

2026 Issue 36 From September 21 to September 25

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

Headline: China Keeps September LPR Unchanged; US September S&P Global Manufacturing PMI Preliminary Reading Rises to 57

On September 21, China announced its September Loan Prime Rates (LPRs), with the 1-year and 5-year-plus LPRs remaining unchanged at 3.0% and 3.5%, respectively, in line with broad market expectations. On September 23, the US September S&P Global Manufacturing PMI preliminary reading rose to 57, significantly above the previous reading of 53.9 and reaching a 52-month high.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of September 25, the RMB/USD middle rate closed at 6.7489, down 32.0bp from last Friday. The USD Index closed at 100.971, up 0.75% from last Friday.

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

Last week, China Government Bond yields generally decreased. Driven by the significantly stronger-than-expected September S&P Global PMI data, US Treasury yields increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Increased

From September 21 to September 25, Chinese enterprises issued 22 new bonds in the offshore market, totaling about USD2.952 billion, an increase of 3.41% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.923 billion in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of September 25, the return rate of Chinese USD bonds decreased by 38.0bp to 0.48% compared to last Friday, among which the return rate of investment-grade bonds decreased by 43.0bp to 0.1%, while the return rate of high-yield bonds increased by 6.0bp to 3.47%.

Rating Actions: CCXAP Assigned Credit Rating to 1 Entity

On September 25, CCXAP assigned first-time long-term credit rating of A_g to Yantai Main City Holding Group Co., Ltd., with stable outlook.



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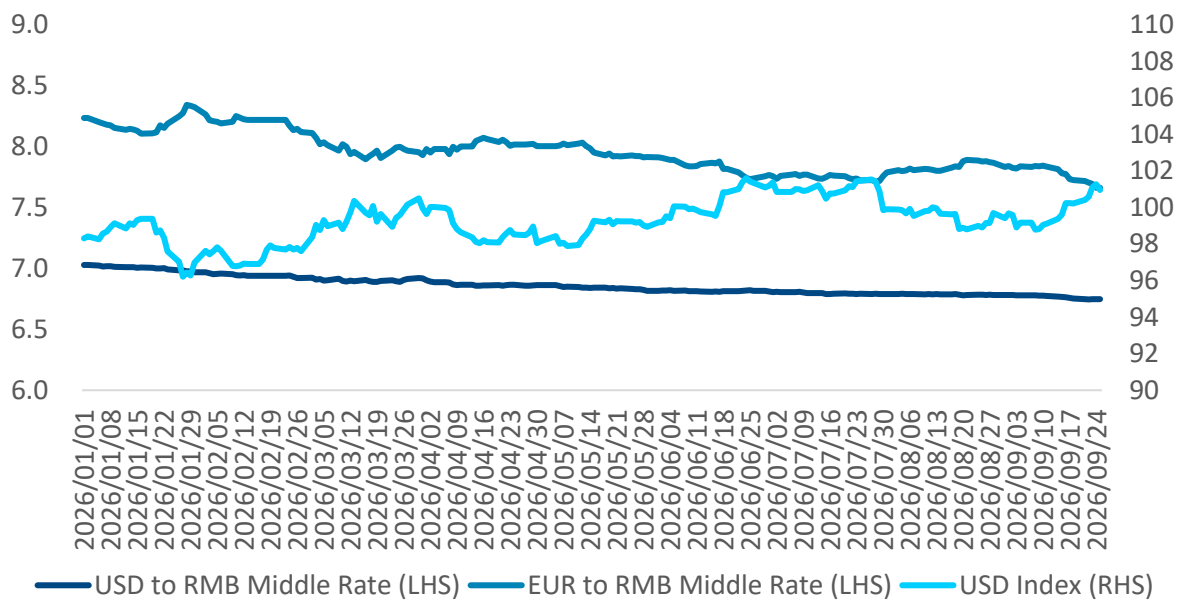
On September 20, China announced its September Loan Prime Rates (LPRs), with the 1-year and 5-year-plus LPRs unchanged at 3.0% and 3.5%, respectively, in line with broad market expectations. The central bank announced the results one day earlier than usual, breaking with its customary release schedule and drawing attention from international financial media. Analysts noted that, against the backdrop of a structural divergence in August economic data, characterized by strong production but weak consumption, and with the foundation for domestic demand recovery still requiring consolidation, the central bank's decision to keep rates unchanged was aimed partly at assessing the effectiveness of previously introduced growth-supporting measures. At the same time, it needed to balance considerations related to the renminbi exchange rate and the China-US interest rate differential, while preserving room for flexible use of policy tools going forward.

