

CMBI Credit Commentary

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

- *Market flows showed two way balance this morning. In LGFV/SOE Perps sector, offshore was better selling and short coverings is less than previous two days. While we saw some buying interests on due 2024 bonds when the yields approaching low-to-mid 6.*
- **FOSUNI:** *Media reported that Fosun International is considering further asset disposals to repay debt, the potential assets includes its Shanghai Bund Finance Center. FOSUNIs changed -0.5 to 1.5pts this morning.*
- **Macau Gaming:** *Macau chief executive expects the central government to approve package tour from Guangdong to Macau in coming few days. STCITY'29 up 7.5pts and other names were unchanged to +0.5pt since yesterday.*

❖ Trading desk comments 交易台市场观点



Yesterday, China IG space opened in a cautious tone on geopolitical concerns but closed firmer after the clarification that the missile hit Poland was not from Russia, China IG spreads managed to tighten for 9 days in a row. Financials space tightened 5-15bps on average with AMCs/T2s outperformed. AMCs were traded 30-50bps tighter in the AM session but faded to 5-10bps tighter amid FM profit taking, HRINTHs cash prices were quoted 0.5-1pt higher again. Bank T2s generally grinded 3-6bps tighter and BNKEA T2 tightened 15bps. In TMTs, MEITUA '30 was traded 2pts lower whilst TENCNT '29 was traded firm at T+192 level, post Tencent released earnings and announced Meituan shall no longer account for associate after the dividend in specie. TMT benchmark papers like BIDU/JD were 5-20bps tighter on street/FM lifting but sentiment turned slightly softer in the PM session amid headlines on fund redemption. IG properties softened a bit with bonds prices dropped 0.5-2pts with FM rebuilding short position and RM paused to add. LNGFOR '29 was marked down 2pts to close at low-60s. Fitch affirmed its rating at BBB and revised the outlook to negative. CHJMAO '25 retreated 5pts to around mid-80s. The rally of China HY space lost steam but remained firm, supported by short covering and AGILE's share placements to raise HKD783mn (USD100mn). AGILEs jumped 3-5pts with AGILE 25-26s indicated at low-40s. In general, COGARDs were unchanged to 0.5pt lower across the curve. Among CBIC-back names, FUTLANs/FTLNHDs were unchanged at recent highs with some better selling flows in the long-end. Beaten down names like CIFIHG/CHINSC 24-26s were up 0.5-1pt. KWGPROs gained 0.5-1pt after the developer remitted funds to redeem the RMB320mn registered for the put on its RMB700mn due 2025s. In industrials, FOSUNIs moved another 1.5-2.5pts higher after having gained 0.5-1pt on Tuesday, on news of possibly more asset sales to shore up liquidity. VEYONG '26 was up 5pts to close at 86/89 level post Moody's affirmed ENN Natural Gas' rating at Ba1 with outlook changed to positive.

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ANTOIL '25/CHIOIL '26 also jumped 3-4pts. Macau gaming names STCITY/MEDCIJ outperformed, closed 0.5-2pts higher. STCITY 28-29s were lifted to 60/62 level. In non-China HY, there were light demand on India names across Indian renewables. AZUPOE 26s/GRNKEN 25s were up 0.5-1pt. Indonesian HYs were 0.5-1pt higher on thin trading.

