

**CMBI Credit Commentary****Fixed Income Daily Market Update 固定收益部市场日报**

- *New issue GZGETH'25 rose c0.25pt this morning. Benchmark TMTs BABA/TENCNT tightened 1-3bps and high-beta MEITUA tightened c5bps. Front-end BOCAVI/CCB T2 were under better selling.*
- **Macau gaming:** *Accelerating GGR recovery continued in Nov'23. Macau gaming bonds were largely unchanged this morning. See below.*
- **2024 US Economic Outlook** – *Between a soft landing and a mild recession. See below for comments from CMBI economic research.*

**Glenn Ko, CFA** 高志和  
(852) 3657 6235  
glennko@cmbi.com.hk

**Cyrena Ng, CPA** 吳蔭瑩  
(852) 3900 0801  
cyrenang@cmbi.com.hk

**Jerry Wang** 王世超  
(852) 3761 8919  
jerrywang@cmbi.com.hk

**❖ Trading desk comments 交易平台市场观点**

Last Friday, overnight UST yield widened 6-10bps across the curve. Asia IG space was under better selling. In Chinese TMT/SOE benchmarks, TENCNT/BIDU/CNOOC/HAOHUA 29-30s closed unchanged to 2bps wider. The longer-end BABA 41-61s were also better sold by PBs/RMs. The high beta TMTs were mixed amid active two-way flows. XIAOMI/LENOVO 30s were 1-2bps tighter. MEITUA/WB 30s closed unchanged to 1bp wider. In financials, the front end of Chinese bank T2/AMC/leasing papers remained under better selling. BCHINA/BOCAVI/CMINLE/CCAMCL 24s widened 2bps. The high beta T2s such as DAHSIN/NANYAN/SHCMBK 29-33s were traded in active two-way flows and closed unchanged to 4bps wider. The recent new CINDBK 10NC5 T2 was under better buying but closed unchanged. The Thai AT1s BBLTB/KBANK Perps were up 0.1pt. In HK Corp space, LEEMAN 5.5 Perp was up 0.5pt. However, CKPH 3.5 Perp/LIFUNG 5.25 Perp lowered 0.5-1.5pts. NWDEVLP Perps declined 0.2-0.4pt. HK/Chinese properties SHUION 24-26s declined 0.8-1.3pts. HPDLF 23-24s were down 0.5pt. CSCHCNs dropped another 1.3-2.6pts to close 15-17pts lower WoW at around low-20s. FUTLAN/FTLNHD 24-26s were down 1.0-1.8pts. Moody's downgraded the ratings of Seazen Group one notch to B2 with a negative outlook. ROADKGS were 0.4-1.6pts lower and GEMDAL '24/YLLGSP '26 lowered 0.7pt following Moody's downgrade. LNGFOR 28-32s were down 0.2-0.6pt. RDHGCL '24 was, on the other hand, up 1.7pts. CHJMAO '26/VNKRLE '27/YUEXIU '31 closed 0.7-1.1pts higher. In industrials, ANTOIL '25/CHIOIL '26 were up 0.6-0.9pt. Macau gaming names MPEL/SANLTD 27-30s were 0.5-0.9pt higher. Indian renewables GRNKEN 25-26s and RPVIN 27-28s were up 0.3-0.4pt. AZUPOE '26 was up 0.5pt. RILINs were 1.0-1.3pts higher. Indonesian name KIJAIJ '27 was 0.9pt higher.

The LGFV/Perp spaces were firm. The quality LGFVs HZCONI '26/YWSOAO '25 were up 0.1-0.2pt. Guangzhou LGFVs GZINFU 24-26s gained 0.2-0.3pt. Shandong names QDHTCO '24/QDJZWD '25 were 0.3-0.4pt higher. SHDOIS/SHGUOH 24-25s were up 0.1pt. In Chongqing