On September 23, the US September S&P Global Manufacturing PMI preliminary reading rose to 57, significantly above the previous reading of 53.9 and reaching a 52-month high. The Services PMI preliminary reading came in at 58.7, above expectations of 56.0 and the previous reading of 56.5, marking a 59-month high. The Composite PMI preliminary reading rose to 58.4, reaching a five-year high and implying annualized GDP growth of approximately 5%. The data challenged the prevailing market narrative of an economic slowdown and a potential dovish shift by the Federal Reserve, and instead were interpreted as a signal of an overheating economy and continued accumulation of inflationary pressures. Meanwhile, Federal Reserve Governor Barr stated on the same day that further rate hikes might be necessary to curb prices, sharply raising market expectations for a continued tightening path. Following the release of the data, the 10-year US Treasury yield surged to 5.04%, its highest level since 2007. Weak demand at the USD70 billion five-year Treasury auction further pushed yields higher across maturities. The US dollar strengthened, while US equities fell broadly, with more than 70% of stocks declining. Rate-sensitive sectors, including utilities and consumer discretionary, led the losses, while the S&P 500 fell 0.51% on the day.

Exchange Rate: RMB appreciated; USD Index increased

In the past week, the RMB has appreciated. As of September 25, the RMB/USD middle rate closed at 6.7489, down 32.0bp from last Friday. The RMB/EUR middle rate closed at 7.6631, down 626.0bp from last Friday. The USD Index closed at 100.971, up 0.75% from last Friday.

Figure 1: RMB exchange rate

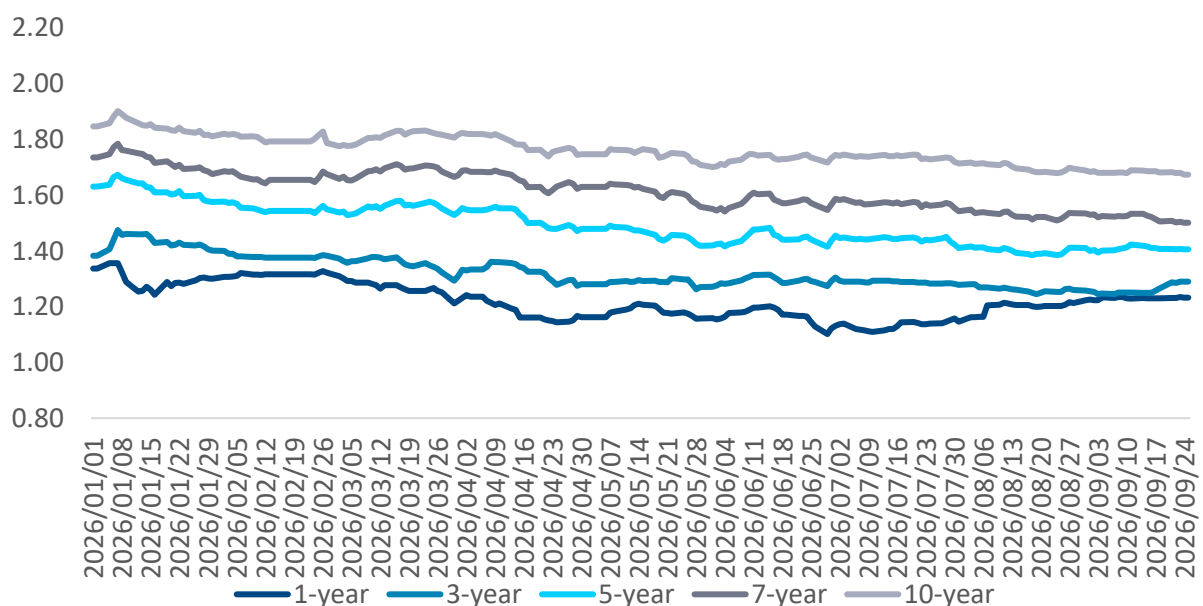


Sources: CCXAP research

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

In the past week, China Government Bond yields generally decreased. As of September 25, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2327%, 1.2893%, 1.4058%, 1.5012%, and 1.6738%, respectively. Compared to last Friday, the 1-year yield increased by 0.29bp, the 3-year yield increased by 2.34bp, the 5-year yield decreased by 0.12bp, the 7-year yield decreased by 0.42bp, and the 10-year yield decreased by 0.82bp.

