

## CMBI Credit Commentary

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

- *Asian IG markets were stable this morning. IG benchmarks were unchanged, high-beta NANYAN/NSINTW were actively bid. HK developers recovered, NWDEVLs another rebounded 1-2pts, NANFUN/HYSAN were unchanged to 0.25pt higher.*
  - **Chinese properties:** *Higher inventory and weaker contracted sales. See comments below.*
  - **FTLNHD/FUTLAN:** *Media reported that Seazen plans to repay part of USD bonds due Dec'24 with new state-backed bond. Indeed, we believe that the headroom for additional secured financing to be over USD3bn. [See our comments on Seazen dated 4 Sep'24](#). FTLNHD/FUTLAN were unchanged to 0.25pt higher this morning.*
- ❖ **Trading desk comments 交易台市场观点**

Asia IG space was firm yesterday. The new CKHH 30/34 tightened 2-4bps. The recent new CATLIF 34/39 tightened 3-5bps, NSINTW '34 close unchanged. In JP insurance hybrids, MYLIFE 5.8 '54/ASAMLI 6.9 Perp/SUMILF 5.875 Perp were around 0.1-0.3pt higher. In Chinese IGs, HAOHUA/TENCNT 28-30s were 1-3bps tighter. MEITUA 30s closed 2bps tighter. In financials, BOCAVIs were 2-3bps tighter. Chinese AMCs were mixed. CCAMCLs/ORIEASs tightened 3-5bps. HRINTHs were under better selling and closed 1-3bps wider. In AT1s, the recent new BNP 7.375 Perp/HSBC 6.875 Perp/HSBC 6.95 Perp/UBS 6.85 Perp were 0.2-0.5pt higher. INTNED 7.25 Perp rose 0.6pt. MQGAU/WSTP Perps were up 0.2-0.3pt, ANZ Perp was down 0.1pt. In HK, NWDEVL Perps/27-31s rebounded 0.3-1.3pts. We saw buying flows from PBs/RMs re-emerged. HYSAN Perps were 0.4-0.5pt higher. PCGIHD '26/REGH 6.5 Perp were down 0.2-0.3pt. In Chinese properties, VNKRL 25-29s rebounded 1.8-2.0pts, closed 5.8-7.2pts lower WTD. FTLNHD '24/FUTLAN '25 were 0.3-0.4pt higher, its other bonds were unchanged. Media reported Seazen's plan to repay part of its FTLNHD 4.8 12/15/24 due in Dec with a new issue of CBICL-guaranteed bond. LNGFOR 27-32s and CHJMAO 26-29s were up 0.7-1.3pts. Outside properties, HILOHO '24/FOSUNI 25-27s were 0.3-0.5pt higher. In Macau gaming, SANLTD/WYNNMAC 27-30s were 0.2-0.4pt higher. In India, VEDLN 28/29 were 0.3-0.4pt higher, the other VEDLNs were unchanged. See our comments on 12 Sep '24. UPLLINs were 0.2-0.4pt higher. In Indonesia, LPKRIJ '25/MEDCIJ '28 were up 0.2-0.3pt.

In LGFV, we saw better buying from Chinese RMs across CNH/USD issues. WFURCD priced a RMB923mn 2.5-yr bond at par to yield 6.5%. CQNANA priced a RMB1.15bn 3-yr bond at par to yield 3.7%. JINLIX priced a USD250mn 3-yr bond at par to yield 5.7%. LYURBN '27/NJYZSO '27/CHDXCH '26/SYSTIO '26 were up 0.1-0.3pt. CPDEV 25/26 were 0.1-0.2pt

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higher. In SOE perps, CHPWCN 3.45 Perp/GEZHOU 4.15 Perp were up 0.1pt, CHSCOI 4 Perp/SPICPT 3.45 Perp were down 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	46.8	2.0	SUMIBK 6.184 07/13/43	114.3	-0.6
SHUION 5 1/2 03/03/25	79.4	1.9	MUFG 5.406 04/19/34	105.3	-0.5
VNKRLE 3 1/2 11/12/29	42.7	1.9	GRNCH 2.3 01/27/25	98.9	-0.5
VNKRLE 3.15 05/12/25	76.7	1.8	REGH 6 1/2 PERP	47.5	-0.5
SHUION 5 1/2 06/29/26	68.2	1.6	PCGIHD 4 1/2 08/23/26	91.5	-0.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.75%), Dow (+0.58%) and Nasdaq (+1.00%) were higher on Thursday. US Aug'24 PPI was +1.7% yoy, lower than the expectation of +1.8% yoy. The latest US initial jobless claim was +230k, higher than the expectation of +227k. UST yield edged higher yesterday, 2/5/10/30 yield reached 3.64%/3.47%/3.68%/4.00%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Chinese properties: contracted sales remained weak

