

2025 Issue 32 From August 18 to August 22

New Issuance of Chinese Offshore Bonds Increased; Return on Chinese USD Bonds Increased

Headline: China Keeps 1-Year and 5-Year Loan Prime Rates Unchanged; Fed Chair Powell Hints at September Rate Cut in Speech

On August 20, China announced that the 1-year and 5-year Loan Prime Rates remained unchanged at 3.0% and 3.5%, respectively. On August 22, Federal Reserve Chair Powell emphasized in his speech at Jackson Hole that the Fed would pay greater attention to the risk of an economic downturn, which was seen as a strong signal for a September rate cut.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of August 22, the RMB/USD middle rate closed at 7.1321, down 50.0bp from last Friday. The USD Index closed at 97.72, down 0.13% from last Friday.

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

Last week, China Government Bond yields increased. As Fed Chair Powell hinted at a possible rate cut in September during his Jackson Hole speech, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From August 18 to August 22, Chinese enterprises issued 19 new bonds in the offshore market, totaling about US\$2.394 billion, an increase of 6.87% from last week. Among them, financial institutions were the main issuers, issuing a total of US\$922 million in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of August 22, the return rate of Chinese USD bonds increased by 30.0bp to 5.15% compared to last Friday, among which the return rate of investment-grade bonds increased by 33.0bp to 6.75%, while the return rate of high-yield bonds increased by 14.0bp to 7.39%.

Rating Actions: Rating Agencies Took Rating Actions on 3 Chinese Issuers

From August 18 to August 22, rating agencies took positive rating actions on 3 Chinese issuers.



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Headline: China keeps 1-year and 5-year Loan Prime Rates unchanged; Fed Chair Powell hints at September rate cut in speech

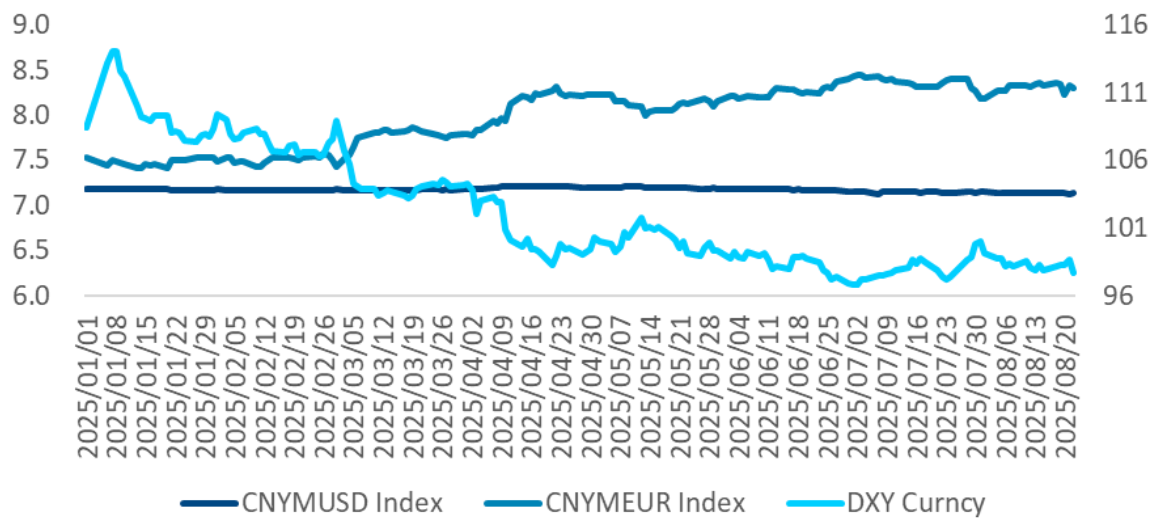
On August 20, China announced the 1-year and 5-year Loan Prime Rates (LPR) at 3.0% and 3.5%, respectively, unchanged and in line with market expectations. The stability of the policy rate (China 7-day reverse repo rate) throughout August meant that the pricing basis for the LPR quotation remained unchanged, which largely signaled that the August LPR would remain steady. The LPR has now held firm for three consecutive months, primarily because the macroeconomy demonstrated stable and relatively strong performance in the first half of the year, reducing the immediate need to guide the LPR lower to enhance counter-cyclical adjustment. The current period is one of policy observation. Holding the LPR unchanged in August allows for better coordination with subsequent policy measures, improves the effectiveness and precision of policy implementation, and facilitates a better balance between supporting the real economy and maintaining the financial soundness of the banking system.

