

CMBI Credit Commentary

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

- *Thin trading liquidity on Friday morning and skewed to selling. Most bonds down 1pt, while COGARD/CHINSC down 4-5pt and SUNAC/KWGPRO down 2-3pt. IG spread widened 6-9bp.*
- **CHIGRA:** *sister company Guanghui Energy issued positive profit alert for 1Q2022. Incremental financing support from parent Xinjiang Guanghui to China Grand Auto is likely. Reiterate Buy CHIGRA '22.*
- **CCAMCL:** Zhang Weidong being named as communist party chief and candidate to succeed Zhang Ziai, who reached retirement age, as Cinda's chairman. We consider this credit neutral.

❖ Trading desk comments 交易平台市场观点

Yesterday, the China HY space opened high but closed largely unchanged, led by institutional sellers. JIAYUA/CENCHI saw sellers and down 2-4pts. COGARD down 2pt. Other property names such as CHINSC/LOGPH/SINOCE/GRNLGR/TPHL down 0.5-1pt, while SUNAC/SHIMAO are mostly flat or 0.25pt higher. Outperformers are DALWAN/ROADKG up 2pt. In industrial space, WESCHI up about 4pts, CARINC/EHICAR up 1pt, buoyed by CARINC's tender offer of part of its 2022 notes. STDCTY, however, down 5pt.

IG market recovered with positive sentiment. Spreads tightened 5-10bps generally. The TMT and SOE sector have led the gains. AT1/Perps has rebounded by 0.5-1pt.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
SUNSHI 7 1/2 02/17/25	14.0	6.5	GRNLHK 10.21 PERP	76.2	-26.3
SUNSHI 7 7/8 09/04/24	13.4	5.9	JIAYUA 13 3/4 02/18/23	40.8	-18.6
CHIGRA 8 5/8 04/08/22	80.6	5.0	JINKE 6.85 05/28/24	40.5	-16.1
ROADKG 7 7/8 02/01/23	72.5	3.6	REDSUN 9.95 04/11/22	50.4	-6.0
WESCHI 4.95 07/08/26	86.1	3.5	CENCHI 7.65 08/27/23	39.3	-5.0

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock indexes fell sharply, and treasury yield rose. The S&P (-0.43%), Dow (-0.34%), Nasdaq (-0.95%) closed lower. Continued tensions in Russia and Ukraine and the biggest rise in US CPI in the past 40 years in February pushed gold prices higher. Treasury yield curve shift upward yesterday, with 1/5/10/30Yr yield rose to 1.19%/1.92%/1.98%/2.38%.

➤ **Desk analyst comments 分析员市场观点**

➤ **CHIGRA: sister company Guanghui Energy issued positive profit alert**

China Grand Auto's sister company – Guanghui Energy announced it expects strong operating performance for 1Q2022, that net profit to increase 144% -157%yoy to RMB 1.96bn – RMB 2.06bn. This is on the back of sharp increase in LNG price, while its LNG sales volume grew 10% in Jan – Feb 2022.

We expect Guanghui Energy's strong operating result will provide additional financing to its parent Xinjiang Guanghui, via share pledged loans or exchangeable bonds. This in turn can provide some financing to China Grand Auto via shareholders' loan from Xinjiang Guanghui, in our view. Xinjiang Guanghui is the controlling shareholder of both China Grand Auto and Guanghui Energy, with effective stake of 32.93% and 39.8% respectively. As of end- Feb'22, Xinjiang Guanghui's unpledged stake remains 15.5% and 16.2% in China Grand Auto and Guanghui Energy, which are worth RMB 10.8bn in total. Xinjiang Guanghui did provide financing support to China Grand Auto in Dec 2021, when it issued RMB 200mn exchangeable bond to refinance China Grand Auto's onshore notes. The parent company proposed to issue another private exchangeable bond of RMB 3bn on 1 Mar' 2022. We believe, upon successful issuance, this can also serve as incremental financing to China Grand Auto, given its parent's support.

We reiterate Buy on CHIGRA '22 as we expect it to be money good, please see [our note on 7 March following its refinancing progress.](#)

➤ **Offshore Asia New Issues (Priced)**

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Jinjiang Road and Bridge Construction	158	1	3.2	3.2	-/-/
Shanghai Fosun High Technology	150	3	3	3	-/-/

➤ **Offshore Asia New Issues (Pipeline)**

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 44 credit bonds issued yesterday with an amount of RMB48bn. As for Month-to-date, 633 credit bonds were issued with a total amount of RMB682bn raised, representing a 10.4% yoy decrease.
- **[LOGPH]** paid semi-annual interest of USD 9.66mn on its USD 280mn 6.9% June 2024 bond due on 9 March; Logan bondholder group appoints Ropes & Gray as legal consultant, allied second holder group works with Addleshaw Goddard
- **[TPHL]** downgraded to B+ and outlook negative, according to Fitch

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