

## 2025 Issue 47 From December 8 to December 12

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

#### Headline: China's November CPI Rises 0.7% YoY; Fed Cuts Rates Again in December

On December 10, China announced that its November CPI increased by 0.7% YoY, higher than the previous reading but below expectations. On December 11, the Federal Reserve announced its interest rate decision, lowering the target range to 3.5% – 3.75%.

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

Last week, the RMB has appreciated. As of December 12, the RMB/USD middle rate closed at 7.0686, down 63.0bp from last Friday. The USD Index closed at 98.399, down 0.59% 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 rate cut in December, US Treasury yields increased.

#### Chinese Offshore Bond Market

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

From December 8 to December 12, Chinese enterprises issued 35 new bonds in the offshore market, totaling about USD2.565 billion, an increase of 65.7% from last week. Among them, Chengtou were the main issuers, issuing a total of USD689 million in bonds.

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

As of December 12, the return rate of Chinese USD bonds increased by 5.0bp to 6.55% compared to last Friday, among which the return rate of investment-grade bonds decreased by 3.0bp to 8.48%, while the return rate of high-yield bonds increased by 62.0bp to 6.71%.

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

From December 8 to December 12, rating agencies took positive rating actions on 3 Chinese issuers.



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## Headline: China's November CPI rises 0.7% YoY; Fed cuts rates again in December

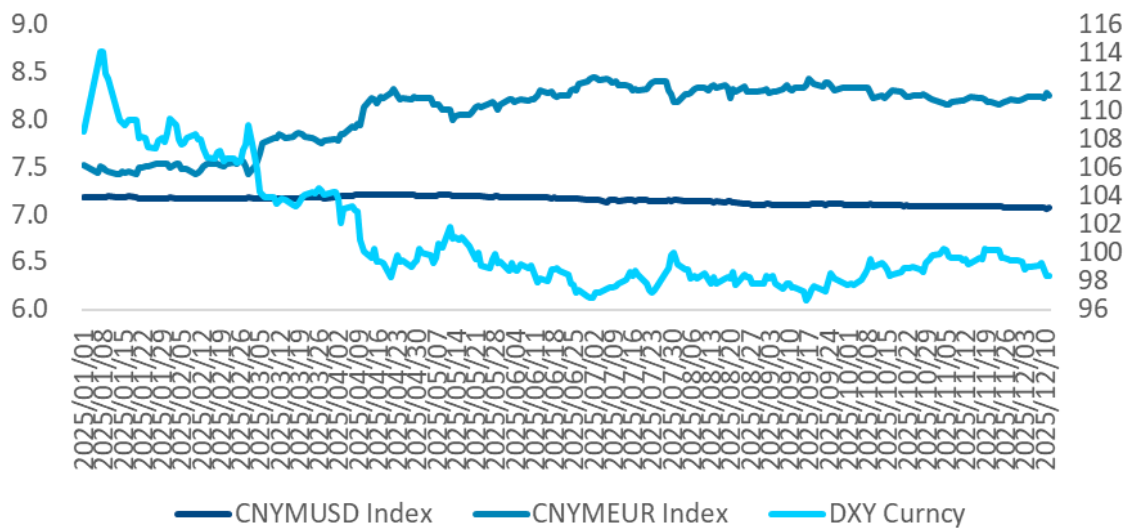
On December 10, China announced that its November CPI increased by 0.7% YoY, higher than the previous reading but below expectations. This marked the highest YoY growth since March 2024, with the increase primarily driven by food prices shifting from decline to growth. Food prices rose 0.2%, reversing the 2.9% drop in the previous month, and contributed 0.04 percentage points to the YoY CPI, compared with a 0.54 percentage point drag in October. Among food items, fresh vegetable prices surged 14.5%, reversing a 7.3% decline in the prior month, marking the first increase after nine consecutive months of decline and contributing 0.49 percentage points to the YoY CPI compared with October. Fresh fruit prices rose 0.7%, reversing a 2.0% decline in October; beef and lamb prices increased 6.2% and 3.7% respectively, with both growth rates accelerating; pork and poultry prices fell 15.0% and 0.6% respectively, though the declines narrowed. Energy prices dropped 3.4%, with the decline widening by 1.0 percentage point from the previous month, including a larger fall in gasoline prices to 7.5%. The core CPI, which excludes food and energy, rose 1.2% YoY, maintaining growth above 1% for the third consecutive month. Prices of services and industrial consumer goods excluding energy increased 0.7% and 2.1% respectively, contributing approximately 0.29 and 0.53 percentage points to the YoY CPI. Policies to boost domestic demand continued to show effects, with household appliance and clothing prices rising 4.9% and 2.0% respectively, while airfares, domestic service fees, and dining-out expenses increased 7.0%, 2.4%, and 1.2% respectively. Gold jewelry prices surged 58.4%, with the growth rate accelerating. Additionally, prices of fuel-powered and new energy passenger vehicles fell 2.5% and 2.4% respectively.

