

2025 Issue 42 From November 3 to November 7

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

Headline: US October ADP Employment Beats Expectations; China's October CPI Rises 0.2% YoY

On November 5, the US reported an October ADP employment increase of 42,000, exceeding the expected 24,000. On November 9, China announced its October CPI increased by 0.2% YoY, higher than the previous reading.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of November 7, the RMB/USD middle rate closed at 7.0836, down 44.0bp from last Friday. The USD Index closed at 99.603, down 0.2% from last Friday.

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

Last week, China Government Bond yields increased. Diverging market expectations regarding future Fed rate cuts resulted in a mixed performance across US Treasury yields.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From November 3 to November 7, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD3.596 billion, a decrease of 36.34% from last week. Among them, financial institutions were the main issuer, issuing a total of USD2.641 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of November 7, the return rate of Chinese USD bonds decreased by 3.0bp to 6.72% compared to last Friday, among which the return rate of investment-grade bonds increased by 5.0bp to 8.49%, while the return rate of high-yield bonds decreased by 58.0bp to 8.03%.

Rating Actions: CCXAP Assigned Credit Rating to 1 Chinese Entity

On November 4, CCXAP assigned first-time long-term credit rating of A_g- to Wuhan Gehua Group Co., Ltd., with stable outlook.



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Headline: US October ADP Employment beats expectations; China's October CPI rises 0.2% YoY

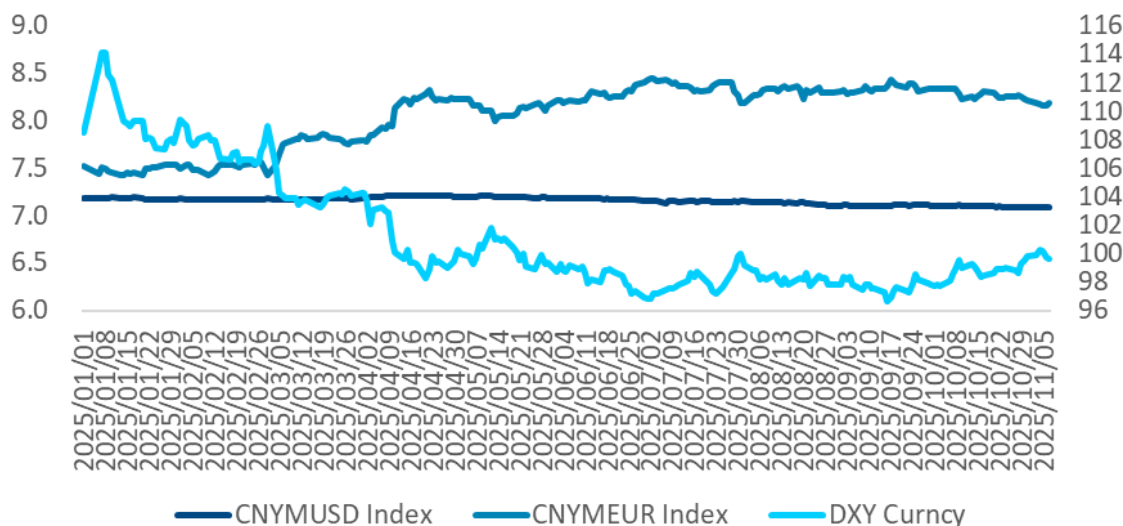
On November 5, the US reported an October ADP employment increase of 42,000, exceeding the expected 24,000. The US labor market showed signs of stabilization after two consecutive months of decline, but overall labor demand continues to slow with stagnant wage growth, adding uncertainty to whether the Fed will continue rate cuts in December. Following the data release, the US Dollar Index briefly edged higher, now quoted at 100.19. US stock futures showed limited short-term movement, with the Nasdaq 100 Index futures maintaining a decline of approximately 0.1%. The US 10-year Treasury yield briefly climbed, now at 4.084%. Spot gold dipped about \$5 short-term, currently at \$3,964.83 per ounce. Although the 42,000 job gain in October marked positive growth, it slowed notably compared to earlier levels this year. This figure aligns with the overall trend of weak labor market demand, as businesses turn cautious in hiring. Specifically, the service sector added 32,000 jobs in October, while the goods-producing sector contributed 9,000 new positions. After the Fed's second consecutive rate cut last week, Chair Powell noted that he sees the labor market "very gradual cooling, but nothing more than that". Powell explicitly emphasized uncertainty over whether the Fed will cut rates again at its December meeting. The modest October employment data offers new input for the Fed's policy decisions. On one hand, signs of labor market stabilization ease concerns about rapid deterioration; on the other, the broader slowdown in demand and stagnant wage growth require policymakers to carefully assess economic trends in upcoming meetings.

