

2026 Issue 18 From May 18 to May 22

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

Headline: China's 1-year and 5-year LPR Remain Unchanged; Fed Releases Monetary Policy Meeting Minutes

On May 20, China announced that the 1 year and 5 year LPRs remain at 3% and 3.5%, respectively. On May 21, the Fed published the minutes of Powell's last policy meeting.

Exchange Rate: RMB Appreciated; USD Index Decreased

Last week, the RMB has appreciated. As of May 22, the RMB/USD middle rate closed at 6.8373, down 42.0bp from last Friday. The USD Index closed at 99.239, down 0.05% from last Friday.

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

Last week, China Government Bond yields decreased. Despite the hawkish tone of the Fed meeting minutes, US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From May 18 to May 22, Chinese enterprises issued 13 new bonds in the offshore market, totaling about USD1.728 billion, a decreased of 37.49% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.144 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of May 22, the return rate of Chinese USD bonds increased by 17.0bp to 0.83% to compared to last Friday, among which the return rate of investment-grade bonds increased by 19.0bp to 0.83%, while the return rate of high-yield bonds decreased by 1.0bp to 0.79%.

Rating Actions: Rating Agencies Took Rating Actions on 5 Chinese Issuers

From May 18 to May 22, rating agencies took positive rating actions on 3 Chinese issuers and negative rating actions on 2 Chinese issuers.



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Headline: China's 1-year and 5-year LPR remain unchanged; Fed releases monetary policy meeting minutes

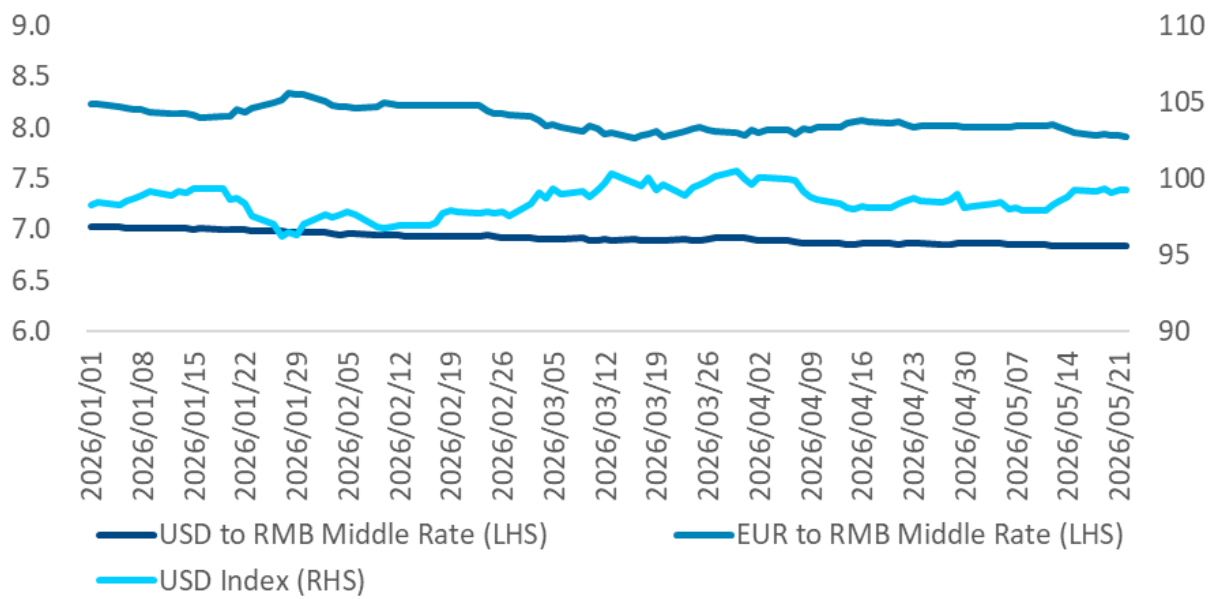
On May 20, the People's Bank of China authorized the National Interbank Funding Center to announce that the Loan Prime Rates (LPR) for May 20, 2026 are as follows: the 1-year LPR is 3.0%, and the 5-year and above LPR is 3.5%. Both tenors remained unchanged from the previous month. Currently, loan interest rates remain at low levels. The central bank's latest data show that in April, the weighted average interest rate for newly issued corporate loans (domestic and foreign currency) was approximately 3.1%, about 20 basis points lower than the same period last year. The continued low level of loan interest rates indicates that the supply of credit resources is generally ample, and the financing needs of the real economy are being well met. In outlining the main direction for monetary policy in the next phase, the Q1 2026 China Monetary Policy Implementation Report stated that promoting stable economic growth and a reasonable recovery in prices will be taken as important considerations of monetary policy. Based on domestic and international economic and financial conditions as well as financial market operations, the central bank will properly manage the intensity, pace, and timing of monetary policy implementation, continuing to create an appropriate monetary and financial environment.

