

CMBI Credit Commentary

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

- *Quiet but weakened markets this morning with LGFVs due 23 and 24 (YZHINV'23, CQNANA'24, GZINFU'24) down 0.25 to 0.5pt. Chinese properties were also weaker. CIFIHGs and PWRLNGs weakened marginally despite both CIFI and Powerlong obtained new credit lines. IG SOEs performed better. SINOPEs and CNOOCs rose as much as 0.5pt. AT1s were stable.*
- **Asia ex-JP USD bonds issuance:** *New issuance amount decreased 51.2% yoy in 11M22, China LGFV issuance continues the decelerating trend. See below.*
- **ZHHFGR:** *Zhuhai Huafa Properties proposed up to RMB6bn (cUSD863.4mn) private placement of new shares to fund property projects and boost working capital. ZHHFGRs were unchanged to +0.25pt this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, China IG space managed to close a constructive session with active names tightening 10-20bps in light of easing COVID rules across major Chinese cities and the strengthening CNH which climbed as much as 1.3% to session high of 6.93 on Monday. These more than offset the 6-13bps increase in UST yields after the stronger-than expected pay-rolls and ISM services survey, as well as Fed's more hawkish tone on rate expectation. Financials space continued the constructive tone, with AMCs tightened 15-35bps. In TMTs, benchmark 10-year papers BABA/TENCNT were 10-15bps tighter. BBB- names MEITUA/XIAOMI outperformed by tightening 25-30bps. IG properties surged 7-10pts across the sector, fueled by the news that Beijing has ordered each of top four state banks to provide offshore loans that will be secured against developers' assets for offshore debt repayments. VNKRLs were up 6-8pts while LNGFORs were 2-5pts further higher. FRESHK 24-25s were traded 2-3pts higher to be marked at low-90s. Far East Horizon announced yesterday that it had redeemed its entire USD400mn FRESHK 6.5 Perp. China HY benchmarks were 1-4pts higher. COGARDs soared another 4-10.5pts. Country Garden obtained up to RMB20bn credit line from Shunde Rural Commercial Bank. Media also reported that Country Garden would issue up to RMB1bn 2NP1 bonds as soon as Friday with concurrent offer of full CDS protection. FUTLANs/FTLNHDs were traded 7-10.5pts higher across the curve. Among previously underperformers, KWGPROs jumped 4-9.5pts to close at high-20 to low-30. SINOCEs/CSCHCNs were up 3-4pts. ROADKGs were up 5-8pts. AGILEs were traded 0.5-1.5pts higher. Elsewhere, NWDEVL 29-30s moved 3-4pts higher. GLPCHI 24-26s were 4-5.5pts higher, whilst CPDEV Perp retraced 4pts. Industrial space was mixed. FOSUNI 24-27s jumped 5.5-8.5pts with strong demand from both RMs/PBs. GEELY 4 Perp was down 4pts. In Macau gaming space, SANLTDs/WYNMACs were up 0.5-1.5pts. Ex-China HY was

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slightly firmer. Indian renewables were unchanged to 0.5pt higher. RPVINs were bid up 0.5pt. Fitch affirmed ReNew Power at BB- with outlook stable. Indonesian HYs was rather quiet amid thin trading. State electric name PLN1J 49/50s were marked 0.5pt higher. MEDCIJs were up 0.25pt.

The LGFV/SOE Perp/AT1 spaces were generally quiet with bond prices unchanged. We saw the Chinese participants sought after quality LGFVs at high-5% or above, whilst AT1s were very much supported by short covering. LGFVs were mixed with the real-estate related names outperformed. CQLGST 24s were up 0.5-2.5pts to be traded at low-90s. Coastal name GZGETH was traded 0.5pt higher. Shandong names SHDOIS and SHUGRP were up 0.25-0.5pt. High-beta weaker Gansu names TLINVT and GSHIAV were traded largely unchanged at low-90s with two-ways from AMs/PBs. SOE Perps closed 1-2pts higher. AT1s firmed up a bit with inquiries on beta names. BNKEA 5.875 Perp and HRINTH 4.25 Perp were traded 3pts and 3.5pts higher, respectively.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHJMAO 4 1/4 07/23/29	66.5	12.9	ZHLGHD 12 04/17/23	17.3	-8.6
COGARD 5 1/8 01/17/25	51.0	11.1	TSIVMG 1.55 12/17/29	21.6	-6.6
FUTLAN 6 08/12/24	67.9	10.5	CPDEV 5 3/4 PERP	73.8	-3.1
COGARD 7 1/4 04/08/26	50.1	10.5	LUSOIB 5 1/2 PERP	103.8	-3.0
FUTLAN 4.45 07/13/25	60.9	10.4	GEELY 4 PERP	91.9	-2.0

