

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

- *Markets were overall two-way balanced this morning. Asian IG widened 5-10bps as UST rates dropped. China names widened c5bps, non-China names widened 5-10bps and selling flows were mainly on financials.*
- **China Policy** – *Credit growth rebounded amid easing credit policy. See below for comments from our economic research.*
- **Chinese Properties:** *More differentiated contracted sales amongst developers. 37 developers recorded RMB539.5bn contracted sales in total, representing 14.3% yoy drop. See below.*

❖ Trading desk comments 交易平台市场观点

Last Friday, Asia IG space opened in a risk-off mood on the back the collapse of SVB. UST yields tightened 20-25bps from Thursday close as the market expected rate hike should take a pause to avoid further spillover of the collapse of SVB. New BNKEA 27s opened 10bps wider under large selling pressure despite buying flows from PBs. KBANK 28s widened 5bps and CICCHK 26N edged 3bps wider. Away from the new issue front, flows were under better selling, driven by profit taking. In financials, leasing space widened 5-10bps while bank T2s ended 3-5bps wider. AMCs remained under better selling on GRWALL/HRINTH. HRINTH curve led the fall to close 1-2pts lower and its 29s were marked down around 3pts in cash prices. CCAMCL were traded more resilient with its long end widened 10bps. China TMTs also notably underperformed while SOEs were a touch weaker. TENCNT 30s/31s were traded 15bps wider to T+170. HAOHUA/SINOCHE widened 5-10bps and other SOEs were only 1-5bps wider. Elsewhere, Korea space was overall 2-5bps wider with KHFC/HYUELE underperformed. Korea Bank T2s KEBHNB/WOORIB were under better selling. SG space had the similar theme as Korea with its T2 sector widened 5-10bps. China HY space held relatively stable and closed unchanged to 1pt lower. COGARDs/FUTLANs/FTLNHDs dropped 2-3pts. SINOCHEs were down 1-2pts. The long end of DALWANs moved ~1.5pts lower. AGILE/GRNLGR 25s/26s were down 0.5-1.5pts. Front end of CENCHIs/CHINSCs were under better buying. Macau gaming space was subdued, with MPEL/SANLTD/STCITY 28-30s drifted around 1.5pts lower. Elsewhere, FOSUNI 26-27s closed down 1.5pts. HILOHO 24s/EHOUSE 23s were bid up 0.5-1.5pts. In India space, VEDLNs and renewables were unchanged to 0.5pt lower. Moody's downgraded VRL's CFR to Caa1 from B3 with negative outlook. Indonesian space was silent.

In the Asia AT1/ Perp/LGFV spaces, sentiment was largely firm on Friday by virtue of unexpected narrowed rates overnight. AT1 space were 0.1-0.25pt higher on rates movement and Perps closed 0.25-0.375pt higher on Chinese RM buying. BCHINA 3.6 Perp/BOCOM 3.8 Perp were stable with robust

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demand. ICBCAS 3.2 Perp was traded up 0.2pt to be quoted at 92.25/92.5. New HSBC 8 Perp was initially down to 100.125 post the SVB headlines. However, it retrieved some intraday losses with PB/FM adding, to close around 100.5 (still 0.5pt lower than the Thursday close). New CTIH perp were unchanged at 100.35. Elsewhere, ROADKG perps were marked 0.5pt higher. Overall flow was light and skewed to better selling and all eyes on NFP on Friday night. LGFV space remained relatively stable on Friday in light of unexpected narrowed rates. LGFV flows were quiet while Shandong names were still actively traded. SHUGRP/SHGUOH were indicated 0.125pt lower amid mixed two-way.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOPE 4.6 09/12/48	95.4	2.2	HRINTH 4 1/2 05/29/29	77.3	-3.0
CHIOLI 3 1/8 03/02/35	77.9	2.2	HRINTH 3 7/8 11/13/29	73.3	-2.9
SINOPE 3.68 08/08/49	81.9	2.1	COGARD 5 1/8 01/17/25	65.7	-2.9
CITLTD 4.85 04/25/46	97.5	2.2	COGARD 6 1/2 04/08/24	77.3	-2.8
CITLTD 4 7/8 02/04/41	96.4	2.2	COGARD 3 1/8 10/22/25	59.0	-2.7

