

CMBI Credit Commentary

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

- *Asian IG space were largely unchanged with two-way flows this morning. AT1s and corporate perps rebounded. LGFVs remained under better buying. LNGFORs were unchanged post rating downgrade.*
- **SANLTD:** *Weak 3Q24 result and new credit facility agreement. We are neutral on SANLTDs. SANLTDs were unchanged to 0.1pt lower. See below for comments.*
- **FUTLAN/FTLNHD:** *Media reported that Seazen is waiting for CBICL guarantee to issue a new onshore bond to repay due Dec'24 offshore bond. The issue size of new bond may exceed RMB1bn. FUTLAN/FTLNHD rose up to 0.3pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, UST yield widened another 4-5bps. BCHINA priced a USD300mn 3-yr floating-rate bond at SOFR+58. BBKPIJ priced a USD300mn 3-yr bond at CT3+165. In KR, DFHOLD '26 tightened 2bps. HYUELE/HWQCUS/HYMNTR 28-31s widened 1-2bps. In Chinese IGs, TENCNT/BABA/XIAOMI/MEITUA 30-31s were 1-2bps tighter. In financials, BOCAVI 31-33s tightened 2-3bps. FRESHK 25-26s tightened 4-5bps. Chinese AMCs were mixed. CCAMCL/ORIEAS 27-29s were 1-5bps tighter. HRINTH 29-30s were 0.1-0.3pt lower (3-4bps wider). In insurance hybrids, SUMILF 5.875 Perp/ASAMLI 6.9 Perp/NIPLIF '54/MYLIFE '54 were 0.1-0.3pt lower. ZURNVX '55 was down another 0.1pt. In EU AT1s, BNP/INTNED/HSBC Perps were 0.1-0.2pt lower. In HK, CKHH/AIA 33-34s tightened 1-2bps. In Chinese properties, FTLNHD/FUTLAN 25-26s rose 0.5-0.7pt. Media reported Seazen would issue CBICL-backed onshore bonds to repay its FTLNHD 4.8 12/15/24 and the approval from CBICL would unlikely be obtained by the end of Oct'24. LNGFOR 27-32s were unchanged. Fitch downgraded Longfor one notch to BB. DALWAN 25-26s, on the other hand, were down 0.3-0.4pt. In Macau gaming, MPEL '29/SANLTD '28/STCITY '28 were 0.3-0.4pt lower. Outside China, GLPSP Perps declined 1.0pt, closed 3.1-3.5pts lower WTD. GLPCHI/GLPSP 25-26s were 0.2pt higher, closed unchanged WTD. In India, Adani complex bonds were unchanged to 0.2pt lower.

In LGFVs, ZZYSMD priced a CNH620mn 2-yr bond at par to yield 6.5%. HZMGSG priced a USD210mn 3-yr bond at par to yield 5.36%. ZMTRG announced the new issue mandate of a 3-yr dollar bond. The quality LGFVs remained sought after by RMs. BCDHGR '26 was 0.4pt higher. HEFIND '25/ZHEBAR '27 were up 0.1-0.2pt. HNYUZI '26 was down 0.2pt. In SOE perps, CHPWCN 3.08 Perp/COFCHK 3.1 Perp were 0.1pt higher. GRPCIN '26/ZHONAN '25 were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FUTLAN 4.45 07/13/25	90.1	0.7	MITHCC 3 1/2 01/24/29	92.9	-1.6
FTLNHD 4 1/2 05/02/26	77.1	0.5	PLBIJ 5 3/8 05/05/45	96.4	-1.1
SUNHUN 2 3/4 05/13/30	89.8	0.4	GLPSP 4.6 PERP	60.4	-1.0
BCDHGR 3 1/4 07/15/26	95.4	0.4	GLPSP 4 1/2 PERP	61.8	-1.0
FTLNHD 4 5/8 10/15/25	85.3	0.3	FRIDPT 6.2 04/14/52	101.2	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.92%), Dow (-0.96%) and Nasdaq (-1.60%) were weak on Wednesday. US Sep'24 home sales was 3.84mn units, lower than the expectation of 3.88mn. UST yield edged higher yesterday, 2/5/10/30 yield reached 4.07%/4.05%/4.24%/4.51%.

