

## 2026 Issue 19 From May 25 to May 29

### **New Issuance of Chinese Offshore Bonds Increased; Secondary Market Yields Increased**

**Headline: US April PCE Hits Nearly Three-Year High; China's May Manufacturing PMI Falls to the Threshold**

On May 28, the US announced that the April PCE price index rose 3.8% YoY, the highest level since May 2023. On May 31, China announced that the official manufacturing PMI for May was 50.0%, down 0.3 percentage points from the previous month.

### **Exchange Rate: RMB Appreciated; USD Index Decreased**

Last week, the RMB has appreciated. As of May 29, the RMB/USD middle rate closed at 6.8176, down 197.0bp from last Friday. The USD Index closed at 98.942, down 0.3% from last Friday.

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

Last week, China Government Bond yields decreased. Driven by easing tensions in the Middle East, a sharp drop in oil prices, and a downward revision of Q1 GDP growth, US Treasury yields decreased.

### **Chinese Offshore Bond Market**

#### **Primary Market: New Issuance of Chinese Offshore Bonds Increased**

From May 25 to May 29, Chinese enterprises issued 26 new bonds in the offshore market, totaling about USD2.596 billion, an increase of 47.07% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.07 billion in bonds.

#### **Secondary Market: Return on Chinese USD Bonds Increased**

As of May 29, the return rate of Chinese USD bonds increased by 48.0bp to 1.31% to compared to last Friday, among which the return rate of investment-grade bonds increased by 42.0bp to 1.24%, while the return rate of high-yield bonds increased by 93.0bp to 1.72%.

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

From May 25 to May 29, rating agencies took positive rating actions on 5 Chinese issuers.



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## Headline: US April PCE hits nearly three-year high; China's May manufacturing PMI falls to the threshold

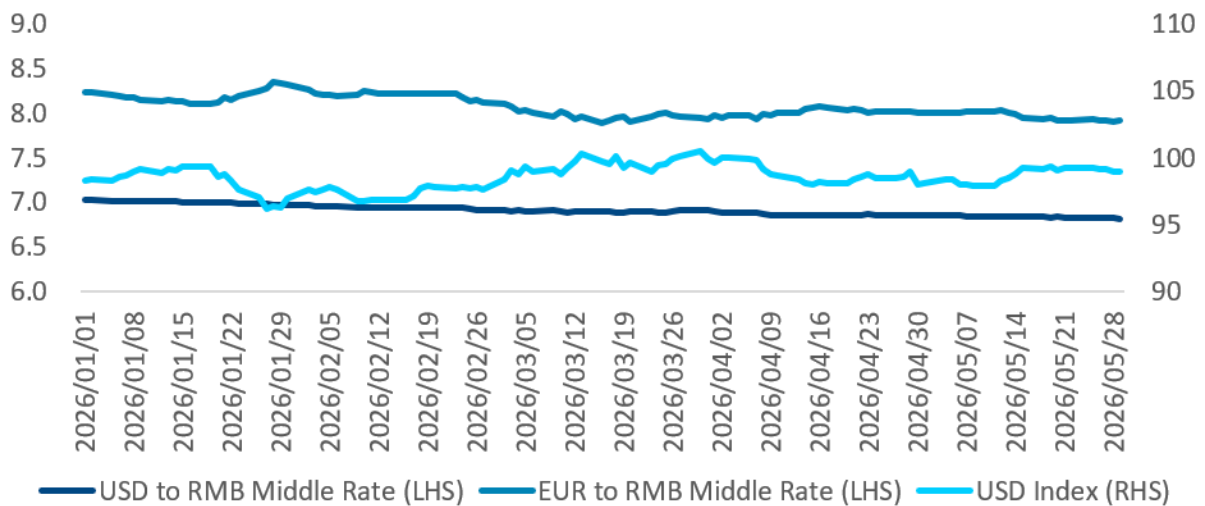
On May 28, the US announced that the April PCE price index rose 3.8% YoY, the highest level since May 2023, versus a previous reading of 3.5%; core PCE rose 3.3% YoY, the highest since November 2023, versus a prior reading of 3.2%. On a MoM basis, PCE rose 0.4% and core PCE rose 0.2%. At the same time, personal consumption expenditures rose 0.4% MoM, pushing the YoY increase to 3.8%. However, inflation-adjusted real consumer spending rose only 0.1% MoM, indicating that consumers are becoming more cautious in a high-inflation environment. Sharp rises in energy prices were the core driver of this inflation acceleration, with the PCE energy sub-index closely tracking the upward trajectory of crude oil prices following the Middle East conflict. Rising fuel and other raw material costs are broadly transmitting through the economy and pushing consumer confidence to historic lows. The same day, revised Q1 GDP data showed the annualized quarterly rate was revised down to 1.6% from the preliminary 2.0%, below expectations. Following these inflation data, market expectations for Fed rate cuts cooled further, with some officials indicating that if price pressures do not ease, the Fed would need to consider rate hikes.

