

CMBI Credit Commentary

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

- *Asian IG space was strong this morning. China SOE/TMT tightened 5-10bps with better buying flows. Non-China IGs were 2-3bps tighter. AT1s turned to quiet. SOE developers and high-yielding LGFVs were well bid. VNKRLs were 0.2-1pt lower this morning.*
- **MGMCHI:** *Solid growth in revenue and adjusted EBITDA in FY24 with higher GGR market share of 15.8% in 2024, up from 15.2% in 2023. That said, we prefer MPELs and STCITYs/STDCTY, as well as SJM in Macau gaming sector for better valuation. MGMCHIs were unchanged this morning. See below.*
- **WESCHI:** *Moody's downgraded West China Cement to B3 from B2 on aggressive financial strategy, outlook remains negative. Fitch withdrew WESCHI's B- rating on 6 Feb'25 due to insufficient information. WESCHI 26 down 0.1pt this morning.*

❖ Trading desk comments 交易台市场观点

Market sentiment was firm yesterday. The new BAERVX 7.5 Perp was c0.5pt higher with active buying flows. Asian IG space was active, BABA/TENCNT/HAOHUA tightened 1-3bps. In HK financials, BNKEA/DAHSIN/NANYAN T2s tightened 5-10bps. In China AMC space, CCAMCL/ORIEAS tightened 2-4bps. CFAMCI/GRWALL were unchanged to 0.2pt higher. KR/JP IG corps and financial names tightened 2-5bps. Post media reported China plans RMB50bn (cUSD6.8bn) support package to address the funding shortfall of Vanke, ROADKG'28-30/VNKRLE'27 rose c1pt. FTLNHD/FUTLAN/LNGFOR were 0.3-0.5pt higher. NWDEVLs moved -0.7 to +0.3pt. Adani complex moved -0.3 to +1.4pts after US paused enforcing the FCPA for 180 days. See our comments on 12 Feb'25. In SEA space, INDYIJ/MEDCIJ were unchanged to 0.1pt lower.

In LGFV space, we saw robust demand from RM in double-digit yielding issues across USD and CNH. Low-beta CNH LGFVs were also under active buying flows cross boarder led by papers yielding c4%-handle. Shandong names SHGUOH/SDEXPR/ZOUCAO were unchanged to 0.1pt higher. Real estate-related CPDEV/ZHHFGR increased up to 0.2pt. In SOE perps, CHPWCN/HUANEN/ SPICPT Perps were unchanged to 0.1pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 6 03/04/29	40.4	1.2	SINOPE 3.68 08/08/49	79.3	-1.0
ROADKG 5.2 07/12/29	39.7	1.2	SINOPE 4 1/4 04/12/47	87.8	-1.0
ADSEZ 5 08/02/41	81.2	1.1	SINOPE 5 3/8 10/17/43	102.2	-1.0
ROADKG 5 1/8 01/26/30	37.9	1.1	SINOCH 6.3 11/12/40	106.9	-0.9
VNKRLE 3.975 11/09/27	74.3	1.1	BEIENT 6 3/8 05/12/41	107.5	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.27%), Dow (-0.50%) and Nasdaq (+0.03%) were mixed on Wednesday. US Jan'25 CPI was +3.0% yoy, higher than the market expectation of 2.9%. Powell suggests interest rate will remain elevated for the foreseeable future, citing the need to keep policy restrictive. UST yield was higher on Wednesday, 2/5/10/30 yield at 4.36%/4.48%/4.62%/4.83%.

