

## 2025 Issue 29 From July 28 to August 1

### **New Issuance of Chinese Offshore Bonds Increased; Secondary Market Yields Increased**

**Headline: Federal Reserve Announces Rate Decision, Holds Rates Steady for Fifth Consecutive Time; China's July PMI Falls Short of Expectation**

On July 31, the Federal Reserve announced its interest rate decision, keeping rates within the 4.25%-4.50% range. On July 31, China announced its July manufacturing PMI at 49.3, below both expectations and the previous value of 49.7.

### **Exchange Rate: RMB Depreciated; USD Index Increased**

Last week, the RMB has depreciated. As of August 1, the RMB/USD middle rate closed at 7.1496, up 77.0bp from last Friday. The USD Index closed at 99.141, up 1.5% from last Friday.

### **Interest Rate: Chinese Government Bond Yields Decreased; US Treasury Yields Decreased**

Last week, China Government Bond yields decreased. Due to significant downward revisions in US macroeconomic data, recession risks have increased, US Treasury yields decreased.

### **Chinese Offshore Bond Market**

#### **Primary Market: New Issuance of Chinese Offshore Bonds Increased**

From July 28 to August 1, Chinese enterprises issued 28 new bonds in the offshore market, totaling about USD2.999 billion, an increase of 14.99% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.345 billion in bonds.

#### **Secondary Market: Return on Chinese USD Bonds Increased**

As of August 1, the return rate of Chinese USD bonds increased by 52.0bp to 4.68% compared to last Friday, among which the return rate of investment-grade bonds increased by 56.0bp to 6.32%, while the return rate of high-yield bonds increased by 29.0bp to 6.61%.

#### **Rating Actions: Rating Agencies Took Rating Actions on 8 Chinese issuers**

From July 28 to August 1, rating agencies took positive rating actions on 6 Chinese issuers and negative rating action on 2 Chinese issuers.



### **Analyst Contacts**

**Saul Zuo**  
852-2810 7142  
[saul\\_zuo@ccxap.com](mailto:saul_zuo@ccxap.com)

**Natalie Xu**  
852-2810 7142  
[natalie\\_xu@ccxap.com](mailto:natalie_xu@ccxap.com)

### **Other Contacts**

**Peter Chong**  
852-2860 7124  
[peter\\_chong@ccxap.com](mailto:peter_chong@ccxap.com)

## **Headline: Federal Reserve announces rate decision, holds rates steady for fifth consecutive time; China's July PMI falls short of expectation**

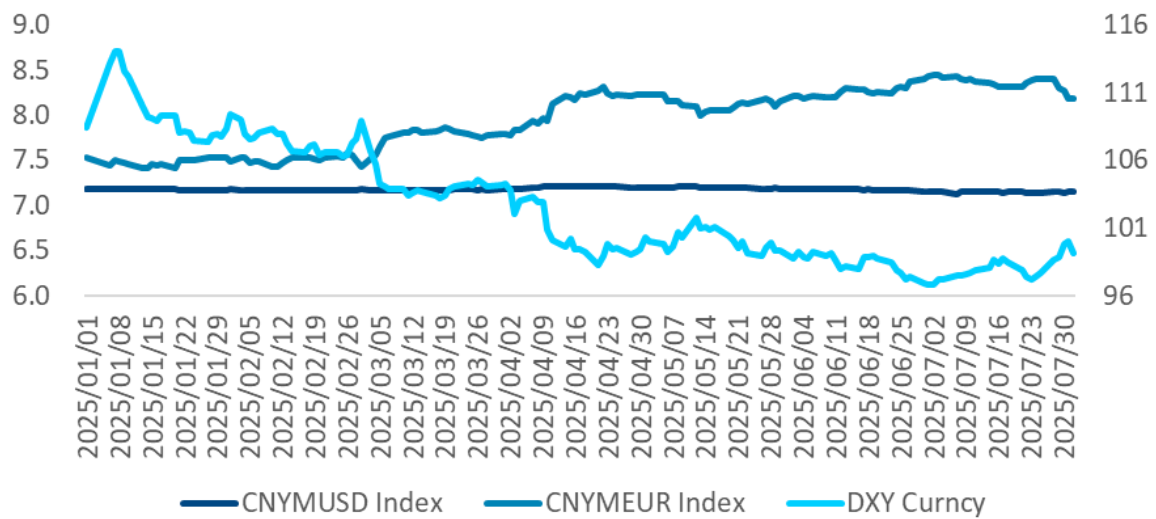
On July 31, the Federal Reserve announced its interest rate decision, keeping rates within the 4.25%-4.50% range for the fifth consecutive time. As markets anticipated, the Fed continued pausing rate cuts. Among FOMC voting members, nine officials including Powell maintained support for holding rates steady, while Waller and Bowman advocated for a 25-basis-point cut at this meeting. Compared with the previous statement, the latest release struck out phrasing about "economic uncertainty has diminished" and reiterated that "uncertainty remains high". It replaced "economic activity continued to expand at a solid pace" with "growth moderated in the first half of the year". Despite recent direct pressure from President Trump, his first personal appeal urging rate cuts, and repeated lobbying by Trump administration officials and Republicans over the "renovation scandal", the Fed remained unmoved. Nevertheless, this meeting exposed the greatest internal divergence over rate cuts since the easing cycle began last September, alongside dovish-leaning adjustments in economic activity characterization.

