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From March 29 to April 9

RMB's share of Global Forex Reserves hit record high;
Chinese USD financial bond index slumped

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Headline: RMB's share of Global Forex Reserves hit record high; the IMF raised global economic growth forecast

On March 31, the IMF released the Currency Composition of Official Foreign Exchange Reserves (COFER), showing that the share of RMB in Global Forex Reserves rose to a record high of 2.25% at the end of the fourth quarter of 2020 and the share of USD fell to its lowest level in 25 years. On the same day, the WTO published its annual report for the Global Trade Data and Outlook that pointed out the global trade in goods fell by 5.3% in 2020, due to negative factors including the COVID-19 pandemic; and Asia became the only region that the exports of goods maintained a positive growth. It also showed that China remained the world's largest exporting country and the second-largest importing country. On April 6, the IMF released the latest issue of the World Economic Outlook, which raised the global economic growth expectations to 6% and the emerging market expectations to 6.7% for 2021.

Exchange Rate: RMB exchange rate declined slightly

The RMB exchange rate declined slightly. As of April 9, the intermediate price of RMB exchange rate closed at 6.5409.

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

China Government Bond yields continued to fluctuated. The medium and long-term China Government Bond yields continued to rise. On April 8, the Federal Reserve released the FOMC meeting minutes and maintained its short-term loose monetary policy; at the same time, US's initial jobless claims were higher than market expectations, leading to a decline in US treasury yields. As of April 9, the yield spread between China and US 10-year note was 155.4bp, widening by 7.4bp from last Friday and narrowing by 71.1bp from the beginning of the year.

Chinese Offshore Bond Market**Primary Market: Chinese offshore bond new issuance rebounded**

From March 29 to April 9, there were 21 new issues with a total issued volume of approximately USD5.22 billion. Among them, real estate industry was the key issuer which issued 6 bonds with total issued amount of USD1.76 billion.

Secondary Market: Return on Chinese USD bonds diverged while financial sector slumped

Return on Chinese USD bonds diverged. As of April 9, the YTD return on Chinese USD corporate bond index fell by 31bp from last Friday to -0.89%. The return on investment-grade bond fell by 46bp to -1.08%, and the return on high-yield bond rose by 5bp to -0.43%. In terms of sector indices, the return on financial index declined the most, decreasing by 48bp to -0.98% from last Friday due to the fall in prices of China Huarong's bonds.

Rating Actions: China Huarong was placed on credit watch negative due to delay in earnings release**Panda Bond Market: Mengniu issued a SCP**

On April 8, China Mengniu Dairy Company Limited ("Mengniu") issued the second phrase of 2021 super & short-term commercial paper in the inter-bank bond market. The bond totaled RMB1 billion with a coupon rate of 2.50% and a tenor of 78 days. CCXI assigned AAA rating on the issuer and the bond.

Headline: RMB's share of Global Forex Reserves hit record high; the IMF raised global economic growth forecast

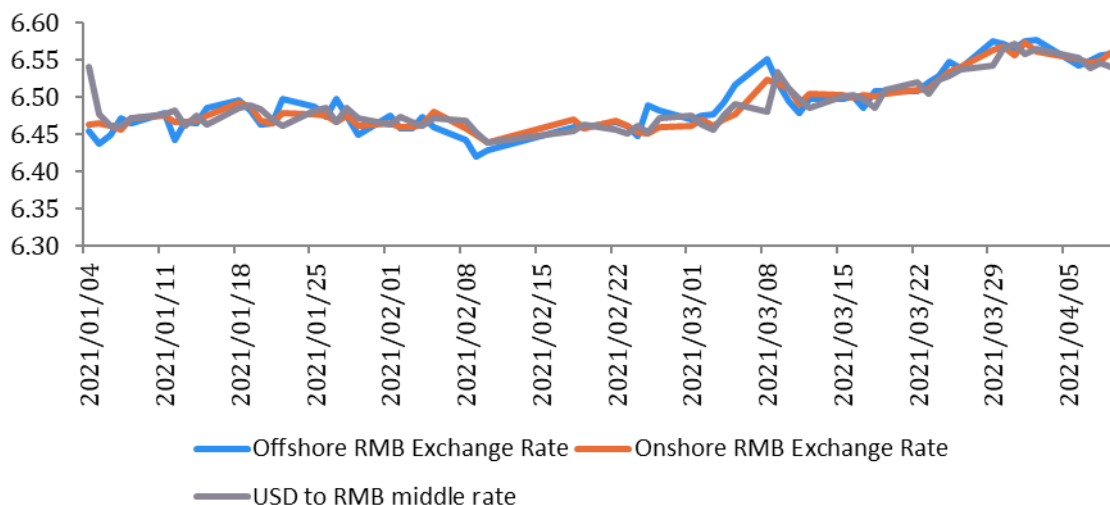
On March 31, the International Monetary Fund (IMF) released the Official Foreign Exchange Reserve Currency Composition (COFER), showing that the share of RMB in Global Forex Reserves rose to USD245.55 billion at the end of Q4 2020 from USD267.52 billion at the end of Q3 2020, which recorded a growth by eight consecutive quarters. The share of RMB in global foreign exchange reserves rose to 2.25%, reaching the highest point since the IMF reported the number in the fourth quarter of 2016; on the contrary, the share of USD fell for three consecutive quarters, falling to its lowest level in 25 years.