On August 22, Federal Reserve Chair Powell emphasized in his speech at Jackson Hole that the Fed would pay greater attention to the risk of an economic downturn, which was seen as a strong signal for a September rate cut. However, behind this dovish pivot lies increasingly divisions within the Fed. For investors, while one rate cut may be imminent, the path toward further easing is far from smooth, and policy uncertainty is becoming a new focal point. In his speech, Powell explicitly stated that "the balance of risks appears to be shifting" and underscored that "downside risks to employment are rising". He noted that, with policy already in restrictive territory, these factors "may warrant adjusting our policy stance". These remarks were widely interpreted as his strongest signal yet for initiating rate cuts. Almost immediately after Powell's speech, Wall Street characterized it as a dovish pivot. Many analysts believe that this not only confirms the intention to cut rates in the near term but also marks a shift in the Fed's policy focus.

Exchange Rate: RMB appreciated, USD Index decreased

In the past week, the RMB has appreciated. As of August 22, the RMB/USD middle rate closed at 7.1321, down 50.0bp from last Friday. The RMB/EUR middle rate closed at 8.298, down 317.0bp from last Friday. The USD Index closed at 97.72, down 0.13% from last Friday.

Figure 1: RMB exchange rate

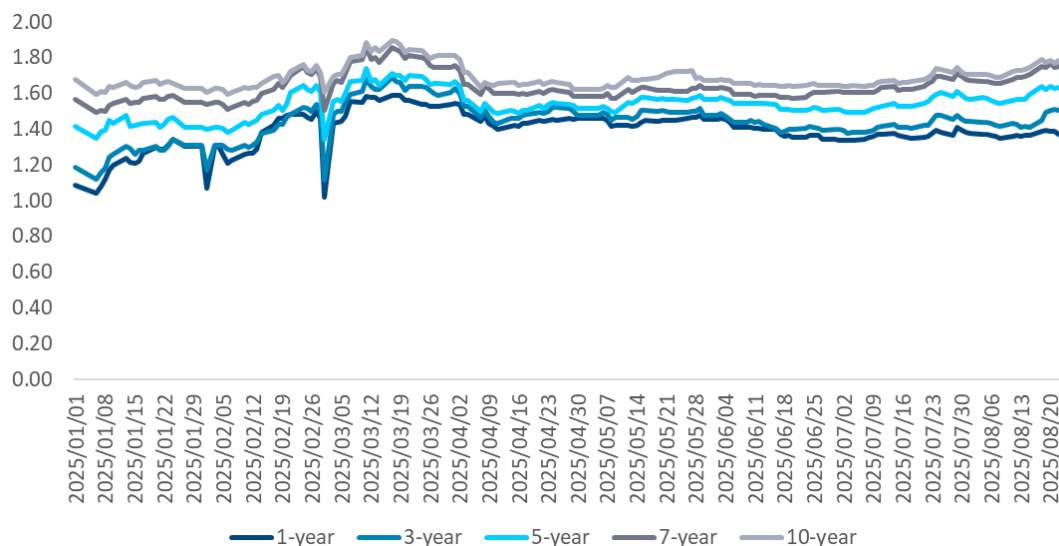


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of August 22, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3707%, 1.5064%, 1.6324%, 1.7525% and 1.7818%, respectively. Up 0.42bp, 9.73bp, 3.76bp, 4.55bp and 3.53bp from last Friday.