❖ Marco News Recap 宏观新闻回顾

Macro – U.S. stock markets continued to drop on last Friday, S&P (-1.45%), Dow (-1.07%) and Nasdaq (-1.76%) were affected by bankrupt of SVB. The U.S. Feb'23 NFP was released as +311k, higher than expectation of +225k while unemployment rate increased to 3.6% from 3.4%. Albeit NFP data is higher than forecast, the markets expect FED may moderate its interest rate hike pace after SVB's failure. U.S. treasury yields down on last Friday, yield curves bull steepened that the 2/5/10/30 yields reached 4.60%/3.96%/3.70%/3.70%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ China Policy – Credit growth rebounded amid easing credit policy

China reported unexpectedly strong credit growth in February as credit demand from local governments & SOEs was strong while that from households gradually recovered. The recent increase of money market rates indicates a normalization of liquidity condition from excessive easing to mild easing as new credit supply and housing market recovery beat expectations in 2M23. We believe money market rates have already returned to reasonable levels. The PBOC has to maintain reasonable ample liquidity condition and easing credit policy to relieve debt risk and boost the growth. The recent failure of Silicon Valley Bank has caused contagious risk-off sentiment and increased global market volatility. The PBOC may temporarily increase liquidity supply to offset its spillover effect on China's financial market.

China's new credit further beat expectations in February. Total social financing rose 159.7% YoY in February after declining 3.1% YoY in January. Outstanding social financing picked up 9.9% YoY at end-February after rising 9.4% YoY at end-January. M2 supply grew at one of the fastest paces since 2016 at 12.9% YoY at end-February. The YoY growth of new RMB loans to the real sector jumped from 17.4% in January to 100.4% in February, thanks to strong loan supply to corporates and rebounding in mortgage loans to households. Meanwhile, government bond financing increased 199% YoY after dropping 31.3% YoY in January, indicating strong borrowing demand from local governments because of their difficult fiscal condition as well as the pro-growth policy shift from the top. Corporate bond financing also improved by slightly rising 0.9% YoY in February after plunging 74.5% YoY in January as large corporates' capex demand started to improve. New foreign

currency loans rebounded to a positive number for the first time since last April after the latest round of renminbi rally. New trust loans also turned positive for the first time in recent two years, indicating a relief of credit risk in property development projects.

Local governments and SOEs had strong credit demand while mortgage loans improved with housing market recovery. New medium & long term loans to enterprises rose 119.7% YoY in February after climbing 66.7% YoY in January. SOEs, local government financing vehicles and manufacturing may have continued to dominate in the new loans to enterprises in February. According to China Banking and Insurance Regulatory Commission, new loans to infrastructure, leasing & business service (including industrial parks) and manufacturing sectors accounted for 62% in total new loans in January. Banks' bill discount financing remained negative in February as the strong loan demand from SOEs and large companies crowded out financing to small and medium private businesses. The borrowing of households indicated a recovery in housing market and consumption expenditure in February. New medium to long term loans to households, mainly mortgage financing, reached RMB86.3bn in February, compared to RMB45.9bn in the same period last year. New short-term loans to households also improved sharply from a negative number last February to RMB121.8bn this February.

China will maintain easing credit policy to relieve debt risk and boost the growth. The recent increase of money market rates indicates a normalization of the liquidity condition from "excessive easing" to "mild easing" as new credit supply and housing market recovery beat expectations in 2M23. We believe money market rates have already returned to reasonable levels and the PBOC will sharply tighten the monetary policy ahead. China's GDP growth remains below the potential growth as the reflation pressure is quite low. Meanwhile, the property sector and local governments still face stress. The PBOC has to maintain reasonable ample liquidity supply and easing credit policy to boost the growth and relieve debt risk this year. The recent failure of Silicon Valley Bank has caused contagious risk-off sentiment and increased global market volatility. The PBOC may temporarily increase liquidity supply to offset its spillover effect on China's financial market.