On the same day, the WTO published its annual report for the Global Trade Data and Outlook, pointed out the global trade in goods fell by 5.3% in 2020 due to negative factors including the COVID-19 pandemic, better than a forecast of a contraction of 9.2% made by the WTO in October last year. Asia became the only region where exports of goods maintained positive growth. It also showed that China remained the world's largest exporting country and second-largest importing country, with import and export trade volumes accounting for 11.5% and 14.7% of the world's total. The WTO expected that global trade will usher in a strong but uneven recovery (expected growth of about 8%) in 2021, the impact of the epidemic in 2022 will continue leading to the global trade growth to decelerate to 4%. On April 6, the IMF released the latest issue of the World Economic Outlook, predicting that the global economy will grow by 6% in 2021, an increase of 0.5% from its forecast in January; and the growth will decelerate to 4.4% in 2022. The IMF raised the overall economic forecast for emerging markets in 2021 from 6.3% to 6.7%, and the growth forecast for 2022 remained unchanged at 5.0%.

Exchange Rate: RMB exchange rate declined slightly

The RMB exchange rate declined slightly over the last two weeks. As of April 9, the intermediate price of RMB exchange rate closed at 6.5409, up 33bp from March 26; the onshore RMB exchange rate closed at 6.5586, up 192bp; the offshore RMB exchange rate rose 182bp to 6.5589.

Figure 1 : RMB exchange rate

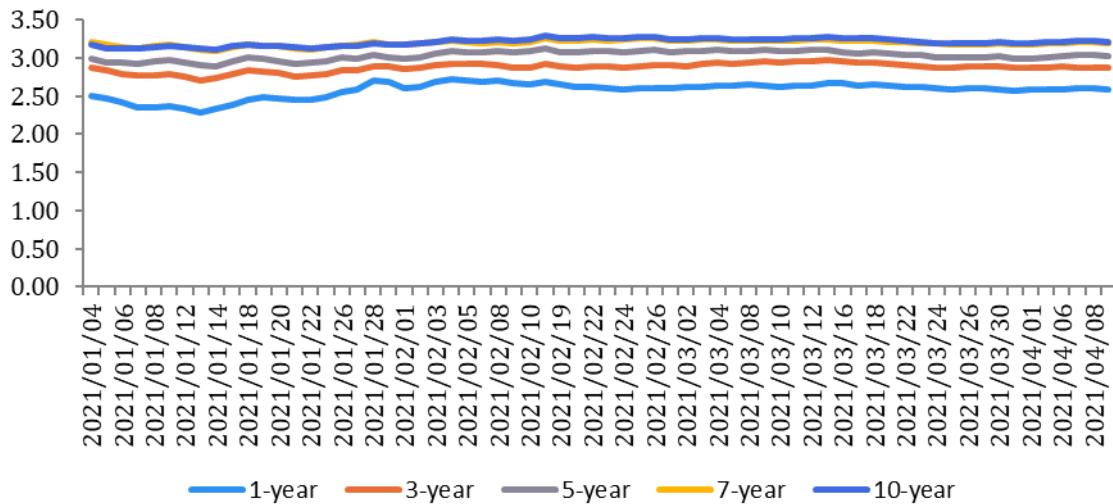


Sources: Wind, CCX research

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

China Government Bond yields continued to fluctuated. The medium and long-term China Government Bond yields continued to rise. As of April 9, the 1-year, 3-year Government Bond yields rose first then fell, closing at 2.5915% and 2.8695%. 5-year, 7-year and 10-year Government Bond yields fluctuated upward from last Friday, closing at 3.0291%, 3.1885% and 3.2121%, respectively.

