

2026 Issue 11 From March 23 to March 27

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

Headline: US March S&P Global Composite PMI at 51.4; China Jan–Feb Industrial Profits Up 15.2% YoY

On March 24, the US announced its March S&P Global Composite PMI at 51.4, down from the previous reading of 51.9. On March 27, China announced that the total profits of industrial enterprises above the designated size nationwide for the January-February period reached 1.02 trillion yuan, a YoY increase of 15.2%.

Exchange Rate: RMB Depreciated; USD Index Increased

Last week, the RMB has depreciated. As of March 27, the RMB/USD middle rate closed at 6.9141, up 166.0bp from last Friday. The USD Index closed at 100.151, up 0.5% from last Friday.

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

Last week, China Government Bond yields decreased. Due to rising expectations of a Fed rate hike, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From March 23 to March 27, Chinese enterprises issued 10 new bonds in the offshore market, totaling about USD544 million, a decrease of 33.73% from last week. Among them, Chengtong were the main issuers, issuing a total of USD293 million in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of March 27, the return rate of Chinese USD bonds decreased by 8.0bp to 0.09% compared to last Friday, among which the return rate of investment-grade bonds decreased by 6.0bp to 0.19%, while the return rate of high-yield bonds decreased by 23.0bp to -0.75%.

Rating Actions: CCXAP Assigned Credit Rating to 1 Chinese Entity

On March 24, CCXAP assigns first-time long-term credit rating of BBB_g to Neijiang High-tech Investment Co., Ltd. with a positive outlook.



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Headline: US March S&P Global Composite PMI at 51.4; China Jan–Feb industrial profits up 15.2% YoY

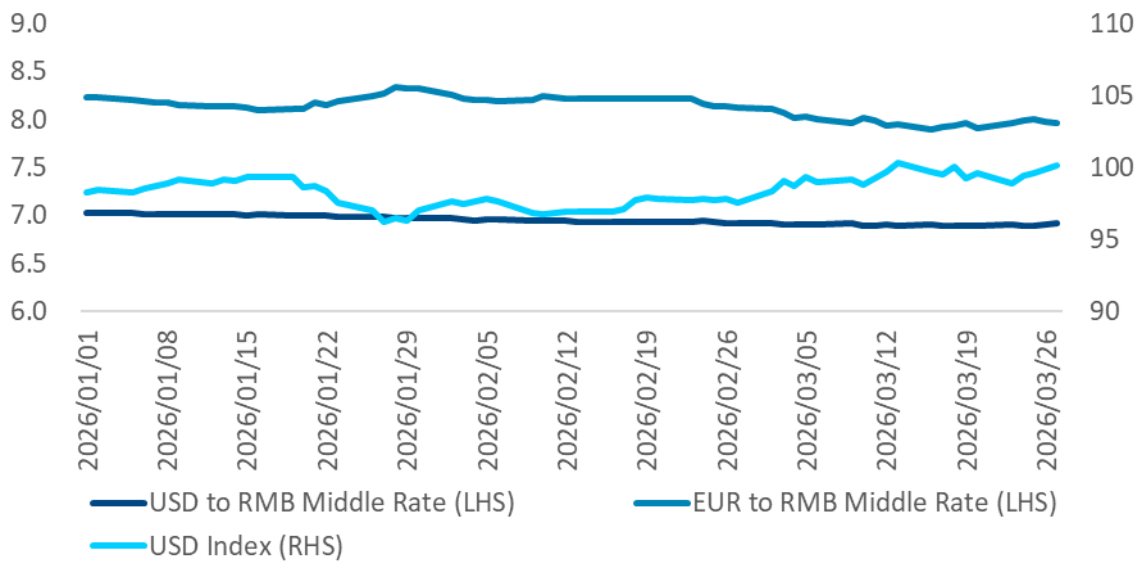
On March 24, the US announced its March S&P Global Composite PMI at 51.4, down from the previous reading of 51.9, hitting a new low since last April. The manufacturing and services sectors showed diverging trends: the manufacturing PMI rose to 52.4, remaining in expansion territory for the eighth consecutive month; the services PMI fell to 51.1, reaching an 11-month low, with subdued consumer and business confidence jointly restraining services sector expansion. An S&P Global economist noted that the data signaled a combination of "slowing growth and re-emerging inflation." Average input costs rose at the fastest pace in ten months in March, primarily driven by energy price spikes stemming from the war, and these cost increases have already been passed through to the sales side, with average selling prices rising at the fastest pace since August 2022. The employment indicator also showed its first decline in over a year, with services sector employment decreasing and manufacturing employment growth slowing. Following the data release, market expectations regarding the Fed's policy path once again became unsettled; services sector weakness and cooling employment may strengthen expectations for rate cuts, but upward pressure on costs and prices limits the room for easing. Analysts generally believe that the Fed will have to navigate a difficult balance between the risk of rising inflation and the risk of an economic slowdown.

