

CMBI Credit Commentary

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

- *Asian IG space tightened 3-10bps this morning as rates rise. JP/KR IGs were 0-3bps tighter, ChemChina tightened c7bps. Market flows skewed to better buying and low-beta IGs were well bid.*
- *Chinese properties: Contracted sales remain weak in Mar'24. See below.*
- *VNKRLE: S&P downgraded China Vanke downgraded to BB+ from BBB+ with a negative outlook. Vanke was downgraded to non-IG ratings by Moody's and Fitch in Mar'24. VNKRLEs down 0.2-0.3pt this morning.*

❖ Trading desk comments 交易台市场观点

Asia IG space had a quiet session yesterday ahead of US CPI data. In KR, SHNHAN 34s were 2bps wider. KOMRMRs/KOROILs were unchanged to 1bp wider. In AU/NZ, ANZ/CBAAU T2s were sought-after and tightened another 1-2bps. In JP, the new MUFU 35s widened 2bps while its 30s were unchanged. In the insurance hybrids, the new NIPLIF '54 declined 0.2pt from the RO at par. FUKOKU/SUMILF Perps lowered 0.1-0.3pt under selling from offshore FMs/PBs. Chinese IG benchmarks such as HAOHUA/TENCNT 29-30s were unchanged to 2bps tighter. In financials, Chinese AMCs were better bid. ORIEAS/CCAMCL 27-31s tightened 2-4bps. BOCOCHK/WSTP Perps were up 0.1pt. EU AT1s such as STANLN/HSBC/BNP/INTNED Perps were unchanged to 0.2pt higher under buying from Asian PBs/Prop desks. In HK, IGs CKHH 28/33 tightened 1-2bps under PB buying whereas the recent new AIA '34 edged 1bp wider. We saw profit taking in HYSAN 4.1 Perp from PBs but the perp closed unchanged at around 92. NWDEVL Perps were 0.4-1.2pts lower. Chinese properties performed mixed. SHUION 25-26s and GEMDAL '24 were 0.8-1.2pts higher. ROADKG '25 was up 1.0pt and the rest of ROADKGs were unchanged to 0.2pt higher. FUTLAN/FTLNHD 24-26s were up 0.4-0.6pt despite Moody's two-notch downgrade and closed 2-3pts higher WTD. Media reported Seazen Holdings was planning to raise up to RMB400mn (cUSD55.3mn) in dual-tranche CBICL-guaranteed notes. VNKRLE 25-29s, on the other hand, dropped 2.4-3.1pts following the report of police investigation on a regional manager at the developer's Jinan branch. In industrials, CHIOIL '26 was up 0.9pt and closed 3pts higher WTD. In Macau gaming names, the new MPEL 7.625 '32 was up 0.2pt from the RO at par. SANLTDs/STCITYs were 0.6-1.1pts lower. In Indian space, VEDLN 26-28s were up 0.4-0.6pt. Indonesian names were quiet.

In the high-beta names, new FRESHK 6.625 '27 was better bid, and rose to 100.05/100.1 (CT2+186) versus RO at 99.799 (CT2+195). In LGFVs, the new JNHTE 6.1 '27 lowered 0.1pt from the RO at par. We continued to see selling in the front-end of LGFVs as clients switched to the new issues. GZINFU