On July 31, China announced its July manufacturing PMI at 49.3, below both expectations and the previous value of 49.7. By enterprise size, the PMI for large enterprises stood at 50.3, down 0.9 percentage points MoM but still above the threshold; medium-sized enterprises registered 49.5, up 0.9 percentage points yet below the threshold; small enterprises recorded 46.4, down 0.9 percentage points and remaining below the threshold. Among the five sub-indices composing the manufacturing PMI, the production index and the supplier delivery time index stayed above the threshold, while the new orders index, raw materials inventory index, and employment index remained below. Specifically, the production index was 50.5, down 0.5 percentage points MoM but still in expansion territory, indicating sustained manufacturing output growth. The new orders index was 49.4, down 0.8 percentage points, signaling slowing market demand. The raw materials inventory index was 47.7, down 0.3 percentage points, reflecting continued reduction in raw material stocks. The employment index was 48.0, up 0.1 percentage points, suggesting a slight improvement in the employment situation in the manufacturing sector. The supplier delivery time index was 50.3, up 0.1 percentage points, indicating a continued acceleration in the delivery times of raw materials suppliers.

## **Exchange Rate: RMB depreciated, USD Index increased**

In the past week, the RMB has depreciated. As of August 1, the RMB/USD middle rate closed at 7.1496, up 77.0bp from last Friday. The RMB/EUR middle rate closed at 8.1885, down 2116.0bp from last Friday. The USD Index closed at 99.141, up 1.5% from last Friday.

