

CMBI Credit Commentary

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

- *Markets was rather quiet with no live UST today. We saw balanced two ways in LGFVs, while slightly more cash parking demand emerged on 23s. IG papers had better buying flows on less than 3y papers amid thin liquidity. New DALWAN '25 was marked 0.25pt higher at 97.5/98 level this morning.*
- **Chinese Properties:** *Contracted sales of the 38 developers under our radar slumped 52.6% in 2022 yoy. See below*
- **China Economy** – *China exports plunged amid overseas recession risk. CMBI expects China's exports of goods to drop 3.5% in 2023 after rising 7% in 2022 due to overseas recession and disinflation cycle. See our economic research below.*

❖ Trading desk comments 交易平台市场观点

Last Friday, China IG space had a very strong day as street continued to deploy cash on recent new issues, post US CPI data extended its downward trend in Dec. HK names HKINTL/ HKAA broadly tightened 3-5bps. HKAA 10y paper was notably squeezed 8bps tighter into T+100 level before close. Korea names like POHANG/ EIBKOR/ HYUELE tightened by 5-15bps especially on POHANG curve as better buying emerged with mixed two way on POHANG 28s. China financials space were roughly stable and skewed to better buying, with AMCs showed more two-ways. GRWALL closed 10-20bps tighter across the curve. T2 benchmark CCBs turned weaker to ground 4-6bps wider. TMT names were relatively muted. We saw TMT 10y papers largely unchanged, while less than 5y benchmark names like BIDU/ TENCNT/ JD tightened 2-4bps under better buying flows. BBB- tech names XIAOMI/ LENOVO widened 3-7bps. Fitch affirmed MEITUA at BBB- with outlook remained negative on Friday. In IG properties, market sentiment was significantly boosted as Dalian Wanda Commercial priced at 12.375% for its USD400mn 2Y Reg-S bond (Ba3/BB by Moody's/Fitch). New DALWAN '25 gained 0.5-1.5pts to be indicated at 97.5 level, while its 23s/24s closed at 99/97 by EOD, respectively. LNGFORs notably tightened 20-30bps. In China HY space, property sector was broadly down 0.5-1pt on the day as profit-taking flows prevailed. Beta names COGARs were unchanged to 0.5pt lower while CIFIHGs were down 1-2pts. AGILEs/GRNLGRs were down 1-2.5pts on the short end. CENCHIs further tumbled 3-5pts, after having dropped 5-7pts on Thursday. On the other hand, SINOCE Perps/ROADKG Perps closed 1.5-3.5pts higher. HK property names NWDEVL perp retraced to 2pts lower. In industrial space, FOSUNIs were bid up 0.5-1.5pts. Macau gaming names SANLTDs/STCITYs dropped 0.5-1.5pts. Outside China, Indian HY VEDLNs continued their gain to be quoted 0.5-2pt higher after Thursday gain of 3-4pts. In Indonesian space, LPKRIJ 25s and 26s were indicated largely unchanged at 88 and 79 level. LMRTSPs were also unchanged to 0.5pt lower.

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In the LGFV/ AT1/ SOE Perp space, market slowed down a touch as Chinese clients begin to off for CNY holiday. The underlying tone nonetheless remained upbeat and generally optimistic, amid solid deployment flows from onshore Chinese money in LGFVs and SOE Perps. That said, there were also a few LGFV names (mainly from Chongqing and Shandong), that began to show signs of saturation as AM continued to try and offload whilst buyer lines were largely filled. Elsewhere, AT1s were mixed with duration papers still resilient and better bid amid rates strength, whilst short dated to call papers showed a further bit of switching out. In SOEs space, we saw better buying in general and flows more focused on 5y or shorter with names like HAOHUA/ CNOOC/ SINOPE/ HUANEN.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| SINOCE 6.876 PERP | 54.3 | 3.6 | CENCHI 7.65 08/27/23 | 38.8 | -4.7 |
| MSFLCZ 3.15 03/10/24 | 95.0 | 3.4 | CENCHI 7 3/4 05/24/24 | 34.2 | -3.6 |
| YUEXIU 3.8 01/20/31 | 72.7 | 2.5 | CNOOC 4 7/8 04/30/44 | 90.7 | -2.8 |
| CHINSC 7 1/4 04/19/23 | 78.9 | 2.2 | AGILE 5 1/2 04/21/25 | 60.9 | -2.2 |
| JSTLIN 5.05 04/05/32 | 84.3 | 2.2 | NWDEVL 4 1/8 PERP | 78.6 | -2.0 |

