

## 2025 Issue 35 From September 8 to September 12

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

**Headline: China's August CPI Fell by 0.4% YoY; US August PPI Rose by 2.6% YoY**

On September 10, China announced its August CPI decreased by 0.4% YoY, exceeding expectations. On September 10, the US announced its August PPI rose 2.6% YoY, below the expected 3.3%.

### **Exchange Rate: RMB Appreciated; USD Index Decreased**

Last week, the RMB has appreciated. As of September 12, the RMB/USD middle rate closed at 7.1019, down 45.0bp from last Friday. The USD Index closed at 97.55, down 0.22% from last Friday.

### **Interest Rate: Chinese Government Bond Yields Increased; US Treasury Yields were Mixed**

Last week, China Government Bond yields increased. As markets priced in an imminent interest rate cut by the Federal Reserve, US Treasury yields were mixed.

### **Chinese Offshore Bond Market**

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

From September 8 to September 12, Chinese enterprises issued 14 new bonds in the offshore market, totaling about USD3.163 billion, an increase of 13.46% from last week. Among them, industrial entities were the main issuers, issuing a total of USD1.47 billion in bonds.

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

As of September 12, the return rate of Chinese USD bonds increased by 19.0bp to 6.00% compared to last Friday, among which the return rate of investment-grade bonds increased by 19.0bp to 7.58%, while the return rate of high-yield bonds increased by 22.0bp to 8.42%.

#### **Rating Actions: CCXAP Assigned Credit Rating to One Entity**

On September 11, CCXAP assigned first-time long-term credit rating of BBB<sub>g</sub> to Huainan High-tech Investment Holding Group Co., Ltd., with stable outlook.



## 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: China's August CPI fell by 0.4% YoY; US August PPI rose by 2.6% YoY

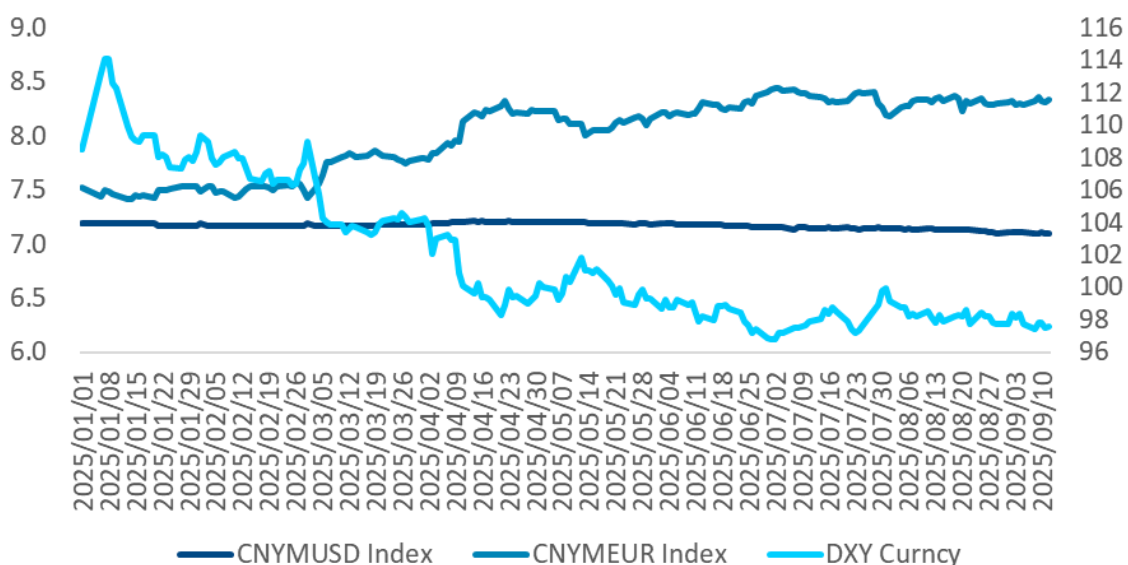
On September 10, China announced its August CPI decreased by 0.4% YoY, exceeding expectations. Specifically, urban areas declined by 0.3%, while rural areas fell by 0.6%; food prices dropped by 4.3%, whereas non-food prices rose by 0.5%; consumer goods prices decreased by 1.0%, and services prices increased by 0.6%. From January to August, the average national CPI fell by 0.1% compared to the same period last year. In August, the national CPI remained unchanged MoM. Specifically, urban areas were flat, while rural areas rose by 0.1%; food prices increased by 0.5%, while non-food prices declined by 0.1%; consumer goods prices edged up by 0.1%, and services prices held steady.

