

2026 Issue 10 From March 16 to March 20

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

Headline: China's February CPI Rose by 1.3% YoY; US February CPI Increased by 2.4% YoY

On March 9, China announced its February CPI increased by 1.3% YoY, higher than both expectations and the previous reading. On March 11, the US announced its February CPI increased by 2.4% YoY, in line with the previous reading.

Exchange Rate: RMB Depreciated; USD Index Decreased

Last week, the RMB has depreciated. As of March 20, the RMB/USD middle rate closed at 6.8975, up 16.0bp from last Friday. The USD Index closed at 99.647, down 0.71% from last Friday.

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

Last week, China Government Bond yields increased. As the Fed is expected to reduce the number of rate cuts this year, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From March 16 to March 20, Chinese enterprises issued 17 new bonds in the offshore market, totaling about USD814 million, a decrease of 67.44% from last week. Among them, Chengtuo were the main issuers, issuing a total of USD277 million in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of March 20, the return rate of Chinese USD bonds decreased by 37.0bp to 0.16% compared to last Friday, among which the return rate of investment-grade bonds decreased by 21.0bp to 0.25%, while the return rate of high-yield bonds decreased by 168.0bp to -0.53%.

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

From March 16 to March 20, rating agencies took positive rating actions on 1 Chinese issuer and negative rating actions on 1 Chinese issuer.



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Headline: China's February CPI rose 1.3% YoY; US February CPI increased 2.4% YoY

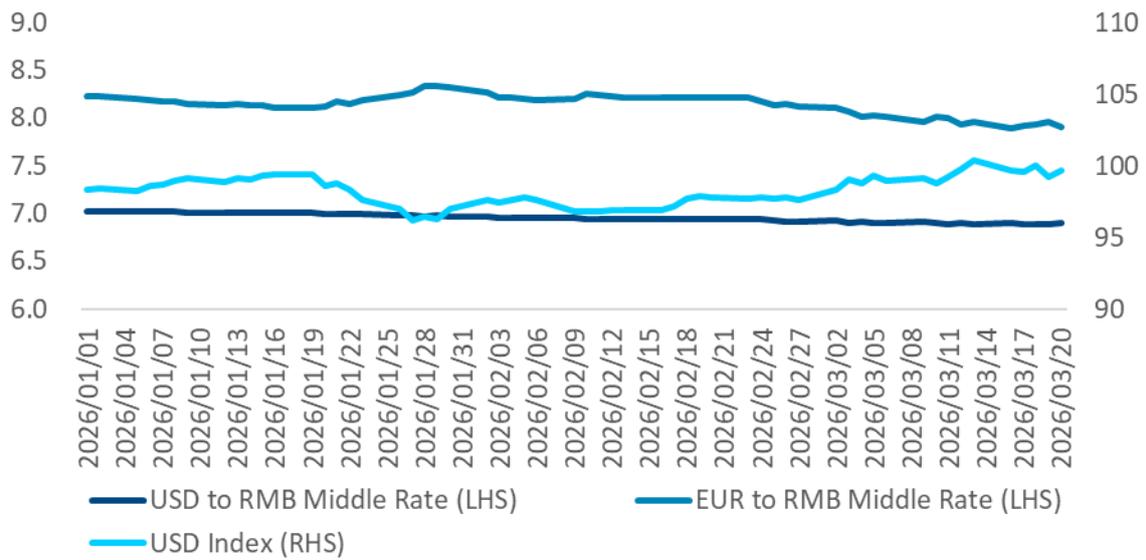
On March 9, China announced its February CPI increased by 1.3% YoY, higher than both expectations and the previous reading. Specifically, urban areas rose by 1.4%, while rural areas increased by 1.0%; food prices rose by 1.7%, and non-food prices increased by 1.3%; consumer goods prices rose by 1.1%, and services prices increased by 1.6%. For the January-February average, the national consumer price rose by 0.8% compared to the same period last year. In February, prices for food, tobacco, alcohol, and dining-out increased by 1.4% YoY, contributing approximately 0.41 percentage points to the CPI increase. Among food items, fresh vegetable prices rose by 10.9%, contributing approximately 0.19 percentage points to the CPI; aquatic product prices increased by 6.1%, contributing approximately 0.11 percentage points; fresh fruit prices rose by 5.9%, contributing approximately 0.12 percentage points; egg prices fell by 2.9%, contributing approximately 0.02 percentage points to the CPI decrease; livestock meat prices dropped by 2.7%, contributing approximately 0.11 percentage points to the decrease, with pork prices specifically falling by 8.6%, contributing approximately 0.17 percentage points to the decrease. Among the other seven major categories, five rose and two fell YoY. Specifically, prices for other goods and services, household goods and services, and education, culture and recreation increased by 15.4%, 2.8%, and 2.0% respectively; apparel and healthcare prices both rose by 1.9%; while transportation and communication, and housing prices fell by 0.7% and 0.2% respectively.

