

CMBI Credit Commentary

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

- *Asian IG space opened 3-5bps wider with active selling flows on TMT names like BABA, TENCNT. AMCs were unchanged while flows skewed to selling. Low beta names CKHH, AIA were traded firm.*
- *JIA YUA: Appeal against the court's winding-up order is likely. JIA YUAs were unchanged to +0.75pt at c7.5 to 10pt level this morning. See below.*
- *Asia ex-JP USD bonds: 4M23 gross issuance dropped -34.5% yoy to USD60.4bn. See below.*

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

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

❖ Trading desk comments 交易台市场观点

Yesterday, overnight rates retreated 5-8bps ahead of FOMC meeting on Wed. The renewed US regional bank worries ignited risk off sentiment. On the primary side, new SKONKR 26, priced at T2+126.5 (T3+155), tightened 18bps to close at T+109/106. On the secondary front, Asia ex JP IG spread broadly edged 1-3bps wider on benchmark papers. In Chinese SOEs, HAOHUA/SINOCH widened 2-4bps. TMTs were also under better selling. BABA/TENCNT 29s/30s widened 3-5bps. Chinese financials were traded a touch weaker. HRINTHS were traded 1-1.5pts lower (10-50bps wider) on the back of FM selling, while GRWALL/CCAMCL curves were also subdued. Elsewhere in Japan credit space, MUFG/SUMI/SMBAC/SUMIFL papers were under better selling. Chinese properties remained lackluster. COGARDS/CSCHCNs moved 0.5-1.5pts lower. ROADKs were traded down 1-2pts. GRLNGRs/AGILEs dropped 0.75-3.75pts across the curve. Industrials WESCHI/EHICAR 26s were marked 0.5-1.5pts higher. CHGRAU 9.109 Perp gained 3pts. Macau gaming names such as STCITYs/STDCTYs drifted 0.5pt lower. In Indian space, ADGREGs/ADSEZs/ADANIGs were 0.5pt higher. VEDLN/APLNIJ 24s were marked 1.25-2.25pts higher. In Indonesian space, LPKRIJs/LMRTSPs grinded 0.25-0.5pt higher.

The Asia AT1/Perp/LGFV spaces were quiet. Activities remained light in the spaces as most onshore accounts were still out for holiday. However, flows were overall skewed to small better selling. In AT1s, STANLN 4.3 Perp/HSBC 6 Perp were under better selling from PBs. Whilst Chinese big bank AT1s remained supported. In SOE Perps, we saw some loose bonds coming out of mandates with rebalancing flows, but price levels were stable as benchmark papers such as CNBG 3.875 Perp were sought-after. CTIH 6.4 Perp was quoted 0.25pt higher. On the other hand, HK corp perps such as NWDEVL/CKPH/LIFUNG perps were down around 0.5pt. The front-end of high beta LGFV names such as CNSHANS/CQNANAs were under better buying. LGFVs remained well-bid despite the rich valuation and were easily digested by offshore Chinese RMs.

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHGRAU 9.109 PERP	51.5	2.8	GRNLGR 5.9 02/12/25	30.5	-3.8
APLNIJ 5.95 06/02/24	46.2	2.3	AGILE 8 3/8 PERP	26.0	-3.3
VEDLN 13 7/8 01/21/24	87.5	1.3	GRNLGR 5 7/8 07/03/26	23.3	-2.5
EHICAR 7 09/21/26	66.0	1.3	ROADKG 5.2 01/12/26	60.1	-2.0
UPLLIN 4 1/2 03/08/28	89.8	1.0	ROADKG 7.95 PERP	50.9	-1.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.70%), Dow (-0.80%) and Nasdaq (-0.46%) down amid worries about recession despite Fed signaled the potential pause on interest rate increase after the 25bps hike. U.S. April ADP employment report shows that private payrolls increased 296k and was double than expectation of +148k. The U.S. treasury overall down yesterday, the yield curves bull steepened and 2/5/10/30 yields reached 3.89%/3.37%/3.38%/3.70%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ **JIAYUA: Appeal against the court's winding-up order is likely**

Media reported that Jiayuan was subject to a HK court winding-up order given the company's restructuring plan was not "concrete". The winding-up petition was filed to the HK court on 6 Sep'22 by an individual holding USD14.5mn of JIAYUA 11.375%'22 due Oct'22. Jiayuan's request for 2-month adjournment was countered by HSBC and Oaktree.

As per our discussions with Jiayuan, JIAYUA 11.375%'22 is an unsecured bond while HSBC and Oaktree are secured creditors covered by onshore and HK projects. While we do not have much information on the collaterals and size of the loan provided by secured creditors, our take is that secured creditors are running out patience after the apparently lack of progress of offshore debt restructuring.

