

**CMBI Credit Commentary****Fixed Income Daily Market Update 固定收益部市场日报**

- *New issues BBLTB'28/33 widened c5bps and KOSOPW'26 was unchanged. TMT benchmarks were 1-2bps tighter. Bank T2s were continuously better buying. SINOCE suspends offshore debts repayment and will launch holistic restructuring. See below.*
- **Chinese properties:** *Contracted sales slightly rebounded mom in Aug'23. See below.*
- **China Policy – RRR cut as continuous effort to restore confidence.** *See below for comments from our economic research.*

**❖ Trading desk comments 交易台市场观点**

Yesterday, Asia ex-JP IG space was largely firm post CPI despite UST 2y yields widened 4bps to 5.01%. After close, PBOC cut the RRR by 25 bps. On the primary front, the new CHEVBK 3y floating-rate note was priced at SOFR+63 and closed 3bps wider from RO. Chinese SOE/TMT benchmarks such as HAOHUA 29s/TENCNT 29s/BABA 31s were unchanged to 3bps tighter. In financials, Chinese bank T2s were under better buying with active flows on the front-end. BCHINA/CCB/ICBCAS papers tightened 1-3bps. Chinese AT1s such as BCHINA 3.6 Perp/CINDBK 3.25 Perp were marked 0.125pt higher. In AMC space, HRINTH was traded 0.5-1pt higher across the curve despite there were also some profit taking flow at high. GRWALL 27/30s tightened 4bps. CCAMCLs 27s edged 2bps tighter. HK Corp space stayed range-bound. HK Corp perps such as CKINF 4 Perp/CKPH 3.5 Perp were traded 1-1.5pts higher. HK/Chinese properties were mixed with light flows. GEMDAL '24 was traded 2pts higher to close 7pts higher WTD. DALWAN 24s/26s gained 1.25pts. ROADKG 25s/26s were traded 0.5-1pt higher. SHUION/YLLGSP 24-26s were up 0.5-0.75pt. On the other hand, FUTLAN/FTLNHD 25s/26s were down 0.75-1pt. In industrials, EHICAR/WESCHI 26s were marked 0.5pt higher. Macau gaming papers such as SJMHOL/SANLTD 28-31s were traded down 0.75pt. Indian space was quiet. VEDLN 24s edged 0.3pt higher. Indonesian SOEs such as PERTIJs/PLNIJs were marked 0.5pt higher. Elsewhere, GLPCHI 24s/26s were traded another 1.75-2.25pts higher post the DD completion news on its asset sales.

The LGFV/Perp spaces had a quiet session. LGFVs were largely stable with active flows on the 23-25s. The higher-yielding papers continued to be sought-after. More used-to-be double-digit-yielding names edged inside 9%. CQNANA 24s/26s were traded 0.1pt higher. CCUDIH/GSHIAV 24s remained better bid. SOE perps were mixed after CPI, trading at low-6% with two way flows mainly among Chinese RMs/AMs. CHSCOI 4 Perp/CHCOMU 3.65 Perp/CHPWCN 3.45 Perp were marked 0.1-0.2pt higher. Whilst HUANEN

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3.08 Perp/ HUADIA 4 Perp were subdued. Elsewhere, FRESHK 25s/26s and ZHONAN 25s were quoted 0.5pt higher.

#### ❖ Last Trading Day's Top Movers

| Top Performers        | Price | Change | Top Underperformers   | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| GLPCHI 2.95 03/29/26  | 62.4  | 2.2    | PCGIHD 4 1/2 08/23/26 | 85.5  | -1.0   |
| GLPCHI 4.974 02/26/24 | 90.0  | 1.8    | FTLNHD 4.8 12/15/24   | 45.8  | -1.0   |
| GEMDAL 4.95 08/12/24  | 52.2  | 1.8    | NANFUN 5 PERP         | 66.3  | -1.0   |
| CKPH 3 1/2 PERP       | 59.7  | 1.5    | YXREIT 2.65 02/02/26  | 84.5  | -1.0   |
| DALWAN 11 02/13/26    | 44.7  | 1.2    | NWDEVL 4 1/2 05/19/30 | 66.0  | -0.7   |

