

2025 Issue 31 From August 11 to August 15

New Issuance of Chinese Offshore Bonds Decreased; Secondary Market Yields Increased

Headline: US July CPI at 2.7%, Below Expectations; China's July M2 Growth at 8.8%, Above Expectations

On August 12, the US announced its July CPI increased 2.7% YoY, below the expected 2.8% but matching the previous value. On August 13, China announced its July M2 money supply grew 8.8% YoY, exceeding both expectations and the previous reading.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of August 15, the RMB/USD middle rate closed at 7.1371, down 11.0bp from last Friday. The USD Index closed at 97.852, down 0.33% from last Friday.

Interest Rate: Chinese Government Bond Yields Increased; US Treasury Yields Increased

Last week, China Government Bond yields increased. The higher-than-expected core CPI data dampened market confidence in a potential rate cut in September, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From August 11 to August 15, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD2.24 billion, a decrease of 53.3% from last week. Among them, Chengtou were the main issuers, issuing a total of USD1.689 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of August 15, the return rate of Chinese USD bonds increased by 13.0bp to 4.85% compared to last Friday, among which the return rate of investment-grade bonds increased by 12.0bp to 6.42%, while the return rate of high-yield bonds increased by 27.0bp to 7.25%.

Rating Actions: CCXAP Assigned Credit Rating to One Entity

On August 11, CCXAP assigned first-time long-term credit rating of A_g to Jiangsu Fangyang Holdings Co., Ltd., with stable outlook.



Analyst Contacts

Saul Zuo
852-2810 7142
saul_zuo@ccxap.com

Natalie Xu
852-2810 7142
natalie_xu@ccxap.com

Other Contacts

Peter Chong
852-2860 7124
peter_chong@ccxap.com

Headline: US July CPI at 2.7%, below expectations; China's July M2 growth at 8.8%, above expectations

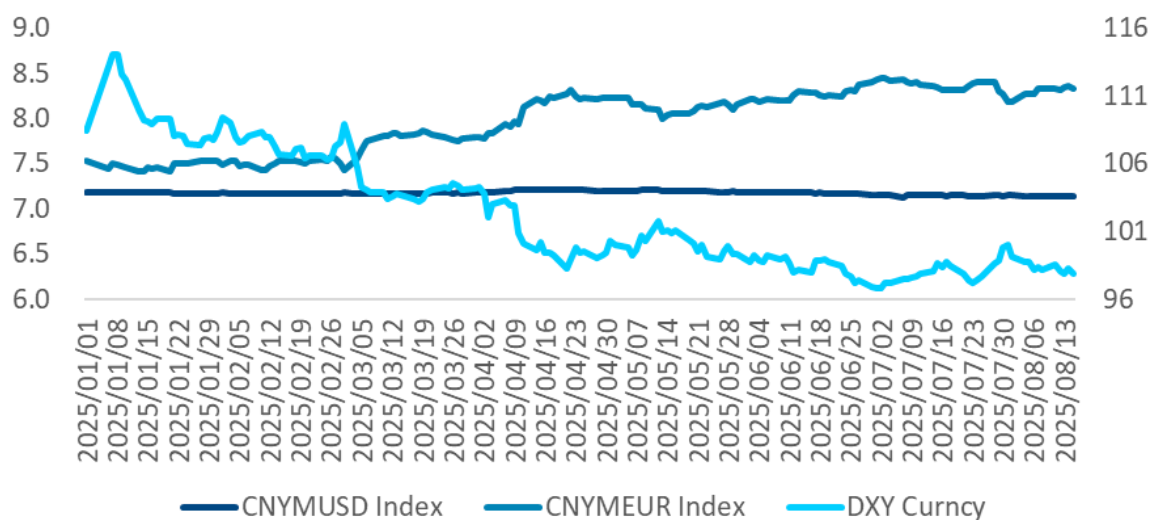
On August 12, the US announced its July CPI increased 2.7% YoY, below the expected 2.8% but matching the previous value. The core inflation rate rose to its highest level since February, primarily driven by rising service sector prices. Markets believe that despite a slight rebound in core inflation, the overall mild July CPI data has removed a major obstacle for Federal Reserve rate cuts. Traders significantly increased expectations for a September Fed rate cut, with the probability now as high as 95%. Notably, the supercore CPI (i.e., services inflation excluding housing) rose 0.55% MoM, hitting its highest level since January; year-on-year growth reached 3.59%, a new high since February. Significant increases in transportation costs and healthcare service costs were the main reasons for the rise in supercore CPI, and these areas do not appear to be directly affected by tariff policies.

