

CMBI Credit Commentary

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

- *Markets focused on AMC sector this morning. GRWALL curve down 2-3pts, HRINTH curve down 1-2pts, CCAMCL/ORIEAS widened 5-10bps. HK names remained weak that CKHH/HKLSP widened 5bps. Benchmark TMTs were 2-4bps wider. LGFVs were stable with two-way flows from PBs.*
- *GRWALL: FY22 annual report not yet published after the end of grace period. GRWALLs dropped 2-3pts this morning post its failure to publish FY22 annual results. See below.*
- *YLLGSP: Moody's downgraded Yanlord's CFR to Ba3, S&P downgraded Yanlord to B+ and both agencies placed negative outlook on Yanlord. YLLGSPs were unchanged to +0.25pt this morning.*

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❖ Trading desk comments 交易台市场观点

UST yields tightened 1-3bps yesterday. Asia ex-JP IG had a quiet session with London out for holiday. HK Corp space had another choppy session. NWDEVL perps opened 1-2pts higher but retraced the early gains to close 1.5-3.5pts lower. NWDEVL '27 dropped 8.5pts and NWSZF perps declined 1.5pts. NANFUN 5 Perp/BNKEA 5.875 Perp were down 1pt. Other HK perps such as CKPH/CKINF/LIFUNG perps were traded 0.5pt lower under one-way selling. HYSAN 4.85 FFL Perp closed 3.5pts lower and marked below 70 level. Meanwhile SHUION 24-26s lowered 0.5-0.75pt. LASUDE 26s were marked 3.5pts lower. HK IG papers such as CKHH/HKLSP 33s were unchanged to 5bps tighter. Chinese TMT/SOE spreads were traded unchanged to 2bps tighter. In financials, HRINTH opened 0.5-1pt higher but closed unchanged to 0.25pt lower. In-house flows were heavy selling across the curve. CCAMCL curve was also traded heavily with 24s/27s under better selling. Chinese bank T2s/AT1s were supported with better demand on big-4 banks. In Korea space, DAESec/LGCHM/KHFC/POHANG/KEBHN/ NACF papers were under better buying. Chinese properties were firm. DALWANs were marked 0.75-1.25pt higher. ROADKG 24-26s gained 1.75-4.75pts. Meanwhile, In industrials, WESCHI '26/HILOHO '24 were quoted 0.5pt higher. Macau gaming papers such as MPELs/SANLTDs were marked 0.25-0.75pt higher. In Indian space, ADSEZs/ADTINs were marked 0.5pt lower. Indonesian space was muted. Elsewhere, GLPCHI 4.974 '24 was traded 7pts higher to close at 85. MONMIN 24s were bid up 2.5pts, following the exchange offer for outstanding due-2024s and concurrent new issue.

LGFVs were stable amid decent two-way flows. The strength in the high-yielding/high-beta LGFV names persisted. The front-end of LGFV space was well-bid. KMRLGP '24/SHUGRP '24/GSHIAV '25 were quoted unchanged to 0.125pt higher, thanks to buying from Chinese accounts. CQNANA/CQLGST 24-26s were up 0.1pt. ZHHFGRs were indicated unchanged to 0.2pt higher.

Whilst CPDEV 25s/26s were down 0.5pt. Selected high-beta papers such as ZHONAN/FRESHK 25s/26s were marked 0.5-1pt lower. Meanwhile SOE perp space lowered a touch amid rates uncertainties, despite there were also some Chinese AMs picking up bonds. CHCOMU 3.65 Perp/CHSCOI 3.4 Perp were marked down 0.15-0.4pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 4.974 02/26/24	85.5	7.2	NWDEVL 5 7/8 06/16/27	68.3	-8.4
ROADKG 6 09/04/25	42.4	4.7	FWDGHD 6 3/8 PERP	89.2	-5.0
ROADKG 5.9 03/05/25	52.0	4.6	NWDEVL 6.15 PERP	60.0	-4.0
CHINSC 7 3/8 04/09/24	13.3	3.8	LASUDE 5 07/28/26	57.8	-3.6
ROADKG 6.7 09/30/24	58.4	2.6	NWDEVL 5 1/4 PERP	52.7	-3.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.63%), Dow (+0.62%) and Nasdaq (+0.84%) were led by tech sector to rally higher yesterday. Chinese commerce minister held talks with US commerce secretary in Beijing, a working group composed of deputy ministerial level officials was set up to seek solutions to specific business issues. US treasury yields retreated on Monday, 2/5/10/30 yield reached at 4.98%/4.38%/4.20%/4.29%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ GRWALL: FY22 annual report net yet published after the end of grace period

