

CMBI Credit Commentary

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

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- *Markets kept calm this morning ahead of FOMC meeting and U.S. GDP announcement. LGFV space was overall quiet, short-dated bonds (maturing or callable within this year) out-performed.*
- *Chinese property space continued to be lifted by news of real estate fund and short covering, IG developers tightened slightly.*
- **COGARD:** *The share placement to raise USD348mn is mildly credit positive for COGARD and should provide support to COGRAD 4.75%’22. COGARs opened 2-3pts higher before fading to just 1pt higher at noon time. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Chinese IG space kept strong with IG spreads generally tightened 3-5bps. In financial sector, AMC/Leasing names saw robust demand. AT1 names upped 0.25-0.75pt. CINDBK 4.8/ NANYAN 6.5 were up by ~1pt led by street and Chinese AM/Prop covering shorts. In TMT sector, TENCNT/HUAWEI tightened 3-6bps amid Alibaba seeking primary HK listing news. Both IG and HY property space bounced with positive sentiment that Investors punted on the anticipation of state real estate fund, IG names VNKRL/LNGFOR climbed 3-5pts while HY names COGARD/CIFIHG up 3-5pts under short covering. State-backed names like GRNLGR saw some buying interest. CENCHI’ 22 climbed up another 5pts and closed at ~85 level.

SOE kept tightened while perps saw better buying led by c22s-c24s from offshore Chinese NBRM with some rebound in CHALUM/ CHMETL. In LGFVs, new issues saw fiercely dropping from primary RO levels. ZJBOXV 23N traded some ~4.9% (RO ~4.5%) but demand side was tepid. Meanwhile, SHGUOH 5.3 25N was hit 1.5pts below RO amid better selling flows. Other Shandong names saw some short covering, whilst onshore NBRM continued to try picking up recent 25s and short dated 22s/23s papers on the cheap. Flow-wise, buying was largely contributed by short covering and otherwise mostly cash parking in the front end. Weak LGFV names saw some offloading as RM sought to trim risk exposure. Investors halted bets ahead of FOMC meeting.

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➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LNGFOR 4 1/2 01/16/28	69.7	6.2	FUTLAN 4.45 07/13/25	44.2	-2.7
ROADKG 6.7 09/30/24	41.5	5.2	GLPCHI 4.974 02/26/24	96.5	-2.1
CENCHI 6 7/8 08/08/22	79.5	5.1	VEYONG 3 3/8 05/12/26	87.4	-1.9
CIFIHG 5 1/4 05/13/26	33.1	4.5	SINOCE 4.9 PERP	30.3	-1.8
COGARD 8 01/27/24	45.1	4.3	CRHZCH 4 1/8 02/26/29	95.1	-1.6

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market turned to downside yesterday, the S&P (-1.15%), Dow (-0.71%) and Nasdaq (-1.96%) downed due to the slip of U.S. consumer confidence index, which was recorded as the lowest point over 18 months and showed the market's pessimistic forecast of U.S economy. Oil slipped, finally coming back to below \$100 (now \$96) a barrel. IMF cut its world GDP outlook a third time within this year, from January's 4.4% to latest 3.2%. U.S. treasury yields rebounded with 2-5bps on Monday. Yield curves flattened slightly with 2/5/10/30 yield reaching 3.02%/2.88%/2.81%/3.03%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ COGARD: Share placement to raise USD348mn

COGARD will raise cUSD348mn through share placement of 870mn new shares at HKD3.25 per share, 12.6% discount to the last close. Subsequent to the share placement, Yang family's shareholding will be diluted to 59.02% from 61.23%. This is the first share placement from the sector in the last 6 months, and only the third share placement from the sector YTD after that of Sunac (raised cUSD580mn in Jan'22) and Times China (raised cUSD51mn in Jan'22). The share placement is mildly credit positive for COGARD and should provide support to COGRAD 4.75%'22. We continue to take comfort from its ability to access various funding channels. COGARD raised USD497mn from CB issues in Dec'21. It was recently selected to be one of the few developers to issue onshore bonds with credit risk mitigation tools. On 21 May'22, COGARD completed a 3-yr (1+1+1) onshore bond issue of RMB500mn with CDS (of RMB100mn) at a coupon rate of 4.5%. COGARs opened 2-3pts higher before fading to just 1pt higher at noon time.

➤ 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)
Mianyang Investment Holding(Group)	USD				-/-/BB
Red Star Macalline Group (SBLC by Bank of Shanghai)	USD	250	-	-	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 99 credit bonds issued yesterday with an amount of RMB77bn. As for Month-to-date, 1230 credit bonds were issued with a total amount of RMB1188bn raised, representing a 11% yoy decrease.
- **[AVILC]** AVIC International Leasing received an approval from the Shanghai Stock Exchange regarding its proposed offering of RMB2.511bn ABS
- **[CENCHI]** China Vered Financial Holding purchased USD2.5mn of the 6.875% senior notes due 2022 issued by Central China Real Estate at USD2.24mn in the secondary market
- **[CHAECO]** Changde Economic Construction Investment proposed to offer RMB4bn corporate bonds via a private placement. The company raised RMB1bn via an offering of 270-day super short-term bills with a coupon rate of 2.30% to repay interest-bearing debts
- **[CHOHIN]** Chong Hing Bank completed the redemption of its USD 382.9m 3.876% tier II subordinated notes due 2027 in full
- **[CSCHCN]** China South City further postponed the final dividend payment date to on or before 31 October in order to retain sufficient financial resources to meet the needs of the company's daily operations
- **[FUTLAN]** Moody downgraded Seazen Group's CFR to Ba3 from Ba2, the backed senior unsecured rating on the bonds guaranteed by Seazen Group and issued by New Metro Global to B1 from Ba3, and the backed senior unsecured rating on the bonds guaranteed by Seazen Holdings and issued by New Metro Global to Ba3 from Ba2. All rating outlooks were changed to negative
- **[GEELZ]** Zhejiang Geely proposed to offer up to RMB15bn corporate bonds to boost working capital, repay interest-bearing debts, to fund project investment, and equity investment and acquisitions
- **[GENDAL]** S&P revised its outlook on Gemdale and its subsidiary Famous Commercial to negative from stable and affirmed the 'BB' long-term issuer credit rating and 'BB-' long-term issuer credit rating of Famous Commercial
- **[LOGPH]** Media reported Logan Group obtained the requisite consents to extend the maturity of its HKD 882m-outstanding syndicate loan due 25 July
- **[RONXIN]** Ronshine Fujian Investment Group's '20Rongxin01' bondholders exercised RMB1.37bn put option
- **[RSMACA]** Media reported Bank of Shanghai agreed to provide a SBLC to back Red Star Macalline's planned USD250mn offshore notes issuance

- **[YGCZCH]** Shandong Energy proposed to offer RMB2bn 90-day super short-term bills to repay interest-bearing debts

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