

2026 Issue 37 From September 28 to October 9

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

Headline: China's Official Manufacturing PMI Returned to Expansion in September; US Nonfarm Payroll Growth Fell Short of Expectations

On September 30, China announced that its official manufacturing PMI rose by 0.3 percentage points from the previous month to 50.1% in September, returning to expansion territory. On October 2, the US reported a seasonally adjusted increase of 29,000 in nonfarm payrolls in September, below the market expectation of 84,000.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of October 9, the RMB/USD middle rate closed at 6.7330, down 159.0bp from last Friday. The USD Index closed at 102.213, up 1.24% from last Friday.

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

Last week, China Government Bond yields generally increased. Driven by inflation concerns and rising term premiums, US Treasury yields generally increased.

Chinese Offshore Bond Market

Primary Market: New Issuance of Chinese Offshore Bonds Slowed Due to the National Day Holiday

From September 28 to October 9, Chinese enterprises issued 16 new bonds in the offshore market, totaling about USD1.130 billion. Among them, financial institutions were the main issuers, issuing a total of USD989.94 million in bonds.

Secondary Market: Return on Chinese USD Bonds Decreased

As of October 9, the return of Chinese USD bonds decreased by 10.0bp to 0.38% compared to last Friday, among which the return rate of investment-grade bonds decreased by 7.0bp to 0.03%, while the return rate of high-yield bonds decreased by 48.0bp to 2.99%.

Rating Actions: CCXAP Assigned Credit Rating to 2 Entities

From September 28 to October 9, CCXAP assigned first-time long-term credit ratings to 2 entities, Shuangcheng (Chongqing) Credit Enhancement Co., Ltd. and ZhongMan Petroleum And Natural Gas Group Corp., Ltd.



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Headline: China's Official Manufacturing PMI Returned to Expansion in September; US Nonfarm Payroll Growth Fell Short of Expectations

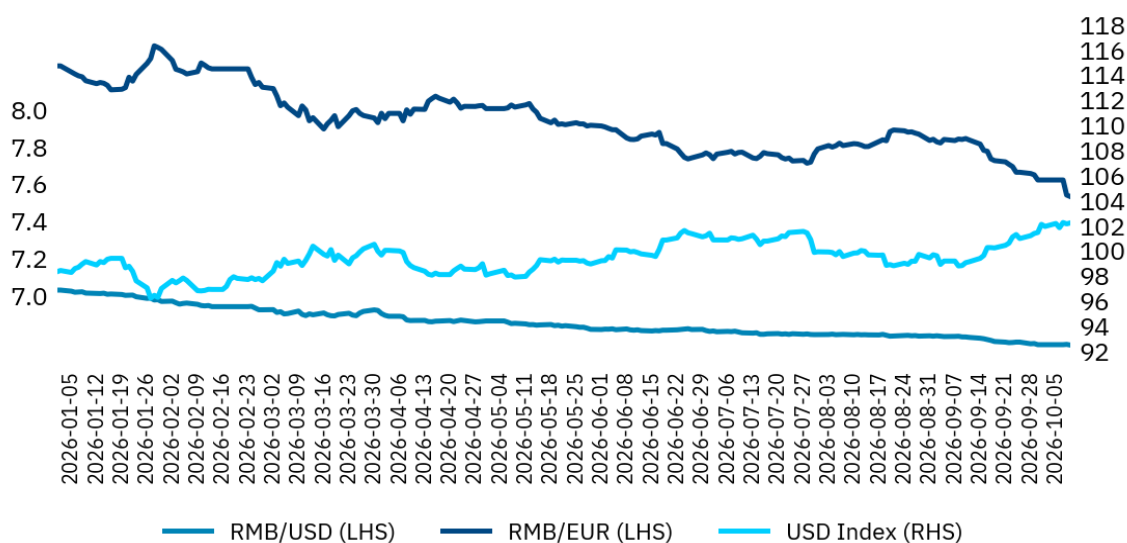
On September 30, China announced that its official manufacturing PMI rose by 0.3 percentage points from the previous month to 50.1% in September, returning to expansion territory. By component, the production index increased by 1.3 percentage points to 51.7%, while the new orders index edged down by 0.1 percentage points to 50.5%, indicating an acceleration in manufacturing activity but relatively limited improvement in demand. By enterprise size, the PMI for large enterprises stood at 50.6%, while those for medium-sized and small enterprises came in at 49.7% and 48.9%, respectively, remaining in contraction territory. In addition, the employment index stood at 48.4%, below the threshold, reflecting relatively weak demand for manufacturing labor. Overall, manufacturing sentiment improved in September, although production and demand showed divergent trends, while medium-sized and small enterprises continued to face considerable operating pressures. The sustainability of the economic recovery remains to be seen.

