

CMBI Credit Commentary

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

- *This morning, the new HYNMTR 4.25 28/HYNMTR 4.5 30 tightened 5-10bps, and the new HYNMTR 3-5yrs FRNs tightened 10-15bps. The new RY 6.5 11/24/85 was up 0.3pt. TW lifers NSINTWs/SHIKON/FUBON/CATLIFs tightened another 3-7bps. MEITUAs were 1-3bps tighter. JP/KR spaces tightened 1-3bps, and Thai T2 bonds tightened 5bps. MTRC 5 5/8 PERP was 0.3pt higher.*
- **MPEL:** *FV of the new MPEL 33 to be high-6% vs IPT at 6.875%. MPELs were unchanged this morning. See below.*
- **China Economy:** *Broad economic slowdown. CMBI expects the weakening economy may drive policymakers to ramp up policy support in 4Q25, and we expect a further 10bps LPR cut and 50bps RRR cut and expanding fiscal support to households and consumers. See the comments from CMBI economic research below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the TW lifer space remains active. NSINTW 34-41s/SHIKON tightened another 3-6bps, while FUBON/CATLIFs closed unchanged. We continued to see buying in HK names HYSAN/LIFUNG/CPREIT/MTRC from PBs and AMs. LIFUNG 5 ¼ PERP rose 1.1pts. NWDEVL PERPs were up 0.1-1.1pts, and NWDEVL 27-31s rose 0.1-1.6pts. In Macau gaming, WYNMAC 27-34s/SANLTD 27-31s were 0.1pt lower to 0.1pt higher. STCITY 28-29s were 0.2pt lower to 0.3pt higher, and SJMHOL 26-28s/MGMCHI 26-31s were unchanged. MPEL 26-32s were unchanged to 0.1pt higher. See comment below on MPEL. In Chinese properties, GRNLGR 6 ¾ 09/26/29 was down 0.8pt. VNKRL 27-29s were 0.2-0.4pt lower. Korea/AU IG spaces overall were 1-2bps tighter. HYNMTR had new 3-5yr fixed-rate papers and FRNs in the pipeline, but the existing HYNMTRs were largely unchanged. In Japan space, we saw better buying on SOBKCO/NTT/KYUSEL/MITSCO and small selling on ORIX 27-30s. Japanese and Yankee AT1s and insurance hybrids were muted, amid a cautiously optimistic sentiment ahead of the FOMC. In Southeast Asia, PCORPM 5.95 PERP was 0.1pt lower. See our comment [yesterday](#) on the FV of the new PerpNC3. GLPSP 4.6 PERP/4.5 PERP rose 3.1-3.5pts, and GLPSP 9 ¾ 05/20/28 was up 0.2pt. Including yesterday's movement, the perps have gained 12.1-12.4pts and GLPSP 28 has risen 4.8pts since 28 Aug'25, after the announcement of ADIA's USD1.5bn investment into GLP.

Liquidity remained thin and sporadic in the LGFV space. We saw a slight recovery in demand for onshore-AAA guaranteed CNH papers, especially those guaranteed by Zhongyu at mid-5%. Nonetheless, demand for the rest of the space remained lackluster as many tactical investors turned their eyes to equities and/or CBs.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPSP 4.6 PERP	65.9	3.5	CCAMCL 5 02/08/48	90.5	-2.2
GLPSP 4 1/2 PERP	69.6	3.1	GRNLGR 6 3/4 09/26/29	20.0	-0.8
NWDEVL 4 1/2 05/19/30	65.3	1.6	NNCOMM 7.3 04/30/27	102.2	-0.8
LIFUNG 5 1/4 PERP	60.5	1.1	MUFG 4.7 03/10/44	92.2	-0.7
PTTGC 5.2 03/30/52	95.0	0.8	GARUDA 6 1/2 12/28/31	85.8	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.47%), Dow (+0.11%) and Nasdaq (+0.94%) were higher on Monday. UST yield was lower on Monday. 2/5/10/30 yield was at 3.54%/3.61%/4.05%/4.66%.

❖ Desk Analyst Comments 分析员市场观点

➤ **MPEL: FV of the new MPEL 33 to be high-6% vs IPT at 6.875%**

Melco Resort (MPEL) proposes to issue new 144A/Reg S USD 8NC3 senior bonds (Ba3/BB-/). The target issue size is USD500mn, with an order book/IOIs over USD2.1bn. We view the FV of the new MPEL 33 to be high-6% vs IPT at 6.875%, in view of its MPEL 7 % 04/17/32 is trading at 6.2% YTM and adjusted for 1.5 year longer in tenor. This will be the second Macau gaming USD bond with maturity beyond the new concession period expiring on 31 Dec'32, after Wynn Macau's USD1bn WYNMAC 6.75 02/15/34 issued in Aug'25. We view the gaming license risk to be remote over the medium term and therefore we do not add a premium in our FV estimate.

