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From January 11 to January 15

Joe Biden unveiled USD1.9 trillion stimulus package; large new issuance of Chinese offshore bonds

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Headline: Joe Biden unveiled USD1.9 trillion stimulus package

On January 14, President-elect Joe Biden unveiled his USD1.9 trillion American Rescue Plan, and a “two-step plan of rescue and recovery”. He proposed to provide financial support to American families, businesses, and local governments. Meanwhile, the proposal was designed to have historic investment in infrastructure along with clean energy, research & development, and innovation in order to support economic recovery.

Exchange Rate: RMB exchange rate fluctuated slightly

This week, RMB exchange rate fluctuated slightly. As of January 15, the intermediate price of RMB exchange rate closed at 6.4633.

Interest Rate: China Government Bond yields rose; US Treasury yields fluctuated

During the week, China Government Bond yields generally rose due to the marginally tightening monetary policy. US Treasury yields fluctuated because of Biden’s USD1.9 trillion stimulus plan and weaker-than-expected retail sales. As of January 15, the yield spread between China and US 10-year note was 206.7bp, widening by 3.7bp from last Friday and 79.6bp from the beginning of 2020.

Chinese Offshore Bond Market

Primary Market: New issuance of Chinese offshore bonds market remained active; Cinda HK issued USD2 billion notes

From January 11 to January 15, there were 33 new issues with a total issued volume of USD10.1 billion. Cinda HK was the key issuer with 4 new issues and USD2 billion issued volume.

Secondary Market: Return on Chinese USD bonds rebounded

As of January 15, 2021, the YTD return on Chinese USD corporate bond index increased by 31bp over last week to 5.34%. In terms of sector indices, the non-financial index increased by 43bp to 4.04%.

Rating Actions: Chinese issuers’ credit quality diverged

Panda Bond Market: Everbright Water issued a MTN

On January 15, China Everbright Water Limited 2021 Medium Term Note (Series 1) was issued in the China Interbank Market, raising RMB1 billion at a coupon rate of 3.75% with a tenor of 3 years.

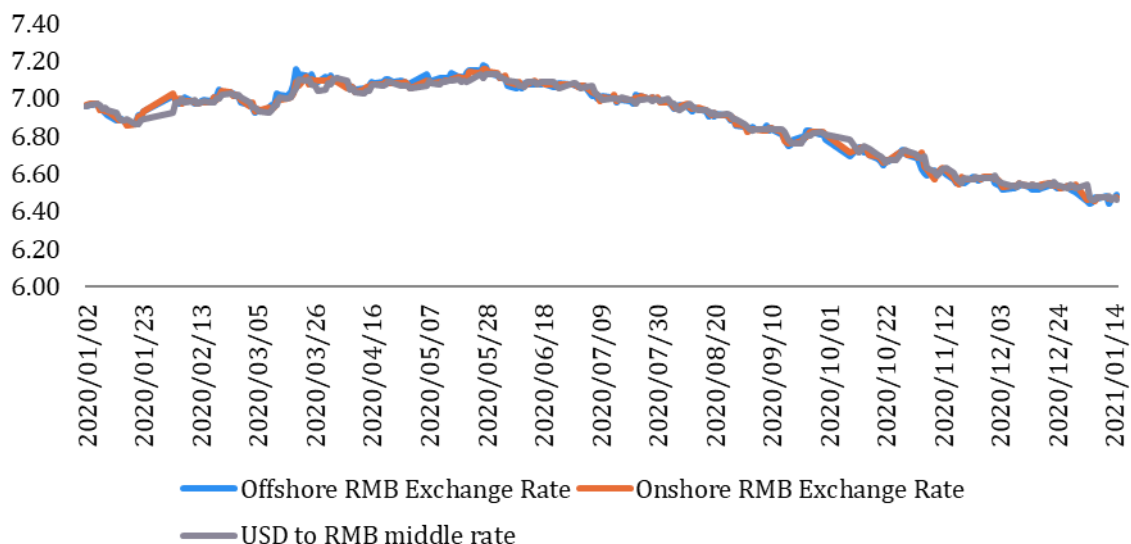
Headline: Joe Biden unveiled USD1.9 trillion stimulus package

