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From June 7 to June 11

World Bank raised global growth forecast; high-yield real estate dollar bonds were under pressure

Authors

CCXI Overseas Business Department

Mia Zhu 010-66428877-570

llzhu@ccxi.com.cn

Lina Wang 010-66428877-451

jlwang@ccxi.com.cn

CCXAP

Olivia Feng 852-28607132

olivia_feng@ccxap.com

Vincent Tong 852-28607125

vincent_tong@ccxap.com

Other Contact

Elle Hu 852-28607120

elle_hu@ccxap.com

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Headline: World Bank raised global forecast to 5.6%

On June 8, the World Bank released the latest "Global Economic Outlook" report, which raised the global growth forecast by 1.5 percentage points to 5.6% for 2021, indicating the strongest economic rebound in 80 years. The report predicts that emerging markets and developing economies will grow 6% this year. Among them, China's economy is expected to grow 8.5%, higher than the previous estimate of 7.9%; the developed economies will grow 5.4%, of which the US and Eurozone are expected to increase by 6.8% and 4.2% respectively. However, the global economic output will only grow about 2% by the end of this year, lower than the bank's pre-epidemic projections.

Exchange Rate: RMB exchange rate fluctuated slightly

The RMB exchange rate fluctuated slightly. As of June 11, the intermediate price of RMB exchange rate closed at 6.3856.

Interest Rate: China Government Bond yields rose; US Treasury yields continued to decline

Affected by domestic liquidity, China Government Bond yields rose recently, bond market was in an adjustment stage. On the other hand, the US Treasury yields generally declined as the market's expectation for inflation fell. As of June 11, the yield spread between China and US 10-year note was 167.6bp, widening by 13.7bp from last Friday and narrowing by 58.9bp from the beginning of the year.

Chinese Offshore Bond Market**Primary Market: Chinese offshore bond issuers remained active**

From June 7 to June 11, there were 19 new issues with a total issued volume of USD4.4 billion. Financial institutions were the largest issuers that raised 13 tranches of bonds totaled USD3.2 billion.

Secondary Market: High-yield real estate dollar bonds were under pressure

As of June 11, the YTD return on Chinese USD corporate bond index rose by 2bp from last Friday to -0.56%. The return on investment-grade bond rose by 33bp to -0.54%, and the return on high-yield bond dropped by 74bp to -0.62%. In terms of sector indices, the return on real estate bond fell the most.

Rating Actions: Chinese issuers' credit quality diverged**Panda Bond Market: GLP issued a new corporate bond**

On June 11, GLP China Holdings Limited issued 2021 corporate Bond (Series 5) in the Shanghai Exchange Market. The bond totaled RMB2.0 billion with a coupon rate of 2.65% and a tenor of 5 years.

Headline: World Bank raised global growth forecast to 5.6%

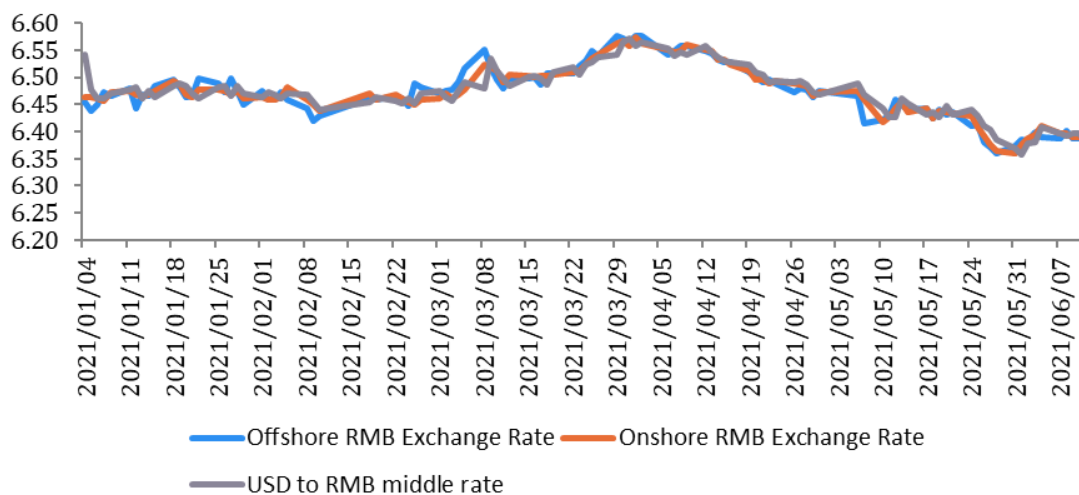
On June 8, the World Bank released the latest "Global Economic Outlook" report, which raised the global growth forecast to 5.6% for 2021. The bank expects that the latest global economic growth forecast will be 1.5 percentage points higher than the January forecast, supported by the strong rebound of a few major economies, which will become the strongest rebound after the global recession over the past 80 years. However, the bank also expects the global economic output to only grow about 2% by the end of this year, lower than its pre-epidemic projections.