On October 2, the US reported that seasonally adjusted nonfarm payrolls increased by 29,000 in September, below the market expectation of 84,000. August's job gains were revised downward from the previously reported 162,000 to 133,000. By sector, healthcare added 17,000 jobs, construction added 11,000, and manufacturing added 9,000, while financial activities shed 7,000 jobs. Meanwhile, the US unemployment rate rose to 4.2% from 4.1% previously, while average hourly earnings increased by 0.1% MoM and 3.0% YoY, indicating a cooling labor market and easing wage pressures. Overall, nonfarm payroll growth fell significantly short of expectations, and the downward revision to the previous month's figure further reinforced concerns over slowing US economic momentum, potentially prompting markets to reassess the Federal Reserve's future policy rate trajectory. If expectations for monetary easing strengthen, US Treasury yields may face downward pressure, with potential implications for the US dollar and global risk asset valuations. However, actual market reactions will continue to depend on subsequent inflation data and the Federal Reserve's policy signals.

Exchange Rate: RMB Appreciated; USD Index Increased

Last week, the RMB has appreciated. As of October 9, the RMB/USD middle rate closed at 6.7330, down 159.0bp from last Friday. The RMB/EUR middle rate closed at 7.5323, down 1308.0bp from last Friday. The USD Index closed at 102.213, up 1.24% from last Friday.

