

2023 Issue 8 From February 27 to March 3

Chinese offshore bond new issuance increased; return on Chinese USD bond rose

Headline: China's official manufacturing sector hit its highest since April 2012, US manufacturing PMI increased in February

In February, China's Purchase Manager's Index (PMI) was 52.6 and the former value was 50.1, which was the highest value since April 2012. US ISM Manufacturing index rose to 47.7, the first time in the past six months to improve, but still under contraction.

Exchange Rate: RMB depreciated, USD index decreased

This week, RMB continued to depreciate. As of March 3, the RMB/USD middle rate closed at 6.9117, increasing by 175bp from last Friday. The USD index decreased by 0.7% to 104.521 from last Friday.

Interest Rate: China Government Bond yields were flat, and US Treasury yields increased

This week, the China Government Bond yields was flat. As of March 3, the 1-year, 3-year, 5-year, 7-year and 10-year China Government Bond yields were 2.3230%, 2.5672%, 2.7387%, 2.8719% and 2.9026% respectively, the 1-year increasing by 3bp and 10-year decreasing by 1bp from last Friday.

Chinese Offshore Bond Market

Primary Market: Chinese offshore bond new issuance increased

From February 27 to March 3, there were 71 new issues with total issued volume of USD4.6 billion, increasing by 8.3% from last week. Among them, Financial Institutions were the main issuers, who issued bonds with a total size of about USD3.6 billion.

Secondary Market: Return on Chinese USD bond rose

As of March 3, the YTD return on Chinese USD corporate bond index increased by 13bp to 2.08% from last Friday, of which the return on investment-grade bonds increased by 10bp to 1.25%, and the return on high-yield bonds increased by 34bp to 6.94%.

Rating Action: CCXAP assigns long-term credit ratings to one entity

On February 28, CCXAP assigned long-term credit ratings to JZSI.



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Headline: China's official manufacturing sector hit its highest since April 2012, US manufacturing PMI increased in February

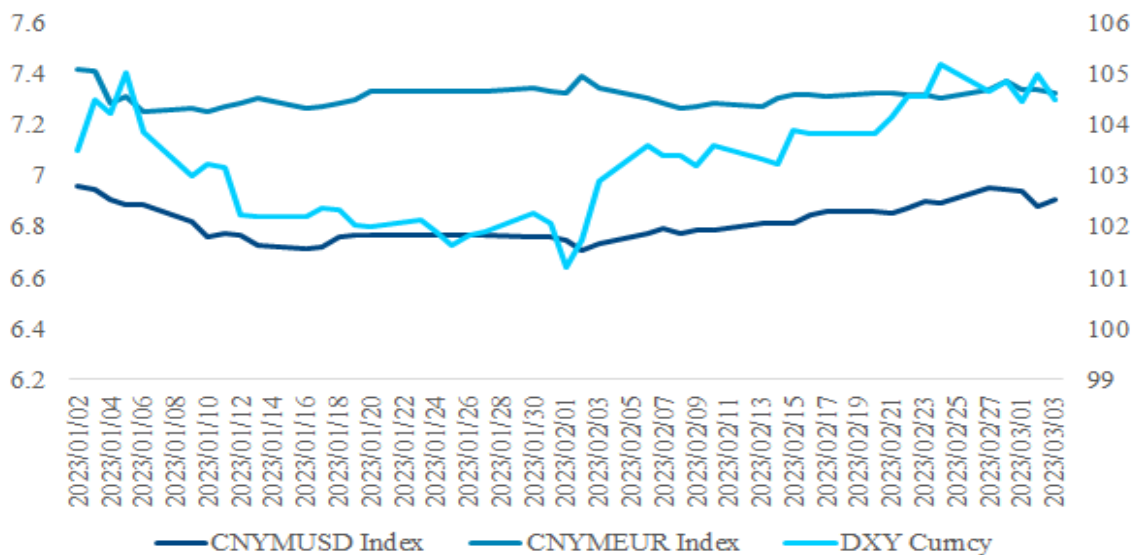
On March 1, according to National Bureau of Statistics of China, China's Purchase Manager's Index (PMI) in February was 52.6 and the former value was 54.4, increasing by 2.5 percentage points and the highest value since April 2012. The official non-manufacturing PMI was 56.3 and the previous value was 54.4. Non-manufacturing business activity index and composite PMI were 56.3% and 56.4% last week, increasing by 1.9 and 3.5 percentage points compared to last month. Three indexes were in the expansion stage in the past two months.