On March 27, China announced that the total profits of industrial enterprises above the designated size nationwide for the January-February period reached 1.02 trillion yuan, a YoY increase of 15.2%. By enterprise type: state-holding enterprises saw profits rise by 5.3% YoY; share-holding enterprises increased by 22.1%; private enterprises surged by 37.2%; while enterprises funded by foreign investors and investors from Hong Kong, Macao and Taiwan, saw profits decline by 3.8%. By sector: the mining industry grew by 9.9% YoY; the manufacturing industry rose by 18.9%; and the production and supply of electricity, heat power, gas and water increased by 3.7%. Specifically, among 41 major industrial sectors, 24 achieved YoY profit growth, with a positive rate of 58.5%; 26 sectors saw their profit growth accelerate, narrow losses, or turn losses into gains compared to the previous year, with a recovery rate exceeding 60%. During the same period, industrial enterprises above the designated size achieved operating revenue of 20.84 trillion yuan, up 5.3% YoY; operating costs were 17.68 trillion yuan, up 5.0%; and the operating revenue margin was 4.92%, an increase of 0.43 percentage points YoY. The data shows a marked improvement in overall industrial enterprise profitability, although sectoral divergence remains pronounced.

Exchange Rate: RMB depreciated; USD Index increased

In the past week, the RMB has depreciated. As of March 27, the RMB/USD middle rate closed at 6.9141, up 166.0bp from last Friday. The RMB/EUR middle rate closed at 7.9685, up 602.0bp from last Friday. The USD Index closed at 100.151, up 0.5% from last Friday.

Figure 1: RMB exchange rate

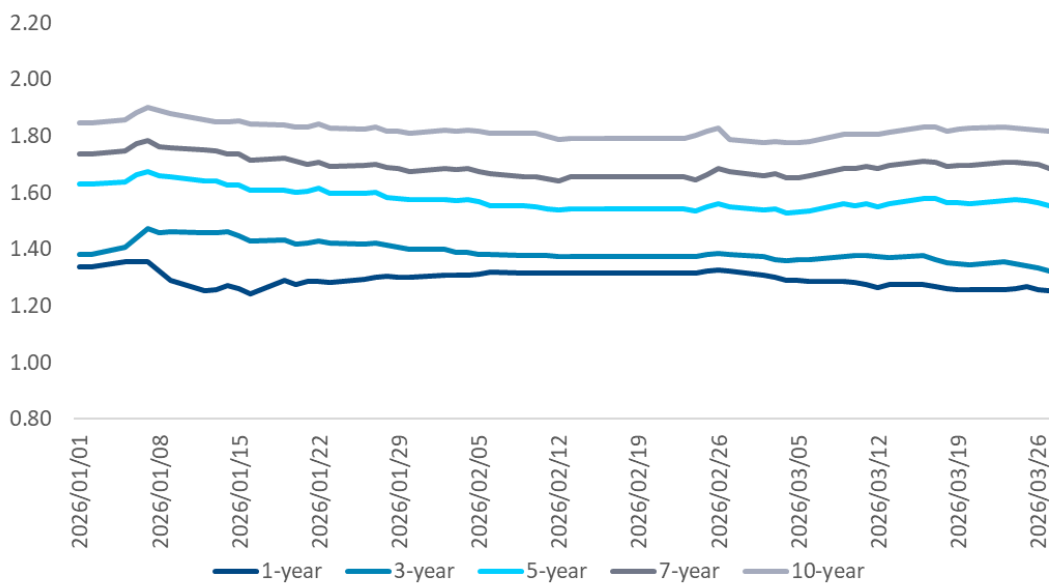


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of March 27, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2518%, 1.3228%, 1.5527%, 1.6844%, and 1.8172%, respectively. Down 0.50bp, 2.23bp, 0.98bp, 1.21bp, and 1.27bp from last Friday.