On May 21, the Federal Reserve released the minutes of the last monetary policy meeting under Powell's tenure. Market participants noted that this is one of the most hawkish FOMC minutes in recent years. Most officials stated that if inflation remains elevated, they would support rate hikes, with earlier discussions on rate cuts fading from view. Many participants emphasized that if inflation continues to run above 2%, further policy tightening might be appropriate. To address this possibility, many participants expressed a preference for removing language in the post-meeting statement that implies a future easing bias. At the same time, the minutes stressed that the future policy path will depend on data at each meeting, rather than a preset direction. At the April 29 FOMC meeting, the Fed kept the target range for the federal funds rate unchanged at 3.5% to 3.75%, in line with market expectations, but the decision was opposed by three officials on the grounds that the statement still retained language implying possible future rate cuts. Governor Stephen Miran, meanwhile, advocated for a 25 basis point cut, so four out of twelve voting members opposed the policy statement, exposing the largest disagreement among policymakers over the future path of interest rates since 1992. The reference to "many" officials supporting removal of dovish wording highlighted growing internal rifts and the strengthening of hawkish voices within the Fed.

Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of May 22, the RMB/USD middle rate closed at 6.8373, down 42.0bp from last Friday. The RMB/EUR middle rate closed at 7.9193, down 341.0bp from last Friday. The USD Index closed at 99.239, down 0.05% from last Friday.

