

CMBI Credit Commentary

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

- *The new INDUBK Float 03/12/29 tightened 3bps from RO at SOFR+41 this morning. The new HSBC Float 03/10/32 tightened 10bps from RO at SOFR+121, while the rest of fixed-rate HSBC 30-37 tightened 5bps from ROs. LINREI/HKE/OCBCSP/DAESEC tightened 1-2bps amid better-buying flows.*
- **SJMHOL:** *Initiate buy on SJMHOL 6 ½ 01/15/31. Weaker FY25 and 4Q25 results in the course of satellite closures. SJMHOL 28-31 were unchanged to 0.1pt higher this morning. See below.*
- **China Policy:** *Policy signals from NPC meetings include emphasis on investments across AI infrastructure, digital, and green industries, as well as incremental support for consumption and housing. See comments from CMBI economic research below.*

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❖ Trading desk comments 交易平台市场观点

Yesterday, recent financial new issues NORBK/OCBCSP/DAESEC/SUMIBK tightened 4-10bps. TW lifers and HK credits LINREI/HKE traded 4-6bps tighter. Chinese TMT names BABA/TENCNT/LENOVO closed 2-3bps tighter, with the exception that MEITUAs remained unchanged. ZHOSHK/FRESHK traded 5-10bps wider under selling pressure. As for greater China higher-yielding space, the NWDEV/VDNWDL complex were overall 0.1-0.9pt higher. SJMHOL 28-31 edged 0.1-0.2pt higher, and the rest of Macau gaming space was unchanged to 0.1pt higher. SJM's market share and EBITDA declined in FY25 in the course of satellite closures. See comments below. WESCHI 28-29 lost 0.6-0.9pt, even though the company announced a positive profit alert for FY25. See our comments [yesterday](#). In Chinese properties, VNKRL 27' and 29' led the space and rose 1.9-2.1pts. FUTLAN 28/FTLNHD 26-29 were unchanged to 0.1pt higher. On the other hand, LNGFOR 27-32 leaked 0.1-0.4pt. In KR space, POHANG/LGENSO tightened 1-3bps, while long-end HYNMTR traded 2-4bps wider. In JP space, SOFTBKs recovered 0.1-1.0pt. Japanese and Yankee AT1s surged by up to 0.8pt on back of HFs and prop desks reloading risks and dealers covering shorts during Asia session. The space retraced during London session as prop desks and AMs seized the window to trim especially long-end exposure, and eventually closed 0.3pt higher than the previous day levels, with the exception that SOCGEN 7.125 Perp was 0.7pt lower. Insurance subs edged 0.1-0.2pt higher. In SE Asian space, GARUDA 31 gained 0.9pt. MEDCIJ 26-30/VEDLN 28-33 were unchanged to 0.4pt higher. PCORPM Perps were unchanged to 0.1pt higher. PTTGC/TOPTB Perps leaked by 0.3-0.7pt. In the Middle East, while bonds were initially marked 0.3-0.8pt higher overnight, the gains were erased by half amid Asia PB/AM selling. Meanwhile, LGFVs remained largely stable amid balanced two-way flows among RMs.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	44.0	2.1	WESCHI 10 1/2 11/11/29	99.6	-0.9
VNKRLE 3 1/2 11/12/29	41.1	1.9	CITLTD 4.6 04/14/35	97.9	-0.8
LUSOIB 7 1/2 05/29/34	102.2	1.2	BHP 5 09/30/43	95.7	-0.7
SOFTBK 7 1/2 07/10/35	100.2	1.0	TACHEM 5.65 07/05/54	98.7	-0.7
GARUDA 6 1/2 12/28/31	92.2	0.9	SOCGEN 7 1/8 PERP	98.4	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.56%), Dow (-1.61%) and Nasdaq (-0.26%) were lower on Thursday. US Initial Jobless Claims was +213k, lower than the market expectation of +215k. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.57%/3.72%/4.13%/4.74%.

❖ Desk Analyst Comments 分析员市场观点

- **SJMHOL: Initiate buy on SJMHOL 6 ½ 01/15/31 despite weaker FY25 and 4Q25 results in the course of satellite closures**

Table 1: 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%	3.3
MPEL 7 5/8 04/17/32	USG5975LAK29	750	104.4	6.7%	4.8
MPEL 6 1/2 09/24/33	USG5975LAL02	500	99.2	6.6%	5.7
SJMHOL 6 ½ 01/15/31	XS3267117995	540	98.8	6.8%	4.1
STCITY 6 1/2 01/15/28	USG85381AF13	500	100.0	6.5%	1.7
STCITY 5 01/15/29	USG85381AG95	1,100	96.4	6.4%	2.6
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	100.0	5.5%	1.4
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	98.8	5.5%	3.3

Source: Bloomberg.

We initiate a buy recommendation on SJMHOL 6 ½ 01/15/31 in view of the bond's more attractive risk and return profile within the Macau gaming sector. At 98.8, SJMHOL 6 ½ 01/15/31 is trading at YTM of 6.8%. Meanwhile, we maintain hold on SJMHOL 4.85 01/27/28 at YTM of 6.0%. For similar tenor, we prefer STCITY 6 ½ 01/15/28 and STCITY 5 01/15/29.

