

2024 Issue 40 From October 21 to October 25

New issuance of Chinese offshore bonds decreased; Return on secondary market dropped

Headline: China Releases January-September National Public Fiscal Revenue and Expenditure Data; US October PMI Data Hits Two-Month High

On October 25, China released 9-Month national public fiscal revenue and expenditure data. During this period, the national public budget revenue was RMB 16.3059 trillion, and the expenditure was RMB 20.1779 trillion. On October 24, the US released October PMI data, with the initial value of the October Markit Composite PMI at 54.3, hitting a two-month high. The expected value was 53.8, and the previous value was 54.

Exchange Rate: RMB appreciated, USD index increased

Over the past week, the RMB appreciated. As of October 25, the USD/RMB middle rate closed at 7.109, down by 184.0 bp from last Friday. The USD index closed at 104.09, up by 0.6% from last Friday.

Interest Rate: Chinese Government Bond yields increased; US Treasury yields increased

Over the past week, Chinese government bond yields have generally risen. Despite the Federal Reserve's anticipated rate cut in early November, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: new issuance of Chinese offshore bonds decreased

From October 21 to October 25, Chinese companies issued 24 new bonds in the overseas market, totaling approximately USD2.399 billion, down by 30.19% from the previous week. Among them, Chengtou was the main issuer, issuing USD1.453 billion in bonds.

Secondary Market: return on Chinese USD bonds decreased

As of October 25, the year-to-date return on Chinese USD bonds declined by 22.0 bp to 6.73% from last Friday. The return on investment-grade bonds decreased by 28.0 bp to 5.29%, while the return on high-yield bonds increased by 16.0 bp to 16.69%.

Ratings Action: CCXAP assigned credit ratings to 4 Chinese entities

From October 21 to October 25, CCXAP has assigned credit ratings to four entities: Weifang Guokong Development Group Co., Ltd., Wuhan Wuchang State-owned Assets Holding Investment and Operation Group Co., Ltd., Luoyang Guoxing Investment Holding Group Co., Ltd., Wuxi Liangxi City Operation Service Group Co. Ltd.



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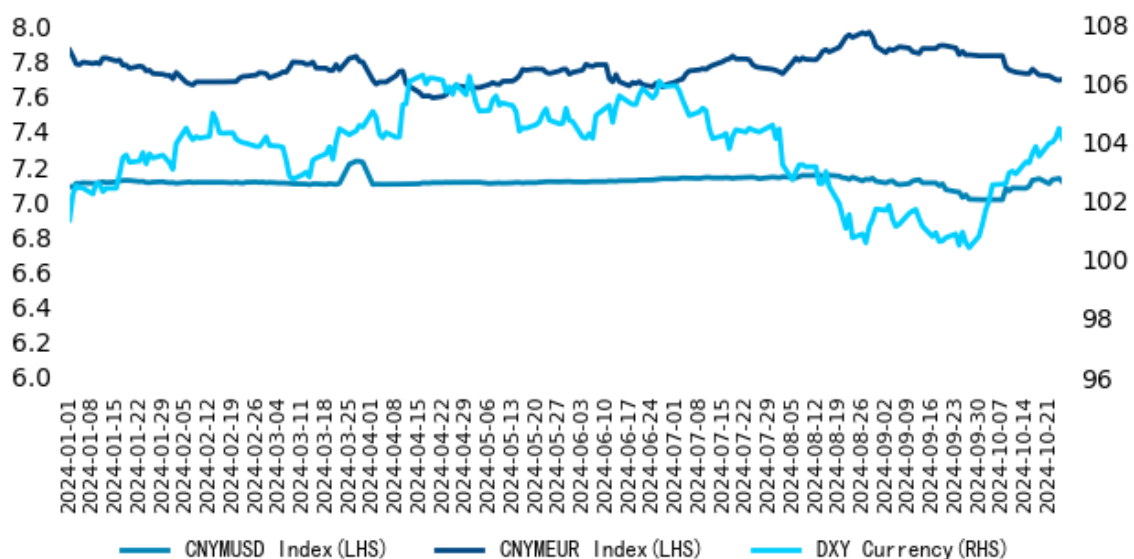
On October 25, China released 9-month national public fiscal revenue and expenditure data. From January to September, the national general public budget revenue was RMB16.3059 trillion, and expenditures were RMB20.1779 trillion. Among them, national tax revenue was RMB13.1715 trillion, and non-tax revenue was RMB3.1344 trillion. Breaking it down into central and local levels, the central general public budget revenue was RMB7.1710 trillion, and the local general public budget revenue was RMB9.1349 trillion. The central general public budget expenditures were RMB2.8902 trillion, and the local general public budget expenditures were RMB17.2877 trillion.

