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From April 12 to April 16

US initial jobless claims dropped to pandemic low;
Tencent issued USD4.15 billion MTNs

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Headline: US economy grew moderately; initial jobless claims dropped to pandemic low

On April 14, the Federal Reserve published the Beige Book. It stated that the US economic activity accelerated to a moderate pace from late February to early April, and employment growth picked up. US initial jobless claims for the week sank by 193,000, reaching a pandemic low. In addition, Bank of Korea kept the Base Rate unchanged at 0.5%, saying that the recovery of the Korean economy has strengthened, and it expected to maintain its easy monetary policy. China 2021Q1 GDP grew 18.3% year-on-year to RMB24,931 billion.

Exchange Rate: RMB exchange rate declined slightly

Affected by the weak dollar index, the RMB exchange rate declined. As of April 16, the intermediate price of RMB exchange rate closed at 6.5288.

Interest Rate: China Government Bond and US Treasury yields dropped

China Government Bond yields declined. US Treasury yields dropped because of the increased US-Russia tensions and renewed demand from Japanese investors. As of April 16, the yield spread between China and US 10-year note was 158.3bp, widening by 3.0bp from last Friday and tightening by 68.2bp from the beginning of the year.

Chinese Offshore Bond Market**Primary Market: Chinese offshore bond new issuance surged, Tencent issued USD4.15 billion MTNs**

From April 12 to April 16, there were 15 new issues with a total issued volume of approximately USD8.1 billion, surged by 308.1% from last week. Tencent was the largest issuer, which raised USD4.15 billion via 4 tranches of dollar notes.

Secondary Market: Return on Chinese USD bonds continued to fall, return on financial bond declined the most

Return on Chinese USD bonds continued to drop early this week due to China Huarong incident. Later, bond prices rebounded, following news that China Huarong prepared sufficient funds to repay debts and Chinese regulators asked some banks not to withhold loans to China Huarong. As of April 16, the YTD return on Chinese USD corporate bond index fell by 41bp from last Friday to -1.30%. The return on investment-grade bond fell by 52bp to -1.60%, and the return on high-yield bond fell by 14bp to -0.57%. In terms of sector indices, the return on financial bond declined the most, decreasing by 69bp to -1.67% from last Friday.

Rating Actions: CCXAP assigned first-time long-term credit rating of A_g+ to Metallurgical Corp of China and A_g+ to its proposed senior perpetual securities**Panda Bond Market: Hengan International issued a SCP**

On April 15, Hengan International issued the second tranche 2021 super & short-term commercial paper in the China Interbank Market. The bond totaled RMB1 billion with a coupon rate of 3.00% and a tenor of 180 days. CCXI assigned AAA rating on the issuer.

Headline: US economy grew moderately; initial jobless claims dropped to pandemic low

