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From January 4 to January 8

US confirmed Biden's win; Chinese offshore bonds new issuance thrived

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Headline: US confirmed Biden's win, riot in Capitol Hill

On January 6, two Democratic candidates won two Senate seats in Georgia, and helped the Democratic Party take control of the US House of Representatives and Senate. On January 7, the US Congress confirmed Democrat Joe Biden as the presidential election winner.

Meanwhile, there was a riot in Washington DC on January 6. Trump's supporters broke into the Capitol building to interrupt Congress' certification of Biden's win after the confrontation with the police. On January 11, the White House announced that Trump approves state of emergency declaration for Washington DC, effective from January 11 to January 24. On the other hand, the Democrats planned to impeach President Trump for second time.

Exchange Rate: RMB exchange rate broke the threshold of 6.5

This week, the RMB exchange rate broke the threshold of 6.5. As of January 8, the intermediate price of RMB exchange rate closed at 6.4709, down 541bp from last Friday.

Interest Rate: China Government Bond yields declined; US Treasury yields continued to rise

During the week, China Government Bond yields generally declined. After the Democratic Party won Senate seats in Georgia, as investors expected that the Democratic Party will launch a larger-scale stimulus plan, US Treasury yields boosted and 10-year Treasury yield rebounded above 1%. As of January 8, the yield spread between China and US 10-year note was 203.0bp, narrowing by 19.9bp from last Friday but widening by 75.9bp from the beginning of 2020.

Chinese Offshore Bond Market**Primary Market: Chinese offshore bonds new issuance thrived; real estate issuers raised more than USD7 billion**

From January 4 to January 8, there were 40 new issues with a total issued volume of USD14.6 billion, of which real estate companies were the key issuers with 18 new issues and USD7.06 billion issued volume, accounting for 48% of the total issuance.

Secondary Market: Return on Chinese USD bonds dropped

As of January 8, 2021, the YTD return on Chinese USD corporate bond index decreased by 85bp over last week to 5.04%, of which investment grade bond index was 4.88% and high-yield bond index was 5.7%, decreasing by 88bp and 77bp over last week, respectively. In terms of sector indices, the non-financial index decreased by 135bp to 3.61%.

Rating Actions: CCXAP assigned BB_g to Yango's proposed 364-day US dollar-denominated notes

Panda Bond Market: No new issuance this week

Headline: US confirmed Biden’s win, riot in Capitol Hill

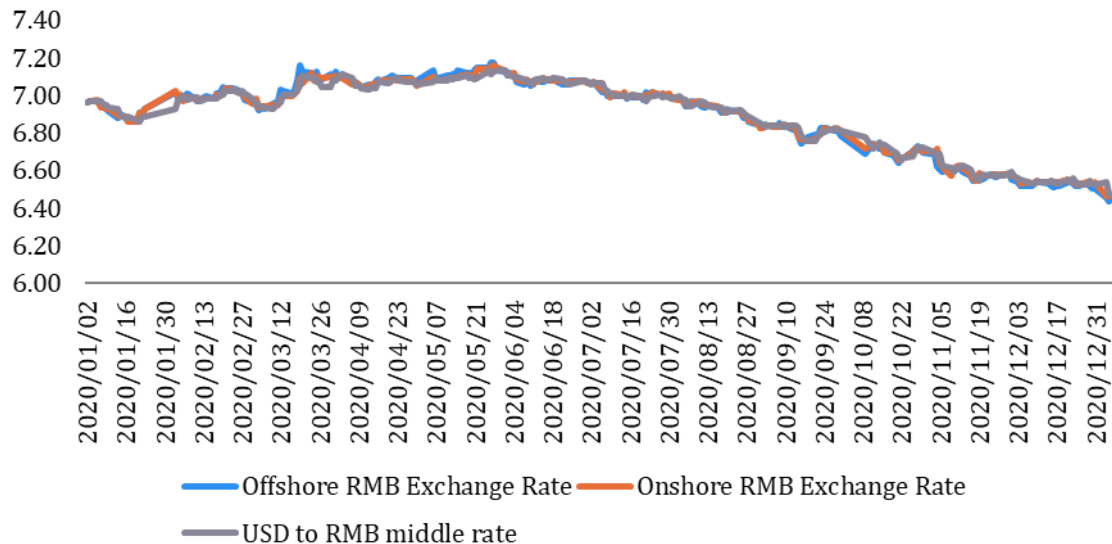
On January 6, two Democratic candidates won two Senate seats in Georgia, and helped the Democratic Party control the Senate. Democrats have already took control of the US House of Representatives and Senate, which was the first time in ten years. On January 7, the US Congress confirmed Democrat Joe Biden as the presidential election winner.

