招银国际 CMB INTERNATIONAL

Fixed Income
Credit Commentary

18 Aug 2026

CMBI Credit Commentary

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

- *This morning, the new ICICI 31s tightened 5bps from RO at T+105. Asia IG spreads widened 1-3bps, with better selling in 2-3yr China/Korea names. We also saw selling in long-end AT1s amid the macro backdrop and were 0.4-1.0pt lower. CNH LGFVs remained well supported on better buying flows. GLPSP 4.6 Perp was 0.4pt higher. WESCHI 28 down 0.6pt.*
- ***SANLTD:*** *GGR market share increased to c24.8% in 1H26. Maintain neutral on SANLTDs, which were unchanged this morning. See below.*
- ***China Economy:*** *Policy support to remain moderate albeit with broad slowdown. CMBI maintains 2026 GDP growth forecast at 4.6%, with growth moderating from 4.7% in 1H26 to around 4.6% in 2H26. See comments from CMBI economic research below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG spreads closed unchanged to 2bps wider in a quiet session. Flows were mixed across regions. ICICIs widened 2-3bps following a new 5-year benchmark announcement. ICICI Bank priced USD750mn senior unsecured bonds at T+105, tightened from IPT at T+130. In the rest of SE Asia, BBLTB 34s/36s widened 2-3bps on Chinese AM selling. Chinese names facing selling in BABA/KUAISH/FRESHK, although TENCNT 36s bucked the trend and tightened 1bp. In Taiwan lifers, we saw better buying in SHIKON with the rest of the space was unchanged. Korea names traded in light flows and closed unchanged. Japan space was muted, with FRNs flats and persistent selling concentrated in the belly of SMBCAC.

In higher-yielding space, Japanese and European AT1s were 0.2pt lower versus last Friday's Asia close as rates moved higher again. Flows were overall light with balanced two-way out of Asia, mainly from PB and prop accounts, while small better selling from London. CN/HK names EHICAR 26/WESCHI 29 rose 2.2-2.8pts. EHICAR 27 was 0.6pt lower, EHICAR 29/WESCHI 28 were unchanged. REGH 6.5 Perp up 0.5pt. In LGFVs, we saw stable two-way flows. CNH papers remained supported by RM/HF demand across the curve, from 3%-yielding bonds through to the very long end. USD LGFVs were mixed, IG names struggled to find buyers at low-5% yields, or c+100bps over CT2, while high-yielding issues remained supported. In non-LGFV CNH, we continued to see RM demand in 10-30yr papers across TMT/SOE/non-Chinese names.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
EHICAR 7 09/21/26	**74.3**	**2.8**
WESCHI 10 1/2 11/11/29	**89.0**	**2.2**
TSINGH 6 1/2 01/31/28	**93.8**	**0.5**
REGH 6 1/2 PERP	**35.4**	**0.5**
CDECST 6 1/2 11/18/27	**99.8**	**0.4**

Top Underperformers	Price	Change
BABA 5 5/8 11/26/54	**93.8**	**-1.0**
VNKRLE 3 1/2 11/12/29	**53.0**	**-0.8**
PTTGC 5.2 03/30/52	**86.6**	**-0.8**
PETMK 4.8 04/21/60	**83.1**	**-0.8**
PETMK 4.55 04/21/50	**82.1**	**-0.8**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.52%), Dow (-0.51%) and Nasdaq (-0.32%) were lower on Monday. UST yield was higher on Monday. 2/5/10/30 year yield was at 4.19%/4.38%/4.72%/5.31%.

❖ Desk Analyst Comments 分析员市场观点

➢ SANLTD: GGR market share increased to c24.8% in 1H26

Sands China (SANLTD) reported 12.0% yoy growth in casino revenue to USD2.9bn in 1H26 from USD2.6bn in 1H25, outperformed Macau GGR growth of 6.8% yoy. We estimated that its GGR market share increased to c24.8% in 1H26, from c23.4% in FY25. SANLTD's improved casino revenue was mainly driven by higher table games and slot volumes, partially offset by lower table games win rates and slot hold %. Total revenue rose 11.1% yoy to USD3.9bn in 1H26 from USD3.5bn in 1H25. However, its adj. property EBITDA declined 3.5% yoy to USD1.1bn, mainly due to higher marketing expense and payroll. In our view, the margin pressure facing SANLTD, and also other Macau gaming operators, may persist in the near term amid a competitive Macau operating environment. Finance cost dropped 12.8% yoy to USD170mn from USD195mn in 1H25, following a reduction in weighted-average borrowing cost to 4.5% from 4.7% in 1H25. The lower funding cost reflected the retirement of higher-cost debt during the period.

