

CMBI Credit Commentary

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

- *Markets were silent due to Thanksgiving holiday, there were some short coverings on IG names of LGFV/SOE PERP/Financials. China property continued to be firm due to recent financial supports from SOE banks. COGARDs were unchanged to +5pts and LNGFOR rose up to 1pt this morning.*
- **China Properties:** 6 SOE banks provide more than RMB1,275bn financial support for 17 developers. See below.
- **EXCECP:** Excellence Commercial Management repurchased and cancelled USD50mn of its USD100mn EXCECP 6.8 12/19/22. EXCECPs were overall up 0.5pt post the repurchase.

❖ Trading desk comments 交易台市场观点

Yesterday, the tone on China IG space was constructive following the signal of China RRR cut and dovish FOMC minutes release. Financials space was 3-10bps tighter with AMCs outperformed again following rally of the property space, RM continued to focus on front-end to belly. AT1s were unchanged to 0.25pt higher with light buying interests. T2s were 5-10bps tighter. TMTs grinded around 5bps tighter on street lifting, with TENCNT/JD tightened 3-6bps with solid demand on the front-end. We saw two-way flows on BABAs with Asia RM buying vs. light offshore selling. IG properties space was squeezed 0.5-3pts higher post more state banks came in to support quality developers, with belly to long-end outperformed again. Over the past few days, Chinese SOE banks entered strategic cooperation agreements with 17 developers including Longfor and Vanke to provide tentative credit lines totaled RMB1.275tn. IG property benchmarks LNGFORs rallied 5-8pts. VNKRLs were traded up 1-3pts and VNKRL 23s were indicated at 98.5/99.5 level. China HYs rebounded hard on recent properties upbeat momentum. Market spotlight was on Country Garden's strategic cooperation agreement with 3 state banks (i.e. ICBC, BoC and PSBC) with credit lines totaled RMB150bn. COGARDs soared another 7-10pts after the gains of 6-8pts on Wednesday. COGARD 23 was at one point as high as 95/98 in street but we didn't see further chasing here. GRNCH 24s were traded 6.5pts higher at low-80s. DALWAN closed 0.5-1pt higher, with 22-23s trading up 1pt to 99.75/100. Beaten names like ROADLG/GRNLGR underperformed by closing 1-1.5pts lower. Away from properties, insurer ZHONAN retraced 2.5pts to end at 70 level. Among HK names, AIA/NANYAN perps were slightly up 1-2.5pts. Industrials were unchanged to a touch higher with supportive macro backdrop. FOSUNs were up 0.5-1pt, and FOSUN 23s remained better bid at mid-90s. Macau gaming names are quoted around 1pt higher. Ex-China space continued to be mixed. In Indian HYs, renewables dropped 0.25-2pts. VEDLNs were unchanged to 1pt lower. ADANIG 4.375 24 was hit in the street at 89 level, 2pts higher than last close. Elsewhere, RAKUTEN the Japanese new issue was traded 0.5pt higher at 99 level amid active two-way flows.

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The LGFV/SOE Perp space also had a stronger session. We saw a round of fierce short-covering and chasing in lagging SOE Perps CHSCOI/CNBG and the longer-dated to call issues. SOE perp space was unchanged to 0.75pt higher as rates priced in a high chance of 50bps rate hike in Dec and next Feb. The LGFV space was relatively quiet but sentiment was firm. ZHHFGR curve was traded up 0.5-1pt on RM buying. We also saw short covering in short-dated LGFV papers such as CNSHAN 25. Flow-wise, buying was led mainly by cross border flows through asset managers, although on the other hand we also saw some other offshore Chinese AM trimming risk into the rally. Aside from this, security houses and prop desks led clients' hunting for yield in front-end LGFVs, across high beta names yielding high single digit to double digit. Overall tone indeed turned more relieved if not joyful amid an evolving macro outlook and the festive vibes, and hopefully market can also perform a strong comeback into year end.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
COGARD 3 1/8 10/22/25	39.9	9.5	ZHONAN 3 1/2 03/08/26	70.0	-2.5
COGARD 7 1/4 04/08/26	38.5	9.2	GERGHK 4 5/8 05/21/23	94.1	-2.2
COGARD 5.4 05/27/25	40.4	9.1	CHDXCH 2.9 01/20/26	90.4	-1.8
COGARD 6.15 09/17/25	39.8	8.9	ROADKG 6.7 09/30/24	65.1	-1.4
COGARD 5 1/8 01/17/25	39.7	8.8	HKIQCL 5.95 02/12/25	95.2	-1.3

