

2024 Issue 43 From November 11 to November 15

New issuance of Chinese offshore bonds increased; return on secondary market decreased

Headline: US CPI rose by 2.6% year-on-year in October; China's social financing and RMB loan growth slows in October

On November 13, the US Bureau of Labor Statistics announced that the nominal and core CPI month-on-month and year-on-year growth rates for October matched market expectations. On November 11, the People's Bank of China reported that China's social financing and RMB loan growth slowed in October, with a narrower decline in M1 and an expanded rise in M2.

Exchange Rate: RMB depreciated, USD index increased

In the past week, the RMB has depreciated. As of November 15, the RMB/USD middle rate closed at 7.1992, up by 559.0 basis points (bp) from last Friday. The USD index closed at 106.687, an increase of 1.69% from last Friday.

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

In the past week, China's government bond yields have declined. Despite U.S. CPI data meeting expectations, the market anticipates that the Federal Reserve will cut interest rates again soon, leading to an increase in U.S. Treasury yields.

Chinese Offshore Bond Market

Primary Market: new issuance of Chinese offshore bonds increased

From November 11 to November 15, Chinese enterprises issued 26 new bonds in the offshore market, totaling approximately USD 2.214 billion, a 73.51% increase from the previous week. Among these, Chengtou were the primary issuers, accounting for USD 1.474 billion in bonds.

Secondary Market: return on Chinese USD bonds decreased

As of November 15, the year-to-date return on Chinese USD bonds decreased by 32.0bp to 6.51% from last Friday. Among them, investment-grade bonds saw a return decrease of 32.0 bp to 5.16%, while high-yield bonds experienced a return decrease of 33.0 bp to 15.88%.

Ratings Action: CCXAP assigned credit ratings to 4 Chinese entities

From November 11 to November 15, CCXAP assigned credit ratings to 2 Chinese entities, Qingdao Hainuo Investment Development Co., Ltd., Jiangsu Xinkai Investment Group Co., Ltd., Linyi Luozhuang Finance Investment Group Co., Ltd., Wenzhou Lucheng District State-owned Holding Group Co., Ltd.,



Analyst Contacts

Saul Zuo
852-2810 7142
saul_zuo@ccxap.com

Davis Wong
852-2860 7131
davis_wong@ccxap.com

Other Contacts

Peter Chong
852-2860 7124
peter_chong@ccxap.com

Headline: U.S. CPI rises by 2.6% year-on-year in October; China's social financing and RMB loan growth slows in October.

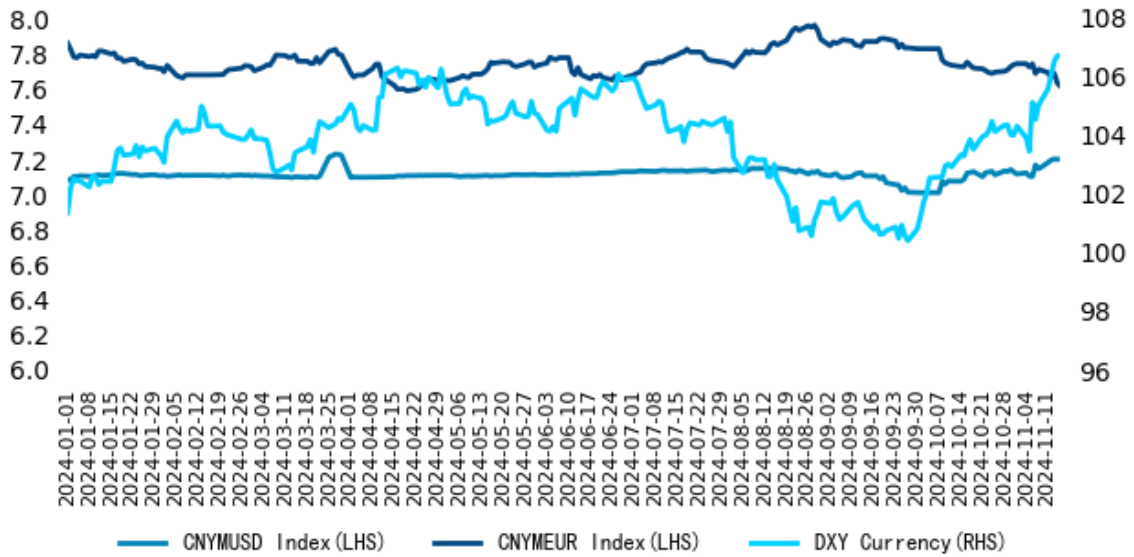
On November 13, the U.S. Bureau of Labor Statistics announced that the nominal and core CPI month-on-month and year-on-year growth rates for October matched market expectations. Specifically, the nominal CPI rose by 0.2% month-on-month and the core CPI increased by 0.3% month-on-month and 3.3% year-on-year, both unchanged from the previous values. Notably, the nominal CPI increased by 2.6% year-on-year, up from 2.4% in September, marking the first year-on-year acceleration since March. Core inflation remains firm, highlighting challenges for the Federal Reserve in meeting its inflation targets. The nominal CPI has risen 0.2% month-on-month for four consecutive months, while the core CPI, excluding food and energy, has risen 0.3% month-on-month for three consecutive months, indicating underlying inflation trends. Over the past three months, the annualized growth rate of core CPI has reached 3.6%, the fastest since April.

