

2026 Issue 22 From June 15 to June 19

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

Headline: China's May Retail Sales YoY Turn Negative; US May Retail Sales Beat Expectations

On June 16, China announced that May retail sales of consumer goods fell 0.6% YoY, the first negative reading since December 2022. On June 17, the US reported May retail sales rose 0.9% MoM, beating expectations of 0.5%.

Exchange Rate: RMB Depreciated; USD Index Increased

Last week, the RMB has depreciated. As of June 19, the RMB/USD middle rate closed at 6.813, up 21.0bp from last Friday. The USD Index closed at 100.849, up 1.1% from last Friday.

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

Last week, China Government Bond yields decreased. As the easing of inflation concerns from the US-Iran agreement and hawkish signals from the Fed offset each other, US Treasury yields remained flat.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Decreased

From June 15 to June 19, Chinese enterprises issued 11 new bonds in the offshore market, totaling about USD868 million, a decrease of 88.48% from last week. Among them, financial institutions were the main issuers, issuing a total of USD668 million in bonds.

Secondary Market: Return on Chinese USD Bonds Increased

As of June 19, the return rate of Chinese USD bonds increased by 9.0bp to 1.39% to compared to last Friday, among which the return rate of investment-grade bonds increased by 10.0bp to 1.3%, while the return rate of high-yield bonds increased by 2.0bp to 1.98%.

Rating Actions: CCXAP Assigned Credit Rating to 1 Chinese Entity

On June 15, CCXAP assigned first-time long-term credit rating of A_g+ to Yantai Transportation Group Co., Ltd., with stable outlook.



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Headline: China's May retail sales YoY turn negative; US May retail sales beat expectations

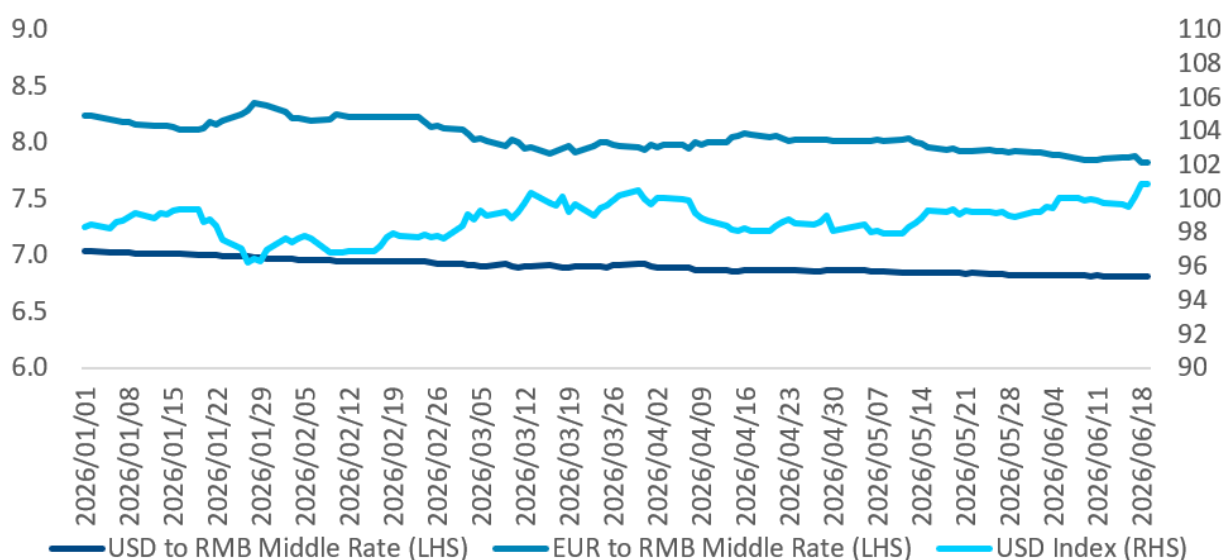
On June 16, China announced that its total retail sales of consumer goods reached RMB 4.11 trillion in May, down 0.6% YoY, a deceleration of 0.8 percentage points from April and well below market expectations of 0.1% growth. This marked the first YoY contraction since December 2022. Excluding automobiles, retail sales grew 1.1% YoY, indicating that auto consumption was the main drag. By category, goods retail fell 0.7% YoY, while catering revenue rose 0.6% YoY. Urban retail sales declined 0.9% YoY, whereas rural retail sales grew 1.5% YoY. By product, household appliances and furniture retail plunged 15.6% and 8.7% YoY respectively, largely due to the high-base effect from last year's trade-in subsidy program.

