

CMBI Credit Commentary

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

We hope you found our commentaries and ideas helpful. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2022”](#). Thank you for your time. Your support will mean a lot to us.

- *New issue TAISEM 27 and 32 performed well this morning, tightened 11/18bps, respectively. Liquid AT1 generally gained 0.25pt while CCB T2 tightened 6bps since Monday. Elsewhere, we saw some dip buying interest in FOSUNI.*
- *LGFV space generally follows the theme yesterday. As sentiment stabilized onshore, we started to see some short covering interest in weaker regions such as Henan and Shandong.*
- **LENOVO:** *We consider FV for new 5.5yr LENOVO at T+240-250bps and 10yr LENOVO at T+320-330bps. See below.*

❖ Trading desk comments 交易平台市场观点

Chinese IG market continued its weak trend yesterday, especially in property and financial space. Leasing names spread widened 3-5bps while AMCs down 0.5-1.5pt. In TMT sector, benchmark names like BABA/XIAOMI widened 3-5bps. In property, IG developers such as LNGFOR/VANKE plunged 4-6pts amid mortgage headlines in the sector. In HY, COGARD/CIFIHG/FUTLAN down another 3-7pts. CSCHCN curve continued to drop 6-10pts on maturity extension talks. CENCHI'22 also down almost 10pts. In industrial space, FOSUNI dropped 1-2pts while Macau gaming space generally remained stable. Outside China, Korean corporates and Indonesian sovs tightened as some funds flows from China to other Asia regions.

In LGFV space, we saw more buying interests emerged from onshore as sentiment further stabilized. But of course buying are at lower targets as bonds continued to reprice. Strongest names in the space, which normally belonged to stronger sectors (mainly transportation infrastructure related) and/or were from stronger regions, were edging towards 4.5%+ in the front end and 5%+ from 3y and onward. These names saw overall two-way flows with onshore banks and NBRM on the bid side whilst offshore and global AM attempted to seize the window and offload bonds. Fujian/ Guangdong names marked at ~30-50bps wider than those above. Henan names stabilized slightly on back of short covering and rumored bank buying from the region on selected names at 5%-6%. However Shandong, in particular Qingdao names, remained the subject of heavy short selling as the recent HKIQCL 4.8 25 was sent to 5.7% already, which nonetheless didn't look outrageous relative to the new yield level comps mentioned above. Further down the

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credit curve, names from weak western regions (eg. CQNANA) and those with concerns over exposure to the property sector (eg. BCDHGR) were pretty much bidless until at least at high-single-digit yield levels. In SOE perps, selling resumed from offshore and global RM ahead of FOMC as clients tried to raise cash.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
WYNMAC 5 5/8 08/26/28	62.6	2.7	CSCHCN 7 1/4 11/20/22	40.7	-20.0
LOGPH 4.85 12/14/26	15.4	1.9	CSCHCN 11 1/2 08/12/22	43.8	-12.7
YLLGSP 6 3/4 04/23/23	89.3	1.8	CSCHCN 11.95 02/09/23	32.4	-10.0
FOSUNI 5.95 01/29/23	81.6	1.7	CSCHCN 10 7/8 10/26/22	40.7	-9.8
ZHLGHD 9 1/2 07/29/22	29.1	1.5	LNGFOR 3.9 04/16/23	98.8	-9.7

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market rebounded with a positive sentiment on Tuesday due to better-than-expected financial performance announced by more companies. The S&P (+2.76%), Nasdaq (+3.13%), and Dow (+2.43%) ended with a relatively high point. China keeps the trend to reduce the percentage of U.S. treasury in its portfolio, the U.S. treasury held by China is lower than \$1 trillion, which is the first time since May 2010. U.S. treasury yields kept ascending trend while yield curves were inverted on Tuesday. The 2/5/10/30 yield reached 3.23/3.14/3.01/3.17%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ LENOVO: 5.5yr and 10yr new issue and concurrent tender offer

