

2026 Issue 1

From December 29 to January 9

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

Headline: China's December CPI Rose by 0.8% YoY; US December Unemployment Rate Lower Than the Previous Reading

On January 9, China announced its December CPI increased by 0.8% YoY, higher than the previous reading. On January 9, the US announced its December unemployment rate at 4.4%, lower than the previous reading.



Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of January 9, the RMB/USD middle rate closed at 7.0128, down 230.0bp from last Friday. The USD Index closed at 99.133, up 1.11% from last Friday.

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

Last week, China Government Bond yields increased. Due to weak US labor market data, rate cuts may be put on hold, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From December 29 to January 9, Chinese enterprises issued 41 new bonds in the offshore market, totaling about USD2.88 billion, an increase of 1526.86% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.77 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of January 9, the return rate of Chinese USD bonds increased by 19.0bp to 7.00% compared to last Friday, among which the return rate of investment-grade bonds increased by 13.0bp to 8.94%, while the return rate of high-yield bonds increased by 62.0bp to 7.24%.

Rating Actions: CCXAP Assigned Credit Ratings to 3 Chinese Entities

From December 29 to January 9, CCXAP assigned credit ratings to 3 entities, Sanya Investment Construction Operation Group Co., Ltd., China MCC22 Group Corporation Ltd., and Huzhou Wuxing State-owned Assets Investment and Operation Co., Ltd.

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Headline: China's December CPI rose by 0.8% YoY; US December unemployment rate lower than the previous reading

On January 9, China announced its December CPI increased by 0.8% YoY, higher than the previous reading, with the growth rate expanding by 0.1 percentage points from the previous month, reaching the highest level since March 2023. Specifically, urban areas rose by 0.9%, while rural areas increased by 0.6%; food prices rose by 1.1%, and non-food prices increased by 0.8%; consumer goods prices rose by 1.0%, and services prices increased by 0.6%. Within food, fresh vegetable prices surged 18.2%, contributing about 0.39 percentage points to CPI growth; fresh fruit prices rose 4.4%, contributing about 0.09 percentage points; aquatic product prices increased 1.6%, contributing about 0.03 percentage points; egg prices fell 12.7%, dragging CPI down by about 0.09 percentage points; meat prices declined 6.1%, dragging CPI down by about 0.19 percentage points, of which pork prices dropped 14.6%, dragging CPI down by about 0.20 percentage points; grain prices fell 0.3%, dragging CPI down by about 0.01 percentage points. Among the other seven major categories, five recorded YoY increases and two recorded declines. Specifically, prices for other goods and services, household goods and services, and healthcare increased by 17.4%, 2.2%, and 1.8% respectively; apparel, and education, culture and recreation prices rose by 1.7% and 0.9% respectively; while transportation and communication, and housing prices fell by 2.6% and 0.2% respectively.

