

CMBI Credit Commentary

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

- *Asia IG space was quiet on JP/US holiday. There were active two-way interests on the front-end of Chinese SOEs and Leasing papers such as HAOHUA/CNOOC/CMINLE 24-30s. The high-beta TMTs remained well-bid. In LGFVs, CPDEV 26/Perp were up another 0.7-1.2pts to close 2-3pts higher WTD.*
- **NWDEVL:** *Launched a tender offer as expected. The maximum acceptance amount is up to USD600mn across 7 bonds and perps. NWDEVL 4.125 Perp/NWDEVL 6.15 Perp were up 0.5-1.5pts, the rest of NWDEVLs were 0.5-1pt higher this morning. See below.*
- **DALWAN:** *Dalian Wanda is in talk with pre-IPO investors holding RMB5bn to defer put by nine months. Separately, Fitch downgraded Dalian Wanda, Wanda Hong Kong to C from CC on distressed debt exchange. DALWAN '25 was down 1.2pts while DALWAN' 24/26 were unchanged by noon.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space had a constructive session while sentiment cooled down a bit. China SOE/TMT benchmarks CNOOC/TENCNT 30-32s were 2bps tighter. The high beta TMTs were traded in mixed two-way flows. XIAOMI/MEITUA/WB 30s tightened 2-4bps, while WB 24s widened 2bps. In financials, Chinese bank T2s were mixed. The high spread papers NANYAN/SHCMBK 29s tightened 2-5bps, whilst the big four bank T2s BCHINA/CCB 30-32s were 2bps wider. Chinese AT1s ICBCAS Perps were 0.1pt higher. In Korean space, EIBKOR/KDB/KOEWPW were 3-5bps tighter. JP IG papers were better bid. SMBCAC 28/33 tightened 2-5bps. HK IGs CKHH/HKLSP 33s tightened 2-4bps. HK Corp perp space was firm. NWDEVL 6.15 Perp/HYSAN 4.85 Perp gained 2.0-2.3pts. CKPH/CKINF Perps were 0.8-1.2pts higher. Chinese/HK properties were mixed. Media reported Country Garden, Sino-Ocean, and CIFI Holdings would be included in China's draft whitelist of 50 developers eligible for financing support. COGARDs were 1.2-2.1pts higher across the curve. SINOCEs/CIFIHG were up 0.4-1.4pts. AGILE 25-26s moved 2.9-4.7pts higher. FUTLAN/FTLNHD 24-26s and LNGFOR 27-28s gained 0.9-2.4pts. SHUION/YLLGSP 24-26s were up 0.3-0.5pt. On the other hand, VNKRLE 24-29s retraced 1.1-2.5pts yesterday amid rumours of delay in construction payment which was reported to be denied by Vanke. That said, VNKRLEs still closed 3-6pts higher WTD. DALWAN '24 lowered another 1.2pts while other DALWANs were stable. In industrials, HONGQI '24/WESCHI '26 were 0.3-0.5pt higher. In Macau gaming names, MPEL/WYNMAC 24-29s were down 0.6-0.9pt. Indian space was quiet. Indonesian SOEs PLNIJs/PERTIJs were up 0.3-0.5pt. Elsewhere, GLPCHI 24/26 were up 0.4-1pt.

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

Cyrena Ng, CPA 吳倩瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

In the LGFV/Perp spaces, sentiment remained upbeat. CPDEV 25/Perp were another 0.8-1.9pts higher on Chinese RMs buying. LGFVs remained well bid by Chinese AMs, across the names yielding from 6%-handle to double digits. Shandong names SHUGRP '24/QDHTCO '25 were up 0.1-0.2pt. KMRLGP '24 was 0.3pt higher. SOE perps continued to see demand on papers trading \approx 6%. CTIH 6.4 Perp was better bid thanks to the duration exposure it provided. CHPWCN 3.45 Perp/HUADIA 3.375 Perp/RLCONS 3.97 Perp were up 0.1-0.2pt. ZHONAN 25-26s were 0.3-0.5pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AGILE 5 3/4 01/02/25	17.4	4.7	VNKRLE 3.975 11/09/27	65.1	-2.5
AGILE 6.05 10/13/25	14.0	3.8	VNKRLE 3.15 05/12/25	82.6	-2.4
AGILE 5 1/2 05/17/26	12.6	3.2	VNKRLE 3 1/2 11/12/29	58.1	-1.8
AGILE 5 1/2 04/21/25	14.9	2.9	DALWAN 7 1/4 01/29/24	51.9	-1.2
FTLNHD 4.8 12/15/24	41.6	2.4	VNKRLE 4.2 06/07/24	93.4	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.41%), Dow (+0.53%) and Nasdaq (+0.46%) edged up yesterday on optimism that the Fed may be done raising interest rates and the economy is still resilient. The initial jobless claims was +209k, lower than the expectation of +225k. Reuters' poll showed most key global stock indexes are forecast to rise modestly in 2024. The UST yield rallied higher yesterday, 2/5/10/30 yield reached 4.89%/4.44%/4.42%/4.55%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ NWDEVL: Launched a tender offer as expected

