

CMBI Credit Commentary

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

- *Yesterday China HY space stabilized with buying interests in BB Chinese developers and some industrial credits. Yet market sentiment for HY is still soft that BTSDf called off its new issuance plan.*
- *TBLA: concluded syndicated loans of USD236mn from 7 banks, which largely removed the refinancing risk of TBLA's only USD issue (TBLAIJ'23 with an o/s amount of USD168mn due Jan'23). See below.*
- *SHIMAO: Another asset disposal to COLI for RMB1.38bn while also putting up for sale other 36 property projects for over RMB23.6bn, including Shenzhen-Hong Kong International Centre for RMB5.9bn. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space opened mixed. AGILE up 1pt post the announcement of disposal of Guangzhou Asian Games City project. SHIMAO also rose 2-4pts after the asset disposal announcement. BB names like CIFIHG/PWRLNG saw buying interests and up 1-2pts for the day. SUNAC/LOGPH traded stable in the early session but saw street selling in the afternoon and closed 1-2pts lower. Other names such as ZHPRHK/RONXIN saw light demands and closed unchanged. In industrial sector, FOSUNI/WESCHI traded up slightly.

IG market traded relatively soft yesterday with benchmark spreads 2-4bps wider. IG property names like SINOCE/VNKRLE/LNGFOR saw two way flows and ended the day unchanged. TMT sector benchmark spread widened 5-15bps. In financial space, AMC names such as CCAMCL traded down and widened 10-12bps, while new ICBCIL 5Y notes closed 5bps wider.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
CHINSC 7 1/4 04/19/23	84.0	7.6	RONXIN 6 3/4 08/05/24	26.3	-4.4
REDSUN 9.95 04/11/22	58.7	6.9	RONXIN 7.35 12/15/23	26.3	-3.2
SHIMAO 4 3/4 07/03/22	63.1	5.8	SUNAC 5.95 04/26/24	64.5	-2.4
CENCHI 7 1/4 04/24/23	56.3	5.5	RONXIN 7.1 01/25/25	26.1	-2.4
ZENENT 12 1/2 09/13/23	95.4	4.9	SUNAC 6.8 10/20/24	64.6	-2.4

➤ **Macro News Recap 宏观新闻回顾**

Macro – Major U.S. stock indexes had a massive comeback last night to close higher after the Dow dropped more than 1100pts at midday. The S&P advanced (0.3%), Nasdaq (0.6%), Dow (0.3%). U.S. Treasury yield curve movements were mixed on Monday. The yield on the benchmark 10Y Treasury note was flat at 1.75%. The 1Y yield was unchanged at 0.58%, 5Y yield was slightly down to 1.53% while 30Y yield rose to 2.10%.

➤ **Desk analyst comments 分析员市场观点**

➤ **TBLAIJ: Loan conclusion should lead to positive rating action**

TBLA concluded the syndicated loans of USD236mn from 7 banks including state-owned banks such as Bank Mandiri, BRI and Indonesia Eximbank. The conclusion has largely removed the refinancing risk of TBLA's only USD issue (TBLAIJ'23 with an o/s amount of USD168mn due Jan'23). As we wrote in our initiation report on TBLAIJ dated 29 Nov'21, we expect Moody's to at least take TBLA out from review for downgrade and revise TBLA's rating outlook to stable. At 98.875, TBLAIJ'23 is trading at a YTM of 8.2%. TBLAIJ'23 offers a good risk and reward profile and is a short-dated and lower-beta play away from Chinese HY.

Indeed, the size of the syndicated loans is larger than our expectation of USD170-200mn while funding costs are in line with those of its existing loans. The additional amount could be used to early redeem up to 79% of its o/s IDR bonds of cUSD84mn due Mar'23, and helps lengthen TBLA's debt maturity profile notably. The syndicated loans are comprised of 2 tranches: USD170mn Tranche A for the refinancing of TBLAIJ'23 and IDR900bn (cUSD66mn) Tranche B for refinancing of other debts. The tenor of loans is 5-yr and extendable for another 2 years. The funding costs are 3M LIBOR+5.65 p.a. (Tranche A) and 3M JIBOR+9% p.a. (Tranche B), the margin will increase 25bps p.a. for both tranches and Tranche B margin will be capped after 75bps increase.

Please see our [initiation report](#) for detailed analysis of TBLA's credit fundamental.

<https://www.cmbi.com/article/6303.html?lang=en>

➤ **SHIMAO: Another asset sale**

Following sales of commercial land to Shanghai SASAC last week, Shimao entered into another disposal agreement to sell its 26.67% stake in JV company that mainly developing "Guangzhou Asian Games City" (same as Agile) to wholly owned subsidiary of COLI for RMB1.38bn (cUSD218mn) after deducting RMB464mn outstanding loan. Recalled that Agile, Country Garden and Guangzhou R&F bought "Guangzhou Asian Games City" project for RMB25.5bn in 2009 and after a few transactions Shimao, Agile, Country Garden and COLI owned 26.7%, 26.7%, 26.7% and 20% equity since 2016.

As stated in our daily yesterday, Shimao mentioned in Nov'21 that it had assets with saleable value of HKD20bn (USD2.6bn) could be disposed of to shore up liquidity. Media reported that Shimao is selling other 36 property projects for over RMB23.6bn (after deducting RMB53.5bn liability), including Shenzhen-Hong Kong International Centre (RMB5.9bn after deducting RMB9.3bn liability). We shall monitor the progress of Shimao's asset disposal plan and whether more SOEs involvements in its asset disposals.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Guang Tao Investment Ltd	USD 200	1	4.2%	4.2%	-/-/-
Zibo High-Tech International Investment	USD 71	1	4.9%	4.9%	-/-/-

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

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

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 65 credit bonds issued yesterday with an amount of RMB53bn. As for Month-to-date, 1449 credit bonds were issued with a total amount of RMB1517bn raised, representing a 12% yoy increase
- **[BTSDf]** not proceeds with planned USD 5Y bond sale
- **[FRETAI]** misses interest payment on 5.6% senior secured notes due 2025, plans to pay within 30-day grace period
- **[JD]** JD Technology plans up to USD 2bn HK IPO this year
- **[LOGPH]** says guaranteed private bonds do not exceed USD 1bn
- **[SHIMAO]** do to appoint Zhongxingcai Guanghua CPAs as new auditor
- **[ZHTONG]** announces full payment of outstanding USD 10.6mn 12% senior notes matured on 21 January 2022

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