

CCXAP Weekly Series: Chinese Domestic Bond Market



Week Ending December 12, 2014

1) ISSUANCE AMOUNT CONTINUED TO DROP

For the week ended 12 December, the total amount of debts issued dropped substantially to 42.65 billion RMB, which further dropped from 59.2 billion last week. There were only one tranche of corporate issue which was 0.7 billion. The total amount of enterprise bonds was 5 billion, which dropped significantly from last week. Issuance amounts of short-term notes and medium-term notes decreased to 20.75 billion and 16.2 billion respectively.

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)*
8/12/2014	12/12/2014	0.7	5	16.2	20.75
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

The substantial drops of all kinds of debt issues could be explained by the raise of approval threshold of issue on city investment bond together by the National Development and Reform Commission (NDRC) and National Association of Financial Market Institutional Investors (NAFMII).

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Another reason could be explained by the new measures on repurchase in debt market of China Securities Depository and Clearing Corporation Ltd (CSDC). The negative effects on the new measures also reflected on the yield spreads of the debt issues. The yield spreads of issues below AAA rebounded significantly; the yield spread of AA rated short-term note for 1 year maturity recorded was almost 100 bp wider than that of the previous week.



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2) YIELD SPREADS OF DEBT ISSUES REBOUNDED

For enterprise bonds, the average yield of the AA rated enterprise notes with 7-year maturity recorded 6.88%, 66bp higher than that of last week; the average yield spread was 315bp, 57bp wider.

For medium-term notes, the average yield of 3-year AA+ rated notes was 6.17%; the average yield was 271bp wider. The average yield of 5-year AAA rated notes was 5.42%, 2bp wider; average yield spread was recorded 175bp, 18bp tighter.

For short-term notes, the average yield of 1-year AA+ rated notes was 5.75%, 82bp wider; average yield spread was recorded 248bp, 67bp wider. The average yield of 1-year AA rated notes was 6.51%, 119bp wider; average yield spread was recorded 319bp, 97bp 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	--	--	6.88		7 years	--	--	315
Medium-Term Note	3 years	--	6.17	--	Medium-Term Note	3 years	--	271	--
	5 years	5.42	--	--		5 years.	175	--	--
Short-Term Note	1 year	--	5.75	6.51	Short-Term Note	1 year	--	248	319
Source of Information: GILDATA					Source of Information: GILDATA				

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