

CMBI Credit Commentary

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

- *This morning, the new BCHINA Float 30 tightened 3bps from pricing at SOFR+49. Asia IG space was overall unchanged to 3bps wider. We saw better selling on JP IG and the recent USD MEITUA 31-35s. Perps and AT1s were generally down by 0.1-0.3pt. VNKRL 27-29s were 0.2-0.5pt higher after yesterday's plunge. Oct'25 Macau GGR was the highest since Oct'19. See below.*
- **CDBFLC:** FV of the new CDBALF 35 (T2) to be T+110bps vs IPT of T+140bps. See below.
- **QBEAU:** FV of the new QBEAU 37 (T2) to be T+135-140bps vs IPT of T+170bps. See below.

❖ Trading desk comments 交易台市场观点

Yesterday, there were two-way flows on the recent USD MEITUA 31-35s among PBs and funds. We saw better buying on the new HSBC 31-36s and HSBC FRN 31. NWD launched the exchange offers for its perps and bonds. NWDEV 10.131 PERP, which lowered 2pts. NWDEV 27-31s were 0.1-0.7pt higher. See comments on NWDEV's exchange offers [yesterday](#). LASUDE 26 gained 0.4pt, while HYSAN Perps/HYSAN 27-35s were 0.1-0.5pt lower. In Macau gaming, SJMHOL 26-28s/MGMCHI 26-31s/MPEL 27-32s/STCITY 28-29s were unchanged to 0.3pt higher, while SANLTD 27-31s/WYNMAC 27-34s were 0.2pt lower to 0.1pt higher. See comments on 10M25 Macau gaming below. Chinese properties underperformed. VNKRL 27-29s plunged 11pts, after SZ Metro effectively introduced the cap on shareholder's loans to Vanke with a headroom of cRMB2.3bn. See comments [yesterday](#). GRNLGR 30 dropped 8.2pts, and LNGFOR 27-32s/FTLNHD 26-27s/FUTLAN 28 were 0.4-1.6pts lower. In KR space, we saw better selling on HYNMTR 26-29s while two-way flows on HYNMTR 30-31s. In JP space, we saw better selling on NORBKS, better buying on MUGs/NOMURAs, while two-way flows on MITCOs from PBs. In SEA space, the BBLTB curve widened 1-2bps amid better-selling flows across senior and sub papers. SMCGL Perps were unchanged to 0.2pt lower. VEDLN belly-to-long-end bonds were 0.1-0.4pt higher. Vedanta 1HFY26 consolidated EBITDA rose 8.3% yoy to INR223.6bn (cUSD2.5bn). Yankee AT1s were slightly softer amid mixed light two-way flows from retail investors.

In LGFV space, we saw better-selling on Henan names following last week's chatter over one offshore 364-day paper from the region. Flows in the rest of the space were skewed to small better selling in both CNH and USD issues. small better selling across the credit curve, in both CNH and USD issues.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 6 1/4 PERP	44.3	4.3	VNKRLE 3.975 11/09/27	57.4	-11.3
NWDEVL 4.8 PERP	43.9	4.1	VNKRLE 3 1/2 11/12/29	49.3	-11.0
NWDEVL 4 1/8 PERP	44.6	3.1	GRNLGR 6 3/4 03/03/30	9.4	-8.2
NWDEVL 5 1/4 PERP	45.9	1.4	NWDEVL 10.131 PERP	52.1	-2.0
NWDEVL 4 1/8 07/18/29	74.5	0.7	FTLNHD 11.88 09/30/27	96.3	-1.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.17%), Dow (-0.48%) and Nasdaq (+0.46%) were mixed on Monday. US Oct'25 S&P Global Manufacturing PMI was 52.5, higher than the market expectation of 52.2. US Oct'25 ISM Manufacturing PMI/Prices was 48.7/58.0, lower than the market expectation of 49.4/62.4, respectively. UST yield was higher on Monday. 2/5/10/30 year yield was at 3.60%/3.72%/4.13%/4.69%.

❖ Desk Analyst Comments 分析员市场观点

➤ Macau gaming: Oct'25 GGR was the highest since Oct'19

Table 1: Macau monthly GGR

MOP mn	2023	2024	2025	Cumulative	Cumulative GGR 2025 growth rate	% of 2019 GGR
Jan	11,580	19,337	18,254	18,254	-5.6%	73.2%
Feb	10,324	18,486	19,744	37,998	0.5%	75.5%
Mar	12,738	19,503	19,659	57,657	0.6%	75.7%
Apr	14,722	18,545	18,858	76,515	0.8%	76.7%
May	15,565	20,188	21,193	97,708	1.7%	77.7%
Jun	15,207	17,694	21,064	118,772	4.4%	79.4%
Jul	16,662	18,595	22,125	140,897	6.5%	81.0%
Aug	17,213	19,754	22,156	163,053	7.2%	82.3%
Sep	14,937	17,253	18,289	181,342	7.1%	82.3%
Oct	19,501	20,787	24,086	205,428	8.0%	83.3%

Source: Macau DSEC.