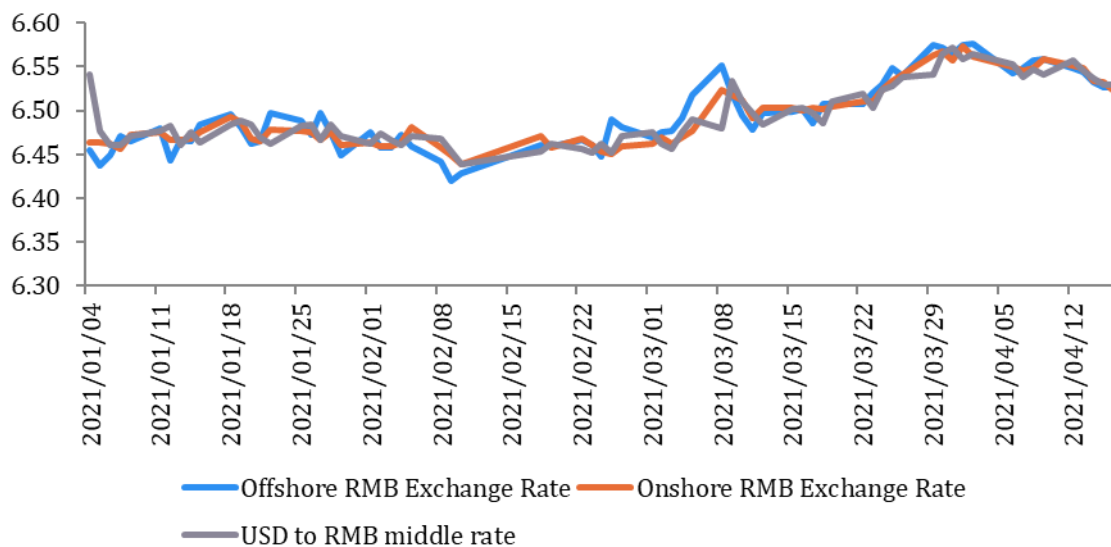
On April 14, the Federal Reserve published the Beige Book. It stated that the US economic activity accelerated to a moderate pace from late February to early April. The nonfinancial services generally improved and manufacturing activity expanded further. Prices accelerated slightly, the possibility that inflation could increase in the coming months, and employment growth picked up. On April 15, US Department of Labor released employment data, showing that initial jobless claims for the week sank by 193,000 to 576,000, reaching a pandemic low. The Federal Reserve Chairman Powell stressed that US economy was at an inflection point, and that risk remained from possible increase in Covid cases. He also said that it's highly unlikely interest rates will rise before the start of 2022, and that Federal Reserve will scale back its bond purchases before considering raising interest rates.

Bank of Korea kept the Base Rate unchanged at 0.5%, saying that the recovery of the Korean economy has strengthened. It also said that GDP growth this year was projected to be above the February forecast, and it expected to maintain its accommodative stance of monetary policy. China 2021Q1 GDP grew 18.3% year-on-year to RMB24,931 billion.

Exchange Rate: RMB exchange rate declined slightly

Affected by the weak dollar index, the RMB exchange rate declined. As of April 16, the intermediate price of RMB exchange rate closed at 6.5288, down 121bp from last Friday; the onshore RMB exchange rate closed at 6.5228, down 361bp; the offshore RMB exchange rate closed at 6.5270, down 316bp.