On October 24, the U.S. released its October PMI data. The initial value of the October Markit Composite PMI was 54.3, hitting a two-month high, with an expected value of 53.8 and a previous value of 54. The initial value of the manufacturing PMI was 47.8, also a two-month high, with an expected value of 47.5 and a previous value of 47.3. The initial value of the services PMI was 55.3, hitting a two-month high, with an expected value of 55 and a previous value of 55.2. Business activity in October continued to grow at an encouraging and robust pace, extending the economic recovery momentum recorded so far this year into the fourth quarter. The initial PMI values for October are consistent with an annual GDP growth rate of approximately 2.5%. Demand has also strengthened, with new order inflows reaching their highest level in nearly a year and a half, sending a strong signal of increased economic momentum.

Exchange Rate: RMB appreciated, USD index increased

Over the past week, the RMB appreciated. As of October 25, the RMB/USD middle rate closed at 7.109, down by 184.0 bp from last Friday. The RMB/EUR middle rate closed at 7.6939, down by 234.0 bp from last Friday. The USD index closed at 104.09, up by 0.6% from last Friday.

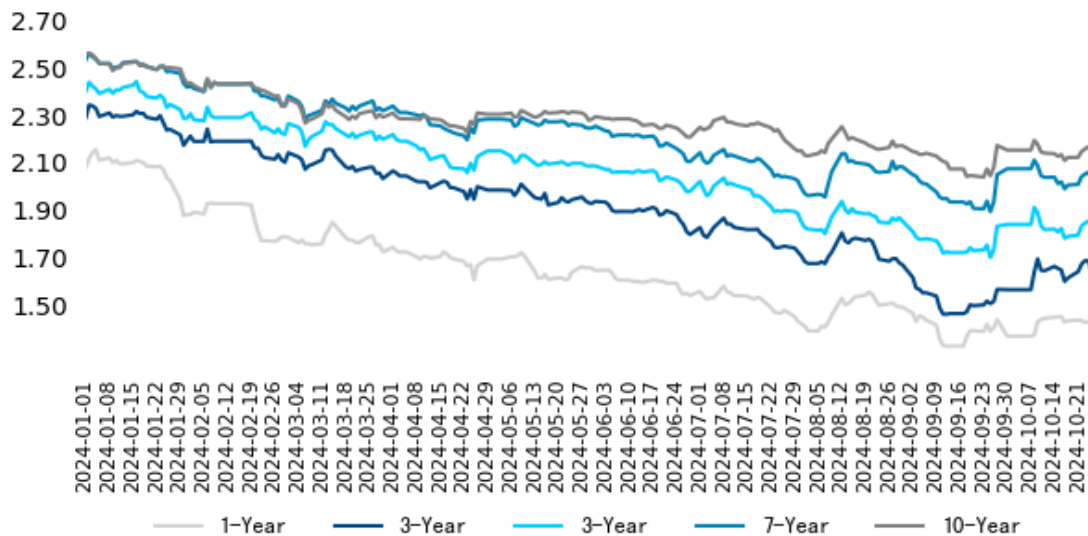
Figure 1: RMB exchange rate



Interest Rate: Chinese Government Bond yields generally increased; US Treasury yields increased

Over the past week, Chinese government bond yields generally rose. As of October 25, the yields for 1-year, 3-year, 5-year, 7-year, and 10-year government bonds were 1.4169%, 1.6470%, 1.8428%, 2.0430%, and 2.1539%, respectively. Compared to last Friday, the 1-year yield decreased by 1.60 bp, the 3-year yield increased by 3.37 bp, the 5-year yield increased by 5.46 bp, the 7-year yield increased by 3.86 bp, and the 10-year yield increased by 3.30 bp.