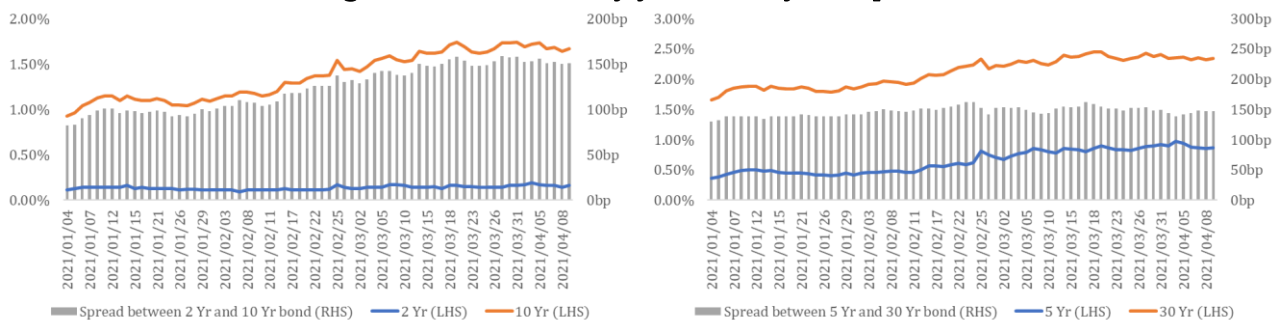
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

On April 8, the Federal Reserve released the FOMC meeting minutes and maintained its short-term loose monetary policy; at the same time, US's initial jobless claims were higher than market expectations, leading to a decline in US treasury yields. As of April 9, the 2-year, 5-year, 10-year and 30-year Treasury yields closed at 0.16%, 0.87%, 1.67% and 2.34%, decreasing by 3bp, 10bp, 5bp and 1bp from last Friday. In terms of Treasury yield spreads, the spread between the 2-year and 10-year narrowed by 2bp to 151bp, while the spread between the 5-year and 30-year widened by 9bp to 147bp.

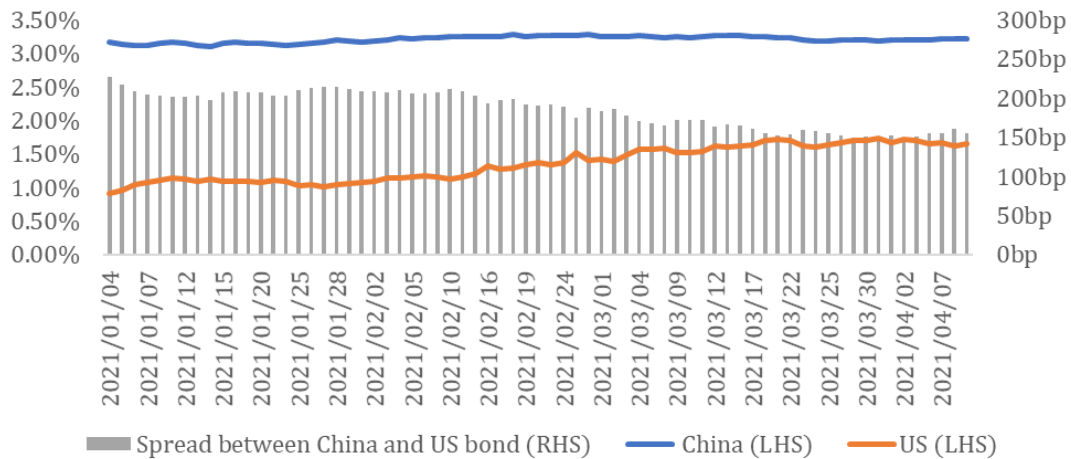
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of April 9, the yield spread between China and US 10-year note was 155.4bp, widening by 7.4bp from last Friday and narrowing by 71.1bp from the beginning of the year.