Figure 2: China Government Bond yields

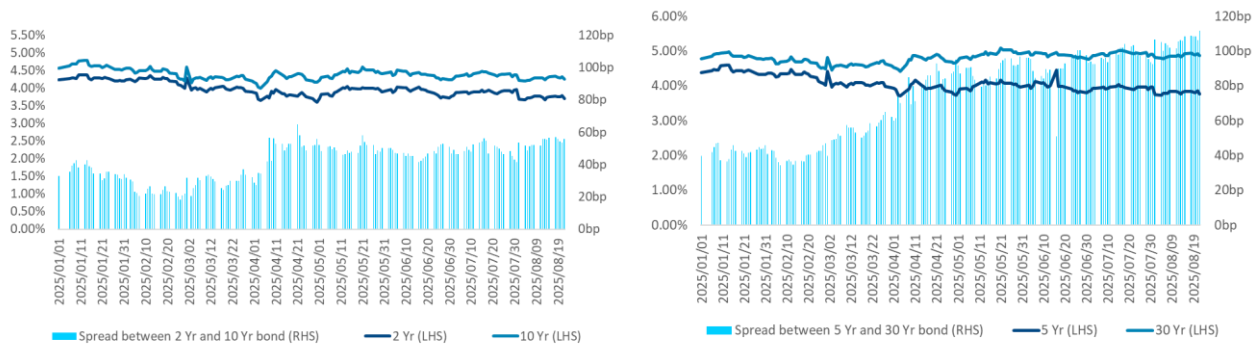


Sources: CCXAP research

As Fed Chair Powell hinted at a possible rate cut in September during his Jackson Hole speech, US Treasury yields decreased. As of August 22, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.6963%, 3.7590%, 4.2537% and 4.8755%, respectively. Down 5.42bp, 7.72bp,

6.23bp and 4.28bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 0.81bp to 55.74bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 3.44bp to 111.65bp compared to last Friday.

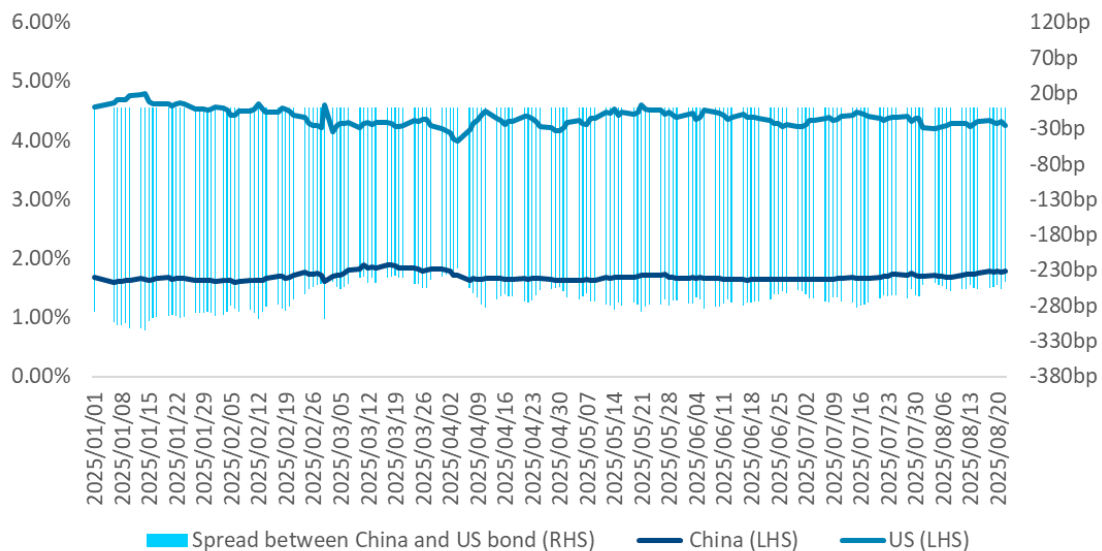
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of August 22, the 10-year Treasury bond interest rate gap between China and the United States was -247.2bp, narrowing by 9.8bp from last Friday and widening by 42.2bp 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 August 18 to August 22, Chinese enterprises issued 19 new bonds in the offshore market, totaling about US\$2.394 billion, an increase of 6.87% from last week. Among them, financial institutions were the main issuers, issuing a total of US\$922 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20250818-20250822)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/8/18	Zhengzhou Jianzhong Construction and Development Group Co Ltd	CNY	710	5	2028/8/25	3	Chengtou	-/-/-	-/-/-
2025/8/18	Zhangzhou Yuanshan Development Co Ltd	USD	22	7	2028/8/25	3	Chengtou	-/-/-	-/-/-
2025/8/19	CMB International Capital Corp Ltd	USD	300	SOFR +60	2028/8/26	3	Financials	A3/-/-	-/-/-
2025/8/19	CMB International Capital Corp Ltd	USD	300	SOFR +68	2030/8/26	5	Financials	A3/-/-	-/-/-
2025/8/19	Ganzhou Urban Investment Holding Group Co Ltd	USD	250	4.8	2028/8/26	3	Chengtou	-/-/BBB-	-/-/BBB-
2025/8/19	Hangzhou Fuyang Transportation Development Investment Group Co., Ltd.	CNY	774	2.9	2028/8/25	3	Chengtou	-/-/BBB-	-/-/BBB-
2025/8/19	Tongling State-Owned Capital Operation Holding Group Co Ltd	USD	200	4.65	2028/8/25	3	Chengtou	-/-/-	-/-/-
2025/8/19	Huatai International Financial Holdings Co Ltd	HKD	300	2.98	2025/11/25	92D	Financials	-/BBB+/-	-/-/-
2025/8/19	CITIC Securities International Co Ltd	USD	0.5	0	2027/8/26	2	Financials	-/BBB+/-	-/BBB+/-
2025/8/19	CITIC Securities International Co Ltd	USD	30	9.25	2025/11/24	94D	Financials	-/BBB+/-	-/BBB+/-
2025/8/19	Xin'an County Fadada Construction Engineering Co., Ltd.	CNY	406	7.5	2026/8/19	1	Industrials	-/-/-	-/-/-
2025/8/20	Shandong Hi-Speed Holdings Group Ltd	USD	40	5	2026/8/19	364D	Financials	-/-/A-	-/-/-
2025/8/20	GF Holdings Hong Kong Corp Ltd	USD	23	4.53	2025/12/5	91D	Financials	-/-/-	-/-/-
2025/8/21	Binzhou Smart City Operation Co Ltd	USD	35	6.7	2028/8/26	3	Chengtou	-/-/-	-/-/-
2025/8/21	Huatai International Financial Holdings Co Ltd	USD	30	0	2026/2/27	184D	Financials	-/BBB+/-	-/-/-
2025/8/21	Risland Thailand Co Ltd	THB	700	7	2026/8/19	363D	Real Estate	-/-/-	-/-/-
2025/8/22	Huatai International Financial Holdings Co Ltd	USD	40	4.43	2026/3/4	189D	Financials	-/BBB+/-	-/-/-
2025/8/22	GF Holdings Hong Kong Corp Ltd	USD	100	4.59	2025/11/4	68D	Financials	-/-/-	-/-/-
2025/8/22	GF Holdings Hong Kong Corp Ltd	USD	20	4.56	2025/9/29	33D	Financials	-/-/-	-/-/-