In Oct'25, the gross gaming revenue (GGR) in Macau increased 15.9% yoy to MOP24.1bn. The monthly increase was an upside surprise given the slow golden week and only 6% yoy increase in GGR in Sep'25. The Sep'25 GGR figure was somewhat affected by the shut down for 33-hour casino shutdown when Super Typhoon Ragasa passed through on 24-25 Sep. The Oct'25 figure is the highest monthly GGR since Oct'19, reflecting sustainable recovery in visitations, as well as recovery in mass market and VIP/premium mass markets after the COVID lockdown.

Cumulatively, the GGR for the 10M25 was MOP205.4bn, equivalent to 83.3% of pre-COVID level in 2019. The yoy GGR growth in 10M25 widened to 8% from 7.1% in 9M25. Taking cues from the current run-rate and expectation of tourist arrivals in Macau to increase 11.5% to 38.95mn in 2025, we expect the full-year GGR growth in 2025 to be over MOP240bn.

As discussed before, we consider Macau gaming bonds lower-beta and good carry plays with improving credit stories despite we should expect new supply to come given the refinancing requirements with the scheduled maturities and undemanding funding costs. Our top picks of sector remain MPELs and STCITYs in view of the

improving market shares and growing adj. EBITDA of Melco and Studio City, as well as the more appealing risk-return profiles of MPELs/STCITYs. We also consider WYNMAC'27 and '29 yield pick-up plays, trading at premium of 30-50bps over bonds of its US parent. We are neutral on MGMCHIs, SANLTDs, and SJMHOLS on valuation.

Table 2: Our Macau gaming USD bond picks

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur
MPEL 5 3/8 12/04/29	USG5975LAE68	1,150	98.4	5.8%	3.5
MPEL 7 5/8 04/17/32	USG5975LAK29	750	105.4	6.6%	3.0
MPEL 6 1/2 09/24/33	USG5975LAL02	500	100.5	6.4%	4.1
STCITY 6 1/2 01/15/28	USG85381AF13	500	99.9	6.5%	2.0
STCITY 5 01/15/29	USG85381AG95	1,100	95.7	6.5%	2.8
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	99.9	5.5%	1.8
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	98.6	5.5%	3.6

Source: Bloomberg.

➤ **CDBFLC: FV of the new CDBALF 35 (T2) to be T+110bps vs IPT of T+140bps**

China Development Bank Financial Leasing (CDBL) proposes to issue a USD 10NC5 Reg S T2 bond (Fitch: BBB+). We view the FV of the new CDBFLC 35 to be T+110bps vs IPT at T+140bps, in view of CDBALF 4 ¾ 05/27/30 trading at T+61bps/YTW of 4.3%, adjusted for subordination, longer tenor but more solid issuing structure (issued by CDBL). We have also added premium of 20bps as the new T2 will not be protected by COC put as other CDBLFDs and CDBALFs, given the uncertainty over China Development Bank's potential sale of CDBL. CDBALF 4 ¾ 05/27/30 is a senior bond but was guaranteed by CDB Aviation, a wholly owned subsidiary of CDBL, and CDBL provides keepwell and asset purchase undertaking.

The proceeds will replenish CDBL's Tier 2 capital. The new CDBFLC 35 carries a one-time call option after year 5, subject to NFRA approval and redemption conditions. The coupon resets at the first call date to 5yrUST plus the initial spread if not called. Redemption is permitted only if (i) replaced with instruments of equal or superior loss-absorption capacity and issued when the CDBL demonstrates sustainable profitability, or (ii) CDBL's post-redemption capital ratios remain well above NFRA's regulatory requirement. Early redemption at par is also allowed upon full disqualification of the new CDBFLC 35 as T2 capital, subject to the satisfaction of the redemption conditions and the NFRA approval.

Non-viability loss absorption follows the regulatory standard. The new CDBFLC 35 and accrued interest will be written down irrevocably, in part or in full, upon NFRA determination of non-viability or a public sector capital injection decided by any relevant authority. The write-off would occur concurrently with other T2 instruments on a pro rata basis, and after AT1 has been fully written off or converted.

CDBL's credit profile is supported by strong government linkage and adequate capital buffers. CDBL is under NFRA supervision and 64.4%-owned by CDB, a wholly state-owned policy bank. CDBL provides aircraft, ship, infrastructure, inclusive finance, green energy, and equipment leasing across 40 countries and regions. In 1H25, CDBL generated revenue of RMB14.7bn and net profit of RMB2.4bn. The asset quality weakened modestly with NPA ratio increased to 0.63% in Jun'25 from 0.56% in Dec'24, though NPA coverage ratio remained robust at 540% in Jun'25. Capitalization remains sound with CET 1 ratio and Tier 1 ratio of 10.7%, higher than the regulatory minimum requirement of 7.5% and 8.5%, respectively.