On MoM June 17, the US reported that May retail sales rose 0.9% MoM, significantly exceeding the market consensus of 0.5%, while the April reading was revised down to 0.4% from 0.5%. On a YoY basis, retail sales surged 6.9%, marking the strongest performance since January 2023. By segment, gasoline station sales jumped 3.4% MoM, the primary driver of the headline beat, directly reflecting the impact of surging oil prices due to the Iran conflict. Excluding gasoline stations, retail sales still posted a solid 0.7% MoM gain. Motor vehicle and parts sales rose 1.2% MoM, reversing the prior month's decline. Notably, 11 of 13 major retail categories recorded positive growth, suggesting broad-based consumer resilience. However, as the only service component in the report, food services and drinking places fell 0.1% MoM, indicating marginal softening in service consumption. The retail data are not inflation-adjusted, with energy costs and tariffs continuing to push up prices. After adjusting for inflation, real retail and food services sales rose 0.4%, suggesting underlying consumer fundamentals remain resilient beyond the price effect.

Exchange Rate: RMB depreciated; USD Index increased

In the past week, the RMB has depreciated. As of June 19, the RMB/USD middle rate closed at 6.813, up 21.0bp from last Friday. The RMB/EUR middle rate closed at 7.8174, down 402.0bp from last Friday. The USD Index closed at 100.849, up 1.1% from last Friday.