On March 11, the US announced its February CPI increased by 2.4% YoY, in line with both expectations and the previous reading; the MoM increase of 0.3% met expectations and was slightly higher than the previous month's 0.2%. The YoY growth rate of core CPI remained at 2.5% in February, its slowest pace in nearly five years, while the MoM growth rate slowed from 0.3% to 0.2%, both in line with expectations. Following the data release, US Treasuries remained stable, the US Dollar Index showed little fluctuation, and US stock index futures edged slightly higher. After a period of stubborn inflationary pressures last year, the pace of US price increases has recently shown a slowing trend overall. However, rising costs for oil, gasoline, and fertilizers due to the recent Middle East conflict could potentially re-intensify cost-of-living pressures for US residents, especially as this year's midterm elections approach. Structurally, core services remain the main driver of inflation, but the pace of related increases is noticeably slowing. Core goods prices remained largely stable, while energy prices began to show signs of rising. As the recent surge in WTI oil prices occurred primarily in March, this impact was not yet reflected in the February CPI. On the policy front, the market widely expects the Fed to keep interest rates unchanged at its meeting next week. Previously, this judgment was mainly based on the trend of gradually moderating inflation. However, with the conflict potentially pushing inflation higher in the short term, some investors have begun to believe that the Fed may need to maintain high interest rates for a longer period. On the other hand, policymakers still need to weigh the ongoing vulnerabilities in the labor market.

Exchange Rate: RMB depreciated; USD Index decreased

In the past week, the RMB has appreciated. As of March 20, the RMB/USD middle rate closed at 6.8975, up 16.0bp from last Friday. The RMB/EUR middle rate closed at 7.9083, down 485.0bp from last Friday. The USD Index closed at 99.647, down 0.71% from last Friday.

Figure 1: RMB exchange rate

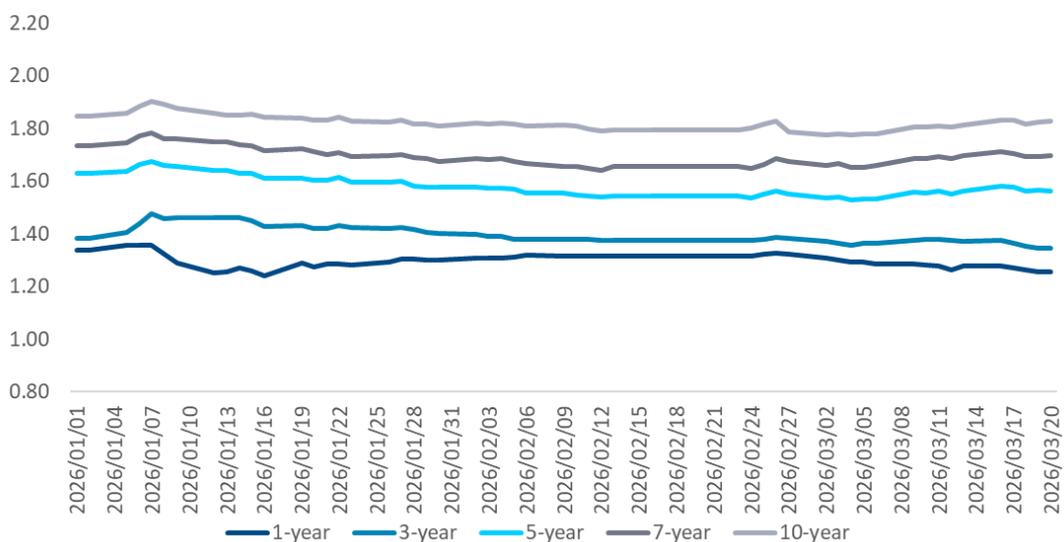


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of March 20, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2568%, 1.3451%, 1.5625%, 1.6965%, and 1.8299%, respectively. Compared to last Friday, the 1-year yield decreased by 2.00bp, the 3-year yield decreased by 2.53bp, the 5-year yield increased by 0.06bp, the 7-year yield increased by 0.00bp, and the 10-year yield increased by 1.56bp.

