

CMBI Credit Commentary

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

- *Markets were overall quiet this morning. Short-term LGFVs were relatively more active with two-way balanced flows. SOE perps were better buying along with yields down. Recent new issue CCAMCL'27 widened c2bps.*
- **Asia ex-JP USD bonds issuance:** 7M23 gross issuance dropped -29.6% yoy to USD87.8bn. See below.
- **VEDLN:** Media reported that Vedanta Resources plans to refinance USD 3.8bn in bonds maturing 2024-26 with loans of longer maturities and more manageable size. VEDLNs down 0.25-0.5pt this morning.

❖ Trading desk comments 交易平台市场观点

Asia ex-JP IG space opened on a relatively firm tone last Friday. The new HTSC 26s tightened 4bps to T+46. CKHH/HKLSP 28s/33s and HAOHUA 28-30s grinded 2-5bps with a wave of strong lifting before the NDRC press, but closed unchanged to 1bp tighter. TMT benchmarks BABA/TENCNT closed 1-2bps tighter. The high-beta TMTs such as XIAOMI/WB 30s tightened 2-5bps. In AMCs, HRINTH curve opened 1-2pts higher with aggressive bids but the tone turned notably weaker post the NDRC press. HRINTH 24s/25s/26s/30s overall closed 1.25-1.75pts higher than Thursday close. In financials, Chinese AT1s were muted. There were better buying flows in HSBC/STANLN AT1s and Thai AT1s from HF/Prop desks and PBs. HSBC 8 Perp/KBANK 4 Perp were bid up 0.125-0.25pt. Chinese properties were mixed. LNGFOR 28s gained 2pts. COGARDs were unchanged to 0.5pt higher, despite Moody's downgraded its rating to B1 from Ba3. ZENENTs were traded 1.5-3pts higher. On the other hand, ROADKG 24/FUTLAN 25 were marked 1.5pts lower. Away from properties, GWFOODs were down 1pt. In industrials, FOSUNI/ACTEC/EHICAR 24s were quoted 0.5pt higher. Macau gaming papers SANLTDs/STCITYs moved 0.5-1pt higher. In Indian space, VEDLNs were traded 0.5-1pt higher. Indonesian SOEs PERTIJs/PLNIJs were up 0.5-1.5pts.

The LGFV/Perp spaces held on a largely stable tone. Flows were light as there was not much directional conviction amid the macro events with NDRC press conference in the AM session, and the rates uncertainties with NFP on Friday night. In LGFVs, flows were overall balanced two-way as institutional client interests remained mostly from fine-tuning of positions amid continuously rising hurdle-costs faced by security houses and QDII mandates. As a result, papers outside the deployment radar of banks and AM (at low-6%) often only found support at 7%. JJUCID 24s/HZCONI 26s were better-offered. Otherwise, most demand were only sporadic from PBs in small clips in double-digit yielding names. These papers were mixed. CQLGST/GSHIAV 24s were up 0.125pt. Whilst SHDOIS/SHGUOH 23-25s were marked 0.25pt

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lower. Elsewhere, flows were muted in SOE Perps despite street's attempt to push papers slightly lower amid rising rates.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZENENT 12 1/2 04/23/24	45.2	3.0	ROADKG 6.7 09/30/24	63.6	-1.6
GRNLHK 10.21 PERP	25.7	2.5	TSINGH 6 1/2 01/31/28	43.5	-1.4
LNGFOR 4 1/2 01/16/28	72.2	2.0	CHNTHI 1.828 11/09/25	99.2	-1.3
HRINTH 3 7/8 11/13/29	80.0	1.7	FUTLAN 4.45 07/13/25	42.1	-1.3
HRINTH 4 1/4 11/07/27	85.0	1.7	GWFOOD 3.258 10/29/30	79.5	-1.0

