

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

- *Markets were quiet amid rainstorm this morning. HRINTHs down 0.1-0.2pt, GRWALLs and CCAMCLs were mostly unchanged. High yielding LGFVs continued to be better buying from onshore clients.*
- **China Economy** – *Trade remains weak as base effect narrows its slump. See below for comments from our economic research.*
- **CAPG:** *China Aoyuan Group got approval from bondholders to extend the repayment of its RMB1.5bn onshore bonds for three years. Currently, all of China Aoyuan's existing 12 domestic bonds have been successfully extended for three years.*

**❖ Trading desk comments 交易台市场观点**

Asia IG space was softer yesterday. Overnight UST 2yr yield widened 7bps to 5.01% post higher-than-expected ISM services data. Chinese TMT/SOE benchmarks widened 2-3bps. The high-beta TMTs such as MEITUA/XIAOMI papers were 3-4bps wider. In financials, AMCs were weaker. HRINTH curve was marked 0.5-1.5pts lower, GRWALL curve also down 0.25pt. CCAMCL/ORIEAS papers widened 2-4bps.

The Chinese AT1s such as ICBCAS/BOCOHK AT1s were subdued. STANLN AT1s were better offered. HK IG papers such as CKHH/HKLSP 33s edged 1-2bps wider. HK Corp perps were firm. NWDEVL perps gained another 1-1.5pts. HK/Chinese properties performed mixed. SHUIONS were quoted 0.75pt higher, after the company repurchased and cancelled USD25.51mn of its due-2023s. CHJMAO 24s/26s were indicated 0.5-1pt higher. AGILE/GRNLGR 25s were up 1pt. However, DALWANs retreated 3.5-4.5pts amid some profit taking flows, after gaining 5.5-7.5pts on Wednesday. LNGFORs dropped 2-3pts. FUTLANs/FTLNHDs declined 1.25-2.25pts. In industrials, FOSUNI/VEYONG 24s moved 0.25-0.5pt lower. Macau gaming papers such as SANLTD/STCITY 27s/28s were down 0.5pt. In Indian space, VEDLNs declined 0.5pt. Indonesian space was quiet, APLNIJ '24 was bid up 1.5pts.

The LGFV space remained quite active. There were two-way flows in some long-illiquid North Jiangsu names trading at yield of 9-10%. Other higher-yielding names continued to be sought-after by Chinese RMs but the offers were generally scarce, as sentiment on many of these names such as GSHIAV'25 had turned from 'nobody wanted' to 'everyone longed over a short period of time. There were quite active two-way flows in the quality 23s/24s papers trading around mid-6%, mostly driven by cash management needs among Chinese RMs. The 25s-27s papers remained better bid. Shandong names such as QDJZWD/QDHTCO papers were marked 0.5pt higher. SHUGRP '24 was traded 0.75pt higher. Away from LGFVs, SOE perps were rather resilient despite rates creeping higher overnight. CHPWCN

**Glenn Ko, CFA 高志和**  
(852) 3657 6235  
glennko@cmbi.com.hk

**Cyrena Ng, CPA 吳蒨瑩**  
(852) 3900 0801  
cyrenang@cmbi.com.hk

**Jerry Wang 王世超**  
(852) 3761 8919  
jerrywang@cmbi.com.hk

3.45 Perp/HUADIA 4 Perp were quoted 0.1-0.2pt higher. However, selected high-beta names were generally better offered from AMs/PBs after the recent bounce. CPDEV 25/26/Perp were down 0.2-0.5pt

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4.8 PERP	47.7	1.4	DALWAN 7 1/4 01/29/24	66.6	-4.5
APLNIJ 5.95 06/02/24	66.3	1.4	DALWAN 11 02/13/26	43.0	-3.5
GRNLGR 5.9 02/12/25	12.2	1.2	LNGFOR 3 3/8 04/13/27	70.5	-2.8
NWDEVL 5 1/4 PERP	65.8	1.2	LNGFOR 4 1/2 01/16/28	68.3	-2.7
NWDEVL 6.15 PERP	74.0	1.0	LNGFOR 3.95 09/16/29	60.9	-2.6

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.32%), Dow (+0.17%) and Nasdaq (-0.89%) were mixed on Thursday. The latest US initial jobless claim was +216k, lower than the expectation of +234k and +229k in last week. Euro-zone 2Q23 GDP rose 0.5% yoy, lower than the expectation of +0.6% yoy. US treasury yields slightly down yesterday, 2/5/10/30 yield reached at 4.94%/4.38%/4.27%/4.36%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ China Economy – Trade remains weak as base effect narrows its slump

China's exports and imports of goods narrowed their declines faster than expected in August thanks to the base effect. Overseas demand for goods was tepid as global consumers shifted from goods consumption to service consumption. Despite some improvement, global manufacturing PMI remained in the contraction territory as foreign trade in major exporters continued to decline. Domestic demand was also weak as the deflation further deepened the import decline. Looking forward, China's exports and imports may continue to improve from the YoY perspective due to the base effect and shrinkage of deflation. The exports and imports are expected to drop 2.3% and 3.2%, respectively, in 2023. Trade weakness implies downside pressure on China's economic growth as the policymakers have to actively loosen policies to achieve the 5% growth target.

