

CMBI Credit Commentary

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

- *AMCs were active this morning, GRWALL/HRINTH rose 0.5-1pt. FRESHK/ZHOSHK tightened 5-10bps. New CMZB 7.5 Perp rose 0.5pt. LPKRIJs were unchanged to +0.1pt after call announcement of LPKRIJ'26. See below for comments.*
 - *FRESHK: Initiate buy recommendation on FRESHK'28. Maintain buy on FRESHK'25-27. See below for comments.*
 - *Macau gaming: Solid GGR recovery in Sep'24. See below for comments.*
- ❖ **Trading desk comments 交易平台市场观点**

The sentiment in Asia IG space was firm on Mon. In Chinese IGs, HAOHUA/TENCNT 28-30s were 5-6bps tighter. ZHOSHK '28 tightened 13bps. XIAOMI 30-31s tightened 7-9bps. WB 30s were under better selling and closed 1bps wider. In financials, FRESHK '28 was 12bps tighter (0.1pt higher). In Chinese AMCs, CCAMCLs/ORIEASs were 3-9bps tighter. HRINTHs/GRWALLs were 0.2-0.5pt higher (8-17bps tighter). BNKEA/NANYAN 34s tightened 5-6bps. Meanwhile, KRKPSC 27/29 were 10-15bps tighter. DAESec 27/29, however, were 1-5bps wider on small selling. In JP insurance hybrids, ASAMLI 6.9 Perp/MYLIFE '54 were up 0.1-0.3pt. In HK, CKPH/CKINF Perps were up 0.3-0.5pt. NWDEVLs retraced from early gain and closed 0.6-0.9pt lower. Chinese properties moved higher following the further relaxation in home purchase restrictions in Tier-1 cities. See our comments on [30 Sep'24](#). SHUION 25-26s and ROADKG 28-30s/Perps rose 1.6-2.4pts. FTLNHD/FUTLAN 25-26s increased 1.3-2.0pts. DALWAN 25-26s and VNKRL 27-29s were 0.8-1.6pts higher. LNGFOR 27-32s and CHIOLI 42-43s were up 0.3-0.7pt. Outside properties, EHICAR 26/27 rebounded 0.6-0.8pt. FOSUNI '25/WESCHI '26 were 0.7pt higher. In Macau gaming, MPEL/STCITY/WYNMAC 27-29s were up 0.3-0.9pt. See below for comments. In Indonesia, INDYIJ announced to call its INDYIJ 8.25 '25 at par on 31 Oct '24. LPKRIJ also announced to redeem USD130.804mn in principal amount of the LPKRIJ 6.75 '26 at par on 31 Oct '24. LPKRIJs/INDYIJs were unchanged on Mon and closed unchanged to 0.1p higher this morning. MDLNIJ 25/27 declined 0.6-0.7pt. India space was quiet.

In LGFVs, the flows were quiet. The new FANGYA '27 was unchanged, the old FANGYA '24 was 0.4pt higher. CPDEV 26/Perp were 0.2pt higher. GZGETH/CDCOMM 27s were up 0.1-0.2pt. In SOE perps, CTIH 6.4 Perp/CMHI 3.375 Perp were up 0.1-0.3pt. CHSCOI 4 Perp/HUADIA 3.375 Perp were 0.1pt higher. Meanwhile, CWAHK '26 was 0.4pt higher, MINMET '26 was down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 5 1/2 06/29/26	83.2	2.4	NWDEVL 8 5/8 02/08/28	93.3	-0.8
ROADKG 5.2 07/12/29	41.9	2.4	NWDEVL 4 1/8 07/18/29	75.0	-0.7
ROADKG 6 03/04/29	44.1	2.4	DBJJP 3.749 12/18/48	83.7	-0.7
SHUION 5 1/2 03/03/25	93.2	2.2	SUMIBK 3.05 01/14/42	79.9	-0.7
ROADKG 5.9 09/05/28	46.4	2.2	MDLNIJ 5 04/30/27	33.2	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.93%), Dow (-0.41%) and Nasdaq (-1.53%) were weak on Tuesday. US Sep'24 Markit manufacturing PMI was 47.3, higher than the expectation of 47.0. Euro-zone Sep'24 CPI was +1.8% yoy, in line with the expectation. UST yields retreated yesterday, 2/5/10/30 yield reached 3.61%/3.51%/3.74%/4.08%.

❖ Desk analyst comments 分析员市场观点

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➤ FRESHK: Initiate buy recommendation on FRESHK'28. Maintain buy on FRESHK'25-27

Far East Horizon (FEH) reported stable asset quality yet lower profitability [in 1H24](#). We like the fundamental story of FEH, in view of its diversified leasing asset base, good profitability and ongoing access to low-cost onshore funding. YTD, FEH has issued onshore bonds totaled RMB20.9bn at a weighted average coupon of 2.87%, c50% with tenor longer than 1 year. The issuance of FRESHK 5.875 03/05/28 (USD550mn) in Sep'24 also help to lengthen the maturity profile of FRESHK.

We consider FRESHKs offering better risk-return profiles than those of its leasing peers such as BOCAVIs and PINIFLs. We initiate a buy recommendation on FRESHK'28, issued in Sep'24, and maintain buy on FRESHK'25-27. At 99.6, FRESHK 5.875 03/05/28 was traded at YTM of 6.0% with best trading liquidity within the FRESHK curve.

