

CMBI Credit Commentary

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

- *Market was quite silent, with CNY around the corner. In IGs, SOE/TMT sectors were unchanged amid limited liquidity especially on the supply side. AT1s were stable at the recent rich levels. LGFVs remained under better buying amid a broader positive backdrop in China credit.*
- *NWSZF: NWS Holding announced Panda bond issuance plan yesterday. NWSZF's parent NWDEVL'29-30 up 2.5pts yesterday. This morning, NWDEVL perps were unchanged to 0.5pt higher than last close. And NWSZFs were flat with its '29 and Perp quoted at 88 and 95 level, respectively.*
- *U.S. weekly jobless claims fell 15k to 190k, lower than expected and it is the lowest level since Sep'22. Market renewed concerns over Fed's path of rate hikes. According to a poll conducted Reuters previously, markets expect the Fed will end the tightening cycle after 25bps hike each in next two policy meetings and likely hold the rates steady for 2023.*

❖ Trading desk comments 交易台市场观点

Yesterday, IG flows remained better buying (with buy:sell ratio of 9:1), despite UST 10y yields lowered to below 3.4% overnight post US jobs data. Investors chased for duration as 10y benchmarks tightened 2-5bps before lunch. Whilst after lunch, IG spreads retraced a bit from tight. On recent new issue front, HKAA/HKINTL were 1-3bps tighter. Korea new issues ended 2-4bps tighter. Financials space was still mixed with AMCs kept underperforming. AMCs like CCAMCL/HRINTH curve showed one way selling. HRINTH curve moved 0.25-0.5pts lower, CCAMCL curve widened 5-10bps. Bank T2s and leasing names like BCOMFL marched another 1-3bps tighter. CCBs were 4-6bps tighter. TMTs were roughly unchanged under two way balanced interests. TENCNT 30s first went wider to T+148 but then back to T+144 by EOD. BABA 30s were slightly lifted to T+124. BBB- names like LENOVO/XIAOMI were under better buying. IG property benchmarks LNGFORs were up 0.5pt. In China HYs, property bonds were stable with valuation largely unchanged. COGARDs/FTLNHDs curve were unchanged with better retail buying in the front end. CHINSCs were marked 0.5-1.5pts higher. Elsewhere, KWGPROs dropped 1-2pts. GRNLGRs/ROADKGs were unchanged to 0.5pt lower. On HK corps, LEEMAN signed HKD4.75bn 5yr term loan facility agreement, and NWS applied to NAFMII to issue up to RMB5bn Panda bonds for repayment of existing debts. LEEMAN/NWSZF perps closed flat at low-90s by EOD. NWDEVL/NANFUN 29-30s were traded up 1.5-3pts. In industrials, ANTOIL '25 was traded up 4pts to low-80s level post the announcement of a three-year strategic plan on Wednesday. One month earlier, ANTOIL has completed the full repayment of USD300mn due-2022s and received RMB198mn capital injection from four strategic investors. Macau gaming names MPELs/SANLTDs/STCITYs were traded 0.5-1pt higher. Ex-China HY was mixed. In Indian HYs, renewables GRNKEN/RPVIN were up 0.5-1pt.

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In Indonesian HYs, LPKRIJs/LMRTSPs dropped 0.5-1.5pts.

In the LGFV/SOE Perp/AT1 space, we saw strong buying in duration especially in the AT1 space in light of the rates rally and the rally in high grade credit spreads it had driven. Big-5 bank names climbed up to 0.75pt higher than the levels of last EOD as yields ground through inside of 5%, whilst papers still yielding 6%+ from higher beta names were aggressively sought after by RM and PB. We saw active two way flows on ICBCAS/BOCHKL. While better buying flows were observed in broader China credit space, SOE perps lagged slightly and only edged ~0.25pts higher within the low-5% yield context amid little bit of profit taking on the other hand too. SINOPE 28s/29s were traded 3-5bps wider to T+64.5/T+66 level, respectively. LGFVs were relatively quiet with most onshore clients off already, flows were overall two-way skewed to slightly better buying led by 26s amid the broader chase for duration theme.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ANTOIL 8 3/4 01/26/25	81.5	4.1	LMRTSP 7 1/4 06/19/24	78.3	-1.6
NANFUN 3 5/8 08/27/30	88.5	2.8	SINOPE 4 1/4 04/24/43	85.3	-1.6
NWDEVL 4 1/8 07/18/29	86.0	2.5	CSCHCN 9 04/12/24	79.3	-1.5
NWDEVL 4 1/2 05/19/30	87.5	2.5	CENCHI 7 1/4 04/24/23	44.8	-1.5
ROADKG 7 3/4 PERP	58.3	2.3	CENCHI 7.9 11/07/23	34.8	-1.3

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets were weak yesterday, S&P (-0.76%), Dow (-0.76%) and Nasdaq (-0.96%). The U.S. Labor Department released the weekly jobless claims report yesterday, the weekly jobless claims fell 15k to 190k, lower than expected and it is the lowest level since Sep'22. The fall in jobless claims pointed to continued high demand for workers and concerns over the Fed's path of rate hikes that could lead to economic recession. Meanwhile, the U.S. government hit its USD31.4tn borrowing limit yesterday. The U.S. treasury yields overall up. The 2/5/10/30 yields curves at 4.09%/3.48%/3.39%/3.57%, respectively.

➤ 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 17 credit bonds issued yesterday with an amount of RMB10bn. As for Month-to-date, 1,053 credit bonds were issued with a total amount of RMB907bn raised, representing a 23.2% yoy decrease
- [AGILE]** Agile raised RMB1.2bn from 3-year MTNs at 4.7%, guaranteed by CBICL

- **[CCAMCL]** China Cinda expects 40-50% yoy drop in net profits for FY22, due to decrease in valuation of certain financial assets caused by significant capital market volatility and changes in macroeconomic situation
- **[CHFOTN]** CFLD announced the selection bond nomination deadline has expired, and the scheme creditors can no longer amend their selection of the new bonds
- **[HRINTH]** Taiping Trustees seeks payment from China Huarong of unquantified sums which it alleges are due and unpaid in a court proceeding. It also claims unquantified damages for alleged breaches of fiduciary duties in connection with the fund's investment of its assets in certain loans and subsequent non-payment of loan principal
- **[JNHUIG]** Radiance Group signs strategic cooperation with CCB for RMB10bn credit lines, the company now secures more than RMB70bn credit lines in total, previously obtained from ICBC, ABC, BOC, PSBC, CMBC and Industrial Bank
- **[JZCITY]** Bank of Jinzhou in share trading halt
- **[VEDLN]** Vedanta to sell its zinc international assets to its listed subsidiary, Hindustan Zinc, up to USD3.0bn. The transaction will be subject to the receipt of regulatory approvals

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