The report predicts that, underpinned by rising demand and rising commodity prices, emerging markets and developing economies will grow 6% this year; among them, China's economy is expected to grow 8.5%, higher than the previous estimate of 7.9%. This is mainly due to China's active exports and the gradual economic recovery expanding from public investment to the consumer sector. The developed economies will grow 5.4%, of which the US and Eurozone are expected to increase by 6.8% and 4.2% respectively. The report also shows that in view of the uneven progress of COVID-19 vaccination and the reversed poverty reduction gains, low-income economies are expected to grow slowly to 2.9% this year, highlighting the extremely uneven global economic recovery.

Exchange Rate: RMB exchange rate fluctuated slightly

This week, The RMB exchange rate fluctuated slightly. As of June 11, the intermediate price of RMB exchange rate closed at 6.3856, downward 216bp from last Friday; the onshore RMB exchange rate decreased by 178bp to 6.3914; the offshore RMB exchange rate increased by 61bp to 6.3963.

Figure 1 : RMB exchange rate



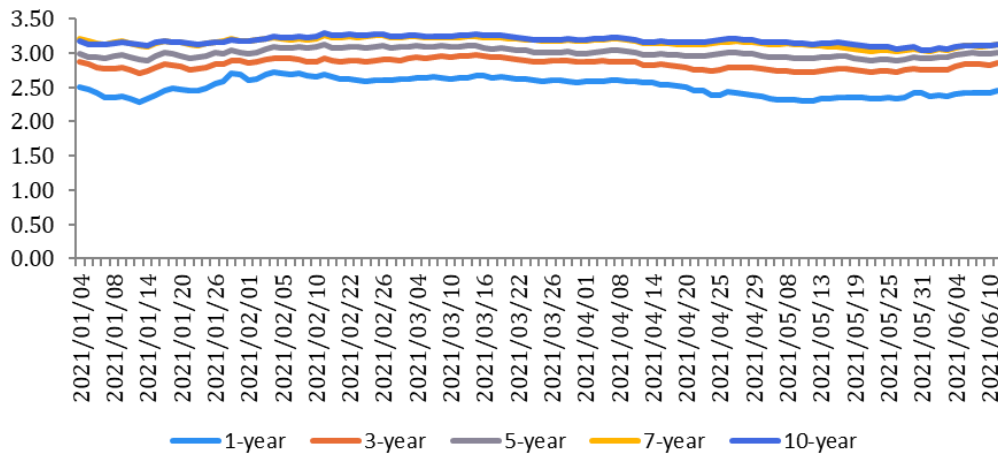
Sources: Wind, CCX research

Interest Rate: China Government Bond yields rose; US Treasury yields generally declined

Affected by domestic liquidity, China Government Bond yields rose recently. As of June 11, the 1-year, 3-year, 5-year, 7-year and 10-year Government Bond yields fluctuated upward from last

Friday and closed at 2.4459%, 2.8485%, 3.0085% 3.1229% and 3.1276%, respectively.