On August 13, China announced its July M2 money supply grew 8.8% YoY, exceeding both expectations and the previous reading. At end-July, broad money supply (M2) stood at RMB329.94 trillion, rising by 8.8% YoY. Narrow money supply (M1), at RMB111.06 trillion, grew by 5.6% YoY. The amount of currency in circulation (M0) was RMB13.28 trillion, an increase of 11.8% YoY. The first seven months saw a net money injection of RMB465.1 billion. China's cumulative incremental total social financing (TSF) scale from January to July was RMB23.99 trillion, RMB5.12 trillion more than the same period last year, with July alone seeing RMB1.16 trillion in new TSF. RMB-denominated loans decreased by RMB50 billion in July, while new RMB deposits added RMB500 billion, and household deposits dropped by RMB1.11 trillion. The M2-M1 scissors gap narrowed to 3.2 percentage points, 0.5 percentage points smaller than the previous month.

Exchange Rate: RMB appreciated, USD Index decreased

In the past week, the RMB has appreciated. As of August 15, the RMB/USD middle rate closed at 7.1371, down 11.0bp from last Friday. The RMB/EUR middle rate closed at 8.3297, down 84.0bp from last Friday. The USD Index closed at 97.852, down 0.33% from last Friday.

Figure 1: RMB exchange rate

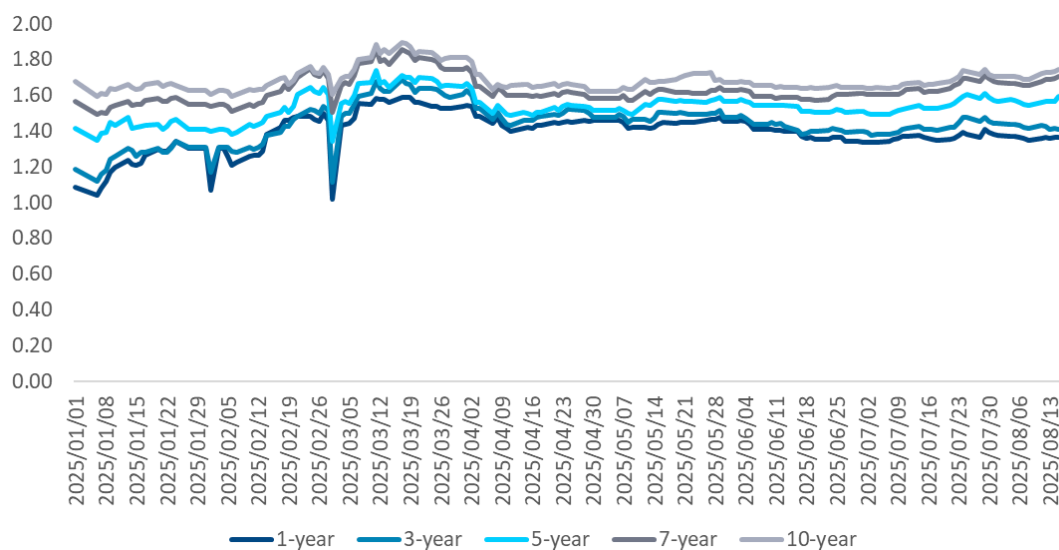


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of August 15, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3665%, 1.4091%, 1.5948%, 1.7070%, and 1.7465%, respectively. Compared with last Friday, the 1-year bond rose by 1.59bp, the 3-year bond fell by 0.68bp, the 5-year bond rose by 4.94bp, the 7-year bond rose by 4.94bp and the 10-year bond rose by 5.74bp.

