

CMBI Credit Commentary

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

- **CIFIHG'23** slumped ~14pts and **CIFIHG'24** down ~6pt this morning as the company request S&P to withdrawn its B+ rating. COGARDS were dragged down by the spillover while we saw some short coverings on it. LGFVs were sold by offshore customers to raise money like previous days.
- **SUNKWP**: Consent solicitation for SUNKWP 12.25 07/17/23 to delay the mandatory redemption of USD12.6mn by 3 months to Jan'23. See below.
- **JIAYUA**: Jiayuan further extended deadlines for exchange and RSA to 19 and 20 Oct'22, respectively. JIAYUAs price were unchanged this morning.

❖ Trading desk comments 交易平台市场观点

Yesterday, China IGs was mixed against the backdrop of macro volatility and limited flows as onshore investors were still off. Financials space generally showed a lack of buying despite improved macro sentiments. AMCs were skewed to better selling with HRINTHs slightly retreated 0.5pt after gaining 2pts yesterday. GRWALLs/CCAMCLs also weakened 3-5bps. TMT space broadly tightened 5-10bps, with select benchmarks such as TENCNT/TAISEM/BABA, trading tighter on short covering. We saw small buying on selected short-dated papers but overall most of the space remained better offered. IG properties were still mixed, LNGFORs further fell 1-3pts whilst YUEXIUs were roughly 0.5-1pt higher. SINOCE 25s up 1-2pts whilst other SINOCEs broadly down 1-2pts. On China HY space, COGARDS dropped 1-2pts on RM/PB selling. The liquid COGARD 8%'24 was weighed down a bit by CIFI, but found support at low-40s. CIFIHG were unchanged to 0.5pt lower. S&P withdrew the 'B+' long-term issuer credit rating at the company's request. Elsewhere, CENCHIs were down 1-2pts. In non-property space, gaming names notably outperformed, with better buying from RM and Prop. MPELs/SJMHOls/WYNMACs were traded another 1-2.5pts higher. In industrial space, FOSUNI 24-26s were indicated up 0.5-1pt. HONGQI'26 was up 2.5pts. Away from China, Indian renewables were marked up 2pts. VEDLNs moved 1-3.5pts higher after VRL secured USD250mn loans from two Indian banks, i.e. USD150/100mn from UBI/Canara Bank respectively. GRNKENS/RPVINs were also indicated 0.5-1.5pts higher, post S&P upgraded Greenko Energy to BB- from B+ with a stable outlook. Indonesia HY was unchanged to 50c higher but still no significant demand. In Philippines, PHILIP 5Y/10.5Y/25Y was priced at T+120/T+185/6.1% level, respectively 35/35/45bps lower from the IPG.

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The LGFV/SOE Perp spaces had some technical reversal bounce in macro risks but the spaces were only stable as the majority of buyers remained out on onshore holiday. Flows were overall light and dominated by cash-raising selling from global and offshore Chinese RM, mainly in front end LGFVs as bid liquidity was rather thin, with only a few offshore clients parking cash in short dated papers at discounted levels. For the moment, market sentiment remains rather cautious despite a firmer macro tone, with clients still biased to sell as a result of fund flows and duration view. Nonetheless with valuations back to more reasonable levels now, should the rates and FX backdrop hang in here until onshore return next week, it may be more tactically optimistic in the very near term.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 6 1/8 08/09/24	62.1	3.4	NWDEVL 6 1/4 PERP	78.1	-4.0
MPEL 5 3/4 07/21/28	67.6	2.9	NWSZF 4 1/4 06/27/29	82.4	-3.3
EAGRUY 7 1/2 05/01/25	78.8	2.8	CPDEV 4.65 01/19/26	75.5	-3.0
MPEL 5 5/8 07/17/27	70.6	2.6	LNGFOR 3.95 09/16/29	64.1	-2.8
WYNMAC 5 1/8 12/15/29	68.6	2.5	COGARD 3 1/8 10/22/25	31.8	-1.9