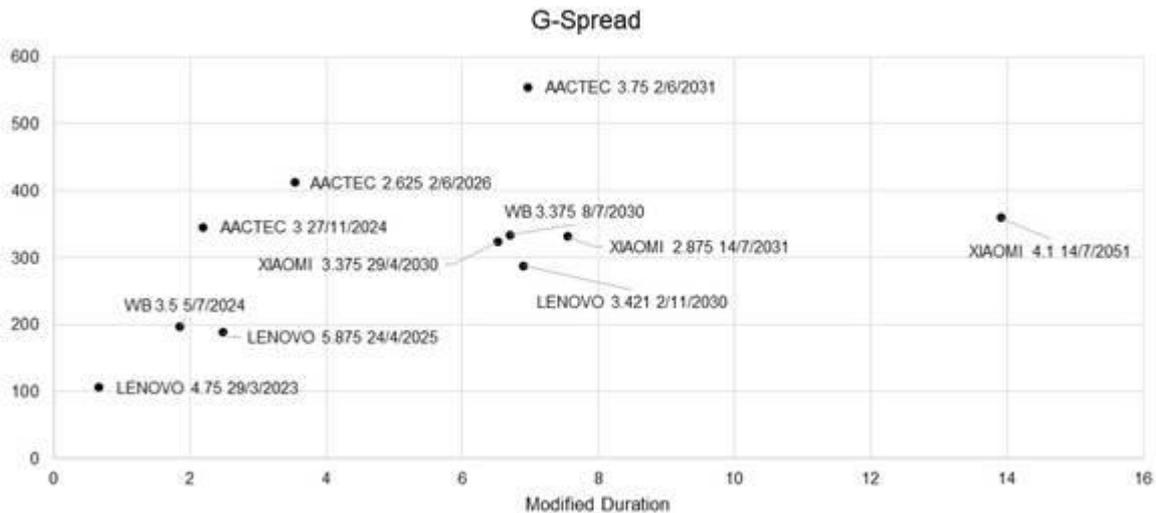
LENOVO [Baa2 (sta)/BBB- (pos)/BBB (sta) by M/S/F]

- **Issuer:** Lenovo Group Ltd.
- **Tenor:** 5.5yr and 10yr
- **Ranking:** Senior unsecured
- **Expected issue rating:** Baa2 /BBB-/BBB by Moody's/S&P/Fitch
- **UOP:**
 - 5.5yr: purchase tender offer bond (LENOVO 4.75% 2023)
 - 10yr: finance eligible projects such as green buildings and renewable energy projects
- **IPT**
 - 5.5yr: T+290bps
 - 10yr: T+370bps

FV for new 5.5yr LENOVO at T+240-250bps & 10yr LENOVO at T+320-330bps

Based on Lenovo's existing curve, we consider the fair value for LENOVO 2028 at T+240-250bps & LENOVO 2032 at T+320-330bps, assuming 20-25bps spread differential per year.

Lenovo is a leading player (especially in APAC) with long operating history in consolidated PC market. Given company's revenue concentration in matured PC industry, Lenovo is dedicated to develop other higher margin/more stable revenue sources such as solution and services group (SSG).



Concurrent Tender Offer

Lenovo announced to repurchase LENOVO 4.75% 2023 notes (o/s USD686.779mn, due on 29 Mar'23) at 100.5. The tender offer cap is expected to be announced on or around 22 Jul'22.

Expiration deadline: 22 Jul'22, 11pm (Hong Kong Time)

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Taiwan Semiconductor Manufacturing Company (TSMC)	USD400	5yr	4.375	T+125	Aa3/AA-/-
Taiwan Semiconductor Manufacturing Company (TSMC)	USD600	10yr	4.625	T+173	Aa3/AA-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Zhangzhou Jiulongjiang Group	USD		3yr	5.25%	-/-/BBB-
Guangzhou Development District Investment Group Co. Ltd.,	USD				-/-/BBB+

➤ Market conditions and color

- Regarding onshore primary issuances, there were 68 credit bonds issued yesterday with an amount of RMB49bn. As for Month-to-date, 794 credit bonds were issued with a total amount of RMB812bn raised, representing a 7.7% yoy decrease
- [FRESHK]** International Far Eastern Leasing, a fully owned subsidiary of Far East Horizon, raised RMB1bn via an offering of three-year MTNs at a coupon rate of 3.65%

- **[FTLNHD]** Seazen Holdings repurchased 347,500 shares through open market as per up to RMB200mn share buyback plan
- **[GRNLGR]** Media reported Greenland Holdings was in talks with banks to refinance its USD300mn syndication loan due 15 August
- **[HPDLF]** Hopson Development deposited sufficient funds into a designated bank account for repayment in full of its HKD720mn 5.250% guaranteed senior notes due 2022
- **[JIAYUA]** Jiayuan International sister company Jiayuan Chuangsheng Group obtained consents to extend by one year its RMB540mn 8% corporate bonds matured on 16 July
- **[NWDEVL]** New World Development planned to dispose of HKD9bn – HKD10bn of noncore assets in FY23 and FY24
- **[RDHGCL]** Radiance Holdings deposited all necessary funds into the designated bank account for completion of the exercise of put option and interest payment of the 20 Jinhui 02 Bonds that amounted to RMB35mn
- **[TQLTHI]** Moody upgraded to B3 from Caa1 Tianqi Lithium Corporation's CFR, and to Caa1 from Caa2 the senior unsecured rating on the bonds issued by Tianqi Finco Co., Ltd and guaranteed by Tianqi Lithium, remaining positive outlook
- **[VEDLN]** The board of Vedanta Ltd, a unit of Vedanta Resources Ltd, approved a second interim dividend amounting payout of around INR72.5bn for FY23

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