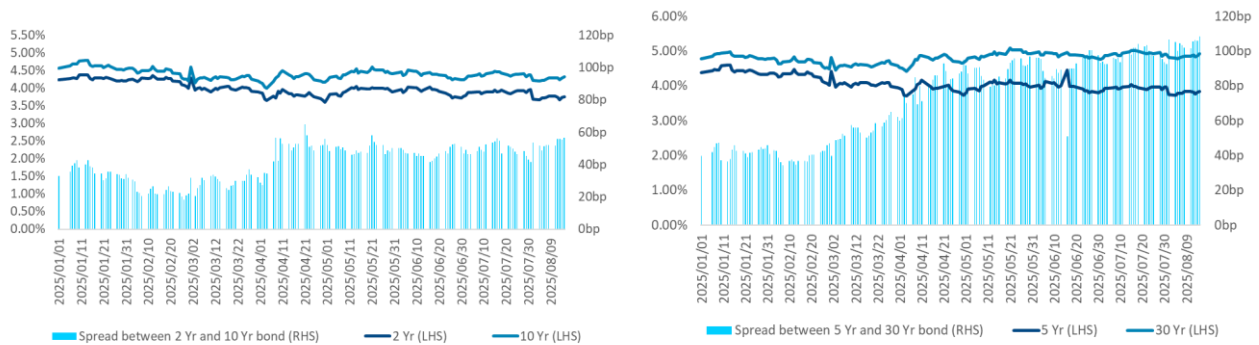
Figure 2: China Government Bond yields



Sources: CCXAP research

The higher-than-expected core CPI data dampened market confidence in a potential rate cut in September, US Treasury yields increased. As of August 15, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.7505%, 3.8362%, 4.3160%, and 4.9183%, respectively. Compared with last Friday, the 2-year note fell by 1.19bp, the 5-year note rose by 0.50bp, the 10-year note rose by 3.31bp and the 30-year bond rose by 6.89bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 4.50bp to 56.55bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 6.39bp to 108.21bp compared to last Friday.

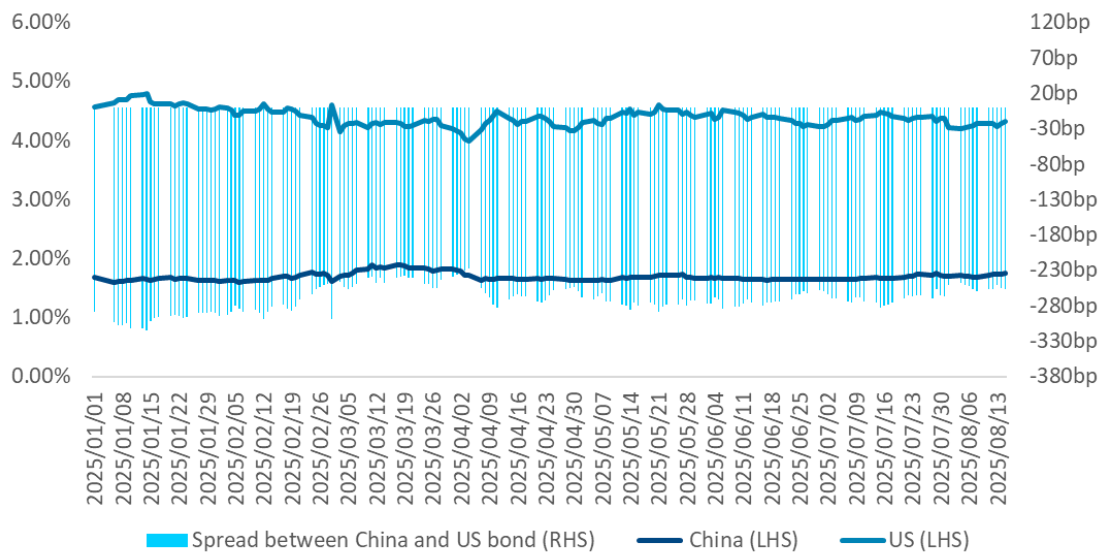
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of August 15, the 10-year Treasury bond interest rate gap between China and the United States was -257.0bp, narrowing by 2.4bp from last Friday and widening by 32.4bp 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 decreased

From August 11 to August 15, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD2.24 billion, a decrease of 53.3% from last week. Among them, Chengtong were the main issuers, issuing a total of USD1.689 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20250811-20250815)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/8/11	China Aircraft Leasing Group Holdings Ltd	USD	160	6	2028/8/14	3	Financials	-/-/-	-/-/-

