

CCXAP Weekly Series: Chinese Domestic Bond Market



Week Ending December 5, 2014

1) ISSUANCE AMOUNT FURTHER DROPPED BELOW 60 BILLION

For the week ended 5 December, the total amount of debts issued dropped to 54.2 billion RMB, which further dropped from last week's amount. Total issued amount of corporate bonds was recorded 1.4 billion RMB, which was the same as last week. On the other hand, the total issued amount of short-term notes recorded 22.35 billion, whereas the total issued amount of medium-term notes recorded 16.85 billion. Both of the amounts of short-term notes and medium-term notes decreased compared with those from last week. However, amount of enterprise bonds surged to 13.6 billion from 4.6 billion.

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)*
1/12/2014	05/12/2014	1.4	13.6	16.85	22.35
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) YIELD SPREADS OF DEBT ISSUES ROSE UP, AA RATED DEBT ISSUES SPREAD THE WIDEST

Comparing with last week; both the average yields and average yield spreads increased.

For enterprise bonds, the average yield of the AAA rated enterprise notes with 7-year maturity recorded 5.85%, the average yield spread was 220bp; the average yield of the AA+ rated notes recorded 5.78%, with 216bp average yield spread. The average yield of AA rated notes recorded 6.22% which was 58 bp wider and the average yield spread was 258bp which was 41bp wider.

For medium-term notes, the average yield of 3-year AAA rated notes was 4.50%, 30bp wider; average yield spread was recorded 116bp, 25bp wider. The average yield of 5-year AAA rated notes was 5.40%, 85bp wider; average yield spread was recorded 193bp, 78bp wider. The average yield of 5-year AA+ rated notes was 5.88%, 18bp wider; average yield spread was recorded 241bp, 11bp wider. The average yield of 5-year AA rated notes was 7.0%, 129bp wider; average yield spread was recorded 356bp, 124bp wider.

For short-term notes, the average yield of 1-year AAA rated notes was 4.87%, 63bp wider; average yield spread was recorded 183bp, 62bp wider. The average yield of 1-year AA+ rated notes was 4.93%, 25bp wider; average yield spread was recorded 181bp, 21bp wider. The average yield of 1-year AA rated notes was 5.32%, 42bp wider; average yield spread was recorded 222bp, 38bp wider.

TABLE 2: AVERAGE YIELDS OF DEBT ISSUE (Unit: %)					TABLE 3: AVERAGE YIELD SPREADS OF DEBT ISSUE (Unit: bp)				
Interest Rate	Tenor	AAA	AA+	AA	Interest Spread	Tenor	AAA	AA+	AA
Enterprise Bond	5 years	--	--	--	Enterprise Bond	5 years	--	--	--
	7 years	5.85	5.78	6.22		7 years	220	216	258
Medium-Term Note	3 years	4.50	--	6.58	Medium-Term Note	3 years	116	--	324
	5 years	5.40	5.88	7.00		5 years.	193	241	356
Short-Term Note	1 year	4.87	4.93	5.32	Short-Term Note	1 year	183	181	222
Source of Information: GILDATA					Source of Information: GILDATA				

3) PUBLIC CONSULTATION ON OFFERING AND TRADING OF CORPORATE BONDS BY CSRC

The Chinese Securities Regulatory Commission (“CSRC”) released the “Measures for the Administration of Offering and Trading of Corporate Bonds (Consultation Paper)” last Friday. According to the Measures, the scope of the issuers is expanded to all the corporates from the original scope including domestic listed companies, listed B-shares companies and security houses. Besides, the approval process becomes more efficient as a result of revocation of the sponsoring

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system and the issuance examination committee system in the issuing process of the corporate bonds. Furthermore, the Measures to enrich the ways of bond issuing and the trading places of bonds are also mentioned in the paper. Considering the shrink of the issuance amount of the enterprise bond, it is expected that once the Measures are implemented, the issuance amount of the corporate bonds would have a significant growth and become a more important product in the debt market.

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