

2026 Issue 12 From March 30 to April 3

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

Headline: China March PMI Above Expectations; US March Nonfarm Payrolls Far Exceeded Forecasts

On April 1, China announced its March PMI at 50.4, above the expected 50. On April 3, the US announced that the seasonally adjusted nonfarm payroll employment increased by 178,000 in March, significantly exceeding market expectations of an increase of 60,000.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of April 3, the RMB/USD middle rate closed at 6.888, down 261.0bp from last Friday. The USD Index closed at 100.028, down 0.12% from last Friday.

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

Last week, China Government Bond yields decreased. Despite market expectations that the Fed will postpone rate cuts, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From March 30 to April 3, Chinese enterprises issued 11 new bonds in the offshore market, totaling about USD2.129 billion, an increase of 291.45% from last week. Among them, financial institutions were the main issuers, issuing a total of USD650 million in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of April 3, the return rate of Chinese USD bonds increase by 33.0bp to 0.42% compared to last Friday, among which the return rate of investment-grade bonds increase by 36.0bp to 0.55%, while the return rate of high-yield bonds increase by 8.0bp to -0.67%.

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

From March 30 to April 3, rating agencies took positive rating actions on 5 Chinese issuers and negative rating actions on 1 Chinese issuer.



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Headline: China March PMI above expectations; US March nonfarm payrolls far exceeded forecasts

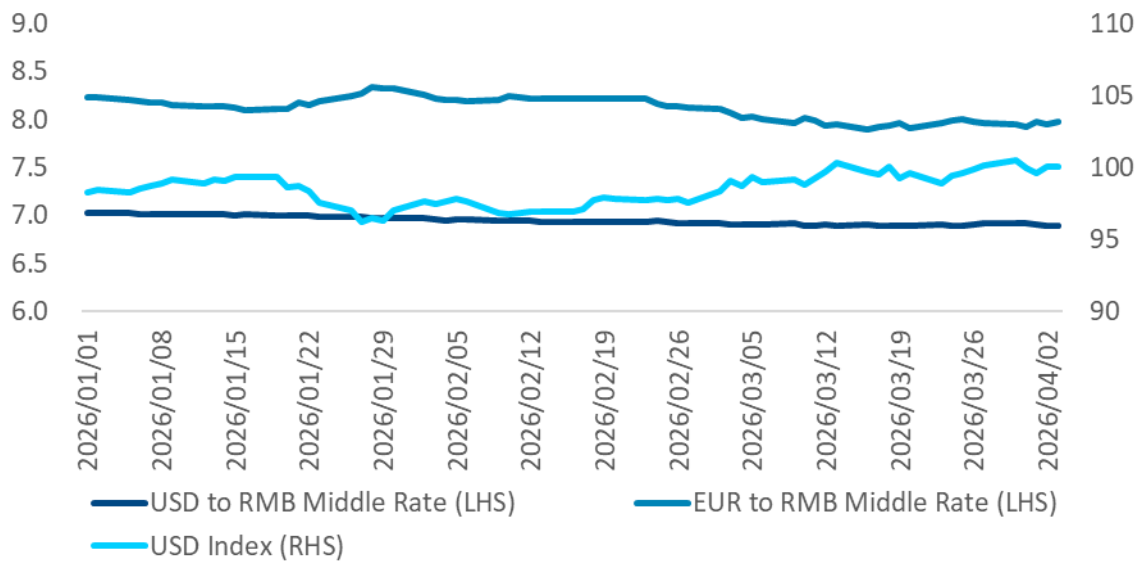
On April 1, China announced its March PMI at 50.4, above the expected 50 and higher than the previous reading of 49. The data showed simultaneous expansion in both production and demand. The production index and new orders index stood at 51.4% and 51.6% respectively, rising by 1.8 and 3.0 percentage points from the previous month, both moving into expansion territory, indicating faster manufacturing production activities and a marked improvement in market demand. PMIs for large, medium, and small enterprises all rebounded. The PMI for large enterprises was 51.6%, up 0.1 percentage points from the previous month, with their activity level steadily improving; PMIs for medium and small enterprises were 49.0% and 49.3% respectively, rising by 1.5 and 4.5 percentage points, showing a notable improvement in their activity levels. Market expectations were steadily rising. The production and operation expectation index was 53.4%, up 0.2 percentage points from the previous month, indicating that manufacturing firms have gained more confidence in near-term market developments. By sector, the production and operation expectation indices for industries such as special-purpose equipment, automobiles, railway, shipbuilding, aerospace and other transport equipment were in the high-range above 56.0%, reflecting greater optimism among related firms about future industry development.

