

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报****The Asset Asian G3 Bond Benchmark Review 2023**

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2023”](#). Thank you for your time. Your support will mean a lot to us.

- *In Asian IG space, KR names were active this morning and recent news issues like KORELE'26/HWQCUS'28 tightened 1-3bps. HK space HKLSP/AIA/CKHH were also under better buying which were 1-2bps tighter. China TMT/SOE benchmarks were slightly weak while AMCs were firm.*
- **SINOCE:** *Launched consent solicitation to defer interest payment by two months and waive default. SINOCES moved -1.5 to +1pt this morning. See below.*
- **COGARD:** *Country Garden unit scheduled redemption of RMB2.21bn 19Bidi02 domestic bonds on 1 Aug. COGARs further rebounded 0.25-2pts this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space held firm in a quiet session ahead of FOMC meeting. The recent new issues remained firm. KORELE/DAESEC/SHINFN papers tightened 2-5bps. In Chinese SOEs, HAOHUA 30 edged 1-2bps tighter to close at T+173/175. TMT benchmarks were unchanged to 2bps tighter. The high beta TMTs such as XIAOMI/WB 30s grinded around 5bps tighter with some short covering flows from clients. In financials, the HRINTH curve was traded another 0.25-0.5pt higher. The other AMCs such as CCACML/ORIEAS were also under better buying. Chinese bank T2s such as BOCOHC/CCB 26-31s were under better selling. The c23 Chinese AT1s were stable with two-way balanced flows among Chinese AMs. European AT1s HSBC/STANLN Perps were under small better buying from PBs. Chinese properties were mixed. DALWANs were traded 5.25-7.75pts higher. LNGFORs/ROADKGs moved 1-1.5pts higher. COGARD 24s/25s rebounded 1-4pts while COGARD 26-30s were marked 1.5-2.5pts lower after the denial of KPMG hiring. CSCHCNs were quoted 0.75-1.25pts lower. Industrials WESCHI 26/FOSUNI 24 gained 0.75-2pts. Macau gaming space was quiet. SANLTDs were traded 0.75-1pt higher. In Indian space, VEDLNs gained 0.5pt. Indonesian SOEs PERTIJs/PLNIJs were bid up 0.25-0.5pt.

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The LGFV space opened in a constructive tone with some more buyers coming back for carry papers 23s. Flow-wise, the deployment buying momentum faded in the PM session as flows turned better selling in 6%-handle 1-2y papers, ahead of FOMC and month end. CNSHAN 4.3 Perp closed 0.125pt higher. The high yielding high-beta LGFVs remained stable and prices were unaffected by the change in macro sentiment. Meanwhile CPDEV papers bounced 1-2pts, in light of improving sentiment from property space. That said, flows in CPDEVs were mixed as institutional clients remained cautious and buying flows were mostly from PBs only. Elsewhere, SOE perps/HK perps were better-offered again, against the backdrop of cautious sentiment towards rates. HYSAN/NANFUND perps were traded around 1pt lower. NWDEVL perps lowered 0.25-0.5pt..

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
DALWAN 7 1/4 01/29/24	50.7	7.8	COGARD 3 7/8 10/22/30	13.3	-2.4
DALWAN 11 02/13/26	36.9	6.0	COGARD 5 5/8 12/15/26	17.2	-1.7
COGARD 8 01/27/24	32.9	4.0	CPDEV 5 3/4 PERP	85.3	-1.6
COGARD 6 1/2 04/08/24	25.6	3.3	CSCHCN 9 06/26/24	62.0	-1.2
COGARD 5 1/8 01/17/25	22.4	2.9	CSCHCN 9 07/20/24	60.6	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.02%), Dow (+0.23%) and Nasdaq (-0.12%) were mixed post FOMC meeting. The Fed raised interest rate by 25bps as market expected, the Fed chairman said there will be no interest rate cut in 2023. US new home sales in Jun decreased 2.5% mom, lower than the expectation of -0.7% mom. The US treasury yields were overall down yesterday, the 2/5/10/30 yield reached at 4.82%/4.09%/3.86%/3.94%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ SINOCE: Launched consent solicitation to defer interest payment by two months and waive default

Sino-Ocean announced consent solicitation on three of its outstanding USD bonds, SINOCE 6 07/30/24, SINOCE 5.95 02/04/27 and SINOCE 4.75 08/05/29. It proposes to defer the interest payments of these bonds by two months and to waive any default that may have occurred in connection with proposed amendments. For each of the bonds, if the extraordinary resolution is not approved at the bondholders' meeting, an event of default is likely to occur and cross-default provisions under the company's other indebtedness may be triggered. The voting deadline will be on 11 Aug, The consent fee is 0.1.

