

## CMBI Credit Commentary

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

- *This morning, the sentiment was firm following US and China both reported "substantial progress" after two days of trade talks. Chinese IGs HAOHUA/BABA 27-35s were unchanged to 5bps tighter. The new HSBC Float 31 tightened 2bps. NIPLIF 55s/SUMILF 5.875 Perp were up 0.1pt.*
- **MPEL/STCITY/STDCTY:** *GGR market share grew to 15.7% in 1Q25 from 14.7% in 4Q24. MPELs/STCITYs/STDCTY moved -0.2pts to +0.6pts post results announcement. See below.*
- **China Economy:** *Rerouting and front-loading mask tariff impact. CMBI expects China's export growth to decelerate from 5.9% in 2024 to 1% in 2025, while import growth may mildly slow from 1.1% to 0.5%; the USD/RMB rate to reach 7.25 at end-2025 from 7.35 at end-2024. See below for comments from CMBI economic research.*

#### ❖ Trading desk comments 交易台市场观点

Last Friday, on primary, the new HSBC Float 31 closed 2bps tighter at T+155 amid mixed flows. The recent new PKX 30s/35s were 4-5bps tighter. The recent new TYANLI 35s tightened 8bps amid Moody's upgraded Tong Yang Life by one notch to A3. HYNMTR/LGENSO 30-35s also tightened 5-7bps on better buying flow from PBs. In Chinese IGs, MEITUA 30s tightened 6bps on onshore buying, HAOHUA 29-30s tightened 3bps amid mixed flows. The long end of SINOCH/SINOPC/TENCNT 40-50s were 0.4-0.9pt higher. In HK, MTRC 35s/55s tightened 1-2bps. CKINF/LIFUNG Perps and CSIPRO 25s were up 0.1-0.4pt on short covering. In financials, SMBCAC 30s tightened 3bps, while SUMIFL 30s widened 1bp. CATLIF 34s tightened 5bps, NSINTW 34s closed 2bps tighter. Meanwhile, BBLTB 34-40s were 2-4bps tighter amid mixed flows. EU AT1s were skewed to better buying following the US-UK trade deal. HSBC 6.95/BACR 8/INTNED 8 Perps were up 0.1-0.4pt. JP insurance hybrids were better bid by strong demands from Asian PBs. NIPLIF/MYLIFE 55s were up 0.1-0.2pt. In Chinese properties, VNKRLE 27-29s were up 0.2-0.3pt following Vanke announced to call RMB1.2bn VANKE 3.9 06/19/27 on 19 Jun'25 and RMB350mn VANKE 2.9 06/06/27 on 9 Jun'25, their next scheduled call dates. Elsewhere, GLPSP Perps/GLPSP 25-26s were unchanged to 0.3pt lower, closed unchanged to 0.6pt higher WoW. The new GLPSP 9.75 28 was up 0.3pt. The new MEDCIJ 8.625 30 rose 0.6pt from RO at 99.008, the rest of MEDCIJ 26-29s were unchanged to 0.3pt lower. ADSEZ/ADANEM/ADGREG 27-42s were down 0.1-0.6pt.

LGFVs were under decent buying from cross-border accounts in higher-yielding papers of CNH and USD spaces. There were two way interests on CNH papers such as ABHGC 6.9 28s/TZXHIG 6.9 28s. CPDEV/BCDHGR 25-26s were up 0.1pt. In SOE perps, AVIILC Perp was down 0.4pt following Moody's downgraded AVIC Industry Finance's ratings to Baa2 and placed ratings under review for downgrade. CHSCOI/CHPWCN Perps were up 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change
SINOCH 6.3 11/12/40	108.4	0.9
MEDCIJ 8 5/8 05/19/30	99.6	0.6
NJYZSO 4 1/2 12/05/27	99.2	0.6
STCITY 6 1/2 01/15/28	97.0	0.6
SINOPE 3.35 05/13/50	73.6	0.5

Top Underperformers	Price	Change
ADSEZ 3.1 02/02/31	80.9	-0.6
ADANEM 3.867 07/22/31	82.1	-0.5
ADSEZ 5 08/02/41	75.5	-0.5
PERTIJ 4.7 07/30/49	79.0	-0.5
EXIMBK 5 1/2 01/18/33	100.7	-0.5

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.07%), Dow (-0.29%) and Nasdaq (+0.00%) were mixed on last Friday. Short-term UST yield was lower on last Friday, 2/5/10/30 yield at 3.88%/4.00%/4.37%/4.83%.