On April 3, the US announced that the seasonally adjusted nonfarm payroll employment increased by 178,000 in March, significantly exceeding market expectations of an increase of 60,000. The sharp rebound in March employment data was foreshadowed. The unexpected decline in February employment was mainly due to the dual drag of a strike by over 30,000 healthcare workers in California and Hawaii, as well as severe winter weather. With the resolution of the above-mentioned strike in March, employment in the healthcare industry rebounded notably, becoming the largest contributor to job growth for the month. Employment in construction and the leisure and hospitality sectors also followed suit, and market participants generally believe this partly reflects the seasonal recovery effect brought about by improved weather. Despite the strong data, analysts caution that the March report has limited reference value for assessing the impact of the Iran war. The Labor Department's data collection node was around mid-March, when the war had only been underway for about two weeks; moreover, many companies set hiring plans months in advance, thus the substantive impact of the war on the job market is expected to gradually appear in subsequent monthly data.

Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of April 3, the RMB/USD middle rate closed at 6.888, down 261.0bp from last Friday. The RMB/EUR middle rate closed at 7.98, up 115.0bp from last Friday. The USD Index closed at 100.028, down 0.12% from last Friday.

Figure 1: RMB exchange rate

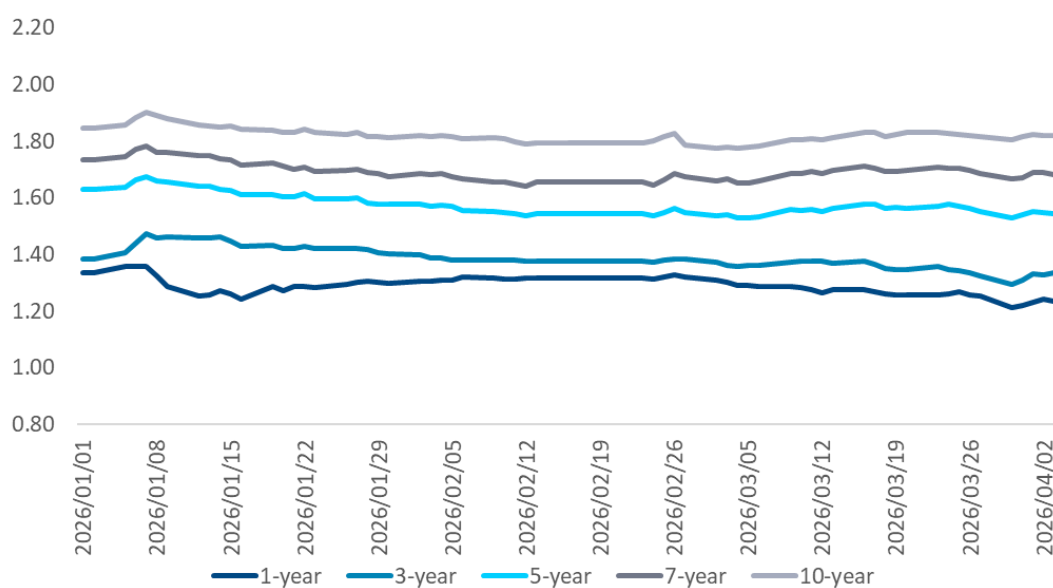


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of April 3, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2362%, 1.3339%, 1.5457%, 1.6838%, and 1.8199%, respectively. Compared to last Friday, the 1-year yield decreased by 1.56bp, the 3-year yield increased by 1.11bp, the 5-year yield decreased by 0.70bp, the 7-year yield decreased by 0.06bp, and the 10-year yield increased by 0.27bp.