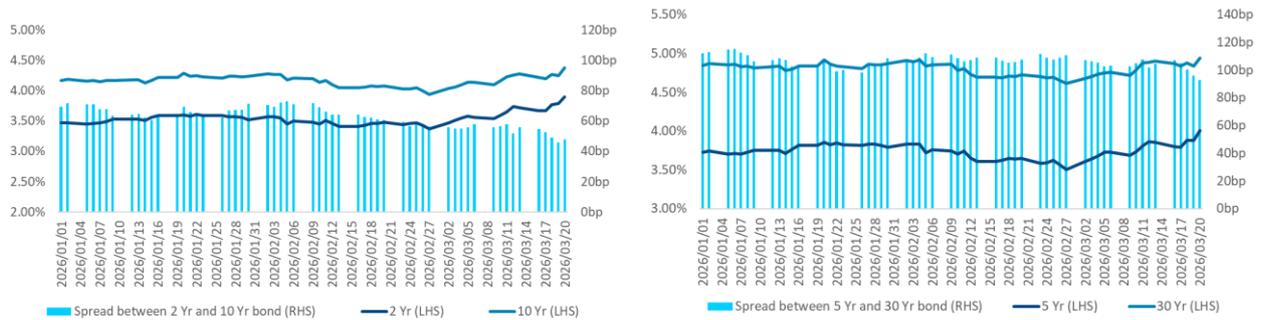
Figure 2: China Government Bond yields



Sources: CCXAP research

As the Fed is expected to reduce the number of rate cuts this year, US Treasury yields increased. As of March 20, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.9001%, 4.0081%, 4.3796%, and 4.9377%, respectively. Up 18.32bp, 15.03bp, 10.29bp, and 3.38bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 8.03bp to 47.95bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 11.65bp to 92.96bp compared to last Friday.

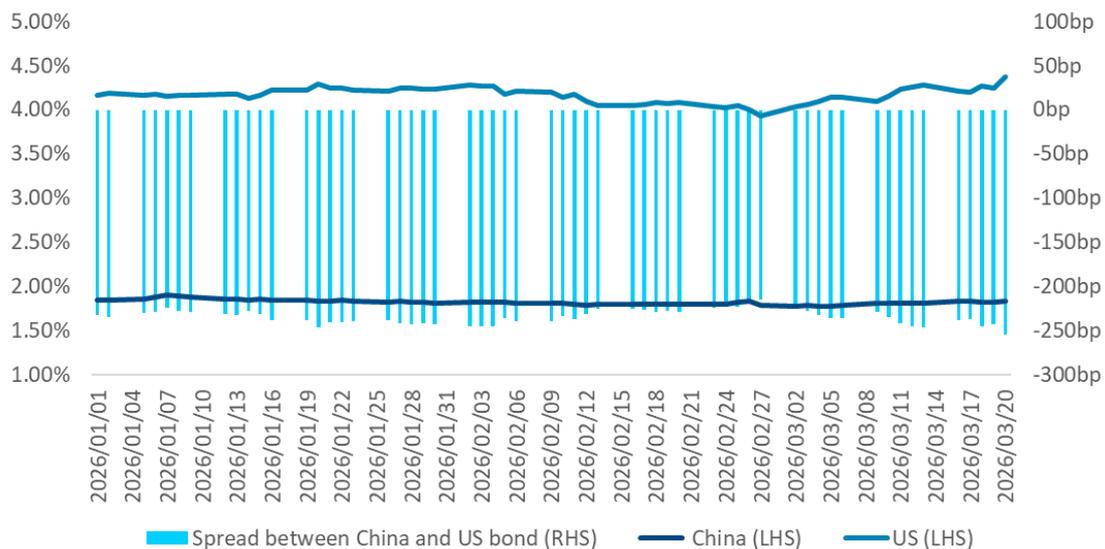
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of March 20, the 10-year Treasury bond interest rate gap between China and the US was -255.0bp, narrowing by 8.7bp from last Friday and widening by 23.0bp 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 decreased

