

CMBI Credit Commentary

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

- *SOE Perps/AT1s/T2s further leaked 0.25-0.75pts in cash prices today led by c25-c27 papers as 5y rates popped 10bps higher overnight. SOE Perps were offered at mid-5% as AT1s were gradually moving from mid-5% bid to mid-5% offer, whilst T2s still lagged behind in the selling flows. RM clients mostly focused only on parking cash in c22 papers at ~4%.*
- ***CIFIHG:** Media reported that CIFI Holdings missed the payment of trust borrowings of its Tianjin project. CIFIHG'23/24 slumped 15-21pts and CIFIHG'26/27 down ~12pts post the news. See below.*
- ***FOSUNI:** Fosun International is seeking for HKD6bn loan collateralized by its residential block in HK clearwater bay to pay for the land premium. FOSUNIs slightly down 0.5-1pt this morning after the rally yesterday on the news of ICBC loans of RMB15bn.*

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❖ Trading desk comments 交易台市场观点

Yesterday, IG space opened softer with spreads widened 3-15bps amid weaker macro, then stabilized to 3-10bps wider. Financials space was volatile, with high beta names performing weak following previously overnight global soft sentiment. AT1s opened 0.25pt lower and ended back to yesterday closing level, but benchmarks still had RM buying. ICBCAS 3.2% Perp first had lowest print 91.875 (down 0.5pt than previous EOD) but picked up 0.25pt, supported by more buyers when it broke 92 level. Bank T2s finally weakened under FM dumping, as were trading at the tight levels of the range. BOCOHK'31/CCB'32 were 10-15bps wider. AMCs weakened another 0.5-2pts. TMTs widened 3-8bps, and BABA/TENCNT 10yr papers encountered some FM selling to end 5-10bps wider. IG property space was unchanged to 0.25pt lower on light selling interest. China HY had a sell-off session in property sector dragged by heated discussion on CIFI. CIFIHGs plummeted 7-10.5pts amid onshore chatters that CIFI was overdue on some of its trust products. COGARDs were also down 2-5.5pts in sympathy, and overall high beta names were generally 1pt lower on average. Elsewhere, FTLNHD/ROADKG 24-26s were down 1-3pts. CSCHCN 24s firmed up 0.5-3.5pts. In industrial space, FOSUNIs were traded 1.5-3pts higher with FM/Retails lifting, amid media confirmed that ICBC was finalizing written approvals to join Fosun unit's syndicated loan with total amount of RMB15bn (cUSD2.1bn). EHICARs/HONGQIs were up 0.5-1pt. Gaming space was mixed, SANLTDs/WYNMACs slightly retraced yesterday's gains by 0.5-1pt. MPEL 25s were up 1pt. Away from China, India HYs was mixed. GRNKENS held unchanged to 1pt higher on the Brookfield investment news, and Indian renewables were marginally higher. Indonesian industrial estate KIJAIJ'23 was up 1.5pts.

The LGFV/SOE spaces had some fire-selling to start the day, following another weak overnight macro session as asset managers tried to raise cash ahead of quarter end. LGFV/ SOE Perps/ AT1 papers quickly dropped to mid-5% in generally thin liquidity as bids retreated. From there some bonds managed to see buying from short covering, which accelerated in the afternoon amid also a mini-covering rally in broader macro. In LGFV secondary market, LZINVE'22 drifted 0.25-0.5pt higher post the news that Lanzhou construction had transferred funds to redeem its two onshore bonds, with RMB 1.2/0.6bn due on 26/27 Sep'22 respectively. Whereas LGFV primary market mostly sidelined as front-end rates still fluctuated with high volatility, new JNJKOS 364d deal was priced at 5.35% with a tiny issue size USD120mn. In SOE Perp space, HAOHUA 29/30 first widened 12bps to T+210, but then closed 7bps wider than previous EOD, at T+205. All in all, bonds in these spaces would settle ~5.5%/5.3% - around 0.5-1pt lower depending on how staled the last mark was - whilst T2 papers were more resilient at ~20-30bps tighter thanks to uncleared dealer shorts. Flows were largely dominated by prop/ fast money accounts and street only, as RM clients were largely muted aside from raising cash or parking it in 22s papers.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSCHCN 9 12/11/24	45.9	3.4	CIFIHG 5 1/2 01/23/23	73.0	-10.6
MGMCHI 5 3/8 05/15/24	89.1	3.0	CIFIHG 5.95 10/20/25	30.7	-9.7
FOSUNI 5.05 01/27/27	40.8	2.9	CIFIHG 6.55 03/28/24	40.6	-9.7
FOSUNI 5 05/18/26	41.4	2.6	CIFIHG 4 3/8 04/12/27	28.0	-9.3
FOSUNI 6 3/4 07/02/23	68.1	2.6	CIFIHG 6 07/16/25	31.6	-9.2