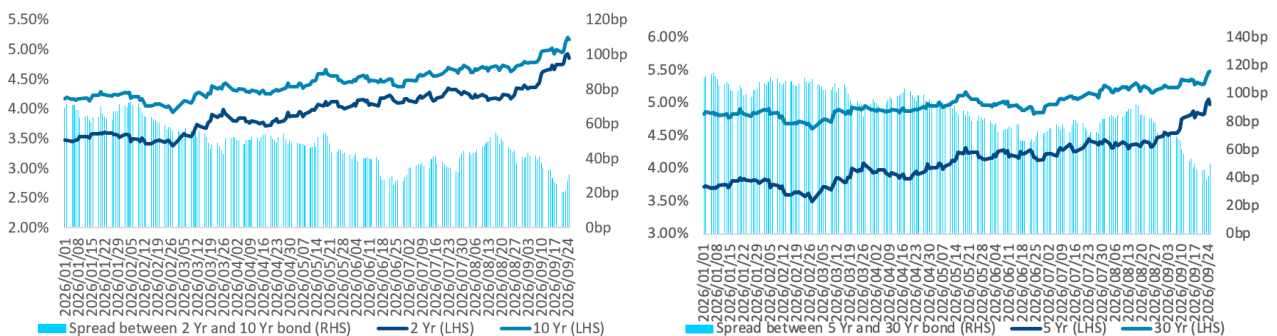
Figure 2: China Government Bond yields



Sources: CCXAP research

Driven by the significantly stronger-than-expected September S&P Global PMI data, US Treasury yields increased. As of September 25, the 2-year, 5-year, 10-year, and 30-year US treasury yields were 4.8516%, 4.9875%, 5.1604%, and 5.4905%, respectively. Up 10.83bp, 13.15bp, 16.43bp, and 16.53bp from last Friday. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 5.60bp to 30.88bp compared to last Friday, and the spread between the 5-year and 30-year Treasury bonds widened by 3.38bp to 50.30bp compared to last Friday.

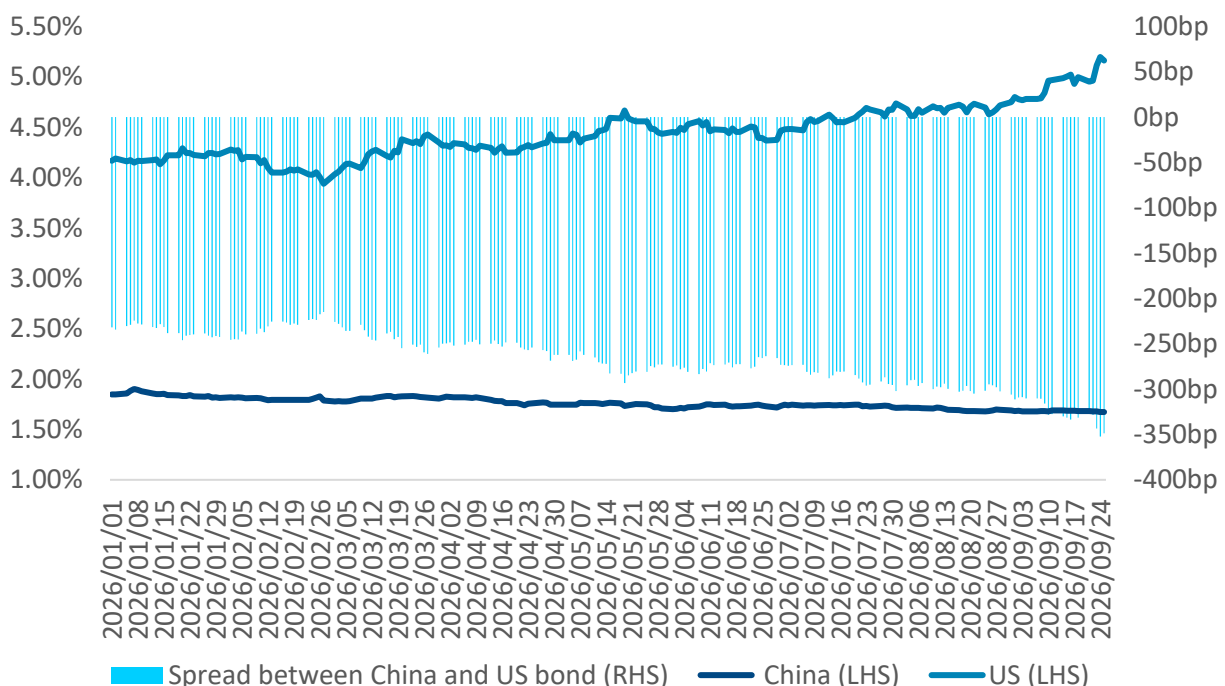
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of September 25, the 10-year Treasury bond interest rate gap between China and the US was -348.7bp, narrowing by 17.2bp from last Friday and widening by 116.7bp from the beginning of the year.

