

2021 Issue 17

From May 10 to May 14

US short-term inflationary pressures increased; Chinese offshore bond issuance rebounded

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Date:

May 19, 2021

Headline: US short-term inflationary pressures increased

The US Department of Labor announced the latest CPI and PPI data which refreshed historical highs, and short-term inflationary pressures were protruding. CPI increased by 4.2% year-on-year in April, setting the fastest growth rate since September 2008; PPI rose 6.2% year-on-year in April, the largest increase since 2010. However, policy-makers of the Fed and some experts believed that the price increase was only temporary.

Exchange Rate: RMB exchange rate declined

Recently, affected by factors such as the increasing expectations on interest rate hike of the Fed and the weakened US dollar index, the RMB exchange rate fluctuated significantly, falling below the 6.5. As of May 14, the intermediate price of RMB exchange rate closed at 6.4525.

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

China Government Bond yields fluctuated, short-term China Government Bond yields rose, the medium- and long-term China Government Bond yields continued to decline. In addition, as the US announced a stronger price index and declining numbers on initial jobless claims, US treasury yields rose. As of May 14, the yield spread between China and US 10-year note was 151.7bp, narrowing by 6.5bp from last Friday and narrowing by 74.8bp from the beginning of the year.

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

From May 10 to May 14, there were 22 new issues with a total issued volume of approximately USD4.7billion. Real estate companies were the key issuers that issued 8 bonds with total issued amount of USD2.4 billion.

Secondary Market: Return on Chinese USD bonds declined except for chengtou bond

As of May 14, the YTD return on Chinese USD corporate bond index fell by 26bp from last Friday to -0.89%. The return on investment-grade bond fell by 32bp to -1.47%, and the return on high-yield bond rose by 12bp to 0.53%. In terms of sector indices, the return on real estate, non-financial and financial bond declined respectively, the return on chengtou bond rose.

Rating Actions: Chinese issuers' credit quality diverged**Panda Bond Market: Yuexiu Transport issued two corporate bonds**

On May 13, Yuexiu Transport Infrastructure Limited ("Yuexiu Transport") issued the phrase two 2021 corporate bond (for professional investors) in the Shanghai Exchange Market. The bond includes two Tranches. Tranche one had a size of RMB1.0 billion, a coupon rate of 3.48% and a tenor of 5 years. Tranche two had a size of RMB500 million, a coupon rate of 3.84% and a tenor of 7 years. CCXI assigned AAA rating on the issuer and the bond.

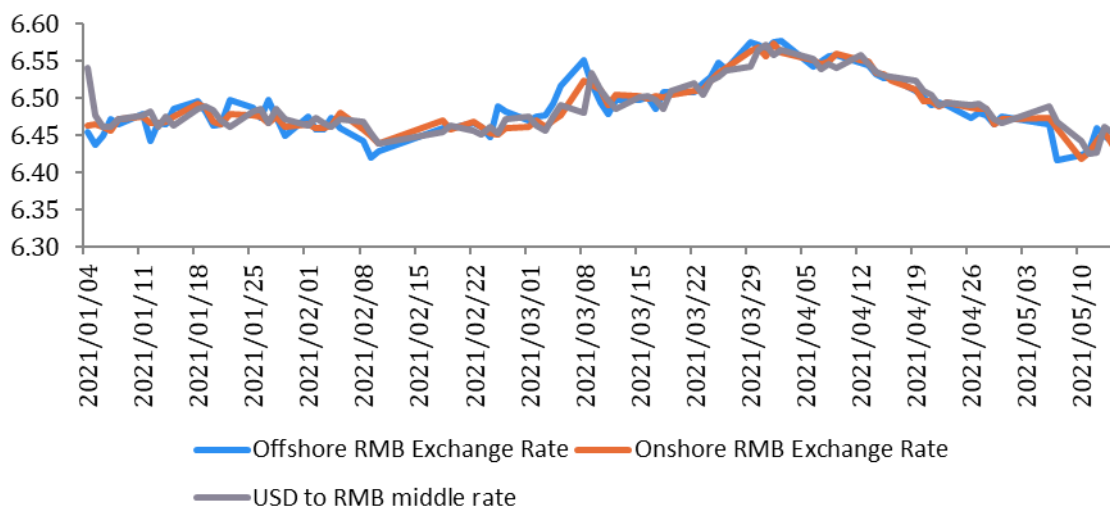
Headline: Short-term inflationary pressures for the US increased