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 bond new issuance rebounded

From March 29 to April 9, there were 21 new issues with a total issued volume of approximately USD5.22 billion. Among them, real estate industry was the key issuer which issued 6 bonds with total issued amount of USD1.76 billion.

Table 1 : New issuance of Chinese offshore bonds (20210329-20210409)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/3/29	Jiangsu Zhongnan Construction Group Co Ltd	USD	250	11.5	2024/4/7	3	Real Estate	B1/B+/-	B2/B/-
2021/3/29	China Parenting Network Holdings Ltd	HKD	35	5	2022/3/29	365D	Communications	-/-/-	-/-/-
2021/3/30	China Jinmao Holdings Group Ltd	USD	600	3.2	2026/4/9	5	Real Estate	Baa3/BBB-/BBB-	-/-/BBB-
2021/3/30	Huatai Securities Co Ltd	USD	700	1.3	2024/4/9	3	Financials	Baa1/BBB/-	Baa1/-/-
2021/3/30	Huatai Securities Co Ltd	USD	500	2	2026/4/9	5	Financials	Baa1/BBB/-	Baa1/-/-
2021/3/30	Wuxi Industry Development Group Co Ltd	USD	350	2.85	2026/4/9	5	Consumer Discretionary	-/-/BBB	-/-/BBB
2021/3/30	Haitong International Securities Group Ltd	USD	50	0.72	2022/1/10	277D	Financials	Baa2/BBB/-	-/-/-
2021/3/31	Chengdu Jiaozhi Financial Holding Group Co Ltd	USD	200	2.6	2026/4/12	5	Financials	-/-/BBB+	-/-/BBB+
2021/3/31	XD Inc	USD	280	1.25	2026/4/12	5	Technology	-/-/-	-/-/-
2021/3/31	Logan Group Co Ltd	USD	300	4.25	2025/7/12	4.25	Real Estate	Ba2/BB/BB	Ba3/-/BB
2021/4/7	Powerlong Real Estate Holdings Ltd	USD	200	3.9	2022/4/13	364D	Real Estate	B1/BB/-	-/-/-
2021/4/7	Redco Properties Group Ltd	USD	220	8	2022/4/13	364D	Real Estate	-/B/B+	-/B+

2021/4/7	China Merchants Holdings Hong Kong Co Ltd	USD	230	0	2022/4/17	363D	Industrials	-/-	-/-
2021/4/7	Ping An Leasing Hong Kong Holdings Ltd	EUR	100	1.1	2022/4/11	364D	Financials	-/-	-/-
2021/4/8	Zhenro Properties Group Ltd	USD	220	5.98	2022/4/13	363D	Real Estate	B1-/B+	-/B+
2021/4/8	Li Auto Inc	USD	750	0.25	2028/5/1	7.1	Consumer Discretionary	-/-	-/-
2021/4/8	Guotai Junan International Holdings Ltd	USD	50	0.79	2021/10/15	183D	Financials	Baa2/BBB+/-	-/-
2021/4/9	Guotai Junan International Holdings Ltd	HKD	450	0.96	2021/10/15	183D	Financials	Baa2/BBB+/-	-/-
2021/4/9	Guotai Junan International Holdings Ltd	USD	85	0.77	2021/10/15	183D	Financials	Baa2/BBB+/-	-/-
2021/4/9	Honghe Development Group Co Ltd	USD	38	3.5	2022/4/13	364D	Industrials	-/-	-/-
2021/4/9	CMB International Capital Co Ltd	USD	17	0.6	2021/7/19	94D	Financials	Baa1/BBB+/-	-/-

Sources: Bloomberg, CCX research

On March 31, Huatai Securities Co Ltd announced tap bond offering.