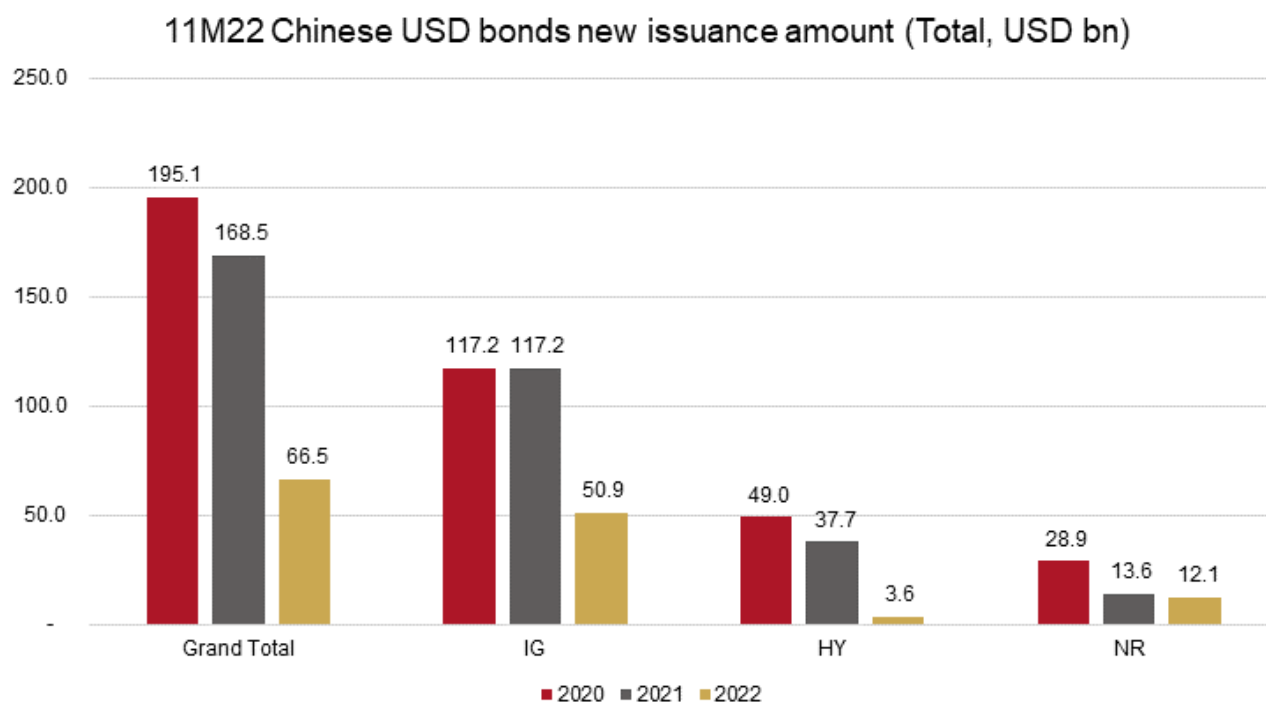
❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets turned to down yesterday, the S&P (-1.79%), Dow (-1.40%) and Nasdaq (-1.93%) dropped as the markets worried about that the Fed may continue previous radical interest hike pace in Dec, on the back of Nov ISM index increased to unexpected 56.5%, higher than the estimation of 53.7%. The U.S. treasury yields moved higher on Monday and 2/5/10/30 yields bear flattened to 4.41%/3.80%/3.60%/3.62%, respectively.

