

CMBI Credit Commentary

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

- *Market flows skewed to better buying this morning. Recent new issues SUMILF'29 widened 2bps while others tightened 1-2bps. High-beta JP names were well-bid, Chinese names retreated with balanced two-way flows.*
- **Macau gaming:** *GGR recovery in Jan'24 continued to be impressive. Prefer MPEL, SJM and STCITY/STDCTY for better risk-return profile. See below.*
- **PIBRIN:** *Media reported that Richard Li plans to sell his stakes in Pinebridge. We believe that Li's potential stake sale is neutral to positive to PIBRIN'24 which rose c0.2pt this morning. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield tightened 7-9bps across the curve after the Fed left FFR unchanged expected and toned down the probability of rate cut in Mar. The recent new DAESEC/POHANG/KORELE 27s widened around 3bps under profit taking. SUMIFL/ANZNZ/WSTPNZ/MQGAU were also under better selling, widened 1-2bps. Chinese SOE/TMT benchmarks HAOHUA/TENCNT 30-31s widened 3-5bps at open and closed unchanged to 3bps wider. The high beta TMTs LENOVO/WB 30s were under better selling and closed 2-4bps wider. In financials, AMCs were under better buying. HRINTHS/GRWALLs were 0.1pt higher (5-10bps tighter). Chinese AT1s such as BCHINA/BOCOM/BOCOHK Perps were up 0.1pt, whilst Thai AT1s BBLTB 5 Perp/KBANK 5.275 Perp were 0.3-0.5pt lower. EU AT1s HSBC/STANLN Perps were down 0.6-1pt. BNP 8.5 Perp lowered 1.5pts under selling from AMs. In HK Corp space, NWDEVLs were around 0.5-1.7pts lower under PB selling. SHUION 24/26 were down 0.6-0.7pt. Chinese properties moved lower. VNKRL 27-29s declined 0.4-1.8pts. ROADKG 25-26s and FUTLAN '25/FTLNHD '26 were down 0.5-0.8pt. GEMDAL/DALWAN 24s were 0.5pt lower. AGILE 25s dropped 1.5-2.1pts. RDHGCL '24 stayed range-bound at mid-50s. Industrials were quiet. FOSUNI '27/AACTEC '31 were down 0.3-0.4pt. Macau gaming names MGMCHI/SANLTD 27-31s were up 0.2pt. In Indian space, VEDLNs were 0.3-0.5pt higher. Indonesian names LMRTSP '24/LPKRIJ '26 were down 0.3pt. Elsewhere, GLPCHI '26 was up 1.7pts to close 5pts higher WTD.

In LGFVs, the new GZDZCD 6.8 '25 was traded inside 6.5% thanks to top-up demands from onshore RMs looking for short-tenor and higher yield papers. The new QDHTCO 6.8 '27 was less sought-after, as investors were more cautious on Shandong names, and also as it was a weaker keep-well structure than QDHTCO's existing 24s. GZDZCD '25 was traded around 0.5pt higher above par, whilst QDHTCO '27 closed slightly below par. SHDOIS '24/QDJZWD '25 were up 0.2pt. We saw the flows continued to be

PLEASE READ THE AUTHOR CERTIFICATION AND IMPORTANT DISCLOSURES ON LAST PAGE

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

better buying across high-yielding LGFVs/high-beta IG names. CPDEV/BCDHGR/ZHHFGR 25-26s were around 0.1pt higher. SUNSHG '26 was up 0.4pt. In SOE perps, CHSCOI/CHPWCN/HUADIA Perps were 0.1pt higher. JP insurance hybrids were well bid. SUMILF 5.875 Perp/ASAMLI 4.1 Perp were 0.2pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 2.95 03/29/26	71.2	1.7	AGILE 5 3/4 01/02/25	18.1	-2.1
TAISEM 2.7 09/22/60	64.5	1.1	VNKRLE 3 1/2 11/12/29	54.6	-1.8
TAISEM 3.1 09/23/51	73.9	1.1	NWDEVL 6.15 PERP	78.6	-1.7
CITLTD 5.07 04/18/48	94.7	1.1	AGILE 6.05 10/13/25	14.7	-1.5
TAISEM 4 1/2 04/22/52	97.7	1.0	NWDEVL 5 1/4 PERP	64.9	-1.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.25%), Dow (+0.97%) and Nasdaq (+1.30%) rebounded on Thursday. The latest US initial jobless claim was +224k, higher than the expectation of +213k. US ISM manufacturing PMI in Jan'24 was 49.1, higher than the expectation of 47.2. UST yields curve bull flattened yesterday, 2/5/10/30 yield reached at 4.20%/3.80%/3.87%/4.10%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Macau gaming: GGR recovery in Jan'24 continued to be impressive

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	-	-	-	-
Mar	3,672	12,738	-	-	-	-
Apr	2,677	14,722	-	-	-	-
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 Jan'24, the gross gaming revenue (GGR) in Macau rose 67% yoy to MOP19.3bn. The GGR reached c78% of pre-pandemic level in 2019, increased from c68% in 2023. The solid GGR growth is on top of 334% rebound in GGR for 2023 and would appear even more impressive factoring in the 2023 CNY holiday was in Jan. We expect the strong recovery to continue in Feb as the 2024 CNY holiday will be in Feb.