On May 31, China announced that the official manufacturing PMI for May stood at 50.0%, down 0.3 percentage points from the previous month, exactly at the threshold. By enterprise size, large enterprises recorded a PMI of 51.1%, up 0.9 percentage points from the previous month and above the threshold; medium and small enterprises posted PMIs of 48.6% and 48.5% respectively, down 1.9 and 1.6 percentage points, both below the threshold. Among the five sub-indices composing the manufacturing PMI, the production index remained above the threshold, while the new orders index, raw materials inventory index, employment index, and supplier delivery time index all stayed below the threshold. In contrast to the modest decline in manufacturing, the non-manufacturing business activity index stood at 50.1%, up 0.7 percentage points from the previous month, returning to expansion territory, with services sector rebounding due to the holiday effect. The composite PMI output index was 50.5%, indicating that the overall economy continues to expand, though weak market demand and external uncertainties remain major challenges.

## Exchange Rate: RMB appreciated; USD Index decreased

In the past week, the RMB has appreciated. As of May 29, the RMB/USD middle rate closed at 6.8176, down 197.0bp from last Friday. The RMB/EUR middle rate closed at 7.916, down 33.0bp from last Friday. The USD Index closed at 98.942, down 0.3% from last Friday.

Figure 1: RMB exchange rate

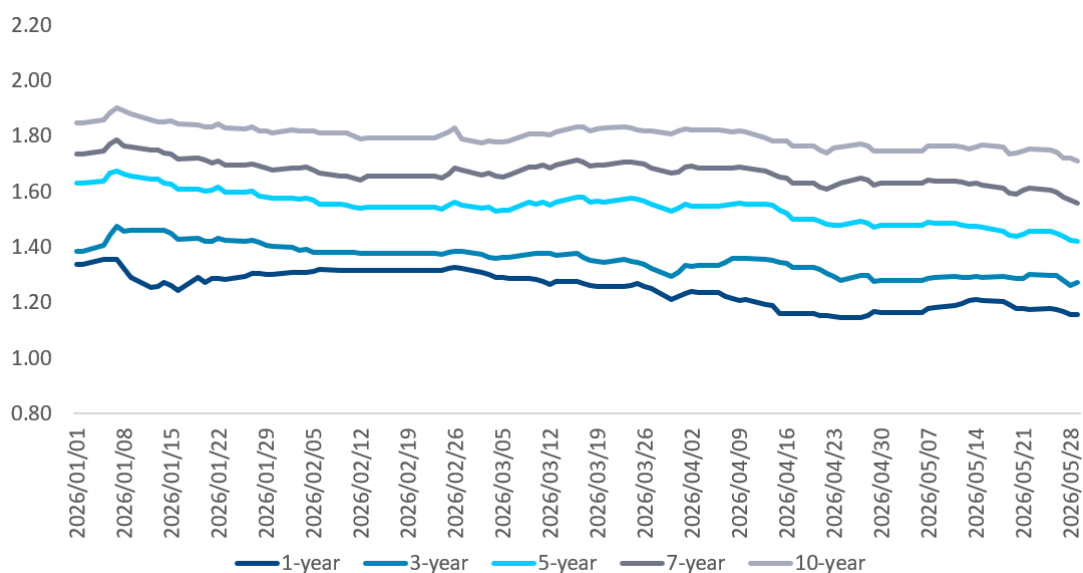


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of May 29, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.1578%, 1.2705%, 1.4189%, 1.5581%, and 1.7090%, respectively. Down 1.72bp, 3.15bp, 3.87bp, 5.32bp, and 4.29bp from last Friday.

