

2026 Issue 5 From February 2 to February 6

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

Headline: China January S&P Manufacturing PMI Above Prior Reading; US January ADP Employment Change Below Expectations

On February 2, China announced its January S&P Global Manufacturing PMI at 50.3, in line with forecasts and higher than the previous reading. On February 4, the US announced that the January ADP employment change stood at 22,000, below the forecast of 40,000 and also lower than the previous reading of 41,000.



Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of February 6, the RMB/USD middle rate closed at 6.959, down 88.0bp from last Friday. The USD Index closed at 97.633, up 0.64% from last Friday.

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

Last week, China Government Bond yields decreased. Despite slowing employment data, resistance to rate cuts remains strong, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From February 2 to February 6, Chinese enterprises issued 27 new bonds in the offshore market, totaling about USD4.024 billion, an increase of 40.44% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.842 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of February 6, the return rate of Chinese USD bonds increased by 14.0bp to 0.57% compared to last Friday, among which the return rate of investment-grade bonds increased by 18.0bp to 0.51%, while the return rate of high-yield bonds decreased by 19.0bp to 1.04%.

Rating Actions: Rating Agencies Took Rating Actions on 6 Chinese Issuers

From February 2 to February 6, rating agencies took positive rating actions on 4 Chinese issuers and negative rating actions on 2 Chinese issuers.

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Headline: China January S&P Manufacturing PMI above prior reading; US January ADP employment change below expectations

On February 2, China announced its January S&P Global Manufacturing PMI at 50.3, in line with forecasts and higher than the previous reading. Hitting a three-month high, it reflected sustained improvement in manufacturing conditions, consistent with market expectations. Increased overseas demand from Southeast Asia and other regions supported a recovery in new export orders, while total new orders also continued to rise, though the pace of growth was constrained by high prices and a subdued market environment. Output growth accelerated slightly. In response to business growth and backlogs, companies increased hiring, and purchasing volumes also continued to rise. On the price front, cost pressures accumulated, leading firms to pass costs on to customers by raising factory-gate prices for the first time in over a year, with export charges rising in tandem. Raw material price increases hit a multi-month high, particularly pronounced for metals.

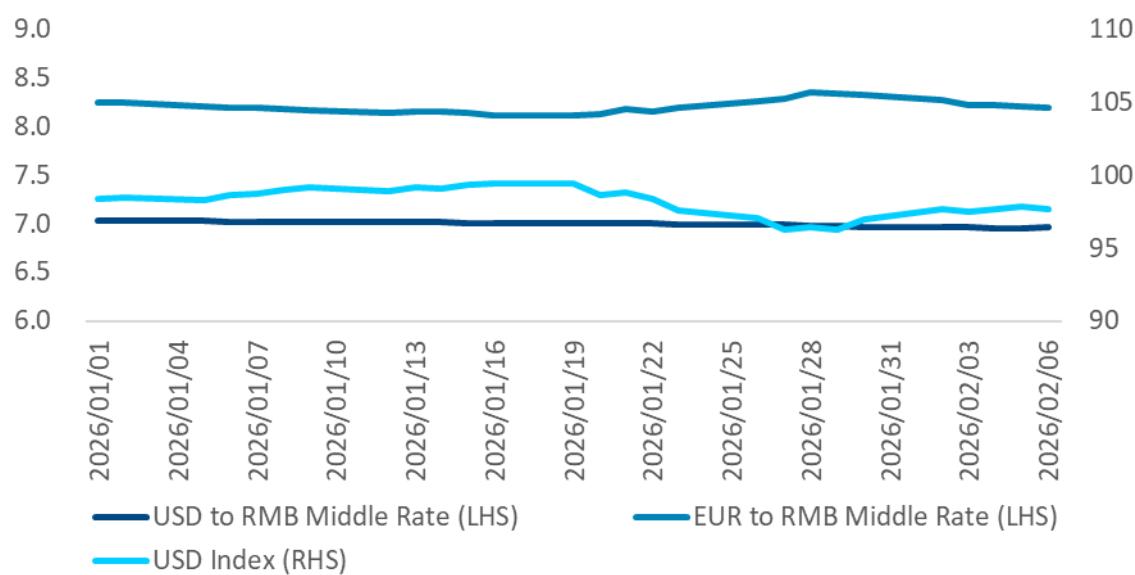
On February 4, the US announced that the January ADP employment change stood at 22,000, below the forecast of 40,000 and also lower than the previous reading of 41,000. Were it not for a surge of 74,000 jobs in the education and health services sector, overall employment would likely have contracted. By sector, multiple areas showed contraction trends. Among them, professional and business services saw a sharp reduction of 57,000 positions, while manufacturing cut 8,000 jobs. Wage growth remained stable, with the year-on-year increase in wages for incumbent employees holding steady at 4.5%. This report continues the weak trend observed since late 2025, indicating that the labor market remains in a stalemate characterized by "low hiring, low layoffs." Notably, due to the partial federal government shutdown, the official nonfarm payroll report from the US Bureau of Labor Statistics, originally scheduled for Friday, has been delayed again, with the specific release date to be determined once Congress resolves the budget impasse.