On December 11, the Federal Reserve announced its interest rate decision, lowering the target range to 3.5% – 3.75%. This marks the Fed's third consecutive FOMC meeting with a rate cut, each by a quarter-point, bringing the cumulative reduction for the year to 75 basis points. Since last September, the total easing in this cycle amounts to 175 basis points. The dot plot released after the meeting showed that the interest rate path projections of Fed policymakers remained unchanged from those published three months ago, still indicating one 25-basis-point rate cut next year. This signals a notably slower pace of easing compared to this year. Both the rate cut and the hint of slower action next year were almost entirely in line with market expectations. By Tuesday's close, the CME FedWatch Tool showed futures markets pricing in an approximately 88% probability of a 25-basis-point cut this week, while the probability of at least another cut of the same size only reached 71% by June next year. The probabilities for such a cut at the January, March, and April meetings next year all remained below 50%. The projections reflected in the CME tool can be summarized by the recently discussed term "hawkish rate cut." It refers to the Fed cutting rates this time while simultaneously signaling a potential pause and no further near-term reductions.

## Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of December 12, the RMB/USD middle rate closed at 7.0686, down 63.0bp from last Friday. The RMB/EUR middle rate closed at 8.2593, up 217.0bp from last Friday. The USD Index closed at 98.399, down 0.59% from last Friday.

Figure 1: RMB exchange rate

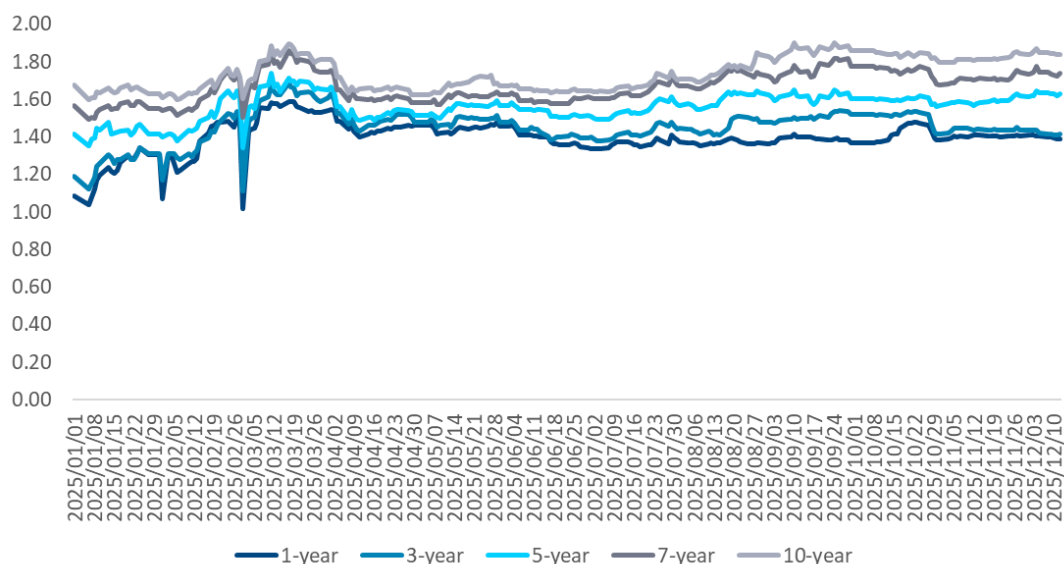


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of December 12, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3879%, 1.4161%, 1.6279%, 1.7410%, and 1.8396%, respectively. Down 1.37bp, 0.44bp, 0.43bp, 0.39bp, and 0.84bp from last Friday.

