

# CCXAP

## Cross-border Bonds Weekly Report



**2024 Issue 28**  
**From July 22 to July 26**

### **New issuance of Chinese offshore bonds increased; return on secondary market rose**

**Headline: China's latest 1-year and 5-year loan prime rates decreased by 10bp; the US GDP for the second quarter increased by 2.8% from last quarter, higher than market expectations**

On July 22, The People's Bank of China announced that both the latest 1-year and 5-year loan prime rates (LPR) decreased by 10bp. On July 25, the US Bureau of Economic Analysis released data showing that the US real GDP increased at an annual rate of 2.8% in the second quarter of 2024 from last quarter, according to the advance estimate.

### **Exchange Rate: RMB appreciated, USD index decreased**

This week, the RMB appreciated. As of July 26, the RMB/USD middle rate closed at 7.1270, decreasing by 45bp from last Friday. The USD index decreased by 0.08% to 104.316 from last Friday.

### **Interest Rate: Chinese Government Bond yields decreased; US Treasury yields mostly decreased**

This week, the Chinese Government Bond yields decreased. Due to better-than-expected GDP data, the market expected the Federal Reserve to begin the rate-cutting cycle in September. The US Treasury yields mostly decreased.

### **Chinese Offshore Bond Market**

#### **Primary Market: new issuance of Chinese offshore bonds increased**

From July 22 to July 26, there were 31 new offshore bonds issued by Chinese companies with a total issued volume of USD3.470 billion, increasing by 41.87% from last week. Financial institutions were the major issuers, with a total issued amount of USD2.006 billion.

#### **Secondary Market: return on secondary market rose**

As of July 26, the YTD return on the Chinese USD bonds increased by 28bp to 4.65% from last Friday, of which the return on investment-grade bonds increased by 26bp to 3.37%, and the return on high-yield bonds increased by 40bp to 13.52%.

#### **Ratings Action: Rating agencies took rating actions on 5 Chinese issuers**

From July 22 to July 26, rating agencies took positive rating actions on 3 Chinese issuers, and took negative rating actions on 2 Chinese issuers.



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## **Headline: China's latest 1-year and 5-year loan prime rates decreased by 10bp; the US GDP for the second quarter increased by 2.8% from last quarter, higher than market expectations**

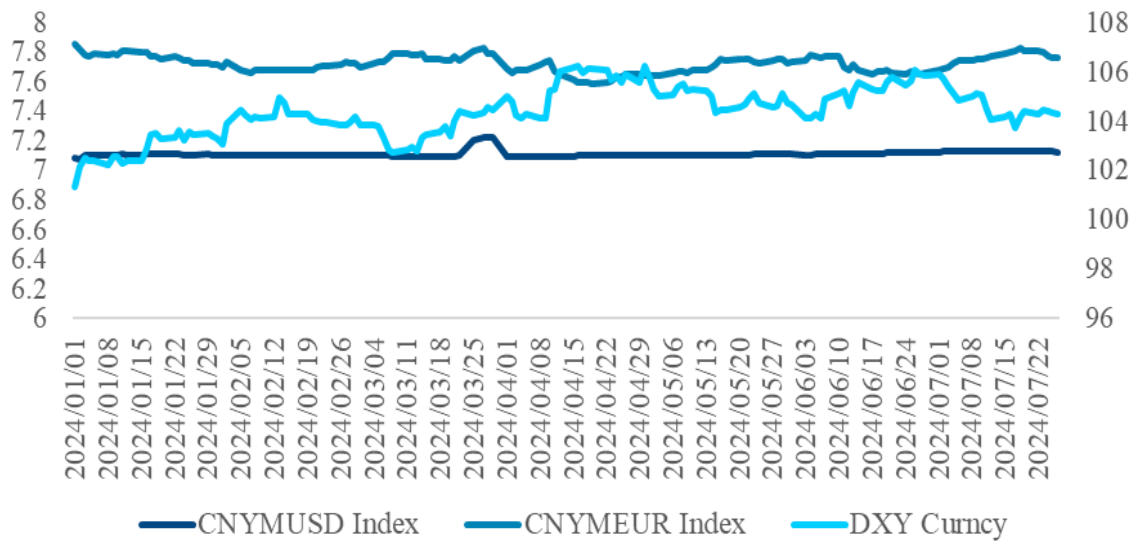
On July 22, the People's Bank of China (PBOC) announced that both the latest 1-year and 5-year loan prime rates (LPR) decreased by 10bp. This is the second time this year that the LPRs have been reduced, which will further decrease the financing costs for businesses and residents, stimulating consumption and investment. People's Bank of China has issued three consecutive announcements. Firstly, The People's Bank of China conducted the 7-day reverse repo operation through quantity bidding at a fixed interest rate, lowering the seven-day reverse repo rate by 10bps to 1.7%. Secondly, China's central bank lowered the collateral requirement for medium-term lending facility (MLF) loans, increasing the size of tradable bonds. Thirdly, PBOC cut its one-year loan prime rate to 3.35% and the five-year loan prime rate to 3.85%, with both rates decreasing by 10bp. The market suggests that reducing the LPRs could stimulate the consumption and investment. The rate-cutting measures implemented by the PBOC convey a message that the policies are aimed at supporting stable growth and contributing to development.

