

## 2026 Issue 24 From June 29 to July 3

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

#### **Headline: China's June Official Manufacturing PMI Returns to Expansion; US June Nonfarm Payrolls Far Below Expectations**

On June 30, China announced that the June official manufacturing PMI was 50.3%, higher than expectations and the previous reading. On July 2, the US announced that June nonfarm payrolls increased by 57,000, far below market expectations.

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

Last week, the RMB has appreciated. As of July 3, the RMB/USD middle rate closed at 6.8047, down 119.0bp from last Friday. The USD Index closed at 100.857, down 0.5% from last Friday.

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

Last week, China Government Bond yields generally increased. Markets price in resilient US employment data, US Treasury yields increased.

#### **Chinese Offshore Bond Market**

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

From June 29 to July 3, Chinese enterprises issued 13 new bonds in the offshore market, totaling about USD1.482 billion, a decrease of 27.76% from last week. Among them, financial institutions were the main issuers, issuing a total of USD811.0 million in bonds.

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

As of July 3, the return rate of Chinese USD bonds decreased by 18.0bp to 1.32% compared to last Friday, among which the return rate of investment-grade bonds decreased by 16.0bp to 1.3%, while the return rate of high-yield bonds decreased by 33.0bp to 1.47%.

#### **Rating Actions: Rating Agencies Took Rating Actions on 10 Chinese Issuers**

From June 29 to July 3, rating agencies took positive rating actions on 7 Chinese issuers and negative rating actions on 3 Chinese issuers.



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## **Headline: China's June official manufacturing PMI returns to expansion; US June nonfarm payrolls far below expectations**

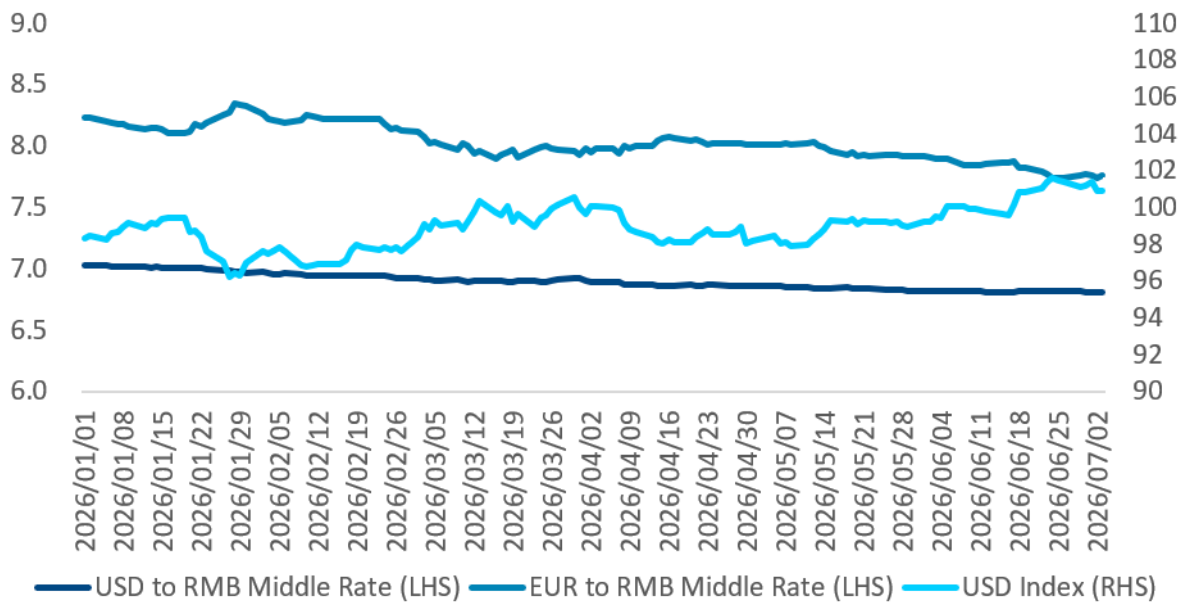
On June 30, China announced that the June official manufacturing PMI came in at 50.3%, above the market expectation of 50.1% and up 0.3 percentage points from May, returning to expansionary territory. Both production and demand expanded simultaneously. The production index stood at 51.4%, up 0.2 percentage points from the previous month, indicating accelerating expansion in manufacturing activities. The new orders index rose to 51.2%, up 1.3 percentage points from May, signaling an improvement in market demand. By enterprise size, large and medium-sized enterprises recorded PMIs of 50.7% and 50.5%, respectively, both above the 50 threshold, while small enterprises lagged at 48.2%, indicating a moderation in business sentiment. The high-tech manufacturing PMI rose to 53.5%, marking the 17th consecutive month in expansionary territory and reinforcing its leading role. Business confidence strengthened, with the manufacturing production and operation expectations index rising 0.4 percentage points to 54.3%.

