

## CMBI Credit Commentary

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

- *AT1s and JP insurance subs were down another 0.1-0.5pt this morning. Asian IG space initially widened 5-10bps, and later recovered 2-3bps. We saw heavy selling on XIAOMIs and TW lifers, and two-way flows on Middle Eastern names. FTLNHD 27 edged 0.3pt higher, while VLLPM 29/ACPM 4.85 Perp were 1.2-1.7pts lower.*
- **NWDEVL/VDNWDL:** *Maintain buy on VDNWDL 9 Perp despite weaker 1HFY26 results, which was unchanged this morning. YTD, the perp rose c8pts. See below.*
- **Quick thoughts on US-Israel's bombing against Iran:** *Credit spread of the Middle East widened 5-10bps in general at the time of writing. We saw 2-way flows on the Middle East credits with selling in banks and buying in oil names. Brent Crude rose to cUSD77 a barrel this morning from cUSD73 on last Friday. See comments below.*

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#### ❖ Trading desk comments 交易台市场观点

Last Friday, the new SUMITR Float 29s tightened 6bps from RO at SOFR+71, and SUMITR Float 31s tightened 15bps from RO at SOFR+89. As for fixed-rate SUMITR new issues, SUMITR 29s were unchanged from RO at T+53, SUMITR 31s tightened 6bps, and SUMITR 36s were 5bps wider amid heaving selling. In Chinese IG space, belly-to-long-end TMT names LENOVO/XIAOMI/JD/KUAISH/MEITUA faced concentrated selling and widened 1-6bps, whereas AMC space held relatively firm. Taiwanese lifers traded 1-5bps wider under better-selling pressure across the complex. In HK, LINREI and HKE 36 softened to 5bps wider. The NWDEVL/VDNWDL complex leaked up to 1.1pts. NWD will defer coupon payment on USD1.3bn NWDEVL 6.25 Perp due on 7 Mar'26. NWD's 1H26 core operating profit dropped 18% yoy to HKD3.64bn (cUSD465.3mn). See comments below. In Chinese properties, FTLNHD 27 rose 1.8pts, FTLNHD 26 was 0.1pt higher, while FTLNHD 29/FUTLAN 28 were 0.3-0.4pt lower. See our comments on [26 Feb'26](#). VNKRL 27-29 dropped 2.6-2.9pts. In SE Asian space, long-end PETMK widened 6bps amid selling flows from Chinese RMs and global PBs. OCBCSP 36 widened 3bps. GLPSP 4.5 Perp lost 1.0pts. The ReNew Energy complex edged 0.1-0.3pt higher. See our comments on [last Friday](#). VLLPM 27-29 recovered 1.0-1.4pts. SMCGL Perps were unchanged to 0.2pt higher. In KR space, POHANG/HYNMTR/LGENSO traded 2-4bps wider, lower-spread/bank-guaranteed names SKBTAM/KHFC/HYUELE closed 1-3bps wider on rebalancing flows, and the recent new issue DAESEC 31 was under selling pressure and softened to 5bps wider. In JP space, we saw heavy selling on bank 10yr fixed tranches MIZUHO/SUMIBK/MUFG, which widened up to 8bps. Insurance subs were 0.1pt weaker, led by RESLIF 6.875 Perp. Yankee AT1s were down by 0.4-0.9pt, led by UBS 7 Perp/BNP 6.875 Perp/INTNED 6.5 Perp. In FRN space, we saw solid buying support for CCAMCL and EU/JP/AU bank FRNs.

In LGFV space, we saw overall balanced two-way flows in moderate size across the credit curve, and prices remained largely stable.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HMELIN 5 1/4 04/28/27	102.3	2.1	VNKRLE 3.975 11/09/27	44.5	-2.9
FTLNHD 11.88 09/30/27	97.4	1.8	VNKRLE 3 1/2 11/12/29	42.0	-2.6
VLLPM 9 3/8 07/29/29	42.0	1.4	NWDEVL 6 1/4 PERP	67.7	-1.1
VLLPM 7 1/4 07/20/27	53.2	1.0	GLPSP 4 1/2 PERP	69.5	-1.0
CHGRID 4.85 05/07/44	103.2	1.0	UBS 7 PERP	100.8	-0.9