Figure 1: RMB exchange rate

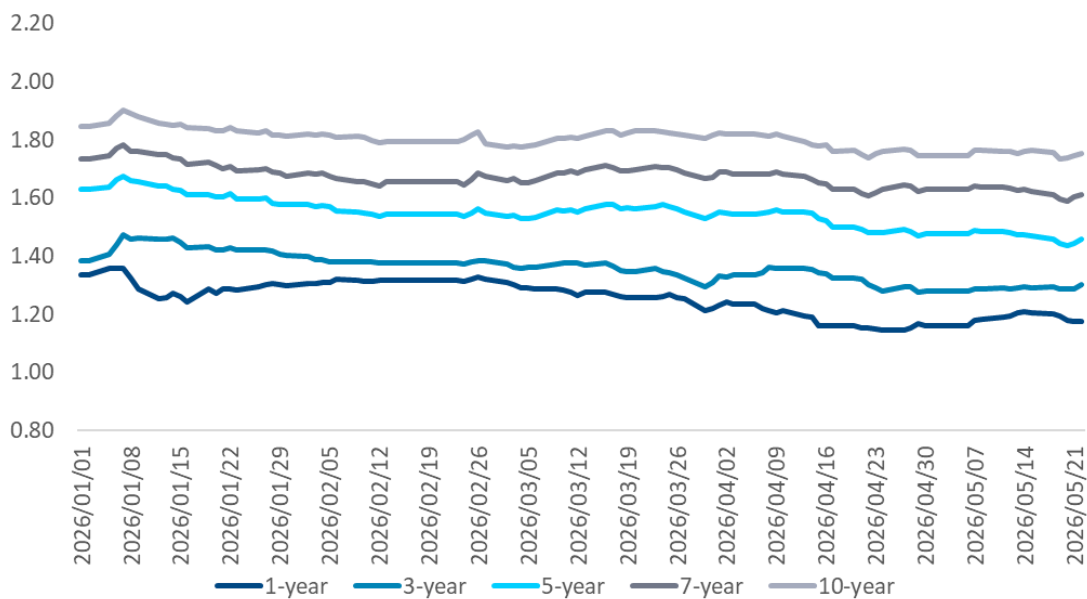


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of May 22, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were .1750%, 1.3020%, 1.4576%, 1.6113%, and 1.7519%, respectively. Compared to last Friday, the 1-year yield decreased by 3.16bp, the 3-year yield increased by 1.03bp, the 5-year yield decreased by 1.27bp, the 7-year yield decreased by 1.16bp, and the 10-year yield decreased by 1.39bp.

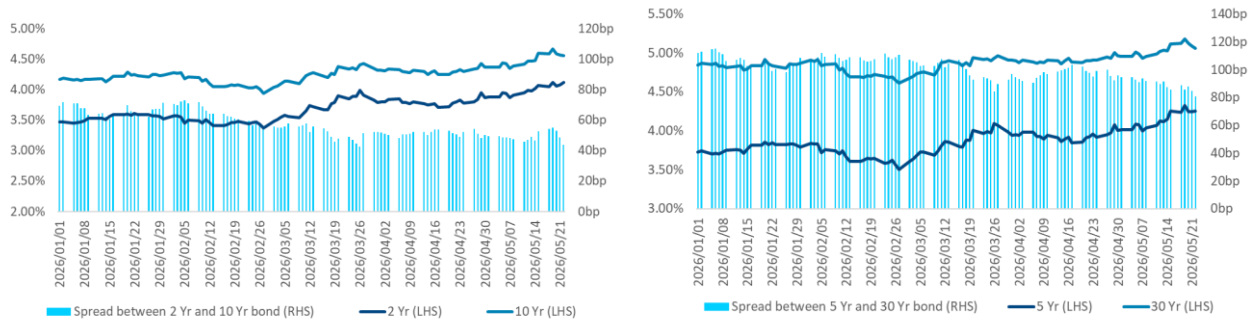
Figure 2: China Government Bond yields



Sources: CCXAP research

Despite the hawkish tone of the Fed meeting minutes, US Treasury yields decreased. As of May 22, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 4.1210%, 4.2576%, 4.5578%, and 5.0641%, respectively. Compared to last Friday, the 2-year yield increased by 5.23bp, the 5-year yield decreased by 0.04bp, the 10-year yield decreased by 3.56bp, and the 30-year yield decreased by 5.16bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 8.79bp to 43.68bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 5.12bp to 80.65bp compared to last Friday.