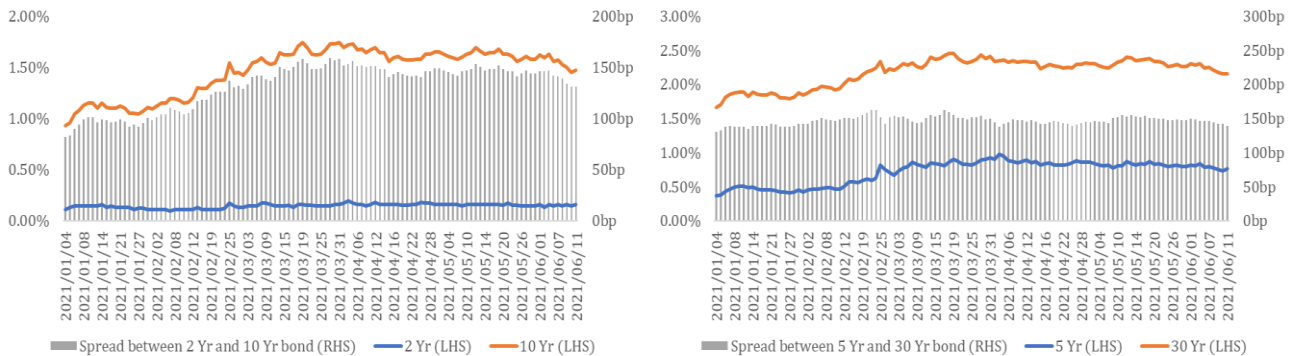
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

The US Treasury yields generally declined as market’s expectation for inflation fell. As of June 11, the 2-year Treasury yield closed at 0.16%, 2bp upward from last Friday. 5-year Treasury yield closed at 0.76%, 10-year Treasury yield closed at 1.47%, 30-year Treasury yield closed at 2.15%, decreasing by 2bp, 9bp, and 9bp from last Friday, respectively. In terms of Treasury yield spreads, the spread between the 2-year and 10-year tightened by 11bp to 131bp, while the spread between the 5-year and 30-year tightened by 7bp to 139bp.

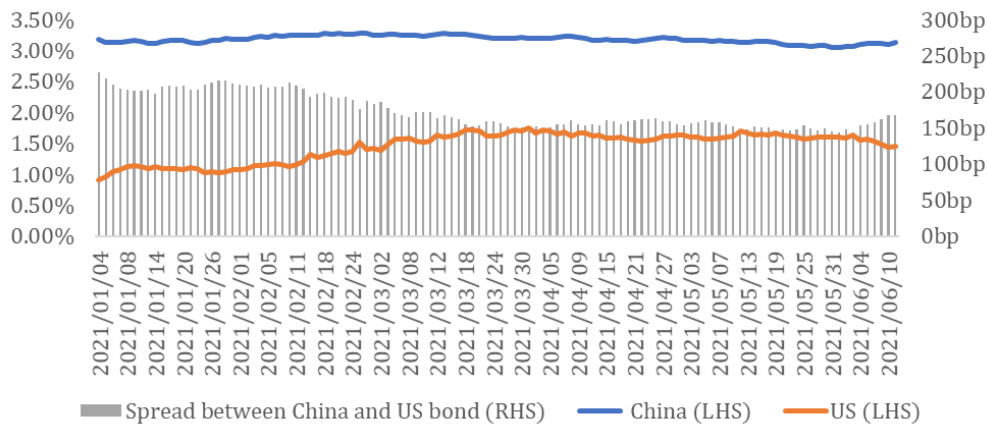
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of June 11, the yield spread between China and US 10-year note was 167.6bp, widening by 13.7bp from last Friday and tightening by 58.9bp 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 remained active

From June 7 to June 11, there were 19 new issues with a total issued volume of USD4.4 billion. Financial institutions were the largest issuers that raised 13 tranches of bonds totaled USD3.2 billion.