❖ Desk Analyst Comments 分析员市场观点

➤ **MGMCHI: Solid growth in revenue and adjusted EBITDA in FY24 with higher GGR market share**

MGM China's FY24 revenue rose 27% to HKD31.4bn (cUSD4.0bn), mainly supported by MGM Cotai of which the revenue increased by 32% to HKD18.3bn (cUSD2.3bn) with higher win rate on main floor table games. MGM China's adjusted EBITDA was HKD9.1bn (cUSD1.1bn) in FY24, representing 25% yoy increase from FY23 as well as 47% increase from the pre-pandemic level in FY19. See table below. On the other hand, the 4Q24 revenue up by 3% yoy while adjusted EBITDA down by 3% yoy. We believe that the solid performance of MGM China reflects the improving market environment of the Macau gaming sector, along with MGM China's higher market shares. In 2024, the market shares of MGM China grew to 15.8% from 15.2% in 2023 and 9.5% in 2019.

HKD mn	FY24	FY23	FY24 vs. FY23	FY19	FY24 vs. FY19
Revenue	31,387	24,684	27%	22,765	38%
Adj. EBITDA	9,059	7,235	25%	6,183	47%

Source: Company fillings.

MGM China has resumed the access to external funding channels given the improving operating performance and cash flow. Recalled that MGM China issued MGMCHI 7.125 06/26/31 of USD500mn to refinance its revolving credit facilities in Jun'24. We continue to view Macau gaming operators are candidates for early redemptions given their improved financial conditions and resumed access to capital markets. Within the sector, we prefer MPELs and STCITYs/STDCTY, as well as SJM for better valuation. We also like MGMCHI'26-27s and WYNMAC'29 as yield pick-up plays over bonds of their US parents, which provide 20-60bps and 55-85bps yield pick-up over bonds of MGMs and WYNNLVs, respectively. We are neutral on SANLTDs.

	Ask YTM (%)	Mod Duration	Ask px
MGMCHI	5.2-6.6	0.1-3.7	98.2-102.8
MPEL	5.4-7.5	0.3-4.1	92.6-100.8
SANLTD	4.2-5.8	0.3-5.7	86.3-100.1
SJMOL	6.1-6.4	0.9-2.7	96.0-98.5
STCITY/STDCTY	5.7-7.6	0.1-3.5	91.4-101.1

WYNMAC 4.5-6.6 0.9-4.2 94.1-100.0

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Fugao Wantai Group	130	3yr	5.4%	5.4%	Unrated
Yan'an Tourism (Group)	74	3yr	5.5%	5.5%	Unrated
Zhangzhou Yuanshan Development	113	3yr	7.9%	7.9%	Unrated

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Deqing County Cultural Tourism Development Group	USD	-	2yr	6.2%	Unrated
Greentown China Holdings	USD	-	3NC2	8.85%	B1/-/-
Hubei United Development Investment Group	USD	-	3yr	5.5%	-/-/BBB+

➤ News and market color

- Regarding onshore primary issuances, there were 74 credit bonds issued yesterday with an amount of RMB64bn. As for month-to-date, 198 credit bonds were issued with a total amount of RMB164bn raised, representing a 58.4% yoy decrease
- [GRNCH]** Greentown China mandates 3NC2 USD bonds issuance to fund concurrent tender offers for GRNCH 4.7 04/29/25 and GRNCH 5.65 07/13/25, IPT at 8.85%
- [IHFLIN]** Sammaan Capital to meet bondholders in Hong Kong and Singapore in week of 17 Feb'25
- [JD]** JD.com entered into food delivery market in China
- [KWGPRO]** KWG Group in active negotiation to reach holistic solution for offshore debts
- [LOGPH]** Logan Group secured support from creditors holdings 76.4% of offshore debt for holistic restructuring as of early deadline, general deadline is 27 Feb'25
- [VEDLN]** Vedanta Resources (VRL) accepted USD3.7mn of VEDLN 9.25 04/23/26 and USD1.4mn of VEDLN 13.875 12/09/28 tendered after the early deadline and before expiration time. Media reported VRL has begun negotiations with investors to divest a sizeable minority holdings in Konkola Copper Mines (KCM) in Zambia
- [VNKRLE]** Media reported China plans RMB50bn (cUSD6.8bn) support package to address the funding shortfall of Vanke

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