

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2025

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 2025](#)". Thank you for your support!

- *BBLTB tightened 1-2bps this morning. LASUDE 26/GWFOOD 30 up 0.4-0.6pt. CTFCHK 4.25 29 down 1.4pt.*
- *WYNMAC: FV of the new WYNMAC to be mid-high 6% vs IPT at 7.0%. See below.*
- *MEDCIJ: Lower commodity prices weighted on Medco 1H25 revenue. Maintain buy on MEDCIJ 8.625 05/19/30. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, China TMTs/Corps BABA/TENCNT/HAOHUA/CNMDHL tightened 2-4bps. TW lifers SHIKON 35/NSINTW 34 were 1-2bps tighter. MTRC 5 5/8 and 4 7/8 perps moved up 0.1pt. LIFUNG 5 ¼ Perp rose 1.4pts. NWDEVL 27-31s were unchanged to 1pt higher. WYNMAC 26-29s were 0.1pt lower to 0.2pt higher. Wynn Macau's proposed USD500mn unsecured notes were assigned BB- rating by Fitch and S&P. See below for our FV estimate. In Chinese properties, CSCHCN 4.5 08/19/27 was down 2.6pts, as Hong Kong High Court judge ordered the liquidation of China South City. FUTLAN 28/FTLNHD 25-26s were unchanged to 0.1pt lower. See our comment on [8 Aug'25](#). Korea lower-beta, financial bonds tightened 2-5bps on NHSECS/SHINFN/KHFC. HYUELE 26-33s were 1bp tighter to 4bps wider. SK Hynix expects HBM chip market to grow 30% a year until 2030 on strong AI demand. We continue to see buying from China on Japanese insurance hybrids and AT1s. In SEA, MEDCIJ 26-30s were unchanged to 0.2pt higher. See our comment below. SMCGL/SMCPM perps were 0.1pt lower to 0.1pt higher. San Miguel Global Power will spend USD56.3mn to double the capacity of its gas plant, and San Miguel Corp will raise PHP20bn via public offering of preferred shares. INCLEN 27/RNW 26 were unchanged to 0.1pt higher. ReNew Energy Global is preparing for an IPO in India and a simultaneous delisting from the Nasdaq. PTTGC 52 retreated 0.8pt. Media report that PTT Global Chemical sees fall in petrochemical demand to continue until 2027. Demand for Yankee AT1s from China persisted while supply remained thin in London/Europe. HSBC/STANLN belly and long-end bonds closed 0.1-0.4pt higher. The LGFV CNH new issues XYDXIV 28/ZZREAL 28s/QDBTTI 28 remained largely unchanged.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CTFSHK 4 1/4 06/27/29	90.7	2.4	CSCHCN 4 1/2 08/19/27	22.7	-2.6
LIFUNG 5 1/4 PERP	52.9	1.4	REGH 6 1/2 PERP	20.5	-0.9
CKINF 4.2 PERP	71.6	1.1	PTTGC 5.2 03/30/52	87.5	-0.8
NWDEVL 8 5/8 02/08/28	76.6	1.0	GRNLGR 6 3/4 09/26/29	19.8	-0.8
GLPSP 4 1/2 PERP	58.7	1.0	GRNLGR 7 1/8 04/22/29	19.8	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.25%), Dow (-0.45%) and Nasdaq (-0.30%) were lower on Monday. 5yr/30yr UST yield was lower on Monday, 2/5/10/30 yield at 3.76%/3.83%/4.27%/4.84%.

❖ Desk Analyst Comments 分析员市场观点

➤ WYNNMAC: FV of the new WYNNMAC to be mid-high 6% vs IPT at 7.0%

- Issuer: Wynn Macau
- Issue rating: B1/BB-/BB- by Moody's/S&P/Fitch
- Ranking: Senior unsecured
- Tenor: 8.5 year NC 3
- Size: USD500mn
- UOP: General working purposes and debt repayment
- Special put option: at 100 if there will be material adverse effect on Wynn Macau's businesses resulting from: 1) without a gaming license for 10 consecutive days or longer; or 2) termination or modification of gaming license

FV estimate and credit considerations

We consider FV of the new 8.5NC3 WYNNMAC to be mid-high 6% (vs. IPT of 7%) in view of WYNNMAC'28 and '29 trading at 6% and 50-60bps maturity extension for 4-5 years. We note that this issue will be the first USD bonds in Macao gaming sector with maturity beyond the new concession period expiring on 31 Dec'32. That said, we believe that the gaming license risk is remote in the medium term and we do not add a premium because of the gaming license risk in our FV estimate.