Figure 1: RMB exchange rate

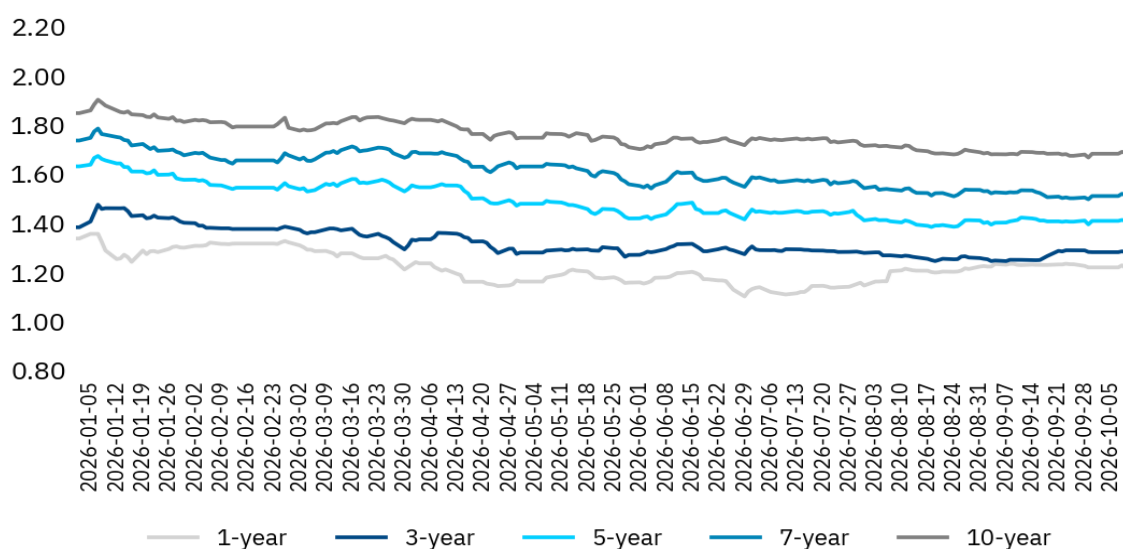


Sources: CCXAP research

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

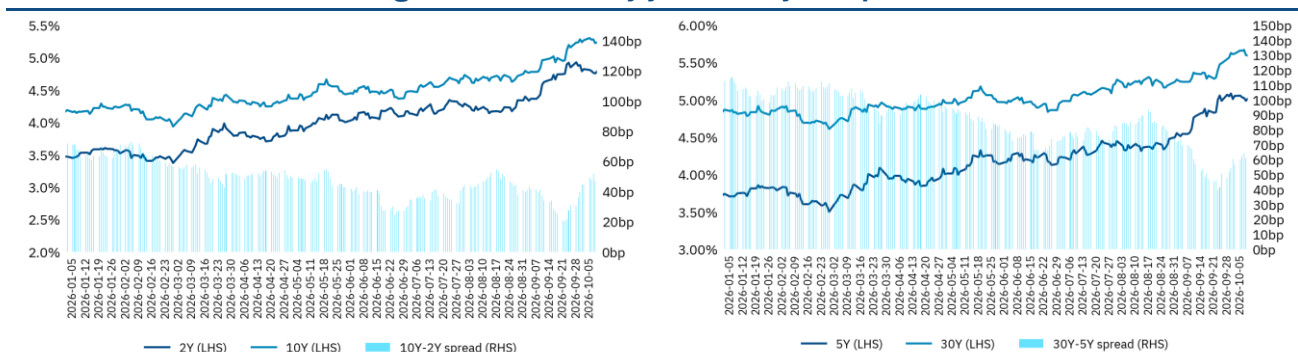
Last week, China Government Bond yields generally increased. As of October 9, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields were 1.2172%, 1.2816%, 1.4089%, 1.5135%, and 1.6864%, respectively. Compared to last Friday, the 1-year yield decreased by 1.55bp, the 3-year yield decreased by 0.77bp, the 5-year yield increased by 0.31bp, the 7-year yield increased by 1.23bp, and the 10-year yield increased by 1.26bp.