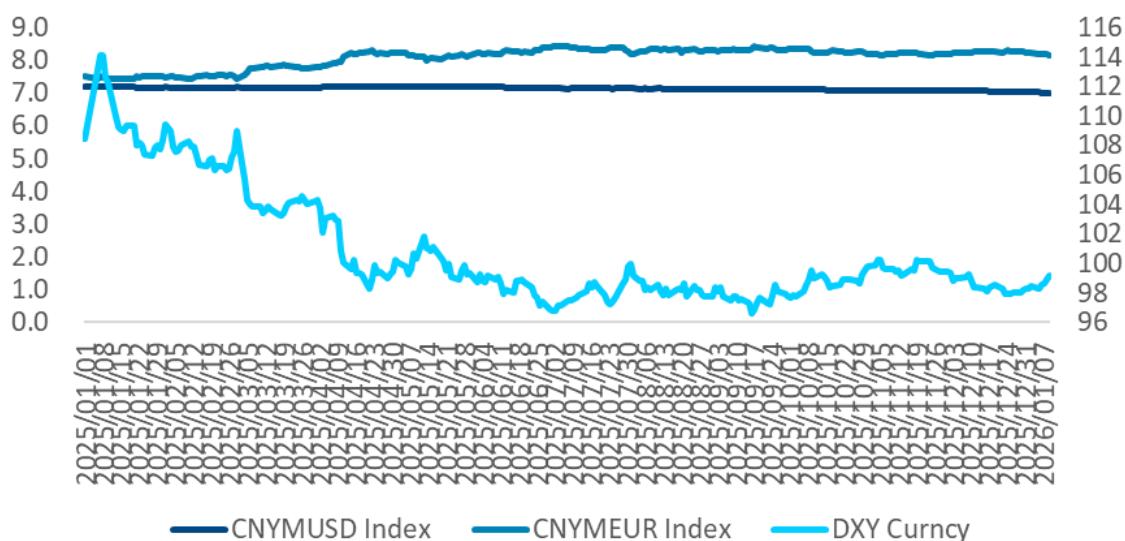
On January 9, the US announced its December unemployment rate at 4.4%, lower than the previous reading. US nonfarm payroll growth in December fell short of expectations, and data for the previous two months were revised downward substantially, resulting in the weakest annual employment growth since the pandemic. Although wage growth remained solid, the three-month moving average for job gains slid into negative territory, highlighting a significant slowdown in labor market momentum. The Bureau of Labor Statistics stated that October's nonfarm payroll change was revised from -105,000 to -173,000; November's nonfarm payroll change was revised from 64,000 to 56,000. After revisions, the combined job gains for November and December were 76,000 lower than previously reported. For the full year, US nonfarm payrolls increased by a cumulative 584,000. This marks the weakest annual growth since 2020, when the pandemic led to a sharp decline of 9.2 million jobs. Excluding the abnormal volatility during the pandemic, even looking back across the entire economic expansion from 2010 to 2019, annual employment growth data has never been this weak. Following the data release, traders continued to expect the Fed to cut rates by approximately 50 basis points in 2026, while viewing the probability of a Fed rate cut in January as virtually zero.

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of January 9, the RMB/USD middle rate closed at 7.0128, down 230.0bp from last Friday. The RMB/EUR middle rate closed at 8.1556, down 1191.0bp from last Friday. The USD Index closed at 99.133, up 1.11% from last Friday.