On March 1, according to the date released by ISM, US ISM manufacturing index rose to 47.7 in February, the first time in the past six months to improve, but still under contraction. Previous January's data was the lowest value from May 2020. The price payment index rebounded significantly, reflecting inflation pressure.

Exchange Rate: RMB depreciated, USD index decreased

This week, RMB depreciated. As of March 3, the RMB/USD middle rate closed at 6.9117, increasing by 175bp from last Friday; the RMB/EUR middle rate closed at 7.3267, increasing by 197bp from last Friday. The USD index decreased by 0.7% to 104.521 from last Friday.

Figure 1: RMB exchange rate



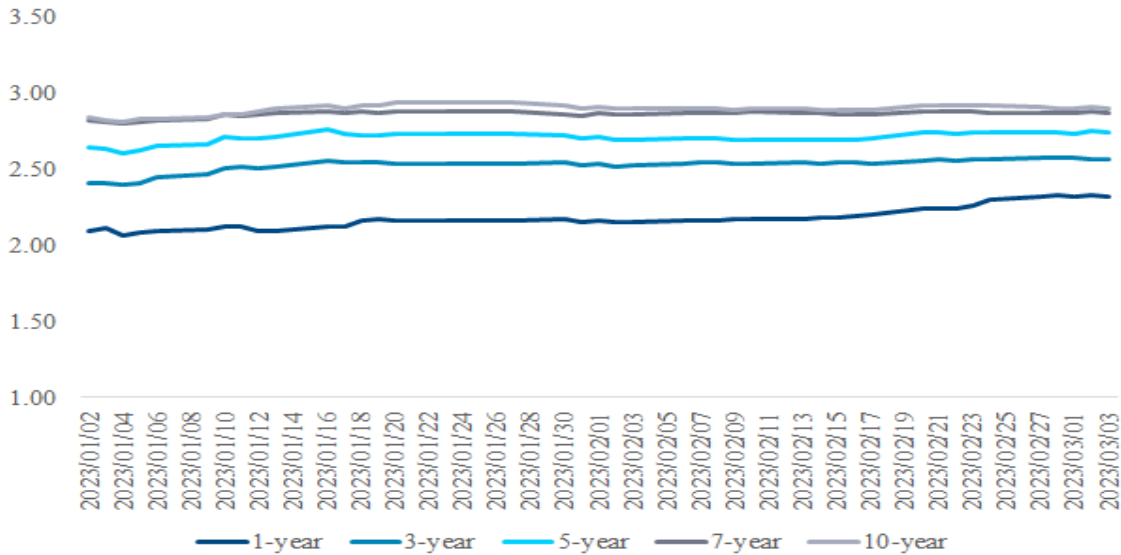
Sources: CCXAP research

Interest Rate: China Government Bond yields were flat and US Treasury yields increased

This week, the China Government Bond yields were flat. As of March 3, the 1-year China Government Bond yields were 2.3230%, increasing by 3bp from last Friday. 3-year, 5-year and 7-years China

Government Bond yields were 2.5672%, 2.7387% and 2.8719% respectively, flat from last Friday. 10-year China Government Bond yields was 2.9026%, narrowing by 1bp from last Friday.