Figure 1: RMB exchange rate

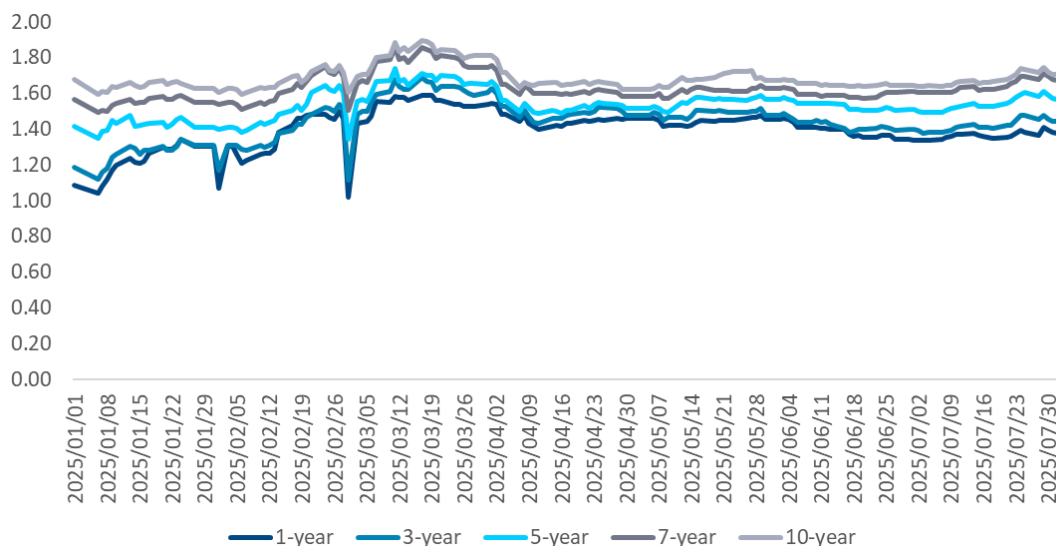


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of August 1, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3734%, 1.4451%, 1.5686%, 1.6724%, and 1.7059%, respectively. Down 1.01bp, 3.26bp, 3.62bp, 2.02bp and 2.65bp from last Friday.

Figure 2: China Government Bond yields

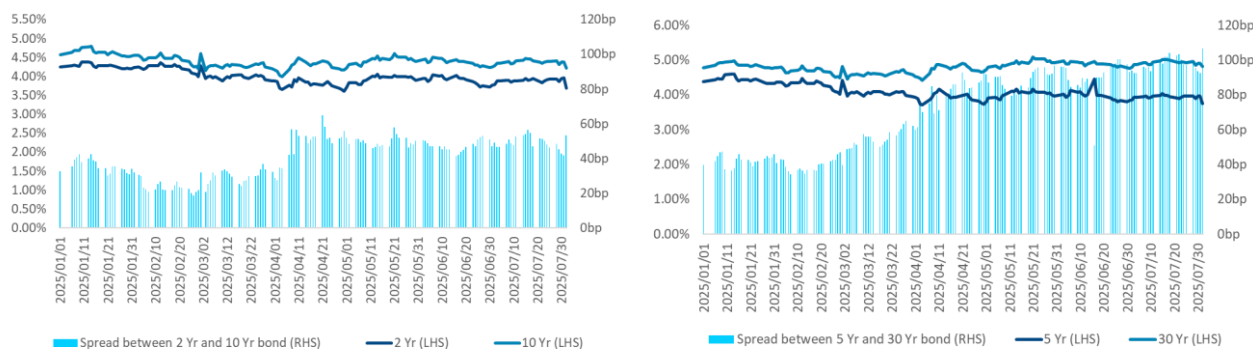


Sources: CCXAP research

Due to significant downward revisions in US macroeconomic data, recession risks have increased, US Treasury yields decreased. As of August 1, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.6817%, 3.7571%, 4.2159%, and 4.8221%, respectively. Down 24.15bp, 20.02bp,

17.19bp and 10.75bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 6.96bp to 53.42bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 9.27bp to 106.50bp compared to last Friday.

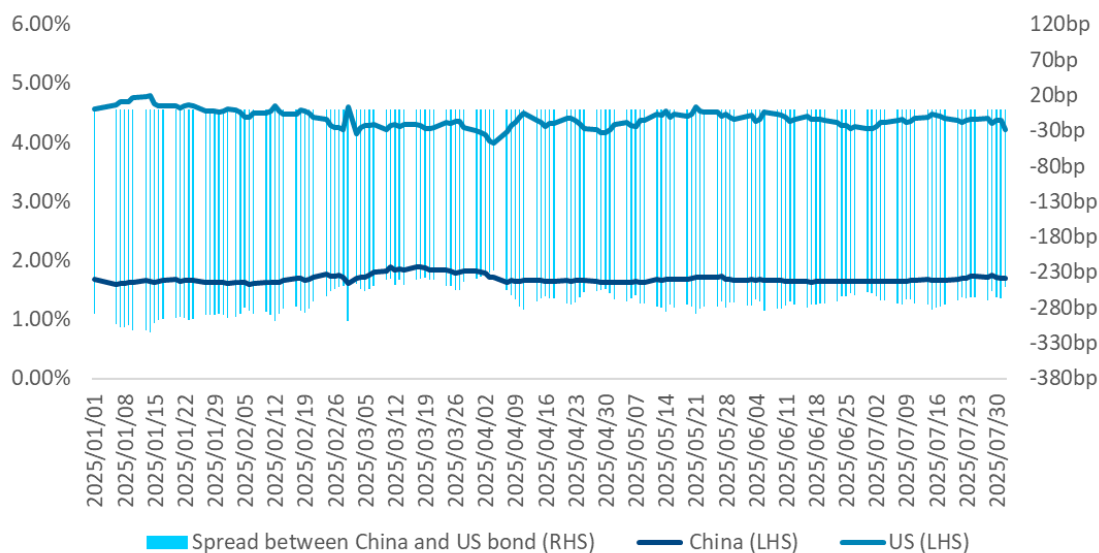
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of August 1, the 10-year Treasury bond interest rate gap between China and the United States was -251.0bp, narrowing by 14.5bp from last Friday and widening by 38.4bp 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 bonds increased