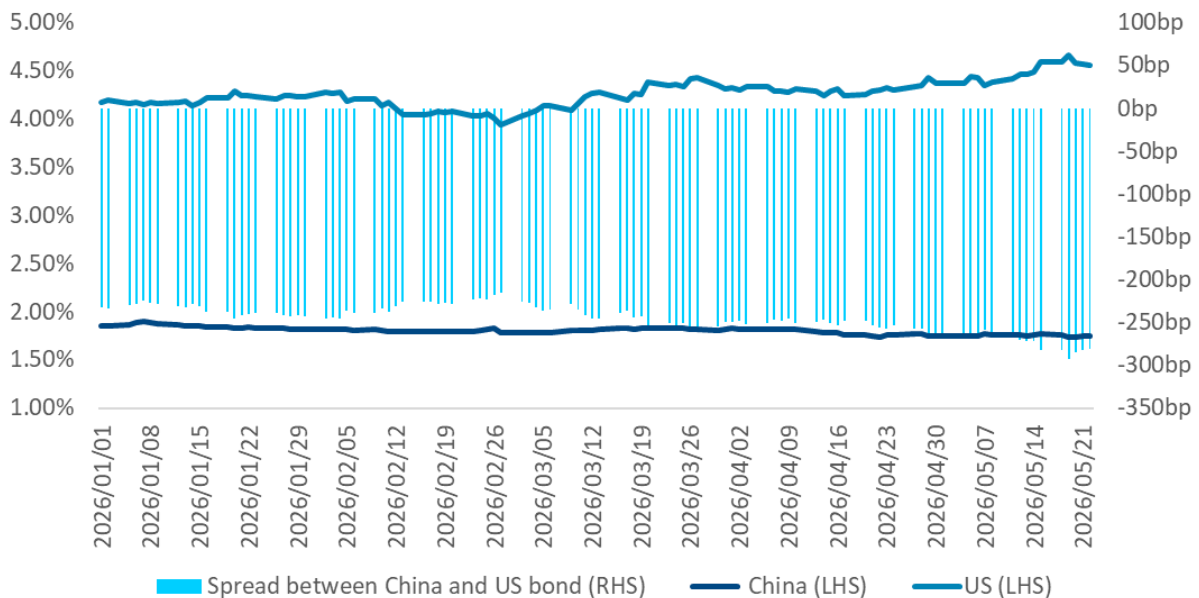
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of May 22, the 10-year Treasury bond interest rate gap between China and the US was -280.6bp, narrowing by 2.2bp from last Friday and widening by 48.6bp 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 May 18 to May 22, Chinese enterprises issued 13 new bonds in the offshore market, totaling about USD1.728 billion, a decreased of 37.49% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.144 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20260518-20260522)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/5/18	China Securities International Finance Holding Co Ltd	CNY	1,611	1.85	2028/5/22	2	Financials	-/BBB+/BBB+	-/-/-
2026/5/19	GF Holdings Hong Kong Corp Ltd	HKD	100	2.84	2026/7/20	61D	Financials	-/BBB/BBB	-/-/-
2026/5/19	GF Holdings Hong Kong Corp Ltd	HKD	20	3.12	2026/11/18	180D	Financials	-/BBB/BBB	-/-/-
2026/5/19	Haitong International Securities Group Ltd	HKD	70	3.2	2026/8/27	92D	Financials	-/BBB/-	-/-/-
2026/5/20	Yuexiu Property Co Ltd	CNY	1,600	3.4	2029/5/28	3	Real Estate	Ba2/BBB-/BBB-	-/-/-
2026/5/20	Bank of China Ltd/Sydney	CNY	2,000	1.65	2029/5/28	3	Banks	A1/-/-	A1/A/A
2026/5/20	Bank of China Ltd/Sydney	USD	500	SOFR+38	2031/5/28	5	Banks	A1/-/-	A1/A/A
2026/5/20	Huzhou City Investment Development Group Co Ltd	USD	295	4.45	2029/5/26	3	Chengtou	-/-/BBB	-/-/BBB
2026/5/21	Ganzhou Tourism Investment Group Co Ltd	CNY	460	2.7	2029/5/28	3	Chengtou	Baa3/-/BBB-	-/-/BBB-
2026/5/21	Bank of China Ltd/Frankfurt	CNY	500	1.6	2027/3/1	276D	Banks	A1/-/-	-/-/-
2026/5/21	Industrial Bank Co Ltd/Hong Kong	USD	30	SOFR+18	2027/5/28	364D	Banks	Baa2/-/-	Baa2/-/-
2026/5/22	Guosen HK Financial Products Co Ltd	CNY	82	0	2031/5/22	5	Financials	-/BBB/BBB+	-/-/-
2026/5/22	Guosen HK Financial Products Co Ltd	USD	3	0	2031/5/22	5	Financials	-/BBB/BBB+	-/-/-