➤ **QBEAU: FV of the new QBEAU 37 (T2) to be T+135-140bps vs IPT of T+170bps**

QBE Insurance (QBE) proposes to issue 12NC7 Reg S T2 bond (-/BBB+/BBB+). We view the FV of the new QBEAU 37 to be T+135-140bps vs IPT at T+170bps, in view of lifer peers subordinated bonds. We also view

the new QBEAU 37 should have premium above the Aussie banks T2s to reflect its lower credit rating. See Table 2.

Table 3: QBEAU and peers

Security name	ISIN	Amt o/s (USD)	Px	T- spread (bps)	Z- spread (bps)	YTC	First call date	Mod dur	Issue rating (M/S/F)
QBEAU 5.834 10/03/35	XS3035948762	500	103.7	126	156	5.0%	10/03/2030	4.2	-/BBB+/BBB+
NIPLIF 6 ¼ 09/13/53	USJ54675BC69	930	106.6	111	165	5.2%	9/13/2033	6.2	A3/A-/
NIPLIF 5.95 04/16/54	USJ54675BD43	1320	104.7	115	166	5.3%	4/16/2034	6.6	A3/A-/
FUKOKU 6.8 PERP	XS2673651217	500	109.0	129	182	5.4%	11/14/2033	6.1	-/A-/A-
WSTP 5.405 08/10/33	US961214FG36	1000	103.0	76	135	4.9%	8/10/2032	5.6	A3/A-/A-

Source: Bloomberg.

QBE will use the proceeds to replenish its Tier 2 capital. The new QBEAU 37 can be redeemed on 10 Nov'32, subject to APRA's prior approval. If not called, the coupon will reset on the same date to 5yrUST plus the initial spread. The new QBEAU 37 includes a non-viability loss absorption clause, under which it may be converted into equity or written off if APRA considers QBE would become non-viable without such action or a public sector capital injection. These terms are consistent with the existing QBEAU 35 (T2).

QBE has a track record of exercising first-call redemptions. During 1H25, QBE called two AT1 bonds totaled USD900mn, QBEAU 5.25 Perp and QBEAU 5.875 Perp, at their respective first call dates in May'25. QBE also announced the redemption of its USD300mn subordinated bonds QBEAU 6.1 11/12/45 on the first call date on 12 Nov'25.

QBE delivered robust 1H25 results. Gross written premium (GWP) increased 5.9% yoy to USD13.8bn, driven by organic growth. QBE reiterated its target to grow GWP at a mid-single-digit rate at constant currency for FY25. Investment return remained stable at 4.8% in both 1H25 and 1H24. Underwriting performance improved, with the combined operating ratio narrowing to 92.8% in 1H25 from 93.8% a year earlier. QBE continues to target c92.5% for FY25. As a result, adj. net profit after tax grew 28% yoy to USD997mn, and adj. ROE rose to 19.2% from 16.8% in 1H24. The APRA PCA multiple stood at c1.85x as of Jun'25 and Dec'24, well above the upper end of its internal target range of 1.6-1.8x.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Sydney Branch	500	5yr	SOFR+49	SOFR+49	A1/A/A
National Bank of Kuwait	300	10.25NC5.25	5.25%	T+150	Unrated
Qatar Government	1000/	3yr/	3.625%/	T+15/	Aa2/AA/AA
International Bond	3000	10yr	4.25%	T+20	

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Development Bank Financial Leasing	USD	-	10NC5	T+140	-/-/BBB+
QBE Insurance Group	USD	-	12NC7	T+170	-/BBB+/BBB+

➤ **News and market color**

- Regarding onshore primary issuances, there were 109 credit bonds issued yesterday with an amount of RMB85bn. As for Month-to-date, 109 credit bonds were issued with a total amount of RMB85bn raised, representing a 12% yoy increase
- Japan plans to scrap a tax break on imports favoring PDD Holdings-owned Temu and other Chinese budget retailers
- **[BABA]** Alibaba to invest RMB2bn (cUSD281mn) for technology upgrade of Taobao's partner stores
- **[BARC]** Barclays priced 3yr RMB1bn dim sum bond at 1.95%, 5NC2 RMB1bn dim sum bond at 2.05%
- **[HUANEN]** China Huaneng to redeem HUANEN 3.08 Perp of USD500mn on the first call date on 9 Dec'25
- **[INDYIJ]** Indika Energy 9M25 revenue falls 19% yoy to USD1.4bn; to hold a non-deal roadshow in Singapore on 14 Nov'25
- **[PETMK]** Petroleum Nasional and Eni will invest more than USD15bn in the upstream oil and gas sector in Malaysia and Indonesia over the next five years
- **[RIOLN]** Rio Tinto plans to raise up to USD10bn via euro medium-term note program

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