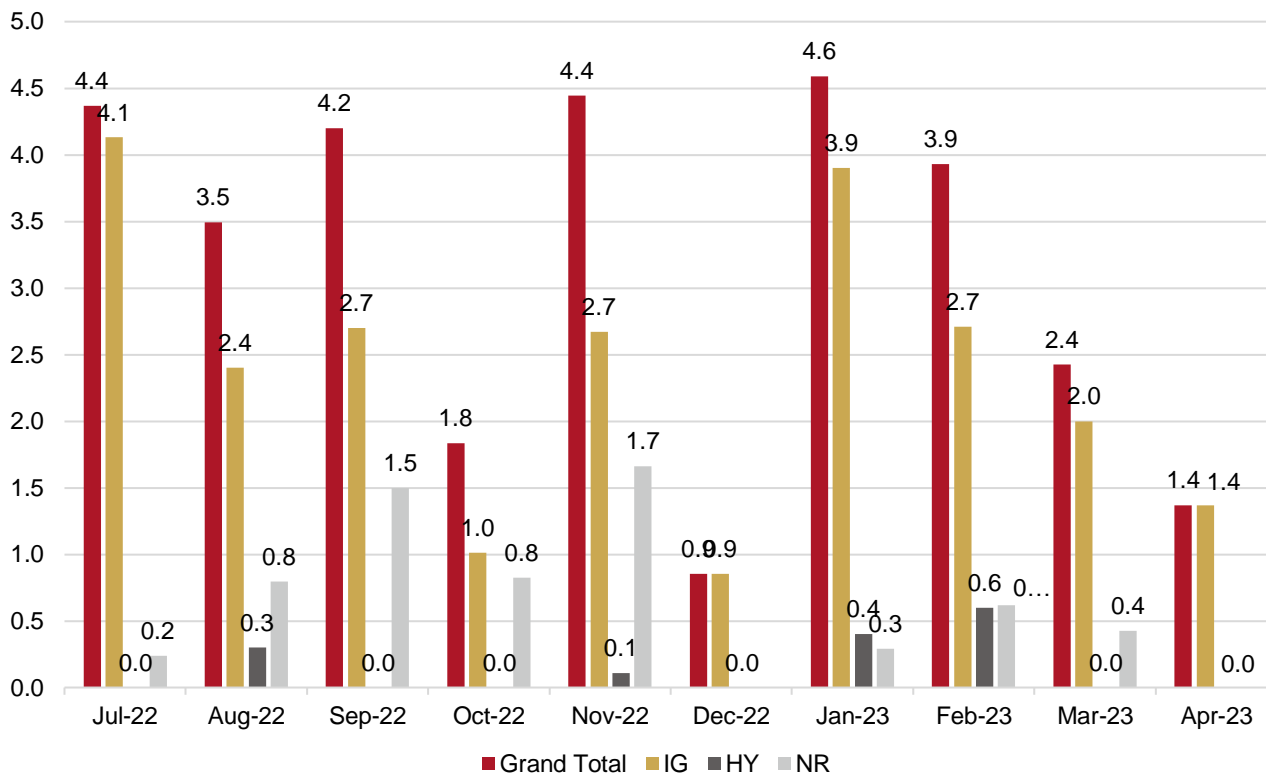
We believe that Jiayuan will likely appeal against the court's winding-up order on the ground that the offshore restructuring plan is getting more "concrete". Jiayuan terminated the exchange offer on 26 Apr'23 after 11 extensions and will proceed with the bond restructuring scheme. The rationale behind is to lower the bar for proceeding with the restructuring plan from the threshold of 90% in principal amount to 75%. So far, Jiayuan obtained holders with closed to 80% in principal amount supporting its scheme. With that, the restructuring should appear more "concrete". While there will be uncertainties as to the outcome of the appeal, complicated by Jiayuan's weak contract sales YTD, we still believe that a consensual debt restructuring, instead of liquidation, will be the most likely outcome in view of Jiayuan's more simple capital structure and high likelihood of better recovery value for stakeholders.

➤ **Asia ex-JP USD bonds: 4M23 gross issuance dropped -34.5% yoy to USD60.4bn**

The gross issuance of Asia ex-JP USD bond issuance in 4M23 was USD60.4bn, down 34.5% yoy from USD92.2bn in 4M22. IGs accounted for 85.6%, compared with 87.6% in 4M22. In 4M23, New Chinese issues were USD12.3bn, slumped 64.2% yoy from USD34.4bn in 4M22. In Apr'23, there were only two new issues totaled USD1.4bn in principal from Chinese issuers. BOCAVI issued 10-year bonds of USD500mn and is considered a Singaporean issuer.

