

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 demands in high quality SOE perps while felt like cash conditions are turning tighter.*
- **FOSUNI:** *raised cUSD3.5bn liquidity since early-Sep and plans to have more asset sales. FOSUNIs were unchanged to +1pt this morning. See below.*
- **SINOCE:** *Sino-Ocean unit extended RMB160mn non-standard financing debt repayment to Feb'23. SINOCES down 0.5-3.5pts this morning after 1.5-3.5pts drop yesterday.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IG space embraced a firmer session as overnight UST yields pull-back kept IG spreads well-bid. Financials space was mixed with more RM buying interests in AMCs. HRINTH/CCAMCL were unchanged to 0.5pt higher, with CCAMCL '31 up 1.5pts. T2s space was one way bid. By EOD, we saw Moody's cut China banking' outlook to negative due to deteriorating economy. TMTs were indicated 5bps wider for the third day, in line with further consolidation in the equity market. TENCNT/BABA curves closed unchanged to 3bps wider. Into the evening, Reuters reported that two-year long regulatory overhaul of Ant Group could end with the penalty of over USD1bn. TAISEM remained better bid. IG properties performed mixed as market lost direction before year-end. SINOCES closed 2-3pts lower, as concerns mounted on news that Sino-Ocean unit extended RMB160mn non-standard financing debt repayment to February 2023. Benchmark YUEXIUs/GEMDALs traded 1-1.5pts higher. China HY space had relatively quiet flows skewed to better selling, with properties remained under pressure. COGARDs were down 3pts following the extension talks on SINOCE. AGILEs lowered 2pts with AGILE 25-26s stayed range bound at low-to-mid 30s. FUTLANs/FTLNHDs slightly dropped 0.5-1.5pts. Beaten names CIFIHGs/LOGPHs showed some two-way flows between Chinese accounts and HFs. Elsewhere, previously underperforming insurer AIAs/ZHONANs were traded up 1.5-2.5pts. In industrial space, LIFUNG '25 was traded up 2pts to close at 85.5 level, after the logistics-services provider announced a tender offer to purchase up to USD250mn principal of the 25s at 87.5 level. FOSUNIs moved up 1-2.5pts on news of its potential stake sale of Peak Reinsurance, whilst ANTOILs were traded roughly the same page post Anton's cUSD50mn repurchase. Ex-China tone was generally more constructive. In India HYs, longer duration renewable papers like RPVIN came out in small clips but were largely absorbed. ADANIG printed 0.5pt higher at 87 level into lunch. Indonesia HYs were more muted. KIJAIJ was bid up 1pt to be indicated at mid-50s, post the industrial-park developer released with a sweetened exchange offer for its due-2023 bond after receiving bondholders pushback earlier. INDYIJ/LPKRIJ 25s were under light better selling.

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

Cyrena Ng, CPA 吳靄瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

In the LGFV/SOE Perp/AT1 space, market was mixed with levels largely unchanged. GZINFU 2.85 26s weakened slightly amid better selling flows as global and Chinese RM continued to offload bonds to low ball buyers. GZINFU 4.75 24s nonetheless edged around 0.5-1pt higher on the back of PB buying in scrap clips. LGFV focus was new issue green bond. Jinan Rail Transit Group priced the JNRWVE 6.75 '23 at par, and it performed well by trading at 100.05/100.2 with RM adding on the day. Other Shandong names like QDHTCO 5 '23/ HKIQCL 3.99 '23/JNHTE 6.95 '25 were better bid. ZHHFGR/CSCHCN were traded 1.5-2pts higher. Otherwise, rest of LGFV space was largely stable amid light two way flows with offshore accounts generally de-risking into year end and onshore clients opportunistically picking up yieldy offers in selected bonds. Quality SOE Perps remained to be sought-after, led by the c24s as absolute yields of c23s could barely cover hurdle rates now. Benchmark HAOHUA curve was 5bps on the short end, while long-end remained mostly unchanged. Meanwhile AT1s firmed up around 0.125-0.25pt., driven by short covering amid rates' mini leg lower. Overall, short to call AT1s were still favored by AM accounts.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHHFGR 4 1/4 07/03/24	82.1	2.3	AGILE 5 1/2 04/21/25	36.7	-3.7
FOSUNI 5.95 10/19/25	49.2	2.2	SINOCE 3.8 04/26/25	36.4	-3.5
ZHONAN 3 1/2 03/08/26	72.6	2.2	SINOCE 6 07/30/24	30.6	-3.3
CCAMCL 3 01/20/31	76.0	1.7	CHEDRP 2 1/2 12/01/25	44.0	-3.1
ZHONAN 3 1/8 07/16/25	72.7	1.7	GLPCHI 2.6 02/09/24	62.0	-3.0