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.84%), Dow (+0.96%) and Nasdaq (+0.81%) rallied higher on Thursday. The latest US initial jobless claim was +220k, lower than the expectation of +225k and increased from +217k in last week. The US retail sales increased 0.6% mom in Aug, higher than the expectation of +0.4% mom. The ECB raised three main interest rates by 25bps. The US treasury yields rallied higher yesterday, 2/5/10/30 yield reached at 5.00%/4.42%/4.29%/4.39%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ SINOCE: Holistic restructuring to be launched as expected

Sino-Ocean announced that payments under all of its offshore debts will be suspended until the holistic restructuring or extension solution is implemented. The total outstanding offshore bond principal totaled cUSD3.9bn. These, in our view, are largely expected. Recalled that in mid-Aug, Sino-Ocean has secured support from its bondholders to postpone the interest payment of three of its outstanding bonds (SINOCE 6 07/30/24, SINOCE 5.95 02/04/27 and SINOCE 4.75 08/05/29) for two months to end of Sep to early Oct. We discussed in our daily in [Jul](#) and [Aug](#) that we view further liability management exercise in near-term is likely for Sino-Ocean, concerning its liquidity pressure and weak sales performance. For 8M23, it contracted sales fell by 34% yoy compared to 8M22, ranked 16th among the 35 developers under our radar in terms of sales growth.

There was a further sign of tightened funding channel for Sino-Ocean. Earlier this week, media reported that it has yet to receive the required unanimous consent from banks in three offshore syndicated facilities to further defer the installments due on 19 Sep, which originally due in Jun, for another nine months. On the other hand, China Life had fully written off its 29.59% stake in Sino-Ocean in 1H23. This also signaled the further support from China Life to be unlikely. We shall provide updates when the restructuring terms are available.

##### ➤ Chinese properties: Contracted sales slightly rebounded by mom in Aug'23 while were still weak

In Aug'23, the 34 Chinese developers under our radar (Redco did not disclose Aug'23 result) reported contracted sales of RMB210.2bn in total, increased 5.6% mom from RMB199.1bn in Jul'23 but were still 40.3% lower than that in Aug'22. In 8M23, the aggregate contracted sales of 34 developers down 17.6% yoy to RMB2,306.0bn, compared to 14.6% yoy drop in 7M23.

Amid the weak real estate market, the number of developers under our radar which achieved yoy contracted sales growth in 8M23 decreased to 5 from 7 in 7M23 and all of them are state-owned. The outperformers are YUEXIU (RMB102.0bn, +62% yoy), CRHZCH (RMB207.7bn, +21% yoy) and CHIOLI (RMB211.0bn, +18% yoy). Underperformers are RONXIN (RMB11.6bn, -76% yoy), TPHL (RMB11.2bn, -66% yoy) and SUNAC (RMB61.5bn, -54% yoy).

Nationwide, the commercial housing sales amount dropped 9.0% yoy in 8M23 and 23.7% yoy in Aug'23 as per NBS. In the end of Aug, PBOC and NAFR announced supportive policies including to set minimum down-payment ratios to 20%/30% and lower interest rates to 5Y LPR-20bps/5Y LPR+20bps from 5Y LPR-20bps/LPR+60bps for first/second home mortgages, respectively. Besides, several tier-2 cities including Nanjing and Zhengzhou cancelled the home purchase restrictions. We expect some yoy pick-up in contracted sales in 4Q23 in view of the low base figures and supportive property policies in higher tier cities.