❖ Desk analyst comments 分析员市场观点

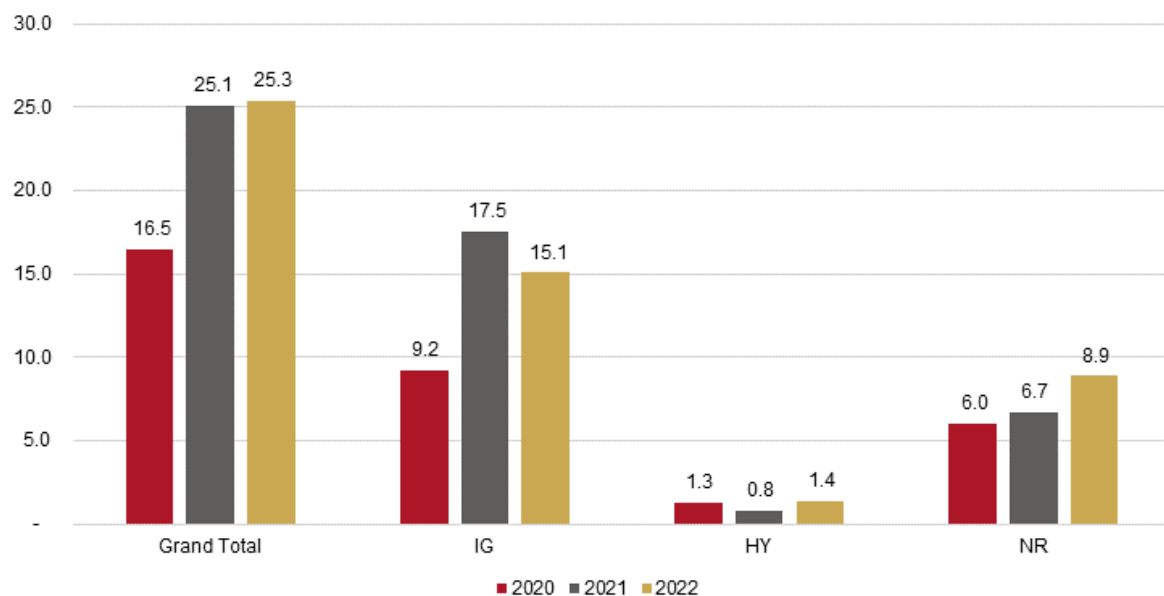
➤ Asia ex-JP USD bonds issuance: 51.2% yoy drop in 11M22, China LGFV issues declined 62.6% yoy in Nov'22

In 11M22, the Asia ex-JP USD bonds new issues continued to shrink and fell 51.2% yoy to USD158.6bn. The decline widened compared with yoy decline of 50.6% in 10M22. In 11M22, new issuance from China fell 60.5% yoy to USD66.5bn. Specifically, issuance of Chinese IG, HY and NR dropped 56.6%, 90.6% and 11.2% yoy to USD50.9bn, USD3.6bn and USD12.1bn, respectively. The issuance of Chinese properties in 11M22 shrank 79.9% yoy to USD7.95bn.