Figure 1: RMB exchange rate

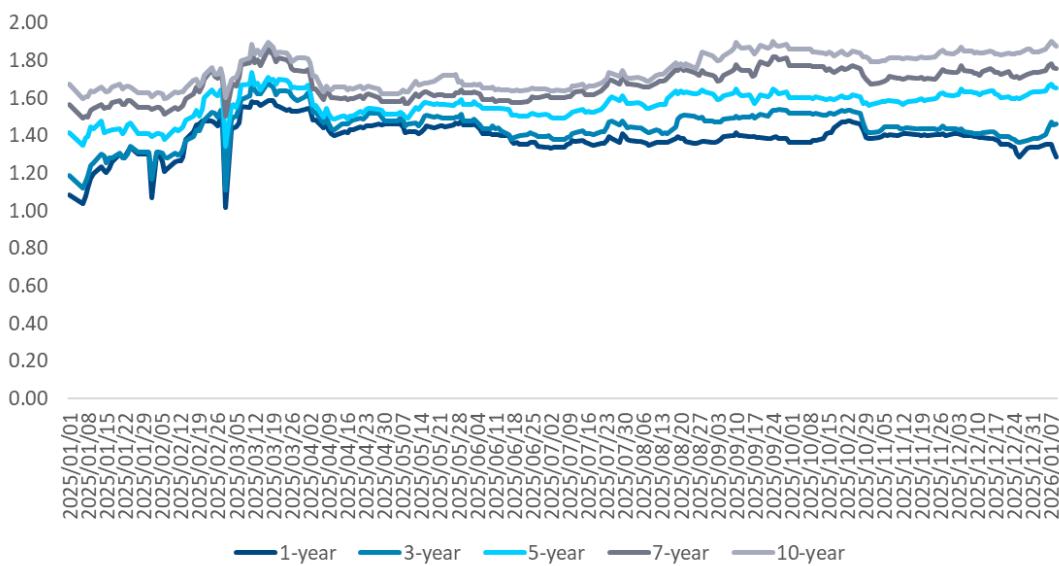


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of January 9, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2887%, 1.4606%, 1.6551%, 1.7593%, and 1.8782%, respectively. Up 0.15bp, 9.79bp, 6.03bp, 5.60bp, and 4.06bp from last Friday.

Figure 2: China Government Bond yields

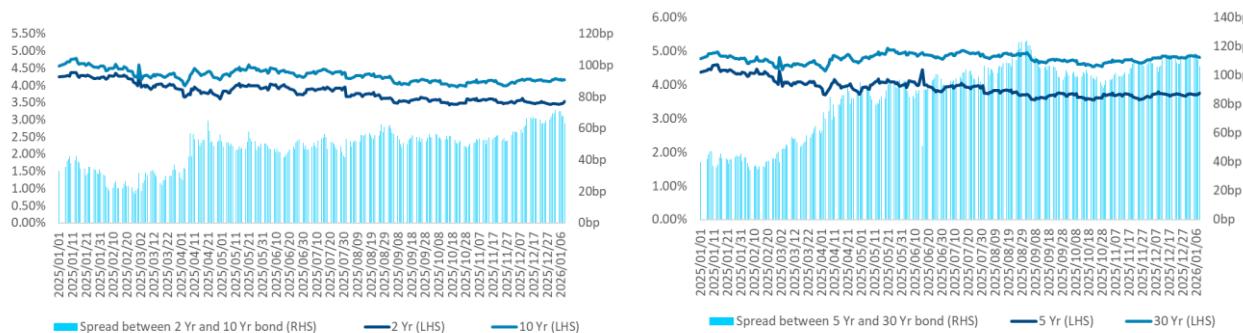


Sources: CCXAP research

Due to weak US labor market data, rate cuts may be put on hold, US Treasury yields increased. As of January 9, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5321%, 3.7499%,

4.1653%, and 4.8121%, respectively. Compared to last Friday, the 2-year yield increased by 5.31bp, the 5-year yield increased by 5.41bp, the 10-year yield increased by 3.76bp, and the 30-year yield decreased by 0.20bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 1.55bp to 63.32bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 5.61bp to 106.22bp compared to last Friday.

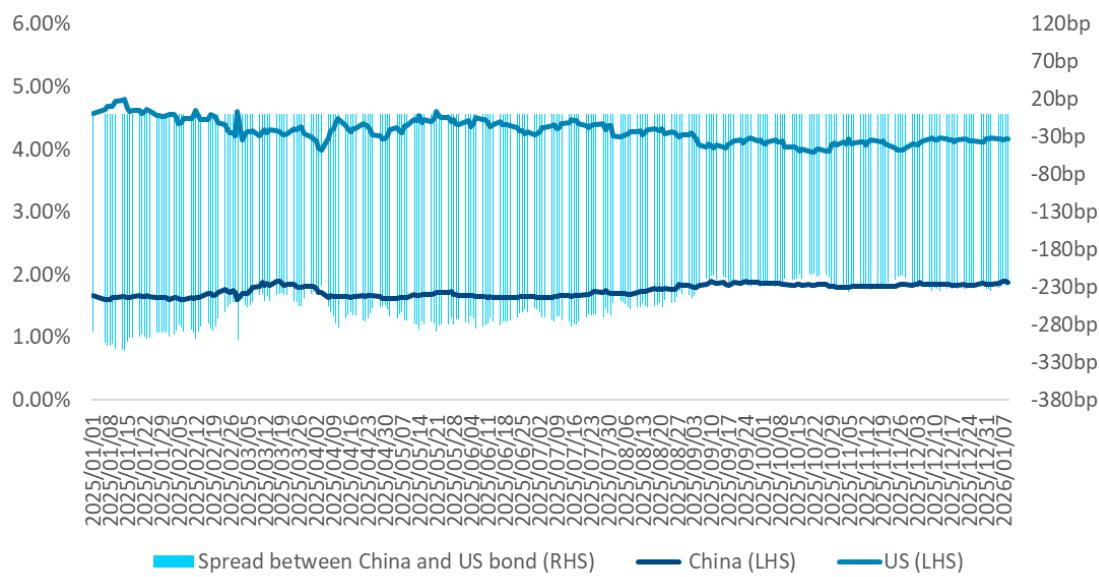
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of January 9, the 10-year Treasury bond interest rate gap between China and the US was -228.7bp, narrowing by 0.3bp from last Friday and widening by 60.7bp 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 29 to January 9, Chinese enterprises issued 41 new bonds in the offshore market, totaling about USD2.88 billion, an increase of 1526.86% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.77 billion in bonds.



