

## CMBI Credit Commentary

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

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- *Markets sentiment was defensive this morning. Better buying in SOE sector, CHGRID'27/SINOPE'31 tightened 2-3bps. LGFV mixed two-way and was generally still better buying at 5%+ while better offered below 5%.*
- ***New issue LGFV:** New issue BINHCO 5.3% 09/09/25 (o/s USD100mn, SBLC by Shanghai bank) is fairly illiquid, traded around 100 reoffer level this morning. Another BINHCO 5.6% 14/09/25 (o/s USD144mn, SBLC by Bohai bank) priced today.*
- ***Chinese Properties:** rebounded slightly in Aug'22. 17 out of 35 developers under our radar recorded an average of 25% MoM increase in contract sales. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, IG space extended a firm session. Financials space continued the constructive tone, with AMCs closed unchanged to 0.5pt higher. AT1s were a touch weaker on RM trimming. Quality name ICBCAS 3.2% Perps were 0.25pt lower to 95.45. T2s stayed solid with small selling from global accounts but were well absorbed in the market. In TMT sector, TENCNT/XIAOMI tightened 2-4bps. IG properties were unchanged. We saw China HY space was sideways to slightly down, as attention was turned away from high-yield on a heavy primary day from Northeast Asia. Macau gaming sector led HY's weakening, amid worries about latest Covid-19 situation in mainland China. MPEL/STCITY curves underperformed, falling 1-3pts. China property was mixed across the space. COGARs were up 0.5-1.5pts, while CIFIHG 24-27s gained 4-5pts despite S&P's downgrade from BB to BB-. CHINSC fell another 1-1.5pts after 3-5pts drop on Tuesday, following the talks that China SCE tried to dissuade bondholders from exercising the put for its 2025 onshore bond on 21 Oct'22. GRNLGR 5.9%'23 jumped ~7pts, rest of GRNLGRs were up 1.5-4pts. In the industrial space, FOSUNI 25-26s emerged slightly better selling flows from FM. Outside China, the EIBKOR new issues took the center stage, with 2/5/10yr issued at +55/+90/+120bps level, then squeezed to +45/+85/+112 levels at EOD. New INDONs of 5/10/30yr issued at 4.4%/4.8%/5.55%. The bonds recovered early selling, and closed 0.15pt/0.7pt/2.75pts higher from the re-offer prices, respectively.

In LGFV space, flows were light on recently issues and were skewed to better selling as CT2/CT3 inverted further. New GZUIHG 6%'25 followed the same old story of the Jiangxi name to leak ~0.5pt, and closed at ~99.5 level amid

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thin trading whilst multiple institutions attempted to get rid of bonds from primary allocation. In SOE space, we saw buying interest still focused on front-end and quality names, benchmarks were broadly lifted to 3-5bps tighter in spreads. That said, the short-end was rather silent in spaces elsewhere, with new issues from Northeast Asia largely filled the short-end allocation demands. Overall, flows on SOE Perps and AT1s spaces were also skewed to better selling, led by papers trading at low-4% (mostly front end ones) as investors expect further increase in funding/hurdle costs post-Sep FOMC. As a 50/75bp hike is well expected, the Fed's tone towards Dec will be even more important in shaping the top down outlook in the market, and will be key to how investors plan to position through the coming 6 months. Looking back in July while many had known that prices/ marks were staled and higher than realistic levels, the market had to wait until outflows-induced selling emerged to trigger a correction. Given the flow direction since then, as bonds are more heavily held at home investors this time, it may take a bigger shock/ longer time for any price reversal to happen.

### ➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 5.9 02/12/23	50.9	7.5	CHJMAO 3.2 04/09/26	80.7	-5.1
CIFIHG 4.45 08/17/26	42.1	5.0	MPEL 5 3/8 12/04/29	62.4	-2.7
CIFIHG 5 1/4 05/13/26	42.8	4.9	NXPI 2.65 02/15/32	82.3	-2.3
CIFIHG 6.45 11/07/24	49.6	4.9	CHDUIN 2.6 04/12/26	93.7	-2.1
CIFIHG 4 3/8 04/12/27	40.7	4.4	STCITY 5 01/15/29	50.1	-1.7

### ➤ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stock markets rallied on Wednesday after consecutive falls. The S&P (+1.83%), Dow (+1.40%) and Nasdaq (+2.07%) technically rebounded as the probability of 75bps hike in Sep does not eliminate. Most sectors recorded a rise while energy sector kept falling as the crude oil price slumped 5% yesterday, WTI reached the lowest level since Jan'22 at 81.6. Chinese import and export in 8M22 increased 10.1% yoy with a RMB3.7tn trade surplus. The U.S. treasury yields lowered yesterday and the curves were inverted with 2/5/10/30 yield reaching 3.50%/3.37%/3.27%/3.42%, respectively.

