

2026 Issue 7 From February 23 to February 27

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

Headline: China Keeps 1-Year and 5-Year LPR Unchanged; US January PPI Exceeds Expectations

On February 24, China announced that the latest 1-year and 5-year LPR, which remained unchanged at 3.0% and 3.5% respectively. On February 27, the US announced its January PPI increased by 2.9% YoY, higher than market expectations.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of February 27, the RMB/USD middle rate closed at 6.9228, down 170.0bp from last Friday. The USD Index closed at 97.608, down 0.19% from last Friday.

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

Last week, China Government Bond yields increased. Although markets expect the Fed to keep rates unchanged at the March meeting, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From February 23 to February 27, Chinese enterprises issued 25 new bonds in the offshore market, totaling about USD1.013 billion, a decrease of 21.31% from last week. Among them, financial institutions were the main issuers, issuing a total of USD658 million in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of February 27, the return rate of Chinese USD bonds increased by 27.0bp to 1.24% compared to last Friday, among which the return rate of investment-grade bonds increased by 27.0bp to 1.18%, while the return rate of high-yield bonds increased by 24.0bp to 1.69%.

Rating Actions: Rating Agencies Took Rating Action on 1 Chinese Issuer

From February 23 to February 27, rating agencies took positive rating action on 1 Chinese issuer.



Analyst Contacts

Saul Zuo
852-2810 7142
saul_zuo@ccxap.com

Natalie Xu
852-2810 7142
natalie_xu@ccxap.com

Other Contacts

Peter Chong
852-2860 7124
peter_chong@ccxap.com

Headline: China keeps 1-year and 5-year LPR unchanged; US January PPI exceeds expectations

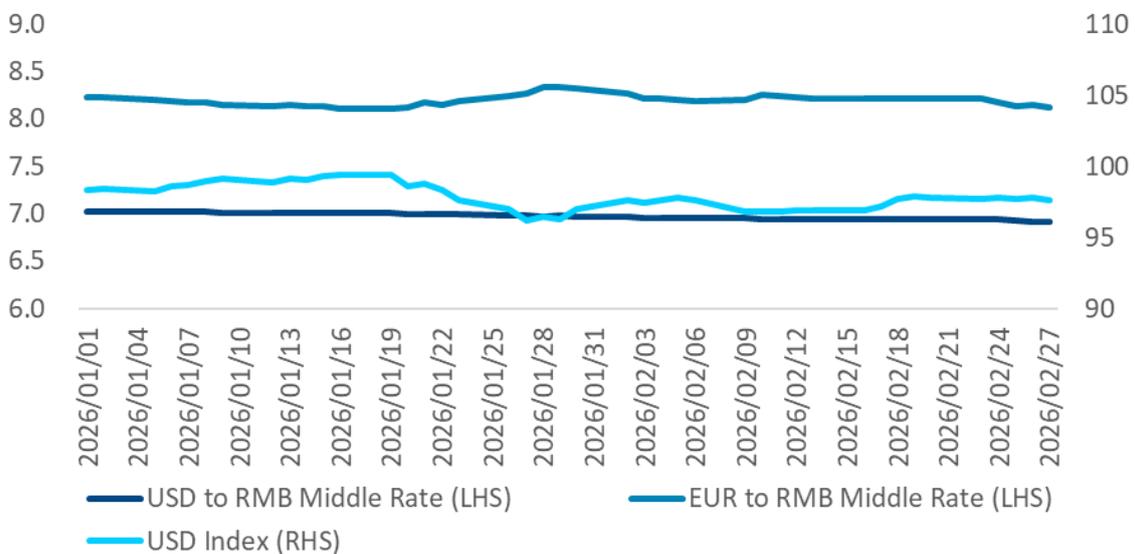
On February 24, China announced that the latest 1-year and 5-year Loan Prime Rates (LPR), which remained unchanged at 3.0% and 3.5% respectively. The last adjustment to the LPR was in May 2025, when both the 1-year and 5-year LPR were lowered by 10 basis points. Regarding monetary policy for this year, the central bank recently set the tone, calling for "flexible and efficient" use of tools such as reserve requirement ratio (RRR) cuts and interest rate cuts. "Flexible" indicates that monetary policy tools will be used in a timely manner based on changes in the domestic and international environment and the needs of economic development. "Efficient" suggests that when employing tools like RRR and interest rate cuts, greater consideration must be given to policy effectiveness and targeting. This involves not only strengthening support for economic growth but also enhancing efforts to prevent risks such as idle funds and local government debt.