On November 11, the People's Bank of China reported that China's social financing and RMB loan growth slowed in October, with a narrower decline in M1 and an expanded rise in M2. The negative gap between M1 and M2 growth rates has slightly reduced. For the first ten months, social financing increased by a total of 27.06 trillion yuan, with an additional 1.4 trillion yuan in October, down from 3.76 trillion yuan in September. By the end of October, the total stock of social financing was 403.45 trillion yuan, up 7.8% year-on-year. Over the first ten months, new RMB loans amounted to 16.52 trillion yuan, and new RMB deposits reached 17.22 trillion yuan. In October, new RMB loans increased by 0.5 trillion yuan, down from 1.59 trillion yuan in September, and new RMB deposits increased by 0.6 trillion yuan, down from 3.74 trillion yuan in September. By the end of October, M2 stood at 309.71 trillion yuan, up 7.5% year-on-year, while M1 was 63.34 trillion yuan, down 6.1% year-on-year.

Exchange Rate: RMB depreciated, USD index increased

In the past week, the RMB has depreciated. As of November 15, the RMB/USD middle rate closed at 7.1992, up by 559.0bp from last Friday. The EUR/RMB middle rate closed at 7.6131, down by 968.0 bp from last Friday. The USD index closed at 106.687, an increase of 1.69% from last Friday.

