

2025 Issue 41 From October 27 to October 31

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

Headline: Fed makes second consecutive interest rate cut; China's official October manufacturing PMI falls below previous reading

On October 30, the Federal Reserve announced its interest rate decision, implementing a second consecutive 25-basis-point rate cut, in line with market expectations. On October 31, China announced its official October manufacturing PMI at 49.0%, down 0.8 percentage points from the previous month.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of October 31, the RMB/USD middle rate closed at 7.088, down 48.0bp from last Friday. The USD Index closed at 99.804, up 0.85% from last Friday.

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

Last week, China Government Bond yields decreased. Despite the Federal Reserve's further rate cut in October, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From October 27 to October 31, Chinese enterprises issued 24 new bonds in the offshore market, totaling about USD5.648 billion, an increase of 80.65% from last week. Among them, industrial companies were the main issuer, issuing a total of USD4.997 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of October 31, the return rate of Chinese USD bonds decreased by 19.0bp to 6.75% compared to last Friday, among which the return rate of investment-grade bonds decreased by 21.0bp to 8.43%, while the return rate of high-yield bonds decreased by 11.0bp to 8.60%.

Rating Actions: CCXAP Assigned Credit Ratings to 2 Chinese Entities

From October 27 to October 31, CCXAP assigned credit ratings to 2 entities, Guangxi Modern Logistics Group Co., Ltd. and Jinshang Bond Insurance Co., Ltd.



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Headline: Fed Makes Second Consecutive Interest Rate Cut; China's Official October Manufacturing PMI Falls Below Previous Reading

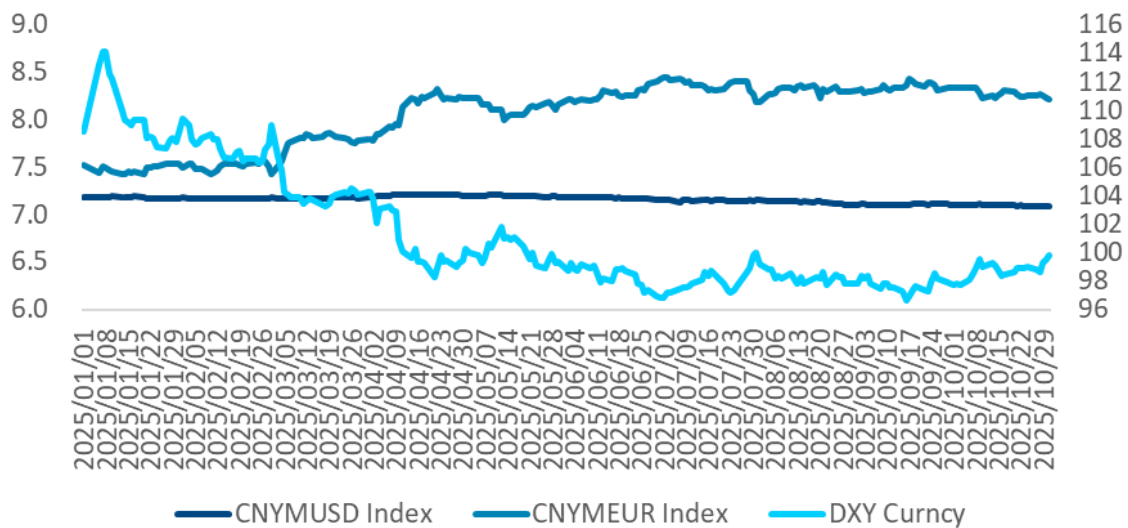
On October 30, the Federal Reserve announced its interest rate decision, implementing a second consecutive 25-basis-point rate cut, in line with market expectations. By Tuesday's close, the CME FedWatch Tool showed futures markets pricing in a 99.9% probability of a 25-basis-point rate cut this week, with a 91% probability of another 25-basis-point cut at the December meeting. This indicates markets have almost fully priced in expectations for three total rate cuts within the year. The interest rate outlook released after September's FOMC meeting showed most Fed policymakers had raised their projected number of rate cuts for this year from two (as announced in June) to three. As in the previous two meetings, Fed decision-makers again failed to reach consensus on rate action. With two FOMC members, including newly appointed Governor Milan, handpicked by President Trump, voting against the 25-basis-point cut, the central bank's internal divisions persisted. Unlike before, however, disagreements emerged this time both over the extent of easing and whether to continue with further action.