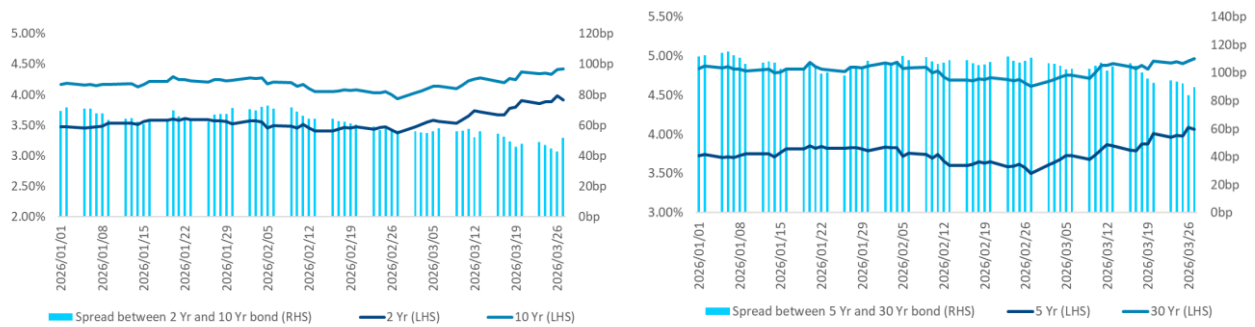
Figure 2: China Government Bond yields



Sources: CCXAP research

Due to rising expectations of a Fed rate hike, US Treasury yields increased. As of March 27, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.9119%, 4.0684%, 4.4278%, and 4.9645%, respectively. Up 1.18bp, 6.03bp, 4.82bp, and 2.68bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 3.64bp to 51.59bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 3.35bp to 89.61bp compared to last Friday.

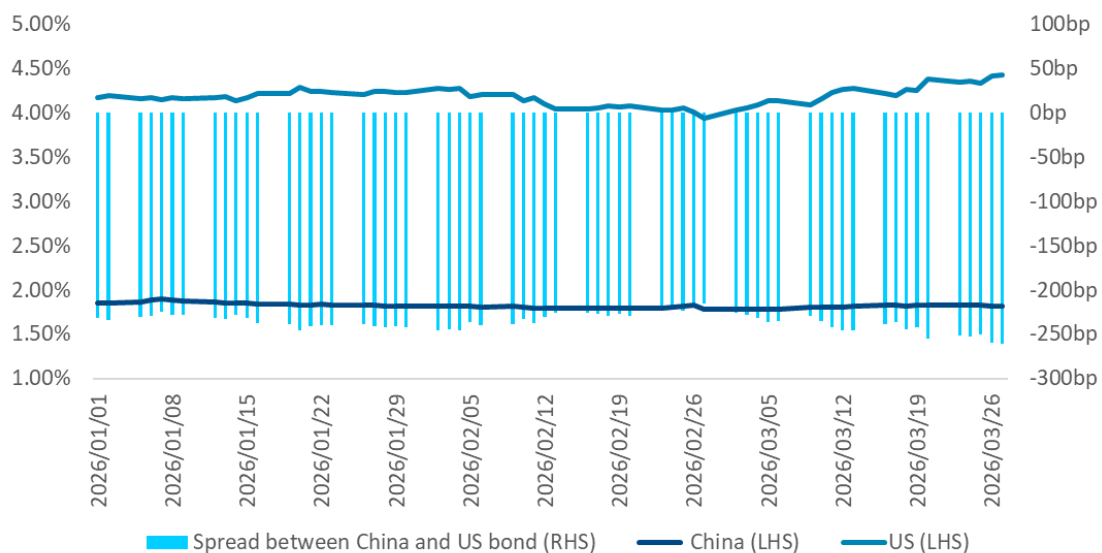
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of March 27, the 10-year Treasury bond interest rate gap between China and the US was -261.1bp, narrowing by 6.1bp from last Friday and widening by 29.1bp 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 23 to March 27, Chinese enterprises issued 10 new bonds in the offshore market, totaling about USD544 million, a decrease of 33.73% from last week. Among them, Chengtou were the main issuers, issuing a total of USD293 million in bonds.