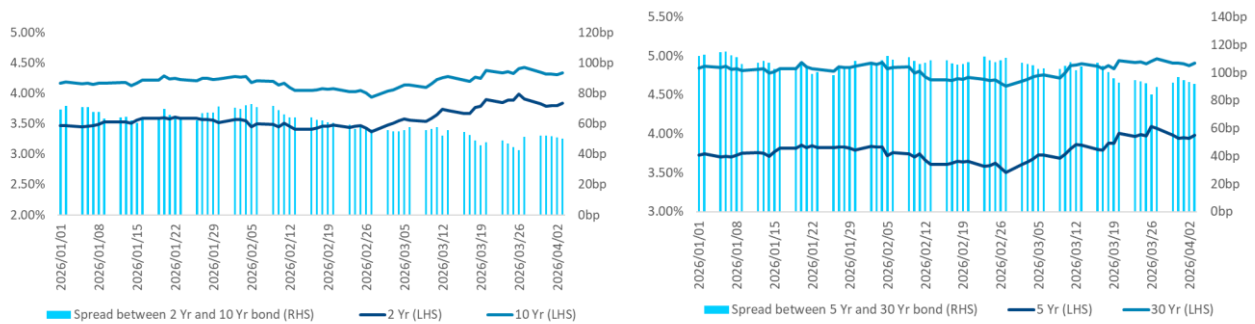
Figure 2: China Government Bond yields



Sources: CCXAP research

Despite market expectations that the Fed will postpone rate cuts, US Treasury yields decreased. As of April 3, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 3.8395%, 3.9848%, 4.3406%, and 4.9050%, respectively. Down 7.24bp, 8.36bp, 8.72bp, and 5.95bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 1.48bp to 50.11bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 2.41bp to 92.02bp compared to last Friday.

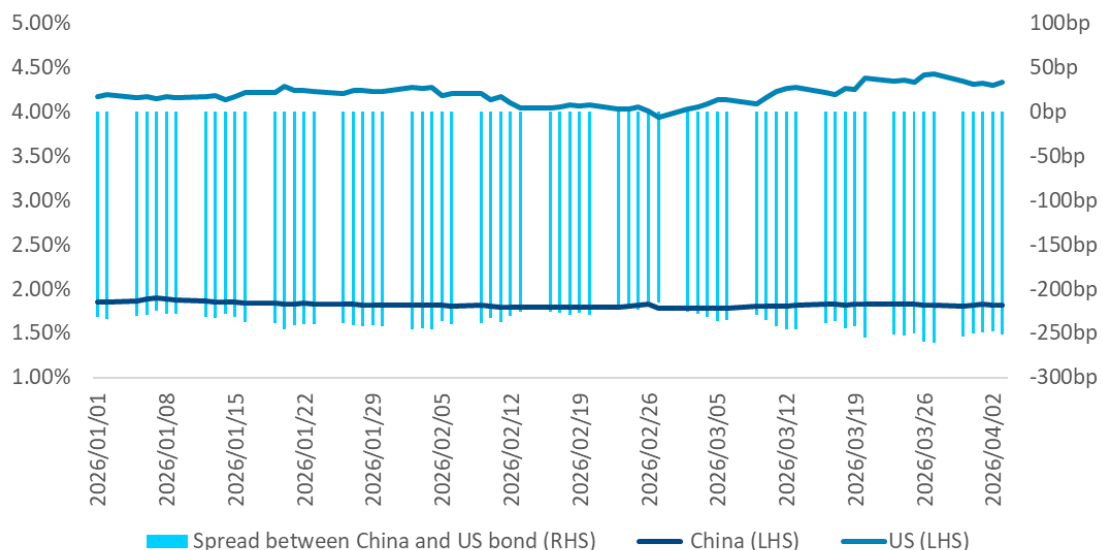
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of April 3, the 10-year Treasury bond interest rate gap between China and the US was -252.1bp, narrowing by 9.0bp from last Friday and widening by 20.1bp 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 increased

From March 30 to April 3, Chinese enterprises issued 11 new bonds in the offshore market, totaling about USD2.129 billion, an increase of 291.45% from last week. Among them, financial institutions were the main issuers, issuing a total of USD650 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20260330-20260403)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/3/31	CNCB Hong Kong Investment Ltd	CNY	1,500	1.8	2027/1/29	295D	Financials	-/BBB+/BBB+	-/-/-
2026/3/31	CITIC Securities International Co Ltd	CNY	36	0	2030/6/12	4	Financials	-/BBB+/-	-/-/-
2026/4/1	JD.com Inc	CNY	7,500	2.05	2031/4/10	5	Consumer Discretionary	A3/A/-	A3/A/-
2026/4/1	JD.com Inc	CNY	2,500	2.75	2036/4/10	10	Consumer Discretionary	A3/A/-	A3/A/-
2026/4/1	Bank of China Ltd/Sydney	AUD	500	3M BBSW +75	2029/4/13	3	Banks	A1/-/-	-/-/-
2026/4/1	Ziyang Development Investment Group Co Ltd	CNY	571	5.4	2029/4/14	3	Chengtou	-/-/-	-/-/-
2026/4/1	Guotai Junan International Holdings Ltd	USD	34	4.18	2027/3/11	332D	Financials	Baa2/BBB+/-	-/-/-
2026/4/1	Haitong International Securities Group Ltd	CNY	200	1.75	2026/7/15	91D	Financials	-/BBB/-	-/-/-
2026/4/2	CITIC Securities International Co Ltd	HKD	58	0	2026/10/14	183D	Financials	-/BBB+/-	-/-/-
2026/4/2	Guotai Junan International Holdings Ltd	USD	30	4.1	2027/3/11	332D	Financials	Baa2/BBB+/-	-/-/-
2026/4/2	CITIC Securities International Co Ltd	USD	5	0	2026/7/14	91D	Financials	-/BBB+/-	-/-/-