Table 2 : Tap bond offering (20210329-20210409)

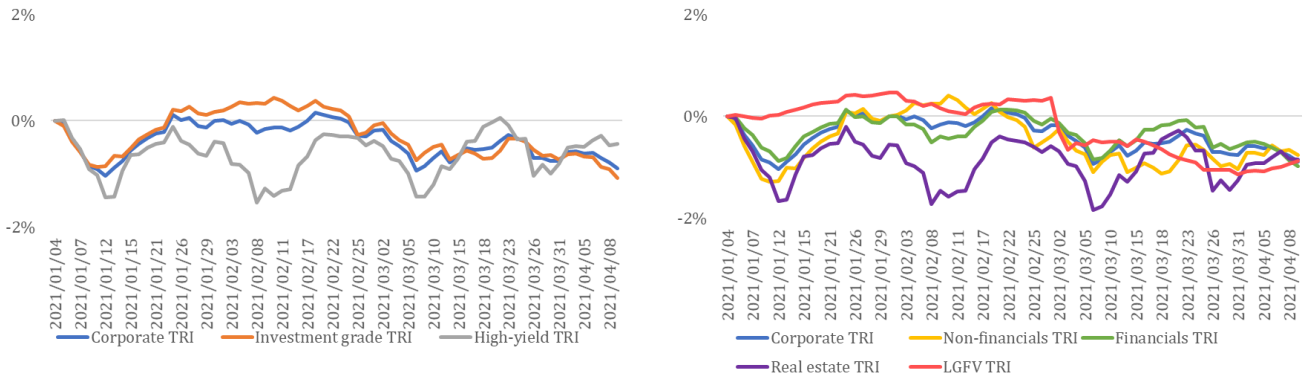
Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/ Fitch)	Issue Rating (Moody's/S&P/ Fitch)
2021/3/31	Huatai Securities Co Ltd	USD	8 (reoffered 1)	1.3	2024/4/9	3	Financial	Baa1/BBB/-	Baa1/-/-

Sources: Bloomberg, CCX research

Secondary Market: Return on Chinese USD bonds diverged while financial sector slumped

Return on Chinese USD bonds diverged. As of April 9, the YTD return on Chinese USD corporate bond index fell by 31bp from last Friday to -0.89%. The return on investment-grade bond fell by 46bp to -1.08%, and the return on high-yield bond rose by 5bp to -0.43%. In terms of sector indices, the return on Chengtou bond rose by 19bp to -0.88%; the return on real estate bond rose by 7bp to -0.85%; the return on financial bond declined the most, decreasing by 48bp to -0.98% from last Friday due to the fall in prices of China Huarong's bonds; the return on non-financial bond fell by 5bp to -0.76%.

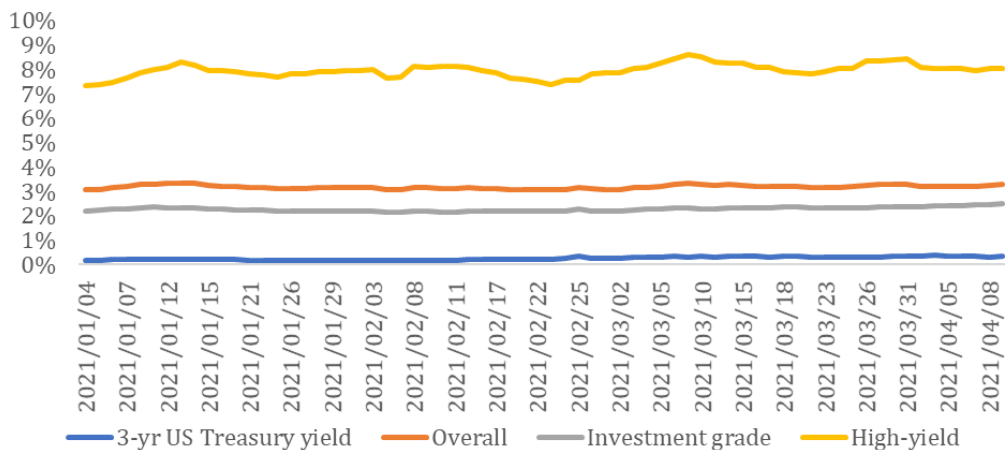
Figure 5 : YTD return on Markit IBoxx Chinese USD bond index



Sources: Bloomberg, CCX research

As of April 9, the yield-to-worst of Chinese dollar bonds rose by 6bp to 3.27% from last Friday, of which investment grade bond index rose by 6bp to 2.48% and high-yield bond index decreased by 2bp to 8.02%.

