

CMBI Credit Commentary

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

- *The market was quiet this morning before US and China holidays in this week. Due/callable 23 LGFV/SOE Perp continued to be heavy while longer-term names were relatively stable.*
- **Yanlord:** Sales momentum speeding up, maintain Buy on YLLGSPs. YLLGSPs changed -0.5 to +0.5pt this morning. See below.
- **DALWAN:** Media reported that apartment construction at Dalian Wanda Group's project in Changchun has been suspended since beginning of the year. DALWANs moved -0.25 to +0.5pt this morning.

❖ Trading desk comments 交易台市场观点

Last Friday, the new USD500mn BCHINA 3y senior bond, priced at T2+5 (T3+45), widened 10bps to close at T2+15 with RM selling. The other recent new issues such as CKHH/HKINTL28s were unchanged to 1bp tighter. In Chinese SOEs, HAOHUA 30s tightened 4bps to T+169/+164, post the news of Syngenta getting approval for its RMB65bn IPO. TMT benchmarks TENCNT 31s/BABA 30s were 1bp tighter. In financials, benchmark leasing/bank T2 papers were under better buying. CINDBK 29s/CCB 30s edged 1-4bps tighter. Chinese AT1s were skewed to better selling. The Chinese properties were mixed. COGARDs/SINOCEs/ ROADKGs gained 0.5-1.25pts. FTLNHD 26s/FUTLAN 25s were marked 0.75-2.25pts higher. AGILE/GRNLGR 25s declined 1-1.5pts. Away from properties, ZHONAN 25s/26s were traded 1.5-2pts higher on the back of RM demand. Industrials FOSUNIs/ANTOILs were quoted 0.5-1.25pts higher. In Macau gaming space, SANLTDs/WYNMACs were marked 0.5-2.5pts lower. In Indian space, ADSEZs were traded 1-1.5pts higher. VEDLN 24s gained 2pts. Indonesian names LPKRIJs were bid up 0.5-1.75pts. Elsewhere, GLPCHI '26 was quoted 1pt higher.

In the LGFV/Perp spaces, the cash-raising theme continued to prevail across names as liquidity remained tight. The 23s/24s LGFVs widened into the range of 6% to low-6%. Selective front-end LGFV papers were traded down a few cents in cash price terms. Shandong names SHUGRP/SHGUOH 24s/25s dropped 0.25pt. KMRLGP 3.9 '24 was marked 0.3pt lower. Fitch downgraded Kunming Rail Transit Group's IDRs to BBB- with RWN. That said, we saw some deployment demand from AMs/Prop desks to digest loose bonds. CQNANA 26s were indicated 0.125pt higher. SOE Perps remained heavy and were in general quoted down by around 0.125pts. CHPWCN 3.55 Perp/HUANEN 3.08 Perp was better-offered. HUADIA Perps lowered 0.125pt. Elsewhere in HK Perps, NWDEVL/CKPH Perps moved 0.25-1pt higher. PEAKRN Perp was traded up 1.75pt. GEELY 4 Perp was bid up 0.5pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FTLNHD 4.8 12/15/24	75.1	2.2	XIAQUJ 5 1/2 11/19/23	90.0	-2.5
VEDLN 6 1/8 08/09/24	78.5	2.0	KNMIDI 5 1/2 10/09/23	91.0	-2.5
ZHONAN 3 1/8 07/16/25	89.6	2.0	KMCMIN 7 06/22/23	95.0	-2.5
PEAKRN 5.35 PERP	82.2	1.8	PCPDC 5 1/8 06/18/26	67.0	-1.5
LPKRIJ 6 3/4 10/31/26	73.5	1.7	REGH 6 1/2 PERP	59.0	-1.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.37%), Dow (-0.32%) and Nasdaq (-0.68%) retreated on last Friday after the continuous rally in the week. The University of Michigan consumer sentiment for the US in Jun was 61.3, higher than expectation of 56.5 and 55.4 in May. The US treasury yields edged up on last Friday, the 2/5/10/30 yield reached 4.70%/3.99%/3.77%/3.86%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ **Yanlord: Sales momentum speeding up, maintain Buy on YLLGSPs.**

