

CMBI Credit Commentary

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

- *Asian IG benchmarks tightened 1-5bps after rates up this morning. HRINTHs retreated 0.5-1pt post yesterday's rally. LGFV sector was stable with more selling on short-term bonds.*
- **China Properties:** *Guangzhou further relaxed home purchase restrictions. See below.*
- **VEDLN:** *Media reported that Vedanta Resources is in advanced talks with Cerberus, Bain, others for USD1bn syndicated loan. VEDLNs were unchanged to 0.25pt higher this morning.*

❖ Trading desk comments 交易台市场观点

The Fed held rates unchanged last night as expected but the dot plots are at 5.125% at Dec'24 and 3.875% at Dec'25, 50bps higher than the levels in mid Jun'23, implying "higher for longer". Yesterday, Asia IG space was firm ahead of the FOMC. Market focus was on AMC sector, post HRINTH's announcement of the repurchases of cUSD288mn equivalent of its USD and SGD bonds. The HRINTH curve was traded 1.5-3pts higher, despite some profit taking at high. Other AMCs were quiet. GRWALLs were 0.25pt higher. The front end of CCAMCLs were under better buying. Chinese SOE/TMT benchmarks such as HAOHUA/TENCNT 30s grinded 2-3bps tighter. The high-beta TMTs such as XIAOMI/LENOVO 30s tightened 6bps. The recent new issues BBLTB 28s/33s stabilized and tightened 2bps. The new LGENSO 26s/28s also edged 1-2bps tighter from Tuesday close. HK Corp perps such as NWDEVL Perps were traded down 1.25-2.5pts. HK/Chinese properties remained weak. We saw some loose SOE property bonds such as VNKRL/ YUEXIU/ CHJMAO/ CHIOLI coming out. YLLGSP 24s/26s lowered 2.5-3pts and SHUIONs were down 1.25-2.25pts. GEMDAL '24 notably slumped 5.75pts to close at mid-40s. LNGFORs/CHJMAOs/DALWANs dropped 1.5-3pts. FUTLANs/FTLNHDs were down 1-2pts. COGARDs declined 0.5-1pt. GRNLGR 24s/25s were traded 3.5pts lower. In Industrials performed softly. FOSUNI/EHICAR 24s were traded 0.5-0.8pt lower. Macau gaming names such as MPEL/MGMCHI/STCITY 26-29s were bid up 0.3pt. In Indian space, ADSEZs/ADTINs were quoted 0.5-0.75pt higher. Indonesian names LPKRIJs were marked down 0.3pt. Elsewhere, GLPCHI 24s/26s were traded 1.5-2pts lower.

The LGFV/Perp space had another quiet session ahead of the FOMC. LGFVs were largely stable after the recent yield compression. Shandong/Chongqing names were firm. SHUGRP 4 '24/CQNANA 4.66 '24 were quoted 0.15-0.5pt higher. Some lower-yielding names grinded further tighter towards 6%. QDJZWD '25/HZCONI '26 were quoted 0.2pt higher. However, CPDEV 25/26/Perp were marked 1.75-2.25pts lower. We continue to see buying flows in c24 SOE perps at low-6%. CHPWCN 4.3 Perp/CHCOMU 3.65 Perp were indicated 0.1-0.2pt higher. Elsewhere, the

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flows were mostly cash parking at short-dated-to-call papers such as CIMWLB 5.23 Perp/CMHI 3.5 Perp/SINOCH 3 Perp. There were also small better buying in high-beta IG names such as FRESHKs. FRESHK 24-26s were traded 0.5-1.25pts higher. ZHONAN 25s/26s was up 0.25pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HRINTH 5 1/2 04/27/47	74.0	2.9	GEMDAL 4.95 08/12/24	45.5	-5.7
HRINTH 4 1/4 PERP	85.7	2.5	GRNLGR 6 3/4 06/25/24	11.3	-3.5
HRINTH 3 7/8 11/13/29	79.5	2.3	GRNLGR 6 1/8 04/22/25	8.1	-3.3
HRINTH 3 3/8 02/24/30	79.6	2.3	YLLGSP 5 1/8 05/20/26	62.6	-3.0
HRINTH 3 5/8 09/30/30	79.6	2.2	DALWAN 11 02/13/26	41.2	-2.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.94%), Dow (-0.22%) and Nasdaq (-1.53%) reversed the gain post FOMC. Despite interest rate unchanged, the Fed indicated there may have one more hike before the end of 2023 and fewer cuts than previous expectation in next year. The US treasury yield movements were mixed yesterday that long term yields down while short term yields rallied higher, 2/5/10/30 yield reached at 5.12%/4.52%/4.35%/4.40%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ China Properties: Guangzhou further relaxed home purchase restrictions

