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Southern DAILY

Make Today Different

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Inside C2

Tuesday, November 10 2021

Chinese property bonds dive as contagion kicks in

SHANGHAI/BEIJING/LONDON, Nov 9 (Reuters) - China's property sector suffered a fresh pounding on Tuesday as Kaisa Group made a desperate plea for help, Beijing-backed firms began to wobble and the U.S. Federal Reserve sent its first direct warning about potential global damage.

Bonds issued by developers slumped after sources said Kaisa (1638.HK), which was the first Chinese property firm to default back in 2015, told a meeting on Monday with a government think-tank and some of its peers and the country's banks and that it needed help to pay loans, workers and suppliers.

Much larger companies were tumbling too. Country Garden (2007.HK), China's biggest developer by sales, and China Vanke (000002.SZ), which is seen as one of the sector's most solid firms due to partial state ownership, saw their biggest bond price falls on record.

Investment grade bonds issued by Shimao, meanwhile, fell below some of their junk-rated rivals.

"Investment grade firms and the state-owned names are now feeling the heat," said Seaport credit analyst Himanshu Porwal.

"It is more about the fear factor playing out and people trying to exit as soon as they can and going into 'sell first, think later' mode."

The slides in bond prices came just hours after the U.S. Federal Reserve warned that China's troubled property sector could pose global risks.

"Financial stresses in China could strain global financial markets through a deterioration of risk sentiment, (and) pose risks to global economic growth," the Fed said in its twice-yearly financial stability report. read more

Underscoring the liquidity crunch, Fitch downgraded Kaisa closer to default on Tuesday, citing its deteriorating finances, struggle to sell assets and undisclosed debt in its wealth management unit.

"We sincerely ask investors to give Kaisa Group more time and patience," the company said in a plea on its official WeChat account late on Monday.

CRY FOR HELP

Kaisa is China's 25th largest developer by sales but only China Evergrande Group (3333.HK), the poster child for the current crisis, has a bigger bond repayment bill next year.

Kaisa attended a meeting on Monday with the Development Research Center of the State Council, other developers and banks in the southern Chinese city of Shenzhen, a well-placed source told Reuters.

The think-tank makes policy proposals on China's national development and its economy but is not a decision-making body.

At the meeting, Shenzhen-based Kaisa urged state companies to help struggling privately run peers by buying some of their projects and making other strategic purchases, the source said.

A picture shows the Kaisa Plaza of Kaisa Group Holdings Ltd on a hazy day in Beijing, China, November 5, 2021. REUTERS/Thomas Peter

Kaisa said it was facing significant difficulties and some financial institutions had transferred funds from its accounts. It also called for lawsuits seeking to freeze its assets to be handled centrally in a Shenzhen court, the source said.

Kaisa, Vanke and Citic Bank declined to comment. Neither Excellence, other banks that participated in the meeting nor the State Council Information Office immediately responded to requests for comment.

SYSTEMIC?

China's property woes rattled global markets in September and October. There was a brief lull in mid-October after Beijing tried to reassure markets the crisis would not be allowed to spiral out of control but concerns have resurfaced. read more

"The problem is, it is getting systemic," said Viktor Szabo, a London-based emerging market portfolio manager at abrdn, saying many Chinese property developers could no longer access borrowing markets and get financing.

"The big issue is that we don't know what (Beijing's) ultimate plan is ... and how long can you hold on to the view that China can handle it?"

Trading in shares of Kaisa and three of its units was suspended last week, a day after an affiliate missed a payment to onshore investors. read more

Evergrande, the world's most indebted developer, has been stumbling from deadline to deadline in recent weeks as it grapples with more than $300 billion in liabilities, $19 billion of which are international market bonds.

Another overdue $148 million bond payment must be made on Wednesday and it has coupon payments totalling more than $255 million on its June 2023 and 2025 bonds on Dec. 28.

Beijing has been prodding government-owned firms and state-backed property developers to purchase some of Evergrande's assets to try to control the fall. read more

Its shares ended higher on Tuesday after it sold a $52 million stake in HengTen Networks Group (0136.HK), taking its fundraising from selling down its holding in the Chinese internet services provider to $144 million since Nov. 4.