In Aug'24, 32 developers under our radar reported contracted sales totaled RMB154.7bn, decreased 25.3% yoy from RMB207.1bn in Aug'23. The yoy decline in Aug'24 continued to widen from the decline of 22.9% yoy in Jul'24 and 17.4% yoy in Jun'24. This reflected that the diminishing impact of supportive policies launched in 1H24. In 8M24, the cumulative contracted sales of these 32 developers dropped 37.2% yoy to RMB1,436.0bn from RMB2,288.3bn 8M23.

All developers under our radar posted yoy decrease in cumulative contracted sales in 8M24. In 8M24, GRNCH (RMB165.6bn) remains to be a better performer with a small yoy contracted sales decline of 3%. The distressed developers continued to underperform. The contracted sales of COGARD (RMB32.8bn), LOGPH (RMB5.9bn) and AGILE (RMB10.3bn) dropped 78%, 70% and 69% yoy in 8M24, respectively.

As of 11 Sep'24, the inventory month of four tier-1 cities, e.g. Beijing, Shanghai, Guangzhou and Shenzhen increased to 25, 9, 23 and 23 months from 19, 8, 23 and 18 months in mid-Aug'24, respectively. The inventory month of tier-1 cities had rebounded to the highest level since the supportive measures launched in May'24. Media reported that the Chinese government was considering to cut interest rates of outstanding mortgages. As per CRIC, the current average interest rate of outstanding mortgages in 30 major Chinese cities (tier1/2 cities) is c4% while the interest rate for new mortgage of first/second home is c3.2/3.5%. We do not expect the rate cut to be more than 50bps, as the Chinese banks' net interest margin had reached the historical low level of 1.54% in 1H24, compared with 1.74% in 1H23. Indeed, cutting interest rates for outstanding mortgages will not help improve the housing demand. We expect the Chinese government to further cut LPR by 10-15bps in 2H24 and increase the scale of purchase unsold commercial housings for use of affordable apartments. These, in our opinion, are more effective measures to resolve the inventory issues of property sector.