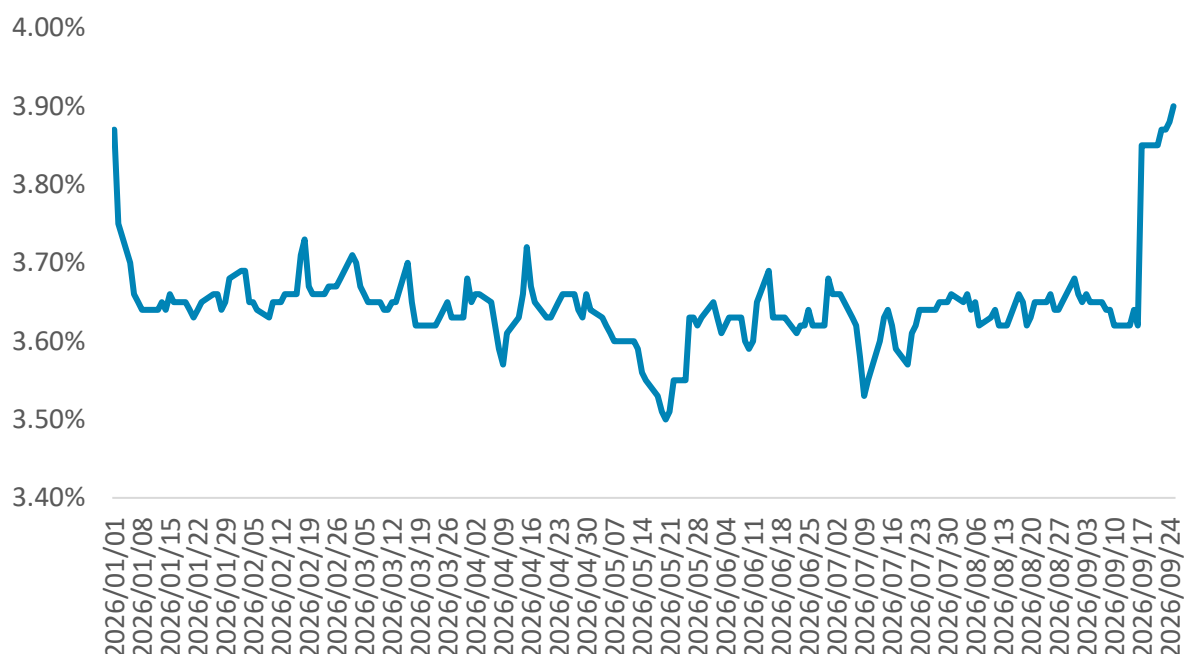
Figure 4: Yield spread between 10-year note of China and US



Sources: CCXAP research

As of September 25, the US benchmark rate SOFR (Secured Overnight Financing Rate) was 3.90%, up 5.0bp from last Friday and up 3.0bp from the beginning of the year.

Figure 5: US Benchmark Rate SOFR



Sources: CCXAP research

Primary Market: new issuance of Chinese offshore bonds increased

From September 21 to September 25, Chinese enterprises issued 22 new bonds in the offshore market, totaling about USD2.952 billion, an increase of 3.41% from last week. Among them, financial institutions were the main issuers, issuing a total of USD1.923 billion in bonds.

