CMBI Credit Commentary

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

Cyrena Ng, CPA 吴蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

- *Flows were light this morning. Korean credits traded firmly, with spreads tightened 2-3bps. SE Asian bank T2s tightened 2-4bps, while front-end AT1s were under better buying. High-quality LGFVs were chased by onshore clients.*

- ***SJMHOL:** Weaker flagship performance keeps leverage elevated; liquidity remains manageable. See below.*

- ***HSBC:** Media reported HSBC is exploring ways to ease its reliance on China and Hong Kong, while giving more independence to its Singapore operations. HSBCs were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, hotter-than-expected US CPI data put a Dec'26 rate hike back on the table, with markets pricing in 25bps or even 50bps. Front-end rates sold off aggressively post-data, while Asia IG spreads opened largely stable and quiet amid the US holiday. We saw better buying in HK and Thai Tier 2 papers, with BBLTB/BNKEA tightening 3-5bps, while 10y TMT benchmarks like BABA/TENCNT also ground 2-3bps tighter. European AT1s opened 0.25-0.5pts lower, though we saw solid buying interest in 2028 and 2029 callable across SOCGEN/LLOYDS/BNP/ STANLN/HSBC. The recent new issues, HSBC 7.625 Perp and INTNED 7.75 Perp, were trading roughly 0.25pts lower on fairly balanced two-way flow from AMs and PBs.

In the higher-yielding space, sentiment recovered a bit and Chinese developers CHJMAO/GRNCH/LNGFOR rebounded 0.1-0.3pt. CNH ZHHFGR Perp down c2.0pts while other CNH ZHHFGRs rallied 0.5-1.0pt higher. Industrial names HONGQI/WESCHI dropped 0.1-0.2pt. HK name NWDEVLs moved 0.5pt lower to 2.1pts higher. Chow Tai Fook said the media report on it is seeking a new HKD5bn loan from banks contains information that was inaccurate and/or based on assumptions. LASUDE '29 dropped 0.7pts. In LGFV space, we saw buying interest in Guangdong/Shandong names from onshore clients. SOFTBKs were 0.2-0.6pt higher. Macau gaming names were 0.1-0.5pt lower, led by SJMHOL '31 which was 0.8pt lower. See below for our comments on SJM's 3Q26 results.

CMBI Fixed Income
fis@cmbi.com.hk

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
NWDEVL 6 1/4 PERP	**56.5**	**2.1**
NWDEVL 4 1/8 07/18/29	**82.4**	**1.9**
GLENLN 6.256 10/28/36	**102.9**	**1.8**
NWDEVL 4 1/2 05/19/30	**78.3**	**1.1**
NWDEVL 10.131 PERP	**96.3**	**0.9**

Top Underperformers	Price	Change
GLENLN 5.8 01/28/32	**98.4**	**-1.8**
CITLTD 4 3/4 02/04/36	**91.8**	**-0.9**
SJMHOL 6 1/2 01/15/31	**85.3**	**-0.8**
LASUDE 5 07/28/29	**75.2**	**-0.7**
XUCGEN 6.8 05/19/29	**100.0**	**-0.7**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.31%), Dow (+0.49%) and Nasdaq (+1.60%) were higher on Wednesday. The US Treasury and cash bond markets were closed for Veterans Day and UST yield was unchanged yesterday. 2/5/10/30 year UST yield was at 4.73%/4.81%/4.98%/5.35%.

❖ Desk Analyst Comments 分析员市场观点

➢ SJMHOL: Weaker flagship performance keeps leverage elevated; liquidity remains manageable

SJM reported weaker 3Q26 results, with revenue down 24.8% yoy to HKD5.3bn and adj. EBITDA down 20.0% to HKD705mn, reflecting weaker performance across Grand Lisboa Palace (GLP) and Grand Lisboa on lower gaming volumes and renovation related disruption. Adj. EBITDA margin improved to 13.3% from 12.5% in 3Q25 on more disciplined cost control. Better 2Q26 performance cushioned the 3Q26 decline, leaving 9M26 revenue decreased 22.1% yoy to HKD16.9bn and adj. EBITDA down 4.8% yoy to HKD2.4bn. SJM recorded a loss attributable to owners in 3Q26 at HKD397mn, compared to a profit of HKD9.0mn in 3Q25. For 9M26, SJM loss widened to HKD692mn from HKD173mn in 9M25. We estimate SJM's GGR market share fell to 9.3% in 3Q26 from 9.8% in 1H26, bringing the 9M26 share to 9.6%.