On November 9, China announced its October CPI increased by 0.2% YoY, higher than the previous reading. Specifically, urban areas rose by 0.3%, while rural areas fell by 0.2%; food prices decreased by 2.9%, while non-food prices increased by 0.9%; consumer goods prices fell by 0.2%, while services prices rose by 0.8%. From January to October, the national average consumer price fell by 0.1% compared to the same period last year. October CPI increased by 0.2% MoM. Specifically, urban areas rose by 0.2%, rural areas increased by 0.1%; food prices rose by 0.3%, non-food prices increased by 0.2%; consumer goods prices rose by 0.2%, and services prices increased by 0.2%. Prices for food, alcohol, and tobacco fell by 1.6% YoY, contributing to a 0.46 percentage point decline in the CPI. Among food items, egg prices dropped by 11.6%, contributing to a 0.08 percentage point decline in the CPI; livestock meat prices fell by 7.4%, contributing to a 0.23 percentage point decline, with pork prices down by 16.0%, contributing to a 0.23 percentage point decline; fresh vegetable prices decreased by 7.3%, contributing to a 0.18 percentage point decline; fresh fruit prices fell by 2.0%, contributing to a 0.04 percentage point decline; grain prices dropped by 0.7%, contributing to a 0.01 percentage point decline; while aquatic product prices rose by 2.0%, contributing to a 0.04 percentage point increase in the CPI. Among the other seven major categories, six rose and one fell YoY. Specifically, prices for other goods and services, household goods and services, and apparel rose by 12.8%, 1.9%, and 1.7%, respectively; healthcare, education culture and recreation, and housing prices increased by 1.4%, 0.9%, and 0.1%, respectively; while transportation and communication prices fell by 1.5%.

Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of November 7, the RMB/USD middle rate closed at 7.0836, down 44.0bp from last Friday. The RMB/EUR middle rate closed at 8.1892, down 246.0bp from last Friday. The USD Index closed at 99.603, down 0.2% from last Friday.

