

2026 Issue 6 From February 9 to February 20

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

Headline: China's January M2 Up 9% YoY; US January Unemployment Rate Falls to 4.3%

On February 13, China announced that the M2 balance at the end of January was 347.19 trillion yuan, up 9% YoY. On February 11, the US announced that January nonfarm payrolls rose by 130,000, the unemployment rate fell to 4.3%.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of February 20, the RMB/USD middle rate closed at 6.9398, down 192.0bp from last Friday. The USD Index closed at 97.796, up 0.16% from last Friday.

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

Last week, China Government Bond yields decreased. As US January employment data exceeded expectations, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Slowed Amid Chinese New Year

From February 9 to February 20, Chinese enterprises issued 23 new bonds in the offshore market, totaling about USD1.287 billion. Among them, financial institutions were the main issuers, issuing a total of USD622 million in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of February 20, the return rate of Chinese USD bonds increased by 40.0bp to 0.97% compared to last Friday, among which the return rate of investment-grade bonds increased by 40.0bp to 0.91%, while the return rate of high-yield bonds increased by 40.0bp to 1.44%.

Rating Actions: CCXAP Assigned Credit Rating to 1 Chinese Entity

On February 13, CCXAP assigns first-time long-term credit rating of A_g- to Huai'an Southern City Construction Investment Group Co., Ltd., with stable outlook.



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Headline: China's January M2 up 9% YoY; US January unemployment rate falls to 4.3%

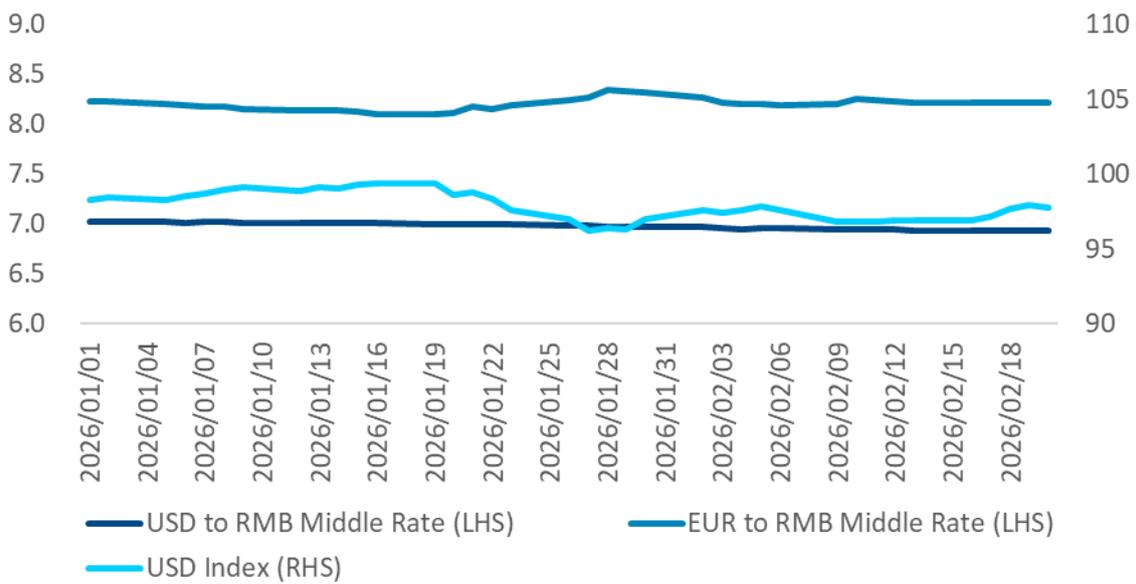
On February 13, China announced that the broad money supply (M2) balance and growth rate at the end of January. The M2 balance stood at 347.19 trillion yuan, up 9% YoY. This was partly due to a base effect, the increase in M2 in January 2025 was approximately 5 trillion yuan, which was relatively low compared to the same periods in recent years. It was also related to the positive trend in the capital markets at the beginning of the year. As the base effect gradually fades, the trend of M2 is expected to become more stable. In addition, the increment of total social financing in January 2026 was 7.22 trillion yuan, an increase of 166.2 billion yuan compared to the same period last year. At the end of January 2026, the outstanding balance of total social financing was 449.11 trillion yuan, up 8.2% YoY. The M2-M1 scissors gap stood at 4.1 percentage points, further narrowing from December 2025.