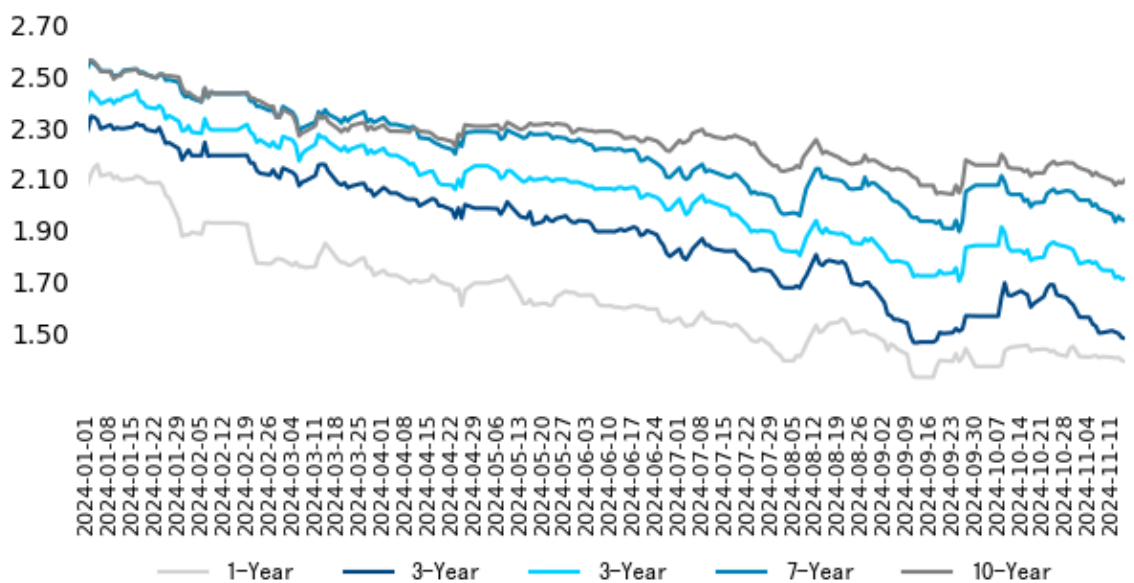
Figure 1: RMB exchange rate



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

In the past week, China Government Bond yields decreased. As of November 15, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3875%, 1.4774%, 1.7099%, 1.9381%, and 2.0948%, decreasing by 1.87 bp, 2.18 bp, 3.28 bp, 3.82 bp, and 1.19 bp respectively from last Friday.

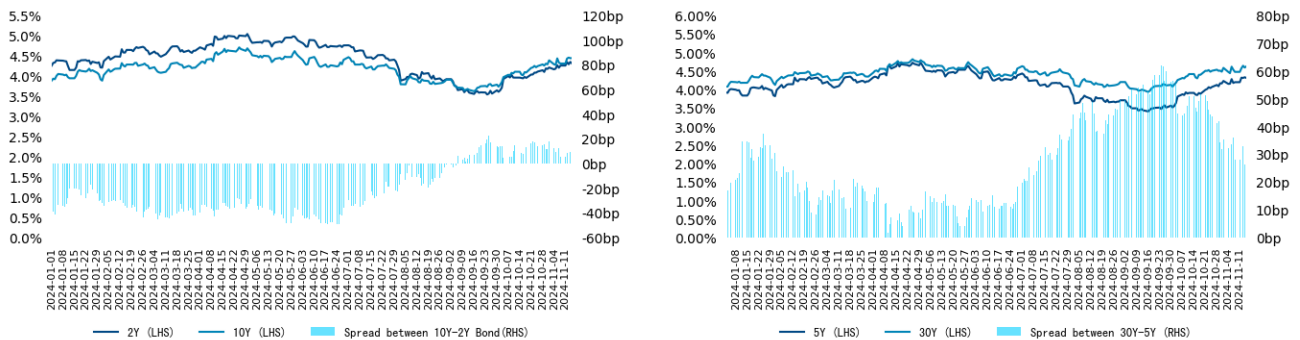
Figure 2: China Government Bond yields



Sources: CCXAP research

Despite US CPI data meeting expectations, the market anticipates that the Federal Reserve will cut interest rates again soon, leading to an increase in US Treasury yields. As of November 15, the 2-year, 5-year, 10-year, and 30-year Treasury yields were 4.3033%, 4.3068%, 4.4394%, and 4.6170%, increasing by 4.94 bp, 11.53 bp, 13.51 bp, and 14.74 bp, respectively, from last Friday. In terms of US Treasury yield spreads, the spread between 2-year and 10-year Treasury notes narrowed by 8.57 bp to 13.61 bp from last Friday, and the spread between 5-year Treasury notes and 30-year Treasury bonds widened by 3.21 bp to 31.02 bp from last Friday.