On January 14, President-elect Joe Biden unveiled his USD1.9 trillion American Rescue Plan, and a “two-step plan of rescue and recovery”. He proposed to provide financial support to American families, businesses, and local governments. Meanwhile, the proposal was designed to have historic investment in infrastructure along with clean energy, research & development, and innovation in order to support economic recovery. If Congress approves Biden’s bill, it would include USD415 billion to bolster the response to the virus and release of COVID-19 vaccines, USD440 billion for small businesses and communities particularly hard hit by the pandemic and USD1 trillion in direct aid to households which covered stimulus check and unemployment insurance.

Exchange Rate: RMB exchange rate fluctuated slightly

This week, RMB exchange rate fluctuated slightly. As of January 15, the intermediate price of RMB exchange rate closed at 6.4633, down 75bp from last Friday; the onshore RMB exchange rate closed at 6.4752, up 33bp; the offshore RMB exchange rate closed at 6.4845, up 196bp.

Figure 1 : RMB exchange rate

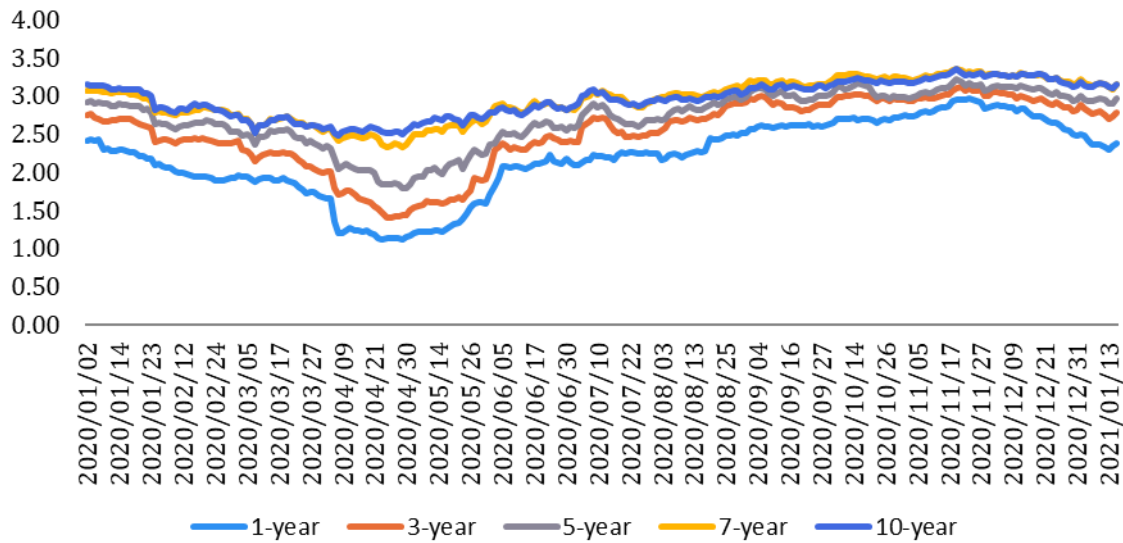


Sources: Eastmoney, CCX research

Interest Rate: China Government Bond yields rose; US Treasury yields fluctuated

During the week, China Government Bond yields generally rose due to the marginally tightening monetary policy. As of January 15, the 1-year, 3-year, 5-year, and 10-year Government Bond yields increased from last Friday, closing at 2.3843%, 2.7875%, 2.9634% and 3.1508%; 7-year Government Bond yields decreased from last Friday, closing at 3.1478%.

