

CMBI Credit Commentary

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

- *The recent new PKX 30s/35s widened 2-3bps this morning. Thai T2s KBANK 31s/BBLTB 36-40s were 2-5bps wider. PETMKs widened 3-5bps. CITNAT 28s/30s widened 1-2bps.*
- **Macao gaming:** *GGR growth by 1.7% yoy in Apr'25. See below.*
- **China Economy:** *PMI signalled early signs of tariff disruptions. CMBI estimates that the trade war could reduce China's GDP and CPI by 1 and 0.2-0.4 percentage points over the next 12 months. GDP growth might slow from 5.4% in 1Q25 to 4.5% in 2Q25. PBOC may cut RRR and LPRs slightly in 2Q25, with a total reduction of 50bps and 20bps in the full year. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易平台市场观点

On Wednesday, market focus remained on Korea. The new KOBCOP 4.625 30 tightened 14bps from RO (T+92.5). The recent new PKX 30s/38s closed 3-4bps wider amid mixed flows. CITNAT 28s/30s widened 1-2bps. The new STESP 4.25 30 widened 5bps from RO (T+50). In HK, NWDEVL 27-31s/Perps were up another 0.1-1.1pts and closed 0.2-3.0pts higher WTD. See our comments on [30 Apr '25](#). In financials, Thai AT1s KBANK 4/BBLTB 5 Perps were 0.1pt lower and Thai T2s KBANK/BBLTB 31-36s were 4-8bps wider post Moody's revised Thailand's outlook to negative from stable. EU AT1s BNP 7.375/SOCGEN 8.5/HSBC 6.5 Perps were 0.3-0.5pt lower. In JP insurance hybrids, NIPLIF 54-55s/FUKOKU 6.8 Perp were up 0.1-0.2pt. On the other hand, MYLIFE 55s/SUMILF 5.875 Perp were 0.2pt lower. Chinese IGs BABA/TENCNT 30-35s widened 3-5bps. Chinese properties LNGFOR 28-32s dropped 0.6-1.3pts. VNKRL 27-29s declined 0.4-0.5pt. CHIOLI 35-43s were up 0.3-0.6pt. In SE Asia, VEDLN 29-33s dropped 0.9-1.0pt. MEDCIJ/INDYIJ 29s declined 0.3-0.4pt.

LGFV remained well demanded by local RMs. There were two way interests on CNH names such as TZXHIG 6.9 28s/HSIVEH 6.5 28s and USD names such as TAJKGP 6.5 28s/JDZUDG 6.5 28s. In SOE perps, CHPWCN/SPICPT Perps were up 0.1pt, HAUDIA Perp was down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 5 7/8 06/16/27	79.7	1.1	LNGFOR 3.95 09/16/29	80.2	-1.3
NWDEVL 8 5/8 02/08/28	76.3	1.1	SOFTBK 6 7/8 PERP	95.1	-1.2
NWDEVL 4 1/8 07/18/29	61.0	1.0	VEDLN 9.85 04/24/33	90.3	-1.0
NWDEVL 4 1/2 05/19/30	58.5	0.7	LNGFOR 3.85 01/13/32	72.7	-0.9
NWDEVL 5 1/4 PERP	50.0	0.6	VEDLN 10 7/8 09/17/29	96.9	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.63%), Dow (+0.21%) and Nasdaq (+1.52%) were higher on Wednesday. US 1Q25 GDP was -0.3% qoq, lower than the market expectation of +0.2%. US latest initial jobless claims was +241k, higher than the market expectation of +224k. UST yields was higher on Wednesday, 2/5/10/30 yield at 3.70%/3.81%/4.25%/4.74%.

❖ Desk Analyst Comments 分析员市场观点

➤ Macau gaming: GGR growth by 1.7% yoy in Apr'25

Table 1: Macau monthly GGR

MOP mn	2023	2024	2025	Cumulative GGR 2025	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%

Source: Macau DSEC.

In Apr'25, the gross gaming revenue (GGR) in Macao rose 1.7% yoy to MOP18.9bn, compared with the 0.8% yoy growth in GGR in Mar'25. The 4M25 cumulative GGR increased by 0.8% yoy to MOP76.5bn, represented c77% of pre-pandemic level in 2019. The GGR growth YTD has been understandably moderating after the 334% and 24% rebound in 2023 and 2024, respectively. The Macao government expects GGR to increase c6% to MOP240bn (cUSD30bn) in 2025. The long holidays in May and Oct will be the keys to assess if the growth target is achievable.

From a credit perspective, we are not concerned with the moderating GGR recovery and expect that the performance of Macao gaming bonds will continue to be supported by positive adj EBITDA and contained capex. We also expect Macao gaming operators to be candidates for early redemptions of their bonds given the improved financial conditions and resumption of access to funding channels. Furthermore, we consider Macao gaming bonds domestic consumption plays which should demonstrate more defensiveness under the backdrop of trade war.

Within the Macao gaming sector, our top picks are MPELs and STCITYs/STDCTY. We also consider SJMHOLS good carry play. Please read our comment on SJM's 1Q25 result on [30 Apr '25](#). Meanwhile, we consider

MGMCHIs and WYNMAC'27 yield pick-up plays, trading at 47-97bps and 87bps pick-up over bonds of their US parents, respectively. We are neutral on SANLTDs on valuation.

