

## CMBI Credit Commentary

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

- *Markets sentiment recovered a lot this morning. We saw active short coverings on IG property names and AT1 sector slightly up 0.5pt. LGFVs and SOE Perps edged a bit higher due to short coverings while the selling flows from offshore were still intensive*
- **Chinese Properties** : Contracted sales continued slowly reviving in Oct 22 after late-Sep 22 new policies. See below.
- **China Policy**: PBOC and CBIRC published 16 measures to encourage financial institutions to 1) increase loans and residential mortgages to property developers and individual respectively; 2) manage the risks of distressed developers properly, etc. China property sector overall rose this morning, LNGFOR/COGARD rallied 7-15pts, VNKRL/SINOCE/YUEXIU up 2-6pts.

#### ❖ Trading desk comments 交易平台市场观点

Last Friday, China IG space had a risk-on session post lower-than-expected CPI release, and IG spreads broadly tightened 10-15bps with tech/financials space outperforming. TMT space was broadly 25-45bps tighter on average, with high beta names like JD/WB/LENOVO/MEITUA notably tightened 30-50bps. TENCNT 30s/BABA 31s were both squeezed to T+220/T+165 level respectively. Financials space continued the constructive tone, with AMCs ended 1-3pts higher. T2s tightened 5bps. China/HK AT1s were up 1-2pts, where BNKEA Perps recovered another 2-3pts to reach consecutive gains of 8-14pts WoW. Korea/SEA AT1s were up 1-3pts. IG properties had a record rally on positive headlines including China's loosening on the Covid policies in the afternoon. LNGFOR gained around 5-10pts after Longfor's RMB20bn bond issuance was accepted by NAFMII. VNKRLs/DALWANs jumped 8-10pts, and belly of SINOCEs closed up 3-5pts. In China HYs, properties had erased last week's losses and Friday night Chinese financial regulators issued 16 measures to boost the real estate market liquidity. COGARD '23 bounced 5pts to close at high-70s, while the rest of COGARDs were up 7-11pts as Reorg reported it was in negotiation with CBICL for a new issuance quota of cRMB15bn, despite Moody's downgraded COGARD's rating by one notch to Ba3 with negative outlook. FUTLANs/FTLNHDs rallied 8-13pts with some RM buying into the close so finishing at the high. Beaten-down names AGILEs/ROADKGs were also up 2.5-3.5pts. Among HK names, SHUION '26/YLLGSP '24 was further traded up 10-11pts after moving up 2-3pts on Thursday. Elsewhere, GLPCHI '26 continued its losing streak last week to decline another 9.5pts. CSCHCN 24s were down 1-2pts. In non-properties space, FOSUNs were unchanged whilst EHICAR 24s/26s dropped 2/9pts. Macau gaming bonds rallied 4-7pts on the day, driven by news that China eased quarantine from 10 to 8 days and cancelled flight bans. Ex-China was relatively quiet with attention diverted to China and no UST trading on the day. In India HYs, VEDLNs/GRNKENS closed 1.5-4.5pts higher. ADANIG

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was up 3pts amid the renewable power name reported 22.5% increase in revenue in the quarter ended September. In Indonesian HYs, Quasi-sovereign papers and long-end names like PERTIJs/PLNIJs were better-offered.

The LGFV/SOE Perp space had a 'Double 11' shopping feast following rates' 40bps plunge overnight as expectations of a Fed pivot strengthened after US CPI slowed down more than expected, and it further intensified after lunchtime news about loosening Covid measures in China. Flow wise, HF/Props/street rushed to cover shorts, whilst several offshore Chinese AM were spending cash to reload underweighted risks, driving flurries of lifting in the spaces early morning and right after lunch, when offers at one point would revert to end-of-Sep levels. On the other end, RM who had been offloading risks recently remained happy to sell into the rally, as dealers tried to get lifted at squeezed levels to rebuild shorts as well. As such, SOE Perps/ non-high-beta LGFVs would roughly found clearing levels at low-to-high-6%, translating to a 1-4pts surge on the day. That said, the rally remained largely driven by and concentrated in papers with short positionings, and bonds that were not shorted continued to see little demand. SOEs were overall 10-30bps tighter as HAOHUA outperformed by tightening 55-60bps on the long end. In LGFVs, the short-dated like HKIQCL '22/TLINVT '23 had onshore accounts and yield hunters chasing. Back to macro front, with the latest changes to the rates and DXY outlook, we reckon fund flows may stabilize from here, so we may also hope for peace in the market from this memorable day into year-end after all the massive outflows-driven selloff QTD.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FTLNHD 4.8 12/15/24	38.8	13.1	EHICAR 7 09/21/26	39.8	-9.3
SHUION 5 1/2 06/29/26	50.2	11.9	GLPCHI 2.95 03/29/26	47.2	-7.9
FUTLAN 6 08/12/24	39.1	11.2	FWDINS 5 1/2 PERP	88.5	-2.6
LNGFOR 3 3/8 04/13/27	64.9	11.1	CSCHCN 9 12/11/24	20.7	-1.9
COGARD 7 1/4 04/08/26	25.9	10.8	BJESEG 1.65 09/24/24	90.9	-1.9

