

CMBI Credit Commentary

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

We hope you found our commentaries and ideas helpful. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2022”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets were overall calm this morning. Chinese RMs kept buying AT1s with yield pickup while we saw some selling on CINDA after Huarong’s weak 1H22 results published. LZINVE’22 was ~1pt lower at 94.5 level this morning.*
- **AZUPOE:** *Azure Power disclosed it received whistleblower complaint on data manipulation and the newly joined CEO resigned yesterday. It still cannot indicate the timetable for releasing FY2021-22 results, AZUPOE’24/26 slumped 35pts and 27pts respectively at the time of writing.*
- **SINOCE/SINOCL:** *Sino-Ocean Capital suspended the trading of its onshore bonds SINOCA 5.3 06/10/24 and SINOCA 4.7 09/09/23 (total o/s is RMB1.8bn) after the media report of Sino Ocean’s plan to extend the put of an onshore bonds. SINOCEs fell 9.5-16.5pts yesterday.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IG space encountered a weaker day across as US macro weakness spill over to Asia. IG benchmarks were marked 2-3bps wider. In property sector, SINOCE plummeted 9.5-12pts, and SINOCE 3.8%’25 fell 16.5pts amid heated discussion about Sino-Ocean Capital’s extension of the put date and the trading suspension of two onshore bonds. SINOCLs were down 7pts. In general, AMCs were better offered again. AT1s was quiet, and closed 25c lower on the day and more ICBCAS came out loose in the morning. Bank T2 names tightened another 2-5bps. China HYs were sold off, ending last week’s rally amid SINOCE’s news and central bankers’ hawkish tone on interest rates. COGARD and CIFIHG curves were down 2-4pts, VNKRLs and LNGFORs down 1-3pts on one way selling, and CENCHI down 2.5-5pts. On the other hand, KWGPROs due Sep’22 were up ~2.5pts after KWG covered the 25 Aug put on RMB1.8bn domestic bond. In Industrials sector, oil names ANTOIL/ HILOHO recovered 1.5pts and offset yesterday’s losses. We saw FOSUNI loose bonds coming out. In Ex-China HY space, AZUPOE/ VEDLN curves were down 1.5-2.5pts.

SOE Perp/LGFV spaces lacked traction but performed generally firm yesterday, amid rates uncertainties into Jackson Hole. SOE perp sector was mostly unchanged while desk saw better buying from PB accounts. In LGFV space, short-end papers were still well supported by Chinese RM. LZINVE 22s were traded roughly stable at 96 level, amid some jittery that onshore PPN repayment news came out late yesterday. Whilst for quality names

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

from coastal regions HKIQCL 22s remained sought after, and were traded up to 100/100.1 level. Long-end quality names had consistent buyers. We also saw some client interests on ZHANLO/ZHAPIE/HEFIND. NJYZSO closed slightly weaker amid chatters about trustee's notice on missing required documents from the issuer, including financial reports for 1H21 and FY21. NJYCSO bonds were generally well supported by onshore buyers at 0.125-0.5pts lower, despite offshore AM sellers in the curve. Overall, sentiment was stable in spaces amid high UST yield level.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLHK 10.21 PERP	80.0	7.6	SINOCE 3.8 04/26/25	58.5	-16.5
ZENENT 12 1/2 09/13/23	63.0	5.8	SINOCE 6 07/30/24	39.7	-11.0
EHOUSE 7.6 06/10/23	28.6	3.0	SINOCE 4 3/4 08/05/29	32.3	-10.9
KWGPPO 6 09/15/22	31.3	2.7	SINOCE 4 3/4 01/14/30	32.2	-10.8
FRESHK 5.6 PERP	96.6	1.6	SINOCE 2.7 01/13/25	36.6	-10.6

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock indexes closed lower on Monday. The S&P (-0.67%), Dow (-0.57%) and Nasdaq (-1.02%) fell post the hawkish speak from Fed. Markets expect the probability of mild hike decreased as the back of energy prices kept falling recently. U.S. dollar index reached the highest point in twenty years yesterday, recorded as 109.5. The appreciated U.S. dollar pushed U.S. treasury yields continued ascending yesterday and the curves were inverted with 2/5/10/30 yield reaching 3.42%/3.27%/3.12%/3.25%, respectively.

❖ **Desk analyst comments 分析员市场观点**

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

Issuer/Guarantor	Size (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 (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 75 credit bonds issued yesterday with an amount of RMB106bn. As for Month-to-date, 1651 credit bonds were issued with a total amount of RMB1668bn raised, representing a 7.7% yoy decrease
- Media reported that Chinese special bail-out funds aiming at ensuring houses completed has launched yesterday, the fund size is RMB200bn
- **[ABMMIJ]** Fitch affirmed long-term foreign currency issuer default rating of ABM Investama at B+ and give a stable outlook

- **[ADROIJ]** Adaro published 1H22 results that its revenue up 127% yoy to USD3.5bn and operational EBITDA up 269% to USD2.3bn, the free cash flow increased 221% yoy to USD1bn in the period
- **[AZUPOE]** Azure power's CEO who joined the company on 1 Jul'22 has resigned and joined IndiGrid. The company received a whistleblower complaint on data manipulation of its plant and is unable to give a concrete time table on releasing financial statements
- **[CHSHAN]** Shandong Hi-Speed disclosed 1H22 results that revenue up 125% to HKD1.2bn and net profit up 16.4% to HKD300.9mn
- **[CSIPRO]** CSI Properties sold its holding of USD4.59mn VCREDI 11 12/03/22 for USD4.67mn
- **[DALWAN]** S&P affirmed long-term issuer default rating of Wanda Commercial at BB+ and revised the outlook to negative
- **[EDU]** New Oriental Education has repurchased a total of USD255.8mn of its EDU 2.125 07/02/25, the o/s amount is USD44.2mn
- **[HRINTH]** Huarong AMC disclosed 1H22 result that revenue down 55.8% to RMB14.7bn and profit turned to a loss of RMB18.6bn due to RMB16.9bn impairment losses under expected credit loss
- **[HYDOO]** Youngo disclosed 1H22 result that revenue down 49% to RMB1.3bn and profit turned to a loss of RMB874mn
- **[LGUANG]** Languang Development disclosed that it has involved in nine lawsuits with claims totaling CNY1.5bn(cUSD649mn)
- **[LNGFOR]** Longfor will repay its USD300mn LNGFOR 3.9 04/16/23 before this yearend by using the RMB3bn(cUSD437mn) syndicated loan
- **[SINOCE]** Sino-Ocean Gourp's unit Sino-Ocean Capital applied to halt the trading of SINOCA 5.3 06/10/24 and SINOCA 4.7 09/09/23 (total o/s is RMB1.8bn). Media reported that Sino-Ocean Capital is seeking for a payment deferral on 9 Sep put on its CNY1bn due 2023 bonds
- **[XIN]** Xinyuan real estate will be unable to disclose its 1H22 results by 31 Aug and expects to publish it by 30 Sep

CMB International Securities Limited
Fixed Income Department
Tel: 852 3761 8867/ 852 3657 6291
fis@cmbi.com.hk

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

CMBIS is not a registered broker-dealer in the United States. As a result, CMBIS is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.