Separately, shares of small developer China Aoyuan (3883.HK) jumped more than 6% after Infini Capital told Reuters on Tuesday it had been accumulating stakes in the firm's property management unit Aoyuan Healthy Life Group (3662.HK) and was now its second-largest shareholder.

WEA LEE'S GLOBAL NOTES

CORONAVIRUS DIARY

11/09/2021

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America Is Open Again

Starting today, the United States is lifting an 18–month ban on international tourists as long as they show proof of vaccination and a negative coronavirus test. The U.S. borders between Canada and Mexico will also open for international visitors and all U. S. citizens who reside in those counties as well as U.S. tourists returning home. Opening countries also include China and India.

Current domestic traveler numbers have almost reached the 2019 level with one million travelers passing through the airport checkpoints. One million more are expected in the near future from overseas.

In the last 18 months, malls, restaurants and main street shops at the U.S. border towns have been devastated by lack of tourists. Today they are so happy that the people are coming back again.

This has been a disaster for the world in the last two years and because of the pandemic, everything has changed and made us all suffer.

Even though the situation is getting better, we still need to pay extra attention in the future.

We still need to urge all the nations to work together to fight against this horrible pandemic even as we are opening back up. And how about the challenges the rest of the world still faces?

Southern DAILY Make Today Different

Editor's Choice

Migrants gather near a fire on the Belarusian-Polish border in the Grodno region, Belarus, November 9. Leonid Scheglov/BelTA

Migrants gather on the Belarusian-Polish border in the Grodno region, Belarus, November 8. Leonid Scheglov/BelTA

Migrants gather in a camp near the Belarusian-Polish border as they attempt to cross it in the Grodno region, Belarus, November 9. Leonid Scheglov/BelTA

A makeshift memorial for the concertgoers who died in a stampede during a Travis Scott performance at the 2021 Astroworld Festival grows in Houston, Texas, November 9, 2021. REUTERS/Callaghan O'Hare

A makeshift memorial is set up for the concertgoers who died in a stampede during a Travis Scott performance at the 2021 Astroworld Festival is seen in Houston, Texas, November 8, 2021. REUTERS/Callaghan O'Hare

Daniella Salazar, 23, of Corpus Christi, and Celeste Salinas, 23, of Houston, sign a remembrance poster at a makeshift memorial for the concertgoers who died in a stampede at the 2021 Astroworld Festival in Houston, Texas, November 7, 2021. REUTERS/Nathan Frandino

Southern DAILY Make Today Different

BUSINESS

Trials Of The New COVID-19 Pill Reduced Hospitalizations And Deaths By 50% In People Recently Infected With The Coronavirus

Merck COVID-19 Pill Seen As 'Huge Advance' Raises Hope Of Preventing COVID-19 Deaths By 50 Percent

Compiled And Edited By John T. Robbins, Southern Daily Editor

Merck & Co. shows their new antiviral medication. Pharmaceutical company Merck & Co. announced Friday, that its experimental COVID-19 pill reduced hospitalizations and deaths by half in people recently infected with the coronavirus and that it would soon ask health officials in the U.S. and around the world to authorize its use. Merck & Co. /AP

KEY POINTS

Merck says trials of its new COVID-19 pill reduced hospitalizations and deaths by 50% in people recently infected with the coronavirus. Merck will seek U.S. approval for pill as soon as possible. If approved, would be 1st oral antiviral COVID-19 drug Merck shares rally, some vaccine makers fall U.S. government to buy 1.7 mln courses at $700 each

WASHINGTON — Merck & Co. said Friday that its experimental COVID-19 pill reduced hospitalizations and deaths by half in people recently infected with the coronavirus and that it would soon ask health officials in the U.S. and around the world to authorize its use.

If cleared, Merck's drug would be the first pill shown to treat COVID-19, a potentially major advance in efforts to fight the pandemic. All COVID-19 therapies now authorized in the U.S. require an IV or injection.

Merck and its partner Ridgeback Biotherapeutics said early results showed patients who received the drug, called molnupiravir, within five days of COVID-19 symptoms had about half the rate of hospitalization and death as patients who received a dummy pill. The study tracked 775 adults with mild-to-moderate COVID-19 who were considered higher risk for severe disease due to health problems such as obesity, diabetes or heart disease.