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets closed on thanksgiving day. ECB released Oct monetary policy meeting minute yesterday that it may slow the interest rate hike pace until reaching 2% inflation goal. Besides, ECB would suspend shrinking policy if there is severe economic decline. The U.S. treasury yields was unmoved that 2/5/10/30 yields reached 4.46%/3.88%/3.71%/3.74%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ China Properties: 6 SOE banks provide more than RMB1,275bn financial support for 17 developers

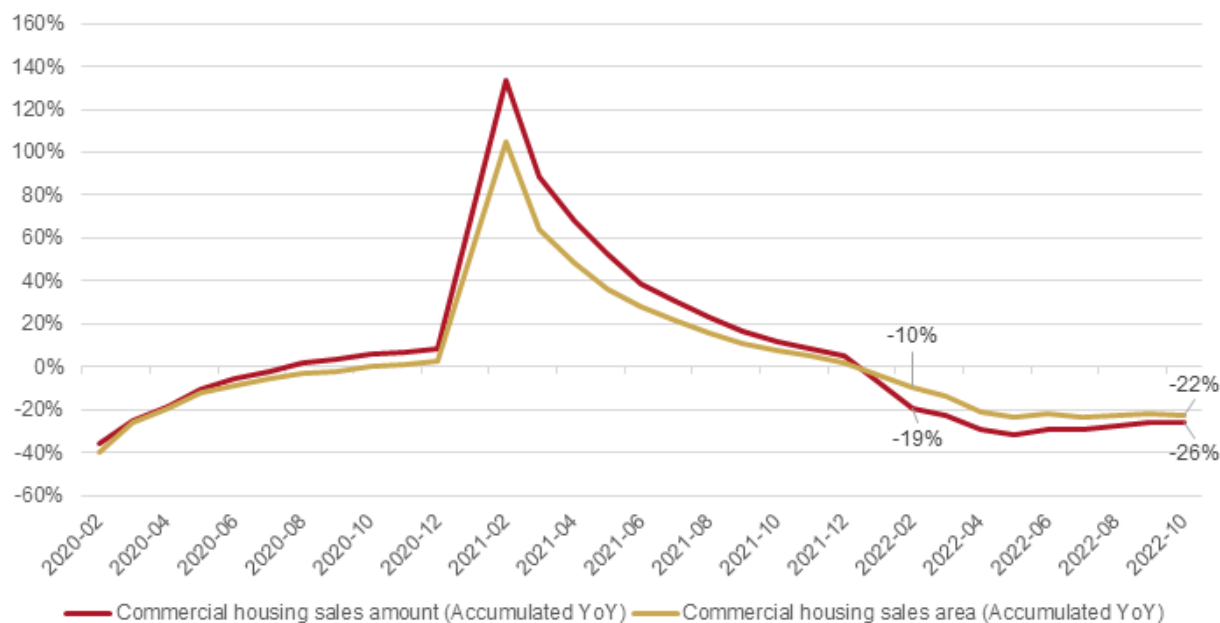
Since PBOC and CBIRC introduced 16 measures to stabilize real estate market around two week ago, 6 SOE banks have signed strategic agreements with 17 developers to provide financial services (such as property development loans and residential mortgage loans) and credit lines of more than RMB1,275bn credit line.

17 developers include both state-owned and non state-owned ones. Vanke appears to be the largest beneficiary, secured from 6 state-owned banks and Longfor/Midea property/Country Garden signed with 5/4/3 banks, respectively. See the table below.

