

CMBI Credit Commentary

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

- *Markets sentiment remained fragile this morning. LGFV space down 0.5-1pt while we saw the selling flows slowed down from earlier this week. Global RM was the main driver that started this round of selloff, the most sell bonds are those with high coupon or longer tenor (26s/27s) and used to be held by offshore RM.*
- **GNGLNG/HLBCNH:** Ganglong and Helenbergh launch exchange offers. See below.
- **FOSUNI:** Media reported that Fosun plans to sell RMB50-80bn (cUSD11bn) assets within the next 12 months in order to focus on its consumer-discretionary business. FOSUNI 23-25 up 1-1.5pts this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, China IGs had another brutal day with better selling for almost everything, as IG spreads overall widened 10-40bps throughout the day under global RM heavy selling. TMTs notably underperformed where BABA 31s/TENCNT 30s were sold down to T+240/T+280 level, respectively. MEITUA '30 cash price was reaching mid-50 handle. TMTs' widening were between 10~20bps for 10-year part and 30 bps+ for the ultra-long papers. However, we saw these mostly driven by thin liquidity and short selling, while real selling flows were small as we are talking about 1mio by 1mio in size. Only BABA had block two-ways among BATs, and levels stabilized a bit in the late afternoon. Financials space were overall 5-20bps wider, where the price drops in AMCs followed the same logic in flows. AMC Perps lowered 3.5pts. GRWALL/CCAMCL Perps were marked down to low-80s by EOD. T2/leasing sectors widened 5-10bps. IG properties started the day stable, but lowered 1-3pts into the close. China HY space was still heavy with offshore RM outflows as concerns grew over the priority of economic growth after the 20th CPC meeting. COGARDs/CIFIHGdipped 1-2pts. CHJMAO '29 was down 8pts despite the firm clarified the non-payment rumor. GRNLGR '23/GRNLHK Perp were down 2.5-3.5pts. We also saw some selling on the perps of HK properties on higher rates and call risk. CKINF 4.2'Perp/NANFUN 5'Perp fell 5.5/13pts respectively, though REGH 6.5'Perp bounced back to low-60s. CPDEV curve down for another 1pt on PB selling. Industrial space was relatively firm during this round of sell-off since CPC meeting, FOSUNIs were up 1-1.5pts on the plans of asset sales in Europe for liquidity. Macau gaming was roughly unchanged to 0.5pt lower. Elsewhere, CITLTDs were broadly up 1.5-2pts. Ex-China HY continued to be fragile, seeing some sporadic demand for laggards but broadly very thin. Indian steel name JSW's bonds underperformed, JSTLIN was down 4pts. Indian renewables GRNKENS/RPVINs/VEDLNs were down 1.5-2.5pts.

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In the LGFV/SOE Perp/AT1 space, sentiment remained very bearish on China credits despite equities' intraday bounce recouped early losses. Flows were one way selling from global RM continuously as well as offshore Chinese asset managers, whilst bids were only supported by dealers' short covering as targets from potential onshore buyers retreated promptly amid further weakening of the RMB FX. AT1s were down 1.5-4pts as were quickly being repriced to low-to-mid-6% to catch up with the correction in SOE Perps these few weeks, before stabilizing, thanks to short covering from earlier sellers. "Big 5" AT1s broadly dropped 1.25-1.75pts amid HFs shorting. ICBCAS 3.2'Perp marched further below low-90s to close at 88.5/89.15 level. BCHINA/BOCOM prices were traded down to 93 level. SOE Perps were still quiet in its own land, and were peacefully marked around 0.5pt lower amid thin bid liquidity. CNPCCH was up 1.5pts. Meanwhile LGFVs were one way selling as well across 22s-27s, as bonds plunged by 0.5-1.5pts depending on how staled the screen prices had been. CNSHAN was 0.25-0.5pt lower amid FM/PB trimming. We also saw active two-way flows on names like SHGUOH/ZOOMLI. Again, bid support came no more than from short covering as selling pressure continued to pile up.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
REGH 6 1/2 PERP	62.0	6.2	NANFUN 5 PERP	61.1	-12.9
BNKEA 4 7/8 04/22/32	87.4	3.2	CHJMAO 4 1/4 07/23/29	50.5	-7.8
LENOVO 6.536 07/27/32	90.1	3.0	CASHLD 4 PERP	66.4	-6.0
YUEXIU 3.8 01/20/31	76.4	2.8	CKINF 4.2 PERP	66.5	-5.5
ROADKG 6.7 09/30/24	61.9	2.0	HRINTH 4 7/8 11/22/26	73.4	-4.8

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock markets rebounded in three consecutive days, the S&P (+1.63%), Dow (+1.07%) and Nasdaq (+2.25%) moved up leading by tech giants as the markets reckoned the companies may publish better than expectation Q3 results within this week. U.S. consumer confidence index ebbed in Oct after previous rise, the index fell to 102.5 from 107.8 and was lower than the expectation of 106.5. The U.S. treasury yields dropped yesterday. The yield curves bull flattened that the 2/5/10/30 yields reached 4.42%/4.25%/4.10%/4.26%, respectively.