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets rebounded yesterday, the S&P (+1.36%), Dow (+1.18%) and Nasdaq (+1.36%) rose up with light flow due to Thanksgiving holiday. The Fed will publish the minute of last FOMC meeting on Wednesday. OECD forecasts the world GDP will increase 3.1% in 2022 then slow down to 2.2% in 2023. The U.S. treasury yields were overall down yesterday, the yield curve bull flattened that 2/5/10/30 yields reached 4.47%/3.93%/3.76%/3.83%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ FOSUNI: raised cUSD3.5bn liquidity since early-Sep and plans another asset sell-off

Reuters reported that Fosun International has appointed Deutsche Bank to advise on potential stake sale of Peak Reinsurance of which 86.9% shares were owned by Fosun. The potential sales' estimated valuation is between USD0.5-1bn. Recalled that Fosun has conducted a series of assets sell-off since early-Sep when there is a market rumor that China authority urged banks to sort out the financial exposure with Fosun.

Fosun has raised cUSD3.5bn liquidity through the asset disposals as tabulated below. Fosun International faced RMB123.7bn (cUSD17.2bn) current debt and held RMB117bn (cUSD16.3bn) cash and equivalents as of Jun'22. As for its USD bonds, the most recent maturity is USD450mn FOSUNI 5.95 01/29/23 and it needs to repay USD1.16bn in total. We view the company's near-term debt maturity manageable.

Date	Event	Amount (USDmn)
7 Sep'22	Sell shares of Fosun Tourism	30.6
13 Sep'22	Sell share of Zhaojin Mining	50.0
19 Sep'22	Sell share of New China Life Insurance	53.7
19 Sep'22	Sell share of Yuyuan Tourist Mart	42.0
28 Sep'22	Sell share of Fosun Pharmaceutical	35.0
9 Oct'22	Sell share of Yuyuan Tourist Mart	175.5
17 Oct'22	Sell share of Nanjing Iron and Steel	2200.0
17 Oct'22	Sell offshore assets	200.0
10 Nov'22	Sell share of Zhaojin Mining	560.0
11 Nov'22	Sell share of BioNTech	179.0
Total		3525.8

FOSUNI offshore USD bonds (in USDmn):

Name	2022	2023	2024	2025	2026	2027
FOSUNI 5 05/18/26					500	
FOSUNI 5.05 01/27/27						500
FOSUNI 5.95 10/19/25				700		
FOSUNI 6.85 07/02/24			600			
FOSUNI 6.75 07/02/23		700				
FOSUNI 5.95 01/29/23		450				
FOSUNI 5.5 08/17/23		11.6				
Total						3461

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Zhongyuan Dayu International (BVI) Co., Ltd.	USD110	2yr	7.5%	7.5%	-/-/BB+
Shangrao Investment Holdings International Company Limited	USD120	3yr	7.9%	7.9%	-/-/BBB-
Bank of Communications Co., Ltd. Hong Kong Branch	USD200	3yr	4.75%	T+61	-/A-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
LinJiang Investment and Development (BVI) Co., Ltd	USD	-	3yr	7.2%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 71 credit bonds issued yesterday with an amount of RMB79bn. As for Month-to-date, 961 credit bonds were issued with a total amount of RMB1078bn raised, representing a 30.9% yoy decrease

- **[BABA]** Media reported that Ant Group could face more than USD1bn fine from Chinese authorities; regulatory revamp nears finish line
- **[CAPG]** China Aoyuan in discussions with investors over onshore debt restructuring proposal involving about RMB11.6bn debts in total
- **[COGARD]** Country Garden completed HKD3.87bn share placement
- **[FTLNHD]** S&P downgraded Seazen to BB- from BB on weakening liquidity and gave negative outlook
- **[GRNLGR]** Greenland announced extraordinary resolution in respect of notes due 2022 – 2025 duly passed at meetings held on 22 November
- **[SINOCE]** Sino-Ocean unit extended RMB160mn non-standard financing debt repayment to Feb'23
- **[SUNSHI]** Yango Group involved in lawsuits and arbitration cases with claims totaling RMB931mn as of 22 Nov
- **[VEDLN]** Vedanta board approved third interim dividend payout of around INR65.05bn (Cusd0.8bn) for FY23
- **[VNRLE]** China Vanke intends to file an application with NAFMII for an RMB28bn(cUSD3.9bn) bonds
- **[ZHLGHD]** Zhongliang was filed winding-up petition by CCB over ZHLGHD 8.5 05/19/22

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

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