Figure 2: China Government Bond yields

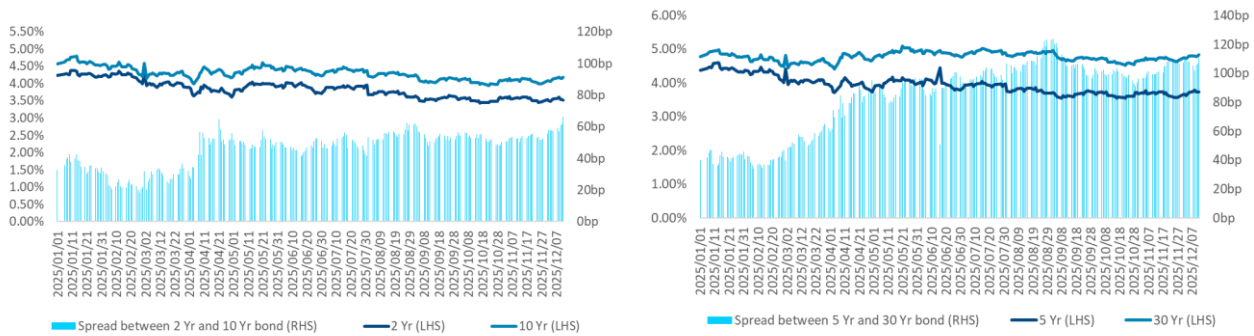


Sources: CCXAP research

Despite the Federal Reserve's rate cut in December, US Treasury yields increased. As of December 12, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5222%, 3.7417%, 4.1841%,

and 4.8445%, respectively. Compared to the previous Friday, the 2-year yield decreased by 3.81bp, the 5-year yield increased by 3.04bp, the 10-year yield increased by 4.90bp, and the 30-year yield increased by 5.27bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 8.71bp to 66.19bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 2.23bp to 110.28bp compared to last Friday.

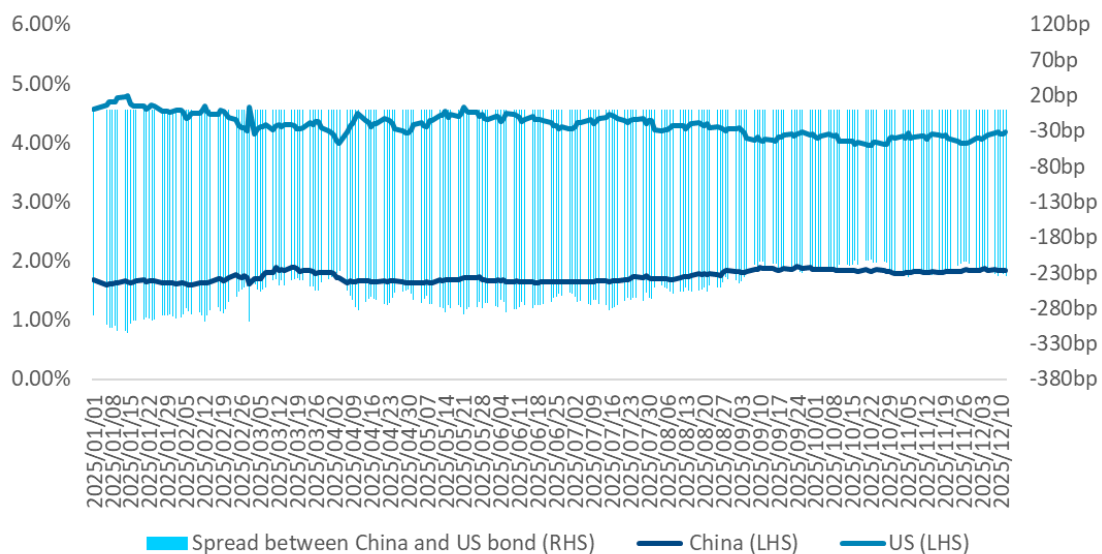
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of December 12, the 10-year Treasury bond interest rate gap between China and the US was -234.4bp, narrowing by 5.7bp from last Friday and widening by 54.9bp 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 December 8 to December 12, Chinese enterprises issued 35 new bonds in the offshore market, totaling about USD2.565 billion, an increase of 65.7% from last week. Among them, Chengtou were the main issuers, issuing a total of USD689 million in bonds.

