

CMBI Credit Commentary

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

- *Asia IG names were unchanged to 2bps tighter this morning. Flows geared towards better buying on higher-yielding issues across greater Asia and LGFV spaces. CRNAU 29/TAIANH 28 were 0.6-0.9pt higher. VNKRL 29 dropped by 1.2pts.*
- **Macau gaming:** Solid GGR growth in 2025. See below.
- **China Economy:** PMI signals temporary improvement. CMBI expects full-year GDP growth rate may decline from 5% in 2025 to 4.8% in 2026. See below for comments from CMBI economic research.

❖ Trading desk comments 交易台市场观点

Last Friday, ARAMCO 35s tightened 1bp, while FABUH 30 widened 5bps. Chinese IG names ZHOSHK 28/XIAOMI 31/BABAs/MEITUAs as well as TW lifers CATLIFs/FUBON/NSINTWs/SHIKON were 5bps tighter to 4bps wider. NWDEVL Perps rose 0.2-1.9pts. VDNWDL 9 Perp increased by 1.4pts. In the [Asia Credit Outlook](#) we published earlier today, we changed our buy recommendation on NWDEVL 5.25 Perp and NWDEVL 8.675 02/06/28 to neutral after the rebound. At the same time, we initiate buy on VDNWDL 9 Perp in view of the higher certainty of coupon payment. Lai Sun Development's Chairman has bought back USD7.1mn in principal amount of LASUDE 26 since 22 Dec'25 at a weighted average price of 73.1. Recalled that he sold a total of USD7.1mn in principal amount in mid Dec'25 at a weighted average price of 74.7 Net-net, we estimate he made a profit of USD11.3mn from the recent trading of LASUDE 26. LASUDE 26 was up by 0.8pt. FAEACO 12.814 Perp was 0.6pt higher. LIFUNGs increased by 0.3-0.5pt. In Macau gaming, SJMHOL 26-28/MGMCHI 26-31 were unchanged to 0.2pt higher. WYNMAC 27-34s/MPEL 27-32/SANLTD 27-31s were 0.2pt lower to 0.2pt higher. See our comments below. MTRC Perps/WESCHI 26-28/BTSDF 28 were unchanged to 0.1pt lower. DALWAN 26s were 0.1-0.3pt higher. In Chinese properties, VNKRL 27-29 rose 1.5-1.2pts. FTLNHD 27 dropped by 0.9pt. In JP space, NTT 35/MUFG 35-36s/SOBKCO 35/SMBCAC 35 were 3bps tighter to 2bps wider. SOFTBKs were 0.1pt lower to 0.3pt higher. In SE Asia, BBLTB 34-40s/OCBCSP 32-35s were 4bps tighter to 3bps wider. VEDLN 28-33s were 0.2-0.6pt higher. SMCGL Perps/RNW/INGPHL/RPVINs/INCLEN/IHFLILN 27-28s were up by 0.1-0.4pt. GARUDA 31s/INDYIJ 29s/MEDCIJ 26-30s were 0.1pt lower to 0.2pt higher.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	57.8	3.3	FTLNHD 11.88 09/30/27	90.8	-0.9
NWDEVL 5 1/4 PERP	54.3	1.9	COSL 2 1/2 06/24/30	92.6	-0.9
NWDEVL 10.131 PERP	56.4	1.7	PTTTB 4 1/2 10/25/42	87.0	-0.8
VDNWDL 9 PERP	97.6	1.4	AGILE 5 1/2 05/17/26	4.8	-0.7
VNKRLE 3 1/2 11/12/29	21.3	1.2	CFAMCI 4.95 11/07/47	91.4	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.19%), Dow (+0.66%) and Nasdaq (-0.03%) were mixed on last Friday. Trump said he was putting Venezuela under temporary American control after the US captured President Nicolas Maduro. 5/10/30 year UST yield was higher on last Friday. 2/5/10/30 year yield was at 3.47%/3.74%/4.19%/4.86%.

❖ Desk Analyst Comments 分析员市场观点

➤ Macau gaming: Solid GGR growth in 2025

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	19,659	57,657	0.6%	75.7%
Apr	14,722	18,545	18,858	76,515	0.8%	76.7%
May	15,565	20,188	21,193	97,708	1.7%	77.7%
Jun	15,207	17,694	21,064	118,772	4.4%	79.4%
Jul	16,662	18,595	22,125	140,897	6.5%	81.0%
Aug	17,213	19,754	22,156	163,053	7.2%	82.3%
Sep	14,937	17,253	18,289	181,342	7.1%	82.3%
Oct	19,501	20,787	24,086	205,428	8.0%	83.3%
Nov	16,043	18,438	21,088	226,516	8.6%	84.0%
Dec	18,564	18,202	20,890	247,406	9.1%	84.6%

Source: Macau DSEC.

In Dec'25, Macau's gross gaming revenue (GGR) increased 14.8% yoy to MOP20.9bn, reflecting the strong performance across both mass and premium mass/VIP markets. Cumulatively, the GGR in 2025 increased 9.1% to MOP247.4, equivalent to 84.6% of pre-COVID level in 2019. The full year GGR exceeded Macau's government full year budget of MOP228bn, benefitting from the sustainable recovery of tourist arrival. In 2025, the tourist arrival of Macau was 40.1mn, increased 15% yoy and exceeded the all-time high record of 39.4mn in 2019. Macau government set GGR target of MOP236bn in 2026. The target appears to be conservative based on the growth momentum in 2025.