On July 2, the US reported that June nonfarm payrolls increased by 57,000, significantly below the market expectation of 113,000 and also below the revised May figure of 129,000. Meanwhile, April and May employment data were collectively revised downward by 74,000. By industry, job gains in June were concentrated in health care and social assistance (+47,000) and professional and business services (+36,000). However, leisure and hospitality lost 61,000 jobs, marking the largest single-month decline since 2020 and fully reversing the World Cup-related employment gains in May. The unemployment rate fell from 4.3% to 4.2%, its lowest level since June 2025. However, the labor force participation rate dropped by 0.3 percentage points, with the labor force shrinking by over 700,000 in a single month, suggesting that the decline in unemployment was primarily driven by workers exiting the labor force rather than genuine job market improvement. Following the data release, market bets on Fed rate hikes contracted notably, with the expected timing of a rate hike pushed back from October to December. Analysts believe the June jobs report significantly undermines the urgency for a July rate hike, though the market has not completely abandoned bets on a rate hike later this year.

## **Exchange Rate: RMB appreciated; USD Index decreased**

In the past week, the RMB has appreciated. As of July 3, the RMB/USD middle rate closed at 6.8047, down 119.0bp from last Friday. The RMB/EUR middle rate closed at 7.7609, up 204.0bp from last Friday. The USD Index closed at 100.857, down 0.5% from last Friday.