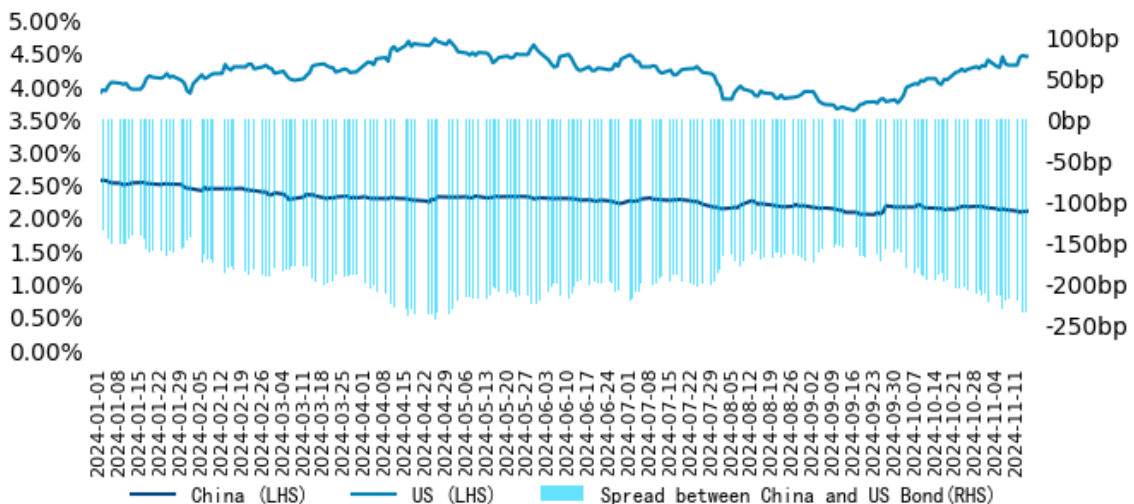
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

In terms of the interest rate gap between China and the United States, as of November 15, the 10-year Treasury bond interest rate gap between China and the United States was -234.5 bp, narrowing by 14.7 bp from last Friday and widening by 102.1 bp from 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 increased

From November 11 to November 15, Chinese enterprises issued 26 new bonds in the overseas market, totaling about USD2.214 billion, an increase of 73.51% from the previous week. Among them, Chengtou were the main issuers, issuing a total of USD1.474 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20241111-20241115)

Announcement Date	Obligor	Currency	Amount	Coupon(%)	Maturity	Tenor	Industry	Issue Rating	Issue Rating
2024/11/12	China Everbright Bank Co Ltd/Hong Kong	USD	300.0	SOFR+59	2027/11/18	3	Banks	-/-/-	--/--/BBB+
2024/11/12	China Everbright Bank Co Ltd/Hong Kong	CNY	1473.0	2.45	2026/11/18	2	Banks	-/-/-	--/--/BBB+
2024/11/12	Chongqing Hechuan Industry Development Group Co Ltd	USD	115.0	7	2027/11/18	3	Chengtou	-/-/-	-/-/-
2024/11/12	Guotai Junan International Holdings Ltd	CNY	98.2	2.6	2025/1/12	58D	Financials	Baa1/BBB+/-	-/-/-
2024/11/13	Chengdu ETDZ State-owned Investment Group Co Ltd	USD	348.3	6.5	2027/11/17	3	Chengtou	Ba2/-/-	-/-/-
2024/11/13	CITIC Securities International Co Ltd	CNY	24.6	0	2027/11/29	3	Financials	Baa1/BBB+/-	-/-/-
2024/11/13	CITIC Securities International Co Ltd	CNY	54.0	0	2025/9/29	315D	Financials	Baa1/BBB+/-	-/-/-
2024/11/13	CITIC Securities International Co Ltd	CNY	71.7	0	2025/9/29	315D	Financials	Baa1/BBB+/-	-/-/-
2024/11/13	CITIC Securities International Co Ltd	CNY	24.6	0	2027/11/29	3	Financials	Baa1/BBB+/-	-/-/-
2024/11/13	CMB International Leasing Management Ltd	USD	50.0	SOFR+45	2025/11/18	363D	Financials	A2/A/--	-/-/-
2024/11/13	Guotai Junan International Holdings Ltd	USD	27.0	4.9	2025/6/22	215D	Financials	Baa1/BBB+/-	-/-/-
2024/11/13	Lujiang County Rural Revitalization Investment Co Ltd	CNY	145.8	6.5	2027/11/19	3	Chengtou	-/-/-	-/-/-
2024/11/13	Ningguo Ningyang Holding Group Co Ltd	CNY	343.7	6.5	2027/11/19	3	Chengtou	-/-/-	-/-/-
2024/11/13	Qingdao West Coast New Area Ronghe Holding Group Co Ltd	CNY	982.0	5.2	2027/11/19	3	Chengtou	-/-/-	-/-/-
2024/11/13	Weifang Binhai Investment Development Co Ltd	CNY	90.3	6.9	2027/11/19	3	Chengtou	-/-/-	-/-/-
2024/11/13	Wenzhou Lucheng District State-Owned Holding Group Co Ltd	CNY	1909.1	3.9	2027/11/19	3	Chengtou	-/-/-	-/-/-
2024/11/13	Zoucheng Urban Assets Holding Group Co Ltd	CNY	461.7	6.9	2027/11/17	3	Chengtou	-/-/-	-/-/-
2024/11/14	Industrial Bank Co Ltd/Hong Kong	CNY	294.6	2.22	2025/11/16	359D	Banks	Baa2/--/--	-/-/-
2024/11/14	Industrial Bank Co Ltd/Hong Kong	CNY	294.6	2.22	2025/11/21	359D	Banks	Baa2/--/--	-/-/-