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets rebounded on last Friday, S&P (+0.4%), Dow (+0.33%) and Nasdaq (+0.71%) rose up as the markets inflation expectations fall. U.S consumer sentiment improved that the University of Michigan Survey of Consumers up to 64.6 for Jan'23, from 60.5 in Dec'22, highest level in past 9 months. The U.S. treasury overall up on last Friday. The 2/5/10/30 yields curves reached 4.22%/3.60%/3.49%/3.61%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese Properties: Contracted sales of the 38 developers under our radar slumped 52.6% in 2022 yoy

In Dec'22, 25 out of 38 developers under our radar recorded a mom increase in contracted sales, in which HPDLF, CRHZCH, GRNLGR and CENCHI recorded over 100% mom increase. The total contracted sales for the 38 developers increased by 33.2% mom in Dec'22, compared to 13.2% mom decrease in Nov'22. The cumulative contracted sales of 38 developers decreased by 52.6% in 2022, slightly better than the 53.6% decrease noted for 11M22.

Amongst the developers under our radar, outperformers in 2022 are YLLGSP (RMB68.1bn, +14% yoy), YUEXIU (RMB125.0bn, 9% yoy) and CRHZCH (301.3bn, -5% yoy). Underperformers are DAFAPG (RMB6.0bn, -84% yoy), CAPG (RMB20.2bn, -83% yoy) and ZHPRHK (RMB33.4bn, -77% yoy).