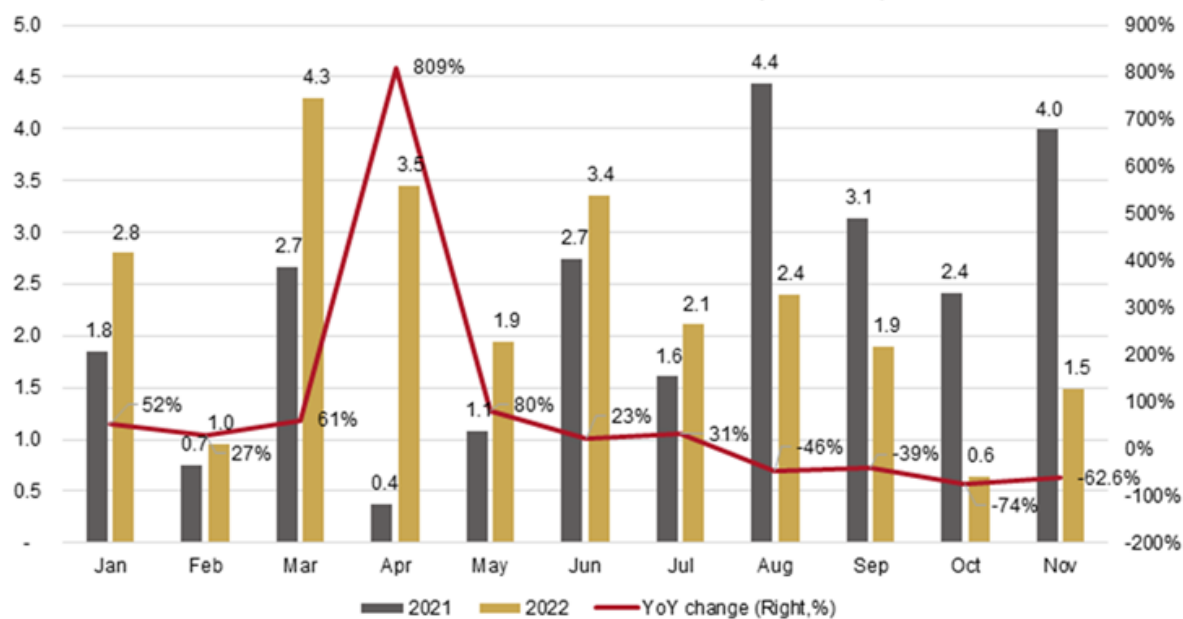


Though LGFV is the exceptional sector to record yoy issuance growth amid the weak market environment, the pace of growth of LGFV slowed down notably in Nov'22. In 11M22, LGFV new issues increased only 1.2% yoy to USD25.3bn, compared with 12.8% yoy in 10M22. By credit ratings, IG, HY and NR issuances changed -14.0%, 69.5% and 32.1% to USD15.1bn, USD1.4bn and USD8.9bn, respectively. LGFV accounted for 38.0% of total issuance from China in 11M22, increased from 14.9% in 11M21. In Nov'22, the average yields of IG LGFV new issuance was 6.9%, rose from an average of 2.8% in Nov'21.

11M22 Chinese USD bonds new issuance amount (LGFV, USD bn)



2021/2022 China LGFV issuance (USD, bn)



➤ 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	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ News and market color

- Regarding onshore primary issuances, there were 56 credit bonds issued yesterday with an amount of RMB50bn. As for Month-to-date, 185 credit bonds were issued with a total amount of RMB196bn raised, representing a 45.2% yoy decrease
- [CENCHI]** CCRE says in process of remitting funds to cure missed 7 Nov USD coupon within grace period ending tomorrow
- [CHIOIL]** China Oil and Gas repurchases USD 13.2m of 5.5% senior notes due 25 January 2023 from open market
- [CIFIHG]** CIFI Group to receive RMB10bn credit line from Postal Savings Bank of China
- [COGARD]** Media reported that Country Garden aims to issue up to RMB1bn 2NP1 bonds as soon as Friday with concurrent offer of full CDS protection
- [DEXICN]** Dexin China has not paid outstanding principal of USD 348.3mn DEXICN 9.95 12/03/22 amid exchange offer
- [FRESHK]** Far East Horizon unit raises RMB1bn via offering of three-year MTNs to repay bank loans; The company redeemed entire USD400mn FRESHK 5.6 PERP
- [GEMDAL]** Gemdale provides up to RMB1.5bn guarantee to Beijing unit for funding
- [JIAYUA]** Jiayuan further extended exchange offer deadline to 5 Jan'23
- [JINKE]** Jinke Property announced that it plans private placement of new shares. The amount is unknown yet and the proceeds will be used for the development of real estate and repayment of part of its debts
- [LEEMAN]** Lee & Man Paper Manufacturing announces tender offer to purchase up to USD130mn of LEEMAN 5.5 PERP at 86
- [PWRLNG]** Powerlong to receive RMB10bn credit line from Postal Savings Bank of China
- [RPVIN]** Fitch affirmed ReNew Power at BB- and placed stable outlook

- **[YUZHOU]** Yuzhou Group to record RMB426.3mn loss from acquisition, disposal of property development projects to Coastal Greenland
- **[ZHHFGR]** Zhuhai Huafa Properties proposes up to RMB6bn (cUSD863.4mn) private placement of new shares. The proceeds will be used by the listed company to fund project development and boost working capital
- **[ZHYIHC]** Zhou Hei Ya repurchases HKD135mn of ZHYIHC 1 11/05/25 (o/s HKD994mn)

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