

CMBI Credit Commentary

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

- *Asian IG space was stable and spreads were largely unchanged this morning. Corp perps and bank AT1 were better sold. HONGQIs were unchanged to 0.15pt lower and GEELY perp down c0.75pt to 98 post the downgrade.*
- **Macau gaming:** Recovery momentum continued. See below.
- **GEMDAL:** Gemdale remitted funds to repay put on RMB2.5bn (cUSD347mn) onshore 21Jindi03. GEMDAL'24 down 0.4pt this morning.

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❖ Trading desk comments 交易平台市场观点

Asia IG space was mixed yesterday. The new AIA '34 tightened 2bps. In KR, the new KOMRMR '29 tightened 1bp. HYUELEs widened 1-2bps. The new SMBCAC '34 widened 2bps. JP insurance hybrids FUKOKU/ASAMLI Perps were 0.2pt lower. In Chinese IGs, HAOHUAs opened 1-3bps wider but closed unchanged, following media report last weekend that Syngenta Group withdrew its long-delayed application for an onshore IPO. In the high beta TMTs, XIAOMIs/WBs were unchanged to 2bps tighter. In financials, Chinese AMCs and leasing names were mixed. BOCAVI 28-33s were under better buying and closed 1-2bps tighter, but HRINTHs 24-26s were under selling and widened around 5bps. In AT1s, BOCOHK/CINDBK/BBLTB/WOORIB Perps were unchanged to down 0.1pt. In EU AT1s, the longer-dated-to-call papers such as BACR 9.625 Perp/INTNED 8 Perp/BNP 8 Perp were under heavy selling from PBs/AMs and closed 0.1-0.4pt lower. Chinese properties performed mixed. FUTLAN/FTLNHD 24-26s increased another 2.5-5.0pts from last Thu closes. DALWAN 24-26s moved 2.9-4.7pts higher, post the announcement of the cUSD8.3bn investments of PAG-led consortium which will hold combined stakes of 60% in Zhuhai Wanda Commercial Management. LNGFOR 27-32s rose another 0.3-1.7pts. SHUION 24-26s edged up 0.7-1.2pts. On the other hand, VNKRL 25-29s dropped 0.9-2.3pts. In industrials, ANTOIL '25 was up 0.8pt. However, GEELY Perp declined around 0.3pt, following Moody's downgraded its senior unsecured rating to Ba1 from Baa3. CHIOIL '26 was down another 0.4pt after slumping 8pts on last Thu. Macau gaming names were subdued. MPEL/MGMCHI/STCITY 27-29s were 0.3-0.5pt lower. In Indian space, VEDLN 26-28s were down 0.2-0.5pt. Indonesian name BUMAIJ '26 was down another 0.3pt.

The LGFVs/perps/high beta spaces were stable. The LGFVs yielding mid-6% or higher remained sought after by onshore RMs. The supply of these papers in secondary market continued to be occasional. CPDEVs/ZHHFGRs were up 0.1pt. In Shandong names, SHDOIS '24/SHGUOH '25 were 0.1-0.3pt higher. In the 5-6% LGFVs, HZCONI 26s were up 0.2pt whilst NJYZSO '27/SXUCI '26 were down 0.1pt. In SOE perps, HUADIA/CHPWCN/SPICPT

Perps were 0.1-0.2pt lower. In the high beta names, CWAHK/FRESHK 26s were unchanged to 0.1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FTLNHD 4 1/2 05/02/26	34.9	5.0	VNKRLE 3.975 11/09/27	49.5	-2.3
DALWAN 11 01/20/25	85.1	4.7	TAISEM 4 1/2 04/22/52	94.4	-2.3
FTLNHD 4 5/8 10/15/25	40.3	4.2	CITLTD 5.07 04/18/48	90.4	-2.1
FUTLAN 6 08/12/24	84.8	4.0	SINOPE 4.6 09/12/48	91.3	-2.0
FTLNHD 4.8 12/15/24	57.7	3.8	TAISEM 3.1 09/23/51	70.9	-1.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.72%), Dow (-1.00%) and Nasdaq (-0.95%) were weak on Tuesday. China Caixin service PMI in Mar'24 was 52.7, same with the expectation. Euro-zone Markit manufacturing PMI in Mar'24 was 46.1, higher than the expectation of 45.7. UST yield rallied higher yesterday, 2/5/10/30 yield reached 4.70%/4.35%/4.36%/4.51%.