Table 1 : New issuance of Chinese offshore bonds (20210607-20210611)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/6/7	Fujian Yango Group Co Ltd	USD	90	4	2024/6/10	3	Real Estate	-/-/-	-/-/-
2021/6/7	Ninghai City Investment Group Co Ltd	USD	100	3.48	2024/6/15	3	Chengtou	-/-/-	-/-/-
2021/6/7	Shenwan Hongyuan HK Ltd	USD	50	1	2022/6/10	364D	Financials	-/-/-	-/-/-
2021/6/7	Guotai Junan International Holdings Ltd	HKD	250	0.8	2022/6/15	364D	Financials	Baa2/BBB+/-	-/-/-
2021/6/7	Guotai Junan International Holdings Ltd	USD	68	0.76	2022/1/15	214D	Financials	Baa2/BBB+/-	-/-/-
2021/6/7	Guotai Junan International Holdings Ltd	HKD	200	0.95	2022/6/14	364D	Financials	Baa2/BBB+/-	-/-/-
2021/6/7	Huatai International Financial Holdings Limited	USD	7	0	2024/6/18	3	Financials	-/BBB/-	-/-/-
2021/6/7	Huatai International Financial Holdings Limited	USD	4	0	2024/6/18	3	Financials	-/BBB/-	-/-/-
2021/6/8	China Everbright Bank Co Ltd/Hong Kong	USD	600	0.839	2024/6/15	3	Banks	Baa2/BBB+/BBB	-/BBB+/BBB
2021/6/8	Pharmaron Beijing Co Ltd	USD	300	0	2026/6/18	5	Health Care	-/-/-	-/-/-
2021/6/8	Pharmaron Beijing Co Ltd	CNY	1,916	0	2026/6/18	5	Health Care	-/-/-	-/-/-
2021/6/8	Golden Wheel Tiandi Holdings Co Ltd	USD	145	16	2023/7/11	2	Real Estate	B3/-/-	B3/-/-
2021/6/9	Agricultural Bank of China Ltd/Hong Kong	USD	500	0.7	2024/6/17	3	Banks	A1/A/A	A1/-/-
2021/6/9	Agricultural Bank of China Ltd/Hong Kong	USD	500	1.25	2026/6/17	5	Banks	A1/A/A	A1/-/-

2021/6/9	Agricultural Bank of China Ltd/Hong Kong	HKD	2,500	0.5	2023/6/17	2	Banks	A1/A/A	A1/-/-
2021/6/9	CNCB Hong Kong Investment Ltd	USD	200	1.44163	2022/6/15	364D	Financials	-/-/-	-/-/-
2021/6/10	Bank of Communications Financial Leasing Co Ltd	USD	500	1.125	2024/6/18	3	Financials	A2/A-/A	A3/A-/A
2021/6/10	Industrial & Commercial Bank of China Ltd/Sydney	AUD	500	3M BBSW+66	2026/6/18	5	Banks	A1/A/A	-/-/-
2021/6/10	Ganzhou Jiankong Investment Holding Group Co Ltd	USD	270	3.4	2024/6/18	3	Chengtou	-/-/-	-/-/-

Sources: Bloomberg, CCX research

On June 8, Kaisa Group announced tap bond offering.

Table 2 : Tap bond offering (20210607-20210611)