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets slightly down on Wednesday. The S&P (-0.20%), Dow (-0.14%) and Nasdaq (-0.25%) ended two-day rebound as the back of the Fed officials' hawkish comments about striking inflation. The U.S. ADP data showed business added 208k jobs in Sep, better than the market expectation of 200k. OPEC+ agreed to deduct the crude oil production by 2mn barrels/day from Nov'22, WTI and Brent price reached 88 and 94 level. The U.S. treasury yields rose yesterday and the yields curves bear steepened that 2/5/10/30 yield reaching 4.15%/3.96%/3.76%/3.78%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ SUNKWP: Consent solicitation for SUNKWP 12.25 07/17/23

Sunkwan property proposed a consent solicitation relating to SUNKWP 12.25 07/17/23 (o/s USD222.36mn) to postpone the mandatory redemption date of USD12.56mn principal from 18 Oct'22 to 18 Jan'23. The bonds were newly issued as a result of Sunkwan's Jul'22 exchange offer about original SUNKWP 12.25 07/21/22 (o/s USD210mn). The USD12.56mn principal which should be redeemed on 18 Oct'22 is the capital interest amount of original bond. Currently, Sunkwan has two USD bonds outstanding: USD222.36mn SUNKWP 12.25 07/17/23 and USD160.2mn SUNKWP 13.5 01/02/23. As of Jun'22, the company had RMB1.2bn (cUSD168mn) cash and cash equivalents.

Details of October consent solicitation and July exchange offer:

Time	Type	Bond	Upfront Cash /Incentive	New Bond	Details
5-Oct-22	Consent solicitation	SUNKWP 12.25 07/17/23	Opt	-	-Postpone the payment due date of USD12.5mn bonds to 18 Jan'23 from 18 Oct'22 -Minimum acceptance level: 75% -Expiration deadline: 11 Oct'22
8-Jul-22	Exchange Offer	SUNKWP 12.25 07/21/22	Opt	SUNKWP 12.25 07/17/23	-Extend the maturity by 364 days to Jul'23 -Minimum acceptance level: 90% -Expiration deadline: 14 Jul'22 -Obtained 99.9% approval

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USDmn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Republic of the Philippines	500	5yr	5.17%	T+120	Baa2/BBB+/BBB
Republic of the Philippines	750	10.5yr	5.609%	T+185	Baa2/BBB+/BBB
Republic of the Philippines	750	25yr	5.95%	6.1%	Baa2/BBB+/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ Market conditions and color

- Onshore primary issuances suspend during the National Day Holiday.
- [CIFIHG]** S&P withdrawn CIFI Group's B+ long-term issuer credit rating at the company's request
- [FTHDGR]** Fantasia announced that it has reached an agreement with its major USD bondholders over basic commercial terms to ease the company's debt pressure; The principal and interest payments on its onshore bond 20huayang01 have been unconditionally extended for one year
- [GZRFPR]** Guangzhou R&F announced to sell Vauxhall Square in London for GBP108.2mn (cUSD122.9mn)
- [HUIJHK]** Huijing Holdings announced to postpone the payment date of the FY21 HKD0.248 per share dividend to or before 2023 to maintain liquidity
- [JIAYUA]** Jiayuan International further extended the deadline on exchange offer to 19 Oct; The company suspended interest payment of JIAYUA 12.5 04/08/23 and JIAYUA 13.75 02/18/23
- [KIJAIJ]** Media reported that Jababeka plans to launch a bond exchange offer of its USD300mn KIJAIJ 6.5 10/05/2023 to postpone the maturity date behind the maturity of 5-year USD100mn loan from Mandiri Bank

- **[OCTOWN]** Overseas Chinese Town plans to sell 51% of Shanghai rental property via public tender for at least RMB585m (cUSD82mn)

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