Figure 1: RMB exchange rate

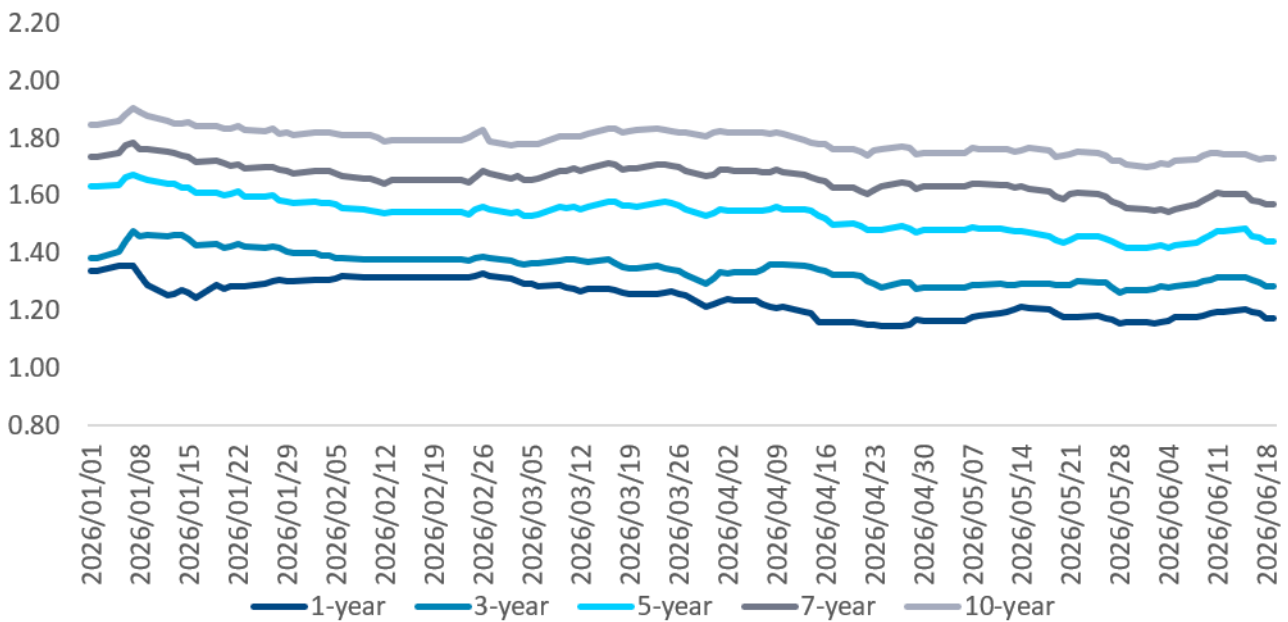


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of June 19, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.1717%, 1.2854%, 1.4407%, 1.5715%, and 1.7299%, respectively. Down 2.50bp, 2.87bp, 3.69bp, 3.19bp, and 1.28bp from last Friday.

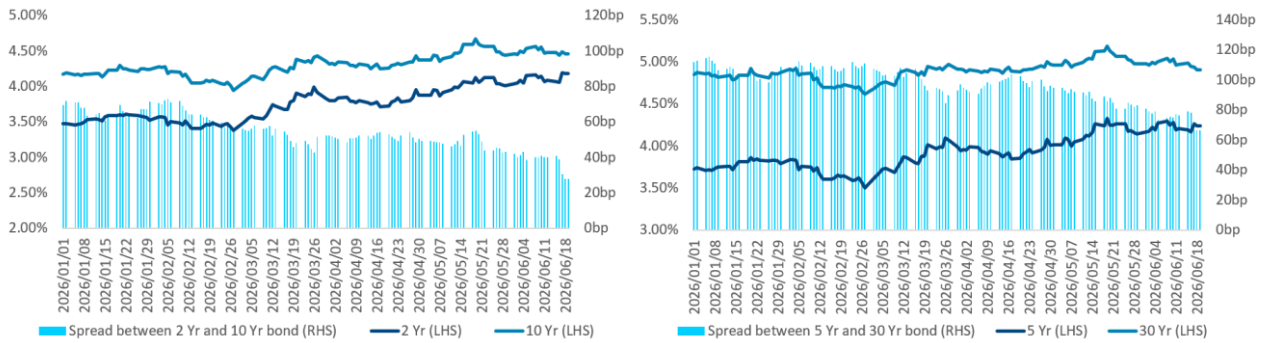
Figure 2: China Government Bond yields



Sources: CCXAP research

As the easing of inflation concerns from the US-Iran agreement and hawkish signals from the Fed offset each other, US Treasury yields remained flat. As of June 19, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 4.1767%, 4.2324%, 4.4533%, and 4.8976%, respectively. Compared to last Friday, the 2-year yield increased by 9.58bp, the 5-year yield increased by 2.67bp, the 10-year yield decreased by 2.56bp, and the 30-year yield decreased by 6.88bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes narrowed by 12.14bp to 27.66bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds narrowed by 9.55bp to 66.52bp compared to last Friday.