On September 10, the US announced its August PPI rose 2.6% YoY, below the expected 3.3%; it declined 0.1% MoM, missing the 0.3% forecast, with the previous figure revised down to 0.9%. Lower services costs offset higher goods prices, though rising intermediate demand prices hinted at future pressures. After the data release, traders increased bets on Federal Reserve rate cuts. Following the US PPI data, futures for the three major US stock indices briefly extended gains: Nasdaq futures rose 0.48% on the day, S&P 500 futures gained 0.49%, and Dow futures edged up 0.02%. US Treasury yields dipped shortly after the release, with the 2-year yield falling over 3bp and the 10-year yield dropping more than 2bp. The US Dollar Index turned lower, declining 0.06% on the day.

## Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of September 12, the RMB/USD middle rate closed at 7.1019, down 45.0bp from last Friday. The RMB/EUR middle rate closed at 8.3326, up 373.0bp from last Friday. The USD Index closed at 97.55, down 0.22% from last Friday.

Figure 1: RMB exchange rate

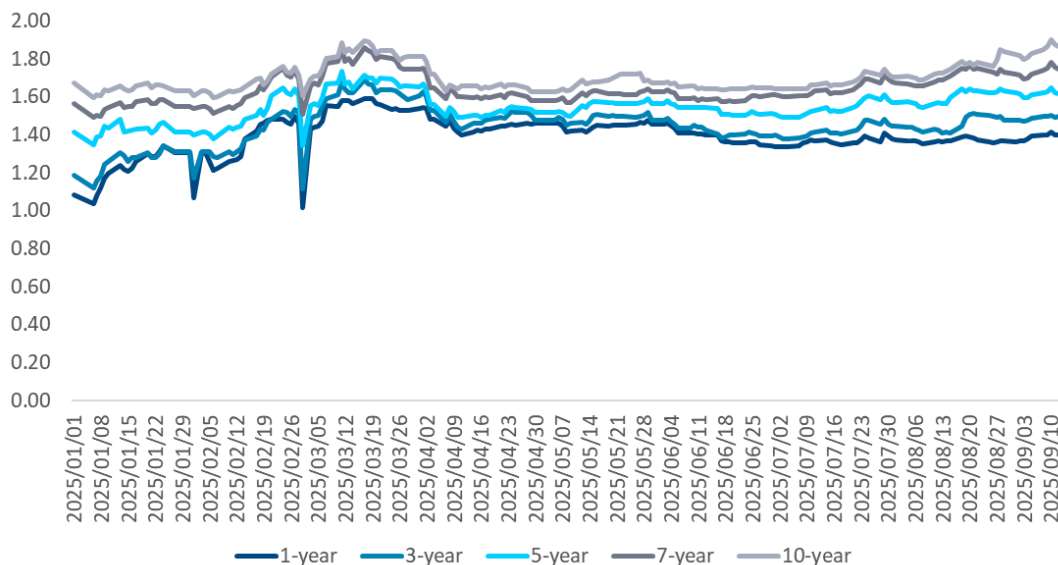


Sources: CCXAP research

## Interest Rate: Chinese Government Bond yields increased; US Treasury yields were mixed

In the past week, China Government Bond yields generally increased. As of September 12, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.4000%, 1.4973%, 1.6139%, 1.7445%, and 1.8670%, respectively. Up 0.41bp, 0.97bp, 0.18bp, 2.25bp, and 4.10bp from last Friday.