Among patients taking molnupiravir, 7.3% were either hospitalized or died at the end of 30 days, compared with 14.1% of those getting the dummy pill. There were no deaths in the drug group after that time period compared with eight deaths in the placebo group, according to Merck. The results were released by the company and have not been peer reviewed. Merck said it plans to present them at a future medical meeting.

The Merck logo is seen at a gate to the Merck & Co campus in Rahway, New Jersey, U.S., July 12, 2018. (Photo/REUTERS/Brendan McDermid)

An independent group of medical experts monitoring the trial recommended stopping it early because the interim results were so strong. Company executives said they are in discussions with the Food and Drug Administration and plan submit the data for review in coming days.

"An oral antiviral that can impact hospitalization risk to such a degree would be game-changing," said Amesh Adalja, senior scholar at the Johns Hopkins Center for Health Security.

Current treatment options include Gilead Sciences Inc's (GILD.O) infused antiviral remdesivir and generic steroid dexamethasone, both of which are generally only given once a patient has already been hospitalized.

"This is going to change the dialogue around how to manage COVID-19," Merck Chief Executive Robert Davis told Reuters.

Existing treatments are "cumbersome and logistically challenging to administer. A simple oral pill would be the opposite of that," Adalja added.

The results from the Phase III trial, which sent Merck shares up more than 9%, were so strong that the study is being stopped early at the recommendation of outside monitors. Shares of Atea Pharmaceuticals Inc (AVIR.O), which is developing a similar COVID-19 treatment, were up more than 21% on the news. Shares of COVID-19 vaccine makers Moderna Inc (MRNA.O) were off more than 10%, while Pfizer (PFE.N) was down less than 1%.. Jefferies analyst Michael Yee said investors believe "people will be less afraid of COVID and less inclined to get vaccines if there is a simple pill that can treat COVID."

Pfizer and Swiss drugmaker Roche Holding AG (ROG.S) are also racing to develop an easy-to-administer antiviral pill for COVID-19. For now, only antibody cocktails that have to be given intravenously are approved for non-hospitalized patients.

White House COVID-19 response coordinator Jeff Zients said on Friday that molnupiravir is "a potential additional tool... to protect people from the worst outcomes of COVID," but added that vaccination "remains far and away, our best tool against COVID-19."

"It exceeded what I thought the drug might be able to do in this clinical trial," said Dr. Dean Li, vice president of Merck research. "When you see a 50% reduction in hospitalization or death that's a substantial clinical impact."

Side effects were reported by both groups in the Merck trial, but they were slightly more common among the group that received a dummy pill. The company did not specify the problems. Earlier study results showed the drug did not benefit patients who were already hospitalized with severe disease.

An experimental COVID-19 treatment pill called molnupiravir being developed by Merck & Co Inc and Ridgeback Biotherapeutics LP, is seen in this undated handout photo released by Merck & Co Inc and obtained by Reuters May 17, 2021. Merck & Co Inc/Handout via REUTERS

A planned interim analysis of 775 patients in Merck's study looked at hospitalizations or deaths among people at risk for severe disease. It found that 7.3% of those given molnupiravir twice a day for five days were hospitalized and none had died by 29 days after treatment. That compared with a hospitalization rate of 14.1% for placebo patients. There were also eight deaths in the placebo group.

"Antiviral treatments that can be taken at home to keep people with COVID-19 out of the hospital are critically needed," Wendy Holman, Ridgeback's CEO, said in a statement.

The U.S. has approved one antiviral drug, remdesivir, specifically for COVID-19, and allowed emergency use of three antibody therapies that help the immune system fight the virus. But all the drugs have to be given by IV or injection at hospitals or medical clinics, and supplies have been stretched by the latest surge of the delta variant. Health experts including the top U.S. infectious disease expert Dr. Anthony Fauci have long called for a convenient pill that patients could take when COVID-19 symptoms first appear, much the way the decades-old flu medication Tamiflu helps fight influenza. Such medications are seen as key to controlling future waves of infection and reducing the impact of the pandemic. Merck's pill works by interfering with an enzyme the coronavirus uses to copy its genetic code and reproduce itself. It has shown similar activity against other viruses.