Figure 1: RMB exchange rate

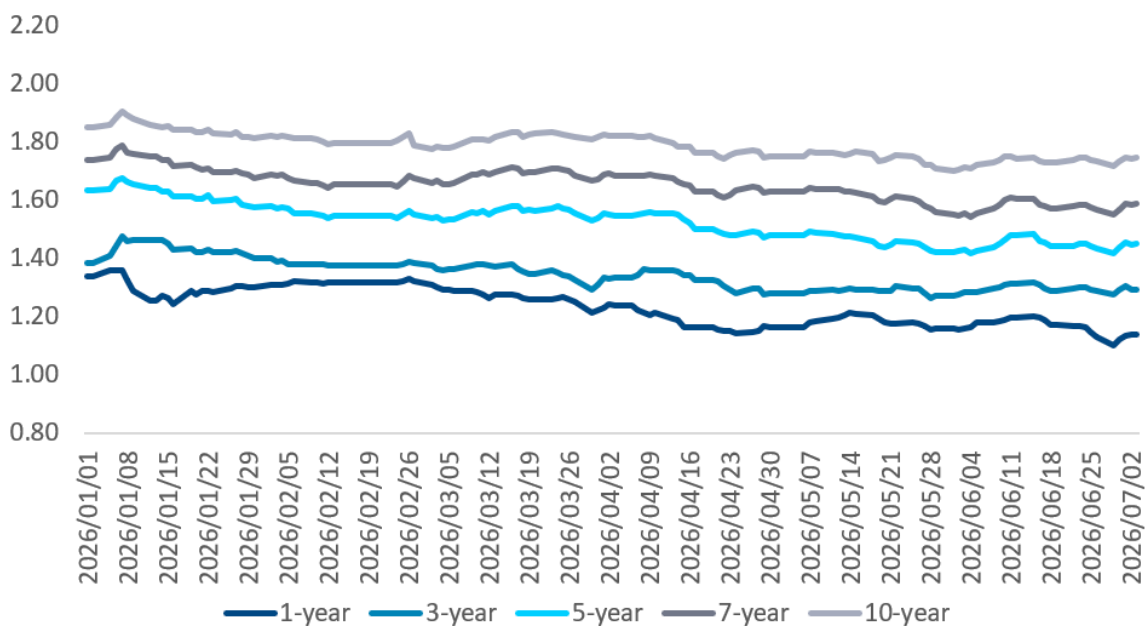


Sources: CCXAP research

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

In the past week, China Government Bond yields generally increased. As of July 3, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.1392%, 1.2901%, 1.4480%, 1.5859%, and 1.7463%, respectively. Up 1.00bp, 0.11bp, 1.30bp, 2.09bp, and 1.49bp from last Friday.

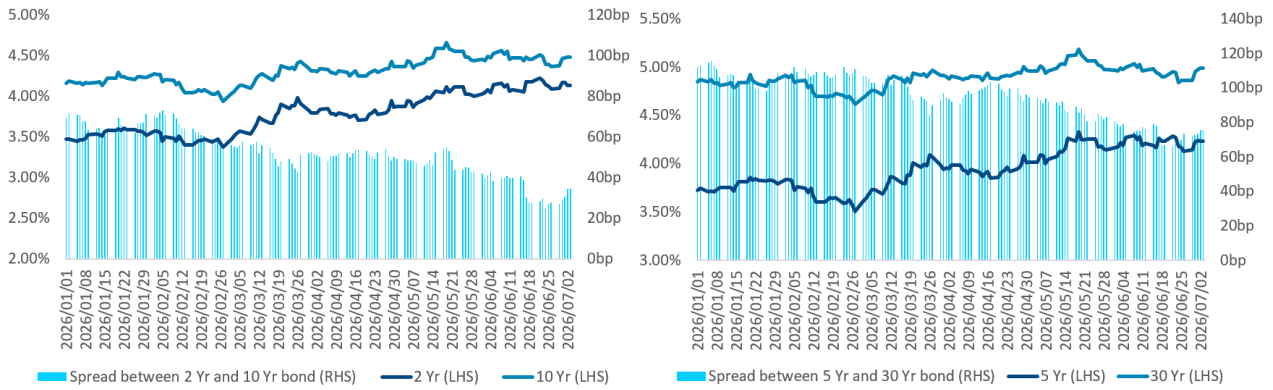
Figure 2: China Government Bond yields



Sources: CCXAP research

Markets price in resilient US employment data, US Treasury yields increased. As of July 3, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 4.1371%, 4.2302%, 4.4832%, and 4.9854%, respectively. Up 4.50bp, 10.17bp, 11.46bp, and 12.14bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 6.96bp to 34.61bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 1.97bp to 75.52bp compared to last Friday.