As of Jun'26, SANLTD had USD851mn cash on hand, down from USD1.5bn as of Dec'25, mainly due to the repayment of credit facility of USD637mn and dividend payment of USD517mn which partly offset the operating cash flow of USD905mn. Net debt was broadly stable at USD5.6bn. The next USD bond maturity is USD700mn SANLTD 2.3 03/08/27 in Mar'27. We consider refinancing risk as limited, supported by available undrawn credit facility of USD2.3bn, smooth access to funding channels, and resilient operating performance. We understand that SANLTD used a combination of revolving facility drawdown of cUSD797mn and cash on hand to repay the USD800mn SANLTD 3.8 01/08/26 at maturity.

Overall, we view SANLTD's credit profile as stable. We still like Macau gaming bonds as relatively lower-beta and good carry plays with improving credit stories. That said, we expect further USD issuance across the sector given scheduled maturities and manageable funding costs, From a valuation perspective, we view SANLTDs appear less attractive than its peers. Our top picks in the sector are MPELs, STCITYs, and SJMHOL 31, given the more appealing risk-return profiles of these bonds. We also consider WYNMAC'27 and '29 yield pick-up plays, trading at premium of c40-50bps over bonds of its US parent. We are neutral on MGMCHIs and SJMHOL 28 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	97.6	6.2%	2.9
MPEL 7 5/8 04/17/32	USG5975LAK29	750	102.8	7.0%	2.3
MPEL 6 1/2 09/24/33	USG5975LAL02	500	97.8	6.9%	5.4
SJMHOL 6 ½ 01/15/31	XS3267117995	540	95.9	7.6%	3.7
STCITY 6 1/2 01/15/28	USG85381AF13	500	100.0	6.5%	0.1
STCITY 5 01/15/29	USG85381AG95	1,100	96.2	6.8%	2.2
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	99.8	5.6%	1.0
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	97.7	5.9%	3.0

Source: Bloomberg.

- **China Economy: Policy support to remain moderate albeit with broad slowdown**

China's economy remained on a weak domestic-demand trajectory in July as retail sales, fixed investment and property all came in under market expectations and further weakened. Industrial momentum edged down while AI-related output remained robust. Consumer confidence remained depressed, while households' precautionary savings rate rose again. Together with the first-ever contraction in net household credit, this points to a further deterioration in household confidence and propensity to consume. Despite the moderation, policy support looks more like targeted stabilization than broad easing, as 2H26 GDP growth of around 4.3% would still be sufficient to meet the lower bound of the 4.5% full-year growth target. The latest State Council meeting broadly reinforced the Politburo's policy direction, calling for faster fiscal deployment, stabilization of investment in the "six major networks," and greater support for emerging industries, while signalling limited support for consumption and property. Equity performance is likely to remain highly polarized as sectors with greater earnings visibility including AI hardware and globally competitive exporting sectors should continue to outperform, while other domestic cyclicals are likely to remain subdued. We maintain our 2026 GDP growth forecast at 4.6%, with growth moderating from 4.7% in 1H26 to around 4.6% in 2H26.

Resilient tier-1 cities were insufficient to offset the broader softening of the property market. Gross floor area (GFA) sold according to NBS further fell 11.8% YTD in July from 11.6% in June, while new starts and completed area further declined 24% and 23.2% YTD, indicating the property market remained deeply contracted. New housing sales dropped 13.3% YoY in the first half of Aug from -2.6% in July, while the recovery rate compared to 2018-2019 average declined to a historic low at 29.7%. GFA sold in tier-2 and -3 cities notably dropped 20% and 31% YoY while tier-1 cities further extended their rebound to 16.6% YoY, as wealth effect from the AI frenzy disproportionately benefited higher-income households and higher-tier cities. Second-hand transactions in 11 selected cities also moderated from 7.5% YoY in July to 2.1% in the first half of Aug. Tier-1 cities continued to see price rebounds but the momentum has moderated to 0% and 0.2% MoM in new and second-hand housing price, while lower-tier cities continued to dip. The softening momentum in Aug might indicate the weakening property market in 2H26, further eroding household wealth and local land revenue. We expect further support for urban village renewal investment, excess-inventory purchases, mortgage easing and transaction-fee reductions as fiscal spending picks up.

