

## CMBI Credit Commentary

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

- *COGARD Long-end up 2-3 pts this morning, buoyed by news of onshore bond buyback by top management; vs. KWGPRO/THPL/GRNLGR down 1-1.5pts.*
- *IG space saw better buying in AT1 after Fed Rate hike of 50bps overnight, and the Fed laid down road map of 50bps hike each in June and July meeting, emphasizing the possibility of soft landing. Selective buying in HAOHUA '30 at T10+205bps and WB '30 at T10+315bps.*
- **Chinese Properties:** *Developers such as Agile, Logan and GZRF announced further delay in publishing FY21 annual report. We believe that the risk of share suspension and EOD is contained. See below.*

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#### ❖ Trading desk comments 交易平台市场观点

Yesterday, Chinese HY property space was largely unchanged as onshore market is still on holiday. GRNLGR/CHINSC/KWGPRO were traded down around 0.5pt. For the rest of the market, the price movement was within +/- 0.5pt.

Chinese IG market was quiet amid holiday and before FOMC meeting. In TMT sector, benchmark names like TENCNT/BABA were stable. In SOE space, SINOPE/HAOHUA spread movement were within +/- 2bps. We saw some buying in AT1 space, ICBCAS/BOCOM up 0.25pt.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHLGHD 8 1/2 05/19/22	34.2	3.7	RONXIN 8.95 01/22/23	27.5	-2.4
LOGPH 4.85 12/14/26	27.5	2.0	REDSUN 7.3 05/21/24	20.4	-1.8
PWRLNG 7 1/8 11/08/22	60.1	1.8	PWRLNG 6.95 07/23/23	46.4	-1.4
FTLNHD 5 08/08/22	88.6	1.7	SHIMAO 4 3/4 07/03/22	32.8	-1.3
KAISAG 11.95 11/12/23	22.6	1.0	RWINTL 7 1/4 01/25/20	19.8	-1.1

❖ Macro News Recap 宏观新闻回顾

**Macro** – Federal Reserve delivered 50bps hike and set its target federal funds rate to 0.75%-1%, a biggest single-day rate hike since 2000. However, U.S. stock market saw a relief rally yesterday after the Fed opted out of a 75bps rate hike. Jerome Powell suggested that core inflation may have peaked and a 75 basis point rate hike is not being actively considered. The S&P (+2.99%), Nasdaq (+3.19%), and Dow (+2.81%) all moved sharply higher. US Fed is guiding 50bps rate hikes at upcoming FOMC meetings in June and July. Treasury yield pulled back slightly, with the 1/5/10/30 yield reaching 2.07/2.93/2.93/3.01% respectively.

❖ Desk analyst comments 分析员市场观点

➤ Chinese properties: Concerns on delay in publication of annual report contained

As per the listing rule, listed companies has to publish annual reports 4 months after their respective year-end. That means for most of the developers with financial year-end at 31 Dec, they have to publish the annual reports by end of April. Over the past few days, we saw that a number of developers such as Agile, Logan and GZRF announced the delay in publishing the FY21 results. GZRF changed auditor and mentioned it will publish annual report on or before 15 Jul'22. We understand that listed companies can apply waiver and HKEx can exercise its discretion on the deadline extension based on the reasoning of developers provide. Hence, we are not too concerned that many of these developers will be subject to shares trading suspension because of the delay. We are also not too concerned the potential Event of Default on bonds as long as the developers continue to honor payments or engage investors on liability management discussions, taking cue of the situation on Huarong.

➤ Offshore Asia New Issues (Priced)

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
ENN Energy Holdings	USD	-	-	-	Baa1/BBB/BBB+
Korea Expressway Corp	USD	-	3 or 5	-	-/-/-

➤ **Market conditions and color**

- **[COGARD]** Country Garden unit's top management buys RMB40.16mn bonds to maintain stability of bond prices. The bonds bought are 19Bidi02, 20Bidi01, 20Bidi02, 20Bidi03, 20Bidi04, 21Bidi01, 21Bidi02, 21Bidi03, and 21Bidi04 bonds.
- **[JD]** to pay USD2bn special cash dividend; and was added to list of companies at risk of being delisted from US bourses
- **[NIO]** was added to list of companies at risk of being delisted from US bourses
- **[SUNAC]** works with Houlihan on proposal for some offshore bonds

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