

CMBI Credit Commentary

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

- *The sentiment in Asia IG space was risk off this morning. BABA/MEITUA/XIAOMI 27-35s widened 2-5bps. BCLMHK/WSTP Float 27-31s closed unchanged to 2bps wider. MYLIFE 54-55s were unchanged to 0.2pt lower. ZHOSHK 26-28s were unchanged to 5bps wider post Jardine Matheson unveiled the expected weak FY24 results of Zhongsheng. See comments below.*
- **Macau gaming:** *Moderating GGR growth in Feb'25. See below.*
- **ADTIN/ADANEM:** *Fitch affirmed the BBB- rating of Adani Energy Solutions and Adani Electricity Mumbai's USD bonds on demonstrated adequate funding access since the US indictment, removed from Rating Watch Negative and assigned negative outlook. Bonds of Adani complex were down 0.2-1.1pts this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the sentiment in Asia IG space was cautious. In KR, LGENSO 26-34s widened 2-5bps amid LG Energy announced mandate of new issues. HYNMTR 27-31s and DAESEC 26-28s widened 1-3bps. Chinese IGs were under better selling. BABA 27s/35s and HAOHUA/MEITUA/WB/TENCNT/JD 28-31s widened 2-5bps. In financials, FRESHK 26s/28s closed unchanged despite selling flows. See our comments on FY24 results of Far East Horizon on 10 Mar '25. CCAMCL/ORIEAS/GRWALL/CFAMCI 27-30s were 2-12bps wider. OCBBCSP/BBLTB T2s were also under better selling and widened 1-3bps. HSBC/BCLMHK/SWHYSE /WSTP Float 26-31s were 1-2bps tighter. In AT1s and insurance hybrids, the flows were mixed with PB buying vs AM selling. HSBC 8/SANTAN 9.625 Perps were up 0.1-0.2pt. FUKOKU/ASAMLI Perp were 0.1pt higher. In HK corps, NWDEVL Perps/27-31s rose 0.3-2.8pts after the gain of 3.7-18.9pts over the last week. In Chinese properties, CHIOLI 28-43s increased 0.4-0.7pt. LNGFOR 27-32s and DALWAN 26s were up 0.3-0.6pt. In Macau gaming, WYNMACs/MGMCHIs were down 0.1-0.3pt. See comments below. In India, ADANEMs/ADSEZs/ADGREGs were 0.5-1.2pts lower. Fitch assigned negative rating outlook on Adani Energy Solutions on US probe risks.

In LGFVs, SXUCI 26s/SDECIDI 26s/SHGUOH 25s were up 0.2-0.3pt. There were two way interests on CNH names such as LZJHFH 27s/JDZUDG 28s/TAJKGP 28s and USD papers such as CHDOHU 28s/HKIQCL 27s. In SOE perps, CHPWCN/ HUADIA Perp were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 5 1/4 PERP	55.4	2.8	ADGREG 6.7 03/12/42	90.9	-1.2
NWDEVL 4 1/8 PERP	44.2	2.6	ADSEZ 5 08/02/41	79.3	-0.9
NWDEVL 6 1/4 PERP	40.8	2.1	ADANEM 3.867 07/22/31	82.0	-0.9
NWDEVL 6.15 PERP	77.5	1.6	ADSEZ 3.828 02/02/32	82.6	-0.7
SINOCH 6.3 11/12/40	112.1	1.1	ADSEZ 3.1 02/02/31	81.4	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.55%), Dow (+0.52%) and Nasdaq (+0.70%) were higher on last Friday. US Feb'25 Nonfarm Payroll was +151k, lower than the market expectation of +159k. US Feb'25 unemployment rate was 4.1%, higher than the market expectation of 4.0%. UST yield was higher on last Friday, 2/5/10/30 yield at 3.99%/4.09%/4.32%/4.62%.

❖ Desk Analyst Comments 分析员市场观点

➤ Macau gaming: Moderating GGR growth in Feb'25.

