

## CMBI Credit Commentary

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

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- *Markets were overall stable and wait for the Fed's speak on Friday. FOSUNI edged 2-3pts this morning due to the news that it seeks for RMB10bn syndicated loan with ICBC. Buying interests on LGFV with 5.5%-6% yield continue.*
- **China Property:** *The mortgage rate of first house in four tier1 cities has fell below 5% after LPR cuts. DEXICN 9.95 12/03/22 jumped 11pts up yesterday due to the news that Hangzhou proposed to established a RMB2bn bail-out fund.*
- **AZUPOE:** *Moody's placed Azure Power Energy(Ba2) and Azure Power Solar Energy(Ba1) senior unsecured rating on review for downgrade. Despite the rating action, AZUPOE'24/26 rebounded ~2.5pts since last Friday's slump.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, China IG space opened a defensive tone with spreads 2-3bps widening but managed to see a bounce with TMT led the flows. TMT benchmarks BABA 31s/ TENCNT 29-30s saw dealer lifting. TAISEMs grind in another 2bps on retail demands. IG property felt a touch softer on two-way flows but skewed to better selling amid RM profit taking.

On financials, AMC remained at the spotlight. Long-end AMC saw street/FM short covering with 10yr HRINTHS rebounded 0.5-3pts at open. CCAMCL Perp was traded 1pt higher but then slightly faded to only ~0.5pt gains. GRWALL 22/23s were still chased by RMs. In AT1s, ICBCAS 3.2 Perp hovered around 96 amid active two-ways. CCB Tier 2 still skewed to a better buying as 29s-32s tightened 1-3bps.

On Chinese properties, SINOCL '23/ SINOCE Perp down 2-4.5pts. China HY opened well with Front-end AGILEs were traded 1.5pts higher post the repurchase announcement. AGILE 5.5%'25/ CENCHI 7.25%'23 up 3.5-4.5pts. SHIMAO was traded up 2pts on the back of the news to amortize its cUSD12bn offshore debts over the coming 6-7.75 years. FTLNHD/ROADKG 24-25s climbed 3.5-5pts, with other part of these curves up 1-2pts. Industrial/gaming sector underperformed by 50c-2pts to reflect the macro risk-off. FOSUNI curve was marked 1-2pts lower amid Moody's cut it to B1 with outlook negative. MPEL 26 down 2pts. In Ex-China HY, AZUPOE slightly bounced back 1-2pts from the low.

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LGFV/SOE Perp had a slower day as more investors stayed put amid higher rates ahead of Jackson Hole, yet tone remained fairly firm. Flow-wise, LGFVs were generally better buying led by low-cash-px/high-yielding short-dated papers like LZINVE 22/ SHUGRP 22/ TSSTEE 22, with LZINVE quickly popping up to 96+ amid almost one-way buying interests and very thin offer liquidity. Low-cash-price TLINVT 23 and ,to a lesser extent, GXFING 23 attracted interests from yield hunters as well. Also, Chinese fund managers were deploying money in 4%/5%-handle 24s/25s, albeit in a slower pace. Alternatively, investors were switching out 23s papers at close to 4% where net carry would be thin. Elsewhere, SOE perps were largely in consolidation mode led by front-end c22/c23 papers, a lot of which were traded within very thin bid-ask spreads amid cash-management driven two-way flows from AM. Overall, market is still skewed to better offering on the 10yr end of the curve, and cash parking on <1yr duration bullet and perps continued to be sought after at high 3% to low 4%.

### ➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
DEXICN 9.95 12/03/22	54.4	11.1	SINOCE 4.9 PERP	27.8	-4.6
ROADKG 6.7 09/30/24	50.5	5.1	LASUDE 5 07/28/26	71.7	-2.4
FTLNHD 4 5/8 10/15/25	35.3	4.8	XINHUZ 11 06/06/25	94.5	-2.3
DALWAN 7 1/4 01/29/24	70.7	4.5	SINOCL 6 1/4 06/22/23	53.7	-2.1
AGILE 5 1/2 04/21/25	30.3	4.2	MPEL 5 1/4 04/26/26	75.7	-2.0