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.43%), Dow (-1.05%) and Nasdaq (-0.92%) were lower on last Friday. Over the weekends, US-Israel strikes on Iran, and Iran counterattacks across the Middle East. US Jan'26 PPI was +0.5% mom, higher than the market expectation of +0.3% mom. US Feb'26 Chicago PMI was 57.7, higher than the market expectation of 52.0. UST yield was lower on last Friday. 2/5/10/30 year yield was at 3.38%/3.51%/3.97%/4.64%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ NWDEVL/VDNWDL: Maintain buy on VDNWDL 9 Perp despite weaker 1HFY26 results

We maintain buy on VDNWDL 9 Perp, in view of the higher certainty of coupon payments. During its 1HFY26 earnings call last Friday evening, NWD confirmed the continued suspension of ordinary dividends and coupon payments on its USD NWDEVL Perps. While NWD is exploring all available funding channels to optimize cash flow, it has no imminent rights issues or share placements plan.

NWD reported weaker 1HFY26 results with lower core operating profit. Core operating profit fell 18% yoy to HKD3.6bn, reflecting 50% yoy decline in revenue from fewer property projects delivered in the mainland China and a drop in construction revenue, partly offset by 18% yoy decrease in G&A expenses. Projects delivered included the Pavilia Farm, Uptown East and The Masterpiece in Hong Kong; as well as Guangzhou New World-Canton Bay, Guangzhou New Metropolis-New Metropolis Mansion, and Shenyang New World Garden in the mainland China. The gross profit declined 25% yoy, gross margin increased to 60.0%. The attributable net loss narrowed to HKD3.7bn from HKD6.6bn in 1HFY25. See Table 1.

Contract sales and non-core disposals (NCD) totaled HKD13.8bn in 1HFY26, on track to meet its FY26 target of HKD27bn. The pre-sales of The Legacy, Bohemian Collection (House Muse and Austin Bohemian), which were well received upon launch. Momentum from existing projects remained steady, with The Pavilia Forest, State Pavilia and Deep Water Pavilia contributing contract sales of HKD1.7bn, HKD0.6bn, and HKD5.8bn, respectively. Looking ahead to 2HFY26, available saleable resources in HK includes Pavilia Rosa, Grand Austin Bohemian, The Pavilia Farm. NWD remained disciplined on capital allocation, with 1HFY26 capex contained at HKD3.5bn against a full-year target of below HKD12bn.

As of Dec'25, net debt edged up marginally to HKD131.9bn from HKD129.6bn in Jun'25 due to lower cash balance. As per NWD, this was more of a timing issue as cash collection from a few key property projects will be in 2HFY26. Net gearing rose to 59.7% from 58.1%, reflecting a lower equity base following non-cash write-down. Moreover, NWD completed the exchange offer for USD bonds and perps in Nov'25, reducing outstanding

perps and bonds by cHKD8.7bn and cHKD0.4bn, respectively, totaled cHKD9.1bn. We take comfort from the improved maturity profile, debts maturing over the next two years dropped to HKD36bn from HKD65bn. Furthermore, gross finance costs fell 11% yoy to HKD2.3bn in 1HFY26, while the average funding cost dropped to 3.9% from 4.7% in 1HFY25.

**Table 1: NWD's financial highlights**

HKD mn	1HFY25	1HFY26	Change
Contract sales in Hong Kong	5,222	10,300	97%
Contract sales in Mainland China (RMBmn)	7,451	3,200	-57%
Revenue	16,789	8,391	-50%
-Property development	8,378	3,899	-53%
-Property investment	2,559	2,619	2%
-Construction	3,858	99	-97%
-Hotel operations	713	748	5%
-Others	1,281	1,025	-20%
Gross profit	6,675	5,038	-25%
Gross margin	39.8%	60.0%	20.3 pct pt
Core operating profit	4,416	3,636	-18%
Finance costs	2,533	2,265	-11%
Loss before tax	3,724	2,261	-39%
Attributable net loss	6,633	3,730	-44%
Operating cash flow	4,489	2,321	-48%
Capex	1,952	1,427	-27%
<b>HKD mn</b>	<b>Jun'25</b>	<b>Dec'25</b>	<b>Change</b>
Cash and bank balances	25,456	21,060	-17%
ST debts	7,650	9,039	18%
LT debts	147,357	143,908	-2%
Total debts	155,007	152,947	-1%
Perpetual capital securities	35,178	27,546	-22%
Total debts (incl. perps)	190,185	180,493	-5%
Net debts	129,551	131,887	2%
Net debts (incl. perps)	164,729	159,433	-3%
Net gearing	58.1%	59.7%	1.6 pct pt
Net gearing (incl. perps)	96.0%	89.5%	-6.5 pct pt
Cash/ ST debts	3.3x	2.3x	
Undrawn facilities from banks	19,158	15,866	-17%

Source: Company filings, CMBI FICC Research.

