CMBI Credit Commentary

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

- *The flows were light this morning amid onshore holiday. TTMTIN 26 rose 2.1pts. LASUDE 26/FAEACO Perp were 1.1pts higher. FTLNHD 27/SHUION 29 up 0.7-1.0pt. ACPM 4.85 Perp dropped 1.4pts. SOFTBK 61-65/EHICAR 26 were 0.6-0.9pt lower.*

- ***MPEL/STCITY:** GGR market share rose to c15% in FY25. See below.*

- ***China Economy:** Liquidity up, long-term credit demand still soft. CMBI maintains an expectation for 10bp LPR cut in 1Q26 to support the economic growth. See comments from CMBI economic research below.*

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Trading desk comments 交易台市场观点

Last Friday, the Macau gaming complex were unchanged to 0.2pt higher. See our comments on MGMCHI last Friday, and on MPEL below. In HK, FAEACO 12.814 Perp was 0.3pt higher. LASUDE 26 gained 1.0pt. The NWDEVL/VDNWDL complex were 0.1pt lower to 0.3pt higher. In Chinese properties, VNKRLE 27' and 29' rose another 1.4-2.5pts. See our comments on SZ government's rescue plan for Vanke on 12 Feb'26. DALWAN 28s gained 0.1-0.3pt. However, FUTLAN 28/FTLNHD 27 were 0.7-0.9pt lower. FTLNHD 26 was 0.1pt higher. In JP space, SOFTBKs fell 0.6-2.3pts. JP insurance subs like RESLIF 6.875 Perp were 0.1pt firmer. Yankee AT1s closed 0.1-0.3pt weaker after edged a touch firmer in the morning amid PB buying in thin liquidity. In SE Asian space, INDYIJ 29 was 0.1pt lower. Moody's downgraded Indika Energy by one notch to B1 from Ba3 on strained credit metrics, and revised its outlook to stable from negative. VLLPM 27-29 were 0.9-1.5pts lower. PTTGC Perps lost 0.3-0.4pt. On the other hand, the ReNew Energy complex and MEDCIJ 26-30s/SMCGL Perps were unchanged to 0.3pt higher. In the Middle East, BSFR 35/FABUH 34-35 edged 0.1pt firmer. SECO 29-36s and long-end KSAs closed 0.1-0.4pt higher. In LGFV space, flows were modest and mainly driven by RMs.

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	**47.0**	**2.5**	SOFTBK 8 1/4 10/29/65	**89.1**	**-2.3**
ROADKG 5.2 07/12/29	**24.6**	**2.4**	SOFTBK 7 5/8 04/29/61	**89.4**	**-2.2**
ACPM 3.9 PERP	**67.0**	**1.6**	SOFTBK 7 1/2 07/10/35	**100.9**	**-1.6**
VNKRLE 3 1/2 11/12/29	**43.3**	**1.4**	VLLPM 9 3/8 07/29/29	**40.0**	**-1.5**
TTMTIN 4.35 06/09/26	**97.8**	**1.1**	SOFTBK 7 1/4 07/10/32	**98.5**	**-1.3**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.05%), Dow (+0.10%) and Nasdaq (-0.22%) were mixed on last Friday. US Jan'26 CPI was +0.2% mom/+2.4% yoy, lower than the market expectation of +0.3% mom/+2.5% yoy, respectively. UST yield was lower on last Friday. 2/5/10/30 year yield was at 3.40%/3.61%/4.04%/4.69%.

❖ Desk Analyst Comments 分析员市场观点

➢ MPEL/STCITY: GGR market share rose to c15% in FY25

As discussed before, we consider Macau gaming bonds lower-beta and good carry plays with improving credit stories. We should see more new supply to come in view of the scheduled maturities and undemanding funding costs. Our top picks within the segment remain **MPELs and STCITYs** given the growing adj. EBITDA of Melco Resorts 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 c30-80bps over bonds of its US parent. We are neutral on MGMCHIs, SANLTDs, and SJMHOLs on valuation.

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	98.9	5.7%	3.4
MPEL 7 5/8 04/17/32	USG5975LAK29	750	105.0	6.6%	4.8
MPEL 6 1/2 09/24/33	USG5975LAL02	500	99.7	6.6%	5.8
STCITY 6 1/2 01/15/28	USG85381AF13	500	100.2	6.4%	1.8
STCITY 5 01/15/29	USG85381AG95	1,100	96.9	6.2%	2.6
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	100.0	5.5%	1.5
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	99.4	5.3%	3.4

Source: Bloomberg.