On February 11, the US announced that January nonfarm payrolls rose by 130,000, the unemployment rate fell to 4.3%, and average hourly earnings rose 0.4% MoM, all exceeding expectations. Following the data release, both US stock futures and Treasury yields moved higher. Traders scaled back bets on a rate cut in June, now expecting the first rate cut to be delayed until July. Analysts suggest that although the January data was strong, annual revisions have revealed underlying vulnerabilities in the labor market, which could leave room for subsequent adjustments in Fed policy. This is because the US Bureau of Labor Statistics, upon releasing the January employment data, simultaneously revised the total nonfarm payrolls for March 2025 downward by 898,000, compressing the full-year employment growth from the preliminary figure of 584,000 to 181,000. Among the past 26 reports, 25 were revised downward. On a monthly basis, the average monthly job gain last year was only 15,000, far below the preliminary figure of 49,000.

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of February 20, the RMB/USD middle rate closed at 6.9398, down 192.0bp from last Friday. The RMB/EUR middle rate closed at 8.2195, up 272.0bp from last Friday. The USD Index closed at 97.796, up 0.16% from last Friday.

Figure 1: RMB exchange rate

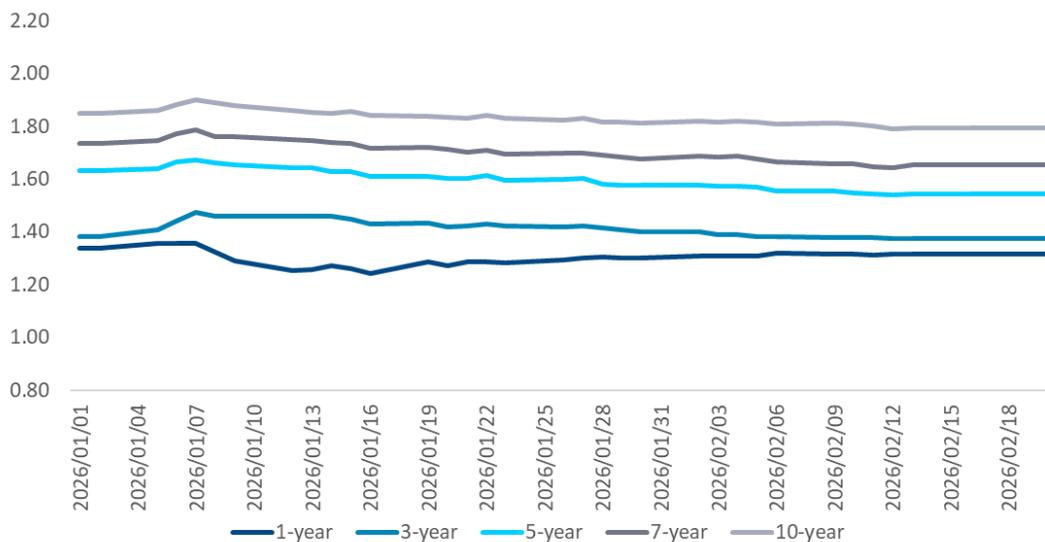


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of February 20, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3168%, 1.3761%, 1.5440%, 1.6551%, and 1.7928%, respectively. Down 0.39bp, 0.48bp, 1.12bp, 1.14bp, and 1.74bp from last Friday.