Figure 2: China Government Bond yields

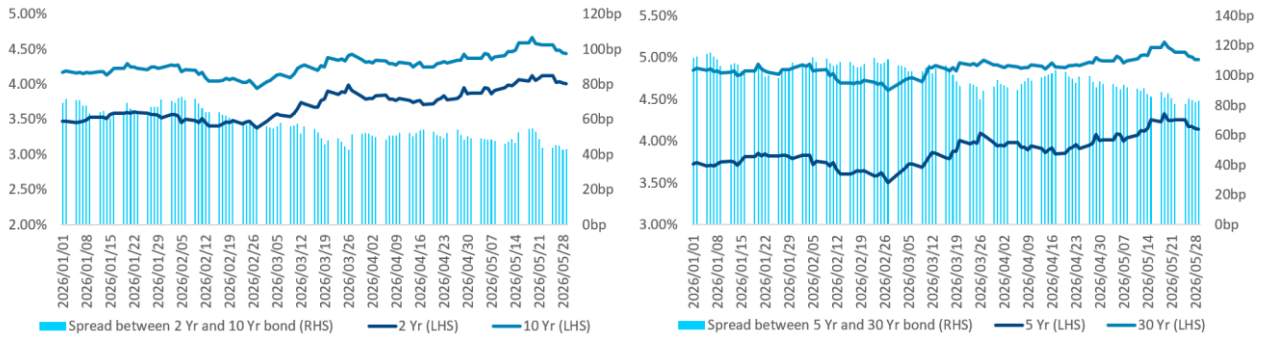


Sources: CCXAP research

Driven by easing tensions in the Middle East, a sharp drop in oil prices, and a downward revision of Q1 GDP growth, US Treasury yields decreased. As of May 29, the 2-year, 5-year, 10-year, and 30-

year US treasury yields were 4.0041%, 4.1407%, 4.4355%, and 4.9716%, respectively. Down 11.69bp, 11.69bp, 12.23bp, and 9.25bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 0.54bp to 43.14bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 2.44bp to 83.09bp compared to last Friday.

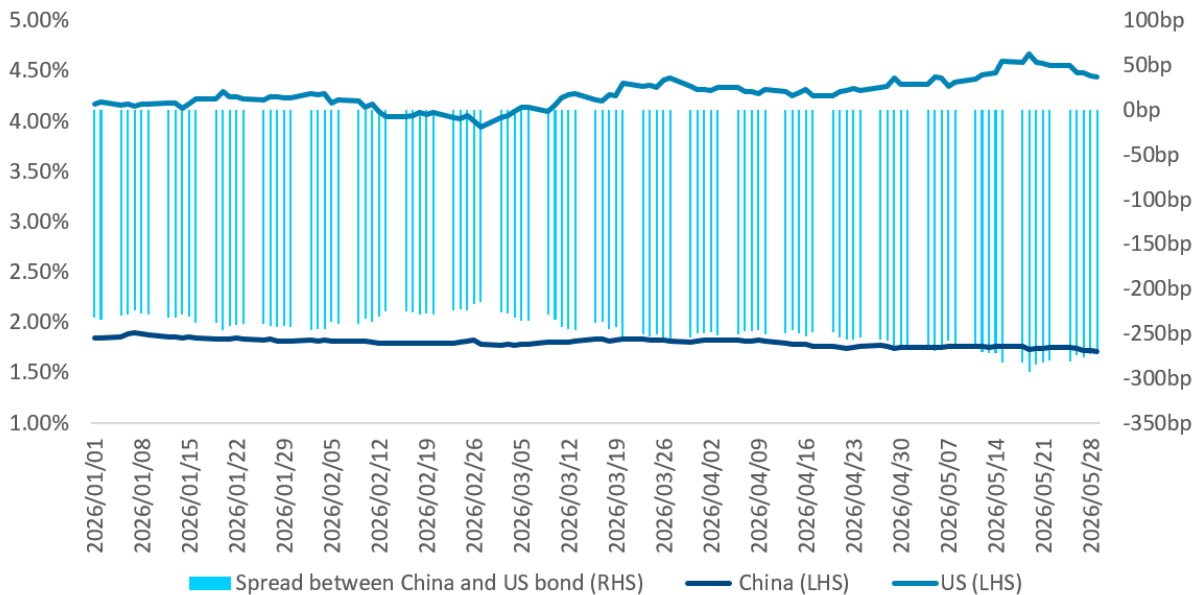
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of May 29, the 10-year Treasury bond interest rate gap between China and the US was -272.7bp, narrowing by 7.9bp from last Friday and widening by 40.7bp 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 May 25 to May 29, Chinese enterprises issued 26 new bonds in the offshore market, totaling about USD2.596 billion, an increase of 47.07% from last week. Among them, financial institutions were the main issuers, issuing a total of USD2.07 billion in bonds.

