

## CMBI Credit Commentary

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

- *China HY market continued rebounding trend this morning on the back of news reporting that Chinese AMC will move to support stressed property developers. CIFIHG/SHIMAO/COGARD up 1-2pts and LOGPH gained 2-4pts this morning.*
- **STDCTY:** *5NC2 USD350mn new issue priced at 7.25% (RO at par) and moved higher to 100.75/101 this morning. The current valuation traded largely fair to STCITYs, in our view. Within the Macau Gaming sector, our top picks are STCITYs/SDCTY and WYNMACs which offer better risk and return profile. See below.*
- **CITLTD:** *proposed to issue 5yr USD bond (A3/BBB+, Stable/Pos) with IPG of T5+165bp. We see fair value for new CITLTD'27 at T5 + 115bp and expected technical switching demand from existing noteholders given the high cash price of CITLTD 3.875 '27 at 104.5. See below.*

#### ❖ Trading desk comments 交易平台市场观点

Yesterday, China HY property space traded firm with recovering sentiment. LOGPH curve up 2-3pts post the clarification announcement on rumor of changing auditor. COGARD/ROADKG/KWGPRO/SUNAC/CHINSC were skewed to better buying and up 1-2pts. ZHPRHK/RONXIN/AGILE/REDSUN short end notes saw street buying interests and closed the day around 1pt higher. Industrial sector, CHIGRA fell 1pt after rating downgrade to B and SJMHOL up around 1pt.

IG market opened stable, benchmark spread tightened 1-2bps for the day. In TMT sector, names such as XIAOMI/BABA continued to see buying flows and spreads tightened 2-3bps. SOE names including SINOPE/HAOHUA had some two way flows and closed relatively unchanged. In financial sector, Chinese AT1 in general up around 0.5pts for the day.

**Glenn Ko, CFA 高志和**  
(852) 3657 6235  
glennko@cmbi.com.hk

**Polly Ng 吴宝玲**  
(852) 3657 6234  
pollyng@cmbi.com.hk

**James Wen 温展俊**  
(852) 3757 6291  
jameswen@cmbi.com.hk

**CMBI Fixed Income**  
fis@cmbi.com.hk

➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AGILE 5 1/8 08/14/22	60.5	2.8	YUZHOU 6.35 01/13/27	18.0	-3.4
TPHL 5.3 04/20/22	77.0	2.8	YUZHOU 7.85 08/12/26	18.2	-3.0
REDSUN 9.95 04/11/22	72.2	2.7	ZHPRHK 9.15 05/06/23	46.4	-2.3
SUNAC 7 1/4 06/14/22	78.8	2.5	RONXIN 8 3/4 10/25/22	34.4	-2.0
LOGPH 6 1/2 07/16/23	72.2	2.5	YUZHOU 7.7 02/20/25	18.8	-1.8

➤ Macro News Recap 宏观新闻回顾

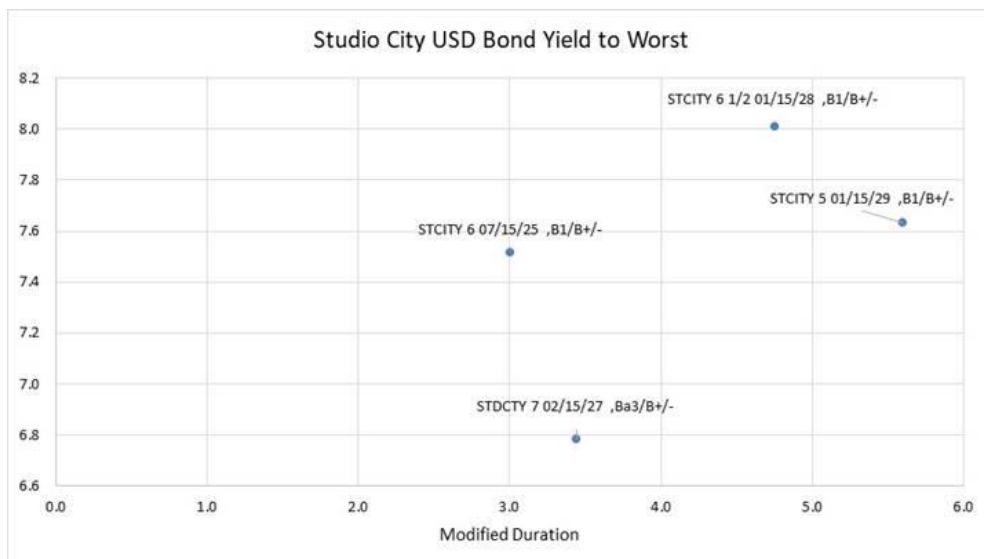
**Macro** – U.S. stock indexes further gained on Wednesday, driven by decent corporate earnings and fading geopolitical risks. The S&P (1.45%), Nasdaq (2.08%), and Dow (0.86%) were well performed. U.S. Treasury yield curve stood at similar level compared to Tuesday. Benchmark 10Y US Treasury yield remained at 1.94%. The 1/5/30Y yields were 0.91/1.82/2.25% respectively.