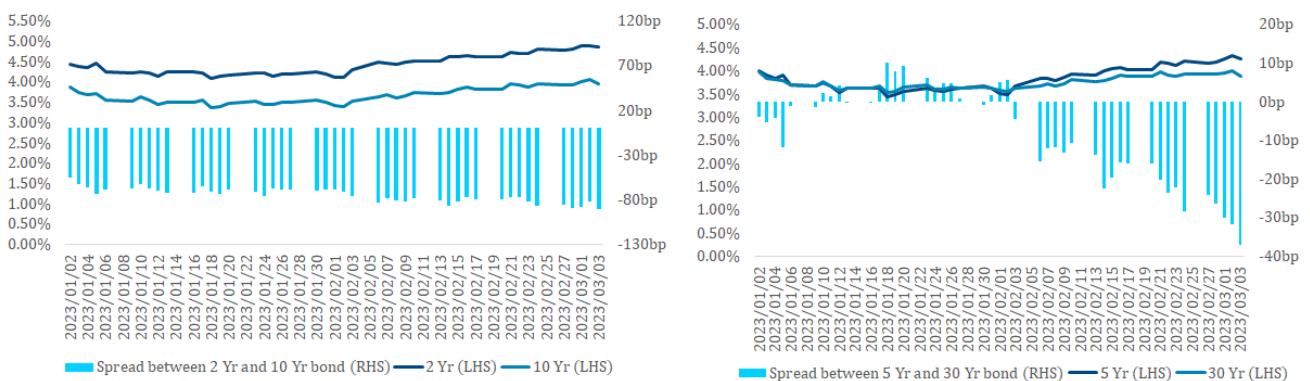
Figure 2: China Government Bond yields



Sources: CCXAP research

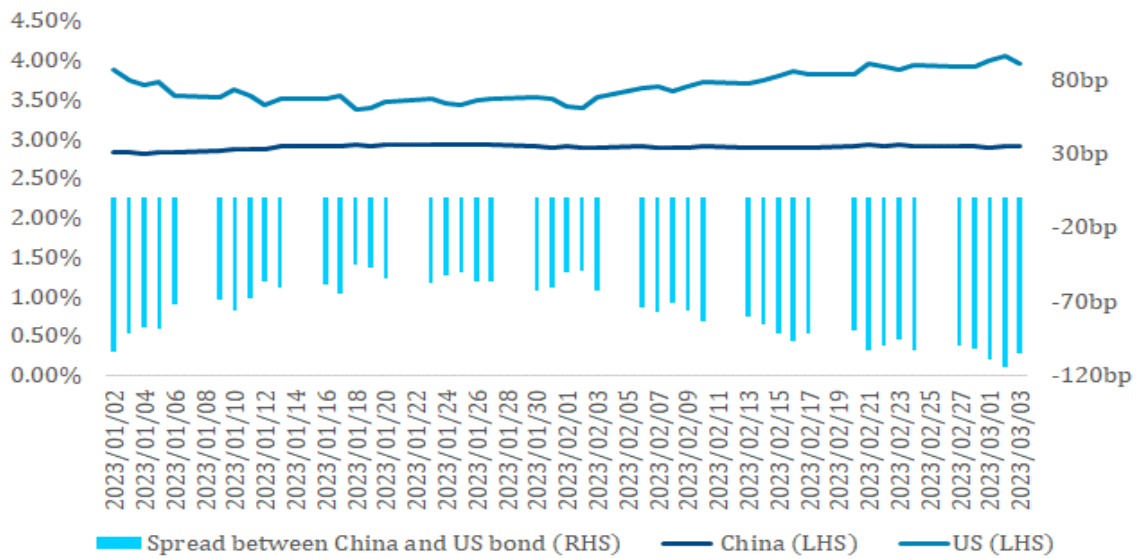
US ISM manufacturing index increased in February and US Treasury yields increased. As of March 3, the 2-year, 5-year, and 10-year US Treasury yields were 4.8565%, 4.2457%, and 3.9517%, increasing by 4bp, 3bp and 1bp from last Friday, respectively. 30-year US Treasury yield was 3.8757%, decreasing by 6bp from last Friday. In terms of US Treasury bond spreads, the spread between 2-year and 10-year Treasury bonds widened by 3bp to -90.5bp from last Friday, and the spread between 5-year and 30-year Treasury bonds widened 9bp to -37bp from last Friday.

Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of March 3, the yield spread between China and US 10-year note was -104.9bp, widening by 1.9bp from last Friday and widening by 1bp from the beginning of the year.

Figure 4: Yield spread between China and US 10-year note


Sources: CCXAP research

Chinese Offshore Bond Market

Primary Market: Chinese offshore bond issuance increased

From February 27 to March 3, there were 71 new issues with total issued volume of USD4.6 billion, increasing by 8.3% from last week. Among them, Financial institutions were the main issuers, who issued bonds with a total size of about USD3.6 billion.

Table 1: New issuance of Chinese offshore bonds (20230227-20230303)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor (year)	Industry	Issuer Rating (Moody's/S&P / Fitch)	Issue Rating (Moody's/S&P / Fitch)
2023/2/27	Huzhou Nanxun Zhenxun Sewage Treatment Co Ltd	CNY	420	4	2026/3/2	3	Financials	-/-/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.2	20	2023/6/15	94D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	1.2	6.23	2023/7/17	126D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.5	8	2023/7/17	126D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.5	8	2023/7/17	126D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.5	12	2023/7/17	126D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.3	22.1	2023/7/17	126D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	1	11.51	2023/9/15	186D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	1	16.21	2023/9/15	186D	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.2	11.34	2024/3/15	1.01	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.2	12.19	2024/3/15	1.01	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.2	12.26	2024/3/15	1.01	Financials	-/BBB+/-	-/-/-
2023/2/27	CITIC Securities International Co Ltd	USD	0.2	12.32	2024/3/15	1.01	Financials	-/BBB+/-	-/-/-
2023/2/28	Chongqing Dazu Yongsheng Industry Development Co Ltd	CNY	265	4.2	2026/3/7	3	Chengtou	-/-/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.5	21.27	2023/4/18	35D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.8	10	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	1	10	2023/7/18	126D	Financials	-/BBB+/-	-/-/-

