

CMBI Credit Commentary

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

- *Markets were quiet this morning. Asia IG benchmark names widened 1-2bps. There were demands on CICCHK and CHEVBK. New issue HDFC was traded two-way. SOE Perp/AT1 and long-end LGFV were under better selling.*
- **LVGEM:** *LVGEM repurchased and cancelled USD59.7mn of LVGEM 12 03/10/23. The outstanding amount of LVGEM 12 03/10/23 reduced to USD410.3mn from USD470mn. LVGEMs up 0.5-3pts this morning.*
- **COGARD:** *Media reported that Country Garden plans to resume land purchase in China. COGARs rallied 0.25-1.75pts by mid-day.*

❖ Trading desk comments 交易台市场观点

Last Friday, Asia IG space was quiet and largely firm as street stayed light on risks, while market kept reassessing rate hike expectations. 2y UST yield surged 11bps to hit 4.8%, the highest level since 2007. On primary side, new CHEVBK 26s and HDFCB 26s were under two-way flows at around RO level. Secondary flows were balanced as spreads were largely unchanged. In financials, T2 sector outperformed amid Chinese accounts chasing. BCHINA/CCB/CINDBK/ICBCAS T2s tightened 3-5bps. AMCs were firm, as HRINTH curve were traded up 0.5-1pt while CCAMCL/ORIEAS performed stable. Leasing names like BOCAVI/ICBCIL drifted 0.25-0.5pt lower. In China SOE space, HAOHUA curve tightened 1-3bps and other SOEs papers remained better bid. China Tech space were under better buying. TENCNT 29s-31s tightened 3-8bps. BBB names LENOVO/XIAOMI tightened 2-3bps. Elsewhere, SG Bank T2 space like UOBSP 32s/OCBCSP 30s were under small selling, widened 4-5bps. China HY property space had a stronger session. Benchmark COGARs/SINOCEs/FUTLANs were up 0.5-1.5pts. On Thursday evening, COGARD's proposed MTNs with a total issuance quota of RMB20bn (USD2.96bn) was accepted by NAFMII. CHINSCs jumped 4-6.5pts across the curve though we do not see any progress on another CBICL-guaranteed issue. AGILEs/GRNLGRs closed 0.5-1pt higher. CENCHIs gained 1.5-3.5pts. ROADKGs/KWGPROs were bid up 1-2pts. On the other hand, CSCHCNs were down 0.5-1pt after the rally of 9pts last week on the progress of securing lower-cost onshore syndicated loans. Elsewhere, LIHHKs lowered 0.5-2pts. Industrial names FOSUNIs were bid up 0.5-1pt across the curve. Macau gaming space underperformed with SANLTDs/STCITYs/WYNMACs moved 0.5-1pt lower. In Indian space, Adani complex bonds were unchanged to 0.5pt lower. VEDLNs lowered 1-2pts whilst renewables like GRNKENS/RPVINs were unchanged to 0.5pt higher. Indonesian names LPKRIJs/LMRTSPs were marked 0.5-1pt higher.

In the Perp/Asia AT1/LGFV space, market had a quieter day into weekend as sentiment stabilized. Perps were quoted 0.5-1pt higher on average under street short covering. HYSAN 4.1 Perp (with coupon reset) initially dropped

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2pts after Moody's downgrade to Baa1 from A3, but closed at 0.25pt lower on back of AM and PB buying. Its FFL perp, i.e. HYSAN 4.85 Perp remained under selling pressure. NWDEVL Perps were marked up 0.25pt under PB demand. Whilst in SOE Perps, we continued to see Chinese NBRM gradually picking up cheap c24/c25 papers. Benchmark HAOHUAs/SINOPEs perps were indicated 0.125-0.25pt higher. LGFVs were under better selling in the front end papers. There were sporadic demand from PB on high-yielding and high-beta names. As these 'not so risky' names offered institutional clients with around 7% yield. The offer liquidity of these papers was very thin because the yield levels were neither rich (<6%), nor worrisome (usually the >9% stuff) enough for holders to offload. Shandong LGFV papers like SHDOIS/SHUGRP were up 0.25pt. QDHTCO were unchanged at high-90s, despite Fitch revised its outlook to negative (affirmed BBB). AT1s were largely muted. BNKEA/CINDBK AT1s were quoted 0.5pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHINSC 7 3/8 04/09/24	57.3	6.6	HYSAN 3.55 06/16/35	81.9	-2.4
CHINSC 7 1/4 04/19/23	91.1	3.8	LIHHK 4 1/2 06/26/25	87.0	-1.8
CENCHI 7 1/4 04/24/23	58.5	3.5	VEDLN 9 1/4 04/23/26	67.7	-1.7
CENCHI 7.9 11/07/23	34.3	2.1	SANLTD 4 3/8 06/18/30	86.1	-1.6
ROADKG 5.2 01/12/26	78.1	1.9	VEDLN 8.95 03/11/25	71.5	-1.6

❖ Marco News Recap 宏观新闻回顾

Macro – U.S. stock markets were weak last Friday. S&P (-1.05%), Dow (-1.02%) and Nasdaq (-1.69%) down due to higher than expectation Jan'23 PCE, which is +0.6% mom and +4.7% yoy. Markets expect there still be three time 25bps interest rate hike before the end of 2023. The U.S. treasury yield curves bear flattened on Friday, 2/5/10/30 yields reached 4.78%/4.19%/3.95%/3.93%, respectively.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Guizhou Shuanglong Airport D&I Group (SBLC by Hua Xia Bank)	12.5	3yr	7.0%	7.0%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Taiping Insurance Holdings	USD	-	PNC5	-	-/-/BBB+

➤ News and market color

- Regarding onshore primary issuances, there were 98 credit bonds issued last Friday with an amount of RMB79bn. As for month-to-date, 1,174 credit bonds were issued with a total amount of RMB1,081bn raised, representing a 8.6% yoy increase

- Macau lifts mask-wearing requirement as Covid-19 seems under control, people in the gambling hub do not need to wear masks from 27 Feb'23
- **[ADEIN]** Media reported Adani Group is in talks to raise up to USD400mn debt against coal port assets in Australia
- **[CHJMAO]** China Jinmao expects FY22 profit down up to 60% due to lower-than-expected selling prices of projects
- **[COGARD]** Media reported that Country Garden plans to resume land purchase in China
- **[DALWAN]** Dalian Wanda Commercial Management RMB2bn 20Wanda02 down 20% then entered temporary trading halt
- **[GRNKEN]** Media reported Greenko Energy Holding to prepay USD500mn bonds due August
- **[LENOVO]** S&P affirmed Lenovo rating at BBB- and maintained positive outlook
- **[LVGEM]** LVGEM repurchased USD59.7mn of LVGEM 12 03/10/23. The outstanding amount reduced to USD410.3mn from USD470mn
- **[POLYRE]** Poly Property Group raised RMB2bn via offering of corporate bonds to repay debts, boost working capital
- **[PWRLNG]** Media reported Powerlong cured missed 23 Jan USD coupon; expects to launch CBICL guarantee bonds in March
- **[SINOCE]** Sino-ocean Group completes redemption of RMB3.13bn (cUSD451mn) domestic bonds payment
- **[TPHL]** Media reported Times China's proposal for already extended domestic notes speeds up maturity by six months, as for unextended; to pledge seven projects
- **[YCINTL]** Yincheng International extends exchange expiration deadline in relation to exchange offer for 13% senior notes due 2023 to 2 Mar

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