

CMBI Credit Commentary

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

- *Markets were generally skewed to better selling among AT1, SOE perps and LGFVs this morning and buying support mainly in high yielding front end papers and only from short covering in the long end. Heavy selling on new AIA'27 from grey and only stabilized at high +150s/ +160-handle due to short covering.*
- **GLPSP/GLPCHI:** *GLP plans to buy back some of its 24-26s bonds after the bond prices plunged last week. It mentioned that the Bidco Loan was fully repaid in 2019. GLPSP 3 7/8'25 up ~4pts since 13'Oct, while GLPCHI 24-26s are largely stable. See below.*
- **GEMDAL:** *The company recorded RMB163bn contract sales in 9M22, down 28.7% yoy. Maintained green line status of three red line standards. GEMDAL down 0.5pt this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, China IG spreads were largely unchanged across the space amid the firmer macro backdrop overnight. Financials space outperformed led by T2s as UST yields stalled out from the recent rally. Bank T2s were showing balanced flows on CCB 32/ICBCAS 25 with spreads 3-5bps tighter in the PM session. AT1s ended 0.15-0.25pt higher. Benchmark leasing/non-bank names tightened 1-3bps. TMTs were mostly muted, as T+200~230 range was a bit tight to reach the profit taking target for the FM accounts. IG properties were firm. LNGFOR 23s, Longfor's nearest maturity, rebounded to close 5pts higher than the last close, on headlines of funds ready for the redemption of the due-April 2023 bonds and plan to issue onshore bonds guaranteed by CBIC, while long-end LNGFORs were mostly unchanged. Other LNGFORs were 1pt lower on light volume. VRNKLEs mildly gained 0.5-1pt on short covering. CHJMAO 26/29 were notably traded up 2.5/6.5pts. China HY space took a temporary break post the previous sharp drop, though generally consolidated to net better selling from RM on the day. GEMDAL due-2024 notes continued the losing streak but much more controlled, with GEMDAL'24 dropping 2pts to 40.5/42.5 level. COGARDs/CIFIHGs lowered 0.25-0.5pt. Elsewhere, GRNLGRs notably dropped 1-4.5pts. FUTLANs/FTLNHDs/KWGPORs fell 0.5-3pts. AGILEs were unchanged as offshore bond investors showed no reaction yet to news that AGILE has arranged funds for the redemption of its RMB1.5bn 5.9% onshore private bond due Wednesday today. Among non-property sectors, the belly of FOSUNIs found support from retail after lowered 1-2pts and the FOSUNIs were generally stable. CITLTDs were up 0.5-1pt. Macau gaming still soft, as MPLEs/SANLTDs/WYNMACs were anywhere from 0.5-1.25pts lower. Away from China, India HYs continued to be quiet as renewables lacked demand

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even into broader strength. GRNKENS/RPVINs were down 0.5-1pt. India commercial-vehicle finance company SHTFINs was up 1.5pts after it launched a tender offer to purchase up to US\$250mn of outstanding originally USD\$500mn SHTFIN'23 and its curve were marked 1pt higher. Indonesian property LPKRIJ'26 was down 3pts.

In the LGFV/SOE Perp/AT1 spaces, tone remained cautious across sectors but we gradually saw more Chinese banks and NBRMs selectively picking up quality SOE/LGFV papers in the front end, and as such also expediting some short covering interests - in particular in the few chemical names as HAOHUA and CNBG perps recovered by ~0.375-0.5pts from the lows. SOEs had small buying flows only for the front to belly end amid the overall cautious tone of RM trimming. Buy/sell technical remained heavy and skewed to further downside. LGFVs were the same theme with buyers on the front-end while sellers on the longer-end. Flow-wise, the space was stable and slow. There were more two-way interests on LZINVE'22/ LIANYU'25. We also saw Chinese accounts coming back to pick up higher yield targets such as CQNANA'24 that were traded at high 6%. Elsewhere in AT1s, CHYBK 5.25 Perp had two-way flows close to 100 after new AT1 mandate announcement, whilst ICBCAS 3.2 Perp remained afloat thanks to short covering buying.

➤ Last trading day's Top Movers

Top Performers	Price	Change
CHJMAO 4 1/4 07/23/29	71.4	6.7
LNGFOR 3.9 04/16/23	94.5	4.8
CHJMAO 3.2 04/09/26	79.0	2.6
CKINF 4.85 PERP	88.0	2.4
SHTFIN 5.1 07/16/23	98.2	1.6

Top Underperformers	Price	Change
XINHUZ 11 06/06/25	78.8	-15.5
XINHUZ 11 09/28/24	83.8	-9.3
GRNLGR 6 1/8 04/22/23	39.9	-4.4
CHJMAO 6 PERP	80.1	-4.1
CCAMCL 4 3/4 12/04/37	72.8	-3.8

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets rebounded yesterday. The S&P (+1.14%), Dow (+1.12%) and Nasdaq (+0.90%) opened at higher level while went downward amid the worry about enterprises' lower than expectation Q3 results. China delays to published 3Q22 GDP and import/export data, deputy head of NDRC said on Monday that the economy had picked up significantly in 3Q22. The U.S. treasury yields slightly down yesterday, yield curves bull steepened that the 2/5/10/30 yields reached 4.43%/4.21%/4.01%/4.04%, respectively.

