

CMBI Credit Commentary

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

- *Markets was largely stable. In IGs, POHANG/HYUELE tightened 5-10bps. In AMCs, we saw CCAMCL/ORIEAS 28-31s curve widened 10-15bps. LGFV 23-25s showed small better buying on quality. In properties, COGARD transfers fund to repay COGARD 4.75% 17 Jan'23. COGARDs were unchanged to 0.5pt higher this morning than EOD.*
- **China Economy:** *China published key economic data. Q422 and 2022 GDP growth were 2.9% and 3.0% yoy, exceeded expectation of 1.6% and 2.7% respectively. The highlight is the first decline in population size in over 60 years.*
- **China Properties:** *Agile and KWG plans to issue up to RMB1.2bn and RMB700mn CBICL-guaranteed 3-year MTNs respectively to fund project development. AGILEs/ KWGPROs stayed largely flat from the last closes, as of this morning*

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❖ Trading desk comments 交易台市场观点

Yesterday, IG space overall had a better buying day despite light flow with US out for holiday. Flow-wise, there was strong buying demand on 3y or shorter tenor IG papers as investors were willing to park cash before CNY but found them hard to find, as offer liquidity started to dry out. IG spread levels of 10y benchmarks were basically flat. Recent new issues rally took a pause but HKAA still managed to close unchanged to 2bps tighter. Financials space was slightly subdued without much traction. Bank T2s were largely stable skewed to better selling, though benchmark BNKEA/CCB curves widened 3-5bps under better selling. AMCs outperformed, HRINTHs were traded up 0.25-0.375pt on RM buying. TMTs were mixed, with benchmark BABA/BIDU tightened 2-3bps but MEITUA/TENCNT widened 2-3bps. IG properties had another upbeat session, with LNGFOR/YUEXIU curves showed better buying flows. New DALWAN'25 wrapped 0.125pt higher at 98 level. China HY, on the other hand, turned more quiet before CNY. In properties, CHINSC 23-24s were actively traded by PB accounts to close 1-3.5pts higher, after popping up 2-3pts across the curve on last Friday. Benchmark COGARDs/ FUTLANs/FTLNHDs were 0.5-1pt higher. AGILEs/KWGPROs were largely flat amid the plans to issue CBICL-guaranteed MTNs. FTHDGRs gained 5-6pts after releasing the restructuring terms. Elsewhere, GRNLGR 23-25s dropped 1-2pts. In industrial space, FOSUNI 23s closed at 99.75/100 level, amid headlines on Fosun High-technology's RMB12bn syndicated loan agreement with eight banks. Macau gaming names were stable. Away from China, Indian HY space performed mixed with renewables like GRNKENS/ RPVINs ended up 0.25-0.5pts. VEDLNs retraced to 0.5-2.5pts lower than the last closes. Before close, Moody's/Fitch downgraded Azure Power by one notch to Ba2/BB with

outlook negative maintained. Indonesian low-cash papers ceased the recent upbeat momentum. LPKRIJs lowered 1-2pts on RM selling and LMRTSPs were 3-4pts lower on HF/Retail selling.

In the LGFV/ SOE PERPS/ AT1 space, market showed overall slower activity with CNY in the weekend ahead, as sentiment remained afloat and flows still skewed to better buying albeit in less aggressive manner. Onshore NBRM continued to gradually deploy in high-yielding LGFVs across the yield curve, most of them being higher-beta names/ names from regions like Chongqing/ Shandong amid several 364D new issues from names in the latter, despite recent concerns/ noises over LGFVs' onshore non-standardised financing in general. Meanwhile offshore Chinese accounts were largely muted apart from cash parking demand in the front end. Elsewhere, c23/c24 SOE Perps continued to be better offered as yields approached low-5%, but bids remained generally firm. Meanwhile AT1s were under better buying flows from RM in a few of the higher-beta higher-yielding names. Benchmark ICBCAS showed balanced two-ways as RM switched hands before holiday.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FTHDGR 11 7/8 06/01/23	17.8	6.1	LMRTSP 7 1/2 02/09/26	74.1	-3.6
FTHDGR 10 7/8 01/09/23	17.7	5.7	LMRTSP 7 1/4 06/19/24	85.6	-3.2
FTHDGR 7.95 07/05/22	17.6	5.5	SINOCE 6.876 PERP	54.3	-2.6
CHINSC 7 1/4 04/19/23	78.9	3.3	GRNLGR 5 7/8 07/03/26	51.4	-1.9
PINGRE 2 3/4 07/29/24	87.2	3.0	GRNLGR 6 3/4 03/03/26	51.3	-1.7