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➤ **Chinese Properties: More differentiated contracted sales amongst developers**

In 2M23, 37 developers under our radar (excl CAPG as no data disclosed) reported contracted sales of RMB539.5bn in total, representing 14.3% yoy drop. That said, 10 out of 37 developers posted yoy contracted sales growth in 2M23 while most of the developers reported mom contracted sales growth as Jan'23 sales were affected by the earlier CNY holiday.

State-owned, quasi-sovereign and non-distressed developers are amongst the outperformers in 2M23 with YUEXIU (RMB22.6bn, +187% yoy), CRHZCH (RMB40.2bn, +60% yoy), CHIOLI (RMB40.6bn, +59% yoy) and LONGFOR (RMB18.3bn, +40%). Underperformers are RONXIN (RMB2.3bn, -84% yoy), LOGPH (RMB3.3bn, -75% yoy) and JIAYUA (RMB0.7bn, -74% yoy).

2023 YTD Sales (in RMB mn)

Company	CN Name	BBG Ticker	Jan	Feb	Trend	Feb'23 MoM Growth	Feb'23 YoY Growth	Feb'23 YTD Sales	Feb'23 YTD Sales Growth
Agile	雅居乐	AGILE	6,440	6,120	↘	-5%	-9%	12,560	-11%
Central China Real Estate	建业地产	CENCHI	2,871	2,120	↘	-26%	83%	4,991	58%
China Jinmao	中国金茂	CHJMAO	10,000	14,130	↗	41%	102%	24,130	42%
China Overseas	中国海外发展	CHIOLI	13,188	27,424	↗	108%	153%	40,612	59%
China Resources Land	华润置地	CRHZCH	16,020	24,200	↗	51%	147%	40,220	60%
China SCE	中骏集团控股	CHINSC	3,051	3,809	↗	25%	-10%	6,860	-26%
China Vanke	万科企业	VNKRLE	28,630	30,120	↗	5%	3%	58,750	-10%
CIFI Holdings	旭辉集团	CIFIHG	5,020	7,810	↗	56%	-6%	12,830	-23%
Country Garden (Attributable)	碧桂园	COGARD	22,010	24,850	↗	13%	-24%	46,860	-32%
Dafa Properties	大发地产	DAFAPG	251	453	↗	80%	-54%	704	-65%
Dexin China	德信中国	DEXICN	2,340	3,200	↗	37%	29%	5,540	4%
Future Land	新城控股	FUTLAN/FTLNHD	5,776	7,809	↗	35%	-30%	13,585	-29%
Gemdale	金地集团	GEMDAL	9,210	14,800	↗	61%	54%	24,010	-2%
Greenland Holding	绿地控股集团	GRNLGR	9,790	7,710	↘	-21%	-4%	17,500	-13%
Greentown	绿城	GRNCH	13,500	17,900	↗	33%	40%	31,400	15%
Guangzhou R&F	富力地产	GZRFPF	1,350	2,110	↗	56%	-53%	3,460	-62%
Hopson	合生创展	HPDLF	1,327	2,193	↗	65%	13%	3,520	-29%
Jiayuan International	佳源国际	JIAYUA	311	461	↗	48%	-64%	772	-74%
Jingrui Holdings	景瑞控股	JINGRU	342	454	↗	33%	-22%	796	-34%
KWG Property	合景泰富集团	KWGPRO	3,561	4,320	↗	21%	-1%	7,881	-8%
Logan Property (Attributable)	龙光地产	LOGPH	1,070	2,190	↗	105%	-48%	3,260	-75%
Longfor (Attributable)	龙湖集团	LNGFOR	7,220	11,140	↗	54%	83%	18,360	40%
Poly Real Estate	保利地产	POLYRE	29,545	34,284	↗	16%	43%	63,829	22%
Powerlong	宝龙地产	PWRLNG	2,040	3,319	↗	63%	7%	5,359	-31%
Radianc	金辉控股	JNHUIG/RDHGCL	1,920	1,750	↘	-9%	-43%	3,670	-50%
Redco Properties	力高集团	REDPRO	1,323	1,516	↗	15%	-20%	2,839	-37%
Redsun	弘阳地产	REDSUN/HONGS	1,109	2,770	↗	150%	-10%	3,879	-45%
Ronshine China	融信中国	RONXIN	995	1,334	↗	34%	-84%	2,328	-84%
Shimao	世茂房地产	SHIMAO	4,510	4,110	↘	-9%	-43%	8,620	-42%
Sino-Ocean	远洋集团	SINOCE	3,290	5,070	↗	54%	36%	8,360	2%
Sunac China	融创中国	SUNAC	7,230	10,860	↗	50%	-51%	18,090	-64%
Times Property	时代中国控股	TPHL	852	1,961	↗	130%	-22%	2,813	-71%
Yanlord	仁恒置地	YLLGSP	905	3,667	↗	305%	243%	4,572	-58%
Yuexiu Property	越秀地产	YUEXIU	8,884	13,712	↗	54%	386%	22,596	187%
Yuzhou Properties	禹洲地产	YUZHOU	1,505	1,750	↗	16%	-48%	3,255	-59%
Zhenro Properties	正荣地产	ZHPRHK	1,356	1,620	↗	19%	-54%	2,976	-74%
Zhongliang	中梁控股	ZHLGHD	3,660	4,020	↗	10%	-37%	7,680	-48%