Figure 1 : RMB exchange rate

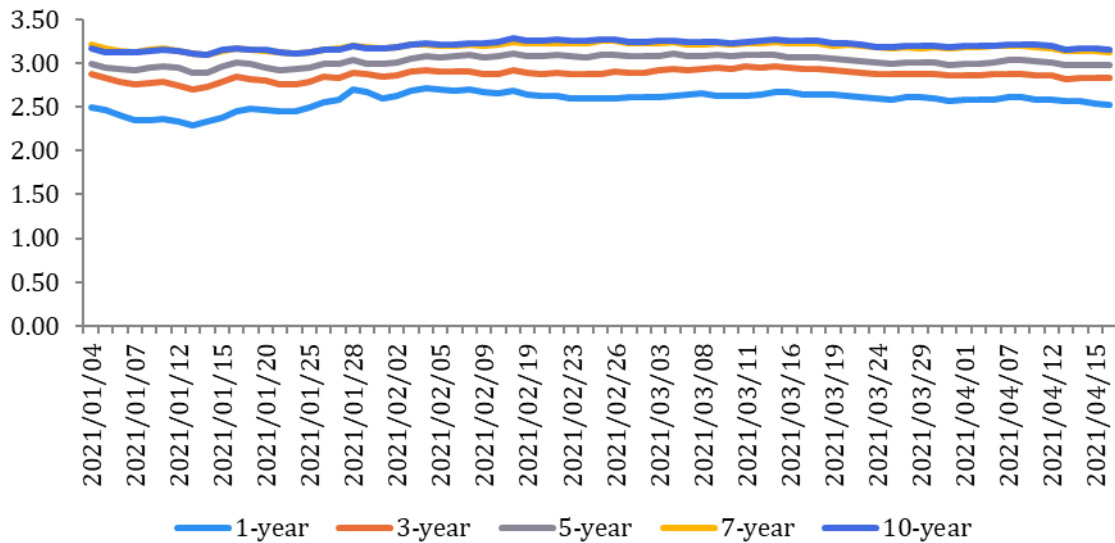


Sources: Wind, CCX research

Interest Rate: China Government Bond and US Treasury yields dropped

During the week, China Government Bond yields declined. As of April 16, the 1-year, 3-year 5-year, 7-year, and 10-year Government Bond yields decreased from last Friday, closing at 2.5295%, 2.8293%, 2.9777%, 3.1337% and 3.1631%, respectively.

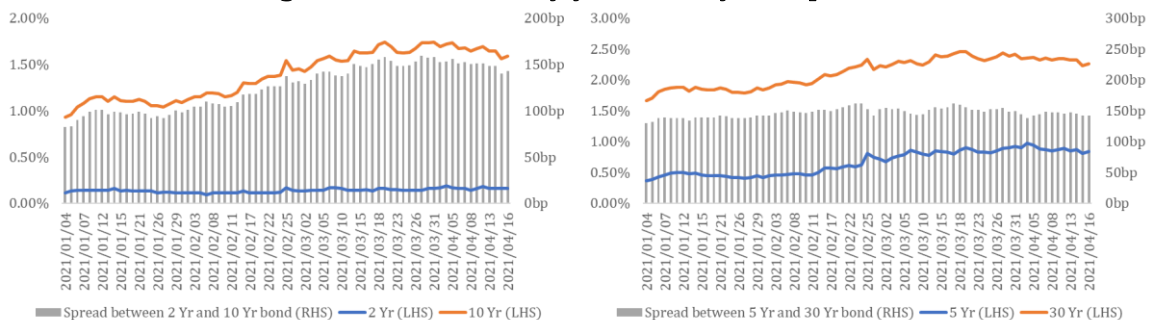
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

US Treasury yields dropped because of the increased US-Russia tensions and renewed demand from Japanese investors. As of April 16, the 2-year Treasury yield flattened at 0.16%, 5-year, 10-year and 30-year Treasury yields closed at 0.84%, 1.59% and 2.26%, decreasing by 3bp, 8bp and 8bp from last Friday. In terms of Treasury yield spreads, the spread between the 2-year and 10-year tightened by 8bp to 143bp, while the spread between the 5-year and 30-year tightened by 5bp to 142bp.

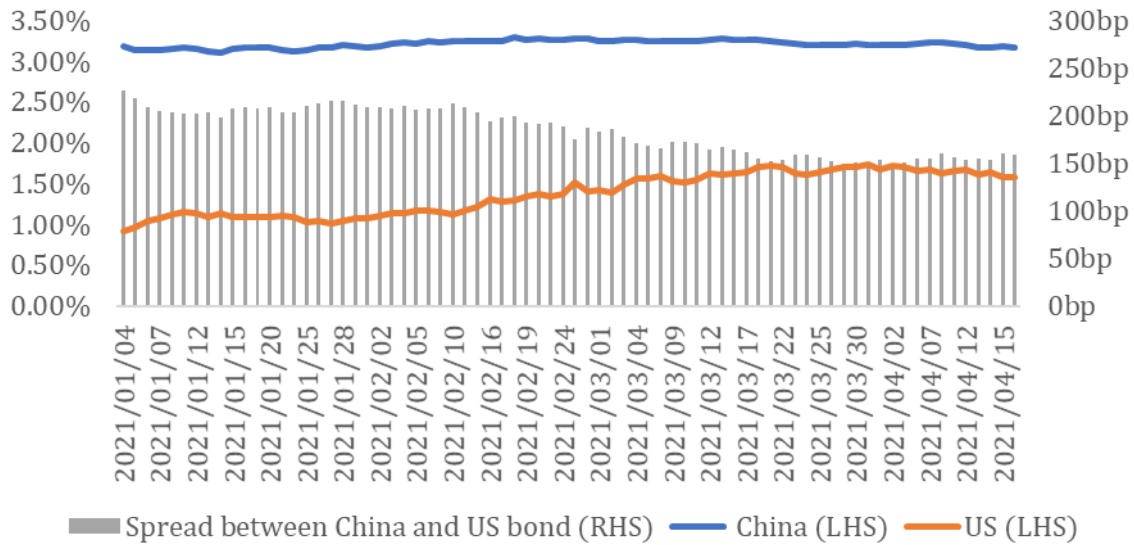
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of April 16, the yield spread between China and US 10-year note was 158.3bp, widening by 3.0bp from last Friday and tightening by 68.2bp 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 surged, Tencent issued USD4.15 billion MTNs

