

CMBI Credit Commentary

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

- *Asian IG markets were stable this morning. IG benchmarks were unchanged, high-beta NANYAN/NSINTW were actively bid. HK developers recovered, NWDEVLs another rebounded 1-2pts, NANFUN/HYSAN were unchanged to 0.25pt higher.*
- **Chinese properties:** *Higher inventory and weaker contracted sales. See comments below.*
- **FTLNHD/FUTLAN:** *Media reported that Seazen plans to repay part of USD bonds due Dec'24 with new state-backed bond. Indeed, we believe that the headroom for additional secured financing to be over USD3bn. [See our comments on Seazen dated 4 Sep'24](#). FTLNHD/FUTLAN were unchanged to 0.25pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Asia IG space was firm yesterday. The new CKHH 30/34 tightened 2-4bps. The recent new CATLIF 34/39 tightened 3-5bps, NSINTW '34 close unchanged. In JP insurance hybrids, MYLIFE 5.8 '54/ASAMLI 6.9 Perp/SUMILF 5.875 Perp were around 0.1-0.3pt higher. In Chinese IGs, HAOHUA/TENCNT 28-30s were 1-3bps tighter. MEITUA 30s closed 2bps tighter. In financials, BOCAVIs were 2-3bps tighter. Chinese AMCs were mixed. CCAMCLs/ORIEASs tightened 3-5bps. HRINTHs were under better selling and closed 1-3bps wider. In AT1s, the recent new BNP 7.375 Perp/HSBC 6.875 Perp/HSBC 6.95 Perp/UBS 6.85 Perp were 0.2-0.5pt higher. INTNED 7.25 Perp rose 0.6pt. MQGAU/WSTP Perps were up 0.2-0.3pt, ANZ Perp was down 0.1pt. In HK, NWDEVL Perps/27-31s rebounded 0.3-1.3pts. We saw buying flows from PBs/RMs re-emerged. HYSAN Perps were 0.4-0.5pt higher. PCGIHD '26/REGH 6.5 Perp were down 0.2-0.3pt. In Chinese properties, VNKRLE 25-29s rebounded 1.8-2.0pts, closed 5.8-7.2pts lower WTD. FTLNHD '24/FUTLAN '25 were 0.3-0.4pt higher, its other bonds were unchanged. Media reported Seazen's plan to repay part of its FTLNHD 4.8 12/15/24 due in Dec with a new issue of CBICL-guaranteed bond. LNGFOR 27-32s and CHJMAO 26-29s were up 0.7-1.3pts. Outside properties, HILOHO '24/FOSUNI 25-27s were 0.3-0.5pt higher. In Macau gaming, SANLTD/WYNMAC 27-30s were 0.2-0.4pt higher. In India, VEDLN 28/29 were 0.3-0.4pt higher, the other VEDLNs were unchanged. See our comments on 12 Sep '24. UPLLINs were 0.2-0.4pt higher. In Indonesia, LPKRIJ '25/MEDCIJ '28 were up 0.2-0.3pt.

In LGFV, we saw better buying from Chinese RMs across CNH/USD issues. WFURCD priced a RMB923mn 2.5-yr bond at par to yield 6.5%. CQNANA priced a RMB1.15bn 3-yr bond at par to yield 3.7%. JINLIX priced a USD250mn 3-yr bond at par to yield 5.7%. LYURBN '27/NJYZSO '27/CHDXCH '26/SYSTIO '26 were up 0.1-0.3pt. CPDEV 25/26 were 0.1-0.2pt

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

Cyrena Ng, CPA 吳蒨瑩
 (852) 3900 0801
 cyrenang@cmbi.com.hk

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

higher. In SOE perps, CHPWCN 3.45 Perp/GEZHOU 4.15 Perp were up 0.1pt, CHSCOI 4 Perp/SPICPT 3.45 Perp were down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	46.8	2.0	SUMIBK 6.184 07/13/43	114.3	-0.6
SHUION 5 1/2 03/03/25	79.4	1.9	MUFG 5.406 04/19/34	105.3	-0.5
VNKRLE 3 1/2 11/12/29	42.7	1.9	GRNCH 2.3 01/27/25	98.9	-0.5
VNKRLE 3.15 05/12/25	76.7	1.8	REGH 6 1/2 PERP	47.5	-0.5
SHUION 5 1/2 06/29/26	68.2	1.6	PCGIHD 4 1/2 08/23/26	91.5	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.75%), Dow (+0.58%) and Nasdaq (+1.00%) were higher on Thursday. US Aug'24 PPI was +1.7% yoy, lower than the expectation of +1.8% yoy. The latest US initial jobless claim was +230k, higher than the expectation of +227k. UST yield edged higher yesterday, 2/5/10/30 yield reached 3.64%/3.47%/3.68%/4.00%.