The U.S. government has committed to purchase 1.7 million doses of the drug if it is authorized by the FDA. Merck has said it can produce 10 million doses by the end of the year and has contracts with governments worldwide. The company has not announced prices. Several other companies, including Pfizer and Roche, are studying similar drugs that could report results in the coming weeks and months.

Merck had planned to enroll more than 1,500 patients in its late-stage trial before the independent board stopped it early. The results reported Friday included patients enrolled across Latin America, Europe and Africa. Executives estimated about 10% of patients studied were from the U.S. (Courtesy npr.com)

'A HUGE ADVANCE'

Scientists welcomed the potential new treatment to help prevent serious illness from the virus, which has killed almost 5 million people around the world, 700,000 of them in the United States.

"A safe, affordable, and effective oral antiviral would be a huge advance in the fight against COVID," said Peter Horby, a professor of emerging infectious diseases at the University of Oxford.

The study enrolled patients with laboratory-confirmed mild-to-moderate COVID-19, who had symptoms for no more than five days. All patients had at least one risk factor associated with poor disease outcome, such as obesity or older age. Drugs in the same class as molnupiravir have been linked to birth defects in animal studies. Merck has said similar studies of molnupiravir – for longer and at higher doses than used in humans – indicate that the drug does not affect mammalian DNA.

Merck said viral sequencing done so far shows molnupiravir is effective against all variants of the coronavirus including the highly transmissible Delta, which has driven the recent worldwide surge in hospitalizations and deaths. It said rates of adverse events were similar for both molnupiravir and placebo patients, but did not give details. Merck has said data shows molnupiravir is not capable of inducing genetic changes in human cells, but men enrolled in its trials had to abstain from heterosexual intercourse or agree to use contraception. Women of child-bearing age in the study could not be pregnant and also had to use birth control. The U.S. drugmaker said it expects to produce 10 million courses of the treatment by the end of 2021.

Merck and partner Ridgeback Biotherapeutics said they plan to seek U.S. emergency use authorization for the pill as soon as possible and to make regulatory applications worldwide. The results from the Phase III trial, which sent Merck shares up more than 9%, were so strong that the study is being stopped early at the recommendation of outside monitors.

A planned interim analysis of 775 patients in Merck's study looked at hospitalizations or deaths among people at risk for severe disease. It found that 7.3% of those given molnupiravir twice a day for five days were hospitalized and none had died by 29 days after treatment. That compared with a hospitalization rate of 14.1% for placebo patients. There were also eight deaths in the placebo group.

"Antiviral treatments that can be taken at home to keep people with COVID-19 out of the hospital are critically needed," Wendy Holman, Ridgeback's CEO, said in a statement.

The company has a U.S. government contract to supply 1.7 million courses of molnupiravir at a price of $700 per course.

Davis said Merck has similar agreements with other governments, and is in talks with more. Merck said it plans a tiered pricing approach based on country income criteria.

The U.S. government has the option to purchase up to an additional 3.5 million treatment courses if needed, a U.S. health official told Reuters. The official asked to remain anonymous because they were not authorized to comment publicly on the contract. Merck has also agreed to license the drug to several India-based generic drugmakers, which would be able to supply the treatment to low- and middle-income countries.

`Molnupiravir is also being studied in a Phase III trial for preventing infection in people exposed to the coronavirus.

Merck officials said it is unclear how long the FDA review will take, although Dean Li, head of Merck's research labs, said, "they are going to try to work with alacrity on this." (Courtesy reuters.com)