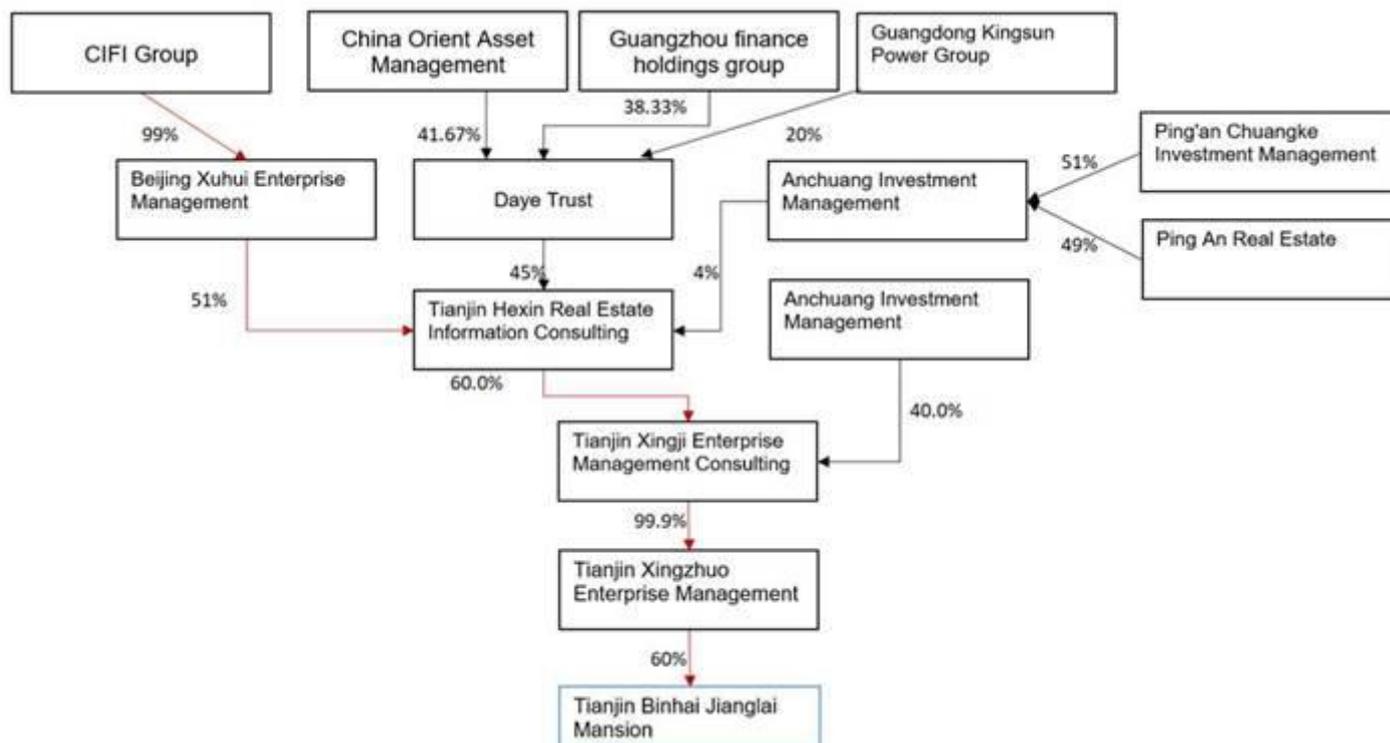
➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets recorded another fall on Monday. The S&P (-1.03%), Dow (-1.11%) and Nasdaq (-0.50%) closed lower and S&P, Dow down to the lowest level in 2022. The violent fluctuation in FX markets further increased the volatility of equity and debt markets, the exchange rate of GBP to USD once slumped by c3% to 1.038 on Monday. The PBOC raised FX Risk Reserve Ratio to 20% from 0 yesterday to stable the exchange rate while RMB to USD still down to 7.17 after a slight rebound. The U.S. treasury yields kept ascending and the yields curves bear steepened that 2/5/10/30 yield reaching 4.27%/4.15%/3.88%/3.72%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CIFIHG: non-payment should be relatively small given CIFI's relatively small presence in Tianjin

