

CMBI Credit Commentary

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

- *China HY continued to rebound since Wednesday, CENCHI/KWGPRO/PWRLNG up 4-7pts while high rating names like COGARD/LOGPH/CIFIHG also up 2-3pts. New ICBCIL'25/ICBCIL'27 widened 4-5 bps to T2+122/T5+120*
- *COGARD: raised HKD3.9bn/RMB1.24bn through CB and onshore ABS issuance and issuance. We maintain COGARs as our OW picks. See below for more.*
- *Chinese USD bond new issues are dominated by IG and LGFV YTD. IG accounted for 84% of USD20.2bn total issuance and 61% of HY and NR issuance are LGFV.*

❖ Trading desk comments 交易平台市场观点

Yesterday, China HY property space opened with better buying from accounts. Names like COGARD/SUNAC up 10pts in the early session but retreated to Wednesday's closed prices level before noon. Other property names like PWRLNG/TPHL/CHINSC/ZHPRHK/FTLNHD outperformed and up 3-6pts for the day. YUZHOU curve up slightly post the valid tender for exchange. In industrial sector, FOSUNI up 0.5-1pts with real money better buying while the new tap CWAHK down around 1pt from reoffer price.

IG market traded stable yesterday with slight recovery of U.S. Treasury. IG property names such as LNGFOR/VNKRLE saw more two way flows and closed 3-5bps wider. In TMT space, benchmark names saw balanced two ways and spread widened 2bps. Financial names remained stable with HRINTH price up slightly for the day. '32 CCB Tier2 spread widened 5bps to T+127.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TPHL 5.55 06/04/24	49.1	11.6	SUNAC 5.95 04/26/24	60.0	-3.3
TPHL 6 3/4 07/08/25	47.3	10.4	CWAHK 4.85 05/18/26	96.2	-2.9
TPHL 5 3/4 01/14/27	46.6	9.2	COGARD 4.2 02/06/26	83.4	-2.3
TPHL 6 3/4 07/16/23	52.0	8.5	LVGEM 12 03/10/23	69.0	-2.2
TPHL 6.2 03/22/26	47.0	8.1	LSEAGN 10 3/4 10/21/22	69.7	-1.6

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stocks fell on Thursday, as a late-afternoon selloff erased what had been an early rally, showing that investors are still concerned about the prospects of tightening monetary policy and slowing growth. The S&P fell (-1.1%), Nasdaq (--1.3%), Dow (-0.9%). U.S. Treasury yield curve remained relatively unchanged last night. The yield on the benchmark 10Y Treasury note was flat at 1.83%. The 1Y yield rose to 0.60% while 5/30Y yields were unchanged at 1.62/2.14% respectively.

➤ Desk analyst comments 分析员市场观点

➤ COGARD: CBs finally came

Country Garden raised HKD3.9bn (cUSD500mn) through CB issue despite the denial last week. The CBs will mature in Jun'26 (4.5-yr) and be puttable in Jan'24 (2-yr), the coupon rate is 4.95% (without back-loaded yield). The conversion price is HKD8.1, representing a 16.4% premium over the last close. As per the company, the proceeds will be used to refinance its offshore debts but not to repay COGARD 7.1255'22 due 27 Jan'22 which will be funded with internal resources.

We take the CB issue positively as this once again demonstrated Country Garden's ability to access funding channels at manageable funding costs in a challenging market environment. As per the media report, it raised 354-day supply chain ABS totaled RMB1.24bn (cUSD195mn) at coupon rates of 5.3-5.5% this week. In Dec'21, it also raised RMB1bn onshore bonds at coupon rate of 6.3%.

As we wrote in our Asia HY corps outlook, COGARDs are amongst our OW picks. Recent volatility offers better entry opportunities. Within the curve, we prefer the belly part (8%'24, 6.5%'24, 5.125%'25, 5.4%'25 6.15%'25) in view of the lower cash prices and higher coupon rates.

➤ Offshore Asia New Issues (Priced)

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Rugao Fugang Engineering Construction Co Ltd	USD 200	3	2.1%	2.1%	-/-
Huzhou Nanxun Tourism Investment Development Group Co., Ltd.	USD 48	3	2.15%	2.15%	-/-

Shenwan Hongyuan HK Ltd	USD 200	1	1.5%	1.5%	-/-
Greentown China Holdings Ltd	USD 400	3	2.3%	2.3%	-/BBB/-
Huzhou Nanxun New Town Investment Development Group Co	USD 28.6	3	2.25%	2.25%	-/-

➤ **Offshore Asia New Issues (Pipeline)**

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

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 85 credit bonds issued yesterday with an amount of RMB92bn. As for Month-to-date, 1278 credit bonds were issued with a total amount of RMB1384bn raised, representing a 26.2% yoy increase
- **[COGARD]** enters into the Subscription Agreement to issue HKD3.9bn 4.95% convertible bonds due 2026 to the Sole Bookrunner, UBS
- **[CRHZCH]** China Resources Mixc Lifestyle to acquire Nantong Changle, and 1% of Jiangsu Zhongnan for maximum consideration of RMB2.26bn
- **[EVERRE]** the Risk Management Committee of the Company plans to hire China International Capital Corporation Limited (CICC) and BOCI Asia Limited as additional financial advisors, Zhong Lun Law Firm LLP as additional legal advisor
- **[FRETAI]** to miss coupon payment on USD500mn 5.6% bond due 2025 on 22 Jan'22
- **[GRNCH]** prices USD400mn 2.3% (vs. IPT of 2.4%) credit enhanced bonds due 2025 at par. The SBLC issue could be a route for more bankable issuers to tap the market.
- **[SUNKWP]** remitted funds to redeem SUNKWP 12.75%'22 in full; the outstanding amount is USD45.8mn and issue size is USD185mn.
- **[VEDLN]** to create USD10bn fund to bid for BPCL, other Indian companies slated for privatization

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