On July 25, the US Bureau of Economic Analysis released data showing that the US real gross domestic product (GDP) increased at an annual rate of 2.8% in the second quarter of 2024, according to the advance estimate. This figure was far higher than the market's expected value of 2% and the 1.4% growth rate in the first quarter. The breakdown of the data indicated that the factors propelling the growth of the second quarter's GDP were consumer spending, private inventory investment and nonresidential fixed investment. In terms of consumer spending, the main drivers for its growth were services and goods spending. GDP data also directly affected market's expectations for Federal Reserve policy. According to data from Chicago Mercantile Exchange's FedWatch tool, after the release of the US GDP data for the second quarter, the market maintained a nearly 100% expectation that the rate-cutting cycle would begin in September, with a 64.1% expectation of three rate cuts within the year.

## **Exchange Rate: RMB appreciated, USD index decreased**

This week, the RMB appreciated. As of July 26, the RMB/USD middle rate closed at 7.1270, decreasing by 45bp from last Friday. The RMB/EUR middle rate closed at 7.7599, decreasing by 491bp from last Friday. The USD index decreased by 0.08% to 104.316 from last Friday.

Figure 1: RMB exchange rate

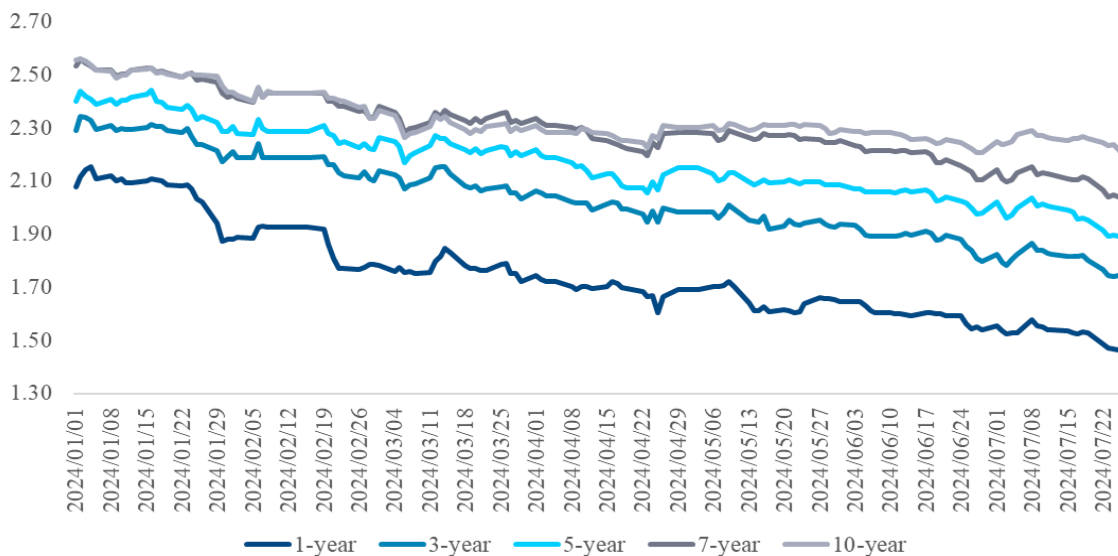


Sources: CCXAP research

## Interest Rate: Chinese Government Bond yields decreased; US Treasury yields mostly decreased

This week, the China Government Bond yields decreased. As of July 26, the 1-year, 3-year, 5-year, 7-year and 10-year China Government Bond yields were 1.4769%, 1.7468%, 1.8976%, 2.0410% and 2.1944%, decreasing by 4.96bp, 5.36bp, 5.58bp, 6.91bp and 6.7bp, respectively, from last Friday.

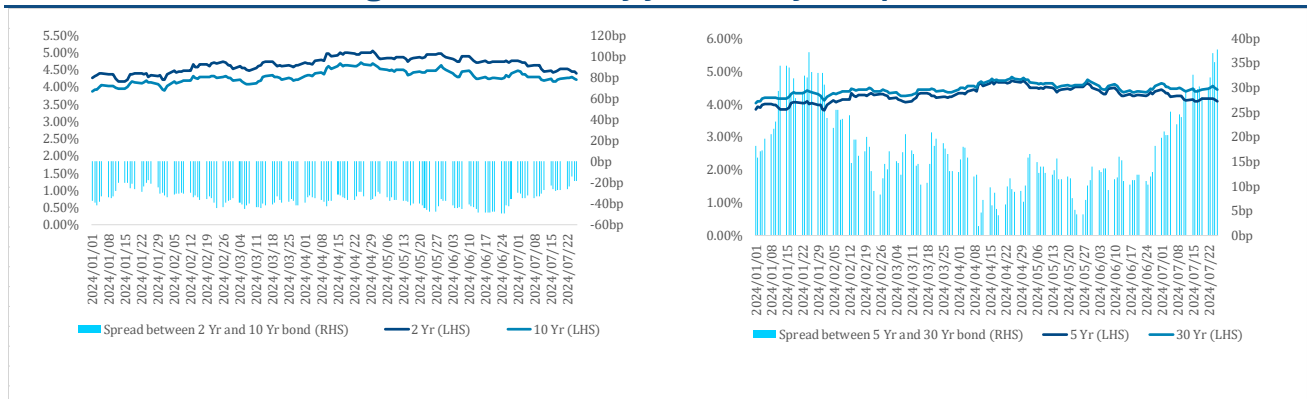
Figure 2: China Government Bond yields



Sources: CCXAP research

Due to better-than-expected GDP data, the market expected the Federal Reserve to begin the rate-cutting cycle in September. US Treasury yields mostly decreased. As of July 26, the 2-year, 5-year and 10-year Treasury yields were 4.3832%, 4.0749% and 4.1939%, decreasing by 12.77bp, 9.16bp and 4.5bp, respectively, from last Friday. In terms of US Treasury yield spreads, the spread between 2-year and 10-year Treasury notes narrowed by 8.27bp to -18.9bp from last Friday, and the spread between 5-year Treasury notes and 30-year Treasury bonds widened by 9.71bp to 37.7bp from last Friday.