From April 12 to April 16, there were 15 new issues with a total issued volume of approximately USD8.11 billion, surged by 308.1% from last week. Tencent Holdings Ltd (“Tencent”) was the largest issuer, which raised USD4.15 billion via 4 tranches of dollar notes.

Table 1 : New issuance of Chinese offshore bonds (20210412-20210416)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/4/12	CMB International Capital Corp Ltd	USD	8	0.6	2021/10/19	183D	Financials	Baa1/BBB+/-	-/-/-
2021/4/12	Metallurgical Corp of China Ltd	USD	500	2.95	-	Perpetual	Industrials	Baa1/BBB+/BBB+/Ag+(CCXAP)	Baa1/-/-/Ag+(CCXAP)
2021/4/14	Guotai Junan International Holdings Ltd	USD	134	0.75	2021/10/21	183D	Financials	Baa2/BBB+/-	-/-/-
2021/4/14	Guotai Junan Securities Co Ltd	USD	500	2	2026/4/21	5	Financials	Baa1/BBB+/-	Baa1/-/-
2021/4/15	China Construction Bank Corp/Hong Kong	USD	600	0.86	2024/4/22	3	Banks	A1/A/A	A1/-/-
2021/4/15	China Construction Bank Corp/Hong Kong	USD	550	1.46	2026/4/22	5	Banks	A1/A/A	A1/-/-
2021/4/15	China Construction Bank Corp/Luxembourg	EUR	800	0	2024/4/22	3	Banks	A1/A/A	A1/-/-
2021/4/15	China Construction Bank Corp/Singapore	CNY	2,000	2.85	2023/4/22	2	Banks	A1/A/A	A1/-/-
2021/4/15	Shandong Guohui Investment Co Ltd	CNY	640	4.8	2024/4/22	3	Financials	Baa2/-/BBB+	-/-/BBB+
2021/4/15	Tencent Holdings Ltd	USD	500	2.88	2031/4/22	10	Communications	A1/A+/A+	A1/A+/A+
2021/4/15	Tencent Holdings Ltd	USD	900	3.68	2041/4/22	20	Communications	A1/A+/A+	A1/A+/A+

2021/4/15	Tencent Holdings Ltd	USD	1,750	3.84	2051/4/22	30	Communications	A1/A+/A+	A1/A+/A+
2021/4/15	Tencent Holdings Ltd	USD	1,000	3.94	2061/4/22	40	Communications	A1/A+/A+	A1/A+/A+
2021/4/15	Times China Holdings Ltd	USD	200	5.3	2022/4/20	363D	Real Estate	Ba3/BB-/BB-	-/-/BB-
2021/4/16	Shandong Marine Group Ltd	USD	100	4.8	2024/4/23	3	Financials	-/-/-	-/-/-

Sources: Bloomberg, CCX research

On April 13, Huatai Securities Co Ltd announced tap bond offering.

