

CMBI Credit Commentary

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

- *Market flows were two way balanced this morning. Asian IG space were stable. BOCAVI'28/29 were better sold post new issue. Chinese AT1/SOE Perps with high yields were well bid by onshore buyers.*
- **Macau gaming:** *Solid GGR recovery continues. See below.*
- **LPKRIJ:** *Media reported that Lippo Karawaci plans to sell 29% stake in Siloam Hospitals to CVC-led consortium for cUSD1.6bn. LPKRIJs rose 2-2.5pts this morning.*

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❖ Trading desk comments 交易台市场观点

Asia IG space was firm yesterday with light flows as JP/UK were on holiday. In KR, DAEESECs/DFHOLDS tightened 2-5bps. HYUELEs were still sought-after by PBs/RMs and tightened 2bps. In JP, SMBCAC 29-34s were 1-3bps tighter. In Chinese IGs, BABAs/TENCNTs were unchanged to 2bps tighter. In financials, Chinese AMCs were under better buying from PBs. HRINTHS were 0.3-0.5pt higher (10-15bps tighter). GRWALL 25-26s were unchanged to 0.1pt higher (5-10bps tighter) amid balanced two-way flows. In AT1s, ICBCAS/BOCOM Perps were up 0.1pt. EU AT1s such as INTNED 3.375 Perp/BACR 9.625 Perp/SWEDA 9.625 Perp were 0.4-0.8pt higher. In HK Corp names, NWDEVL '30/HYSAN '35 were up 0.3-0.5pt. LIFUNG/CKINF Perps declined 0.6-0.8pt. Chinese properties were mixed. VNKRLs were unchanged to 0.5pt higher, following media report that China Vanke prepared cash to repay its RMB1.445bn (cUSD201mn) Dim Sum bond VNKRL 3.45 05/25/24. SHUION 24-26s were up 0.4-0.6pt. On the other hand, FTLNHD/FUTLAN 24-26s were 0.7-1.0pt lower. LNGFOR '27/DALWAN '26 were 0.4-0.8pt lower. In Macau gaming, MPELs/SANLTDs were 0.3-1.0pt higher. Indian space moved higher. VEDLN '26-28s were another 0.8-1.2pts after the gain of 1.9-2.8pts over the last week. ADANEMs/ADSEZs/ADTINs/ADGREGs were 0.8-1.1pts higher. Indonesian name APLNIJ '24 rose 3.5pts to low-80s. LMRTSP 24/26 moved 0.7-1.3pts higher, LPKRIJ 25/26 were up 0.6-0.8pt. Media reported Lippo Karawaci is selling a 29% shareholding in Siloam Hospitals to the CVC-led consortium for USD1.6bn.

In the LGFVs/SOE perps/high-beta spaces, we saw strong buying from RMs across SG/CN/HK, as the clients returned from long holidays. In LGFVs, buyers continued to focus on high-yielding names in block sizes, on both CNH and USD issues. CPDEV 25-26s were 0.5-0.6pt higher, and CPDEV Perp/BCDHGR '26 were up 0.1pt. Shandong names QDJZWD '25/SHDOIS '24 were up 0.1pt. In SOE perps, HUADIA 3.375 Perp/CHPWCN 3.08 Perp/RLCONS 3.97 Perp were 0.2-0.3pt higher, whilst COFCHK 3.1 Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
APLNJ 5.95 06/02/24	83.6	3.5	TAISEM 3 1/8 10/25/41	77.5	-1.9
FRIDPT 6.2 04/14/52	96.7	1.8	FTLNHD 4 1/2 05/02/26	44.2	-1.0
PLNIJ 6 1/4 01/25/49	98.7	1.6	FTLNHD 7.95 05/20/24	43.5	-0.8
PLNIJ 4 06/30/50	71.7	1.5	CKINF 4.2 PERP	66.7	-0.8
LMRTSP 7 1/2 02/09/26	79.1	1.3	LNGFOR 3 3/8 04/13/27	72.5	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.03%), Dow (+0.46%) and Nasdaq (+1.19%) remained strong on Monday. Euro-zone Mar'24 PPI was -0.4% mom, same with the expectation. Euro-zone Apr'24 service PMI was 53.3, higher than the expectation of 52.9. UST yields were stable yesterday, 2/5/10/30 yield reached 4.82%/4.48%/4.49%/4.64%.

❖ Desk analyst comments 分析员市场观点

➤ Macau gaming: Solid GGR recovery continues

MOP mn	2022	2023	2024	Cumulative GGR 2024	Cumulative GGR 2024 growth rate	% of 2019 GGR
Jan	6,344	11,580	19,337	19,337	67%	78%
Feb	7,759	10,324	18,486	37,823	73%	75%
Mar	3,672	12,738	19,503	57,326	65%	75%
Apr	2,677	14,722	18,545	75,871	54%	76%
May	3,341	15,565	-	-	-	-
Jun	2,477	15,207	-	-	-	-
Jul	398	16,662	-	-	-	-
Aug	2,189	17,213	-	-	-	-
Sep	2,962	14,937	-	-	-	-
Oct	3,899	19,501	-	-	-	-
Nov	2,999	16,043	-	-	-	-
Dec	3,482	18,564	-	-	-	-

Source: Macau DSEC.