**Table 1: New issuance of Chinese offshore bonds (20251208-20251212)**

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2025/12/8	China Minmetals Corp	USD	600	4.25	-	-	Materials	Baa1/BBB+/BB+	Baa2/-/-
2025/12/8	China Minmetals Corp	USD	600	4.35	-	-	Materials	Baa1/BBB+/BB+	Baa2/-/-
2025/12/8	CITIC Securities International Co Ltd	USD	140	0	2026/6/15	182D	Financials	-/BBB+/-	-/-/-
2025/12/8	CITIC Securities International Co Ltd	USD	5	9.5	2026/3/11	90D	Financials	-/BBB+/-	-/-/-
2025/12/8	GF Holdings Hong Kong Corp Ltd	USD	3	4.13	2026/1/12	33D	Financials	-/BBB/BBB	-/-/-
2025/12/8	GF Holdings Hong Kong Corp Ltd	USD	15	4.22	2026/3/19	98D	Financials	-/BBB/BBB	-/-/-
2025/12/8	Huatai International Financial Holdings Co Ltd	USD	55	SOFR +53	2026/6/10	177D	Financials	Baa1/BBB+/-	-/-/-
2025/12/9	Bank of China Ltd/Auckland	USD	70	SOFR +46	2028/12/18	3	Banks	-/A/-	-/-/-
2025/12/9	Bank of Communications Co Ltd	USD	50	4	2026/1/15	31D	Banks	A2/A-/A	-/-/-
2025/12/9	Beijing Infrastructure Investment Co., Ltd.	CNY	1,000	1.9	2028/12/9	3	Chengtou	-/A+/A	-/-/-
2025/12/9	Chengdu Xingcheng Investment Group Co., Ltd.	USD	445	3.9	2028/12/16	3	Chengtou	-/-/BBB+	-/-/BBB+
2025/12/9	China International Capital Corp International Ltd	USD	20	4.5	2030/12/16	5	Financials	Baa1/BBB+/BB+	-/-/BBB+
2025/12/9	CITIC Securities International Co Ltd	HKD	180	0	2026/4/16	121D	Financials	-/BBB+/-	-/-/-
2025/12/9	CITIC Securities International Co Ltd	USD	1	0	2026/3/12	90D	Financials	-/BBB+/-	-/-/-
2025/12/9	Huatai International Financial Holdings Co Ltd	USD	50	4	2026/3/17	91D	Financials	Baa1/BBB+/-	-/-/-
2025/12/9	Huatai International Financial Holdings Co Ltd	USD	55	SOFR +53	2026/6/11	177D	Financials	Baa1/BBB+/-	-/-/-
2025/12/10	China Securities International Finance Holding Co Ltd	USD	3	3.93	2026/12/15	365D	Financials	-/-/-	-/-/-
2025/12/10	CMB International Leasing Management Co., Ltd.	USD	5	SOFR +35	2026/3/17	90D	Financials	A3/A-/A	A3/-/-
2025/12/10	GF Holdings Hong Kong Corp Ltd	USD	10	4.19	2026/3/13	91D	Financials	-/BBB/BBB	-/-/-
2025/12/10	GF Holdings Hong Kong Corp Ltd	HKD	50	3.31	2026/3/16	91D	Financials	-/BBB/BBB	-/-/-
2025/12/10	GF Holdings Hong Kong Corp Ltd	USD	1	3.9	2026/1/16	30D	Financials	-/BBB/BBB	-/-/-
2025/12/11	GF Holdings Hong Kong Corp Ltd	USD	20	4.19	2026/3/18	90D	Financials	-/BBB/BBB	-/-/-
2025/12/11	GF Holdings Hong Kong Corp Ltd	USD	10	4.19	2026/3/16	91D	Financials	-/BBB/BBB	-/-/-
2025/12/11	GF Holdings Hong Kong Corp Ltd	USD	15	4.19	2026/3/18	90D	Financials	-/BBB/BBB	-/-/-
2025/12/11	GF Holdings Hong Kong Corp Ltd	USD	2	4.19	2026/3/16	91D	Financials	-/BBB/BBB	-/-/-
2025/12/11	Guotai Junan International Holdings Ltd	USD	0.5	0	2026/6/18	182D	Financials	Baa2/BBB+/-	-/-/-
2025/12/11	Guotai Junan International Holdings Ltd	USD	1	0	2026/6/18	182D	Financials	Baa2/BBB+/-	-/-/-
2025/12/11	Huatai International Financial Holdings Co Ltd	USD	80	SOFR +57	2026/12/10	358D	Financials	Baa1/BBB+/-	-/-/-
2025/12/11	Kaifeng Cultural Tourism Investment Group Limited	CNY	740	5.5	2028/12/16	3	Chengtou	-/-/-	-/-/-
2025/12/12	China Securities International Finance Holding Co Ltd	USD	3	4.08	2026/3/24	97D	Financials	-/-/-	-/-/-
2025/12/12	CITIC Securities International Co Ltd	CNY	1	0	2036/1/12	10	Financials	-/BBB+/-	-/-/-