❖ Desk analyst comments 分析员市场观点

➤ Macau gaming: Recovery momentum continued

MOP mn	2022	2023	2024	Cumulative GGR 2024	Cumulative GGR 2024 growth rate	% of 2019 GGR
Jan	6,344	11,580	19,337	19,337	67%	78%
Feb	7,759	10,324	18,486	37,823	73%	75%
Mar	3,672	12,738	19,503	57,326	65%	75%
Apr	2,677	14,722	-	-	-	-
May	3,341	15,565	-	-	-	-
Jun	2,477	15,207	-	-	-	-
Jul	398	16,662	-	-	-	-
Aug	2,189	17,213	-	-	-	-
Sep	2,962	14,937	-	-	-	-
Oct	3,899	19,501	-	-	-	-
Nov	2,999	16,043	-	-	-	-
Dec	3,482	18,564	-	-	-	-

Source: Macau DSEC.

In Mar'24, the gross gaming revenue (GGR) in Macau rose 53.1% yoy to MOP19.5bn, compared with 79.1% yoy in Feb'24. The cumulative GGR in 1Q24 was MOP57.3bn, increased 65.5% yoy and reached c75% of pre-pandemic level in 1Q19. Macau government estimates the tourist arrivals to reach c33mn in 2024, c84% of 2019. The recovery of GGR would continue given the expected increase in tourist arrivals.

FY23, USD mn	MGM	MLCO UW	Sands China	SJM	Studio City	Wynn Macau
Gross Profit	1,672	1,413	4,123	1,598	274	1,816
-% yoy change	397%	393%	278%	248%	547%	308%
Adj. EBITDA	924	962	2,230	221	159	846
Adj. EBITDA Margin	29.3%	25.5%	34.1%	8.0%	35.8%	27.3%
Cash	541	1,311	1,361	457	228	1,316
ST Debt	751	20	16	124	-	602
LT Debt	2,353	7,526	8,312	3,025	2,338	6,148
Total Debt	3,104	7,546	8,328	3,149	2,338	6,750
-% yoy change	-26.2%	-11.0%	-18.5%	-13.1%	-4.8%	9.2%

Net Debt/EBITDA	2.8x	6.5x	3.1x	12.2x	13.2x	6.4x
Cash/ST Debt	0.7x	66.6x	85.1x	3.7x	-	2.2x

Source: Company filings

All Macau gaming operators with outstanding USD bonds had released significantly recovered FY23 results as expected. The six operators reported positive adj. EBITDA and improved credit profiles. The strong recovery of operating performance post Covid-19 pandemic and the resulting resumption of access to external funding channels have considerably improved their financial flexibility and relieved their refinancing pressure. Recalled that MGM China announced on 20 Mar'24 that it voluntarily cancelled USD750mn unutilized commitment under the facility agreement with its controlling shareholder MGM Resorts International as its revenue substantial increased in FY23.

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	5.7-6.5	0.1-2.6	95.5-100.0
MPEL	6.9-7.2	1.1-4.7	91.5-97.8
SANLTD	5.8-6.2	1.3-6.3	83.8-98.9
SJMHOL	7.1-7.3	1.7-3.4	91.8-95.7
STCITY/STDCTY	6.8-7.9	1.2-4.1	88.5-100.4
WYNMAC	3.1-7.0	0.5-4.7	91.6-106.4

Source: Bloomberg.

As discussed before, we continue to prefer **MPEL**, **SJM** and **STCITY/STDCTY** for better risk-return profiles. We also like MGMCHIs, WYNMACs for c70bps and c60bps yield pick-up over the bonds of their US parents. On the other hand, we consider the valuation of SANLTDs less appealing within the sector in view of the higher cash price and coupon step-down after upgrade.

➤ 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	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 70 credit bonds issued yesterday with an amount of RMB93bn. As for Month-to-date, 130 credit bonds were issued with a total amount of RMB142bn raised, representing a 88.5% yoy increase
- Hong Kong new home sales in Mar'24 was c4.2k units, reached 11-year high
- **[ADANIG]** Media reported that Adani Green Energy plans to raise up to USD4.5bn through overseas dollar bonds over four years

- **[DALWAN]** Media reported that Dalian Wanda Group signed SPA to dispose of yacht maker Sunseeker with proceeds to partially repay a USD190mn 364-day due January 2025 loan
- **[FUTLAN]** Media reported that Seazen Holdings Co Ltd indicated in a earnings call that it has access to bank facilities to help it redeem the USD800mn in offshore bonds maturities the group is facing this year
- **[GEELY]** Moody's withdrawn Geely's Baa3 issuer rating and assigned Ba1 CFR, changed outlook to stable
- **[HONGQI]** Moody's downgraded China Hongqiao one notch to Ba3 and maintained negative outlook as the company increased its reliance on short-term debt
- **[INDYIJ]** Indika Energy announced to fully redeem USD293.6mn 5.875% senior notes due 2024 on 3 May
- **[VNKRLE]** Media reported that China Vanke commences preparations for swapping and repayment of offshore bonds

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