

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2023”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets were quiet this morning. Asian IG space overall widened 1-5bps. Recent new issues GSCCOR'28 and CCAMCL'27 were unchanged. HRINTH curve down 0.25-0.5pt. We saw profit taking on SOE perps and buyers on front-end LGFV names.*
- *Macau gaming: Accelerating recovery pace continues. See below.*
- *CHINSC: China SCE unit proposed to offer up to RMB700mn three-year CBICL-backed MTNs on 2-3 Aug. CHINSCs moved -0.25 to +0.5pt this morning.*

❖ Trading desk comments 交易台市场观点

Asia ex-JP IG space was mixed yesterday with the attention on new issues. The new USD400mn CCAMCL 5.75 '27 tightened around 10bps inside RO level, and closed at T+156 with active two-way flows. The other new issue USD300mn GSCCOR 5.375 '28 hovered unchanged around RO level at T+128. IG spreads closed unchanged to 2bps tighter with balanced two-way flows. In Chinese SOEs, HAOHUA 29s/30s were unchanged to 1bp tighter. TMT benchmark TENCNT 30 edged 2bps tighter to close at T+141. In financials, Chinese bank T2s were sought-after. HRINTH curve closed unchanged to 0.5pt lower. Chinese AT1s were better bid. European AT1 such as HSBC/STANLN were also under better buying from PBs/Prop desks post the release of strong 1H results. Chinese properties performed mixed. COGARD 24s/25s dropped 2.5-3.5pts and rest of the curve were down 0.5-1pt, post the report of share placement cancellation. LNGFORs/DALWANS were 1-2pts lower across the curves. FTLNHD/ROADKG 24-26s lowered 1-1.75pts. On the other hand, GRNLGR 26-27s were marked 1pt higher. In industrials, FOSUNI 25/WESCHI 26 were traded up 0.25pt. Macau gaming papers such as SANLTDs/STCITYs were quoted 0.5-1.75pts lower. In Indian space, VEDLNs were traded up 0.5-1.25pts. Indonesian names such as ABMMIJ 26/LPKRIJ 25 moved 0.5-0.75pt higher.

The LGFV/Perp spaces were quiet. The flows in LGFVs were mostly rebalancing and cleanup flows in bits and pieces, and prices were largely stable. Shandong papers QDJZWD 4.9 '25/SHGUOH 4.7 '25 were quoted

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down 0.125-0.25pt. Meanwhile SOE perps were firmer on back of RM buying. CHSCOI/CNBG/CHPWCN Perps were indicated 0.125-0.25pt higher. HK Corp perp papers were mixed. HYSAN 4.85 Perp/NANFUN 5 Perp were marked 0.5-0.75pt higher. On the other hand, CKPH 3.5 Perp/NWDEVL 4.125 Perp edged 0.125-0.25pt lower. Elsewhere, selected high-beta papers were under better buying, and the bonds yielding above 9% continued to be sought-after. CPDEV 26/Perp closed unchanged to 0.5pt higher

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
XINHUZ 11 09/28/24	94.2	1.4	COGARD 6.15 09/17/25	18.9	-3.3
VEDLN 6 1/8 08/09/24	67.6	1.2	COGARD 5.4 05/27/25	21.0	-2.9
JPFAIJ 5 3/8 03/23/26	81.7	1.0	COGARD 3 1/8 10/22/25	18.1	-2.8
GRNLGR 6 3/4 03/03/26	13.5	1.0	COGARD 8 01/27/24	33.3	-2.5
VEDLN 8.95 03/11/25	67.3	1.0	COGARD 6 1/2 04/08/24	24.1	-2.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.27%), Dow (+0.20%) and Nasdaq (-0.43%) were mixed yesterday. US Jul Markit manufacturing PMI was 49.0, rose from 46.3 in Jun and same with expectation. Euro-zone Jul Markit PMI was 42.7 as expected, down from 43.4 in Jun. Fitch downgraded US long-term ratings to AA+ from AAA and placed stable outlook. The US treasury yields overall rallied higher yesterday, the 2/5/10/30 yield reached at 4.92%/4.24%/4.05%/4.11%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Macau gaming: Accelerating recovery pace continues

MOP mn	2022	2023	Cumulative GGR 2023	Cumulative GGR 2023 growth rate
Jan	6,344	11,580	11,580	62.6%
Feb	7,759	10,324	21,904	48.4%
Mar	3,672	12,738	34,642	94.9%
Apr	2,677	14,722	49,364	141.4%
May	3,341	15,565	64,929	172.9%
Jun	2,477	15,207	80,136	205.0%

In Jul'23, the gross gaming revenue (GGR) in Macau increased 41x to MOP16.7bn. The cumulative GGR in 7M23 was MOP96.8bn, more than doubled the GGR of MOP42.2bn in FY22 but only about 56% of the pre-pandemic level (cumulative 7M19 GGR). More notably, the recovery pace of GGR recovery in Macau continues to accelerate as shown in the table above.

The sharp rebound of GGR supported the significant improving credit stories as EBITDA turned positive with more contained capex and funding access resumed. Taking cues from the 2Q23 results of Melco Resorts and Studio City, they turned EBITDA positive since 1Q23. For 2Q23, the adj property EBITDA of Melco Resorts and Studio City was USD241.1mn and USD41.1mn, increased from USD171.0mn and USD20.6mn in 2Q23, respectively. In early Jul'23, MGM China extended the maturity of its revolving facilities for another 2 year to 15 May'26 and upsize the second revolver to HKD5.85bn from HKD3.12bn. Wynn Macau, on the other hand, upsized the issue 6NP4 CBs to USD600mn in Mar'23. We noticed the positive rating actions on Sands China

recently and Wynn Macau in May'23. We expect a series of positive rating actions on the Macau gaming sector to come as credit profile continues to improve and funding access to normalize.

Despite the current valuation is less attractive, we still like the Macau gaming bonds given the sector's improving credit stories, contained capex and undemanding valuation. The potential positive rating actions will support the performance of Macau gaming bonds. We continue to prefer MPEL, SJM and STCITY/STDCTY for better risk-return profiles. We also see WYNMACs yield pick-up plays over the bonds of its US parents.

➤ 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)
Huatai Securities	USD	-	3yr	T+105	Baa1/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB47bn. As for Month-to-date, 64 credit bonds were issued with a total amount of RMB47bn raised, representing a 33.2% yoy decrease
- PBOC said to instruct commercial banks to adjust interest rate of outstanding individual housing mortgage
- **[AGILE]** Media reported that Agile plans to remit funds on 2 Aug, the last day of grace period, to cure missed USD14.4mn coupon
- **[CHINSC]** China SCE unit proposed to offer up to RMB700mn three-year CBICL-backed MTNs on 2-3 Aug
- **[COGARD]** Country Garden denied signing definitive agreement related to reported share placement, not considering proposed transaction at this stage; Country Garden Services intends to repurchase not more than 10% of company's issued shares
- **[EHOUSE]** E-House (China) Enterprise received support from approximately 82.04% of scheme creditors for irrevocable restructuring as of final RSA expiration deadline
- **[FUTLAN]** Seazen Holdings schedules RMB1bn 20Xinkong04 bond put option exercise on 4-10 Aug
- **[SINOCE]** Sino-Ocean got approval from bondholders for 30-day grace period for RMB2bn 18Yuanyang01 due 2 Aug

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