Table 1: Bond profile of FEH

Security Name	ISIN	o/s amt (USDmn)	Ask px	YTM/YTP (% ask)	Mod dur	Rating (M/S/F)
FRESHK 3.375 02/18/25	XS2109200050	300	99.0	5.92	0.37	-/BBB-/-
FRESHK 4.25 10/26/26	XS2393797530	300	96.7	5.99	1.91	-/BBB-/-
FRESHK 6.625 04/16/27	XS2800583606	500	101.5	5.99	2.25	-/BBB-/-
FRESHK 5.875 03/05/28	XS2886144232	550	99.6	6.00	3.05	-/BBB-/-
FRESHK 2.5 07/08/25 CB	XS2193653818	290	107.7	-6.75	0.78	-/-/-

Source: Bloomberg.

➤ Macau gaming: Solid GGR recovery in Sep'24

Table 1: Macau monthly GGR

MOP mn	2022	2023	2024	Cumulative GGR 2024	Cumulative GGR 2024 growth rate	% of 2019 GGR
Jan	6,344	11,580	19,337	19,337	67%	78%
Feb	7,759	10,324	18,486	37,823	73%	75%

Mar	3,672	12,738	19,503	57,326	65%	75%
Apr	2,677	14,722	18,545	75,871	54%	76%
May	3,341	15,565	20,188	96,059	48%	76%
Jun	2,477	15,207	17,694	113,753	42%	76%
Jul	398	16,662	18,595	132,348	37%	76%
Aug	2,189	17,213	19,754	152,102	33%	77%
Sep	2,962	14,937	17,253	169,355	31%	77%
Oct	3,899	19,501	-	-	-	-
Nov	2,999	16,043	-	-	-	-
Dec	3,482	18,564	-	-	-	-

Source: Macau DSEC.

In Sep'24, the gross gaming revenue (GGR) in Macau rose 15.5% yoy to MOP17.3bn, compared to the 14.8% yoy GGR growth in Aug'24. The cumulative GGR in 9M24 increased 31.3% yoy to MOP169.4bn, reaching 77% of the pre-pandemic level in 9M19. The Chinese government announced [new stimulus package](#) in the end of Sep'24 to support economy. We believe that the new measures will help reverse negative wealth impact and continue to support the recovery of small-ticket consumption, e.g. Macau gaming and car rental. We continue to expect that the GGR in 2024 to exceed Macau government's target of MOP216bn (i.e 18% yoy growth) in view of the current run-rate and supportive policies from mainland China.

In 1H24, six operators (including studio City under Melco Resorts) with outstanding USD bonds released significantly stronger 1H24 results and improved credit profiles. Please see [our comments on 21 Aug'24](#) for details. We expect the operating performance of these operators to remain solid in 2H24. Besides, We expect them to be candidates for early redemption of their bonds given their improved financial conditions and resumed accesses to capital markets. [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 40-100bps and c80bps yield pick-up over the bonds of their US parents. Meanwhile, we are neutral of SANLTDs on valuation.

Table 2: Macau gaming USD bond profile

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	5.9-6.6	0.7-3.9	97.6-103.0
MPEL	6.4-7.2	0.7-4.3	93.2-102.5
SANLTD	5.1-5.4	0.8-6.0	88.0-101.2
SJMHOL	6.6-7.1	1.3-3.0	93.6-97.4
STCITY/STDCTY	6.0-7.4	0.1-3.7	91.3-101.2
WYNMAC	3.5-6.5	1.2-4.4	93.9-104.3

Source: Bloomberg.

➤ **LPKRIJ: Call LPKRIJ 6.75 10/31/26 in Oct'24. Maintain neutral on LPKRIJ'25**

Lippo Karawaci (LPKR) will exercise the call option to redeem LPKRIJ 6.75 10/31/26 of USD130.8mn (o/s amt USD145.8mn) on 31 Oct'24 at par. This should be funded by the proceeds from [sales of 18.57% stakes in Siloam International Hospital](#) (Siloam) for IDR6.9tn (cUSD450mn). LPKR previously disclosed that it would use IDR3.9tn (cUSD254mn) for debt repayment. According to the T&C, LPKR may redeem all or any portion of LPKRIJ 6.75 10/31/26 on 31 Oct'24 at par upon giving notice to the bondholders at least 30 days but no more than 60 days before the redemption.

After the redemption of LPKRIJ 6.75 10/31/26, LPKR only has one USD bond outstanding, i.e. LPKRIJ 8.125 01/22/25 of USD66.5mn, which should be adequately covered by the remaining proceeds from the stake sale in Siloam. We are neutral on LPKRIJ'25 in view of tight valuation and thin trading liquidity.

Table 1: Bond profile of LPKR

Security Name	ISIN	o/s amt (USDmn)	Ask px	Ask YTM (%)
LPKRIJ 8.125 01/22/25	XS2099273737	66.5	101.1	4.54

LPKRIJ 6.75 10/31/26	XS1506085114	145.8	100.0	6.41
Total		212.3		

Source: Bloomberg.

➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Onshore primary issuances suspend during the National Day Holiday
- Macau gaming revenue for Sep'24 rose 15.5% yoy to MOP17.25bn
- **[ADEIN]** Media reported that Adani Enterprises may launch QIP next week to raise cUSD1.3bn
- **[GEELY]** Geely Automobile 9M24 total sales volume rose 32% yoy to 1.49mn units
- **[INDYIJ]** Indika Energy unit said to fully redeem USD223.7mn INDYIJ 8.25'25 on 31 Oct'24
- **[JD]** JD.com's industrial unit refiled for HK IPO
- **[NIO]** NIO 3Q24 vehicle delivery rose 11.6% yoy to record high of 61.9k units
- **[NWDEVL]** Media reported that New World Development sold property portfolio in NCB Innovation Centre in HK for HKD760mn

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