

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *Asian IG markets were under better buying this morning. IG benchmarks were unchanged to 2bps tighter. We saw buying flows on front-end IGs such as BABA'24. On the other hand, LGFV/SOE Perps were stable with light flows.*
- *Chinese Properties: Weaker contracted sales in Jan'24. See below.*
- *Internet: Solid travel consumption recovery during CNY. See below for comments from CMBI equity research. EHICARs rose 4.5 to 10pts and Macau gaming names moved -1 to +3.8pts YTD.*

❖ Trading desk comments 交易台市场观点

Last Friday, Asia IG space was mixed amid thin trading liquidity. Chinese SOE/TMT benchmarks HAOHUA/TENCNT 28-31s were 1bp tighter. The front end of SOEs such as CNOOC 24s were better bid by cash parking demand. The high beta TMTs such as WB/LENOVO/XIAOMI 30-32s were unchanged to 2bps wider amid mixed two-way flows. In financials, Chinese AMCs such as HRINTH/CCAMCL 30-31s were under some selling. Chinese AT1s ICBCAS 3.2 Perp/BOCOM 3.8 Perp were 0.1pt lower. In KR space, HYUELE/SAMTOT 27s/29s were 2bps tighter, while DFHOLD '26 was under small selling. HK Corp space was mixed. LASUDE '26 was up 1pt, whilst SHUION '25/SUNHUN '30 were down 0.7-0.9pt. LIFUNG/CHOHIN Perps were 0.5-1pt lower. Chinese properties were firm. FUTLAN/FTLNHD 24-26s were up 0.6-1.1pts. VNKRLE 24-29s were 0.6-0.7pt. CSCHCN 24s/AGILE 25s were up 0.3-0.9pt. Outside properties, HILOHO '24/EHICAR '26 was up 0.5-0.8pt, whilst SFHOLD '30 lowered 1.7pts. Macau gaming names such as MPEL/SANLTD/STCITY 27-31s were 0.3-0.7pt higher. In Indian space, VEDLN 26-28s were up another 0.5-0.7pt to close 3-5pts higher WoW. AZUPOE 24/26 were up 0.4pt. Azure Power announced tender offers for up to USD40mn of AZUPOE 5.65 12/24/24 and up to USD12mn of AZUPOE 3.575 08/19/26 at par. Indonesian name MDLNIJ '25 was up 0.8pt. Elsewhere, GLPCHI '26 was 2.8pts higher to close at mid-70s.

The LGFVs/perps/high beta names were firm. In the 5-6% LGFVs, GZGETH '27/GZINFU '26 and HZCONI/YWSOAO 25-26s were 0.1-0.3pt higher. In Shandong names, SHDOIS/SHUGRP 24s and HKIQCL '25/SHGUOH '26 were up 0.1pt. QDHTCO 24s were 0.3pt higher. In SOE perps, CHPWCN 3.55 Perp/RLCONS 3.97 Perp were 0.1pt higher. CPDEV/ZHHFGR 25s were up 0.1-0.2pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 2.95 03/29/26	75.2	2.8	SFHOLD 2 7/8 02/20/30	85.8	-1.7
FUTLAN 6 08/12/24	67.9	1.1	CHGRID 4 05/04/47	83.1	-1.1
LASUDE 5 07/28/26	58.5	1.0	LIFUNG 5 1/4 PERP	43.6	-1.0
CSCHCN 9 10/09/24	27.7	0.9	CHGRID 4.85 05/07/44	94.8	-1.0
AGILE 5 1/2 04/21/25	16.4	0.9	SUNHUN 2 7/8 01/21/30	87.0	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.48%), Dow (-0.37%) and Nasdaq (-0.82%) retreated on last Friday. US Jan'24 PPI rose 0.3% mom, increased from -0.1% mom in Dec'23 and was higher than the expectation of +0.1% mom. US Feb'24 Michigan Consumer Sentiment Index is 79.6, lower than the expectation of 80.0. UST yields edged up on last Friday, 2/5/10/30 yield reached 4.64%/4.29%/4.30%/4.45%.

❖ Desk analyst comments 分析员市场观点

➤ Chinese Properties: Weak contracted sales in Jan'24

The recovering trend of contracted sales since Jul'23 ended in Jan'24, the 32 Chinese developers under our radar (figures of DEXICN and RONXIN have yet to be announced) reported contracted sales totaled RMB138.3bn in Jan'24, dropped 39% yoy from RMB227.2bn in Jan'23 although the sales in Jan'23 were adversely affected by the Chinese new year holiday.

YLLGSP is the only developer recorded yoy growth in Jan'24. Its contracted sales increased 64% yoy to RMB1.48bn. Hopson is another developer with more stable contracted sales. State-owned developers also record notable yoy decline in contracted sales despite their sales performance continue to be relatively better: YUEXIU (RMB6.5bn), CHIOLI (RMB10.5bn) and CRHZCH (RMB11.4bn) decreased 26%, 20% and 29% yoy in Jan'24. The distressed developers remained underperformed, the contracted sales of KWGPPO (RMB740mn), CENCHI (RMB710mn) and COGARD (RMB5.5bn) down 79%, 75% and 75% yoy in Jan'24.