## ❖ Desk Analyst Comments 分析员市场观点

➤ **MPEL/STCITY/STDCTY: GGR market share grew to 15.7% in 1Q25 from 14.7% in 4Q24**

Melco Resorts (MPEL) reported 11% yoy growth in operating revenue in 1Q25 to USD1.2bn, mainly driven by gaming operations. In 1Q25, MPEL (incl. Studio City) has 15.7% GGR market share, grew from 14.7% in 4Q24. As per MPEL, it maintained its market share in Apr'25 despite the new supply in the market, i.e. Sand's China Londoner Grand opened in Apr'25, and the mass drop at COD Macau was up by 20% yoy during the Golden Week. In 1Q25, MPEL has the same GGR market share as MGM China at 15.7%, higher than that of SJM's 13.5% and Wynn Macau's 12.3%. MPELs and STCITYs/STDCTY remains our top picks in Macao gaming sector. We also consider SJMHOLs good carry play. Meanwhile, we consider MGMCHIs and WYNMAC'27 yield pick-up plays, trading at 66-111bps and 96bps pick-up over bonds of their US parents, respectively. We are neutral on SANLTDs on valuation. Please also read our comments on 1Q25 results of [MGM China](#), [SJM](#), and [Wynn Macau](#).

In 1Q25, City of Dreams Macau (COD Macau), the rolling chip's win rate was higher in 1Q25 (3.74% vs typical win rate of 2.85-3.15%). Gaming machine handle win rate was 3.2% in 1Q25, slightly increased from 3.1% in 1Q24. On the other hand, the mass market table games drop hold percentage was 30.2% 1Q25, decreased from 31.7% in 1Q24. At Studio City, the gaming machine win rate in 1Q25 was higher at 3.8%, increased from 3.2% in 1Q24. The mass market table games drop hold percentage was also higher at 32.8% 1Q25, increased from 29.5% in 1Q24.

At both COD Macau and Studio City, the room occupancy rates and revenue per available room (REVPAR) increased in 1Q25 compared to 1Q24. See Table 1. The increasing trend is in line with SJM, compared to MGM China and Wynn Macau that reported a decrease/stable in occupancy rates and REVPAR during the same period.

In early May'25, the House of Dancing Water at COD Macau was relaunched. This would help to drive more visitations to COD Macau in 2Q25 and onwards. City of Dreams Sri Lanka (COD Sri Lanka) is expected to commence casino operations from 3Q25. We expect this to drive the revenue growth for MPEL in 2025. Meanwhile, MPEL continues to focus on cost optimization, reduced opex the USD3.1mn per day (excl. cost related to House of Dancing Water and Studio City's residency concerts) in 1Q25 from USD3.2mn per day in 4Q24. MEPL targets to lower the opex per day further to USD3mn by end of 2Q25. MPEL's focus on cost optimization, in particular in non-gaming operations, will also help to improve its profit margins, in our view.

On the other hand, MPEL is in talks for potential stake sale in City of Dreams Manila (COD Manila). Prospective buyers have signed the NDAs and MPEL is working on shortlisting the potential bidders. We view the potential

stake sale in COD Manila is in line with MPEL's asset-light strategy. While MPEL did not provide further detail on the potential stake sale, we believe the proceeds from the potential stake sale could enhance MPEL's financial flexibility and to reduce debts.

MPEL will have the next USD bond maturity MPEL 4.875 06/06/25 with an o/s amount of USD1bn in Jun'25, while Studio City will have the next USD bond maturity STCITY 6 07/15/25 with an o/s amount of USD221.6mn in Jul'25. As per MPEL, both maturities are already covered and will be refinanced with drawdowns under the respective credit facilities and cash on hand. We envisage the funding cost of these facilities are lower than that of refinancing in the USD bond market, in view of MPEL'28 and STCITY'28 is trading at YTM of 7.6% and 7.9%, respectively, assuming a new 3-year USD bond issuance. In 1Q25, MPEL had capex of USD97.4mn, implying USD317.6mn to be spent in 2Q-4Q25 under full year budgeted capex of USD415mn, mainly for the renovations and revamp at COD Macau as well as opening of COD Sri Lanka. We expect MPEL to fund its capex via its operating cash inflows and cash on hand of cUSD1.1bn as of Mar'25.

