

## CMBI Credit Commentary

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

- *Markets sentiment slightly recovered. We see short coverings in LGFV/SOE/AT1 amid a recovering macro environment and dip buying interests from onshore buyers. That said, the overall tone remained weak and demand beyond short covering was still limited.*
- **Macau gaming:** *Resumption of package tour is positive but exact timing is not yet finalized. Macau gaming bonds were up 1-3pts yesterday but muted this morning. See below for comments.*
- **JIAYUA:** *Jiayuan further extended (the 6<sup>th</sup> extension) exchange offer deadline to 28 Nov'22 and terminated consent solicitation.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, China IG space opened weakly though overnight equity and UST rallied, but IGs got more balanced flows into the close. In financials space, AMC notably underperformed. HRINTH cash prices were 0.25-0.625pt lower and then had some short covering during PM session. Street hit down ORIEAS/CCAMCL curve to 30-100bps wider on the day. T2s widened 3-7bps and CCB 29/30 had active two-ways. TMTs were 7-9bps wider. Taking CT10 overnight rally into consideration, MEITUA'30 and BABA/TENCNT 30-year papers were actually closed unchanged. Tech names generally started to consolidate, with BABA 31s tightened 2bps whilst TENCNT 31s still traded at T+300 level, the record wide. IG property were down 0.25pt on RM selling. China HY was mixed with industrials outperformed. In non-properties, FOSUNIs were another 1-2pts higher, despite Moody's downgraded Fosun by a notch to B2. FOSUNI 5.95'23 stayed quite firm at 91/93, after FOSUN stated on Monday to terminate the rating services with Moody's. We also saw ZOOMLI came out to be well absorbed. Macau gaming held firm to slightly rebounded, with MGMCHIs/WYNMACs up 1-3pts amid positive news that China shall resume tour groups to Macau from four provinces and one city. Among properties, benchmarks were under pressure. COGARDS/CIFIHGs declined 1-3pts. GEMDAL '24 stabilized and went a touch higher, closed at 38/40 level. Elsewhere, GRNLGR 23s jumped 4-7pts, and rest of GRNLGRs generally gained 2-4pts, as Greenland has readied funds to cover its missed amortization payment of an extended USD300mn syndicated loan. HK Corp Perps were still net better selling, as CKINF/NWDEVL Perps fell 7-11pts again. Ex-China HY spaces were slightly up 0.5pt post the recent sell-offs. Indian beta names VEDLNs/GRNKENS/RPVINs marched another 1-2pts higher. Indonesian giant LPKRIJs/LMRTSPs were up 3-6.5pts as its 9M22 sales outperformed expectation.

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In the LGFV/SOE Perp/AT1 space, sentiment remained rather fragile amid very thin bid liquidity across the sectors. That said, the client selling flows slowed down as the price correction was more dealer-driven via (finally) re-marking prices lower and hitting each other in street, before some short covering emerged in the afternoon as macro tone and the RMB strengthened. LGFVs were ~0.5-1pts lower as flows remained better selling from asset managers, with only liquidity bids beyond short covering. The weakness continued to be led by beta papers that used to have a more non-bank-centric investor base, as generic screen prices remained staled-ish and real trading levels for most of these bonds could be 2-5pts lower. CNSHAN Perp down another 1pt on FM/PB selling. SOE Perps were largely stable with some dip buyers in short-dated-to-call chemical names, whilst AT1s emerged a little bit of short covering after the sharp WTD plunge, although valuations still generally looked rich against regional peers. Overall, AT1 mildly recovered from the previous brutal sell-off, with low-cash price names CINDBK 4.8/ ICBCAS 3.2 bounced back 0.25-0.375pt.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 1/8 04/22/23	23.7	7.5	NWDEVL 4 1/8 PERP	73.1	-10.9
LPKRIJ 6 3/4 10/31/26	49.8	6.4	CKINF 4.85 PERP	79.5	-7.4
KHLIIN 7 1/2 PERP	80.5	4.4	NWDEVL 6.15 PERP	80.7	-7.2
GRNLGR 6 3/4 06/25/23	23.4	4.0	PRUFIN 4 7/8 PERP	79.4	-6.9
GRNLGR 6 3/4 09/26/23	17.5	3.9	TSIVMG 1.6 12/17/39	16.1	-6.6

➤ **Macro News Recap 宏观新闻回顾**

**Macro** – U.S. stock markets were weak yesterday, the S&P (-0.74%), Dow (+0.01%) and Nasdaq (-2.04%) were dragged by less than expectation Q3 results of several tech companies like Alphabet and Microsoft. U.S. dollar index down 1.13% yesterday and closed at 109.7. Bank of Canada increased interest rate by 50bps, lower than the expectation of 75bps. The U.S. treasury yields down yesterday. The yield curves bull flattened that the 2/5/10/30 yields reached 4.39%/4.20%/4.04%/4.19%, respectively.