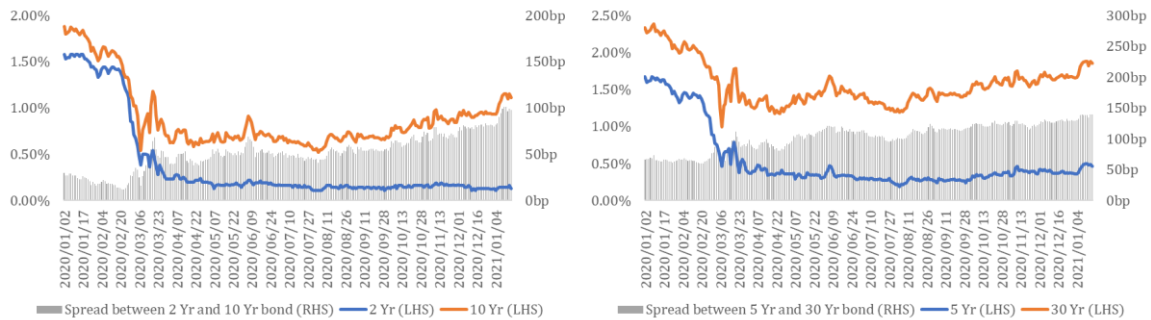
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

US Treasury yields fluctuated because of Biden’s USD1.9 trillion stimulus plan and weaker-than-expected retail sales. As of January 15, the 2-year, 5-year, 10-year and 30-year Treasury yields closed at 0.13%, 0.46%, 1.11% and 1.85%, decreasing by 1bp, 3bp, 2bp and 2bp over last Friday. In terms of Treasury yield spreads, the spread between the 2-year and 10-year tightened by 1bp to 98bp, while the spread between the 5-year and 30-year widened by 1bp to 139bp from last Friday.

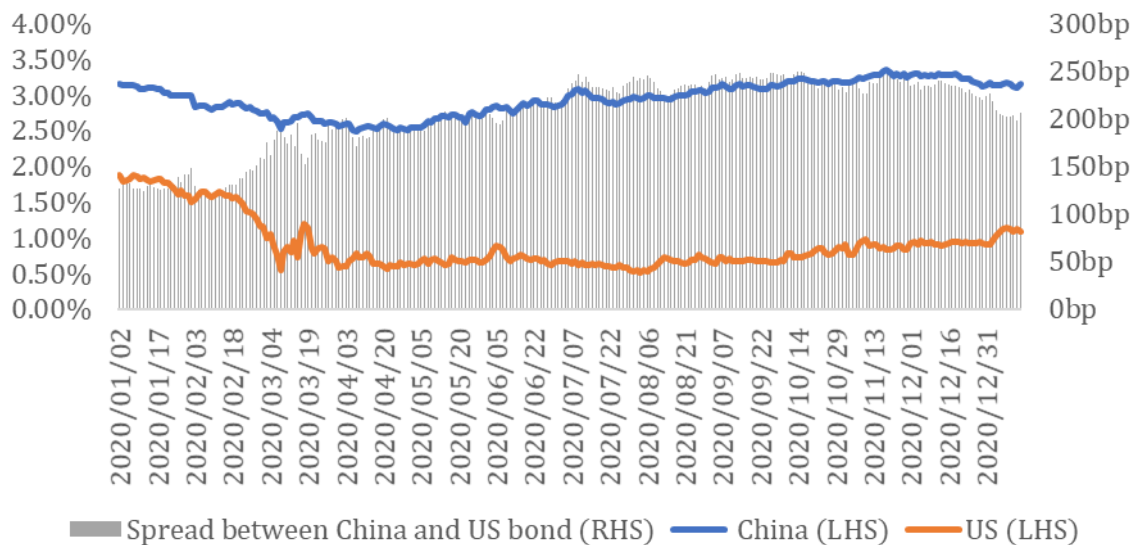
Figure 3 : US Treasury yields and yield spreads



Sources: The Federal Reserve, CCX research

As of January 15, the yield spread between China and US 10-year note was 206.7bp, widening by 3.7bp from last Friday and 79.6bp 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: New issuance of Chinese offshore bonds market remained active; Cinda HK issued USD2 billion notes

From January 11 to January 15, there were 33 new issues with a total issued volume of USD10.1 billion. China Cinda HK Holdings Co Ltd (“Cinda HK”) was the key issuer with 4 new issues and USD2 billion issued volume.