Meanwhile, there was a riot in Washington DC on January 6. Trump’s supporters broke into the Capitol building to interrupt Congress’ certification of Biden’s win after the confrontation with the polices. There were four demonstrators and a police officer who died in the riot. On January 11, the White House announced that Trump approves state of emergency declaration for Washington DC, effective from January 11 to January 24. On the other hand, the Democrats planned to impeach President Trump for second time.

Exchange Rate: RMB exchange rate broke the threshold of 6.5

This week, the Yuan broke the threshold of 6.5. Overall, the effective containment of the pandemic, economic recovery, widening interest rate gap between China and foreign countries, and weak US dollar index support the RMB exchange rate appreciation. While it is expected that the RMB exchange rate will continue to fluctuate due to rising market uncertainties. As of January 8, the intermediate price of RMB exchange rate closed at 6.4708, down 541bp from last Friday; the onshore RMB exchange rate closed at 6.4719, down 679bp; the offshore RMB exchange rate closed at 6.4649, down 381bp.

Figure 1 : RMB exchange rate

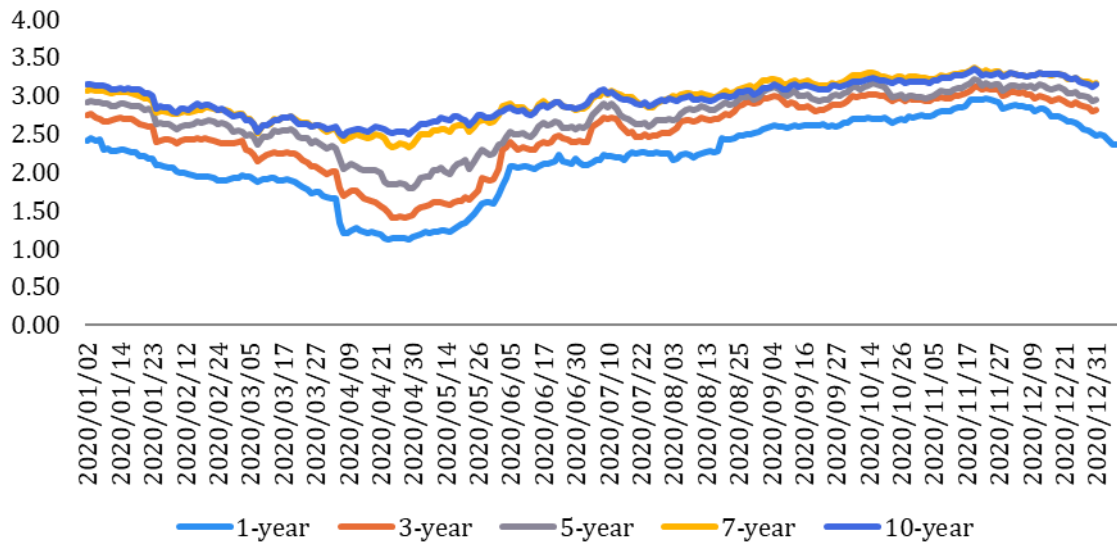


Sources: Eastmoney, CCX research

Interest Rate: China Government Bond yields declined; US Treasury yields continued to rise

During the week, China Government Bond yields generally declined. As of January 8, the 1-year, 3-year, 5-year, 7-year and 10-year Government Bond yields decreased from last Friday, closing at 2.3568%, 2.7768%, 2.9471% and 3.1525%; 10-year Government Bond yields increased slightly from last Friday, closing at 3.1456%.

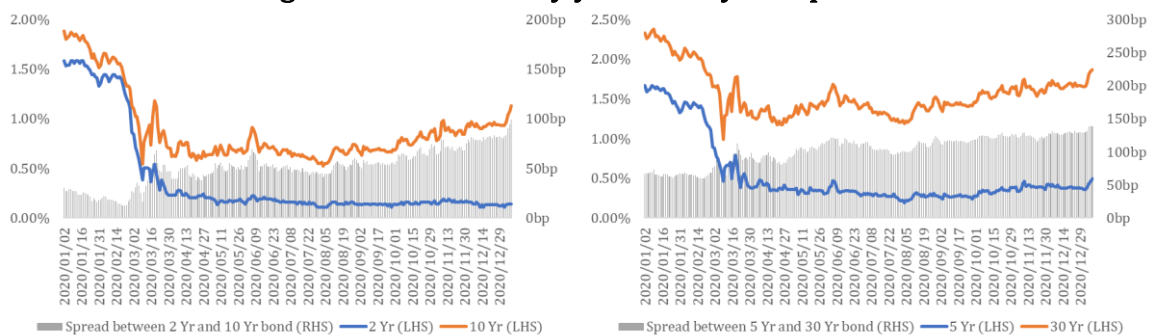
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