From July 28 to August 1, Chinese enterprises issued 28 new bonds in the offshore market, totaling about USD2.999 billion, an increase of 14.99% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.345 billion in bonds.

**Table 1: New issuance of Chinese offshore bonds (20250728-20250801)**

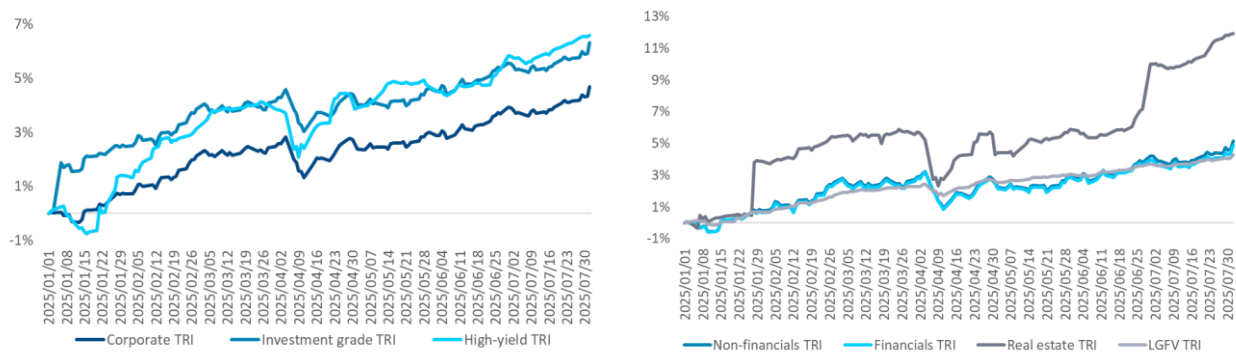
| Announcement date | Obligor  | Currency | Amount | Coupon (%) | Maturity   | Tenor | Industry               | Issuer Rating | Issue Rating |
|-------------------|--|----------|--------|------------|------------|-------|------------------------|---------------|--------------|
| 2025/7/28         | China Cinda HK Holdings Co Ltd                                   | CNY      | 2,300  | 2.43       | 2030/8/4   | 5     | Financials             | Baa2/BBB+/A-  | -/-/A-       |
| 2025/7/28         | China Cinda HK Holdings Co Ltd                                   | CNY      | 3,000  | 2.35       | 2029/2/4   | 4     | Financials             | Baa2/BBB+/A-  | -/-/A-       |
| 2025/7/28         | Bank of China Ltd/Macau  | CNY      | 80     | 0          | 2030/7/15  | 5     | Banks                  | A1/A/-        | -/-/-        |
| 2025/7/29         | China Citic Bank Corp Ltd/London                                 | USD      | 300    | SOFR +50   | 2028/8/5   | 3     | Banks                  | -/-/-         | --/A/-       |
| 2025/7/29         | Knowledge City Guangzhou Investment Group Co Ltd                 | CNY      | 1,400  | 2.65       | 2028/8/5   | 3     | Chengtou               | --/--/BBB     | -/-/-        |
| 2025/7/29         | Chengdu Xisheng Investment Group Co Ltd                          | USD      | 93     | 4.95       | 2028/8/1   | 3     | Chengtou               | -/-/-         | -/-/-        |
| 2025/7/29         | CITIC Securities International Co Ltd                            | USD      | 360    | 0          | 2025/9/3   | 29D   | Financials             | -/BBB+/-      | -/BBB+/-     |
| 2025/7/29         | GF Holdings Hong Kong Corp Ltd                                   | USD      | 6      | 4.6        | 2025/9/30  | 61D   | Financials             | -/-/-         | -/-/-        |
| 2025/7/29         | GF Holdings Hong Kong Corp Ltd                                   | USD      | 70     | 4.66       | 2025/11/3  | 94D   | Financials             | -/-/-         | -/-/-        |
| 2025/7/29         | Huatai International Financial Holdings Co Ltd                   | USD      | 40     | 0          | 2025/11/5  | 92D   | Financials             | -/BBB+/-      | -/-/-        |
| 2025/7/29         | CITIC Securities International Co Ltd                            | USD      | 5      | 4.32       | 2025/9/5   | 31D   | Financials             | -/BBB+/-      | -/BBB+/-     |
| 2025/7/30         | Jiyuan Capital Operation Group Co Ltd                            | CNY      | 1,070  | 5.5        | 2028/8/4   | 3     | Consumer Discretionary | -/-/-         | -/-/-        |
| 2025/7/30         | Bank of China Ltd/Hong Kong                                      | USD      | 200    | SOFR +52   | 2028/8/6   | 3     | Banks                  | A1/--/--      | -/-/-        |
| 2025/7/30         | CNCB Hong Kong Investment Ltd                                    | CNY      | 1,800  | 1.9        | 2026/7/31  | 360D  | Financials             | -/BBB+/BBB+   | -/-/-        |
