

2023 Issue 10 From March 13 to March 17

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

Headline: China's urban survey unemployment rate was 5.6% in February, Moody's downgraded US bank industry's outlook to negative

In February, China's urban survey unemployment rate was 5.6%, 0.1% higher than last month. Moody's downgraded US bank industry's outlook to negative.

Exchange Rate: RMB appreciated, USD index decreased slightly

This week, RMB appreciated. As of March 17, the RMB/USD middle rate closed at 6.9052, decreasing by 603bp from last Friday. The USD index slightly decreased by 0.8% to 103.708 from last Friday.

Interest Rate: China Government Bond yields and US Treasury yields decreased

This week, Chinese government bond yields fell. Moody's downgraded US bank industry's outlook to negative, and US Treasury yields decreased.

Chinese Offshore Bond Market

Primary Market: Chinese offshore bond new issuance increased

From March 13 to March 17, there were 72 new issues with total issued volume of USD1.6 billion, increasing by 25.6% from last week. Among them, Chengtou companies were the main issuers, who issued bonds with a total size of about USD1.12 billion.

Secondary Market: Return on Chinese USD bond rose

As of March 17, the YTD return on Chinese USD corporate bond index increased by 50bp to 3.03% from last Friday, of which the return on investment-grade bonds increased by 72bp to 2.61%, and the return on high-yield bonds decreased by 81bp to 5.44%.

Rating Action: CCXAP assigns long-term credit ratings to two entities

CCXAP assigned long-term credit ratings to CBIC and TXJI.



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Headline: China's urban survey unemployment rate was 5.6% in February, Moody's downgraded US bank industry's outlook to negative

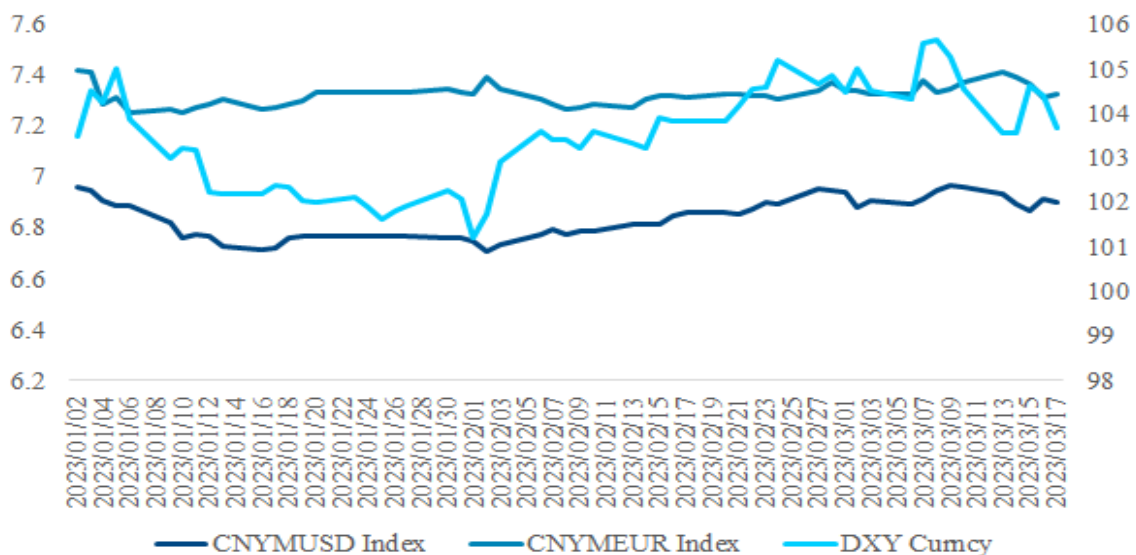
On March 15, data released by the National Bureau of Statistics showed that, national urban survey unemployment rate was 5.6% in February, 0.1% higher than last month. National urban survey unemployment was 5.6% for January and February on average. The unemployment rate for local residents was 5.4% and 5.9% for non-local residents. Unemployment rate for 16-24 ages old and 25-59 years old were 18.1% and 4.8% separately in February. Unemployment rate for 31 large cities were 5.7% in February and average working hours were 47.9 hours per week.

On March 14, Silicon Valley Bank went bankrupt and Moody's downgraded US bank industry's outlook to negative. Moody's downgraded Signature Bank to junk and said they would withdraw their future credit rating. Moody's also downgraded six US banks and downgraded their outlook to negative: First Republic Bank (FRC), Zions Bancorp (ZION), Western Alliance Bancorp (WAL), Comerica Inc (CMA), UMB Financial Corp (UMBF) and INTRUST Financial.