❖ Desk analyst comments 分析员市场观点

➤ Chinese properties: contracted sales remained weak

In Aug'24, 32 developers under our radar reported contracted sales totaled RMB154.7bn, decreased 25.3% yoy from RMB207.1bn in Aug'23. The yoy decline in Aug'24 continued to widen from the decline of 22.9% yoy in Jul'24 and 17.4% yoy in Jun'24. This reflected that the diminishing impact of supportive policies launched in 1H24. In 8M24, the cumulative contracted sales of these 32 developers dropped 37.2% yoy to RMB1,436.0bn from RMB2,288.3bn 8M23.

All developers under our radar posted yoy decrease in cumulative contracted sales in 8M24. In 8M24, GRNCH (RMB165.6bn) remains to be a better performer with a small yoy contracted sales decline of 3%. The distressed developers continued to underperform. The contracted sales of COGARD (RMB32.8bn), LOGPH (RMB5.9bn) and AGILE (RMB10.3bn) dropped 78%, 70% and 69% yoy in 8M24, respectively.

As of 11 Sep'24, the inventory month of four tier-1 cities, e.g. Beijing, Shanghai, Guangzhou and Shenzhen increased to 25, 9, 23 and 23 months from 19, 8, 23 and 18 months in mid-Aug'24, respectively. The inventory month of tier-1 cities had rebounded to the highest level since the supportive measures launched in May'24. Media reported that the Chinese government was considering to cut interest rates of outstanding mortgages. As per CRIC, the current average interest rate of outstanding mortgages in 30 major Chinese cities (tier1/2 cities) is c4% while the interest rate for new mortgage of first/second home is c3.2/3.5%. We do not expect the rate cut to be more than 50bps, as the Chinese banks' net interest margin had reached the historical low level of 1.54% in 1H24, compared with 1.74% in 1H23. Indeed, cutting interest rates for outstanding mortgages will not help improve the housing demand. We expect the Chinese government to further cut LPR by 10-15bps in 2H24 and increase the scale of purchase unsold commercial housings for use of affordable apartments. These, in our opinion, are more effective measures to resolve the inventory issues of property sector.

