

CMBI Credit Commentary

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

- *Markets were overall quiet this morning. We saw some buying interests on tier one SOEs. Macau gaming sector up ~1pt as the tourists number during mainland Oct holidays recovered a lot. Property sector continued to be weighed by CIFI with ROADKs/AGILEs down 1-2pts.*
- **CIFIHG:** *Missed an interest payment of USD365mn loan, we summarized the details of its bond and loan, cRMB22.2bn repayment within one year. CIFIHG down ~2-5pts this morning. See below.*
- **China Property:** *Media reported that 145 of 147 uncompleted properties in Zhengzhou have resumed construction since the government indicate to ensure the new houses delivery one month ago.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IGs still on the weaker side with light flows. Market kept the cautious tone ahead of NFP on Friday, amid the treasury curve bear-flattening 7bps on the back of the hawkish Fed-speak. Financials space weakened a bit with spreads broadly widened 2-3bps. AT1s were relatively lighter despite street still trying to push some of the larger issues lower, whilst T2s emerged a little bit of buying early on in 24s-25s/ c24 papers as rates crept higher again. In AMCs, HRINTHs were 5-9bps wider. In TMTs, TENCNT/XIAOMI/LENOVO tightened 3-8bps and TAISEM kept seeing some buying demand. IG properties were weighed down by real estate price actions, with LNGFORs/VNKRLEs notably down 1-3pts. SINOCEs continued the mixed tone, SINOCE 6.876%' Perp was up ~4pts but the overall curve drifted 1pt lower. China HYs all shuffled lower as market sentiment deteriorated with the heated discussion that CIFI missed an interest payment on a due-Feb'23 term loan. The nearest maturity CIFIHG'23 notably plummeted 17.5pts to 27/30 level, though the developer's bonds were hardly traded as there was no buyer. Other CIFIHG fell 5-8.5pts to close at high-teens. Later evening Moody's downgraded its rating by two notches to B3, while S&P has withdrawn its B+ rating at the company's request on Wednesday. COGARDs were also dragged down 2.5-4pts. Elsewhere, FUTLANs/FTLNHDs were down 1.5-3.5pts. Ex-property, gaming space were all well bid from RMs on the day, with MPELs/STCITYs/WYNMACs trading up 1.5-3.5pts. Industrial space was unchanged to 0.5pt lower. Away from China, we witnessed a muted session in India HYs as the market prioritized CIFIHG, though renewables had two-way flows with short covering by street and HFs. VEDLN were 0.5pt higher against the backdrop of a rally in commodity prices. Indonesian HYs were also quiet, BUMIJ'24 was up 4pts.

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

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

In LGFV/SOE Perp spaces, we saw better selling driven by global RM rebalancing, nonetheless as far as bond prices had corrected we began to see some offshore asset managers buying/ deploying at the dip here. In LGFVs, high coupon papers – that used to have a larger non-home investor base in the past, continued to lead the selling as bid liquidity further drained, leading to some fairly wide prints. Nonetheless, we did see some offshore Chinese accounts stepping in to pick up the front-end quality papers at mid-to-high-5%, which would be roughly +170bps to +140bps in terms of implied credit spreads against the recent CT2 range and would certainly make more sense than in June when the same bonds were trading at effectively +50bps to +60bps implied credit spreads. Having said that, overall the LGFV space was still skewed to better selling as dip fishing sizes remained small relative to the amount of bonds coming out. In SOE Perps space, we also saw offshore Chinese AM occasionally picking up 1-2y-to-call issues at mid-5% to ~6%, albeit in selective names only. HAOHUA cash prices were unchanged to 0.5pt lower. New KORELEs grinded 3-5bps tighter again on the session, the rest of the space remained quiet.

➤ **Last trading day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOCE 6.876 PERP	24.7	3.9	CIFIHG 5 1/2 01/23/23	28.2	-17.2
MPEL 5 3/8 12/04/29	67.5	3.6	CIFIHG 6.55 03/28/24	19.3	-8.4
STCITY 5 01/15/29	48.9	2.0	CIFIHG 6.45 11/07/24	17.5	-7.4
WYNMAC 5 5/8 08/26/28	73.1	2.0	CIFIHG 4.45 08/17/26	15.9	-6.0
WYNMAC 5 1/2 01/15/26	80.4	1.9	CIFIHG 4 3/8 04/12/27	15.0	-5.8

➤ **Macro News Recap 宏观新闻回顾**

Macro –U.S. stock markets down yesterday. The S&P (-1.02%), Dow (-1.15%) and Nasdaq (-0.68%) fell as several Fed officials expressed their supports for continuing rising interest rate to strike inflation. The markets stayed cautious before Frida's September NFP data publication, the overall expectation is +250k, decreasing 20.6% compared to Aug's +315k. The U.S. treasury yields up yesterday and the yields curves bear flattened that 2/5/10/30 yield reaching 4.23%/4.05%/3.83%/3.81%, respectively.