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of February 6, the RMB/USD middle rate closed at 6.959, down 88.0bp from last Friday. The RMB/EUR middle rate closed at 8.1923, down 1321.0bp from last Friday. The USD Index closed at 97.633, up 0.64% from last Friday.



Figure 1: RMB exchange rate

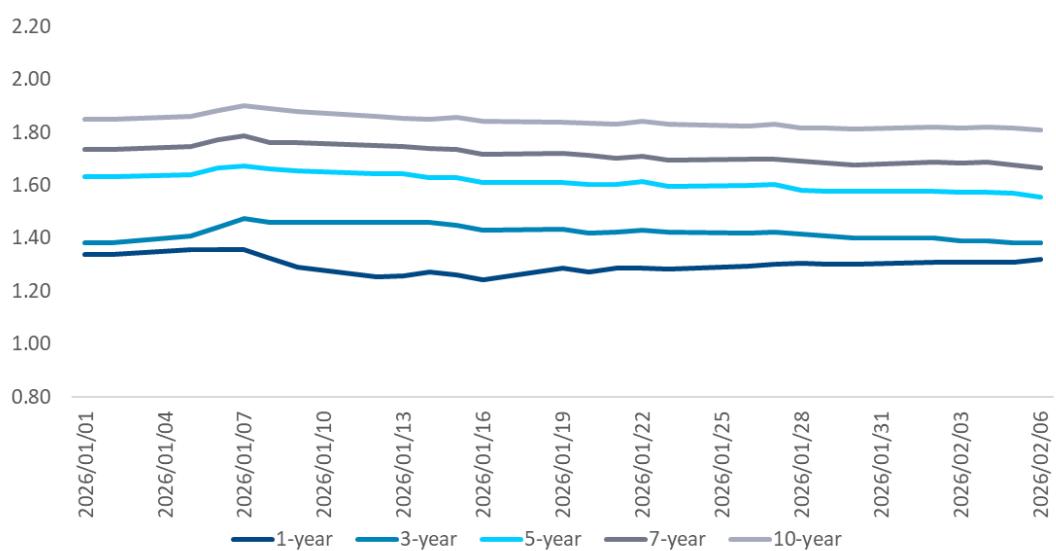


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of February 6, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3207%, 1.3809%, 1.5552%, 1.6665%, and 1.8102%, respectively. Compared to last Friday, the 1-year yield increased by 2.08bp, the 3-year yield decreased by 2.05bp, the 5-year yield decreased by 2.09bp, the 7-year yield decreased by 0.94bp, and the 10-year yield decreased by 0.10bp.