2024 YTD Sales (in RMB mn)															
Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Trend	Aug'24 MoM Growth	Aug'24 YoY Growth	Aug'24 YTD Sales	Aug'24 YTD Sales Growth
Greentown	绿城	GRNCH	12,000	12,900	28,300	22,300	23,300	27,700	21,000	18,100		-14%	0%	165,600	-3%
China Overseas	中国海外发展	CHIOU	10,504	8,491	41,211	21,795	19,700	46,677	13,192	18,460		40%	-2%	180,030	-15%
China Resources Land	华润置地	CRHZCH	11,420	9,190	30,110	21,280	20,700	32,000	15,500	15,200		-2%	-25%	155,400	-25%
Poly Real Estate	保利地产	POLYRE	20,323	15,624	27,036	33,024	35,314	42,014	25,318	22,115		-13%	-29%	220,768	-26%
Yuexiu Property	越秀地产	YUEXIU	6,545	3,815	11,341	8,312	10,078	15,308	5,028	10,002		99%	1%	70,429	-31%
Shimao	世茂房地产	SHIMAO	2,110	2,240	3,900	2,610	2,920	3,310	2,720	2,600		-4%	-18%	22,410	-33%
China Vanke	万科企业	VNKRLE	19,450	14,000	24,510	20,890	23,330	25,130	19,220	17,240		-10%	-24%	163,770	-34%
Hopson	合生创展	HPDLF	1,266	630	1,978	1,510	1,665	1,781	1,488	1,389		-7%	-18%	11,727	-36%
China Jinmao	中国金茂	CHJMAO	6,400	4,150	6,970	6,500	7,220	13,300	5,660	6,196		9%	21%	56,396	-42%
Greenland Holding*	绿地控股集团*	GRNLGR	4,500	4,000	5,500	3,800	6,130	7,940	5,770	5,000		-13%	-42%	42,640	-43%
Sunac China	融创中国	SUNAC	3,760	2,730	3,510	12,450	2,270	1,560	1,410	7,350		421%	-75%	35,040	-43%
Sino-Ocean	远洋集团*	SINOCE	1,200	820	2,300	2,800	2,440	8,770	1,790	2,640		47%	-34%	22,760	-43%
Yanlord*	仁恒置地*	YLLGSP	1,480	2,060	990	1,870	2,950	1,850	1,470	1,220		-17%	-22%	13,890	-43%
Radianse*	金辉控股*	JNHUIG/RDHGCL	1,450	610	1,840	870	1,430	2,160	1,290	290		-78%	-84%	9,940	-43%
Times Property	时代中国控股	TPHL	532	841	685	1,055	1,005	705	855	550		-36%	-39%	6,228	-44%
Longfor (Attributable)	龙湖集团	LNGFOR	4,660	3,680	7,440	6,230	5,980	6,780	5,250	4,630		-12%	-46%	44,650	-45%
Future Land	新城控股	FUTLAN/FTLNHD	3,692	4,020	4,236	3,704	4,102	3,801	3,487	2,501		-28%	-59%	29,543	-46%
Central China Real Estate	建业地产	CENCHI	710	680	440	750	950	960	620	800		29%	-23%	5,910	-47%
Zhongliang	中梁控股	ZHLGHD	2,010	1,730	1,500	1,370	1,450	1,600	1,360	1,300		-4%	-36%	12,320	-51%
CIFI Holdings	旭辉集团	CIFIHG	3,720	2,240	4,180	3,980	3,340	2,850	1,860	1,940		4%	-57%	24,110	-53%
Jingrui Holdings	景瑞控股	JINGRU	206	112	170	167	131	130	287	133		-54%	-39%	1,336	-55%
Gemdale	金地集团	GEMDAL	5,510	5,100	6,130	6,240	6,510	6,630	6,100	5,400		-11%	-57%	47,620	-56%
Ronshine China	融信中国	RONXIN	448	543	742	542	544	543	602	1,076		79%	-23%	5,039	-57%
Powerlong	宝龙地产	PWRLNG	1,121	1,177	1,548	1,134	1,208	1,142	1,056	634		-40%	-69%	9,020	-58%
Zhenro Properties	正荣地产	ZHPRHK	619	471	554	591	596	594	468	430		-8%	-57%	4,323	-63%
Yuzhou Properties	禹洲地产	YUZHOU	803	503	902	802	703	632	465	431		-7%	-66%	5,241	-63%
Redsun	弘阳地产	REDSUN/HONGSL	982	862	831	702	723	711	680	581		-15%	-69%	6,072	-64%
KWG Property	合景泰富集团	KWGPPO	830	620	1,070	970	1,180	990	760	710		-7%	-19%	7,130	-66%
China SCE*	中骏集团控股*	CHINSC	850	820	1,010	630	1,110	350	1,350	1,480		10%	-23%	7,600	-68%
Agile	雅居乐	AGILE	2,390	1,530	1,430	1,190	1,650	800	810	540		-33%	-79%	10,340	-69%
Logan Property*	龙光地产*	LOGPH	800	760	400	520	790	1,270	1,030	360		-65%	-90%	5,930	-70%
Country Garden (Attributable)	碧桂园	COGARD	5,490	3,720	4,300	3,850	4,290	4,300	3,410	3,430		1%	-57%	32,790	-78%

Note: * represents the data was collected from CRIC.

Source: Company filings, CRIC.

➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 147 credit bonds issued yesterday with an amount of RMB135bn. As for month-to-date, 765 credit bonds were issued with a total amount of RMB670bn raised, representing a 25.9% yoy increase
- [FUTLAN/FTLNHD]** Media reported that Seazen plans to repay part of USD notes due Dec'24 with new state-backed bond
- [KAISAG]** Kaisa Group announced holders of 74.88% of Kaisa in-scope debt, 80.82% of Rui Jing in-scope debt accede to RSA
- [LENOVO]** Lenovo Group's shareholders approved the issuance of USD2bn convertible bonds and HKD1.64bn in warrants

- **[POHANG]** POSCO Holdings is weighing Australia lithium mine acquisitions
- **[VEDLN]** Vedanta Resources revised tender offer's early payment date to 20 Sep'24
- **[VNRLE]** Fitch downgraded China Vanke to B+ on reduced liquidity buffer with negative rating outlook
- **[ZHPRHK]** Zhenro pushed back closing of offshore revamp to 19 Sep'24

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap.

289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.