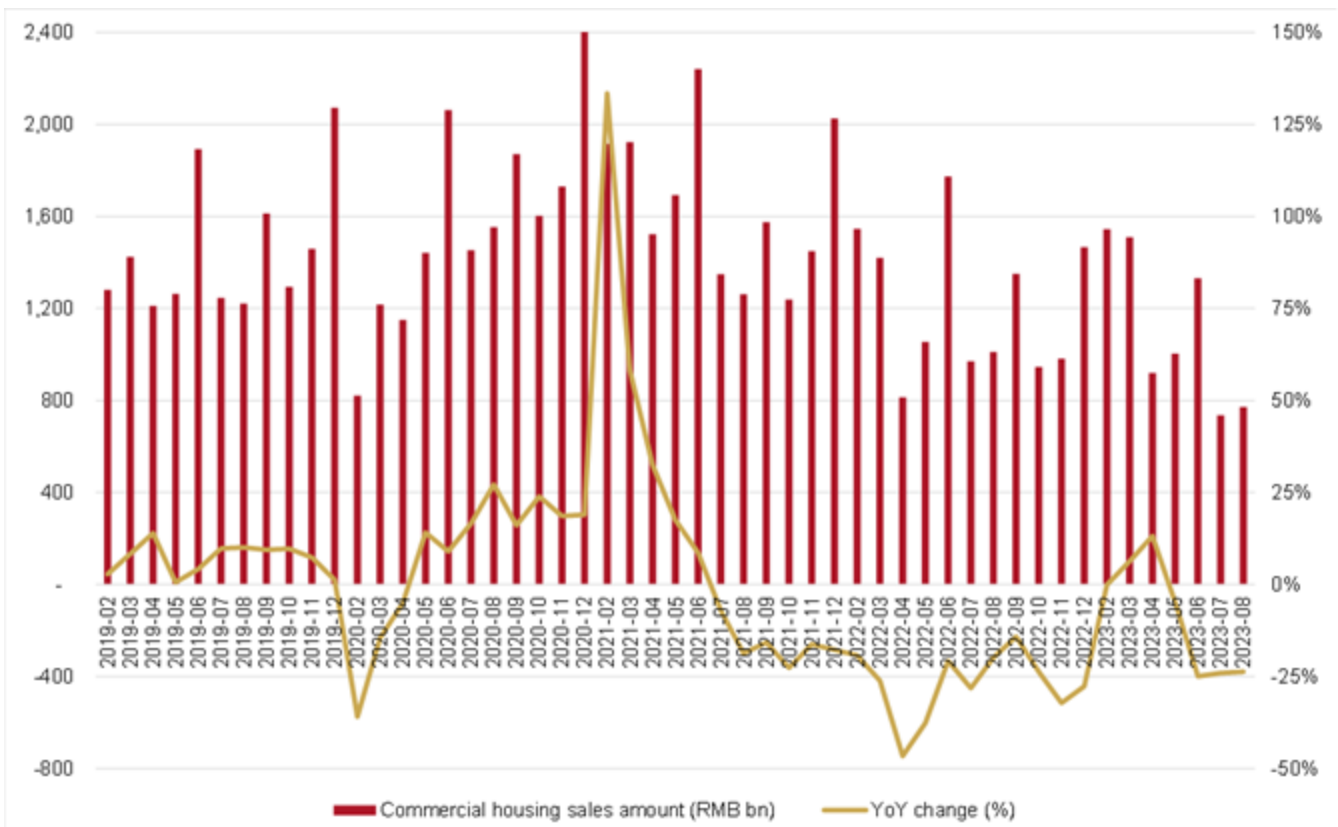
Chart 1: Contracted sales of developers under our radar