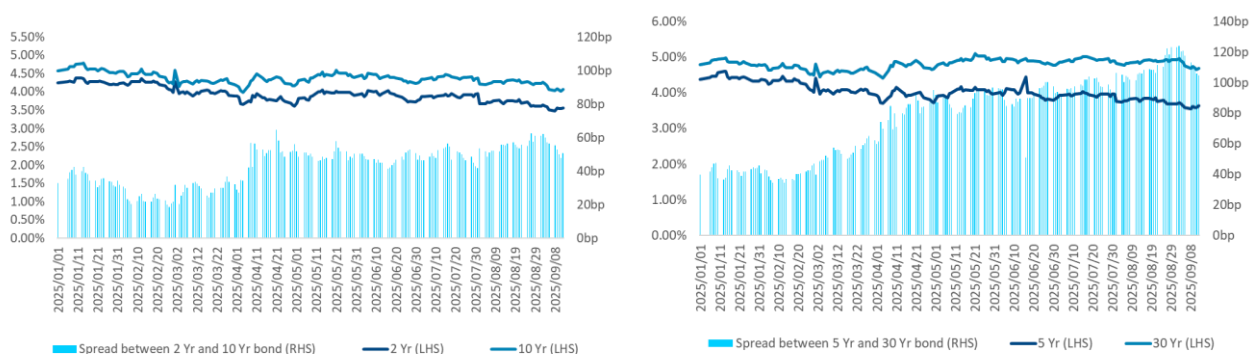
Figure 2: China Government Bond yields



Sources: CCXAP research

As markets priced in an imminent interest rate cut by the Federal Reserve, US Treasury yields were mixed. As of September 12, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5556%, 3.6334%, 4.0643%, and 4.6805%, respectively. Compared with last Friday, the 2-year bond rose by 4.64bp, the 5-year bond rose by 5.17bp, the 10-year bond fell by 0.99bp and the 30-year bond fell by 7.82bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 5.63bp to 50.87bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 12.99bp to 104.71bp compared to last Friday.

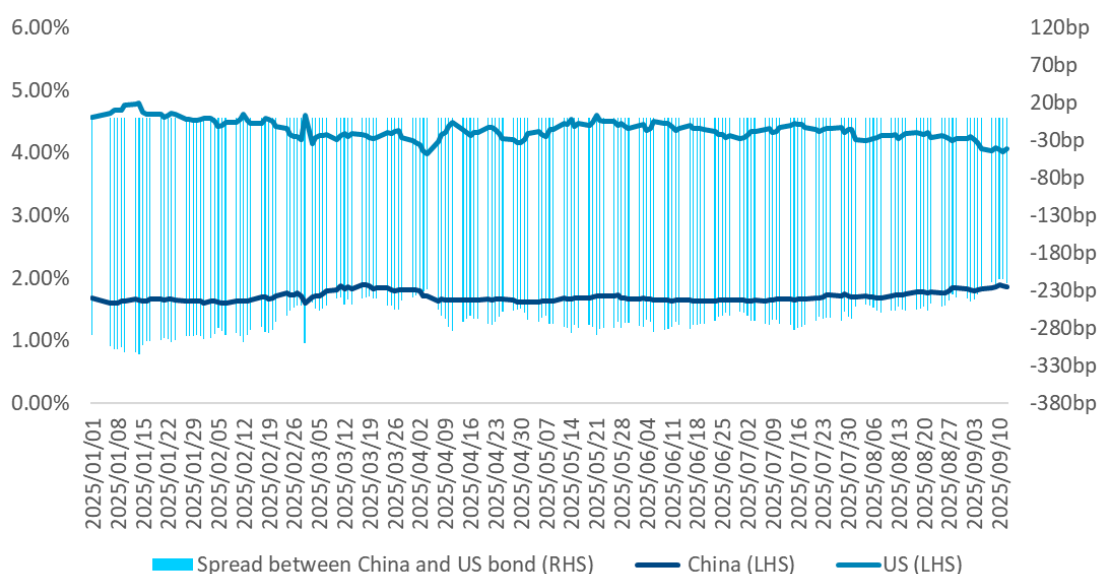
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of September 12, the 10-year Treasury bond interest rate gap between China and the United States was -219.7bp, narrowing by 5.1bp from last Friday and widening by 69.6bp 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 September 8 to September 12, Chinese enterprises issued 14 new bonds in the offshore market, totaling about USD3.163 billion, an increase of 13.46% from last week. Among them, industrial entities were the main issuers, issuing a total of USD1.47 billion in bonds.

**Table 1: New issuance of Chinese offshore bonds (20250908-20250912)**

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/9/8	Baidu Inc	CNY	4,400	1.9	2029/3/15	3	Communications	A3/-/A	A3/-/-
2025/9/8	Shaoxing Shangyu State-owned Capital Investment Operation Co Ltd	USD	300	4.38	2028/9/11	3	Chengtou	-/-/BBB-	-/-/-
2025/9/9	CITIC Securities International Co Ltd	USD	10	4.27	2025/12/16	91D	Financials	-/BBB+/-	-/BBB+/-
2025/9/9	GF Holdings Hong Kong Corp Ltd	USD	20	4.31	2026/3/11	181D	Financials	-/-/-	-/-/-
2025/9/9	Guotai Junan International Holdings Ltd	USD	34	4.35	2026/3/16	181D	Financials	Baa2/BBB+/-	-/-/-
2025/9/10	CCB Shipping and Aviation Leasing Corp Ltd	USD	800	SOFR +62	2028/9/17	3	Financials	A1/A/A	-/A/A
2025/9/10	State Grid International Development Ltd	CNY	6,000	1.88	2028/9/17	3	Utilities	A1/A+/A	A1/A+/A
2025/9/10	Hubei Science & Technology Investment Group Co Ltd	USD	300	4.4	2028/9/17	3	Chengtou	Baa2/-/BBB	-/-/BBB
2025/9/10	Zhengding State-Owned Assets Holding & Operation Group Co Ltd	CNY	500	6	2028/9/15	3	Chengtou	-/-/-	-/-/-