2023/2/28	CITIC Securities International Co Ltd	USD	1	10	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	1	10	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	1	10	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	2	10	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.5	12.44	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.4	12.71	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.2	13.18	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	1	15	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	1.0	15	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.5	19.21	2023/7/18	126D	Financials	-/BBB+/-	-/-/-
2023/2/28	CITIC Securities International Co Ltd	USD	0.2	13.12	2023/12/18	279D	Financials	-/BBB+/-	-/-/-
2023/2/28	Nanyang Commercial Bank Ltd	USD	300	7.35	-	Perpetual	Banks	A3/-/-	Ba2/-/-
2023/2/28	Ping An International Financial Leasing Co Ltd	CNY	700	4.2	2026/3/7	3	Financials	-/-/-	-/-/-
2023/3/1	Bocom Leasing Management Hong Kong Co Ltd	CNY	1000	3.5	2025/3/7	2	Financials	A3/A-/A	-/-/-
2023/3/1	Bocom Leasing Management Hong Kong Co Ltd	HKD	775	4.85	2024/3/7	365D	Financials	A3/A-/A	-/-/-
2023/3/1	CITIC Securities International Co Ltd	HKD	2	12	2023/7/19	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	2	12	2023/6/20	97D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.6	15.78	2023/6/20	97D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.5	8.76	2023/7/12	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.2	11.77	2023/7/19	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.4	12	2023/7/19	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.4	12	2023/7/19	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.4	14	2023/7/19	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.4	15	2023/7/12	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.4	15	2023/7/12	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.3	17.73	2023/7/19	126D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.2	11.4	2023/12/19	279D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.2	11.58	2023/12/19	279D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.2	12.83	2023/12/19	279D	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	1	0	2024/3/19	1.01	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.2	11.91	2024/3/19	1.01	Financials	-/BBB+/-	-/-/-
2023/3/1	CITIC Securities International Co Ltd	USD	0.2	12.46	2024/3/19	1.01	Financials	-/BBB+/-	-/-/-
2023/3/1	Huatai International Finance Ltd	USD	11.8	0	2023/6/8	92D	Financials	-/BBB+/-	-/-/-
2023/3/1	ICBCIL Finance Co Ltd	USD	180	SOFR+95	2026/3/6	3	Financials	A2/A/A	-/-/-
2023/3/1	Iqiyi Inc	USD	600	6.5	2028/3/15	5	Communications	-/BBB+/-	-/-/-
2023/3/2	China Taiping Insurance Holdings Co Ltd	USD	2000	6.4	-	Perpetual	Financials	-/BBB+/BBB+	-/-/BBB+
2023/3/2	CDB Leasing International Co Ltd	HKD	500	4.85	2024/3/9	1	Financials	-/-/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	HKD	5	11.44	2023/4/19	34D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	HKD	2	18	2023/7/19	125D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	1	12.44	2023/5/18	63D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	0.3	12	2023/6/19	95D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	0.3	12	2023/7/19	125D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	0.2	11.49	2023/12/20	279D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	0.2	11.71	2023/12/20	279D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	0.2	13.65	2023/12/20	279D	Financials	-/BBB+/-	-/-/-
2023/3/2	CITIC Securities International Co Ltd	USD	0.2	11.99	2024/3/20	1	Financials	-/BBB+/-	-/-/-
2023/3/3	CMB International Leasing Management Ltd	USD	80	SOFR+75	2023/9/11	180D	Financials	A3/BBB+/-	-/-/-
2023/3/3	Bocom Leasing Management Hong Kong Co Ltd	HKD	385	4.85	2024/3/8	364D	Financials	A3/A-/A	-/-/-
2023/3/3	Bocom Leasing Management Hong	USD	150	5.5	2023/9/8	182D	Financials	A3/A-/A	-/-/-