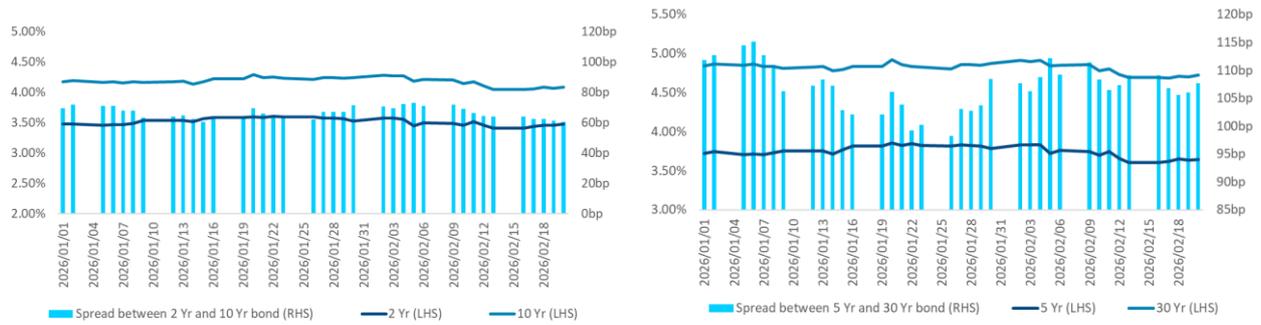
Figure 2: China Government Bond yields



Sources: CCXAP research

As US January employment data exceeded expectations, US Treasury yields decreased. As of February 20, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.4781%, 3.6467%, 4.0826%, and 4.7235%, respectively. Down 1.95bp, 11.18bp, 12.34bp, and 12.75bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 10.39bp to 60.45bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 1.57bp to 107.68bp compared to last Friday.

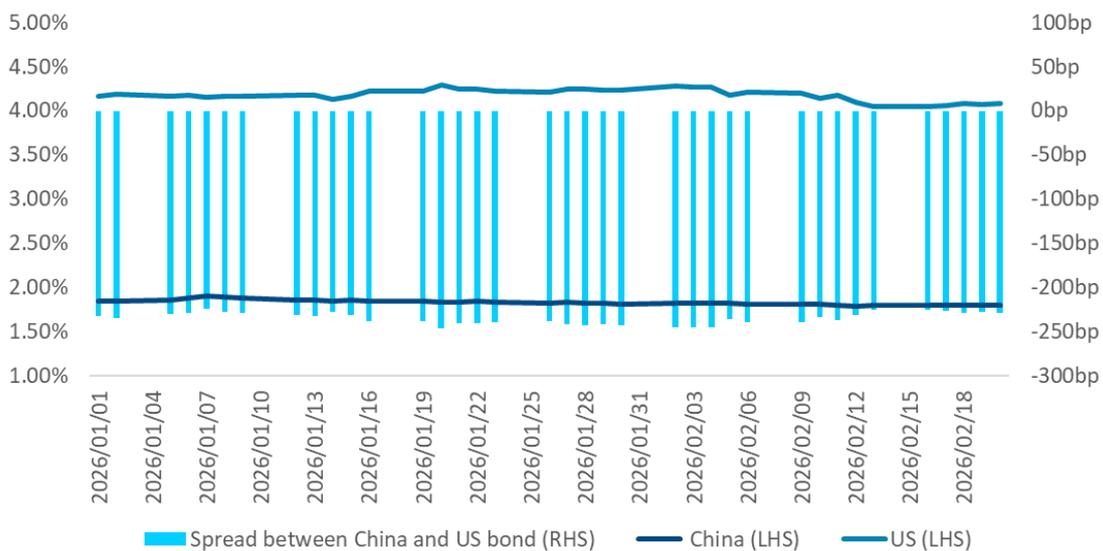
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of February 20, the 10-year Treasury bond interest rate gap between China and the US was -229.0bp, narrowing by 10.6bp from last Friday and widening by 3.0bp 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 slowed amid Chinese New Year