Table 1: New issuance of Chinese offshore bonds (20251229-20260109)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/1/5	BOC Aviation Ltd	USD	500	4.375	2033/1/12	7	Financials	-/A-/A-	-/A-/A-
2026/1/5	China CITIC Bank International Ltd	HKD	150	2.65	2026/4/8	90D	Banks	A3/-/BBB+	-/-/-
2026/1/5	China Securities International Finance Holding Co Ltd	USD	30	4.02	2026/10/9	274D	Financials	-/-/-	-/-/-
2026/1/5	China Securities International Finance Holding Co Ltd	USD	2	3.85	2026/10/14	275D	Financials	-/-/-	-/-/-
2026/1/5	GF Holdings Hong Kong Corp Ltd	USD	5	4.1	2026/4/8	91D	Financials	-/BBB/BBB	-/-/-
2026/1/5	GF Holdings Hong Kong Corp Ltd	USD	40	SOFR +33	2027/1/6	364D	Financials	-/BBB/BBB	-/-/-
2026/1/5	GF Holdings Hong Kong Corp Ltd	USD	8	4.1	2026/4/8	91D	Financials	-/BBB/BBB	-/-/-
2026/1/5	GF Holdings Hong Kong Corp Ltd	USD	100	4.03	2026/2/23	41D	Financials	-/BBB/BBB	-/-/-
2026/1/5	Huatai International Finance Ltd	USD	15	0	2026/4/14	90D	Financials	Baa1/BBB+/-	-/-/-
2026/1/5	Huatai International Financial Holdings Co Ltd	USD	40	4	2026/4/14	90D	Financials	Baa1/BBB+/-	-/-/-
2026/1/5	Huatai International Financial Holdings Co Ltd	USD	40	0	2026/4/14	90D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Agricultural Bank of China Ltd/New York	USD	600	SOFR +45	2031/1/13	5	Banks	A1/-/A	A1/-/-
2026/1/6	CITIC Securities International Co Ltd	HKD	100	0	2026/2/13	31D	Financials	-/BBB+/-	-/-/-
2026/1/6	Far East Horizon Ltd	USD	400	5.25	2029/1/13	3	Financials	-/BBB/-/	-/BBB/-/
2026/1/6	GF Holdings Hong Kong Corp Ltd	USD	100	4.03	2026/2/25	41D	Financials	-/BBB/BBB	-/-/-
2026/1/6	GF Holdings Hong Kong Corp Ltd	USD	27	4.05	2026/6/12	150D	Financials	-/BBB/BBB	-/-/-
2026/1/6	GF Holdings Hong Kong Corp Ltd	HKD	300	3.06	2026/6/12	150D	Financials	-/BBB/BBB	-/-/-
2026/1/6	Huatai International Financial Holdings Co Ltd	USD	15	4.1	2026/7/14	186D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Huatai International Financial Holdings Co Ltd	USD	50	SOFR +55	2026/7/14	183D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Huatai International Financial Holdings Co Ltd	USD	55	SOFR +55	2026/7/16	185D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Huatai International Financial Holdings Co Ltd	USD	55	SOFR +45	2026/4/15	93D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Huatai International Financial Holdings Co Ltd	USD	20	SOFR +55	2026/12/15	337D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Huatai International Financial Holdings Co Ltd	USD	38	3.82	2026/4/28	103D	Financials	Baa1/BBB+/-	-/-/-
2026/1/6	Shandong Development & Investment Holding Group Co Ltd	USD	240	3.9	2029/1/12	3	Financials	Baa2/-/A-	-/-/A-
2026/1/6	Shenwan Hongyuan HK Ltd	HKD	70	3.3	2026/4/13	91D	Financials	-/BBB/-	-/-/-
2026/1/6	Tianfeng Securities Co Ltd	CNY	150	3	2026/12/30	351D	Financials	-/-/BBB-	-/-/BBB-
2026/1/7	China Securities International Finance Holding Co Ltd	HKD	30	3.09	2026/7/15	184D	Financials	-/-/-	-/-/-
2026/1/7	GF Holdings Hong Kong Corp Ltd	CNY	100	1.93	2026/4/14	90D	Financials	-/BBB/BBB	-/-/-
2026/1/7	GF Holdings Hong Kong Corp Ltd	CNY	100	2.03	2026/7/14	181D	Financials	-/BBB/BBB	-/-/-
2026/1/7	GF Holdings Hong Kong Corp Ltd	HKD	50	3.22	2027/1/11	364D	Financials	-/BBB/BBB	-/-/-