From March 16 to March 20, Chinese enterprises issued 17 new bonds in the offshore market, totaling about USD814 million, a decrease of 67.44% from last week. Among them, Chengtou were the main issuers, issuing a total of USD277 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20260316-20260320)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/3/16	Chuzhou Economic And Technological Development General Corp	CNY	300	2.1	2029/3/23	3	Cheng tou	-/-/-	-/-/-
2026/3/16	GF Holdings Hong Kong Corp Ltd	USD	6	3.95	2026/6/23	96D	Financials	-/BBB/BBB	-/-/-
2026/3/16	GF Holdings Hong Kong Corp Ltd	HKD	50	1.99	2026/4/16	31D	Financials	-/BBB/BBB	-/-/-
2026/3/16	Shenzhen Mingde Holdings Development Co Ltd	CNY	700	2.3	2029/3/23	3	Industrials	-/-/-	-/-/-
2026/3/16	TF International Securities Group Ltd	USD	10	4.6	2026/9/18	184D	Financials	-/-/BBB-	-/-/-
2026/3/17	CCB International Holdings Ltd	HKD	208	2.88	2026/9/24	184D	Financials	A2/-/A	-/-/-
2026/3/17	CCB International Holdings Ltd	HKD	120	2.84	2026/9/23	184D	Financials	A2/-/A	-/-/-
2026/3/17	China International Capital Corp International Ltd	USD	5	3.91	2026/6/2	74D	Financials	Baa1/BBB+/BBB+	-/-/-
2026/3/17	CITIC Securities International Co Ltd	USD	20	0	2026/6/24	92D	Financials	-/BBB+/-	-/-/-
2026/3/17	CITIC Securities International Co Ltd	USD	5	0	2026/4/21	32D	Financials	-/BBB+/-	-/-/-
2026/3/17	Power Construction Corp of China	USD	300	3.8	2029/3/24	3	Industrials	Baa1/BBB+/BBB+	-/-/BBB+
2026/3/18	GF Holdings Hong Kong Corp Ltd	USD	1	4.03	2026/9/22	186D	Financials	-/BBB/BBB	-/-/-
2026/3/18	TF International Securities Group Ltd	CNY	150	2.7	2027/3/19	364D	Financials	-/-/BBB-	-/-/-
2026/3/19	CITIC Securities International Co Ltd	USD	12	0	2027/3/26	365D	Financials	-/BBB+/-	-/-/-
2026/3/19	TF International Securities Group Ltd	USD	10	4.6	2026/9/24	184D	Financials	-/-/BBB-	-/-/-
2026/3/20	Huaibei Public Utility Assets Operation Co Ltd	CNY	252	3.35	2029/3/25	3	Cheng tou	-/-/-	-/-/-
2026/3/20	Qingdao Pingdu Holdings Group Co Ltd	USD	200	6.5	2029/4/1	3	Cheng tou	-/-/-	-/-/-

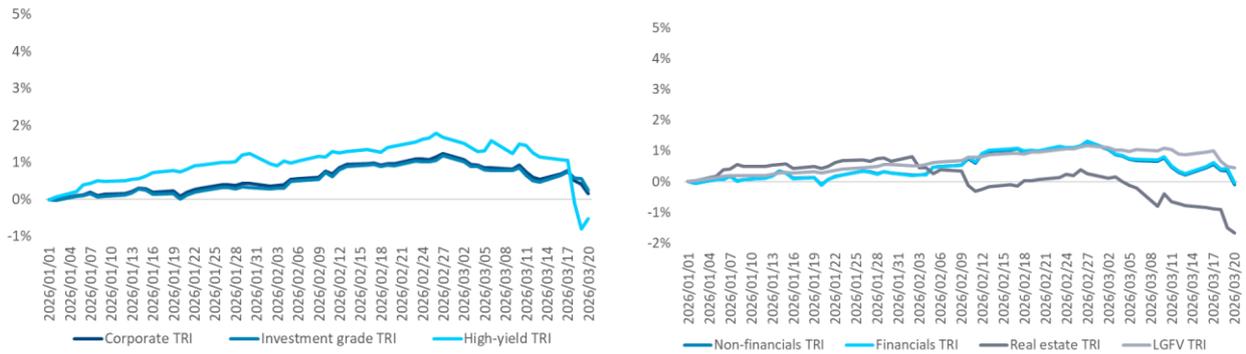
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of March 20, the year-to-date return¹ of Chinese USD bonds decreased by 37.0bp to 0.16% compared to last Friday, among which the return rate of investment-grade bonds decreased by 21.0bp to 0.25%, while the return rate of high-yield bonds decreased by 168.0bp to -0.53%. By industry, the return rate of non-financial bonds was -0.09%, down 31.0bp from last Friday. The return rate of financial bonds was -0.04%, down 29.0bp. The return rate of real estate was -1.67%, down 88.0bp. The return rate of Chengtou was 0.44%, down 43.0bp.