From February 9 to February 20, Chinese enterprises issued 23 new bonds in the offshore market, totaling about USD1.287 billion. Among them, financial institutions were the main issuers, issuing a total of USD622 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20260209-20260220)

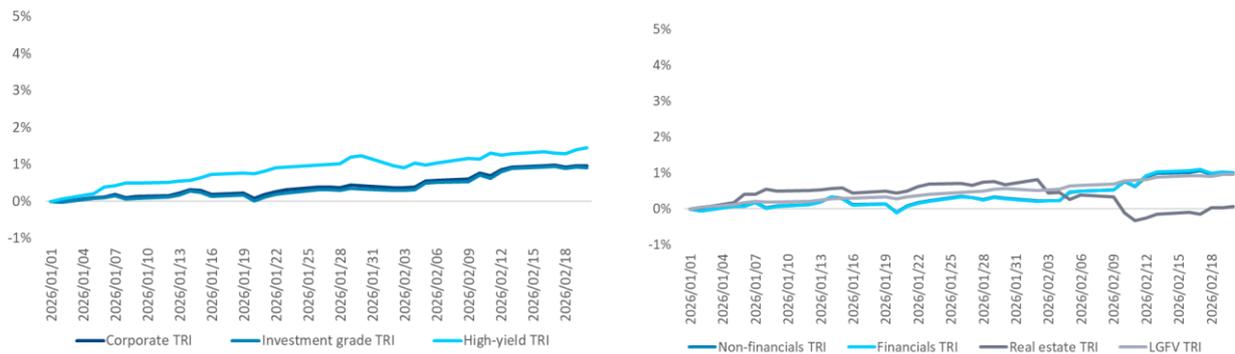
Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/2/9	GF Holdings Hong Kong Corp Ltd	USD	10	4.04	2026/5/12	89D	Financials	-/BBB/BBB	-/-/-
2026/2/9	GF Holdings Hong Kong Corp Ltd	USD	40	SOFR+30	2027/2/10	364D	Financials	-/BBB/BBB	-/-/-
2026/2/9	GF Holdings Hong Kong Corp Ltd	USD	20	4.04	2026/5/12	90D	Financials	-/BBB/BBB	-/-/-
2026/2/9	CITIC Securities International Co Ltd	CNY	36	0	2027/5/6	1	Financials	-/BBB+/-	-/-/-
2026/2/9	GF Holdings Hong Kong Corp Ltd	HKD	100	3.07	2026/8/12	181D	Financials	-/BBB/BBB	-/-/-
2026/2/10	CITIC Securities International Co Ltd	USD	20	0	2028/2/14	2	Financials	-/BBB+/-	-/-/-
2026/2/10	Inner Mongolia Xingye Silver&Tin Mining Co Ltd	USD	200	7.4	2029/2/13	3	Materials	-/-/-	-/-/-
2026/2/10	GF Holdings Hong Kong Corp Ltd	USD	100	SOFR+40	2026/5/27	91D	Financials	-/BBB/BBB	-/-/-
2026/2/11	GF Holdings Hong Kong Corp Ltd	USD	20	SOFR+52	2026/12/18	288D	Financials	-/BBB/BBB	-/-/-
2026/2/11	GF Holdings Hong Kong Corp Ltd	USD	10	SOFR+52	2026/12/18	301D	Financials	-/BBB/BBB	-/-/-
2026/2/11	China Securities International Finance Holding Co Ltd	CNY	800	0	2026/11/25	273D	Financials	-/BBB+/BBB+	-/-/-
2026/2/11	GF Holdings Hong Kong Corp Ltd	CNY	200	2.02	2027/2/22	364D	Financials	-/BBB/BBB	-/-/-
2026/2/11	GF Holdings Hong Kong Corp Ltd	USD	12	SOFR+45	2026/8/12	180D	Financials	-/BBB/BBB	-/-/-
2026/2/11	GF Holdings Hong Kong Corp Ltd	HKD	40	2.95	2026/5/12	88D	Financials	-/BBB/BBB	-/-/-
2026/2/12	GF Holdings Hong Kong Corp Ltd	USD	5	0	2028/2/16	2	Financials	-/BBB/BBB	-/-/-
2026/2/12	CCB International Holdings Ltd	USD	15	3.88	2026/8/24	181D	Financials	A2/--/A	-/-/-
2026/2/12	Haitong International Securities Group Ltd	USD	50	3.98	2026/5/26	91D	Financials	-/BBB/-	-/-/-
2026/2/12	GF Holdings Hong Kong Corp Ltd	USD	30	SOFR+40	2026/5/28	91D	Financials	-/BBB/BBB	-/-/-
2026/2/12	GF Holdings Hong Kong Corp Ltd	HKD	50	2.98	2026/6/2	102D	Financials	-/BBB/BBB	-/-/-
2026/2/13	Lianyungang Ganyu Urban Construction Development Group Co Ltd	JPY	5,800	1.7	2029/2/27	3	Chengtou	-/-/-	-/-/-
2026/2/13	Luoyang Shengshi Urban Construction Investment Co Ltd	CNY	500	4.7	2029/3/2	3	Chengtou	-/-/-	-/-/-
2026/2/13	CITIC Securities International Co Ltd	CNY	336	0	2030/11/26	5	Financials	-/BBB+/-	-/-/-
2026/2/13	CITIC Securities International Co Ltd	CNY	526	0	2035/11/26	10	Financials	-/BBB+/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of February 20, the year-to-date return¹ of Chinese USD bonds increased by 40.0bp to 0.97% compared to last Friday, among which the return rate of investment-grade bonds increased by 40.0bp to 0.91%, while the return rate of high-yield bonds increased by 40.0bp to 1.44%. By industry, the return rate of non-financial bonds was 0.98%, up 49.0bp from last Friday. The return rate of financial bonds was 1.01%, up 52.0bp. The return rate of real estate was 0.07%, down 32.0bp. The return rate of Chengtou was 0.96%, up 31.0bp.