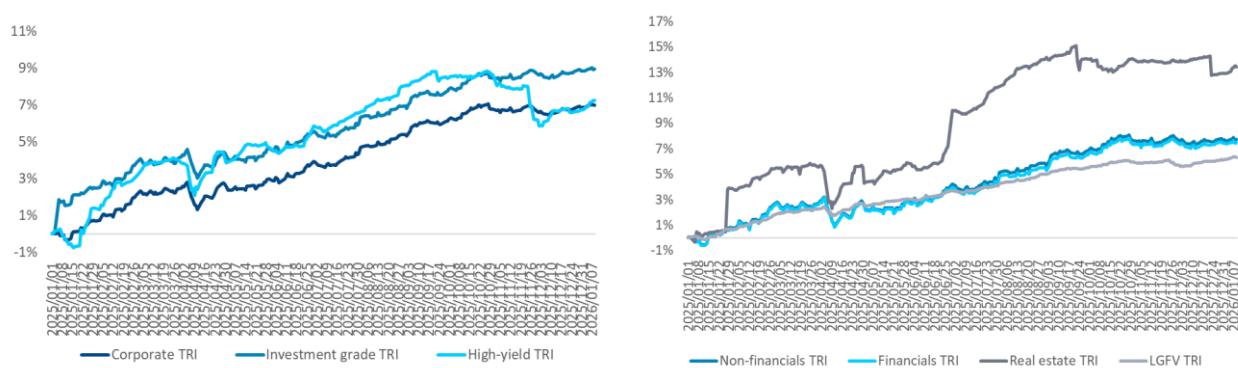
2026/1/7	GF Holdings Hong Kong Corp Ltd	USD	4	3.9	2026/4/14	90D	Financials	-/BBB/BBB	-/-
2026/1/7	Haitong International Securities Group Ltd	USD	51	4.03	2026/3/13	58D	Financials	-/BBB/-	-/-
2026/1/8	GF Holdings Hong Kong Corp Ltd	HKD	200	3MH+39	2027/1/12	364D	Financials	-/BBB/BBB	-/-
2026/1/8	GF Holdings Hong Kong Corp Ltd	CNY	70	2	2026/4/14	92D	Financials	-/BBB/BBB	-/-
2026/1/9	CITIC Securities International Co Ltd	USD	20	1.83	2026/4/16	90D	Financials	-/BBB+/-	-/-
2026/1/9	GF Holdings Hong Kong Corp Ltd	HKD	40	3.02	2026/4/14	91D	Financials	-/BBB/BBB	-/-
2026/1/9	GF Holdings Hong Kong Corp Ltd	USD	25	4.1	2026/4/13	90D	Financials	-/BBB/BBB	-/-
2026/1/9	Huatai International Financial Holdings Co Ltd	USD	50	4	2027/1/12	362D	Financials	Baa1/BBB+/-	-/-
2026/1/9	Huatai International Financial Holdings Co Ltd	CNY	100	2.19	2027/1/13	362D	Financials	Baa1/BBB+/-	-/-
2026/1/9	Huatai International Financial Holdings Co Ltd	USD	50	0	2026/4/29	104D	Financials	Baa1/BBB+/-	-/-
2026/1/9	Hubei Guanggdong State-owned Asset Investment Operation Group Co Ltd	CNY	757	6.2	2029/1/15	3	Chengtou	-/-	-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of January 9, the year-to-date return¹ of Chinese USD bonds increased by 19.0bp to 7.00% compared to last Friday, among which the return rate of investment-grade bonds increased by 13.0bp to 8.94%, while the return rate of high-yield bonds increased by 62.0bp to 7.24%. By industry, the return rate of non-financial bonds was 7.75%, up 9.0bp from last Friday. The return rate of financial bonds was 7.50%, up 7.0bp. The return rate of real estate was 13.44%, up 62.0bp. The return rate of Chengtou was 6.34%, up 29.0bp.

