

CMBI Credit Commentary

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

- *Markets overall showed better selling this morning. AT1s and SOE Perps softened due to offshore AM's selling, short tenor LGFVs were also actively sold out for cash raising.*
- **HAIDIL:** tender offer to repurchase up to USD240mn of HAIDIL 2.15 01/14/26 at 84.8. See below.
- *The U.S. Sep's labor market data was still robust: the unemployment rate was 3.5%, better than the market expectation of 3.7%; NFP rose by 263k, higher than the market expectation of 255k. The market expects a 75bps rate hike in Nov and another 25bps in Dec to push the fed funds rate to 4.5%-4.75% by year-end.*

❖ Trading desk comments 交易台市场观点

Last Friday, China IG space had a quiet session to close the week, with all eyes on Friday NFPs at 9PM. Financials sector generally widened 2-3bps. AT1s cash prices were lower by 25-50c, to reflect the selloff in CT2/CT5 as 2yr UST yields jumped 11bps back to 4.26%. In AMCs, CCAMCL tightened 10-15bps. The overall financials space was roughly unchanged on light balanced flows, and we also saw better buying on yielding names like NANYAN 6.5%' Perp/ CCAMCL 4.44%' Perp. In TMTs, BIDU/TENCNT broadly tightened 2-5bps but those off the run remained heavy. IG property was 0.25-1pt lower on the back of bearish tone with RM trimming. LNGFORs/VNKRLEs were another 0.5-1pt lower. China HY sentiment still further deteriorated on CIFI news with other survivors also being examined. Higher-cash names had RM selling while FM only opportunistically seeking after "higher quality" bonds. CIFIHG's were 1-4.5pts lower following a missed loan-interest payment and a Moody's downgrade. CIFIHG'23 was traded at low-20s, and its other tranches were quoted at mid-teens. COGARD'23 was indicated at 77/78 level while other COGARs were traded down 0.5-2pts between low-20s to high-30s. Elsewhere, GRNLGRs was still traded range-bound between low-40s to mid-50s with GRNLGR 5.9%'23 bounced back 3pts. AGILEs/ROADKGs were 0.5-1.5pts lower. CPDEV'26/ HYSAN'Perp was up 1-1.5pts amid thin liquidity. Ex-property, industrial space was mixed as FOSUNs dropped 1-3.5pts from FM/Retail selling, whilst HONGQI'24 slightly drifted 1pt higher. Macau gaming space showed two-ways with buyer/sellers balanced on both overnight and Asia sessions, with MPELs/STCITYs up 0.5-1pt while SANLTDs down 0.5-1pt. Away from China, India HY opened on a mix tone as clients were keen to hold off any trades before the NFP. We did see some two-way activities in renewables with more demand in lower cash price and wider names. VEDLNs were further up 0.5-1pt on overnight demand.

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The LGFV/SOE Perp spaces were unchanged in general. Major RMs in LGFV space was rather silent and FM induced the space to better selling amid thin liquidity. Flows basically stalled out as onshore were off for the whole week, whilst offshore were still looking at NFPs before making any investments into duration. HKIQCL front-ends were traded actively two-ways to end a tough lower. There is no clear conviction in the market and we saw the cash-raising selling flows focused in front end LGFVs. In SOE space, front-end papers still had demands from locals, overall the space ended the day with high-beta SOEs 2-3bps wider while low-beta SOEs and other high-beta corps unchanged. HAOHUA/CNOOC cash prices were 25-50c lower.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 5.9 02/12/23	55.7	3.2	CIFIHG 5 1/2 01/23/23	23.9	-4.3
CKPH 3.8 PERP	74.7	2.5	CIFIHG 11.581 PERP	9.7	-3.5
CPDEV 4.65 01/19/26	76.9	1.5	BNKEA 4 7/8 04/22/32	89.2	-3.3
HONGQI 6 1/4 06/08/24	92.6	1.2	FOSUNI 5.95 01/29/23	81.9	-3.2
STCITY 5 01/15/29	50.1	1.2	FOSUNI 5 05/18/26	35.8	-3.1

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock markets largely down last Friday. The S&P (-2.80%), Dow (-2.11%) and Nasdaq (-3.80%) fell as the U.S. Sep's labor market data was still robust: the unemployment rate was 3.5%, better than the market expectation of 3.7%; NFP rise by 263k, higher than the expectation of 255k. The markets expect there is a 75bps hike in Nov and another 25bps in Dec then pushing the fed funds rate to 4.5%-4.75%. The U.S. treasury yields kept ascending on last Friday and the 2/5/10/30 yields reached 4.30%/4.14%/3.89%/3.86%, respectively.