In 4Q25, Melco Resorts (MPEL) reported a 8.6% yoy increase in operating revenue to USD1.3bn, while adj. EBITDA was up by 11% yoy to USD300mn, driven by both gaming and non-gaming operations. In FY25, MPEL's operating revenue increased by 11.3% yoy to USD5.2bn, outpacing Macau's 9.1% yoy GGR growth over the year, while its adj. EBITDA grew 15.5% yoy to USD1.3bn. MPEL's GGR market share rose to c15% in FY25 from c13% in FY24, based on our estimates.

By property, City of Dreams (COD) Macau delivered strong adj. EBITDA growth in 4Q25, surged 38% yoy to USD194mn, driven by improved rolling chip and mass-table performance. A higher rolling chip win-rate (4Q25: 3.18% vs 4Q24: 2.35%, typical win rate is 2.85-3.15%) more than offset the lower mass table hold (4Q25: 31%

vs 4Q24: 32%). Hotel occupancy improved to 98% in 4Q25 from 95% in 4Q24, lifting RevPAR to USD222 (from USD209) along with higher average daily rate. In FY25, COD Macau's adj. EBITDA increased 32.3% yoy to USD822mn.

Studio City's adj. EBITDA rose 6.6% yoy in 4Q25 to USD87mn, supported by better mass-table performance and higher gaming-machine handle. Mass table hold improved to 33.7% in 4Q25 (vs 32.1% in 4Q24), while gaming-machine win rate was 3.0% (vs 3.3% in 4Q24). We understand Studio City remains focus on the premium mass customers. In FY25, Studio City's adj. EBITDA increased 15.4% yoy to USD394mn.

As of Dec'25, MPEL held USD1.0bn cash and USD2.4bn undrawn facilities. 4Q25 capex was USD82.3bn, mainly deployed to enhance projects at COD Macau and Studio City. In FY25, MPEL spent cUSD365mn in capex, lower than its full year budget of USD415mn, as part of the capex budgeted was deferred to FY26. Hence, the FY26 capex budget was revised up to USD450mn from USD400mn. We expect MPEL to fund its capex with operating cash inflows and cash on hand. c83% of FY26 capex will be deployed to Macau (incl. USD100mn for Countdown Hotel conversion to luxury suites, targeted to open in 3Q26), with the remainder to Manila and Cyprus. MPEL is also revamping the retail area at COD Macau and plans to upgrade F&B offerings.

MPEL decided not to sell its 50% stake in COD Manila. Management appears to be more positive on the Manila operations in view of the several positive developments in Manila, including visa-free travel for Chinese nationals, upgrades to the Manila Airport, and the rationalization of the online gaming market. In FY25, adj. EBITDA of COD Manila fell 27% yoy to USD133mn, represented c10% of the group.

As of Dec'25, total debts was USD6.9bn, down from USD7.4bn as of Dec'24, partly due to early redemption of USD357.9mn MPEL 5.25 04/26/26. MPEL also repaid cUSD210.4mn revolving credit facilities, and Studio City repaid cUSD31.8mn senior secured credit facility during 4Q25. Following the early redemption of the 2026s, MPEL now faces limited near-term refinancing risk with no major maturities in 2026. MPEL continues to reduce debts, that repaid USD35mn credit facilities during Jan'26 and plans an additional USD25mn repayment in Feb'26.

Besides, MPEL's current trademarks license agreement was commenced on 1 Jan'24 for an initial term of 10 years and thereafter automatically renewed for consecutive periods of 12 months unless prior notice. Trademark license fee is up to 1.5% of the gross revenue of COD Macau (excl. Grand Hyatt), it was 1% in FY25 and increases to 1.5% in 1Q26. We view the fee is lower than that of its peers such as MGM China. Please also read our comment on MGM China on last Friday.

On a separate note, MPEL's only satellite casino Grand Dragon Casino and one of its Mocha clubs Mocha Kuong Fat were closed in Sep'25, gaming tables were reallocated to COD Macau and Studio City. Mocha Grand Dragon Hotel and Mocha Royal Hotel were closed during 4Q25, gaming machines were reallocated across COD Macau, Studio City and Altira Macau. MPEL now operates three Mocha Clubs, i.e. Mocha Inner Harbor, Mocha Golden Dragon and Mocha Sintra Hotel. As discussed before, we view these closures to have immaterial impact on MPEL's operating performance given the reallocation of resources to MPEL's properties and limited profit contributions from satellite casino and Mocha Clubs anyway.

- **China Economy: Liquidity up, long-term credit demand still soft**

China's social financing flows picked up modestly in Jan 2026, coming in above market expectations and mainly supported by front-loaded government bond issuance, steady corporate bond financing, and a rebound in bankers' acceptances. RMB loans to the real economy decelerated to a fresh record low, with both households and corporates reluctant to take on long-term credit, signaling fragile confidence in the economic outlook. The confidence remained week. Overall, data reflected liquidity improvement but persistent real-economy headwinds. With underlying growth momentum still reliant on policy support and household confidence remaining fragile, we expect that the central bank will prioritize lowering real funding costs to stimulate credit demand, possibly through structural monetary policy instruments. We maintain our expectation for 10bp LPR cut in 1Q26 to support the economic growth.