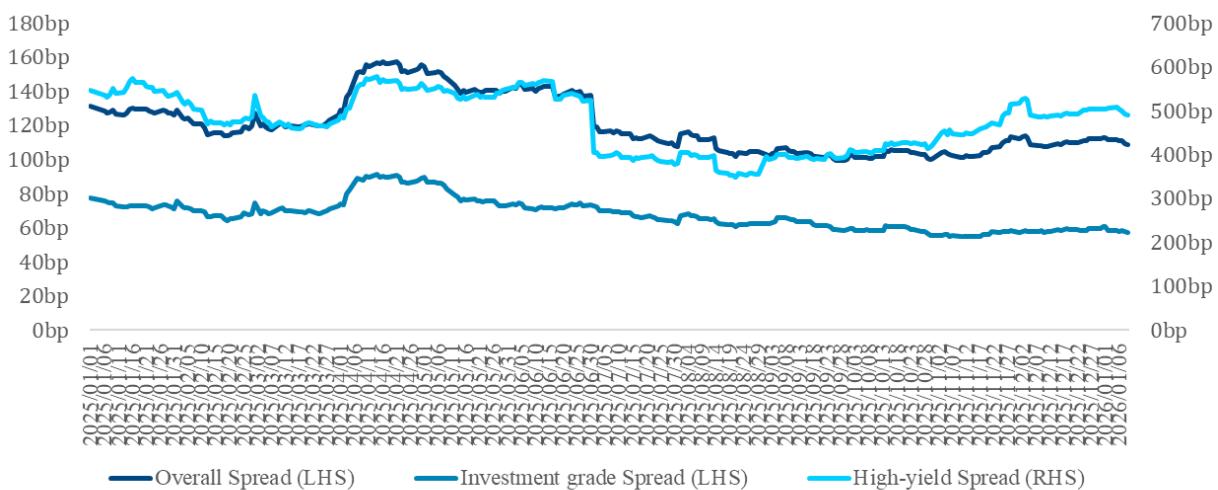
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of January 9, the spread of Chinese USD bonds narrowed by 3.6bp to 108.49bp from last Friday, among which the spread of investment-grade bonds narrowed by 2.3bp to 57.05bp, and the spread of high-yield bonds narrowed by 15.0bp to 489.08bp.