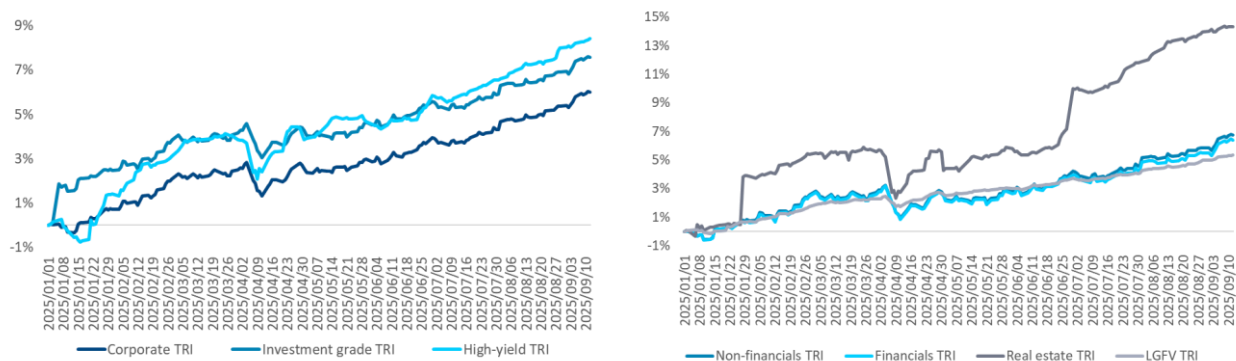
2025/9/10	GF Holdings Hong Kong Corp Ltd	USD	20	4.35	2025/12/16	91D	Financ ials	-/-/-	-/-/-
2025/9/10	CITIC Securities International Co Ltd	USD	5	4.19	2025/10/17	30D	Financ ials	-/BBB+/-	-/BBB+/-
2025/9/11	Kunming Industrial Development & Investment Co Ltd	CNY	480	8.5	2027/9/16	2	Cheng tou	-/-/-	-/-/-
2025/9/11	CNCB Hong Kong Investment Ltd	USD	1.5	0	2030/9/20	5	Financ ials	-/BBB+/BBB+	-/-/-
2025/9/12	Sichuan Xinyao Chancheng Integration Ind Investment & Development Group Co Ltd	USD	80	6.5	2028/9/17	3	Cheng tou	-/-/-	-/-/-

Sources: CCXAP research

## Secondary Market: return on Chinese USD bonds increased

As of September 12, the year-to-date return<sup>1</sup> of Chinese USD bonds increased by 19.0bp to 6.00% compared to last Friday, among which the return rate of investment-grade bonds increased by 19.0bp to 7.58%, while the return rate of high-yield bonds increased by 22.0bp to 8.42%. By industry, the return rate of non-financial bonds was 6.73%, up 26.0bp from last Friday. The return rate of financial bonds was 6.40%, up 27.0bp. The return rate of real estate was 14.34%, up 19.0bp. The return rate of Chengtou was 5.33%, up 13.0bp.

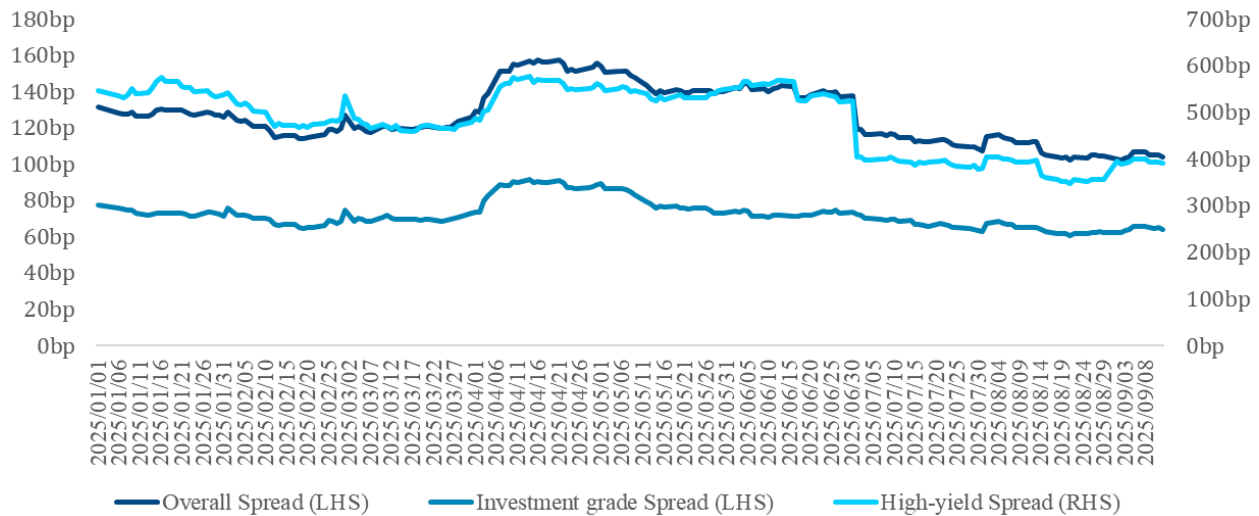
**Figure 5: YTD return on Markit iBoxx Chinese USD bond index**



