

## CMBI Credit Commentary

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

- *Flows are mostly quiet this morning. NANYAN perp is well sought after in the market while we saw some dip buying in MEITUA'30. Chinese RM remained better buyer of front end LGFV papers.*
- **INDIKA:** *Solid 1Q 2022 results, on track to become a net cash company by late-2022. Maintain Buy. See below.*
- **JIAYUA:** *Small forced selling of 1.348mn shares owned by chairman on 18 May'22. After the sales, the chairman owns 3,667mn shares (excluding CBs), equivalent to 74.69%, in Jiayuan. As per Jiayuan, it had cured the coupon payment on JIAYUA 13.75%'23 but holders have yet to receive the money at the time of writing.*

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#### ❖ Trading desk comments 交易平台市场观点

Last Friday, Chinese HY property space was up 0.5-1pt with fast money buying higher-quality names. We saw CIFIHG/COGARD jumping up 2pts on Friday. AGILE bonds rallied, especially AGILE'22. JINKE curve down 1pt on the back of the news that Jinke Property is looking for onshore bond extension. In Hong Kong names, CHICIT/ NWDEVL/ SUNHUN curve down around 0.5pt. In distressed names, SUNAC and KAISAG down 0.5pt. Macau gaming sector continued to perform weak.

Chinese IG market performed mixed last Friday. For AMC sector, we saw slightly better buyer in CCAMCL and GRWALL in general. For SOE and TMT sector, we saw slightly better seller on the longer end while AT1 saw better buyer.

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## ➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
COGARD 6.15 09/17/25	70.9	3.9	JIAYUA 13 3/4 02/18/23	19.0	-18.2
COGARD 5 5/8 01/14/30	61.5	3.6	JIAYUA 12 1/2 07/21/23	16.7	-15.4
SINOCE 2.7 01/13/25	83.0	3.3	SHIMAO 5.6 07/15/26	15.9	-2.4
CIFIHG 4.8 05/17/28	71.1	3.3	SHIMAO 4.6 07/13/30	14.8	-1.8
COGARD 4.2 02/06/26	69.5	3.2	SHIMAO 5.2 01/16/27	15.7	-1.4

## ❖ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stocks closed mixed last Friday. The S&P 500 dropped for a seventh straight week in a stretch of weakness not seen since 2021. The market were assessing this index to see whether the recent sell-off has further to run, in view of Fed's hawkish-at-all-costs posture and the chaos in supply chains. The S&P (+0.01%), Nasdaq (-0.30%), and Dow (+0.03%) performed mixed. China market will wait to see if the Chinese banks cutting a key interest rate for long-term loans by a record amount will save the economy, while countering the property market slump and Covid lockdowns. Treasuries pared Friday's advance with traders' discrepancies on Fed's tightening policies, amid mounting worries about an economic slowdown. Treasury yields bull-flatten, with the 2/5/10/30 yield retreated to 2.60/2.80/2.78/2.99% respectively.

## ❖ Desk analyst comments 分析员市场观点

➤ **INDIKA: Solid 1Q2022, maintain Buy on INDYIJ '24 and '25**

In 1Q2022, Indika's revenue rose to USD 831mn (+58%yoy; vs. 4Q2021: USD 914mn), as higher ASP (+56.6%yoy to USD 70.8/ton) offset the sales volume decline of -13%yoy due to export ban for 20 days in Jan 2022. Gross profit margin remained steady at 31% (same as full year 2021's level). EBIT rose to USD 187mn (+400%yoy; vs 4Q2021: USD 290mn). Net profit improved year-on-year to USD 85mn(vs 4Q2021: USD 118mn).

**Lower leverage**

Thanks to good 1Q2022 operating cash inflow of USD 173mn (vs 4Q2021: USD 169mn), Indika's cash balance rose to USD 1bn (FYE2021: USD 867mn), net debt lowered by USD 100mn to USD 486mn by Mar' 2022. Its quarterly capex spending of USD 4.4mn and new investment of USD 36mn, was on track with its yearly capex budget of USD 113mn.

**Indika will likely become a net cash company by late-2022**

The company expects its sale of 69.8% shares of Petrosea (for USD 146.6mn) to complete by June 2022. At the same time, we expect seaborne coal price will remain higher than 2021's level as alternate energy prices will remain high (i.e. gas and oil) due to supply disruption. Separately, Indika also managed to secure USD 27mn green credit facility from DBS (Indonesia) to support its wood pellet projects.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 48 credit bonds issued on last trading day with an amount of RMB57bn. As for Month-to-date, 487 credit bonds were issued with a total amount of RMB532bn raised, representing a 12.3% yoy decrease
- **[COGARD]** Completed the book building of the issuance of 3-year (1+1+1) onshore bonds of RMB500mn at a coupon rate of 4.5%. The onshore bonds come with 1-yr CRMW of RMB200mn
- **[EVERRE]** Evergrande cuts Admiralty Harbour as advisor, restructuring plan won't emerge in July as promised
- **[JINKE]** Jinke Property shareholders sell 1.35% stake
- **[SINBIO]** Sino Biopharmaceutical repurchases total EUR157.768mn of zero coupon CBs due 2025
- **[TBLAIJ]** Tunas Baru Lampung domestic bondholders approve early redemption on 10 June and 15 June 2022
- **[TECHTR]** Techtronic Industries appoints Citigroup, HSBC as joint arrangers for up to USD500mn MTN program for refinancing

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