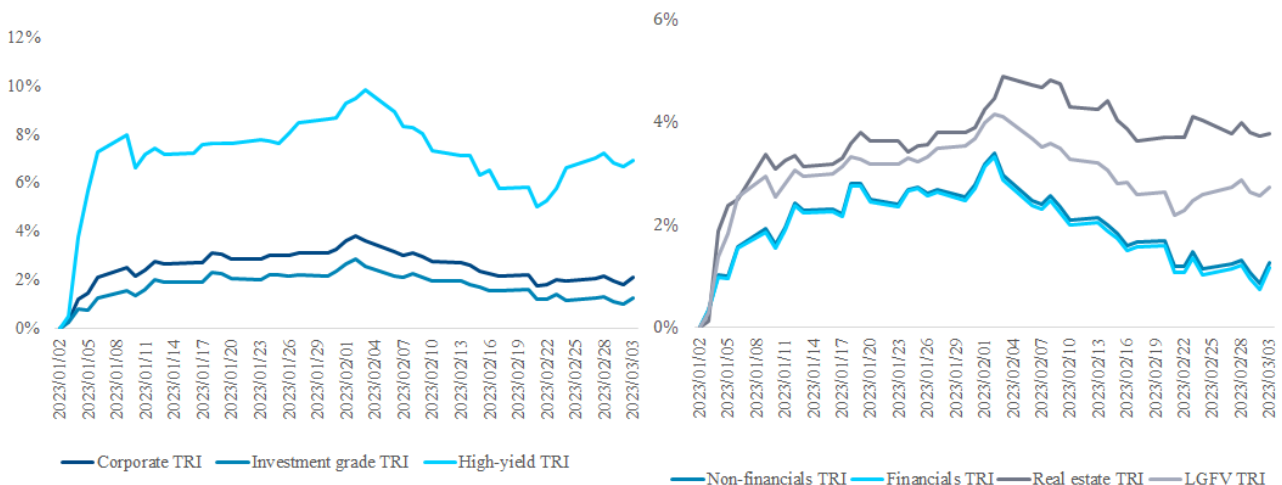
	Kong Co Ltd								
2023/3/3	Bocom Leasing Management Hong Kong Co Ltd	USD	300	5.5	2024/3/8	364D	Financials	A3/A-/A	-/-/-
2023/3/3	China Securities International Investment Co Ltd	USD	1	5.5	2024/3/8	1	Financials	-/-/-	-/-/-
2023/3/3	Chongqing Fuling Industrial Development Group Co Ltd	CNY	1600	4.9	2026/3/8	3	Chengtou	-/-/-	-/-/-
2023/3/3	Gaoyou City Construction Investment Development Group Co Ltd	CNY	300	6	2026/3/7	3	Chengtou	-/-/-	-/-/-
2023/3/3	Huatai International Finance Ltd	USD	20	0	2023/6/9	91D	Financials	-/BBB+/-	-/-/-

Sources: CCXAP research

Secondary Market: Return on Chinese USD bond increased

As of March 3, the YTD return¹ on Chinese USD corporate bond index increased by 13bp to 2.08% from last Friday, of which the return on investment-grade bonds increased by 10bp to 1.25%, while the return on high-yield bonds increased by 34bp to 6.94%. In terms of sector indices, the return on real estate bonds decreased by 27bp from last Friday to 3.76%; the returns on non-financial and financial bonds were 1.26% and 1.15%, respectively, increasing by 12bp and 14bp from last Friday, respectively. The return on Chengtou bonds remained at 2.72%.

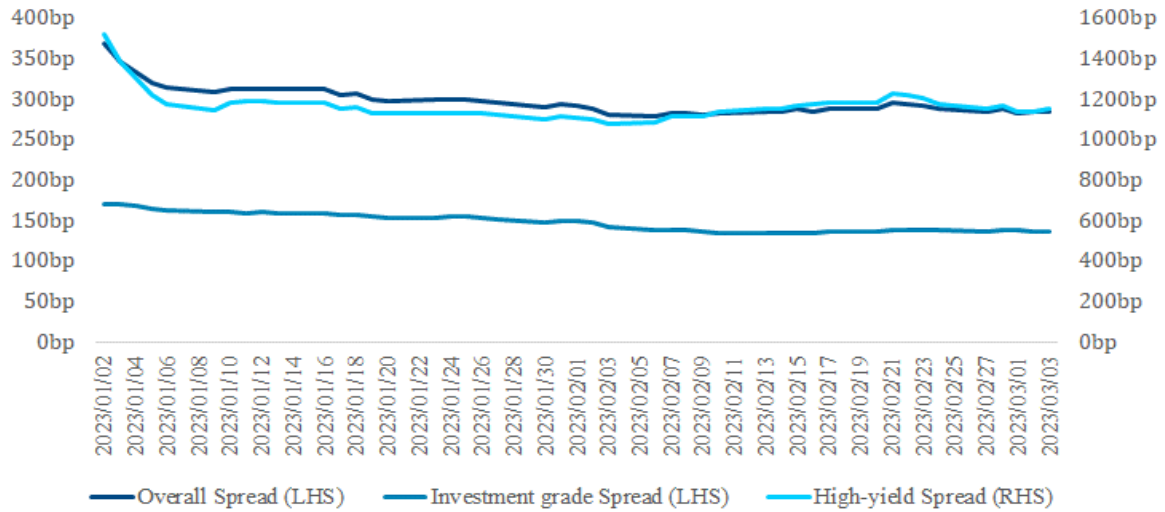
Figure 5: YTD return on Markit IBoxx Chinese USD bond index