In the LGFV/SOE Perp/AT1 space, we saw the constructive tone continued in SOEs and LGFV bonds were traded 0.25-3pts higher. Beaten names at high-single-digit or above yields like CQNANA/ GZINFU/ HKIQCL were 1-2pts higher as cross boarder structured buying flows persisted whilst HF stepped in to tactically pick up papers on top of short covering. The rally was initially focused on 24s papers but 25s/26s issues would later get chased as well since offer side liquidity on 24s was fairly thin. Otherwise, there were demand on quality 24s issues from onshore RM at low-6% or A-rated, 5%-handle papers, as 23s were generally around 6% two-way. Elsewhere, SOE Perps were a touch higher amid two way flows skewed to better buying, although we also saw profit taking in papers reaching inside 6%. Among SOE benchmarks, HAOHUA/SINOPE tightened 10-15bps. Meanwhile in AT1s, low yielding issues ICBCAS 3.2/3.58 perps closed 0.25pt higher supported by covering demand of deep in the money shorts, whilst client demand remained focused on c23 papers like BOCHKL 5.9 Perp.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| STCITY 5 01/15/29 | 51.6 | 6.0 | CHJMAO 4.4 03/04/25 | 84.3 | -4.8 |
| VEYONG 3 3/8 05/12/26 | 82.9 | 5.3 | NWDEVL 3 3/4 01/14/31 | 70.8 | -3.4 |
| DALWAN 7 1/4 01/29/24 | 67.4 | 5.2 | LNGFOR 3.95 09/16/29 | 63.6 | -2.1 |
| ANTOIL 8 3/4 01/26/25 | 48.5 | 4.1 | MGMCHI 4 3/4 02/01/27 | 85.8 | -2.0 |
| HPDLF 7 05/18/24 | 44.3 | 3.7 | CONAMP 2 5/8 09/17/30 | 78.9 | -1.9 |

Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets overall down yesterday, the S&P (-0.83%), Dow (-0.12%) and Nasdaq (-1.54%) technically fell after recent rebound. U.S. retail sales increased 1.3% mom in Oct and was higher than the expectation of +0.4% mom. The retail sales surge is biggest increase in eight months and arises markets' worry about further stoking inflation. The long term U.S. treasury yields dropped yesterday, the yield curves bull flattened and the 2/5/10/30 yields reached 4.35%/3.83%/3.67%/3.85%, respectively.

❖ Desk analyst comments 分析员市场观点

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Yield | Issue Rating (M/S/F) |
|---|---------------|-------|--------|-------|----------------------|
| Bank of China Limited, Paris Branch | USD400 | 3yr | 4.75% | T+61 | A1/A/A |
| Chanfa International (HK) Co., Limited (SBLC by Qingdao Bank) | USD114 | 364d | 7.5% | 7.5% | -/-/- |

➤ Offshore Asia New Issues (Pipeline)

| Issuer/Guarantor | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|--|----------|---------------|-------|----------|----------------------|
| Bank of China Limited, Luxembourg Branch | USD | - | 3yr | SOFR+135 | A1/A/A |

➤ **News and market color**

- Regarding onshore primary issuances, there were 54 credit bonds issued yesterday with an amount of RMB59bn. As for Month-to-date, 768 credit bonds were issued with a total amount of RMB909bn raised, representing a 23.8% yoy decrease
- **[CENCHI]** S&P downgraded Central China to CCC- and outlook negative; Media reported that the company is seeking for external cooperation on certain development projects and the collaborators are mainly SOE
- **[CONAMP]** Media reported that CATL is seeking for USD500mn loan in syndication; Standard Chartered Bank offers a top-level all-in at SOFR+ 118bps
- **[DATANG]** China Datang announced to call RMB1.5bn extendable notes 20DatangjiMTN005A on 14 Dec
- **[FOSUNI]** Media reported that Fosun International is considering further asset disposals to repay debt, the potential assets includes its Shanghai Bund Finance Center
- **[GCLNE]** GCL New Energy announced to transfer certain solar modules, photovoltaic equipment assets to CNNC Leasing for RMB150mn
- **[GLPSP]** GLP Capital Partners announced USD1.5bn final closing of self-storage property fund
- **[KWGPRO]** KWG Group announced to sell equity interest in property development project in Chengdu to Hongkong Land Holdings for RMB371mn (cUSD53mn)
- **[LNGFOR]** Fitch affirmed Longfor rating at BBB and revised outlook to negative
- **[OCTOWN]** Overseas Chinese Town recorded RMB47.2bn contracted sales in 10M22, down 33% yoy
- **[RDHGCL]** Radiance deposited all necessary funds into designated bank account for completion of exercise of RMB924.79mn put option, interest payment of 20Jinhui03 bonds
- **[SUNAC]** Sunac China winding-up petition hearing adjourned to 14 Jun'23

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