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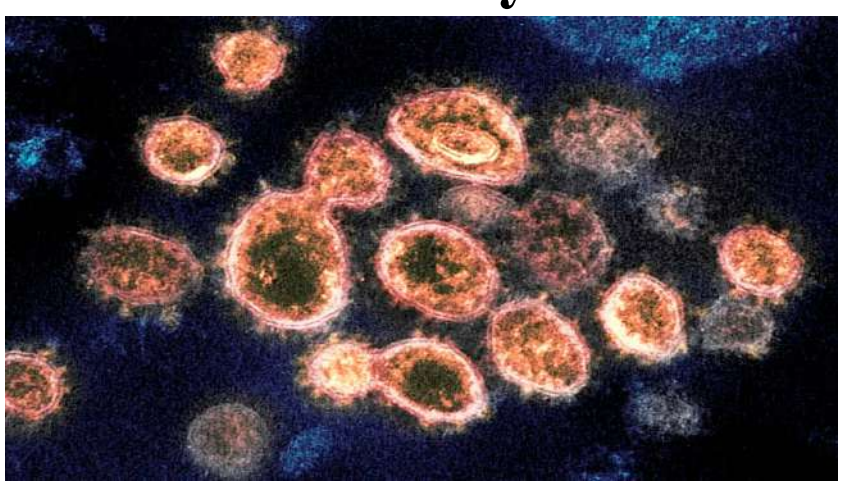
COMMUNITY

The 'Original' COVID-19 Is Essentially Gone



This 2020 electron microscope image provided by the National Institute of Allergy and Infectious Diseases – Rocky Mountain Laboratories shows SARS-CoV-2 virus particles which cause COVID-19, isolated from a patient in the U.S., emerging from the surface of cells cultured in a lab. Viruses are constantly mutating, with coronavirus variants circulating around the globe. (Photo/NIAID-RML via AP)

Key Point

One infectious disease expert says the coronavirus that kicked off the pandemic has been 'elbowed out of the way by the newer, more competitive strains'

Compiled And Edited By John T. Robbins, Southern Daily Editor

We all know the virus strains of alpha, beta and delta (in Prince-like fashion, the virus previously known as B.1.617.2).

But do you know delta AY? And epsilon, gamma, iota, lambda, mu and theta? These variants of SARS-CoV-2 have all been logged in Southern California, and dozens more versions of the virus are circulating across the globe, battling for world domination like tiny Dr. Evils in an Austin Powers movie.

So, what happened to the "original" virus? The very first one that jumped from bats or labs — or wherever — into human beings who were immunologically powerless against it, eventually leading to the deaths of nearly 5 million people and grinding world economies to a near halt?

Gone the "way of the dinosaurs, at least in humans," said Dr. George Rutherford, professor of epidemiology and biostatistics at UC San Francisco.

"It has been displaced. Elbowed out of the way by the newer, more competitive strains," said Andrew Noymer, an epidemiologist and demographer at UC Irvine who studies infectious diseases.

The nocturnal intermediate horseshoe bat (Rhinolophus affinis), lives in caves and collect many diseases. Chinese researchers said they have found a batch of new coronaviruses in bats including one that may be the second-closest yet, genetically, to the virus that causes Covid-19 virus. (Shutterstock)

No one can say with 100% certainty that it's gone, however, Noymer said. And Rutherford adds this caution:

"God knows what's going on in bats."

Welcome to this friendly tutorial on viral mutation and why your life may depend upon it.

The SARS-CoV-2 that surfaced in Wuhan, China, in 2019 was likely not the original one, researchers say. And the version that swept through the United States in fall 2020 was already a mutation of the Wuhan version. And the one that steamrolled through the United States this summer was different still.

Scientists have logged scores of versions of the virus that causes COVID-19 across the globe, and thanks to genetic sequencing, they can pinpoint which are circulating where. Sometimes, those genetic changes are of little consequence. Sometimes, they make the virus much better at infecting humans or evading treatments, and thus more dangerous.

The U.S. Centers for Disease Control and Prevention lists just the highly contagious delta B.1.617.2 and AY lineages as "variants of concern" here in the U.S., while the World Health Organization also includes alpha, beta and gamma on its "variants of concern" list.

Up and coming mutants to watch? The WHO is keeping its eye on lambda and mu.

Bats, rats and snakes were still being sold at an Indonesian market known for its 'extreme' wildlife offerings in February 2020, despite calls to take them off the menu over fears of COVID-19 coronavirus link. (Photo by RONNY ADOLOF BUOL/AFP via Getty Images)

Once upon a viral time

Scientists saw this coming.