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'26/BJSTAT '25 were down 0.1-0.2pt. The higher-yielding CPDEV remained sought after and closed 0.1pt higher. Meanwhile CTIH Perp moved 0.1pt higher amid buying from onshore RMs. COFCHK 3.1 Perp/SPICPT 3.45 Perp were down 0.1-0.2pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GEMDAL 4.95 08/12/24	85.0	1.2	VNKRLE 3.15 05/12/25	69.0	-3.1
SHUION 5 1/2 06/29/26	60.7	1.1	VNKRLE 3.975 11/09/27	45.5	-2.9
ROADKG 6 09/04/25	39.4	1.0	VNKRLE 3 1/2 11/12/29	42.3	-2.4
CHIOIL 4.7 06/30/26	89.0	0.9	TAISEM 4 1/2 04/22/52	93.1	-2.0
SHUION 5 1/2 03/03/25	74.7	0.8	AIA 4 7/8 03/11/44	93.2	-1.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.95%), Dow (-1.09%) and Nasdaq (-0.84%) retreated on Wednesday post CPI released. US Mar'24 CPI rose 3.5% yoy, higher than the expectation of +3.4% yoy. China Mar'24 CPI/PPI was +0.1%/-2.8% yoy, compared with the expectation of +0.3%/-2.7% yoy. UST yield jumped higher yesterday, 2/5/10/30 yield reached 4.97%/4.61%/4.55%/4.64%.

❖ Desk analyst comments 分析员市场观点

➤ Chinese Properties: Contracted sales remain weak in Mar'24

In Mar'24, 32 developers under our radar (Guangzhou R&F has yet announced Mar'24 figures) reported contracted sales totaled RMB230.1bn, decreased 43.5% yoy from RMB407.3bn in Mar'23. In 3M24, the cumulative contracted sales of these developers lowered 48.7% yoy to RMB478.6bn, the contracted sales decline slightly narrowed from -52.8% yoy in 2M24.

All developers under our radar posted lower sales yoy in 3M24. The better performer is GRNCH (RMB53.2bn) with 13% yoy declines in contracted sales. The distressed developers continued to underperform. The contracted sales of COGARD (RMB13.5bn) KWGPRO (RMB2.5bn) and CHINSC (RMB2.7bn) fell 81%, 79% and 77% yoy in 3M24.

March uses to be an active month of Chinese property market after Chinese new year with the launches of new projects. Although PBOC cut 5yr-LPR 25bps to 3.95% in Feb'24, leading mortgage borrowings cost to the lowest level since Aug'19 when LPR quotation mechanism was launched, the property sales remains weak as residents' future income expectation has not yet recovered. We take some comfort with some recovery in new home sales on a WOW basis. On 8 Apr'24, Beijing and Guangzhou increased upper limits of housing provident fund loans, of which the interest rates were 2.6%-3.1%, to boost markets. We expect to see more supportive measures from governments, including further LPR cut and relaxation of purchase restrictions in high tier cities, to restore the confidence on the property market in 2024.