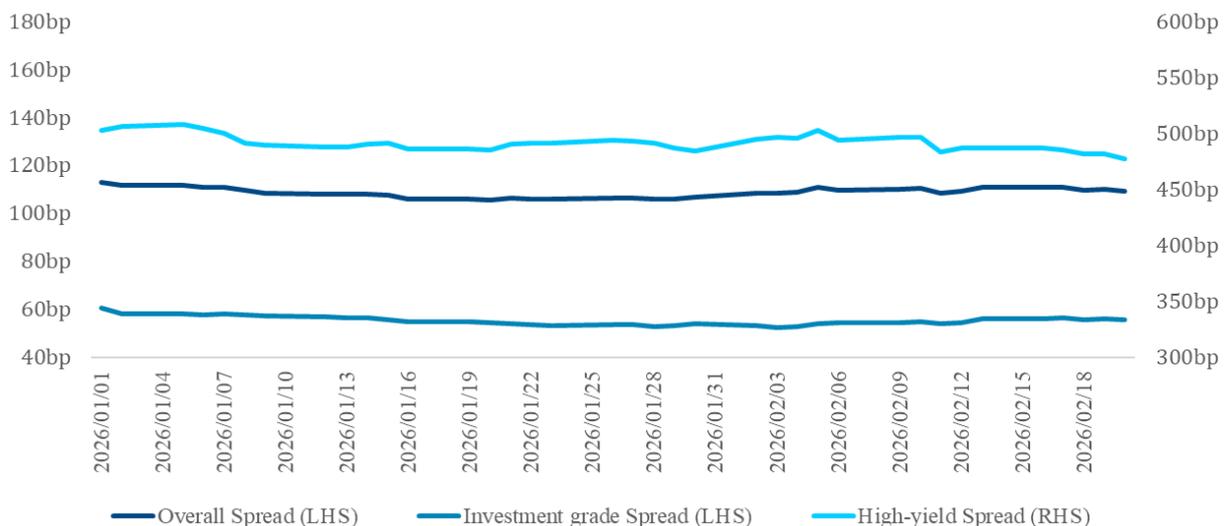
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of February 20, the spread of Chinese USD bonds narrowed by 0.3bp to 109.15bp from last Friday, among which the spread of investment-grade bonds widened by 1.3bp to 55.51bp, and the spread of high-yield bonds narrowed by 16.6bp to 476.82bp.