The US Department of Labor announced the latest CPI and PPI data which refreshed historical highs, and short-term inflationary pressures were protruding. The US CPI in April increased by 4.2% year-on-year, setting the fastest growth rate since September 2008; the US PPI rose 6.2% year-on-year, the largest increase since 2010; core PPI in April increased by 4.6% year-on-year, the largest increase since 2014. However, policy-makers of the Fed and some experts believed that the price increase was only temporary, which reflected that the US economy was recovering from the impact of the epidemic, driven by the large-scale vaccination, relaxation of restrictions and trillions of dollars of federal relief programs.

Exchange Rate: RMB exchange rate declined

Recently, affected by factors such as the increasing expectations on interest rate hike of the Fed and the weakened US dollar index, the RMB exchange rate fluctuated significantly, falling below the 6.5. As of May 14, the intermediate price of RMB exchange rate closed at 6.4525, down 153bp from last Friday; the onshore RMB exchange rate closed at 6.4347, down 242bp; the offshore RMB exchange rate rose 240bp to 6.4399.

Figure 1 : RMB exchange rate

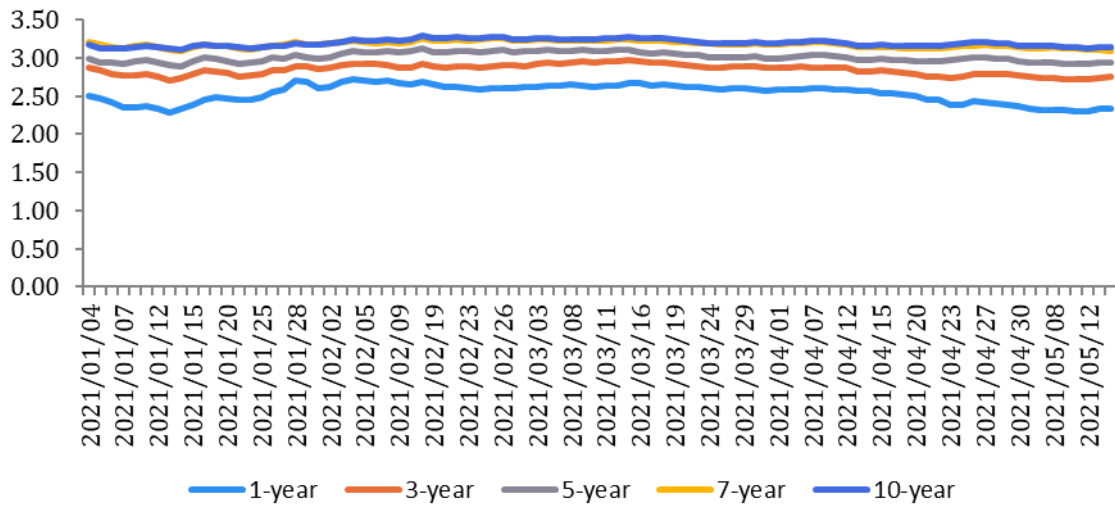


Sources: Wind, CCX research

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

China Government Bond yields continued to fluctuate, and the medium- and long-term China Government Bond yields continued to rise. As of May 14, the 1-year, 3-year Government Bond yields fluctuated upward from last Friday, closing at 2.3300% and 2.7475%. 5-year, 7-year and 10-year Government Bond yields fluctuated downward from last Friday, closing at 2.9367%, 3.0901% and 3.1422%, respectively.

