

CMBI Credit Commentary

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

- Asian IG benchmarks were unchanged to 1bps tighter this morning. ChemChina widened 3-5bps. DAESEC/BOCAVI tightened 1-2bps. Flows on front-end LGFV were active. SOE developers remained firm, CHIOLI/COGO/YUEXIU were unchanged to 0.25pt higher.
- **Chinese properties:** Shanghai relaxed home housing policies to stimulate demand. See below.
- **DALWAN:** Media reported that PAG's plan to acquire shopping malls of Dalian Wanda for RMB100bn is not true. DALWANs were unchanged to 0.4pt higher this morning.

❖ Trading desk comments 交易平台市场观点

Asia IG space had a quiet session with US and UK out for holiday. HYNMTR 29/HYEULE '31 were unchanged to 1bp tighter. AU bank papers were under small better buying, following Fitch's one notch upgrade of Australian's five largest banks. ANZ '29/CBAAU '31/NAB '30/WSTP '32/MQGAU '33 were 2-3bps tighter. Moody's also upgraded CBA's senior unsecured ratings to Aa2. In Chinese IGs, the front-end of SOEs/TMTs were under better buying. HAOHUA 24/SINOCHE '26 were 3-9bps tighter. In Chinese AMCs, CCAMCL '29 tightened 1bp. HRINTH/ORIEAS 24-26s were 1-2bps wider. In AT1s, BCHINA 3.6 Perp/WSTP 5 Perp were unchanged to 0.2pt higher. BNKEA 5.125 Perp was up 0.3pt. In HK corp, NWDEVL Perps and 27-31s declined 0.5-1.8pts. HYSAN '27 was 1.4pts lower. Chinese properties were mixed. FUTLAN/FTLNHD 24-26s were up 0.4-0.7pt. CHJMAO Perp/YUEXIU '31 rose 0.5-0.7pt. ROADKG Perp was 0.7pt higher. On the other hand, VNKRL '25 closed 1.2pts lower, despite Vanke's redemption of the CNH bond VNKRL 3.45 05/25/24 and media report on its sale of a land plot to Shenzhen Metro Group and Shenzhen Baishuo Yinghai Investment for RMB2.235bn (USD308.58mn). LNGFOR 28/29/32 declined 0.5-1.4pts. CHIOLI 34-43s/COGO '26 were 0.2-0.4pt lower on the back of profit taking. In industrials, HILOHO '24 was 2.4pts lower. WESCHI '26 declined 0.8pt. In Indonesia, LMRTSP '24 was 1.2pts higher. In India, UPLLIN Perp was 0.4pt lower.

In LGFVs, JNFZSI priced a USD100mn 364-day bond at par to yield 7.2%. The front end of LGFVs and SOE perps were under small better selling for cash raising. NJYZSO '24/HZCONI '26 were down 0.1pt. BCDHGR '26/CPDEV 25-26s were 0.2-0.4pt lower. In SOE perps, CHSCOI 4 Perp/HUADIA 3.378 Perp were unchanged to 0.1pt higher, while CHPWCN 3.45 Perp was 0.1pt lower. The flows in high beta names were mixed. HUANEN 29/31 were 0.8pt higher, while CWAHK '26 was 0.6pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 7 1/4 06/19/24	99.9	1.2	HILHO 9 3/4 11/18/24	59.6	-2.4
HUANEN 2.7 01/20/31	87.3	0.8	NWDEVL 5 7/8 06/16/27	89.0	-1.8
YUEXIU 3.8 01/20/31	82.4	0.7	NWDEVL 4 3/4 01/23/27	87.0	-1.8
FTLNHD 4.8 12/15/24	85.2	0.7	ROADKG 5 1/8 07/26/26	25.5	-1.5
ROADKG 7 3/4 PERP	16.0	0.7	HYSAN 2 7/8 06/02/27	90.8	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – US stock market closed on Monday. China industrial firms profits rose 4.3% yoy in 4M24, the growth rate was same with that in 1Q24. UST yield was unchanged yesterday, 2/5/10/30 yield was 4.93%/4.53%/4.46%/4.57%.