RMB bn	Contract sales			GFA			ASP	
	2023	2022	yoy change	2023	2022	yoy change	2023	2022
Jan	0.91	9.81	-90.8%	31,402	170,486	-81.6%	28,819.8	57,523.8
Feb	3.67	1.07	243.0%	156,235	30,223	416.9%	23,471.1	35,370.4
Mar	3.56	5.34	-33.3%	135,171	120,987	11.7%	26,314.8	44,095.6
Apr	4.22	1.47	187.1%	183,249	40,803	349.1%	23,028.8	36,026.8
May	6.10	1.14	437.5%	199,946	47,695	319.2%	30,513.2	23,797.0
Total	18.45	18.82	-1.9%	706,003	410,194	72.1%	26,133.0	45,871.0

While sales momentum is losing steam for many of the developers under our radar over the past 2 months, Yanlord is one of the few exceptions with strong yoy sales growth since Apr'23. For the 5M23, its contract sales were RMB18.45bn, down only 1.9% yoy but recovered most of the lose ground from the sharp yoy decline in Jan'23, partly due to the earlier Chinese New Year. It achieved 37-41% of its sales target of RMB45-50bn in FY23. In FY22, Yanlord completed 27.6% and 46% of its full year sales in 5M22 and 1H22, respectively.

In FY23, Yanlord plans for saleable resources of RMB80bn. The contract sales target of RMB45-50bn (attributable ratio of 50%) implies a sell-through ratio of 56-63% (vs. our estimate of c57% in FY22) in FY23. The sales target represents 26.6-33.9% yoy decline in contract sales compared with RMB68.1bn achieved in FY22. The lower target contract sales partly reflects the changes in product mix with more saleable resources in lower tier cities such as Wuxi and Yangzhou. That said, Yanlord expects its gross margin to maintain at 25-30% over the medium term,.

We continue to believe that Yanlord is one of the survivors of the sector with an 'normalizing' funding access. In May'23, Yanlord obtained a 5-year unsecured loan of HKD500mn from CMBWL. We understand the funding cost is cHIBOR+4% and the loan will be repaid in bullet without amortization. As per our discussions with Yanlord, the company is reluctant to tap the USD bond market at current valuation. Indeed, it will continue to explore

opportunities in the loan market as the funding cost is much more manageable. Yanlord repaid YLLGSP 6.75% 04/23/23 (o/s USD330.4mn) in Apr'23 with internal resources. Its next USD bond maturity will be in Feb'24. We maintain Buy on YLLGSP'24 and '26 and consider these are low-beta and decent carry plays.

	YTM(offer)	Offer price	Maturity	O/S (USD mn)
YLLGSP 6.8 02/27/24	10.5%	97.6	27 Feb'24	400
YLLGSP 5 1/8 05/20/26	11.6%	84.3	20 May'26	500

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

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

➤ News and market color

- Regarding onshore primary issuances, there were 116 credit bonds issued last Friday with an amount of RMB92bn. As for Month-to-date, 1,110 credit bonds were issued with a total amount of RMB1,053bn raised, representing a 25.5% yoy increase
- **[ADANIG]** Fitch affirmed Adani Green Energy Restricted Group 2's notes at BBB- and placed stable outlook
- **[ADEIN]** Adani Enterprises got shareholder approval for USD1.53bn share placement
- **[CIFIHG]** CIFI schedules interest payment regarding RMB500mn bonds on 27 Jun
- **[DAFAPG]** DaFa Properties appointed Prism as auditor following resignation of EY
- **[DALWAN]** Media reported that apartment construction at Dalian Wanda Group's project in Changchun has suspended since year beginning
- **[EHOUSE]** E-House (China) Enterprise further extends RSA expiration deadline to 30 Jun
- **[JINKE]** Jinke Property failed to make payment as scheduled for RMB800mn 21JinkedichanSCP004 bills

- **[MEDCIJ]** Medco Energi plans to raise IDR1trn (cUSD66.8mn) from bond offering to purchase Medco Platinum Road unit's USD notes
- **[RSMACA]** Red Star Macalline 5.97% stake held by controlling shareholder unfrozen by court
- **[SYNGEN]** Syngenta's USD9.1bn IPO plan cleared by Shanghai bourse
- **[TIANQI]** Tianqi Lithium shareholders approved proposals including up to RMB6bn debt financing instrument offering
- **[YUNAEN]** Yunnan Provincial Energy Investment proposed to offer up to RMB2bn 340-day bills to repay debts and boost working capital
- **[YUNINV]** Yunnan Provincial Investment offered RMB1.5bn 140-day bills to repay debts

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