2024 YTD Sales (in RMB mn)

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Trend	Mar'24 MoM Growth	Mar'24 YoY Growth	3M24 Sales	3M24 Sales Growth
Greentown	绿城	GRNCH	12,000	12,900	28,300	↗	119%	-5%	53,200	-13%
Radiance*	金辉控股*	JNHUIG/RDHGCL	1,450	610	1,840	↘	202%	20%	3,900	-25%
China Overseas	中国海外发展	CHIOLI	10,504	8,491	41,211	↗	385%	-4%	60,206	-18%
China Resources Land	华润置地	CRHZCH	11,420	9,190	30,110	↗	228%	-2%	50,720	-36%
China Vanke	万科企业	VNKRLE	19,450	14,000	24,510	↘	75%	-13%	57,960	-43%
Yanlord*	仁恒置地*	YLLGSP	1,480	2,060	990	↗	-52%	-72%	4,530	-44%
Shimao	世茂房地产*	SHIMAO	2,110	2,240	3,900	↗	74%	-37%	8,250	-44%
Future Land	新城控股	FUTLAN/FTLNHD	3,692	4,020	4,236	↗	5%	-47%	11,948	-44%
Poly Real Estate	保利地产	POLYRE	20,323	15,624	27,036	↘	73%	-46%	62,983	-41%
Yuexiu Property	越秀地产	YUEXIU	6,545	3,815	11,341	↘	197%	-17%	21,701	-50%
Greenland Holding*	绿地控股集团*	GRNLGR	4,500	4,000	5,500	↘	38%	-11%	14,000	-51%
CIFI Holdings*	旭辉集团	CIFIHG	3,720	2,240	4,180	↘	87%	-50%	10,140	-52%
Longfor (Attributable)	龙湖集团	LNGFOR	4,660	3,680	7,440	↗	102%	-51%	15,780	-53%
Zhongliang	中梁控股	ZHLGHD	2,010	1,730	1,500	↘	-13%	-60%	5,240	-54%
Ronshine China	融创中国	RONXIN	448	543	742	↗	37%	-82%	1,733	-55%
Powerlong	宝龙地产	PWRLNG	1,121	1,177	1,548	↗	32%	-55%	3,846	-55%
Yuzhou Properties	禹洲地产	YUZHOU	803	503	902	↘	79%	-58%	2,208	-59%
China Jinmao	中国金茂	CHJMAO	6,400	4,150	6,970	↘	68%	-65%	17,520	-60%
Jingrui Holdings	景瑞控股	JINGRU	206	112	170	↘	52%	-82%	488	-81%
Hopson	合生创展	HPDLF	1,286	630	1,978	↘	214%	-70%	3,894	-81%
Gemdale	金地集团	GEMDAL	5,510	5,100	6,130	↘	20%	-70%	16,740	-82%
Times Property	时代中国控股	TPHL	532	841	685	↗	-19%	-74%	2,058	-82%
Redsun	弘阳地产	REDSUN/HONGS	982	862	831	↘	-4%	-76%	2,675	-83%
Zhenro Properties	正荣地产	ZHPRHK	619	471	554	↘	18%	-69%	1,644	-86%
Sunac China	融创中国	SUNAC	3,760	2,730	3,510	↘	29%	-69%	10,000	-86%
Agile	雅居乐	AGILE	2,390	1,530	1,430	↘	-7%	-66%	5,350	-88%
Logan Property*	龙光地产*	LOGPH	800	760	400	↘	-47%	-87%	1,960	-89%
Central China Real Estate	建业地产	CENCHI	710	680	450	↘	-34%	-84%	1,840	-70%
Sino-Ocean	远洋集团*	SINOCE	1,200	820	2,100	↘	156%	-74%	4,120	-75%
China SCE*	中骏集团控股*	CHINSC	850	820	1,010	↘	23%	-78%	2,680	-77%
KWG Property*	合景泰富集团	KWGPRO	830	620	1,070	↘	73%	-72%	2,520	-79%
Country Garden (Attributable)	碧桂园	COGARD	5,490	3,720	4,300	↘	16%	-83%	13,510	-81%

Note: * represents the data was collected from CRIC.

Source: Company fillings, CRIC.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	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)
Huzhou Moganshan Hi-tech Group	USD	-	3yr	5.9%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 90 credit bonds issued yesterday with an amount of RMB71bn. As for month-to-date, 427 credit bonds were issued with a total amount of RMB479bn raised, representing a 5.7% yoy decrease
- Fitch revised the outlook on China's long-term foreign currency issuer default rating to negative from stable
- Media reported that China regulators required LGFV applying for new offshore bond issuance to have at least 50% of net profit generated by non-government sources. The regulators also asked some potential LGFV issuers to submit a letter of support issued by local government
- **[APLNIJ]** Agung Podomoro and its advisors expected to propose exchange offer for due-2 June bonds with USD132mn outstanding amount
- **[DALWAN]** Media reported that Dalian Wanda Group has reached an agreement to sell Sunseeker to Lionheart Capital
- **[FOSUNI]** Media reported that Fosun International got USD350-400mn commitments from nine banks for its planned at least USD400mn syndicated loan to help refinance USD824mn due 7 May loan
- **[SHIMAO]** Shimao Group announced that it may apply for validation order considering progress of offshore restructuring; the first hearing date for winding-up petition is on 26 Jun'24
- **[VNKRLE]** S&P downgraded China Vanke downgraded to BB+ from BBB+ and placed negative outlook

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