### ➤ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stock indexes kept downward yesterday. The S&P (-0.22%), Dow (-0.47%) and Nasdaq (-0.07%) down slightly amid the weak market sentiment as investors are waiting for the Fed's speak in the central banking conference on Friday. The U.S. The U.S. August Composite PMI fell to 45 from 47.7, the manufacturing/services PMI declined to 51.3/44.1 and both indicators were lower than market expectation. The U.S. treasury yields edged slightly as the curve inverted with 2/5/10/30 yield reaching 3.29%/3.18%/3.05%/3.26%, 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)
Red Star Macalline Group Corporation Ltd.	USD249.7	3yr	5.2%	5.2%	-/B+/BB

#### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Zhengzhou Urban Construction Investment Group Co., Ltd.	USD	-	3yr	5.6%	-/BBB+

#### ➤ Market conditions and color

- Regarding onshore primary issuances, there were 82 credit bonds issued yesterday with an amount of RMB102bn. As for Month-to-date, 1234 credit bonds were issued with a total amount of RMB1251bn raised, representing a 11.6% yoy decrease

- **[AZUPOE]** Moody's has placed the ratings of Azure Power Energy(Ba2) and Azure Power Solar Energy(Ba1) under review for downgrade
- **[FOSUNI]** Moody's downgraded Fosun international's corporate family rating from Ba3 to B1 and gave negative outlook due to its elevated refinancing pressure; Media reported that its unit is seeking for RMB10bn syndicated loan from ICBC
- **[GEELY]** Moody's affirmed Geely Automobile the Baa3 issuer rating while revised the outlook from stable to negative
- **[GRNLGR]** Greenland published 1H22 results and recorded revenue/net profit as RMB204.7bn/RMB6.3bn, down 27.6% and 42% yoy, respectively
- **[GUOPRO]** Glory Health expected to turn to a RMB600-900mn loss in 1H22 from a profit of RMB370mn in 1H21 due to weak real estate market
- **[GZRFPR]** Guangzhou R&F suspended the trading of all of its 9 onshore bonds from 24 Aug'22
- **[JD]** JD disclosed 2Q22 results that revenue up 5.4% yoy to USD40bn, EBITDA up 94.6% yoy to USD1.07bn, net income up 743% to USD601mn
- **[JINKE]** Jinke got one-year extension of its RMB1bn 5.48% bonds due 2024 puttable 25 Aug'22
- **[JYGMHD]** JY Grandmark expected to get a RMB340mn loss in 1H22, its 1H21 profit was RMB171mn
- **[LOGPH]** Logan disclosed FY21 results as revenue/profit increased 10.2%/12.7% yoy to RMB78.3bn and RMB9.9bn. While auditor showed doubt on groups's ability to continue as a going concern; Logan expected to miss the payment of LOGPH 7.5 08/25/22
- **[MEDCIJ]** Medco said to continue buying its bonds in the near term after the purchases of USD40mn in 1H22
- **[PWRLNG]** Powerlong expected to get RMB1.2-1.6bn profit in 1H22, decreasing 72.4% yoy from RMB5.1bn in 1H21; its unit got one-year extension of its RMB1bn 6.5% bonds due 2023 puttable 27 Aug'22
- **[REDPRO]** Redco expected to get RMB150-200mn profit in 1H22, decreasing 86.5% yoy from RMB1.3bn in 1H21
- **[RONXIN]** Ronshine expected to turn to a RMB430-480mn loss in 1H22 from a profit of RMB1.04bn in 1H21; its unit's 20Rongxin03 bondholders allowed to withdraw registration for put option exercise from 26 Aug to 9 Sep. Previously, the holders exercised RMB1.01bn put option of 20Rongxin03
- **[SHIMAO]** Media reported that Shimao group circulated a debt restructuring plan for its offshore debts through amortizing payments of up to 7.75 years
- **[THSCPA]** Tuspark announced consent solicitation in respect of its 7.95% and 6.95% bonds due 2024, of which the total outstanding amount is USD902.5mn
- **[YUZHOU]** Yuzhou obtained one-year extension of its RMB1.5bn 6.5% domestic private bonds due 2025 puttable 24 Jul'22

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