On February 27, the US announced its January PPI increased by 2.9% YoY, substantially exceeding market expectations. Additionally, core PPI rose 3.6% YoY, marking the fastest pace since March 2025. Surging service costs were the primary driver, with wholesale and retail trade services profit margins jumping by 2.5%. Goods prices were dragged down by energy costs, but core goods prices rose 0.7% MoM. The stronger-than-expected PPI may push core PCE higher, further dampening expectations for Fed rate cuts. Because PPI data is often viewed as a leading indicator of consumer inflation, its various subcomponents are directly used in calculating the PCE price index. The widespread heating up of producer prices in January suggests that inflationary pressures persist along the supply chain.

Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of February 27, the RMB/USD middle rate closed at 6.9228, down 170.0bp from last Friday. The RMB/EUR middle rate closed at 8.1208, down 987.0bp from last Friday. The USD Index closed at 97.608, down 0.19% from last Friday.

Figure 1: RMB exchange rate

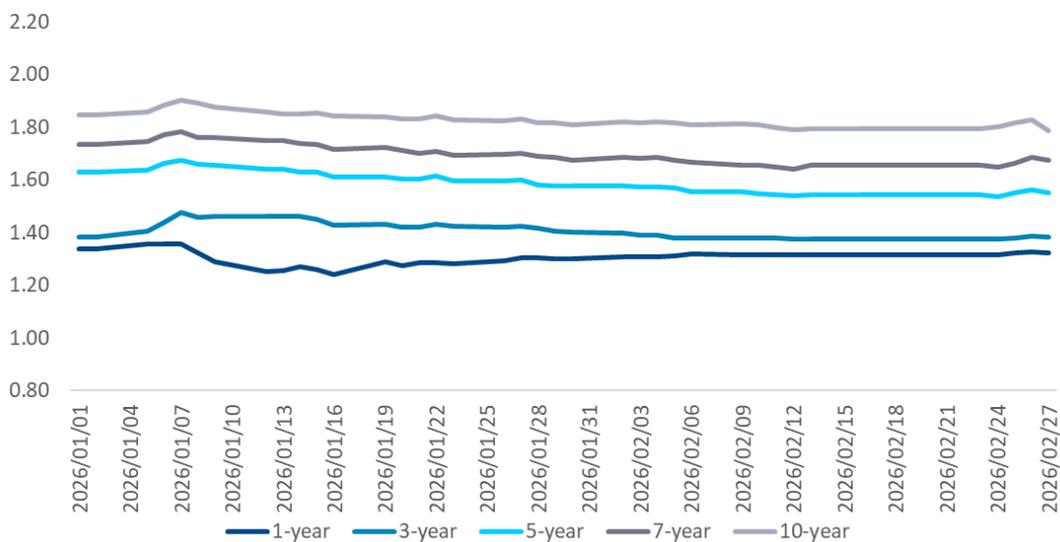


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of February 27, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.3216%, 1.3826%, 1.5499%, 1.6757%, and 1.7877%, respectively. Compared to last Friday, the 1-year yield increased by 0.48bp, the 3-year yield increased by 0.65bp, the 5-year yield increased by 0.59bp, the 7-year yield increased by 2.06bp, and the 10-year yield decreased by 0.51bp.