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets closed yesterday on Martin Luther King Jr. Day. The U.S. treasury yields were unmoved, 2/5/10/30 yields curves at 4.22%/3.60%/3.49%/3.61%, respectively. China published key economic data. Q422 and 2022 GDP growth were 2.9% and 3.0% yoy, exceeded expectation of 1.6% and 2.7%, respectively. The unemployment rate in 2022 was at 5.5%, lower than the market expectation of 6.0%. However, population size declined in 2022, the first drop in over 60 years. China had a population of 1.41bn at end of 2022, 850k fewer than that at the end of 2021. In 2022, the number of newborn babies were 9.56mn, the lowest level since at least 1950

➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 99 credit bonds issued yesterday with an amount of RMB93bn. As for Month-to-date, 858 credit bonds were issued with a total amount of RMB781bn raised, representing a 6.1% yoy decrease
- China state-owned AMCs, Huarong, Cinda, Great Wall and Orient, plan to provide refinancing support up to RMB160bn to healthy developers. The PBOC will channel RMB80bn at 1.75% and encourage AMCs to match the amount with their own funds
- China Real Estate Information surveyed the construction status of 290 installed housing projects. By the end of 2022, the construction of c43% of them are still halted while the remaining had partially or fully resumed construction
- **[ADSEZ]** Adani likely to launch its cUSD2.5bn follow-on public offering before 1 Feb, and it will be the Indian's largest FPO
- **[AZUOPE]** Moody's downgraded Azure Power Energy (Azure RG3) to Ba3 from Ba2 and Azure Power Solar Energy (Azure RG2) to Ba2 from Ba1, all rating on negative outlook. Fitch downgraded Azure RG3's USD bond to BB from BB+, and Azure RG2's USD bond to BB- from BB. All ratings remain on rating watch negative
- **[CIFIHG]** ICBC will grant total RMB240bn credit lines to 16 developers, including CIFI
- **[COGARD]** Country Garden transfers fund to repay 4.75% USD bonds due on 17 Jan, the outstanding amount is USD391.6mn. Reuters also reported the company has prepared sufficient funds to repay its offshore bonds in 1H23
- **[DANDAI]** Dangdai International does not expect to pay 10.5% guaranteed notes due yesterday, the default will trigger cross default on its 9% notes due 2023. An onshore creditor committee is formed to explore possible solution
- **[EVERRE]** China Evergrande Group's auditor PwC resigned on disagreement on a timetable and scope of work about the company's going concern basis for the year ended 31 Dec'21
- **[FOSUNI]** Fosun secured RMB12bn syndicated loans from eight banks, including ICBC, ABC, BOC, CCB, BOCOM, CMBC, EXIM, and SPDB
- **[LNGFOR]** The IPO application of Longfor Intelligent Living has lapsed. It is the property management service arm of Longfor Group, and it was seeking to raise cUSD1bn through an IPO in Hong Kong
- **[KWGPRO]** KWG proposes to issue up to RMB700mn 3-year CBICL-guaranteed MTNs to fund project development
- **[SHIMAO]** Shanghai Shimao gets requisite consent from holders of its RMB4.425bn domestic bonds to push forward with proposed holistic restructuring
- **[YUEXIU]** Yuexiu Property completes issue of RMB2bn 4% guaranteed notes due in 2026

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