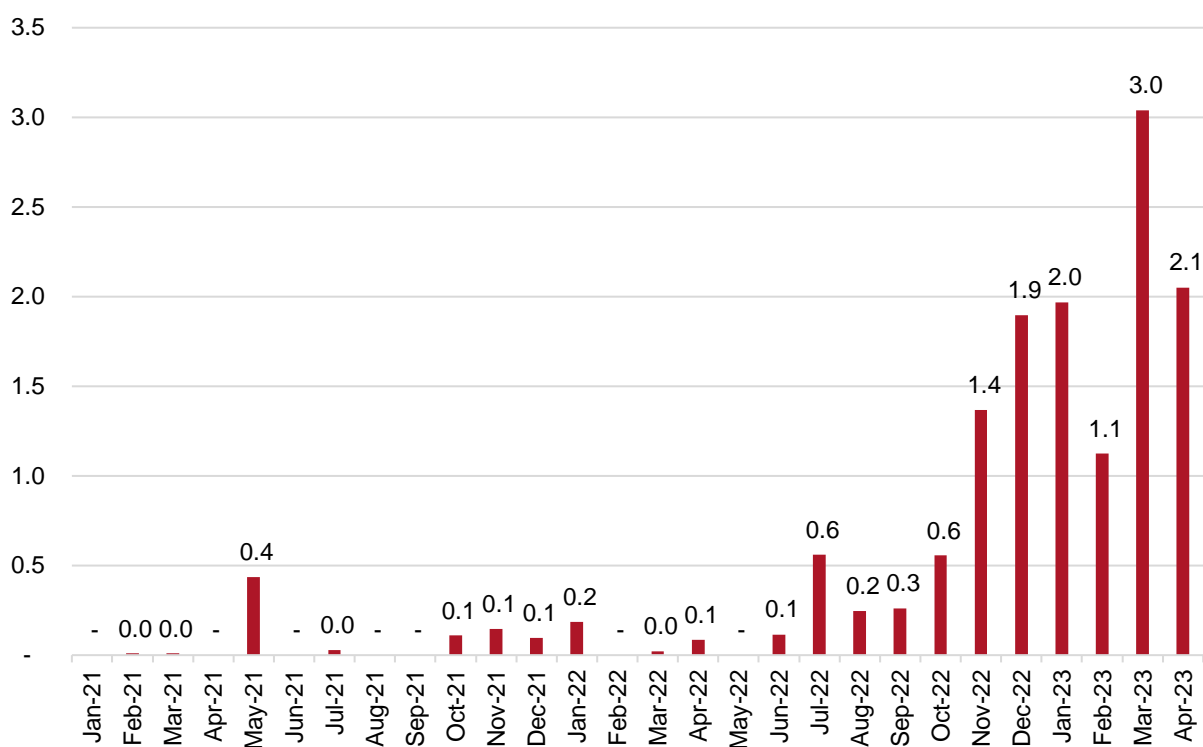
FTZ bonds issuance cooled down in Apr'23. There were 17 new issues with total issuance amount of RMB14.1bn (cUSD2.1bn), down 32.5% mom from RMB20.9bn (cUSD3.0bn) in Mar'23. The weighted average coupon rate of new issues in Apr'23 was 4.14%, dropped from 4.41% in Mar'23 and lower than 5.37% of the two USD bonds issued by Chinese issuers. LGFVs continued to be major players of FTZ bonds in Apr'23. 13 out of 17 new issues and 91.3% of total issuance amount were from LGFVs.

Chinese USD bonds new issuance amount (USD bn)



Source: Bloomberg.

Shanghai FTZ bonds new issuance amount (USD bn equivalent)



Source: DMI.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD 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 (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Korea Credit Guarantee Fund	USD	-	3yr	-	Aa2/AA/-

➤ News and market color

- Onshore primary issuances suspend during the Labor Holidays.
- **[ABMMIJ]** ABMMIJ 1Q23 revenue rose 35% yoy to USD387.9mn
- **[ADROIJ]** Adaro Energy 1Q23 revenue up 50% yoy to USD1.84bn
- **[GEMDAL]** Gemdale 1Q23 revenue increased 7.5% yoy to RMB14.36bn
- **[INDYIJ]** Indika Energi 1Q23 revenue rose 9.2% yoy to USD906.8mn

- **[LMRTSP]** Media reported that LMIRT said its plans to refinance debt due within the next year will not force banks, bondholders to take haircut but silent on whether any tender/exchange offer is being planned
- **[RISSUN]** Risesun 1Q23 revenue increased 60.5% yoy to RMB61.2bn
- **[SINOCE]** Meida reported that Sino-Ocean still seek consent from lenders of its USD800mn loan to defer missed 31 March installment to May; its affiliate, Sino-Ocean Capital, launched second consent solicitation for SINOCL 6 10/24/23
- **[SMCPM]** San Miguel Corp energy unit approves issuance of USD 145m of redeemable perpetual securities
- **[XIANGY]** Xiamen Xiangyu Group to issue USD 190m 5.7% guaranteed notes due 2025
- **[ZJINVE]** Private owned developer Guangzhou Pearl River Investment got approval from NAFMII to issue RMB3bn MTN

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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