

CMBI Credit Commentary

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

- *Trading flow was overall faded as closing to the year end. CIFI Group announced this morning to sell 23.26% stake in CIFI Ever Sunshine Services to cope with liquidity pressure, CIFIHGs moved -0.5 to +0.5pt.*
- **FUTLAN/FTLNHD:** *Seazen Group announced to raise HKD1.96bn (cUSD250mn) via share placement. FUTLAN/FTLNHD rose 0.25 to 2.5pts by mid-day. Seazen has quite a few progress recently in fund raising. We consider Seazen a survivor for the sector. See below.*
- **COGARD:** *Country Garden's controlling shareholder Yang Huiyan plans to raise HKD5.05bn (cUSD650mn) by selling 7% shares in Country Garden Services. COGARs were unchanged to +3.5pts this morning.*

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❖ Trading desk comments 交易台市场观点

Last Friday, UST yields overall moved up and long term yields up 2-12bps as Nov PPI data, published as +7.4% yoy, was higher than the expectation of +7.2% yoy. The PPI data increased markets' worry that the Fed may maintain hawkish interest rate hike in the future. China IG space performed well along with relaxing Covid controls in last week but overall lost momentum on Friday. TMTs tightened 10-40bps in a week and slightly widened on Friday, MEITUA and XIAOMI are top performers (tightened 25-40bps) among the sector, followed by TENCENT, LENOVO and BABA (tightened c10bps). Financial names rose less compared to TMTs while still tightened up to 12bps, CCAMCL4.75'29 and HRINTH3.375'30 performed best with 12bps yields down. AT1 and T2 were traded firm. IG properties were overall stable on Friday after rallies in previous days with VNKRLEs, YUEXIU fluctuate between -0.25 to 0.25pts. CHIOLI'29/30 were exceptions to rose 3.8 and 4.3pts. Longfor announced to early redeem all of its USD300mn LNGFOR 3.9 04/16/23. Boosted by the announcement, LNGFORs up 0.5 to 1.5pts. In HY properties, COGARs continued to rebound 0.5 to 4pts as its controlling shareholder plans to raise cUSD650mn via selling shares of its service unit. FUTLANs/FTLNHDs edged 0.5 to 3pts due to cUSD252mn share placement plan. Other HY like CIFIHGs, CHINSC, CENCHIs rallied 0.5 to 2.5pts. Macau gaming names lost steam late last week after rebound since early Nov, the sector moved -1 to 2pts in a week and kept stable on Friday. Outside China, Indian/Indonesian names continued to be calm that MEDCIJs, VEDLNs and GRNKENS fluctuated between -0.5 to 0.5pt.

SOE sector was better buying last week, CSSSHI'30 tightened 38bps and petrochemical names SINOPEs, CNOOCs overall tightened up to 20bps. The yields of CHALUMs and HAOHUAs also slightly down c5bps. LGFV sector was stable on Friday and we saw demand on strong regions' LGFVs. CPDEV 5.75 PERP up 6.4pts while BEIPRO, BJSTAT were unchanged to +0.25pt. Other active traded names TLINVT, CQNANA and JNRWVE down -0.5 to -0.25pt.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|----------------------|-------|--------|
| CPDEV 5 3/4 PERP | 77.6 | 6.4 | CNOOC 7 1/2 07/30/39 | 117.4 | -3.8 |
| ZHONAN 3 1/2 03/08/26 | 83.1 | 4.4 | CITLTD 5.07 04/18/48 | 97.9 | -2.2 |
| CHIOLI 2 3/4 03/02/30 | 83.1 | 4.3 | CNOOC 5 3/4 01/26/41 | 101.3 | -2.0 |
| COGARD 8 01/27/24 | 73.6 | 3.9 | TENCNT 3.94 04/22/61 | 72.1 | -2.0 |
| CHIOLI 3.05 11/27/29 | 85.1 | 3.8 | GRNLHK 10.21 PERP | 61.5 | -2.0 |

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets closed lower on last Friday, the S&P (-0.73%), Dow (-0.90%) and Nasdaq (-0.70%) were dragged by the Nov PPI data, which was published as +7.4% yoy and higher than the expectation of +7.2% yoy. The PPI data increased markets' worry that the Fed may maintain hawkish interest rate hike in the future. China announced to issue RMB750bn special bond on 12 Dec to boost economy. The U.S. treasury yields overall up on Friday and 2/5/10/30 yields were bear steepened to 4.33%/3.75%/3.57%/3.56%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ FUTLAN/FTLNHD: Recent progresses in fund raising

Seazen has achieved a bit of progress recently in fund raising. It was selected as one of the first developers to issue CBICL-guaranteed bonds. It issued 3-yr CBICL-guaranteed bonds of RMB1bn at a coupon rate of 3.28% in Sep'22. It is now going through the book building of 3-yr onshore bonds of RMB2.1bn, RMB2bn will be guaranteed by CBICL. Additionally, Seazen is working on a share placement to raise cHKD2bn (cUSD250mn). The proceeds for recent funding exercises help relieve its near-term refinancing risk and lengthen its debt maturity profile. In 1H23 and 2H23, the offshore bonds maturing (FUTLAN and FTLNHD) will be USD300mn and USD350mn, respectively. It had onshore bonds maturing or puttable of RMB5.1bn and RMB1bn in 1H23 and 2H23, respectively. We expect Seazen to meet its onshore bond refinancing with additional onshore bond issues and unrestricted cash of cRMB39bn. Its near-term maturity profile of Seazen is manageable. We consider Seazen to be one of the survivors of the sector.

➤ 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 80 credit bonds issued last Friday with an amount of RMB99bn. As for Month-to-date, 476 credit bonds were issued with a total amount of RMB501bn raised, representing a 35% yoy decrease
- [BYANIJ]** Bayan Resources announced to pay USD1bn interim dividend on 5 Jan'23
- [CENCHI]** Moody's downgraded Central China Real Estate to Caa2/Caa3 and placed negative outlook
- [CIFIHG]** CIFI Holdings pursuing sale of entire 23.26% stake in CIFI Ever Sunshine Services due to liquidity pressures. The current market value of these stakes is cUSD300mn.
- [COGARD]** Country Garden's controlling shareholder Yang Huiyan plans to raise HKD5.05bn (cUSD650mn) by selling 7% shares in Country Garden Services
- [DEXICN]** Dexin China announced that USD270.5mn of DEXICN 9.95 12/03/22 tendered for exchange pursuant to exchange offer
- [FUTLAN]** Seazen Group announced to raise HKD1.96bn (cUSD250mn) via share placement.
- [LNGFOR]** Longfor Group Holdings redeems its USD300mn LNGFOR 3.9 04/16/23, longfor has no debt due before 2027 after this redemption
- [PACBAS]** Pacific Basin Shipping repurchases additional USD10.65mn of PACBAS 3 12/10/25
- [YUEXIU]** Yuexiu Property signed HKD920mn 364-day term loan facility agreement

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