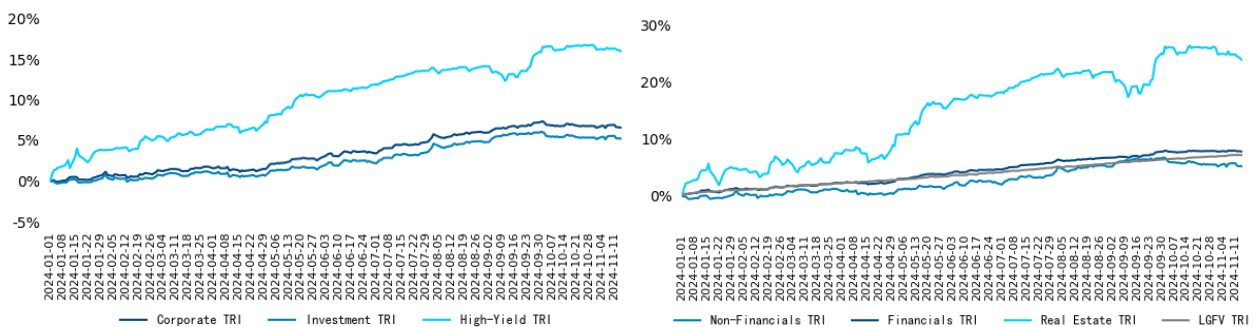
2024/11/14	Jiande State-owned Assets Management Holding Group Co., Ltd.	CNY	345.7	5.2	2027/11/20	3	Chengtou	-/-/-	-/-/-
2024/11/14	Qingdao Bullet Train Town Investment Group Co Ltd	USD	50.0	5.37	2027/11/18	3	Chengtou	-/-/-	-/-/-
2024/11/14	Zhejiang Changxing Financial Holdings Group Co Ltd	USD	98.0	5.4	2027/11/20	3	Chengtou	-/-/-	-/-/-
2024/11/15	Chengdu Wuhou Industrial Development Investment Management Group Co., Ltd.	CNY	1100.0	3	2027/11/21	3	Chengtou	-/-/-	-/-/-
2024/11/15	CNCB Hong Kong Investment Ltd	CNY	127.7	0	2027/9/16	3	Financials	-- /BBB+/BB B+	-/-/-
2024/11/15	CNCB Hong Kong Investment Ltd	CNY	127.7	0	2027/9/16	3	Financials	-- /BBB+/BB B+	-/-/-
2024/11/15	Shiyan Economic Development Construction Investment Development Group Co Ltd	CNY	785.6	6.3	2027/11/21	3	Chengtou	-/-/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of November 15, the year-to-date return¹ of Chinese dollar bonds dropped by 32.0bp to 6.51% from last Friday, with the return rate of investment-grade bonds falling by 32.0 bp to 5.16%, and the return rate of high-yield bonds decreasing by 33.0 bp to 15.88%. By industry, the return rate of non-financial bonds was 5.08%, down by 55.0 bp from last Friday. The return rate of financial bonds was 7.71%, down 13.0 bp from last Friday. The return rate of real estate was 23.79%, down 96.0 bp from last Friday. The return rate of Chengtou was 7.1%, up 2.0 bp from last Friday.

