

CMBI Credit Commentary

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

- *Markets were two-way balanced while more quiet compared to previous days. For LGFV/SOE Perp, front-end bonds continued to be better selling, due/callable 2025 bonds were sought after.*
- **Chinese properties:** *Weaker contracted sales in May'23 and divergence of performance persists. See below.*
- **SINOCL:** *Extended the consent solicitation deadline on SINOCL 6.25 06/22/23 for two days to tomorrow. SINOCLs were stable this morning post consent solicitation extension announcement. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex JP IG space was firm post the moderating CPI print. The recent new issues such as CKHH/HKINTL 28s/33s tightened 2-3bps. Chinese SOEs were traded constructively post onshore rates cut. HAOHUA tightened another 3-8bps with its 30s closed 8bps tighter at T+170/+168. TMT benchmarks BABA/BIDU papers edged 2-4bps tighter and TENCNT 31s tightened 8bps to T+133/128. The BBB TMTs such as LENOVO/MEITUA/WB 30s tightened 10-15bps. In financials, leasing papers were better bid. BOCAVI 33s grinded 3bps tighter. In AMCs, CCAMCLs tightened 10-15bps. However, Chinese AT1s were better-offered. BCHINA 3.6 Perp/ICBCAS 3.2 Perp was down 0.125pt. In KR space, HYUELE tightened 5-10bps. The Chinese properties were better bid with active flows on quality names. SINOCE/VNKRLE 26-30s were traded 0.75-1.75pts higher. COGARDs were up 0.5-1pt across the curve. Away from properties, ZHONAN 25s/26s gained around 1-2pts at close. Industrials performed mixed. AACTECs were quoted 1.5pts higher. HILOHO/EHICAR 24s were traded 1pts lower. Macau gaming space was quiet with MPELs/MGMCHIs drifted 0.25-0.5pt higher. Elsewhere in non-China space, GLPCHIs moved 1pt higher. In Indian space, VEDLN 24s/25s were up 0.5-1pt. GRNKENS edged 0.25pt higher. Indonesian name LPKRIJ '26 rose 1pt.

The LGFV/Perp spaces turned out to have a hectic day ahead of FOMC, flows were skewed to heavy selling across spaces as liquidity remained tight. The LGFV 23s papers and c23 perps continued to be under pressure, with their yields traded around 6.1%. The prices on short-end LGFVs remained relatively stable, as we also saw some cash parking demand from prop desks there. Overall, LGFVs were weaker amid better selling flows across the credit curve, despite some interests in picking up high-yielding names. KMRLGP '24 was traded down another 2.5pts and on verge of breaking 80 at close. On the other hand, SOE Perps that came out from leveraged accounts/AMs were fairly well bid at =<low-6%, thanks to short covering and some onshore accounts picking up bonds at 6% to high-5%. Elsewhere in the Perp space,

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NWDEVL Perps were traded 0.25-0.5pt higher. Property related names OCTOWN Perp/CPDEV Perps were also better bid. HK Corp perps FWDGRP 8.045 Perp/PEAKRN 5.35 Perp were marked down 0.25pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	90.6	2.1	KMRLGP 3.9 12/12/24	82.7	-2.4
VNKRLE 3 1/2 11/12/29	83.0	2.0	ROADKG 5.9 03/05/25	71.9	-1.1
ZHONAN 3 1/2 03/08/26	85.6	1.8	HILOHO 9 3/4 11/18/24	53.0	-1.1
SINOCE 4 3/4 01/14/30	26.3	1.8	EHICAR 7 3/4 11/14/24	78.9	-1.1
SINOCE 4 3/4 08/05/29	26.2	1.7	BJHKWY 14 3/4 10/08/22	6.2	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.08%), Dow (-0.68%) and Nasdaq (++)0.39%) were mixed post the FOMC meeting minute, Fed kept the interest rate unchanged but implied that there might be two 25bps hikes by the end of 2023. US May'23 PPI was +2.8% yoy, down from +3.1% yoy in Apr'23 and was lower than expectation of +2.9% yoy. The short-term US treasury yields rallied higher while long-term yields slightly retreated yesterday, the 2/5/10/30 yield reached 4.74%/4.06%/3.83%/3.90%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese properties: Weaker contracted sales in May'23 and divergence of performance persists