2025/8/11	Guotai Haitong Securities Co Ltd	CNY	2,300	1.9	2028/8/18	3	Financ ials	Baa1/BBB+/-	Baa1/--/--
2025/8/11	CITIC Securities International Co Ltd	USD	10	4.32	2025/11/18	92D	Financ ials	-/BBB+/-	-/BBB+/-
2025/8/11	CNCB Hong Kong Investment Ltd	USD	2	0	2030/8/20	5	Financ ials	-/BBB+/BBB+	-/-/-
2025/8/12	Guangzhou Metro Group Co., Ltd.	CNY	2,700	2.15	2028/8/19	3	Cheng tou	A1/-/A	--/--/A
2025/8/12	Ganzhou Development Investment Holding Group Co Ltd	CNY	500	2.85	2028/8/19	3	Cheng tou	-/-/-	-/-/-
2025/8/12	Guangzhou Metro Group Co., Ltd.	CNY	800	2.25	2030/8/19	5	Cheng tou	A1/-/A	--/--/A
2025/8/12	China Securities International Finance Holding Co Ltd	USD	2.5	4.1	2026/8/19	365D	Financ ials	-/-/-	-/-/-
2025/8/12	China Securities International Finance Holding Co Ltd	USD	1	4.5	2025/10/15	61D	Financ ials	-/-/-	-/-/-
2025/8/12	Huatai International Financial Holdings Co Ltd	USD	30	0	2026/2/12	177D	Financ ials	-/BBB+/-	-/-/-
2025/8/12	CITIC Securities International Co Ltd	USD	3	0	2025/11/18	95D	Financ ials	-/BBB+/-	-/BBB+/-
2025/8/12	China Securities International Finance Holding Co Ltd	USD	10	4.55	2025/11/18	95D	Financ ials	-/-/-	-/-/-
2025/8/13	Henan Water Conservancy Investment Group Co Ltd	USD	500	4.3	2028/8/20	3	Cheng tou	A3/-/A-	--/--/A-
2025/8/13	Chengdu Sino French Ecological Park Investment Development Co Ltd	USD	100	6.8	2028/8/18	3	Cheng tou	-/-/-	-/-/-
2025/8/13	Chengdu Inland Port Hub Investment & Development Group Co Ltd	CNY	252	4.9	2028/8/20	3	Cheng tou	-/-/-	-/-/-
2025/8/13	TF International Securities Group Ltd	USD	8	5.1	2026/5/15	273D	Financ ials	-/-/BBB-	-/-/-
2025/8/13	CNCB Hong Kong Investment Ltd	USD	2	0	2030/8/22	5	Financ ials	-/BBB+/BBB+	-/-/-
2025/8/15	Sichuan Kaizhou Development Holding Group Co Ltd	USD	100	6.5	2028/8/22	3	Materi als	-/-/-	-/-/-
2025/8/15	Yancheng Oriental Investment & Development Group Co Ltd	USD	394	5.2	2028/8/20	3	Cheng tou	-/-/-	-/-/-

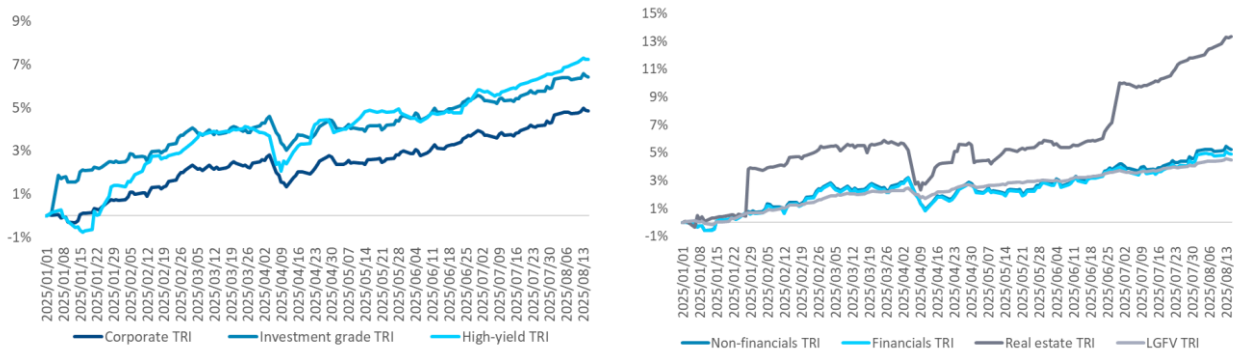
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of August 15, the year-to-date return¹ of Chinese USD bonds increased by 13.0bp to 4.85% compared to last Friday, among which the return rate of investment-grade bonds increased by 12.0bp to 6.42%, while the return rate of high-yield bonds increased by 27.0bp to 7.25%. By industry, the return rate of non-financial bonds was 5.26%, up 16.0bp from last Friday. The return rate of financial bonds was 4.9%, up 13.0bp. The return rate of real estate was 13.34%, up 72.0bp. The return rate of Chengtou was 4.5%, up 11.0bp.