Figure 2: China Government Bond yields



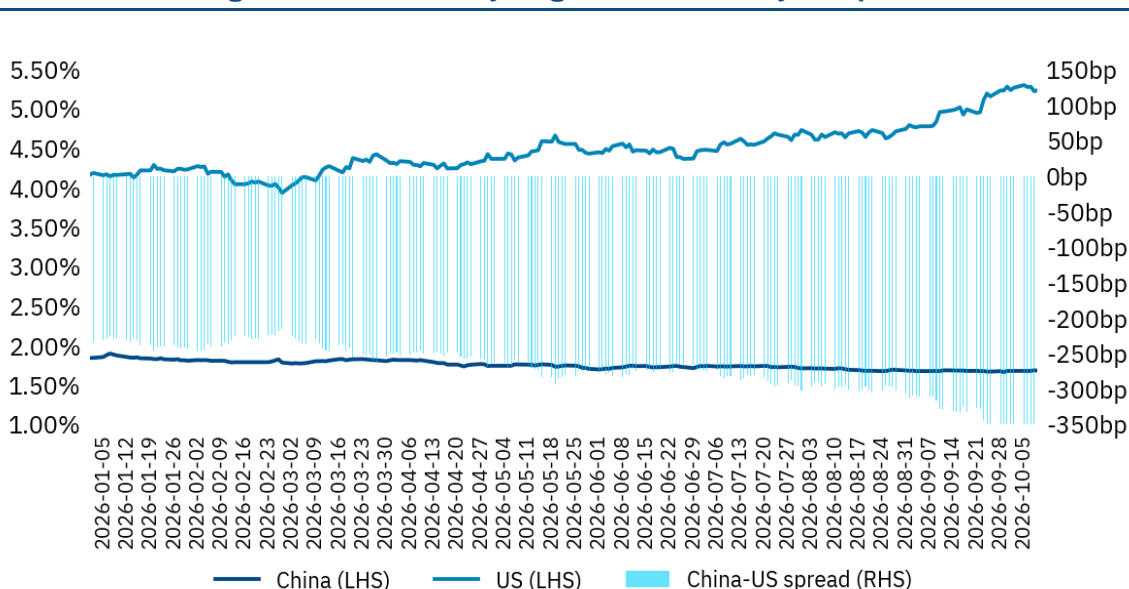
Sources: CCXAP research

Driven by inflation concerns and rising term premiums, US Treasury yields generally increased. As of October 9, the 2-year, 5-year, 10-year, and 30-year US Treasury yields were 4.7869%, 5.0157%, 5.2378%, and 5.5956%, respectively. Compared to last Friday, the 2-year yield decreased by 6.47bp, the 5-year yield increased by 2.82bp, the 10-year yield increased by 7.74bp, and the 30-year yield increased by 10.51bp. For US Treasury yield spreads, the spread between the 2-year and 10-year Treasury notes widened by 14.21bp to 45.09bp compared to last Friday and the spread between the 5-year and 30-year Treasury bonds widened by 7.69bp to 57.99bp compared to last Friday.

Figure 3: US Treasury yields and yield spreads


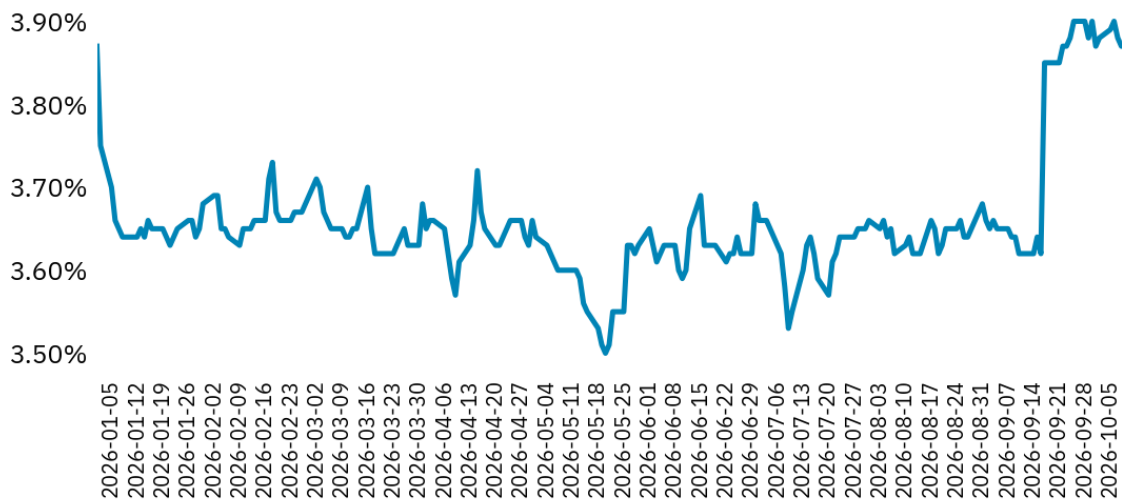
Sources: CCXAP research

As of October 9, the 10-year Treasury bond interest rate gap between China and the US was -355.1bp, narrowing by 6.5bp from last Friday and widening by 123.2bp from the beginning of the year.

Figure 4: China-US 10-year government bond yield spread


Sources: CCXAP research

As of October 9, the US benchmark rate SOFR (Secured Overnight Financing Rate) was 3.87%, down 3.0bp from last Friday and unchanged from the beginning of the year.

Figure 5: US Benchmark Rate SOFR


Sources: CCXAP research

Primary Market: New Issuance of Chinese Offshore Bonds Slowed Due to the National Day Holiday

From September 28 to October 9, Chinese enterprises issued 16 new bonds in the offshore market, totaling about USD1.130 billion. Among them, financial institutions were the main issuers, issuing a total of USD989.94 million in bonds.