Sources: CCXAP research

As of March 3, the yield spread of Chinese dollar bonds decreased by 3.9bp to 284.05bp from last Friday. The yield spread of investment-grade bonds decreased by 1.5bp to 136.18bp, and the spread of high-yield bonds decreased by 25.9bp to 1148.15bp.

¹ Year-to-date return measures the return since January 3, 2023

Figure 6: Yield Spreads of Bloomberg Barclays Chinese USD bond index


Sources: CCXAP research

The 10 bonds with the largest yield increase from February 27 to March 3 are shown in the table below. Among them, China Grand Automotive Service Group Co., Ltd. changed the most.

Table 2: Chinese offshore bonds with largest yield increases (20230227-20230303)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CHGRAU 9.109 PERP	China Grand Automotive Service Group Co Ltd	48.9	PERP	683.515	9.4M
CHPWCN 4.6 PERP	Dianjian International Finance Ltd	99.721	PERP	21.269	1.5M
CHMETL 3 ¼ PERP	MCC Holding Hong Kong Corp Ltd	99.827	PERP	15.488	1.0M
FUTLAN 6.15 04/15/23	Seazen Group Ltd	97.14	0.11	33.39	987.9
DALWAN 8 7/8 03/21/23	Wanda Group Overseas Ltd	99.717	0.04	15.559	792.1
QDHTCO 5 03/20/23	Huasing International Holdings Co Ltd	99.756	0.04	11.518	607.6
YNPOWE 4 ½ PERP	Yunnan Energy Investment Overseas Finance Co Ltd	95.44	PERP	15.233	455.7
BEICAP 2.8 03/18/23	Beijing Capital Polaris Investment Co Ltd	99.78	0.03	9.892	321.9
ZZTRAN 3.18 03/28/23	Zhangzhou Transportation Development Group Co Ltd	99.625	0.06	9.829	230.6
KMRLGP 3.9 12/12/24	Kunming Rail Transit Group Co Ltd	92.223	1.77	8.747	129.8

Sources: CCXAP research

Rating Action: CCXAP assigns long-term credit ratings to one entity

On February 28, China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of BBB_g- to Jinzhou State Owned Capital Investment and Operation Group Co. Ltd. (“JZSI”), with stable outlook.

Table 3: Credit rating from CCXAP (20230227-20230303)

Rating Date	Obligor	Entity Rating	Debt Rating	Rating Rational
2023/2/28	JZSI	BBB _g -	-	The credit rating is underpinned by Company's (1) full ownership and ultimate control by the Jinzhou Municipal Government; (2) important policy role in Jinzhou City as the largest state-owned enterprise; (3) good track record of receiving government supports. However, the rating is constrained by Company's (1) foreseeable debt growth driven by the infrastructure construction projects; (2) medium exposure to commercial activities; and (3) tight liquidity profile with limited bank facilities.

Sources: CCXAP research

From February 27 to March 3, international rating agencies took 1 negative action on Chinese issuers.

Table 4: Credit rating changes of cross-border bond market (20230227-20230303)

	Entity	Sector	Current Rating		Previous Rating		Rating Agency	Reason of Change		
			Entity Rating	Outlook	Entity Rating	Outlook				
International Rating:										
Downgrade	Vipshop Holding Ltd	Consumer Discretionary	BBB	STABLE	2023/2/28	BBB+	STABLE	2020/6/24	Fitch	structural change in the competitive landscape of China's retail industry

Sources: CCXAP research

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