| Company | CN Name | BBG Ticker | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Trend | Dec'22 MoM Growth | Dec'22 YoY Growth | Dec'22 YTD Sales | Dec'22 YTD Sales Growth |
|-------------------------------|---------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------------------------|-------------------------|---------------------|-------------------------------|
| Agile | 雅居乐 | AGILE | 7,380 | 6,720 | 7,010 | 3,940 | 6,130 | 8,270 | 5,010 | 5,050 | 3,500 | 4,770 | 3,600 | 3,860 | | 7% | -2% | 65,240 | -3% |
| Aoyuan Property | 中国奥园 | CAPG | 1,920 | 1,580 | 4,460 | 1,580 | 2,390 | 3,010 | 1,090 | 1,240 | 1,050 | 900 | 680 | 340 | | -50% | -4% | 20,220 | -8% |
| Central China Real Estate | 建业地产 | CENCHI | 2,007 | 1,158 | 3,102 | 2,630 | 2,170 | 2,973 | 2,119 | 1,735 | 1,470 | 1,335 | 1,089 | 2,263 | | -53% | -8% | 24,051 | -9% |
| China Jinmao | 中国金茂 | CHJMAO | 10,000 | 7,000 | 14,660 | 10,240 | 9,000 | 19,000 | 10,497 | 16,520 | 13,063 | 13,200 | 14,300 | 17,520 | | 23% | 10% | 155,000 | 1% |
| China Overseas | 中国海外发展 | CHOLI | 14,779 | 10,839 | 22,662 | 20,362 | 26,391 | 43,467 | 17,468 | 22,507 | 22,826 | 31,291 | 24,111 | 38,054 | | 58% | 4% | 294,757 | -1% |
| China Resources Land | 华润置地 | CRHZCH | 15,262 | 9,813 | 20,896 | 15,057 | 20,320 | 39,690 | 28,050 | 22,270 | 30,700 | 27,470 | 22,200 | 49,590 | | 29% | 10% | 301,318 | -3% |
| China SCE | 中联集团控股 | CHINGC | 5,022 | 4,219 | 8,010 | 4,490 | 4,790 | 6,050 | 5,049 | 3,490 | 4,520 | 4,570 | 4,203 | 4,581 | | 9% | -2% | 58,994 | 1% |
| China Vanke | 万科企业 | VNKRLE | 35,600 | 29,370 | 41,530 | 30,840 | 30,760 | 47,190 | 33,690 | 30,970 | 34,730 | 32,100 | 30,440 | 39,760 | | 31% | 37% | 416,980 | 1% |
| CIFI Holdings | 旭辉集团 | CIFHIG | 8,440 | 8,300 | 12,000 | 10,100 | 10,800 | 13,500 | 16,100 | 15,060 | 10,020 | 9,060 | 4,150 | 6,440 | | 55% | -10% | 123,970 | -6% |
| Country Garden (Attributable) | 碧桂园 | COGARD | 36,360 | 32,760 | 30,110 | 22,640 | 28,710 | 34,520 | 30,110 | 28,870 | 32,020 | 33,330 | 26,010 | 22,030 | | 15% | 2% | 357,470 | -5% |
| Dafa Properties | 大发地产 | DAFAPG | 1,011 | 990 | 607 | 302 | 300 | 500 | 361 | 300 | 446 | 555 | 320 | 331 | | 3% | -9% | 6,023 | -1% |
| Dexin China | 德信中国 | DEXICN | 2,830 | 2,480 | 4,040 | 3,040 | 2,640 | 4,350 | 2,810 | 9,220 | 2,430 | 3,010 | 3,050 | 2,500 | | -18% | -37% | 36,100 | -1% |
| Future Land | 新城控股 | FUTLAN/FTLNH | 7,862 | 11,231 | 11,966 | 9,029 | 11,081 | 13,991 | 10,890 | 9,496 | 8,328 | 9,078 | 6,531 | 6,568 | | 1% | -8% | 116,051 | 1% |
| Gemdale | 金地集团 | GEMDAL | 14,960 | 9,620 | 20,930 | 12,500 | 14,190 | 28,400 | 18,550 | 21,230 | 22,700 | 20,300 | 18,020 | 20,400 | | 13% | 5% | 221,800 | 1% |
| Greenland Holding | 绿地控股集团 | GRNLGR | 12,010 | 8,040 | 10,750 | 7,990 | 10,930 | 18,680 | 7,900 | 10,000 | 14,000 | 7,310 | 10,300 | 22,140 | | 55% | 6% | 140,050 | -2% |
| Greentown | 绿城 | GRNCH | 14,600 | 12,800 | 20,800 | 15,500 | 15,100 | 34,000 | 27,300 | 29,700 | 27,000 | 32,100 | 34,100 | 37,300 | | 9% | 3% | 300,300 | -1% |
| Guangzhou R&F | 富力地产 | GZRFPR | 4,600 | 4,510 | 4,370 | 4,270 | 4,080 | 4,670 | 1,900 | 2,470 | 2,300 | 2,050 | 1,170 | 850 | | -12% | -9% | 37,240 | -1% |
| Hopson | 合生创展 | HPDLF | 2,999 | 1,946 | 3,076 | 2,562 | 2,875 | 3,402 | 1,940 | 2,088 | 2,294 | 3,012 | 1,919 | 4,466 | | 27% | 5% | 32,579 | 1% |
