

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

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- *Markets were stable this morning. Flows of IG space were two-way balanced. Benchmark names were mostly unchanged. High beta names like HRINTH were weak. LGFV/SOE Perps were also two-way while AT1s were skewed to selling.*
- **Chinese properties:** *Weaker contracted sales in Jun'23 and divergence in sales performance continues. See below.*
- **DALWAN:** *Wanda Commercial remitted funds to redeem RMB1.58bn bonds due 10 Jul. DALWANs down 1.5-4.25 pts post downgrade and retreated c0.5pt this morning.*

❖ Trading desk comments 交易台市场观点

Last Friday, IG space closed 2-5bps wider on the back of overnight rates rally post a very strong ADP print. TMT benchmarks BABA/BIDU/TENCNT opened 3-5bps wider. BABA 31s erased the early widening to close at T+137 post Reuters reported that China probe of Ant shall end with fines. BABA curve closed 1-2bps tighter. The high-beta TMTs LENOVO/XIAOMI/WB/MEITUA widened 5bps. In Chinese SOEs, HAOHUA curve edged 3bps wider to T+182. In financials, AMC space was traded in a soft tone. HRINTH curve was quoted another 0.5-1pt (10-25bps) lower. The low beta papers across HK/Korea space were under better buying. HKINTL/HKAA/NACF 28s grinded 1-2bps tighter. The front-end of BCHINA/BOCAVI/UOBSP curves were traded in two-way balanced flows. Chinese AT1s lowered another 0.1-0.2pt amid a light activity level. Chinese properties remained weak. SINOCES were marked 1.25-3.75pts lower to close around low-teens. DALWANs lowered 1.5-4.5pts across the curve. CSCHCN/FTLNHD/CHINSC 24s were traded down 1.5pts. COGARD 24s/25s declined 1.25pts. CENCHI 7.9 '23/GRNLGR 6.125 '25 were marked down around 2-3pts. Outside properties, FOSUNI 27 closed 4.5pts higher at low-70s. Macau gaming names MPELs/SANLTDs/WYNMACs were traded down 0.75-1pt. In Indian space, VEDLNs declined 1.25-2.75pts. Indonesian sovereign names PERTIJs/PLNIJs were marked 0.75-1.5pts lower.

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The Perp/LGFV spaces were traded on a relatively cautious tone, ahead of NFP. SOE Perps still had support from Chinese AMs/Prop buyers at low-6% and thus managed to hold on stable. In HK Corp Perp space, NWDEV/CKPH/CKINF Perps were indicated around 0.5pt higher. On the LGFV front, topic of the day was SIDEVE 26's further USD15.38mn retired amount. SIDEVE '26 was traded actively at mid-91s (around high-6%) with selling from Chinese AM and prop holders. Meanwhile, BJSTAT'25 was traded firm with active flows after Beijing State-owned Assets Management announced a partial tender offer. Otherwise flows were largely better selling in low yielding (\leq low-6%) papers. Whilst there were some small better buying interests in high-yielding/high-beta papers. Shandong papers SHGUOH/QDJZWD 25s were traded 0.125-0.25pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FOSUNI 5.05 01/27/27	68.8	4.5	DALWAN 6 7/8 07/23/23	88.9	-4.3
UPLLIN 4 1/2 03/08/28	90.8	1.4	SINOCE 5.95 02/04/27	9.0	-3.7
SHUION 6.15 08/24/24	83.8	1.2	CENCHI 7.9 11/07/23	7.3	-3.1
FTLNHD 4 1/2 05/02/26	35.3	0.9	ROADKG 5 1/8 07/26/26	41.4	-2.9
FTLNHD 6.8 08/05/23	97.0	0.8	SINOCE 2.7 01/13/25	13.5	-2.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.29%), Dow (-0.55%) and Nasdaq (-0.13%) were down amid worries about further interest rate hikes. US Jun NFP was +209k, lower than expectation of +306k. US unemployment rate was +3.6% while the expectation is 3.7%. China Jun CPI/PPI were 0.0%/-5.4% yoy, lower than expectation of +0.2%/-5.0% yoy. The US treasury movement was mixed last Friday that long-term yields rallied higher, the 2/5/10/30 yield reached 4.94%/4.35%/4.06%/4.05%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese properties: Weaker contracted sales in Jun'23 and divergence of sales performance continues

In Jun'23, the 35 developers under our radar reported contracted sales of RMB306.5bn in total, dropped 39.6% yoy compared with that of Jun'22. The 35 developers all reported yoy decline in contracted sales during the month. Overall in 1H23, the 35 developers' contracted sales were RMB1,902.5bn in total, down 10.3% than those in 1H22.

The divergence of sales performance among SOEs/surviving POEs and defaulted developers remains. This reflects the developers' access to funding for land acquisitions and construction. The outperformers in 1H23 are YUEXIU (RMB83.6bn, +71% yoy), CRHZCH (RMB170.2bn, +41% yoy) and CHIOLI (RMB180.2bn, +30% yoy). Underperformers are RONXIN (RMB9.8bn, -75% yoy), TPHL (RMB9.4bn, -66% yoy) and GZRFPR (RMB11.9bn, -55% yoy). According to NBS, the yoy change of nationwide commercial housing sales amount turned to negative again in May'23 at -5% yoy. We expect more notable yoy pick-up in contracted sales by 4Q23 in view of the low base figures.