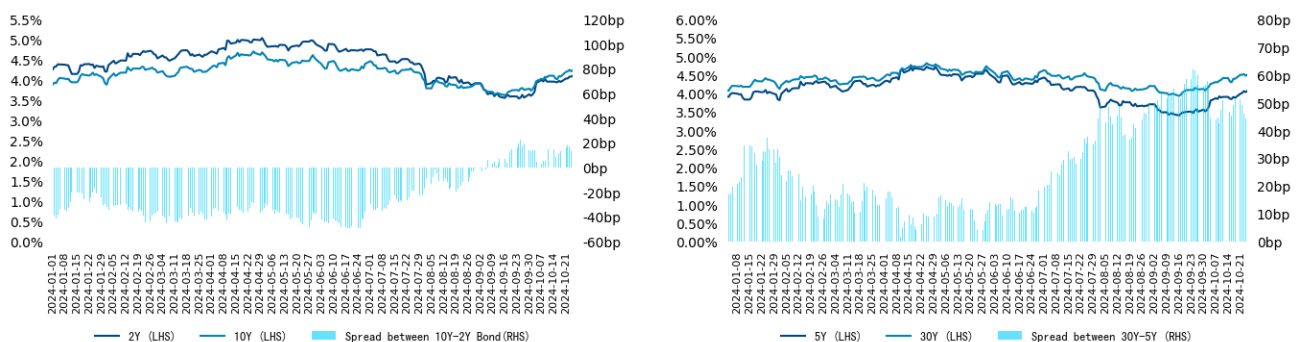
Figure 2: China Government Bond yields



Sources: CCXAP research

Despite the Federal Reserve's expected rate cut in early November, US Treasury yields have risen. As of October 25, the yields for 2-year, 5-year, 10-year, and 30-year Treasury bonds were 4.1046%, 4.0631%, 4.2399%, and 4.4995%, respectively. Compared to last Friday, these yields increased by 15.63 bp, 18.50 bp, 15.71 bp, and 10.71 bp, respectively. In terms of U.S. Treasury yield spreads, the spread between 2-year and 10-year Treasury bonds narrowed by 0.08 bp to 13.53 bp from last Friday, and the spread between 5-year and 30-year Treasury bonds narrowed by 7.79 bp to 43.64 bp from last Friday.

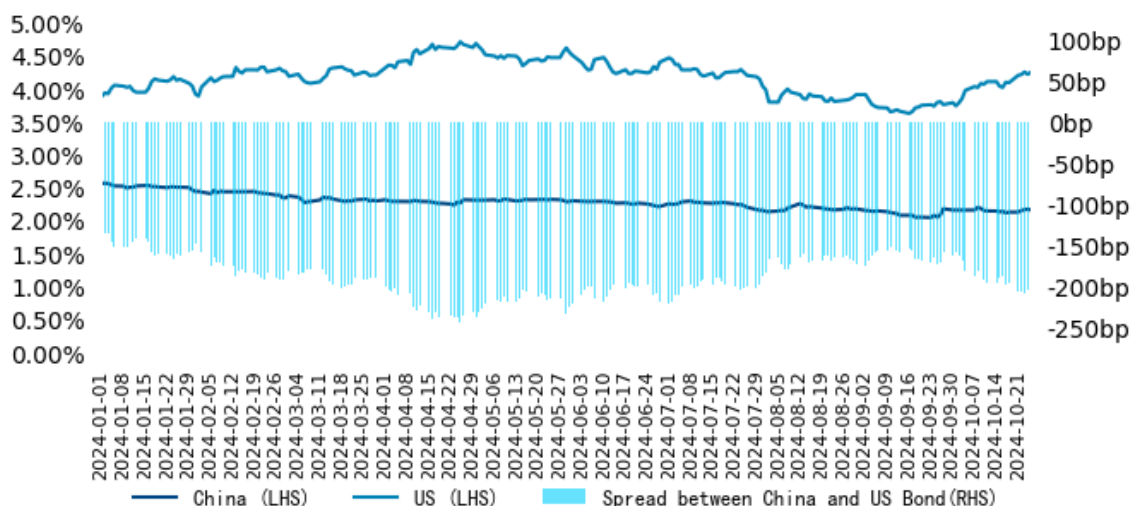
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of October 25, the yield spread between Chinese and U.S. 10-year government bonds was -208.6 bp, narrowing by 12.4 bp from last Friday and widening by 76.2 bp since the beginning of the year.

