

CMBI Credit Commentary

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

We hope you found our commentaries and ideas helpful. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2022”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets were overall calm this morning. Chinese RMs kept buying AT1s with yield pickup while we saw some selling on CINDA after Huarong's weak 1H22 results published. LZINVE'22 was ~1pt lower at 94.5 level this morning.*
- **AZUPOE:** *Azure Power disclosed it received whistleblower complaint on data manipulation and the newly joined CEO resigned yesterday. It still cannot indicate the timetable for releasing FY2021-22 results, AZUPOE'24/26 slumped 35pts and 27pts respectively at the time of writing.*
- **SINOCE/SINOCL:** *Sino-Ocean Capital suspended the trading of its onshore bonds SINOCA 5.3 06/10/24 and SINOCA 4.7 09/09/23 (total o/s is RMB1.8bn) after the media report of Sino Ocean's plan to extend the put of an onshore bonds. SINOCEs fell 9.5-16.5pts yesterday.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IG space encountered a weaker day across as US macro weakness spill over to Asia. IG benchmarks were marked 2-3bps wider. In property sector, SINOCE plummeted 9.5-12pts, and SINOCE 3.8%'25 fell 16.5pts amid heated discussion about Sino-Ocean Capital's extension of the put date and the trading suspension of two onshore bonds. SINOCLs were down 7pts. In general, AMCs were better offered again. AT1s was quiet, and closed 25c lower on the day and more ICBCAS came out loose in the morning. Bank T2 names tightened another 2-5bps. China HYs were sold off, ending last week's rally amid SINOCE's news and central bankers' hawkish tone on interest rates. COGARD and CIFIHG curves were down 2-4pts, VNKRLEs and LNGFORs down 1-3pts on one way selling, and CENCHI down 2.5-5pts. On the other hand, KWGPROs due Sep'22 were up ~2.5pts after KWG covered the 25 Aug put on RMB1.8bn domestic bond. In Industrials sector, oil names ANTOIL/ HILOHO recovered 1.5pts and offset yesterday's losses. We saw FOSUNI loose bonds coming out. In Ex-China HY space, AZUPOE/ VEDLN curves were down 1.5-2.5pts.

SOE Perp/LGFV spaces lacked traction but performed generally firm yesterday, amid rates uncertainties into Jackson Hole. SOE perp sector was mostly unchanged while desk saw better buying from PB accounts. In LGFV space, short-end papers were still well supported by Chinese RM. LZINVE 22s were traded roughly stable at 96 level, amid some jittery that onshore PPN repayment news came out late yesterday. Whilst for quality names

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from coastal regions HKIQCL 22s remained sought after, and were traded up to 100/100.1 level. Long-end quality names had consistent buyers. We also saw some client interests on ZHANLO/ZHAPIE/HEFIND. NJYZSO closed slightly weaker amid chatters about trustee's notice on missing required documents from the issuer, including financial reports for 1H21 and FY21. NJYCSO bonds were generally well supported by onshore buyers at 0.125-0.5pts lower, despite offshore AM sellers in the curve. Overall, sentiment was stable in spaces amid high UST yield level.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLHK 10.21 PERP	80.0	7.6	SINOCE 3.8 04/26/25	58.5	-16.5
ZENENT 12 1/2 09/13/23	63.0	5.8	SINOCE 6 07/30/24	39.7	-11.0
EHOUSE 7.6 06/10/23	28.6	3.0	SINOCE 4 3/4 08/05/29	32.3	-10.9
KWGPRO 6 09/15/22	31.3	2.7	SINOCE 4 3/4 01/14/30	32.2	-10.8
FRESHK 5.6 PERP	96.6	1.6	SINOCE 2.7 01/13/25	36.6	-10.6

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock indexes closed lower on Monday. The S&P (-0.67%), Dow (-0.57%) and Nasdaq (-1.02%) fell post the hawkish speak from Fed. Markets expect the probability of mild hike decreased as the back of energy prices kept falling recently. U.S. dollar index reached the highest point in twenty years yesterday, recorded as 109.5. The appreciated U.S. dollar pushed U.S. treasury yields continued ascending yesterday and the curves were inverted with 2/5/10/30 yield reaching 3.42%/3.27%/3.12%/3.25%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Offshore Asia New Issues (Priced)

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

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ Market conditions and color

- Regarding onshore primary issuances, there were 75 credit bonds issued yesterday with an amount of RMB106bn. As for Month-to-date, 1651 credit bonds were issued with a total amount of RMB1668bn raised, representing a 7.7% yoy decrease
- Media reported that Chinese special bail-out funds aiming at ensuring houses completed has launched yesterday, the fund size is RMB200bn
- [ABMMIJ]** Fitch affirmed long-term foreign currency issuer default rating of ABM Investama at B+ and give a stable outlook

- **[ADROIJ]** Adaro published 1H22 results that its revenue up 127% yoy to USD3.5bn and operational EBITDA up 269% to USD2.3bn, the free cash flow increased 221% yoy to USD1bn in the period
- **[AZUPOE]** Azure power's CEO who joined the company on 1 Jul'22 has resigned and joined IndiGrid. The company received a whistleblower complaint on data manipulation of its plant and is unable to give a concrete time table on releasing financial statements
- **[CHSHAN]** Shandong Hi-Speed disclosed 1H22 results that revenue up 125% to HKD1.2bn and net profit up 16.4% to HKD300.9mn
- **[CSIPRO]** CSI Properties sold its holding of USD4.59mn VCREDI 11 12/03/22 for USD4.67mn
- **[DALWAN]** S&P affirmed long-term issuer default rating of Wanda Commercial at BB+ and revised the outlook to negative
- **[EDU]** New Oriental Education has repurchased a total of USD255.8mn of its EDU 2.125 07/02/25, the o/s amount is USD44.2mn
- **[HRINTH]** Huarong AMC disclosed 1H22 result that revenue down 55.8% to RMB14.7bn and profit turned to a loss of RMB18.6bn due to RMB16.9bn impairment losses under expected credit loss
- **[HYDOO]** Youngo disclosed 1H22 result that revenue down 49% to RMB1.3bn and profit turned to a loss of RMB874mn
- **[LGUANG]** Languang Development disclosed that it has involved in nine lawsuits with claims totaling CNY1.5bn(cUSD649mn)
- **[LNGFOR]** Longfor will repay its USD300mn LNGFOR 3.9 04/16/23 before this yearend by using the RMB3bn(cUSD437mn) syndicated loan
- **[SINOCE]** Sino-Ocean Gourp's unit Sino-Ocean Capital applied to halt the trading of SINOCA 5.3 06/10/24 and SINOCA 4.7 09/09/23 (total o/s is RMB1.8bn). Media reported that Sino-Ocean Capital is seeking for a payment deferral on 9 Sep put on its CNY1bn due 2023 bonds
- **[XIN]** Xinyuan real estate will be unable to disclose its 1H22 results by 31 Aug and expects to publish it by 30 Sep

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