Media reported that a project company of CIFI missed the payment of trust borrowings. The amount of borrowing was not disclosed. As per the report, the project company is known as Tianjin Xingzhuo Real Estate, and the project involved is CIFI Binhai Jianglai in Binhai New district, Tianjin.



Source: WIND

As disclosed in CIFI's FY21 annual report, CIFI's attributable interests of CIFI Binhai Jianglei is 60%. A deeper dive into the organization chart would find that CIFI's attributable ownership in the project should be c30%, although the project should be consolidated after CIFI raised its ownership of Tianjin Hexin Real Estate to 51% in FY21.

While we are yet to confirm the non-payment news with CIFI, we believe that the non-payment, if any, should be relatively small given CIFI's relatively small presence in Tianjin. In FY21, Tianjin only accounted for 2.3% of the company's contract sales. In FY21, CIFI pre-sold 55,839 sqm of CIFI Binhai Jianglei, c20% of the total GFA of the project. We estimate its contract sales in this project to be cRMB1.2bn, c0.5% of its contract sales in FY21. CIFI issued 3-year onshore MTNs of RMB1.2bn on 21 Sep'22. The MTNs, guaranteed by CBIC, bear a coupon rate of 3.22%. The recent headlines are obviously negative and to some extent reflect CIFI is facing a tight liquidity as other developers are. That said, we believe that the repayment of public bonds remains a near-term priority of CIFI. CIFIHG'23/24 slumped 15-21pts and CIFIHG'26/27 down 12pts post the news.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (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 (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 124 credit bonds issued yesterday with an amount of RMB119bn. As for Month-to-date, 1362 credit bonds were issued with a total amount of RMB1367bn raised, representing a 2.1% yoy decrease
- **[BYANIJ]** Fitch affirmed PT Bayan Resources Tbk's Long-Term Foreign-Currency IDR at BB- with a Positive Outlook and simultaneously withdrawn the rating for commercial reasons
- **[EVERRE]** Media reported that China Evergrande introduced state-owned Shenzhen Longgang Investment Operation into four property development projects in the Longgang district
- **[FOSUNI]** Media reported Fosun International is seeking for HKD6bn loan collateralized by its residential block in HK Clearwater Bay to pay the premium of the block
- **[GRNLGR]** Greenland Holdings unit has proposed to apply for RMB1.45bn(cUSD202.3mn) loan from one of its shareholder
- **[JINGRU]** Jingrui Holdings announced that it has signed an agreement to sell a Shanghai commercial building to CCB Trust for RMB38.3mn to boost liquidity
- **[JINKE]** Jinke Property's unit Jinke Service received HKD12 per share offer from Boyu Group to buy its stakes by up to HKD4.76bn
- **[KIJAIJ]** Media reported that Jababeka is in talks with Bank Mandiri for cUSD90mn bilateral loan
- **[MINMET]** China Minmetals announced to redeem all of its outstanding USD1bn MINMET 3.75 PERP on 13 Nov
- **[ROADKG]** Road King Infrastructure announced to purchase c39.77% equity interests of a 75km expressway in Central Java, Indonesia for cHKD1.98bn(USD252mn)
- **[RSMACA]** S&P downgraded Red Star Macalline's long-term issuer credit rating to B- from B+ and gave negative outlook
- **[SHIMAO]** Shanghai Shimao said it is facing uncertainty over redemption of its RMB1bn(cUSD139.5mn) 19HushimaoMTN001 due 21 Oct

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