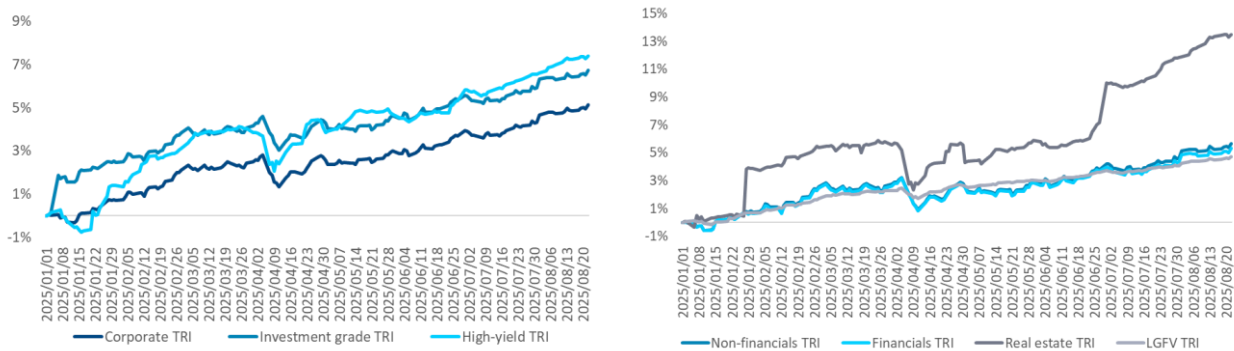
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of August 22, the year-to-date return¹ of Chinese USD bonds increased by 30.0bp to 5.15% compared to last Friday, among which the return rate of investment-grade bonds increased by 33.0bp to 6.75%, while the return rate of high-yield bonds increased by 14.0bp to 7.39%. By industry, the return rate of non-financial bonds was 5.65%, up 40.0bp from last Friday. The return rate of financial bonds was 5.31%, up 41.0bp. The return rate of real estate was 13.48%, up 14.0bp. The return rate of Chengtou was 4.71%, up 20.0bp.

