

CMBI Credit Commentary

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

- *Markets were weak this morning. IG benchmarks widen 2-3bps. New issue INDONs down c0.2pt. AMC space was stable post Fitch's downgrade. We saw buying interests in quality LGFV/SOE Perp.*
- *VEDLN: Obtained 97.8-99.7% of bondholders' consent on liability management exercises. See below.*
- *Macau gaming: GGR recovery to continue though percentage growth to moderate given the higher base. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex JP IG space was traded in a weaker tone with UST rates rebounding from the lows. The market was quiet ahead of the upcoming US job data this week. Chinese SOE/TMT benchmarks such as HAOHUA 30s/TENCNT 31s were 2-5bps wider. The high beta TMTs XIAOMI/LENOVO 30-31s widened 2-3bps. In financials, Chinese bank T2s continued to be traded heavily. BCHINA/ICBCAS 24-26s were 3-5bps wider. We also saw some loose bonds coming out in the front end of leasing sector. Chinese AT1s ICBCAS 3.2 Perp/BOCOM 3.8 Perp were up 0.1pt. EU AT1s HSBC/STANLN Perps were 0.5-0.8pt lower at the close of Asia. Korean space was better sold. HYUELE/DFHOLD papers were closed 2-5bps wider. In AU space, MQGAU '34/ANZ '30 widened 3bps. HK IGs HKLSP/HKAA 33s widened 3bps. CKINF/CKPH/HYSAN Perps were up 0.6-0.8pt. SHUION 24/26 were another 3.6-4.7pts higher after gaining 2.3-3.3pts on Tue. Chinese properties remained firm. ROADKG 24-25s were up 1.5-4.0pts. DALWAN '24/PINGRE '26 was 1.3-1.8pts higher. GEMDAL '24 and YLLGSP 24/26 were up 0.7-1.1pts. In industrials, CHIOIL/WESCHI 26s and FOSUNI 25-27s were up 0.3-1.3pts. Macau gaming names such as MPEL/SANLTD/WYNMAC 28-31s were 1.1-2.1pts lower. In Indian space, VEDLN 24-25s were up 1.0-1.6pts. Indonesian name LMRTSP 24/26 were 3.0-4.3pts higher. LPKRIJ '26 was also up 1.1pts. BUMAIJ '26 was around 1pt higher following PT Bukit Makmur Mandiri Utama secured USD750mn syndicated financing facility from BNI. UPLLIN 5.25 Perp was another 0.6pt higher. The long-end of SOEs such as FRIDPT/IDASAL 50-51s were down 1.9-2.4pts. Elsewhere, GLPCHI 24/26 were up another 2.1-4.4pts after gaining 1.8-2.0pts on Tue.

In the LGFV/Perp spaces, we saw some RMs/PBs taking profit on perps with high cash prices. SOE perps were generally resilient. The loose bonds were still easily absorbed by dealers and PBs. CHPWCN 3.08 Perp/CRHZCH 3.75 Perp were up 0.1pt whilst CHSCOI 4 Perp were down 0.1pt. Elsewhere in LGFVs, we saw a little pickup in selling interests as RMs attempted to realize profits from the rally in 4Q23. That said, the deployment demand from

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

Cyrena Ng, CPA 吳倩瑩
 (852) 3900 0801
 cyrenang@cmbi.com.hk

Jerry Wang 王世超
 (852) 3761 8919
 jerrywang@cmbi.com.hk

RMs/banks continued to be solid, especially on high-yielding names across LGFVs and high-beta IGs, such as CPDEV/SUNSHG. CPDEV 25/26 closed 0.3-2.1pts higher. SUNSHG '26 was up 0.6pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 6.15 08/24/24	84.2	4.7	FRIDPT 6.2 04/14/52	96.4	-2.4
SHUION 5 1/2 03/03/25	64.1	4.4	ICBPIJ 4.745 06/09/51	79.0	-2.2
GLPCHI 2.95 03/29/26	64.1	4.4	WYNMAC 5 5/8 08/26/28	92.1	-2.1
LMRTSP 7 1/2 02/09/26	72.5	4.3	ICBPIJ 4.805 04/27/52	79.7	-2.0
ROADKG 6.7 09/30/24	82.8	4.0	IDASAL 5.8 05/15/50	94.2	-2.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.80%), Dow (-0.76%) and Nasdaq (-1.18%) were weak on Wednesday. US Dec'23 ISM manufacturing PMI was 47.4, rose from 46.7 in Nov'23 and higher than the expectation of 47.1. China Dec'23 Caixin service PMI was 52.9, compared to the expectation of 51.6. Long term UST yields moved lower yesterday, 2/5/10/30 yield reached 4.33%/3.90%/3.91%/4.05%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ VEDLN: Obtained 97.8-99.7% of bondholders' consent on liability management exercises

Vedanta has obtained sufficient supports from its bondholders of its due-24-26s notes in the consent solicitations. The level of support on VEDLN 13.875'24, VEDLN 6.125'24, VEDLN 8.95'25, and VEDLN 9.25'26 are 98.69%, 97.78%, 99.66% and 99.12% in principal amounts respectively. The bondholders' meeting of each of the bonds will be held on today. Passing the consent solicitation helps Vedanta lessen its immediate liquidity pressure of VEDLN 13.875'24 of USD1bn due on 21 Jan, as well as USD951mn of VEDLN 6.125'24 due in Aug.