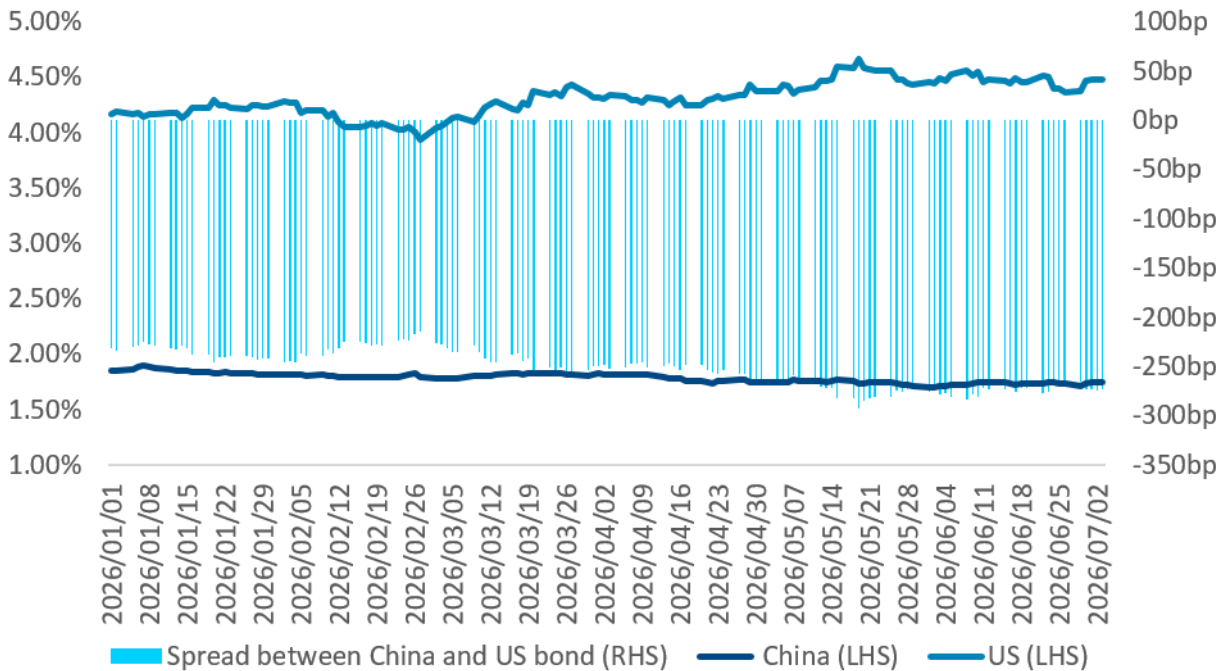
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of July 3, the 10-year Treasury bond interest rate gap between China and the US was -273.7bp, narrowing by 10.0bp from last Friday and widening by 41.7bp from the beginning of the year.

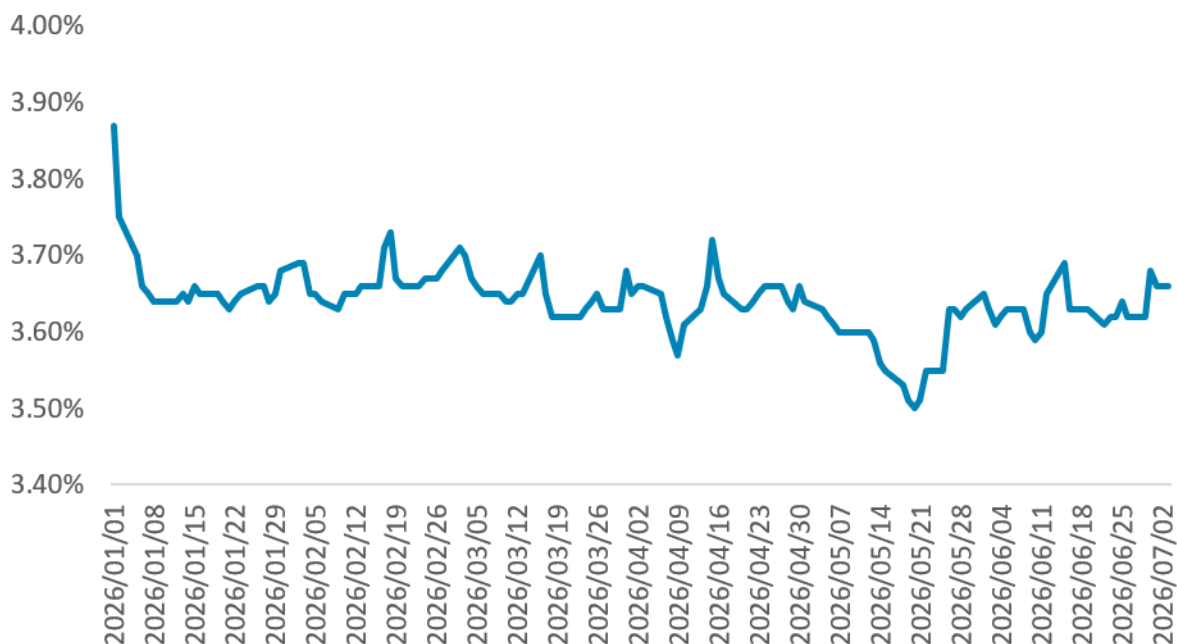
Figure 4: Yield spread between 10-year note of China and US