Table 1: New issuance of Chinese offshore bonds (20260921-20260925)

Announcement date	Obligor	Currency	Amount	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/9/21	BOC International Holdings Limited	CNY	1.98	1.91	2029/8/15	2.87	Financials	A2/-/A	-/-/-
2026/9/21	China Railway Construction Corp Ltd	CNY	23.0	2.1	2036/9/29	10.00	Industrials	A3/A/-	A3/-/-
2026/9/21	Tongren State Owned Capital Operation Co Ltd	CNY	6.8	6.8	2029/9/24	3.00	Chengtou	-/-/-	-/-/-
2026/9/22	BOCOM International Holdings Company Limited	CNY	11.0	2.5	-	Perpetual	Financials	Baa1/-/A	-/-/-
2026/9/22	BOCOM International Holdings Company Limited	USD	1.34	5.5	-	Perpetual	Financials	Baa1/-/A	-/-/-
2026/9/22	CITIC Securities International Co Ltd	USD	0.1	0	2031/9/17	4.97	Financials	-/BBB+/A-	-/-/-

2026/9/22	CITIC Securities International Co Ltd	CNY	0.7	0	2031/9/2	4.93	Financ ials	-/BBB+/A-	-/-/-
2026/9/22	GF Holdings Hong Kong Corp Ltd	USD	0.03	4.63	2027/3/30	0.50	Financ ials	-/BBB+/BBB	-/-/-
2026/9/22	GF Holdings Hong Kong Corp Ltd	USD	0.1	4.63	2027/3/30	0.47	Financ ials	-/BBB+/BBB	-/-/-
2026/9/23	Bank of Communications Co Ltd	USD	3.5	SOFR +38	2029/9/30	3.00	Banks	A2/-/A	A2/-/-
2026/9/23	Bank of Communications Co Ltd	CNY	43.5	1.6	2028/9/30	2.00	Banks	A2/-/A	A2/-/-
2026/9/23	Bank of Communications Co Ltd	USD	3.2	SOFR +41	2031/9/30	5.00	Banks	A2/-/A	A2/-/-
2026/9/23	BOC International Holdings Ltd	CNY	2.8	2.157	2031/5/22	4.62	Financ ials	A2/-/A	-/-/-
2026/9/23	CITIC Securities International Co Ltd	CNY	0.16	0	2030/6/13	3.70	Financ ials	-/BBB+/A-	-/-/-
2026/9/23	Jiaxing City Investment & Development Group Co Ltd	CNY	16.9	1.99	2029/9/29	3.00	Cheng tou	-/-/BBB	-/-/-
2026/9/23	Taian Municipality Taishan Finance and Investment Group Co Ltd	CNY	20.2	2.9	2029/9/29	3.00	Cheng tou	-/-/-	-/-/-
2026/9/24	BOC International Holdings Ltd	CNY	7.68	2.024	2029/8/15	2.85	Financ ials	A2/-/A	-/-/-
2026/9/24	BOC International Holdings Ltd	CNY	5.52	2.24	2031/5/22	4.62	Financ ials	A2/-/A	-/-/-
2026/9/24	China Securities International Finance Holding Co Ltd	CNY	0.476	0	2031/9/4	4.93	Financ ials	-/BBB+/BBB+	-/-/-
2026/9/24	Dujiangyan Urban and Rural Construction Group Co Ltd	CNY	6.6	3.7	2029/9/29	3.00	Cheng tou	-/-/-	-/-/-
2026/9/24	Guotai Junan International Holdings Ltd	CNY	3.35	1.7	2027/3/25	0.48	Financ ials	Baa2/BBB+/-	-/-/-
2026/9/25	TF International Securities Group Ltd	USD	0.16	4.8	2027/3/23	0.48	Financ ials	-/-/BBB-	-/-/-