❖ **Desk analyst comments 分析员市场观点**

➤ **CIFIHG: Missed an interest payment of USD365mn loan, cRMB22.2bn repayment within one year**

Media reported that CIFI Group missed an interest payment of a USD365mn-equivalent due- Feb'23 term loan, and the company is seeking lenders' consent to defer the interest payment to 28 Oct before 10 Oct. According to our statistics, CIFI Group has cRMB22.2bn (USD3.1bn) repayment within one year, including RMB4.9bn onshore bonds/ABS, RMB7.4bn onshore loan and USD295mn (cRMB2.1bn) offshore bonds, USD1.1bn (cRMB7.7bn) offshore loan. The company's cash condition, according to an internal letter which was spread on the internet in late Sep, was about RMB30bn of which the majority is restricted.

CIFI Group's bond details (As of Oct'22):

Onshore ABS	O/s Amt (RMB mn)	Maturity	Puttable Date	Callable Date
21RongyiABN004 Sr	300	25/10/2022		
21RongyiABN004 Jr	1	25/10/2022		
20Xuhui1C	1	25/10/2038		
PRXuhui1A	2470	25/10/2038	25/10/2022	
Onshore Bonds				
21Xuhui02	3000	22/7/2026	22/7/2024	
22Xuhui01	500	27/6/2026	27/6/2024	
22XuhuiMTN001	1000	14/3/2026	14/3/2024	
21Xuhui01	1448	12/3/2026	12/3/2024	
20Xuhui03	750	26/10/2025	26/10/2023	
22XuhuiMTN002	1200	22/9/2025		
21Xuhui03	1875	14/9/2025	14/9/2023	
20Xuhui02	1000	29/5/2025		
20Xuhui01	2120	29/5/2025	29/5/2023	
Total onshore debts	15665			

Offshore Bonds	O/s Amt (USD mn)	Maturity	Puttable Date	Callable Date
CIFIHG 4.8 05/17/2028	149	17/5/2028		05/17/2025
CIFIHG 5.5 01/23/2023	295	23/1/2023		11/7/2022
CIFIHG 11.581 PERP	300	Perp		11/7/2022
CIFIHG 5.25 05/13/2026	350	13/5/2026		11/13/2023
CIFIHG 4.375 04/12/2027	418	12/4/2027		1/12/2025
CIFIHG 6.45 11/07/2024	500	7/11/2024		11/7/2022
CIFIHG 5.95 10/20/2025	500	20/10/2025		07/20/2023
CIFIHG 4.45 08/17/2026	500	17/8/2026		05/17/2024
CIFIHG 6.55 03/28/2024	555	28/3/2024		11/4/2022
CIFIHG 6 07/16/2025	567	16/7/2025	4/8/2024	01/16/2023
CIFIHG 6.95 2025/4/8 HKD CB	325	4/8/2025		--
CIFIHG 5.85 2023/8/19 CNY	173	19/8/2023		11/4/2022
Total onshore debts	4632			

CIFI Group's loan details (As of 1H22):

Total bond maturities(incl. puttable)	Onshore (RMB mn)	Offshore (USD mn)
2H22	2771	-
1H23	2120	295
2H23	2625	173
Total	7516	468

Bank Loan Maturities	Onshore (RMB mn)	Offshore (USD mn)
1H23	7441	1090
1H24	21305	838
After 2H24	26272	665
Total	55018	2593

Source: Wind, Bloomberg, Company report

➤ **Market conditions and color**➤ **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	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Market conditions and color**

- Onshore primary issuances suspend during the National Day Holiday.
- Media reported that 145 of 147 uncompleted properties in Zhengzhou have resumed construction since the government indicate to ensure the new houses delivery one month ago.
- **[BJHKWY]** Beijing Hongkun Weiye expects to miss the payment of USD193mn BJHKWY 14.75 10/08/22 on due date
- **[CIFIHG]** Moody's downgraded CIFI Group two notches to B3/Caa1 and placed negative outlook
- **[ROADKG]** Roadking infrastructure will set up a JV with Build King Holdings to develop an urban renewal project in Yantian, Shenzhen; Roadking sell 20% stakes and sale loans of the project's company to Build King for HKD800mn (cUSD102mn) and will hold the rest 80%
- **[SOFTBK]** Media reported that Softbank plans to sell its stake in Televisa Univision to downsize its assets

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

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