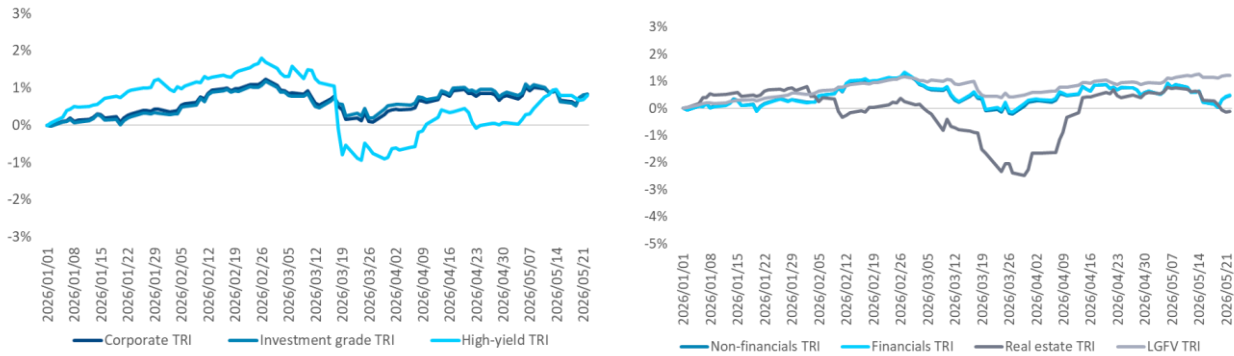
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of May 22, the year-to-date return¹ of Chinese USD bonds increased by 17.0bp to 0.83% compared to last Friday, among which the return rate of investment-grade bonds increased by 19.0bp to 0.83%, while the return rate of high-yield bonds decreased by 1.0bp to 0.79%. By industry, the return rate of non-financial bonds was 0.46%, up 24.0bp from last Friday. The return rate of financial bonds was 0.48%, up 27.0bp. The return rate of real estate was -0.12%, down 42.0bp. The return rate of Chengtou was 1.23%, up 9.0bp.

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

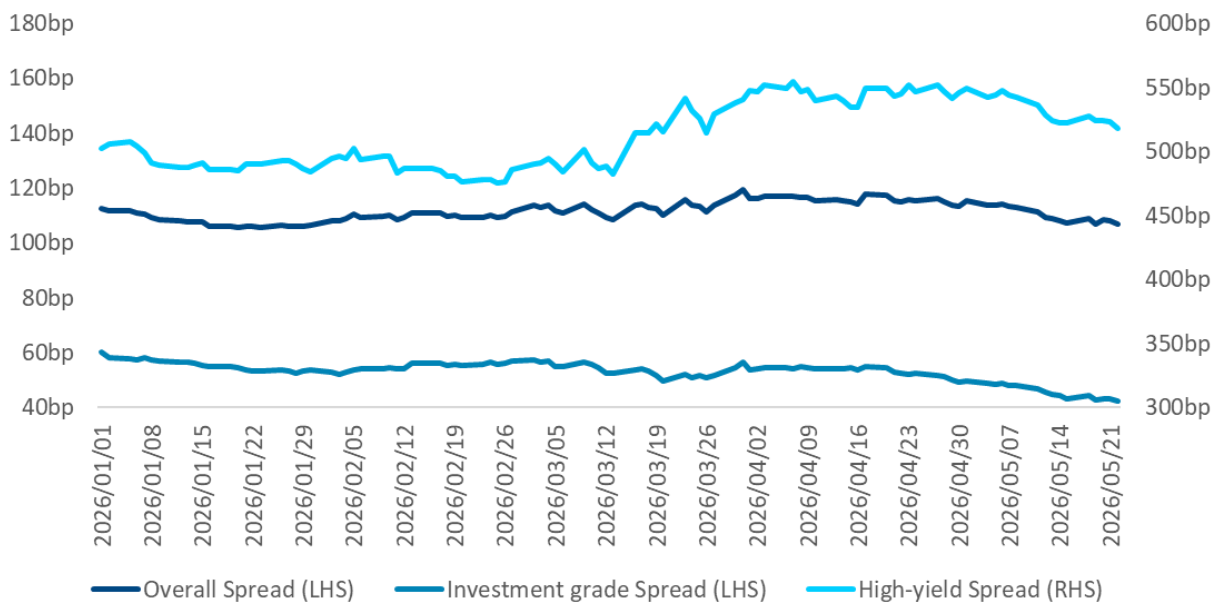
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of May 22, the spread of Chinese USD bonds narrowed by 0.3bp to 106.82bp from last Friday, among which the spread of investment-grade bonds narrowed by 0.7bp to 42.57bp, and the spread of high-yield bonds narrowed by 3.6bp to 518.54bp.