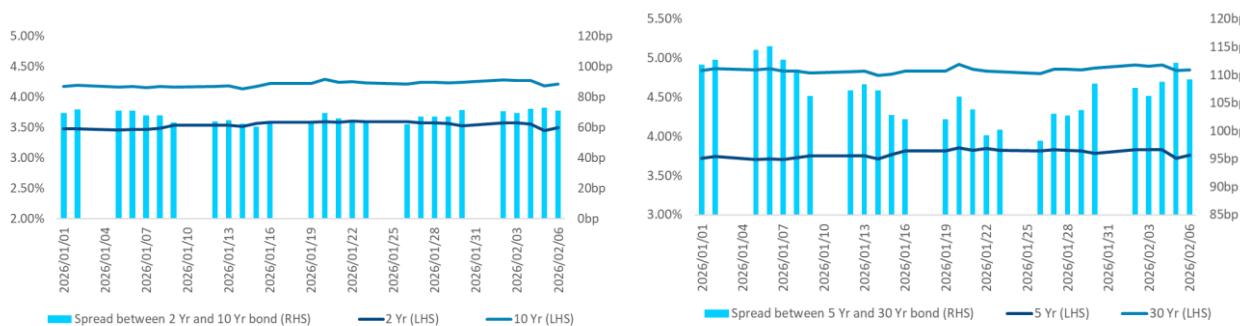
Figure 2: China Government Bond yields



Sources: CCXAP research

Despite slowing employment data, resistance to rate cuts remains strong, US Treasury yields decreased. As of February 6, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.4976%, 3.7585%, 4.2060%, and 4.8510%, respectively. Down 2.48bp, 2.96bp, 2.95bp, and 2.15bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 0.47bp to 70.84bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 0.81bp to 109.25bp compared to last Friday.

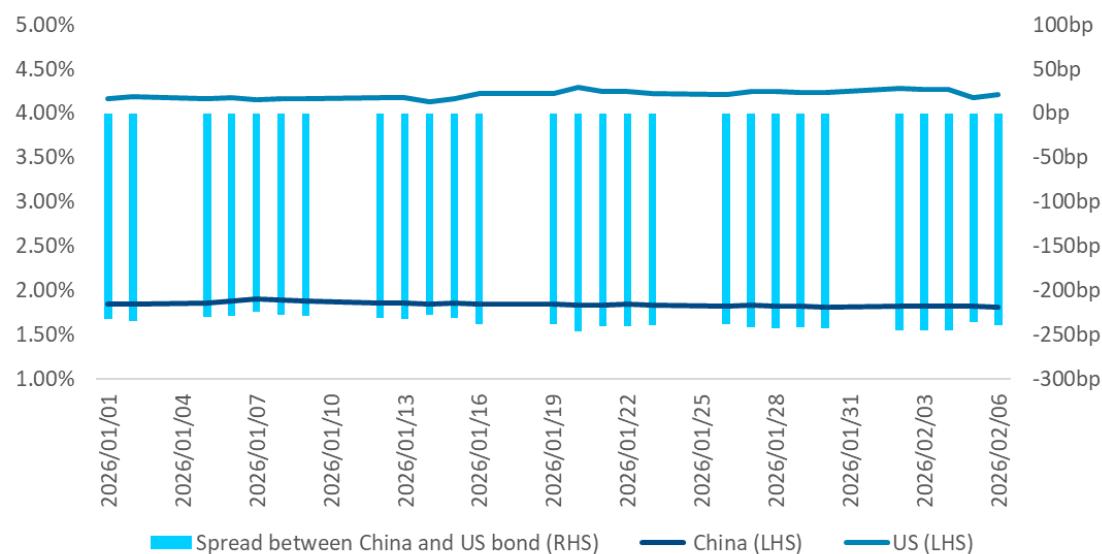
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of February 6, the 10-year Treasury bond interest rate gap between China and the US was -239.6bp, narrowing by 2.8bp from last Friday and widening by 7.6bp 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 February 2 to February 6, Chinese enterprises issued 27 new bonds in the offshore market, totaling about USD4.024 billion, an increase of 40.44% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.842 billion in bonds.