### ❖ Desk analyst comments 分析员市场观点

#### ➤ Chinese Properties: MoM rebound in contract sales in Aug'22 from the lows in Jul'22

In Aug'22, 17 out of 35 developers under our radar recorded an average of 25% MoM increase in contract sales, compared to the freezing Jul'22 when 33 out of 35 developers reported an average of 33% MoM sales decline. The adverse effect resulting from news on uncompleted properties and mortgage boycott faded. Local governments and developers reinstate their commitment to ensure timely delivery with the establishment of real estate bail-out funds, totaled RMB40bn(cUSD5.8bn) in five provinces.

Time	Region	Scale(RMB billion)	Related Developers
15 Apr'22	Shaanxi	10	Not specific yet
7 Jun'22	Zhejiang	10	Not specific yet
5 Aug'22	Zhengzhou, Henan	10	CENCHI, SUNAC, SHIMAO, etc.
23 Aug'22	Hubei	5	Not specific yet
18 Aug'22	Nanning, Guangxi	3(first round)	EVERRE, LGUANG
Planning	Hangzhou, Zhejiang	2(first round)	Local developers, DEXIN probably included

Despite markets sentiment improved a bit in Aug'22, the cumulative 8M22 sales of 35 developers declined 48% YoY. Amongst developers under our radar, "outperformers" in 8M22 are YUEXIU (RMB63.5bn, -3% YoY),

GRNCH (RMB156.7bn, -13% YoY), SINOCE (RMB61.1bn, -17% YoY) and CRHZCH (RMB171bn, -18% YoY). Underperformers are DAFAPG (RMB4.4bn, -86% YoY), CAPG (RMB17.3bn, -80% YoY) and LNGFOR (RMB82.9bn, -80% YoY).

2022 YTD Sales (in RMB mn)															
Company	CN Name	BIG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Trend	Aug'22 MoM Growth	Aug'22 YoY Growth	Aug'22 YTD Sales	Aug'22 YTD Sales Growth
Agile	联讯地产	AGILE	7,380	6,720	7,010	3,940	6,130	8,270	5,010	5,950		1%	-1%	49,510	-13%
Aoyuan Property	中国金茂	CAPG	1,920	1,580	4,460	1,560	2,390	3,010	1,090	1,240		14%	-5%	17,250	-80%
Central China Real Estate	绿城地产	CENCHI	2,007	1,158	3,102	2,830	2,170	2,973	2,119	1,735		-10%	-7%	17,894	-80%
China Jinmao	中国金茂	CHJMAO	10,000	7,000	14,660	10,340	9,000	19,000	10,497	16,520		30%	3%	96,917	-13%
China Overseas	中国海外发展	CHICLI	14,779	10,859	22,662	20,362	26,391	43,467	17,468	22,807		29%	1%	178,475	-18%
China Resources Land	华润置地	CRHZCH	15,262	9,813	20,896	19,057	20,520	39,690	28,050	21,912		-2%	-2%	171,000	-18%
China SCE	中城置地	CHINSC	5,022	4,219	5,010	4,490	4,750	6,050	5,049	3,490		-9%	-3%	41,120	-17%
China Vanke	万科企业	VNKRLE	35,600	29,370	41,530	30,840	30,760	47,190	33,690	30,970		-6%	-3%	279,950	-17%
CIFI Holdings	城发集团	CIFHGD	8,440	8,300	12,000	10,100	10,800	13,500	16,100	15,060		-6%	-3%	94,300	-17%
Country Garden (Attributable)	碧桂园	COGARD	36,360	32,760	30,110	22,640	28,710	34,520	30,110	28,870		-4%	-3%	244,080	-17%
Data Properties	大悦城	DAFAPG	1,011	990	607	302	300	500	361	300		-17%	-3%	4,371	-86%
Dexin China	德信中国	DAXCN	2,830	2,480	4,040	3,040	2,640	4,350	2,810	2,920		4%	-1%	25,110	-17%
Future Land	新城控股	FUTLAN/FTLNHD	7,862	11,231	11,966	9,029	11,081	13,991	10,890	9,960		-12%	-3%	85,610	-17%
Gemdale	金地集团	GEMDAL	14,960	9,620	20,930	12,500	14,190	26,400	15,550	21,230		14%	3%	140,380	-17%
Greenland Holding	绿地控股	GRNLGR	12,010	8,040	10,750	7,990	10,930	16,680	7,900	10,000		27%	3%	86,300	-17%
Greentown	绿城	GRNTR	11,700	11,500	15,100	15,500	11,800	34,000	27,300	29,700		9%	3%	156,700	-17%
Guangzhou R&F	富力地产	GZRFR	4,600	4,510	4,370	4,270	2,878	4,670	1,900	2,750		-3%	-1%	30,058	-17%
Jinshui Holdings	碧源集团	JINSHU	634	581	1,018	905	859	850	428	460		9%	1%	5,394	-17%
Jiuzi Property	金地泰康集团	JWZPRO	4,160	4,381	4,333	4,356	4,121	4,681	4,761	3,010		37%	3%	33,999	-17%
Locan Property (Attributable)	龙湖地产	LOCPH	9,010	4,200	3,910	3,200	3,540	3,740	2,730	4,640		-30%	-3%	34,970	-17%
Longfor (Attributable)	龙光集团	LNGFOR	6,960	6,080	11,000	7,360	9,060	16,020	11,850	14,500		22%	3%	82,860	-17%
Polv Real Estate	保利地产	POLVRE	28,302	23,978	38,415	30,519	38,003	51,003	33,001	38,479		17%	3%	281,700	-17%
Powerlong	宝龙地产	PWRLNG	4,701	3,101	4,313	3,096	3,810	4,220	3,209	2,710		-16%	-3%	29,160	-17%
Radianc	金辉集团	JNHUIG/ROHGL	4,320	3,050	3,150	3,690	3,910	6,250	4,050	2,960		-27%	-3%	31,380	-17%
Redco Properties	力高集团	REDPRO	2,617	1,903	1,025	1,502	2,317	2,901	2,516	3,116		24%	3%	17,697	-17%
Redsun	弘阳地产	REDSUN/HONGSL	4,020	3,062	2,738	2,587	3,108	4,094	2,832	1,729		-39%	-3%	24,170	-17%
Ronshine China	融信中国	RONXIN	6,506	6,329	5,396	4,336	5,067	9,103	7,570	2,852		-6%	-3%	48,960	-17%
Shimao	世茂集团	SHIMAO	7,510	7,260	7,340	6,030	6,110	9,500	6,820	6,220		1%	-3%	56,790	-17%
Sino-Ocean	城发集团	SINOCE	4,490	3,730	6,850	6,830	7,410	13,700	5,990	9,110		1%	3%	61,110	-17%
Sunac China	融创中国	SUNAC	27,920	22,360	22,080	13,570	12,850	14,040	11,030	10,750		-3%	-3%	134,600	-17%
Times Property	时代中国控股	TPHL	7,068	2,516	4,563	3,580	4,830	5,180	2,763	2,298		-17%	-3%	32,518	-17%
Yueku Property	越秀地产	YUEKU	5,040	2,324	5,951	12,544	6,256	14,299	5,950	6,636		30%	3%	63,500	-17%
Yuzhou Properties	远州地产	YUZHOU	4,520	3,354	3,520	2,812	2,911	4,031	2,952	3,860		31%	3%	27,760	-17%
Zhenro Properties	振荣地产	ZHFRHC	7,897	3,529	2,585	2,301	2,316	2,689	2,055	1,713		-17%	-3%	25,065	-17%
Zhongliang	中梁控股	ZHLGHD	8,390	6,410	6,800	4,100	6,000	7,000	4,700	4,220		-10%	-3%	47,620	-17%