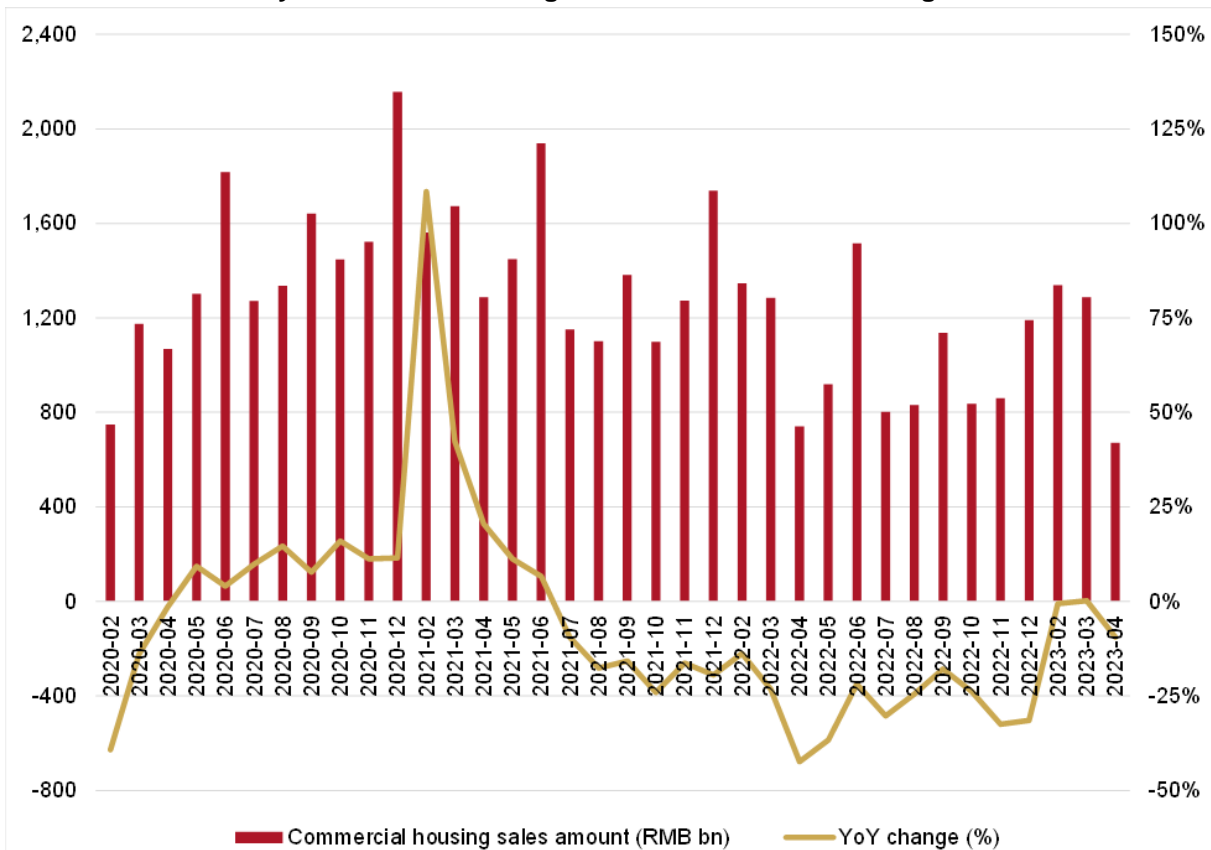
In May'23, 35 developers under our radar reported contracted sales of RMB311.1bn in total, retreated 4.3% yoy compared to May'22. 10 out of 35 developers reported yoy growth of contracted sales in May'23, down from 15 in Apr'23. In 5M23, the 35 developers' contracted sales were RMB1,595.9bn in total, 1.0% lower than those in 5M22 (vs. 0.3% yoy growth in 4M23).