Table 2 : Tap bond offering (20210412-20210416)

Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/4/13	Huatai Securities Co Ltd	USD	9 (reoffered 1)	1.3	2024/4/9	3	Financial	Baa1/BBB-/	Baa1/-/-

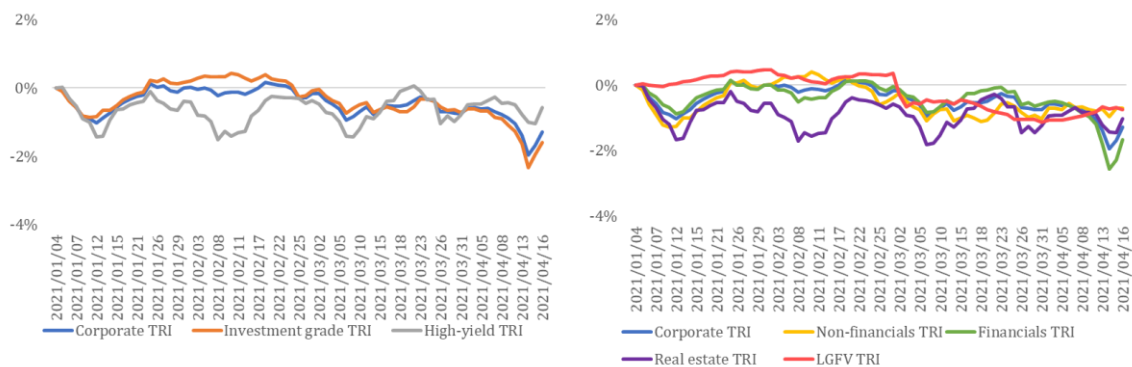
Sources: Bloomberg, CCX research

Recently, China Water Affairs Group Ltd and BOC Aviation Ltd planned to issue dollar bond.

Secondary Market: Return on Chinese USD bonds continued to fall, return on financial bond declined the most

Return on Chinese USD bonds continued to drop early this week due to China Huarong incident. Later, bond prices rebounded, following news that China Huarong prepared sufficient funds to repay debts and Chinese regulators asked some banks not to withhold loans to China Huarong. As of April 16, the YTD return¹ on Chinese USD corporate bond index fell by 41bp from last Friday to -1.30%. The return on investment-grade bond fell by 52bp to -1.60%, and the return on high-yield bond fell by 14bp to -0.57%. In terms of sector indices, the return on financial bond declined the most, decreasing by 69bp to -1.67% from last Friday; the return on real estate bond declined by 20bp to -1.04%; while the return on non-financial bond rose by 6bp to -0.70% and the return on Chengtou bond rose by 13bp to -0.75%.