At GLP, revenue fell 10.3% yoy to HKD1.7bn in 3Q26 and adj. property EBITDA turned loss at HKD38mn, from a profit of HKD111mn in 3Q25. VIP hold fell to 3.1% (3Q25: 3.8%), partly offset by higher mass table hold of 19.6% (3Q25: 17.9%). Renovation works in the mass gaming area also disrupted performance. At Grand Lisboa, revenue fell 9.7% to HKD1.8bn in 3Q26 and adj. property EBITDA declined 24.2% to HKD357mn, due to lower VIP hold of 3.3% (3Q25: 3.4%) and mass table hold of 19.9% (3Q25: 20.2%). At other properties, revenue increased 77.4% yoy to HKD2.4bn and adj. property EBITDA increased 46.0% yoy to HKD438mn, benefited from customer migration from satellite casinos and table redeployment on the Macau Peninsula.

As of Sep'26, total debt stood at cHKD30.0bn. Cash and bank balances (incl. pledged deposits) declined to HKD3.1bn from HKD3.5bn as of Jun'26. Undrawn revolving facilities also fell to HKD2.0bn from HKD2.4bn, leaving liquidity of HKD5.1bn compared to HKD5.8bn as of Jun'26. Despite the narrower cushion, we view near-term liquidity as manageable. Total debt/LTM adj. EBITDA and net debt/LTM adj. EBITDA increased to 9.8x and 8.7x, respectively, from 9.3x and 8.0x, mainly owing to lower LTM adj. EBITDA.

We view SJM's earnings with scope for improvement as renovation-related disruption eases, particularly at GLP following its adj. property EBITDA loss in 3Q26. The completion of renovations should support operating normalization, although sustained earnings growth will depend on translating improved capacity and customer traffic into profitable volume growth. We therefore see deleveraging as a medium-term prospect, supported by a return to sustained positive adj. EBITDA at GLP and stronger group level cash generation. Against this

backdrop, we favor holding SJMHOL 6½ 01/15/31 at current levels, viewing its yield premium within the Macau gaming sector as providing compensation for SJM's weaker earnings and elevated leverage.

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	94.8	7.3%	2.7
MPEL 7 5/8 04/17/32	USG5975LAK29	750	99.7	7.7%	4.4
MPEL 6 1/2 09/24/33	USG5975LAL02	500	92.8	7.9%	5.3
SJMHOL 6 ½ 01/15/31	XS3267117995	540	85.1	11.1%	3.4
STCITY 6 1/2 01/15/28	USG85381AF13	335	99.3	7.1%	1.1
STCITY 5 01/15/29	USG85381AG95	1,100	93.4	8.4%	2.0
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	95.0	7.0%	2.7

Source: Bloomberg.

Table 2: 3Q26 and 9M26 financial highlights

HKD mn	3Q25	3Q26	Change	9M25	9M26	Change
Revenue	7,034.0	5,287.0	-24.8%	21,674.0	16,877.0	-22.1%
Adj. EBITDA	881.0	705.0	-20.0%	2,527.0	2,406.0	-4.8%
Adj. EBITDA margin	12.5%	13.3%	0.8%	11.7%	14.3%	2.6%
Profit/ (loss) attributable to owners	9.0	(397.0)	-	(173.0)	(692.0)	300.0%
Capex	412.0	236.0	-42.7%	905.4	544.2	-39.9%
Adj. property EBITDA by property						
-Grand Lisboa Palace	111.0	(38.0)	-	194.0	(16.0)	-
-Grand Lisboa	471.0	357.0	-24.2%	1,334.0	1,217.0	-8.8%
-Other self-promoted	300.0	438.0	46.0%	952.0	1,377.0	44.6%

HKD mn	Jun'26	Sep'26	Change
Cash and bank balances (incl. pledged deposit)	3,486.0	3,141.0	-9.9%
Total debt	30,217.0	29,998.0	-0.7%
Net debt	25,879.4	26,857.0	3.8%
Total debt/LTM adj. EBITDA	9.3x	9.8x	-
Net debt/LTM adj. EBITDA	8.0x	8.7x	-
Available banking facilities	2,350.0	1,950.0	-17.0%

Source: Company filling, CMBI FICC Research.

- **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	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➢ News and market color

- Regarding onshore primary issuances, there were 86 credit bonds issued yesterday with an amount of RMB118bn. As for month-to-date, 532 credit bonds were issued with a total amount of RMB623bn raised, representing a 8.1% yoy decrease

- **[PTTGC]** PTT Global Chemical 9M26 sales revenue up 23.3% yoy to cUSD14.4bn; adj. EBITDA up 247.3% yoy to cUSD1.7bn

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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