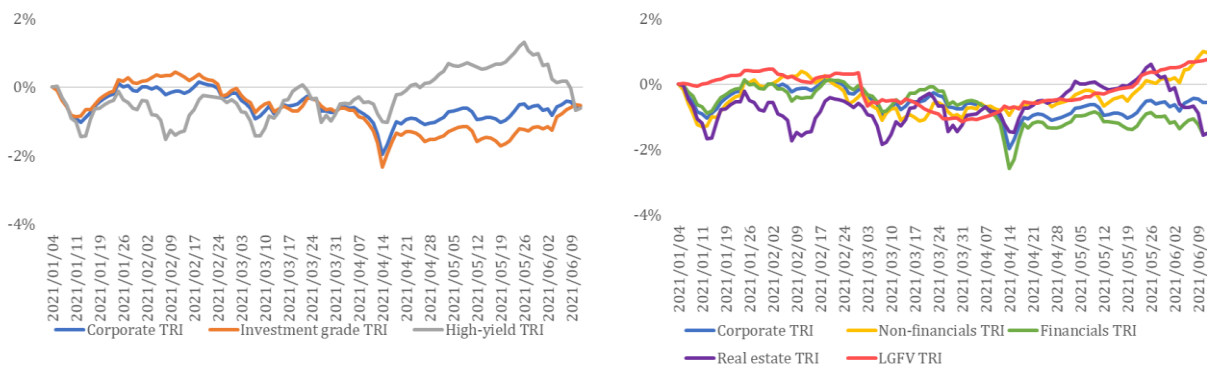
Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/6/8	Kaisa Group Holdings Ltd.	USD	980 (reoffered 280)	9.75	2023/9/28	3.2	Real estate	B1/B/B	B2-/B

Sources: Bloomberg, CCX research

Secondary Market: High-yield real estate USD bonds were under pressure

As of June 11, the YTD return¹ on Chinese USD corporate bond index rose by 2bp from last Friday to -0.56%. The return on investment-grade bond rose by 33bp to -0.54%, and the return on high-yield bond dropped by 74bp to 0.62%. In terms of sector indices, the return on real estate bonds fell the most, decreasing by 77bp to -1.49% from last Friday. The return on financial bonds decreased by 30bp to -1.50%. The returns on non-financial bonds and Chengtou bonds were 0.97% and 0.77%, increasing by 53bp and 18bp.

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

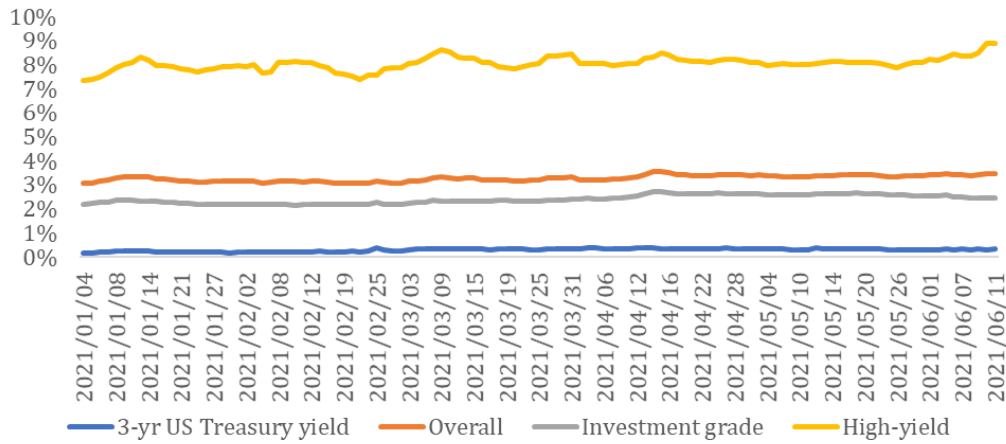


Sources: Bloomberg, CCX research

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

As of June 11, the yield-to-worst of Chinese dollar bonds rose by 6bp to 3.48% from last Friday, of which investment grade bond index dropped by 7bp to 2.43% and high-yield bond index rose by 45bp to 8.88%.

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



Sources: Bloomberg, CCX research

Rating Actions: Chinese issuers' credit quality diverged

From June 7 to June 11, the rating agencies took positive rating actions on 3 Chinese issuer, and took negative rating actions on 5 Chinese issuers.