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

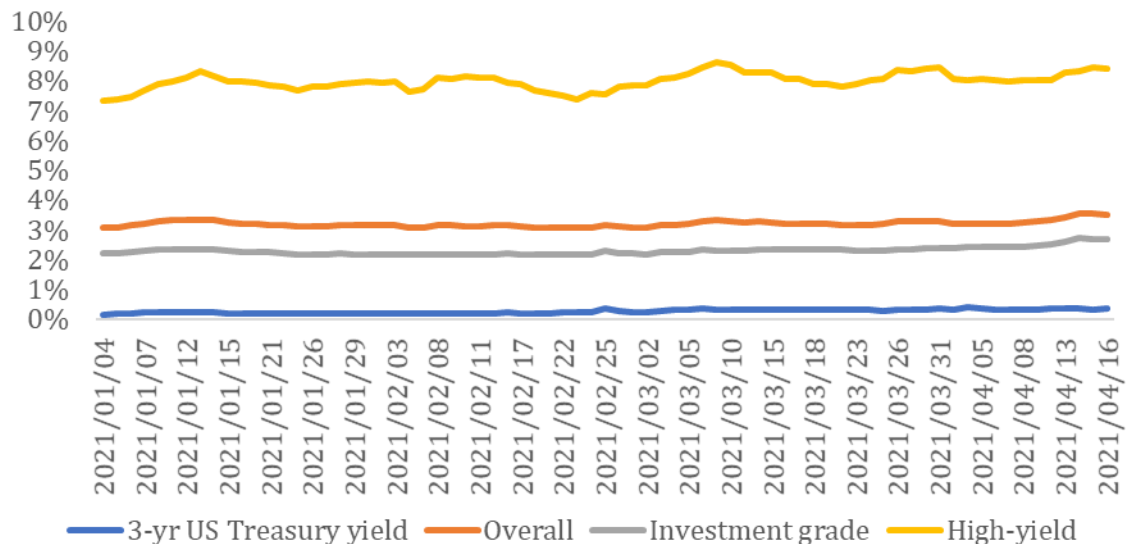


Sources: Bloomberg, CCX research

¹ Year-to-date return measures the return since January 4, 2021

As of April 16, the yield-to-worst of Chinese dollar bonds rose by 21bp to 3.48% from last Friday, of which investment grade bond index rose by 18bp to 2.67% and high-yield bond index rose by 37bp to 8.39%.

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



Sources: Bloomberg, CCX research

Rating Actions: CCXAP assigned first-time long-term credit rating of A_g+ to Metallurgical Corp of China and assigned A_g+ to its proposed senior perpetual securities

On April 12, China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) first-time assigned A_g+ long-term credit rating of Metallurgical Corporation of China Limited (“Metallurgical Corp of China” or the “Company”), with stable outlook; and assigns A_g+ to its proposed senior perpetual securities.

Table 3 : CCXAP’s rating action (20210412-20210416)

Date	Entity	Issuer Rating	Issue Rating	Rating Rationale
2021/4/12	Metallurgical Corp of China	A _g +	A _g +	<p>The credit rating of Metallurgical Corp of China reflects the Company’s (1) strong strategic position as the core subsidiary of China Metallurgical Group Corporation and the high likelihood of strong support from its parent; (2) strong market position and large operating scale in metallurgical construction projects; (3) diversified engineering contracting business and sufficient order backlog; and (4) good access to capital with multiple financing channels.</p> <p>However, the rating is also constrained by the Company’s (1) risk exposures related to property development and steel industries; (2) overseas projects which face uncertainties due to execution and financial risks; and (3) high level of debt, which is alleviated by its ongoing deleveraging effort.</p>

Source: CCX research

From April 12 to April 16, the rating agencies took positive rating actions on 10 Chinese issuers, and took negative rating actions on 12 Chinese issuers.

Table 4 : Credit rating changes of cross-border bond market (20210412-20210416)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	Jinke Properties Group Co Ltd	Real Estate	B1	POS	2021/4/12	B1	STABLE	2020/11/3	Moody's	Improving credit metrics
	Zijin Mining Group Co Ltd	Materials	BB+	POS	2021/4/12	BB+	STABLE	2020/7/14	S&P	Strengthening business position
	China National Chemical Corp Ltd	Materials	A-	Rating Watch Positive	2021/4/12	A-	STABLE	2020/5/13	Fitch	Joint restructuring with Sinochem
	China Evergrande Group, Hengda Real Estate Group Co Ltd, Tianji Holding Ltd	Real Estate	B+	STABLE	2021/4/12	B+	NEG	2020/9/24	S&P	Improving capital structure and liquidity
	Jiayuan International Group Ltd	Real Estate	B2	POS	2021/4/13	B2	STABLE	2020/8/18	Moody's	Expectation of growing operating scale without sacrificing profitability, maintaining strong credit metrics and improving its capital structure
	China Zheshang Bank Co Ltd	Financials	Ba1	Rating Watch Positive	2021/4/14	Ba1	STABLE	2021/3/2	Moody's	Improvement in standalone credit profile
	West China Cement Ltd	Materials	BB	POS	2021/4/16	BB-	POS	2020/7/5	Fitch	Maintaining a strong financial profile throughout the Covid-19 pandemic
	KWG Group Holdings Ltd	Financials	B+	STABLE	2021/4/16	B+	NEG	2020/4/7	S&P	Transition towards disciplined growth and stable margins
	Ronshine China Holdings Ltd	Real Estate	B+	NEG	2021/4/12	B+	STABLE	2019/8/9	S&P	Weak profitability
	Ronshine China Holdings Ltd	Real Estate	BB-	NEG	2021/4/12	BB-	STABLE	2020/4/29	Fitch	Low profitability
Downgrade	Yunnan Energy Investment Group Co Ltd	Energy	BBB-	NEG	2021/4/12	BBB	STABLE	2020/9/22	Fitch	Weaker support from the provincial government
	Yuzhou Group Holdings Co Ltd	Real Estate	BB-	STABLE	2021/4/13	BB	Rating Watch Negative	2021/3/26	Lianhe Global	Significant decrease in the revenue recognition and margin compression
	China Huarong Asset Management Co Ltd	Financials	A3	Rating Watch Negative	2021/4/13	A3	STABLE	2020/12/10	Moody's	Delay in the publication of its 2020 annual results
	China Huarong Asset Management Co Ltd	Financials	A	Rating Watch Negative	2021/4/13	A	STABLE	2020/6/12	Fitch	Delay in the publication of its 2020 annual results