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



Sources: CCXAP research

Chinese Offshore Bond Market Primary Market: new issuance of Chinese offshore bonds decreased

From October 21 to October 25, Chinese companies issued 24 new bonds in the overseas market, totaling approximately USD2.399 billion, a decrease of 30.19% from the previous week. Among them, Chengtou was the main issuer, issuing USD1.453 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20241021-20241025)

Announcement Date	Obligor	Currency	Amount	Coupon(%)	Maturity	Tenor	Industry	Issue Rating	Issue Rating
2024/10/21	CITIC Securities International Co Ltd	CNY	35	0	2025/6/29	248D	Financials	Baa1/BBB+/-	-/-/-
2024/10/21	CITIC Securities International Co Ltd	CNY	35	0	2025/6/29	248D	Financials	Baa1/BBB+/-	-/-/-
2024/10/21	CMB International Leasing Management Ltd	USD	30	4.5	2028/10/24	4	Financials	A2/A/--	-/-/-
2024/10/21	Guotai Junan International Holdings Ltd	USD	96.5	4.95	2025/4/27	181D	Financials	Baa1/BBB+/-	-/-/-
2024/10/21	Huangshi State-owned Assets Management Co Ltd	USD	92	7	2027/10/23	3	Chengtou	-/-/-	-/-/-
2024/10/21	Laohekou Highway International Ltd	CNY	131	8	2025/10/22	363D	Chengtou	-/-/-	-/-/-
2024/10/21	Shanghai Pudong Development Bank Co Ltd/Singapore	USD	300	SOFR+60	2027/10/27	3	Banks	Baa2/--/--	Baa2/--/--
2024/10/22	China Securities International Finance Holding Co Ltd	USD	15	5	2025/1/26	93D	Financials	-/-/-	-/-/-

2024/10/22	China Securities International Finance Holding Co Ltd	HKD	180	4.5	2025/2/25	123D	Financials	-/-/-	-/-/-
2024/10/22	GF Holdings Hong Kong Corp Ltd	USD	30	5.08	2025/2/24	122D	Financials	-/BBB/BBB	-/-/-
2024/10/22	Hunan Miluo River Holding Group Co Ltd	CNY	50	6.5	2027/7/25	3	Chengtou	-/-/-	-/-/-
2024/10/22	Huzhou Wuxing State-owned Capital Investment Development Co Ltd	USD	67	6.5	2027/10/24	3	Chengtou	-/-/-	-/-/-
2024/10/23	Bank of China Ltd/Paris	USD	300	SOFR+5 8	2027/10/28	3	Banks	-/-/-	A1/A/A
2024/10/23	China Everbright Bank Co Ltd/Luxembourg	EUR	145	SOFR +60	2027/10/29	3	Banks	-/-/-	-/-/-
2024/10/23	China Securities International Finance Holding Co Ltd	USD	10	4.9	2025/1/23	87D	Financials	-/-/-	-/-/-
2024/10/23	Huzhou Moganshan Hi-tech Group Co Ltd	USD	210	5.36	2027/10/27	3	Chengtou	-/-/-	-/-/-
2024/10/23	Shangrao Urban Operation Holding Group Co Ltd	CNY	870	6	2027/10/29	3	Chengtou	-/-/-	-/-/-
2024/10/23	Zhangzhou Yuanshan Development Co Ltd	CNY	620	6.5	2026/10/29	2	Chengtou	-/-/-	-/-/-
2024/10/24	Puyang Kaizhou Investment Group Co Ltd	CNY	720	5.8	2027/10/30	3	Chengtou	-/-/-	-/-/-
2024/10/24	Qingdao West Coast New Area Ronghe Holding Group Co Ltd	CNY	375	5	2027/10/30	3	Chengtou	-/-/-	-/-/-
2024/10/24	Zhengzhou Metro Group Co Ltd	USD	500	4.751	2027/10/30	3	Chengtou	--/--/A	--/--/A
2024/10/25	Anqing Yixiu District Beautiful Village Construction Co Ltd	CNY	265.1	7.8	2027/10/31	3	Chengtou	-/-/-	-/-/-
2024/10/25	Zhenjiang State-owned Investment Holding Group Co., Ltd.	CNY	1052	2.92	2027/11/1	3	Chengtou	-/-/-	-/-/-
2024/10/25	Zoucheng City Shengcheng Cultural and Tourism Group Co Ltd	CNY	88	6.5	2027/10/31	3	Chengtou	-/-/-	-/-/-