Table 3 : Credit rating changes of cross-border bond market (20210607-20210611)

	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+	POS	2021/6/9	B	POS	2020/10/14	Fitch	Material improvement in leverage
	Beijing Automotive Group Co Ltd	Consumer Discretionary	BBB	STABLE	2021/6/11	BBB	NEG	2020/6/23	S&P	Financial support from the Beijing government will help BAG lower its debt in 2021-2022
	Weichai Power Co Ltd	Industrials	BBB+	STABLE	2021/6/11	BBB	POS	2019/11/18	S&P	Enhanced business strength and enough financial buffer
Downgrade	China Aoyuan Group Ltd	Real Estate	BB	NEG	2021/6/7	BB	STABLE	2020/10/30	Fitch	Aoyuan's proportional consolidated leverage exceeded the negative rating trigger
	Guangzhou Rural Commercial Bank Co Ltd	Banks	Baa3	STABLE	2021/6/11	Baa2	Rating Watch Negative	2021/3/19	Moody's	Reduced profitability, asset quality decline

	Kunming Municipal Urban Construction Investment & Development Co Ltd	Chengtou	Ba2	STABLE	2021/6/11	Ba1	NEG	2020/12/28	Moody's	Limited financing channels
Domestic Rating:										
downgrade	Evergrande Real Estate Group Ltd	Real Estate	AAA	Rating Watch Negative	2021/6/9	AAA	STABLE	2021/4/12	CCXI	Delayed payment on commercial notes and the scale of debt will remain at a very high level
	Sichuan Languang Development Co Ltd	Real Estate	AA	NEG	2021/6/10	AAA	NEG	2021/6/3	Dagong	Large-scale short-term debt

Sources: Bloomberg, Wind, CCX research

Panda Bond Market: GLP issued a new corporate bond

On June 11, GLP China Holdings Limited (“GLP China”) issued 2021 corporate Bond (Series 5) in the Shanghai Exchange Market. The bond totaled RMB2.0 billion with a coupon rate of 2.65% and a tenor of 5 years.

As of June 11, there were 13 issuers that issued 30 panda bonds with a total issued amount of RMB43.9 billion and an average coupon rate of 3.53%. About 60% of the bonds had a tenor of 3 years or above and about 70% of the bonds were issued in the China Interbank Market.

Table 4 : New issuance of Panda Bond in 2021 (20210101-20210611)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
GLP China Holdings Limited	2	4.30	2021/6/11	2026/6/11	5	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Traditional Chinese Medicine Holdings Co. Limited	1	2.65	2021/5/31	2022/2/25	0.74	SCP	China Interbank Market	--
Hengan International Group Company Limited	1	2.90	2021/5/25	2021/11/23	0.5	CP	China Interbank Market	China Chengxin
Daimler International Finance BV	2	3.77	2021/5/21	2024/5/21	3	PPN	China Interbank Market	--
Daimler International Finance BV	2	3.60	2021/5/21	2023/5/21	2	PPN	China Interbank Market	--
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	Shanghai	Shanghai

						Bond	Exchange Market	Brilliance 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
SHC 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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中诚信国际信用评级有限责任公司

地址：北京市东城区朝阳门内大街
南竹竿胡同 2 号银河 SOHO6 号楼
邮编：100020
电话：(8610) 6642 8877
传真：(8610) 6642 6100
网址：<http://www.ccxi.com.cn>

China Chengxin International Credit Rating Co., Ltd
Address: Building 6, Galaxy SOHO,
No.2 Nanzhugan hutong, Chaoyangmennei Avenue,
Dongcheng district, Beijing, 100020
Tel: (8610) 6642 8877
Fax: (8610) 6642 6100
Website: <http://www.ccxi.com.cn>



中国诚信(亚太)信用评级有限公司

地址：香港中环康乐广场 1 号
怡和大厦 19 楼 1904-1909 室
电话：(852) 2860 7111
传真：(852) 2868 0656
网址：<http://www.ccxap.com>

China Chengxin (Asia Pacific) Credit Ratings Company Limited
Address: Suites 1904-1909, 19/F, Jardine House,
1 Connaught Place, Central, Hong Kong
Tel: (852) 2860 7111
Fax: (852) 2868 0656
Website: <http://www.ccxap.com>