

## CMBI Credit Commentary

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

- *Markets were relatively quiet this morning after a week rally. In Asian IG space, TMT and SOE tightened 2bps and AMCs also rose a bit. LGFV were overall light two-way balanced and we saw short squeeze on names like CQNANA.*
- **CSCHCN:** *China South City obtained shareholders' approval on the disposal of 69.35% equity interest in Xi'an China South City Ltd. CSCHCN changed -0.25 to 0.25pt this morning.*
- *Mainland China government resumes group travel to Hong Kong and Macau. Macau government plans to levy a 5% junket commission tax. Macau gaming names were stable this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was firm post the FOMC consolidated to a relatively more dovish tone. Korea IGs went firmer again, HYUELEs were traded 10-20bps tighter and POHANGs were also 5bps tighter. In Chinese financials, AMCs outperformed as CCAMCL/ORIEAS marched around 10-20bps tighter across the curve. CCAMCL 28s/29s tightened 5-10bps to T+165 level. Bank T2s edged 2-4bps tighter on average with BNKEA notably tightened 10-15bps. Leasing sector was mixed, with buyers on long duration (27s-31s) versus profit taking on front end (23s~24s). TMTs tightened 2-5bps as street lifting TENCNT curve at open, but beta names spreads got pushed back a bit amid profit taking flows in the AM session. Post lunch, buyers came back amid another round of risk-on sentiment, BABA/TENCNT/BIDU 10y benchmarks were squeezed 5-8bps tighter. Beta TMT names MEITUA/XIAOMI closed 5-10bps tighter. SOEs was basically one way buying, anything looking for bids can be easily absorbed. HAOHUA were 5-10bps tighter across the curve. CSSH1 notably tightened 10-20bps. In IG properties, LNGFOR 27-28s tightened 10-20bps. In Chinese HYs, property bonds were stable except COGARDs met some profit-taking flows. COGARDs were down 1-2pts across the curve with its 24s marked back to high-80s level. CENCHI 23s/AGILE 25s were notably traded up 2-4.5pts to stay range-bound from mid-50s to low-60s. Elsewhere, ROADKG perps were marked 1-4.5pts higher to high-60s. NWDEVL/HYSAN perps were further up 0.5-1pt. In industrials, FOSUNs were down 0.5pt. Macau gaming space continued to be firm, MPELs/WYNNMACs were traded 1-2pts higher and STCITYs popped up 2.5-3.5pts. Macau government planned to levy 5% tax on junket commission. Indian credit sentiment remained fragile, Adani curve broadly opened ~10pts lower on the back of the FPO cancellation and Adani Enterprise plunged ~30% in Indian stock market. But then some short covering/bottom fishing demand emerged from FM, and Adani complex bonds slightly recovered some losses intra-day to close merely 4-6pts lower than Wednesday EOD. ADSEZs/ ADANEMs/ ADTINs dropped 3-5pts on the

**Glenn Ko, CFA** 高志和  
(852) 3657 6235  
glennko@cmbi.com.hk

**Cyrena Ng, CPA** 吳蔭瑩  
(852) 3900 0801  
cyrenang@cmbi.com.hk

**Jerry Wang** 王世超  
(852) 3761 8919  
jerrywang@cmbi.com.hk

day, to be quoted between mid-60s to low-70s. VEDLNs were further down 1.5-3pts across the curve.

In the LGFV/Perp/AT1 space, we saw the upbeat theme continued and sentiment remained super risk on. In LGFVs, we were seeing better selling flows in house from not only non-Chinese but also some Chinese RM, but that mattered little when everything was bidding up all over the place. The bid-ask margin for traders to move risks was getting further thinner, as valuation of some of the bonds was really getting to indigestible levels. Overall in LGFV sector, sellers continued to offload unwanted names into the window, and in fact we did see some lose of steam in weaker names inside 9%-10% yield e.g. CQNANA turned to be better-offered. It remained to be seen whether better selling session of CQNANA yesterday will be the turning point or just another small bump for this name. Elsewhere, Chinese AT1s and SOE Perps remained very strong and broadly grinded ~0.25pt higher amid the drop in rates post FOMC. AT1 benchmarks ICBCAS 3.2 Perp/CINDBK 3.25 Perp were lifted 0.25-0.5pt in cash prices. Flows were however mostly Chinese AM selling into street bids at rich levels relative to funding/hurdle.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 7.95 PERP	70.9	4.7	ADANIG 4 3/8 09/08/24	63.6	-11.3
CENCHI 7 1/4 04/24/23	53.8	4.5	ADANEM 3.949 02/12/30	67.0	-5.1
STCITY 6 1/2 01/15/28	93.0	3.6	ADSEZ 4 07/30/27	73.5	-5.1
AGILE 5 3/4 01/02/25	66.8	3.5	ADTIN 4 08/03/26	75.1	-5.1
AGILE 5 1/2 04/21/25	64.7	3.0	ADSEZ 5 08/02/41	63.1	-4.7