names, CQLGST 4.3 '24/CQNANA 4.56 '26 were up 0.4pt. The higher yielding GSHIAV 24-25s was 0.6-0.8pt higher. KMRLGP '24/YUNINV '25 were up 0.3-0.4pt. Elsewhere in LGFVs, CPDEV 25/26/Perp lowered 0.4-0.6pt to close 3-5pts lower WoW. SOE perps were stable. CHMETL 2.95 Perp/HUANEN 2.85 Perp were 0.1pt lower.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
RDHGCL 7.8 03/20/24	76.7	1.7	CSCHCN 9 04/12/24	24.4	-2.6
INRCIN 3.95 02/13/50	77.0	1.5	FTLNHD 4 5/8 10/15/25	29.6	-1.8
CITLTD 4.85 04/25/46	88.2	1.5	ROADKG 7 PERP	20.6	-1.6
HAOHUA 4 3/4 06/19/49	80.1	1.4	ROADKG 7.95 PERP	20.8	-1.6
CITLTD 5.07 04/18/48	91.1	1.3	CKPH 3 1/2 PERP	56.4	-1.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.59%), Dow (+0.82%) and Nasdaq (+0.55%) rallied higher on last Friday. US Nov ISM manufacturing PMI was 46.7, same with Oct data and lower than the expectation of 47.6. The UST yields moved lower on Friday, the yield curve bull flattened and 2/5/10/30 yield reached 4.56%/4.14%/4.22%/4.40%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Macau gaming: Accelerating GGR recovery continued in Nov'23

MOP mn	2022	2023	Cumulative GGR 2023	Cumulative GGR 2023 growth rate	% of 2019 GGR
Jan	6,344	11,580	11,580	62.60%	46.40%
Feb	7,759	10,324	21,904	48.40%	43.50%
Mar	3,672	12,738	34,642	94.90%	45.50%
Apr	2,677	14,722	49,364	141.40%	49.50%
May	3,341	15,565	64,929	172.90%	51.70%
Jun	2,477	15,207	80,136	205.00%	53.60%
Jul	398	16,662	96,798	263.00%	55.60%
Aug	2,189	17,213	114,011	295.10%	57.50%
Sep	2,962	14,937	128,948	305.30%	58.50%
Oct	3,899	19,501	148,449	315.60%	60.20%
Nov	2,999	16,043	164,492	324.86%	61.01%

Source: Macau DSEC.

In Nov'23, the gross gaming revenue (GGR) in Macau rose 434.9% yoy to MOP16.0bn, compared to 400.2% yoy growth rate in Oct'23. The cumulative GGR in 11M23 rose 324.86% yoy to MOP164.5bn and was 61.01% of pre-pandemic level in 11M19, increased from 60.2% in Aug'23. The growth rate of cumulative GGR continued to accelerate. We estimate the full year GGR of 2023 to be MOP174-178bn, i.e. 2023 GGR will increase 312-322% yoy and will be equivalent to c60% of that of 2019. As reported, the Macao government estimated GGR in 2024 to be MOP216.0bn, representing 20-24% yoy growth from our estimated GGR in 2023 and c74% of 2019

Macau gaming operators turned positive EBITDA since 1H23 based on the notable recovery of Macau tourist arrivals and GGR. On the other hand, the offshore bond maturities of the sector is manageable. In 2024 and 2025, the total USD bond maturities of the Macau gaming sector will be USD1.35bn and USD3.7bn, respectively.

Macau gaming names rebounded 1-6pts in Nov'23. In the sector, we prefer **MPEL**, **SJM** and **STCITY/STDCTY** for better risk-return profile. We also like MGMCHIs and WYNNMACs for 100-150bps yield pick-up over the bonds of its US parents.

	Ask YTM (%)	Mod Duration	Ask Price
MGMCHI	6.76-7.70	0.4-2.8	91.86-99.39
<b>MPEL</b>	<b>7.25-8.72</b>	<b>1.4-4.9</b>	<b>84.61-96.67</b>
SANLTD	6.38-6.89	1.5-6.4	80.05-98.42
<b>SJMHOL</b>	<b>9.36-9.94</b>	<b>2-3.5</b>	<b>83.05-90.74</b>
<b>STCITY/STDCTY</b>	<b>7.65-10.60</b>	<b>1.5-4.2</b>	<b>78.31-97.53</b>
WYNNMAC	4.74-8.43	0.8-4.8	85.26-98.89

Source: Bloomberg.

