

## CMBI Credit Commentary

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

- *Quiet market with some demand on strong regions' LGFVs from offshore buyers while the sector was overall stable. China properties lost momentum after previous rally, both IG and HY names were slightly lower.*
- **Macau gaming:** *Conviction lower after a strong rebound. we prefer MPEL and STCITY most in sector at current level. See below.*
- **AGILE:** *Sell 48.6mn (3.42%) shares of its property management unit A-Living Smart City Services to raise HKD494.7mn (cUSD63mn). The proceeds will be used to enhance the company's short-term solvency. AGILEs up 0.25 to 1.5pts this morning.*

#### ❖ Trading desk comments 交易台市场观点

On Thursday, UST yield curves shifted up and rose 2-9bps, reversed the downward trend since Monday. Trading volume of Chinese IG continued to fade while the bond prices were stable. TMTs were mixed, MEITUA, HUAWEI widened 5bps and BABA, XIAOMI, TENCENT tightened 1-2bps. In financials space, AMCs tightened 1 to 5bps and CCAMCL'30 outperformed. AT1s slightly down 0.25pt. T2 names CCB 2.85'32, ICBCAS 4.875'25 lose steam to stay flat. IG properties lost the upward momentum after the strong rebounds since early-Nov. LNGFORs were down 1.5pts, VNKRLs, YUEXIUs, SINOCEs fluctuated between -0.25 to 0.5pt. In HY properties, COGARDs and FUTLANs were down another 1 to 2.5pts. CIFIHGs, CHINSCs and ROADKGs were down 0.5 to 2pts. CENCHI'23, on the hand, were 8.4pts higher yesterday after the company cured the missed coupon of CENCHI 7.9%'23. In industrial space, CARINC fell 4.5pts and backed to the price level before new '10 measures' of COVID, while EHCARs were relatively stable. Elsewhere, ANTOIL'25 jumped 6.7pts on Thursday to continue the rally after the company timely repaid its USD300mn notes on 2 Dec'22. Outside China, Indian/Indonesian names were also quite stable. MEDCIJs, VEDLNs and GRNKENs fluctuated between -0.25 to 0.25pt.

In SOE space, CSSH'30 tightened 12bps while other names like CHALUMs, CHGRIDs and SINOPEs were stable. CNOOC 4.25'43 down 2.5pts and traded back to 84.5 after Wednesday's 3pts rise. LGFV sector was still less active than early this week. Strong region names BJSTAT, NJYZSO edged 0.25pt higher on reloading demand. Other regions' names were largely unchanged.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CENCHI 7 1/4 04/24/23	37.1	8.4	CARINC 9 3/4 03/31/24	85.0	-4.5
ANTOIL 8 3/4 01/26/25	65.5	6.7	LNGFOR 3.85 01/13/32	66.5	-2.6
CSCHCN 9 10/09/24	56.1	4.9	CNOOC 4 1/4 05/09/43	84.5	-2.5
JD 4 1/8 01/14/50	78.1	4.3	FUTLAN 6 08/12/24	75.1	-2.5
NANFUN 5 PERP	73.5	4.1	COGARD 5 1/8 01/14/27	47.0	-2.4

## ❖ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stock markets rebounded on Thursday, the S&P (+0.75%), Dow (+0.55%) and Nasdaq (+1.13%) ended poor performance in the week while the market sentiment was still weak. U.S. latest weekly jobless claims increased 4k to 230k and continuing claims rose 62k to 1.67mn. China Nov CPI is +1.6% yoy and -0.2% mom. The U.S. treasury yields overall up yesterday and 2/5/10/30 yields reached 4.31%/3.71%/3.48%/3.44%, respectively.