After the Democratic Party won Senate seats in Georgia, as investors expected that the Democratic Party will launch a larger-scale stimulus plan, US Treasury yields boosted and 10-year Treasury yield rebounded above 1%. As of January 8, the 2-year, 5-year, 10-year and 30-year Treasury yields closed at 0.14%, 0.49%, 1.13% and 1.87%, increasing by 1bp, 13bp, 20bp and 22bp over last Friday. In terms of Treasury yield spreads, the spread between the 2-year and 10-year widened by 19bp to 99bp, while the spread between the 5-year and 30-year also widened by 9bp to 138bp from last Friday.

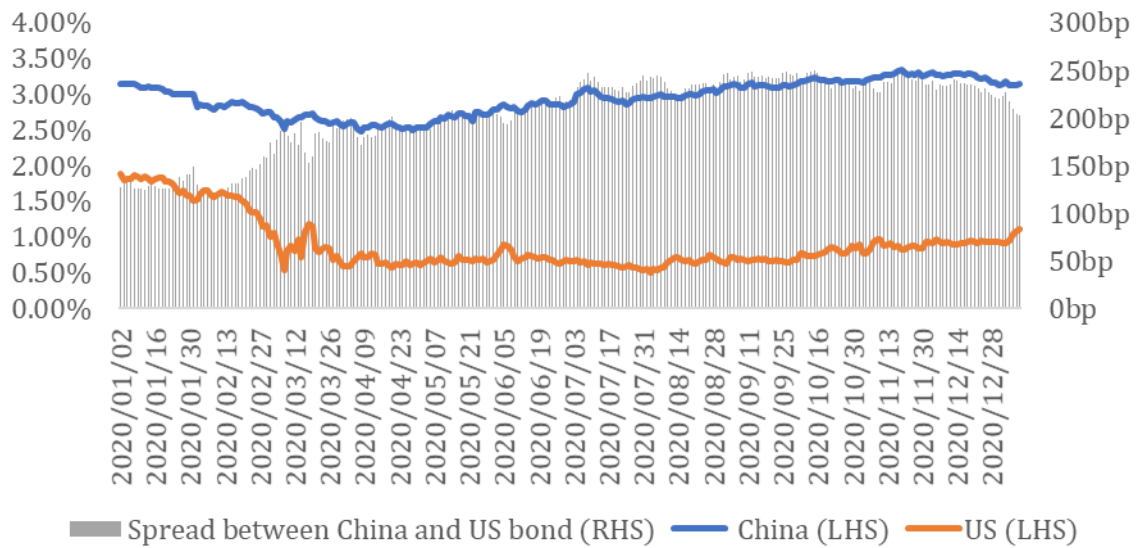
Figure 3 : US Treasury yields and yield spreads



Sources: The Federal Reserve, CCX research

As of January 8, the yield spread between China and US 10-year note was 203.0bp, narrowing by 19.9bp from last Friday but widening by 75.9bp from the beginning of 2020.

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



Sources: Bloomberg, ChinaBond.com.cn, CCX research

Chinese Offshore Bond Market

Primary Market: Chinese offshore bonds new issuance thrived; real estate issuers raised more than USD7 billion

From January 4 to January 8, there were 40 new issues with a total issued volume of USD14.6 billion, of which real estate companies were the key issuers with 18 new issues and USD7.06 billion issued volume, accounting for 48% of the total issuance.