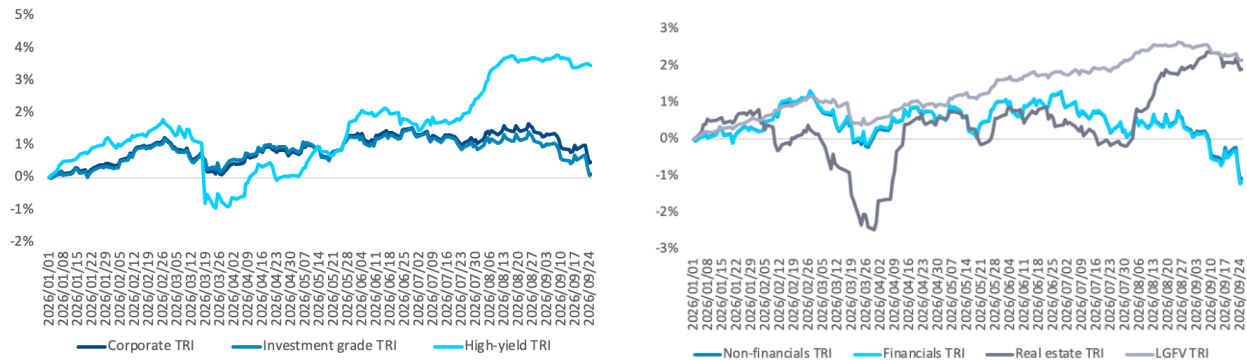
Sources: CCXAP research

Secondary Market: return on Chinese USD bonds decreased

As of September 25, the year-to-date return¹ of Chinese USD bonds decreased by 38.0bp to 0.48% compared to last Friday, among which the return rate of investment-grade bonds decreased by 43.0bp to 0.1%, while the return rate of high-yield bonds increased by 6.0bp to 3.47%. By industry, the return rate of non-financial bonds was -1.07%, down 64.0bp from last Friday. The return rate of financial bonds was -1.17%, down 65.0bp. The return rate of real estate was 1.91%, down 20.0bp. The return rate of Chengtou was 2.15%, down 10.0bp.

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

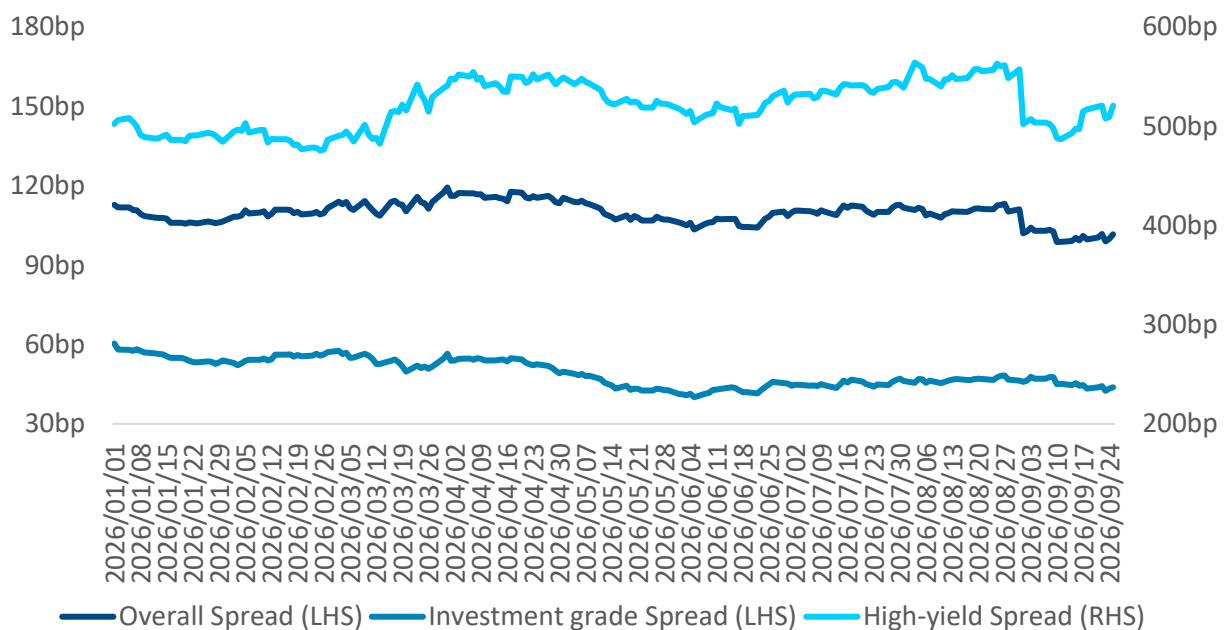
Figure 6: YTD return on Markit iBoxx Chinese USD bond index



Sources: CCXAP research

As of September 25, the spread of Chinese USD bonds widened by 1.9bp to 101.6bp from last Friday, among which the spread of investment-grade bonds widened by 0.4bp to 43.78bp, and the spread of high-yield bonds widened by 3.8bp to 520.47bp.

