

CMBI Credit Commentary

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

We hope you found our commentaries and ideas helpful. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2022”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets sentiment was defensive this morning. Better buying in SOE sector, CHGRID'27/SINOPE'31 tightened 2-3bps. LGFV mixed two-way and was generally still better buying at 5%+ while better offered below 5%.*
- **New issue LGFV:** *New issue BINHCO 5.3% 09/09/25 (o/s USD100mn, SBLC by Shanghai bank) is fairly illiquid, traded around 100 reoffer level this morning. Another BINHCO 5.6% 14/09/25 (o/s USD144mn, SBLC by Bohai bank) priced today.*
- **Chinese Properties:** *rebounded slightly in Aug'22. 17 out of 35 developers under our radar recorded an average of 25% MoM increase in contract sales. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, IG space extended a firm session. Financials space continued the constructive tone, with AMCs closed unchanged to 0.5pt higher. AT1s were a touch weaker on RM trimming. Quality name ICBCAS 3.2% Perps were 0.25pt lower to 95.45. T2s stayed solid with small selling from global accounts but were well absorbed in the market. In TMT sector, TENCNT/XIAOMI tightened 2-4bps. IG properties were unchanged. We saw China HY space was sideways to slightly down, as attention was turned away from high-yield on a heavy primary day from Northeast Asia. Macau gaming sector led HY's weakening, amid worries about latest Covid-19 situation in mainland China. MPEL/STCITY curves underperformed, falling 1-3pts. China property was mixed across the space. COGARs were up 0.5-1.5pts, while CIFIHG 24-27s gained 4-5pts despite S&P's downgrade from BB to BB-. CHINSC fell another 1-1.5pts after 3-5pts drop on Tuesday, following the talks that China SCE tried to dissuade bondholders from exercising the put for its 2025 onshore bond on 21 Oct'22. GRNLGR 5.9%'23 jumped ~7pts, rest of GRNLGRs were up 1.5-4pts. In the industrial space, FOSUNI 25-26s emerged slightly better selling flows from FM. Outside China, the EIBKOR new issues took the center stage, with 2/5/10yr issued at +55/+90/+120bps level, then squeezed to +45/+85/+112 levels at EOD. New INDONs of 5/10/30yr issued at 4.4%/4.8%/5.55%. The bonds recovered early selling, and closed 0.15pt/0.7pt/2.75pts higher from the re-offer prices, respectively.

In LGFV space, flows were light on recently issues and were skewed to better selling as CT2/CT3 inverted further. New GZUIHG 6%'25 followed the same old story of the Jiangxi name to leak ~0.5pt, and closed at ~99.5 level amid

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

thin trading whilst multiple institutions attempted to get rid of bonds from primary allocation. In SOE space, we saw buying interest still focused on front-end and quality names, benchmarks were broadly lifted to 3-5bps tighter in spreads. That said, the short-end was rather silent in spaces elsewhere, with new issues from Northeast Asia largely filled the short-end allocation demands. Overall, flows on SOE Perps and AT1s spaces were also skewed to better selling, led by papers trading at low-4% (mostly front end ones) as investors expect further increase in funding/hurdle costs post-Sep FOMC. As a 50/75bp hike is well expected, the Fed's tone towards Dec will be even more important in shaping the top down outlook in the market, and will be key to how investors plan to position through the coming 6 months. Looking back in July while many had known that prices/ marks were staled and higher than realistic levels, the market had to wait until outflows-induced selling emerged to trigger a correction. Given the flow direction since then, as bonds are more heavily held at home investors this time, it may take a bigger shock/ longer time for any price reversal to happen.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 5.9 02/12/23	50.9	7.5	CHJMAO 3.2 04/09/26	80.7	-5.1
CIFIHG 4.45 08/17/26	42.1	5.0	MPEL 5 3/8 12/04/29	62.4	-2.7
CIFIHG 5 1/4 05/13/26	42.8	4.9	NXPI 2.65 02/15/32	82.3	-2.3
CIFIHG 6.45 11/07/24	49.6	4.9	CHDUIN 2.6 04/12/26	93.7	-2.1
CIFIHG 4 3/8 04/12/27	40.7	4.4	STCITY 5 01/15/29	50.1	-1.7

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets rallied on Wednesday after consecutive falls. The S&P (+1.83%), Dow (+1.40%) and Nasdaq (+2.07%) technically rebounded as the probability of 75bps hike in Sep does not eliminate. Most sectors recorded a rise while energy sector kept falling as the crude oil price slumped 5% yesterday, WTI reached the lowest level since Jan'22 at 81.6. Chinese import and export in 8M22 increased 10.1% yoy with a RMB3.7tn trade surplus. The U.S. treasury yields lowered yesterday and the curves were inverted with 2/5/10/30 yield reaching 3.50%/3.37%/3.27%/3.42%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese Properties: MoM rebound in contract sales in Aug'22 from the lows in Jul'22

In Aug'22, 17 out of 35 developers under our radar recorded an average of 25% MoM increase in contract sales, compared to the freezing Jul'22 when 33 out of 35 developers reported an average of 33% MoM sales decline. The adverse effect resulting from news on uncompleted properties and mortgage boycott faded. Local governments and developers reinstate their commitment to ensure timely delivery with the establishment of real estate bail-out funds, totaled RMB40bn(cUSD5.8bn) in five provinces.