Table 1 : New issuance of Chinese offshore bonds (20210111-20210115)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/1/11	Agricultural Bank of China Ltd/New York	USD	650	0.85	2024/1/19	3	Banks	A1/A/A	A1/-/-
2021/1/11	Agricultural Bank of China Ltd/New York	USD	300	1.25	2026/1/19	5	Banks	A1/A/A	A1/-/-
2021/1/11	Beijing Capital Group Co Ltd	USD	400	4.65	2026/1/19	5	Real Estate	Baa3/BBB-/BBB	-/-/BBB
2021/1/11	DaFa Properties Group Ltd	USD	180	9.95	2022/1/18	364D	Real Estate	B2/B/-	-/-/-
2021/1/11	Fujian Zhanglong Group Co Ltd	USD	400	3.45	2023/12/19	2.91	Chengtou	-/-/BBB-	-/-/BBB-
2021/1/11	Shanghai Pudong Development Bank Co Ltd/Singapore	USD	300	1	2024/1/19	3	Banks	Baa2/BBB/BBB	Baa2/-/-
2021/1/12	Changzhou Eastern New City Construction Group Co Ltd	USD	300	3	2024/1/19	3	Chengtou	-/-/BBB-	-/-/BBB-
2021/1/12	China Cinda HK Holdings Co Ltd	USD	500	1.25	2024/1/20	3	Financials	A3/A-/A	-/A-/A
2021/1/12	China Cinda HK Holdings Co Ltd	USD	300	1.875	2026/1/20	5	Financials	A3/A-/A	-/A-/A
2021/1/12	China Cinda HK Holdings Co Ltd	USD	400	2.5	2028/1/20	7	Financials	A3/A-/A	-/A-/A
2021/1/12	China Cinda HK Holdings Co Ltd	USD	800	3	2031/1/20	10	Financials	A3/A-/A	-/A-/A
2021/1/12	China Huaneng Group Co Ltd	USD	500	1.6	2026/1/20	5	Utilities	A2/A-/A	-/-/A
2021/1/12	China Huaneng Group Co Ltd	USD	500	2.7	2031/1/20	10	Utilities	A2/A-/A	-/-/A

2021/1/12	China Maple Leaf Educational Systems Ltd	USD	125	2.25	2026/1/27	5	Consumer Discretionary	-/-/-	-/-/-
2021/1/12	CMB International Capital Corp Ltd	USD	10	0.8	2021/4/15	90D	Financials	Baa1/BBB+/-	-/-/-
2021/1/12	Mag Holdings Bhd	MYR	1	1	2022/8/23	1.61	Consumer Staples	-/-/-	-/-/-
2021/1/12	Yuexiu Property Co Ltd	USD	600	2.8	2026/1/20	5	Real Estate	Baa3/-/BBB-	Baa3/-/BBB-
2021/1/12	Yuexiu Property Co Ltd	USD	150	3.8	2031/1/20	10	Real Estate	Baa3/-/BBB-	Baa3/-/BBB-
2021/1/13	Chengdu Xingcheng Investment Group Co Ltd	USD	445	2.9	2026/1/20	5	Chengtou	-/-/BBB+	-/-/BBB+
2021/1/13	Guotai Junan International Holdings Ltd	HKD	300	1	2022/1/19	363D	Financials	Baa2/BBB+/-	-/-/-
2021/1/13	NIO Inc	USD	650	0	2026/2/1	5.05	Consumer Discretionary	-/-/-	-/-/-
2021/1/13	NIO Inc	USD	650	0.5	2027/2/1	6.05	Consumer Discretionary	-/-/-	-/-/-
2021/1/14	BOC Aviation Ltd	USD	400	1.75	2026/1/21	5	Financials	-/A-/A-	-/A-/A-
2021/1/14	Longjitaihe Property Co Ltd	USD	100	12.5	2022/1/19	364D	Real Estate	-/-/-	-/-/-
2021/1/14	Nanjing Liuhe Economic Technology Development Corp	USD	97	2.75	2022/1/20	364D	Chengtou	-/-/-	-/-/-
2021/1/14	Sunkwan Properties Group Ltd	USD	185	12.75	2022/1/21	364D	Real Estate	-/-/-	-/-/-
2021/1/15	China Aoyuan Group Ltd	USD	188	4.2	2022/1/20	364D	Real Estate	B1/B+/BB	-/-/-
2021/1/15	China Development Bank Financial Leasing Co Ltd	USD	106.5	1.25	2022/1/23	1	Financials	A1/A/A+	-/-/-
2021/1/15	China International Capital Corp Hong Kong Ltd	USD	35	1.06	2022/1/20	364D	Financials	Baa1/BBB/BBB+	-/-/-
2021/1/15	Jiayuan International Group Ltd	USD	300	12.5	2023/7/21	2.5	Real Estate	B2/B/B	B3/-/B
2021/1/15	Rudong County Jinxin Traffic Engineering Construction Investment Co Ltd	USD	150	2.8	2024/1/21	3	Chengtou	-/-/-	-/-/-
2021/1/15	Shandong Guohui Investment Co Ltd	USD	240	3.15	2026/1/21	5	Financials	Baa2/-/BBB+	-/-/BBB+
2021/1/15	Wuhan Dangdai Science & Technology Industries Group Co Ltd	USD	80	9	2022/1/21	364D	Health Care	-/-/-	-/-/-