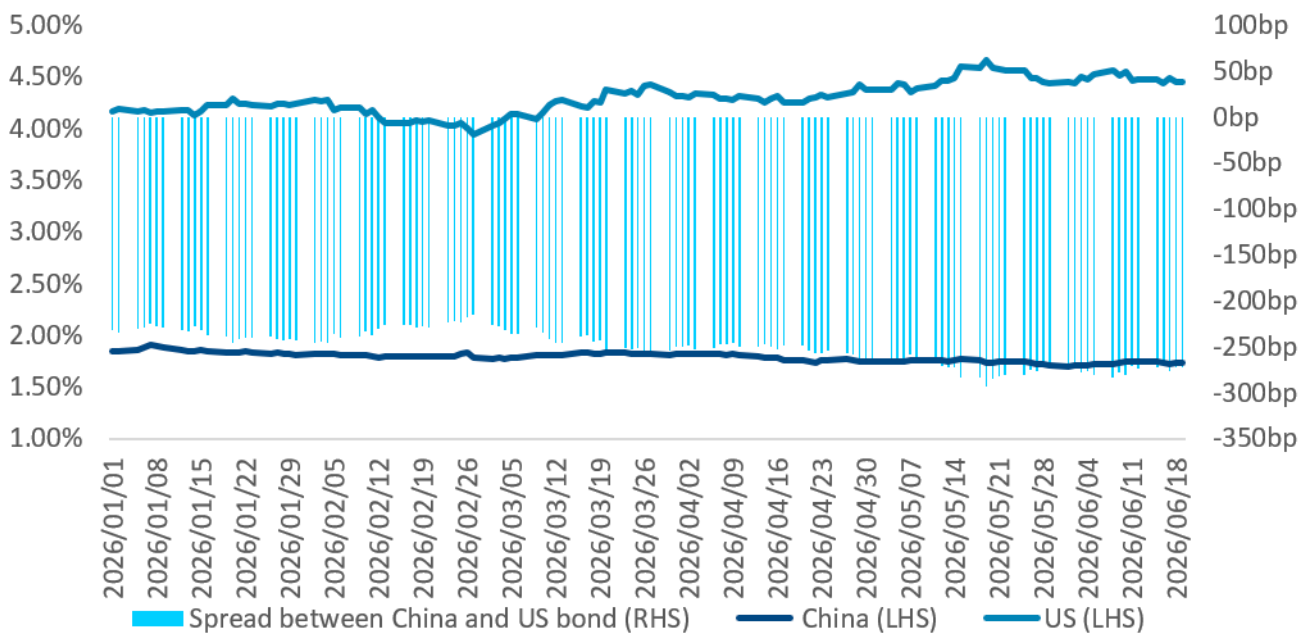
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

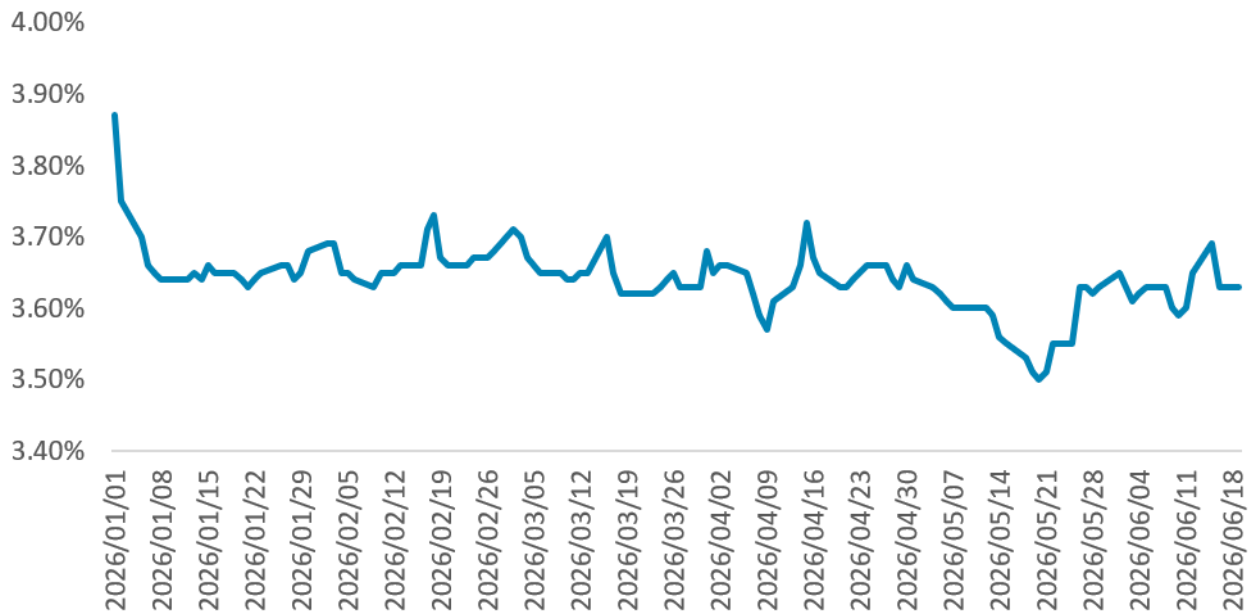
As of June 19, the 10-year Treasury bond interest rate gap between China and the US was -272.3bp, narrowing by 1.3bp from last Friday and widening by 40.4bp from the beginning of the year.