Yestar Healthcare Holdings Co Ltd	Health Care	Caa1	NEG	2021/4/14	B3	NEG	2020/8/12	Moody's	Higher probability of default
Tianjin Rail Transit Group Co Ltd	Chengtou	BBB+	STABLE	2021/4/14	A-	NEG	2021/3/2	Fitch	Tianjin municipality's weaker budgetary performance and increasing debts
Tianjin Binhai New Area Construction & Investment Group Co Ltd	Chengtou	BBB	STABLE	2021/4/14	BBB+	NEG	2020/6/10	Fitch	Tianjin municipality's weaker budgetary performance and increasing debts
China Huarong Financial Leasing Co Ltd	Financials	Baa1	Rating Watch Negative	2021/4/14	Baa1	STABLE	2020/6/16	Moody's	Significant change in parent company's credit profile
China Huarong Financial Leasing Co Ltd, Huarong Leasing Management Hong Kong Co Ltd	Financials	A-	Rating Watch Negative	2021/4/14	A-	STABLE	2020/6/16	Fitch	Parent company's ratings were placed on RWN
Yinchuan Tonglian Capital Investment Operation Co Ltd	Chengtou	BBB-	STABLE	2021/4/15	BBB	STABLE	2020/11/3	Fitch	Weakened support
Huarong Industrial Investment Management Co Ltd	Financials	BBB+	Rating Watch Negative	2021/4/15	BBB+	STABLE	2020/11/4	Fitch	Parent company's ratings were placed on RWN
Wens Foodstuffs Group Co Ltd	Consumer Staples	BBB+	NEG	2021/4/16	BBB+	STABLE	2020/6/12	Fitch	Uncertainty about its hog production recovery in 2021 with ongoing African swine fever outbreaks in China

Domestic Rating:

Downgrade	China Huarong Asset Management Co Ltd	Financials	AAA	NEG	2021/4/14	AAA	STABLE	2020/7/24	CCXI	Delay in the publication of its 2020 annual results
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Sources: Bloomberg, Wind, CCX research

Panda Bond Market: Hengan International issued a SCP

On April 15, Hengan International Group Company Limited (“Hengan International”) issued the second tranche 2021 super & short-term commercial paper in the China Interbank Market. The bond totaled RMB1 billion with a coupon rate of 3.00% and a tenor of 180 days. CCXI assigned AAA rating on the issuer.

As of April 16, there were 11 issuers issuing 18 panda bonds with a total issued amount of RMB27.4 billion and an average coupon rate of 3.55%. 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 5 : New issuance of Panda Bond in 2021 (20210101-20210416)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
Hengan International Group Company Limited	1	3.00	2021/4/15	2021/10/12	0.5	SCP	China Interbank Market	China Chengxin
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 Bond	Shanghai Exchange Market	Shanghai 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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