Table 2: Macau gaming USD bond profile

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	4.5-7.0	0.1-3.5	98.0-100.8
MPEL	6.6-8.3	0.1-5.3	90.8-99.8
SANLTD	4.9-6.1	0.1-5.5	85.2-100.1
SJMHOL	6.4-7.2	0.7-2.5	94.2-98.6
STCITY/STDCTY	5.8-8.7	0.1-3.2	88.4-100.0
WYNMAC	5.0-7.1	0.7-3.9	92.7-99.3

Source: Bloomberg.

➤ **China Economy: PMI signalled early signs of tariff disruptions**

China's manufacturing PMI came in notably below market expectation, reflecting early signs of tariff disruptions with both export and import index slumped to three-year low. Both new order and production index dropped into contraction, while deflation pressure intensified as raw material purchase price and ex-factory price index both dipped further. Employment deteriorated to 14-month low, while corporates procurement saw its biggest decline since Apr 2022. Tariff shocks have weighed on economic momentum, as the manufacturing PMI broadly deteriorated and the property market notably softened in Apr, especially in the new housing market. We estimate that the trade war could reduce China's GDP and CPI by 1 and 0.2-0.4 percentage points over the next 12 months. GDP growth might slow from 5.4% in 1Q25 to 4.5% in 2Q25. PBOC may cut RRR and LPRs slightly in 2Q25, with a total reduction of 50bps and 20bps in the full year. Government bond issuance and fiscal spending may be accelerated to provide more support to the real economy. However, additional strong fiscal support and consumption stimulus are unlikely to materialize before 2H25, as China might consider them as bargaining chips in negotiating with the US. With such policy support in place, GDP growth might rebound to 4.7% in 2H25 with the full-year growth at 4.8%.

Manufacturing PMI broadly deteriorated amid tariff shocks. Manufacturing PMI dropped to 49% in Apr from 50.5% in Mar, below market expectations at 49.7%. Apr PMI data reflected early signs of tariff disruptions, with both export and import index slumped to three-year low at 44.7% and 43.4% from 49% and 47.5% in Mar, which may soon be mirrored in the upcoming export figures. As a result, both new order and production index dropped into contraction from 51.8% and 52.6% to 49.2% and 49.8% in Apr. Deflation also intensified as raw material purchase price and ex-factory price index both contracted further to 47% and 44.8% in Apr. Employment deteriorated to 14-month low at 47.9%, while corporates procurement saw its biggest decline since Apr 2022 as purchase volume of materials dropped to 46.3%. Breaking down by sector, agricultural product processing, food and beverage, and pharma saw strong resilience in both new orders and production, while textiles, clothing and metal products saw notable declines.

Non-manufacturing PMI edged down. Service PMI eased to 50.1% in Apr from 50.3%, with new order index fell to 45.9% from 47.1%. Price index of final sale edged down while employment index inched up. Breaking down by sector, activities in air transportation, telecom, broadcasting & TV, information technology and insurance services remained in high prosperity; while water transportation and capital market services contracted. Construction PMI dipped to 51.9% in Apr from 53.4, as new order index fell to 39.6% from 43.5%.

Intensifying headwinds call for more proactive policy support. Tariff shocks have weighed on economic momentum, as the manufacturing PMI broadly deteriorated and property market notably softened in Apr. Compared to the Trump 1.0 era, the tariff impact on China is likely to be more severe as reciprocal tariffs target a broader range of trading partners, which will weaken global growth and external demand prospects, weighing

on China's exports and export rerouting. We estimate that the trade war could reduce global and China GDP by 0.7 and 1 percentage points over the next 12 months. It may lower China's CPI by 0.2-0.4 ppts, goods export by 3ppts, and manufacturing investment by 0.5ppts. PBOC may cut RRR and LPRs slightly in 2Q25, with a total reduction of 50bps and 20bps in the full year. Government bond issuance and fiscal spending may be accelerated to provide more support to the real economy. However, additional strong fiscal support and consumption stimulus are unlikely to materialize before 2H25, as China might consider them as bargaining chips in negotiating with the US.

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

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bahrain Government International	1750/	8yr/	6.25%/	6.25%/	-/B+/B+
	750	12yr	7.5%	7.5%	
Sihai International Investment/ Wuxi Hengting Industrial	65	3yr	5.15%	5.15%	Unrated
Uzbekneftegaz JSC	850	5yr	8.75%	8.75%	-/B+/BB-

➤ 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 43 credit bonds issued on Wednesday with an amount of RMB19bn. In Apr'25, 2,392 credit bonds were issued with a total amount of RMB2,220bn raised, representing a 11.2% yoy increase
- China passes major legislation to bolster private-sector companies, effective on 20 May'25
- **[BABA]** Alibaba to speed up deliveries amid China's cut-throat e-commerce market
- **[FUTLAN/FTLNHD]** S&P affirmed Seazen Group and Seazen Holdings rating at B on satisfactory rentals amid weak property sales, outlook negative
- **[GRNKEN]** Greenko founders mull downsized loan to acquire smaller stake from Orix
- **[MGMCHI]** MGM China 1Q25 adjusted EBITDA declines 5.5% yoy to HKD2.4bn (cUSD305mn)
- **[NSANY]** Nissan Motor China JV Dongfeng Nissan denies reports of shutting production at Wuhan plant
- **[RAKUTN]** Rakuten Group to invest at least "three-digit USD million" in India in 2025 and boost employee count in India by 8% as part of its efforts to solidify global operations

- **[VEDLN]** Vedanta Limited FY25 consolidated EBITDA rises 37% yoy to INR435.4bn (cUSD5.1bn) in FY25, plans up to USD1.7bn capex in FY26
- **[VEYONG/XINAOG]** ENN Natural Gas secures extension for dispatch of privatization scheme document to 1 Dec'25

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