Time	Region	Scale(RMB billion)	Related Developers
15 Apr'22	Shaanxi	10	Not specific yet
7 Jun'22	Zhejiang	10	Not specific yet
5 Aug'22	Zhengzhou, Henan	10	CENCHI, SUNAC, SHIMAO, etc.
23 Aug'22	Hubei	5	Not specific yet
18 Aug'22	Nanning, Guangxi	3(first round)	EVERRE, LGUANG
Planning	Hangzhou, Zhejiang	2(first round)	Local developers, DEXIN probably included

Despite markets sentiment improved a bit in Aug'22, the cumulative 8M22 sales of 35 developers declined 48% YoY. Amongst developers under our radar, "outperformers" in 8M22 are YUEXIU (RMB63.5bn, -3% YoY),

GRNCH (RMB156.7bn, -13% YoY), SINOCE (RMB61.1bn, -17% YoY) and CRHZCH (RMB171bn, -18% YoY). Underperformers are DAFAPG (RMB4.4bn, -86% YoY), CAPG (RMB17.3bn, -80% YoY) and LNGFOR (RMB82.9bn, -80% YoY).

2022 YTD Sales (in RMB mn)														
Company	CN Name	BGB Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Trend	Aug'22 MoM Growth	Aug'22 YoY Growth	Aug'22 YTD Sales
Agile	敏捷地产	AGILE	7,380	6,720	7,010	3,940	6,130	8,270	5,010	5,050		1%		49,510
Acruan Property	中奥地产	CAPG	1,920	1,580	4,460	1,560	2,390	3,010	1,090	1,240		-14%	-8%	17,250
Central China Real Estate	城地土产	CENCHI	2,007	1,158	3,102	2,630	2,170	2,973	2,119	1,735		-18%	-7%	17,894
China Jinmao	中国金茂	CHJMAO	10,000	7,000	14,660	10,340	9,000	19,000	10,497	16,520		30%	3%	96,917
China Overseas	中国海外发展	CHICLI	14,779	10,839	22,662	20,362	26,391	43,467	17,468	22,507		28%	1%	178,475
China Resources Land	华润置地	CRHZCH	15,263	9,313	20,896	18,057	20,320	39,690	28,050	21,812		-22%	8%	171,000
China SCE	中城置地	CHINSC	5,022	4,219	5,010	4,490	4,750	6,050	5,049	3,490		-31%	-7%	41,120
China Vanke	万科企业	VNKRL	35,600	29,370	41,530	30,840	30,760	47,190	33,690	30,970		-6%	-3%	279,950
CIFI Holdings	城地土产	CIFIHG	8,440	8,300	12,000	10,100	10,800	13,500	16,100	15,060		-6%	-3%	94,300
Country Garden (Attributable)	碧桂园	COGARD	36,360	32,760	30,110	22,640	28,710	34,520	30,110	28,870		-4%	-3%	244,080
Data Properties	大悦城	DAFAPG	1,011	990	607	302	300	500	361	300		-17%	-2%	4,371
Dexin China	德信中国	DEXCN	2,830	2,480	4,040	3,040	2,640	4,350	2,810	2,920		4%	-2%	25,110
Future Land	新城控股	FUTLAN/FTLNHD	7,862	11,231	11,966	9,029	11,081	13,991	10,890	9,960		-12%	-3%	85,610
Gemdale	金地集团	GEMDAL	14,960	9,620	20,930	12,500	14,190	26,400	18,550	21,230		14%	2%	140,380
Greenland Holding	绿地控股	GRNLGR	12,010	8,040	10,750	7,990	10,930	16,600	7,900	10,000		3%	2%	86,300
Greentown	绿城	GRNCH	11,700	11,800	15,100	15,500	11,800	34,000	27,300	29,700		9%	3%	156,700
Guangzhou R&F	富力地产	GZRFPR	4,600	4,510	4,370	4,270	2,878	4,670	1,900	2,780		-30%	-1%	30,058
Jinshui Holdings	金隅股份	JINSHU	634	551	1,016	925	893	850	428	460		9%	2%	5,394
KONG Property	金茂集团	KONGPRO	4,160	4,361	4,333	4,352	4,121	4,681	4,761	3,010		37%	2%	33,999
Logan Property (Attributable)	宝龙地产	LOGPH	9,010	4,200	3,910	3,200	3,640	3,740	2,730	4,640		-30%	-2%	34,970
Longfor (Attributable)	龙光集团	LNGFOR	6,960	6,080	11,000	7,360	9,060	16,020	11,850	14,500		22%	2%	82,860
Poly Real Estate	保利地产	POLYRE	28,302	23,978	38,415	30,519	38,003	51,003	33,001	38,479		17%	2%	281,700
Powerlong	宝龙地产	PWRLNG	4,701	3,101	4,313	3,096	3,810	4,220	3,209	2,710		-16%	-3%	29,160
Radianc	金辉股份	JNHUIG/ROHGL	4,320	3,050	3,150	3,690	3,910	6,250	4,050	2,960		-27%	-2%	31,380
Redco Properties	力高集团	REDPRO	2,617	1,903	1,025	1,502	2,317	2,901	2,516	3,116		24%	3%	17,897
Redsun	弘阳地产	REDSUN/HONGSL	4,020	3,062	2,738	2,587	3,108	4,094	2,832	1,729		-39%	-4%	24,170
Ronshine China	荣信中国	RONXIN	6,506	6,329	5,396	4,336	5,067	9,103	7,570	2,852		-65%	-6%	48,960
Shimao	世茂集团	SHIMAO	7,510	7,260	7,340	6,030	6,110	9,500	6,820	6,220		-9%	-4%	56,790
Sino-Ocean	城地土产	SINOCE	4,490	3,730	6,850	6,830	7,410	13,700	5,990	9,110		1%	1%	61,110
Sunac China	融创中国	SUNAC	27,920	22,360	22,080	13,570	12,850	14,040	11,030	10,750		-3%	-2%	134,600
Times Property	时代中国地产	TPHL	7,068	2,516	4,563	3,580	4,530	5,180	2,763	2,298		-17%	-2%	32,518
Yuehai Property	越秀地产	YUEXU	5,040	2,534	5,951	12,544	8,256	14,299	5,950	8,636		36%	2%	63,500
Yuzhou Properties	渝州地产	YUZHOU	4,520	3,354	3,520	2,812	2,911	4,031	2,952	3,860		31%	2%	27,760
Zhenro Properties	振荣地产	ZHPRHK	7,897	3,529	2,585	2,301	2,316	2,689	2,055	1,713		-17%	-2%	25,065
Zhongliang	中梁地产	ZHLGHD	8,390	6,410	6,800	4,100	6,000	7,000	4,700	4,220		-18%	-5%	47,620