On October 31, China announced its official October manufacturing PMI at 49.0%, down 0.8 percentage points from the previous month. By enterprise size, the PMI for large, medium, and small enterprises was 49.9%, 48.7%, and 47.1%, respectively, down 1.1, 0.1, and 1.1 percentage points from the prior month, all below the critical point. Among the five sub-indices composing the manufacturing PMI, only the supplier delivery time index remained at the threshold, while the production index, new orders index, raw material inventory index, and employment index all stayed below. The production index stood at 49.7%, down 2.2 percentage points from the previous month, indicating a slowdown in manufacturing output. The new orders index registered 48.8%, falling 0.9 percentage points, reflecting a pullback in manufacturing market demand. The raw material inventory index came in at 47.3%, declining 1.2 percentage points, signaling a continued reduction in raw material stockpiles. The employment index was 48.3%, down 0.2 percentage points, suggesting a slight deterioration in hiring sentiment among manufacturing firms.

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of October 31, the RMB/USD middle rate closed at 7.088, down 48.0bp from last Friday. The RMB/EUR middle rate closed at 8.2138, down 348.0bp from last Friday. The USD Index closed at 99.804, up 0.85% from last Friday.

Figure 1: RMB exchange rate

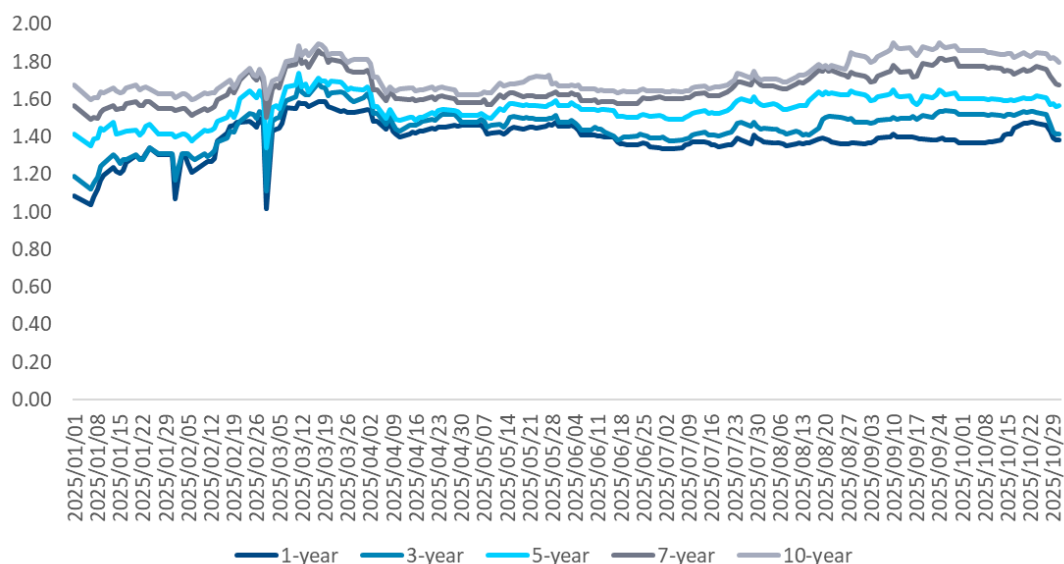


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of October 31, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3826%, 1.4146%, 1.5662%, 1.6768%, and 1.7954%, respectively. Down 8.90bp, 11.48bp, 5.12bp, 9.63bp, and 5.32bp from last Friday.