Sources: CCXAP research

As of July 3, the US benchmark rate SOFR (Secured Overnight Financing Rate) was 3.66%, up 4.0bp from last Friday and down 21.0bp 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 29 to July 3, Chinese enterprises issued 13 new bonds in the offshore market, totaling about USD1.482 billion, a decrease of 27.76% from last week. Among them, financial institutions were the main issuers, issuing a total of USD811.0 million in bonds.

**Table 1: New issuance of Chinese offshore bonds (20260629-20260703)**

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/6/29	Mengcheng Development Zone Xingmeng Investment Co Ltd	CNY	810	2.05	2029/7/6	3	Cheng tou	-/-/-	-/-/-
2026/6/29	Shenwan Hongyuan Securities Co Ltd	USD	500	SOFR +47	2029/7/7	3	Financials	Baa2/BBB/-	-/BBB/-
2026/6/29	Sunny Optical Technology Group Co Ltd	CNY	2700	2.15	2031/7/7	5	Technology	Baa1/-/-	Baa1/-/-
2026/6/29	Ziyang Development Investment Group Co Ltd	CNY	284	5.78	2031/7/6	5	Cheng tou	-/-/-	-/-/-
2026/6/30	CCB International Holdings Ltd	USD	5.2	4.15	2027/1/8	184D	Financials	A2/-/A	-/-/-
2026/6/30	GF Holdings Hong Kong Corp Ltd	HKD	100	3.41	2026/12/30	176D	Financials	-/BBB/BBB	-/-/-
2026/6/30	TF International Securities Group Ltd	USD	13	4.65	2026/12/29	176D	Financials	-/-/BBB-	-/-/-
2026/7/2	CCB International Holdings Ltd	CNY	100	1.71	2026/10/8	91D	Financials	A2/-/A	-/-/-
2026/7/2	CSI Financial Products Ltd	HKD	2.7	0	2027/1/13	195D	Financials	-/-/-	-/-/-

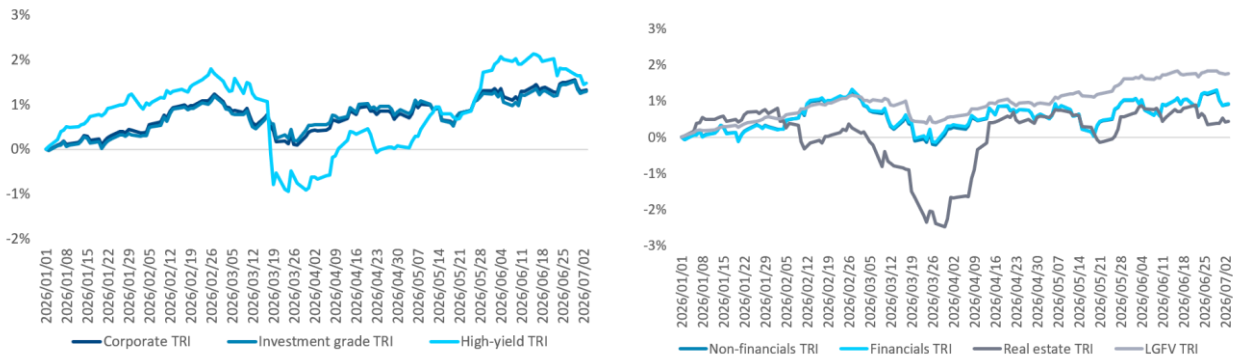
2026/7/2	Industrial & Commercial Bank of China Ltd/Luxembourg	USD	100	4.25	2029/7/9	3	Banks	A1/-/-	-/-/-
2026/7/2	Ziyang Investment Holding Group Co Ltd	CNY	300	7.23	2029/7/6	3	Industrials	-/-/-	-/-/-
2026/7/3	China Securities International Finance Holding Co Ltd	CNY	1183	1.88	2029/7/9	3	Financials	-/BBB+/BBB+	-/-/-
2026/7/3	Zaozhuang Hi-Tech Investment Group Co Ltd	CNY	700.5	2.9	2029/7/9	3	Chengtou	-/-/-	-/-/-