| Jiayuan International | 佳源国际 | JIAYUA | 1,727 | 1,276 | 1,516 | 892 | 983 | 1,386 | 1,047 | 771 | 982 | 955 | 827 | 895 | | 8% | -6% | 13,257 | -1% |
| Jingrui Holdings | 景瑞控股 | JINGRU | 634 | 581 | 1,016 | 905 | 693 | 680 | 425 | 460 | 407 | 492 | 332 | 451 | | 36% | -7% | 7,076 | -7% |
| KWG Property | 合景泰富集团 | KWGPRO | 4,160 | 4,381 | 4,533 | 4,352 | 4,121 | 4,681 | 4,761 | 3,861 | 4,150 | 4,220 | 2,700 | 3,781 | | 40% | -3% | 49,701 | -3% |
| Logan Property (Attributable) | 龙光地产 | LOGPH | 9,010 | 4,200 | 3,910 | 3,200 | 3,740 | 2,730 | 3,030 | 2,750 | 3,270 | 2,620 | 2,100 | 2,100 | | -20% | -4% | 44,100 | -3% |
| Longfor (Attributable) | 龙湖集团 | LNGFOR | 6,990 | 6,080 | 11,000 | 7,360 | 9,060 | 16,020 | 11,850 | 14,500 | 11,490 | 11,680 | 10,060 | 11,240 | | 12% | 6% | 127,330 | -3% |
| Poly Real Estate | 保利地产 | POLYRE | 28,302 | 23,978 | 38,415 | 30,519 | 38,003 | 51,003 | 33,001 | 38,479 | 38,395 | 43,014 | 37,013 | 57,174 | | 54% | 8% | 457,296 | 1% |
| Powerlong | 宝龙地产 | PWRLNG | 4,701 | 3,101 | 4,313 | 3,096 | 3,810 | 4,220 | 3,209 | 2,710 | 2,410 | 3,119 | 3,245 | 3,018 | | -7% | -3% | 40,952 | -1% |
| Radiance | 金辉控股 | JNHUIG/ROHGC | 4,320 | 3,050 | 3,150 | 3,690 | 3,910 | 6,250 | 4,050 | 3,630 | 3,310 | 3,170 | 1,940 | 1,200 | | -38% | -4% | 41,670 | -6% |
| Redco Properties | 力高集团 | REDPRO | 2,617 | 1,903 | 1,025 | 1,502 | 2,317 | 2,901 | 2,516 | 3,116 | 3,140 | 2,507 | 2,003 | 2,001 | | 0% | -6% | 27,548 | -1% |
| Redsun | 弘阳地产 | REDSUN/HONG | 4,020 | 3,062 | 2,738 | 2,587 | 3,108 | 4,094 | 2,832 | 2,669 | 3,403 | 3,709 | 1,801 | 1,177 | | -35% | -2% | 35,200 | -1% |
| Ronshine China | 融信中国 | RONXIN | 6,506 | 8,329 | 5,396 | 4,336 | 5,067 | 9,103 | 7,570 | 2,852 | 4,092 | 2,544 | 1,201 | 1,075 | | -18% | -20% | 57,872 | -3% |
| Shimao | 世茂房地产 | SHIMAO | 7,510 | 7,260 | 7,340 | 6,030 | 6,110 | 9,500 | 6,820 | 6,220 | 8,000 | 8,200 | 6,500 | 7,030 | | 8% | 3% | 86,520 | -1% |
| Sino-Ocean | 远洋集团 | SINOCE | 4,490 | 3,730 | 6,850 | 6,830 | 7,410 | 13,700 | 8,990 | 9,110 | 8,050 | 9,470 | 10,860 | 10,800 | | -1% | -3% | 100,290 | 1% |
| Sunac China | 融创中国 | SUNAC | 27,920 | 22,360 | 22,080 | 13,570 | 12,850 | 14,040 | 11,030 | 10,750 | 8,740 | 9,750 | 8,040 | 8,230 | | 2% | -3% | 169,360 | -7% |
| Times Property | 时代中国控股 | TPHL | 7,088 | 2,516 | 4,563 | 3,580 | 4,530 | 5,180 | 2,763 | 2,298 | 2,063 | 2,060 | 1,560 | 1,590 | | 2% | -3% | 39,791 | -6% |
| Yanlord | 仁恒置地 | YLLGSP | 9,807 | 1,069 | 5,335 | 1,470 | 1,135 | 12,578 | 5,435 | 7,893 | 9,344 | 4,077 | 3,824 | 6,124 | | 50% | 9% | 68,091 | 14% |
| Yuexiu Property | 越秀地产 | YUEXIU | 5,040 | 2,824 | 5,951 | 12,544 | 8,256 | 14,299 | 5,950 | 8,128 | 16,681 | 11,440 | 11,828 | 22,089 | | 81% | 10% | 125,030 | 9% |
| Yuzhou Properties | 禹洲地产 | YUZHOU | 4,520 | 3,354 | 3,520 | 2,912 | 2,911 | 4,031 | 2,952 | 2,573 | 2,268 | 2,831 | 2,231 | 1,803 | | -19% | -8% | 35,806 | -1% |
| Zhenro Properties | 正荣地产 | ZHPRHK | 7,897 | 3,529 | 2,585 | 2,301 | 2,316 | 2,689 | 2,055 | 1,713 | 1,922 | 2,152 | 1,724 | 2,550 | | 48% | -5% | 33,433 | -1% |
| Zhongliang | 中梁控股 | ZHLGHD | 8,390 | 6,410 | 6,800 | 4,100 | 6,000 | 7,000 | 4,700 | 4,220 | 4,480 | 5,500 | 4,400 | 4,010 | | -9% | -5% | 66,010 | -1% |