Two days ago, Sino-Ocean announced that available funds on its books were nearly used up and it has been in failed attempts to raise funds by various means. The sales performance of Sino-Ocean also deteriorates, its contract sales recorded -17% decrease yoy for 6M23, compared with 8% growth yoy for 4M23. As we have been discussing, the sales recovery will be the key to rebuild a sustainable repayment ability.

Further liability management is possible, in our view, if the sales performance continues to be weak. Earlier this week China Politburo signals a more supportive tone towards the property market that to adjust property policies after demand-supply changes. That said, we do not see concrete policies yet, we remain preserved regarding the sales recovery, especially in lower tier cities, as well as buyer's confidence towards the property market at this stage.

Regarding the parental support, so far, apart from the joint working group formed by China Life and Dajia Life Insurance (the second largest shareholder of Sino-Ocean with 29.58% holding), we do not see other monetary support directed from the two largest shareholders amid the liquidity shortage facing Sino-Ocean this

year. Recalled that in 2022, Sino-Ocean sold its 10% interests in China Life Financial Center in Beijing to China Life at RMB233mn in Oct, as well as a project company in Beijing to China Life at RMB3bn in Apr.

	Accrued interests	Original payment date	Proposed change
SINOCE 6 07/30/24	30 Jan-30 Jul'23	30 Jul'23	30 Sep'23
SINOCE 5.95 02/04/27	4 Feb-4 Aug'23	4 Aug'23	4 Oct'23
SINOCE 4.75 08/05/29	5 Feb-5 Aug'23	5 Aug'23	5 Oct'23

	Ask Price	Ask YTM/YTC (%)	Amt o/s (USDmn)
SINOCE 6 07/30/24	12.60	392.5	698
SINOCE 2.7 01/13/25	12.61	219.1	520
SINOCE 3.8 04/26/25	99.22	4.2	200
SINOCE 3.25 05/05/26	13.68	98.8	400
SINOCE 5.95 02/04/27	10.36	105.9	500
SINOCE 4.75 08/05/29	10.71	63.9	600
SINOCE 4.75 01/14/30	10.79	60.8	400
SINOCE 6.946 PERP	4.30	154.1	600
Total			3,918
SINOCL 6.25 06/22/23	22.76	27.46	497
SINOCL 6 10/24/23	18.70	1710.1	282.3
Total			779.3

Source: Bloomberg

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Hangzhou Qiantang New Area	300	3yr	6.28%	6.28%	-/-/-

➤ 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 96 credit bonds issued yesterday with an amount of RMB64bn. As for Month-to-date, 1,482 credit bonds were issued with a total amount of RMB1,444bn raised, representing a 21.4% yoy increase
- Media reported that Macau's average hotel occupancy increased to 82% in 1H23, lower than the 92.3% occupancy rate before Covid-19

- **[APLNIJ]** Moody's affirmed Agung Podomoro Land's CFR at Caa2 and downgraded rating of APLNIJ 5.95 06/02/24 to Caa3; Fitch downgraded the company to C and removed RWN
- **[BJSTAT]** Beijing State-owned Asset Management repurchased and canceled USD172.4mn of BJSTAT 4.125 05/26/25
- **[CHFOTN]** Media reported that China Fortune Land paid up to RMB50k first instalment to domestic bondholders under July consent-solicitation terms
- **[COGARD]** Country Garden unit schedules redemption of RMB2.21bn 19Bidi02 domestic bonds on 1 Aug
- **[EVERRE]** Evergrande plans to hold scheme meeting during 22-23 Aug to vote on offshore debt revamp
- **[SUNAC]** Media reported that Sunac China creditors schedule to vote on debt restructure plan on 18 September
- **[YUEXIU]** Yuexiu Property signed HKD1.2bn three-year term loan facility agreement
- **[YUNINV]** Yunnan Provincial Investment offers RMB1bn 140-day bills to repay debts

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