Table 1: New issuance of Chinese offshore bonds (20260928-20261009)

Announce date	Obligor	Ccy	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/9/28	CCB International Holdings Ltd	CNY	70	1.72	2027/1/6	92D	Financials	A2/-/A	-/-/-
2026/9/28	CITIC Securities International Co Ltd	CNY	700	0	2031/9/25	4.96	Financials	-/BBB+/A-	-/-/-
2026/9/28	CITIC Securities International Co Ltd	CNY	3400	2.01	2029/10/9	3	Financials	-/BBB+/A-	-/-/-
2026/9/28	CITIC Securities International Co Ltd	CNY	600	2	2030/10/16	4	Financials	-/BBB+/A-	-/-/-
2026/9/28	CMB International Capital Corp Ltd	HKD	150	3.1	2026/12/4	60D	Financials	A3/A/-	-/-/-
2026/9/28	TF International Securities Group Ltd	USD	27	4.8	2027/3/24	175D	Financials	-/-/BBB-	-/-/-
2026/9/28	TF International Securities Group Ltd	HKD	10	0	2027/9/27	360D	Financials	-/-/BBB-	-/-/-
2026/9/29	Qingdao Conson Development (Group) Co Ltd	CNY	1400	2.1	2029/10/13	3	Financials	-/BBB+/BBB+	-/-/-

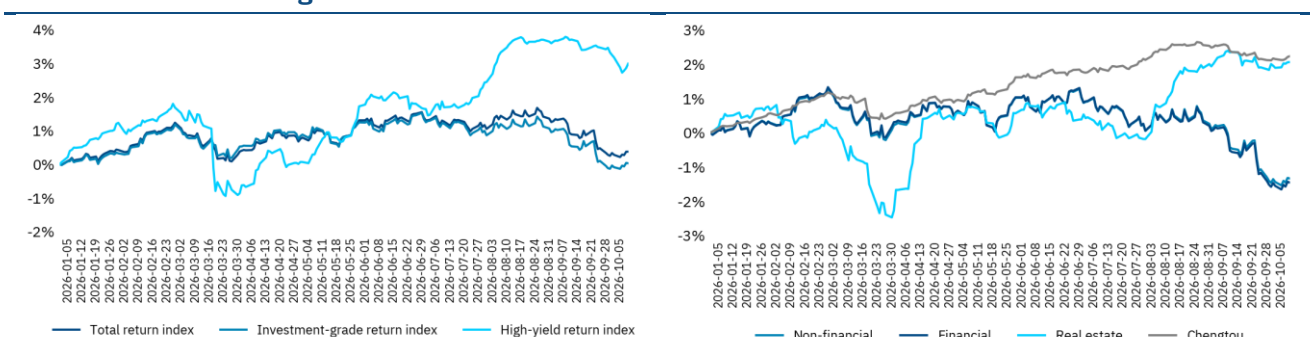
Announce date	Obligor	Ccy	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2026/9/30	China CITIC Bank International Limited	CNY	230	1.62	2027/1/14	92D	Banks	A3/-/A-	-/-/-
2026/10/2	GF Holdings Hong Kong Corp Ltd	USD	10	4.7	2027/4/6	180D	Financials	- /BBB+/BBB	-/-/-
2026/10/2	GF Holdings Hong Kong Corp Ltd	USD	5	4.7	2027/3/31	174D	Financials	- /BBB+/BBB	-/-/-
2026/10/6	BOCOM International Holdings Co Ltd	USD	3	4.15	2026/11/10	32D	Financials	Baa1/-/A	-/-/-
2026/10/7	GF Holdings Hong Kong Corp Ltd	CNY	50	1.81	2027/4/13	180D	Financials	- /BBB+/BBB	-/-/-
2026/10/7	GF Holdings Hong Kong Corp Ltd	HKD	100	3.58	2027/4/7	176D	Financials	- /BBB+/BBB	-/-/-
2026/10/8	Xi'an Kingfar Holding Group Co Ltd	CNY	1000	3.5	2029/10/13	3	Chengtou	-/-/-	-/-/-
2026/10/9	GF Holdings Hong Kong Corp Ltd	CNY	60	1.81	2027/4/14	180D	Financials	- /BBB+/BBB	-/-/-

Sources: CCXAP research

Secondary Market: Return on Chinese USD Bonds Decreased

As of October 9, the return¹ of Chinese USD bonds decreased by 10.0bp to 0.38% compared to last Friday, among which the return rate of investment-grade bonds decreased by 7.0bp to 0.03%, while the return rate of high-yield bonds decreased by 48.0bp to 2.99%. By industry, the return rate of non-financial bonds was -1.33%, down 27.0bp from last Friday. The return rate of financial bonds was -1.45%, down 28.0bp from last Friday. The return rate of real estate was 2.06%, up 15.0bp from last Friday. The return rate of Chengtou was 2.23%, up 8.0bp from last Friday.

