

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *Markets were stable this morning before CPI. The front end IG AMC/Leasing were actively traded. High-beta TMTs such as WB, MEITUA were under better selling. Sentiment on LGFVs remained upbeat.*
- **ADANEM:** *Adani Electricity Mumbai launched a tender offer on ADANEM 3.949 02/12/30 for up to USD120mn. ADANEM rose 2.5 to 5pts this morning. See below.*
- **China Policy** – *Credit growth stabilized thanks to fiscal expansion. CMBI forecasts the GDP growth to reach 5.2% in 2023 and 4.9% in 2024. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex-JP IG spreads were stable with light flows as Singapore was on holiday. The recent new issues KHFC'26 tightened c3bps and closed at T+52. High coupon EU AT1s were active, UBS 9.25 Perp, SOCGEN 10 Perp and BNP 8.5 Perp rose 0.25-0.4pt. In Chinese AT1, ICBCAS 3.58 Perp, CINDBK Perp were also firm. In AMCs, long-term HRINTHs were up to 0.15pt lower while the front-end HRINTHs were unchanged to +0.15pt. Chinese SOEs continued to be under better buying, HAOHUA/SINOCH 30-31s tightened c1bps. TMT sector was firm that BABA/BIDU/TENCNTs were 0.5-2bps tighter. In HK Corp space, NWDEVL Perps moved -0.3 to +0.75. Chinese property sector were mixed, DALWANs rose 1.7 to 7.4pts after termination of the CS appointment as one of the IPO coordinators. [Please read our comments in the daily yesterday.](#) IG developers LNGFORs, VNKRLs were down 0.1-0.8pt. In Macau gaming sector, MGMCHIs moved -0.5 to +0.3pt and WYNMACs moved -0.1 to +0.5pt. In SEA, LMRTSPs were unchanged post its weaker 3Q23 results.

In LGFV/SOE Perp spaces, on the other hand, was active despite the Singapore holiday and the sentiment remained afloat. The front end LGFVs were under better buying, KMRLGP'24 rose c1.5pts. Chongqing names performed weak post the rally driven by CQNANA's tender offer. CQNANAs, CQLGSTs were 0.1 to 0.5pts lower. High yielding CPDEVs down 0.25 to 0.5pt. Besides, we saw buying from onshore RM on SOE Perps and Chinese AT1s, CNSHAN 4.3 Perp rose 0.1pt.

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
DALWAN 7 1/4 01/29/24	63.3	7.4	RISSUN 3 03/29/28	3.1	-2.6
DALWAN 11 02/13/26	34.5	2.0	FANGYA 1.98 11/10/24	93.0	-2.1
LIFUNG 5 08/18/25	95.0	1.4	JIAZHO 12 06/05/23	6.4	-1.8
KMRLGP 3.9 12/12/24	90.3	1.4	SHUION 6.15 08/24/24	70.0	-1.5
GZHRCB 5.9 PERP	95.8	1.0	CWAHK 4.85 05/18/26	85.1	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.08%), Dow (+0.16%) and Nasdaq (-0.22%) were mixed on Monday and investors waited for tonight's CPI. China new RMB loans in Oct was RMB738.4bn, higher than the expectation of RMB665.0bn. China Oct M2 growth rate was +10.3% yoy, same with the expectation. The UST yield remained stable yesterday, 2/5/10/30 yield reached 5.02%/4.66%/4.63%/4.75%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ **ADANEM: Adani Electricity Mumbai launched a tender offer on ADANEM 3.949 02/12/30 for up to USD120mn**

Adani Energy's 74.9% owned distribution subsidiary Adani Electricity Mumbai (ADANEM) announced the tender offer for its ADANEM 3.949 02/12/30 of up to USD120mn. The outstanding amount of the bond is USD1bn. Adani Electricity Mumbai plans to fund the tender offer with internal accruals and cash surplus. The tender offer should help leverage and boost investor confidence. ADANEM is yet to disclose the price for tender offer.

Adani Electricity Mumbai currently has two USD bonds outstanding, totaled USD1.3bn and will mature in 2030 and 2031. The tender offer will reduce its total outstanding bonds up to 9.2% to USD1.18bn. In 1H23, Adani Electricity Mumbai generated operating cash flow of INR12,302.6mn (cUSD147.8mn). As at 30 Sep'23, Adani Electricity Mumbai had cash and bank balances of INR9,151.6mn (cUSD110mn) and trade receivables of INR5,165.6mn (cUSD62mn).

	o/s amt (USDmn)	Ask px	YTM (ask, %)	Rating (M/S/F)
ADANEM 3.949 02/12/30	1,000	72.73	9.91	Baa3/BBB-/BBB-
ADANEM 3.867 07/22/31	300	67.46	10.04	Baa3-/BBB-
Total	1,300			

Source: Bloomberg.

➤ **China Policy – Credit growth stabilized thanks to fiscal expansion**

China's total social financing slightly beat expectations in Oct with the continuous acceleration in government bond issuance. Fiscal policy seemed to play a more active role as policymakers vowed to support the tumbling economy through fiscal expansion. Meanwhile, business confidence remained apathetic over the long run as financing for enterprises moved from short-, medium- and long-term loans to ultra-short bill financing. Household sentiment endured further deterioration as the short-term loans significantly dropped while mortgage loans stayed at a historic low in absolute terms. Looking forward, credit growth may gradually recover with a

possible slight pick-up in the next several months, driven by fiscal expansion through government bond issuance and possibly slow improvement of business and consumer sentiment. China's economy may mildly improve and we forecast the GDP growth to reach 5.2% in 2023 and 4.9% in 2024.