❖ Marco News Recap 宏观新闻回顾

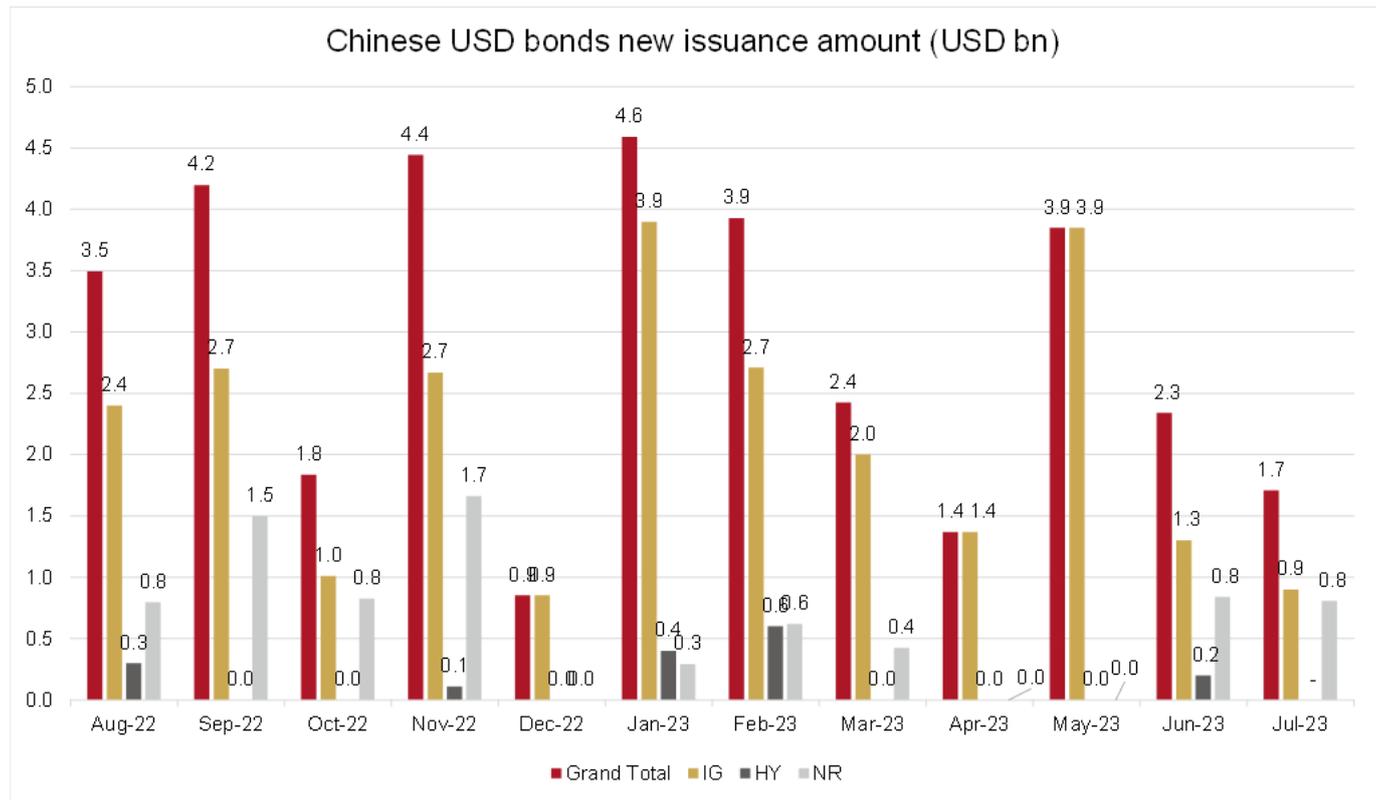
Macro – S&P (-0.53%), Dow (-0.43%) and Nasdaq (-0.36%) continued to down on last Friday. US Jul NFP was +187k, lower than market expectation of +200k. US Jul unemployment rate was 3.5%, compared to market expectation of 3.6%, showing that the labor market is still strong. The US treasury yields were overall down on last Friday, the yield curves bull flattened and 2/5/10/30 yield reached at 4.78%/4.15%/4.05%/4.21%, respectively..