The new issue will help lengthen Wynn Macau's debt maturity notably despite, to some extent, at the expense of higher funding cost. Wynn Macau announced the upsize of USD1bn of RCF to USD2.5bn on 31 Jul'25. As of Jun'25, the weighted average funding cost of the drawdown was 3.38%. Nonetheless, we believe that the upsize of RCF and the new 8.5NC3 issue will help persuade Moody's to move Wynn Macau's rating up to Ba category, in line with the current ratings of other rating agencies in view of the notably alleviated refinancing risk. Wynn Macau will have its next USD bond maturity in Jan'26.

Wynn Macau posted weaker 1H25 results due mainly to lower win rates. In 1H25, its revenue and adj. EBITDA were USD1.9bn and USD619.9mn, down 7.1% and 18.4% yoy, respectively. The VIP win rates in Wynn Palace and Wynn Macau were 2.74% and 2.03% (vs. expected range of 3.1-3.4%) in 1H25, declined 0.9 pct. pt. and 0.85% pct. pt. from the levels of 1H24, respectively. The mass table win rates in Wynn Palace and Wynn Macau were 23.5% and 18.0%, declined 0.6 pct. pt. and 0.5 pct. pt. over the same period, respectively. That said, taking into cues of LTM adj. EBITDAR of cUSD1bn and budgeted capex of USD250-300mn in 2025 and USD450-500mn in 2026, we expect room for further deleveraging. Indeed, Wynn Macau guided a lower net leverage given higher EBITDA and lower debts going forward during the investors' call this morning. We take

additional comfort with its financial flexibility, enhanced by the upsize of RCF (USD1.35bn undrawn) and lengthened maturity profile.

➤ **MEDCIJ: Lower commodity prices weighted on Medco 1H25 revenue**

Medco's 1H25 revenue fell 2% yoy to USD1,138mn under softening demand and unfavorable commodity prices. Revenue from oil and gas segment declined 1% yoy in 1H25, owing to the 14% drop in oil average realized price to USD70/boe in 1H25 from USD81/boe in 1H24. The gas average realized price was stable at USD7.0/mmbtu in 1H25 and 1H24. Medco raised the oil and gas production guidance to 155-160mboepd from previous 145-150mboepd, after the acquisition of additional 24% interests in the Corridor PSC where Medco's interests increased to 70% from 46%. Ramping up in Block B, Senoro, and Oman Block 60 production will also drive higher oil and gas production in the 2H25.

On power segment, revenue dropped by 23% yoy in 1H25 due to the new accounting standards for BOT/construction revenues. Medco revised down the power sales guidance to 4,300Gwh from previous 4,500Gwh, due to operational disruptions including Riau IPP maintenance, an earthquake affecting Sarulla Geothermal, and flooding at the Sumbawa PV plant. The 1H25 power sales of 1,994Gwh achieved 46% of the revised FY25 target. Moreover, the renewable assets have begun contributing positively, where 21% yoy increase in sales from operations at Ijen Geothermal started in Feb'25 and East Bali Solar PV in Jun'25.

The 1H25 EBITDA down 4% yoy to USD619mn, lower revenues were partly offset by reduced production and lifting costs. Medco's cash cost was USD8.5/boe in 1H25, in line with its FY25 target of below USD10/boe. PBT down 48% yoy to USD183mn, mainly due to USD31mn net loss from Amman Mineral Internasional (Amman), compared to USD99mn net profit in 1H24. This was due to delayed commissioning of the new smelter and precious metal refinery. Amman's performance should improve in the 2H25, with the first copper cathode export and sales from 2Q25, and Precious Metal Refinery produced its first refined gold in mid-Jul'25.

