

CMBI Credit Commentary

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

- *Markets kept silent and waited for FOMC decision. Low-yielding mid-4% AT1s underperformed, ICBCAS 3.2%/BCHINA 3.6% were marked 0.1pt lower and short covering showed in some selective T2s and 2yr SOEs as rates edged up in the morning.*
- **CHFOTN:** *Media reported that a group holding more than 25% China Fortune Land Development USD4.56bn offshore public bonds intends to vote against the company's offshore debt restructuring proposal. CHFOTN'24/25 were unchanged to +0.5pt while CHFOTN'22 -0.25pt this morning.*
- **FOSUNI:** *Fosun International sold around 226.2mn New China Life Insurance H shares for HKD489mn and its unit Fosun Hi-tech sold 2.5mn Yuyuan Mart A shares for RMB17.5mn yesterday. FOSUNI'24/25 down 0.5-1.5pts by mid-day after consecutive fall in previous days.*

❖ Trading desk comments 交易台市场观点

Yesterday, IG space was rather muted due to low participation rate in Japan and UK holidays. In financials space, AMCs were unchanged to 0.25pt lower. AT1s space marked 0.1-0.25pt lower given UST yield staying high, with more low-prints emerging on NC25/26 benchmarks. Other spread financial names were skewed to slightly better buying amid limited flows. TMTs narrowed a bit, with BIDU/TENCNT/LENOVO tightened 3-6bps. IG property sector weakened 0.125pt. China HY space was lackluster with investors remained cautious ahead of FOMC meeting this week. Property sector was soft, in line with the sell-off in equities. COGARDs dropped 1.5-3pts on marginal selling, following soft equity performance. CIFIHGs also closed 1-2pts lower despite onshore CBICL-guaranteed bonds issue of up to RMB1.2bn MTN. Front-end AGILEs/KWGPROs firmed up 1-2pts. GRNLGR'23 were 2pts higher with some more buying interests emerged. Elsewhere, CHFOTNs were traded up 0.5pt, quoted at low-10s, after China Fortune Land Development announced the offshore debt-restructuring proposal last Friday. In industrial space, FOSUNIs first climbed 1-2pts but ended 1.5-5pts lower than previous day, on lack of clarity over its talks with Beijing SASAC. In gaming space, WYNMACs/MPELs/SANLTDs were down 1-3pts. Away from China, Indian and Indonesian HYs were around 0.5-1pt lower with mostly longer-dated bonds under selling pressure. Renewable names underperformed, GRNKENS/RPVINs were down 0.5-1.5pts.

The LGFV/SOE spaces were extremely quiet to start the week with no live UST cash until Asia close, and ahead of a packed central bank calendar (FOMC Wed night, BOJ and BOE Thu). The LGFV space was still solid on the back of consistent RM demand, quality 23-25s papers were generally unchanged despite a new high on CT2. Sentiment were very cautious as the

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majority of two-way flows were in short-dated liquidity management papers, whilst longer-dated bonds leaked a touch amid a soft tone. The two LGFV new issues, SYSTIO 5.2 25 held on around reoffer quite well thanks to seemingly solid primary allot technicals, whilst XIANGY 5.7 25 saw little traction. Elsewhere, selling pressure nonetheless was still heavy in selected SOE perps/ AT1s. Outright traded bullet papers' cash prices were grinding lower throughout the day. Spreads were generally 2-3bps wider on 10yr benchmarks, and liquidity on bullet papers were rather thin.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 09/26/23	46.3	2.3	AMTDGC 5 09/08/25	40.1	-6.8
PEAKRN 5.35 PERP	74.7	1.6	FOSUNI 6.85 07/02/24	44.6	-4.9
CHEDRP 2 1/2 12/01/25	46.6	1.4	FOSUNI 5 05/18/26	34.5	-3.8
AGILE 5 3/4 01/02/25	44.3	1.3	FOSUNI 5.05 01/27/27	34.5	-3.4
ROADKG 7 3/4 PERP	33.6	1.2	XINHUZ 11 06/06/25	94.4	-3.2