❖ Desk analyst comments 分析员市场观点

➤ Chinese properties: Shanghai relaxed housing policies to stimulate the property market

On 27 May'24, Shanghai announced a series of measures to relax home purchase restrictions and lower down payment ratios and rates of mortgage loans. See below table for the summary. The relaxation measures and extent of relaxation are somewhat upside surprise to us. To illustrate, the minimum down-payment was cut 5pct pts nationwide while the cut in Shanghai is this round is 10-15 pct pts. Additionally, Shanghai is the first Tier 1 city to ease housing policies even the inventory level in Shanghai is the lowest amongst four Tier 1 cities. As of May'24, the inventory months of commercial residential housing in Shanghai was 9 months, lower than 29, 27 and 23 months in Beijing, Guangzhou and Shenzhen, respectively. The sales price indices of primary commercial residential housing in Shanghai remained relatively strong. In 4M24, the price indices in Shanghai increased 4.2% yoy, compared with +0.6%, -5.1%, -5.3% yoy in Beijing, Guangzhou and Shenzhen, respectively.

Recalled that central government launched supportive policies to stabilize real estate market in mid-May'24 post China Politburo meeting proposed to destock of home inventory on 30 Apr'24. As discussed before, the supportive policies are positive to the property sector in general. Nonetheless, we do not expect government to bail out individual developers. Currently, only four Tier-1 cities, as well as Tianjin and Hainan province have home purchase restrictions. We expect other three Tier-1 cities to relax their housing policies in the near term and PBOC to further lower LPR in 2H24 to stabilize market.

Purchase restriction	1. Shortening the required years of paying social security or individual income tax for non-Shanghai residents to purchase home the from 5 years to 3 years
	2. Expanding purchase areas for non-Shanghai talents and single residents
	3. Cancellation of purchase restrictions after divorce and home donation
	4. Allowing multi-children family to purchase 1 more home based on current purchase restriction
	5. Cancellation of purchase restrictions on enterprises which purchase second-hand homes less than 70 sqm. for employees rental
Mortgage loan	1. Lowering minimum down payment ratios for first/second home buyers to 20%/35% from 30%/50%
	2. Lowering minimum mortgage rates for first/second home buyers to LPR-45bps/LPR-5bps from LPR-10bps/LPR+30bps
	3. Increasing the upper limit of provident fund loans for first/second home buyers to RMB1.6mn/1.3mn from RMB1.2mn/1.0mn

Inventory month of commercial residential housing of Tier-1 cities



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)
CMB International Leasing Management Limited	USD	-	3yr	SOFR+125	A3/-/-
Qingdao Jiaozhou Bay Development Group Co., Ltd	USD	-	3yr	8.2%	-/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 76 credit bonds issued yesterday with an amount of RMB63bn. As for month-to-date, 891 credit bonds were issued with a total amount of RMB1,084bn raised, representing a 2.2% yoy increase

- China launched China Integrated Circuit Industry Investment Fund III with a registered capital of RMB344bn
- **[ADTIN]** Adani Energy Solutions board approved raising up to INR125bn (cUSD1.5bn) via issuance of shares and/or other eligible securities
- **[DALWAN]** Media reported that the news that PAG is mulling acquisition of shopping mall properties of Dalian Wanda is not true
- **[KAISAG]** Kaisa Group winding-up petition hearing further adjourned to June 24
- **[LPKRIJ]** Fitch downgraded Lippo Karawaci to CCC and placed ratings on RWN
- **[VEDLN]** Media reported that Vedanta Limited plans to sell shares as early as Jun'24 to raise up to INR85bn (cUSD1bn)
- **[VNKRLI]** China Vanke sold Shenzhen land plot to Shenzhen Metro Group and Shenzhen Baishuo Yinghai Investment for RMB2.2bn

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