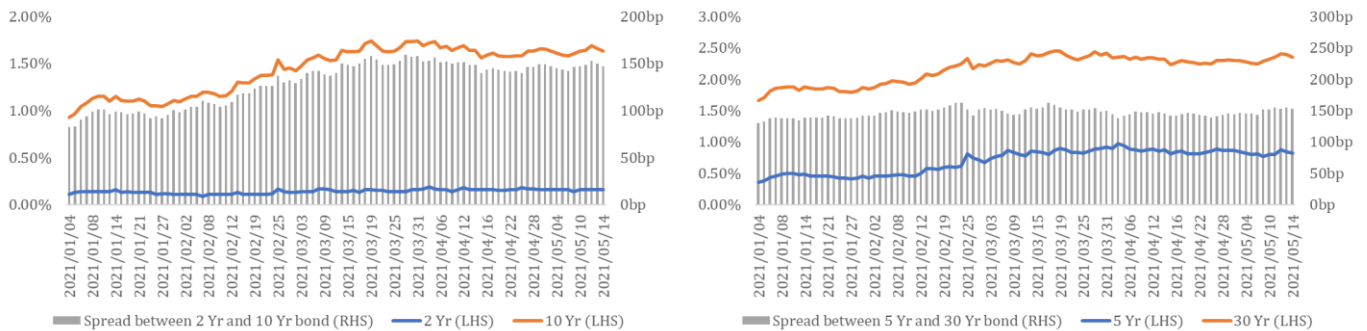
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

The US announced a stronger price index and declining numbers on initial jobless claims, US treasury yield rose. As of May 14, the 2-year, 5-year, 10-year and 30-year Treasury yields closed at 0.16%, 0.82%, 1.63% and 2.35%, increasing by 2bp, 5bp, 3bp and 7bp from last Friday. In terms of Treasury yield spreads, the spread between the 2-year and 10-year widened by 1bp to 147bp, while the spread between the 5-year and 30-year widened by 2bp to 153bp.

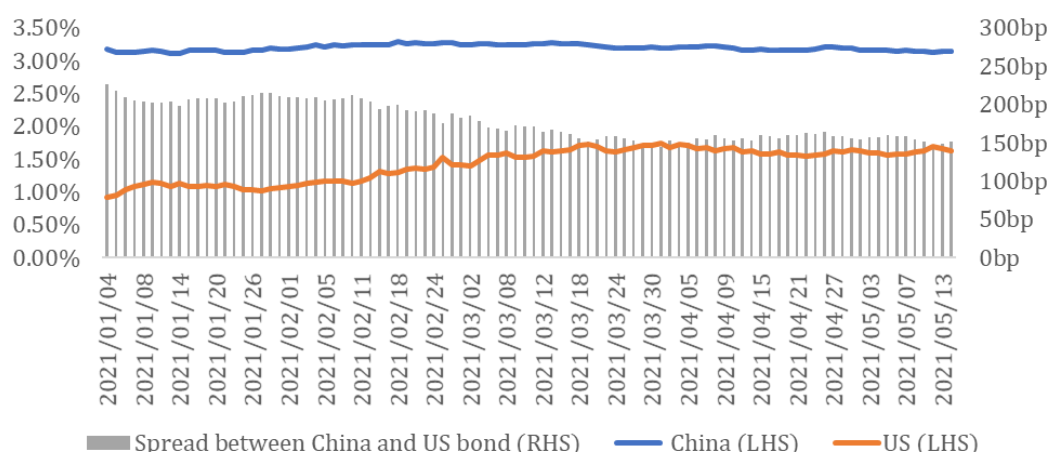
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of May 14, the yield spread between China and US 10-year note was 151.7bp, narrowing by 6.5bp from last Friday and narrowing by 74.8bp 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 issuance rebounded

From May 10 to May 14, there were 22 new issues with a total issued volume of approximately USD4.74 billion. Real estate companies were the key issuers that issued 8 bonds with a total issued amount of USD2.41 billion.