#### ❖ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stock markets continued to rebound last Friday, the S&P (+0.92%), Dow (+0.10%) and Nasdaq (+1.88%) rose as the markets evaluate that the lower than expectation CPI showing the inflation has been subdued, which may ease the Fed's interest rate hike pace. U.S consumer sentiment was still weak that the University of Michigan Survey of Consumers posted 54.7 for Nov, down from 59.9 of Oct. The U.S. treasury yields were unchanged last Friday due to public holiday, the 2/5/10/30 yields stayed at 4.34%/3.95%/3.82%/4.03%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Chinese Properties : Contracted sales continued slowly reviving in Oct'22 after late-Sep'22 new policies

At the end of Sep'22, Chinese central government implemented three policies, including interest rate decrease and tax refund, to stimulate house purchasing. Nonetheless, the mom contracted sales increase in Oct'22 was not significant. In Oct'22, 22 out of 36 developers recorded an average of 15% mom increase in contract sales while total contract sales of 36 developers recorded a 1.3% mom increase, dropped from +3.8% mom in Sep'22. As a result, the yoy decline in 10M22 cumulative contract sales of 36 developers under our radar narrowed to 43.3% from 44.2% in 9M22.

Amongst developers under our radar, “outperformers” in 10M22 are YUEXIU (RMB91.1bn, +11% yoy), GRNCH (RMB228.9bn, +3% yoy), CRHZCH (RMB229.7bn, -8% yoy) and POLYRE (RMB363.1bn, -21% yoy). Underperformers are DAFAPG (RMB5.4bn, -85% yoy), CAPG (RMB19.2bn, -82% yoy) and ZHPRHK (RMB29.2bn, -77% yoy).