Since mid-Jan'24, several high tier cities further relaxed home purchase restrictions to stabilize the real estate market (see Table 1). We expect that there will be more supportive policies like LPR cut and further relaxations on home purchase restrictions. That said, the sales recovery will likely to be weak in the near-term amid the concerns of deflation.

Chart 1: Contracted sales amount of 32 developers in Jan'24

2024 YTD Sales (in RMB mn)							
Company	CN Name	BBG Ticker	Jan	Jan'24 MoM Growth	Jan'24 YoY Growth	Jan'24 YTD Sales	Jan'24 YTD Sales Growth
Yanlord*	仁恒置地*	YLLGSP	1,480	-53%	4%	1,480	64%
Hopson	合生创展	HPDLF	1,286	-74%	-3%	1,286	-3%
Greentown	绿城	GRNCH	12,000	-73%	11%	12,000	-11%
Redsun	弘阳地产	REDSUN/HONGS	982	24%	11%	982	-11%
China Overseas	中国海外发展	CHIOLI	10,504	-54%	20%	10,504	-20%
Radiance*	金辉控股*	JNHUIG/RDHGCL	1,450	-7%	24%	1,450	-24%
CIFI Holdings*	旭辉集团*	CIFIHG	3,780	-29%	25%	3,780	-25%
Logan Property*	龙光地产*	LOGPH	800	60%	25%	800	-25%
Yuexiu Property	越秀地产	YUEXIU	6,545	-28%	26%	6,545	-26%
Guangzhou R&F	富力地产	GZRFPR	980	-17%	27%	980	-27%
China Resources Land	华润置地	CRHZCH	11,420	-46%	29%	11,420	-29%
Poly Real Estate	保利地产	POLYRE	20,323	-11%	31%	20,323	-31%
China Vanke	万科企业	VNKRLE	19,450	-41%	32%	19,450	-32%
Longfor (Attributable)	龙湖集团	LNGFOR	4,660	-39%	35%	4,660	-35%
China Jinmao	中国金茂	CHJMAO	6,400	-30%	36%	6,400	-36%
Future Land	新城控股	FUTLAN/FTLNHD	3,692	-22%	36%	3,692	-36%
Times Property	时代中国控股	TPHL	532	-42%	38%	532	-38%
Jingrui Holdings	景瑞控股	JINGRU	206	-8%	40%	206	-40%
Gemdale	金地集团	GEMDAL	5,510	-47%	40%	5,510	-40%
Powerlong	宝龙地产	PWRLNG	1,121	1%	45%	1,121	-45%
Zhongliang	中梁控股	ZHLGHD	2,010	-8%	45%	2,010	-45%
Yuzhou Properties	禹洲地产	YUZHOU	803	33%	47%	803	-47%
Sunac China	融创中国	SUNAC	3,760	-32%	48%	3,760	-48%
Shimao	世茂房地产	SHIMAO	2,110	-25%	53%	2,110	-53%
Greenland Holding*	绿地控股集团*	GRNLGR	4,500	-59%	54%	4,500	-54%
Zhenro Properties	正荣地产	ZHPRHK	619	-31%	54%	619	-54%
Agile	雅居乐	AGILE	2,390	-29%	63%	2,390	-63%
Sino-Ocean	远洋集团	SINOCE	1,200	-60%	64%	1,200	-64%
China SCE*	中骏集团控股*	CHINSC	850	-19%	72%	850	-72%
Country Garden (Attributable)	碧桂园	COGARD	5,490	-21%	75%	5,490	-75%
Central China Real Estate	建业地产	CENCHI	710	-35%	75%	710	-75%
KWG Property*	合景泰富集团*	KWGPPO	740	-44%	79%	740	-79%

Source: Company fillings, CRIC.

Table 1: Recent relaxations of high-tier cities

City	Date	Relaxation
Shenzhen	7 Feb'24	Removing requirement for Shenzhen residents to pay social insurance or income tax to purchasing properties; Shortening the payment period of social insurance or income tax for non-Shenzhen residents to 3 years from 5 years when purchasing properties.
Beijing	6 Feb'24	Removing Tongzhou district's restrictions on purchasing properties, aligning it with Beijing's restriction.
Shanghai	30 Jan'24	Unmarried non-Shanghai residents who continuously paid 5-year social insurance or income tax in Shanghai are allowed to purchase properties outside outer ring road of Shanghai.
Suzhou	30 Jan'24	Removing purchase restrictions on properties.
Guangzhou	27 Jan'24	1. Removing purchase restrictions on properties with more than 120 sqm floor area. 2. The number of properties owned by residents will be deducted if residents register rent or sale for the properties in the government system.