Macau gaming operators' credit profiles continue to improve based on the rebounded GGR and tourist arrivals. All operators turned to positive EBITDA since 1H23 and the recovery has been in an accelerating pace. In Jan'24, Fitch affirmed SJMHOL's BB- and changed outlook from negative to stable. Yesterday, Fitch upgraded the rating of SANLTD to BBB- from BB+. We expect to see more positive rating actions on the sector over the coming 12-18 months. SANLTDs were unchanged to +0.2pt this moving. In view of the higher cash price and coupon step-down after upgrade, we consider the valuation of SANLTDs less appealing within the sector. As discussed in the our previous comments, we prefer MPEL, SJM and STCITY/STDCTY for better risk-return profile. We also like MGMCHIs, WYNMACs for 50-75bps and 20-90bps yield pick-up over the bonds of their US parents.

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	6.25-6.93	0.3-2.7	94.2-99.7
MPEL	6.57-7.66	1.3-4.8	89.4-97.9
SANLTD	5.61-6.22	1.4-6.3	82.4-99.1
SJMHOL	7.37-8.32	1.8-3.5	88.5-94.8
STCITY/STDCTY	6.94-8.61	1.4-4.2	85.7-99.7
WYNMAC	4.50-7.43	0.6-4.9	89.2-100.0

Source: Bloomberg.

➤ **PIBRIN: Media reported that Richard Li plans to sell Pinebridge.**

On report of Richard Li's exit on Pinebridge, we believe that his divestment of a majority stake in Pinebridge would be neutral to positive to PIBRIN'24. If Li decides to sell majority stakes in Pinebridge, there would be 3 scenarios to PIBRIN'24: 1) There is a COC clause at 101 if Richard Li's voting right is below 50%. PIBRIN'24 will be put at 101 after the deal will be concluded (positive); 2) the potential buyers, Richard Li and other concerted parties will launch a tender offer or buy back PIBRIN'24 at price below 101 prior to the conclusion of the deal (positive); and 3) Pinebridge will try to waive the change of control put through the consent solicitation (neutral). We believe that any potential buyers of the majority stake in Pinebridge are aware of the put of PIBRIN'24 at 101 and will have refinancing plan ready for PIBRIN'24 due 12 Sep'24. PIBRIN'24 rose c0.2pt this morning.

➤ **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)
Greenko Mauritius	USD	-	3.5/5yr	-	Ba2/-/BB

➤ **News and market color**

- Regarding onshore primary issuances, there were 92 credit bonds issued yesterday with an amount of RMB108bn. As for Month-to-date, 92 credit bonds were issued with a total amount of RMB108bn raised, representing a 697.2% yoy increase
- [BABA]** Media reported that Alibaba mulls to sell its department store chain InTime amid business overhaul

- **[CSCHCN]** China South City proposes to sell around 30.6% stake in CSC Xian via public tender to repay debts. In Dec'22, SZCDG agreed to inject RMB5bn in return for the 69.4% stakes in CSC Xian. Based on this, valuation of China South City's remaining 30.6% was valued at RMB1.5bn. As of Sep'23, the assets of Xi'an CSC were cRMB9bn. CSCHCNs rose 0.2 to 0.9pt this morning.
- **[EVERRE]** Evergrande onshore unit involved in lawsuit cases with claims totaling RMB503bn; overdue debts total RMB301bn as of Dec'23
- **[GEELY]** Geely Jan'24 sales volume increased 110% yoy to 213.5K vehicles
- **[HAIDIL]** Fitch affirmed Haidilao's BBB- rating and revised outlook to positive
- **[LSEAGN]** Landsea Green Management unit Landsea Homes acquired Antares Acquisition for USD185mn
- **[NIO]** NIO announced USD300.536mn of CB NIO 0 02/01/26 was validly surrendered under repurchase right offer; NIO's vehicle deliveries rose 18.2% yoy to 10.1k units in Jan'24
- **[SMCPM]** Media reported that San Miguel is seeking commitments for USD2bn loan in syndication to refinance due-Sep'24 facility
- **[SYNGEN]** Media reported that Syngenta's CEO said there is no timetable for planned Shanghai IPO

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.