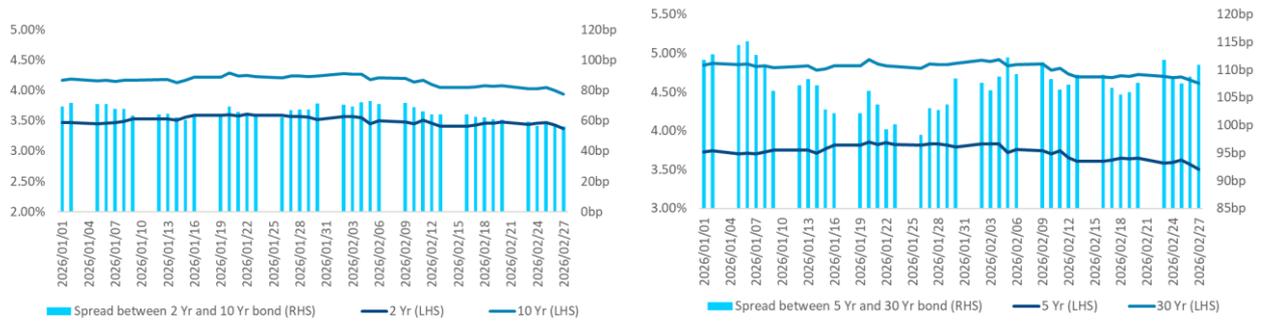
Figure 2: China Government Bond yields



Sources: CCXAP research

Although markets expect the Fed to keep rates unchanged at the March meeting, US Treasury yields decreased. As of February 27, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.3749%, 3.5017%, 3.9375%, and 4.6106%, respectively. Down 10.32bp, 14.50bp, 14.51bp, and 11.29bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 4.19bp to 56.26bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 3.21bp to 110.89bp compared to last Friday.

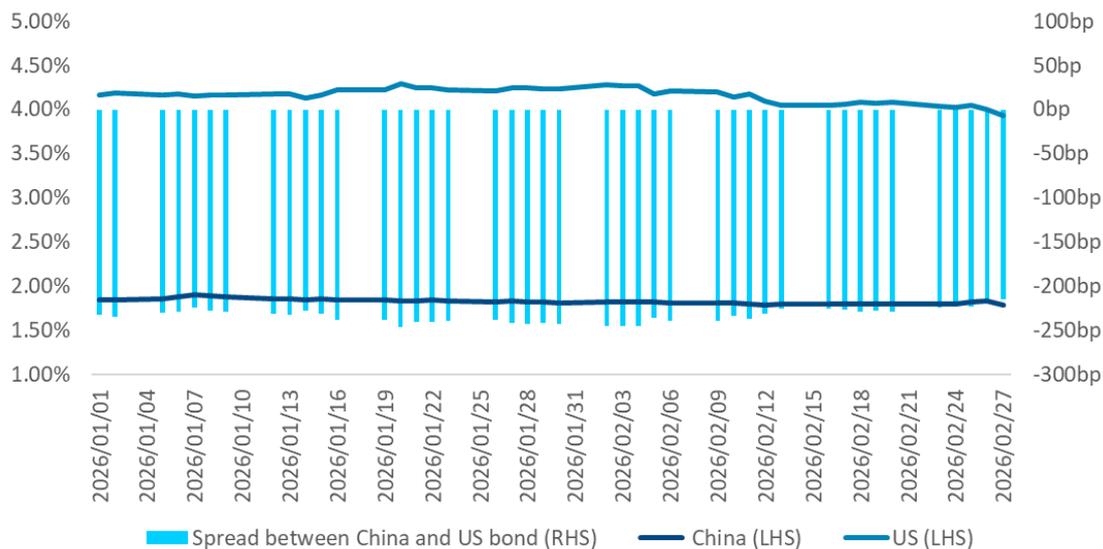
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of February 27, the 10-year Treasury bond interest rate gap between China and the US was -215.0bp, narrowing by 14.0bp from last Friday and widening by 17.0 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 decreased