**Table 1: New issuance of Chinese offshore bonds (20260525-20260529)**

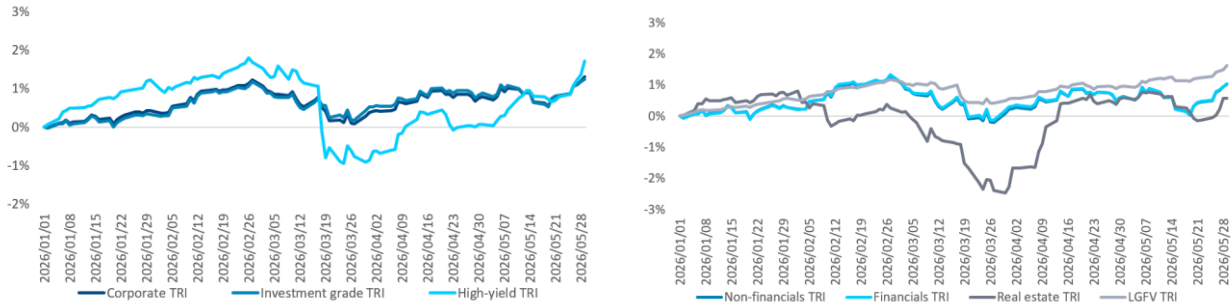
Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/5/26	Bank of Communications Financial Leasing Co Ltd	CNY	1,600	1.88	2031/6/2	5	Financials	A2/A-/A	A2/-/A
2026/5/26	Bank of Communications Financial Leasing Co Ltd	USD	750	SOFR+48	2029/6/2	3	Financials	A2/A-/A	A2/-/A
2026/5/26	China Securities Co Ltd	CNY	1,000	1.83	2028/6/1	2	Financials	Baa1/BBB+/BBB+	-/-/-
2026/5/26	Chongqing Tongnan Construction Engineering Group Co Ltd	USD	45	4.9	2029/6/2	3	Chengtou	-/-/-	-/-/-
2026/5/26	Guotai Junan International Holdings Ltd	USD	109	4.13	2026/11/30	181D	Financials	Baa2/BBB+/-	-/-/-
2026/5/26	Yiwu State-owned Capital Opera	USD	350	4.35	2029/5/29	3	Chengtou	Baa2/-/BBB	-/-/-
2026/5/27	China CITIC Bank International Ltd	CNY	350	1.5	2026/12/10	183D	Banks	A3/-/A-	-/-/-
2026/5/27	China Securities Co Ltd	CNY	400	1.88	2029/6/1	3	Financials	Baa1/BBB+/BBB+	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	USD	10	4.21	2026/11/25	180D	Financials	-/BBB/BBB	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	USD	60	4.21	2026/12/2	180D	Financials	-/BBB/BBB	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	USD	70	4.21	2026/12/2	180D	Financials	-/BBB/BBB	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	HKD	70	2.79	2026/8/29	93D	Financials	-/BBB/BBB	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	HKD	50	2.79	2026/8/29	92D	Financials	-/BBB/BBB	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	USD	10	3.99	2026/8/29	92D	Financials	-/BBB/BBB	-/-/-
2026/5/27	GF Holdings Hong Kong Corp Ltd	USD	50	4.21	2026/11/30	180D	Financials	-/BBB/BBB	-/-/-
2026/5/27	Haitong International Securities Group Ltd	HKD	70	3.2	2026/9/1	90D	Financials	-/BBB/-	-/-/-
2026/5/27	Shandong Finance Investment Group Co Ltd	USD	350	4.25	2029/6/1	3	Financials	A2/-/A	A2/-/A
2026/5/27	TF International Securities Group Ltd	USD	1	4.9	2027/2/26	273D	Financials	-/-/BBB-	-/-/-
2026/5/28	CITIC Securities International Co Ltd	USD	30	0	2026/9/4	92D	Financials	-/BBB+/-	-/-/-
2026/5/28	CITIC Securities International Co Ltd	USD	4	0	2031/6/9	5	Financials	-/BBB+/-	-/-/-
2026/5/28	CITIC Securities International Co Ltd	USD	2	0	2031/6/9	5	Financials	-/BBB+/-	-/-/-
2026/5/28	CITIC Securities International Co Ltd	USD	5	0	2031/6/9	5	Financials	-/BBB+/-	-/-/-
2026/5/28	GF Holdings Hong Kong Corp Ltd	HKD	100	3.07	2026/12/1	180D	Financials	-/BBB/BBB	-/-/-
2026/5/28	Jinan Licheng Holding Group Co Ltd	USD	130	4.75	2029/6/4	3	Chengtou	-/-/-	-/-/-
2026/5/29	CCB International Holdings Ltd	HKD	100	3.18	2027/6/3	363D	Financials	A2/-/A	-/-/-
2026/5/29	Guotai Junan International Holdings Ltd	USD	100	4.14	2026/12/1	179D	Financials	Baa2/BBB+/-	-/-/-