Figure 1: RMB exchange rate

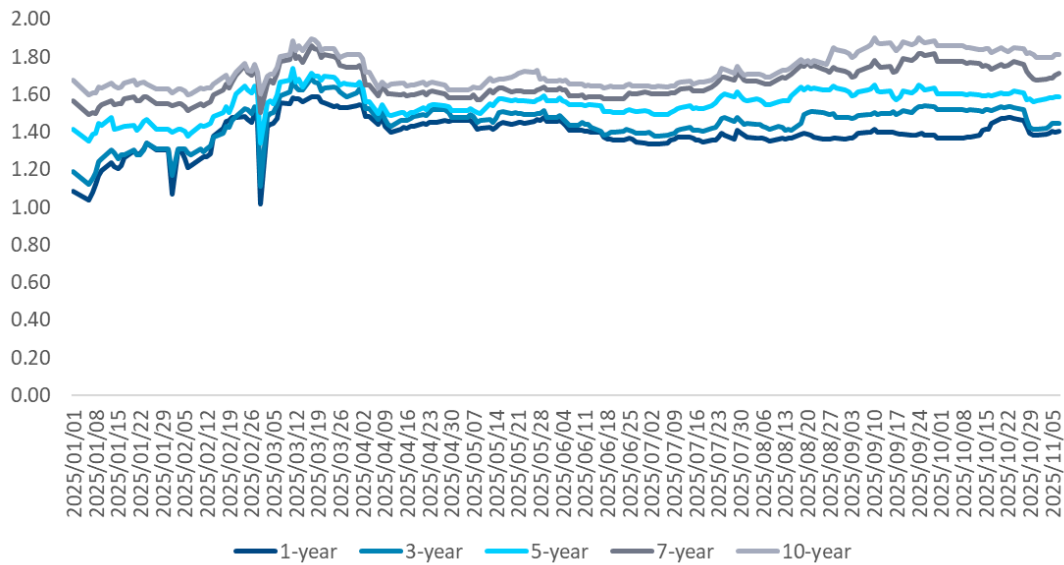


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of November 7, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.4045%, 1.4449%, 1.5873%, 1.7138%, and 1.8142%, respectively. Up 2.19bp, 3.03bp, 2.11bp, 3.70bp and 1.88bp from last Friday.

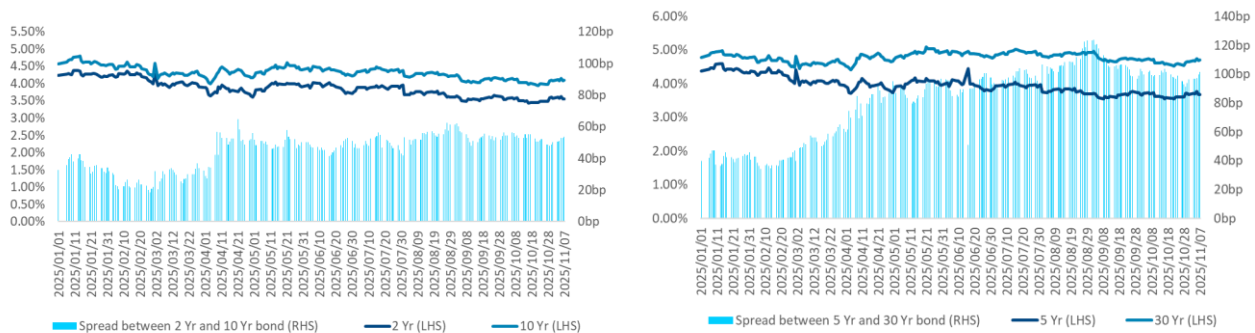
Figure 2: China Government Bond yields



Sources: CCXAP research

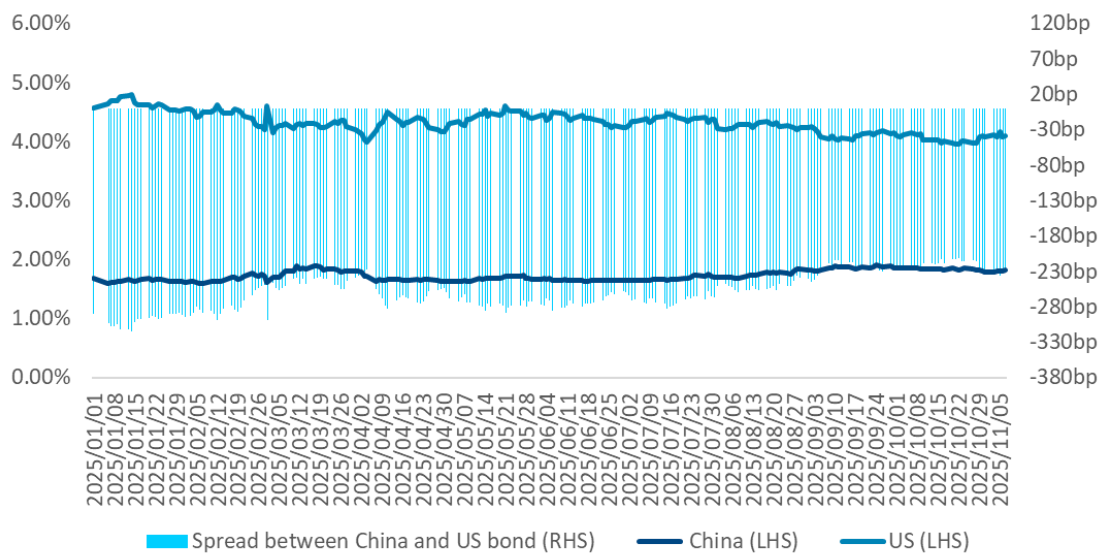
Diverging market expectations regarding future Fed rate cuts resulted in a mixed performance across US Treasury yields. As of November 7, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5616%, 3.6838%, 4.0966%, and 4.6986%, respectively. Compared to last Friday, the 2-year yield decreased by 1.20bp, the 5-year yield decreased by 0.33bp, the 10-year yield increased by 1.91bp, and the 30-year yield increased by 4.74bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 3.11bp to 53.50bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 5.07bp to 101.48bp compared to last Friday.

Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of November 7, the 10-year Treasury bond interest rate gap between China and the United States was -228.2, unchanged from last Friday and widening by 61.1bp 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 November 3 to November 7, Chinese enterprises issued 19 new bonds in the offshore market, totaling about USD3.596 billion, a decrease of 36.34% from last week. Among them, financial institutions were the main issuer, issuing a total of USD2.641 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20251103-20251107)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/11/3	Bank of China Ltd/Sydney	USD	500	SOFR +49	2030/11/10	5	Banks	A1/-/-	A1/A/A
2025/11/3	Bank of China Ltd/Sydney	CNY	2,000	1.92	2028/11/10	3	Banks	A1/-/-	A1/A/A
2025/11/3	China Securities International Finance Holding Co Ltd	CNY	70	1.8	2026/4/28	174D	Financials	-/-/-	-/-/-
2025/11/3	Huatai International Financial Holdings Co Ltd	USD	50	4.18	2026/5/12	183D	Financials	Baa1/BBB+/-	-/-/-
2025/11/3	Tianfeng Securities Co Ltd	USD	7	4.8	2026/8/5	273D	Financials	-/-/BBB-	-/-/BBB-
2025/11/4	CDB Financial Leasing Co., Ltd.	USD	500	4.6	2035/11/11	10	Financials	A1/A/A	--/--/BBB+
2025/11/4	China Railway Construction Corporation Limited	CNY	1,000	2.6	2035/11/12	10	Industrials	A3/A/--	A3/--/--
2025/11/4	China Railway Construction Corporation Limited	CNY	3,000	2.18	2030/11/11	5	Industrials	A3/A/--	A3/--/--
2025/11/4	Huatai International Financial Holdings Co Ltd	USD	54	4.26	2026/2/12	93D	Financials	Baa1/BBB+/-	-/-/-
2025/11/4	Taixing Runjia Holdings Co., Ltd.	CNY	120	5.5	2028/9/19	3	Chengtou	-/-/-	-/-/-
2025/11/5	Dongtai State-owned Assets Operation Group Co., Ltd.	CNY	310	5	2028/11/10	3	Chengtou	-/-/-	-/-/-
2025/11/5	Shandong Gaocheng Holdings Group Co., Ltd.	CNY	149	6.6	2028/11/12	3	Chengtou	-/-/-	-/-/-
2025/11/5	Shandong Zhengfang Holdings Group Co., Ltd.	CNY	247	6.7	2028/11/10	3	Chengtou	-/-/-	-/-/-
2025/11/5	Xuzhou High-tech Holdings Group Co., Ltd.	USD	100	4.4	2028/11/13	3	Chengtou	-/-/-	-/-/-