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



Sources: Bloomberg, CCX research

Rating Actions: China Huarong was placed on credit watch negative due to delay in earnings release

From March 29 to April 9, the rating agencies took positive rating actions on 13 Chinese issuers, and took negative rating actions on 7 Chinese issuers, and 3 Chinese issuers' outlook were changed to developing. Particularly, S&P placed China Huarong on credit watch negative due to delay in earnings release.

Table 3 : Credit rating changes of cross-border bond market (20210329-20210409)

Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:									
Weibo Corp	Communications	Baa2	STABLE	2021/3/29	Baa2	NEG	2020/10/9	Moody's	The parent's debt-funded privatization will pose less drag on Weibo credit profile
Agile Group Holdings Ltd	Real Estate	Ba2	STABLE	2021/3/29	Ba2	NEG	2020/4/2	Moody's	Agile's key financial metrics is likely to improve over the next 12-18 months
Zhongliang Holdings Group Co Ltd	Real Estate	B1	POS	2021/3/29	B1	STABLE	2020/11/13	Moody's	Zhongliang's credit metrics will continue to be strong
Agile Group Holdings Ltd	Real Estate	BB	STABLE	2021/3/30	BB	NEG	2020/4/9	S&P	Improving earnings growth
China Hongqiao Group Ltd	Materials	Ba3	STABLE	2021/3/31	B1	POS	2020/4/8	Moody's	Better-than-expected operating results, prudent financial management and improved capital structure
Sunac China Holdings Ltd	Real Estate	BB	POS	2021/3/31	BB	STABLE	2020/8/3	Fitch	Reduced leverage
Seazen Holdings Co Ltd	Real Estate	BB+	STABLE	2021/3/31	BB	POS	2020/11/1	S&P	Stabilizing Earnings
Seazen Group Ltd	Real Estate	BB+	STABLE	2021/3/31	BB	POS	2020/11/1	S&P	Stabilizing Earnings
CAR Inc	Consumer Discretionary	B-	STABLE	2021/3/31	CCC+	Rating Watch Negative	2021/3/22	S&P	New issuance will help the company to normalize its operations and stabilize its capital structure
Weibo Corp	Communications	BBB	STABLE	2021/3/31	BBB	Rating Watch Negative	2020/10/13	S&P	Privatization of parent group SINA Corp
Jinke Property Group Co Ltd	Real Estate	BB-	STABLE	2021/4/7	B+	STABLE	2019/6/10	S&P	Strengthened business standing
Taikang Life Insurance Co Ltd	Financials	A	STABLE	2021/4/8	A	NEG	2020/4/29	Fitch	Taikang Group's stable operating results and solid capital strength
Taikang Insurance Group Inc	Financials	A-	STABLE	2021/4/8	A-	NEG	2020/4/29	Fitch	Taikang Group's stable operating results and solid capital strength
Shimao Group Holdings Ltd	Real Estate	BBB-	STABLE	2021/4/8	BB+	POS	2020/9/4	S&P	On stable profitability and