Sources: CCXAP research

## Secondary Market: return on Chinese USD bonds increased

As of May 29, the year-to-date return<sup>1</sup> of Chinese USD bonds increased by 48.0bp to 1.31% compared to last Friday, among which the return rate of investment-grade bonds increased by 42.0bp to 1.24%, while the return rate of high-yield bonds increased by 93.0bp to 1.72%. By industry, the return rate of non-financial bonds was 1.02%, up 56.0bp from last Friday. The return rate of financial bonds was 1.03%, up 55.0bp. The return rate of real estate was 0.56%, up 69.0bp. The return rate of Chengtou was 1.62%, up 39.0bp.

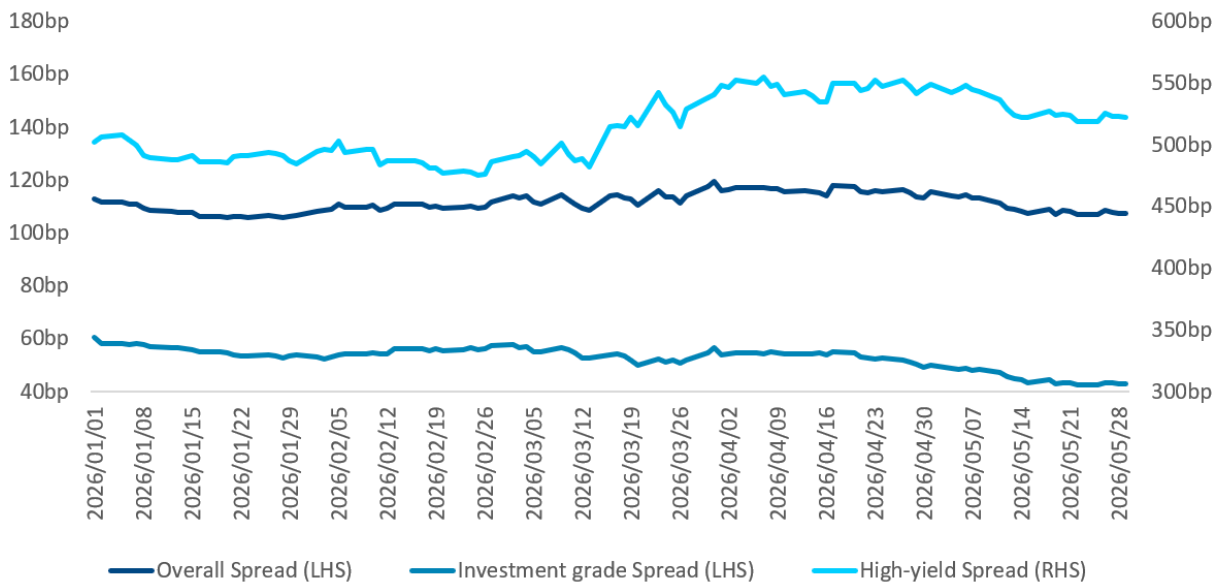
Figure 5: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of May 29, the spread of Chinese USD bonds widened by 0.4bp to 107.19bp from last Friday, among which the spread of investment-grade bonds widened by 0.2bp to 42.74bp, and the spread of high-yield bonds widened by 3.4bp to 521.97bp.

