

CMBI Credit Commentary

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

- *Markets were stable this morning. CHJMAOs were unchanged to down 0.8pt post Moody's downgrade. Other IG developers LNGFORs/VNKRLEs/FUTLANs moved to -0.3 to +0.6pt.*
- *Rating actions on China and HK: Moody's placed negative outlook on China and Hong Kong. See below.*
- ***DALWAN:** Beijing Wanda Investment plans the sale of 51% stake in Beijing Wanda Investment to Shanghai Ruyi Investment Management; Media reported Wanda Group plans to sell some Wanda Plazas in tier1/2 cities to insurance funds. DALWANs were unchanged to rose 0.3pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield tightened 7-10bps across the curve. Asia IG market stayed range bound at the current spread levels. Chinese SOEs were mixed. HAOHUA 25-29s were 2bps tighter, whilst HAOHUA '30/SINOPE '31 widened 2bps. Chinese TMT benchmark papers were under better selling. TENCNT '28/BABA '31 widened 1-2bps. The high beta TMTs MEITUA/LENOVO/WB 30s widened 1-4bps under RM selling. In financials, the front-end papers remained under better selling. CCAMCL/OCBCSP 24s/25s were unchanged to 3bps wider. CCAMCL 24-28s were better offered, whilst its longer-dated papers were better bid. Elsewhere, EU AT1s remained sought-after by PBs in Asia and STANLN 4.3 Perp was up 0.3pt. In JP/KR space, SMBCAC/HYNMTR 28s remained under better buying and tightened 2-4bps. In HK Corp space, NWDEVL/HYSAN Perps lowered 0.5-1.2pts. Moody's affirmed Hong Kong SAR's Aa3 rating, but changed the rating outlook to negative from stable. See below for comments on Moody's actions. Chinese properties moved lower. ROADKG 25s and ROADKG 7 Perp dropped 1.2-2.1pts. GEMDAL '24/LNGFOR '32 declined 1.1-1.6pts. CSCHCN 24s and AGILE 25-26s were 0.7-1.9pts lower. FUTLAN/FTLNHD 24-26s and CHJMAO '26 were down 0.4-0.8pt. After close, Moody's downgraded China Jinmao to Ba1 from Baa3 with a negative outlook. Industrials were stable in cash prices. Macau gaming names SANLTD/MPEL/WYNMAC 28-31s were 0.7-1.1pts higher. Indian space continued to perform well. VEDLN 24-26s increased 1.0-1.7pts to close 2-4pts higher WTD. ADSEZ/ADANEM 27-31s were up 0.4-0.8pt. In Indonesian space, the long-end papers PLNII/IDASAL/INDOIS 48-50s were better bid. MEDCIJ '27/INDYIJ '25 were up 0.4-0.5pt.

In the LGFV/Perp spaces, the flows continued to slow down into year end. The quality LGFVs/SOE perps/higher-yielding IG papers remained fairly upbeat under buying from Chinese RMs/AMs. Guangzhou LGFVs GZINFU

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'24/GZDZCD '26 were up 0.1pt. Chongqing names CQLGST 24s/CQNANA 26s were 0.1-0.2pt higher. Shandong papers SHGUOH '26/HKIQCL '25 were up 0.1pt. The shorter-dated-to-call CHPWCN 4.25 Perp/CHSCOI 4 Perp were up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
PLNIJ 6.15 05/21/48	98.2	2.0	ROADKG 5.9 03/05/25	53.7	-2.1
PLNIJ 6 1/4 01/25/49	98.7	1.9	ROADKG 7 PERP	21.4	-1.9
INDOIS 3.8 06/23/50	79.3	1.8	AGILE 5 1/2 05/17/26	11.3	-1.9
IDASAL 5.8 05/15/50	90.7	1.8	AGILE 6.05 10/13/25	12.4	-1.7
VEDLN 6 1/8 08/09/24	66.1	1.7	CSCHCN 9 07/20/24	21.6	-1.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.39%), Dow (-0.19%) and Nasdaq (-0.58%) were down on Wednesday. US Nov ADP employment increased 103k and was lower than the expectation of +130k. China Nov export/import was +0.5%/-0.6% yoy, compared with the expectation of -1.1%/+3.3% yoy. The UST yields retreated yesterday, the yield curve bull flattened and 2/5/10/30 yield reached 4.60%/4.12%/4.12%/4.22%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Rating actions on China and HK: Moody's placed negative outlook on China and Hong Kong