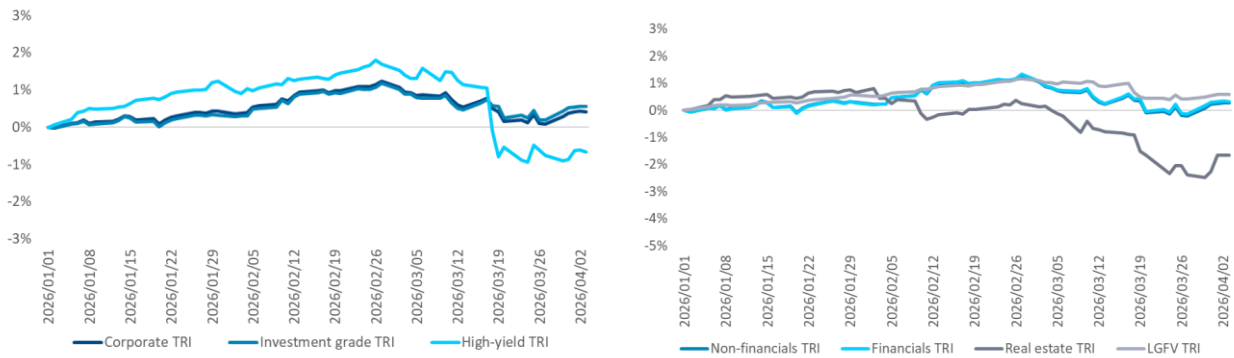
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of April 3, the year-to-date return¹ of Chinese USD bonds increase by 33.0bp to 0.42% compared to last Friday, among which the return rate of investment-grade bonds increase by 36.0bp to 0.55%, while the return rate of high-yield bonds decreased by increase by 8.0bp to -0.67%. By industry, the return rate of non-financial bonds was 0.26%, up 48.0bp from last Friday. The return rate of financial bonds was 0.33%, up 47.0bp. The return rate of real estate was -1.66%, up 73.0bp. The return rate of Chengtou was 0.58%, up 17.0bp.

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

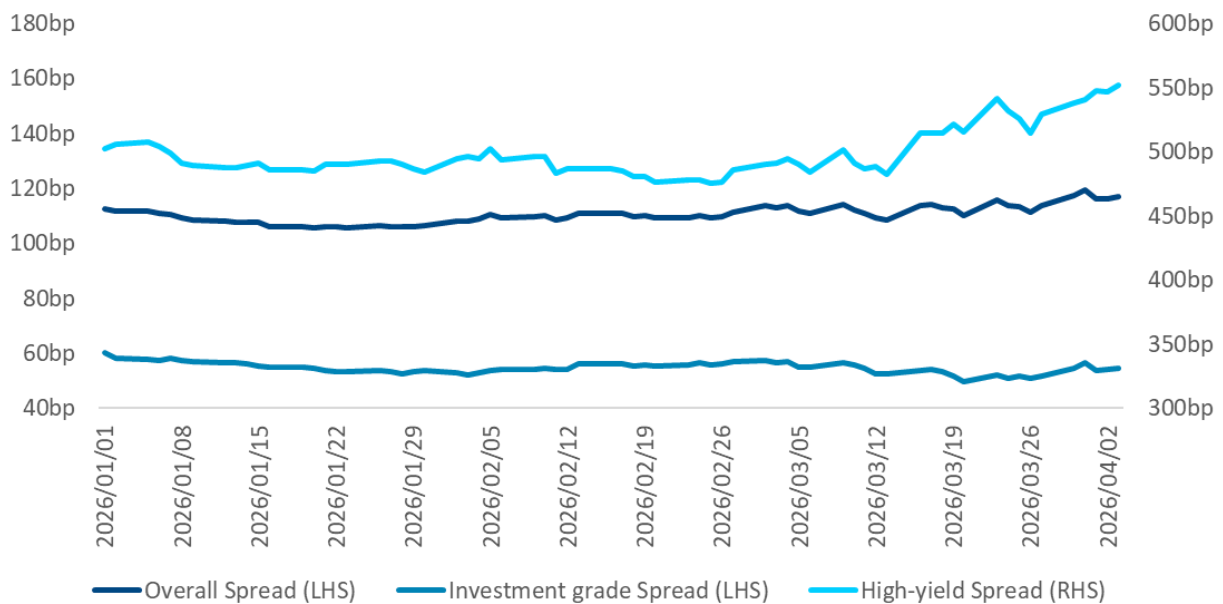
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of April 3, the spread of Chinese USD bonds widened by 3.4bp to 117.22bp from last Friday, among which the spread of investment-grade bonds widened by 3.0bp to 54.64bp, and the spread of high-yield bonds widened by 22.8bp to 552.03bp.

