

## CMBI Credit Commentary

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

- *Markets overall showed two-way balanced this morning. There was demand on high quality SOE perps and LGFV names while weak names were skewed to better selling.*
- **AGILE:** *Launched the third share placement since Nov'22 to ease liquidity pressure. AGILEs were down -2 to up 1.5pts this morning. See below.*
- **FOSUNI:** *Media reported that Fosun unit is in advanced talks for RMB12bn (cUSD1.8bn) with ICBC-led lenders. FOSUNIs were -0.5 to +0.25pt by mid-day.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, China IG space turned a touch softer with IG active names broadly widened 3-5bps. Financials space was mixed. AMCs closed a touch weaker, with HRINTH curve under better selling. Bank capital bonds and leasing names like CITLTD/ICBCIL were unchanged to 2bps tighter. T2 benchmark CCBs still closed 2-10bps tighter. TMTs underperformed with benchmarks showed better selling, as BABA/TENCNT 10y widened 3-8bps. On the other hand, BIDU/XIAOMI curve ended 5-9bps tighter on the day. In IG properties, LNGFORs retraced 1-2pts lower while VNKRLs were stable. In China HY space, property bonds were broadly down 1-4pts with more profit taking flows after the strong performance YTD. SINOCEs/COGARDS dropped another 2-3pts to trade between low-60s to mid-70s. FUTLANs/FTLNHDs fell 3-6pts. CIFIHGs were 2.5-3.5pts lower to low-30s along with the weaker performance of its onshore bonds fall. Media report that CIFI expected to get CBICL guarantee letter despite it would downsize the onshore bond offering to RMB1.5bn from RMB2bn. Elsewhere, less liquid GRNLGR 24s were marked 5-9pts higher to close at around 60 level. CHINSCs fell 1-5pts across the curve. In industrial space, FOSUNIs were down 0.5-1.5pts. Macau gaming names like MGMCHIs/ SANLTDs were unchanged to 0.5pt lower. HK Corp perps kept outperforming with CPDEV/NWDEVL Perps were another 1-5pts higher. India space performed mixed. VEDLNs were marked 0.5-2pts higher whilst AZUPOE lowered 1-2pts on the day amid news that its FY22 results have delayed again due to disagreements with auditor EY. AZUPOE 24s/25s first had a brief fall of 5-6pts after lunch on the news, but were marked back to last EOD and closed at around 88/91 and 78/81 respectively. In Indonesian HYs, LMRTSPs were traded 1-2pts further higher. On Tuesday new issue front, EXIMBK announced to print single 10y tranche, and HYUELE presented new 3/5/10y with IPTs at T+280/315/360, respectively. On secondary side, we still saw good demand on EIBKOR 5-10y which traded 3-5bps tighter. New POHANG came in a strong tone as spreads tightened 20-25bps, 3/5y tranches had active two-ways while 10y were relatively muted given small issuance. Into noon, POHANG retraced 3-5bps with some more profit taking at tight, and closed 15-20bps tighter by EOD. New SUNTOG came at CT2+180 and

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traded 10bps better amid bank-book buying and the bond hovered around T+170 for the rest of the day.

In the LGFV/ SOE PERPS/ AT1 space, tone remained fairly upbeat for high-grade names but felt slower, with flows turning more balanced two way thanks to profit taking selling from RM, as valuations gradually approached rich levels in eyes of some NBRM and HF. That said, deployment demand from banks and NBRM remained overall solid primarily in high-grade names and to a lesser extent higher-beta names that offered a yield pickup. Meanwhile leveraged accounts that were aggressive buyers last week took a breather following the tightening in yields. Overall, SOEs were quiet and closed unchanged. CNOOC/SINOPE tightened 2-4bps. AT1s were largely firm with ICBCAS edged 5bps tighter, BOCOHK/CIMWLB perps showed active two-way flows.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 06/25/24	60.7	9.4	FTLNHD 4 1/2 05/02/26	73.6	-5.8
CPDEV 5 3/4 PERP	83.0	4.8	FTLNHD 4 5/8 10/15/25	76.6	-4.9
MSFLCZ 3.15 03/10/24	91.8	2.6	GRNLGR 6 1/8 04/22/25	52.5	-4.4
CHIOLI 6 3/8 10/29/43	98.8	2.5	CHINSC 7 3/8 04/09/24	56.5	-4.3
GRNLGR 5.6 11/13/24	58.5	2.4	CHINSC 7 1/4 04/19/23	73.2	-3.9

