

CMBI Credit Commentary

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

We hope you found our commentaries and ideas helpful. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2022”](#). Thank you for your time. Your support will mean a lot to us.

- *China IG space continued its weak sentiment this morning. GRWALL'25 further down to 86 level and bids in GRWALL'22 disappeared. CCAMCL AT1 also down 2-3pts to 89. There are some supports in short end LGFV space but overall still weak. CIFIHGs lowered 4-5pts this morning in addition to 5-6pts decline yesterday.*
- **Chinese Properties:** Jun'22 contract sales showed strong MoM rebound thanks to relaxing COVID restrictions. See below.
- **GZRFPR:** Not much flow before consent solicitation deadline today and RSA deadline tomorrow. We see the challenge in obtaining requisite consent given the slower amortization for GZRFPR'24s compared with that of RSA. Holders of GZRFPR'24s indeed hold the veto of the consent and RSA. See more details in our comments: [GZRFPR: The consent solicitation and scheme](#).

❖ Trading desk comments 交易平台市场观点

Yesterday, Chinese IG market saw mostly selling flows while not significantly large in size. IG spreads were generally 5bps wider. In Financials, we saw one-way flows skewed to sell-off. GRWALL/HRINTH spreads widened 10-25bps on the back of selling from RM, after Moody's placed China Great Wall's rating under review for downgrade. Leasing names like BCOMFL/ICBCIL widened 3-5bps. SOE papers generally widened 5-7bps. TMT benchmark names broadly widened 2-3bps. New issue KORGAS was 3-5bps wider.

LGFVs also saw heavy selling from regional/global RM down the yield and credit curves, amid broad weakness in China credits and turmoil in AMC names. We saw near term price action should remain very technical driven amid the feeble sentiment prevailing. Front end 22s and 23s were relatively more stable with decent size of yield buying support at 4%. SOE perps relatively light despite selloff in AT1.

Chinese HY names were generally down 1-3pts. China real-estate sector saw relatively higher cash price names leading the downtrend. CSCHCN/FUTLAN/FTLNHD down 1.5-2.5pts across the curve. Higher quality names saw massive selling, CIFIHG notably plunged 5-7pts across the curve. DALWAN'24 down 3.5pts. Distressed names were pretty much unchanged. Among other sectors, FOSUNI down 3-5pts from yesterday.

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

James Wen 温展俊
(852) 3757 6291
jameswen@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
JINGRU 12 1/2 10/26/23	17.0	3.9	CIFIHG 6 07/16/25	52.0	-6.9
EHICAR 7 09/21/26	59.8	2.0	YUZHOU 6 01/25/22	7.0	-6.7
WYNMAC 5 1/2 10/01/27	64.1	1.3	CIFIHG 6.55 03/28/24	60.2	-6.6
JINGRU 14 1/2 02/19/23	10.7	1.3	CIFIHG 5 1/4 05/13/26	49.7	-6.4
JIAYUA 12 1/2 04/08/23	12.0	1.3	CIFIHG 4.45 08/17/26	49.9	-6.4

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market closed higher on Wednesday. The S&P (+0.36%), Nasdaq (+0.35%), and Dow (+0.23%) all ended slightly higher. 2-year Treasury note yields traded north of 10-year note yields for most of the overnight session, and continued that trend in early New York dealing. This recession indicator has heaped pressure on the Fed, as current market betting suggests an 88% chance of a similar-sized hike when the Fed meets later this month. UST 10yr yields rebounded 12bps to 2.93% yesterday. U.S. Treasury curve bear flattened, with the 2/5/10/30 yield advancing to 2.97/2.96/2.93/3.14% respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese Properties: Strong MOM sales rebound in Jun'22

36 developers under our radar achieved an average MoM growth of 40% thanks to relaxing COVID restrictions in YRD. That said, the cumulative first half sales still declined 51% YoY on average. Amongst developers under our radar, “outperformers” in 1H22 sales are YUEXIU (RMB48.9bn, +3% YoY), SINOCE (RMB42.9bn, -18% YoY), POLYRE (RMB210.3bn, -26% YoY) and CRHZCH (RMB121.0bn, -27% YoY). Distressed names still recorded substantial sales deterioration, including DAFAPG (RMB3.7bn, -86% YoY), CAPG (RMB14.9bn, -78% YoY) and JINGRU (RMB4.5bn, -76% YoY).