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Suqian Economic Development Group Co., Ltd	USD145	3yr	6.5%	6.5%	-/-/-
Tianjin Binhai New Area Construction and Investment Group Co., Ltd. (SBLC by China Bohai Bank)	USD144	3yr	5.6%	5.6%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG/FPG	Issue Rating (M/S/F)
Ningbo Beilun Modern Service Industry Development Co.	USD	-	3yr	5.6%	-/-/-
Fuzhou Digital Economy Investment Group Co., Ltd (SBLC by Bank of Jiujiang)	USD	-	2yr11m	6.0%	-/-/-

➤ Market conditions and color

- Regarding onshore primary issuances, there were 59 credit bonds issued yesterday with an amount of RMB54bn. As for Month-to-date, 288 credit bonds were issued with a total amount of RMB352bn raised, representing a 22.8% yoy increase

- **[ABMMIJ]** ABM Investama subsidiary has signed a deed of corporate guarantee in relation to the payment of USD200mn 9.5% notes due 2026
- **[CIFIHG]** S&P downgraded it to BB- from BB on rising leverage amid industry downturn, outlook negative
- **[CSIPRO]** CSI Properties has repurchased USD3.87mn of its 5.45% guaranteed notes due 2025
- **[FTHDGR]** Fantasia will convene a bondholders' meeting on 8 Sep regarding its 20Huayang01 bonds, to vote on a proposal on exemption of the requirement on the notice period for convening the meeting and deferred payment of interest and principal
- **[FWDGRP]** FWD Group has decided to postpone its Hong Kong listing plan to 2023 due to weak market conditions
- **[HUAFAI]** Zhuhai Huafa properties proposed to offer up to RMB500mn(cUSD72mn) five-year bonds to repay debts
- **[INDON]** Moody's assigned Baa2 ratings to the Indonesia's senior unsecured USD bonds
- **[JIAYUA]** Jiayuan International hit by its third Hong Kong winding-up petition in the past five months, filed by Yeung Man on 6 Sep who share the same name as the ultimate controlling shareholder of Hailan Holdings Limited
- **[SUNAC]** Sunac China says recent winding-up petition filed by Chen Huaijun, who shares the same name as the owner of Landsea Green Properties, does not affect its ongoing debt restructuring or daily operations
- **[TENCNT]** Tencent has bought 49% stake in Ubisoft founder's holdco Guillemot Brother for EUR300mn
- **[VNRKLE]** China Vanke proposes to offer RMB1.11bn(cUSD158.57mn) asset-backed securities

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