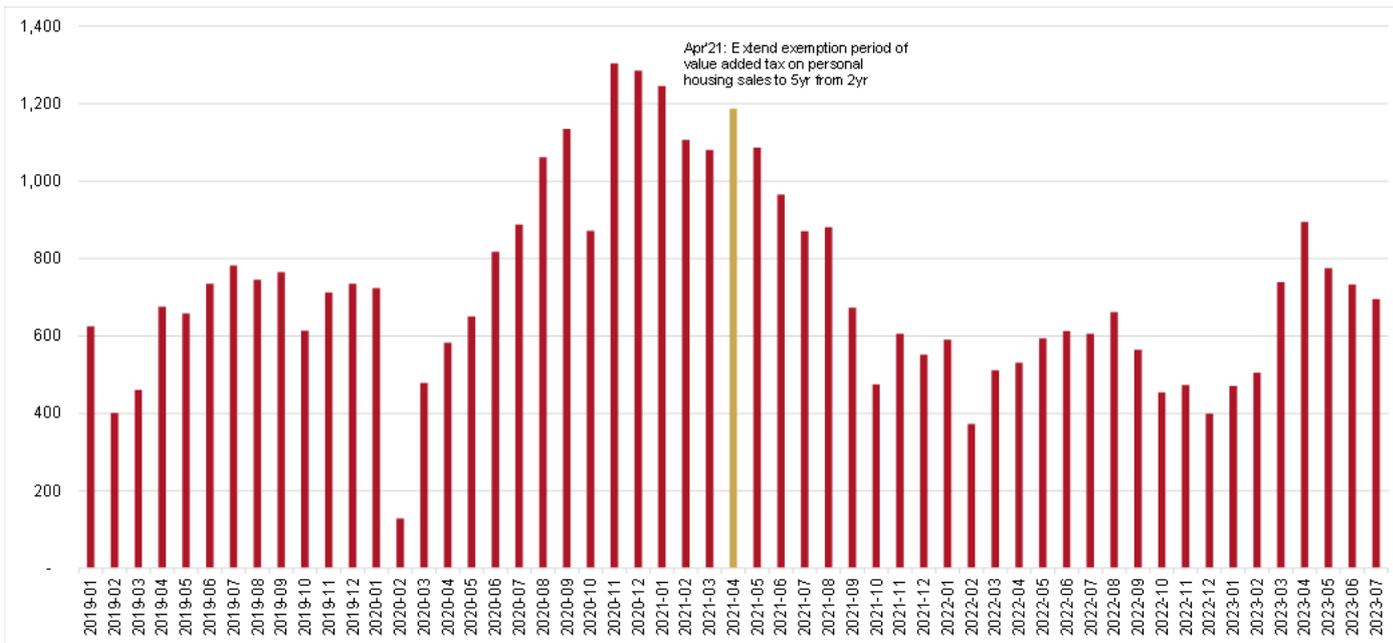
Guangzhou government relaxed the home purchase restrictions (HPR) in four suburban districts: Huangpu, Panyu, Huadu and part of Baiyun. Previously, the government only allowed registered residents of Guangzhou (GZ), i.e. with "Hukou", to buy up to two housing units in nine districts, including the above mentioned four suburban districts. After the relaxation, registered residents of GZ are not subject to HPRs in these four districts. GZ was divided into 11 districts. There is no HPR in Conghua and Zengcheng for registered residents of GZ.

For non-registered residents, they will continue to subject to the HPRs of buying a maximum of one housing unit in all eleven districts with proof of personal tax or social insurance payment in Guangzhou preceding two years before the date of housing purchase.

At the same time, the government also shortened the exemption period of value added tax on personal second-hand housing sales from five years to two years to boost second-hand home transaction, the exemption period was extended to five years from two years in Apr'21 to subdue overheated real estate markets.

So far, there are around 30 cities relaxed the home purchase restrictions, such as Dongguan, Foshan, Shenyang, Dalian, Nanjing, Zhengzhou, Tianjing, etc. The moves in Guangzhou signal greater efforts in stimulating property demand. We could see more relaxations in other T1 cities. As we discussed previously, we expect some yoy pick-up in contact sales in 4Q23 in view of the low base figures and more supportive property policies.

Chart: Guangzhou second-hand home transaction GFA (in thousand sqm)



Source: Wind.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Jinshine International Co., Ltd (Guaranteed by XZETDZ)	390	3yr	6.5%	6.5%	-/-/-

➤ **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 121 credit bonds issued yesterday with an amount of RMB95bn. As for Month-to-date, 1,153 credit bonds were issued with a total amount of RMB1,074bn raised, representing a 26.1% yoy increase
- **[ADANIG]** Media reported that Adani Green Energy will get USD300mn investment from France's TotalEnergies to form a new JV
- **[CHNAAR]** China Aircraft Leasing announced settlement of tender offers for USD200mn 5.5% guaranteed bonds due 2024 and USD100mn 4.85% guaranteed notes due 2024
- **[COGARD]** Country Garden announced completion of extension of eight onshore bonds

- **[HKIQCL]** Qingdao City Construction Investment received Shanghai bourse approval for up to RMB11.61bn corporate bond offering
- **[HRINT]** Jiangsu HanRui Investment receives Shanghai bourse approval over RMB2.84bn corporate bond offering
- **[SOFTBK]** S&P affirmed SoftBank's BB rating and changed outlook to positive after Arm's IPO
- **[VEDLN]** Media reported that Vedanta Resources is in advanced talks with Cerberus, Bain, others for USD1bn syndicated loan

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