

CMBI Credit Commentary

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

- *The new HKINTL 31s and CNH HKINTL 46-56 were largely unchanged from ROs, while secondary HKINTLs and HKAAs under better selling. Yankee AT1s were down 0.3pt while their JP counterparts held unchanged. The recent new issue BNKEA 32 was unchanged amid two-way flows. MUFG IG issues widened 2bps.*
- **SJMHOL:** *GGR market share stabilizing at 9.6% in 1Q26 subsequent to the closures of satellite casinos. Maintain buy on SJMHOL 6 ½ 01/15/31 which was unchanged this morning. See below.*
- **FRESHK:** *S&P removed CreditWatch Negative; Maintain buy on FRESHK 26-29, which were 0.3-0.4pt higher yesterday and were unchanged this morning. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, in the new issuance space, BNKEA traded 18bps tighter from RO at T+140 and the WSTP multi-tranche 28-31s tightened 2-4bps. The new FABUH 31 edged 0.2pt higher, and the new MGMCHI 33s rose 0.5pt from RO at par. See our comments on MGMCHI on [6 May'26](#). The secondary Macau gaming space was overall unchanged to 0.4pt higher. See our comments on the new STDCTY 31s [yesterday](#) and on SJM 1Q26 results below. The FRESHK curve edged 0.3–0.4pt higher as S&P took FEH off from CreditWatch Negative. The positive rating action prompted RMs to buy the name. See comments below. ZHOSHK 28 closed 0.3pt higher. TW lifers tightened 2–5bps. In Chinese/HK properties, VNKRL 27' and 29' lost 0.3-0.5pt. FUTLAN 28/FTLNHD 27-29/LNGFOR 27-32 were 0.1pt lower to 0.1pt higher. REGH 6.5 Perp dropped 0.6pt. The NWDEVL/VDNWDL complex were 0.2pt lower to 0.2pt higher. In KR space, longer-tenor LGENSO tightened 5-8bps and HYNMTR/PKX traded 2–5bps tighter, driven by better buying from RMs and AMs. On the other hand, we saw profit-taking from PBs on HYUELE/SKONKR/KOMRMR, though their spreads closed unchanged. In SE Asian space, GLPSPs/GLPCHI rose another 0.7-1.2pts ahead of releasing FY25 results today (8 May'26). BBLTB sub papers traded 2-5bps tighter. In JP space, we saw two-way flows in NIPLIF 31-33s and better buying in bank FRNs, but the space was largely unchanged. RESLIF 6.875 Perp was 0.3pt firmer. See our comments on Resolution Life FY25 results on [6 May'26](#). In the Middle East, credits continued their upward trajectory and rose 0.3-0.5pt amid renewed ceasefire optimism. Elsewhere, we saw profit taking from HFs and tactical investors on European AT1s, but the space remained stable.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	39.3	1.5	CNOOC 3.3 09/30/49	75.3	-0.7
GLPSP 4 1/2 PERP	49.0	1.2	SINOPE 3.1 01/08/51	71.8	-0.7
GLPSP 4.6 PERP	46.6	1.2	RILIN 6 1/4 10/19/40	109.0	-0.6
GLPCHI 7 3/4 04/30/29	82.5	1.2	PMBROV 11 1/2 02/18/30	81.4	-0.6
MDLNIJ 6 04/30/27	33.1	1.1	REGH 6 1/2 PERP	34.6	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.38%), Dow (-0.63%) and Nasdaq (-0.13%) were lower on Thursday. The US latest initial jobless claims were +200k, lower than the market expectation of +205k. UST yield was higher on Thursday. 2/5/10/30 year yield was at 3.92%/4.04%/4.41%/4.97%.

❖ Desk Analyst Comments 分析员市场观点

➤ **SJMHOL: GGR market share stabilizing at 9.6% in 1Q26 subsequent to the closures of satellite casinos**

Table 1: Our Macau gaming USD bond picks

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur
MPEL 5 3/8 12/04/29	USG5975LAE68	1,150	98.2	6.0%	3.1
MPEL 7 5/8 04/17/32	USG5975LAK29	750	103.6	6.9%	4.7
MPEL 6 1/2 09/24/33	USG5975LAL02	500	99.5	6.6%	5.7
SJMHOL 6 ½ 01/15/31	XS3267117995	540	97.8	7.1%	3.9
STCITY 6 1/2 01/15/28	USG85381AF13	500	100.1	6.4%	1.5
STCITY 5 01/15/29	USG85381AG95	1,100	96.2	6.6%	2.4
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	99.9	5.5%	1.3
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	98.1	5.7%	3.2

Source: Bloomberg.

We maintain buy on SJMHOL 6 ½ 01/15/31 in view of the bond's more attractive risk and return profile within the Macau gaming sector. At 97.8, SJMHOL 6 ½ 01/15/31 is trading at YTM of 7.1%. Meanwhile, we maintain hold on SJMHOL 4.85 01/27/28 at YTM of 6.3%. For similar tenor, we prefer STCITY 6 ½ 01/15/28 and STCITY 5 01/15/29.

SJM's GGR market share were down to 9.6% in 1Q26, from 10.4% in 4Q25 and 11.9% in FY25, primarily due to the closure of satellite casinos. SJM closed 8 satellite casinos during FY25 (3Q25: 1; 4Q25: 7) and Casino L'Arc Macau became one of the self-promoted casinos under SJM since 30 Dec'25. Revenue declined 21% yoy to HKD5.9bn in 1Q26, with adj. EBITDA down by 4% yoy to HKD917mn. Daily opex increased 23% yoy and 5.3% qoq to HKD25.7mn in 1Q26, reflected the impact resulting from absorption of excess staff cost, as well as ramp up of hotels and F&B operations. Adj. EBITDA margin expanded by 2.7 pct pt to 15.5% in 1Q26, partly attributable to higher rolling win rate in GLP. We take comfort that there are signs of stabilizing in GGR market share over the past few months (10.5% in Dec'25, 9.6% in Jan'26, 9.4% in Feb'26 and 9.8% in Mar'26) as SJM has been relocating gaming tables from satellite casinos to its self-promoted casinos.