Figure 4: Yield spread between 10-year note of China and US



Sources: CCXAP research

As of June 19, the US benchmark rate SOFR (Secured Overnight Financing Rate) was 3.63%, down 2.0bp from last Friday and down 24.0bp from the beginning of the year.

Figure 5: US Benchmark Rate SOFR


Sources: CCXAP research

Primary Market: new issuance of Chinese offshore bonds decreased

From June 15 to June 19, Chinese enterprises issued 11 new bonds in the offshore market, totaling about USD868 million, a decrease of 88.48% from last week. Among them, financial institutions were the main issuers, issuing a total of USD668 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20260615-20260619)

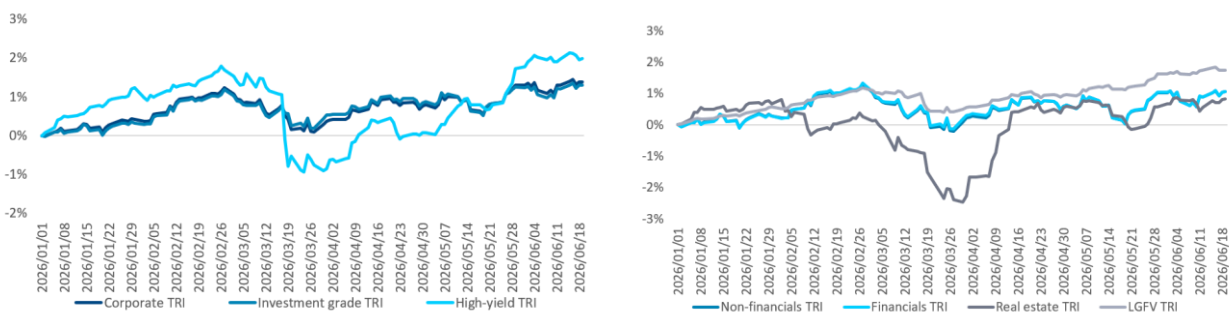
Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/6/15	BOCOM International Holdings Co Ltd	HKD	100	0	2026/10/23	122D	Financials	Baa1/-/A	-/-/-
2026/6/15	China Construction Bank Corp Singapore Branch	USD	100	SOFR +35	2029/6/22	3	Banks	A1/-/-	-/-/-
2026/6/15	CITIC Securities International Co Ltd	CNY	1,700	2.1	2031/6/25	5	Financials	-/BBB+/A-	-/-/-
2026/6/15	GF Holdings Hong Kong Corp Ltd	USD	1	3.86	2026/7/21	34D	Financials	-/BBB/BBB	-/-/-
2026/6/15	GF Holdings Hong Kong Corp Ltd	USD	5	4.23	2026/12/14	180D	Financials	-/BBB/BBB	-/-/-
2026/6/16	China Education Group Holdings Ltd	USD	200	5.625	2029/6/24	3	Consumer Discretionary	-/BBB/-	-/BBB/-
2026/6/16	CITIC Securities International Co Ltd	CNY	340	2.1	2031/6/24	5	Financials	-/BBB+/A-	-/-/-
2026/6/16	Industrial & Commercial Bank of China Ltd/Luxembourg	CNY	600	1.64	2029/6/24	3	Banks	A1/-/-	-/-/-
2026/6/16	Shenwan Hongyuan HK Ltd	HKD	100	3.03	2026/9/24	92D	Financials	-/BBB/-	-/-/-
2026/6/16	Shenwan Hongyuan HK Ltd	CNY	84	1.63	2026/9/22	91D	Financials	-/BBB/-	-/-/-
2026/6/17	China Construction Bank Corp Singapore Branch	USD	155	SOFR +38	2029/6/25	3	Banks	A1/-/-	-/-/-

Sources: CCXAP research

Secondary Market: return on Chinese USD bonds increased

As of June 19, the year-to-date return¹ of Chinese USD bonds increased by 9.0bp to 1.39% to compared to last Friday, among which the return rate of investment-grade bonds increased by 10.0bp to 1.3%, while the return rate of high-yield bonds increased by 2.0bp to 1.98%. By industry, the return rate of non-financial bonds was 1.05%, up 17.0bp from last Friday. The return rate of financial bonds was 1.06%, up 17.0bp. The return rate of real estate was 0.83%, up 27.0bp. The return rate of Chengtou was 1.75%, up 2.0bp.