Table 1 : New issuance of Chinese offshore bonds (20210510-20210514)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/5/10	Agile Group Holdings Ltd	USD	300	5.5	2026/5/17	5	Real Estate	Ba2/BB/-	-/BB/-
2021/5/10	KWG Group Holdings Ltd	USD	378	6	2026/8/14	5.3	Real Estate	B1/B+/BB-	-/BB-
2021/5/10	CIFI Holdings Group Co Ltd	USD	350	4.45	2026/8/17	5.3	Real Estate	Ba2/BB/BB	Ba3/BB/-
2021/5/10	CIFI Holdings Group Co Ltd	USD	150	4.8	2028/5/17	7	Real Estate	Ba2/BB/BB	Ba3/BB/-
2021/5/10	Guotai Junan International Holdings Ltd	USD	50	0.8	2021/11/17	184D	Financials	Baa2/BBB+/-	-/-
2021/5/10	Guotai Junan International Holdings Ltd	HKD	150	0.75	2022/5/16	364D	Financials	Baa2/BBB+/-	-/-
2021/5/10	CITIC Securities International Co Ltd	USD	21	0	2021/11/18	188D	Financials	-/BBB+/-	-/-
2021/5/10	Zhongliang Holdings Group Co Ltd	USD	300	8.5	2022/5/19	364D	Real Estate	B1/B+/B+	-/B+
2021/5/11	Fosun International Ltd	USD	500	5	2026/5/18	5	Consumer Discretionary	Ba3/BB/-	-/BB/-
2021/5/11	Yanlord Land Group Ltd	USD	500	5.125	2026/5/20	5	Real Estate	Ba2/BB/-	Ba3/-/-
2021/5/11	China Water Affairs Group Ltd	USD	200	4.85	2026/5/18	5	Utilities	Ba1/BB+/-	Ba1/BB+/-
2021/5/11	Hopson Development Holdings Ltd	USD	300	7	2024/5/18	3	Real Estate	B2/B/B+	-/B+
2021/5/11	Haitong International Securities Group Ltd	USD	300	2.125	2026/5/20	5	Financials	Baa2/BBB/-	Baa2/-/-
2021/5/11	Agricultural Bank of China Ltd/London	USD	300	0.8	2024/5/18	3	Banks	A1/A/A	A1/-/-
2021/5/11	Jiayuan International Group Ltd	USD	130	11	2024/2/17	2.8	Real Estate	B2/B/B	B3/-/-
2021/5/11	Nanjing Pukou Economic	USD	100	2.2	2022/5/17	364D	Chengtou	Ba2/BB/-	-/-

Development Co Ltd

2021/5/12	China Railway Construction Corp Ltd	USD	300	1.875	2026/5/20	5	Industrials	A3/A-/-	-/A-/-
2021/5/12	China Railway Construction Corp Ltd	EUR	300	0.875	2026/5/20	5	Industrials	A3/A-/-	-/A-/-
2021/5/12	Guotai Junan International Holdings Ltd	HKD	650	0.8	2021/11/17	183D	Financials	Baa2/BBB+/-	-/-/-
2021/5/12	Guotai Junan International Holdings Ltd	HKD	150	0.75	2021/11/18	184D	Financials	Baa2/BBB+/-	-/-/-
2021/5/12	Changzhou Jinling Investment Group Company Ltd	USD	50	2.8	2022/5/16	364D	Chengtou	-/-/-	-/-/-
2021/5/13	CITIC Securities International Co Ltd	USD	31	0	2022/5/17	364D	Financials	-/BBB+/-	-/-/-

Sources: Bloomberg, CCX research

On May 11, Country Garden Holdings Co Ltd announced tap bond offering.