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

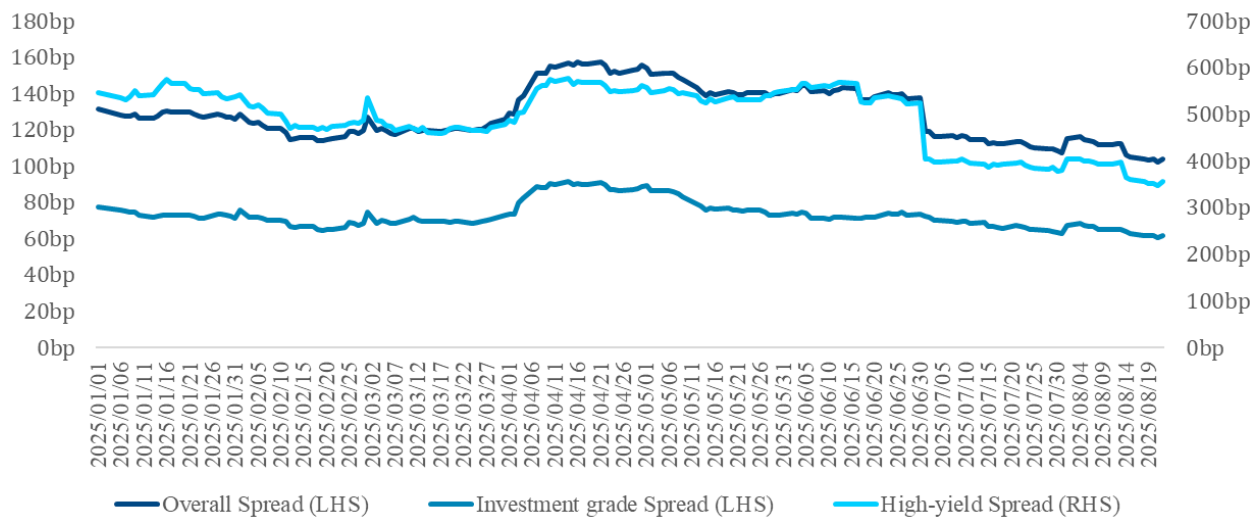
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of August 22, the spread of Chinese USD bonds narrowed by 0.8bp to 104.0bp from last Friday, among which the spread of investment-grade bonds narrowed by 0.9bp to 61.69bp, and the spread of high-yield bonds narrowed by 3.8bp to 355.94bp.

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



Sources: CCXAP research

From August 18 to August 22, 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 (20250818-20250822)

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.	99.63	0.01	134.738	13.6353M
KNMIDI 7.9 09/21/25	Kunming Industrial Development Investment Co., Ltd.	98.143	0.07	243.9	864.4

CCB Float 02/09/26	China Construction Bank Corporation, London Branch	100.097	0.46	3.867	819.4
ZHZHCC 5.2 08/30/25	Zhengzhou Urban Construction Group Investment Co., Ltd.	100.055	0.01	0	723.2
CCB Float 11/02/26	China Construction Bank Corporation, London Branch	100.245	1.19	3.836	430.3
ZZREAL 5.1 09/13/25	Zhengzhou Urban Development Group Co., Ltd.	100.277	0.05	-1.509	323.7
HENANG 2.8 09/18/25	Henan Water Conservancy Investment Group Co., Ltd.	99.863	0.06	5.208	243.9
CHGDNU 2 09/11/25	China General Nuclear Power Group Co., Ltd.	100.025	0.04	1.322	200.9
IBCBL 1.75 08/25/25	ICBC International Holdings Limited	99.967	0.01	0	161.1
ICBCAS Float 06/02/26	Industrial and Commercial Bank of China (New Zealand) Limited	100.208	0.77	3.757	134.7

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 3 Chinese issuers

From August 18 to August 22, rating agencies took positive rating actions on 3 Chinese issuers.

Table 3: Rating actions of cross-border issuer (20250818-20250822)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Guangzhou Financial Holding Group Co., Ltd.	Chengtou	A-	Stable	2025/08/19	BBB+	Stable	2025/04/10	Fitch	The Guangzhou Municipal Government has strengthened its support responsibilities for Guangzhou Financial Holdings.
	Heze Investment Development Group Co., Ltd.	Chengtou	Ag-	Stable	2025/08/20	BBBg+	Stable	2024/06/27	CCXAP	As the most important state-owned capital operator in Heze City, the company boasts highly diversified and sustainable businesses.
	Taiyuan Longcheng Development Investment Group Co., Ltd.	Chengtou	Baa2	Stable	2025/08/21	Baa3	Stable	2025/05/27	Moody's	The Taiyuan Municipal Government's support capabilities have increased, and the company, as Taiyuan's primary local government

									financing platform, enjoys close ties with the government.
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Source: CCXAP research

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