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



Sources: CCXAP research

From September 21 to September 25, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Chengdu Gaoxin Innovation Investment Co Ltd changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260921-20260925)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CDHIIN 2.7 10/28/26	Chengdu Gaoxin Innovation Investment Co Ltd	99.92	0.08	3.727	209

HUXJDP 2.65 10/27/26	Hunan Xiangjiang New Area Development Group Co Ltd	99.925	0.08	3.65	192.2
ZHHFGR 4 ½ 12/23/27	Zhuhai Huafa Group Co Ltd	98.626	1.24	5.678	181.9
FRESHK 4 ¼ 10/26/26	Far East Horizon Limited	99.943	0.08	4.982	150.2
HUALUG 2.2 10/27/26	Hualu Holdings Group Co Ltd	99.802	0.08	4.905	72.3
ZHHFGR 3.05 10/17/28	Zhuhai Huafa Group Co Ltd	95.44	2.06	5.446	68.5
HZCONI 2.95 10/28/26	Huzhou City Investment Development Group Co Ltd	99.881	0.08	4.486	60.1
CCAMCL 4.4 PERP	China Cinda Asset Management Co Ltd	99.994	Perpetual	4.296	59.6
CWAHK 5 ⅞ 10/22/30	China Water Affairs Group Limited	92.146	4.07	8.187	55.7
JNHITE 7.4 10/27/26	Jinan Hi-tech Holding Group Co Ltd	100.411	0.08	1.65	45

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 entity

On September 25, CCXAP assigned first-time long-term credit rating of A_g to Yantai Main City Holding Group Co., Ltd. ("MCHG"), with stable outlook.

Table 3: CCXAP's rating actions of cross-border issuer (20260921-20260925)

Rating Date	Obligor	Entity Rating	Rating Rational
9/25	MCHG	A _g	The rating reflects Zhifu District Government's (1) very strong capacity to provide support, and (2) extremely high willingness to provide support, based on the assessment of the Company's characteristics. The rating also reflects the local government's willingness to support, which is based on the Company's (1) ultimate control by the Zhifu District Government; (2) high strategic importance in the urban development and operation of Zhifu District; (3) good track record of receiving government support; and (4) good access to funding. However, the Company's rating is constrained by its (1) medium exposure to commercial activities; (2) increasing debt burden with relatively high capital expenditure pressure; and (3) moderate asset liquidity.

Source: CCXAP research⁶

From September 21 to September 25, rating agencies took positive rating actions on 7 Chinese issuers and negative rating action on 1 Chinese issuer.

Table 4: Rating actions of cross-border issuer (20260921-20260925)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason of Change Outlook
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating :										
Upgrade	Yichang Chengfa Holding Group Co Ltd	Chengdu	Ag	Stable	2026/09/22	Ag-	Stable	2025/12/08	CCXAP	Yichang Municipal Government's very strong capacity to provide support
	CITIC Group Corp	Financials	A2	Stable	2026/09/22	A3	Pos	2026/05/27	Moody's	The improvement of credit quality of

										company's key businesses
	CITIC Limited	Financials	A2	Stable	2026/09/22	A3	Pos	2026/05/27	Moody's	The improvement of credit quality of company's key businesses
	Bosideng International Holdings Limited	Industrials	Baa2	Stable	2026/09/23	Baa3	Pos	2025/10/28	Moody's	The company has grown its revenue and earnings, while maintaining an excellent financial profile
	ANTA Sports Products Limited	Industrials	A3	Pos	2026/09/23	A3	Stable	2024/11/26	Moody's	The company's market leadership in China's sportswear industry has strengthened
	Huaneng Power International Inc	Utilities	A2	Pos	2026/09/24	A2	Stable	2025/11/25	Moody's	The company will maintain a standalone financial profile consistent with investment-grade credit quality over the next three years
	BOCOM International Holdings Company Limited	Financials	Baa1	Stable	2026/09/25	Baa1	Neg	2025/04/08	Moody's	The stabilization of the company's capital position, significantly narrower losses, and reduced risk in its proprietary investment and loan portfolios
Downgrade	Baidu Inc	Technology	A3	Neg	2026/09/24	A3	Stable	2026/01/26	Moody's	The company's revenue growth is subdued, profitability is under pressure, leverage is elevated, and free cash flow is negative due to heavy AI investment

Source: CCXAP research

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