

## CMBI Credit Commentary

### Fixed Income Daily Market Update 固定收益部市場日報

- We saw selling on the new MEITUA 32-35s this morning, yet the flow was digested and spreads were unchanged. LASUDE 26/MGMTGE 27 were 0.3-0.8pt higher. VLLPM 29/FTLNHD 27 were 0.9-1.0pt lower. NWD launched USD bonds and perps exchange offers. NWDEVL 27-31s were 0.3pt lower to 0.7pt higher, while NWDEVL Perps lowered up to 3pts. See comments on NWD's exchange offers below.*
- VNKRLE:** Our thoughts on SZ Metro's loan cap. VNKRLE 27-29 down 8-10pts this morning. See below.
- China Economy:** Broad-based weakening PMI reflected economic moderation. CMBI expects the central bank to further cut the RRR and LPR in Nov/Dec'25 by 50bps and 10bps, respectively. See comments from CMBI economic research below.

#### ❖ Trading desk comments 交易台市場观点

Last Friday, the new HSBC 4.619 11/06/31 and HSBC 5.133 11/06/36 tightened 1-2bps, while the new HSBC FRN 31 outperformed and tightened 6bps from RO at SOFR+119. The recent USD MEITUA 32-35s were still under digestion and closed unchanged. NWDEVL 27-31s were 0.1pt lower to 0.2pt higher, and NWDEVL Perps lowered 0.3-0.7pt. See comments below on NWDEVL's exchange offers. In Chinese properties, VNKRLE 27-29s dropped 2.2-2.6pts. Vanke received another loan of RMB2.2bn from SZ Metro, and Vanke posted further deterioration in operating performance in 9M25, reflecting sustained pressures on both profitability and asset quality. See our comments below and [last Friday](#). LNGFOR 28-32 lost 1.4-1.7pts. Macau gaming bonds were 0.2pt lower to 0.2pt higher. Macau's gaming revenue rose 15.9% yoy in Oct'25 to MOP24.1bn (cUSD3.0bn). Also see our comments on MGM China's 3Q25 result on [30 Oct'25](#). In KR, the HYNMTR curve was 1-3bps tighter amid the headlines that Nvidia plans to supply accelerator chips to help South Korea's biggest companies, including Hyundai Motor Group. We saw better buying on HYNMTR 3-5yr FRNs and sporadic selling on 5-6yr belly bonds. JP insurance hybrids were down by 0.3pt in a wave of AM selling in the afternoon amid a weakening of the JPY. Yankee AT1s were largely range bound. AU T2s were heavy. ANZ 7-10yr T2s widened 2-3bps against the headline that ANZ would suffer from an USD720mn profit impact in 2H25. In SEA space, VLLPM 29 lowered 0.6pt. In LGFV space, we continued to see demand from RMs for onshore AAA-guaranteed CNH papers, whereas demand for higher-yielding issues were still fairly sporadic and their liquidity remained thin.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	<b>61.2</b>	<b>0.6</b>	VNKRLLE 3 1/2 11/12/29	<b>60.3</b>	<b>-2.6</b>
CCAMCL 4 3/4 12/04/37	<b>94.6</b>	<b>0.6</b>	VNKRLLE 3.975 11/09/27	<b>68.7</b>	<b>-2.2</b>
TENCNT 3.68 04/22/41	<b>86.9</b>	<b>0.5</b>	LNGFOR 3.85 01/13/32	<b>76.5</b>	<b>-1.7</b>
CKPH 3 1/2 PERP	<b>63.5</b>	<b>0.5</b>	LNGFOR 4 1/2 01/16/28	<b>90.9</b>	<b>-1.4</b>
PINGIN 4 1/4 05/28/29	<b>100.0</b>	<b>0.5</b>	LNGFOR 3.95 09/16/29	<b>83.9</b>	<b>-1.4</b>

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.26%), Dow (+0.09%) and Nasdaq (+0.61%) were higher on last Friday. 2yr/5yr yield was lower while 30yr UST yield was higher on last Friday. 2/5/10/30yr yield was at 3.60%/3.71%/4.11%/4.67%.

## ❖ Desk Analyst Comments 分析员市场观点

### ➤ NWDEVL: LME focuses on perps to cut leverage and funding costs

NWD launched exchange offers for all of its o/s USD bonds and perps. The early deadline will be on 17 Nov'25 5pm EST, and the offers will expire on 2 Dec'25 EST.