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



Sources: CCXAP research

<sup>1</sup> Year-to-date return measures the return since January 1, 2026

From May 25 to May 29, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of eHi Car Services Limited changed the most.

**Table 2: Chinese offshore bonds with largest increase in yield (20260525-20260529)**

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
EHICAR 7 09/21/26	eHi Car Services Limited	69.828	0.32	151.027	764.6
CCB Float 11/02/26	China Construction Bank (New Zealand) Limited	100.182	0.43	3.561	352.6
CHIOIL 4.7 06/30/26	China Oil And Gas Group Limited	100.189	0.09	2.133	197.1
CCUDIH 7 06/13/26	Changchun Urban Development & Investment Holdings (Group) Co., Ltd.	100.134	0.04	2.104	196.7
HBTUID 7 ½ 07/10/26	Hubei New Tongdu Urban Investment Development Group Co., Ltd.	100.353	0.12	3.934	164.2
PINGRE 3.45 07/29/26	Ping An Real Estate Company Ltd.	99.335	0.17	7.685	150.0
CHSCOI 3.4 PERP	China State Construction International Holdings Limited	100.069	PERP	-1.541	97.1
ZJEXPC 1.638 07/14/26	Zhejiang Expressway Co.,Ltd.	99.651	0.13	4.689	83.1
BJCONS 2.22 07/02/26	Beijing Construction Engineering Group Co.,Ltd.	99.786	0.09	4.842	79.0
BCHINA Float 06/26/26	Bank of China Limited, Panama Branch	100.005	0.08	4.058	70.7

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 25 to May 29, rating agencies took positive rating actions on 5 Chinese issuers.

**Table 3: Rating actions of cross-border issuer (20260525-20260529)**

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
<b>Offshore Rating :</b>										
Upgrade	Zijin Mining Group Co. Ltd.	Mining	BBB	Pos	2026/05/26	BBB	Stable	2025/10/27	S&P	Rising project output, prudent financial policy, and resilient metals prices support debt/EBITDA staying below 1.5x
	CITIC Group Corporation	Financials	A3	Pos	2026/05/27	A3	Stable	2026/03/23	Moody's	Consistent improvements in CITIC Bank and other CITIC businesses' credit profiles
	CITIC Limited	Financials	A3	Pos	2026/05/27	A3	Stable	2026/03/23	Moody's	Consistent improvements in CITIC Bank and other CITIC

										businesses' credit profiles
China Hongqiao Group Limited	Materials	BB+	Pos	2026/05/28	BB+	Stable	2026/02/11	Fitch	Improved debt structure, strong profitability, robust cash flow, and solid industry fundamentals	
ZhongAn Online P & C Insurance Co., Ltd.	Financials	A3	Stable	2026/05/29	Baa1	Pos	2025/10/13	Moody's	Improved profitability, reduced product risk, and enhanced financial flexibility	

Source: CCXAP research

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