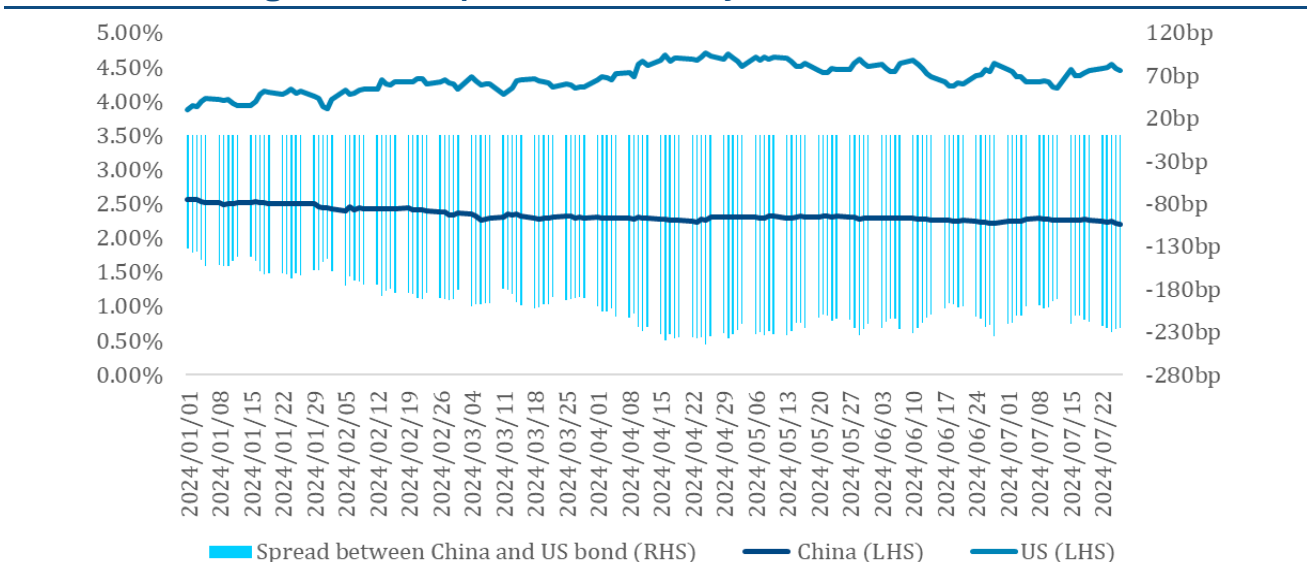
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of July 26, the yield spread between 10-year China Government Bonds and US Treasury notes was -225.8bp, widening by 7.25bp from last Friday and widening by 93.41bp from the beginning of the year.

Figure 4: Yield spread between 10-year note of China and US



Sources: CCXAP research

## Primary Market: new issuance of Chinese offshore bond increased

From July 22 to July 26, there were 31 new offshore bonds issued by Chinese companies with a total issued volume of USD3.470 billion, increasing by 41.87% from last week. Financial institutions were the major issuers, with a total issued amount of USD2.006 billion.