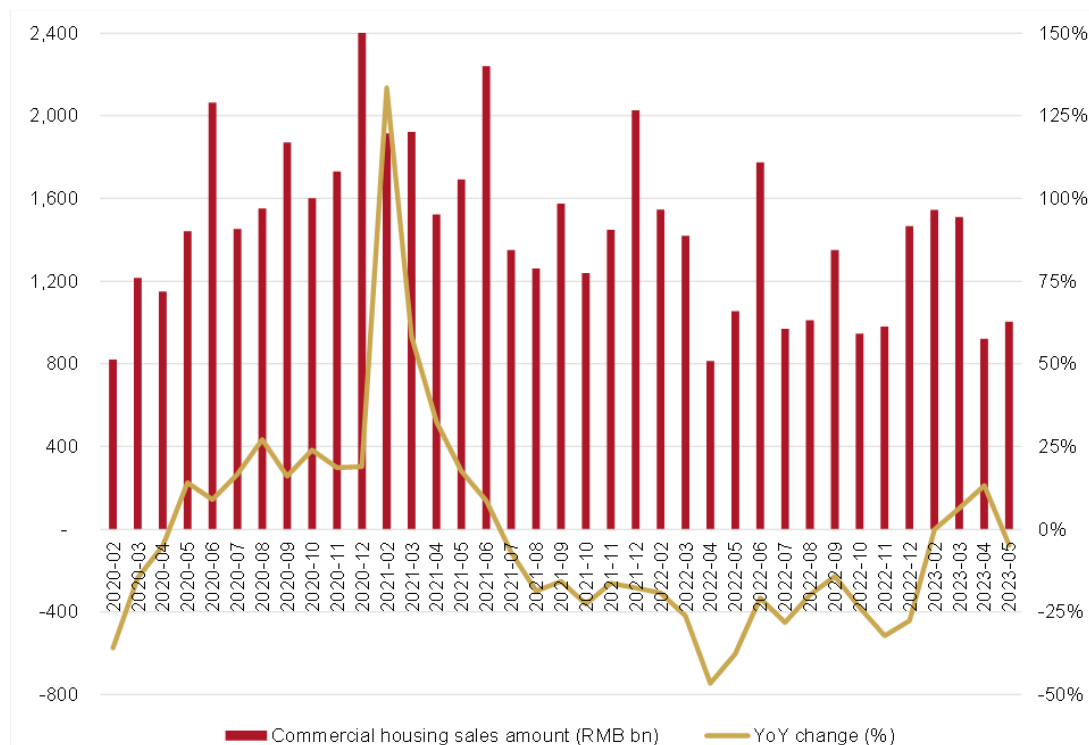
Chart 1: Contracted sales of developers under our radar

