20 Aug 2026

CMBI Credit Commentary

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

- *This morning, the new CHIBAB 31 was 1-2bps tighter from RO at T+53. We saw selling in the front end and 10yr benchmark TENCNT/KUAISH. We also saw AM buying in AT1s to reload risk and were 0.2-0.3pt higher. The new CNH HSBC 34 up 0.1pt while the new HSBC 30 was unchanged. The US Treasury Dept. will double buyback sizes for 10-to-30yrs bonds to at least USD4bn per operation, effective 9 Sep'26.*

- ***MPEL/STCITY:** GGR market share broadly stable at c15% in 1H26. Maintain buy on MPELs and STCITYs, which were unchanged this morning. See below.*

- ***HYUELE:** S&P upgraded SK Hynix by one notch to A- from BBB+ on AI-driven operating strength; positive outlook reflects agency's view of a high likelihood of the memory industry expanding in size and profitability, with potentially reduced volatility. HYUELEs were unchanged this morning.*

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❖ **Trading desk comments 交易台市场观点**

Yesterday, China IG spreads leaked modestly wider. The new CSILTD '31 FRN widened to SOFR+60 at close from RO at SOFR+53. We saw better selling in benchmark Chinese TMTs KUAISH/TENCNT/BABA and closed 1-2bps wider, while bank T2s and lifer papers held up well overall. In Korea, we saw minimal flipping in the new SMIND 30 and closed 2bps wider. HYUELE were unchanged, even with better selling interests, despite S&P upgraded SK Hynix by one notch to A- from BBB+ with positive outlook and SK Hynix announced KRW40tn share buyback. The rest of the KR industrials and financials spaces remained skewed toward selling and closed unchanged to 1bp wider. In Japan, we saw PB selling older MUFG/MIZUHO/SUMIBK '32 FRNs, better buying in NOMURA, and two-way interest across NIPLIF '31s/'33s.

In higher-yielding space, GLPSP/GLPCHI were 0.5-1.0pt lower. VNKRLE 27-29 dropped 0.4-0.8pt. European AT1s consolidated as rates recovered modestly overnight. London flows remained biased to sell, while Asia, partially Chinese RMs, was willing to pick up front-end and belly papers in higher-quality names HSBC/UBS/BNP. Most flows traded at 0.1pt cheaper versus the previous day. Japanese insurance subs did not share the same support, with recent issues struggling to find buyers even at unchanged levels. In contrast, SOFTBK curve found support from short covering and tactical demand following this week's sell-off. CNH activity was slower as the recent rally paused. The new LUSOIB 3.6 Perp initially rose 0.4pt then fell to 0.1pt below par after a flurry of profit taking from primary participants, reflecting the name's historically weak liquidity technical. We saw minimal traction in its USD tranche LUSOIB 6.6 Perp, partly due to settlement location constraints. LGFVs remained firm as clients continued to chase after higher-yielding CNH papers, bringing most Zoucheng names to inside 7%, only a few Weifang names remained above that level. Demand also gradually picked up in higher-yielding USD LGFVs, with several names compressing through the 7% and 8% yield thresholds from above.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TACHEM 5.65 07/05/54	**94.4**	**1.6**	GLPSP 7.865 PERP	**61.3**	**-1.0**
MTRC 5 1/4 04/01/55	**95.9**	**1.4**	TSIVMG 1.6 12/17/39	**47.3**	**-1.0**
RIOLN 5 7/8 03/14/65	**97.6**	**1.4**	GLPSP 4.6 PERP	**56.5**	**-1.0**
TACHEM 5.8 07/05/64	**94.7**	**1.4**	VNKRLE 3 1/2 11/12/29	**51.8**	**-0.8**
RIOLN 5 3/4 03/14/55	**97.4**	**1.3**	GLPSP 9 3/4 05/20/28	**91.7**	**-0.8**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.21%), Dow (+0.22%) and Nasdaq (+0.16%) were higher on Wednesday. The US latest Crude Oil Inventories were +4.405mn barrels, compared to the market expectation of +0.2mn. 5/10/30 year UST yield was lower on Wednesday. 2/5/10/30 year yield was at 4.19%/4.35%/4.65%/5.19%.

❖ Desk Analyst Comments 分析员市场观点

➢ MPEL/STCITY: GGR market share broadly stable at c15% in 1H26

In 2Q26, Melco Resorts (MPEL) reported a 5.5% yoy decrease in gaming revenue, reflected lower win rates as well as softer gaming activity, partly attributable to the FIFA World Cup from mid-Jun'26. Operating revenue declined 5.7% yoy to USD1.3bn, while adj. EBITDA fell 20.4% yoy to USD280mn. City of Dreams (COD) Macau's adj. EBITDA down 34.5% yoy to USD148mn in 2Q26, with adj. EBITDA margin compressed to 23.4% from 31.8% in 2Q25. The decline was driven primarily by a lower rolling chip win-rate of 2.7% in 2Q26 (2Q25: 3.93%), and below the typical win rate of 2.85-3.15%. Mass table hold also declined at 29.8% (2Q25: 30.5%). Studio City's adj. EBITDA declined 9.2% yoy to USD96mn on lower volumes, despite mass table hold increased to 36.3% in 2Q26 (2Q25: 34.0%).

In 1H26, MPEL's operating revenue increased 2.3% yoy to USD2.6bn, with gaming revenue rose 3.1% yoy to USD2.2bn, underperformed Macau GGR growth of 6.8 yoy during the same period. Based on our estimates, MPEL's GGR market shares broadly stood at c15% in 1H26 and FY25. In 1H26, COD Macau' adj. EBITDA declined 14.1% yoy to USD362mn on softer performance of rolling chips and mass market. Studio City's adj. EBITDA edged up 2.3% yoy to USD207mn in 1H26. While adj. EBITDA increased 14.8% yoy in 1Q26, this was more than offset by the 9.2% yoy decline in 2Q26, when weaker mass market activity weighed on earnings. Altira Macau's adj. EBITDA improved to USD6mn in 1H26 from USD0.2mn in 1H2, supported by improved mass market performance. Outside Macau, total adj. EBITDA rose 17.8% yoy to USD97mn, from improved rolling chip and mass market performance.

As of Jun'26, MPEL had cash on cash equivalents of USD913mn, available credit facilities of USD1.2bn, and net debt of USD6.1bn. MPEL complex's next major USD bond maturity is USD600mn MPEL 5.625 07/17/27. We take comfort from MPEL's continued access to the funding market, illustrated by Studio City's USD300mn issuance in May'26. We view its near-term refinancing risk as limited, with no major maturities in 2026 following the early redemption of MPEL 5.25 04/26/26 in 2025. Overall, we view MPEL's credit profile continues to be supported by its good access to funding channels and manageable near-term maturities.

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. 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, SANLTDs 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.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chiba Bank	300	5yr	4.836%	T+53	A1/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
HDFC Bank	USD	-	3yr	T+120	Baa3/BBB/-
	USD	-	5yr	T+130	Baa3/BBB/-
KB Securities	USD	-	3yr	T+115	A3/-/-
Mitsui & Co	USD	-	5yr	T+85	A3/A/-

- **News and market color**

- Regarding onshore primary issuances, there were 120 credit bonds issued yesterday with an amount of RMB142bn. As for month-to-date, 1,293 credit bonds were issued with a total amount of RMB1,216bn raised, representing a 4.5% yoy increase

- **[SUMIBK]** Media reported Sumitomo emerged as potential buyer for FleetPartners

- **[YESIN]** Yes Bank to monitor conditions, considers launching USD bond on 21 Aug'26

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