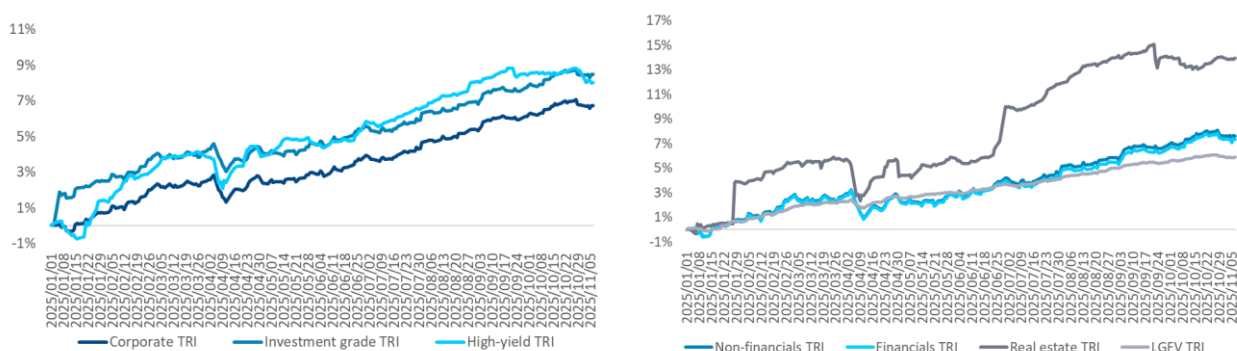
2025/11/6	China Cinda (Hong Kong) Holdings Limited	USD	460	4.9294	2030/11/13	5	Financials	Baa2/BBB+/A-	--/BBB+/-
2025/11/6	China Cinda (Hong Kong) Holdings Limited	USD	500	4.375	2028/11/13	3	Financials	Baa2/BBB+/A-	--/BBB+/-
2025/11/6	China Cinda (Hong Kong) Holdings Limited	CNY	2,000	2.6	2030/11/13	5	Financials	Baa2/BBB+/A-	--/BBB+/-
2025/11/6	Chongqing Bazhou Cultural Tourism Industry Group Co., Ltd.	CNY	694	2.8	2028/11/13	3	Chengtou	-/-/-	-/-/-
2025/11/7	Jiangsu Jintan Guofa International Investment and Development Co., Ltd.	USD	82	4.3	2028/11/13	3	Chengtou	-/-/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of November 7, the year-to-date return¹ of Chinese USD bonds decreased by 3.0bp to 6.72% compared to last Friday, among which the return rate of investment-grade bonds increased by 5.0bp to 8.49%, while the return rate of high-yield bonds decreased by 58.0bp to 8.03%. By industry, the return rate of non-financial bonds was 7.62%, down 1.0bp from last Friday. The return rate of financial bonds was 7.34%, unchanged. The return rate of real estate was 13.93%, down 10.0bp. The return rate of Chengtou was 5.9%, down 5.0bp.