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 9 to February 20, 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 (20260209-20260220)

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.	67.344	0.57	92.849	1.9618M
EHICAR 12 09/26/27	eHi Car Rental Service Co., Ltd.	53.95	1.59	61.304	1.1463M
SHUION 5 ½ 06/29/26	Shui On Land Limited	100.347	0.34	1.694	300
CWAHK 4.85 05/18/26	China Water Group Limited	99.949	0.23	5.01	230.7
CHJMAO 3.2 04/09/26	China Jinmao Holdings Group Limited	99.762	0.12	5.142	170.8
BJAFHO 1.9 03/23/26	Beijing Affordable Housing Center Co., Ltd.	99.825	0.07	4.207	136.7
ZHJSEA 1.98 03/17/26	Zhejiang Seaport Investment and Operation Group Co., Ltd.	99.879	0.06	4.024	79.4
CHSCOI 3.4 PERP	China State Construction International Group Co., Ltd.	99.876	PERP	3.814	70.7
AVIILC 6 ½ PERP	AVIC International Financial Leasing Co., Ltd.	100.317	PERP	5.687	43.9
NDPAPE 14 PERP	Nine Dragons Paper (Holdings) Ltd.	105.411	PERP	9.42	39.3

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 February 13, CCXAP assigned first-time long-term credit rating of A_g- to Huai'an Southern City Construction Investment Group Co., Ltd. ("HSCI"), with stable outlook.

Table 3: CCXAP's rating actions of cross-border issuer (20260209-20260220)

Rating Date	Obligor	Entity Rating	Rating Rational
2026/2/13	HSCI	A _g -	The rating reflects the Company's (1) strong position in state-owned assets operation and infrastructure construction in Huai'an City, particularly the southern urban area; (2) high importance in public activities with sufficient project pipelines; and (3) good track record of receiving government support. However, the Company's rating is constrained by its (1) moderate risk exposure to commercial activities; (2) moderate asset liquidity and relatively high short-term debt burden; and (3) contingent liability risks arising from large external guarantees.

Source: CCXAP research

From February 9 to February 20, rating agencies took positive rating actions on 3 Chinese issuers and negative rating action on 1 Chinese issuer.

Table 4: Rating actions of cross-border issuer (20260209-20260220)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	Vanke Enterprise Co., Ltd.	Real estate	CC	None	2026/02/09	RD	-	2025/12/24	Fitch	Vanke has completed the debt restructuring of three batches of domestic bonds, which constitutes a major concession in terms and will enable the issuer to avoid possible defaults.
	Qingdao Blue Valley Investment Development Group Co., Ltd.	Chengt ou	BBB+	Stable	2026/02/10	BBB	Stable	2025/02/24	Lianhe	It is highly likely that the Jimo government will continue to provide strong support for Blue Valley investment when necessary.
	Huatai Property Insurance Co., Ltd.	Financi als	AA-	Stable	2026/02/13	A+	Stable	2025/03/06	Fitch	Parent company's willingness to support increases
Downgrade	Meituan	Techno logies	Baa1	Neg	2026/02/11	Baa1	Stable	2025/03/31	Moody's	The company's business is highly competitive and its leverage ratio remains high.

Source: CCXAP research

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