

2026 Issue 2

From January 12 to January 16

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

Headline: Fed Beige Book Notes Persistent Tariff-Related Cost Pressures; PBOC Lowers Rates on Structural Monetary Tools

On January 14, the Federal Reserve released its Beige Book, indicating that economic activity improved in most Federal Reserve Districts, but cost pressures stemming from tariffs persist. On January 15, the People's Bank of China held a press conference and announced a reduction of the interest rates on various structural monetary policy tools by 0.25 percentage points.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of January 16, the RMB/USD middle rate closed at 7.0078, down 210.0bp from last Friday. The USD Index closed at 99.393, up 0.97% from last Friday.

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

Last week, China Government Bond yields decreased. With the Beige Book showing persistent US price pressures, the likelihood of near-term rate cuts has diminished, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From January 12 to January 16, Chinese enterprises issued 40 new bonds in the offshore market, totaling about USD4.001 billion, an increase of 38.89% from last week. Among them, Kuaishou was the main issuer, issuing a total of USD2.00 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of January 16, the return rate of Chinese USD bonds increased by 22.0bp to 7.07% compared to last Friday, among which the return rate of investment-grade bonds increased by 17.0bp to 8.99%, while the return rate of high-yield bonds increased by 70.0bp to 7.49%.

Rating Actions: Rating Agencies Took Rating Actions on 2 Chinese Issuers

From January 12 to January 16, rating agencies took positive rating actions on 2 Chinese issuers.



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Headline: Fed Beige Book notes persistent tariff-related cost pressures; PBOC lowers rates on structural monetary tools

On January 14, the Federal Reserve released its Beige Book, indicating that economic activity improved in most Federal Reserve Districts, but cost pressures stemming from tariffs persist. According to the Federal Reserve Act, the United States is divided into 12 Federal Reserve Districts, each with a Federal Reserve Bank. This report, also known as the Beige Book, is compiled from the latest survey results of these 12 Federal Reserve Banks. The report stated that, benefiting from the holiday shopping season, consumer spending saw slight to modest growth in most districts. Prices increased modestly in the vast majority of districts, with only two districts reporting slight price increases. The report noted that all districts continue to face cost pressures from tariffs. As inventories are depleted or pressure to maintain profit margins increases, some businesses have begun passing these tariff costs on to consumers. The report also mentioned that the impact of artificial intelligence on employment is currently limited but is expected to have a more noticeable effect in the coming years.

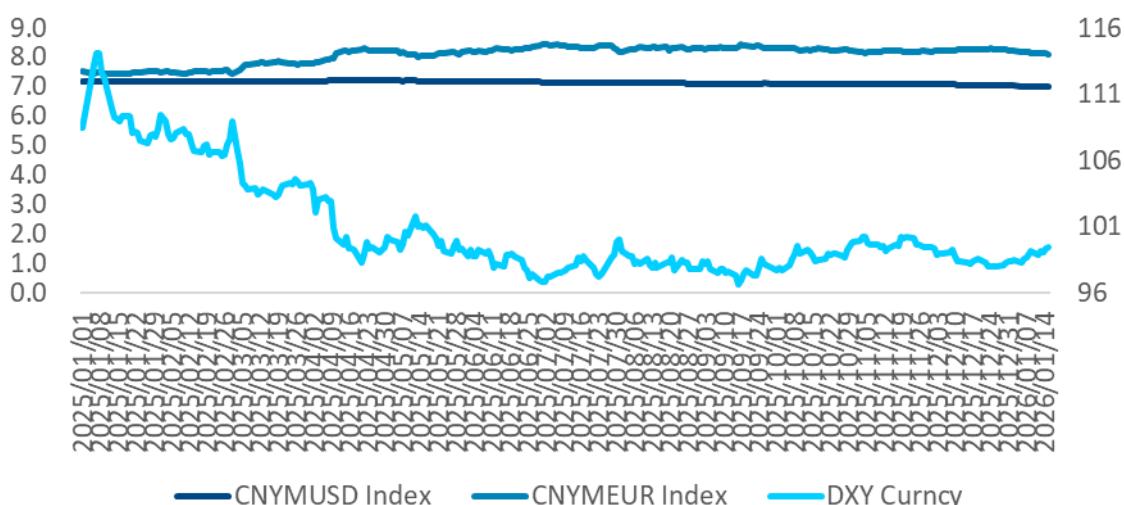
On January 15, the People's Bank of China held a press conference and announced a reduction of the interest rates on various structural monetary policy tools by 0.25 percentage points. Specifically, the one-year rates on various relending facilities were lowered from the current 1.5% to 1.25%, with rates for other maturities adjusted correspondingly; the rediscount rate was cut from 1.75% to 1.5%. Considering the objective of reducing costs, the outstanding balance of structural monetary policy tools stood at approximately 5.4 trillion yuan by the end of the third quarter of 2025. According to estimates, this rate reduction is expected to save banks about 13.5 billion yuan in costs. In addition to the price reduction, there is also an expansion in quantity. During this press conference, the central bank introduced eight specific measures, with a focus on expanding domestic demand, technological innovation, and supporting micro, small, and medium-sized enterprises. At the news conference, the central bank provided very clear forward guidance. A relevant official explicitly stated: "Regarding reserve requirement ratio cuts and interest rate cuts, there is still some room for them this year."