Table 2 : Tap bond offering (20210510-20210514)

Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/ Fitch)	Issue Rating (Moody's/S&P/ Fitch)
2021/5/11	Country Garden Holdings Co Ltd	USD	10 (reoffered 5)	3.125	2025/10/22	5	Real estate	Baa3/BB+/BBB-	Baa3/-/BBB-

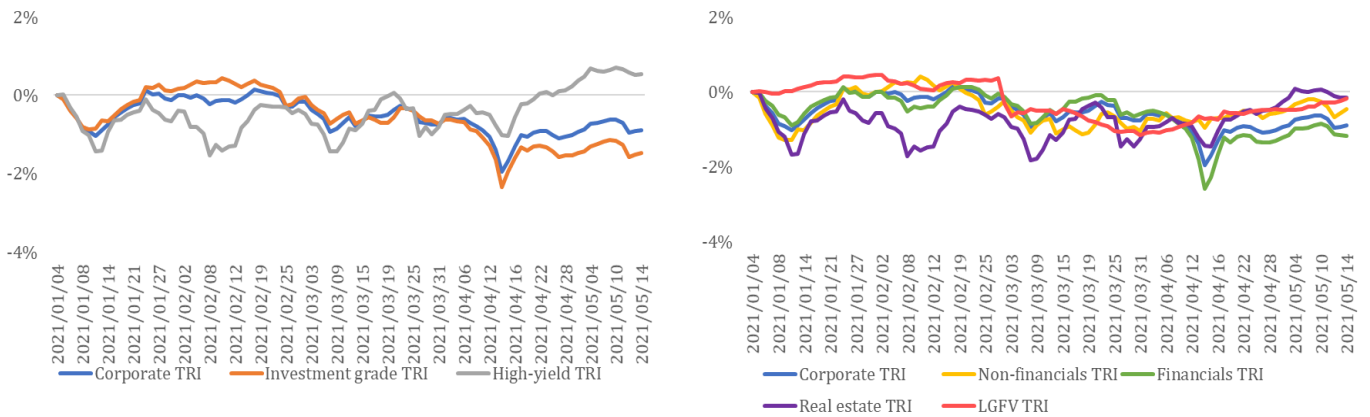
Sources: Bloomberg, CCX research

Secondary Market: Return on Chinese USD bonds declined except for chengtou bond

As of May 14, the YTD return¹ on Chinese USD corporate bond index fell by 26bp from last Friday to -0.89%. The return on investment-grade bond fell by 32bp to -1.47%, and the return on high-yield bond fell by 12bp to 0.53%. In terms of sector indices, the return on real estate bond, non-financial bond and financial bond was -0.15%, -0.45% and -1.17%, decreasing by 20bp, 25bp and 27bp from last Friday; the return on chengtou bond rose by 20bp to -0.18%.

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

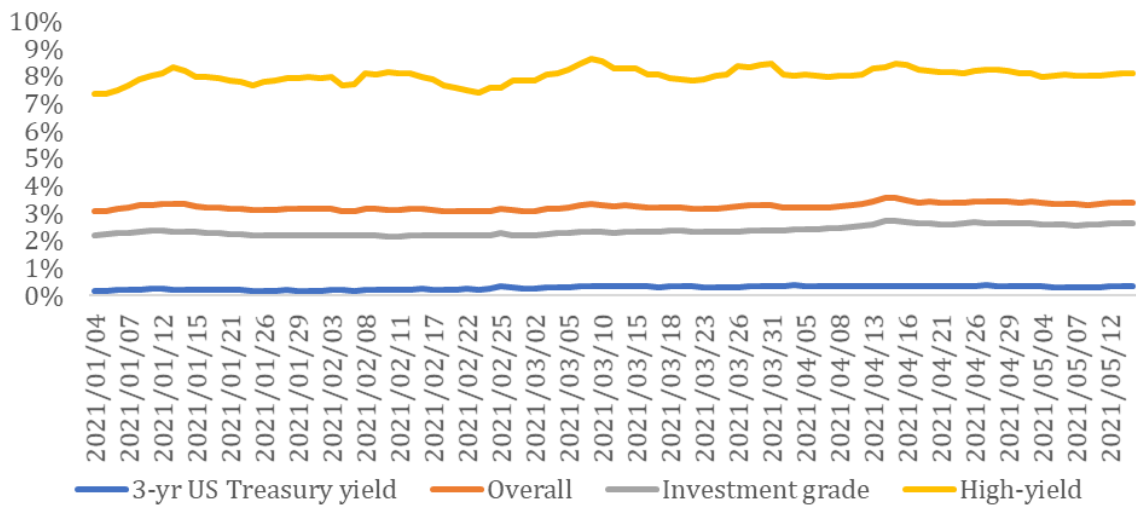
Figure 5 : YTD return on Market IBoxx Chinese USD bond index