The divergence of performance between SOEs/surviving POEs and defaulted developers continues. We expect the trend to continue as the pre-sales performance reflects the developers' access to funding for land acquisitions and construction starts. The outperformers in 5M23 are YUEXIU (RMB69.5bn, +101% yoy), CRHZCH (RMB143.3bn, +76% yoy) and CHIOLI (RMB147.0bn, +55% yoy). Underperformers are RONXIN (RMB8.0bn, -73% yoy), TPHL (RMB8.4bn, -62% yoy) and ZHPRHK (RMB8.0bn, -57% yoy). According to NBS, the yoy change of nationwide commercial housing sales turned to negative in Apr'23 again after it recorded first positive change in Mar'23 since the sector entered a downturn in Jun'21. That said, we expect more notable yoy pick-up in contracted sales by 4Q23 in view of the low base figures.

Chart 1: Contracted sales of developers under our radar

2023 YTD Sales (in RMB mn)													
Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Trend	May'23 MoM Growth	May'23 YoY Growth	May'23 YTD Sales	May'23 YTD Sales Growth	
Agile	雅居乐	AGILE	6,440	6,120	4,250	3,680	4,200		<div><div></div>14%</div>	<div><div></div>-31%</div>	24,690	<div><div></div>-21%</div>	
Central China Real Estate	建业地产	CENCHI	2,871	2,120	1,237	1,013	1,523		<div><div></div>50%</div>	<div><div></div>-30%</div>	8,764	<div><div></div>-21%</div>	
China Jinmao	中国金茂	CHJMAO	10,000	14,130	20,100	14,402	14,180		<div><div></div>-2%</div>	<div><div></div>58%</div>	72,812	<div><div></div>43%</div>	
China Overseas	中国海外发展	CHIOLI	13,188	27,424	42,987	34,033	29,345		<div><div></div>-14%</div>	<div><div></div>11%</div>	146,977	<div><div></div>55%</div>	
China Resources Land	华润置地	CRHZCH	16,020	24,200	38,800	33,010	31,300		<div><div></div>-5%</div>	<div><div></div>54%</div>	143,330	<div><div></div>76%</div>	
China SCE	中骏集团控股	CHINSC	3,051	3,809	4,608	2,505	3,102		<div><div></div>24%</div>	<div><div></div>-35%</div>	17,075	<div><div></div>-36%</div>	
China Vanke	万科企业	VNKRLE	28,630	30,120	42,630	33,470	32,940		<div><div></div>-2%</div>	<div><div></div>7%</div>	167,790	<div><div></div>0%</div>	
CIFI Holdings	旭辉集团	CIFIHG	5,020	7,810	8,300	8,300	7,000		<div><div></div>-16%</div>	<div><div></div>-35%</div>	36,430	<div><div></div>-27%</div>	
Country Garden (Attributable)	碧桂园	COGARD	22,010	24,850	25,010	22,690	18,200		<div><div></div>-20%</div>	<div><div></div>-37%</div>	112,760	<div><div></div>-25%</div>	
Dexin China	德信中国	DEXICN	2,340	3,200	2,630	1,390	2,150		<div><div></div>55%</div>	<div><div></div>-19%</div>	11,710	<div><div></div>-22%</div>	
Future Land	新城控股	FUTLAN/FTLNHD	5,776	7,809	7,920	7,162	7,033		<div><div></div>-2%</div>	<div><div></div>-37%</div>	35,700	<div><div></div>-30%</div>	
Gemdale	金地集团	GEMDAL	9,210	14,800	20,110	15,000	13,230		<div><div></div>-12%</div>	<div><div></div>-7%</div>	72,350	<div><div></div>0%</div>	
Greenland Holding	绿地控股集团	GRNLGR	9,790	7,710	11,290	6,860	11,940		<div><div></div>74%</div>	<div><div></div>9%</div>	47,590	<div><div></div>-4%</div>	
Greentown	绿城	GRNCH	13,500	17,900	29,900	27,100	20,200		<div><div></div>-25%</div>	<div><div></div>34%</div>	108,600	<div><div></div>38%</div>	