Sources: Bloomberg, CCX research

On January 14, Guangxi Financial Investment Group Co Ltd and Zhuhai Huafa Group Co Ltd announced tap bond offering, respectively.

Table 2 : Tap bond offering (20210111-20210115)

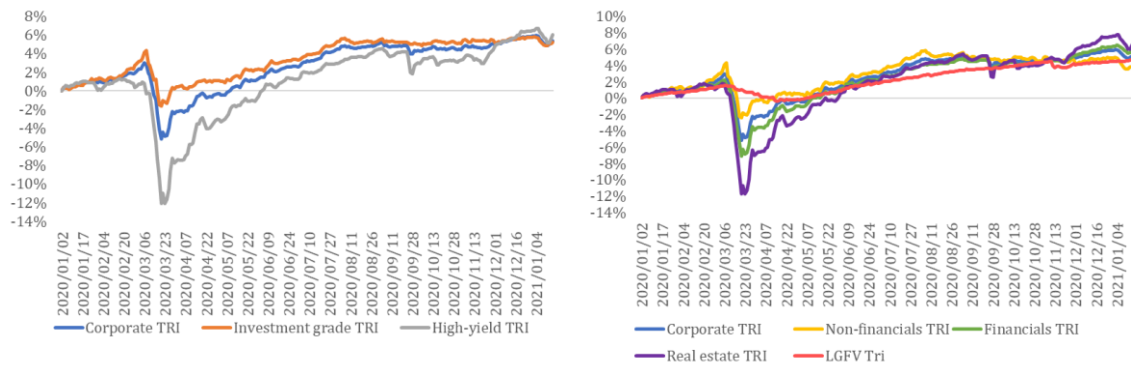
Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/1/14	Guangxi Financial Investment Group Co Ltd	USD	500 (reoffered 100)	3.6	2023/11/18	3	Financials	Ba1/-/-	Baa2/-/BBB
2021/1/14	Zhuhai Huafa Group Co Ltd	USD	400 (reoffered 150)	2.8	2025/11/4	5	Chengtou	-/-/BBB	-/-/BBB

Sources: Bloomberg, CCX research

Secondary Market: Return on Chinese USD bonds rebounded

As of January 15, 2021, the YTD return¹ on Chinese USD corporate bond index increased by 31bp over last week to 5.34%, of which investment grade bond index was 5.19% and high-yield bond index was 5.99%, increasing by 32bp and 29bp over last week, respectively. In terms of sector indices, the non-financial index recorded the strongest rebound, increasing by 43bp to 4.04%; while financial, real estate and LGFV indices were 6.04%, 6.92% and 4.69%, increasing by 23bp, 29bp and 23bp from last Friday, respectively.