2022 YTD Sales (in RMB mn)														
Company	CN Name	BSG Ticker	Jan	Feb	Mar	Apr	May	Jun	Trend	Jun'22 MoM Growth	Jun'22 YoY Growth	Jun'22 YTD Sales	Jun'22 YTD Sales Growth	
Agle	雅居乐	AGLE	7,380	6,720	7,010	3,940	8,130	8,270		20%	-43%	39,450		
Aoyuan Property	中国奥园	CAPG	1,920	1,580	4,490	1,580	2,300	3,010		26%	-60%	14,920		
Central China Real Estate	建业地产	CENCH	2,007	1,158	3,102	2,630	2,170	2,973		37%	-69%	14,040		
China SCE	中核集团控股	CHNSC	5,022	4,219	8,010	4,490	4,790	6,050		38%	-51%	32,581		
China Overseas	中国海外发展	CHOLI	14,779	10,839	22,652	20,362	26,391	41,000		55%	-21%	136,033		
China Jinmao	中国金茂	CHJMAO	10,000	7,000	14,660	10,240	9,000	19,000		111%	-5%	69,900		
CIFI Holdings	绿地集团	CIFIHG	8,440	8,300	12,000	10,100	10,800	13,500		25%	-48%	63,140		
Country Garden (Attributable)	碧桂园	COGARD	36,360	32,700	30,110	22,640	28,710	34,520		30%	-36%	185,190		
China Resources Land	华润置地	CRZCH	15,262	9,813	20,896	15,057	20,320	30,680		39%	-3%	121,028		
Dafa Properties	大发地产	DAFAPG	1,011	990	607	302	300	500		17%	-90%	3,710		
Dexon China	德信中国	DEXON	2,830	2,480	4,040	3,040	2,640	3,360		27%	-64%	16,380		
Future Land	新城控股	FUTLANFTLNHD	7,862	11,231	11,966	9,029	11,081	13,500		22%	-41%	64,669		
Gensdale	金地集团	GENDAL	14,960	9,620	20,930	12,500	14,190	28,400		100%	-17%	100,600		
Greenlan	绿城	GRNCH	11,700	11,500	15,100	15,500	11,900	25,600		135%	-15%	91,300		
Greenland Holding	绿地控股集团	GRNLR	12,010	8,040	10,750	7,990	10,930	18,880		17%	-65%	68,400		
Guangzhou R&F	富力地产	GRFPR	4,900	4,510	4,370	4,270	2,978	3,840		26%	-70%	24,568		
Jiayuan International	佳源国际	JAYUA	1,727	1,276	1,516	892	983	270		-7%	-96%	6,664		
Jingru Holdings	景瑞控股	JINGRU	634	581	1,016	905	693	680		-2%	-80%	4,509		
Radianse	金辉控股	JHJGRCRHOCL	4,320	3,050	3,150	3,690	3,910	6,250		60%	-43%	24,370		
KWG Property	合景泰富集团	KWGFRO	4,160	4,381	4,533	4,352	4,121	4,681		14%	-65%	26,228		
Longfor (Attributable)	龙湖集团	LNCFOR	6,990	6,080	11,000	7,360	9,060	15,400		70%	NA	55,890		NA
Logan Property (Attributable)	宝龙地产	LOGPH	9,010	4,200	3,910	3,200	3,540	2,580		-27%	-74%	26,440		
Poly Real Estate	保利地产	POLYRE	28,302	23,978	38,415	30,519	38,003	51,000		34%	-1%	210,217		
Powerlong	宝龙地产	PWRONG	4,701	3,101	4,313	3,096	3,810	4,220		11%	-69%	23,241		
Redco Properties	力高集团	REDPRO	2,617	1,903	1,025	1,502	2,317	2,901		25%	-40%	12,265		
Redsun	弘阳地产	REDSUNHONGSL	4,020	3,062	2,738	2,587	3,108	3,660		16%	-62%	19,175		
Rongsheng China	融信中国	RONMIN	6,506	8,329	5,396	4,336	5,067	9,103		6%	-39%	38,738		
Shimao	世茂集团	SHIMAO	7,510	7,260	7,340	6,030	8,110	9,500		10%	-69%	43,750		
Sino-Ocean	远洋集团	SINOCE	4,490	3,730	8,850	6,830	7,410	13,600		8%	-15%	42,910		
Sunac China	融创中国	SUNAC	27,920	22,360	22,080	13,570	12,850	14,040		9%	-82%	112,820		
Times Property	时代中国控股	TPHL	7,088	2,516	4,563	3,580	4,530	5,180		14%	-36%	27,457		
China Vanke	万科企业	VANKLE	35,600	29,370	41,530	30,840	30,760	47,190		53%	-30%	215,290		
Yuexi Property	越秀地产	YUEXIU	5,040	2,824	5,951	12,544	8,258	14,298		73%	-117%	48,914		2%
Yuzhou Properties	禹洲地产	YUZHOU	4,520	3,354	3,520	2,612	2,911	3,200		10%	-71%	20,117		
Zhongliang	中梁控股	ZHLGHD	8,390	6,410	6,800	4,100	6,000	6,990		17%	-64%	38,690		
Zhenro Properties	正荣地产	ZHRORC	7,897	3,529	2,585	2,301	2,315	3,430		48%	-74%	22,058		