Guangzhou R&F	富力地产	GZRFPR	1,350	2,110	3,910	1,660	1,540		<div><div></div>-7%</div>	<div><div></div>-62%</div>	10,570	<div><div></div>-52%</div>	
Hopson	合生创展	HPDLF	1,327	2,193	6,547	1,585	2,323		<div><div></div>47%</div>	<div><div></div>-19.2%</div>	13,975	<div><div></div>4%</div>	
Jingrui Holdings	景瑞控股	JINGRU	342	454	442	370	449		<div><div></div>21%</div>	<div><div></div>-35%</div>	2,057	<div><div></div>-46%</div>	
KWG Property	合景泰富集团	KWGPRO	3,561	4,320	3,850	3,231	2,380		<div><div></div>-26%</div>	<div><div></div>-42%</div>	17,342	<div><div></div>-20%</div>	
Logan Property (Attributable)	龙光地产	LOGPH	1,070	2,190	3,110	3,200	2,490		<div><div></div>-22%</div>	<div><div></div>-30%</div>	12,060	<div><div></div>-49%</div>	
Longfor (Attributable)	龙湖集团	LNGFOR	7,220	11,140	15,240	11,260	9,410		<div><div></div>-16%</div>	<div><div></div>4%</div>	54,270	<div><div></div>34%</div>	
Poly Real Estate	保利地产	POLYRE	29,545	34,284	50,301	41,695	40,838		<div><div></div>-2%</div>	<div><div></div>7%</div>	196,663	<div><div></div>24%</div>	
Powerlong	宝龙地产	PWRLNG	2,040	3,319	3,478	3,123	3,054		<div><div></div>-2%</div>	<div><div></div>-20%</div>	15,014	<div><div></div>-21%</div>	
Radiance	金辉控股	JNHUIG/RDHGCL	1,920	1,750	1,530	3,050	3,230		<div><div></div>6%</div>	<div><div></div>-17%</div>	11,480	<div><div></div>-37%</div>	
Redco Properties	力高集团	REDPRO	1,323	1,516	1,390	1,347	1,260		<div><div></div>-6%</div>	<div><div></div>-46%</div>	6,836	<div><div></div>-27%</div>	
Redsun	弘阳地产	REDSUN/HONGS	1,109	2,770	3,434	2,189	2,019		<div><div></div>-8%</div>	<div><div></div>-35%</div>	11,521	<div><div></div>-26%</div>	
Ronshine China	融信中国	RONXIN	995	1,334	1,537	2,086	2,029		<div><div></div>-3%</div>	<div><div></div>-60%</div>	7,980	<div><div></div>-73%</div>	
Shimao	世茂房地产	SHIMAO	4,510	4,110	6,220	5,010	4,010		<div><div></div>-20%</div>	<div><div></div>-34%</div>	23,860	<div><div></div>-30%</div>	
Sino-Ocean	远洋集团	SINOCE	3,290	5,070	8,200	7,030	5,040		<div><div></div>-28%</div>	<div><div></div>-32%</div>	28,630	<div><div></div>-2%</div>	
Sunac China	融创中国	SUNAC	7,230	10,860	11,180	8,060	7,790		<div><div></div>-3%</div>	<div><div></div>-39%</div>	45,120	<div><div></div>-54%</div>	
Times Property	时代中国控股	TPHL	852	1,961	2,638	1,494	1,418		<div><div></div>-5%</div>	<div><div></div>-69%</div>	8,363	<div><div></div>-62%</div>	
Yanlord	仁恒置地	YLLGSP	905	3,667	3,557	4,220	6,101		<div><div></div>45%</div>	<div><div></div>438%</div>	18,450	<div><div></div>-2%</div>	
Yuexiu Property	越秀地产	YUEXIU	8,884	13,712	21,237	13,331	12,355		<div><div></div>-7%</div>	<div><div></div>50%</div>	69,519	<div><div></div>101%</div>	
Yuzhou Properties	禹洲地产	YUZHOU	1,505	1,750	2,150	2,063	2,253		<div><div></div>9%</div>	<div><div></div>-23%</div>	9,721	<div><div></div>-43%</div>	
Zhenro Properties	正荣地产	ZHPRHK	1,356	1,620	1,811	1,654	1,566		<div><div></div>-5%</div>	<div><div></div>-32%</div>	8,007	<div><div></div>-57%</div>	
Zhongliang	中梁控股	ZHLGHD	3,660	4,020	3,750	3,300	3,190		<div><div></div>-3%</div>	<div><div></div>-47%</div>	17,920	<div><div></div>-43%</div>	

