

## CCXAP Weekly Series: Chinese Domestic Bond Market



Week Ending November 28, 2014

### 1) ISSUANCE AMOUNT DROPPED TO 60 BILLION

For the week ended 28 November, the total amount of debts issued dropped to 60.95 billion RMB, which was 67% of that in last week. Total issued amount of corporate bonds and enterprise bonds was recorded 1.4 billion and 4.6 billion respectively. Both of the above were less than 5 billion RMB which were considered to be deserted. On the other hand, the total issued amount of short-term notes recorded 30.95 billion, whereas the total issued amount of medium-term notes recorded 24.0 billion. Those two types of debts were dominant the issuance amount during the week.

TABLE 1: WEEKLY BOND ISSUE AMOUNT

Period		Corporate Bond	Enterprise Bond	Medium-Term Note	Short-Term Note
Period Started	Period Ended	Total Issue Amount(bn)*	Total Issue Amount(bn)*	Total Issue Amount(bn)*	Total Issue Amount(bn)*
24/11/2014	28/11/2014	1.4	4.6	24.0	30.95
17/11/2014	21/11/2014	6.5	7.0	38.01	40.04
10/11/2014	14/11/2014	0	5.1	4.7	18.44
3/11/2014	7/11/2014	7.35	26.4	54.2	23.5
27/10/2014	31/10/2014	1.15	3	16.6	38.025
20/10/2014	24/10/2014	2.26	6.1	36.66	41.87
13/10/2014	17/10/2014	2.45	25.3	41.7	48.79
8/10/2014	11/10/2014	4.5	0	8.2	6.6
28/9/2014	30/9/2014	1.15	0.7	7.65	6.7
22/9/2014	26/9/2014	3.89	10.6	21.25	28.2
15/9/2014	19/9/2014	3.3	25.05	35.53	25.49
9/9/2014	12/9/2014	1.25	22.5	11.75	32.85
1/9/2014	5/9/2014	0	10.35	26.69	33.91
25/8/2014	29/8/2014	3.35	14	15.15	30.2
18/8/2014	22/8/2014	2	45.3	29.45	26

Source of Information: GILDATA

\*(bn) = RMB billion

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### **2) INTEREST RATE DROPPED IN SHORT AND MEDIUM TERM DEBTS WHILE THE DROPS IN HIGH RATED DEBTS WERE MORE OBVIOUS**

Compared with last week, yield of the AA+ rating enterprise bond with 5 years maturity was 5.96%, the interest spread at issue was 256bp; yield of the AA rating enterprise bond with 7 years maturity was 5.64%, 1bp lower, interest spread was 217bp, 12bp wider.

Yield of the AAA rating medium-term note with 3 years maturity was 4.2%, its interest spread was 91bp, 56bp tighter while the yield of the AAA rating medium-term note with 5 years maturity was 4.55%, its interest spread was 115bp, 50bp tighter. Yield of the AA+ rating medium-term note with 5 years maturity was 5.70%, 22bp higher; the interest spread at issue was 230bp, 31bp wider; yield of the AA rating medium-term bond with 3 years maturity was 5.72%, 32bp lower, its interest spread was 244bp, 24bp tighter. The yield of the AA rating 5 years medium-term note was 5.71%, 7bp higher, its interest spread was 232bp, 2bp wider.

The interest rate at issue of AAA rating 1 year short-term note was 4.24%, 20bp lower, its interest spread was 121bp, 4bp tighter. The interest rate at issue of AA+ rated 1 year short-term note was 4.68%, 18bp higher, its interest spread was 160bp, 28bp tighter. The interest rate at issue of AA rated 1 year short-term note was 4.90%, 16bp lower; its interest spread was 184bp, 3bp tighter.

TABLE 2: AVERAGE INTEREST RATE AT BOND ISSUE (Unit: %)					TABLE 3: INTEREST SPREAD AT BOND ISSUE				
Interest Rate	Tenor	AAA	AA+	AA	Interest Spread	Tenor	AAA	AA+	AA
Enterprise Bond	5 years.	---	5.96	---	Enterprise Bond	5 years.	---	256bp	---
	7 years	---	---	5.64		7 years	---	---	217bp
Medium-Term Note	3 years	4.20	---	5.72	Medium-Term Note	3 years	91bp	---	244bp
	5 years.	4.55	5.70	5.71		5 years.	115bp	230bp	232bp
Short-Term Note	1 year	4.24	4.68	4.90	Short-Term Note	1 year	121bp	160bp	184bp
Source of Information: GILDATA					Source of Information: GILDATA				

### **3) ISSUE OF SPECIFICATIONS ON CITY INVESTMENT BOND BY NAFMII**

On 24 November 2014, the National Association of Financial Market Institutional Investors (NAFMII) released the Issue of Specifications on the registration and issuance of city investment bonds in the interbank market. The requirement of due diligence on investment platform, screening of debt, market liberalization association with the Chinese government, fiscal capital inflow and supplement of 3-year audit result were added. In conclusion, the approval threshold of city investment bonds was raised, thus being a hindrance to their issuance amount.

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