¹ Year-to-date return measures the return since January 2, 2025

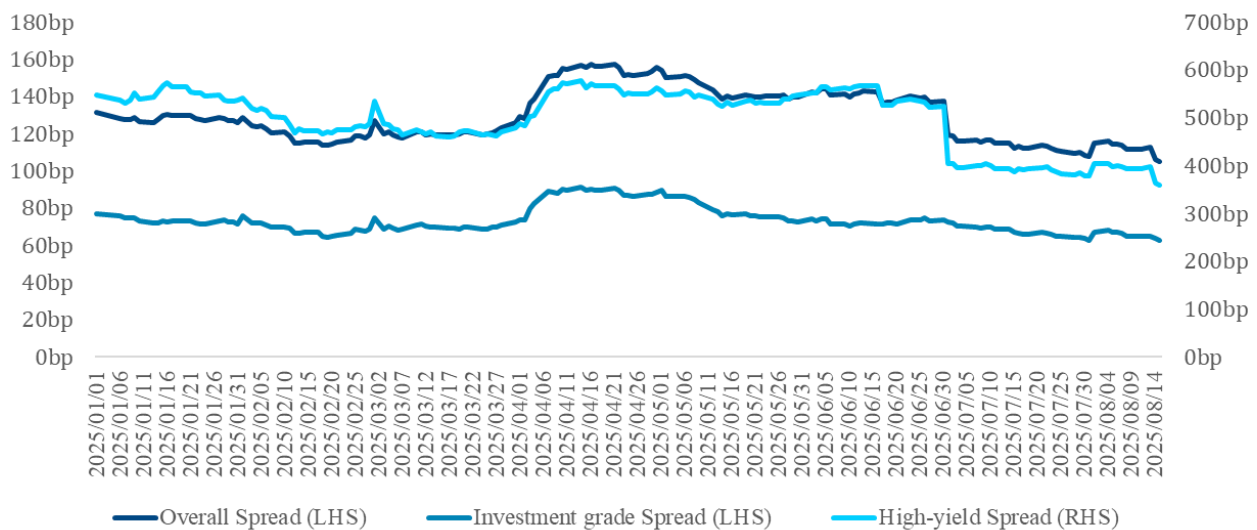
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of August 15, the spread of Chinese USD bonds narrowed by 6.8bp to 104.83bp from last Friday, among which the spread of investment-grade bonds narrowed by 2.4bp to 62.55bp, and the spread of high-yield bonds narrowed by 32.7bp to 359.77bp.

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



Sources: CCXAP research

From August 11 to August 15, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Shandong Guohui Investment Holding Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20250811-20250815)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
SHGUOH 3.15 08/27/25	Shandong Guohui Investment Holding Group Co., Ltd.	99.672	0.02	22.56	2.0787M
YUNDHL 2.25 08/19/25	Yunda Holding Group Co., Ltd.	99.996	0.01	3.65	573.3
KNMIDI 7.9 09/21/25	Kunming Industrial Development Investment Co., Ltd.	98.143	0.09	29.76	550.3

ZZREAL 5.1 09/13/25	Zhengzhou Urban Development Group Co., Ltd.	100.163	0.07	2.376	218.2
CHGDNU 2 09/11/25	CGN International Co., Ltd.	100.01	0.07	1.792	208.2
TME 1.375 09/03/25	Tencent Music Entertainment Group	99.881	0.04	4.646	178.2
HENANG 2.8 09/18/25	Henan Water Conservancy Investment Group Co., Ltd.	99.85	0.08	4.751	165
ZHZHCC 5.2 08/30/25	Zhengzhou Urban Construction Group Investment Co., Ltd.	100.259	0.03	-7.902	85.3
XIANGY 5.7 09/23/25	Xiamen Xiangyu Group Co., Ltd.	100.067	0.1	4.83	83.7
FTLNHD 4.625 10/15/25	Fujian New Town Holdings Group Co., Ltd.	99.705	0.15	6.581	81.5

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

Sources: CCXAP research

Ratings Action: CCXAP assigned credit rating to one entity

On August 11, CCXAP assigned first-time long-term credit rating of A_g to Jiangsu Fangyang Holdings Co., Ltd., Ltd. ("Fangyang Holdings"), with stable outlook.

Table 3: CCXAP's rating actions of cross-border issuer (20250811-20250815)

Rating Date	Obligor	Entity Rating	Rating Rational
2025/8/11	Fangyang Holdings	A _g	The rating reflects the Company's (1) full ownership by the Lianyungang Municipal Government; (2) important position as the core entity in the investment and operation of Xuwei New District; (3) good track record of receiving government support; and (4) diversified funding channels. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) high debt leverage driven by capital-intensive and large-scale construction projects; and (3) moderate asset liquidity.

Source: CCXAP research

From August 11 to August 15, rating agencies took positive rating action on 1 Chinese issuer.

Table 4: Rating actions of cross-border issuer (20250811-20250815)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Shenzhen Investment Holdings Co., Ltd.	Chengtou	A2	Stable	2025/08/13	A2	NEG	2025/05/27	Moody's	Shenzhen and even the Chinese government has the ability and willingness to provide support if necessary

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

Email: info@ccxap.com

Tel: +852-28200711

Fax: +852-28208020