#### Our view

The LME follows the HKD88.2bn bank loans refinancing and is in line with our expectation that NWD would try to push the USD bonds maturities behind those of refinanced bank loans starting Jun'28 to reinstate the “original” sequence of repayments. The USD1.9bn aggregate cap (up to USD1.6bn intended for new perps) indicates that the focus on this round of LME is on the perps. The 50% haircut on the existing perps’ principal amount and outstanding arrears of distribution as of today (deferred arrears amount) with a small cash payment of USD2, as well as the cap on the distribution rate of new perps at 9% help cut debts and funding costs. The LME, if successfully goes ahead, will cut NWD’s total debts (incl perps) by c10% from HKD190bn as of Jun'25.

We understand that the new perp and bond are linked to, but not secured by, the Victoria Dockside Security Package (VD Package), through an intercompany loan with first ranking security interest over VD as source of repayment and loan guaranteed from NWD. Other than this, the LME does not appear to offer very strong incentive for holders to exchange into new perps and bonds.

#### Summary of the exchange offer for perps

Perp holders can tender their perps for exchange for the new perp with 9% distribution rate. Early exchange consideration is 50% haircut on the existing perps’ deferred arrears amount, plus USD2 upfront cash; while the base exchange consideration is 53% haircut on the deferred arrears amount. See Table 1.

The coupon of the new perp is subject to optional deferral (cumulative and compounding), dividend stopper and pusher. The coupon will be reset and step-up to 12% at the end of year 6 if not redeemed, or upon change of control, breach of any covenants, or any repayment or prepayment of principal amount under the Cosmostar PerpCo Loan, except for any repayment or prepayment made as a result of redemption of the new perp permitted under the T&C.

The issuer of the new perp, CS Treasury Management Services (P) Limited, will enter into Cosmostar PerpCo Loan, as borrower in principal amount equal to the principal amount of the new perp. Cosmostar PerpCo Loan is an intercompany loan between the issuer and NWD’s 100%-owned Cosmostar Holdings Limited. The Cosmostar PerpCo Loan, but not the new perp, will be guaranteed by NWD and secured by the VD Package.

Accordingly, any defaults on the new perp will only give holders rights and claims against the issuer but not against NWD or VD Package.

### Summary of the exchange offer for bonds

Bondholders can tender their bonds for exchange for the new bond with 7% coupon rate due in 2031. The haircut on the principal amount of the existing bonds are 9-29%. Bondholders will receive either early or base exchange consideration, plus cash accrued interest from the immediately preceding interest payment date to the payment date. See Table 2.

The issuer of the new bond, CS Treasury Management Services (B) Limited, will enter into Cosmostar BondCo Loan, as borrower in principal amount equal to the principal amount of the new bond. The intercompany loan structure is the same as the new perp.

### New issue caps and participation conditions

NWD's acceptance of the bonds and perps is subject to minimum participations and issue size cap. The overall new issuance cap of bonds and perps is USD1.9bn, with up to USD1.6bn intended for the new perps. At least USD500mn principal of the new perps must be issued to consummate perp exchanges, and at least USD100mn principal of new bonds for bond exchanges, unless waived at the issuer's discretion. The new perp and bond will be listed on the Vienna MTF.

Existing perps will be accepted on a pro-rata basis across all series with early tenders prioritized; while the existing bonds will be accepted in different scaling factors to each series at NWD's discretion. Any existing bonds and perps not tendered will remain outstanding and continue to accrue distributions or interest according to their respective terms.

**Table 1: Perps' exchange offer**

Security name	ISIN	Amt o/s (USD mn)	Early exchange consideration (USD)	Early cash consideration (USD)	Base consider- ation (USD)	Ask Price	Ask YTW
NWDEVL 4.8 PERP	XS2268392599	700	50	2	47	40.3	11.8%
NWDEVL 6 1/4 PERP	XS1960476387	1,300	50	2	47	40.6	14.7%
NWDEVL 10.131 PERP	XS2435611327	345.314	50	2	47	54.7	21.1%
NWDEVL 5 1/4 PERP	XS2132986741	999	50	2	47	45.1	24.2%
NWDEVL 4 1/8 PERP	XS2348062899	1,144.4	50	2	47	42.2	18.8%

Source: Bloomberg. Company filling.