2023 YTD Sales (in RMB mn)													
Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Trend	Jun'23 MoM Growth	Jun'23 YoY Growth	Jun'23 YTD Sales	Jun'23 YTD Sales Growth
Agile	雅居乐	AGILE	6,440	6,120	4,250	3,680	4,200	3,540		-16%	-27%	28,230	-28%
Central China Real Estate	建业地产	CENCHI	2,871	2,120	1,237	1,013	1,523	1,260		-17%	-38%	10,024	-29%
China Jinmao	中国金茂	CHJMAO	10,000	14,130	20,100	14,402	14,180	13,140		-7%	-33%	85,952	-23%
China Overseas	中国海外发展	CHIOLI	13,188	27,424	42,987	34,033	29,345	33,199		13%	-38%	180,176	30%
China Resources Land*	华润置地*	CRHZCH	16,020	24,200	38,800	33,010	31,300	26,890		-14%	-33%	170,220	-11%
China SCE	中骏集团控股	CHJNSC	3,051	3,809	4,608	2,505	3,102	3,090		0%	-39%	20,165	-38%
China Vanke	万科企业	VNKRLE	28,630	30,120	42,630	33,470	32,940	36,140		10%	-23%	203,930	-5%
CIFI Holdings	旭辉集团	CIFIHG	5,020	7,810	8,300	8,300	7,000	5,510		-21%	-39%	41,940	-34%
Country Garden (Attributable)	碧桂园	COGARD	22,010	24,850	25,010	22,690	18,200	16,000		-12%	-39%	128,760	-30%
Dexin China*	德信中国*	DEXICN	2,340	3,200	2,630	1,390	2,150	1,770		-18%	-39%	13,480	-30%
Future Land*	新城控股*	FUTLAN/FTLNHD	5,776	7,809	7,920	7,162	7,033	6,650		-5%	-39%	42,350	-35%
Gemdale	金地集团	GEMDAL	9,210	14,800	20,110	15,000	13,230	13,470		-2%	-39%	85,820	-15%
Greenland Holding*	绿地控股集团*	GRNLGR	9,790	7,710	11,290	6,860	11,940	11,310		-5%	-39%	58,900	-14%
Greentown	绿城	GRNCH	13,500	17,900	29,900	27,100	20,200	25,600		27%	-39%	134,200	19%
Guangzhou R&F*	富力地产*	GZRFPR	1,350	2,110	3,910	1,660	1,540	1,330		-14%	-39%	11,900	-55%
Hopson	合生创展	HPDLF	1,327	2,193	6,547	1,585	2,323	2,087		-10%	-39%	16,062	-5%
Jingru Holdings	景瑞控股	JINGRU	342	454	442	370	449	405		-10%	-39%	2,462	-45%
KWG Property	合景泰富集团	KWGPRO	3,561	4,320	3,850	3,231	2,380	1,730		-27%	-39%	19,072	-27%
Logan Property (Attributable)*	龙光地产*	LOGPH	1,070	2,190	3,110	3,200	2,490	1,270		-49%	-39%	13,330	-52%
Longfor (Attributable) *	龙湖集团*	LNGFOR	7,220	11,140	15,240	11,260	9,410	10,830		15%	-39%	65,100	15%
Poly Real Estate	保利地产	POLYRE	29,545	34,284	50,301	41,895	40,838	40,157		-2%	-21%	236,820	13%
Powerlong	宝龙地产	PWRLNG	2,040	3,319	3,478	3,123	3,054	2,596		-15%	-39%	17,610	-24%
Radianse*	金辉控股*	JNHUIG/RDHGCL	1,920	1,750	1,530	3,050	3,230	1,370		-58%	-39%	12,850	-47%
Redoo Properties*	力高集团*	REDPRO	1,323	1,516	1,390	1,347	1,260	814		-35%	-39%	7,650	-38%
Redsun	弘阳地产	REDSUN/HONGS	1,109	2,770	3,434	2,189	2,019	1,504		-26%	-39%	13,025	-34%
Ronshine China	融信中国	RONXIN	995	1,334	1,537	2,086	2,029	1,809		-11%	-39%	9,789	-75%
Shimao*	世茂房地产*	SHIMAO	4,510	4,110	6,220	5,010	4,010	4,210		5%	-39%	28,070	-36%
Sino-Ocean	远洋集团	SINOCE	3,290	5,070	8,200	7,030	5,040	7,040		40%	-39%	35,670	-17%
Sunac China	融创中国	SUNAC	7,230	10,860	11,180	8,060	7,790	7,020		-10%	-39%	52,140	-54%
Times Property	时代中国控股	TPHL	852	1,961	2,638	1,494	1,418	1,080		-24%	-39%	9,443	-66%
Yanlord	仁恒置地	YLI.GSP	905	3,667	3,557	4,220	6,101	2,876		-53%	-39%	21,326	-32%
Yuexiu Property	越秀地产	YUEXIU	8,884	13,712	21,237	13,331	12,355	14,108		14%	-1%	83,627	71%
Yuzhou Properties	禹洲地产	YUZHOU	1,505	1,750	2,150	2,063	2,253	1,952		-13%	-39%	11,673	-44%
Zhenro Properties	正荣地产	ZHPRHK	1,356	1,620	1,811	1,654	1,566	1,674		7%	-39%	9,681	-55%
Zhongliang	中梁控股	ZHLGHD	3,660	4,020	3,750	3,300	3,190	3,110		-3%	-39%	21,030	-46%

Note: Company name with * represents the data was collected from CRIC.

Source: Company filings, CRIC.

Chart 2: China monthly commercial housing sales amount and YoY change



Source: Wind.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	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)
Doosan Enerbility (guaranteed by the Korean Development Bank)	USD	-	3yr	T+135	Aa2/-/-
Hongkong Land	USD	-	10yr	T+160	A2/A/-

➤ News and market color

- Regarding onshore primary issuances, there were 57 credit bonds issued last Friday with an amount of RMB44bn. As for Month-to-date, 293 credit bonds were issued with a total amount of RMB243bn raised, representing a 31.3% yoy decrease
- HKMA adjusted the countercyclical macro prudential measures for property mortgage loans. The loan-to-value ratio for self-use residential properties increased to 70% for properties valued at HKD15mn or below, and 60% for properties valued of more than HKD15mn and up to HKD30mn
- [BABA]** Chinese regulatory fined Alibaba-related company Ant Group for RMB7.1bn (cUSD986mn)
- [DALWAN]** Wanda Commercial remitted funds to redeem RMB1.58bn bonds due 10 Jul
- [FUTLAN]** Media reported that Seazen Holdings plans to issue up to RMB850m three-year CBICL-backed MTNs
- [GLPCHI]** Media reported that GLP China closed USD50mn loan for bond repurchases
- [KAISAG]** Kaisa Group faces HK winding up petition from Broad Peak, and Kaisa Group announced to oppose the petition
- [VEDLN]** Media reported that Vedanta board approved acquisition of semiconductors and display glass ventures

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