#### ❖ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stock markets rebounded yesterday, S&P (+0.70%), Dow (+0.56%) and Nasdaq (+1.01%) rose up, though Fed officials expressed hawkish comments about interest rate. China Dec'22 new loans was RMB1.4tn, higher than the market forecast of RMB1.1tn. Dec'22 M2 supply increased 11.8% yoy, lower than expectation of +12.2% yoy. The U.S. treasury yields overall edged up on Monday. The 2/5/10/30 yields curves were bear steepened to 4.24%/3.72%/3.61%/3.74%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Agile launched the third share placement since Nov'22 to ease liquidity pressure

Agile Group has signed an agreement to raise net proceeds of cHKD489.2mn (USD62.3mn) through a share placement. This is to cure the missed 2 Jan'23 USD coupon on its USD500mn 5.75% due-25 bonds within the 30 days grace period as announced by the company last week. The coupon miss, is the second time Agile missed the offshore coupon after the first time happened in Nov'22 for its HKD2.4bn 7% due-26 exchangeable bonds. The first coupon miss was cured within the grace period with another share placement in Dec'22.

We note Agile has been making good on offshore payments so far and it does not able offshore bonds maturing in 2023. The recent funding exercises help but reflect its tight liquidity. This is the third share placement launched by Agile since Nov'22. It has completed first share placement of HKD783mn on 23 Nov'22 and the second of HKD617.2mn on 20 Dec'22. Moreover, Agile also raised HKD495mn on 9 Dec'22 by selling 3.42% stake in its property management service unit, A-Living Smart City Services.

Recalled that AGILE chose to defer the coupon of its 8.375 PERP on 4 Dec'22. On top of this coupon deferral of cUSD29.3mn, Agile will be facing 5 more coupon due in 1H23, USD72.5mn in total. Besides, the 6.875 PERP will have coupon step up clause from 6.875% to 9.216% starting from Mar'23. The key for Agile remains to be sales recovery and ability to open new funding avenue such as CBICL guaranteed bonds. We consider AGILEs fairly priced at the moment and will closely monitor if it can successfully access new funding sources. See below for the coupon amount due:

Offshore (USD mn)	Principal o/s amt	Coupon due	Coupon amt	Status
AGILE 7.75 PERP	200	Nov'22	7.8	Paid
AGILE 7 11/24/26	310	Nov'22	10.9	Paid within grace period
AGILE 8.375 PERP	700	Dec'22	29.3	Deferred
AGILE 5.75 01/02/25	500	Jan'23	14.4	Within grace period
<b>AGILE 7.875 PERP</b>	<b>500</b>	<b>Jan'23</b>	<b>19.7</b>	
<b>AGILE 6.875 PERP</b>	<b>500</b>	<b>Mar'23</b>	<b>17.2</b>	
<b>AGILE 5.5 04/21/25</b>	<b>314</b>	<b>Apr'23</b>	<b>8.6</b>	
<b>AGILE 6.05 10/13/25</b>	<b>483</b>	<b>Apr'23</b>	<b>14.6</b>	
<b>AGILE 5.5 05/17/26</b>	<b>450</b>	<b>May'23</b>	<b>12.4</b>	

Source: Bloomberg

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Export-Import Bank of India	1000	10yr	5.5%	T+190	Baa3/BBB-/BBB-
Macquarie Bank	1000	10yr	6.798%	T+320	Baa3/BBB/BBB+
Mongolia	450	5yr	8.65%	8.95%	-/B/B
SK Hynix	750/750	3/10yr	6.25%/6.5%	T+240//310	Baa2/BBB-/-

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
ICBC Hong Kong Branch	USD	-	3yr	T+110	A1/-/-
ICBC Dubai Branch	USD	-	3yr	SOFR+140	A1/-/-
Saudi Arabia	USD	-	5/10.5/30yr	T+140/170/210	A1/-/A

## ➤ News and market color

- Regarding onshore primary issuances, there were 86 credit bonds issued yesterday with an amount of RMB91bn. As for Month-to-date, 394 credit bonds were issued with a total amount of RMB362bn raised, representing a 7.9% yoy decrease
- [CIFIHG]** Media reported that CIFI expects to get CBICL guarantee letter this week for planned onshore bonds of which issuance size is up to RMB1.5bn
- [CRHZCH]** China Resources Land signs HKD3.5bn five-year term loan facility letter
- [FOSUNI]** Media reported that Fosun unit is in advanced talks for RMB12bn (cUSD1.8bn) with ICBC-led lenders
- [FUTLAN]** Seazen Holdings completed payment of RMB2.3bn for onshore, offshore bonds in 4Q22
- [JIAYUA]** Jiayuan International reaches no settlement with petitioner as of 10 Jan'23
- [MONMIN]** Mongolian Mining to invest USD40mn for 50% of local gold miner Erdene Mongol
- [ZENENT]** Moody's withdrawn Zensun ratings due to insufficient information

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