Table 1 : New issuance of Chinese offshore bonds (20210104-20210108)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/1/4	China Development Bank Financial Leasing Co Ltd	USD	56	1.26	2022/1/10	1	Financials	A1/A/A+	-/-/-
2021/1/4	Guotai Junan International Holdings Ltd	HKD	155	1.25	2022/1/10	364D	Financials	Baa2/BBB+/-	-/-/-
2021/1/4	Guotai Junan International Holdings Ltd	HKD	155	1.3	2022/1/10	364D	Financials	Baa2/BBB+/-	-/-/-
2021/1/4	Guotai Junan International Holdings Ltd	USD	115	1	2021/4/8	90D	Financials	Baa2/BBB+/-	-/-/-
2021/1/4	Guotai Junan International Holdings Ltd	USD	112	1.13	2021/4/12	91D	Financials	Baa2/BBB+/-	-/-/-
2021/1/4	Haitong International Securities Group Ltd	USD	115	0.9	2021/4/8	90D	Financials	Baa2/BBB/-	-/-/-
2021/1/4	Shimao Group Holdings Ltd	USD	872	3.45	2031/1/11	10	Real Estate	Ba1/BB+/BBB-	-/-/BBB-
2021/1/4	Yuzhou Group Holdings Co Ltd	USD	562	6.35	2027/1/13	6	Real Estate	Ba3/-/BB-	B1/-/BB-
2021/1/4	Zhenro Properties Group Ltd	USD	400	6.63	2026/1/7	5	Real Estate	B1/B/B+	B2/-/B+
2021/1/5	China Petrochemical Corp	USD	1,150	1.45	2026/1/8	5	Energy	A1/A+/-	A1/A+/-
2021/1/5	China Petrochemical Corp	USD	1,200	2.3	2031/1/8	10	Energy	A1/A+/-	A1/A+/-
2021/1/5	China Petrochemical Corp	USD	650	3.1	2051/1/8	30	Energy	A1/A+/-	A1/A+/-

2021/1/5	CIFI Holdings Group Co Ltd	USD	419	4.375	2027/4/12	6.25	Real Estate	Ba2/BB/BB	Ba3/BB/-
2021/1/5	Country Garden Holdings Co Ltd	USD	500	2.7	2026/7/12	5.5	Real Estate	Baa3/BB+/BBB-	Baa3/-/BBB-
2021/1/5	Country Garden Holdings Co Ltd	USD	700	3.3	2031/1/12	10	Real Estate	Baa3/BB+/BBB-	Baa3/-/BBB-
2021/1/5	Guotai Junan International Holdings Ltd	USD	120	1	2021/4/12	90D	Financials	Baa2/BBB+/-	-/-/-
2021/1/5	Modern Land China Co Ltd	USD	250	9.8	2023/4/11	2.25	Real Estate	B2/-/B	B3/-/B
2021/1/5	Road King Infrastructure Ltd	USD	500	5.2	2026/1/12	5	Real Estate	Ba3/BB/-	Ba3/BB/-
2021/1/5	Sichuan Languang Development Co Ltd	USD	300	8.85	2022/1/10	364D	Real Estate	B1/B+/-	-/-/-
2021/1/5	Yango Group Co Ltd	USD	200	5.3	2022/1/11	364D	Real Estate	B1/-/B+/BB _g (CCXAP)	-/-/-/BB _g (CCXAP)
2021/1/5	Zhejiang Expressway Co Ltd	EUR	230	0	2026/1/20	5	Industrials	-/-/-	-/-/-
2021/1/6	Guotai Junan International Holdings Ltd	USD	300	1.3	2021/12/16	337D	Financials	Baa2/BBB+/-	-/-/-
2021/1/6	Hopson Development Holdings Ltd	USD	400	5.8	2022/1/12	364D	Real Estate	B2/B/B+	-/-/-
2021/1/6	Logan Group Co Ltd	USD	300	4.5	2028/1/13	7	Real Estate	Ba3/BB/BB	-/-/BB
2021/1/6	Redsun Properties Group Ltd	USD	350	7.3	2025/1/13	4	Real Estate	B2/B/B+	B3/-/B+
2021/1/6	Seazen Group Ltd	USD	300	4.45	2025/7/13	4.5	Real Estate	Ba2/BB/BB+	-/-/BB+
2021/1/6	Zhongsheng Group Holdings Ltd	USD	450	3	2026/1/13	5	Consumer Discretionary	Baa3/(P)BBB-/BBB-	Baa3/-/BBB-
2021/1/7	Bank of China Ltd/Hong Kong	CNY	1,800	2.8	2023/1/14	2	Banks	A1/A/A	A1/A/A
2021/1/7	Bank of China Ltd/Hong Kong	USD	500	0.875	2024/1/14	3	Banks	A1/A/A	A1/A/A
2021/1/7	Central China Real Estate Ltd	USD	260	7.5	2025/7/14	4.5	Real Estate	Ba3/B+/BB-	-/-/BB-
2021/1/7	Changxing Urban Construction Investment Group Co Ltd	USD	120	4.2	2024/1/14	3	Chengtou	-/-/-	-/-/-
2021/1/7	China Hongqiao Group Ltd	USD	300	5.25	2026/1/25	5	Materials	B1/B+/BB-	-/-/-
2021/1/7	China Huarong Financial Leasing Co Ltd	USD	300	1.9	2022/1/12	363D	Financials	Baa1/BBB+/A-	P-2/-/A-
2021/1/7	Guotai Junan International Holdings Ltd	HKD	555	1	2022/1/13	364D	Financials	Baa2/BBB+/-	-/-/-
2021/1/7	Haidilao International Holding Ltd	USD	600	2.15	2026/1/14	5	Consumer Discretionary	-/BBB/BBB	-/BBB/BBB
2021/1/7	Haitong International Securities Group Ltd	USD	200	1.2	2021/12/15	336D	Financials	Baa2/BBB/-	-/-/-
2021/1/7	Hansoh Pharmaceutical Group Co Ltd	USD	600	0	2026/1/22	5	Health Care	-/-/-	-/-/-
2021/1/7	RiseSun Real Estate Development Co Ltd	USD	300	8.95	2022/1/18	364D	Real Estate	Ba3/BB-/BB-	-/-/BB-
2021/1/7	Times China Holdings Ltd	USD	350	5.75	2027/1/14	6	Real Estate	Ba3/BB-/BB-	-/B+/BB-
2021/1/8	Zhenro Properties Group Ltd	USD	100	5.35	2022/1/13	363D	Real Estate	B1/B/B+	-/-/-