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

Issuer/Guarantor	Size (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 (mn)	Tenor	FPG/IPG	Issue Rating (M/S/F)
LG Chem Ltd	USD	-	3	T+165	A3/BBB+/-
Shanghai Pudong Development Bank London	USD	-	3	T+80	Baa2/BBB/BB B
Chongqing Hechuan City Construction Investment Group	USD	-	Tap of 3	6.3	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 72 credit bonds issued yesterday with an amount of RMB73bn. As for Month-to-date, 290 credit bonds were issued with a total amount of RMB339bn raised, representing a 26.7% yoy increase.
- **[AVIILC]** AVIC International Leasing is proposing to offer up to 600mn five-year corporate bonds to repay interest-bearing debts
- **[FRESHK]** Far East Horizon unit has raised RMB1bn via an offering of 2+N-year MTNs to repay bank loans
- **[GZRFPR]** Guangzhou R&F Properties has obtained the requisite holder consent to halve the first installment on its already rescheduled RMB1.95bn 6.7% public corporate bonds. The company also discloses that holders of its "16Fuli04" bonds have approved two proposals at the bondholders' meeting
- **[MOLAND]** US bankruptcy judge would require additional legal briefing and factual support before he would grant recognition as a foreign proceeding under Chapter 15 to scheme of arrangement that obtained approval in the Cayman Islands
- **[REDPRO]** Redco Properties Group announces that it has signed a strategic cooperation framework agreement with Konka Group to develop areas such as its healthcare services platform
- **[RONXIN]** Ronshine China makes the interest payment on extended 19Rongxin02 and 19Rongxin01 bonds
- **[SHIMAO]** Shimao Group unit Shimao Services announces consent solicitation in relation to HKD3.11bn 2.25% guaranteed CBs due 2022 to waive redemption obligation triggered by FY21 financial report publication delay and trading suspension of shares
- **[TQLTHI]** Tianqi Lithium to price HK IPO share at top of indicative price range to raise cHKD13.4bn (cUSD1.7bn). Recalled that the company is offering 164,122,200 H Shares at HKD 69 – HKD 82 per share. The shares is expected to commence trading on 13 Jul'22

CMB International Securities Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

CMB International Securities Limited ("CMBIS") 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. CMBIS 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. CMBIS 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 CMBIS, solely for the purpose of supplying information to the clients of CMBIS 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 CMBIS 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. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS 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. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS 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 CMBIS 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 CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS 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 CMBIS.

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 CMBIS.

For recipients of this document in the United States

CMBIS is not a registered broker-dealer in the United States. As a result, CMBIS 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. 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.