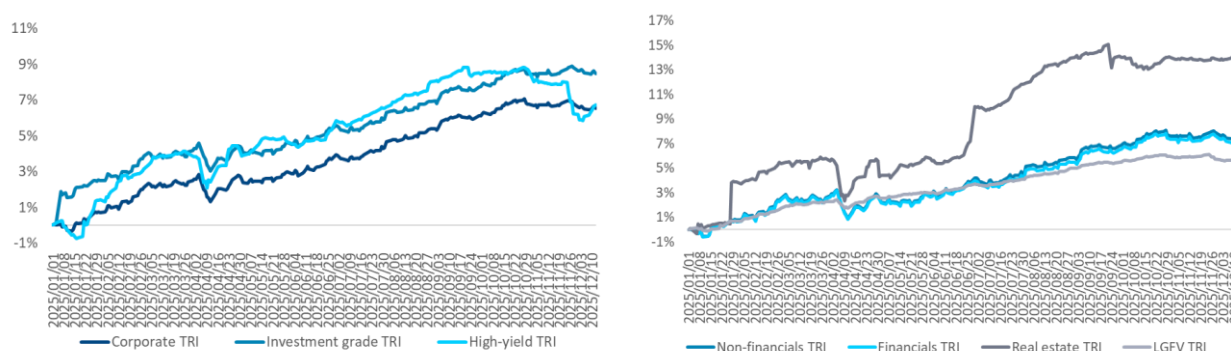
2025/12/12	GF Holdings Hong Kong Corp Ltd	USD	0.8	SOFR +63	2026/12/15	364D	Financials	-/BBB/BBB	-/-/-
2025/12/12	Shenwan Hongyuan HK Ltd	USD	8	4.23	2026/3/16	90D	Financials	-/BBB/-	-/-/-
2025/12/12	Shenwan Hongyuan HK Ltd	USD	15	4.24	2026/3/17	90D	Financials	-/BBB/-	-/-/-
2025/12/12	Shenwan Hongyuan HK Ltd	USD	7	4.23	2026/3/18	91D	Financials	-/BBB/-	-/-/-

Sources: CCXAP research

## Secondary Market: return on Chinese USD bonds increased

As of December 12, the year-to-date return<sup>1</sup> of Chinese USD bonds increased by 5.0bp to 6.55% compared to last Friday, among which the return rate of investment-grade bonds decreased by 3.0bp to 8.48%, while the return rate of high-yield bonds increased by 62.0bp to 6.71%. By industry, the return rate of non-financial bonds was 7.33%, down 11.0bp from last Friday. The return rate of financial bonds was 7.04%, down 12.0bp. The return rate of real estate was 14.04%, up 19.0bp. The return rate of Chengtou was 5.85%, up 21.0bp.