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



Sources: CCXAP research

From March 30 to April 3, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Pingdu City Development Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260330-20260403)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
PDCTEV 7 ½ 04/10/26	Pingdu City Development Group Co., Ltd.	100.185	0.01	-56.874	12.1723M
CHJMAO 3.2 04/09/26	China Jinmao Holding Group Co., Ltd.	100.019	0.00	-3.582	5.5428M

WUXIND 2.85 04/09/26	Wuxi Industrial Development Group Co., Ltd.	99.987	0.00	7.426	4.0138M
AVIILC 5.15 03/18/27	AVIC International Financial Leasing Co., Ltd.	100.229	0.94	4.894	325.9
BZSOIC 7 ½ 04/20/26	Binzhou SDIC Overseas Investment Co., Ltd.	100.006	0.03	7.034	316.3
AVIILC 6 ½ PERP	AVIC International Financial Leasing Co., Ltd.	100.039	PERP	6.048	197.9
EHICAR 7 09/21/26	Yihi Car Rental Co., Ltd.	64.356	0.45	133.952	182.3
AVIILC 4 ½ 08/27/27	AVIC International Financial Leasing Co., Ltd.	98.905	1.39	5.455	134.4
AVIILC 4 ½ 03/28/28	AVIC International Financial Leasing Co., Ltd.	99.172	1.97	5.072	115.8
AVIILC Float 03/28/30	AVIC International Financial Leasing Co., Ltd.	95.427	3.97	5.761	106.4

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 March 30 to April 3, rating agencies took positive rating actions on 5 Chinese issuers and negative rating actions on 1 Chinese issuer.

Table 3: Rating actions of cross-border issuer (20260330-20260403)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	Qingdao Urban Construction Investment (Group) Co., Ltd.	Chengyou	A+	Pos	2026/03/30	A+	Stable	2025/04/10	Lianhe	The company is of high strategic importance to Qingdao City
	China CITIC Bank Co., Ltd.	Financials	A-	Stable	2026/03/31	BBB+	Stable	2025/07/18	Fitch	The government's willingness to provide special support to banks when necessary has increased
	Taizhou Zhongtian New Energy Industry Development Co., Ltd.	Chengyou	BBB	Stable	2026/04/01	BBB-	Stable	2025/03/26	Lianhe	The company's strategic importance to the Taizhou Municipal Government has increased, and support has increased
	Qingdao Guoxin Development (Group) Co., Ltd.	Chengyou	BBB+	Stable	2026/04/01	BBB	Stable	2024/10/28	S&P	Company transforms its business by increasing focus on marine industry
	AAC Technology Holdings Co., Ltd.	Technologies	Baa2	Stable	2026/04/02	Baa3	Pos	2025/07/30	Moody's	The company continues to promote the diversification of

										revenue sources and customer base, and continues to optimize its core product areas.
Downgrade	China Overseas Development Co., Ltd.	Real estate	Baa2	Neg	2026/04/02	Baa2	Stable	2024/04/17	Moody's	The company's financial performance in 2025 is weaker than expected, and its deleveraging ability is uncertain

Source: CCXAP research

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