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

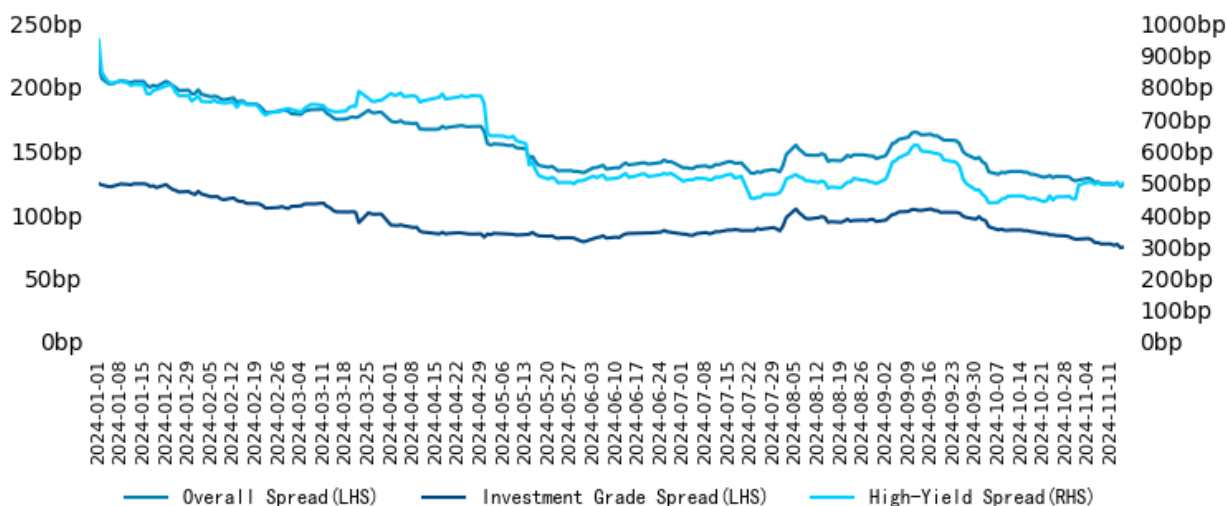


Sources: CCXAP research

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

As of November 15, the spread of Chinese dollar bonds narrowed by 0.7bp to 123.06 from last Friday. Among them, the spread of investment-grade bonds narrowed by 2.4 bp to 74.03 bp, while the spread of high-yield bonds widened by 5.0 bp to 497.38 bp.

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



Sources: CCXAP research

From November 11 to November 15, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of the overseas bond issued by MI Energy Holdings Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20241111-20241115)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
MIEHOL 0 12/31/24	MI Energy Holdings Ltd.	14.504	0.12	5305.276	61.1716M
ZENENT 7 09/12/25	Zhengshang Group Ltd.	5.375	0.88	1013.273	3.4192M
SINOCL 0 10/14/25	Sino-Ocean Capital Holdings Ltd.	7.679	0.97	632.32	3.3627M
CHMINV 3.8 02/02/25	China Minsheng Investment Co., Ltd.	75	0.21	169.162	1.2498M
NWDEVL 6.15 PERP	New World Development Co., Ltd.	89.39	PREP	27.372	1.103M
EAGRUY 7 ½ 05/01/25	Eagle Global Holdings Ltd.	58.628	0.44	168.531	881
EAGRUY 7 ½ 05/01/25	Eagle Global Holdings Ltd.	58.628	0.44	168.531	881
XYDXIV 7 ½ 01/31/25	Xinyang Dingxin Industrial Investment Group Co., Ltd.	97.122	0.21	22.645	553.4
WHHTTZ 7 04/24/26	Weihai Huantong Industrial Investment Group Co., Ltd.	91.202	1.43	14.151	492.3
WHWDLH 6.9 10/09/25	Weihai Wendeng District Blue Ocean Investment Development Co., Ltd.	87.206	0.89	24.303	491.8

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 November 15, CCXAP assigns first-time long-term credit rating of BBB_g+ to Qingdao Hainuo Investment Development Co., Ltd., with stable outlook.