Social financing flows rebounded modestly. Outstanding social financing (SF) growth edged down to 8.2% YoY in Jan 2026, from 8.3% in December 2025, continuing its gradual deceleration. SF flow rose 2.4% YoY to RMB 7.22trn, up from RMB 2.21trn in Dec 2025. Government bond issuance rose 40.8% YoY to RMB 976bn in Jan, funding the early-year projects and ramping up fiscal support. Corporate bond issuance rose 13% YoY to RMB 503bn in Jan, as corporates financing demand recovered. Undiscounted bankers' acceptances surged 35% YoY to RMB 629.3bn in Jan, reflecting banking system's obvious start-of-year lending impulse. On the contrary, new RMB loans under SF dropped 6.1% YoY to RMB4.9trn in Jan, as credit demand in real economy remained weak. M2 growth accelerated to 9.0% YoY from 8.5% in Dec, mainly driven by the surge in fiscal deposit. M1 growth rebounded to 4.9% in Jan from 3.8% due to adequate liquidity conditions and favourable base effect.

New RMB loans remained weak, led by household deleveraging. Growth of outstanding RMB loans slowed further to 6.1% YoY in Jan from 6.4% in Dec. New RMB loan issuance dropped 8.2% YoY to RMB 4.7trn during the same period, beating market expectations at RMB4.5trn. Household loans edged up 2.9% in Jan after six months of contraction, as short-term loans recovered to RMB109.7bn from -RMB49.7bn a year ago, reflecting mild improvement in consumer demand. M&L-term loans narrowed its contraction from -97% to -30% at RMB347bn, as housing market remained subdued. Corporate loans dropped 7% in Jan as M&L-term loans remained weak and dropped 8%. ST loans rebounded, suggesting firms continued to favor short-term liquidity tools over long-term capex commitments.

Data reflects liquidity improvement but persistent real-economy headwinds. Monetary aggregates including M1 & M2 are improving, suggesting effective liquidity provision by the central bank, while credit aggregates including LT loans to household and corporates are lagging. With underlying growth momentum still reliant on policy support and household confidence remaining fragile, we expect that the central bank will prioritize lowering real funding costs to stimulate genuine credit demand, possibly through structural monetary policy instruments. We maintain our expectation for 10bp LPR cut in 1Q26 to support the economic growth.

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 22 credit bonds issued on last Friday with an amount of RMB11bn. As for month-to-date, 922 credit bonds were issued with a total amount of RMB713bn raised, representing a 195.6% yoy increase

- China average new home prices drop 3.1% yoy in Jan’26

- China Zheshang Bank has been included in the list of the country’s systemically important financial institutions

- **[BABA/JD/MEITUA]** Media reported Alibaba, JD.com, and Meituan were among the seven companies summoned by the State Administration for Market Regulation and urged to comply with the rules governing unfair competition, pricing, and consumer protection. This is the third regulatory intervention on China’s internet platforms over the past 12 months, widening the scrutiny from food delivery to e-commerce and social media

- **[BHP]** BHP-Lundin JV got lenders’ commitment to upsize credit facility to USD4.5bn

- **[LIFUNG]** Li & Fung withdrew the Ba2 rating from Moody’s following a review of company’s resources

- **[MEITUA]** Meituan expected a loss of up to RMB24.3bn (cUSD3.5bn) for FY25 compared to a RMB35.8bn (cUSD5.2bn) profit in FY24 given increased investments across businesses; expects the loss-making trend to continue into 1Q26 due to ongoing competition

- **[MONMIN]** Mongolian Mining expected FY25 net profit to plummet up to 99.8% to be USD5.0-15.0mn, from USD243.6mn in FY24, due to falling washed coking coal prices and a one-off loss from a bond redemption

- **[SHUION]** Shui On Land expected to record a net loss attributable to shareholders of RMB1.7-1.8bn for the FY25 as compared to the profit RMB180mn in FY24, due to the decrease in the fair value of our IPs and the impairment provision for unsold inventories

- **[SINOCH]** Sinochem Holdings may sell non-convertible bonds to temporarily reduce its stake in Pirelli and ease US scrutiny

- **[SOFTBK]** SoftBank-owned payment app, PayPay, filed for an IPO in the US with a planned secondary listing in Japan

- **[VEDLN]** Vedanta Ltd urged NCLT to review Jaiprakash Associates lenders' approval for Adani's bid

- **[VNKRLE]** Media reported Vanke unit paid on time Jan’26 interest on three offshore loans

Fixed Income Department
Tel: 852 3657 6235/ 852 3900 0801
fis@cmbi.com.hk

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