SJM posted weaker FY25 and 4Q25 results with a lower market share, adj. EBITDA and adj. EBITDA margin due to the absorption of satellite casinos, intensifying competition and lower win rates. SJM commenced to close its 8 satellite casinos since Jul'25 and 7 out of 8 closures were taken place in 4Q25. In FY25, SJM's adj. EBITDA dropped 15% to HKD3.2bn. That said, adjusted for one-off expenses such as smart tables and other government tender committed capex of HKD450mn, the decline in adj. EBITDA was more moderate at c3%.

As per SJM, the market share should recover after the completion of acquisition of L'Arch, the gaming tables reallocation to SJM's self-promoted casinos, enhanced marketing efforts and new VIP areas opened in Dec'25. Furthermore, the daily opex of HKD24.4mn in 4Q25 should have fully reflected the impact resulting from absorption of excess staff cost, as well as ramp up of hotels and F&B operations.

Indeed, SJM's credit profile slightly improved in FY25 while its refinancing pressure was notably relieved with the issue of USD540mn SJMHOL 6 ½ 01/15/31 and concurrent tender offer for SJMHOL 4.5 01/27/26 in Jan'26. After the early redemption of USD18mn of SJMHOL 4.5 01/27/26 through the tender offer, the remaining outstanding amount of USD482mn should be well covered by the new issue in Jan'26. The next major maturity of SJM will be HKD1.25bn bond due May'26. We are comfortable with its liquidity given its cash on hand of HKD2.0bn and facilities of HKD3.6n.

Table 2: Financial highlights for SJM

HKD mn	2024	2025
Revenue		
GLP	6580	7373
Grand Lisboa	7839	7698
Other self-promoted	5530	5748
Satellite	10797	9768
Total	30746	30587
Adj. property EBITDA		
GLP	499	165
Grand Lisboa	2094	1758
Other self-promoted	1323	1228
Satellite	42	249
Total	3958	3400
Adj. property EBITDA margin		
GLP	7.6%	2.2%
Grand Lisboa	26.7%	22.8%
Other self-promoted	23.9%	21.4%
Satellite	0.4%	2.5%
Total	12.9%	11.1%
HKD mn	2024	2025
Cash	2,245.8	2,039.1
ST Debt	1,729.5	3,445.1
LT Debt	21,119.6	16,579.9
Total Debt	22,849.1	20,025.0
Net debt (debt - all cash)	20,603.3	17,985.9
Adj. EBITDA margin (%)	13.1%	12.9%
Adj. EBITDA/gross interest expenses	2.0x	2.2x
Net debt/Adj. EBITDA	5.5x	4.9x
Net debt /equity (%)	145.3%	130.4%

Source: Company filing, CMBI Research.

➤ China Policy: Policy signals from NPC meetings

The 2026 Government Work Report signals a pragmatic downshift in growth ambition alongside a marginally softer fiscal impulse, reflecting policymakers' willingness to tolerate slower near-term activity as the economy transitions toward "new quality productive forces." Policy emphasis shifts toward investment, with expanded fiscal resources reallocated to crowd in private capital into emerging sectors such as AI infrastructure, digital, and green industries. Incremental support for consumption and housing largely meets market expectations, with limited upside in social welfare, trade-in subsidies and additional housing market stimulus. Importantly,

authorities elevate reflation as a clearer policy objective for the first time, targeting a moderate and reasonable recovery in price level by pairing supply-demand rebalancing. Overall, we read the stance best characterized as investment-led stabilization with targeted demand support and a stronger emphasis toward price normalization. The fiscal budget implies nominal GDP growth of around 5% in 2026, which on our estimates, maps to a roughly 0.4% GDP deflator and about 4.6% real GDP growth.

Growth targets lowered while fiscal expansion marginally scaled back. The GDP growth target was revised down from last year's 5% to a "4.5–5%" range for 2026, well-anticipated by the market. This reflects (i) demand pull-forward in 2025 from the trade-in program and "front-loaded exports," which makes it technically harder to sustain last year's pace, and (ii) policymakers' greater tolerance for slower near-term growth during the "transition from old to new growth drivers" in exchange for higher-quality medium-to-long-term development. Correspondingly, the policy stance of the 2026 broad fiscal deficit is slightly weaker, edging down to 7.9% of GDP from 8.0% in 2025. The general public budget deficit remains at 4% of GDP at RMB5.89tn; central government ultra-long special bonds are maintained at RMB1.3tn (0.9% of GDP); and local government special bonds are kept at RMB4.4tn (3% of GDP), implying demand support is below market expectations. Within the ultra-long bond program, RMB800bn is allocated to the "Two Major" projects (unchanged vs. 2025), RMB250bn to durable-goods trade-in subsidies (down from RMB300bn in 2025), and RMB200bn to equipment upgrades (unchanged). We believe the remaining RMB50bn may form part of the RMB100bn "special fund to boost domestic demand." Local special bonds in 2026 also add a mandate to "swap hidden debt," which will likely crowd out resources previously earmarked for investment and construction. In addition, special treasury bonds for recapitalizing state-owned banks are reduced to RMB0.30tn from RMB0.50tn, while local refinancing special bonds are maintained at RMB2.0tn.