| 2023 YTD Sales (in RMB mn)    |         |                |        |        |        |        |        |        |        |        |       |                   |                   |                  |                         |
|-------------------------------|---------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------------------|-------------------|------------------|-------------------------|
| Company                       | CN Name | BBG Ticker     | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Trend | Aug'23 MoM Growth | Aug'23 YoY Growth | Aug'23 YTD Sales | Aug'23 YTD Sales Growth |
| Yuexiu Property               | 越秀地产    | YUEXIU         | 8,884  | 13,712 | 21,237 | 13,331 | 12,355 | 14,108 | 8,473  | 9,858  |       | 16%               | 2%                | 101,958          | 62%                     |
| China Resources Land          | 华润置地    | CRHZCH         | 16,020 | 24,200 | 38,800 | 33,010 | 31,300 | 26,900 | 17,190 | 20,290 |       | 18%               | 3%                | 207,710          | 21%                     |
| China Overseas                | 中国海外发展  | CHIOLI         | 13,188 | 27,424 | 42,987 | 34,033 | 29,345 | 33,199 | 11,947 | 18,833 |       | 58%               | 3%                | 210,956          | 18%                     |
| Poly Real Estate              | 保利地产    | POLYRE         | 29,545 | 34,284 | 50,301 | 41,695 | 40,838 | 40,157 | 31,002 | 31,308 |       | 1%                | 3%                | 299,130          | 6%                      |
| China Jinmao                  | 中国金茂    | CHJMAO         | 10,000 | 14,130 | 20,100 | 14,402 | 14,180 | 13,140 | 6,368  | 5,100  |       | -20%              | 3%                | 97,420           | 1%                      |
| Greentown                     | 绿城      | GRNCH          | 13,500 | 17,900 | 29,900 | 27,100 | 20,200 | 25,600 | 18,200 | 18,100 |       | -1%               | 3%                | 170,500          | 0%                      |
| Longfor (Attributable)        | 龙湖集团    | LNGFOR         | 7,220  | 11,140 | 15,240 | 11,260 | 9,410  | 11,370 | 7,600  | 8,520  |       | 12%               | 1%                | 81,760           | -1%                     |
| China Vanke                   | 万科企业    | VNKRLE         | 28,630 | 30,120 | 42,630 | 33,470 | 32,940 | 36,140 | 22,050 | 22,610 |       | 3%                | 1%                | 248,590          | -11%                    |
| Hopson                        | 合生创展    | HPDLF          | 1,327  | 2,193  | 6,547  | 1,585  | 2,323  | 2,087  | 1,067  | 1,177  |       | 10%               | 3%                | 18,306           | -12%                    |
| Greenland Holding*            | 绿地控股集团* | GRNLGR         | 9,790  | 7,710  | 11,290 | 6,860  | 11,940 | 11,310 | 6,857  | 8,563  |       | 25%               | 1%                | 74,320           | -14%                    |
| Gemdale                       | 金地集团    | GEMDAL         | 9,210  | 14,800 | 20,110 | 15,000 | 13,230 | 13,470 | 10,510 | 12,510 |       | 19%               | 4%                | 108,840          | -22%                    |
| Powerlong                     | 宝龙地产    | PWRLNG         | 2,040  | 3,319  | 3,478  | 3,123  | 3,054  | 2,596  | 2,031  | 2,067  |       | 2%                | 3%                | 21,708           | -25%                    |
| Dexin China                   | 德信中国    | DEXICN         | 2,340  | 3,200  | 2,630  | 1,390  | 2,150  | 1,810  | 1,030  | 3,150  |       | 206%              | 3%                | 17,700           | -30%                    |
| Redsun                        | 弘阳地产    | REDSUN/HONGS   | 1,109  | 2,770  | 3,434  | 2,189  | 2,019  | 1,504  | 2,011  | 1,877  |       | -7%               | 3%                | 16,913           | -33%                    |
| Agile                         | 雅居乐     | AGILE          | 6,440  | 6,120  | 4,250  | 3,680  | 4,200  | 3,540  | 2,270  | 2,540  |       | 12%               | 3%                | 33,040           | -33%                    |
| Sino-Ocean                    | 远洋集团    | SINOCE         | 3,290  | 5,070  | 8,200  | 7,030  | 5,040  | 7,040  | 2,490  | 1,970  |       | -21%              | 3%                | 40,130           | -34%                    |