Moody's performed a series of rating actions in past two days on China and Hong Kong:

- China: changed the outlook to negative from stable, affirmed A1 rating;
- China corporates: changed the outlook to negative from stable on 18 Chinese nonfinancial corporate;
- China LGFVs: changed the outlook to negative from stable on 22 Chinese LGFVs, maintained the negative outlook for one LGFV;
- China banks: changed the outlook to negative from stable on 8 Chinese banks; and
- Hong Kong: changed the outlook to negative from stable, affirmed Aa3 rating.

The negative outlook on China corporates, China LGFVs, China banks as well as Hong Kong are following the outlook change in China. The affected Chinese corporates include 13 central SOEs and their subsidiaries, 2 local SOEs and their subsidiaries and 3 non-state owned entities. Moody's expects the support from central government to financial-stressed entities to be more selective, contributing to protracted risks of further strains for SOEs and regional and local governments. On the other hand, the negative outlook of LGFVs is driven by potential weakening of their respective local governments' capacity to support. In our view, those Baa3 rated LGFVs are more prone to the downgrade risk, with only one notch buffer to non-investment grade. See Table 2 below.

Moody's also changed the outlook of 8 Chinese banks (all rated at A1) to negative, while maintaining the outlooks of BOCOM and China Merchant's Bank (both rated at A2) as stable.

Meanwhile, Hong Kong is rated one notch higher than China by Moody's at Aa3. The outlook change reflects tight political, institutional, economic and financial linkages between Hong Kong and the mainland. Following

the change in outlook of Hong Kong, government related corporates such as Hong Kong Mortgage Corp and MTR Corp could be also be reviewed for outlook change.

Table 1: List of China nonfinancial corporates

Name	Ultimate parent	Rating
Alibaba Group Holding Limited	Alibaba Group Holding Limited	A1
Beijing State-owned Cap Op and Mgmt Ctr Inv	Beijing State-owned Capital Op and Mgmt	A1
Beijing State-owned Capital Op and Mgmt	Beijing State-owned Capital Op and Mgmt	A1
CRRCC Corporation Limited	CRRCC Group Corporation	A1
China Mobile Limited	China Mobile Limited	A1
CNOOC Finance (2003) Limited	China National Offshore Oil Corporation	A1
CNOOC Finance (2011) Limited	China National Offshore Oil Corporation	A1
CNOOC Finance (2012) Limited	China National Offshore Oil Corporation	A1
CNOOC Finance (2013) Limited	China National Offshore Oil Corporation	A1
CNOOC Finance (2014) ULC	China National Offshore Oil Corporation	A1
CNOOC Finance (2015) Australia Pty Ltd	China National Offshore Oil Corporation	A1
CNOOC Finance (2015) U.S.A. LLC	China National Offshore Oil Corporation	A1
CNOOC Finance Corporation Ltd	China National Offshore Oil Corporation	A1
CNOOC Limited	China National Offshore Oil Corporation	A1
CNOOC Petroleum North America ULC	China National Offshore Oil Corporation	A1
China National Offshore Oil Corporation	China National Offshore Oil Corporation	A1
CNPC (HK) Overseas Capital Ltd.	China National Petroleum Corporation	A2
CNPC Finance (HK) Limited	China National Petroleum Corporation	A2
CNPC Global Capital Limited	China National Petroleum Corporation	A1
China National Petroleum Corporation	China National Petroleum Corporation	A1
China Petrochemical Corporation	China Petrochemical Corporation	A1
China Petroleum and Chemical Corporation	China Petrochemical Corporation	A1
SINOPEC Engineering (Group) Co., Ltd.	China Petrochemical Corporation	A2
Sinopec Capital (2013) Limited	China Petrochemical Corporation	A1
Sinopec Century Bright Capital Investment Ltd	China Petrochemical Corporation	A2
Sinopec Group Overseas Development (2012) Ltd	China Petrochemical Corporation	A1
Sinopec Group Overseas Development (2013) Ltd	China Petrochemical Corporation	A1
Sinopec Group Overseas Development (2014) Ltd	China Petrochemical Corporation	A1
Sinopec Group Overseas Development (2015) Ltd	China Petrochemical Corporation	A1
Sinopec Group Overseas Development (2016) Ltd	China Petrochemical Corporation	A1
Sinopec Group Overseas Development (2017) Ltd	China Petrochemical Corporation	A1
Sinopec Group Overseas Development (2018) Ltd	China Petrochemical Corporation	A1
Dongfeng Motor (Hong Kong) Intl Co., Ltd.	Dongfeng Motor Corporation	A2
Dongfeng Motor Group Company Limited	Dongfeng Motor Corporation	A2
Shenzhen Investment Holdings Co., Ltd.	Shenzhen Investment Holdings Co., Ltd.	A2
Rongshi International Finance Limited	State Development & Investment Corp., Ltd.	A2
State Development & Investment Corp., Ltd.	State Development & Investment Corp., Ltd.	A2
Tencent Holdings Limited	Tencent Holdings Limited	A1
Tencent Music Entertainment Group	Tencent Holdings Limited	A2