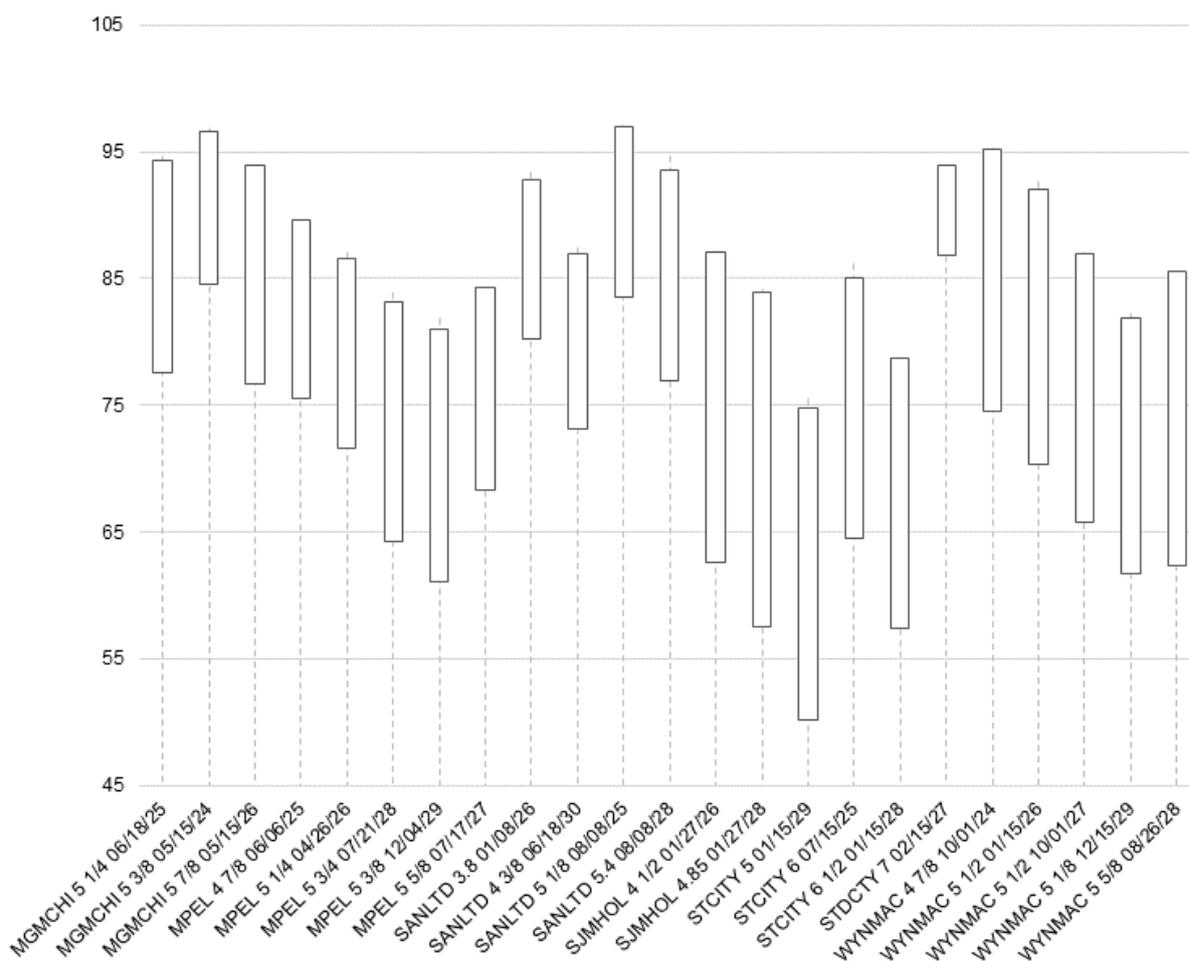
## ❖ Desk analyst comments 分析员市场观点

## ➤ China Policy – A shift from Covid control to boosting growth

Macau gaming sector is a notable outperformer lately since granting the new 10-year concession to the 6 incumbents on 26 Nov'22. The outperformers in the outperforming sector are SJMHOLs and STCITYs, both curves were traded 12-14bps higher, followed by WYNMACs and MPELs which moved 8-11 pts higher since the gaming concessions renewed. The outperformance is in line with our order of preference for the sector: SJMHOL>STCITY>WYNMAC>MPEL. Please see our [comments on 28 Nov'22](#). Subsequent to the sharp rebound, we see a lower conviction in the sector although the sector, in our view, continues to offer good carry, and the bond performance will be supported by improving liquidity and operating performance of operators with the relaxation of the dynamic zero COVID policy. At current levels, we prefer **MPELs** and **STCITYs** most in the Macau gaming sector.

Recalled that the 6 incumbents: MGM, Galaxy, Sands China (i.e. Venetian Macau), Melco, Wynn and SJM were granted casino concessions on a provisional basis while Genting was missed out from the selection. The final terms and conditions of the gaming concession contracts will be subject to further discussions with the Macao government. The near-term focuses will be on the 6 provisional concessionaires' negotiations with the Macao government, especially on the capex commitment, the arrangement of satellite casinos and any potential JV with Genting.

Price movement of Macau gaming names between Jul'22 and Dec'22



➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Qiantang Jiantou Limited	USD150	364d	6.5%	6.5%	-/-

➤ 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

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- Regarding onshore primary issuances, there were 90 credit bonds issued yesterday with an amount of RMB105bn. As for Month-to-date, 407 credit bonds were issued with a total amount of RMB414bn raised, representing a 39.3% yoy decrease

- Bank of Communications signs strategic collaboration agreements with eight developers including Greentown, Yuexiu, Zhuhai Huafa, Longfor, Gemdale, etc
- Media reported that China explores establishment of REITs for long-term rental housing, commercial real estate projects
- **[AGILE]** Agile Group to sell 48.6mn shares, accounts for 3.42% of its unit A-Living Smart City Services to raise HKD494.7mn via block trade
- **[CCAMCL]** China Cinda Asset Management completes issue of RMB10bn financial bonds
- **[CHFOTN]** China Fortune Land Development units agree to sell assets to Dachang Hui Autonomous County Guohong Operation Management for RMB693mn
- **[COGARD]** Country Garden proposes to offer up to RMB1bn two-year corporate bonds to repay debts
- **[EVERRE]** Media reported that China Evergrande plans discussion on 9 Dec with USD-bondholders for long-awaited debt restructuring proposal
- **[FUTLAN]** Seazen Holdings announced that it proposes to offer up to RMB2bn three-year MTNs guaranteed by CBICL
- **[GALCLD]** Bohai Leasing unit secured USD1.37bn revolving loan
- **[HRINTH]** Huarong International Financial to sell offshore non-performing assets for USD17.2mn
- **[INDYIJ]** Indika Energy repurchased USD30.94mn INDYIJ 8.25 10/22/25 and USD10.5mn of INDYIJ 5.875 11/09/24
- **[JGSPM]** JG Summit repurchases USD139mn of JGSPM 4.375 01/23/23 on open market, USD611mn remains outstanding
- **[PUKOU]** Moody's affirmed Ba2 rating on Nanjing Pukou Economic Development and changed outlook to positive

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