❖ Desk Analyst Comments 分析员市场观点

➤ SANLTD: Weaker 3Q24 results and new credit facility agreement

Sands China (SCL) reported declines in revenue and adj EBITDA in 3Q24 due mainly to the disruption of the Londoner Macau renovation. In 3Q24, SCL's net revenue down 1.0% yoy to USD1.77bn, reaching c84% of 3Q19 level. SCL's adj. property EBITDA in 3Q24 decreased 5.0% yoy to USD585mn, mainly dragged by Londoner Macau with an adj. property EBITDA decline of 25.7% yoy. Nonetheless, in 9M24, SCL's net revenue and adj property EBITDA improved 13.6%/16.7% yoy to USD5.3bn and USD1.8bn, compared with the 31.3% yoy growth of cumulative GGR in Macau in 9M24. We expect the operating performance of SCL to continue to be adversely affected until the renovation of Londoner to be completed in 1Q25.

That said, SCL's credit profile will not be significantly affected by the renovation and SCL should have limited refinancing pressure. As of Jun'24, SCL had cash of USD1.8bn and short term debts of only USD17mn. On the other hand, SCL signed new facility agreement on 23 Oct'24 to refinance its USD2.5bn facility signed in 2018. The new facility comprises of a HKD19.5bn (cUSD2.5bn) revolving facility with funding cost of HIBOR+2.5% and a HKD12.95bn (cUSD1.65bn) term loan with funding cost of HIBOR+1.65%. These will not only reflect its improving access to new sources of funding at manageable costs, but also strengthen its financial flexibility in refinancing such as SANLTD 5.125 08/08/25 (o/s USD1.6bn).

As we discussed before, we believe that Macau gaming operators are candidates for early redemptions given their improved fundamentals and resumed external funding accesses. Recalled that SCL repurchased USD175mn of SANLTD 5.125'25 in Jun'24 and Studio City repurchased USD100mn of STCITY 6'25 through tender offer in Apr'24. We expect operators to conduct more early redemptions. Within the sector, SJMHOLS remain to be our top picks, followed by MPEL, STCITY/STDCTY for their better risk-return profiles. We also like MGMCHIs and long-dated WYNMACs which offer 30-120bps and c90bps yield pick-up over the bonds of their US parents. Meanwhile, we are neutral of SANLTDs on valuation.

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	5.9-6.6	0.6-3.9	97.3-102.5
MPEL	6.2-7.2	0.6-4.3	93.4-102.7
SANLTD	5.1-5.5	0.8-5.9	87.6-100.4
SJMHOL	5.9-6.7	1.2-2.9	94.7-98.4
STCITY/STDCTY	6.0-7.3	0.7-3.7	91.7-101.0
WYNMAC	3.7-6.6	1.2-4.3	93.8-103.2

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of Bukopin	300	3yr	5.658%	T+165	-/-/BBB
Bank of China Paris Branch	300	3yr	5.439%	SOFR+58	A1/A/A
Huzhou Moganshan Hi-tech Group	210	3yr	5.36%	5.36%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhengzhou Metro Group	USD	-	3yr	T+125	-/-/A

➤ News and market color

- Regarding onshore primary issuances, there were 128 credit bonds issued yesterday with an amount of RMB131bn. As for month-to-date, 1,003 credit bonds were issued with a total amount of RMB913bn raised, representing a 0.6% yoy increase
- [DALWAN]** Media reported that Dalian Wanda source said Suning.com has no ground for requiring share buyback of Dalian Wanda Commercial Management Group for cRMB5bn
- [EDU]** New Oriental Education 1Q25 net revenue rose 30.5% yoy to USD1.4bn
- [FUTLAN/FTLNHD]** Media reported that Seazen is waiting for CBICL guarantee to issue a new onshore bond to repay due Dec'24 offshore bond. Seazen will highly likely get approval as early as the end of this month and the issue size could exceed RMB1bn
- [HYUELE]** SK Hynix 3Q24 revenue rose 94% yoy to cUSD12.7bn and EBITDA rose 556% yoy to cUSD7.3bn
- [LNGFOR]** Fitch downgraded Longfor to BB on reduced liquidity buffer, maintained negative rating outlook

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