Source: Moody's.

Table 2: List of LGFVs

Name	Ultimate parent	Outlook	Rating
Beijing Infrastructure Investment Co., Ltd.	Beijing Infrastructure Investment Co., Ltd.	Chg. to negative	A1
Eastern Creation II Investment Holdings Ltd.	Beijing Infrastructure Investment Co., Ltd.	Chg. to negative	A1
Beijing Public Housing Center	Beijing Public Housing Center	Chg. to negative	A1
Yan Gang Limited	Beijing Public Housing Center	Chg. to negative	A1
Chang Development International Limited	Changchun Urban Dev. Invs. Hldgs (Grp) Co Ltd	Chg. to negative	Baa2
Changchun Urban Dev. Invs. Hldgs (Grp) Co Ltd	Changchun Urban Dev. Invs. Hldgs (Grp) Co Ltd	Chg. to negative	Baa2
Ganzhou Development Invst Hldg Grp Co Ltd	Ganzhou Development Invst Hldg Grp Co Ltd	Chg. to negative	Baa3

Guangzhou Metro Group Co., Ltd.	Guangzhou Metro Group Co., Ltd.	Chg. to negative	A1
Guangzhou Metro Investment Finance (BVI) Ltd.	Guangzhou Metro Group Co., Ltd.	Chg. to negative	A2
Hangzhou Shangcheng State-owned Cap Op Gp	Hangzhou Shangcheng State-owned Cap Op Gp	Chg. to negative	Baa2
Zhejiang Kunpeng (BVI) Company Limited	Hangzhou Shangcheng State-owned Cap Op Gp	Chg. to negative	Baa3
Hubei Science & Technology Investment Group	Hubei Science & Technology Investment Group	Chg. to negative	Baa2
Hubei United Development Invst Grp Co Ltd	Hubei United Development Invst Grp Co Ltd	Chg. to negative	Baa2
Huzhou City Investment Development Grp	Huzhou City Investment Development Grp	Chg. to negative	Baa3
Jiangxi Provincial Water Conservancy Invst Grp	Jiangxi Provincial Water Conservancy Invst Grp	Chg. to negative	Baa1
Jiangxi Railway & Aviation Invst Grp Co Ltd	Jiangxi Railway & Aviation Invst Grp Co Ltd	Chg. to negative	A3
Jiaxing City Invs and Dev Group Co., Ltd.	Jiaxing City Invs and Dev Group Co., Ltd.	Chg. to negative	Baa2
Heng Yuan International Company Ltd	Ningbo Haishu Dev & Constn Invst Grp Co., Ltd	Chg. to negative	Baa3
Ningbo Haishu Dev & Constn Invst Grp Co., Ltd	Ningbo Haishu Dev & Constn Invst Grp Co., Ltd	Chg. to negative	Baa3
Ningbo Yincheng Group Co., Ltd.	Ningbo Yincheng Group Co., Ltd.	Chg. to negative	Baa3
Taiyuan Longcheng Development Invst Grp Co Ltd	Taiyuan Longcheng Development Invst Grp Co Ltd	Chg. to negative	Baa3
Tianjin Binhai New Area Cons & Invst Group Co.	Tianjin Binhai New Area Cons & Invst Group Co.	Maintained negative	Baa2
Tianjin Rail Transit Group Co., Ltd.	Tianjin Rail Transit Group Co., Ltd.	Chg. to negative	Baa1
Wuhan Metro Group Co., Ltd.	Wuhan Metro Group Co., Ltd.	Chg. to negative	A3