➤ **China Economy – China exports plunged amid overseas recession risk**

China's exports of goods further plunged amid overseas economic slowdown, destocking and disinflation. The imports of goods also deteriorated as China's domestic demand temporarily weakened after reopening. Looking forward, we expect China's exports of goods to drop 3.5% in 2023 after rising 7% in 2022 due to overseas recession and disinflation cycle. The imports of goods are expected to rise 0.5% in 2023, down from the growth of 1.1% in 2022. The resumption of domestic demand should provide some support to import volume growth. However, the disinflation cycle in commodity and industrial products will slow the growth in China's imports of goods. The weakness of foreign trade activity points to additional downside pressure on China's growth as the contribution of net exports to total GDP growth should significantly decline this year. China faces pressure to stabilize its property market and resume household consumption this year.

Exports of goods further plunged amid overseas economic slowdown, destocking and disinflation.

China's exports of goods dropped 9.9% YoY in December after dropping 8.9% YoY in November. We estimate export price index and volume index may have respectively increased 10% YoY and dropped 18% YoY in December. By destination, China's exports to EU and US respectively dropped 19.5% and 17.5% YoY in December after decreasing 25.4% and 10.6% YoY in November. Meanwhile, exports to Japan dropped 3.3% YoY, up from the YoY decline of 5.6% in the previous month. However, exports to ASEAN picked up 7.5% YoY in December after rising 3.1% YoY in November. By product, China's exports of auto data processing equipment, integrated circuits, toys, furniture & lamps sharply slowed as home economy and housing market significantly cooled down in overseas. However, the exports of autos, home appliance and medical equipment maintained strong growth thanks to China's consolidation of competitiveness in those sectors.

Imports remained weak as commodity inflation declined and import volume continued to shrink.

China's imports dropped 7.5% YoY in December after decreasing 10.6% YoY in November. Commodity inflation sharply declined amid base effect and global recession risk. We estimate the growth of import price index may have declined from 6.4% in November to below 5% in December. As domestic demand started to resume after the peak of the Omicron wave, import volume tended to rebound. By product, import volume of soybean dropped

5.6% in 12M2022, up from the decline of 8.1% in 11M2022. It may further improve as catering service demand gradually rebounded after reopening. Import volume of iron ore and steel products respectively declined 1.5% and 25.9% YoY in 12M2022, as property development investment remained weak. Import volume of crude oil & natural gas respectively dropped 0.9% and 9.9% YoY in 12M2022. Meanwhile, import volume of integrated circuits, autos and machine tools respectively dropped 15.3%, 6.5% and 14.4% YoY, as durable consumption and business capex was sluggish.