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of January 16, the RMB/USD middle rate closed at 7.0078, down 210.0bp from last Friday. The RMB/EUR middle rate closed at 8.1067, down 1288.0bp from last Friday. The USD Index closed at 99.393, up 0.97% from last Friday.



Figure 1: RMB exchange rate

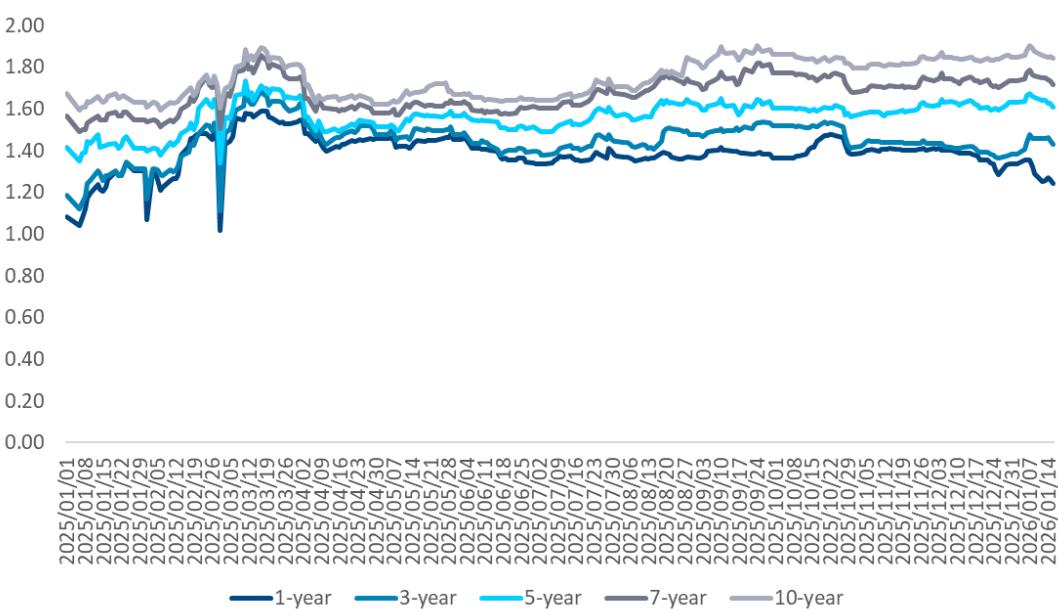


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of January 16, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2424%, 1.4286%, 1.6099%, 1.7158%, and 1.8424%, respectively. Compared to last Friday, the 1-year yield decreased by 9.48bp, the 3-year yield increased by 4.56bp, the 5-year yield decreased by 2.10bp, the 7-year yield decreased by 2.01bp, and the 10-year yield decreased by 0.49bp.