**Table 2: Bonds' exchange offer**

Security name	ISIN	Amt o/s (USD mn)	Early exchange consideration (USD)	Base consideration (USD)	Ask Price	Ask YTW
NWDEVL 4 3/4 01/23/27	XS1549621586	458.366	91	88	89.1	14.9%
NWDEVL 5 7/8 06/16/27	XS2488074662	172	90	87	88.0	14.5%
NWDEVL 8 5/8 02/08/28	XS2873948702	400	90	87	87.9	15.1%
NWDEVL 4 1/8 07/18/29	XS2028401086	717.799	77.5	73.5	75.4	12.5%
NWDEVL 4 1/2 05/19/30	XS2175969125	442.587	76.5	72.5	73.0	12.5%
NWDEVL 3 3/4 01/14/31	XS2282055081	76.05	71.5	67.5	68.4	12.1%

Source: Bloomberg. Company filling.

### ➤ VNKRLE: Our thoughts on SZ Metro's loan cap

Over the weekend, Vanke announced that it had entered into a loan framework agreement with SZ Metro. This effectively means that Vanke can only draw on additional shareholder's loans (on secured basis) of up to RMB2.29bn going forward. The cap on shareholder's loan is credit negative, however, we take comfort that Vanke could explore the secured financing secured by its IPs. Furthermore, Vanke's debt maturity profile, especially offshore debt maturity profile, is notably more manageable after early redemptions and repayments of public bonds totaled cRMB29bn YTD with shareholder's loans from SZ Metro. Indeed, Vanke has o/s offshore bonds totaled USD1.3bn and the next offshore bond maturity will be VNKRLE 3.975 11/09/27 (o/s USD1bn) in Nov'27. VNKRLEs dropped 8-10pts this morning. The current valuation have already priced in significant downside, in our view, despite we could see further volatility in the near-term. We maintain buy on VNKRLEs.

Our takes on the cap on shareholder's loans are that SZ Metro is pushing Vanke to stand on its own feet after hand-holding the company through the maturity wall of public bonds YTD. SZ Metro may be more reluctant to provide direct financial support to Vanke, but we still see the strong incentive for SZ Metro to ensure Vanke's financial viability after providing Vanke with shareholder's loans totaled cRMB29bn, cRMB19.7bn of which are on unsecured basis, YTD. We envisage that SZ Metro will support Vanke through coordinating the arrangement of bank loans and refinancing activities of Vanke. In early Oct'25, media reported that the Shenzhen authorities convened a meeting with creditors of Vanke to lower Vanke's loan interest rates to level of SZ Metro after Vanke missing interest payments on onshore loans. Vanke was subsequently reported to settle the interest payments.

We also envisage that Vanke will increasingly turn to alternative funding channels such as long-term operating loans or CBICL-guaranteed bonds secured by IPs, funding channels successfully utilized by Seazen over the past 2 years. As of Jun'25, the book value of Vanke's IPs was cRMB152bn. We understand that the book value of pledged IPs were cRMB80bn (vs. cRMB74bn as of Dec'24). Hence, c48% of IPs should remain unencumbered. Assuming a LTV of 50%, Vanke can secure additional financing of cRMB36bn from its unencumbered IPs. This should provide Vanke a good financial flexibility to deal with public bond maturities. Currently, the total o/s onshore and offshore bonds of Vanke is cRMB31bn, including onshore bonds totaled RMB21.9bn and offshore bonds totaled USD1.3bn.

**Table 3: Bond profiles of VNKRLE**

Security name	O/s Amt (USD mn)	Maturity	Coupon	Offer price	YTM
VNKRLE 3.975 11/09/27	1,000	11/9/2027	3.975%	57.9	34.7%
VNKRLE 3 1/2 11/12/29	300	11/12/2029	3.500%	49.8	23.5%

Source: Bloomberg.

### ➤ China Economy: Broad-based weakening PMI reflected economic moderation

China PMI recorded its weakest October reading since 2008, reflecting a further slowdown in economic activity in 4Q25. Trade pressure mounted as both export and import order indices dropped to recent lows, while production and new order indices further contracted. Corporates procurement and orders on hand declined as demand softened. Non-manufacturing PMI inched up as service improved while construction extended its weakness. The broad-based weakening in PMI pointed to growth pressure in 4Q25 given the much higher base last year, which may prompt continued policy easing. We expect the central bank to further cut the RRR and LPR in Nov/Dec by 50bps and 10bps. The Ministry of Finance may also need to introduce additional fiscal stimulus measures, including accelerated fiscal spending and an early front-loading of the 2026 debt quota, to support households, consumption, and the property sector.