										prudent financial management
	China National Chemical Corp Ltd	Materials	BBB	POS	2021/4/9	BBB	STABLE	2020/11/12	S&P	The Chinese state-owned chemical company will benefit from the likely stronger credit quality of its new parent
Downgrade	AAC Technologies Holdings Inc	Technology	Baa2	STABLE	2021/3/31	Baa1	NEG	2020/9/14	Moody's	Lower profitability and higher leverage
	Meituan	Consumer Discretionary	Baa3	NEG	2021/4/1	Baa3	STABLE	2020/10/19	Moody's	Faster-than-expected growth in Meituan's community e-commerce segment
	Meituan	Consumer Discretionary	BBB-	NEG	2021/4/1	BBB-	STABLE	2020/10/18	S&P	Investment execution risk
	Meituan	Consumer Discretionary	BBB	NEG	2021/4/1	BBB	STABLE	2020/10/18	Fitch	Greater uncertainty in cash generation following the company's higher-than-expected investments
	21Vianet Group Inc	Communications	B+	NEG	2021/4/1	B+	STABLE	2021/2/24	Fitch	Expectation of a high leverage to continue
	Yuzhou Group Holdings Co Ltd	Real Estate	B+	STABLE	2021/4/7	BB-	STABLE	2020/9/21	Fitch	Yuzhou's weaker-than-expected revenue recognition in 2020
Developing	China Huarong Asset Management Co Ltd	Financials	BBB+	Rating Watch Negative	2021/4/9	BBB+	STABLE	2019/6/27	S&P	Delayed results
	China Huarong Financial Leasing Co Ltd	Financials	BBB+	Rating Watch Negative	2021/4/9	BBB+	STABLE	2019/6/27	S&P	Delayed results
	China National Chemical Corp Ltd	Materials	BBB	Developing	2021/4/9	BBB	STABLE	2020/11/12	S&P	The Chinese state-owned chemical company will benefit from the likely stronger credit quality of its new parent
	Sinochem International Corp	Materials	BBB+	Developing	2021/4/9	BBB+	STABLE	2018/7/11	S&P	
	Sinochem Hong Kong Group Co Ltd	Materials	A-	Developing	2021/4/9	A-	STABLE	2020/10/20	S&P	
domestic Rating:										
downgrade	Suning Appliance Group Co Ltd	Consumer Discretionary	AA+	NEG	2021/4/6	AAA	Rating Watch Negative	2020/9/22	Golden Credit	The company's assets and income may be greatly reduced; large debt scale

Sources: Bloomberg, Wind, CCX research

Panda Bond Market: Mengniu issued a SCP

On April 8, China Mengniu Dairy Company Limited (“Mengniu”) issued the second phrase of 2021 super & short-term commercial paper in the inter-bank bond market. The bond totaled RMB1 billion with a coupon rate of 2.50% and a tenor of 78 days. CCXI assigned AAA rating on the issuer and the bond.

As of April 9, there were 11 issuers issuing 17 panda bonds with a total issued amount of RMB26.4 billion and an average coupon rate of 3.58%. About 70% of the bonds had a tenor of 3 years or above, and the bonds were mainly issued in the China Interbank Market.

Table 4 : New issuance of Panda Bond in 2021 (20210101-20210409)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
China Mengniu Dairy Company Limited	1	2.50	2021/4/8	2021/6/25	0.21	SCP	China Interbank Market	China Chengxin
Hengan International Group Company Limited	1	3.08	2021/3/26	2021/9/23	0.5	SCP	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	2	2.50	2021/3/26	2021/6/24	0.25	SCP	China Interbank Market	China Chengxin
New Development Bank	5	3.22	2021/3/25	2024/3/25	3	International Institution Bond	China Interbank Market	Lianhe Credit Rating
GLP China Holdings Limited	1.5	4.40	2021/3/25	2024/3/25	3	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
Daimler International Finance BV	2	3.80	2021/3/19	2024/3/19	3	PPN	China Interbank Market	--
Daimler International Finance BV	2	3.70	2021/3/19	2023/3/19	2	PPN	China Interbank Market	--
Crédit Agricole S.A.	1	3.50	2021/3/18	2024/3/18	3	Financial Bond	China Interbank Market	S&P China
GLP China Holdings Limited	1.5	4.40	2021/3/18	2024/3/18	3	MTN	China Interbank Market	Shanghai Brilliance Rating
SIIC Environment Holdings Ltd.	1.5	3.89	2021/3/15	2026/3/15	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
Asian Development Bank	2	3.20	2021/3/11	2026/3/11	5	International Institution Bond	China Interbank Market	--
GLP China Holdings Limited	1.7	4.37	2021/3/8	2024/3/8	3	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Power International Development Limited	0.5	3.20	2021/2/8	2021/8/6	0.5	SCP	China Interbank Market	Golden Credit Rating
Yuexiu Transport Infrastructure Limited	1	3.78	2021/1/28	2026/28	5	MTN	China Interbank Market	China Chengxin
Yuexiu Transport Infrastructure Limited	1	3.63	2021/1/25	2026/1/25	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
GLP China Holdings Limited	0.7	3.98	2021/1/25	2024/1/25	3	Corporate	Shanghai	Shanghai

						Bond	Exchange Market	Brilliance Rating
China Everbright Water Ltd	1	3.75	2021/1/15	2024/1/15	3	MTN	China Interbank Market	Shanghai Brilliance Rating

Sources: Bloomberg, CCX research

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