❖ Desk analyst comments 分析员市场观点

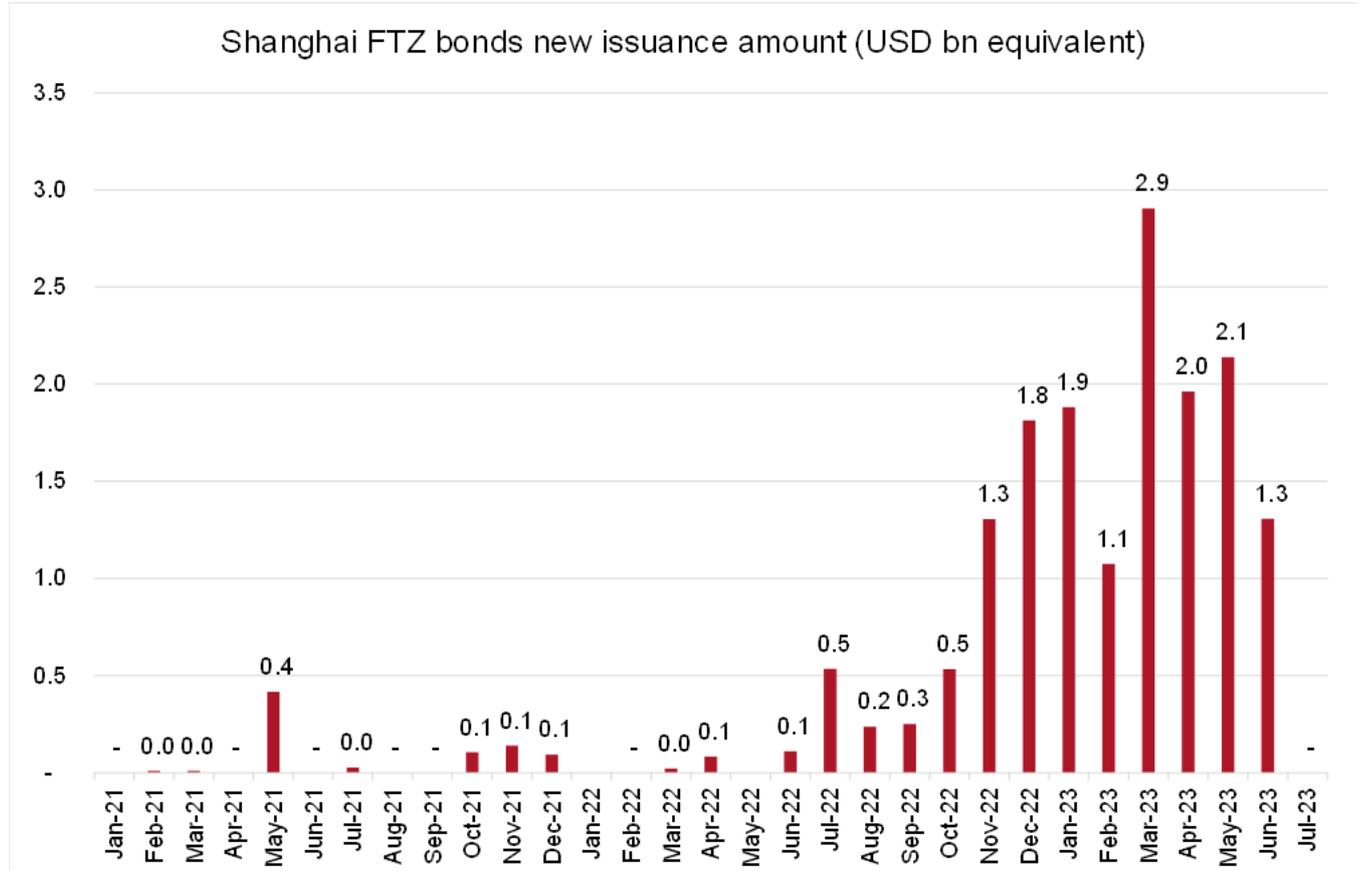
➤ Asia ex-JP USD bonds issuance: 7M23 gross issuance dropped -29.6% yoy to USD87.8bn

The gross issuance of Asia ex-JP USD bond issuance in 7M23 was USD87.8bn, down 29.6% yoy from USD124.7bn in 7M22. The yoy decline continued to narrow from yoy drop of 29.8% in 1H23 due to low base in Jul'22. In Jul'23, South Korea (USD3.5bn), China (USD2.1bn) and Malaysia (USD0.4bn) are regions with the largest issue amounts and IG bonds accounted for 84.6% of the gross issuance. In 7M23, the gross issues from China were USD20.2bn, down 61.7% yoy from USD52.7bn in 7M22. In Jul'23, there were five new issues totaled USD1.7bn from Chinese issuers with a weighted average coupon rate of 5.80%, compared with 6.81% in Jun'23.

In early Jul'23, PBOC instructed commercial banks not to buy Free Trade Zone bond (FTZ bond) issued by entities without actual business in Shanghai Free Trade Zone, subsequently there was no FTZ bond issued in Jul'23. Previously LGFVs, of which businesses are usually operated in their own cities, were the major issuers of FTZ bonds since 2H22. We believe FTZ bond issuance will continue to be frozen unless there is a modification of current policy.



Source: Dealogic.



Source: DMI.

➤ 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)
ANZ New Zealand	USD	-	5yr	T+150	A1/AA-/A+
China Life Insurance	USD	-	10NC5	-	-/A/-
HSBC Holdings PLC	USD	-	4NC3	T+170/SOFR	A3/A-/A+

➤ **News and market color**

- Regarding onshore primary issuances, there were 59 credit bonds issued yesterday with an amount of RMB43bn. As for Month-to-date, 275 credit bonds were issued with a total amount of RMB196bn raised, representing a 33.7% yoy decrease
- **[AZUPOE]** Azure Power delayed filing of results for year ended 31 Mar'23
- **[CHINSC]** China SCE unit issued RMB700mn CBICL-backed three-year MTNs at 4.28% coupon
- **[COGARD]** Country Garden unit failed to resell then canceled RMB1.36bn 20Bidi02 which were put by bondholder in Jun
- **[GZUIHG]** Fitch affirmed Ganzhou Urban Investment's BBB- rating and revised outlook negative
- **[JINMAO]** S&P affirmed China Jinmao Holdings BBB- ratings and placed stable outlook
- **[VEDLN]** Media reported that Vedanta Resources plans to refinance USD3.8bn in bonds maturing 2024-26 with loans of longer maturities and more manageable size
- **[YANGOG]** Yango Group's shares will be delisted from Shenzhen Stock Exchange according to listing regulations
- **[YUZHOU]** Yuzhou Group disclosed preliminary plan to restructure USD6.8bn offshore debt that the company offered three options notes with different maturities
- **[ZHHFGR]** Zhuhai Huafa Properties scheduled put option exercise for RMB1.04bn notes on 7-11 Aug

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