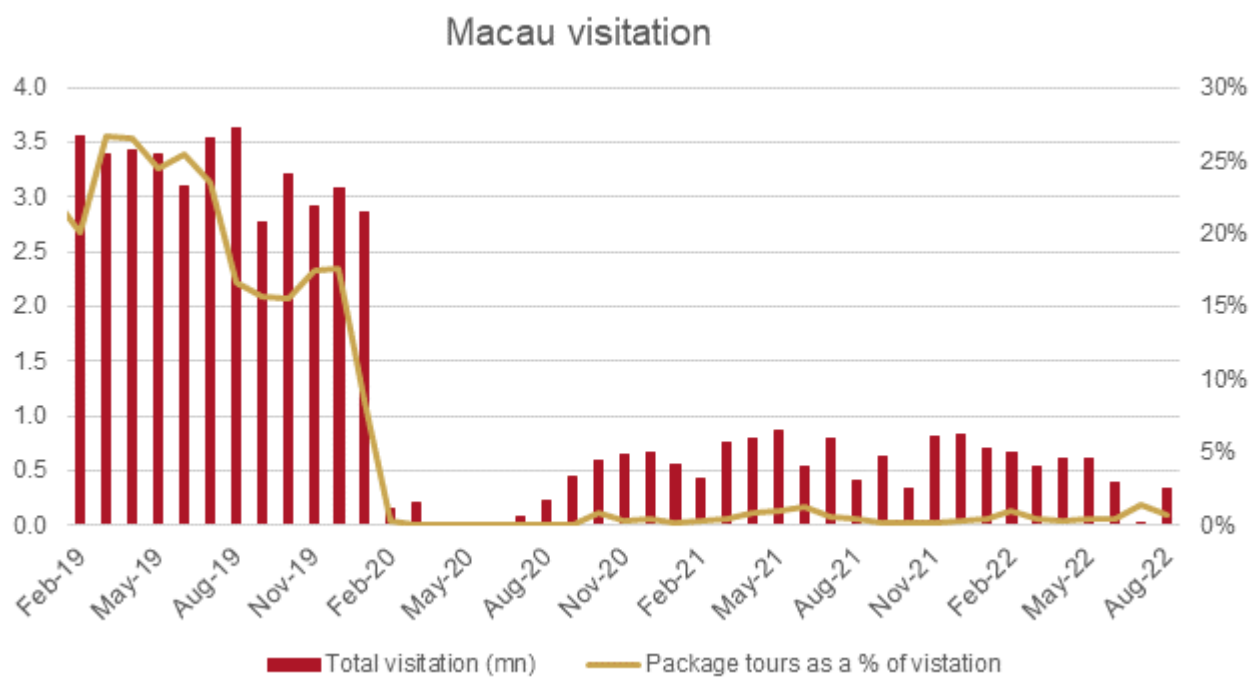
➤ **Desk analyst comments 分析员市场观点**

➤ **Macau Gaming: Resumption of package tour is positive but exact timing is not yet finalized**

Over the past few days, the Macau government and media have talked up the resumption of package tour from Mainland China. The timetable is not yet out though the Macau government mentioned that the package tour would be resumed in early Nov'22 (compared with the previous expectation of end of Oct'22 or by early Nov'22). We see uncertainties on the exact timing of the resumption in view of the reiteration of dynamic zero COVID policy after the 20th CPC meeting, the occasional outbreak of COVID-19 across Mainland China and emergence of a local case in Macau. That said, the resumption of package tour from Mainland China and the electronic visa issuance are, in our view, are meaningful relaxations to boost the visitation in Macau. The Macau government expects these to double to 40,000 after the relaxations of package tour and e-visa issuance.

Recalled that Macau suspended package tour from Mainland China since early 2020. In 2019 (pre-pandemic), Mainland Chinese and package tour accounted for 79% and 21% of the total visitation in Macau. As media reported, the priorities of package tour relaxation will be given to residents from Guangdong, Zhejiang, Jiangsu, Fujian and Shanghai where, altogether account for c60% of visitations in Macau.

Separately on the license renewal, our base case remains the 6 incumbents will have their licenses renewed, partly because of the very tight timetable, and partly because the renewal will have the lowest impact, economically and politically, to Macau. We understand that operators will have to submit the final tender in the near future after a few rounds of discussions with the Macau government. Please [see our comments on 26 Sep'22](#) for more discussions on policy relaxations and license renewal.



Source: Macau DSEC.

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

Issuer/Guarantor	Size (USD 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 (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Yichun Development Investment Group Co., Ltd.	USD	-	3yr	7.2%	-/-/BBB-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 94 credit bonds issued yesterday with an amount of RMB119bn. As for Month-to-date, 1055 credit bonds were issued with a total amount of RMB1261bn raised, representing a 19.1% yoy increase
- [EHICAR]** S&P downgraded eHi Car Services to B- and placed negative outlook

- **[FRESHK]** Far East Horizon to redeem entire outstanding USD400mn FRESHK 5.6 PERP on 4 December
- **[GCLNE]** GCL New Energy announced to accept USD145mn of GCLNE 10 01/30/24 (o/s USD420mn) for purchase under purchase offer
- **[HLBCNH]** Helenbergh China completes consent solicitation for 11% senior notes due 2023
- **[HRINTH]** China Huarong plans to sale 28.11% stakes of Jiangxi Changjiang Chemical Industry and the asking price is RMB95.6mn (cUSD13.3mn)
- **[JIAYUA]** Jiayuan further extended exchange offer deadline to 28 Nov'22 and terminated consent solicitation due to extension
- **[LIHHK]** Lifestyle International to hold court meeting, EGM on 21 November to consider HKD5 per share privatization proposal
- **[LOGPH]** Logan unit schedules to exercise 19Longkong04 (o/s RMB2bn) put option exercise on 25-27 October
- **[LPKRIJ]** Lippo Karawaci 9M22 revenue was cUSD225mn, down 9% yoy. Total revenue of 9M22 is 68% of FY22 target.
- **[ROADKG]** Road King Infrastructure delays circular on 39.77% stake acquisition of Indonesian express way for HKD1.98bn and expects to send circular around 14 Nov
- **[SHIMAO]** Shimao paid 15%-outstanding installment on originally RMB500mn private notes puttable in April on 26 Oct

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