From February 23 to February 27, Chinese enterprises issued 25 new bonds in the offshore market, totaling about USD1.013 billion, a decrease of 21.31% from last week. Among them, financial institutions were the main issuers, issuing a total of USD658 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20260223-20260227)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/2/23	GF Holdings Hong Kong Corp Ltd	USD	6	4.03	2026/8/26	181D	Financials	-/BBB/BBB	-/-/-
2026/2/23	Huatai International Financial Holdings Co Ltd	USD	20	SOFR+48	2026/11/27	273D	Financials	Baa1/BBB+/-	-/-/-

2026/2/23	Huatai International Financial Holdings Co Ltd	USD	85	4.09	2026/9/10	195D	Financials	Baa1/BBB+/-	-/-/-
2026/2/23	Huatai International Financial Holdings Co Ltd	USD	75	4.08	2026/9/2	187D	Financials	Baa1/BBB+/-	-/-/-
2026/2/23	Huatai International Financial Holdings Co Ltd	USD	43	4.01	2026/6/3	92D	Financials	Baa1/BBB+/-	-/-/-
2026/2/23	Huatai International Financial Holdings Co Ltd	USD	30	4.05	2026/8/27	181D	Financials	Baa1/BBB+/-	-/-/-
2026/2/24	CCB International Holdings Ltd	CNY	70	1.83	2026/5/26	84D	Financials	A2/--/A	-/-/-
2026/2/24	China Securities International Finance Holding Co Ltd	HKD	80	3	2027/2/26	361D	Financials	-/BBB+/BBB+	-/-/-
2026/2/24	CITIC Securities International Co Ltd	CNY	21	0	2026/9/30	215D	Financials	-/BBB+/-	-/-/-
2026/2/24	GF Holdings Hong Kong Corp Ltd	USD	80	SOFR+37	2026/6/2	95D	Financials	-/BBB/BBB	-/-/-
2026/2/24	GF Holdings Hong Kong Corp Ltd	USD	4	4.03	2026/8/26	181D	Financials	-/BBB/BBB	-/-/-
2026/2/24	Haitong International Securities Group Ltd	USD	5	4.01	2026/9/3	184D	Financials	-/BBB/-	-/-/-
2026/2/24	Huatai International Financial Holdings Co Ltd	HKD	200	2.95	2027/2/3	337D	Financials	Baa1/BBB+/-	-/-/-
2026/2/24	Huatai International Financial Holdings Co Ltd	USD	50	4.02	2026/9/3	188D	Financials	Baa1/BBB+/-	-/-/-
2026/2/24	Huatai International Financial Holdings Co Ltd	USD	50	4.02	2026/9/4	189D	Financials	Baa1/BBB+/-	-/-/-
2026/2/25	CITIC Securities International Co Ltd	CNY	20	0	2026/8/5	161D	Financials	-/BBB+/-	-/-/-
2026/2/25	CITIC Securities International Co Ltd	CNY	17	0	2026/8/5	159D	Financials	-/BBB+/-	-/-/-
2026/2/25	Haitong International Securities Group Ltd	USD	5	4.01	2026/6/4	92D	Financials	-/BBB/-	-/-/-
2026/2/25	Huatai International Financial Holdings Co Ltd	USD	80	SOFR+49	2026/12/3	275D	Financials	Baa1/BBB+/-	-/-/-
2026/2/25	Huatai International Financial Holdings Co Ltd	HKD	160	3MH+28	2026/12/3	275D	Financials	Baa1/BBB+/-	-/-/-
2026/2/26	China International Capital Corp International Ltd	USD	20	3.56	2026/4/2	31D	Financials	Baa1/BBB+/BBB+	-/-/-
2026/2/26	GF Holdings Hong Kong Corp Ltd	USD	10	4.03	2026/6/2	92D	Financials	-/BBB/BBB	-/-/-
2026/2/26	Seazen Group Ltd	USD	355	11.8	2029/3/9	3	Real Estate	Caa1/B/WD	-/B/-
2026/2/27	CITIC Securities International Co Ltd	USD	10	0	2026/9/6	184D	Financials	-/BBB+/-	-/-/-
2026/2/27	GF Holdings Hong Kong Corp Ltd	USD	10	SOFR+42	2026/9/8	186D	Financials	-/BBB/BBB	-/-/-