MPEL will use the proceeds to fund a concurrent tender offer for all USD500mn MPEL 5.25 04/26/26 at par, to redeem the remaining outstanding MPEL 5.25 04/26/26 remain outstanding after the tender offer. The tender offer will expire on 19 Sep'25 5pm EDT and will be conditional upon the completion of new issue as target. Priority of tender offer will be given to subscribers of new issue. The new issue and MPEL's maturity profile will be lengthened after the proposed issuance, the weighted-average tenor will be increased to 3.9 years from 3.1 years. Please also read our comment on MPEL's 1H25 results published on [5 Sep'25](#).

We continue to expect new supply from Macau gaming operators to refinance their due-26-27s amid more affordable funding costs after the solid bond performance since the end of COVID lockdown. Our top picks within Macau gaming sector remain MPELs and STCITYs in view of the improving market shares and growing adj. EBITDA of Melco and Studio City, as well as the more appealing risk-return profiles of MPELs/STCITYs. We maintain buy on MPEL 29-32s and STCITY 28-29. We also consider WYNMAC'27 and '29 yield pick-up plays, trading at 47-78bps over bonds of its US parent. We are neutral on MGMCHIs, SANLTDs, and SJMHOLS on valuation.

Table 1: Bond profile of MPEL

Security name	ISIN	Amt o/s (USD mn)	Px	YTM	Mod dur	Payment rank	Issue rating (M/S/F)
MPEL 5 ¼ 04/26/26	US58547DAB55	500	100.0	5.2%	1.9	Sr Unsecured	Ba3/BB-/
MPEL 5 % 07/17/27	US58547DAC39	600	100.0	5.4%	0.1	Sr Unsecured	Ba3/BB-/
MPEL 5 ¾ 07/21/28	US58547DAE94	850	99.7	5.8%	0.1	Sr Unsecured	Ba3/BB-/
MPEL 5 % 12/04/29	US58547DAD12	1,150	97.7	6.0%	2.6	Sr Unsecured	Ba3/BB-/
MPEL 7 % 04/17/32	US58547DAH26	750	104.5	6.2%	3.7	Sr Unsecured	Ba3/BB-/

Source: Bloomberg.

➤ China Economy: Broad economic slowdown

Economic activities have slowed for two straight months below market expectations in Aug, underscoring rising downside risks for growth in 2H25. Property sales seem to have stabilized at the cyclical trough, as sales of new and second-hand housing moderately rebounded in early Sep. Retail sales further softened as impacts from trade-in subsidies eased. The anti-involution campaign drove another month of contraction in fixed asset investment, which is negative for short-term growth yet positive for medium-term economic rebalancing. Industrial output moderated amid falling delivery value of exports. The weakening economy may drive policymakers to ramp up policy support in 4Q25, and we expect a further 10bps LPR cut and 50bps RRR cut and expanding fiscal support to households and consumers.

Property sector has stabilized at a cyclical trough. The decline of gross floor area (GFA) sold for commodity buildings edged down to -4.7% in 8M25 from -4% in 7M25 according to NBS. Contraction of residential housing starts stayed unchanged at -18.3% in 8M25, back to the level in 2003-04, which should support a supply-demand rebalancing in 2026-27. For new housing sales, according to Wind, in the first half of Sep, the recovery rate compared to 2018-2019 edged down to 37.7% from 38.7% in Aug, stabilizing at around 37% since July, which is also the historic low last seen in Sep 2024. Sales YoY in 30 major cities rebounded to 15.5% from -9.2% in Aug driven by the 43.6% surge in tier-3 cities. Second-hand housing sales also mildly recovered, as YoY growth of 11 selective cities picked up to 1.5% in the first half of Sep from 0.1% in Aug. New and second-hand housing prices dipped 0.3% and 0.6% MoM in Aug from 0.3% and 0.5%. The softening property market pointed to moderating consumer demand, as we might see a notable slowdown in housing-related durable goods sales.

Retail sales continued to soften. Retail sales growth moderated to 3.4% in Aug from 3.7%, missing market consensus at 3.8%. Impacts of trade-in subsidies further eased, as home appliances, furniture and telecom equipment slowed down to 14.3%, 18.6% and 7.3% in Aug from 28.7%, 20.6% and 14.9% in July. Auto remained subdued, edging up to 0.8% in Aug from -1.5% in July, while the volume of auto sales slowed down to 2.2% from 6.1%. Cultural & office products remained robust at 14.2% in Aug as subsidies expanded to back-to-school supplies. Catering service bounced up to 2.1% from 1.1% in July, while gold, silver & jewellery surged to 16.8% from 8.2% amid rising gold prices. Retail sales may further slow down in the remainder of the year due to a higher base and the drag from demand pull-forward. Looking forward, retail sales may moderate to 3.2% in 2H25 from 5% in 1H25, bringing full-year growth to around 4.1%.