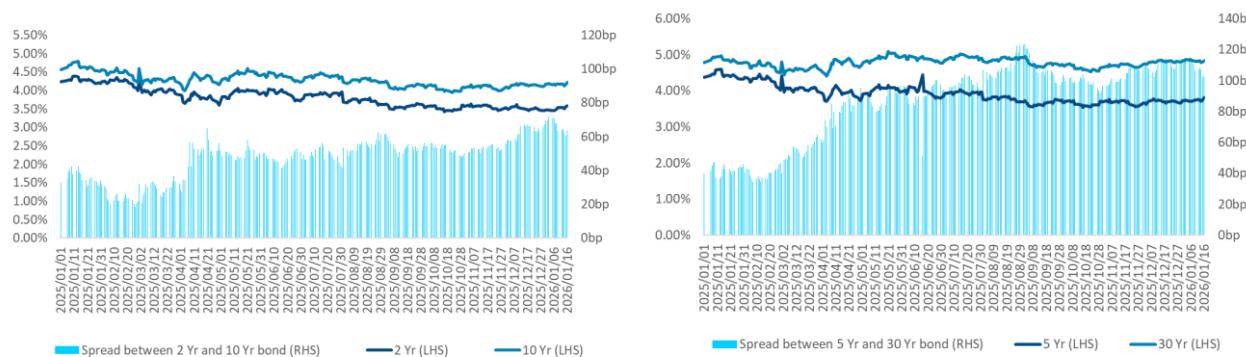
Figure 2: China Government Bond yields



Sources: CCXAP research

With the Beige Book showing persistent US price pressures, the likelihood of near-term rate cuts has diminished, US Treasury yields increased. As of January 16, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.5860%, 3.8152%, 4.2229%, and 4.8365%, respectively. Compared to last Friday, the 2-year yield increased by 11.27bp, the 5-year yield increased by 7.25bp, the 10-year yield increased by 3.22bp, and the 30-year yield decreased by 3.37bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 8.05bp to 63.69bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 10.62bp to 102.13bp compared to last Friday.

