

CMBI Credit Commentary

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

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- *Market remains quiet this morning. A few Chinese property developers released “better than expected” 1H22 results, COGARD were up 5pts on the front end, and 8pts on the longer-end and CHJMAO’26 up 4.5pts this morning. CIFIHGs were up 4.5-7pts by mid-day on the back of share placement news.*
- *Yanlord: Ability to navigate through deep downturn demonstrated once again. We maintain buy on YLLGSPs. See below.*
- *AGILE: Continue to make the full repayment and disclosed 1H22 results. AGILEs were traded roughly unchanged to 1pt higher this morning. Price movement of AGILEs were mixed this morning. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IG space held firm despite the macro weakness post JH and sentiment generally skewed to a positive tone across sectors. TMT sector led the constructive flows, with MEITUA outperformed by tightening around 20bps. TENCNT/ XIAOMI tightened 3-5bps. In financials space, AT1/Perp firmed up 0.25pt. ICBCAS/ BCHINA tightened 2-4bps. AMCs were better bid with HRINTHs cash prices up 1.5-2.5pts across the curve. GRWALL also remained strong with RM support. IG property sector stabilized. SINOCs were up 2-6pts across the curve after falling 9-11pts yesterday, and SINOC 26-30s were traded at low-40 levels. China HY was relatively quiet with limited flows. In property sector, BB names outperformed. COGARDs were up 1-2pts post 1H22 results. COGARD 30-31s were up 2.5pts despite profit loss. Recently outperforming mid-tier names felt softer, consolidating 1-3pts lower on the day. CENCHIs were down another 1.5-2.5pts. Elsewhere, RDHGCL down around 25pts. In Industrials sector, HONGQI curve was up 0.5-1pt post the 28% revenue growth news and FOSUNIs were unchanged. In ex-China HY space, AZUPOEs plunged 25-30pts amid negative headlines of resignation of the newly-joined CEO, whistle-blowing on data manipulation and delay in releasing FY21/22 report. Indian names Indian names like GRNKEN/ INCLN/ RRVIN were also dragged down 1.5-3.5pts on collateral damage.

In LGFV space, LZINVE 22 stayed on the spotlight yesterday. Traders started off in a cautious tone as investors digested overnight news about onshore PPN repayment. Then as selling interests firmed up from offshore amid onshore better selling in LZINVE CNY 23. Hence LZINVE 22 the dollar bond fell 5pts to around =<90 in the afternoon before buying interests re-emerged

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from PB and HF. Overall the rest of LGFV space was better offered as well as sentiment weakened towards high beta names. Short-dated papers emerged better selling flows, especially for weaker names YNPOWE/ LZDCID/ GZINTE/ MIANYA/ HACOMM/ SHARAO and as far as SHRIHG/ HKIQCL as Fund managers tried to avoid tail risk into maturity. On the other hand, offshore selling on stronger names was still digested by onshore RM buyers who continued to deploy albeit more low-key, as NJYZSO in the meantime had its issues with the trustee remedied. Elsewhere, SOE perps remained largely macro/rates driven amid two way cross-border/potentially structured flows selling low yielding lines and chasing after mid-4% to 5%+ papers even in expense of a longer first call date in 26s/27s. Overall, SOE perp still felt well-bid.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOCE 2.7 01/13/25	42.4	5.7	AZUPOE 5.65 12/24/24	60.3	-25.8
KWGPPO 5.2 09/21/22	31.0	3.6	RDHGCL 7.8 03/20/24	40.5	-25.6
SINOCE 3.8 04/26/25	62.1	3.6	SINOCL 6 1/4 06/22/23	43.1	-6.5
WYNMAC 5 1/2 10/01/27	76.3	2.8	LZINVE 4.15 11/15/22	90.6	-5.2
SINOCE 3 1/4 05/05/26	38.6	2.7	RPVIN 4 1/2 07/14/28	78.3	-3.7

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock indexes closed lower in three consecutive days. The S&P (-1.10%), Dow (-0.96%) and Nasdaq (-1.12%) fell yesterday amid markets' worries about hawkish interest hike. New York Fed President said he expects interest rates to continue higher to subdue inflation, which may need the interest rate reaches 3.5%. The U.S. treasury yields increased slightly yesterday and the curves were inverted with 2/5/10/30 yield reaching 3.46%/3.27%/3.11%/3.23%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Yanlord: Ability to navigate through deep downturn demonstrated once again

Maintain Buy on YLLGSPs

YLLGSPs have been performing resiliently since we [initiate buy on YLLGSPs in Mar'22](#) despite the price volatility. At current valuations, YLLSPs are still trading at decent YTM of 10.2% -13.9% even after 8-12pts rebound since mid Jul'22. Yanlord's stronger 1H22 results and manageable maturities reinforced our belief on its repayment ability. We also take additional comfort that its ownership of unencumbered assets of over RMB8bn (USD1.2bn) in Singapore. Hence, we maintain buy on YLLGSPs.