Table 1: New issuance of Chinese offshore bonds (20260202-20260206)

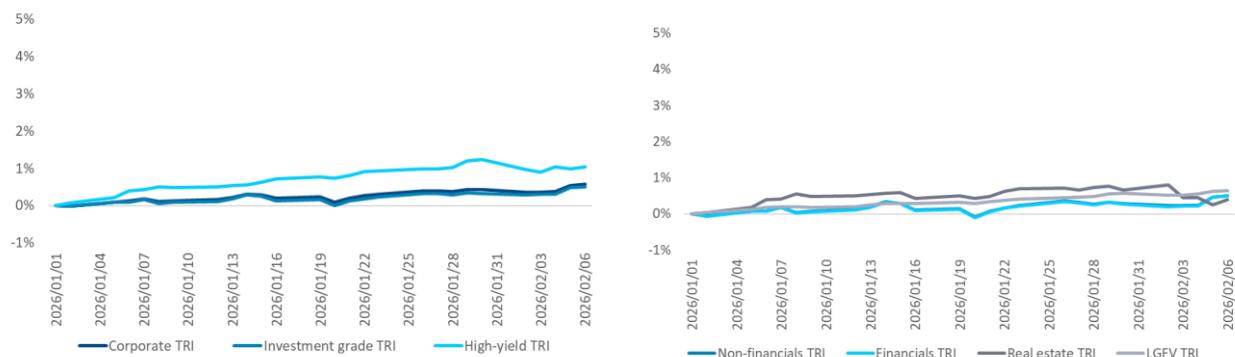
Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/2/2	China Securities International Finance Holding Co Ltd	CNY	350	2	2027/1/29	358D	Financials	-/BBB+/BBB+	-/-
2026/2/2	CITIC Securities International Co Ltd	USD	20	--	2026/4/8	58D	Financials	-/BBB+/-	-/-
2026/2/2	CMBC International Holdings Ltd	USD	300	SOFR +60	2029/2/6	3	Financials	-/-/BBB-	-/-/BBB-
2026/2/2	West China Cement Ltd	USD	300	10.5	2029/11/12	4	Materials	B3/NR/B	-/B/B
2026/2/3	China Securities International Finance Holding Co Ltd	USD	10	3.9	2027/2/6	1	Financials	-/BBB+/BBB+	-/-
2026/2/3	China Securities International Finance Holding Co Ltd	USD	2	3.75	2026/5/8	91D	Financials	-/BBB+/BBB+	-/-
2026/2/3	GF Holdings Hong Kong Corp Ltd	HKD	40	3.08	2026/8/11	186D	Financials	-/BBB/BBB	-/-
2026/2/3	GF Holdings Hong Kong Corp Ltd	USD	17	3.96	2026/4/1	55D	Financials	-/BBB/BBB	-/-
2026/2/3	GF Holdings Hong Kong Corp Ltd	HKD	624	3.06	2026/8/8	183D	Financials	-/BBB/BBB	-/-
2026/2/3	Guotai Junan International Holdings Ltd	USD	53	3.85	2026/8/12	183D	Financials	Baa2/BBB+/-	-/-
2026/2/4	CDB Financial Leasing Co., Ltd.	USD	500	4.25	2031/2/11	5	Financials	A2/A/A	A2/-/A
2026/2/4	CITIC Securities International Co Ltd	CNY	10	2	2027/2/5	358D	Financials	-/BBB+/-	-/-
2026/2/4	GF Holdings Hong Kong Corp Ltd	USD	4	4.06	2026/5/12	88D	Financials	-/BBB/BBB	-/-
2026/2/4	Huzhou Nan Taihu State-owned Holding Group Co., Ltd.	USD	186	5.8	2029/2/9	3	Chengtou	-/-	-/-
2026/2/4	Shenwan Hongyuan HK Ltd	HKD	100	3.09	2026/8/7	179D	Financials	-/BBB/-	-/-
2026/2/5	China International Capital Corporation Limited	USD	550	SOFR +48	2028/2/13	2	Financials	Baa1/BBB+/BB+	Baa1/-/-
2026/2/5	China International Capital Corporation Limited	USD	850	SOFR +53	2029/2/12	3	Financials	Baa1/BBB+/BB+	Baa1/-/-
2026/2/5	Neijiang Investment Holding Group Co Ltd	USD	50	3.9	2029/2/10	3	Chengtou	-/-	-/-
2026/2/5	Shengzhou Investment Holding Co Ltd	USD	250	4.05	2029/2/10	3	Chengtou	-/-	-/-
2026/2/5	Tianfeng Securities Co Ltd	USD	340	5.2	2028/2/13	2	Financials	--/-/BBB-	--/-/BBB-
2026/2/5	Yuexiu Real Estate Investment Trust	USD	300	6.5	2029/2/12	3	Real Estate	Ba3/BBB-/BBB-	--/BBB-/BBB-
2026/2/5	Yuexiu Real Estate Investment Trust	CNY	690	3.5	2029/2/12	3	Real Estate	Ba3/BBB-/BBB-	--/BBB-/BBB-
2026/2/6	CITIC Securities International Co Ltd	USD	6	--	2026/5/12	88D	Financials	-/BBB+/-	-/-
2026/2/6	GF Holdings Hong Kong Corp Ltd	USD	10	4.06	2026/5/9	88D	Financials	-/BBB/BBB	-/-
2026/2/6	GF Holdings Hong Kong Corp Ltd	HKD	50	3.08	2026/8/12	183D	Financials	-/BBB/BBB	-/-
2026/2/6	GF Holdings Hong Kong Corp Ltd	USD	20	4.06	2026/6/13	121D	Financials	-/BBB/BBB	-/-
2026/2/6	GF Holdings Hong Kong Corp Ltd	USD	5	SOFR +55	2027/1/27	351D	Financials	-/BBB/BBB	-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of February 6, the year-to-date return¹ of Chinese USD bonds increased by 14.0bp to 0.57% compared to last Friday, among which the return rate of investment-grade bonds increased by 18.0bp to 0.51%, while the return rate of high-yield bonds decreased by 19.0bp to 1.04%. By industry, the return rate of non-financial bonds was 0.49%, up 20.0bp from last Friday. The return rate of financial bonds was 0.49%, up 22.0bp. The return rate of real estate was 0.39%, down 27.0bp. The return rate of Chengtou was 0.65%, up 8.0bp.