In the liability management exercise, Vedanta proposed to make partial repayment on its due 24-25s notes and extend the maturity of the remaining principal amounts. For the due-26 notes, it only seeks for covenants change. In case VEDLN 9.25'26 is not refinanced by Dec'25, VEDLN'24-25s will have to be redeemed on 20 Apr'26 so as to retain tenor seniority over VEDLN 9.25'26. The early consent deadline was extended to 2 Jan'24 from the original deadline on 27 Dec'23.

On the other hand, S&P said on 14 Dec'23 that it would downgrade Vedanta to SD when it completes the transaction. It is now rated at CC by S&P and remains on CreditWatch negative. VEDLN 6.125'24 and VEDLN'25-26s had already gained c3.5pts since Nov'23 while VEDLN 13.875'24 was stable, we changed our recommendations on VEDLN 13.875'24 and VEDLN 8.95'25 to neutral from buy in our 2024 Asia Credit Outlook.

➤ Macau gaming: GGR recovery to continue though percentage growth to moderate given the higher base

MOP mn	2022	2023	Cumulative GGR 2023	Cumulative GGR 2023 growth rate	% of 2019 GGR
Jan	6,344	11,580	11,580	62.60%	46.40%
Feb	7,759	10,324	21,904	48.40%	43.50%
Mar	3,672	12,738	34,642	94.90%	45.50%

Apr	2,677	14,722	49,364	141.40%	49.50%
May	3,341	15,565	64,929	172.90%	51.70%
Jun	2,477	15,207	80,136	205.00%	53.60%
Jul	398	16,662	96,798	263.00%	55.60%
Aug	2,189	17,213	114,011	295.10%	57.50%
Sep	2,962	14,937	128,948	305.30%	58.50%
Oct	3,899	19,501	148,449	315.60%	60.20%
Nov	2,999	16,043	164,492	324.86%	61.01%
Dec	3,482	18,564	183,056	333.79%	68.43%

Source: Macau DSEC.

In Dec'23, the gross gaming revenue (GGR) in Macau rose 433.1% yoy to MOP18.6bn, compared to 434.9% yoy growth rate in Nov'23. The cumulative GGR in 2023 rose 333.8% yoy to MOP183.1bn and was 68.43% of pre-pandemic level in 2019, increased from 61.01% in 11M23. We expect the GGR of Macau to continue to rebound but the percentage growth to moderate as GGR started the substantial rebound since the reopening of China in Jan'23. As discussed before, the Macau government estimated GGR in 2024 to be MOP216.0bn, representing 18% yoy growth compared to 2023.

Macau gaming operators turned positive EBITDA since 1H23 based on the notable recovery of Macau tourist arrivals and GGR. We expect the Macau gaming sector to continue to recover, supporting the continued improvement of credit profiles and normalization of funding access for gaming operators. Given the recovery of Macau gaming sector, S&P raised SANLTD's rating one notch to BBB- and placed stable outlook in Jul'23. In Nov'23, Moody's changed the outlook of MPEL and STCITY/STDCTY's Ba3 rating to stable from negative. Moody's affirmed WYNMAC's B1 rating and changed the outlook to positive from stable. We expect to see more rating actions over the coming 12-18 months. In the sector, we prefer **MPEL**, **SJM** and **STCITY/STDCTY** for better risk-return profile. We also like MGMCHIs and WYNMACs for 100-150bps yield pick-up over the bonds of its US parents.

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	6.38-6.53	0.4-2.8	95.3-99.6
MPEL	6.81-7.80	1.4-4.9	88.7-97.4
SANLTD	5.69-6.25	1.5-6.4	83.6-99.4
SJMHOL	7.90-8.81	1.9-3.5	86.7-93.6
STCITY/STDCTY	7.05-8.90	1.5-4.2	84.4-98.9
WYNMAC	4.07-7.40	0.7-5.0	89.2-101.9

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Indonesia	500/650/900	5/10/30yr	4.4/4.7/5.1%	T+74.4/93.2 /111.4	Baa2/BBB/BBB

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Golden Dragon Mountain Trading (BVI) Co., Limited	USD	-	330d	6.2%	-/-/-
Export-Import Bank of Korea	USD	-	3/5/10yr	T+80/90/100	Aa2/AA/AA-
Hyundai Capital America	USD	-	3yr	-	-/-/-
POSCO	USD	-	3/5yr	-	Baa1/A-/-
SK Hynix	USD	-	3/5yr	-	Baa2/BBB-/BBB

➤ News and market color

- Regarding onshore primary issuances, there were 61 credit bonds issued yesterday with an amount of RMB46bn. As for Month-to-date, 120 credit bonds were issued with a total amount of RMB89bn raised, representing a 95.6% yoy increase
- [CIFIHG]** CIFI Holdings submitted latest proposal on holistic solution for offshore indebtedness, aim to reduce Cusd3.3-4bn debts
- [GLPSP]** GLP-backed Hidden Hill Capital closes PE RMB FUND II at RMB8bn
- [INGREN]** ReNew unit India Green Energy announced to redeem early USD325mn INGREN 5.375 04/29/24 in full on 11 Jan
- [NIO]** NIO plans to repurchase all convertible NIO 0 02/01/26

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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