| Future Land                   | 新城控股    | FUTLAN/FTLNHD  | 5,776  | 7,809  | 7,920  | 7,162  | 7,033  | 6,700  | 6,006  | 6,047  |       | 1%                | 3%                | 54,453           | -36%                    |
| Central China Real Estate     | 建业地产    | CENCHI         | 2,871  | 2,120  | 1,237  | 1,013  | 1,523  | 1,260  | 402    | 650    |       | 62%               | 3%                | 11,076           | -38%                    |
| Country Garden (Attributable) | 碧桂园     | COGARD         | 22,010 | 24,850 | 25,010 | 22,690 | 18,200 | 16,000 | 12,070 | 7,980  |       | -34%              | 2%                | 148,810          | -39%                    |
| KWG Property                  | 合景泰富集团  | KWGPRO         | 3,561  | 4,320  | 3,850  | 3,231  | 2,380  | 1,730  | 1,130  | 880    |       | -22%              | 7%                | 21,082           | -40%                    |
| Shimao*                       | 世茂房地产*  | SHIMAO         | 4,510  | 4,110  | 6,220  | 5,010  | 4,010  | 4,210  | 3,050  | 2,200  |       | -26%              | 3%                | 33,320           | -41%                    |
| China SCE                     | 中骏集团控股  | CHINSC         | 3,051  | 3,809  | 4,608  | 2,505  | 3,102  | 3,090  | 2,304  | 1,199  |       | -48%              | 3%                | 23,668           | -42%                    |
| Logan Property*               | 龙光地产*   | LOGPH          | 1,070  | 2,190  | 3,110  | 3,200  | 2,490  | 1,270  | 1,960  | 3,490  |       | 78%               | 1%                | 18,780           | -44%                    |
| Yanlord                       | 仁恒置地    | YLLGSP         | 905    | 3,667  | 3,557  | 4,220  | 6,101  | 2,876  | 1,634  | 1,564  |       | -4%               | 3%                | 24,524           | -45%                    |
| Jingrui Holdings              | 景瑞控股    | JINGRU         | 342    | 454    | 442    | 370    | 449    | 405    | 265    | 218    |       | -18%              | 3%                | 2,945            | -45%                    |
| CIFI Holdings                 | 旭辉集团    | CIFIHG         | 5,020  | 7,810  | 8,300  | 8,300  | 7,000  | 5,510  | 4,700  | 4,480  |       | -5%               | 7%                | 51,100           | -46%                    |
| Yuzhou Properties             | 禹洲地产    | YUZHOU         | 1,505  | 1,750  | 2,150  | 2,063  | 2,253  | 1,952  | 1,302  | 1,252  |       | -4%               | 3%                | 14,227           | -46%                    |
| Zhongliang                    | 中梁控股    | ZHLGHD         | 3,660  | 4,020  | 3,750  | 3,300  | 3,190  | 3,110  | 2,200  | 2,040  |       | -7%               | 3%                | 25,270           | -47%                    |
| Radiance*                     | 金辉控股*   | JNHUIG/RDGHGCL | 1,920  | 1,750  | 1,530  | 3,050  | 3,230  | 1,370  | 1,640  | 1,800  |       | 10%               | 3%                | 16,290           | -49%                    |
| Guangzhou R&F*                | 富力地产*   | GZRFRP         | 1,350  | 2,110  | 3,910  | 1,660  | 1,540  | 2,970  | 1,000  | 980    |       | -2%               | 3%                | 15,520           | -50%                    |
| Zhenro Properties             | 正荣地产    | ZHPRHK         | 1,356  | 1,620  | 1,811  | 1,654  | 1,566  | 1,674  | 1,024  | 1,010  |       | -1%               | 1%                | 11,715           | -53%                    |
| Sunac China                   | 融创中国    | SUNAC          | 7,230  | 10,860 | 11,180 | 8,060  | 7,790  | 7,020  | 5,120  | 4,190  |       | -18%              | 3%                | 61,450           | -54%                    |
| Times Property                | 时代中国控股  | TPHL           | 852    | 1,961  | 2,638  | 1,494  | 1,418  | 1,080  | 818    | 908    |       | 11%               | 3%                | 11,169           | -66%                    |
| Ronshine China                | 融信中国    | RONXIN         | 995    | 1,334  | 1,537  | 2,086  | 2,029  | 1,809  | 947    | 872    |       | -8%               | 3%                | 11,608           | -76%                    |