Consumption weakness reflects not only subsidy payback but also precautionary savings. Retail sales grew 0.6% YoY in July, below market expectation at 1.3% and down from 1.0% in June, while YTD growth eased to 1.2%. Catering rose only 1.4%. Trade-in scheme eligible categories remained the major drag, as home-appliance sales fell 1.9%, furniture 8.8%, building materials 14.2% and autos 17.0%. Telecom equipment rose 20.4% as prices surged. Sales of clothing, beverage and food also saw moderation in July. Savings rate rose from 39.8% in 1H25 to 40.6% in 1H26 as households returned to the precautionary saving trend during Covid. Consumer confidence edged down to 89.4 in July. A durable recovery requires stronger service-sector job creation, credible property stabilization and income support with a high propensity to consume, rather than another round of temporary durable-goods subsidy.

Investment contraction became an even larger downside drag. Urban fixed-asset investment fell 6.7% YTD in July, weaker than market expectations at -6.1% while monthly investment declined 12.8% YoY. Property, manufacturing and infrastructure investment contracted approximately 27.5%, 4.4% and 14.7% YoY in July while their YTD declines reached 19.2%, 1.7% and 4.1%. Manufacturing capex remained uneven, as investment in other transport equipment and computers/electronics rose 18.7% and 7.8% YTD, while autos, special equipment and chemical products manufacturing fell 5.3%, 9.2% and 7.4%. Strong technology-related output alongside weak aggregate manufacturing investment suggests that firms remain cautious about demand durability, profitability and excess capacity. Infrastructure weakness despite available policy financing also points to impaired fiscal transmission and project execution, instead of simply insufficient headline funding. Faster bond-funded spending may establish a floor in 2H26, but is unlikely to generate a conventional investment upcycle without improvement in local-government and property-sector balance sheets, in our view.

Industrial output slowed but retained a pronounced technology and export tilt. Value-added industrial output rose 4.5% YoY in July, weaker than market expectations at 4.9% and down from 5.3% in June. Manufacturing growth eased to 5.5%, while export delivery value slowed to 10.4% from 14.8%. Computers/electronics, transport equipment excluding autos, special equipment and general equipment grew 19.1%, 13.6%, 12.6% and 9.5%, respectively, while integrated-circuit and industrial-robot output rose 20.7% and 30.2%. Construction-linked sectors remained weak, with non-metallic minerals down 3.3%, chemicals down 1.2% and non-ferrous metals down 2.5%. Auto manufacturing rose 8.7% even as auto retail sales fell 17.0%, highlighting growing dependence on exports and inventories rather than domestic final demand. The divergence between surging customs exports and slower export delivery value also suggests that headline trade strength is not translating evenly across domestic producers. Industrial output should continue to outperform, but exposure to trade friction, excess capacity and weaker global demand is rising.

Policy support looks more like targeted stabilization than broad easing albeit with the pressure. China's economy continued to lose momentum across consumption, property, fixed-asset investment and private-sector credit demand, while exports and manufacturing remained relatively resilient. The latest State Council meeting broadly reinforced the Politburo's policy direction, calling for faster fiscal deployment, stabilization of investment in the "six major networks," and greater support for emerging industries, while signaling only limited support for consumption and property. We therefore continue to expect a measured rather than forceful policy response despite mounting growth headwinds, as 2H26 GDP growth of around 4.3% would still be sufficient to meet the lower bound of the 4.5% full-year growth target. Against this backdrop, equity performance is likely to remain highly polarized. Sectors with greater earnings visibility, particularly AI hardware, and globally competitive innovative pharmaceuticals and new-energy equipment exporters should continue to outperform, while discretionary consumption, property-related sectors and other domestic cyclicals are likely to remain subdued. We maintain our 2026 GDP growth forecast at 4.6%, with growth moderating from 4.7% in 1H26 to around 4.6% in 2H26.

Click here for the full report.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ICICI Bank	750	5yr	5.417%	T+105	Baa3/BBB/-

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
CITIC Securities	USD	-	5yr	SOFR+105	-/-/A-

➢ News and market color

- Regarding onshore primary issuances, there were 86 credit bonds issued yesterday with an amount of RMB56bn. As for month-to-date, 1,024 credit bonds were issued with a total amount of RMB896bn raised, representing a 10.8% yoy decrease

- China average new home prices drop 3.2% yoy in Jul'26

- **[BABA]** Alibaba to sell Lingxi Games to Trustar for at least USD1.5bn

- **[LENOVO]** Lenovo to redeem early all outstanding USD675mn LENOVO 2 ½ 08/26/29

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