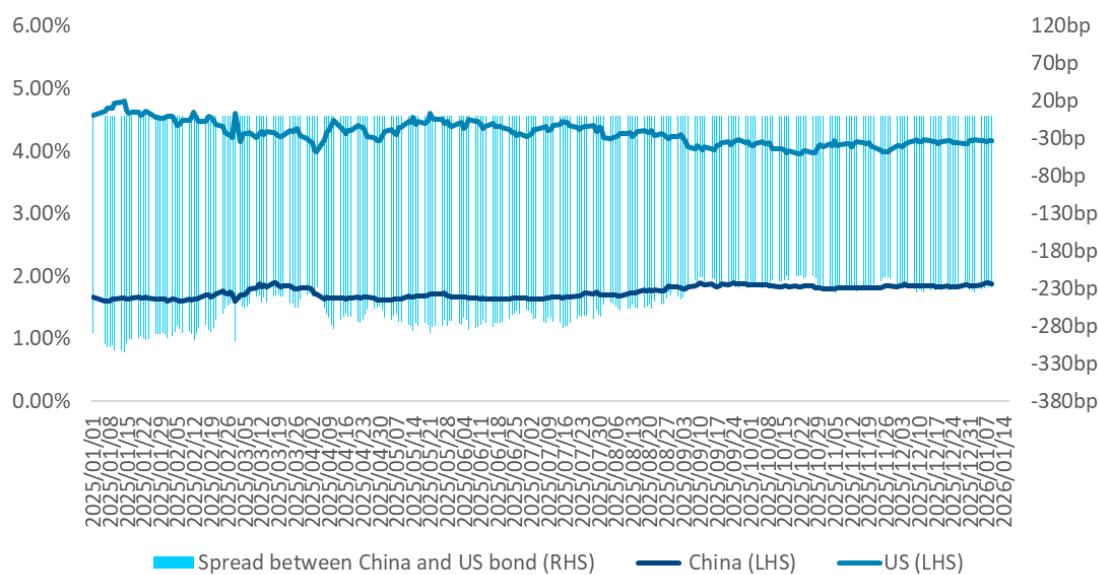
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of January 16, the 10-year Treasury bond interest rate gap between China and the US was -238.0bp, narrowing by 3.7bp from last Friday and widening by 51.3bp 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 January 12 to January 16, Chinese enterprises issued 40 new bonds in the offshore market, totaling about USD4.001 billion, an increase of 38.89% from last week. Among them, Kuaishou was the main issuer, issuing a total of USD2.00 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20260112-20260116)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/1/12	China CITIC Bank International Ltd	HKD	20	2.67	2026/7/15	181D	Banks	A3/-/BBB+	-/-/-
2026/1/12	China Securities International Finance Holding Co Ltd	USD	49	4.03	2026/7/15	181D	Financials	-/-/-	-/-/-
2026/1/12	CITIC Securities International Co Ltd	USD	650	SOFR +60	2031/1/20	5	Financials	-/BBB+/-	-/-/-
2026/1/12	GF Holdings Hong Kong Corp Ltd	USD	3	3.97	2026/2/11	28D	Financials	-/BBB/BBB	-/-/-
2026/1/12	Huatai International Financial Holdings Co Ltd	CNY	250	2.2	2027/1/13	359D	Financials	Baa1/BBB+/-	-/-/-
2026/1/13	China International Capital Corp International Ltd	USD	20	3.62	2026/2/24	34D	Financials	Baa1/BBB+/B BB+	-/-/-
2026/1/13	China Securities International Finance Holding Co Ltd	USD	5	4.02	2026/6/10	145D	Financials	-/-/-	-/-/-
2026/1/13	CITIC Securities International Co Ltd	USD	20	0	2026/2/23	33D	Financials	-/BBB+/-	-/-/-
2026/1/13	Gaoyou City Construction Investment Group Co Ltd	EUR	75	2.7	2029/1/16	3	Chengtou	-/-/-	-/-/-
2026/1/13	GF Holdings Hong Kong Corp Ltd	HKD	200	3MH+ 39	2027/1/19	364D	Financials	-/BBB/BBB	-/-/-
2026/1/13	GF Holdings Hong Kong Corp Ltd	USD	24	4.05	2026/4/21	91D	Financials	-/BBB/BBB	-/-/-
2026/1/13	GF Holdings Hong Kong Corp Ltd	USD	26	4.05	2026/4/21	91D	Financials	-/BBB/BBB	-/-/-
2026/1/13	Huatai International Financial Holdings Co Ltd	USD	20	4.1	2026/7/16	181D	Financials	Baa1/BBB+/-	-/-/-
2026/1/13	Huatai International Financial Holdings Co Ltd	USD	15	4.07	2026/4/16	90D	Financials	Baa1/BBB+/-	-/-/-
2026/1/14	China Securities International Finance Holding Co Ltd	USD	10	4	2026/7/16	181D	Financials	-/-/-	-/-/-
2026/1/14	GF Holdings Hong Kong Corp Ltd	USD	1	4.05	2026/4/21	90D	Financials	-/BBB/BBB	-/-/-
2026/1/14	GF Holdings Hong Kong Corp Ltd	USD	5	4.05	2026/4/21	90D	Financials	-/BBB/BBB	-/-/-
2026/1/14	Haitong International Securities Group Ltd	USD	10	3.88	2026/2/24	34D	Financials	-/BBB/-	-/-/-
2026/1/14	Huatai International Financial Holdings Co Ltd	HKD	307	3.15	2026/10/21	273D	Financials	Baa1/BBB+/-	-/-/-
2026/1/14	Huatai International Financial Holdings Co Ltd	HKD	100	3.14	2027/1/22	364D	Financials	Baa1/BBB+/-	-/-/-
2026/1/14	Linyi Eastern City Construction Investment Group Co Ltd	CNY	400	6.9	2029/1/21	3	Chengtou	-/-/-	-/-/-
2026/1/15	CITIC Securities International Co Ltd	CNY	40	0	2029/1/22	3	Financials	-/BBB+/-	-/-/-
2026/1/15	GF Holdings Hong Kong Corp Ltd	HKD	7	3.1	2026/4/28	96D	Financials	-/BBB/BBB	-/-/-
2026/1/15	GF Holdings Hong Kong Corp Ltd	HKD	7	3.18	2026/7/22	181D	Financials	-/BBB/BBB	-/-/-
2026/1/15	GF Holdings Hong Kong Corp Ltd	USD	8	4.05	2026/4/21	90D	Financials	-/BBB/BBB	-/-/-
2026/1/15	Huatai International Financial Holdings Co Ltd	USD	60	SOFR +46	2026/7/23	183D	Financials	Baa1/BBB+/-	-/-/-
2026/1/15	Huatai International Financial Holdings Co Ltd	HKD	307	3.15	2026/10/22	273D	Financials	Baa1/BBB+/-	-/-/-