Great Wall AMC and its subsidiaries (including Great Wall International) has not yet published the FY22 annual reports on Shanghai Clearing House. Among the outstanding bonds, Great Wall AMC only serves as the keepwell provider for GRWALL 3.875 03/31/27. According to the bond covenants, the issuer and guarantor have to publish the audited results within 180 days after the financial year-end, and there are 60 days grace period following the 180-day timeframe. The end of grace period supposed to be 28 Aug (yesterday). Recalled that Great Wall AMC has delayed the publication of FY21 results, yet it managed to publish on 26 Aug'22 that was before the end of grace period. For FY18 and FY19 results, Great Wall AMC also published late in Jun'19 and Jun'20 respectively.

We are not too concerned on the delay in publication of financial statements of AMCs as the delay appears to have not much bearing on the repayment ability of AMCs. Recalled that Huarong delayed the publication of FY20 annual results for 5 months to Aug'21 from Mar'21 when it had a hard time in the year of 2020. It published its results on time since its Hong Kong listing in 2015. Huarong made full repayment of offshore bonds of USD1.9bn from May- Jul'21. Huarong also called the HRINTH 2.875 perp on Sep'21 on the first call date.

We do not see immediate impact on Great Wall's repayment ability solely due to the publication delay. Indeed, we saw trading value in the curve and continue to recommend GRWALL 3.95 Perp as a short-tenor play. At 89.9, GRWALL 3.95 Perp is trading at YTC of 16.1%. The perp, callable in Jul'24, also offers yield pickup of 680bps over GRWALL 3 1/8 07/31/24. GRWALLs dropped 3-4pts this morning post its failure to publish FY22 annual results.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Shandong Marine Group	200	3yr	7.25%	7.25%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Aozora Bank Ltd	USD	-	3yr	-	-/BBB+/-
LG Energy Solution Ltd	USD	-	3/5yr	-	-/-/-
Haiyan County State-owned Assets Management	USD	-	3yr	6.3%	-/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 86 credit bonds issued yesterday with an amount of RMB118bn. As for Month-to-date, 1,930 credit bonds were issued with a total amount of RMB1,738bn raised, representing a 11.2% yoy increase
- **[ABMMIJ]** Fitch affirmed ABM Investama at B+ and placed stable outlook
- **[AGILE]** Media reported that Agile has paid first quarterly amortization on USD719.2mn-equivalent loan closed in May
- **[BTSDf]** S&P affirmed Health And Happiness (H&H) BB+ rating and revised outlook to stable
- **[CAPG]** China Aoyuan Group expects it is unable to disclose 1H23 results scheduled on 31 Aug
- **[GEMDAL]** Moody's downgraded Gemdale CFR to Ba3, the senior unsecured rating on the bonds to B1 and put the ratings on reviews for further downgrade
- **[LNGFOR]** Longfor onshore unit's shareholder announced to buy up to RMB500mn domestic bonds; Longfor unit proposes to offer up to RMB1.1bn three-year CBICL-backed MTNs on 30 Aug
- **[MONMIN]** Fitch placed Mongolian Mining on RWN and assigned B to proposed exchange and new notes
- **[OCTOWN]** Overseas Chinese Town (Asia) completed redemption of USD300mn OCTOWN 4.5 PERP
- **[SINOPE]** Media reported that Sinopec denied plans to buy Shell's refinery assets in Singapore
- **[SUNHKC]** Sun Hung Kai & Co repurchased USD37.525mn of SUNHKC 5.75 11/15/24 in open market
- **[YLLGSP]** Moody's downgraded Yanlord's CFR to Ba3, the backed senior unsecured rating on the bonds issued by Yanlord Land (HK) to B1 and placed negative outlook; S&P downgraded Yanlord to B+, guaranteed notes to B and placed negative outlook

- [YXREIT] Moody's affirmed Yuexiu REIT's Ba1 rating and revised outlook to negative from stable

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