| 2025/7/30         | Huatai International Financial Holdings Co Ltd                   | USD      | 25     | 4.67       | 2025/11/5  | 92D   | Financials             | -/BBB+/-      | -/-/-        |
| 2025/7/30         | GF Holdings Hong Kong Corp Ltd                                   | USD      | 70     | 4.67       | 2025/10/6  | 63D   | Financials             | -/-/-         | -/-/-        |
| 2025/7/30         | GF Holdings Hong Kong Corp Ltd                                   | USD      | 5      | 4.58       | 2025/10/24 | 81D   | Financials             | -/-/-         | -/-/-        |
| 2025/7/30         | GF Holdings Hong Kong Corp Ltd                                   | USD      | 10     | 4.6        | 2025/10/17 | 74D   | Financials             | -/-/-         | -/-/-        |
| 2025/7/31         | Chengdu & Europe Industrial Zone Operation and Management Co Ltd | USD      | 156    | 6.95       | 2028/8/7   | 3     | Chengtou               | -/-/-         | -/-/-        |
| 2025/7/31         | Fuyang Shunchang Industrial Development Investment Co Ltd        | CNY      | 425    | 5          | 2028/8/7   | 3     | Chengtou               | -/-/-         | -/-/-        |
| 2025/7/31         | CITIC Securities International Co Ltd                            | USD      | 1.5    | 0          | 2026/8/5   | 365D  | Financials             | -/BBB+/-      | -/BBB+/-     |
| 2025/7/31         | CITIC Securities International Co Ltd                            | CNY      | 80     | 0          | 2035/8/3   | 10    | Financials             | -/BBB+/-      | -/BBB+/-     |
| 2025/7/31         | CITIC Securities International Co Ltd                            | CNY      | 110    | 0          | 2035/8/3   | 10    | Financials             | -/BBB+/-      | -/BBB+/-     |
| 2025/8/1          | Huatai International Financial Holdings Co Ltd                   | USD      | 50     | 4.68       | 2025/11/12 | 96D   | Financials             | -/BBB+/-      | -/-/-        |
| 2025/8/1          | Huatai International Financial Holdings Co Ltd                   | USD      | 50     | 4.68       | 2025/11/14 | 98D   | Financials             | -/BBB+/-      | -/-/-        |
| 2025/8/1          | Huatai International Financial Holdings Co Ltd                   | USD      | 50     | 4.68       | 2025/11/13 | 97D   | Financials             | -/BBB+/-      | -/-/-        |
| 2025/8/1          | GF Holdings Hong Kong Corp Ltd                                   | USD      | 30     | SOFR +35   | 2026/8/5   | 364D  | Financials             | -/-/-         | -/-/-        |
| 2025/8/1          | CITIC Securities International Co Ltd                            | USD      | 41     | 0          | 2025/11/8  | 92D   | Financials             | -/BBB+/-      | -/BBB+/-     |

Sources: CCXAP research

## Secondary Market: return on Chinese USD bonds increased

As of August 1, the year-to-date return<sup>1</sup> of Chinese USD bonds increased by 52.0bp to 4.68% compared to last Friday, among which the return rate of investment-grade bonds increased by 56.0bp to 6.32%, while the return rate of high-yield bonds increased by 29.0bp to 6.61%. By industry, the return rate of non-financial bonds was 5.16%, up 75.0bp from last Friday. The return rate of financial bonds was 4.86%, up 76.0bp. The return rate of real estate was 11.91%, up 46.0bp. The return rate of Chengtou was 4.27%, up 31.0bp.