Sources: Bloomberg, CCX research

From January 4 to January 8, 5 Chinese real estate companies announced tap bond offering.

Table 2 : Tap bond offering (20210104-20210108)

Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/1/4	Powerlong Real Estate Holdings Ltd	USD	300 (reoffered 100)	5.95	2025/4/30	4.5	Real Estate	B1/B+/-	B2/B/-
2021/1/5	Zhongliang Holdings Group Co Ltd	USD	450 (reoffered 200)	9.5	2022/7/29	1.75	Real Estate	B1/B+/B+	-/-B+
2021/1/6	China South City Holdings Ltd	USD	370 (reoffered 120)	10.75	2023/4/11	2.58	Real Estate	B2/B/B	-/-/B
2021/1/6	Dexin China Holdings Co Ltd	USD	350 (reoffered 150)	9.95	2022/12/3	2	Real Estate	B2/B/-	B3/B/-
2021/1/6	Golden Wheel Tiandi Holdings Co Ltd	USD	255 (reoffered 85)	14.25	2023/1/9	2.5	Real Estate	B2/-/B-	B2/-/-

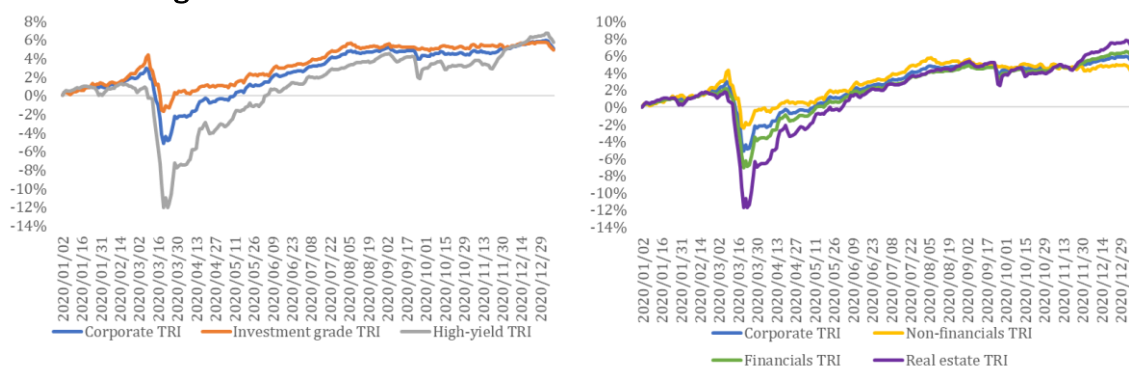
Sources: Bloomberg, CCX research

Recently, Beijing Capital Group Co Ltd planned to issue offshore bonds.

Secondary Market: Return on Chinese USD bonds dropped

As of January 8, 2021, the YTD return¹ on Chinese USD corporate bond index decreased by 85bp over last week to 5.04%, of which investment grade bond index was 4.88% and high-yield bond index was 5.70%, decreasing by 88bp and 77bp over last week, respectively. In terms of sector indices, the non-financial, financial and real estate indices were 3.61%, 5.80% and 6.62%, decreasing by 135bp, 54bp and 97bp from last Friday, respectively.