Figure 2: China Government Bond yields

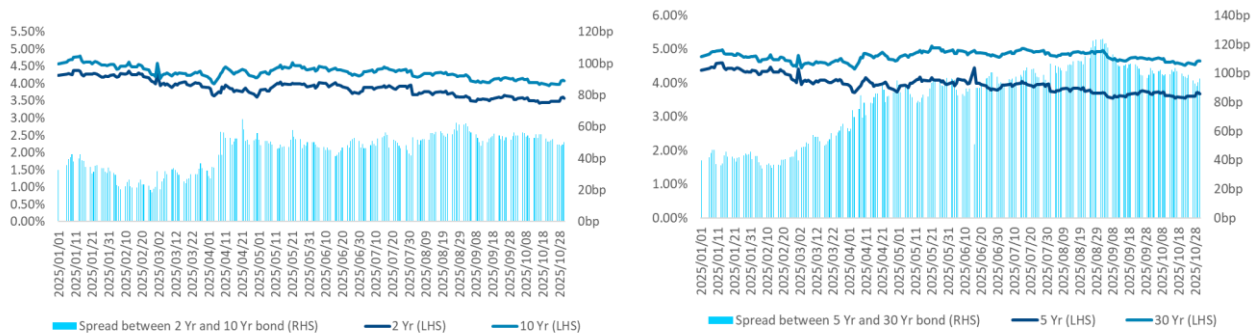


Sources: CCXAP research

Despite the Federal Reserve's further rate cut in October, US Treasury yields increased. As of October 31, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5736%, 3.6871%,

4.0775%, and 4.6512%, respectively. Up 9.37bp, 8.18bp, 7.68bp, and 5.84bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 1.69bp to 50.39bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 2.34bp to 96.41bp compared to last Friday.

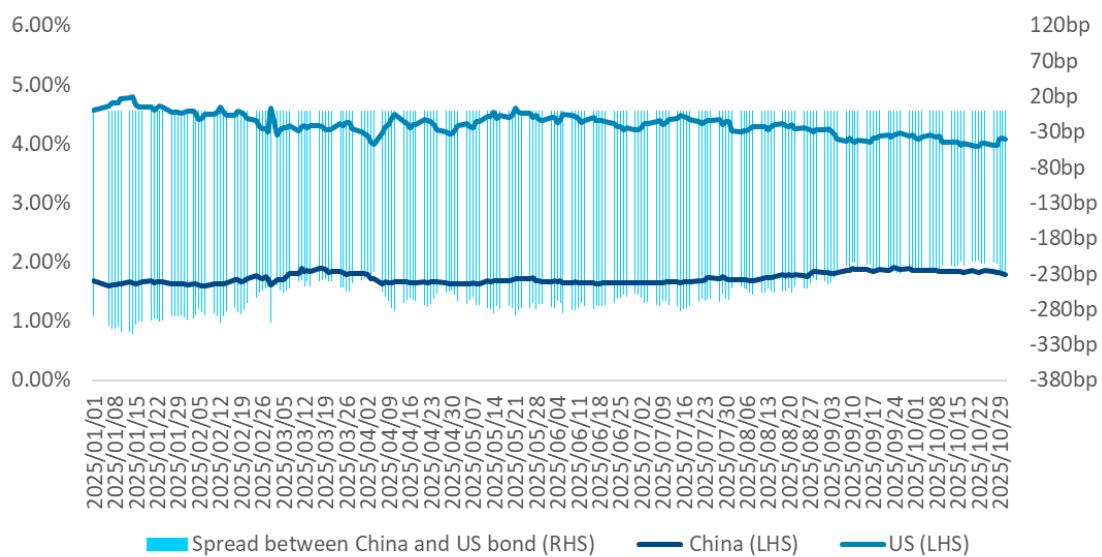
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of October 31, the 10-year Treasury bond interest rate gap between China and the United States was -228.2, narrowing by 13.0bp from last Friday and widening by 61.2bp 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 From October 27 to October 31, Chinese enterprises issued 24 new bonds in the offshore market, totaling about USD5.648 billion, an increase of 80.65% from last week. Among them, industrial companies were the main issuer, issuing a total of USD4.997 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20251027-20251031)