**Manufacturing PMI contracted to recent low as trade pressure mounted.** Manufacturing PMI dropped to 49% in Oct from 49.8%, missing market expectations at 50%. Both export and import order indices dropped to new lows at 45.9% and 46.8% since reciprocal tariffs in Apr, as export front-loading lost momentum. Production index slid into contraction at 49.7% from 51.9%, while new order index declined to 48.8% from 49.7%, both marking a new low since Dec 2023. The anti-involution policy continued to drive reflation, yet more mildly, in upstream sectors, as raw material purchase price index moderated to 52.5% in Oct from 53.2%. But the ex-factory price further contracted to 47.5% in Oct from 48.2%, indicating the final demand was still weak. Corporates procurement and orders on hand declined as demand softened. Breaking down by sector, food processing, auto and other transport equipment saw robust performance in both new orders and production, while textiles & apparel, chemical fibers, rubber, and plastic products, and non-metallic mineral products saw notable contraction.

**Non-manufacturing PMI edged up amid recovering service sector.** Non-manufacturing PMI edged up to 50.1% in Oct from 50%, missing the market expectation at 50.3%. Service PMI picked up to 50.2% from 50.1%, driven by smaller contraction in price and employment indices. New order and business expectation both fell. Breaking down by sector, holiday-related activities including rail & air transportation, lodging and culture, and sports & entertainment showed high prosperity, while insurance and real estate contracted. Construction PMI dipped to 49.1% in Oct from 50.6%, suggesting that weakness in infrastructure investment persisted into Oct.

**Broad-based weakening in PMI indicates further deterioration in economic activity.** Oct's PMI marked the weakest reading for the month since 2008, reflecting that economic momentum may slow notably in 4Q25 amid demand over draft from earlier export frontloading and stimulus policy. Given the much higher base last year, growth pressure in 4Q25 may prompt moderate policy easing. We expect the central bank to further cut the RRR and LPR in Nov or Dec by 50bps and 10bps. The Ministry of Finance may also need to introduce additional fiscal stimulus measures, particularly those targeting households, consumption and property sector.

Click [here](#) for the full report.

#### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	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)
Bank of China Sydney Branch	USD	-	5yr	SOFR+110	A1/A/A

#### ➤ News and market color

- Regarding onshore primary issuances, there were 36 credit bonds issued last Friday with an amount of RMB25bn. As for Oct'25, 1,888 credit bonds were issued with a total amount of RMB1,678bn raised, representing a 15.3% yoy increase
- [ADEIN]** Adani Enterprises plans rights issue of up to INR250bn to finance capex
- [CIFIHG]** CIFI gets shareholder approval for restructuring transactions at EGM

- **[GLMTMO]** S&P changed the outlook of Golomt Bank to positive from stable on improving risk control; B+ ratings affirmed
- **[IHFLIN]** Sammaan Capital 1HFY26 interest income falls 20.6% yoy to INR30.1bn (cUSD340mn)
- **[LGCHM]** LG Chem 9M25 sales fall 4.6% yoy to KRW34.7tn (cUSD24.3bn)
- **[LGELEC]** LG Electronics 3Q25 EBITDA falls 6% yoy to KRW1.6tn (cUSD1.1bn)
- **[MEDCIJ]** Medco Energi 9M25 EBITDA down 3% yoy to USD946mn
- **[SHFLIN]** Shriram Finance 1HFY26 interest income rises 18.5% yoy to INR227.3bn (cUSD2.6bn)
- **[TDBM]** S&P changed the outlook of Trade and Development Bank to positive from stable on improving regulatory supervision; B+ ratings affirmed
- **[WSECOT]** Chongqing Wansheng Eco & Tech launched consent solicitation on WSECOT 3.25 07/11/27 to allow full redemption at 101.3 any time with 10 business day notice
- **[VEDLN]** Vedanta 1HFY26 consolidated EBITDA rises 8.3% yoy to INR223.6bn (cUSD2.5bn)

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