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



Sources: CCXAP research

From May 18 to May 22, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Shandong Finance Investment Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260518-20260522)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
SDECDI 2.4 06/03/26	Shandong Finance Investment Group Co., Ltd.	99.258	0.02	55.588	2.3679M
EHICAR 7 09/21/26	eHi Car Services Limited	69.828	0.32	144.977	807
GRPCIN 3.35 06/01/26	Guoren Property Insurance Co., Ltd.	100.014	0.02	1.643	584.5

SHUIION 5 ½ 06/29/26	Shui On Land Limited	100.139	0.09	3.561	390.9
EHICAR 10 10/14/29	eHi Car Services Limited	46.857	3.39	46.422	300.6
EHICAR 12 09/26/27	eHi Car Services Limited	51.42	1.34	75.909	247.1
CHIOIL 4.7 06/30/26	China Oil and Gas Group Limited	100.136	0.10	3.106	243.4
PINGRE 3.45 07/29/26	Ping An Real Estate Capital Co., Ltd.	99.323	0.18	7.411	235.5
CQNANA 4.56 06/10/26	Chongqing Nan'an District Urban Construction Development (Group) Co., Ltd.	100.022	0.04	3.818	164.4
CHSCOI 3.4 PERP	China State Construction International Holdings Limited	100.075	PERP	0.688	144.8

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 actions on 5 Chinese issuers

From May 18 to May 22, rating agencies took positive rating actions on 3 Chinese issuers and negative rating actions on 2 Chinese issuers.

Table 3: Rating actions of cross-border issuer (20260518-20260522)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	CITIC Bank Co., Ltd.	Bank	Baa2	Pos	2026/05/20	Baa2	Stable	2025/12/18	Moody's	CITIC Bank's individual credit profile has continued to improve over the past few years.
	Seazen Holdings Limited	Real estate	B	Stable	2026/05/21	B	Neg	2025/04/30	S&P	The company is able to obtain stable rental income, thereby offsetting the decline in property sales and maintaining its ability to utilize various financing channels.
	Seazen Holdings Group Co., Ltd.	Real estate	B	Stable	2026/05/21	B	Neg	2025/04/30	S&P	The company is able to obtain stable rental income, thereby offsetting the decline in property sales and maintaining its ability to utilize various financing channels.

Downgrade	Vanke Co., Ltd.	Real estate	-	RD	2026/05/18	CC	None	2026/04/27	Fitch	The company recently completed a domestic debt restructuring, which Fitch classifies as a non-performing debt exchange according to its Corporate Rating Criteria.
	Zhuhai Huafa Group Co., Ltd.	Chengt ou	BBB	Stable	2026/05/22	BBB	Pos	2025/05/26	Fitch	Although related reforms have led to the incorporation of more state-owned assets into the Huafa Group system, its control over these assets remains largely passive, rather than reflecting substantial strategic dominance.

Source: CCXAP research

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