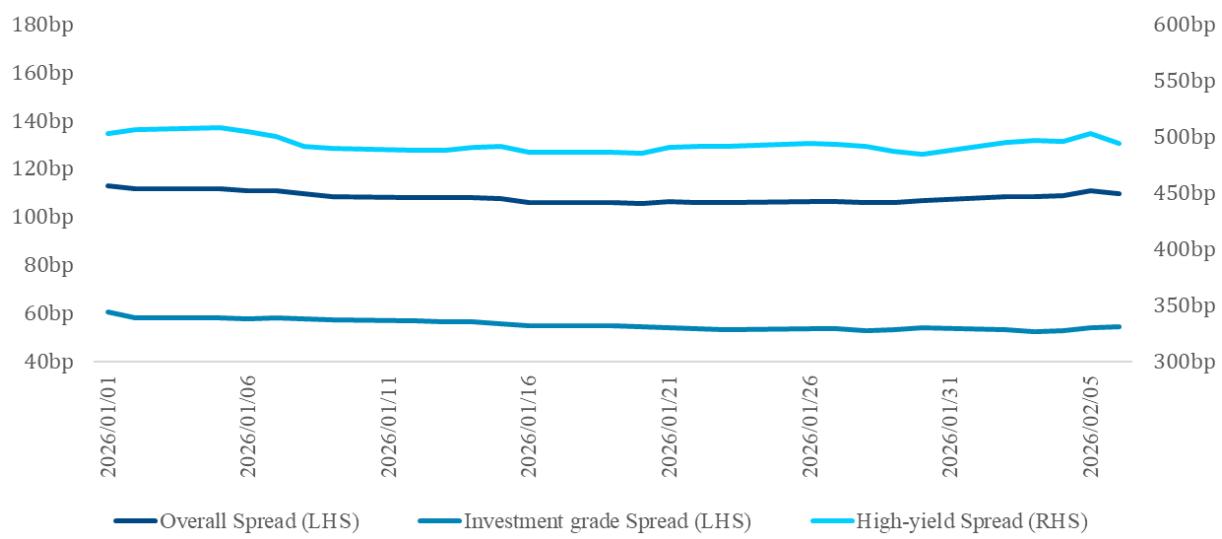
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of February 6, the spread of Chinese USD bonds widened by 3.0bp to 109.49bp from last Friday, among which the spread of investment-grade bonds widened by 0.3bp to 54.2bp, and the spread of high-yield bonds widened by 9.2bp to 493.47bp.