We expect exports to drop 3.5% and imports to rise 0.5% in 2023. China's exports of goods are likely to see significant YoY declines in 1H2023 due to overseas recession, destocking cycle and disinflation trend. The exports may gradually improve in 2H2023. For 2023, we expect exports to drop 3.5%, compared to the growth of 7% in 2022. China's imports volume should rebound as domestic demand would gradually improve after reopening. However, the disinflation in commodity and industrial products may slow the growth of imports. We expect the imports of goods to rise 0.5% in 2023 after climbing 1.1% in 2022.

The weakness in foreign trade increases the need to stabilize property market and resume consumption for China. The weakening of foreign trade activity brings downside pressure on China's growth. We expect the contribution of net exports to China's GDP growth to decline from 0.9ppt in 2022 to 0.3ppt in 2023. It increases the necessity for China to stabilize its real estate market and resume household consumption as the new leaders try to achieve a growth above 5% this year. To boost the growth, China has reopened its economy, loosened property policy and marked a pro-business shift recently. We expect the policymakers may further ease credit supply to property sector and launch more pro-business policies ahead.

Click [here](#) for full report.

➤ 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) |
|-------------------------------------|----------|---------------|-------|---------|----------------------|
| Asahi Mutual Life Insurance Company | USD | - | Perp | - | -/-/BBB |

➤ News and market color

- Regarding onshore primary issuances, there were 112 credit bonds issued on last Friday with an amount of RMB98bn. As for Month-to-date, 759 credit bonds were issued with a total amount of RMB689bn raised, representing a 3.3% yoy decrease
- Chinese New home prices in 55 out of 70 cities surveyed by the NBS reported a mom drop in Dec'22. Based on the NBS data, Reuters's calculation showed average home prices across 70 major cities in China dropped 1.5% yoy in Dec'22
- Media reported that Chinese financial regulators are working on a 21-point action plan that would include a RMB200bn (cUSD29.3bn) special fund to help residential properties deliveries, and another RMB100bn (cUSD14.9bn) to support rental housing loans

- **[AGILE]** Agile proposes to offer up to RMB1.2bn (cUSD179.0mn) CBICL-guaranteed 3-year MTNs to fund project development and boost working capital
- **[CAPG]** China Aoyuan's unit Aoyuan Healthy Life announces 17 key irregularities during internal control assessment and they have taken steps to remedy each of them. The irregularities ranging from insufficient supervision and documentation over share transfers to parent Aoyuan Group
- **[FTHDGR]** Fantasia proposed offshore debt restructuring of USD4bn senior notes, creditors will receive 8 series of new USD denominated notes maturing from Dec'24 to Jun'29. The new notes will carry coupon from 5-8%, following initial PIK periods
- **[JD]** JD.com considers to spin-off its logistics property and industrial e-commerce business units into separate listings, each of the listing could raise cUSD1bn
- **[KAISAG]** Kaisa Group was sued by HK investor over USD102mn principal and interests relating to 4 bonds that Kaisa defaulted on
- **[PCORPM]** Petron Corp accepted USD22.5mn in the tender offer of its USD500mn PCORPM 4.6 PERP, USD477.5mn now remains outstanding
- **[ROADKG]** Road King gained shareholder's approval to unwind 3 JVs with Agile Group in 3 residential property development in Changzhou, Jiangsu Province in China
- **[RSMACA]** Red Star Macalline said Alibaba intends to exercise the exchange rights under the RMB4bn exchangeable bonds to obtain 248.2mn A shares of the company at RMB8.44 per share

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