Sources: CCXAP research

## Secondary Market: return on Chinese USD bonds decreased

As of July 3, the year-to-date return<sup>1</sup> of Chinese USD bonds decreased by 18.0bp to 1.32% compared to last Friday, among which the return rate of investment-grade bonds decreased by 16.0bp to 1.3%, while the return rate of high-yield bonds decreased by 33.0bp to 1.47%. By industry, the return rate of non-financial bonds was 0.91%, down 28.0bp from last Friday. The return rate of financial bonds was 0.93%, down 29.0bp. The return rate of real estate was 0.45%, up 10.0bp. The return rate of Chengtou was 1.76%, down 7.0bp.

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

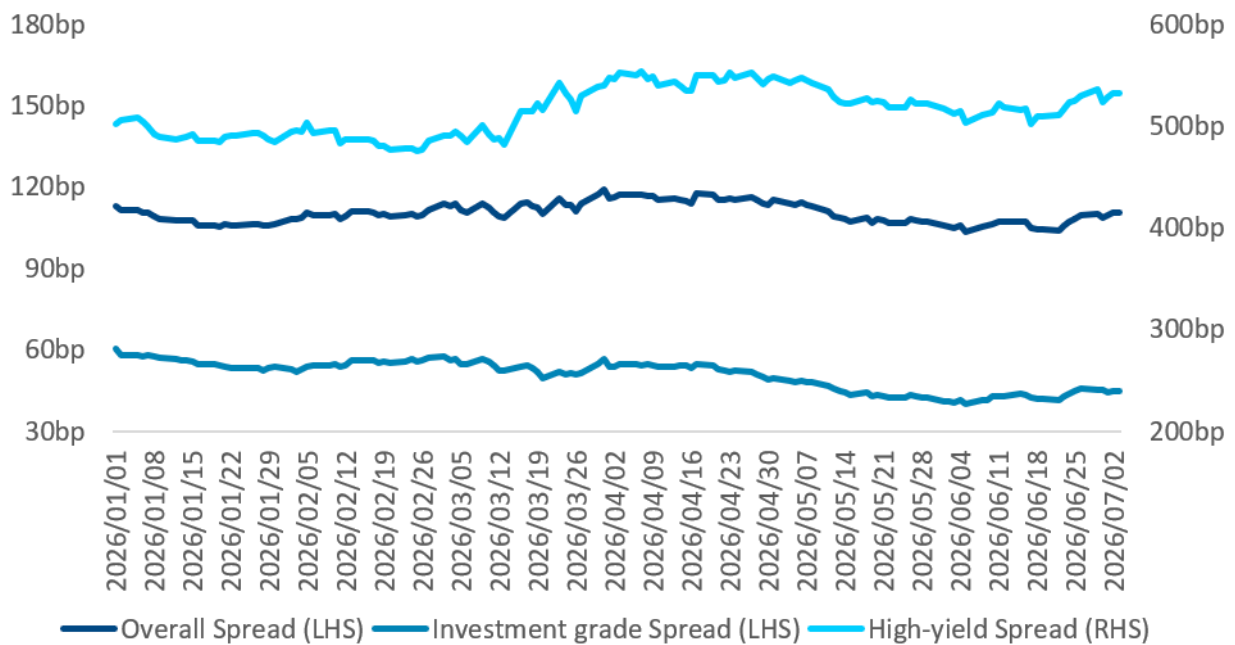


Sources: CCXAP research

As of July 3, the spread of Chinese USD bonds widened by 0.8bp to 110.52bp from last Friday, among which the spread of investment-grade bonds narrowed by 1.2bp to 44.76bp, and the spread of high-yield bonds widened by 2.1bp to 532.0bp.