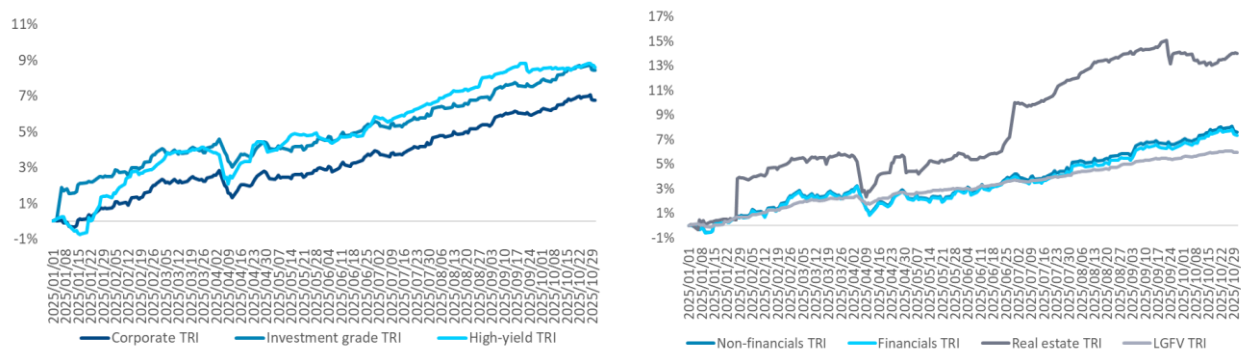
Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/10/27	China International Capital Corp International Ltd	USD	7	4.1	2026/1/6	67D	Financials	Baa1/BBB+/BBB+	-/-/-
2025/10/27	CITIC Securities International Co Ltd	USD	8	0	2026/1/30	91D	Financials	-/BBB+/-	-/-/-
2025/10/28	Meituan	USD	800	5.125	2035/11/5	10	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	USD	600	4.75	2032/11/5	7	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	USD	600	4.5	2031/5/5	5	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	CNY	5,000	3.1	2035/11/5	10	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	CNY	2,080	2.55	2030/11/5	5	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	USD	800	5.125	2035/11/5	10	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	USD	600	4.5	2031/5/5	5	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Meituan	USD	600	4.75	2032/11/5	7	Communications	Baa1/A-/BBB+	Baa1/A-/BBB+
2025/10/28	Far East Horizon Ltd	HKD	100	3.6	2028/11/10	3	Financials	-/BBB-/	-/-/-
2025/10/28	Weifang Ocean Investment Group Co Ltd	CNY	416	6.9	2028/11/4	3	Chengtou	-/-/-	-/-/-
2025/10/28	ICBCIL Finance Co Ltd	USD	150	SOFR+33	2026/11/4	364D	Financials	-/-/-	-/-/-
2025/10/28	Huatai International Financial Holdings Co Ltd	USD	50	4.23	2026/2/4	92D	Financials	Baa1/BBB+/-	-/-/-
2025/10/28	Huatai International Financial Holdings Co Ltd	USD	50	4.23	2026/2/3	91D	Financials	Baa1/BBB+/-	-/-/-
2025/10/28	GF Holdings Hong Kong Corp Ltd	USD	15	4.15	2026/2/2	94D	Financials	-/BBB/BBB	-/-/-
2025/10/28	GF Holdings Hong Kong Corp Ltd	CNY	70	1.73	2026/2/2	90D	Financials	-/BBB/BBB	-/-/-
2025/10/28	GF Holdings Hong Kong Corp Ltd	USD	5	4.02	2026/2/3	92D	Financials	-/BBB/BBB	-/-/-
2025/10/28	GF Holdings Hong Kong Corp Ltd	USD	80	SOFR+55	2026/11/2	364D	Financials	-/BBB/BBB	-/-/-
2025/10/30	CITIC Securities International Co Ltd	USD	6	0	2026/5/6	181D	Financials	-/BBB+/-	-/-/-
2025/10/30	BOCOM International Holdings Co Ltd	USD	1	0	2028/11/10	3	Financials	Baa1/-/A	-/-/-
2025/10/30	Taixing Runjia Holdings Co., Ltd.	CNY	3.1	5.5	2028/9/19	3	城投	-/-/-	-/-/-
2025/10/31	Taixing Runjia Holdings Co., Ltd.	CNY	150	5	2028/11/6	3	Chengtou	-/-/-	-/-/-
2025/10/31	CITIC Securities International Co Ltd	CNY	600	2.5	2027/11/4	2	Financials	-/BBB+/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of October 31, the year-to-date return¹ of Chinese USD bonds decreased by 19.0bp to 6.75% compared to last Friday, among which the return rate of investment-grade bonds decreased by 21.0bp to 8.43%, while the return rate of high-yield bonds decreased by 11.0bp to 8.60%. By industry, the return rate of non-financial bonds was 7.63%, down 29.0bp from last Friday. The return rate of financial bonds was 7.34%, down 32.0bp. The return rate of real estate was 14.03%, up 49.0bp. The return rate of Chengtou was 5.95%, down 9.0bp.