Stronger policy emphasis on investment. The Government Work Report devotes substantial space to expanding investment, which we expect to be a key policy priority this year. Ultra-long special bonds allocate a combined RMB1.0tn to the "Two Major" projects and equipment upgrades (broadly unchanged from 2025). Central government budgetary investment is set at RMB755bn, up RMB20bn from 2025. The PBoC will also establish RMB800bn of policy-based financial instruments to crowd in private capital into infrastructure investment, up RMB300bn from 2025, with funds likely directed to AI infrastructure, the low-altitude economy, the digital economy, and green/low-carbon sectors. The investor base may shift from government-led to broader participation, including guiding private capital toward high-tech industries, and further opening the services sector to foreign investment, particularly in telecoms, healthcare, and the digital economy.

Support for consumption and property broadly in line with expectations. The report reiterates the importance of boosting consumption, but incremental measures are limited: trade-in subsidies are trimmed to RMB250bn from RMB300bn, while social security support shows no upside surprise: minimum basic pensions for urban and rural residents rise by only RMB20, unchanged from last year's increase. A new RMB100bn "special fund to boost domestic demand" will be used for fiscal interest subsidies, including on loans to SMEs and micro businesses, service-sector operators, a dedicated guarantee scheme for private investment, equipment-upgrade loans, and personal consumption loans. Incremental policy directions include invigorating services consumption, including culture and tourism, sports events, wellness/eldercare, and adding spring/autumn breaks for primary and secondary schools, while attracting inbound spending by overseas visitors. On housing, the report maintains the existing policy framework: controlling incremental supply, reducing inventory, optimizing supply, and city-by-city tailoring with no material change in language. Given the ongoing sharp contraction in the property sector, we expect further substantial easing in housing market, including interest subsidies, rate cuts, and government acquisition of unsold inventory. One measure was better than expected: loosening eligibility for children of migrant agricultural workers to register for local high-school entrance exams, alongside adjusting central fiscal transfers and construction land quotas in line with population flows.

Reflation objective reiterated and made more explicit. The annual CPI target remains unchanged at 2%. However, the report for the first time states an intention to “improve overall supply-demand conditions” and “turn the overall price level from negative to positive,” with “moderate and reasonable” increases in consumer prices, signaling reflation as a more prominent policy objective. The fiscal budget implies 2026 nominal GDP growth of around 5%, consistent with roughly a 0.4% GDP deflator and 4.6% real GDP growth. Policy measures include intensifying the anti-involution campaign which will benefit industry leaders and advancing price reforms in utilities and public services. Supported by consumption measures, the anti-involution campaign, and rising global commodity prices, we expect CPI, PPI, and the GDP deflator to rebound in 2026 toward 0.7%, 0.3%, and 0.4%, respectively, from 2025’s 0.1%, -2.6%, and -0.7%.

Policy support for “new quality productive forces” and tech sectors largely as expected. Key changes vs. last year include: (i) for the first time, the report designates four emerging pillar industries: integrated circuits, aerospace, biomedicine, and the low-altitude economy, adding integrated circuits and biomedicine to last year’s list; (ii) it introduces “future energy” and brain–computer interfaces as future industries and calls for mechanisms to address risk-sharing; and (iii) it upgrades last year’s “AI+” focus (terminals and applications) to a “new form of the intelligent economy,” emphasizing AI agents, open-source communities, intelligent computing clusters, power–compute coordination, and satellite internet.

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

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
HSBC	2000/	4NC3/	T+80/	T+80/	A3/A-/A+
	2000/	6NC5/	T+95/	T+95/	
	1250/	6NC5/	SOFR+121/	SOFR+121/	
	2750	11NC10	T+115	T+115	
Industrial Bank Co., Ltd. HK Branch	800	3yr	SOFR+41	SOFR+41	Baa2/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Jiangsu Fuxuan Industrial	USD	-	3yr	4.2%	NR

➤ **News and market color**

- Regarding onshore primary issuances, there were 120 credit bonds issued yesterday with an amount of RMB93bn. As for Month-to-date, 339 credit bonds were issued with a total amount of RMB279bn raised, representing a 20.1% yoy increase
- China sets 4.5%-5% 2026 GDP growth target and will work to stabilize real estate market
- More than 82% of Chinese LGFVs phased out as government debt cleanup progresses

- **[ACENPM]** ACEN plans to build USD266mn battery energy storage system in the Philippines
- **[HYUNHI]** HD Hyundai Heavy won an USD1bn deal to build four LNG carriers
- **[JD]** JD.com EBITDA was down 65% yoy in 2025 to RMB18.34bn (cUSD2.66bn)
- **[NIO]** NIO plans to overhaul its European business, switching from direct sales to a dealership-led model
- **[NSANY]** Nissan might close UK plant amid EU subsidy dispute

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