As of Mar'26, SJM had cash and bank balances and ST deposits totaled HKD3.4bn, 13% higher than the level as of Dec'25. SJM spent HKD264mn in capex in 1Q26, down 46% yoy from HKD492mn in 1Q25. Its budgeted capex is HKD2bn and HKD1bn in 2026 and 2027, respectively. Total debt/LTM EBITDA and net debt/LTM EBITDA increased to 8.4x and 7.4x, respectively, from 7.6x and 6.8x, on 3% higher in total debt and 7% lower in LTM EBITDA. SJM expects its adj. EBITDA/int ratio to stay above 2x while net debt/adj. EBITDA to be below 7x by FYE27. In Jan'26, SJM issued USD540mn SJMHOL 6 ½ 01/15/31 to fund the tender offer and the full redemption of USD500mn SJMHOL 4.5 01/27/26. The next major maturity of SJM will be HKD1.25bn bond due on 12 May'26. We are comfortable with its liquidity profile given its cash on hand and available banking facilities of HKD3.4bn as of Mar'26.

Table 2: SJM's 1Q26 financial highlights

HKD mn	1Q25	1Q26	Change
Revenue	7,480.0	5,903.0	-21%
Adj. EBITDA	958.0	917.0	-4%
<i>Grand Lisboa Palace</i>	149.0	58.0	-61%
<i>Grand Lisboa</i>	440.0	425.0	-3%
<i>Other self-promoted</i>	342.0	494.0	44%
<i>Satellite</i>	79.0	-	-100%
Adj. EBITDA margin	12.8%	15.5%	2.7 pct pt
Profit/ (loss) attributable to owners	31.0	(62.0)	-
Capex	492.0	264.0	-46%

HKD mn	Dec'25	Mar'26	Change
Cash and bank balances and ST deposits	3,010.0	3,414.0	13%
Total debt	29,252.1	30,209.0	3%
Net debt	26,242.1	26,795.0	2%
Total debt/LTM adj. EBITDA	7.6x	8.4x	-
Net debt/LTM adj. EBITDA	6.8x	7.4x	-
Available banking facilities	3,600.0	3,400.0	-6%

Source: Company filing, CMBI FICC Research.

➤ **FRESHK: S&P removed CreditWatch Negative; Maintain buy on FRESHK 26-29**

Table 3: Bond profiles of FRESHKs

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
FRESHK 4.25 10/26/26	XS2393797530	300	99.8	90	4.6%	0.4	-/BBB-/-
FRESHK 6.625 04/16/27	XS2800583606	500	101.4	135	5.1%	0.9	-/BBB-/-
FRESHK 5.875 03/05/28	XS2886144232	550	100.9	155	5.3%	1.7	-/BBB-/-
FRESHK 6 10/01/28	XS3025777221	500	101.3	165	5.4%	2.2	-/BBB-/-
FRESHK 5.25 01/13/29	XS3249057400	400	99.4	174	5.5%	2.4	-/BBB-/-

Source: Bloomberg.

S&P removed Far East Horizon (FEH) from CreditWatch Negative, citing FEH's contagion risk from its ailing operating lease subsidiary Horizon Construction Development (HCD) has reduced due to diminished financing and operational connections between the two entities. Meanwhile, S&P affirmed FEH's BBB- rating with stable

outlook, reflects the agency view that FEH will maintain its competitive edge over its top domestic peers over the next two years.

FRESHK 27-29 widened up to 50-60bps after S&P put the company's ratings on CreditWatch Negative on 3 Feb'26 in view of the profit warning of HCD, a 41%-owned subsidiary of FEH. As discussed on [5 Feb'26](#) and [12 Mar'26](#), we found the negative rating action unconvincing given HCD only contributed 3% of FEH's PBT. While FRESHK 27-29 recovered close to 3/4 of the spread widening since mid-Mar'26, these bonds, in our view, continue to offer more attractive risk-return profiles than its peers such as BOCAVI 26-28s (NR/A-/A-). We consider the a yield pick-up of 90-120bps sufficiently compensates for the 3 notches lower in rating. We maintain buy on FRESHK 26-29.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Golomt Bank	450	3yr	7.95%	8.125%	-/B+/B+
IsDB Trust Services No.2 SARL	1000	5yr	SOFR MS+52	SOFR MS+52	Aaa/AAA/AAA
Paratus Energy	250	5yr	8.125%	8.125%	Unrated
PT Sarana Multi Infrastruktur	300	5yr	5.0%	5.1%	Baa2-/BBB
Studio City	300	5NC2	6.125%	6.125%	Ba3/B+/-
The Government of HKSAR	500	5yr	4.0%	T+2	Aa3/AA+/AA-

➤ **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 101 credit bonds issued yesterday with an amount of RMB88bn. As for month-to-date, 162 credit bonds were issued with a total amount of RMB124bn raised, representing a 0.5% yoy increase
- **[BHP]** BHP Group is open to raising funds through RMB bonds if the cost of debt is right
- **[CWAHK]** China Water Affairs accepted USD105.433mn of CWAHK 4.85 05/18/26 for purchase in a tender offer
- **[DIBUH]** Dubai Islamic Bank to redeem all outstanding USD1bn DIBUH 4.625 Perp on the first call date on 19 May'26

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