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Trend	Oct'22 MoM Growth	Oct'22 YoY Growth	Oct'22 YTD Sales	Oct'22 YTD Sales Growth
Agile	雅居乐	AGILE	7,380	6,720	7,010	3,940	6,130	8,270	5,010	5,050	3,500	4,770		36%	56%	57,780	10%
Aoyuan Property	中国奥园	CAPG	1,920	1,580	4,460	1,560	2,390	3,010	1,090	1,240	1,050	900		-14%	-91%	19,200	-82%
Central China Real Estate	建业地产	CENCHI	2,007	1,158	3,102	2,630	2,170	2,973	2,119	1,735	1,470	1,335		-9%	-55%	20,699	-58%
China SCE	中骏集团控股	CHINSC	5,022	4,219	8,010	4,490	4,790	6,050	5,049	3,490	4,520	4,570		1%	40%	50,210	10%
China Overseas	中国海外发展	CHIOLI	14,779	10,839	22,662	20,362	26,391	43,467	17,468	22,507	22,826	31,291		37%	5%	232,592	2%
CIFI Holdings	旭辉集团	CIFIHG	8,440	8,300	12,000	10,100	10,800	13,500	16,100	15,060	10,020	9,060		-10%	-44%	113,380	-85%
Country Garden (Attributable)	碧桂园	COGARD	36,360	32,760	30,110	22,640	28,710	34,520	30,110	28,870	32,020	33,330		4%	27%	309,430	1%
China Resources Land	华润置地	CRHZCH	15,262	9,813	20,896	15,057	20,320	39,690	28,050	21,912	30,700	27,470		-11%	37%	229,170	-5%
Dafa Properties	大发地产	DAFAPG	1,011	990	607	302	300	500	361	300	446	555		24%	72%	5,372	85%
Dexin China	德信中国	DEXICN	2,830	2,480	4,040	3,040	2,640	4,350	2,810	2,920	2,430	3,010		24%	42%	30,550	11%
Future Land	新城控股	FUTLAN/FTLNHD	7,862	11,231	11,966	9,029	11,081	13,991	10,890	9,496	8,328	9,078		9%	59%	102,952	7%
Gemdale	金地集团	GEMDAL	14,960	9,620	20,930	12,500	14,190	28,400	18,550	21,230	22,700	20,300		-11%	33%	183,380	8%
Greentown	绿城	GRNCH	14,600	12,800	20,800	15,500	15,100	34,000	27,300	29,700	27,000	32,100		19%	61%	228,900	3%
Greenland Holding	绿地控股集团	GRNLGR	12,010	8,040	10,750	7,990	10,930	18,680	7,900	10,000	14,000	7,310		-48%	-65%	107,610	-7%
Guangzhou R&F	富力地产	GZRFPR	4,600	4,510	4,370	4,270	4,080	4,670	1,900	2,470	2,300	2,050		-11%	-81%	35,220	-68%
Jiayuan International	佳源国际	JIAYUA	1,727	1,276	1,516	892	983	1,386	1,047	771	982	955		-3%	-68%	11,535	-62%
Jingrui Holdings	景瑞控股	JINGRU	634	581	1,016	905	693	680	425	460	407	492		21%	41%	6,293	7%
Radiance	金辉控股	JNHUIG/RDHCCL	4,320	3,050	3,150	3,690	3,910	6,250	4,050	3,630	3,310	3,170		-4%	55%	38,530	2%
KWG Property	合景泰富集团	KWGPRO	4,160	4,381	4,533	4,352	4,121	4,681	4,761	3,861	4,150	4,220		2%	55%	43,220	1%
Longfor (Attributable)	龙湖集团	LNGFOR	6,990	6,080	11,000	7,360	9,060	16,020	11,850	14,500	11,490	11,680		2%	77%	106,030	4%
Logan Property (Attributable)	龙光地产	LOGPH	9,010	4,200	3,910	3,200	3,540	3,740	2,730	3,030	2,750	3,270		19%	72%	39,380	6%
Poly Real Estate	保利地产	POLYRE	28,302	23,978	38,415	30,519	38,003	51,003	33,001	38,479	38,395	43,014		12%	14%	363,109	-2%
Powerlong	宝龙地产	PWRLNG	4,701	3,101	4,313	3,096	3,810	4,220	3,209	2,710	2,410	3,119		-29%	-57%	34,689	-3%
Redoo Properties	力高集团	REDPRO	2,617	1,903	1,025	1,502	2,317	2,901	2,516	3,116	3,140	2,507		-20%	-47%	23,544	-38%
Redsun	弘阳地产	REDSUN/HONGSI	4,020	3,062	2,738	2,587	3,108	4,094	2,832	2,669	3,403	3,709		9%	48%	32,222	1%
Ronshine China	融信中国	RONXIN	6,506	8,329	5,396	4,336	5,067	9,103	7,570	2,652	4,092	2,544		-38%	-81%	55,596	-4%
Shimao	世茂房地产	SHIMAO	7,510	7,260	7,340	6,030	6,110	9,500	6,820	6,220	8,000	8,200		2%	60%	72,990	7%
Sino-Ocean	远洋集团	SINOCE	4,490	3,730	6,850	6,830	7,410	13,700	8,990	9,110	8,050	9,470		18%	42%	78,630	2%
Sunac China	融创中国	SUNAC	27,920	22,360	22,080	13,570	12,850	14,040	11,030	10,750	8,740	9,750		12%	81%	153,090	7%
Times Property	时代中国控股	TPHL	7,088	2,516	4,563	3,580	4,530	5,180	2,763	2,298	2,063	2,060		0%	77%	36,641	-2%
China Vanke	万科企业	VNKRLE	35,600	29,370	41,530	30,840	30,760	47,190	33,690	30,970	34,730	32,100		-8%	23%	346,780	-3%
Yuxiu Property	越秀地产	YUEXIU	5,040	2,824	5,951	12,544	8,256	14,299	5,950	8,128	16,681	11,440		-31%	9%	91,113	11%
Yuzhou Properties	禹洲地产	YUZHOU	4,520	3,354	3,520	2,612	2,911	4,031	2,952	2,573	2,268	2,831		-25%	71%	31,572	-5%
Zhongliang	中梁控股	ZHLGHD	8,390	6,410	6,800	4,100	6,000	7,000	4,700	4,220	4,480	5,500		23%	55%	57,600	8%
Zhenro Properties	正荣地产	ZHPRHK	7,897	3,529	2,585	2,301	2,316	2,689	2,055	1,713	1,922	2,152		12%	78%	29,159	-7%

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD 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 (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Nanjing Yangzi State-owned Investment Group Co., Ltd.	USD	-	3yr	6.2%	-/-/A-

### ➤ News and market color

- Regarding onshore primary issuances, there were 66 credit bonds issued yesterday with an amount of RMB106bn. As for Month-to-date, 592 credit bonds were issued with a total amount of RMB751bn raised, representing a 5.7% yoy decrease



- **[CENCHI]** Fitch downgraded Central China to C after missing interest payments and placed negative outlook
- **[COGARD]** Moody's downgraded Country Garden to Ba3 and placed negative outlook
- **[EVERRE]** China Evergrande's Shenzhen land parcel for building headquarters put up for sale at starting price of RMB7.5bn
- **[FOSUNI]** Fosun Pharmaceutical sold 1.1mn BioNTech shares for USD179mn
- **[FTLNHD]** Seazen Holdings to register RMB15bn debt financing instrument with NAFMII
- **[KWGPRO]** Media reported that KWG said it will pay on time the 14 Nov put on fewer than RMB400mn of its RMB700mn, 6.19% due-2025 onshore notes 20Hejing08
- **[LIFUNG]** Li & Fung accepted USD377.66mn tender offer of LIFUNG 4.375 10/04/24 for early settlement; The company amended terms of tender offer, consent solicitation for the due 2024 bonds that increasing the tender consideration price to 94 from 89
- **[LNGFOR]** Media reported that Longfor in talks with CBICL over asset to be pledged for guarantee on planned up to RMB2bn second-round notes
- **[SOFTBK]** SoftBank 1H22-23 net sales increase 6.7% yoy to cUSD22.8bn; pre-tax income falls 72% yoy to USD2.1bn

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