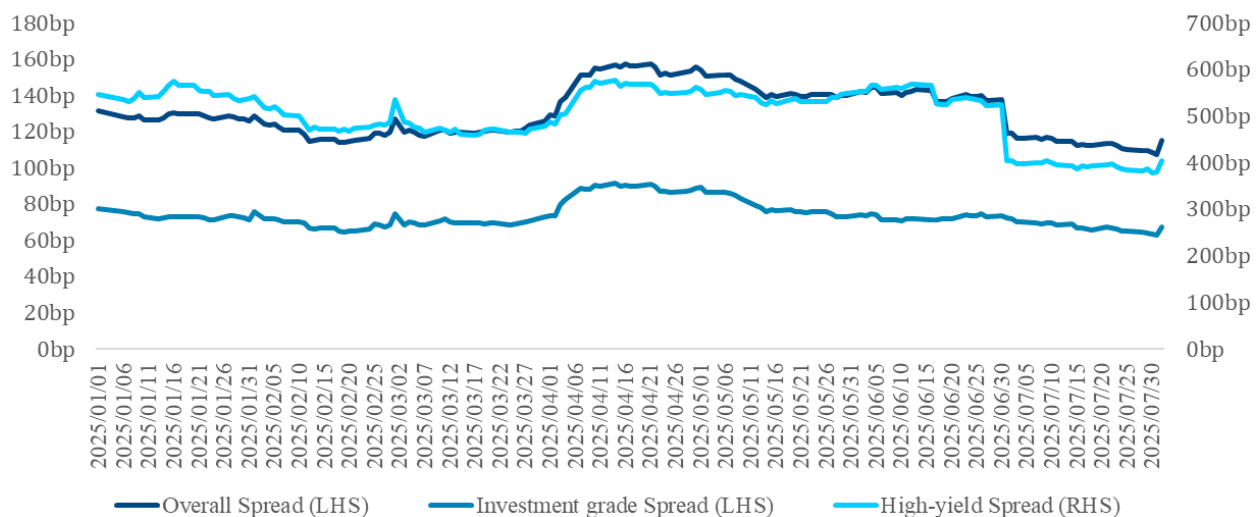
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of August 1, the spread of Chinese USD bonds widened by 4.9bp to 115.07bp from last Friday, among which the spread of investment-grade bonds widened by 2.2bp to 67.06bp, and the spread of high-yield bonds widened by 21.5bp to 404.58bp.

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



Sources: CCXAP research

<sup>1</sup> Year-to-date return measures the return since January 2, 2025



From July 28 to August 1, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Kunming Industrial Development Investment Co., Ltd. changed the most.

**Table 2: Chinese offshore bonds with largest increase in yield (20250728-20250801)**

| Security Name         | Obligor   | Last Price (USD) | Years to Maturity | Yield to Convention | Yield Change |
|-----------------------|---|------------------|-------------------|---------------------|--------------|
| KNMIDI 7.9 09/21/25   | Kunming Industrial Development Investment Co., Ltd. | 98.06            | 0.13              | 23.183              | 242          |
| LIFUNG 5 ¼ 08/18/25   | Li & Fung   | 100.185          | 0.03              | -0.049              | 232.6        |
| WESCHI 4.95 07/08/26  | China West Cement Co., Ltd.                         | 93.172           | 0.92              | 13.034              | 200.1        |
| CSFCO 5 ¼ 04/26/26    | CITIC Construction Investment Co., Ltd.             | 98.302           | 0.72              | 3.877               | 158.4        |
| ZZREAL 5.1 09/13/25   | Zhengzhou Urban Construction Development Co., Ltd.  | 100.153          | 0.10              | 1.912               | 138.8        |
| VNKRLE 3.975 11/09/27 | Vanke Co., Ltd.                                     | 80.568           | 2.26              | 14.341              | 112.4        |
| CHJMAO 6 PERP         | China Jinmao Holdings Group Co., Ltd.               | 100.601          | PERP              | 5.473               | 103.9        |
| SHGUOH 3.85 08/27/25  | Shandong Guohui Investment Holding Group Co., Ltd.  | 99.491           | 0.06              | 9.892               | 103.5        |
| JNHTE 5 ¼ 08/09/25    | Jinan Hi-Tech Holding Group Co., Ltd.               | 100.005          | 0.01              | 4.771               | 86.6         |
| YCDIGC 7 11/03/25     | Yichun Development Investment Group Co., Ltd.       | 100.976          | 0.24              | 2.881               | 86.5         |