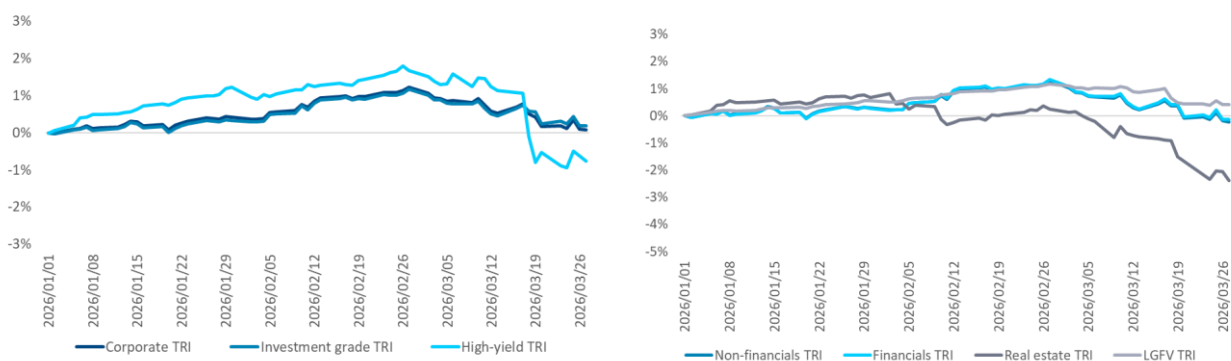
Table 1: New issuance of Chinese offshore bonds (20260323-20260327)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/3/23	Bank of China New Zealand Ltd	USD	120	SOFR+42	2029/3/27	3	Banks	-/A/-	-/-/-
2026/3/23	CITIC Securities International Co Ltd	USD	12	0	2027/3/31	1	Financials	-/BBB+/-	-/-/-
2026/3/23	Sino-Ocean Group Holding Ltd	USD	21	3	2033/3/27	7	Real Estate	-/-/-	-/-/-
2026/3/24	Bank of Communications Co Ltd/Singapore	CNY	300	1.5	2027/3/30	364D	Banks	A2/-/A	-/-/-
2026/3/24	CITIC Securities International Co Ltd	USD	1	0	2026/6/25	90D	Financials	-/BBB+/-	-/-/-
2026/3/24	Guotai Junan International Holdings Ltd	USD	28	7.95	2036/6/20	10	Financials	Baa2/BBB+/-	-/-/-
2026/3/25	Chengdu Aerotropolis City Development Group Co Ltd	CNY	1,226	2.65	2029/4/1	3	Chengtou	-/-/-	-/-/-
2026/3/25	Haitong International Securities Group Ltd	USD	5	0	2027/3/31	364D	Financials	-/BBB/-	-/-/-
2026/3/25	Pingdu City Development Group Co Ltd	CNY	800	5.98	2029/3/31	3	Chengtou	-/-/-	-/-/-
2026/3/27	CITIC Securities International Co Ltd	USD	20	0	2026/6/29	88D	Financials	-/BBB+/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of March 27, the year-to-date return¹ of Chinese USD bonds decreased by 8.0bp to 0.09% compared to last Friday, among which the return rate of investment-grade bonds decreased by 6.0bp to 0.19%, while the return rate of high-yield bonds decreased by 23.0bp to -0.75%. By industry, the return rate of non-financial bonds was -0.22%, down 12.0bp from last Friday. The return rate of financial bonds was -0.14%, down 10.0bp. The return rate of real estate was -2.39%, down 72.0bp. The return rate of Chengtou was 0.41%, down 3.0bp.

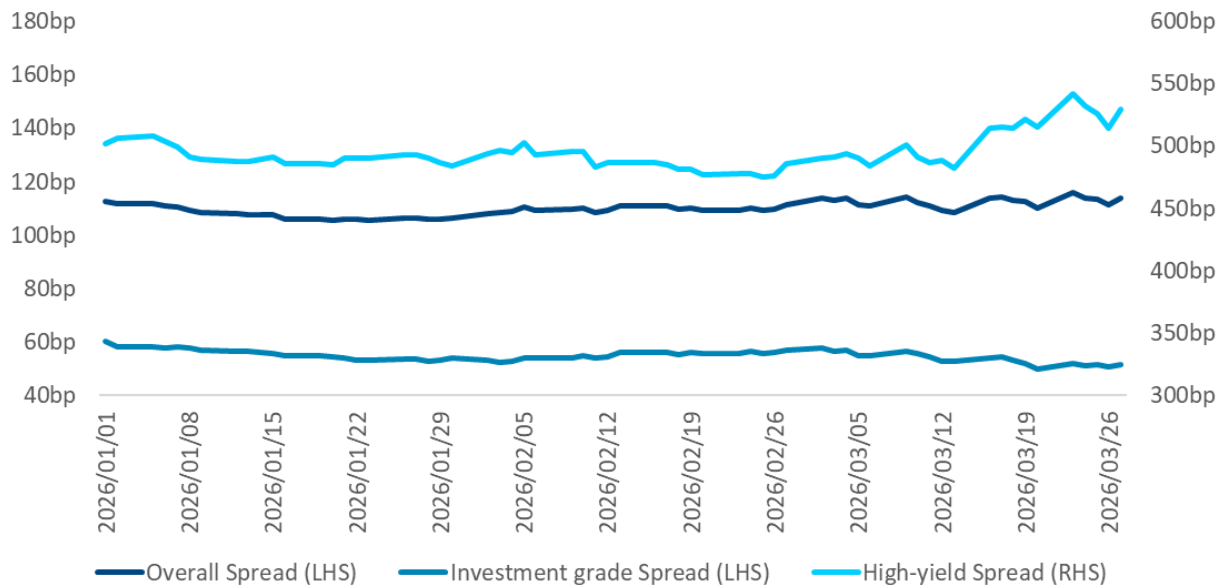
Figure 5: YTD return on Markit iBoxx Chinese USD bond index


