

## CMBI Credit Commentary

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

- *Another quiet morning with majority sectors remained stable. China HY properties names overall down on profit taking, CIFIHGs up 0.25 to 0.75pt as its shareholders plan to raise cUSD56mn via share placement in its service unit.*
- **NWDEVL/NWSZF:** *New World Development accepts USD109.3mn of its due 30/31 bonds under tender offer; NWS Holdings accepts USD373.2mn of 5.75 Perp and due 29 bonds; See below.*
- **LIFUNG:** *Li & Fung announced that it intends to redeem all outstanding LIFUNG 4.375 10/04/24 (USD103.71mn) on 21 Dec at price of 89. LIFUNGs were -0.5 to +0.25pt this morning.*

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

**Cyrena Ng, CPA** 吳蓓瑩  
(852) 3900 0801  
cyrenang@cmbi.com.hk

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

#### ❖ Trading desk comments 交易台市场观点

Fed increased interest rate by 50bps as expected and UST yields were stable with 1-2bps change. Fed's median forecast for interest rates at the end of 2023 is 5.125%, up 50bps from 4.625% in Sep'22. Market remained quiet yesterday. In China IG space, TMTs were mixed; MEITUA, XIAOMI and BABA tightened c5bps while BIDU widened 10 to 20bps on the reports that its unit IQIYI seeks consent to defer the put of its CBs (IQ 2 04/01/25) on 1 Apr'23. Financial sector remained stable, AMCs moved -0.25 to 0.25pt. We saw buying interests on AT1s from offshore buyers while the sector was largely unchanged. T2 was traded firm. IG properties were divergent, VNKRLs, LNGFORs slightly moved -0.25 to 0.25pt, YUEXIU'31 rose 3.5pts while CRHZCH'29 were down 3pts and traded back to 89, the level about a week ago. China HY properties continued to outperform, and short-dated bonds were more sought after. China SCE got RMB5bn credit line from banks yesterday, CHINSCs up 1.5 to 10pts after a 5.5 to 8pts rally on Tuesday. CENCHIs, AGILEs and CIFIHG were up 0.5 to 4pts. GRNLGRs were overall up 0.5 to 7pts except GRNLGR'26 which were down 1.6pts. In industrials, FOSUNs were traded firm, EHICARs and CARINC edged up 0.25pt. HONGQI'26 rose 2pts. Macau gaming sector was stable, MPELs outperformed, up 0.5 to 1.5pts. Outside China, Indian/Indonesian names were stable. MEDCIJs, VEDLNs and GRNKENs edged up 0.25 to 0.5pt.

On Wednesday, trading volume of SOE sector was thin while most names performed well, CSSSHIs, SINOCEs and CNOOCs tightened c5bps although CHGRID'28 widened 4bps. There was demand on short-dated LGFVs of stronger regions, GUAMETs, SHGUOHs and HZCONIs rose 0.25 to 0.5pt. Other actively traded names BEIPRO, BJSTAT, CQNANA'24 were unchanged to 0.25pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 09/26/25	40.5	6.9	CRHZCH 4 1/8 02/26/29	90.0	-3.1
CHINSC 7 3/8 04/09/24	51.4	4.1	CPDEV 5 3/4 PERP	77.8	-2.9
CENCHI 7.9 11/07/23	32.9	4.1	SINOPC 4 1/4 04/24/43	86.3	-1.9
CWAHK 4.85 05/18/26	84.7	3.6	GRNLGR 6 3/4 03/03/26	34.0	-1.6
YUEXIU 3.8 01/20/31	69.1	3.5	ROADKG 7 3/4 PERP	43.8	-1.2

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – U.S. stock markets were weak yesterday, the S&P (-0.61%), Dow (-0.42%) and Nasdaq (-0.76%) were down due to Fed chairman's comment that the Fed will not change 2% inflation goal and is going to use tools to get inflation back to 2%. Fed increased interest rate by 50bps to 4.25% to 4.5% as expected, and its median forecast for interest rates at the end of 2023 is 5.125%, up 50bps from 4.625% in Sep'22. The U.S. treasury yields were overall stable yesterday and 2/5/10/30 yields reached 4.23%/3.64%/3.49%/3.52%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ NWDEVL/NWSZF: Tender offers are in line with our view

NWS Holdings accepted the tender offers of USD280.9mn of NWSZF 5.75 Perp and USD92.3mn of NWSZF 4.25 06/27/2. NWSZF 5.75 Perp were accepted at 95.5 while NWSZF 4.25 06/27/29 at 86.5, and the final acceptance amount represented 21.6% and 27.5% of the total outstanding principal respectively. Additionally, New World Development accepted the tender offers of USD37.2mn and USD72.2mn of NWDEVL 4.5 05/19/30 and NWDEVL 3.75 01/14/31, respectively. See table below for details. [As discussed in our daily on 28 Oct'22](#), we view **NWDEVL 6.15 Perp**, **NWSZF 5.75 Perp** and **PCORPM 4.6 Perp** are amongst the candidates for tender offer.

We expect issuers with sufficient liquidity to buy back their bonds at discount. We also expect issuers to call or early redeem its perps, especially those with coupon reset and high coupon step-up after the first call dates. Over the past 6 months, 28 tender offers were announced and proposed tender offer amount is over USD8bn. Since the end of Oct'22, Li & Fung (27 Oct and 21 Nov), FWD Group (24 Nov), New World Development (5 Dec), NWS Holdings (5 Dec), and Lee & Man Paper Manufacturing (6 Dec) have announced tender offers.

Date	Company name	Ticker	Deadline	Bond	Bond O/S	Proposed price	Accepted amount (USD mn)
5-Dec-22	NWS Holdings	NWSZF	13-Dec-22	NWSZF 5.75 PERP	1300	95.5	280.9
				NWSZF 4.25 06/27/29	650	86.5	92.3
5-Dec-22	New World Development	NWDEVL	13-Dec-22	NWDEVL 4.5 05/19/30	600	81.4	37.2
				NWDEVL 3.75 01/14/31	200	76.5	72.2

## ➤ 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)
Pengze County Development and Construction Group	USD	-	3yr	8.0%	-/-

## ➤ News and market color

- Regarding onshore primary issuances, there were 83 credit bonds issued yesterday with an amount of RMB92bn. As for Month-to-date, 707 credit bonds were issued with a total amount of RMB724bn raised, representing a 29.9% yoy decrease
- **[CHFOTN]** China Fortune Land Development proposes debt restructuring via debt-to-equity swap with stakes in subsidiaries as sources for debt payment
- **[CHINSC]** China SCE signs strategic collaboration agreements with China Construction Bank, ICBC
- **[CIFIHG]** CIFI Ever Sunshine Services controlling shareholder Elite Force Development to raise around HKD436.5m (cUSD56mn) via share placement
- **[COGARD]** Country Garden said on an investor call that it has sufficient cash offshore to fully repay USD440mn facility due later this month ; The company completed HKD4.74bn share placement
- **[LIFUNG]** Li & Fung announced that it intends to redeem all outstanding LIFUNG 4.375 10/04/24 (USD103.71mn) on 21 Dec at price of 89
- **[LZINVE]** Moody's affirmed Lanzhou Construction's Caa1 rating and maintained negative outlook
- **[SHIMAO]** Shanghai Shimao announced that it faces uncertainty over redemption of RMB500mn 20HushimaoMTN001 notes due 9 Jan
- **[SMCPM]** San Miguel Corp completes tender offer for 11.45% stake in Eagle Cement for USD226.4mn and now owns 99.95% stake

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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