

CMBI Credit Commentary

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

- *New Issue GRWALL 4.25 '25 tightened 15bp at open from T2+165.5 with two-way flow. Gradually trading at T2+155 approaching noon. Muted activity on NANYAN AT1 deal given limited selling from PB clients.*
- *Hopson: CB of HPDLF '23 a good short-dated play with yield and optionality. See below.*
- *Indika: Progressive coal royalty rates will apply in Mar'2023 when the company renews its coal license to IUPK. Maintain Buy on INDYIJs.*

❖ Trading desk comments 交易台市场观点

Fear of China Lockdown hampering cash flow, Chinese HY property space continued to underperform amid fast-money and retail selling. High cash price CIFIHG/COGARD/DALWAN/ROADKG fell 2-3pts. Other underperformers include CHINSC/PWRLNG/TPHL and were all traded down 1-2pts. Low cash price AGILE/KWGPRO/SUNAC down around 1pt. The industrial space remained lacklustre with EHICAR down 1pt.

For IG market, we saw some international RM selling in long-end. SOE sector SINOPE/CHGRID slightly widened 1-2bps, while TMT sector, MEITUA/BIDU widened 5-10bps alongside equity weakness. In financial sector, AT1 also broadly traded down 0.25pt.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSCHCN 10 3/4 04/11/23	89.2	5.5	CIFIHG 6.45 11/07/24	78.9	-4.2
ZHLGHD 12 04/17/23	28.2	2.7	CIFIHG 4.45 08/17/26	72.3	-3.8
BEDUUS 7.45 07/31/22	93.8	2.0	DALWAN 6.95 12/05/22	88.6	-3.6
CSCHCN 11 1/2 08/12/22	94.2	1.0	ROADKG 5.2 01/12/26	74.9	-3.5
WYNMAC 4 7/8 10/01/24	90.4	0.9	CIFIHG 5 1/4 05/13/26	72.6	-3.5

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market ended lower and Treasury yields climbed up yesterday, following Fed Chair Jerome Powell's comment that 50bps hike will be on table for May meeting given overheated labour market. The S&P (-1.48%), Nasdaq (-2.07%), and Dow (-1.05%) closed lower. China's "zero Covid" policy is set to hit 2Q2022 GDP and cause further disruptions to global supply chains, according to IMF Managing Director Kristalina Georgieva. Treasury yield advanced again, with the 1/5/10/30 yield reaching 2.01/2.96/2.90/2.94% respectively.

❖ Desk analyst comments 分析员市场观点

➤ **Hopson: CB of HPDLF '23 a good short-dated play with yield and optionality**

Hopson released the FY21 results annual report. "True and fair" view from E&Y, no Emphasis of Matters such as uncertainties on going concern by the auditor. Hopson is one of the few developers with "clean" audited FY21 results. We like HPDLFs and found the CB, HPDLF'23 a good short-dated play with yield and optionality. Offered at 98, the CB, maturing on 6 Jan'23, is trading at YTP of 11.2% with party of 77.2. Please see [our report on Hopson FY2021 results on 1 Apr 2022](#).

➤ **Indika: Maintain Buy on INDYIJs**

Management confirmed to us that they expect progressive royalty coal rates to apply to Indika after its current CCW license expire in March 2023 and renewal to IUPK. They also expect the higher royalty rates on coal sales will be cushioned by a lower income tax rate, from 45% to 22%.

Indonesia government will charge royalty rates of 20% - 27% based on a monthly benchmark HBA. We maintain Buy on INDYIJs, see [our notes on 19 Apr 2022](#) and [6 Apr 2022](#).

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Bank of China Singapore	USD500	3	3.25%	3.312%	A1/A/A
Bank of China Macau	USD1,000	3		SOFR+78	A1/A/A
Bank of China Luxembourg	EUR500	3	1.5%	1.61%	A1/A/A
Nanyang Commercial Bank	USD650	AT1 PerpNC5	6.5%	6.5%	Ba2/-/-
Yueyang Construction and Investment Group	USD220	3	4.6%	4.6%	-/-/-
China Great Wall	USD500	3	4.25%	4.298%	NR/BBB+/A
Sino-Ocean Group	USD200	3	3.8%	3.8%	Baa3/-/-

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

Issuer	Currency	Size (mn)	Tenor	FPG	Issue Rating (M/S/F)
Changde Economic Construction Investment	USD	-	364day	5.00%	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 91 credit bonds issued yesterday with an amount of RMB77bn. As for Month-to-date, 1109 credit bonds were issued with a total amount of RMB1149bn raised, representing a 19.1% yoy decrease.
- **[COGARD]** Country Garden reportedly have led the pre-IPO round for CR Vanguard, which plans to raise USD 400mn ahead of IPO
- **[DALWAN]** plans to re-submit IPO application shortly
- **[JD]** considering special dividend payment in cash

- **[SOFTBK]** Softbank plans to Retain Controlling Stake in Arm After IPO

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