➤ Desk analyst comments 分析员市场观点

➤ **STCITY & SDTCTY: SDTCTY traded largely fair to STCITYs**

Studio City upsized the 5NC2 issue of (STDCTY 7%'27) to USD350mn from USD300mn and priced the issue at 7% from IPT of 7.25% (RO at par). This morning, STDCTY'27 moved higher to 100.75/101 and made the RV of STDCTY'27 less appealing compared to that at reoffered price. Offered at 101, STDCTY'27 is trading at a YTM of 6.7%, about 50-100bps inside STCITY'28 (YTM of 7.8%) and STCITY'29 (YTM at 7.6%), adjusting for tenor extension of 20bps per year. The tighter yield fairly reflected the better structure of STDCTY'27, i.e. security and the resulting higher credit rating, as well as the compliance sale.

In addition to USD bond issuance, Studio City will raise cUSD300mn from share placements to existing shareholders (Melco, New Cotai and Silver Point) and another USD300mn from the issuance of 5NC2 USD bonds to fund the capex on phase II of Studio City. As we wrote before, we take the fund raising plan positively as this demonstrates Studio City's ability to access funding channels even in a challenging operating environment. The share placements also demonstrate its shareholders' ability to support and the company's discipline in protecting its credit when funding capex. We also see more clarities on the operating environment after the Macao government's press conference on the proposed new gaming law on 14 Jan'22. Within the sector, our top picks are STCITYs/SDCTY and WYNMACs which offer better risk and return profile.



➤ **CITLTD New Issue: fair value for new CITLTD'27 at T5 + 115bp**

**CITLTD [A3/Stable and BBB+/Pos by Moody's/S&P]**

**Issuer:** CITIC Limited (267.HK)

**Tenor:** 5 year

**UOP:** general corporate purposes

**Issuance size:** benchmark, Reg S only

**Fair value for new CITLTD '27 at T5 + 115bp**

vs IPG of T5+165bp. This is with reference to CITLTD 3.875 '27 at T5+110bp, 104.5 mid-px. We see technical demand for the new issue from switching given the high cash price of existing CITLTD 3.875 '27 at 104.5 mid and potential new issue premium. This should support the near-term performance of new issue.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Citic Pacific Ltd	USD	-	5	T+165 area	A3/BBB+/-

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 14 credit bonds issued yesterday with an amount of RMB17bn. As for Month-to-date, 29 credit bonds were issued with a total amount of RMB35bn raised, representing a 92% yoy decrease.
- **[CHIGRA]** ratings downgraded to B and placed on Rating Watch Negative by Fitch
- **[EVERRE]** media reported Evergrande CEO cashes out USD56.5mn from bond sales before company fails to repay WMPs last year
- **[RONXIN]** media reported that Ronshine dismissed the talks on maturity extension for the bonds due 1 Mar, but there remains 30-40% fund shortfall for full repayment
- **[SHIMAO]** has received requisite lender consent to delay today's USD 202m amortization payment on a fully drawn originally USD 1.347bn-equivalent syndication loan

- **[SUNSHI]** Yango Group minority shareholder Taikang Life Insurance plans up to 3.99% stake sale

*CMB International Securities Limited*

*Fixed Income Department*

Tel: 852 3761 8867/ 852 3657 6291

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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