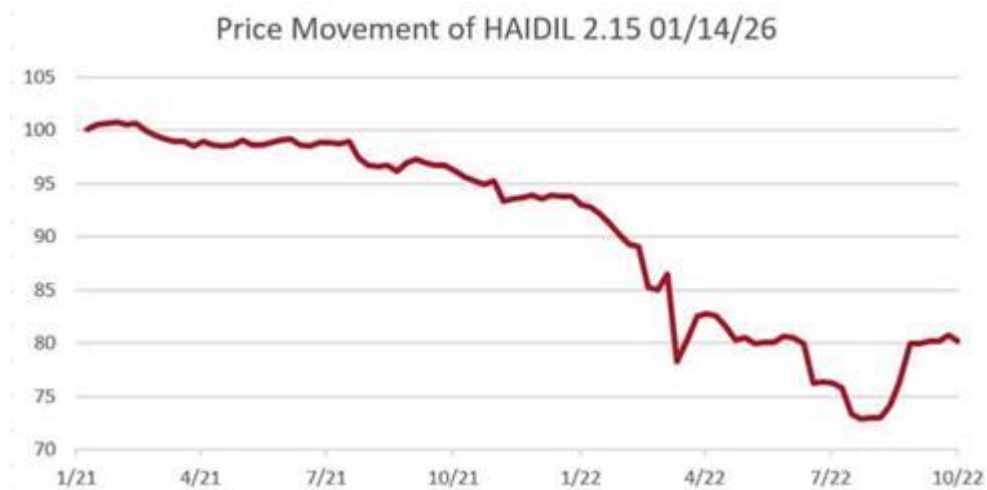
❖ **Desk analyst comments 分析员市场观点**

➤ **HAIDIL: tender offer to purchase up to USD240mn of HAIDIL 2.15 01/14/26**

Haidilao announced today to repurchase up to USD240mn of its HAIDIL 2.15 01/14/26 (o/s USD539.3mn), which was issued in Jan'21 and current bid price is around 80pts, the sources of funds is its internal resources. It is notable that this to be repurchased IG bond has relatively short-tenor and low cash price. See below for details:

Details

Maximum acceptance	USD240mn
Purchase price	84.8
Accrued Interest payment	Pay in cash on the settlement date
Proration	Purchase on a pro rata basis if validly tendered offer is greater than USD240mn
Expiration deadline	18 Oct'22, 4:00pm London Time
Settlement date	21 Oct'22



➤ Market conditions and color

➤ 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	IPG	Issue Rating (M/S/F)
Syngenta Group Co., Ltd.	USD	-	-	-	Baa1/BBB+/A

➤ Market conditions and color

- Regarding onshore primary issuances, there were 18 credit bonds issued yesterday with an amount of RMB20bn. As for Month-to-date, 26 credit bonds were issued with a total amount of RMB21bn raised, representing a 52.9% yoy decrease.
- [BUMIJ]** Bumi Resources announces Mach Energy (Hong Kong) Limited and Treasure Global Investments as investors in 200bn shares placement (up to cUSD1.6bn)
- [CHFOTN]** China Fortune Land Development canceled RMB560.2mn 17XingfuiyeMTN001 notes
- [CHIOLI]** China Overseas Land acquired four land parcels in Beijing and Ningbo for RMB16.4bn in September
- [CHMEDA]** Mengniu Dairy Industry (Group) to make tender offer for 5% stake in Shanghai Milkground Food at RMB30.92/share (totaled cRMB800mn)
- [CPDEV]** Beijing Capital Group announced to call its RMB1.5bn 19ShouchuangjiMTN002 notes on 6 November

- **[MOLAND]** Modern Land further extended the longstop date in accordance with terms of scheme and the RSA to 14 Oct
- **[SJM HOL]** SJM Holdings announced to transfer all Type B shares of SJM Resorts from Leong On Kei to Ho Chiu Fung for compliance with Macau gaming regulatory requirement
- **[VNRLE]** China Vanke buys two real estate projects for RMB569mn in September
- **[XIN]** Xinyuan Real Estate missed interest payments for USD270mn XIN 14 01/25/24 and USD260.5mn XIN 14.5 09/17/23

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