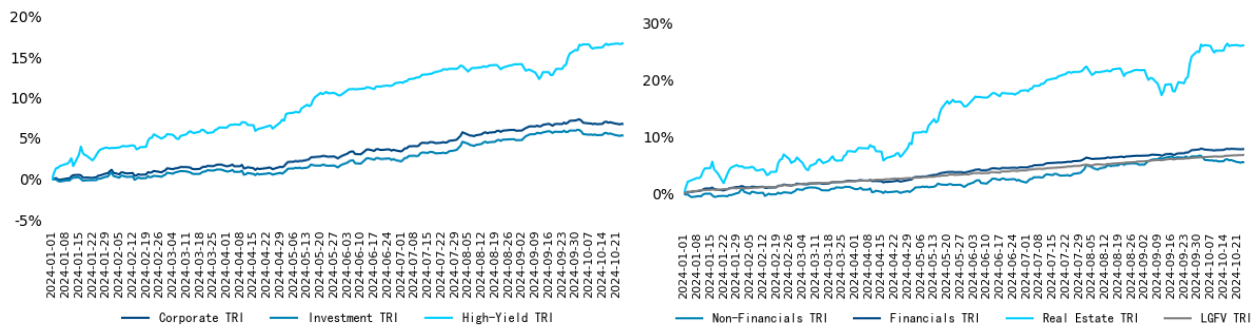
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of October 25, the year-to-date return¹ of Chinese dollar bonds declined by 22.0 bp to 6.73% from last Friday. The return of investment-grade bonds decreased by 28.0 bp to 5.29%, while the return of high-yield bonds increased by 16.0 bp to 16.69%. By industry, the return of non-financial bonds was 5.44%, down by 43.0 bp from last Friday. The return of financial bonds was 7.81%, down by 4.0 bp from last Friday. The return of real estate bonds was 26.03%, up by 1.0 bp from last Friday. The return of Chengtou bonds was 6.78%, up by 11.0 bp from last Friday.

¹ Year-to-date return measures the return since January 2, 2024

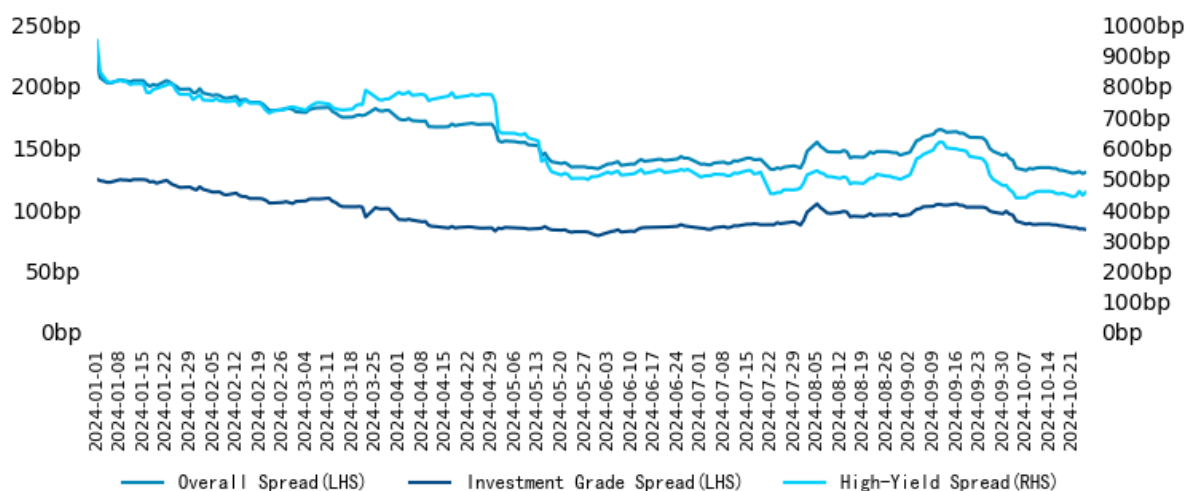
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of October 25, the spread of Chinese dollar bonds narrowed by 1.6 bp to 129.56 bp from last Friday. The spread of investment-grade bonds narrowed by 2.9 bp to 83.09 bp, while the spread of high-yield bonds widened by 3.6 bp to 453.75 bp.