Table 1: Macau monthly GGR

MOP mn	2023	2024	2025	Cumulative GGR 2025	Cumulative GGR 2025 growth rate	% of 2019 GGR
Jan	11,580	19,337	18,254	18,254	-5.6%	73.2%
Feb	10,324	18,486	19,744	37,998	0.5%	75.5%
Mar	12,738	19,503	-	-	-	-
Apr	14,722	18,545	-	-	-	-
May	15,565	20,188	-	-	-	-
Jun	15,207	17,694	-	-	-	-
Jul	16,662	18,595	-	-	-	-
Aug	17,213	19,754	-	-	-	-
Sep	14,937	17,253	-	-	-	-
Oct	19,501	20,787	-	-	-	-
Nov	16,043	18,438	-	-	-	-
Dec	18,564	18,202	-	-	-	-

Source: Macau DSEC.

In Feb'25, the gross gaming revenue (GGR) in Macau rose 6.8% yoy to MOP19.7bn, reversed from the 5.6% yoy drop in GGR in Jan'25. The cumulative GGR increased by 0.5% yoy to MOP38.0bn, and the increase in cumulative GGR in Feb'25 reflected the CNY holiday span across Jan and Feb'25. The 2025 cumulative GGR was c76% of pre-pandemic level in 2019, higher than c73% in Jan'25. The Macao government expects 2025 GGR to increase c6% to MOP240bn (cUSD30bn). We still believe the 2025 target is highly achievable given the sustained recovery in tourist arrivals (up c24% in 2024) and incremental supportive policies in mainland China. The Chinese government resumed the application of multiple-entry visa to Macau for Zhuhai residents in Dec'24.

Despite the lower conviction levels, we expect [that the](#) performance of Macau gaming bonds will continue to be supported by their improving credit stories, benefitting from the resilient GGR recovery and normalization of funding access. We also expect Macau gaming operators to be candidates for early redemption of their bonds given their improved financial conditions and resumed access to capital markets.

Within the Macau gaming sector, our top picks are MPELs and STCITYs/STDCTY. We also consider SJMHOLs good carry play. Please also read our comment on the FY24 results on Melco and SJM, both reported a strong recovery compared to FY23. Meanwhile, we consider MGMCHIs and WYNMAC'27 yield pick-up plays, trading at 29-91bps and 39bps pick-up over bonds of their US parents, respectively. We are neutral on SANLTDs on valuation.

Table 2: Macau gaming USD bond profile

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	5.7-6.4	0.3-3.6	98.3-103.6
MPEL	5.3-7.3	0.2-4.0	93.4-101.8
SANLTD	4.4-5.6	0.2-5.6	87.5-100.7
SJMHOL	6.0-6.1	0.8-2.6	96.7-98.8
STCITY/STDCTY	6.2-7.6	0.3-3.4	91.5-101.0
WYNMAC	3.8-6.5	0.8-4.1	94.4-102.5

Source: Bloomberg.

Click [here](#) for the full report.

➤ **ZHOSHKs: A side information on Zhongsheng's FY24 results**

Based on the FY24 result presentation of Jardine Matheson, its net profit contributed by Zhongsheng (21% owned by Jardine Matheson) dropped 41% in FY24. The drop should not be too surprising as Zhongsheng's 1H24 net profit dropped 50% yoy. This implied some stabilization of Zhongsheng's operating performance in 2H24. Zhongsheng is yet to announce the board meeting date, we believe that Zhongsheng may issue a profit warning for FY24 results.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Changsha Jinxia New District City Development Co	145	3yr	5.3%	5.3%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chengdu Airport Xingcheng Investment Group	USD	-	3yr	5.65%	Unrated
Dazhou Kaisheng Construction Development Group	USD	-	3yr	7%	Unrated
Fujian Shishi State-owned Capital Operation Group	USD	-	3yr	5.9%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 76 credit bonds issued yesterday with an amount of RMB54bn. As for month-to-date, 494 credit bonds were issued with a total amount of RMB403bn raised, representing a 28.3% yoy decrease

- China retail passenger car sales rose 26% yoy in Feb'25 as boosted by the government's trade-in policies
- **[ADTIN/ADANEM]** Fitch affirmed the BBB- rating of Adani Energy Solutions and Adani Electricity Mumbai's USD bonds on demonstrated adequate funding access since the US indictment, removed from Rating Watch Negative and assigned negative outlook
- **[TOPTB]** Thai Oil repurchased USD26mn of TOPTB 4.875 01/23/43 from the open market, USD146.413mn remains outstanding

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