**Table 1: MPEL's financial and operational highlights**

USDmn	1Q24	1Q25	Change
Operating revenues by segment	1,112	1,232	11%
-Casino	913	1,024	12%
-Rooms	101	105	4%
-Food and beverage	66	76	14%
-Entertainment, retail and other	32	27	-15%
Operating revenues by property			
-City of Dreams Macau	551	658	19%
-Studio City	331	354	7%
Adjusted EBITDA	284	313	10%
-City of Dreams Macau	154	196	10%
-Studio City	88	97	27%
-Altira	1	(1)	10%
-Mocha and Other	7	7	-200%
-City of Dreams Manila	38	30	0%
-City of Dreams Mediterranean and Other	11	12	-21%
Capex	36	97	168%
Room occupancy rate			
-City of Dreams Macau	94%	98%	+4 pct pt
-Studio City	96%	99%	+3 pct pt
Revenue per available room			
-City of Dreams Macau	USD194	USD213	10%
-Studio City	USD152	USD166	9%
	<b>Dec'24</b>	<b>Mar'25</b>	<b>Change</b>
Cash and cash equivalent	1,147	1,104	-4%
Total debts	7,257	7,261	0%

Source: Company filling.

**Table 2: Studio City's financial highlights**

USDmn	1Q24	1Q25	Change
Operating revenues by segment	150	162	8%
-Revenue from casino contract	67	76	14%
-Rooms	39	41	7%
-Food and beverage	19	23	20%
-Entertainment, service fee, mall and others	26	22	-16%
Adjusted EBITDA	66	70	6%
Capex	11	16	49%
	<b>Dec'24</b>	<b>Mar'25</b>	<b>Change</b>
Cash and cash equivalent	128	98	-23%
Total debts	2,176	2,177	0%

Source: Company filling.

**Table 3: Macau gaming USD bond profile**

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	6.0-6.9	0.1-3.5	97.8-100.9
<b>MPEL</b>	<b>5.3-8.5</b>	<b>0.1-5.2</b>	<b>90.5-100.0</b>
SANLTD	4.9-6.2	0.1-5.4	85.1-100.1
<b>SJMHOL</b>	<b>6.4-7.2</b>	<b>0.7-2.5</b>	<b>94.3-98.7</b>
<b>STCITY/STDCTY</b>	<b>6.0-8.8</b>	<b>0.2-3.2</b>	<b>88.4-100.0</b>
WYNMAC	4.7-7.2	0.7-3.9	92.2-99.3

Source: Bloomberg.

### ➤ China Economy: Rerouting and front-loading mask tariff impact

China's exports demonstrated unexpected resilience in Apr despite the shock from reciprocal tariffs. While exports to the US notably slumped, robust growth to ASEAN largely offset the loss, underscoring the region's growing role as the key destination for re-routed exports. Imports also came in well above market expectation, as import volume of industrial raw materials and integrated circuits surged, possibly driven by the undisclosed tariff exemption on chips from the US. We expect the worst of foreign trade has yet to come, as bookings for shipping containers from China to the US, and export order index in PMI both sharply declined. China and the US have initiated negotiations with optimistic tone. We believe the reduction of headline tariff rate from 145% to 80% is achievable, but further reductions to 30-40% which we consider as long-term terminal rate is likely to take considerably longer. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 1% in 2025, while import growth may mildly slow from 1.1% to 0.5%. We expect the USD/RMB rate to reach 7.25 at end-2025 from 7.35 at end-2024.

**Exports to the US declined notably, while rising shipments to ASEAN largely offset the loss.** Exports slowed down to 8.1% (all on a YoY basis unless specified) in Apr from 12.4% in Mar, notably beating market expectation of 0.8%. Exports to the US slumped 21% in Apr amid escalating reciprocal tariffs, while shipments to ASEAN notably surged 20.8%, reflecting the region's growing role as the key destination for re-routed exports. The share of exports to the US has dropped to 10.5% in Apr compared to 14.7% throughout 2024, while ASEAN's share has expanded from 16.4% to 19.1%. Exports to other major trading partners remained resilient with only mild moderation including the EU, Latin America, Africa and India. Trade surplus remained elevated at US\$96.8bn in Apr.