**Table 1: New issuance of Chinese offshore bonds (20240722-20240726)**

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2024/7/22	CITIC Securities International Co Ltd	CNY	7.8	0	2028/6/16	3.89	Financials	-/BBB+/-	-/-/-
2024/7/22	Guotai Junan International Holdings Ltd	USD	35	5.6	2025/4/29	274D	Financials	Baa1/BBB+/-	-/-/-
2024/7/23	CITIC Securities International Co Ltd	CNY	24.5	0	2025/6/30	340D	Financials	-/BBB+/-	-/-/-
2024/7/23	CITIC Securities International Co Ltd	CNY	34.3	0	2025/6/30	340D	Financials	-/BBB+/-	-/-/-
2024/7/23	CITIC Securities International Co Ltd	CNY	34.3	0	2025/6/30	340D	Financials	-/BBB+/-	-/-/-
2024/7/23	Bank of China Ltd/Sydney	USD	50	0	2024/10/29	95D	Banks	-/-/-	A1/A/A
2024/7/23	Shiyan City Operation Group Co Ltd	CNY	332.9	7.9	2027/6/26	2.92	Chengtou	-/-/-	-/-/-
2024/7/23	Bocom Leasing Management Hong Kong Co Ltd	HKD	450.1	4.15	2027/7/29	3	Financials	A3/A-/A	-/-/-
2024/7/23	Zhongsheng Group Holdings Ltd	USD	600	5.98	2028/1/30	3.5	Consumer Discretionary	Baa2/BBB/BBB	-/-/-
2024/7/23	Zhuhai Huafa Group Co Ltd	CNY	1860.5	6	-	Perpetual	Chengtou	-/-/BBB	-/-/-
2024/7/24	CITIC Securities International Co Ltd	CNY	77.5	0	2051/1/13	26.47	Financials	-/BBB+/-	-/-/-
2024/7/24	Sanmenxia Hubin State-Owned Assets Investment And Operation Co Ltd	CNY	313.3	8.5	2025/7/28	364D	Chengtou	-/-/-	-/-/-
2024/7/24	Agricultural Bank of China Ltd/Hong Kong	CNY	1958.4	2.8	2027/7/31	3	Banks	-/-/A	-/-/-
2024/7/24	China Securities International Finance Holding Co Ltd	USD	5.0	5.2	2025/7/30	364D	Financials	-/BBB+/BBB+	-/-/-
2024/7/25	CITIC Securities International Co Ltd	CNY	14.7	0	2026/10/9	2.19	Financials	-/BBB+/-	-/-/-
2024/7/25	China Securities International Finance Holding Co Ltd	USD	1	0	2025/7/31	365D	Financials	-/BBB+/BBB+	-/-/-
2024/7/25	China Securities International Finance Holding Co Ltd	USD	1	0	2025/7/31	365D	Financials	-/BBB+/BBB+	-/-/-
2024/7/25	China Securities International Finance Holding Co Ltd	USD	0.4	0	2025/7/31	365D	Financials	-/BBB+/BBB+	-/-/-
2024/7/25	Industrial & Commercial Bank of China Ltd/Doha	USD	100	4.4	2027/7/30	3	Banks	A1/-/-	-/-/-
2024/7/25	Bank of Communications Co Ltd/Hong Kong	USD	550	SOFR+55	2027/8/1	3	Banks	A2/-/A	-/-/-
2024/7/25	Bank of Communications Co Ltd/Hong Kong	HKD	345.8	4.08	2026/8/1	2	Banks	A2/-/A	-/-/-
2024/7/25	Bank of Communications Co Ltd/Hong Kong	CNY	783.4	2.83	2027/8/1	3	Banks	A2/-/A	-/-/-
2024/7/25	Dongxing Securities Co Ltd	USD	350	5.3	2027/8/1	3	Financials	Baa3/NR/BBB-	-/-/BBB-
2024/7/25	Quanjiao Quanrui Investment Holding Group Co Ltd	CNY	705	6.5	2027/8/1	3	Chengtou	-/-/-	-/-/-
2024/7/25	Chongqing Jiangjin District Jiangding Industrial Development Co Ltd	CNY	279.1	4	2027/8/2	3	Chengtou	-/-/-	-/-/-

