# CMBI Credit Commentary

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

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- *Flows were light this morning. Chinese TMTs marked 2-3bps wider. Front-end FRNs were active with two-way flows. Korea IGs were unchanged to 1bp wider. AT1 space was weak and further down 0.25pt. CPDEV/YUEXIU dropped 1pt.*

- ***KUAISH:** Weaker operating performance with stable liquidity in 3Q26. See below. KUAISHs widened c2bps this morning.*

- ***ZHHFGR:** Zhuhai Huafa Properties schedules put option exercise for RMB1bn 25Huafa08 on 23-25 Nov'26. CNH ZHHFGRs were unchanged to 1.5pts lower this morning.*

❖ **Trading desk comments 交易台市场观点**

Asian IG space was in light flows on last Friday. China TMT space was in better selling flows, BABA/TENCNT/MEITUA were unchanged to 2bps wider. CNH BABA/MEITUA dropped 0.1-0.3pt. HK bank T2 and TW lifer T2 widened 1-3bps. Japan and Korea FRNs were better bought. EU AT1s were also weak, recent new issues HSBC 7.625 and INTNED 7.75 perps dropped 0.1pt with active two ways while other AT1 were unchanged to 0.5pt lower.

In the higher-yielding space, NWDEVLs rebounded 0.2-1pt. YUEXIU/BCDHGR/CPDEV dropped 1-2pts with better selling flows. CNH ZHHFGR retreated 0.2-1pt. LGFVs space was mixed with buying flows in high-quality Guangdong names, weaker region names were quiet. Besides, we saw selling flows in CNH LGFVs. Macau gaming names dropped another 0.1-0.8pt. SOFTBK curve down 0.1-1.5pts.

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## ❖ Last Trading Day's Top Movers

| Top Performers | Price | Change |
|---|---|---|
| CHGDNU 4.8 09/11/48 | **87.9** | **1.6** |
| BEIENT 6 3/8 05/12/41 | **104.8** | **1.4** |
| HKINTL 5 1/4 01/11/53 | **98.9** | **1.3** |
| CNOOC 5 3/4 01/26/41 | **103.3** | **1.1** |
| PTTGC 4.3 03/18/51 | **74.9** | **1.1** |

| Top Underperformers | Price | Change |
|---|---|---|
| YUEXIU 3.8 01/20/31 | **80.5** | **-2.0** |
| VDNWDL 9 PERP | **97.5** | **-1.8** |
| SOFTBK 9 3/4 04/01/34 | **95.8** | **-1.5** |
| CKINF 4 PERP | **60.2** | **-1.5** |
| SOFTBK 9 1/4 04/01/32 | **96.0** | **-1.3** |

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-3.70%), Dow (-1.93%) and Nasdaq (-5.28%) were weak on last Friday. US Oct'26 PPI was +0.3% mom, lower than the expectation of +0.4% mom. 2/5/10/30 year UST yield retreated on Friday. 2/5/10/30 year UST yield was at 4.63%/4.71%/4.92%/5.31%.

## ❖ Desk Analyst Comments 分析员市场观点

- **KUAISH: Weaker operating performance in 3Q26 while liquidity remained stable**

In 3Q26, Kuaishou's revenue decreased 11.1% yoy to RMB31.6bn from RMB35.6bn in 3Q25. Its major business online marketing service and live streaming performed weaker and revenue dropped 11.1% yoy and 19.0% yoy, respectively. Kuaishou APP's daily active users (DAUs) slightly improved to 417.3mn from 416.2mn in 3Q25 but avg. daily time spent per DAU and online marketing services revenue per DAU both declined yoy due to intensifying competition. As a result, Kuaishou's gross margin narrowed to 48.2% in 3Q26 from 54.7% in 3Q25. Kuaishou's EBITDA dropped 49.1% yoy to RMB3.9bn, mainly dragged by lower gross profit and increasing R&D expenses related to AI business. We expect competition to stay elevated in the near term. We also expect Kuaishou to keep investing in AI to defend its competitiveness, which should keep earnings under pressure.

Kuaishou's liquidity profile remains stable. As of Sep'26, the company had cash of RMB27.8bn, increased 133.0% from RMB11.9bn as of Jun'26 as the company disposed parts of financial assets. As of Sep'26, Kuaishou's total debts stood at cRMB39.3bn, compared to cRMB39.0bn as of Jun'26, and its net debts decreased to RMB11.8bn, from RMB27.3bn as of Jun'26, helped by the higher cash balance. Given its smooth access to funding channels, we expect Kuaishou to meet debt repayments from internal funds, supplemented by debt or equity market funding.

Amongst Chinese TMT sector, we prefer BBB over A names. We like MEITUAs and XIAOMIs in view their more solid credit and liquidity profiles. We also prefer bonds with tenors of 3-5-year given our expectation of high UST volatility, especially in the long-end of the curve. Hence, we maintain buy on MEITUA 3.05 10/28/30, MEITUA 4 1/2 05/05/31, XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31.

**Table 1: Kuaishou's key financials**

| RMB mn | 3Q25 | 3Q26 | Change |
|---|---|---|---|
| Revenue | 35,554 | 31,592 | -11.1% |
| *- Online marketing services* | 20,102 | 17,871 | -11.1% |
| *- Live streaming* | 9,574 | 7,752 | -19.0% |
| *- Other services* | 5,878 | 5,969 | 1.5% |
| Gross profit | 19,434 | 15,216 | -21.7% |
| Adjusted EBITDA | 7,653 | 3,894 | -49.1% |
| Net profit | 4,489 | -959 | -121.4% |
| | | | |
| Gross profit margin | 54.7% | 48.2% | -6.5 pct pt |
| Adjusted EBITDA margin | 21.5% | 12.3% | -9.2 pct pt |
| Net profit margin | 12.6% | -3.0% | -15.6 pct pt |
| | | | - |
| | **Jun'26** | **Sep'26** | **Change** |
| Cash and short term investment | 11,916 | 27,769 | 133.0% |
| ST debts | 16,322 | 16,206 | -0.7% |
| LT debts | 22,712 | 23,165 | 2.0% |
| Total debts | 39,034 | 39,371 | 0.9% |
| Net debts (Total debts – cash) | 27,338 | 11,780 | -56.9% |
| Total debt/LTM EBITDA | 1.4x | 1.6x | - |
| Cash/ST debts | 0.7x | 1.7x | - |

*Source: Company filling, CMBI FICC Research.*

- **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 | IPT/IPG | Issue Rating (M/S/F) |
|---|---|---|---|---|---|
| No Offshore Asia New Issues Priced Today | | | | | |

- **News and market color**

  - Regarding onshore primary issuances, there were 65 credit bonds issued on last Friday with an amount of RMB63bn. As for month-to-date, 1,059 credit bonds were issued with a total amount of RMB1,089bn raised, representing a 30.2% yoy decrease

  - **[BABA]** Alibaba sued by US investors over alleged ties to suspected spy linked to Nvidia

  - **[CHJMAO]** China Jinmao intends to sell Jinmao Shenzhen Hotel Investment for at least RMB1.56bn to advance asset securitization plan

- **[FAEACO]** Far East Consortium expects to swing to profit in FY1H27 from net loss of HKD988mn in FY1H26
- **[MEDCIJ]** Medco Energi announced to redeem all remaining USD notes due 2028 in Dec'26
- **[ZHHFGR]** Zhuhai Huafa Properties schedules put option exercise for RMB1bn 25Huafa08 on 23 November-25 November

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| | |
|---|---|
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