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 December 29 to January 9, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Vanke Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20251229-20260109)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
VNKRL 3.975 11/09/27	Vanke Co., Ltd.	16.098	1.82	144.349	4.0271M
HAIDIL 2.15 01/14/26	Haidilao International Holdings Limited	99.961	0.01	16.025	2.7441M
CHDXCH 2.9 01/20/26	Chengdu Xingcheng Investment Group Co., Ltd.	99.912	0.02	8.074	2.5284M
VNKRL 3 1/2 11/12/29	Vanke Co., Ltd.	15.808	3.84	66.292	1.4551M
EHICAR 7 09/21/26	eHi Car Rental Co., Ltd.	78.137	0.69	47.865	402.5
EHICAR 12 09/26/27	eHi Car Rental Co., Ltd.	64.6	1.70	43.417	247.9
SHGUOH 3.15 01/21/26	Shandong Development Investment Holding Group Co., Ltd.	99.994	0.02	3.407	199.8
HBGGDS 7 1/2 01/25/26	Hubei Optics Valley East State-owned Capital Investment and Operation Group Co., Ltd.	99.981	0.04	7.867	167.7
CHJMAO 6 PERP	China Jinmao Holdings Group Co., Ltd.	100		5.848	150.2
TENCNT 1.81 01/26/26	Tencent Holdings Limited	99.913	0.04	4.188	122.8

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 3 Chinese entities

On December 29, CCXAP assigned first-time long-term credit rating of A_g- to Sanya Investment Construction Operation Group Co., Ltd. ("SUCG"), with stable outlook.

On December 31, CCXAP assigned first-time long-term credit rating of A_g to China MCC22 Group Corporation Ltd. ("MCC22"), with stable outlook.

On January 5, CCXAP assigned first-time long-term credit rating of A_g- to Huzhou Wuxing State-owned Assets Investment and Operation Co., Ltd. (“WSAI”), with stable outlook.

Table 3: CCXAP's rating actions of cross-border issuer (20251229-20260109)

Rating Date	Obligor	Entity Rating	Rating Rational
2025/12/29	SUCG	A _g -	The rating reflects Company's (1) position as the sole urban comprehensive operator in Sanya City with strong regional exclusivity; and (2) good track record of receiving support from the local government. However, the rating is constrained by the Company's (1) moderate debt leverage; and (2) weak asset liquidity.
2025/12/29	MCC22	A _g	The rating reflects Company's (1) solid market position and growing operating scale in metallurgical construction; (2) diversified engineering construction business and sufficient order backlog; (3) relatively good financial profile, as reflected by lowering debt burden and improving profitability; and (4) diversified client structure. However, the rating is constrained by the Company's (1) overseas projects with high business risks; (2) vulnerability to the fluctuations in cyclical industries such as steel and homebuilding; and (3) increasing proportion of private-owned enterprises client.
2026/1/5	WSAI	A _g -	The rating reflects Company's (1) key position in Wuxing District's development with sufficient project pipeline; (2) good track record of receiving government payments; and (3) good funding access with multiple financing channels. However, the Company's rating is constrained by its (1) increasing exposure to commercial activities; (2) increasing debt burden with certain pressure on short-term debt repayment; and (3) medium contingent liability risk from external guarantees.

Source: CCXAP research

From December 29 to January 9, rating agencies took negative rating action on 1 Chinese issuer.

Table 4: Rating actions of cross-border issuer (20251229-20260109)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Downgrade	Dalian Wanda Commercial Management Group Co., Ltd.	Real estate	Ca	Neg	2025/12/30	Caa2	Neg	2025/10/20	Moody's	Vanke failed to make timely payments on domestic bonds and has weak liquidity.

Source: CCXAP research

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