##### **Exports of goods remained vulnerable across major trading partners amid weak overseas demand.**

China's exports of goods dropped 8.8% YoY (all on YoY basis unless specified) in August after decreasing 14.5% in July. Exports to US, ASEAN and South Korea moderated to 8.8%, 13.3% and 14.5% drop in August after decreasing 23.1%, 21.4% and 17.9% in July. Exports to EU and Japan remained sluggish by dropping 19.6% and 20.6%, compared to the decline of 20.6% and 18.4% in July. As one of the few trading partners with positive growth, exports to Russia saw a sharp slowdown from 51.8% growth to 16.3% growth in August. Global manufacturing sector was close to a recession as the PMI and trade activity continued to shrink for several months. Global households continued to shift from goods consumption to service consumption as the former was more sensitive to high interest rates than the latter. In addition, global trade of goods faced pressure from the Sino-US conflict and "de-risk" strategy of related countries.

**Most products continued to decline while ship, vehicle and home appliance saw strong growth.** Exports of textile product, automatic data processing equipment, garment, integrated circuits, plastic products and steel products narrowed their decline to 6.4%, 18.2%, 12.5%, 4.6%, 7.4% and 30.6% after dropping 17.9%, 28.9%, 18.7%, 14.7%, 14.8% and 40.9% in July. Meanwhile, exports of auto parts and home appliances rebounded to 2.6% and 11.4% growth after falling 4.5% and 3.6% in July. At the same time, exports of ship and motor vehicles

rose 40.8% and 35.2% in August, down from the growth of 82.4% and 83.3% in July. Moreover, exports of cellphone declined 20.5% from 2.2% growth in July.

**Imports of goods improved with strong growth in import volume of most commodities.** China's imports of goods declined 7.3% in August after dropping 12.4% in July. Import patterns continue with a higher volume and a much lower price across the board since early 2023. In August, import volume of grain, soybean, crude oil and natural gas rose 14.3%, 30.6%, 30.9% and 22.7%, up from the increases of 10.3%, 23.5%, 17% and 18.5% in July. The import volume of iron ore and copper ore saw strong growth at 10.6% and 18.8% from 2.5% and 3.7% in July while coal import volume moderated to 50.5% from 66.9%. Import volume of steel products, copper products, machine tools, auto, airplane, and beauty cosmetics further weakened, indicating a still dampened domestic consumer demand.

**Exports and imports of goods are expected to drop 2.3% and 3.2% in 2023.** China's exports and imports may continue to improve from the YoY perspective as they may see positive YoY growth in 4Q23. We expect China's exports of goods to drop 2.3% in 2023 after rising 6.3% in 2022. The imports of goods are expected to decline 3.2% in 2023 after growing 1% in 2022.

**Stronger loosening policies are expected to carry out as China's economy may gradually improve ahead.** Policymakers have adopted a broad spectrum of supportive policies including loosening property policies, expanding credit supply, cutting deposit rates and existing mortgage rates, relieving local government debt risk and activating capital market. Looking ahead, China may: 1) further loosen property policies, with an acceleration of urban village renovation and affordable housing construction and loosening of home purchase restrictions in tier-one and tier-two cities; 2) maintain liquidity easing with further expansion of credit supply and reduction of the RRR, deposit interest and LPR; 3) actively resolve the local government contingent debt risk by supporting local governments to use special bond financing and state-owned assets to replace or repay some contingent debt and encouraging banks to rollover matured local government contingent debt; 4) accelerate the issuance of government bonds, employ part of the debt quota for next year in advance in 4Q, and increase broad fiscal deficit rate next year to facilitate fiscal expansion; 5) boost the retail sales of automobiles, electronic products, and home furnishing, and stimulate service consumption such as sports, leisure, and cultural tourism; 6) focus on industries such as digital economy, artificial intelligence, and advanced manufacturing and increase the intensity of industrial policy support; 7) establish and improve the normalized communication mechanism with entrepreneurs and enhance the confidence of private businesses.

Click [here](#) for full report

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
BOC London Branch	USD	600	3yr	SOFR+59	A1/A/A
Wuhan Jiangxia Agriculture Grou (SBLC by Evergrowing Bank Wuhan Branch)	USD	64	3yr	6.9%	-/-/-

#### ➤ 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 73 credit bonds issued yesterday with an amount of RMB75bn. As for Month-to-date, 373 credit bonds were issued with a total amount of RMB322bn raised, representing a 10.1% yoy decrease
- China Aug passenger car sales edged up 2% yoy to 1.9mn units
- **[CAPG]** China Aoyuan Group got approval from bondholders to extend the repayment of its RMB1.5bn onshore bonds for three years. Currently, all of China Aoyuan's existing 12 domestic bonds have been successfully extended for three years
- **[CHINSC]** Media reported that China SCE is still in roll-over talks ahead of late-Sep installments on originally USD388mn loan
- **[FUTLAN]** Seazen Holdings recorded contracted sales of RMB6.05bn in Aug'23, down 36.32% yoy
- **[KWGPRO]** KWG Group delayed circular on stake sale of residential property projects to Greentown China to on or before 26 Oct
- **[SDGOLD]** Shandong Gold Group completed redemption of USD100mn 5.3% guaranteed perps
- **[SHIMAO]** Shimao chairman's Mason Group to hold court meeting, general meeting on 3 Oct to consider HKD0.0338 per share privatization offer
- **[SMCPM]** San Miguel Corp filed shelf registration to issue up to PHP50bn (cUSD880mn) of Series 2 preferred shares
- **[VEDLN]** Media reported that Vedanta plans non-deal meetings with bondholders in HK, SG during Sep 11-15. The meetings follow vedanta's identification of bondholders of its three USD bonds with total USD3.2bn outstanding

*Fixed Income Department*

*Tel: 852 3657 6235/ 852 3900 0801*

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss,

damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.