

CMBI Credit Commentary

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

- *Chinese property opened low this morning but pair some loss toward lunch. We saw some panic selling in GEMDAL after some onshore low print but bond price quickly rebounded from high-60 to mid-70. Other names like SINOCE/LNGFOR/GRNCH generally down 1.5-2pts.*
- **INDYIJ:** *announced result of Tender Offer for INDYIJ 5.875 2024 and INDYIJ 8.25 2025 as of early tender deadlines. Bond price lowered 0.5-1pt this morning. See below.*
- **Macau Gaming:** *6 concessionaires signed contracts to extend their licenses to Dec'22 and are required to pay MOP47mn for the extension. See more details in our [Macau gaming: Q&A after the final draft of gaming law amendment bill](#)*

❖ Trading desk comments 交易平台市场观点

Yesterday, Chinese IG space extended another weak session and spreads generally widened 3-5bps. We saw clients' flight-to-quality continued and better selling in the long end persisted. TMTs saw some two-way trading. BABA/MEITUA/TENCNT widened 2-5bps across the curve. XIAOMI widened 9bps. In financials, AT1/Perp papers saw active trading and BCHINA/BCOMFL tightened 3-6bps. Overall, we are still seeing very heavy selling in IG financials, and to a lesser extent in SOE space. In AMC sector, GRWALL/HRINTH widened 3-5bps.

In LGFV/ SOE Perp space, tone remained rather soft given weaknesses in macro sentiment, as buying was strictly limited to the very front end. Selling on SOE bullets was heavy from both regional accounts and Chinese NBRM/ asset managers. LGFV 22s were pretty much at ~3.5% choice, and effectively untradable from a flow perspective. Meanwhile LGFV 23s managed to find some ground at ~4% after yesterday's small panic selloff. Nonetheless, LGFV 25s remained tough despite some punting interests in quality names at mid-4%. Overall, single-A names better sought after.

Chinese HY space finished lower Thursday, weighed by benchmark names' downgrade. In industrials, FOSUNI's gains widened to 6-9pts and we saw some short-covering. Property-wise, COGARD took the lead in property sector to fall 3-5pts, post Moody's rating cut to Ba1. We saw some dip-buying interests in its front end but long end remained heavy. CIFIHG/ROADKG down 1-2pts due to weak sentiment. On the other hand, REDSUN/GRNLGR were largely unchanged to slightly lower amid the rating agencies' downgrades. TPHL plunged 4-10pts on the front end under RM selling. Among other distressed names, SHIMAO down 3-5pts. Macau gaming sector continued the downward trend for the sixth consecutive day. STCITY/WYNMAC down 2-6pts.

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➤ **Last Trading Day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
FOSUNI 6 3/4 07/02/23	75.7	10.2	XIN 14 1/2 09/17/23	21.9	-10.5
FOSUNI 5.05 01/27/27	58.6	8.4	TPHL 6 3/4 07/16/23	20.4	-9.8
FOSUNI 5 05/18/26	58.0	8.1	TPHL 6.6 03/02/23	22.0	-8.4
FOSUNI 5.95 10/19/25	60.5	7.7	TPHL 5.55 06/04/24	20.3	-5.7
FOSUNI 5.95 01/29/23	85.3	7.5	SHIMAO 4 3/4 07/03/22	12.4	-5.5

❖ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock market closed higher on Thursday while Treasury bond yields continued their recent slide as the Fed Chairman Jerome Powell's warning that a near-term recession is possible. The S&P (+0.95%), Nasdaq (+1.62%), and Dow (+0.64%) ended higher. The PMI fell to 51.2 points, which is lower than expectation and the lowest level since January. Powell called his commitment to curbing inflation "unconditional" and many of his colleagues backed raising interest rates by 75pts again next month. Treasury yield bull-flattened, with the 2/5/10/30 yield retreating to 3.01/3.14/3.09/3.21% respectively.

❖ **Desk analyst comments 交易台市场观点**

➤ **INDYIJ: Result of Tender Offer for notes due 2024 and 2025 as of early tender deadlines**

Indika announced the result of its tender offer for INDYIJ 5.875 2024 (o/s USD575mn) and INDYIJ 8.25 2025 (o/s USD675mn) USD notes as of early tender deadlines. For INDYIJ'24, the amounts that have been validly tendered was less than the maximum acceptance amount of USD200mn. Thus, company will determine the purchase price up to expiration deadline (7 Jul'22). As for INDYIJ'25, the amounts that have been validly tendered was USD226.93mn, which is more than the maximum acceptance amount of USD50mn. The company determined the purchase price to be at 102.25, the lower end of the acceptable price range.

If 2024 Tender Offer is still undersubscribed at expiration deadline, the 2025 maximum amount (originally USD50mn) will be increased by the shortfall between validly tendered amount and 2024 maximum amount (USD200mn).

The acceptable price range is as below:

At or prior Early Tender Deadline (22 Jun'22)		Early Tender Payment	At or prior Expiration Deadline (7 Jul'22)
2024 Tender Offer	USD 97.75 – USD 100.75	USD 5	USD 92.75 – USD 95.75
2025 Tender Offer	USD 100.25 – USD 102.5 (determined at USD 100.25)	USD 5	USD 95.25 – USD 97.5

INDYIJ'24 and '25 down 0.5-1pt this morning and are offered at 98.2 and 98.5. We see the tender offer not attractive, particularly without early tender payment.

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

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Zunyi Road & Bridge Construction Group	USD58.6	3	7.2	7.2	-/-
Changde Economic Construction Investment	USD300	3	6.3	6.3	-/-

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

Issuer/ Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 99 credit bonds issued yesterday with an amount of RMB75bn. As for Month-to-date, 1,258 credit bonds were issued with a total amount of RMB1,282bn raised, representing a 6.4% yoy decrease.
- **[CAPG]** China Aoyuan Group will sell a 49% stake and a shareholder's loan in its Australian subsidiary for AUD105mn
- **[FRESHK]** Far Eastern Leasing, a subsidiary of Far East Horizon, has raised RMB1bn via an offering of 165-day super short-term bills at a coupon rate of 2%, and it will be used to repay interest-bearing debts
- **[HRINTH]** China Huarong Asset Management announces that CSRC has approved the 71.99% equity transfer in Huarong Securities
- **[SDEXPR]** Shandong Hi-Speed Group has proposed to offer RMB1bn three-year MTNs to fund its subsidiary Shandong Hi-Speed New Energy Development's photovoltaic project
- **[SINOCE]** Media reported that Sino-Ocean Group Holding closed a roughly RMB1.2bn-equivalent syndicated loan last week to refinance a syndicated facility due in June
- **[SJM HOL]** SJM Holdings announces that the gaming concession of SJM Resorts is extended to 31 Dec'22, and the company has signed an HKD19bn syndicated loan facility agreement for refinancing
- **[YUEXIU]** Yuexiu Property announces that it will issue up to RMB2bn corporate bond

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