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

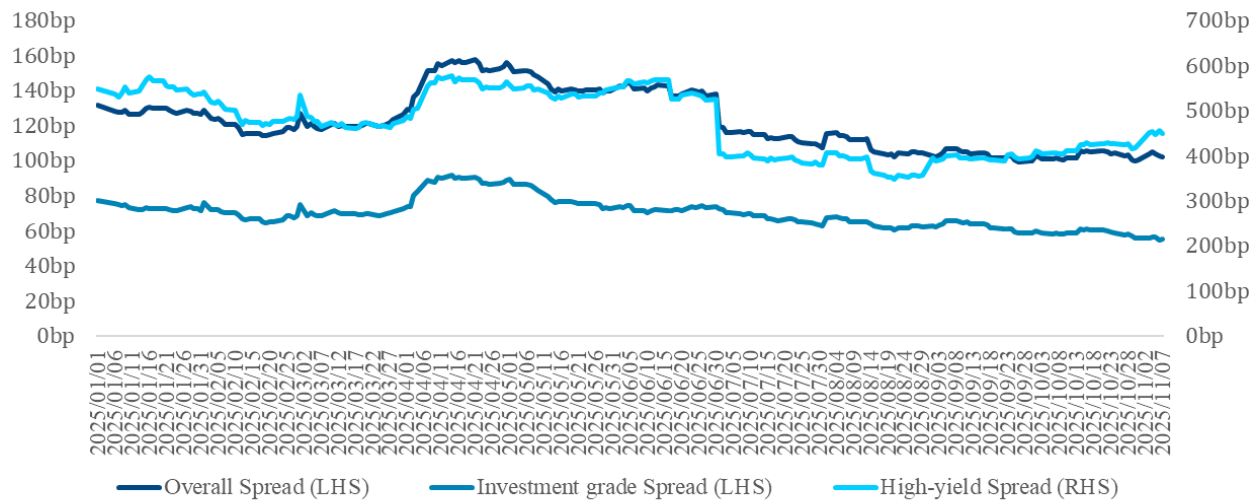


Sources: CCXAP research

As of November 7, the spread of Chinese USD bonds widened by 1.5bp to 101.94bp from last Friday, among which the spread of investment-grade bonds narrowed by 0.3bp to 55.20bp, and the spread of high-yield bonds widened by 24.1bp to 447.11bp.

¹ 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 November 3 to November 7, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Bank of Communications Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20251103-20251107)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
BOCOM 3.8 PERP	Bank of Communications Co., Ltd.	99.997	PERP	3.871	589.2
POLHON 4 11/10/25	Poly Property Group Limited (Hong Kong)	100.246	0.01	-24.968	530.9
HXCME 2.25 11/19/25	Huaxin Building Materials Group Co., Ltd.	100.149	0.02	-6.608	281.5
ZOUCAO 8 12/14/25	Zoucheng City Capital Holding Group Co., Ltd.	99.974	0.09	8.162	179.7
FTLNHD 4.5 05/02/26	New City Development Holdings Limited	94.708	0.47	16.681	104.9
GZGETH 6.3 12/06/25	Guangzhou Development Zone Holding Group Co., Ltd.	100.32	0.07	1.253	88.9
SYSTIO 3.55 03/16/26	Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd.	99.772	0.35	4.203	88.5
WFNGWI 8.6 01/24/26	Weifang Water Investment Group Co., Ltd.	99.326	0.21	11.855	85.5
SDZFH 7.8 01/25/26	Shandong Zhengfang Holding Group Co., Ltd.	99.713	0.21	9.032	75
GRNCH 8.45 02/24/28	Greentown China Holdings Limited	102.372	2.29	7.222	69

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 1 Chinese entity

On November 4, CCXAP assigned first-time long-term credit rating of A_g- to Wuhan Gehua Group Co., Ltd. ("Gehua Group"), with stable outlook.

Table 3: CCXAP's rating actions of cross-border issuer (20251103-20251107)

Rating Date	Obligor	Entity Rating	Rating Rational
2025/11/4	Gehua Group	A _g -	The rating reflects Company's (1) status as the key urban development entity in East Lake NTDZ; (2) good track record of receiving ongoing government payments; and (3) good access to diversified funding channels. However, the rating is constrained by the Company's (1) medium exposure to commercial activities; (2) high debt leverage; and (3) medium contingent liability risk.

Source: CCXAP research

From November 3 to November 7, rating agencies took positive rating action on 1 Chinese issuer and negative rating action on 1 Chinese issuer.

Table 4: Rating actions of cross-border issuer (20251103-20251107)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Qingdao Bank Co., Ltd.	Bank	A-	Stable	2025/11/06	BBB+	Stable	2024/11/07	Pengyuan International	The company's capital adequacy ratio has improved.
Downgrade	Vanke Co., Ltd.	Real estate	CCC	Neg	2025/11/05	B-	Neg	2025/06/13	S&P	S&P expects Vanke's operating cash flow to be negative in 2025.

Source: CCXAP research

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