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock markets recorded a rebound on Monday. The S&P (+0.69%), Dow (+0.64%) and Nasdaq (+0.77%) moved higher as the markets appropriately recovered from the panic due to higher than expectation Aug'22 CPI, though the markets expect there is a 75bps hike at least in Wednesday and the interest rate will reach around 4% by the end of year. The U.S. home builder sentiment index from NAHB falls for ninth month consecutively in Sep'22 as the mortgage cost increased. The U.S. treasury yields kept ascending yesterday, the yields curves were inverted that 2/5/10/30 yield reaching 3.95%/3.69%/3.49%/3.52%, respectively.

❖ **Desk analyst comments 分析员市场观点**

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

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Licheng International Development Co., Ltd.	USD110	3yr	6.3%	6.3%	-/-/-
Guangxi Liuzhou Dongcheng Investment Development Group Co., Ltd.	USD30	3yr	7.5%	7.5%	-/-/-

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

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Tianjin Rail Transit Urban Development Co., Ltd.	USD	-	364d	6.3%	-/-/-
Jiangsu Liyang High-tech Zone Holding Group Co., Ltd.	USD	-	3yr	6.4%	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB60bn. As for Month-to-date, 762 credit bonds were issued with a total amount of RMB758bn raised, representing a 20.8% yoy decrease
- **[AVIILC]** AVIC International Leasing announced to redeem all USD200m outstanding guaranteed perpetual capital notes on 23 Oct
- **[BUMIJJ]** Bumi Resources proposed a EGM to seek shareholders' approval to issue up to 200bn shares through Non-Preemptive Rights Issuance to increase capital around USD2.24bn based on last closing price
- **[CHFOTN]** Media reported that a group holding more than 25% China Fortune Land Development USD4.56bn offshore public bonds intends to vote against the company's offshore debt restructuring proposal
- **[COGARD]** S&P downgraded the long-term issuer credit rating of Country Garden to BB from BB+ and gave negative outlook; Country Garden's unit scheduled the interest payment for its RMB2bn 4.38% bonds on 26 Sep
- **[FOSUNI]** Fosun International sold around 226.2mn New China Life Insurance H shares for HKD489mn and its unit Fosun Hi-tech sold 2.5mn Yuyuan Mart A shares for RMB17.5mn; The company paid HKD14.8mn in share repurchase
- **[GRNLGR]** Media reported that Greenland Holdings has paid the first installment of 15% principal (USD45mn) due 15 Sep'22 on its extended, originally USD300mn syndicated loan; Its next looming offshore maturity is USD200mn 5.75% bonds due 26 Sep'22
- **[JINKE]** The holders of Jinke Property's RMB800mn bonds 21JinkedichanSCP004 agreed to extend the payment date for principal about 270days to 16 Jun'23
- **[KAISAG]** Media reported that Kaisa offshore bondholders group offered up to USD2bn to acquire company's stalled housing projects at 20%-25% discount to facilitate completion
- **[LIFUNG]** Moody's downgraded Li & Fung senior unsecured ratings to Ba1 and assigned Ba1 CFR
- **[SFHOLD]** S.F. Holding unit receives CSRC approval over up to RMB2bn corporate bond offering
- **[SHIMAO]** The bondholders of 19Shimao01 (o/s RMB1bn, 4.3% coupon) agreed to postpone accrued 2021-2022 interest repayment to 2023; The bondholders of 15Shimao02 (o/s RMB534mn, 4.15% coupon) plans to hold meeting around 10 Oct to consider payment adjustment for it
- **[SKYFAM]** Skyfame Realty auditor PwC resigns after considering factors including professional risks associated with audit and the level of audit fees. Separately, the first creditors' meeting will be held on 28 Sep'22

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