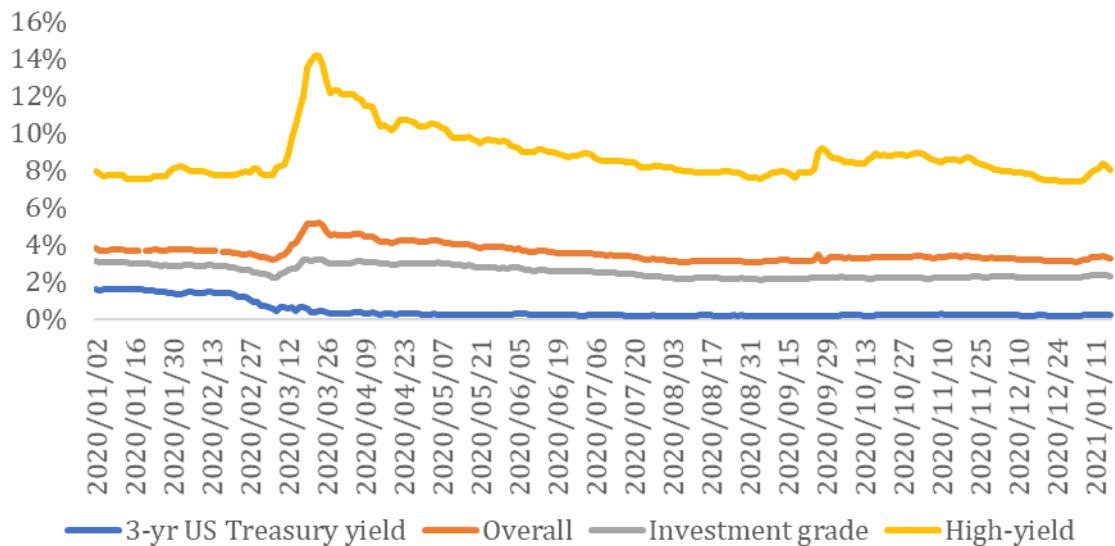
Figure 5 : YTD return on Markit IBoxx Chinese USD bond index



Sources: Bloomberg, CCX research

As of January 15, the yield-to-worst of Chinese dollar bonds decreased by 5bp to 3.24% from last Friday, of which investment grade bond index declined by 4bp to 2.30%, while the high-yield bond index increased by 8bp to 7.95%.

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



Sources: Bloomberg, CCX research

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

Rating Actions: Chinese issuers' credit quality diverged

From January 11 to January 15, the rating agencies took positive rating actions on 3 Chinese issuers; and negative rating actions on 1 Chinese issuer, which China Fortune Land Development Co Ltd was downgraded by two rating agencies.

Table 3 : Credit rating changes of cross-border bond market (20210111-20210115)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	CAR Inc	Consumer Discretionary	CCC+	POS	2021/1/12	CCC	POS	2020/11/13	S&P	Convertible bond issuance
	Yanfeng International Automotive Technology Co Ltd	Consumer Discretionary	BBB-	STABLE	2021/1/14	BBB-	NEG	2020/4/8	S&P	Ongoing recovery in business profitability and cash generation
	Jiayuan International Group Ltd	Real Estate	B	STABLE	2021/1/15	B	NEG	2020/8/20	S&P	Improving liquidity and capital structure
Downgrade	China Fortune Land Development Co Ltd	Real Estate	B2	Rating Watch Negative	2021/1/12	Ba3	NEG	2020/9/17	Moody's	Weaker-than-expected operating performance and cash flow generation
	China Fortune Land Development Co Ltd	Real Estate	B	Rating Watch Negative	2021/1/14	BB-	STABLE	2020/6/15	Fitch	Weaker-than-expected operating performance and heightened refinancing risk

Sources: Bloomberg, Wind, CCX research

Panda Bond Market: Everbright Water issued a MTN

On January 15, China Everbright Water Limited ("Everbright Water") 2021 Medium Term Note (Series 1), the first Panda Bond in 2021, was issued in the China Interbank Market, raising RMB1 billion at a coupon rate of 3.75% with a tenor of 3 years.

Table 4 : New issuance of Panda Bond in 2021 (20210101-20210115)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
China Everbright Water Limited	1	3.75	2021/1/15	2024/1/15	3	MTN	China Interbank Market	Shanghai Brilliance

Sources: Bloomberg, CCX research

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