FAI further dipped across major sectors. Total FAI growth dropped to 0.5% in 8M25 from 1.6% in 7M25, missing market expectations at 1.3%, while its monthly YoY further contracted to -6.3% in Aug from -5.2%, marking the first stretch of consecutive YoY declines since 2021. The moderating fiscal expansion in 2H relative to 2024 and the government's anti-involution campaign have weighed on infrastructure and manufacturing investment. Infrastructure FAI markedly declined to -6.4% in Aug from -1.9%, dragged by road transport, public facility, education and health & social welfare. Manufacturing FAI dropped to -1.3% in Aug from -0.3%. Sectors including chemical products, medicine, electrical equipment and computer & electronics further contracted while textile, non-ferrous metals smelting & pressing, general equipment and auto saw notable moderation. Property development investment further contracted to -19.4% in Aug from -17.2%, as housing market remained in over-supply. Looking forward, FAI growth may mildly pick up in 4Q25 with full-year growth at -0.5% in 2025 compared to 3.2% in 2024. Manufacturing and infrastructure investment growth is likely to fall from 9.2% and 9.2% in 2024 to 4.2% and 4% in 2025.

Industrial output moderated amid falling export delivery value. VAIO growth moderated to 5.2% in Aug from 5.7%, below market consensus at 5.8%. Mining edged up to 5.1% in Aug from 5% as raw material prices rebounded while public utility dropped to 2.4% from 3.3%. VAIO of manufacturing dropped to 5.7% in Aug from 6.2% due to anti-involution campaign and falling delivery value for exports. Food, rubber & plastic products, non-metal mineral products, metal products and general-purpose equipment slowed down, while chemical products, medicine, non-ferrous metal smelting & pressing picked up. Delivery value for exports dipped to -

0.4% in Aug from 0.8%, as export value of goods per customs data dropped to 4.4% from 7.2%. Growth of service output index edged down to 5.6% in Aug from 5.8%, despite robust growth of IT and finance sectors. Looking forward, industrial output may continue decelerating due to the headwinds from exports, demand overdraft from trade-in subsidies and pressures from the anti-involution policy.

The weakening economy may drive policymakers to ramp up policy stimulus in 4Q25. As the housing market remains weak and deflation pressure lasts, the PBOC may further ease liquidity conditions with lower money market rates. The central bank might cut RRR by 50bps and LPRs by 10bps in 4Q25. As durable goods sales growth is likely to sharply decelerate due to base effects and diminishing stimulus effects of the trade-in subsidies, the MoF might provide additional subsidies to households and consumers to boost consumption growth, in our view.

Click [here](#) for the full report.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Hyundai Capital America	700/	3yr/	4.25%/	T+82/	A3/A-/A-
	300/	3yr/	SOFR+107/	SOFR+107/	
	700/	5yr/	4.5%/	T+97/	
	300	5yr	SOFR+130	SOFR+130	
Petron Corp	475	PerpNC3	7.35%	7.35%	Unrated
The Export-Import Bank of Korea	500/	3yr/	SOFR+46/	SOFR+46/	Aa2/AA/AA-
	1000	5yr	3.75%	T+26	

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Melco Resort	USD	-	8NC3	6.875%	Ba3/BB-/-
Transurban Finance	USD	-	10.5yr	T+120	Baa1/-/A-

➤ **News and market color**

- Regarding onshore primary issuances, there were 104 credit bonds issued yesterday with an amount of RMB70bn. As for month-to-date, 884 credit bonds were issued with a total amount of RMB756bn raised, representing a 1.3% yoy increase
- China property investment drops 12.9% yoy to RMB6.0tn (cUSD846.3bn) in 8M25
- **[CHOHIN]** Chong Hing Bank's CNH PerpNC5 (-/-/BB-) IPT at 4.55%
- **[GLPCHI]** GLP closes China Income Fund XIV with RMB2bn AUM
- **[HMELIN]** HPCL-Mittal Energy to fully redeem USD243.608mn HMELIN 5.45 10/22/26 on 29 Oct'25
- **[LMRTSP]** LMIRT not to pay distribution to holders of SGD Perps

- **[PCORPM]** Petron accepted totaled USD387.389mn tendered for exchange and tender offers, USD162.611mn of PCORPM 5.95 Perp will remain outstanding
- **[SMPPM]** SM Prime Holdings intends to issue PHP12bn (cUSD210mn) with an oversubscription option for another PHP5bn (cUSD87.4mn)
- **[TENCNT]** Tencent 5yr/10yr/30yr CNH bond (A1/A+/-) IPT at 2.6%/3.0%/3.6%, respectively
- **[XIAOMI]** Xiaomi is speeding up the launch of the latest version of its flagship smartphone to compete directly with Apple for premium consumers

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