Viewed from the recently issued policies, e.g. CBICL-backed bonds issuance, permitting developers to use up to 30% presale funds from escrow accounts with guarantee letters, LPR cut and tax refund for second house buyers. While we notice that the Chinese government is turning more aggressive in providing support to the property sector market to both supply and demand sides, the key is to re-open the funding channels to at least a selected group of better managed developers in the near-term. Over the longer-term, as we argued before, stabilizing economy, unwinding of lockdown policies and notable property sales recovery are keys to developers' survival. For FY22, the accumulated national property sales started to show yoy decline since Feb'22 with 2M22 cumulative property sales down 19% yoy and deteriorated to 26% decline yoy in 10M22. The last downturn was in Feb'14-Apr'15, with successive yoy sales decline lasted for 14 months. We should not be surprised to the current downturn will last for longer given the weak underlying housing demand with very different economic conditions compared with those in the last downturn.

Bank	Developer Ticker	Date	Amount (RMBbn)
ICBC	CHIOIL	24 Nov'22	655
	POLYRE		
	CRHZCH		
	CHMERC		
	OCTOWN		
	VNKRLE		
	GEMDAL		
	GRNCH		
	LNGFOR		
	COGARD		
	RDHGCL		
	MIDEAP		
PSBC	VNKRLE	24 Nov'22	280
	LNGFOR		
	GRNCH		
	COGARD		
	MIDEAP		
BOC	VNKRLE	23/24 Nov'22	100
	COGARD		60
	LNGFOR		60
BOCOM	VNKRLE	23 Nov'22	100
	MIDEAP		20
Total			1275
CCB	CHCOMU	24 Nov'22	Not specified
	BCDHGR		
	YUEXIU		
	VNKRLE		
	LNGFOR		
	MIDEAP		
	HPDLF		
	DAHUAG		
ABC	CHIOIL	23 Nov'22	Not specified
	CRHZCH		
	VNKRLE		
	LNGFOR		
	GEMDAL		

China commercial housing sales YoY change post Covid-19



Source: Wind

➤ 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)
China Reform Holdings Corporation LTD	USD	-	3yr	6.7%	-/-/-
Guilin ETDZ Investment Holding Co., Ltd.	USD	-	3yr	6.8%	-/-/-
Kunming Rail Transit Group Co., Ltd.	USD	-	-	-	Baa1/-/BBB+

➤ News and market color

- Regarding onshore primary issuances, there were 75 credit bonds issued yesterday with an amount of RMB78bn. As for Month-to-date, 1108 credit bonds were issued with a total amount of RMB1218bn raised, representing a 33.2% yoy decrease
- ICBC signs strategic agreements with 12 developers to potentially provide RMB655bn financing support
- Postal Savings Bank of China signs strategic agreements with five developers to potentially offer RMB280bn financing support

- **[CHFOTN]** China Fortune Land Development further extends cash prepayment fee deadline to 1 Dec; The company has increased the cash prepayment fee from 1.0% to 2.8%
- **[CIFIHG]** CIFIHG intends to file application with NAFMII for a RMB15bn (cUSD2.1bn) bond offering
- **[COGARD]** Country Garden obtained up to RMB50bn credit line from Postal Savings Bank of China
- **[CSCHCN]** China South City published profit warning that it expects to record 60% profit yoy decrease in 1H FY2022/23
- **[EVERRE]** Media reported that China Evergrande to give restructuring proposal to offshore creditors as early as first week of Dec
- **[EXCECP]** Excellence Commercial Management repurchased and cancelled USD50mn of its USD100mn EXCECP 6.8 12/19/22
- **[FWDGRP]** FWD Group announced tender offer by PCCW for up to USD30mn of its USD900mn FWDGRP 5.75 07/09/24
- **[GRNLGR]** Greenland Holding unit received approval from holders of nine offshore bonds totaling USD3.24bn to extend tenor

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