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

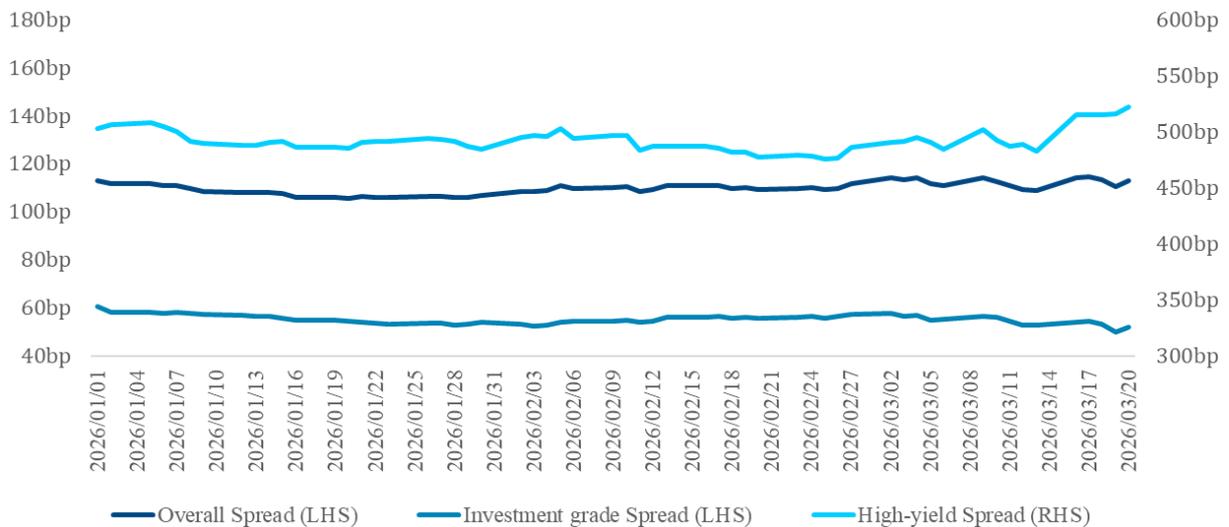
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of March 20, the spread of Chinese USD bonds widened by 4.1bp to 112.74bp from last Friday, among which the spread of investment-grade bonds narrowed by 0.9bp to 51.8bp, and the spread of high-yield bonds widened by 39.5bp to 521.74bp.

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



Sources: CCXAP research

From March 16 to March 20, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Chengdu Jiazi Financial Holdings Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260316-20260320)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CHDUIN 2.6 04/12/26	Chengdu Jiazi Financial Holdings Group Co., Ltd.	99.993	0.05	2.716	948
CHJMAO 3.2 04/09/26	China Jinmao Holdings Group Co., Ltd.	99.91	0.05	5.439	690.6
EHICAR 7 09/21/26	eHi Car Rental Co., Ltd.	64.396	0.50	123.812	589.8
CWAHK 4.85 05/18/26	China Water Group Co., Ltd.	100.04	0.15	4.5	321.4

SHUION 5 ½ 06/29/26	Shui On Construction Holdings Limited	100.285	0.27	1.673	310.9
EHICAR 12 09/26/27	eHi Car Rental Co., Ltd.	53.156	1.51	65.535	304.5
WUXIND 2.85 04/09/26	Wuxi Industrial Development Group Co., Ltd.	99.995	0.05	2.94	297.3
LNGFOR 3 ¾ 04/13/27	Longfor Group Holdings Limited	91.837	1.06	11.867	214.6
FTLNHD 4 ½ 05/02/26	Seazen Holdings Limited	100.006	0.11	4.412	184.9
LNGFOR 4 ½ 01/16/28	Longfor Group Holdings Limited	88.047	1.82	12.042	167.1

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 March 16 to March 20, rating agencies took positive rating actions on 1 Chinese issuer and negative rating actions on 1 Chinese issuer.

Table 3: Rating actions of cross-border issuer (20260316-20260320)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	Jinhua State-owned Capital Operation Co., Ltd.	Chengtou	A+	Stable	2026/03/20	A	Stable	2025/03/25	Lianhe	The credit rating of the local government where the company is located has been upgraded.
Downgrade	China Jinmao Holdings Group Co., Ltd.	Real estate	BBB-	Neg	2026/03/19	BBB-	Stable	2024/06/18	S&P	The company's leverage ratio remains high, and the deleveraging process over the next 12 to 24 months may be slower than expected.

Source: CCXAP research

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