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



Sources: CCXAP research

¹ Year-to-date return measures the return since January 1, 2026

From February 2 to February 6, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of eHi Car Rental Service Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260202-20260206)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
EHICAR 7 09/21/26	eHi Car Rental Service Co., Ltd.	70.375	0.61	75.938	701.3
CCB Float 02/09/26	China Construction Bank (New Zealand) Limited	100.005	0.01	3.021	314.9
ICBCAS Float 06/02/26	Industrial and Commercial Bank of China (New Zealand) Limited	100.127	0.31	3.251	314.7
EHICAR 12 09/26/27	eHi Car Rental Service Co., Ltd.	60.644	1.62	50.04	305.6
TIANFS 6 1/2 03/05/26	TF Securities Co., Ltd.	100.174	0.06	3.777	301.9
CHJMAO 3.2 04/09/26	China Jinmao Holdings Group Limited	99.712	0.16	4.948	128.1
FRESHK 4 1/4 02/14/28	Far East Horizon Limited	100.35	2.01	4.066	112.9
CCB Float 11/02/26	China Construction Bank (New Zealand) Limited	100.255	0.73	3.481	85.4
KNMIDI 8 1/2 08/20/26	Kunming Industrial Development Investment Co., Ltd.	100.153	0.52	8.188	68.9
CQXHUC 7 1/2 03/13/26	Chongqing New Shuangquan Urban Construction and Development Co., Ltd.	100.068	0.08	6.504	67.0

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 6 Chinese issuers

From February 2 to February 6, rating agencies took positive rating actions on 4 Chinese issuers and negative rating actions on 2 Chinese issuers.

Table 3: Rating actions of cross-border issuer (20260202-20260206)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :									
China Huadian Corporation Ltd.	Industrials	A	Stable	2026/02/05	A-	Stable	2022/05/24	S&P	The company will play a key role in China's energy security.
State Power Investment Corporation Limited	Industrials	A	Stable	2026/02/05	A-	Stable	2022/07/27	S&P	The company will play a key role in China's energy security.
China Huaneng Group Co., Ltd.	Industrials	A	Stable	2026/02/05	A-	Stable	2023/11/16	S&P	The company will play a key role in China's energy security.

	Huaneng Power International, Inc.	Industrials	A	Stable	2026/02/05	A-	Stable	2021/11/25	S&P	The company will play a key role in China's energy security.
Downgrade	Luoyang Guosheng Investment Holding Group	Chengtou	BBB-	Neg	2026/02/02	BBB-	Stable	2025/02/12	Fitch	The company addresses insufficient control over the financing activities of its consolidated county-level subsidiaries.
	Far East Horizon Ltd.	Financials	BBB-	Rating Watch Neg	2026/02/03	BBB-	Stable	2025/08/04	S&P	The potential spillover risk to the company's core financial leasing business from the deteriorating creditworthiness of its listed subsidiaries.

Source: CCXAP research

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