2024 YTD Sales (in RMB mn)

Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Trend	Aug'24 MoM Growth	Aug'24 YoY Growth	Aug'24 YTD Sales	Aug'24 YTD Sales Growth
Greentown	绿城	GRNCH	12,000	12,900	28,300	22,300	23,300	27,700	21,000	18,100		-14%	0%	165,600	-3%
China Overseas	中国海外发展	CHIOLI	10,504	8,491	41,211	21,795	19,700	46,677	13,192	18,460		40%	-2%	180,030	-15%
China Resources Land	华润置地	CRHZCH	11,420	9,190	30,110	21,280	20,700	32,000	15,500	15,200		-2%	-25%	155,400	-25%
Poly Real Estate	保利地产	POLYRE	20,323	15,624	27,036	33,024	35,314	42,014	25,318	22,115		-13%	-29%	220,788	-26%
Yuexiu Property	越秀地产	YUEXIU	6,545	3,815	11,341	8,312	10,078	15,308	5,028	10,002		99%	1%	70,429	-31%
Shimao	世茂房地产	SHIMAO	2,110	2,240	3,900	2,610	2,920	3,310	2,720	2,600		-4%	-18%	22,410	-33%
China Vanke	万科企业	VNKRLE	19,450	14,000	24,510	20,890	23,330	25,130	19,220	17,240		-10%	-24%	163,770	-34%
Hopson	合生创展	HPDLF	1,286	630	1,978	1,510	1,665	1,781	1,488	1,389		-7%	-18%	11,727	-38%
China Jinmao	中国金茂	CHJMAO	6,400	4,150	6,970	6,500	7,220	13,300	5,660	6,196		9%	21%	56,396	-42%
Greenland Holding*	绿地控股集团*	GRNLGR	4,500	4,000	5,500	3,800	6,130	7,940	5,770	5,000		-13%	-42%	42,640	-43%
Sunac China	融创中国	SUNAC	3,760	2,730	3,510	12,450	2,270	1,560	1,410	7,350		421%	75%	35,040	-43%
Sino-Ocean	远洋集团*	SINOCE	1,200	820	2,300	2,800	2,440	8,770	1,790	2,640		47%	34%	22,760	-43%
Yanlord*	仁恒置地*	YLLGSP	1,480	2,060	990	1,870	2,950	1,850	1,470	1,220		-17%	-22%	13,890	-43%
Radianse*	金辉控股*	JNHUIG/RDHGCL	1,450	610	1,840	870	1,430	2,160	1,290	290		-78%	-84%	9,940	-43%
Times Property	时代中国控股	TPHL	532	841	685	1,055	1,005	705	855	550		-36%	-39%	6,228	-44%
Longfor (Attributable)	龙湖集团	LNGFOR	4,660	3,680	7,440	6,230	5,980	6,780	5,250	4,630		-12%	-46%	44,650	-45%
Future Land	新城控股	FUTLAN/FTLNHD	3,692	4,020	4,236	3,704	4,102	3,801	3,487	2,501		-28%	-59%	29,543	-46%
Central China Real Estate	建业地产	CENCHI	710	680	440	750	950	960	620	800		29%	23%	5,910	-47%
Zhongliang	中梁控股	ZHLGHD	2,010	1,730	1,500	1,370	1,450	1,600	1,360	1,300		-4%	-36%	12,320	-51%
CIFI Holdings	旭辉集团	CIFIHG	3,720	2,240	4,180	3,980	3,340	2,850	1,860	1,940		4%	-57%	24,110	-53%
Jingrui Holdings	景瑞控股	JINGRU	206	112	170	167	131	130	287	133		-54%	-39%	1,336	-55%
Gemdale	金地集团	GEMDAL	5,510	5,100	6,130	6,240	6,510	6,630	6,100	5,400		-11%	-57%	47,620	-56%
Ronshine China	融信中国	RONXIN	448	543	742	542	544	543	602	1,076		79%	23%	5,039	-57%
Powerlong	宝龙地产	PWRLNG	1,121	1,177	1,548	1,134	1,208	1,142	1,056	634		-40%	-69%	9,020	-58%
Zhenro Properties	正荣地产	ZHPRHK	619	471	554	591	596	594	468	430		-8%	-57%	4,323	-63%
Yuzhou Properties	禹洲地产	YUZHOU	803	503	902	802	703	632	465	431		-7%	-66%	5,241	-63%
Redsun	弘阳地产	REDSUN/HONGSL	982	862	831	702	723	711	680	581		-15%	-69%	6,072	-64%
KWG Property	合景泰富集团	KWGPPO	830	620	1,070	970	1,180	990	760	710		-7%	-19%	7,130	-66%
China SCE*	中骏集团控股*	CHINSC	850	820	1,010	630	1,110	350	1,350	1,480		10%	23%	7,600	-68%
Agile	雅居乐	AGILE	2,390	1,530	1,430	1,190	1,650	800	810	540		-33%	-79%	10,340	-69%
Logan Property*	龙光地产*	LOGPH	800	760	400	520	790	1,270	1,030	360		-65%	-90%	5,930	-70%
Country Garden (Attributable)	碧桂园	COGARD	5,490	3,720	4,300	3,850	4,290	4,300	3,410	3,430		1%	-57%	32,790	-78%

Note: \* represents the data was collected from CRIC.

Source: Company filings, 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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 147 credit bonds issued yesterday with an amount of RMB135bn. As for month-to-date, 765 credit bonds were issued with a total amount of RMB670bn raised, representing a 25.9% yoy increase
- [FUTLAN/FTLNHD]** Media reported that Seazen plans to repay part of USD notes due Dec'24 with new state-backed bond
- [KAISAG]** Kaisa Group announced holders of 74.88% of Kaisa in-scope debt, 80.82% of Rui Jing in-scope debt accede to RSA
- [LENOVO]** Lenovo Group's shareholders approved the issuance of USD2bn convertible bonds and HKD1.64bn in warrants

- **[POHANG]** POSCO Holdings is weighing Australia lithium mine acquisitions
- **[VEDLN]** Vedanta Resources revised tender offer's early payment date to 20 Sep'24
- **[VNRLE]** Fitch downgraded China Vanke to B+ on reduced liquidity buffer with negative rating outlook
- **[ZHPRHK]** Zhenro pushed back closing of offshore revamp to 19 Sep'24

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