As discussed before, we consider Macau gaming bonds lower-beta and good carry plays with improving credit stories despite we should see more new supply to come in view of the scheduled maturities and undemanding funding costs. Our top picks within the segment remain **MPELs** and **STCITYs** given the growing adj. EBITDA of Melco Resorts and Studio City, as well as the more appealing risk-return profiles of MPELs/STCITYs. We also consider **WYNMAC'27** and **'29** yield pick-up plays, trading at premium of c40-80bps over bonds of its US parent. We are neutral on MGMCHIs, SANLTDs, and SJMHOLs on valuation.

Table 2: 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	99.2	5.6%	3.5
MPEL 7 5/8 04/17/32	USG5975LAK29	750	105.4	6.6%	4.9
MPEL 6 1/2 09/24/33	USG5975LAL02	500	100.6	6.4%	5.9
STCITY 6 1/2 01/15/28	USG85381AF13	500	100.3	6.4%	1.8
STCITY 5 01/15/29	USG85381AG95	1,100	96.8	6.2%	2.7
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	100.1	5.5%	1.6
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	99.3	5.3%	3.5

Source: Bloomberg.

➤ China Economy: PMI signals temporary improvement

China's manufacturing PMI rebounded in December after several months of weakness, but the recovery remained fragile due to favorable seasonality. Demand showed a tentative improvement as new orders expanded, and export orders moved closer to the expansion threshold. Deflation pressure continued to ease, with raw material purchase prices staying firmly in expansion and ex-factory prices further rebounding, reflecting the ongoing policy effort to curb involution-driven price competition. Service PMI remained in contraction while construction PMI rebounded. We expect growth to remain under pressure in early 2026, which might trigger a new round of policy stimulus towards property and consumption. Looking forward, we expect a 50bp cut in RRR and a 10bp cut in LPR in 1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad fiscal deficit should remain almost flat at 8.5% in 2026. We expect that full-year GDP growth rate may decline from 5% in 2025 to 4.8% in 2026.

Manufacturing PMI rebounded modestly. Manufacturing PMI edged up to 50.1% in December from 49.2% in November, returning to expansion and beating market expectations at 49.6%. A later Chinese New Year typically implies more favorable seasonal dynamics for December with less impact on economic activities. Demand conditions improved as the new order index rose to 50.8% in December from 49.2%, while new export orders climbed to 49.0% from 47.6%, signaling a slowdown in contraction. Production further strengthened, rising to 51.7% from 50.0%, indicating supply-side resilience. Deflation pressure continued to ease as raw material purchase prices stayed elevated at 53.1% in December, while ex-factory prices rebounded to 48.9% from 48.2%, consistent with policy efforts to curb disorderly price competition in upstream sectors. The improvement in price indicators suggests ongoing stabilization in PPI momentum. Import demand stayed weak, and inventory indicators remained subdued, highlighting cautious corporate behavior.

Non-manufacturing PMI recovered. Non-manufacturing activity recovered in December, with easing service momentum and rebounding construction activities. Service PMI edged up but remained in contraction at 49.7%, with improving activity expectations. Service price contracted to 48.1% in December, while employment remained subdued at 47%. Business activity indices for telecommunications, broadcasting and satellite transmission services, monetary and financial services, and capital market services all remained in a high-prosperity zone above 60.0%, while those for retail and catering stayed below the expansion threshold. Construction rebounded to 52.8% in Dec from 49.6%, indicating the improving fixed asset investment following the CEWC.

PMI points to a temporary improvement heading into 2026. The December PMI suggests the economy stabilized toward year-end, supported by supply-side resilience and recovering construction activities, but it might be largely driven by seasonal factors. External demand continued to face headwinds as export momentum slowed, while the marginal effects of earlier policy support to consumption and property faded. We expect growth to remain under pressure in early 2026, which might trigger a new round of policy stimulus towards property and consumption. Looking forward, we expect a 50bp cut in RRR and a 10bp cut in LPR in

1Q26, followed by an additional 10bp LPR cut in 3Q26, while broad fiscal deficit should remain almost flat at 8.5% in 2026. We expect that full-year GDP growth rate may decline from 5% in 2025 to 4.8% in 2026.

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

➤ **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	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
BOC Aviation	USD	-	7yr	T+95	-/A-/A-
Export-Import Bank of India	USD	-	10yr/ 30yr	T+115/ T+140	Baa3/BBB/BBB-
			3yr/ 3yr/	T+105/ SOFR Equiv/	
Hyundai Capital America	USD	-	5yr/ 5yr/ 7yr	T+115/ SOFR Equiv/ T+125	A3/A-/A-

➤ **News and market color**

- Onshore primary issuances suspend on last Friday during the New Year Holiday.
- China will broaden its fiscal spending base in 2026 and prioritize domestic demand amid external challenges
- **[CHJMAO]** China Jinmao to redeem CHJMAO 6 Perp of USD500mn on the first call date on 8 Feb'26
- **[CTFSHK]** CTF Services' agreement to acquire uSmart Inlet Group lapses
- **[DALWAN]** Fitch downgraded Dalian Wanda Commercial Management to C from CC on extension of maturity of DALWAN 11 02/13/26 for two years which constitutes a distressed debt exchange
- **[LASUDE]** Lai Sun Development shareholders approve sale of 50% stake in Central office property to JD.com
- **[PERTIJ]** Indonesian private fuel retailers will be required to purchase diesel fuel from Pertamina starting from Apr'26 as the Balikpapan refinery comes online
- **[VNRKLE]** China Vanke receives noteholder proposal to extend grace period for RMB3.7bn 22WankeMTN005. Moody's downgraded China Vanke to Ca/C, reflects weak recovery prospects for creditors; outlook remains negative

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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