Sources: CCXAP research

As of September 12, the spread of Chinese USD bonds narrowed by 2.8bp to 103.61bp from last Friday, among which the spread of investment-grade bonds narrowed by 2.0bp to 63.56bp, and the spread of high-yield bonds narrowed by 7.6bp to 391.29bp.

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

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


Sources: CCXAP research

From September 8 to September 12, 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 (20250908-20250912)**

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.	98.843	0.02	109.079	12.2134M
HENANG 2.8 09/18/25	Henan Water Conservancy Investment Group Co., Ltd.	99.871	0.01	48.626	6.2444M
FTLNHD 45 10/15/25	Seazen Holdings Group Co., Ltd.	100.029	0.08	4.217	421.9
POLHON 4 11/10/25	Poly Property Group Co., Ltd. (Hong Kong)	99.958	0.15	4.227	219.4
PDCTEV 7.5 04/10/26	Pingdu Urban Development Group Co., Ltd.	100.512	0.57	6.544	210.7
ICBCAS 3.58 PERP	Industrial and Commercial Bank of China (New Zealand) Limited	100.002	永续	3.342	144.9
CFAMCI 4.25 PERP	China CITIC Financial Asset Management Co., Ltd.	100.129	永续	0.664	136.2
JDZHSI 6.8 10/25/25	Jingdezhen Hesheng Industrial Investment Development Co., Ltd.	100.053	0.11	6.13	113.1
XIANGY 5.7 09/23/25	Xiamen Xiangyu Group Co., Ltd.	100.132	0.02	2.158	91.5
EHICAR 7 09/21/26	eHi Car Rental Co., Ltd.	73.86	1.02	41.133	87.6

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

Sources: CCXAP research

## Rating Actions: CCXAP assigned credit rating to one entity

On September 11, CCXAP assigned first-time long-term credit rating of BBB<sub>g</sub> to Huainan High-tech Investment Holding Group Co., Ltd., with stable outlook.



**Table 3: CCXAP's rating actions of cross-border issuer (20250908-20250912)**

Rating Date	Obligor	Entity Rating	Rating Rational
2025/9/11	HHTI	BBB <sub>g</sub>	The rating reflects the Company's (1) ownership by the Huainan Municipal Government; (2) essential role as an important infrastructure investment and financing entity in Huainan City, especially in Huainan HIDZ; and (3) good track record of receiving government support. However, the rating is constrained by the Company's (1) increasing debt burden with relatively high debt leverage; (2) medium exposure to contingent risk; and (3) weak asset quality.

Source: CCXAP research

From September 8 to September 12, rating agencies took positive rating action on 1 Chinese issuer and negative rating actions on 3 Chinese issuers.

**Table 4: Rating actions of cross-border issuer (20250908-20250912)**

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Midea Group Co., Ltd.	Industrials	A+	Stable	2025/09/11	A	POS	2024/08/30	S&P	The company's market position is stable and gradually expands
Downgrade	China Construction International Construction Co., Ltd.	Industrials	BBB+	Stable	2025/09/09	A-	Stable	2024/09/12	Fitch	Fitch believes the prospects for the Chinese engineering and construction (E&C) industry deteriorate, as well as structural challenges facing the engineering and construction business of China's construction in the transformation of the construction industry
	China Construction Co., Ltd.	Industrials	A-	Stable	2025/09/09	A	Stable	2024/09/12	Fitch	Fitch believes the prospects for the Chinese engineering and construction (E&C) industry deteriorate, as well as structural challenges facing the engineering and construction business of China's

									construction in the transformation of the construction industry
	Sinochem Hong Kong (Group) Co., Ltd.	Industrials	Baa1	Stable	2025/09/11	A3	Neg	2024/04/30	Moody's The company's leverage ratio increases due to investment in a partially held listed real estate subsidiary

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