Sources: Bloomberg, CCX research

As of May 14, the yield-to-worst of Chinese dollar bonds rose by 7bp to 3.38% from last Friday, of which investment grade bond index rose by 6bp to 2.61% and high-yield bond index rose by 10bp to 8.11%.

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



Sources: Bloomberg, CCX research

Rating Actions: Chinese issuers' credit quality diverged

From May 10 to May 14, the rating agencies took positive rating actions on 2 Chinese issuers, and took negative rating actions on 3 Chinese issuers.

Table 3 : Credit rating changes of cross-border bond market (20210510-20210514)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	Shenzhen Rural Commercial Bank Co Ltd	Financials	Baa3	STABLE	2021/5/12	Baa3	NEG	2020/4/9	Moody's	Capitalization will improve
	Zijin Mining Group Co Ltd	Materials	BB+	POS	2021/5/13	BB+	STABLE	2020/7/20	Fitch	Expectation of strong profitability to be maintained
Downgrade	Greenland Holding Group Co Ltd	Real Estate	BB	STABLE	2021/5/11	BB	POS	2019/10/11	S&P	Narrower Funding Channels
	Skyfame Realty Holdings Ltd	Real Estate	B-	NEG	2021/5/12	B-	STABLE	2020/5/31	Fitch	Weakened liquidity position
	SF Holding Co Ltd	Industrials	A-	NEG	2021/5/13	A-	Rating Watch Negative	2021/2/11	S&P	Heavy investment and falling margins

Sources: Bloomberg, Wind, CCX research

Panda Bond Market: Yuexiu Transport issued two corporate bonds

On May 13, Yuexiu Transport Infrastructure Limited (“Yuexiu Transport”) issued the phrase two 2021 corporate bond (for professional investors) in the Shanghai Exchange Market. The bond includes two Tranches. Tranche one had a size of RMB1.0 billion, a coupon rate of 3.48% and a tenor of 5 years. Tranche two had a size of RMB500 million, a coupon rate of 3.84% and a tenor of 7 years. CCXI assigned AAA rating on the issuer and the bond.

As of May 14, there were 12 issuers that issued 25 panda bonds with a total issued amount of RMB35.9 billion and an average coupon rate of 3.54%. 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 (20210101-20210514)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
Yuexiu Transport Infrastructure Limited	0.5	3.84	2021/5/13	2028/5/13	7	Corporate Bond	Shanghai Exchange Market	China Chengxin
Yuexiu Transport Infrastructure Limited	1	3.48	2021/5/13	2026/5/13	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
Hengan International Group Company Limited	1	2.90	2021/4/26	2021/10/23	0.5	SCP	China Interbank Market	China Chengxin
Beijing Enterprises Water Group Limited	1.5	3.98	2021/4/23	2029/4/23	8	MTN	China Interbank Market	Shanghai Brilliance Rating
China Power International Development Limited	2	3.54	2021/4/23	2024/4/23	3	MTN	China Interbank Market	China Chengxin
GLP China Holdings Limited	1.5	4.40	2021/4/22	2026/4/22	5	Corporate Bond	Shanghai Exchange	Shanghai Brilliance

							Market	Rating
China Mengniu Dairy Company Limited	1	2.50	2021/4/19	2021/6/25	0.18	SCP	China Interbank Market	China Chengxin
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	2026/1/28	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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