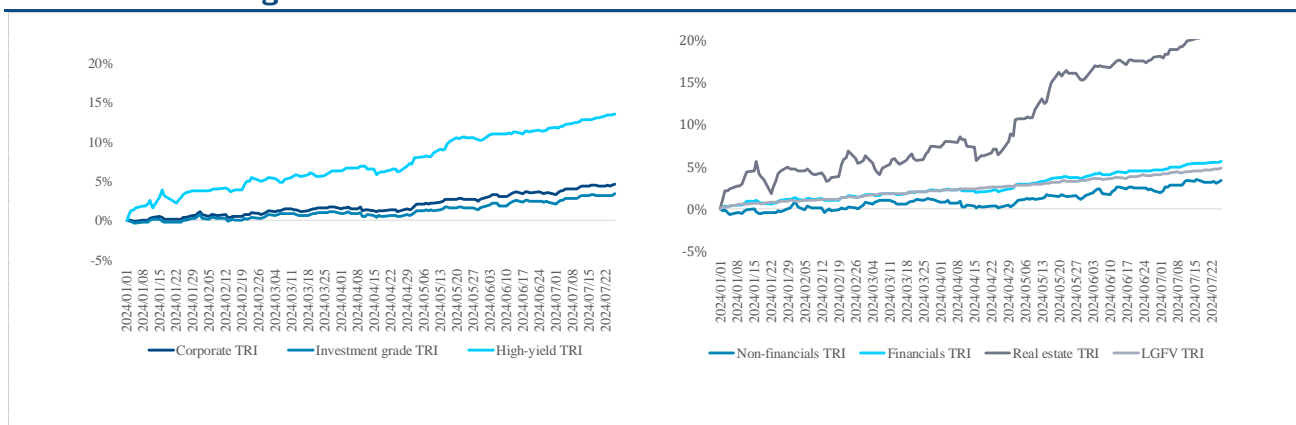
2024/7/26	Zhengzhou Road Bridge Construction Investment Group Co Ltd	CNY	137.1	7.5	2025/7/30	364D	Chengtou	-/-/-	-/-/-
2024/7/26	Huainan Construction Development Holdings Group Co Ltd	USD	200	5.8	2027/8/1	3	Chengtou	-/-/-	-/-/-
2024/7/26	Jiangsu Shuanghu Investment Holding Group Co Ltd	CNY	538.6	7.8	2027/8/2	3	Chengtou	-/-/-	-/-/-
2024/7/26	Shandong Hesheng Investment Co., Ltd.	CNY	131	6.95	2027/8/2	3	Chengtou	-/-/-	-/-/-
2024/7/26	Ziyang Development Investment Group Co., Ltd.	CNY	420.4	7.3	2026/8/2	2	Chengtou	-/-/-	-/-/-
2024/7/26	CNCB Hong Kong Investment Ltd	CNY	685.4	3.2	2025/8/6	363D	Financials	- /BBB+/BBB +	-/-/-

Sources: CCXAP research

## Secondary Market: return on Chinese USD bond rose

As of July 26, the YTD return<sup>1</sup> on the Chinese USD bonds increased by 28bp to 4.65% from last Friday, of which the return on investment-grade bonds increased by 26bp to 3.37%, and the return on high-yield bonds increased by 40bp to 13.52%. By sectors, the return on non-financial, financial, real estate and chengtou bonds were 3.43%, 5.67%, 21.34% and 4.82%, increasing by 30bp, 26bp, 67bp and 25bp, respectively, from last Friday.

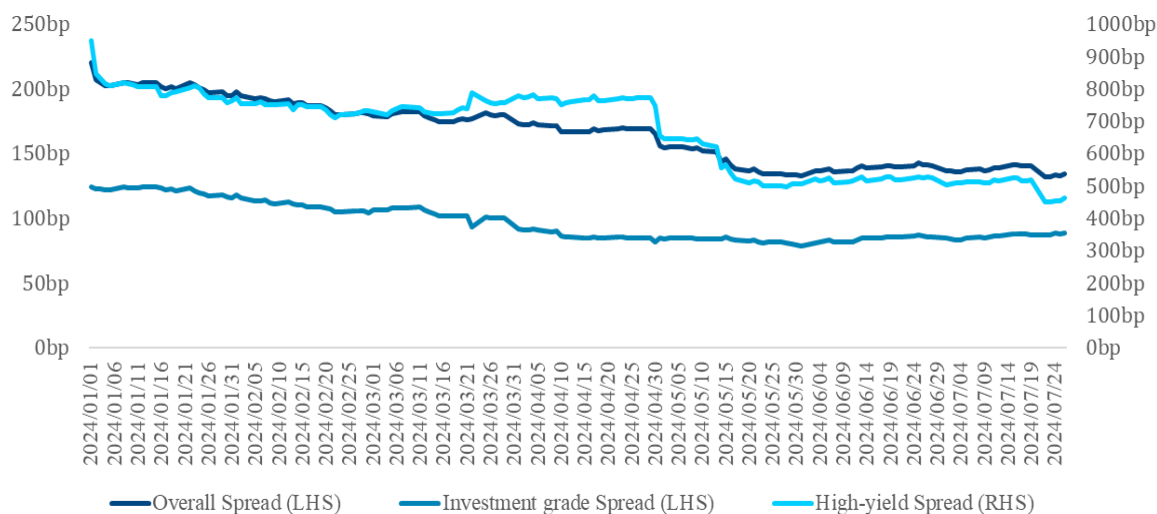
**Figure 5: YTD return on Markit iBoxx Chinese USD bond index**



Sources: CCXAP research

As of July 26, the yield spread of Chinese USD bonds narrowed by 6.4bp to 133.77bp from last Friday, of which the yield spread of investment-grade bonds broadened by 1.3bp to 88.28bp, and the yield spread of high-yield bonds narrowed by 57.3bp to 461.72bp.