### ➤ 2024 US Economic Outlook – Between a soft landing and a mild recession

The US economy greatly beats expectations in 2023 as the aggressive policy rate hikes have not curbed the expansion of household consumption, business capex and government spending. However, the economy may slow down in 2024 due to continuous credit tightening, weakening employment, a falling fiscal deficit ratio, and exhaustion of excess savings. Real estate and durables have already contracted since last year, while service may soften next year. The unsynchronized downturn across various sectors and a strong balance sheet of the real sector tend to reduce the risk of an economic recession. Inflation is expected to further decline thanks to moderating rents, wage growth and commodity prices. The Fed may start a cycle of interest rate cuts in May or June next year, which could lead to a moderate decline in the US dollar index.

The US economy could come between a soft landing and a mild recession with nominal and real GDP growth respectively down from 6.2% and 2.3% in 2023 to 3.1% and 0.8% (market consensus at 3.6% and 1%) in 2024. It may see a slight QoQ decline in 1H24.

Real growth of household consumption may slow from 2% in 2023 to 0.8% (market consensus at 1%) in 2024 because of a cooling job market, rising savings rate, excess savings depletion and consumer credit tightening.

Housing sales dropped while supply shortage prevented price declines. Housing sales may modestly improve in 2024 due to falling interest rates and supply improvements, but it is unlikely to enter a new boom cycle. Commercial real estate market especially office buildings may continue to face pressure.

Business investment especially in manufacturing construction has been strong in 2023 as the government has tried to revitalize manufacturing with subsidies. Due to credit tightening, high-cost pressure, softening aggregate demand and diminishing effects of policy stimulus, however, business investment growth is likely to moderate from 3.3% in 2023 to 1.8% in 2024.

Export growth is expected to decrease from 2.8% in 2023 to 1.1% (market consensus at 0.5%) in 2024 while import growth is estimated to increase from -1.9% in 2023 to 1.4% (market consensus at 0.4%) in 2024. The base effect, ending of the inventory destocking cycle, industrial price recovery and improvement in China & Europe economies should support a pick-up in global trade in 2024.

The disinflation should continue with PCE and core PCE inflation respectively down from 3.8% and 4.2% in 2023 to 2.3% and 2.4% (market consensus at 2.6% and 2.7%) in 2024. Major contribution is from the base effect, rent inflation decline, labor market cooling and low commodity prices.

Government spending growth is projected to fall from 3.4% in 2023 to 1.3% in 2024 with federal deficit ratio down from 6% in 2023 to 5.8% in 2024 due to the base effect and Congressional constraint on a further rise of federal deficit ratio.

The Fed may cut rates by 150bps (market consensus at 90-100bps) in 2024. The 10-year Treasury yield is expected to decline from 4.5% at end-2023 to 3.9% (market consensus 3.74) at end-2024. As the US-EU growth gap may narrow with potential easing of the Russia-Ukraine conflict, the US dollar index is expected to fall 5% from 103 at end-2023 to 97.8% at end-2024.

Click [here](#) for full report

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Guangzhou Development District Holding Group Co. Ltd	500	2yr	6.3%	6.3%	-/BBB+

➤ **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**

- Regarding onshore primary issuances, there were 48 credit bonds issued last Friday with an amount of RMB72bn. As for Month-to-date, 48 credit bonds were issued with a total amount of RMB72bn raised, representing a 10.9% yoy decrease
- **[AACTEC]** AAC Technologies to provide up to RMB74mn three-year revolving loan to affiliate Tianjin Chengrui
- **[ADEIN]** Media reported that Adani Group plans to raise USD350mn in bonds next year to refinance USD500mn bond maturing in Dec'24
- **[BABA]** Alibaba to sell Meinian Onehealth 8.02% stake to Hangzhou Haoyue for RMB1.94bn
- **[CHADEC]** Fitch published Changde Urban Development's BBB- ratings and placed stable outlook
- **[EVERRE]** Media reported that China Evergrande's offshore creditors demand controlling equity stakes in revised restructuring proposal; Winding-up hearing in HK adjourned to 29 Jan'24
- **[FUTLAN]** Moody's downgraded Seazen Group's ratings one notch to B2 and placed negative outlook
- **[GEELY]** Geely Nov sales volume increased 38% yoy to 200k units
- **[NIO]** NIO Nov delivered volume increased 12.6% yoy to 16k units
- **[ROADKG]** Road King Infrastructure to consider RMB4.4bn sale of Road King (China) Infrastructure at 20 Dec SGM

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## Important Disclosures

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

### Disclaimer:

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.