Chart 2: China monthly commercial housing sales amount and YoY change



➤ **SINOCL: Extended the consent solicitation deadline on SINOCL 6.25 06/22/23 for two days to tomorrow**

Sino-Ocean Capital, 49% owned by Sino-Ocean Group, extended the voting deadline for the consent solicitation relating to SINOCL 6.25 06/22/23 for two days to tomorrow (16 Jun) from yesterday. The outstanding amount is USD497mn and the bond will be due next week. The consent is to solicit an extension of maturity for 6 years to Jun'29, deferral of coupon payment and cut in coupon rate. While its parent company Sino-Ocean is still working on the refinancing at its level, we maintain our view that Sino-Ocean Capital has to sort out on its own to repay the debts amid the very tight liquidity condition. However, there is not much noise in the markets relating to the refinancing attempts by Sino-Ocean Capital. Please see [our daily on 29 May](#) for the summary of the consent solicitation and comparison with the original terms. SINOCLs were stable this morning post consent solicitation extension announcement.

	Px (mid)	YTM (mid, %)	Amt o/s (USDmn)
SINOCL 6.25 06/22/23	22.17	18,561.9	497
SINOCL 6 10/24/23	18.92	1,183.9	282.3

Source: Bloomberg, Company's announcement.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Fujian Jinjiang Urban	125	364d	6.08%	6.08%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of China New York	USD	-	3yr	T+80	A1/A/A

➤ **News and market color**

- Regarding onshore primary issuances, there were 120 credit bonds issued yesterday with an amount of RMB122bn. As for Month-to-date, 881 credit bonds were issued with a total amount of RMB858bn raised, representing a 49.9% yoy increase
- [FUTLAN]** Seazen Holdings controlling shareholder pledges 5.32% stake, the controlling shareholder holds 61.09% stake and 19.43% has been pledged
- [GEELY]** Zhejiang Geely Holding proposes to offer up to RMB1bn three-year corporate bonds to repay debts
- [GZRFPR]** Media reported that Guangzhou R&F CEO agreed to be extradited to the US to face bribery charges
- [JNHUIG]** Radiance Holdings (Group) deposits funds into designated bank account for interest payment of JNHUIG 8.8 09/17/23

- **[LUSOIB]** Luso International Banking announced to redeem all outstanding USD343.2mn tier-2 notes LUSOIB 5.375 12/28/27 on 28 Jun
- **[PWRLNG]** Media reported that Powerlong cured missed 13 May coupon of PWRLNG 4.9 05/13/26
- **[SINOCL]** Sino-Ocean Capital extends consent solicitation voting deadline to 16 Jun
- **[SUNAC]** Sunac China announced that winding-up petition against the company withdrawn
- **[YY]** JOYY Inc accepted USD432.2mn of 0.750% convertible senior notes due 2025 under repurchase right offer

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