Wuhan Urban Construction Group Co., Ltd.	Wuhan Urban Construction Group Co., Ltd.	Chg. to negative	Baa2
Yangzhou Economic and Tech Dev Zone Dev Corp	Yangzhou Economic and Tech Dev Zone Dev Corp	Chg. to negative	Ba1
Yuyao Economic Dev Zone Cons Inv & Dev Co Ltd	Yuyao Shuncai Investment Hldg. Co., Ltd	Chg. to negative	Baa3
Yuyao Shuncai Investment Hldg. Co., Ltd	Yuyao Shuncai Investment Hldg. Co., Ltd	Chg. to negative	Baa3
Zhaoqing Guolian Investment Holding Co., Ltd	Zhaoqing Guolian Investment Holding Co., Ltd	Chg. to negative	Baa3
Zhoushan City Investment Group Corp Ltd.	Zhoushan City Investment Group Corp Ltd.	Chg. to negative	Baa3

Source: Moody's.

Table 3: List of China banks

Name	Outlook	Rating
Agricultural Development Bank of China	Chg. to negative	A1
China Development Bank	Chg. to negative	A1
The Export-Import Bank of China	Chg. to negative	A1
Agricultural Bank of China Limited	Chg. to negative	A1
Bank of China Limited	Chg. to negative	A1
China Construction Bank Corporation	Chg. to negative	A1
Industrial & Commercial Bank of China Ltd	Chg. to negative	A1
Postal Savings Bank of China Co., Ltd.	Chg. to negative	A1
Bank of Communications Co., Ltd	Maintained stable	A2
China Merchants Bank Co., Ltd	Maintained stable	A2

Source: Moody's.

➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 83 credit bonds issued yesterday with an amount of RMB78bn. As for Month-to-date, 282 credit bonds were issued with a total amount of RMB281bn raised, representing a 17.2% yoy increase
- [CHIOIL]** China Oil and Gas signed up to USD350mn three-year term loan facility, USD300mn 364-day bridge loan facility
- [CHJMAO]** Moody's downgraded China Jinmao's ratings to Ba1 and placed negative outlook
- [DALWAN]** Beijing Wanda Investment plans sale of 51% stake in Beijing Wanda Investment to Shanghai Ruyi Investment Management; Media reported Wanda Group plans to sell tier1/2 cities' Wanda Plazas to insurance funds
- [FOSUNI]** Media reported that Fosun International consider selling a minority stake in German unit FFT Group for EUR1.5bn
- [FWDGRP]** FWD Group Holdings announced to issue USD325mn 7.784% notes due 2033
- [GEELY]** Media reported that Geely's EV subsidiary Zeekr mulls US share listing in Feb'24
- [NWDEVL]** Media reported that Cheng Family boosts stake of New World Development
- [YESTAR]** Yestar Healthcare proposes restructuring of 9.5% senior notes due 2026 via Cayman Scheme

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