Medco's cash on hand increased to USD883mn as of Jun'25, from USD697mn as of Dec'24, driven by operating cash inflow of USD398mn. During 1H25, Medco spent USD193mn in capex, representing 48% of its FY25 capex budget of USD430mn, mainly for the drilling programs at Natuna, Oman Block 60, Corridor and Senoro Phase 2A. We expect Medco's operating cash flow and cash in hand to be sufficient to cover the upcoming budgeted capex of USD237mn in 2H25 and ST debt of USD423mn. As of Jun'25, the total debt increased to USD3.7bn from USD3.6bn. The net debt/LTM EBITDA stood at 2.3x at Jun'25 and Dec'24, attributable to higher cash balances yet partly offset by lower LTM EBITDA. While we expect Medco's revenue and profit growth to be muted compared to FY24 in view of moderating oil price YTD, we view the credit profile of Medco remains solid at its current credit ratings.

During 1H25, Medco conducted proactive liability management, i.e. issued USD400mn USD bonds and retired totaled USD519mn USD bonds via tender offers and buybacks. Medco also issued IDR1tn onshore bonds in Jun'25. We expect Medco to conduct more early redemptions or calls given its sufficient liquidity and good access to onshore and offshore funding channels. We like the credit story of Medco and we maintain buy on MEDCIJs. Among MEDCIJs, we like MEDCIJ 8.625 05/19/30 for better risk-adjusted return profile and better trading liquidity. At 105.0, MEDCIJ 8.625 05/19/30 is trading at YTM of 7.4%.

Table 1: Medco o/s USD bonds

Security Name	ISIN	Amt o/s (USDmn)	Ask Px	Ask YTM	Issue rating (M/S/F)	Payment rank
MEDCIJ 7 ¾ 05/14/26	US58405FAA30	91.72	101.8	4.9%	B1/BB-/BB-	Secured
MEDCIJ 6 ¾ 01/30/27	US58406LAA98	107.77	100.6	5.1%	B1/BB-/BB-	1 st lien
MEDCIJ 6.95 11/12/28	US58406RAA68	299.42	100.7	6.3%	B1/BB-/BB-	Sr unsecured
MEDCIJ 8.96 04/27/29	US58407HAA77	500.0	105.0	6.1%	B1/BB-/BB-	Sr unsecured
MEDCIJ 8.625 05/19/30	US58406VAA70	400.0	105.0	7.4%	B1/BB-/BB-	1 st lien

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore New Issues Priced Today					

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Wynn Macau	USD	-	8.5NC3	7.0%	B1/BB-/BB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 90 credit bonds issued yesterday with an amount of RMB63bn. As for month-to-date, 709 credit bonds were issued with a total amount of RMB670bn raised, representing a 3.6% yoy increase
- [CFAMCI]** China CITIC Financial AMC to redeem USD250mn CFAMCI 4.25 Perp on the first call date on 30 Sep'25
- [CSCHCN]** China South City ordered to be wound up by HK court on lack of restructuring progress. Trading in the company's shares on the HKEX is suspended from 11 Aug'25 10:55am (HKT) and will remain suspended until further notice
- [FAEACO]** Star Entertainment to dispose of 50% interest in DBC to JV partners
- [PETMK]** Petronas plans to boost its overseas portfolio to 60% of its total business during the next decade from currently 40%-50%
- [PKX]** POSCO battery arm terminated a long-term contract to supply cathode materials worth KRW945bn (cUSD680mn) by mutual agreement due to the termination of the ESS business of an undisclosed partner, the contract represented 25.5% of the company's sales of KRW3.7tn (cUSD2.7bn) in FY24
- [SMCGL]** San Miguel Global Power tap USD115mn SMCGL 8.95 Perp, total o/s amount increased to USD515mn; to spend PHP3.2bn (cUSD56.3mn) to expand Zamboanga gas plant to double the capacity

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