On November 15, CCXAP assigns first-time long-term credit rating of A_g- to Jiangsu Xinkai Investment Group Co., Ltd., with stable outlook.

On November 14, CCXAP assigns first-time long-term credit rating of BBB_g- to Linyi Luozhuang Finance Investment Group Co., Ltd., with stable outlook.

On November 11, CCXAP assigns first-time long-term credit rating of BBB_g+ to Wenzhou Lucheng District State-owned Holding Group Co., Ltd., with stable outlook.

Table3: CCXAP Rating Action (20241111-20241115)

Rating Date	Obligor	Entity Rating	Rating Rational
15/11/2024	QDHN	BBB _g +	The credit rating is underpinned by the Company's (1) Important position in infrastructure construction and urban operations in Shinan District. (2) Good access to multiple funding channels. However, the company's rating is constrained by the following factors: (1) High exposure to commercial activities with relatively large future investment needs and limited operating profits. (2) High debt leverage with relatively weak asset liquidity.
15/11/2024	Xinkai Group	A _g -	The credit rating is underpinned by the Company's (1) Important role in infrastructure construction in the Dongjin area of Taizhou City New City District and Jiangyan District with sufficient project reserves. (2) Track record of receiving government support. However, the company's rating is constrained by the following factors: (1) Moderate risk exposure to commercial activities. (2) Fast debt growth with short-term debt repayment pressure.
14/11/2024	LYFI	BBB _g -	The credit rating is underpinned by the Company's (1) Essential role in infrastructure construction in Luozhuang District. (2) Track record of receiving government support. However, the company's rating is constrained by the following factors: (1) Moderate exposure to commercial activities. (2) Fast growing debt with high short-term debt burden.
11/11/2024	LSHG	BBB _g +	The credit rating is underpinned by the Company's (1) Leading position in infrastructure construction and land development of Lucheng District. (2) Good track record of receiving ongoing government payments. However, the company's rating is constrained by the following factors: (1) Medium exposure to commercial activities. (2) Increasing debt burden and moderate asset liquidity.

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

From November 11 to November 15, major rating agencies took positive rating actions on 5 Chinese issuers.

Table 4: Credit Rating Actions of cross-border bond market (20241111-20241115)

Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change	
		Entity Rating	Outlook	Date	Rating	Ourlook	Date			
International Rating:										
Upgrade	Hangzhou Financial Investment Group Co., Ltd.	Investment holdings	BBB	STABLE	2024/11/11	BBB	NEG	2024/02/19	S&P	The company's position as the main comprehensive financial investment holding company in Hangzhou supports its ratings
	State Power Investment Corporation Limited	Utilities	A1	NEG	2024/11/13	A2	NEG	2023/12/06	Moody's	The improvement of SPIC's standalone financial profile and the reduction of business risks in the commissioning of new nuclear technology reactors.
	China General Nuclear Power Group Co., Ltd.	Utilities	A1	NEG	2024/11/13	A2	NEG	2023/12/06	Moody's	CGN's standalone financial profile has improved, the commissioning of new technology reactors has reduced business risks, and it has achieved a good operating record.
	Yancheng High-tech Zone Investment Group Co., Ltd.	Chengt ou	BBB+	NEG	2024/11/14	BBB	POS	2024/03/04	Lianhe	The government has injected a large amount of funds, local SOE equity and other assets into YXN to support the company's development.
Bank of China (Hong Kong) Limited	Banks	A+	STABLE	2024/11/14	A	STABLE	2023/05/04	Fitch	The company has established subordinated debt and equity buffers in accordance with the loss-absorbing capacity requirements of the Hong Kong Monetary Authority, which will benefit senior creditors.	

Sources: CCXAP research

Copyright © 2024 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP’s publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP’s publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-28200711

Fax: +852-28208020