➤ Desk analyst comments 分析员市场观点

➤ GLPSP/GLPCHI: Plan to buy back bonds, better entry opportunities at recent lows

GLP plans to buy back some of its 24-26s bonds after [bond prices](#) plunge last week. The company does not plan to repurchase its perps, as it worries Fitch & S&P may no longer treat these with 50% equity content in agencies' calculation on the company's capital. The two agencies said in 2021 that they would not treat the perps as partial equity if the company view these instruments as semi-permanent.

GLP also clarified that the "Bidco Loan" was fully repaid in 2019. This refers to a multi-tranche secured bullet loan obtained in 2017 to fund the take-private the company, and investors assumed it will be due in Dec'22.

On the other hand, there are USD6.7bn receivables due from its immediate holding company, GLP Bidco Ltd, as of Jun'22. The company said c20% was repaid, c30% will move to equity, c30% will be repaid upon assets disposal, and c20% expected to be repaid by end of this year.

GLPSP 3 7/8'25 up ~4pts since 13'Oct, while GLPCHI 24-26s are largely stable. We see the recent lows as better entry opportunities. See our [buy recommendation and comments](#) on GLP.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Industrial Bank of Korea	USD600	2yr	5.125%	T+70	Aa2/-/AA-
Chengdu Sino French Ecological Park Investment Development Co., Ltd. (SBLC by Shanghai Bank)	USD200	3yr	6.0%	6.0%	-/-/-
AIA Group Ltd	USD850	5yr	5.625%	T+150	A1/A+/A+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhenjiang Transportation Industry Group Co., Ltd.	USD	-	3yr	6.9%	-/-/-
Export Finance Australia	USD	-	5yr	T+70	Aaa/AAA/-
MDGH GMTN RSC Ltd	USD	1000	10.5yr	T+165	-/AA/AA
Chiyu Banking Corporation Limited	USD	-	PNC5	8.0%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 100 credit bonds issued yesterday with an amount of RMB131bn. As for Month-to-date, 527 credit bonds were issued with a total amount of RMB624bn raised, representing a 23.2% yoy increase
- Media reported that Macau government has unconditionally accepted Genting Malaysia's bid for casino concession
- Media reported that China MOF bans government-backed entities from purchasing land by raising debt. Land purchases in China dropped 60% yoy in 9M22.
- [AGILE]** Agile RMB1.5bn private bond 20Panya02 holders say received today's full redemption payment
- [BUMIJ]** Bumi Resources unit Innovate elected to redeem CBs BUMIJ 6 12/11/24 (o/s USD222.7mn) at 105% on 17 Nov
- [CHFOTN]** CFLD bondholder AHC calls for all holders to continue to refrain from conceding to company proposal and is ready to escalate legal action
- [CIFIHG]** CIFI Group remitted funds to redeem its RMB300mn 21RongyiABN004 due on 25 Oct; The company announced to pay interests of 20Xuhui03 (o/s RMB750mn) on 26 Oct
- [COGARD]** Media reported that Country Garden prepares for second CBICL-guaranteed domestic bond offering next month; The company has funds available for 23 Nov put of its RMB2bn 20Tengyue02

- **[GEMDAL]** Gemdale recorded RMB163bn contracted sales in 9M22, down 28.7% yoy. The company invested RMB22bn in land acquisitions in tier1/2 cities as of September and maintained green line status of three red line standards
- **[GLPSP/GLPCHI]** Media reported that GLP told noteholders it intends to repurchase bonds following price plunge last week
- **[LOGPH]** Logan unit was unable to pay due 19 Oct regarding 19Longkong01 (o/s RMB1.36bn) bonds, the payment has 30 days grace period
- **[LSEAGN]** Landsea Green Management to accept USD132.2m of LSEAGN 10.75 10/21/22 (o/s USD200mn) under exchange offer and plans to issue USD119m of new notes due on 2024
- **[PWRLNG]** Powerlong unit's 20Baolong04 (o/s RMB950mn) bondholders withdrawn registration for put option exercise on 19-31 October
- **[RISSUN]** RiseSun exempted cross-protection clause obligation of onshore bonds 20Rongshengdichan MTN001/002/003 by bondholders
- **[SEAZEN]** Media reported that Seazen plans to issue RMB1.5bn three-year MTNs backed by CBIC this month
- **[TCLTEC]** TCL Technology 19TCL03 (o/s RMB2bn) bondholders exercised RMB1.9bn put option. The company plans to resell 19TCL03 from 24Oct to 18 Nov
- **[TPHL]** Times China informally says funds remitted to trustee to cure missed 22 September bond coupon within grace period
- **[ZYAMCL]** Zhongyuan Asset Management schedules redemption of RMB1bn 19ZhongyuanzichanMTN001 and RMB500mn 22ZhongyuanzichanSCP001 on 25 Oct

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