➤ **Desk analyst comments 分析员市场观点**

➤ **GNGLNG: Launch an exchange offer for its 13.5% senior notes due-2022**

Ganglong China launches an exchange offer today for GNGLNG 13.5 11/11/22. The proposed new notes will carry same coupon rate and will mature in 364 days. Accrued and unpaid interests will be paid in cash.

Details of the exchange offer:

Notes	GNGLNG 13.5 11/11/22
Outstanding	USD158mn
Minimum acceptance level	90%
Accrued and unpaid interests up to settlement date	Pay in cash
Incentive cash	-
New maturity	364 days
New coupon rate	Unchanged at 13.5%
Expiration deadline	2 Nov'22
Settlement date	On or about 7 Nov'22

Ganglong China is a Yangtze river delta based developer, the company recorded RMB5.48bn revenue in 1H22, increasing 13% yoy. As of Jun'22, Ganglong held RMB1.6bn cash while its borrowing due in one-year is RMB1.55bn.

➤ **HLBCNH: Launch an exchange offer for its 11% senior notes due-2023**

Helenbergh China launches an exchange offer today for HLBCNH 11 03/24/23. The coupon rate of the new notes will be lowered to 8% from 11% and mature on 3 Nov'24 (c20-month extension). Incentive cash is USD0.25 for every 100.

On the other hand, the company received the requisite consents to effect the proposed waiver and amendment in respect of its HLBCNH 11%'23 USD270mn senior notes due 8 Oct'23.

The exchange, if goes through, will put the maturity of new notes behind that of HLBCNH 11%'23. We see a high likelihood for Helenbergh to have another round of liability management exercise to extend the maturity of HLBCNH 11%'23 to behind that of the new notes.

Details of the exchange offer:

Notes	HLBCNH 11 03/24/23
Outstanding	USD350mn
Minimum acceptance level	90%
Accrued and unpaid interest up to settlement date	Pay in the form of new notes
Incentive cash	0.25pt
New maturity	3 Nov'24
New coupon rate	8%
Expiration deadline	31 Oct'22
Settlement date	On or about 3 Nov'22

➤ **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)
Korea Investment & Securities	USD	-	3yr	-	Baa2/BBB/-
Yichun Development Investment Group Co., Ltd.	USD	-	-	-	-/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 80 credit bonds issued yesterday with an amount of RMB68bn. As for Month-to-date, 960 credit bonds were issued with a total amount of RMB1140bn raised, representing a 20.3% yoy increase

- PBOC said to maintain the healthy development of stock, bond and property market; CSRC said to lift the proportion of direct financing and cooperate more with HK markets in the future
- **[CIFIHG]** Media reported that CIFI transferred RMB31.7mn to pay the coupon on time (26 Oct) of its onshore RMB750mn due 2025 bonds
- **[FOSUNI]** Media reported that Fosun plans to sell RMB50-80bn (cUSD11bn) assets within the next 12 months in order to focus on its consumer-discretionary business; Moody's downgraded Fosun to B2 and changed outlook to negative, Fosun ended rating service with Moody's few days ago
- **[FTLNHD]** Seazen recorded RMB93.8bn contracted sales in 9M22, down 45.04% yoy; contracted GFA is 9.5mn sqm in 9M22 and down 41.73% yoy
- **[GALCLD]** Bohai Leasing booked RMB167.27mn provision for impairment in 3Q22; The company recorded RMB10.2bn revenue in 9M22, +83.22% yoy
- **[GRNLGR]** Media reported that Greenland's funds which set to repay skipped originally USD300mn loan amortization was sited in onshore accounts and waiting for authority's approval to remit offshore
- **[RISSUN]** RiseSun extended the expiration date of coupon-default waivers consent solicitation for RISSUN 9.5 03/16/23 and RISSUN 9.5 09/17/24 to 2 Nov
- **[RONXIN]** Ronshine China missed principal and interest repayment totaled USD718.1mn of RONXIN 8.75 10/25/22 (o/s USD688mn)
- **[SINOCE]** Sino-Ocean Group announced settlement of consent solicitation for SINOCL 6 10/25/22
- **[YANGOG]** Yango parent Fujian Sunshine unable to disclose FY21, 1H22, 1Q22, 3Q22 results on schedule without clear timetable

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