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

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



Sources: CCXAP research

From June 29 to July 3, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of China Cinda Asset Management Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260629-20260703)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CCAMCL 4.4 PERP	China Cinda Asset Management Co., Ltd.	99.988	PERP	4.309	191.1
EHICAR 12 09/26/27	eHi Car Services Limited	44.644	1.23	99.607	182.4
GZINFU 2.85 07/28/26	Guangzhou Industrial Investment Fund Management Co., Ltd.	99.82	0.06	6.025	125.9
ZHEBAR 5.85 08/25/26	Hangzhou Shangcheng District Urban Construction & Comprehensive Development Co., Limited	100.492	0.14	2.028	96.4
EHICAR 10 10/14/29	eHi Car Services Limited	42.446	3.28	53.929	89.3
HUALUG 2.2 10/27/26	Hualu Holdings CO.,LTD.	99.331	0.31	4.42	86.6
XUCGEN 8 08/22/26	Xuchang Investment Group Co., Ltd.	100.536	0.13	3.528	58.9
CINDBK 3 ¼ PERP	China CITIC Bank International Limited	99.924	PERP	4.492	54
AHTRHK 1.618 08/26/26	Anhui Transportation Holding Group Co., Ltd.	99.56	0.14	4.91	45.7
AVIILC 4 ½ 08/27/27	AVIC International Leasing Co., Ltd.	99.559	1.15	5.024	36.6

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 10 Chinese issuers

From June 29 to July 3, rating agencies took positive rating actions on 7 Chinese issuers and negative rating actions on 3 Chinese issuers.

**Table 3: Rating actions of cross-border issuer (20260629-20260703)**

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	Industrial Bank Co., Ltd.	Financials	BBB+	Stable	2026/07/03	BBB	Stable	2025/07/18	Fitch	The bank's increasing systemic importance
	Shanghai Pudong Development Bank Co., Ltd.	Financials	BBB+	Stable	2026/07/03	BBB	Stable	2025/07/18	Fitch	Stronger support propensity and greater supervisory oversight from the central government and Shanghai municipality
	Ningbo Fenghua Investment Group Co.	Chengtou	A-	Stable	2026/07/02	BBB+	Stable	2025/07/08	Pengyuan International	Enhanced external support for the Company
	China Minmetals Corporation	Materials	A3	Stable	2026/07/02	Baa1	Stable	2024/09/27	Moody's	Reassessment of government extraordinary support likelihood raised to very high from high.
	Yueyang City Operation Investment Group Co., Ltd.	Chengtou	Ag-	Stable	2026/06/30	BBBg+	Stable	2025/08/15	CCXAP	Yueyang Municipal Government's stable financial strength and ongoing economic growth
	Yidu State-owned Assets Investment, Operation and Holding Group Co., Ltd.	Chengtou	BBBg+	Stable	2026/06/29	BBBg-	Stable	2025/12/24	CCXAP	The stronger capacity to provide support from Yidu Municipal Government
	Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.	Chengtou	Ag	Stable	2026/06/29	Ag-	Stable	2025/06/26	CCXAP	The stronger capacity to provide support from local government
Downgrade	China State Construction Engineering Corporation Ltd.	Industrials	A	Neg	2026/06/29	A	Stable	2024/06/18	S&P	Industry headwinds will pose challenges to the company's financial recovery and add uncertainty to its deleveraging over

									the next one to two years
CSCEC International Construction Co., Ltd.	Industrials	A-	Neg	2026/06/29	A-	Stable	2025/07/24	S&P	Industry headwinds will pose challenges to the company's financial recovery and add uncertainty to its deleveraging over the next one to two years
China Overseas Land & Investment Ltd.	Industrials	A-	Neg	2026/06/29	A-	Stable	2024/06/20	S&P	Unfavorable conditions in China's engineering and construction sector.

Source: CCXAP research

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