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
UETD Construction & Development State-owned Capital Investment Operation	60	3yr	7.5%	7.5%	-/-/-

➤ 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

- Regarding onshore primary issuances, there were 97 credit bonds issued yesterday with an amount of RMB79bn. As for Month-to-date, 816 credit bonds were issued with a total amount of RMB704bn raised, representing a 8.6% yoy increase
- **[ADEIN]** Media reported that Adani Group seeks lenders approval to sell up to 5% stake in Ambuja Cement for USD450mn; Adani Group fully prepaid share-backed financing aggregating to USD2.15bn
- **[CIFIHG]** CIFI Holdings expects to record loss of up to RMB14bn for FY22; CIFI also disclosed that the key terms of the holistic offshore debt restructuring are 1) no hair cut; 2) voluntary debt to equity or CBs swap; 3) cash coupon cut; 4) maturity extension of no longer than 7 years; 5) upfront cash/fee; and 6) credit enhancement
- **[COGARD]** COGARD expects turn to loss for FY22
- **[EDU]** Moody's affirmed New Oriental Education Ba1 rating and changed outlook to stable from negative
- **[GRNCH]** Greentown subsidiary buyback RMB278.76mn of its onshore bonds from open market; Greentown Service expects FY22 profit to drop up to 40% yoy
- **[JINGRU]** Jingrui Holdings to sell commercial building in Shanghai to CCB for RMB132.4mn
- **[LIHHK]** Lifestyle China expects to turn to loss for FY22
- **[LOGPH]** Logan has circulated offshore restructuring draft to bondholders; it expects to record up to RMB9bn net loss for FY22
- **[LVGEM]** LVGEM has paid LVGEM 12 03/10/23
- **[ROADKG]** Road King Infrastructure expects FY22 net profit to drop up to 78% yoy to HKD430mn-480mn due to exchange loss
- **[SMCPM]** San Miguel Corp announces indicative price for private placement of 270mn series 2 preferred shares at PHP75 per share
- **[VEDLN]** Media reported that Vedanta Resources chairman aims for 'zero debt' in medium term; in talks with banks including for USD1bn loan with interest rate between 8% and 10%; Moody's downgraded its CFR to Caa1 and placed negative outlook
- **[YLLGSP]** Moody's affirmed Yanlord Ba2/Ba3 rating and changed outlook to negative

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