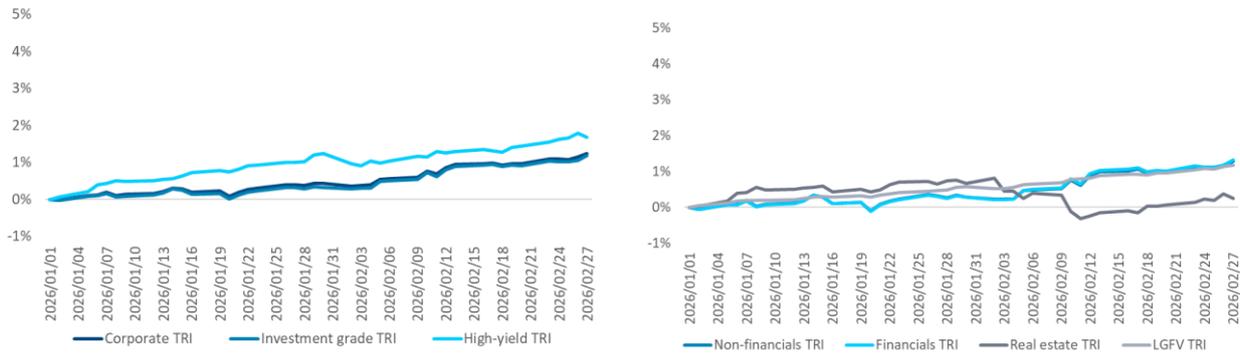
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of February 27, the year-to-date return¹ of Chinese USD bonds increased by 27.0bp to 1.24% compared to last Friday, among which the return rate of investment-grade bonds increased by 27.0bp to 1.18%, while the return rate of high-yield bonds increased by 24.0bp to 1.69%. By industry, the return rate of non-financial bonds was 1.29%, up 31.0bp from last Friday. The return rate of financial bonds was 1.33%, up 32.0bp. The return rate of real estate was 0.25%, up 19.0bp. The return rate of Chengtou was 1.17%, up 22.0bp.

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

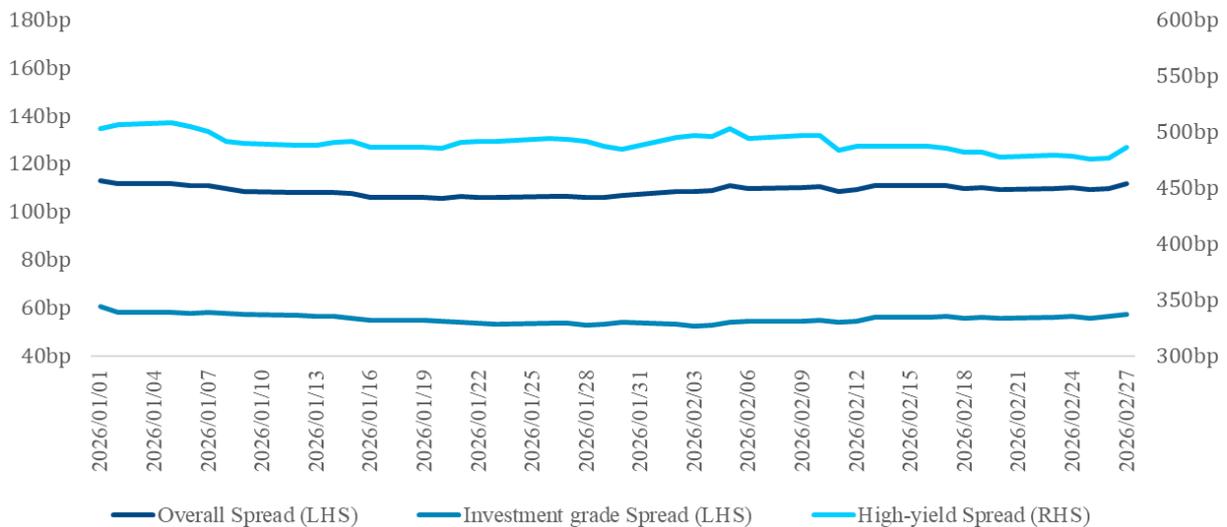
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of February 27, the spread of Chinese USD bonds widened by 2.4bp to 111.52bp from last Friday, among which the spread of investment-grade bonds widened by 1.6bp to 57.11bp, and the spread of high-yield bonds widened by 9.3bp to 486.09bp.