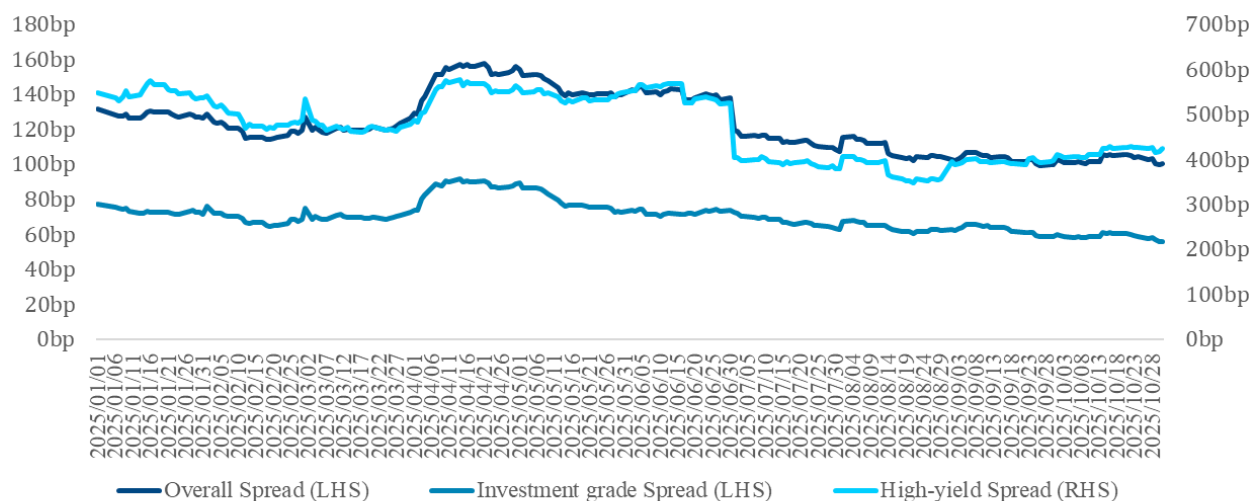
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of October 31, the spread of Chinese USD bonds narrowed by 3.6bp to 100.43bp from last Friday, among which the spread of investment-grade bonds narrowed by 3.3bp to 55.47bp, and the spread of high-yield bonds narrowed by 3.0bp to 422.97bp.

