

CMBI Credit Commentary

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

- *Markets sentiment was overall well though a bit calmer than previous days. LGFV sector was traded actively and skewed to buy, we saw demands on due 23-24 high quality LGFV names. New issue DEYN CN down 1-1.5pts this morning.*
- **VNKRLE:** *China Vanke announced to seek shareholders' approval regarding new share issue, the new shares amount shall less than 20% of currently outstanding shares. VNKRLEs were -0.5 to +1.5pts post the announcement.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IG space had a very firm session again thanks to China top officials shifted the Covid policy to marginal easing. We saw almost only buying flows across sectors. CDS/cash tightened 3bps in response to the US market moves. TMTs continued the tightening momentum as market expected a slower rate hike in December. Benchmarks TENCNT/BABA grinded 3-8bps tighter. MEITUA/XIAOMI further tightened 20-40bps on RM buying, after being marked 2.5-5pts higher (~25bps tighter) yesterday. Financials were strong, with AMC sector particularly outperformed again, by strengthening at the tight throughout this whole week. HRINTHs broadly rallied 1.5-3.5pts across the curve, with its long-end papers quoted as much as 5-7pts higher on screen. GRWALL curve were 60bps tighter, and CCAMCL/ORIEAS curves were 25-35bps tighter. Bank capital bonds were unchanged to 0.5pt higher in cash prices, T2s spreads fluctuated to end 10-40bps tighter. IG properties broadly closed unchanged to 1.5pts higher although we did see some light profit taking there. LNGFORs popped 2-3pts further higher, with 27-29s to be traded at mid-70s amid Longfor unit raised RMB2bn via 3-year MTNs offering. China HYs kept firm with properties prices on average 0.25-0.5pt higher. CHJMAO 4 Perp was traded stable at 99 level before this morning it announced the full redemption on the first reset date on 3 January 2023. Among quality names, SINOCEs jumped 3-5.5pts across the curve. COGARDs were up 1.5-3.5pts on better buying though its curve encountered some selling into the strength amid two ways. CENCHIs/ROADKGs were 2-5pts higher. GRNLGR 24s/27s notably rallied 8-13pts to close at low-30s after rest of the curve were marked 8pts higher yesterday. CSCHCNs jumped another 2.5-5.5pts after Shenzhen SEZ Construction and Development entered into agreement to with China South City to help securing a syndicated loan to replace its high interest-bearing debt and setting up RMB11bn equity investment fund. YLLGSP '24 was traded up 4pts post Yanlord repurchased cUSD21mn of this due-2024s. Industrial names were unchanged to 1.5pts higher, FOSUNIs/EHICARs were bid up 1-2pts.

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Macau gaming space continued to perform well with STCITYs up 2.5-4pts. MPELs/WYNNMACs were 1-2pts higher. Away from China, the small rally in rates also induced better buying flows in EM credits, as market started to see more RMs were looking for risks in longer durations. In India HYs, there were a few power-lifting prints by RM on select renewables like GRNKEN long end papers. VEDLNs finally started to move up and 25s traded up at mid-60s in street. Indonesian space was 1pt higher. Previous new RAKUTN 24s popped up by 1.5pts and now traded at 101 handle.

In the LGFV/SOE Perp/AT1 space, flows remained heavily skewed to better buying in the spaces as investors continued to cover underweighted risks ahead of new year amid an improving macro outlook and the rates rally. Bonds were overall +0.5pts amid thin offer side liquidity as we officially entered December. Quality 23s-25s (and a few selected 26s) LGFV papers were sought after by Chinese AM alongside c24-c25 SOE Perps and 24s-26s SOE bullets, whilst AT1s saw more balanced two-way flows in the short dated to call ones. SOE spreads like HAOHUA were roughly 5-20bps tighter, while oil and gas names like SINOPE/CNOOC slightly lagged behind the beta names to merely tighten 3-6bps. AT1s were unchanged to 1pt higher. BCHINA 3.6/ICBCAS 3.2 Perps were traded up 0.25-0.5pt. Flow wise, front end bonds had two ways skewed to better buying in yield, with some selling in short duration bonds post treasury rally. New issue side, Deyang Development Holdings Group issued a 3Y USD350mn sustainability bond at IPT of 7.4% Area and priced at 7%.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 06/25/24	40.5	13.2	ZHHFGR 2.8 11/04/25	78.3	-3.0
GRNLGR 7 1/4 01/22/27	30.8	12.8	ROADKG 6 09/04/25	53.3	-3.0
HRINTH 4.95 11/07/47	68.5	7.9	XINHUZ 11 06/06/25	80.5	-2.4
PINGIN 2.95 02/25/31	76.0	6.7	MDLNIJ 3 06/30/25	42.3	-2.4
HRINTH 3 3/8 02/24/30	76.8	5.6	LIFUNG 5 1/4 PERP	47.2	-2.1

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets were weak on Thursday, the S&P (-0.09%), Dow (-0.56%) and Nasdaq (+0.13%) turned to calm from yesterday's rally. The latest U.S. weekly unemployment claim was 225k and lower than the expectation of 235k, showing the labor market is still tenacious. While U.S. Oct PCE was +5.0% yoy, decreased from +5.2% in last month. U.S. treasury yields continued to down yesterday and 2/5/10/30 yields were bull steepened to 4.25%/3.68%/3.53%/3.64%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Deyang Development Holding Group Co., Ltd.	USD350	3yr	7.0%	7.0%	-/-/BBB-
Kunming Rail Transit Group Co., Ltd.	USD253	3yr	8.5%	8.5%	Baa1/-/BBB+

➤ 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

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- Regarding onshore primary issuances, there were 72 credit bonds issued yesterday with an amount of RMB96bn. As for Month-to-date, 72 credit bonds were issued with a total amount of RMB96bn raised, representing a 10.4% yoy decrease
- Macau gaming revenue for November drops 55.6% yoy to MOP3bn(cUSD373mn)
- **[ADROIJ]** Adaro Minerals injects additional IDR1.51trn (cUSD96.75mn) into aluminum unit
- **[CHFOTN]** Media reported that China Fortune Land bondholder AHC agrees to announced improved RSA; The company plans private placement to raise capital
- **[CHJMAO]** China Jinmao announced to fully redeem USD500mn CHJMAO 4 PERP on 3 Jan'23
- **[GRWALL]** BOCOM International sold USD17.5mn of bonds issued by China Great Wall International for around USD17.2mn on open market
- **[LNGFOR]** Longfor unit schedules put option exercise for 20Longhu01 bonds on 5-7 Dec
- **[LZDCID]** Guangxi Liuzhou Dongcheng Investment Development received warning letter from CSRC as the company has not used the proceeds raised from onshore bonds offerings for the agreed purposes in accordance with prospectuses
- **[SMCPM]** San Miguel Corp announced to redeem its outstanding SMC2H preferred shares for PHP75 per share, o/s SMC2H shares are 1.64mn in total
- **[SUNAC]** Media reported that Sunac China's Shanghai Dongjiadu project receives RMB12bn in loans from Chinese lenders, asset management, trust companies
- **[VNKRLE]** China Vanke announced to seek shareholders' approval regarding new share issue; The company postpones EGM to consider issuance of up to RMB50bn direct debt financing instruments to 16 Dec

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