2026/1/15	Industrial Bank Co Ltd/Shanghai Pilot Free Trade Zone	CNY	3,000	1.95	2029/1/23	3	Banks	-/-/-	Baa2/-/-
2026/1/15	Kuaishou Technology	CNY	3,500	2.45	2031/1/22	5	Communications	A3/A-/A-	A3/A-/A-
2026/1/15	Kuaishou Technology	USD	600	4.125	2031/1/22	5	Communications	A3/A-/A-	A3/A-/A-
2026/1/15	Kuaishou Technology	USD	900	4.75	2036/1/22	10	Communications	A3/A-/A-	A3/A-/A-
2026/1/15	Taian Guotai Minan Investment Group Co Ltd	USD	27	4.85	2029/1/21	3	Consumer Staples	-/-/-	-/-/-
2026/1/15	Taian Taishan Industry Development Investment Group Co Ltd	CNY	300	6.95	2029/1/20	3	Consumer Staples	-/-/-	-/-/-
2026/1/16	CITIC Securities International Co Ltd	USD	5	0	2026/7/26	181D	Financials	-/BBB+/-	-/-/-
2026/1/16	GF Holdings Hong Kong Corp Ltd	USD	20	4.02	2026/10/22	273D	Financials	-/BBB/BBB	-/-/-
2026/1/16	GF Holdings Hong Kong Corp Ltd	HKD	100	3.04	2026/3/5	38D	Financials	-/BBB/BBB	-/-/-
2026/1/16	Guotai Junan International Holdings Ltd	USD	50	3.88	2026/7/23	181D	Financials	Baa2/BBB+/-	-/-/-
2026/1/16	Huatai International Financial Holdings Co Ltd	USD	100	4.05	2026/10/29	280D	Financials	Baa1/BBB+/-	-/-/-
2026/1/16	Huatai International Financial Holdings Co Ltd	USD	100	4.05	2026/10/22	273D	Financials	Baa1/BBB+/-	-/-/-
2026/1/16	Huatai International Financial Holdings Co Ltd	USD	20	4.05	2026/7/22	180D	Financials	Baa1/BBB+/-	-/-/-

Sources: CCXAP research

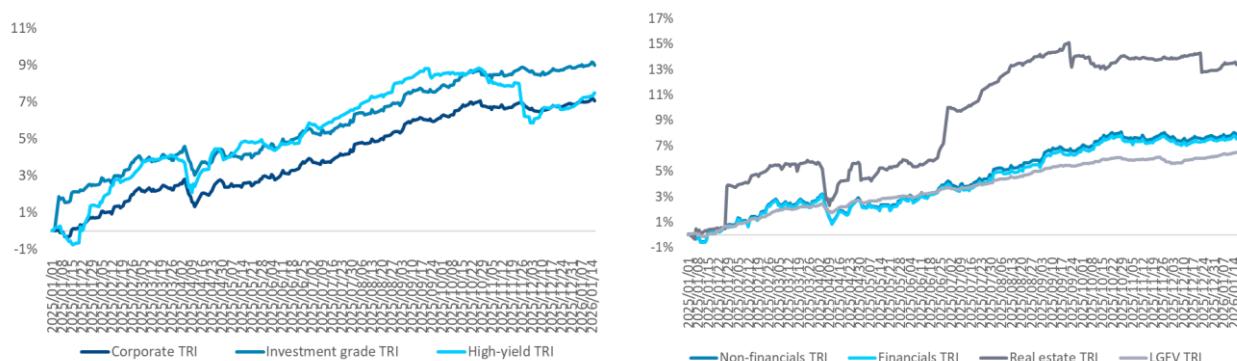
Secondary Market: return on Chinese USD bonds increased

As of January 16, the year-to-date return¹ of Chinese USD bonds increased by 22.0bp to 7.07% compared to last Friday, among which the return rate of investment-grade bonds increased by 17.0bp to 8.99%, while the return rate of high-yield bonds increased by 70.0bp to 7.49%. By industry, the return rate of non-financial bonds was 7.79%, up 18.0bp from last Friday. The return rate of financial bonds was 7.53%, up 17.0bp. The return rate of real estate was 13.38%, up 45.0bp. The return rate of Chengtou was 6.44%, up 27.0bp.

