3.58 Perp/BOCOHK 3.725 Perp were better-offered. Chinese properties drifted lower. The market appears to be disappointed with no news on stimulus except the cut of 5Y LPR by 10bps to 3.55%. FUTLANs/FTLNHDs dropped 4-5pts across the curve. SINOCEs were down 1-2.5pts. AGILEs/GRNLGRs were lowered 0.5-1.5pts. ROADKs fell 3-6.5pts with its 25s/26s closed between high-40s to mid-60s. Industrials performed mixed. EHICAR 24s were indicated 1.25pts higher. Whilst FOSUNs were marked 0.5-1.25pts lower. In Macau gaming space, MPELs/SANLTDs/STCITYs were marked down 0.25-1.25pts. In Indian space, VEDLNs were traded down 1.5-2pts lower. Indonesian names MEDCIJs/KIJAIJs were marked 0.25-0.5pt higher. Elsewhere, GLPCHIs declined 0.75pt.

In the LGFV/SOE Perp spaces, cash liquidity remained very tight. Flow-wise, we saw a flurry of cash raising selling in the afternoon in SOE Perps and

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23s/24s LGFVs yielding low-6% or lower from onshore RMs. Bonds in the short-end of LGFVs were largely easy to be digested by prop desks and security houses as yields gradually edged higher. Shandong/Chongqing names remained active. SHGUOH 25s/CQLGST 24s were marked 0.15-0.3pt lower. Elsewhere, we saw some profit taking from PBs in crossover names FRESHK/ZHONAN after the recent rally, but the bonds remained well bid. HK Corp Perps performed mixed. PEAKRN 5.35 Perp/BNKEA 5.825 Perp were quoted 0.5-1pt higher. LIFUNG/NANFUN Perps, however, were marked 0.5-1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
PEAKRN 5.35 PERP	82.5	1.3	ROADKG 5 1/8 07/26/26	48.7	-6.6
EHICAR 7 3/4 11/14/24	79.4	1.2	COGARD 5.4 05/27/25	45.9	-6.5
BTSDF 5 5/8 10/24/24	93.5	1.0	ROADKG 6.7 09/30/24	77.3	-5.3
SINOPE 3.68 08/08/49	81.4	0.8	ROADKG 5.9 03/05/25	66.5	-5.2
SINOPE 4.1 04/28/45	88.5	0.8	FTLNHD 4 5/8 10/15/25	52.6	-5.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.47%), Dow (-0.72%) and Nasdaq (-0.16%) were down on Tuesday amid cautious sentiment. Post PBC's LPR cut, banks of several Chinese cities including Zhengzhou, Suzhou, et. decreased mortgage rate to below 4% for first home. The US treasury yields were overall down yesterday, the 2/5/10/30 yield reached at 4.68%/3.96%/3.74%/3.83%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ **SINOCE: Obtained unanimous agreement from lenders to defer offshore loans repayment by three months**

Sino-Ocean has obtained unanimous agreement from lenders of its three offshore loans to provisionally defer the repayment by three months to Sep'23 from tomorrow and Friday. Media reported Sino-Ocean offers securities over its shares in all of its projects in exchange for the extensions. It is still working on a deal with the these lenders to extend the maturities by nine more months to Jun'24, so that in total a one year extension. The 3-month extensions to Sep'23, which possibly further extending to Jun'24, give breathing rooms to Sino-Ocean to focus on the USD bond and perps coupon payment totaled cUSD97.8mn in 2H23. Sino Ocean (excl 49% owned Sino Ocean Capital) will not have USD bond maturity until Jul'24, and it remains current on its offshore obligations as of today.

For Sino-Ocean Capital, the two outstanding USD bonds both will be due this year. It has extended the voting deadline for the consent solicitation to 16 Jun on SINOCL 6.25 06/22/23. While the bond will be due tomorrow, Sino-Ocean Capital has yet to announce the consent result at the time of writing. Relating to SINOCL 6 10/24/23, it has postponed the accrued interest payment to 31 Jul. The principal repayment will be due in Oct'23, the company has not start to take action to extend the maturity date of this bond. Concerning the tight liquidity condition at the parent level, the ability and the willingness for Sino-Ocean to support Sino-Ocean Capital for debt repayment remain limited, in our view.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
SK Broadband Co Ltd	300	5yr	4.875%	T+110	A3/A-/-
Yiwu State-owned Capital	400	3yr	5.7%	5.7%	Baa3/-/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hyundai Capital America	USD	-	2/3/5/7yr	T+150/170/ 200/210	Baa1/BBB+/-

➤ News and market color

- Regarding onshore primary issuances, there were 138 credit bonds issued yesterday with an amount of RMB123bn. As for Month-to-date, 1,388 credit bonds were issued with a total amount of RMB1,315bn raised, representing a 23.8% yoy increase
- **[AGILE]** Agile Group Holdings to terminate existing share award scheme to reduce administrative costs, improve cash flow position
- **[BABA]** Joseph Tsai succeeded Daniel Zhang as chairman of Alibaba Group
- **[FRESHK]** Far East Horizon plans to cut the conversion price of its CB FRESHK 2.5 07/08/25 and FRESHK 0 06/15/26
- **[FUTLAN]** Seazen Holdings announced to resell RMB780mn 21Xinkong01 put by bondholders
- **[SINOCL]** Media reported that Sino-Ocean is unlikely to provide financial support to Sino-Ocean Capital to repay its public bonds
- **[XIN]** Xinyuan Real Estate extends early bird consent fee deadline to 27 June in connection to exchange offer for notes due 2023, 2024

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