## ➤ Quick thoughts on US-Israel's bombing against Iran

### The immediate impact?

The knee-jerk reactions should be lower UST rates and wider credit spread of Middle East names given the risk aversion instinct. This morning, Asia opened with a wait-and-see tone on the Middle East credits instead of panic selling. 10-yr UST opened 6-7bps lower and the decline narrowed to 3-4bps while credit spread of the Middle East widened 5-10bps in general at the time of writing. We saw 2-way flows on the Middle East credits with selling in banks and buying in oil names.

### Will the conflict be prolonged and escalated?

We hope not but our hunch is that this conflict could last longer and spill over wider than what the 12-day War in last June when the US struck Iran's military facilities did. The key difference this time, in our opinion, is the killings of Iranian supreme leader and his families. This could create a huge pressure for the Iranian government and its allies to retaliate. Even if there is a regime change in Iran, we doubt any new leadership will be US-friendly taking cues from Arab Spring. We see the incentives (such as concerns on economics, inflation and mid-term election) for the US, as well as Iran to contain the conflict, that said, how Iran and its allies will retaliate and how the US and Israel will response to these retaliations will be highly uncertain.

### What are the varying impacts on credits across different segments?

The conflict is negative to the Middle East credits in general. We see more negative impact to port operators (such as DP World and AD Ports), properties (such as Bingham and MAF) and banks. Nonetheless, higher oil and commodity prices could benefit oil and mining companies (such as Aramco, ADNOC and Maaden), as well as quasi-sovereigns and sovereigns since higher oil price could improve the fiscal situations of GCC countries. See Table 2. Of course, the key assumption is that the conflict will not materially affect oil production to be transported out of Hormuz Strait and FDI in GCC countries. Please read our discussions on the Middle East credits in [Asia Credit Outlook 2026](#).

**Table 2: Debt as a % of GDP of GCC countries**

Country	S&P	Moody's	Fitch	Debt as a % of GDP			Fiscal breakeven oil price
				2023	2024	2025	
Saudi Arabia	A+	Aa3	A+	24%	26%	31%	~75–85
UAE	AA-	Aa2	AA-	30%	32%	31%	~60–70
Qatar	AA	Aa2	AA	42%	41%	40%	~40–50
Kuwait	AA-	A1	AA-	3%	3%	13%	~70–80
Oman	BB+	Baa3	BBB-	38%	36%	34%	~65–75
Bahrain	B+	B2	B+	110%	134%	102%	~85–95

Source: Bloomberg, CMBI.

## ➤ 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)
Chang Development International	USD	-	3yr	5.4%	Baa2/-/-
Government of Mongolia	USD	-	6yr	6.3%	B1/BB-/-
Shaoxing Shangyu State-owned Capital Investment	USD	-	3yr	4.35%	-/-/BBB-

### ➤ News and market color

- Regarding onshore primary issuances, there were 36 credit bonds issued on last Friday with an amount of RMB21bn. As for Feb'26, 1,075 credit bonds were issued with a total amount of RMB816bn raised, representing a 34.2% yoy decrease
- China new home prices post steepest drop in more than three years in Feb'26
- Macau gaming revenue for Feb'26 rose 4.5% yoy to MOP20.6bn
- **[CTFSHK]** CTF Services plans full early redemption of HKD850m convertible bonds due 2027
- **[DALWAN]** Dalian Wanda Commercial Management sold Shanghai Zhuanqiao Wanda Plaza for RMB2.1bn (cUSD298mn)
- **[FOSUNI]** Fosun International plans to repurchase up to HKD1bn (cUSD127.8m) of its shares
- **[MINMET]** Minmetals Land said a scheme of arrangement to take the company private became effective on 27 Feb'26 after all conditions were met
- **[SOFTBK]** SoftBank Group will invest an additional USD30bn in OpenAI as part of a USD110bn financing round at a USD730bn pre-money valuation
- **[SWIRE]** Swire Pacific agreed to sell a 30% stake in its Coca-Cola bottling operations in Vietnam for USD221.1m in cash after scrapping a previous deal
- **[VNKRLE]** China Vanke terminated its RMB15bn (cUSD2.2bn) share issuance plan, which was initiated in 2005 and remained unimplemented for 21 years
- **[XINAOG]** HKEx still reviewing ENN Natural Gas listing application related to ENN Energy's privatisation

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