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

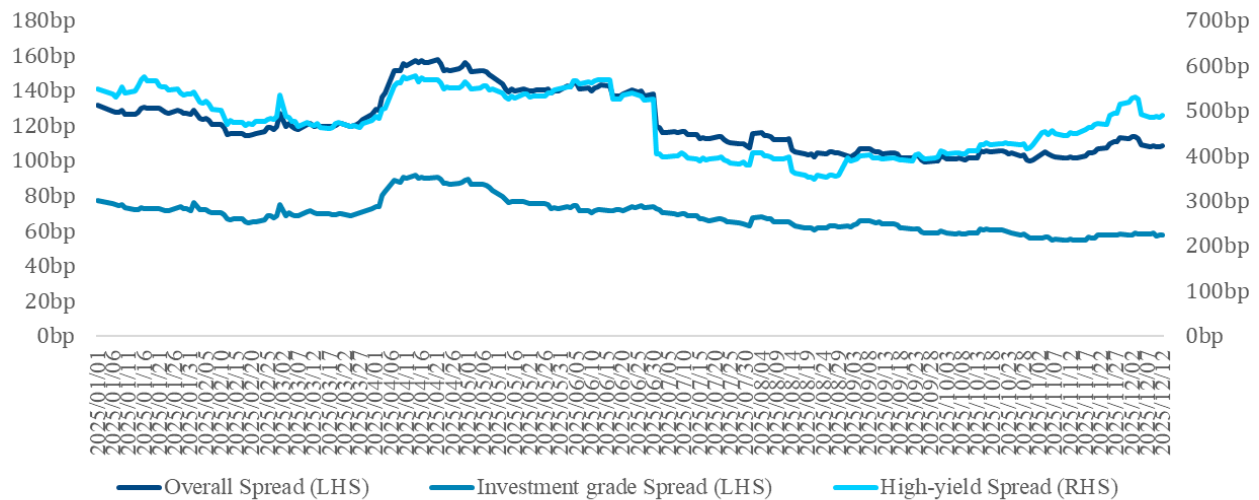


Sources: CCXAP research

As of December 12, the spread of Chinese USD bonds narrowed by 0.6bp to 108.18bp from last Friday, among which the spread of investment-grade bonds narrowed by 0.4bp to 57.47bp, and the spread of high-yield bonds narrowed by 2.8bp to 487.86bp.

<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 December 8 to December 12, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of eHi Car Service Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20251208-20251212)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
EHICAR 7 09/21/26	eHi Car Service Ltd.	79.597	0.76	40.784	333.2
CHDXCH 2.9 01/20/26	Chengdu Xingcheng Investment Group Co., Ltd.	99.861	0.10	4.417	229
ZHONAN 3 ½ 03/08/26	ZhongAn Online Property Insurance Co., Ltd.	100.028	0.22	3.066	191.9
FZSZJJ 7 12/27/27	Fuzhou Digital Economy Investment Group Co., Ltd.	100.651	2.03	6.65	144.7
MINMET 4.95 07/22/26	Minmetals Real Estate Co., Ltd.	99.304	0.60	6.15	103.9
FWDGHD 6.675 PERP	FWD Group Co., Ltd.	100.433	PERP	2.962	89.4
CWAHK 4.85 05/18/26	China Water Affairs Group Co., Ltd.	99.74	0.42	5.466	72.2
EHICAR 12 09/26/27	eHi Car Service Ltd.	66.965	1.78	39.537	59
AVIILC 6 ¾ PERP	AVIC International Financial Leasing Co., Ltd.	100.391	PERP	5.699	55.7
TIANFS 6 ¾ 05/31/26	Tianfeng Securities Co., Ltd.	100.676	0.45	4.701	53.3

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

Sources: CCXAP research

## Rating Actions: rating agencies took rating actions on 3 Chinese issuers

From December 8 to December 12, rating agencies took positive rating actions on 3 Chinese issuers.

**Table 3: Rating actions of cross-border issuer (20251208-20251212)**

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Xiaomi Group	Technologies	BBB	Pos	2025/12/08	BBB	Stable	2025/03/31	S&P	The company's profitability has improved.
	Beijing Construction Engineering Group Co., Ltd.	Chengt ou	BBB-	Stable	2025/12/10	BBB-	NEG	2025/06/16	S&P	While maintaining a stable leverage level, the company's core construction business cash flow has continued to improve.
	China Western Cement Co., Ltd.	Industri als	B3	Pos	2025/12/10	Caa1	Rating Watch	2025/11/18	Moody's	The refinancing risk of the company's outstanding USD notes has been significantly reduced.

Source: CCXAP research



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