

CMBI Credit Commentary

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

- *Asian IG space widened 0-2bps this morning post UST rates' rally. IG benchmark BABA/TENCNT widened c2bps. IG properties and EU AT1s were also weak. Flows on LGFV were two-way balanced.*
- **CHIOLI:** *Notable yoy rebound in 3Q23. CHIOLIs moved -0.2 to +0.2pt this morning. See below.*
- **MEDCIJ:** *Medco Energi unit signed up to USD350mn syndicated loan with international banks. MEDCIJs were unchanged to down 0.3pt this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex JP IG spreads were unchanged to 2bps tighter. Chinese SOE/TMT benchmarks BABA/SINOCH 31s were unchanged to 1bp tighter. In the high beta TMTs, MEITUA/XIAOMI 30s tightened 3-6bps. In financials, the front end of Chinese bank T2/leasing papers were under some selling. BCHINA/ICBCAS/CMINLE 24-26s edged 1-2bps wider. In AMCs, HRINTH 26-27s were under better selling. HK/Chinese AT1s were under better buying. ICBCAS 3.58 Perp/CINDBK 3.25 Perp/CHOHIN 5.7 Perp were up 0.1pt. MUFG 8.2 Perp/HSBC 8 Perp were 0.3-0.4pt higher. BBLTB 5 Perp/KBANK 4 Perp were up 0.2-0.3pt. In HK Corp space, NWSZF 5.75 Perp/CKINF 4.85 Perp were 0.4-0.7pt higher. HK/Chinese properties performed mixed. SHUION '23/YLLGSP '24 were up 0.4-0.6pt. PINGRE 24/25 were traded 4.9-6pts higher after report on the potential financial support of RMB30bn from Ping An Insurance. GEMDAL '24 was 2.4pts higher. CHJMAOs hovered unchanged to 0.2pt higher. On the other hand, VNKRLE 25/27 dropped 1.4-3.2pts on selling from RMs/HFs. CHIOLI 42-43s were 1.7-1.9pts lower. CHCHCN 24s lowered 1.2-2.6pts. FUTLAN/FTLNHD/GRNCH 24-26s were down 0.6-1.2pts. COGO '26 was down 0.8pt. In industrials, ANTOIL '25/EHICAR '26 were up 0.6-1.5pts. In Macau gaming names, MPEL/STCITY 28-30s were 1.1-2pts higher. SANLTD 27-31s were up 0.5-0.8pt. In Indonesian names, LPKRIJ 25/26 gained 1.3-2.5pts. LMRTSP 24/26 were up 0.9-2pts. Indonesian government announced to waive the 11% VAT for purchases of houses worth less than IDR2bn through Jun '2024. Medco Energi secured a syndicated loan of up to USD350mn. MEDCIJs closed 0.2pt higher.

In the Perp/LGFV spaces, we saw decent two-way flows on quality papers. SOE perps were still under better buying from Chinese RMs. CHPWCN 4.25 Perp/CHSCOI 3.4 Perp were 0.2-0.4pt higher. In LGFVs, the higher yielding (8%+) papers remained sought-after. QDJZWD/SHDOIS 24s were 0.3-0.4pt higher. Whilst the recent Shandong issues at 7%-handle were more mixed driven by primary technicals. JINLIX '26 was better bid whilst JNHTE '26 was

0.1pt lower. KMRLGP '24 was up 0.3pt. CPDEV 25/26 were up 0.2-0.5pt. Elsewhere, FRESHK 25-26s were up 0.2-0.4pt.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| PINGRE 3 1/4 06/23/25 | 63.5 | 6.0 | VNKRLE 3.975 11/09/27 | 54.1 | -3.2 |
| PINGRE 2 3/4 07/29/24 | 84.2 | 4.9 | REGH 6 1/2 PERP | 37.0 | -3.0 |
| PINGRE 3.45 07/29/26 | 56.1 | 4.6 | CSCHCN 9 10/09/24 | 38.2 | -2.6 |
| GEMDAL 4.95 08/12/24 | 20.5 | 2.6 | CHIOLI 6 3/8 10/29/43 | 87.5 | -1.9 |
| LPKRIJ 8 1/8 01/22/25 | 82.3 | 2.5 | CHIOLI 5.35 11/15/42 | 77.7 | -1.7 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.43%), Dow (-0.32%) and Nasdaq (-2.43%) were weak on Wednesday. US new home sales in Sep was 759k, increased from 676k in Aug and was higher than the expectation of 680k. Crude oil prices rose 2% yesterday due to escalating conflict in the Middle East, Brent/WTI crude price increased to USD90.1/85.4 per barrel. The long-term UST yields rallied higher while short-term yields were stable, 2/5/10/30 yield reached 5.08%/4.89%/4.95%/5.09%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CHIOLI: Notable yoy rebound in 3Q23