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

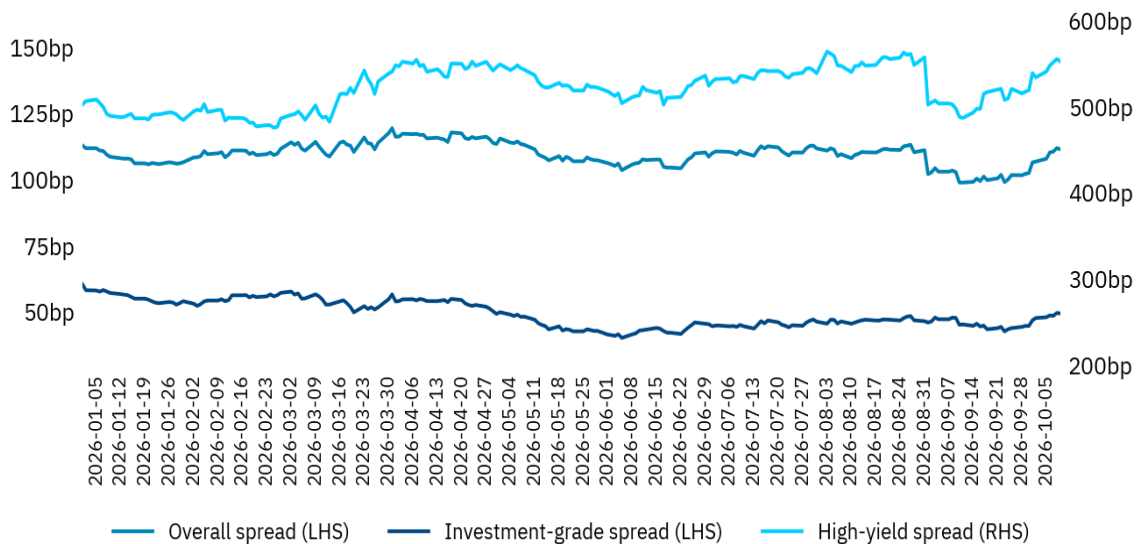


Sources: CCXAP research

¹ Return measures the year-to-date return since January 1, 2026.

As of October 9, the spread of Chinese USD bonds widened by 9.8bp to 111.36bp from last Friday, among which the spread of investment-grade bonds widened by 5.6bp to 49.33bp, and the spread of high-yield bonds widened by 32.0bp to 552.42bp.

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



Sources: CCXAP research

From September 28 to October 9, the following table shows the 10 bonds with the largest yield increases. Among them, the yield of Zhongsheng Group Holdings Ltd changed the most.

Table 2: Chinese offshore bonds with largest increase in yield (20260928-20261009)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
ZHOSHK 5.98 01/30/28	Zhongsheng Group Holdings Ltd	91.935	1.304	12.925	249.2
CCAMCL 4.4 PERP	China Cinda Asset Management Co Ltd	99.968	PERP	4.807	171.8
WESCHI 9.9 12/04/28	West China Cement Ltd	90.624	2.151	15.176	112.6
WESCHI 10 ½ 11/11/29	West China Cement Ltd	88.121	3.088	15.438	77.1
LNGFOR 3 ¾ 04/13/27	Longfor Group Holdings Ltd	97.318	0.504	9.01	67.6
LNGFOR 4 ½ 01/16/28	Longfor Group Holdings Ltd	93.937	1.266	9.735	64.9
PXCONS 6 ½ 01/13/28	Pingxiang City Construction Investment Group Co Ltd	101.732	1.258	5.047	54.1
GDCOMM 2.358 01/25/27	Guangdong Provincial Transportation Group Co Ltd	99.261	0.29	5.003	51.2
FUTLAN 11.88 06/26/28	Seazen Group Ltd	99.186	1.71	13.065	48.2
CFAMCI 4 ¾ 11/22/26	China Citic Financial Asset Management Co Ltd	100.044	0.115	4.372	45.2

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 2 Entities

On October 6, CCXAP assigned first-time long-term credit rating of A_g to Shuangcheng (Chongqing) Credit Enhancement Co., Ltd. (“SCCE”), with stable outlook.