Note: Company name with \* represents the data was collected from CRIC.

Source: Company fillings, CRIC.

Chart 2: China monthly commercial housing sales amount and YoY change



Source: Wind.

➤ **China Policy – RRR cut as continuous effort to restore confidence**

The RRR cut indicates Chinese policymakers’ continuous effort to boost market confidence and growth momentum as the latest policy easing failed to ignite investor sentiment. The policy move will increase banking system liquidity and facilitate credit supply expansion as a continuous policy loosening signal. When market confidence slumped to a freezing point with investors expecting China to move towards Japanization, the policymakers need to make great efforts to reverse the sentiment. The RRR cut shows their stronger commitment to restoring confidence and growth as we expect continuous easing or supportive policies on the way. The PBOC may continue to expand credit supply with additional cuts on deposit rates & LPRs and municipal governments will further loosen property policies in next two quarters.

**The RRR cut indicates continuous monetary policy easing to boost market confidence.** The PBOC cut the RRR by 25bps as the effective weighted average RRR is expected to decline from 7.6% to 7.4%. The RRR cut would increase liquidity supply in the banking system by over RMB500bn. The policy move indicates China’s continuous effort to boost market confidence and growth momentum. The policy stance has become more active and pro-growth since July as the extremely pessimistic expectations about China’s economy have created much pressure on the policymakers. The recent policy actions should have marked a significant change of the policy attitude from the top leaders, paving the way for stronger policy loosening ahead, which may be the strongest stimulus cycle since 2017.

**We expect additional easing or supportive policies in the future.** To restore market confidence, China needs additional easing or supportive policies. The policymakers may: 1) further loosen property policies, with an acceleration of urban village renovation and affordable housing construction and loosening of home purchase

restrictions in tier-one and tier-two cities; 2) maintain liquidity easing with further expansion of credit supply and reduction of the RRR, deposit interest and LPR; 3) actively resolve the local government contingent debt risks by supporting local governments to use special bond financing and state-owned assets to replace or repay some contingent debts and encouraging banks to rollover matured local government contingent debts; 4) accelerate the issuance of government bonds, employ part of the debt quota for next year in advance in 4Q, and increase broad fiscal deficit rate next year to facilitate fiscal expansion; 5) boost the retail sales of automobiles, electronic products, and home furnishing, and stimulate service consumption such as sports, leisure, and cultural tourism; 6) focus on industries such as digital economy, artificial intelligence, and advanced manufacturing and increase the intensity of industrial policy support; 7) establish and improve the normalized communication mechanism with entrepreneurs and enhance the confidence of private businesses.

**The current policy easing cycle may last longer than the previous ones as the policy effectiveness on economic growth declines.** China launched two rounds of strong stimulus in the past two decades with one in 2008-2009 and the other in 2015-2016. After the stimulus, the economy experienced a recovery cycle for 1.5-2 years and then continued with the structural slowdown trend. Nowadays, the policy effectiveness on economic growth further declines with more aging population, less labor supply, weaker market-oriented incentive and greater geopolitical uncertainty. That means the current policy easing cycle may last longer than the previous ones if the policymakers continue to seek growth at around 5% in next two years.

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

| Issuer/Guarantor            | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|-----------------------------|---------------|-------|--------|--------|----------------------|
| Korea Southern Power Co Ltd | 300           | 3yr   | 5.375% | T+90   | Aa2/-/AA-            |

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

| Issuer/Guarantor                               | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|------------------------------------------------|----------|---------------|-------|---------|----------------------|
| Urumqi Gaoxin Investment and Development Group | USD      | -             | 3yr   | 7.6%    | -/-/-                |

#### ➤ News and market color

- Regarding onshore primary issuances, there were 98 credit bonds issued yesterday with an amount of RMB78bn. As for Month-to-date, 747 credit bonds were issued with a total amount of RMB689bn raised, representing a 22.9% yoy increase
- **[CHINSC]** Moody's downgraded China SCE's ratings to Caa1/Caa2 and maintained negative outlook
- **[CHJMAO]** China Jinmao announced that it intends to dispose The Westin Beijing Chaoyang for minimum of RMB2.8bn
- **[CIFIHG]** Media reported that CIFI circulated revised offshore recast proposal with haircut, up-to nine-year termout, debt-to-equity swap options
- **[FTHDGR]** Fantasia Holdings completed domestic bond restructuring



- **[GRNCH]** Greentown issued RMB1bn three-year MTNs with 4.31% coupon to fund project development
- **[HPDLF]** S&P affirmed Hopson Development Holdings B rating and placed stable outlook
- **[RDHGCL]** Moody's downgraded Radiance's ratings to Caa1/Caa2 and maintained negative outlook
- **[SINOCE]** Sino-Ocean Group announced to suspend all offshore debt payments in holistic debt restructuring
- **[VEDLN]** Media reported that Vedanta Resources plans to use 70% of USD750mn raised from new loan for VEDLN 13.875 01/21/24 tender
- **[YNPOWE]** Yunnan Provincial Energy Investment issued RMB1bn two-year 5.55% MTNs

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