Figure 5 : YTD return on Markit IBoxx Chinese USD bond index

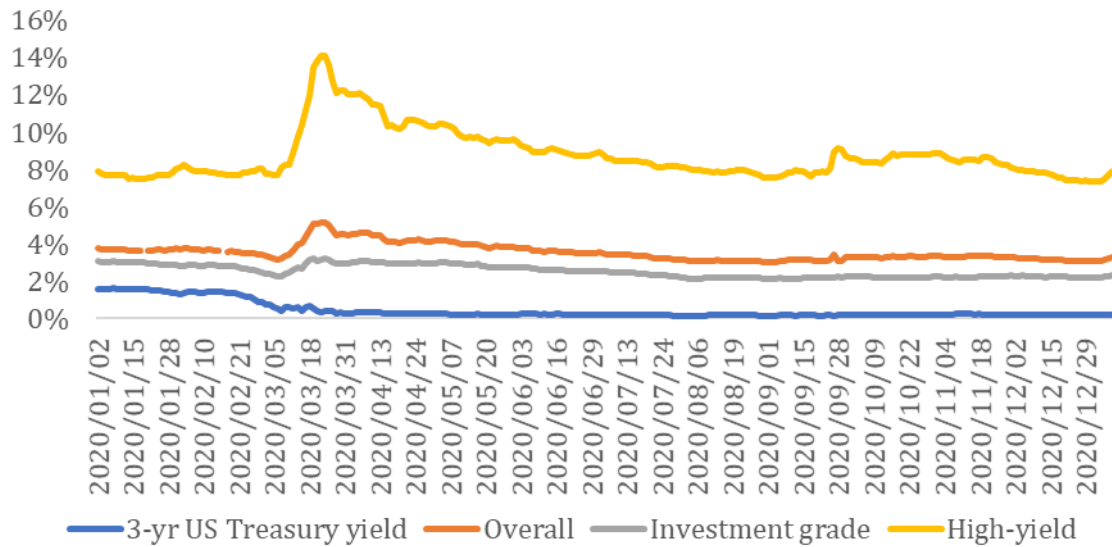


Sources: Bloomberg, CCX research

As of January 8, the yield-to-worst of Chinese dollar bonds increased by 21bp to 3.28% from last Friday, of which investment grade bond index rose by 14bp to 2.33%, while the high-yield bond index increased by 51bp to 7.88%.

¹ Year-to-date return measures the return since January 2, 2020.

Figure 6 : Yield-to-worst of Bloomberg Barclays Chinese USD bond index



Sources: Bloomberg, CCX research

Rating Actions: CCXAP assigned BB_g to Yango’s proposed 364-day US dollar-denominated notes

On January 5, CCXAP assigned BB_g to Yango Group Co., Ltd.’s (“Yango”) proposed 364-day US dollar-denominated senior notes.

Table 3 : CCXAP’s rating action (20210104-20210108)

Date	Entity	Issue Rating	Rating Rationale
2021/1/5	Yango	BB _g	The proposed notes are rated at the same level as the Yango’s long-term credit rating. Despite that the majority of Yango’s claims are at the operating subsidiary level, Yango’s diversified business profile (with revenue and cash flow generation across its large number of operating subsidiaries) can help mitigate structural subordination risks.

Source: CCX research

From January 4 to January 8, the rating agencies took positive rating action on 1 Chinese issuer; and negative rating actions on 3 Chinese issuers.

Table 4 : Credit rating changes of cross-border bond market (20210104-20210108)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	Radiance Group Co Ltd	Real Estate	B+	STABLE	2021/1/8	B	POS	2019/10/21	S&P	Solid operating performance and lower leverage
Downgrade	Yunnan Provincial Investment Holdings Group Co Ltd	Utilities	BBB-	NEG	2021/1/5	BBB	STABLE	2020/8/28	Fitch	Potential dilution of control over its key assets
	Semiconductor Manufacturing International Corp	Technology	BBB-	NEG	2021/1/5	BBB-	Rating Watch Negative	2020/10/7	S&P	Potential operational and supply chain risks
	Guorui Properties Ltd	Real Estate	B-	Rating Watch Negative	2021/1/6	B-	NEG	2020/3/20	Fitch	Uncertainty over the refinancing arrangements

Sources: Bloomberg, Wind, CCX research

Panda Bond Market: No new issuance this week

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