In 3Q23, China Overseas Land's revenue rose 61% yoy to RMB28.25bn and operating profit increased 96% yoy to RMB3.53bn. In 9M23, its revenue was down 3.2% yoy to RMB117.41bn while operating profit rose 5.9% to RMB22.6bn. As of 30 Sep'23, it had RMB115.53bn cash on hand, 1.2% higher than that in Jun'23. Net gearing ratio was 39.7%, increased from 37.7% in Jun'23 due to acquisition of new lands.

In 9M23, CHIOLI's contracted sales were RMB239.03bn, up 18.7% yoy. CHIOLI is one of five developers which recorded yoy contracted sales growth among 34 Chinese developers under our radar, the rest four companies are YUEXIU, CRHZCH, HPDLF and POLYRE. Besides, CHIOLI acquired new land equities for RMB64.4bn, ranked 2nd among all Chinese developers according to China Index Academy, the purchased lands were mainly in high tier cities such as Guangzhou and Nanjing. We expects CHIOLI's credit profiles will continue to be stable given its recovered sales, high quality land reserves and adequate financing resources.

Table 1: CHIOLI's outstanding USD bonds

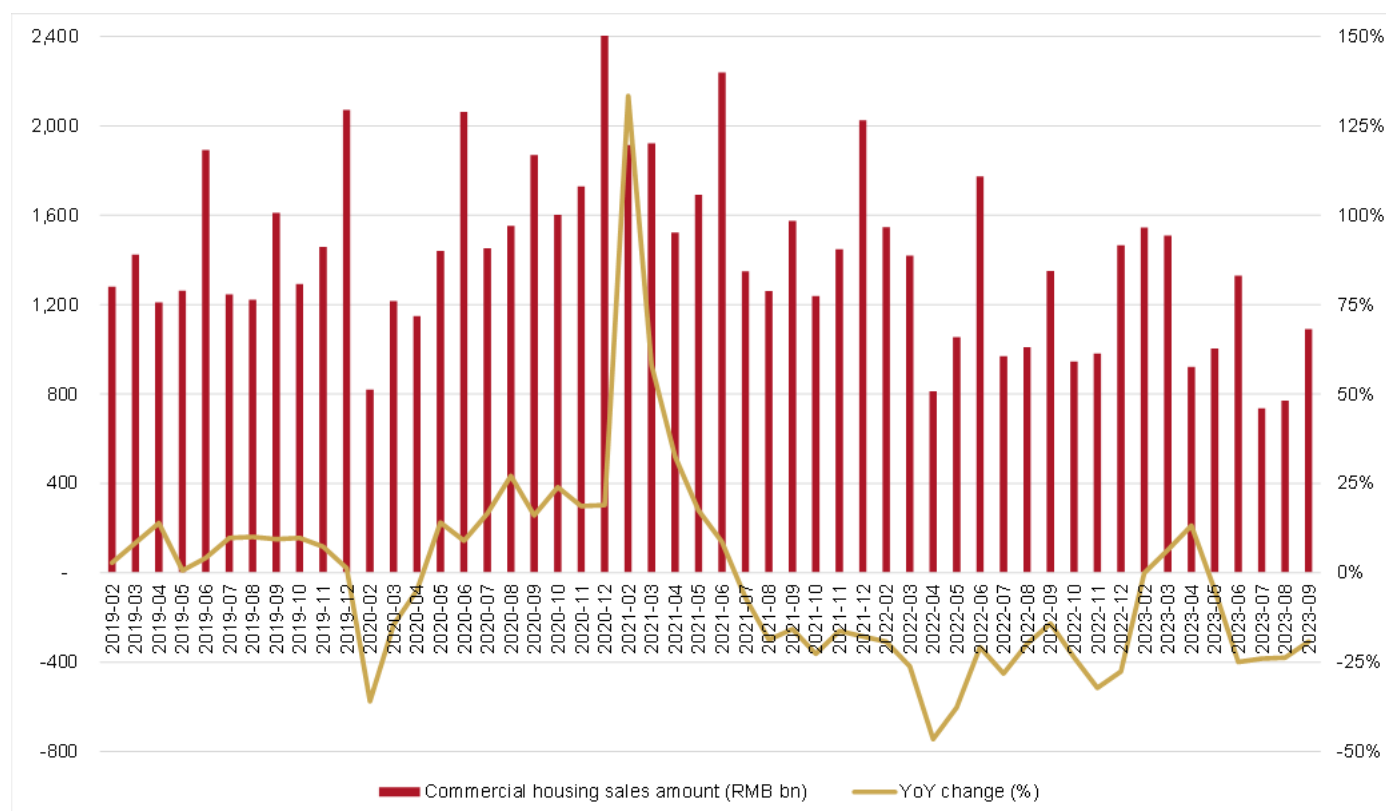
| Security Name | Rating (M/S/F) | Amt Out (USD mn) | Ask Price | YTM (Ask) | Mod Duration |
|----------------------|----------------|---------------------|-----------|-----------|--------------|
| CHIOLI 5 ¾ 10/29/23 | Baa1/BBB+/A- | 500 | 100.1 | -4.3 | 0.0 |
| CHIOLI 5.95 05/08/24 | Baa1/BBB+/A- | 700 | 99.6 | 6.7 | 0.5 |
| CHIOLI 2 ¾ 03/02/25 | Baa1/-/A- | 300 | 94.8 | 6.5 | 1.3 |
| CHIOLI 4 ¾ 04/26/28 | Baa1/BBB+/A- | 750 | 93.0 | 6.6 | 4.0 |
| CHIOLI 3.45 07/15/29 | -/BBB+/A- | 450 | 85.4 | 6.6 | 5.0 |
| CHIOLI 3.05 11/27/29 | Baa1/-/- | 294 | 82.4 | 6.6 | 5.3 |
| CHIOLI 2 ¾ 03/02/30 | Baa1/-/A- | 500 | 79.8 | 6.7 | 5.6 |