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Suqian Economic Development Group Co., Ltd	USD145	3yr	6.5%	6.5%	-/-/-
Tianjin Binhai New Area Construction and Investment Group Co., Ltd. (SBLC by China Bohai Bank)	USD144	3yr	5.6%	5.6%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG/FPG	Issue Rating (M/S/F)
Ningbo Beilun Modern Service Industry Development Co.	USD	-	3yr	5.6%	-/-/-
Fuzhou Digital Economy Investment Group Co., Ltd (SBLC by Bank of Jiujiang)	USD	-	2yr11m	6.0%	-/-/-

➤ Market conditions and color

- Regarding onshore primary issuances, there were 59 credit bonds issued yesterday with an amount of RMB54bn. As for Month-to-date, 288 credit bonds were issued with a total amount of RMB352bn raised, representing a 22.8% yoy increase

- **[ABMMIJ]** ABM Investama subsidiary has signed a deed of corporate guarantee in relation to the payment of USD200mn 9.5% notes due 2026
- **[CIFIHG]** S&P downgraded it to BB- from BB on rising leverage amid industry downturn, outlook negative
- **[CSIPRO]** CSI Properties has repurchased USD3.87mn of its 5.45% guaranteed notes due 2025
- **[FTHDGR]** Fantasia will convene a bondholders' meeting on 8 Sep regarding its 20Huayang01 bonds, to vote on a proposal on exemption of the requirement on the notice period for convening the meeting and deferred payment of interest and principal
- **[FWDGRP]** FWD Group has decided to postpone its Hong Kong listing plan to 2023 due to weak market conditions
- **[HUAFAI]** Zhuhai Huafa properties proposed to offer up to RMB500mn(cUSD72mn) five-year bonds to repay debts
- **[INDON]** Moody's assigned Baa2 ratings to the Indonesia's senior unsecured USD bonds
- **[JIAYUA]** Jiayuan International hit by its third Hong Kong winding-up petition in the past five months, filed by Yeung Man on 6 Sep who share the same name as the ultimate controlling shareholder of Hailan Holdings Limited
- **[SUNAC]** Sunac China says recent winding-up petition filed by Chen Huaijun, who shares the same name as the owner of Landsea Green Properties, does not affect its ongoing debt restructuring or daily operations
- **[TENCNT]** Tencent has bought 49% stake in Ubisoft founder's holdco Guillemot Brother for EUR300mn
- **[VNRKLE]** China Vanke proposes to offer RMB1.11bn(cUSD158.57mn) asset-backed securities

CMB International Global Markets Limited
Fixed Income Department
Tel: 852 3761 8867/ 852 3657 6291
fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets

or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.