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



Sources: CCXAP research

From February 23 to February 27, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of China Western Cement Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260223-20260227)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
WESCHI 4.95 07/08/26	China Western Cement Co., Ltd.	101.125	0.35	44.775	9.9593M
TIANFS 6 ½ 03/05/26	Tianfeng Securities Co., Ltd.	100.174	0.01	-54.291	1.0326M
CQXHUC 7 ½ 03/13/26	Chongqing Xinshuangquan Urban Construction and Development Co., Ltd.	100.081	0.03	3.216	714.5
EHICAR 7 09/21/26	eHi Car Rental Service Co., Ltd.	66.604	0.55	100.581	568.8

SHUION 5 ½ 06/29/26	Shui On Land Limited	100.412	0.32	0.007	308.8
XXCIG 7.8 05/16/26	Xiaoxian Construction Investment Group Co., Ltd.	100.195	0.20	6.629	233.3
CWAHK 4.85 05/18/26	China Water Group Co., Ltd.	99.895	0.21	5.297	207.1
EHICAR 12 09/26/27	eHi Car Rental Service Co., Ltd.	54.5	1.57	61.209	144.2
KNMIDI 8 ½ 08/20/26	Kunming Industrial Development and Investment Co., Ltd.	100.324	0.47	7.741	117
SHRIHG 7.9 04/17/26	Shangrao Investment Holding Group Co., Ltd.	100.622	0.12	2.478	93.8

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 action on 1 Chinese issuer

From February 23 to February 27, rating agencies took positive rating action on 1 Chinese issuer.

Table 3: Rating actions of cross-border issuer (20260223-20260227)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	21Vianet Group	Technologies	B1	Stable	2026/02/26	B2	Stable	2025/03/24	Moody's	The company's business situation has improved.

Source: CCXAP research

Copyright © 2026 China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”). All rights reserved.

No part of this publication may be reproduced, resold, or redistributed in any form or by any means, without prior written permission of CCXAP.

A credit rating is the analytical result of current credit worthiness and forward-looking opinion on the credit risk of a rated entity or a debt issue. Credit ratings issued by CCXAP are opinions on the current and relative future credit risk of the rated entities or debt issues, but do not address any other risks, including but not limited to liquidity risk, market price risk, and interest rate risk.

Credit ratings, non-credit assessments, and other opinions included in CCXAP’s publications are not recommendations for investors to buy, sell, or hold particular securities, nor measurements of market value of the rated entities or debt issues. While obtaining information from sources it believes to be reliable, CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

All information contained herein belongs to CCXAP and is subject to change without prior notice by CCXAP. CCXAP considers the information contained herein to be accurate and reliable. However, all information is provided on an "as is" and "as available" basis and CCXAP does not guarantee accuracy, adequacy, completeness, or timeliness of the information included in CCXAP’s publications.

To the extent where legally permissible, CCXAP and its directors, officers, employees, agents and representatives disclaim liability to any person or entity (i) for any direct or compensatory losses or damages, including but not limited to by any negligence on the part of, and any contingency within or beyond the control of CCXAP or any of its directors, officers, employees, agents or representatives, arising from or in connection with the information contained herein or the use of or inability to use any such information; and (ii) for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if CCXAP or any of its directors, officers, employees, agents or representatives is advised in advance of the possibility of such losses or damages.

China Chengxin (Asia Pacific) Credit Ratings Company Limited

Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong

Website: www.ccxap.com

Email: info@ccxap.com

Tel: +852-28200711

Fax: +852-28208020