**Tech products delivered mixed image and low-value added products dipped.** Integrated circuits have picked up from 7.9% in Mar to 20.2% in Apr, while exports of personal computer and cellphone dropped from 0.8% and 7.7% to -1.7% and -21.4%, despite consumer electronics being exempted from the reciprocal tariffs.

Low value-added exports including textile yam, travel bags, garment and toy recorded notable contraction in Apr, likely due to the reversal of front-loading in Mar. Housing-related products including home appliance, furniture and lamps & lighting products also saw notable declines to -2.9%, -7.8% and -3.1% in Apr. On the other hand, ships and motor vehicles accelerated from 1.9% and 1.6% to 36.1% and 4.4%, showing strong resilience.

**Imports narrowed its contraction.** China's imports of goods recovered from -4.3% in Mar to -0.2% in Apr, well above the market expectations of -6.9%, even though exports to the US dropped from -9.3% to -13.9%. For energy products, import volume of crude oil further expanded from 4.8% in Mar to 7.5%, while coal and natural gas dropped 16.4% and 6.1%. Raw materials picked up remarkably, as import volume of iron ore, copper ore, plastics and rubber rose to 1.3%, 24.4%, 1.4% and 31.7% in Apr from -6.7%, 2.6%, -10.5% and 16.9%. Integrated circuits, the largest import category, saw import volumes rise by 7.4% in April, possibly due to imports front-loading amid temporary tariff exemption on chips. Import volume of crops extended their decline as grain and soybean dropped by 37.6% and 29%.

**Intensifying export headwinds in next few months despite ongoing trade talks.** Exports to the US saw one of the biggest MoM declines in Apr, as the weighted average US tariff on Chinese goods has surpassed 100%. The broad tariff rate now stands at 145%, while electronics—accounting for roughly 20% of China's exports—remain subject to a lower 20% rate. We expect further headwinds on exports, as bookings for standard shipping containers from China to the US fell 49% in the third week of Apr and export order index in PMI also pointed to a sharp decline. China and the US have initiated negotiations in Geneva with generally optimistic tone. We believe reducing the current unsustainably high tariff rate to 80% is achievable in the near term. However, further reductions are likely to take considerably longer, with 30-40% expected to be long-term terminal rate. Looking forward, we expect China's export growth to decelerate from 5.9% in 2024 to 1% in 2025, while import growth may mildly slow from 1.1% to 0.5%. We expect the USD/RMB rate to reach 7.25 at end-2025 from 7.35 at end-2024.

Click [here](#) for the full report.

➤ **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 63 credit bonds issued last Friday with an amount of RMB132bn. As for month-to-date, 280 credit bonds were issued with a total amount of RMB313bn raised, representing a 132.7% yoy increase
- China passenger car sales climbed 14.8% yoy in Apr'25, a third consecutive monthly rise, spurred by government subsidies

- **[AVLLIC]** Moody's downgrades AVIC Industry-Finance's ratings to Baa2; ratings under review for downgrade
- **[GEELY]** Geely EV brand Zeekr to work with partners to grow in China's smaller cities
- **[GLPCHI]** GLP prepares fund for repayment of USD700mn GLPCHI 2.950 03/29/26; no plans to refinance the perps
- **[IIBIN]** Moody's affirmed IndusInd Bank's ratings at Ba1; outlook changed to negative from stable
- **[MEITUA]** Meituan plans to enter Brazil market with BRL5.6bn (cUSD1bn) investment
- **[MGFLIN]** Manappuram Finance interest income rises 15.4% yoy in FY25 to INR98bn (cUSD1.2bn)
- **[MSSIN]** Fitch affirmed Samvardhana Motherson's ratings at BB+; outlook changed to stable from positive
- **[ROADKG]** Road King defers distribution on ROADKG 7.75 Perp to next distribution payment date
- **[SUMIBK/YESIN]** SMBC to acquire 20% stake in Yes Bank from State Bank of India (SBI) and seven other banks at INR134.8bn (cUSD1.6bn), SBI to remain a major shareholder of Yes Bank with more than 10% stake
- **[TATAIN]** Fitch affirmed Tata Steel's ratings at BBB- with negative outlook, ratings withdrawn for commercial reasons
- **[TOPTB]** Thai Oil 1Q25 EBITDA falls 41% yoy to THB6.5bn (cUSD195mn)
- **[TYANLI]** Moody's upgraded Tong Yang Life Insurance to A3 from Baa1, outlook changed to stable from positive

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