#### ❖ Market News Recap 市场新闻回顾

**Macro** – U.S. stock markets were overall strong yesterday, S&P (+1.47%), Dow (-0.11%) and Nasdaq (+3.25%) were divergent as Nasdaq was led by Meta's big rally. U.S. weekly jobless claims drop 3k to 183k, a nine-month low while lower than expectation of 200k. ECB lifted interest rate by 50bps. China Jan'23 Caixin service PMI was 52.9, higher than expectation of 51.6. The U.S. treasury yields were stable yesterday, yield curves were almost unchanged and 2/5/10/30 yields reached 4.09%/3.49%/3.40%/3.55%, respectively.

#### ➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 27 credit bonds issued yesterday with an amount of RMB30.6bn. There is no yoy comparison as there was no onshore bonds issuance in same period of 2022 due to Chinese New Year vacation.
- Mainland China government resumes group travel to Hong Kong and Macau
- Hong Kong to give away 500k airline tickets between Mar to Sep to boost tourism
- Macau government plans to levy a 5% junket commission tax. The gaming industry hopes the government will grant partial exemptions on the tax according to the law
- **[ADANIG]** Adani Group made bond coupon payment on 2 Feb. Separately, Adani Ports and Special Economic Zone have been put under Short-Term ASM framework by National Stock Exchange of India. S&P Dow Jones Indices will remove Adani Enterprises from the Dow Jones Sustainability Indices effective prior to the open on 7 Feb
- **[AGILE]** Agile's fully owned subsidiary, Guangzhou Panyu Agile Realty Development, has appointed Zhongxingcai Guanghua CPAs to replace PwC China as its new auditor
- **[CAPG]** China Aoyuan got approval from the bondholders to extend the coupon payment on its RMB1.1bn (cUSD163mn) 5.65% bond due in 2025 by 6 months
- **[CHFOTN]** CFLD's restructuring effective date occurred on 31 Jan and each of the new bonds have been listed on SGX
- **[CSCHCN]** China South City obtained shareholders' approval on the disposal of 69.35% equity interest in Xi'an China South City Ltd. The subscriber Shenzhen Shenji No.1 Industrial Park Investment and Operation agreed to pay RMB5bn (cUSD716.8mn) as reported on 18 Dec'22. Upon completion, China South City will continue to own 30.65% in the target company
- **[DEXIN]** Dexin's Caa2 rating withdrawn by Moody's for business reason, the rating outlook was negative prior to the withdrawal
- **[HUIJHK]** Huijing Holdings has received requisite consent to implement the amendments and waivers pursuant to the consent solicitation for the HUIJHK 12.5 07/20/23
- **[LSEAGN]** Landsea's Caa2 rating withdrawn by Moody's for business reason, the rating outlook was negative prior to the withdrawal
- **[LPKRIJ]** Lippo Karawaci accepted to purchase USD116.26mn of LPKRIJ 8.125 01/22/25 and USD108.47mn of LPKRIJ 6.75 10/31/26, representing 28.7% and 26% of the aggregate outstanding principal respectively
- **[LVGEM]** LVGEM (China) has selected Nomura as financial advisor to work out a solution for USD470mn bonds due in Mar'23. It expects to decide whether to conduct an exchange offer within 1-2 weeks
- **[NWDEVL]** New World Development said they have no plan to dispose a stake in K11 Atelier King's Road tower in Hong Kong. The office tower is valued at HKD11bn (cUSD1.4bn)
- **[SHUION]** Shui On is in the process of finalizing commitments to refinance the USD365mn offshore term loan due on 23 Feb. According to the company's result briefing, it has RMB8.45bn bank borrowings due in 1H23

- **[VEDLN]** Indian government is likely to sell a part of its residual 29.54% stake in Hindustan Zinc, a subsidiary of Vedanta, to achieve the sell-off target set in the 2023-24 fiscal budget
- **[VNRLE]** Vanke get approval from NAFMII to issue RMB33.7bn (cUSD5bn) MTNs. It also plans to exercise the call option on its RMB1.5bn 3.02% notes due 2025

CMB International Global Markets Limited

*Fixed Income Department*

Tel: 852 3761 8867/ 852 3657 6291

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap.

**3 Feb 2023**

---

289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.