Social financing continued to recover driven by government bond issuance. Social financing flow rose 102.5% YoY (all in YoY terms unless otherwise specified) to RMB1.85trn in Oct after increasing 16.4% in Sep. The better-than-expected social financing flow was mainly driven by the government bond financing. Net government bond financing accelerated to RMB1.56trn from RMB994.9bn in Sep and grew significantly by 458.9% YoY, as central government issued RMB1trn special treasury bonds in Oct. Meanwhile, shadow financing saw a sharp decline to -RMB257.2bn from RMB300.7bn in Sep, due to the drop of new undiscounted banks' acceptance at -RMB253.6bn, smaller than the level in the previous year at -RMB215.6bn and RMB239.7bn in the previous month. Net entrusted loans and trust loans both fell on a sequential term from RMB20.8bn and RMB40.3bn to -RMB42.9bn and RMB39.3bn, following the trend of deceleration of OBS since early 2023. New RMB loans to the real sector rose 9.2% to RMB483.7bn after dropping 1.2% in Sep. New foreign currency loans further deteriorated due to high US dollar rates and a weak RMB. Corporate bond financing dropped by 52.6% in Oct, compared to 60.6% growth in Sep.

New RMB loans remained lackluster as business and household confidence are still low. New RMB loans expanded 20% to RMB738.4bn in Oct after dropping 6.5% in Sep. The growth of new RMB loans were due to the bill financing to enterprises as net bill discount financing significantly increased to RMB317.6bn in Oct from -RMB150bn in Sep, above their year-earlier level of RMB190.5bn. New short-term loans to enterprises returned to contraction at -RMB177bn from RMB568.6bn in Sep, although narrowing its decline to 4% YoY from 13.4%. New medium- to long-term loans declined to RMB382.8bn from RMB1.25trn in Sep, with its YoY decline increased to 17.2% from 7%. The trend of enterprises moving to ultra-short-term loans through bill financing from short-, medium- and long-term loans shows the lack of confidence over the long run from the business sector. New loans to households remained soft as short-term loans to households further tumbled to -RMB105.3bn from RMB321.5bn in Sep, also drastically lower than its previous year level at -51.2bn, indicating a very weak consumer demand. Even though medium-and long-term loans to households resurged 113% in Oct, they remained at a historic low in the absolute term at RMB70.7bn. The marginal improvement in mortgage loans may be signs of alleviating prepayment pressure, driven by the easing of property policy and lower rates on new and outstanding mortgages, although overall sentiment remained fragile compared to over RMB400bn new medium-and long-term loans during the same time in 2020 and 2021. Looking forward, the incremental medium-and long-term loans are still distressed since housing sales dropped again in early Nov across different tiers of cities.

We expect a mild rebound in credit growth carried by higher government debt issuance and slow improvement of business and consumer confidence. The policymakers may further loosen credit supply, property policy and expand fiscal support ahead as the government vowed to expand fiscal spending to support the economy. The PBOC may further cut the RRR, deposit rates and LPRs in upcoming quarters and guide banks to expand credit supply. The PBOC also promised liquidity support for debt-ridden local governments. Meanwhile, municipal governments may further loosen property policy to stabilize the property sector. In addition, governments may plan to issue more bonds with increasing broad fiscal deficits in both central and provincial governments next year. Therefore, credit growth may gradually stabilize with a possibly mild rebound in the next several months thanks to the carry from government debt issuance and slow improvement of business and consumer confidence. We maintain our forecast of the GDP growth at 5.2% in 2023 and 4.9% in 2024.

Click [here](#) for 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)
Jinan Rail Transit Group	USD	210	364d	7.1%	-/-/A-

➤ News and market color

- Regarding onshore primary issuances, there were 48 credit bonds issued yesterday with an amount of RMB40bn. As for Month-to-date, 579 credit bonds were issued with a total amount of RMB560bn raised, representing a 26.1% yoy decrease
- **[AGILE]** Media reported that Agile cured cUSD15mn missed 13 Oct coupon on due-2025 bonds within grace period
- **[CGSHCO]** Fitch will withdraw Country Garden Services BB+ rating for commercial reasons in Dec'23
- **[DALWAN]** Media reported that Dalian Wanda Group and its subsidiary Renshou Wanda Plaza Property have been in an enforcement court proceeding with claim over RMB163mn
- **[JNCHED]** Jincheng State-owned Assets Management raised RMB1bn three-year MTNs at 3.68% coupon
- **[SDEXPR]** Shandong Hi-Speed Group issued RMB2bn five-year corporate bonds at 3.5% coupon rate to repay debts
- **[SHDOIS]** Shandong Iron and Steel issued RMB1bn extendable MTNs at 4.64% coupon rate to repay debts
- **[SINOCL]** Sino-Ocean Capital announced HK court further adjourned hearing of winding-up petition by Great Wall to 27 Mar'24
- **[SMCPM]** San Miguel 9M23 net sales down 5% yoy to USD19bn while EBITDA rose 22% yoy to USD2.75bn
- **[XINHUZ]** Xihu Zhongbao received CSRC approval over up to RMB3bn corporate bond offering
- **[XZETDZ]** Xuzhou Economic and Technology Development Zone State-Owned Assets Management proposes RMB500mn extendable MTNs to repay debts
- **[YGCZCH]** Shandong Energy Group proposes to offer up to RMB1.5bn extendable MTNs to repay debts

fis@cmbi.com.hk

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