Source: Wind

➤ Internet: Solid travel consumption recovery during CNY

For this year's Chinese New Year (CNY) holiday, the overall travel industry saw solid YoY growth in both tourist volume and income, on both a relatively low base and a robust recovery of long-haul travel. Consumption segmentation trend sustained in travel industry as an increasing number of consumers are willing to spend more

for quality services and better experiences. Driven by diversified offline activities and accelerated online penetration propelled by escalating industry competition, local consumer services saw solid GTV growth during the holiday, which we think is likely to sustain throughout 2024. We reiterate our BUY rating on Trip.com Group (TCOM) on potential better-than-expected outbound travel recovery and margin expansion in 1Q24, and greater-than-peers' exposure to high-end consumers. We also expect Meituan to benefit from a potential consumption recovery trend.

Travel industry saw solid YoY growth during 2024 CNY holiday. Per data published (18 Feb) by the Ministry of Culture and Tourism of China (MCT), the total number of tourists over the 2024 CNY holiday (10-17 Feb) reached 474mn, up 34.3% YoY, and was 119.0% of that in the comparable period in 2019 (2023 CNY holiday: 88.6%). Tourism income during the CNY holiday period reached RMB632.7bn, up 47.3% YoY, and was 107.7% of that in 2019 (2023 CNY holiday: 73.1%). The implied average revenue per tourist (ARPU) during the holiday was RMB1,335, up 9% YoY, which we attribute to a further recovery in contribution of long-haul travel. However, the ARPU was still 9% lower than that of 2019, which in our view was due to the impact from macro headwinds, and that there is still room for further recovery of long-haul travel.

Consumption segmentation trend sustained. Although overall travel ARPU still has room to recover, the ARPU for high-end customers likely resumed expansion already, which speaks to an ongoing consumption segmentation trend. Per TCOM, the average price for customized package tour on its platform increased by 20% YoY, and the average domestic flight ticket price also grew by 20% YoY during this year's CNY holiday. Per Qunar, during the first three days of this year's CNY, in third-tier and below cities which have an airport, excluding the hot travel destinations, booking volume for luxury hotels/high-end hotels was up 105%/186% YoY.

Local consumer services saw robust GTV growth on accelerated online penetration and healthy growth of offline activities. Per Meituan, during this year's holiday period, as of 16 Feb, daily average gross transaction volume on its platform grew 36% YoY, and rose 155% compared to the comparable period in 2019 (2019-2024 CAGR of 20.5%). The acceleration in YoY growth compared to 5-year CAGR, in our view, was driven by the acceleration in online penetration aided by Meituan's strategic move to enhance merchant support and increase user subsidy especially in the lower-tier cities, in order to maintain GMV share advantage over its competitor. Offline activities remain healthy during the CNY holiday, evidenced by Didi's reported 32% YoY growth for daily fulfilled car-hailing orders on its platform, which also represented 65% growth compared to the 2019 CNY holiday (2019-2024 CAGR of 10.5%).

TCOM: outbound travel order volume saw full recovery during holiday period. Per TCOM, during this CNY holiday, long-haul travel orders doubled YoY, in our view due to both a relatively low base in 2023 and increasing demand. Long-haul orders made up 57% of total travel orders, compared to 51% during the 2023 National Day holiday and over 60% in the pre-pandemic period, which in our view speaks to an ongoing recovery trend, while suggesting that there is still room for further recovery. TCOM highlighted that the number of outbound travel orders during the CNY holiday that were placed on its platform has surpassed the 2019 level, with popular Southeast Asia travel destinations (ie Singapore, Thailand, and Malaysia) saw combined order growth of over 30%.

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➤ 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)
Del Monte Philippines	USD	-	Perp	-	

➤ News and market color

- Regarding onshore primary issuances, there were 0 credit bonds issued last Friday during CNY holiday. As for month-to-date, 370 credit bonds were issued with a total amount of RMB393bn raised, representing a 41.7% yoy decrease
- Media reported that China holiday spending during CNY increased 8% from 2019 level to RMB633bn
- [ADEIN]** Media reported that Adani group is in talks to raise up to USD2.6bn from West Asia-based sovereign funds
- [AZUPOE]** Azure Power launches tender offers for up to USD40mn of AZUPOE 5.65 12/24/24, up to USD12mn of AZUPOE 3.575 08/19/26. The tender prices for two bonds are USD100. AZUPOEs rose 0.3pt post the announcement
- [FWDGRP]** Media reported that FWD Group's controlling shareholder Richard Li is not planning to sell his controlling stake
- [GEMDAL]** Gemdale schedules RMB60.8mn interest payment for 22JindiMTN001 notes on 23 Feb
- [SANLTD]** Sands China FY23 adjusted property EBITDA was USD2.23bn, compared to negative USD323mn in FY22. It committed to spending additional USD4.5bn on combination of capital, operating investments in Macao through 2032
- [SOFTBK]** Media reported that SoftBank founder Masayoshi Son seeks to raise up to USD100bn to set up AI chipmaker to rival Nvidia, SoftBank would provide USD30bn and rest USD70bn could potentially raised from investors in the Middle East

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