	YTM(offer)	Offer price	Maturity	O/S (USD mn)
YLLGSP 6.75%'23	10.2%	97.9	23 Apr'23	350
YLLGSP 6.8%'24	13.5%	91.3	27 Feb'24	400
YLLGSP 6.75%'26	13.9%	75.2	20 May'26	500

Click [here](#) for full report.

➤ **Agile: AGILE: Continue to make the full repayment**

Agile announced 1H22 results despite there were [news/speculation](#) that its 1H22 results would be delayed earlier yesterday. The weakened 1H22 results were largely expected subsequent to the profit warning on 19 Aug'22. The company reported revenue and operating profit of RMB31.6bn and RMB4.8bn in 1H22, dropped 18% and 39% yoy, respectively. In 7M22, its contract sales declined 47% yoy to RMB44.5bn. Nonetheless, we take comfort with its largely stable financial profile (See table below). We also acknowledge that Agile has so far stood out from many of its peers and has been honouring all of its public bonds and loans in full and in a timely manner. Agile separately announced that it had deposited fund for full redemption of USD400mn bonds maturing today. In Aug'22 alone, it repaid offshore bonds and loans totalled cUSD750mn. YTD, Agile redeemed in full for offshore public bonds of USD1.2bn and public onshore of RMB1.5bn. Indeed, subsequent to the redemption of AGILE 4.85%'22 today, Agile's next offshore public bond maturity will be USD500mn due Jan'25 while its remaining bond maturity for the rest of FY22 will be RMB1.5bn onshore bonds due Oct'22. Agile appears to have a much larger breathing room in handling bond maturities in the near-term. It will be interesting to see how Agile will handle the next distribution of AGILE 6.875% perps on 7 Sep'22. The distribution is deferrable as Agile has omitted its FY21 final dividend, as well as the FY22 interim dividend. Price movement of AGILEs were mixed this morning.

	2020	2021	1H21	1H22
Net Gearing	61.0%	50.8%	50.8%	48.3%
Net gearing - PCS as debts	95.7%	76.5%	76.5%	72.8%
Adj. Liabilities to Assets Ratio	72.3%	67.1%	67.1%	63.7%
Unrestricted Cash / ST Debts	1.1x	0.8x	0.8x	0.6x
Cash / ST debts	1.3x	1.3x	1.3x	1.1x

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

Issuer/Guarantor	Size (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 (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 80 credit bonds issued yesterday with an amount of RMB59bn. As for Month-to-date, 1736 credit bonds were issued with a total amount of RMB1737bn raised, representing a 7.6% yoy decrease
- [CHJMAO]** Jinmao disclosed its 1H22 results that revenue up 1% yoy to RMB28.7bn and profit down 40% yoy to RMB2.6bn
- [CIFIHG]** CIFI group suspended the trading of its stocks and bonds on 31 Aug morning. Media reports on share placement plan
- [GZRFPR]** Guangzhou R&F expected to record a net loss of RMB7bn for 1H22

- **[IQ]** iQIYI announced to issue USD500mn convertible notes to PAG Asia with USD50mn additional option
- **[LVGEM]** LVGEM disclosed its 1H22 results that revenue down 48.5% yoy to RMB1.05bn and profit up 65.2% yoy to RMB1.03bn, which is due to the FV of its properties under development increasing
- **[MIANYA]** Mianyang Investment announced that it is unable to disclose its 1H22 results by 31 Aug'22 as scheduled and expected to disclose it by late Sep
- **[RISSUN]** RiseSun made RMB824.6mn(cUSD119.3mn) provision for asset impairment in 1H22
- **[RSMACA]** Media reported that Red Star Macalline said even if there is a default on RMB2.65bn domestic ABS due Sep'22, that would not trigger cross-default on its own debt
- **[SEAZEN]** Media reported that Seazen plans to issue up to RMB1bn 3.0%-4.3% interbank notes guaranteed by China Bond Insurance Corp in this week; The company has provided RMB72.8bn guarantees to its subsidiaries as of 1H22
- **[THSCPA]** The ad-hoc group bondholders of Tus Holding's two USD bonds(totaling o/s is USD902.5mn) rejected the extension proposal
- **[YANGOG]** Yango failed to make payment on overdue RMB35.8bn(cUSD5.2bn) debts; The company made RMB2.0bn(cUSD289mn) provision for asset impairment including in 1H22
- **[ZHPRHK]** Zhenro suspended trading of four debts; The company announced that it may not to meet the repayment obligation of offshore indebtedness which will be due between Aug and Oct'22, including ZHPRHK 8 03/06/23(USD), ZHPRHK 8 03/06/23(CNH), ZHPRHK 6.5 09/01/22, ZHPRHK 6.7 08/04/26, ZHPRHK 10.25 PERP

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