<sup>1</sup> Year-to-date return measures the return since January 2, 2024

**Figure 6: Yield Spreads of Bloomberg Barclays Chinese USD bond index**


Sources: CCXAP research

The 10 bonds with the largest increase in yield from July 22 to July 26 are shown in the table below. Among them, the yield of the offshore bond issued by Shandong Hi-Speed Group Co., Ltd. changed the most.

**Table 2: 10 Chinese offshore bonds with largest increase in yield (20240722-20240726)**

债券名称	主体名称	最新净价 (美元)	剩余期限 (年)	收益率 (%)	变动 (bp)
CNSHAN 4.3 PERP	Shandong Hi-Speed Group Co., Ltd.	99.98	PREP	830.117	3.6945M
GEMDAL 4.95 08/12/24	Gemdale (Group) Co., Ltd.	98.753	0.03	11.261	2.1269M
GRWALL 3.95 PERP	China Great Wall Asset (International) Holdings Co., Ltd.	99.991	PREP	45.273	1.9073M
FUTLAN 6 08/12/24	China Great Wall Asset (International) Holdings Co., Ltd.	100.094	0.03	0	1.5069M
CHEDRP 2 ½ 12/01/25	Dr. Peng Telecom Media Group Co., Ltd.	12	0.45	393.535	919.6
NBQZUC 2.15 08/11/24	Ningbo Yincheng Group Co., Ltd.	99.869	0.03	6.806	681.4
HCELEC 4.65 12/29/26	Brilliance Power Co., Ltd.	98.991	2.41	33.073	322.2
TZCONS 2.05 09/02/24	Taizhou Urban Construction Investment Development Group Co., Ltd.	53.3	0.09	6.293	285.5
WFURCD 2.6 09/27/24	Weifang Urban Construction Development Investment Group Co., Ltd.	99.632	0.16	9.894	270.7
DALWAN 11 01/20/25	Dalian Wanda Commercial Management Group Co., Ltd.	98.869	0.47	25.07	256.3

Sources: CCXAP research

## Ratings Action: Rating agencies took rating actions on 5 Chinese issuers

From July 22 to July 26, rating agencies took positive rating actions on 3 Chinese issuers, and took negative rating actions on 2 Chinese issuers.



**Table 3 : Credit rating changes of cross-border bond market ( 20240722-20240726 )**

Entity		Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	Ennao Natural Gas Co., Ltd.	Utilities	Baa3	STABLE	2024/07/24	Ba1	POS	2023/11/02	Moody's	The company's financial indicators will be enhanced by the direct sale of natural gas and downstream city gas business
	Zhaojin Mining Co., Ltd.	Materials	BBBg	STABLE	2024/07/25	BBBg-	POS	2023/08/01	CCXAP	The company continues to invest in the mining industry, which has great production potential
	Gansu Electric Power Investment Group Co., Ltd.	Utilities	BBB	STABLE	2024/07/25	BBB-	STABLE	2023/07/31	Fitch	The company continues to receive a lot of support, including subsidies, asset injections and policy support
Downgrade	Guoyin Aviation Finance Leasing Co., Ltd.	Finance	A	NEG	2024/07/23	A	STABLE	2024/05/16	S&P	The company's parent company is considering a transfer of equity, which may dilute its support
	Guoyin Financial Leasing Co., Ltd.	Finance	A	NEG	2024/07/23	A	STABLE	2021/11/30	S&P	The company's parent company is considering a transfer of equity, which may dilute its support

Sources: CCXAP research



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