

CCXAP Weekly Series: Chinese Domestic Bond Market



Week Ending January 9, 2015

HIGHLIGHTS

The debt issuance market was rather deserted in the first week of 2015. The aggregate amount of debt issuance was 10.0 billion RMB among which one tranche of corporate bond, enterprise bond and medium-term note and seven tranches of short-term notes were issued respectively. The yields deviated to a great extent. The yield for 1-year short-term note, 3-year medium-term note and 7-year corporate bond were 7.5%, 5.79% and 6.89% respectively. The yield spreads for short-term debts were even wider than that of long-term debts.

1) DEBT ISSUANCE WAS DESERTED WHILE THE AGGREGATE AMOUNT OF ISSUANCE WAS ONLY 10 BILLION

During the first week of 2015, the debt issuance was deserted of which the issuance amount of corporate bond, enterprise bond, medium-term note and short-term note were 0.95 billion, 1 billion, 0.4 billion and 7.65 billion respectively, with an aggregate amount of 10 billion.

TABLE 1: WEEKLY BOND ISSUE AMOUNT					
Period		Corporate Bond	Enterprise Bond	Medium-Term Note	Short-Term Note
Period Started	Period Ended	Total Issue Amount(bn)*	Total Issue Amount(bn)*	Total Issue Amount(bn)*	Total Issue Amount(bn)*
04/01/2015	09/01/2015	0.95	1	0.4	7.65
29/12/2014	31/12/2014	0	3.1	3.4	7.16
22/12/2014	26/12/2014	0.45	2.38	27.75	17.25
15/12/2014	19/12/2014	0	1.3	8.82	17.55
8/12/2014	12/12/2014	0.7	5	16.2	20.75
1/12/2014	05/12/2014	1.4	13.6	16.85	22.35
24/11/2014	28/11/2014	1.4	4.6	24.0	30.95
17/11/2014	21/11/2014	6.5	7.0	38.01	40.04
10/11/2014	14/11/2014	0	5.1	4.7	18.44
3/11/2014	7/11/2014	7.35	26.4	54.2	23.5
27/10/2014	31/10/2014	1.15	3	16.6	38.025
20/10/2014	24/10/2014	2.26	6.1	36.66	41.87
13/10/2014	17/10/2014	2.45	25.3	41.7	48.79
8/10/2014	11/10/2014	4.5	0	8.2	6.6
28/9/2014	30/9/2014	1.15	0.7	7.65	6.7
22/9/2014	26/9/2014	3.89	10.6	21.25	28.2

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15/9/2014	19/9/2014	3.3	25.05	35.53	25.49
9/9/2014	12/9/2014	1.25	22.5	11.75	32.85
1/9/2014	5/9/2014	0	10.35	26.69	33.91
25/8/2014	29/8/2014	3.35	14	15.15	30.2
18/8/2014	22/8/2014	2	45.3	29.45	26
Source of Information: GILDATA					

*(bn) = RMB billion

2) THE YIELDS DEVIATED TO A GREAT EXTENT

During the first week of 2015, there was only one tranche of 7-year AA rated enterprise bond issued, with the amount of 1 billion RMB at 6.89% yield and 329bp yield spread. The only medium-term note was issued at 3 years maturity with AA rating; and with the amount of 0.4 billion at 5.79% yield and 248 bp yield spread. There were 7 tranches of 1-year short-term note issued during the week, with the entity ratings of AAA, AA+, AA and A+. The 1-year AAA rated short-term notes were issued at average yield of 4.89% with an average yield spread of 170bp while the 1-year AA+ rated short-term notes were issued at average yield of 5.29% with an average yield spread of 211bp. The 1-year AA rated short-term notes were issued at average yield of 7.5% with an average yield spread of 430bp.

TABLE 2: AVERAGE YIELDS OF DEBT ISSUE (Unit: %)					TABLE 3: AVERAGE YIELD SPREADS OF DEBT ISSUE (Unit: bp)				
Interest Rate	Tenor	AAA	AA+	AA	Interest Spread	Tenor	AAA	AA+	AA
Enterprise Bond	5 years	--	--	--	Enterprise Bond	5 years	--	--	--
	7 years	--	--	6.89		7 years	--	--	329bp
Medium-Term Note	3 years	--	--	5.79	Medium-Term Note	3 years	--	--	248bp
	5 years	--	--	--		5 years.	--	--	--
Short-Term Note	1 year	4.89	5.29	7.50	Short-Term Note	1 year	170bp	211bp	430bp
Source of Information: GILDATA					Source of Information: GILDATA				

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