Sources: CCXAP research

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

As of March 27, the spread of Chinese USD bonds widened by 3.5bp to 113.81bp from last Friday, among which the spread of investment-grade bonds widened by 1.9bp to 51.63bp, and the spread of high-yield bonds widened by 13.5bp to 529.19bp.

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



Sources: CCXAP research

From March 23 to March 27, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Seazen Group Limited changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260323-20260327)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
FTLNHD 4 ½ 05/02/26	Seazen Group Limited	100.18	0.10	2.39	514.5
CWAHK 4.85 05/18/26	China Water Affairs Group Limited	99.90	0.14	5.56	180.3
SHRIHG 7.9 04/17/26	Shangrao Investment Holdings International Co., Ltd.	100.14	0.06	4.49	148.4
BZSOCI 7 ½ 04/20/26	Binzhou Guotou Overseas Investment Co., Ltd.	100.07	0.07	6.02	129.8
WESCHI 9.9 12/04/28	West China Cement Limited	91.28	2.69	13.90	125.4
NDPAPE 14 PERP	Nine Dragons Paper (Holdings) Ltd.	104.87	PERP	9.56	125.4
EHICAR 12 09/26/27	eHi Car Services Limited	52.88	1.50	66.62	114.8
CQXHUC 7 ½ 04/26/26	Chongqing Xinshuangquan Urban Construction and Development Co., Ltd.	100.06	0.08	6.39	113.8
WESCHI 10 ½ 11/11/29	West China Cement Limited	90.75	3.63	13.80	107.3
XXCIG 7.8 05/16/26	Xiaoxian Construction Investment Group Co., Ltd.	100.21	0.14	5.91	74.7

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 March 24, CCXAP assigned first-time long-term credit rating of BBB_g to Neijiang High-tech Investment Co., Ltd. (“NJHI”), with a positive outlook.

Table 3: CCXAP’s rating actions of cross-border issuer (20260323-20260327)

Rating Date	Obligor	Entity Rating	Rating Rational
2026/3/24	NJHI	BBB _g	The rating reflects the Company’s (1) high strategic importance within Neijiang HIDZ with comprehensive infrastructure and industry development mandates; (2) good sustainability of public policy businesses; and (3) good track record of receiving government support. However, NJHI's rating is constrained by its (1) medium exposure to commercial activities; (2) fast-growing debt resulting from large development pipelines; and (3) medium contingent liability risk from external guarantees.

Source: CCXAP research

From March 23 to March 27, rating agencies took positive rating actions on 4 Chinese issuers and negative rating action on 2 Chinese issuers.

Table 4: Rating actions of cross-border issuer (20260323-20260327)

	Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	CDB Aviation Lease Finance Designated Activity Co.	Financials	A1	Stable	2026/03/25	A2	Neg	2025/05/28	Moody's	Enhanced parental support and greater strategic importance.
	BOCOM Leasing Management Hong Kong Co., Ltd.	Financials	A2	Stable	2026/03/25	A3	Stable	2026/02/09	Moody's	Enhanced parental support and greater strategic importance.
	Luoyang Guoyuan Investment Holding Group Co., Ltd.	Chengtou	BBB	Stable	2026/03/26	BBB-	Stable	2025/03/27	Lianhe	Upgrade in the local government's internal credit assessment.
	Taixing Jinjiang Investment Co., Ltd.	Chengtou	BBB _g +	Stable	2026/03/27	BBB _g	Stable	2025/08/21	CCXAP	The company's financial flexibility has improved.
Downgrade	United Energy Group Ltd.	Energy	B+	Rating Watch Neg	2026/03/23	B+	Stable	2025/09/03	S&P	Increasing downside risk to the company's oil and gas production in Iraq.

	West China Cement Ltd.	Materials	B	Neg	2026/03/27	B	Stable	2026/02/01	Fitch	Uncertainty in free cash flow improvement.
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Source: CCXAP research

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