Note: M in the rate of return change represents 1000; all defaulting entities have been excluded

Sources: CCXAP research

## Ratings Action: Rating agencies took rating actions on 8 Chinese issuers

From July 28 to August 1, rating agencies took positive rating actions on 6 Chinese issuers and negative rating action on 2 Chinese issuers.

**Table 3: Rating actions of cross-border issuer (20250728-20250801)**

| Entity            |  | Sector        | Latest Rating      |         |            | Last Rating      |              |            | Rating Agency | Reason of Change Outlook  |
|-------------------|--|---------------|--------------------|---------|------------|------------------|--------------|------------|---------------|---|
|                   |  |               | Entity Rating      | Outlook | Date       | Entity Rating    | Outlook      | Date       |               |   |
| Offshore Rating : |  |               |                    |         |            |                  |              |            |               |   |
| Upgrade           | Zhaojin Mining Co., Ltd.   | Raw Materials | BBB <sup>g</sup> + | Stable  | 2025/07/28 | BBB <sup>g</sup> | Stable       | 2024/07/25 | CCXAP         | The company's market share has increased.   |
|                   | Sanya Yazhou Bay Science and Technology City Holding Group Co., Ltd. | Chemicals     | BBB <sup>+</sup>   | Stable  | 2025/07/29 | BBB              | Stable       | 2024/08/02 | Lianhe        | The Sanya government has strengthened its support for Science and Technology City Holdings. |
|                   | Haitong International Securities Group Co., Ltd.                     | Financials    | BBB                | Stable  | 2025/07/29 | BBB              | Rating Watch | 2025/03/17 | S&P           | Following the recent merger, the group has effectively integrated its                       |

|           |  |           |        |        |            |        |              |            |         |  |
|-----------|--|-----------|--------|--------|------------|--------|--------------|------------|---------|--|
|           |  |           |        |        |            |        |              |            |         | domestic businesses.   |
|           | Dalian Detai Holdings Co., Ltd.  | Chengt ou | Ag-    | Stable | 2025/07/31 | BBBg + | Stable       | 2024/07/30 | CCXAP   | The company holds a key strategic position in the public services and infrastructure development of the Jinpu New Area.  |
|           | Tianjin Binhai New Area Construction Investment Group Co., Ltd.          | Chengt ou | A      | Stable | 2025/08/01 | A-     | Stable       | 2025/06/30 | Lianhe  | Tianjin Binhai Construction Investment's strategic position in the Binhai New Area has been further enhanced.            |
|           | Chengdu Sino-French Ecological Park Investment and Development Co., Ltd. | Chengt ou | BBBg + | Stable | 2025/08/01 | BBBg   | Stable       | 2024/07/02 | CCXAP   | The upgrade reflects the company's strategic importance.   |
| Downgrade | Shandong Energy Group Co., Ltd.  | Energie s | Ba2    | Stable | 2025/08/01 | Ba1    | Rating Watch | 2025/05/06 | Moody's | The company's leverage ratio will remain high.   |
|           | Yankuang Energy Group Co., Ltd.  | Energie s | Ba2    | Stable | 2025/08/01 | Ba1    | Rating Watch | 2025/05/06 | Moody's | The company has close credit ties with its parent company, Shandong Energy, and the ratings were downgraded unanimously. |

Source: CCXAP research



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#### **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](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-28200711

Fax: +852-28208020