NWD announced a tender offer to purchase 7 o/s bonds and perps up to a maximum acceptance amount of USD600mn. The tender offer and timing of the tender offer are not surprises to us. Please read our comments titled: [Opportunities from tender offer and repurchases on 17 Oct'23](#) and [our daily on 3 Nov'23](#). In NWDEVL/NWSZF complex, we continue to see NWD has a strong incentive to early redeem its perps with reset and coupon step-up given there is no short-dated paper until Jan'27 after NWDEVL 4.75 12/05/23. We maintain Buy on **NWDEVL 6.15 Perp**, **NWDEVL 5.25 PERP** and **NWDEVL 4.125 Perp**.

The tender offer covers all dated bonds except NWDEVL'23 (o/s USD310mn due 5 Dec'23) and two perps with coupon reset and step up (NWDEVL 4.125 Perp and NWDEVL 6.15 Perp). In aggregate, the near-term redemption (including USD310mn maturity on 5 Dec'23) for NWD will be USD910mn vs net proceeds of cUSD2.8bn received from the sales of NWS stakes. The scale of this tender is larger than that of last year. Recalled that NWD and NWS launched tender offer for their bonds and perps with an aggregate maximum acceptance amount of USD500mn in Dec'22. Eventually, NWD and NWS early redeem a total of USD482.51mn in principal amount on lukewarm response from investors.

In this tender offer, the purchase prices are to be determined by a modified Dutch auction. The minimum purchase prices are detailed in Table 1 below, and the prices represent 2-3pts premium over the last close. The tender offer will expire on 1 Dec'23. The results will be announced on 4 Dec and to be settled on or about 5 Dec.

Table 1: Tender prices and bond profile of NWDEVL

	O/s (USD mn)	Min. purchase price	Offer price	YTM/YTC (%)	First call date	Coupon	Coupon reset	Coupon Step-up
Bonds/perps under tender offer								
NWDEVL 4 ¾ 01/23/27	600	90	87.1	9.57	-	4.75	-	-
NWDEVL 5 ⅞ 06/16/27	200	91	88.4	9.83	-	5.875	-	-
NWDEVL 4 ⅞ 07/18/29	950	81	77.0	9.48	-	4.125	-	-
NWDEVL 4 ½ 05/19/30	562.82	80	76.0	9.55	-	4.5	-	-
NWDEVL 3 ¾ 01/14/31	127.84	76	70.0	9.67	-	3.75	-	-
NWDEVL 4 ⅞ PERP	1200	60	58.5	18.62	3/10/2028	4.125	5yrUST+5.858%	300bps
NWDEVL 6.15 PERP	500	87.5	85.0	19.78	3/16/2025	6.15	3yrUST+6.201%	300bps
Bonds/perps not included in tender offer								
NWDEVL 4 ¾ 12/05/23	310	-	99.7	11.91	-	4.75	-	-
NWDEVL 4.8 PERP	700	-	44.5	46,274	9/9/2023	4.8	-	-
NWDEVL 6 ¼ PERP	1300	-	51.4	314.09	3/7/2024	6.25	-	-
NWDEVL 5 ¼ PERP	1000	-	67.3	20.59	3/22/2026	5.25	5yrUST+7.889%	300bps
Total	7,450.66							

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Construction Bank Dfbc Branch	600	3y	SOFR+65	SOFR+65	A1/-/-
China Construction Bank Hong Kong Branch	500	3y	5%	5%	A1/-/-

➤ 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 89 credit bonds issued yesterday with an amount of RMB98bn. As for Month-to-date, 1,166 credit bonds were issued with a total amount of RMB1,242bn raised, representing a 14.2% yoy increase
- [APLNIJ]** Agung Podomoro Land terminates tender offer for APLNIJ 5.95 06/02/24
- [HONGQI]** China Hongqiao proposes to offer up to RMB1bn one-year bills to repay debts and boost working capital

- **[LOGPH]** Logan may revise restructuring plan again due to potential auction of assets in China, and may seek to adjourn Hong Kong winding up petition hearing on 4 Dec
- **[LPKRIJ]** Moody's downgraded Lippo Karawaci to Caa1 from B3 on refinancing risk, outlook revised to negative from stable
- **[ZENENT]** Zensun Enterprises was unable to remit funds offshore in time to pay USD10mn interest on ZENENT 12.5 04/23/24 before the expiry of the grace period, event of default occurs

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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