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



Sources: CCXAP research

From October 21 to October 25, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of the overseas bond issued by Dr. Peng Telecom & Media Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20241021-20241025)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CHEDRP 2 ½ 12/01/25	Dr. Peng Telecom Media Group Co., Ltd.	11.625	1.10	631.628	2.2237M
ADHERH 9 09/30/30	Add Hero Holdings Limited	3.75	5.90	91.804	973.9
ADHERH 9.8 09/30/31	Add Hero Holdings Limited	3.394	6.90	91.837	555.2
ADHERH 8 ½ 09/30/29	Add Hero Holdings Limited	9.28	4.90	105.801	217.8
VNKRLE 3.15 05/12/25	Vanke Co., Ltd.	89.992	0.63	24.248	213.7
VNKRLE 3.55 06/08/25	Vanke Co., Ltd.	89.156	0.68	23.827	166.8

HKJHCC 4.7 01/24/21	Peking University Founder Group Co., Ltd.	8.648	0.26	55.438	84.5
VNKRLE 3.975 11/09/27	Vanke Co., Ltd.	66.214	3.12	19.155	82.9
LASUDE 5 07/28/26	Lixin Development Co., Ltd.	66.956	1.69	30.855	76.4
EHICAR 7 09/21/26	EHi Car Rental Co., Ltd.	72.4	1.82	26.443	67.7

Note: M in the rate of return change represents 10 00; all defaulting entities have been excluded

Sources: CCXAP research

Ratings Action: CCXAP assigned credit ratings to 4 Chinese entities

On October 21, CCXAP assigns first-time long-term credit rating of BBB_g to Weifang Guokong Development Group Co., Ltd., with stable outlook.

On October 21, CCXAP assigns first time long-term credit rating of A_g- to Wuhan Wuchang State-owned Assets Holding Investment and Operation Group Co., Ltd., with stable outlook.

On October 22, CCXAP assigns first-time long-term credit rating of BBB_g to Luoyang Guoxing Investment Holding Group Co., Ltd., with stable outlook

On October 24, CCXAP assigns first-time long-term credit rating of BBB_g+ to Wuxi Liangxi City Operation Service Group Co. Ltd., with stable outlook.

Table3: CCXAP Rating Action (20241021-20241025)

Rating Date	Obligor	Entity Rating	Rating Rational
21-10-2024	WFGK	BBB _g	The credit rating is underpinned by the Company's (1) Main infrastructure construction entity in Weifang City, especially in Hanting District. (2) Good track record of receiving government support. However, the company's rating is constrained by the following factors: (1) Rapid debt growth driven by ongoing investment in infrastructure construction projects. (2) Weak asset liquidity and relatively high recovery risk for its account receivables.
21-10-2024	WSHG	A _g -	The credit rating is underpinned by the Company's (1) Most important state-owned asset investment and operation entity in Wuchang District. (2) Strong position in project management services and resettlement housing projects of Wuchang District. However, the company's rating is constrained by the following factors: (1) Medium exposure to commercial activities. (2) Rapid debt growth and moderate asset liquidity.
22-10-2024	LYGX	BBB _g	The credit rating is underpinned by the Company's (1) Important role in infrastructure construction and urban operation of Mengjin District. (2) Good track record of receiving government support. However, the company's rating is constrained by the following factors: (1) Increasing exposure to commercial activities. (2) Increasing debt burden.
24-10-2024	LXCO	BBB _g +	The credit rating is underpinned by the Company's (1) Essential role in resettlement housing and land consolidation in Liangxi District. (2) Track record of receiving support from the local government and its shareholders. However, the company's rating is constrained by the following factors: (1) Moderate sustainability of the resettlement housing business. (2) Moderate access to funding channels.

Sources: CCXAP research

From October 21 to October 25, major rating agencies took positive rating actions on 1 Chinese issuer and negative rating actions on 1 Chinese issuer.

Table 4: Credit Rating Actions of cross-border bond market (20241021-20241025)

Entity		Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Rating	Ourlook	Date		
International Rating:										
Upgrade	Jiangsu Yangjing Petrochemical Group Co., Ltd.	Chengtou	A-	STABLE	2024/10/24	BBB+	STABLE	2023/11/01	Lianhe	Local government support increased
Downgrade	Longfor Group Holdings Limited	Real estate	BB	NEG	2024/10/23	BB+	NEG	2024/03/28	Fitch	Corporate liquidity buffers reduced, risks increased

Sources: CCXAP research

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