| | | | | | |
|----------------------|--------------|-------|------|-----|------|
| CHIOLI 6.45 06/11/34 | Baa1/BBB+/A- | 500 | 94.7 | 7.2 | 7.3 |
| CHIOLI 3 ½ 03/02/35 | Baa1/-/A- | 200 | 68.5 | 7.2 | 8.8 |
| CHIOLI 6 ¾ 10/29/43 | Baa1/BBB+/A- | 500 | 89.4 | 7.4 | 10.3 |
| CHIOLI 5.35 11/15/42 | Baa1/BBB+/- | 300 | 79.2 | 7.4 | 10.5 |
| Total | | 4,994 | | | |

Source: Bloomberg.

China real estate market was still weak in nationwide, the commercial housing sales amount dropped 10.4% yoy in 9M23 and 19.2% yoy in Sep'23 as per NBS. We expect some yoy pick-up in contracted sales in 4Q23 in view of the low base figures and supportive property policies published in late Sep'23 in higher tier cities. Among the sector, We prefer developers with matured investment properties and manageable near-term maturities like Seazen, Longfor and Hopson.

Chart 1: China monthly commercial housing sales amount and YoY change



Source: NBS.

➤ 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) |
|--|----------|---------------|-------|---------|----------------------|
| Fujian Zhanglong Group | USD | - | 3yr | 6.9% | -/-/BBB- |
| No Offshore Asia New Issues Pipeline Today | | | | | |

➤ News and market color

- Regarding onshore primary issuances, there were 103 credit bonds issued yesterday with an amount of RMB84bn. As for Month-to-date, 1,053 credit bonds were issued with a total amount of RMB1,133bn raised, representing a 0.6% yoy decrease
- [CHIOLI]** China overseas land 3Q23 revenue rose 61% yoy to RMB28bn, operating profit increased 96% yoy to RMB3.5bn
- [GRNKEN]** S&P withdrew Greenko Energy Holdings BB- rating at company's request
- [HYUELE]** SK Hynix 3Q23 revenue down 17% yoy to USD6.7bn and EBITDA down 70% yoy to USD1.1bn
- [MEDCIJ]** Medco Energi unit signed up to USD350mn syndicated loan with international banks
- [SDEXPR]** Shandong Hi-Speed Group issued RMB1.5bn extendable corporate bonds with 3.59% coupon to repay debts
- [TYLCDI]** Taiyuan Longcheng Development Investment proposes to offer up to RMB1bn extendable MTNs to repay debts
- [VEDLN]** Media reported that Vedanta Resources is in the process of soliciting commitments from funds for its brand-fee backed USD1.2-1.3bn loan
- [YUZHOU]** Yuzhou Group does not expect to pay USD650mn YUZHOU 6 10/25/23 on due date
- [ZHESTA]** Zhenjiang State-Owned Investment proposes to offer RMB300m two-year MTNs to repay debts

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