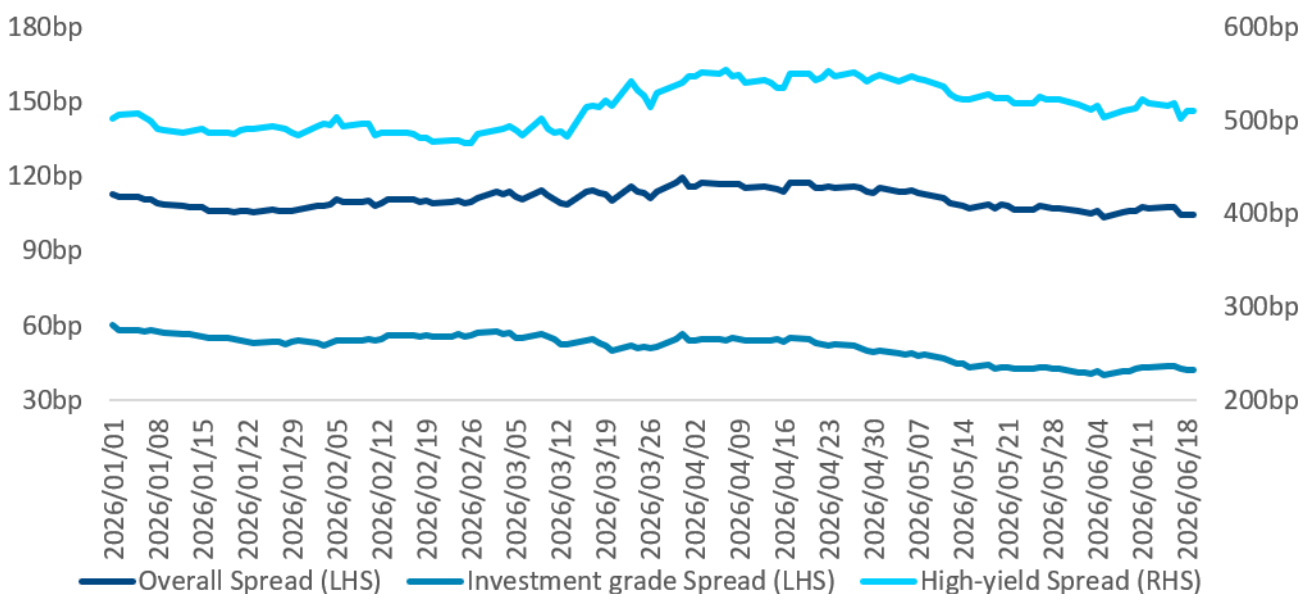
Figure 6: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of June 19, the spread of Chinese USD bonds narrowed by 2.9bp to 104.43bp from last Friday, among which the spread of investment-grade bonds narrowed by 1.2bp to 42.05bp, and the spread of high-yield bonds narrowed by 8.8bp to 510.2bp.

Figure 7: Yield Spreads of Bloomberg Barclays Chinese USD bond index



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

Sources: CCXAP research

From June 15 to June 19, 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 (20260615-20260619)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
EHICAR 7 09/21/26	eHi Car Services Limited	78.33	0.25	120.628	706.2
HNYUZI 3.2 07/06/26	Zhongyuan Zhicheng Co Ltd	99.979	0.04	3.774	149.8
BJCONS 2.22 07/02/26	BCEG (HongKong) Co Ltd	99.902	0.03	6.567	136.1
HBTUID 7 ½ 07/10/26	Hubei New Tongdu Urban Investment Development Group Co Ltd	100.297	0.05	0.788	126
CSILTD 3.1 07/13/26	CSI MTN Ltd	100.133	0.06	0.392	65.6
JNHITE 7.4 10/27/26	Jinan Hi-Tech International Cayman Investment Development Co Ltd	101.034	0.35	4.279	40.5
CMSINT 3.3 09/18/26	CMS International Gemstone Ltd	100.503	0.24	1.126	38.7
EHICAR 12 09/26/27	eHi Car Services Limited	48.119	1.27	87.529	35.7
GZINFU 2.85 07/28/26	Vertex Capital Investment Ltd	99.82	0.10	4.71	33
HUALUG 2.2 10/27/26	Hualu International Finance BVI Ltd	99.116	0.35	4.813	31