In Apr'24, the gross gaming revenue (GGR) in Macau rose 26.0% yoy to MOP18.5bn. The cumulative GGR in 4M24 increased 53.7% yoy to MOP75.9bn, reaching c76% of the pre-pandemic level in 4M19. The Macau GGR recovery remained solid. During Labor Day Holidays of Mainland China (1 May'24 to 5 May'24), the Macau tourist arrivals increased 22.5% yoy to 604k, compared with the Macau government's expectation of 650k. That said, we expect the recovery of tourist arrivals and GGR of Macau to remain solid given the Chinese government's implementation of new policies of tourist visa for mainland Chinese to Macau with effect from 6 May'24.

1Q24, USD mn	MGM	MLCO UW	Studio City
Revenue	1,056	1,112	150.2
-% yoy change	70.6%	55.3%	191.7%
Adj. EBITDA	320.0	283.7	66.2
-% yoy change	77.3%	65.9%	627.5%
Adj. EBITDA Margin	30.3%	25.5%	44.1%
Cash	622	1,164	218

ST Debt	-	18	0
LT Debt	-	7,376	2,339
Total Debt	3,000	7,394	2,339
Net Debt/EBITDA (LTM)	2.8x	5.8x	9.8x
Cash/ST Debt	-	65.2x	-

Source: Company fillings

On 2 May'24, MGM China reported stronger 1Q24 results as expected. Its adj. EBITDA increased 77.3% yoy to USD320mn and adj. EBITDA margin reached the highest level post pandemic of 30.3% due to higher revenue from mass market and lower operational expenses. MGM China did not disclose details of latest financial position, as of Mar'24, the company had debts totaled cUSD3.0bn and liquidity of cUSD2.2bn which comprised of cash on hand and undrawn facilities. In 1Q24, its net debt/EBITDA (LTM) improved to 2.8x from 3.4x in Dec'23. Recalled that MGM China announced on 20 Mar'24 that it voluntarily cancelled USD750mn unutilized commitment under the facility agreement with its controlling shareholder MGM. We believe that MGM China has adequate liquidity to cover its debts while consider MGMCHIs are less attractive at current valuation.

Separately, Melco Resort and Studio City also released stronger 1Q24 results. During the quarter, the adj. EBITDA of Melco and Studio City increased 65.9%/627.5% yoy to USD284mn/66mn, the adj. EBITDA margin of Melco and Studio city increased to 25.5%/44.1% from 23.9%/17.7% in 1Q23 on the back of the recovery of tourist arrivals and GGR. As a result, the net debt/EBITDA (LTM) of Melco and Studio City improved to 5.8x/9.8x from 6.5x/13.2x, respectively. In Apr'24, Studio City repurchased USD100mn STCITY 6'25 via tender offer and Melco Resort issued USD750mn MPEL 7.625'32. These reflects their stronger operating cash flow, financial flexibility, as well as the resumption of access to capital markets. As discussed before, we continue to prefer **MPEL**, **STCITY/STDCTY** and **SJM** within the sector for better risk-return profiles even after their outperformance over the past 6-9 months..

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	6.6-6.9	1.1-2.5	94.7-98.6
MPEL	7.2-7.9	1.0-5.8	89.4-98.3
SANLTD	6.1-6.4	1.2-6.2	82.0-98.9
SJMHOL	7.4-7.8	1.6-3.3	90.7-95.5
STCITY/STDCTY	6.8-8.6	1.1-4.0	86.2-99.4
WYNMAC	2.9-7.7	0.4-4.6	88.6-107.1

Source: Bloomberg.

➤ 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					

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)
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BOC Aviation	USD	-	5yr	T+125	-/A-/A-
China Everbright Bank	USD	-	3yr	SOFR+100	-/-/
China Ping An Insurance	USD	-	-	-	Baa2/-/
Korea Expressway	USD	-	3yr	T+90	Aa2/AA/-
Muthoot Finance	USD	-	3.75yr	7.375%	-/BB/BB
Republic of the Philippines	USD	-	10/25yr	T+120/6.05%	Baa2/BBB+/BBB
Export Import Bank of Thailand	USD	-	5yr	-	Baa1/-/BBB+

➤ News and market color

- Regarding onshore primary issuances, there were 61 credit bonds issued yesterday with an amount of RMB53bn. As for Month-to-date, 61 credit bonds were issued with a total amount of RMB53bn raised, representing a 17.5% yoy decrease
- **[ADEIN]** Media reported that Adani Group is seeking to raise cUSD600mn offshore loan to refinance certain existing debt
- **[GLPSP]** Media reported that GLP has identified sources to facilitate repayment of USD1bn bond due in 2025
- **[LPKRIJ]** Media reported that Lippo Karawaci plans to sell 29% stake in Siloam Hospitals to CVC-led consortium for cUSD1.6bn
- **[NIO]** Media reported that NIO plans to launch a mass-market bank by the end of May'24
- **[PBRXIJ]** Media reported that Pan Brothers missed interest payment on USD124mn syndicated loan

[VNKRLE] Media reported that China Vanke has prepared funds to repay RMB1.4bn 3.45% dim sum bond due on 25 May'24; China Vanke schedules interest payment for RMB2bn notes on 13 May'24

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