On October 9, CCXAP assigned first-time long-term credit rating of BBB_g- to ZhongMan Petroleum And Natural Gas Group Corp., Ltd. (“ZPEC”), with stable outlook.

Table 3: CCXAP’s rating actions of cross-border issuers (20260928-20261009)

Rating Date	Obligor	Entity Rating	Rating Rational
10/6	SCCE	A _g	The rating reflects the Company’s (1) strategic position fas the first cross-regional credit enhancement agency; (2) sufficient capital adequacy backed by strong state-owned enterprise (“SOE”) background; and (3) expanding business operations with rising profitability. However, the rating is constrained by the Company’s (1) relatively high geographic and client concentration; (2) relatively low level of risk reserve coverage; and (3) investment returns may subject to market conditions and policy changes.
10/9	ZPEC	BBB _g -	The rating reflects the Company’s (1) integrated upstream oil and gas business model with synergies across segments; (2) growing oil and gas production with a visible project pipeline; (3) competitive drilling and completion capabilities which supports its overseas expansion; and (4) sound but moderating profitability. However, the rating is constrained by the Company’s (1) vulnerability of earnings to global economic conditions and crude oil price volatility; (2) operating and geopolitical risks arising from Middle East conflict; (3) large capital expenditure pressure from project development; and (4) increasing debt burden.

Source: CCXAP research

From September 28 to October 9, rating agencies took positive rating actions on 9 Chinese issuers and negative rating actions on 1 Chinese issuer.

Table 4: Rating actions of cross-border issuers (20260928-20261009)

Entity		Sector	Latest Rating			Last Rating			Rating Agency	Reason For Rating / Outlook Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
Offshore Rating:										
Upgrade	VNET Group Inc	Technol ogy	B1	Pos	2026/9/28	B1	Stable	2026/2/26	Moody' s	The company's robust order momentum, improving customer diversification, and enhanced long-term earnings visibility

	MeiHua Holdings Group Co Ltd	Technology	Baa2	Stable	2026/9/28	Baa3	Pos	2025/10/30	Moody's	The company's demonstrated ability to preserve a strong financial profile through commodity price volatility
	Guotai Junan International Holdings Limited	Financials	Baa1	Stable	2026/9/29	Baa2	Rating under review	2026/8/12	Moody's	Increasing the likelihood of government support to the company in times of stress
	China International Capital Corporation Ltd	Financials	A3	Stable	2026/9/29	Baa2	Stable	2025/11/21	Moody's	The company's increasing importance to China's financial system
	China International Capital Corporation (Intl) Ltd	Financials	A3	Stable	2026/9/29	Baa2	Stable	2025/11/21	Moody's	The company's increasing importance to China's financial system
	Guotai Haitong Securities Co Ltd	Financials	A3	Stable	2026/9/29	Baa1	Stable	2025/9/23	Moody's	Increasing the likelihood of government support to the company in times of stress
	CITIC Securities Company Limited	Financials	A3	Stable	2026/9/29	Baa1	Stable	2025/3/6	Moody's	Increasing the likelihood of government support to the company in times of stress
	China Merchants Port Holdings Co Ltd	Utilities	A3	Stable	2026/9/30	Baa1	Stable	2024/2/1	Moody's	The company's standalone credit profile will remain strong over the next three years
	Chengdu ETDZ State-owned Investment Group Co Ltd	Chengto u	A-	Stable	2026/10/8	BBB+	Stable	2025/10/9	Lianhe	An upgrade in the internal credit assessment on the local government
Downgrade	Wens Foodstuff Group Co Ltd	Consumer Staples	BB	Neg	2026/9/30	BB	Stable	2026/3/2	Fitch	The prolonged industry downturn has increased uncertainty around company's EBITDA and free cash flow generation

Source: CCXAP research

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