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 June 15, CCXAP assigned first-time long-term credit rating of A_g+ to Yantai Transportation Group Co., Ltd. (“YTTG”), with stable outlook.

Table 3: CCXAP’s rating actions of cross-border issuer (20260615-20260619)

Rating Date	Obligor	Entity Rating	Rating Rationale
2026/6/15	YTTG	A _g +	The rating reflects the Company’s (1) important strategic role in transportation investment and construction in Yantai City; (2) diversified business portfolio in commercial activities, with competitive advantage in transportation-related areas; and (3) good access to funding. The rating also reflects a high likelihood of government support from the State-owned Assets Supervision and Administration Commission of Yantai Municipal Government when needed, which is based on the Company’s (1) direct ownership and ultimate control by Yantai SASAC; (2) regional importance in transportation-related public welfare in Yantai City; and (3) solid track record of receiving support from the local government.

Source: CCXAP research

From June 15 to June 19, rating agencies took positive rating actions on 11 Chinese issuers.

Table 4: Rating actions of cross-border issuer (20260615-20260619)

Entity	Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
Offshore Rating :										
Upgrade	Yancheng High-tech Zone Investment Group Co., Ltd.	Chengtou	A _g -	Stable	2026/06/15	BBB _g +	Stable	2025/06/10	CCXAP	Strategic synergy with Yancheng HIDZ and Yancheng HIDZ's sustained growth momentum
	Jiangxi Railway & Aviation Investment Group Co., Ltd.	Chengtou	A2	Stable	2026/06/15	A3	Stable	2026/04/28	Moody's	Jiangxi government's improved propensity to support the company
	Jiangxi Provincial Water Conservancy Investment Group Corp.	Chengtou	A3	Stable	2026/06/15	Baa1	Stable	2026/04/28	Moody's	Jiangxi government's improved propensity to support the company
	Hefei Industry Investment Holding (Group) Co., Ltd.	Chengtou	BBB+	Stable	2026/06/16	BBB	Pos	2025/06/20	Fitch	Hefei municipal government's key decision-making role on the company has been strengthened
	Hainan State Farms Investment Holdings Group Co., Ltd.	Consumer Staples	BBB+	Stable	2026/06/16	BBB	Stable	2025/06/24	Fitch	The company's strategic importance to China's resource security has increased
	Shandong Land Development Group Co., Ltd.	Chengtou	A-	Stable	2026/06/17	BBB+	Pos	2025/06/24	Fitch	Expanded policy mandate with stronger government support
	Contemporary Amperex Technology Co., Limited	Industrials	A	Stable	2026/06/17	A-	Stable	2026/02/27	Fitch	The company's business profile has strengthened
	Zijin Mining Group Co., Ltd.	Materials	A _g -	Pos	2026/06/18	A _g -	Stable	2025/06/12	CCXAP	Strengthened market position and improved credit metrics
	Hainan Rubber Industry Group Co., Ltd.	Materials	BBB+	Stable	2026/06/18	BBB	Stable	2026/02/11	Fitch	The company's rating is upgraded in line with its parent company's rating upgrade

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd.	Chengtou	Baa3	Stable	2026/06/18	Ba1	Stable	2026/04/28	Moody's	Proven improvements in Yangzhou city government's propensity to support the company
Yuxiu Transport Infrastructure Limited	Chengtou	BBB+	Stable	2026/06/19	BBB	Stable	2025/10/27	Fitch	Parent's support-driven profile improved

Source: CCXAP research

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