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



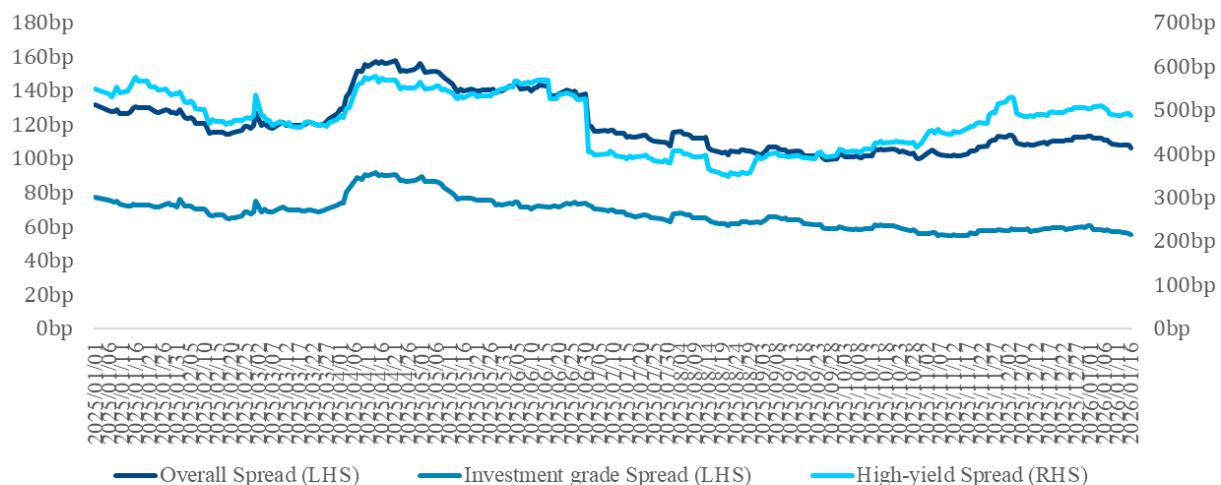
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of January 16, the spread of Chinese USD bonds narrowed by 5.7bp to 106.02bp from last Friday, among which the spread of investment-grade bonds narrowed by 3.2bp to 54.91bp, and the spread of high-yield bonds narrowed by 20.0bp to 486.18bp.

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



Sources: CCXAP research

From January 12 to January 16, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Chengdu Xingcheng Investment Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260112-20260116)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CHDXCH 2.9 01/20/26	Chengdu Xingcheng Investment Group Co., Ltd.	99.911	0.01	10.767	1.1928M
YUEXIU 2.8 01/20/26	Yuexiu Property Co., Ltd.	99.896	0.01	12.008	949.4
HBGGDS 7 1/2 01/25/26	Hubei Optics Valley East State-owned Capital Investment and Operation Group Co., Ltd.	99.992	0.01	7.962	859.5

SHGUOH 3.15 01/21/26	Shandong Development Investment Holding Group Co., Ltd.	100.16	0.01	-53.526	570.8
EHICAR 7 09/21/26	eHi Car Rental Service Co., Ltd.	77.359	0.67	51.022	397.4
CHJMAO 6 PERP	China Jinmao Holdings Group Co., Ltd.	100.195	PERP	1.818	300.5
FTLNHD 4 1/2 05/02/26	Seazen Holdings Limited	96	0.28	19.932	180.3
EHICAR 12 09/26/27	eHi Car Rental Service Co., Ltd.	63.401	1.68	45.246	112.5
CHDUIN 2.6 04/12/26	Chengdu Jiazi Financial Holding Group Co., Ltd.	99.319	0.22	5.625	106.8
SYSTIO 3.55 03/16/26	Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd.	99.74	0.15	5.201	52

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 2 Chinese issuers

From January 12 to January 16, rating agencies took positive rating actions on 2 Chinese issuers.

Table 3: Rating actions of cross-border issuer (20260112-20260116)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	Linyi Dongcheng Construction Investment Group Co., Ltd.	Chengt ou	BBB	Stable	2026/01/13	BBB-	Stable	2025/01/13	Lianhe	The government is highly likely to provide very strong support to Linyi Dongcheng Construction Investment if necessary.
	Dalian Wanda Commercial Management Group Co., Ltd.	Real estate	CC	None	2026/01/16	C	None	2026/01/15	Fitch	The company has completed its debt extension and meets the conditions for credit rating adjustment.

Source: CCXAP research

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