Michael Buchmeier, an infectious disease researcher at UCI who has been studying coronaviruses for decades, takes us back some 20 years, to the original strain that sparked the SARS-1 outbreak in 2002-03.

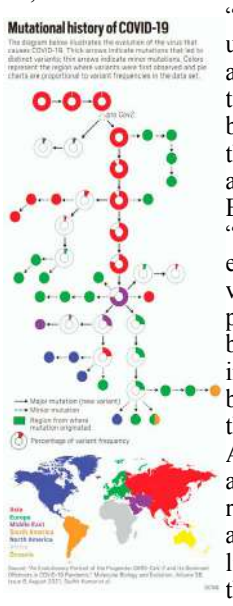
Back then, only 12 other animal or human coronaviruses were known.

SARS-1 likely arose when two or more strains of bat coronaviruses combined and jumped to palm civets, a masked animal that resembles a raccoon and is widely sold in live animal markets throughout Asia, he said. There, the virus was amplified and adapted, and eventually infected humans. It spread widely in China, Hong Kong, Taiwan and into Canada due to travel.

The fatality rate was 10%; for those over age 50, it was close to 50%.

There's a key difference between SARS-1 and SARS-2, however: SARS-1 infections were essentially always symptomatic, making it far easier to spot and isolate outbreaks. SARS-2 can be spread by people with no symptoms, making it much harder to stop.

So, where is that virus now?



"SARS-1 as a unique pathogen appears to be 'extinct' in nature, but the conditions that produced it are still existent," Buchmeier said.

"That is, the presence of coronaviruses that are present in wild bats, particularly in the horseshoe bats common throughout South Asia and China, and the husbandry of suitable amplifying hosts like the civet cat, the raccoon dog, and now the pangolin and perhaps others capable of adapting the virus to more easily infect humans."

Hundreds of viruses have been isolated from bats in Asia and worldwide, many of them coronaviruses that can recombine into dangerous pathogens, he said.

A paper in Clinical Microbiology Reviews, published in 2007, issued a warning: "Coronaviruses are well known to undergo genetic recombination, which may lead to new genotypes and outbreaks. The presence of a large reservoir of SARS-CoV-like viruses in horseshoe bats, together with the culture of eating exotic mammals in southern China, is a time bomb. The possibility of the reemergence of SARS and other novel viruses from animals or laboratories and therefore the need for preparedness should not be ignored."

In 2015, another paper, in the journal Nature, warned of "a potential risk of SARS-CoV re-emergence from viruses currently circulating in bat populations."

And, so, here we are. The precise origin of the virus that sparked the COVID-19 pandemic is still an official mystery, and may always be one. In addition to the widely embraced bat/wet market theory, there are suspicions that the virus may have leaked from a lab in Wuhan. The WHO has appointed a new, 25-member Scientific Advisory Group for the Origins of Novel Pathogens, with scientists from all over the world, to try to figure that part out.

A team from Kasetsart University collect bats at the Khao Chong Pran Cave for coronavirus research on September 12, 2020 in Ratchaburi, Thailand. (Photo by Lauren DeCicca/Getty Images)

Mutation nation

Each new infection is a new opportunity for the virus to mutate into something else. Maybe something less troublesome. Maybe something more troublesome.

"What's worrying me about the upcoming winter wave is not so much the variants — it's that we need more people vaccinated," said UCI's Noymer. "Seventy-five percent is not good enough to protect some age groups."

Vaccination doesn't prevent infection, but it's very protective against severe disease, hospitalization and death, even with the highly contagious delta variant.

"The clear message is that as long as vaccination of populations remains incomplete and clearly effective social distancing and masking are not observed, we're very likely to see more waves," Buchmeier said.

Will SARS-CoV-2 mutate into something more lethal still? Crystal balls are cloudy, but many experts don't expect that to happen. They do, however, expect it to remain in circulation as part of the "human virome" — the total collection of viruses in and on the human body — for a very, very long time.

Viral variants will continue to appear, and some may be more capable of spreading.

But even if we eventually make peace with this virus — as we have with the flu — threats loom. Buchmeier said that the precursors of SARS-CoV-1 and SARS-CoV-2 remain in bats, and may provide a reservoir for future cycles of human infection. (Courtesy ocregister.com)