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



Sources: CCXAP research

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

From October 27 to October 31, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Zhuhai Huafa Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20251027-20251031)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
ZHHFGR 2.8 11/04/25	Zhuhai Huafa Group Co., Ltd.	100.068	0.01	21.368	723.5
VNKRLE 3.975 11/09/27	Vanke Co., Ltd.	57.914	2.01	34.81	360.3
VNKRLE 3.5 11/12/29	Vanke Co., Ltd.	49.898	4.02	23.412	252.9
SDIC 1.5 11/05/25	State Development & Investment Corporation	99.993	0.01	3.991	225.2
FTLNHD 4.5 05/02/26	New City Development Holdings Co., Ltd.	95.027	0.49	15.445	154.5
GZGETH 6.3 12/06/25	Guangzhou Development Zone Holdings Group Co., Ltd.	100.354	0.09	1.993	122.2
KAFEDI 6.5 06/04/28	Kaifeng Development & Investment Group Co., Ltd.	96.973	2.58	7.816	118.8
ZOUCAO 8 12/14/25	Zoucheng City Urban Capital Holdings Group Co., Ltd.	99.974	0.11	8.123	107
LNGFOR 4.5 01/16/28	Longfor Group Holdings Co., Ltd.	90.884	2.2	9.174	100.5
WHHTTZ 7 03/26/27	Weihai Huantong Industrial Investment Group Co., Ltd.	93.305	1.39	12.438	89.7

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

Sources: CCXAP research

Rating Actions: CCXAP assigned credit ratings to 2 Chinese entities

On October 30, CCXAP assigned first-time long-term credit rating of A_g- to Taizhou Guangxi Modern Logistics Group Co., Ltd. (“GMLG”), with stable outlook.

On October 31, CCXAP assigned first-time long-term credit rating of A_g+ to Jinshang Bond Insurance Co., Ltd. (“JSBI”), with stable outlook.

Table 3: CCXAP’s rating actions of cross-border issuer (20251027-20251031)

Rating Date	Obligor	Entity Rating	Rating Rational
2025/10/30	GMLG	A _g -	The rating reflects Company’s (1) strong market position in the commodity trading and warehouse logistics sectors of Guangxi Zhuang Autonomous Region; (2) relatively diversified business portfolio to mitigate business risks and revenue volatility; and (3) good access to external funding channels. However, the rating is constrained by the Company’s (1) large capital expenditure pressure from self-operated projects; (2) high debt leverage and high short-term repayment pressure; and (3) moderate credit metrics.
2025/10/31	JSBI	A _g +	The rating reflects Company’s (1) important strategic position as the only credit enhancement company in Shanxi Province; (2) sufficient capital adequacy supported by large SOE shareholders; and (3) relatively good funding access. However, the rating is constrained by the Company’s (1) relatively high geographic and singleclient concentration risk; (2) business development and investment returns are subject to evolving policy and market conditions; and (3) relatively weak liquidity profile.

Source: CCXAP research

From From October 27 to October 31, rating agencies took positive rating action on 3 Chinese issuers.

Table 4: Rating actions of cross-border issuer (20251027-20251031)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	AXA Tianping Property Insurance Co., Ltd.	Financials	A	Stable	2025/10/27	A-	Pos	2023/12/20	S&P	The company's capitalization process continues to progress.
	Zijin Mining Group Co., Ltd.	Mining	BBB	Stable	2025/10/27	BBB-	Pos	2025/06/11	S&P	The company's future earnings growth is expected to be significant.
	Meihua Biotechnology Group Co., Ltd.	Technologies	Baa3	Pos	2025/10/30	Baa3	Stable	2023/03/16	Moody's	The company is expected to continue its steady revenue growth over the next 12-18 months.

Source: CCXAP research

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