Exchange Rate: RMB appreciated, USD index decreased slightly

This week, RMB appreciated. As of March 17, the RMB/USD middle rate closed at 6.9052, decreasing by 603bp from last Friday; the RMB/EUR middle rate closed at 7.3301, decreasing by 437bp from last Friday. The USD index slightly decreased by 0.8% to 103.708 from last Friday.

Figure 1: RMB exchange rate



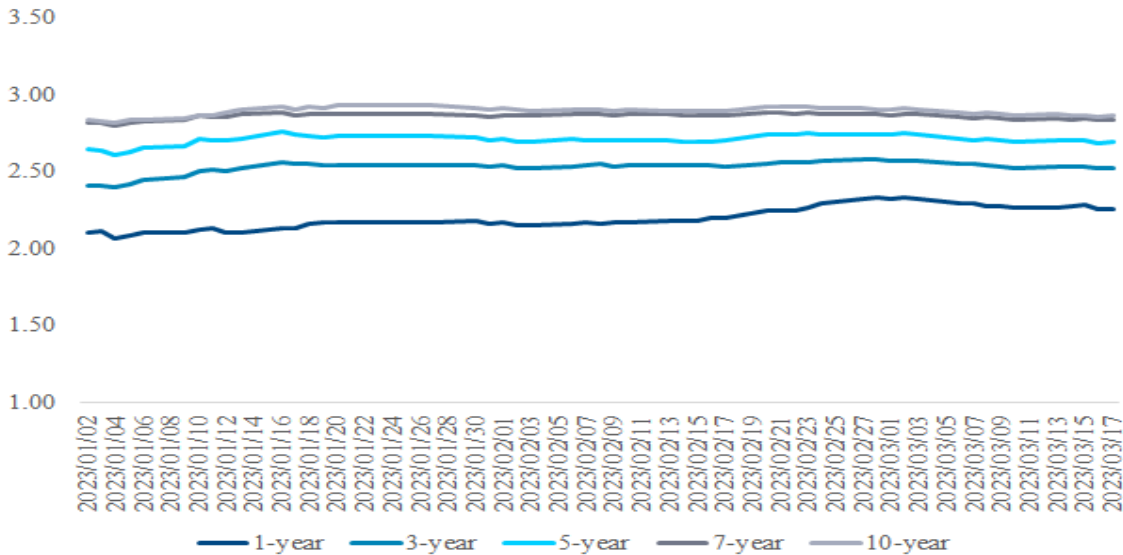
Sources: CCXAP research

Interest Rate: China Government Bond yields and US Treasury yields decreased

This week, the China Government Bond yields fell. As of March 17, the 1-year, 5-years and 7-years China Government Bond yields were 2.2490%, 2.6865% and 2.8294% respectively, narrowing by

1bp, 1bp and 1bp. 3-years and 10-years China Government Bond yields were 2.5236% and 2.8602% respectively, flat with last Friday.

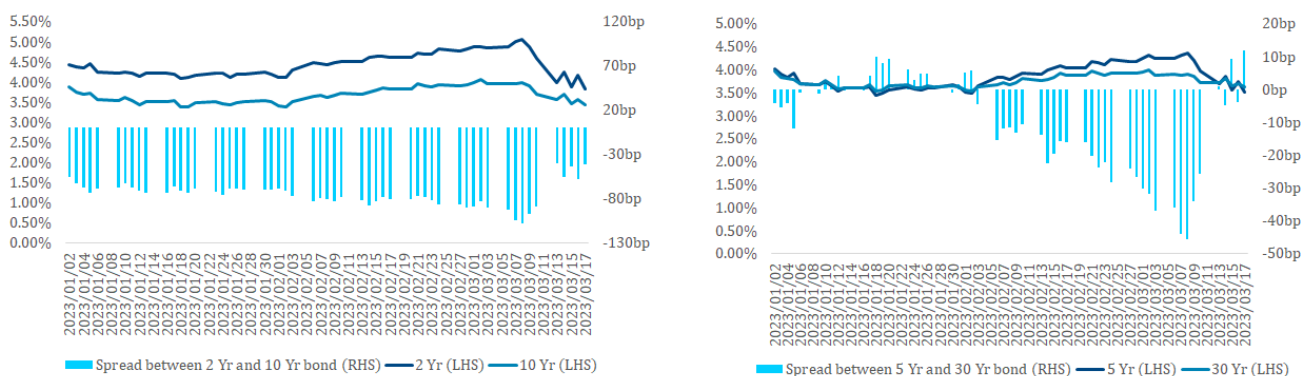
Figure 2: China Government Bond yields



Sources: CCXAP research

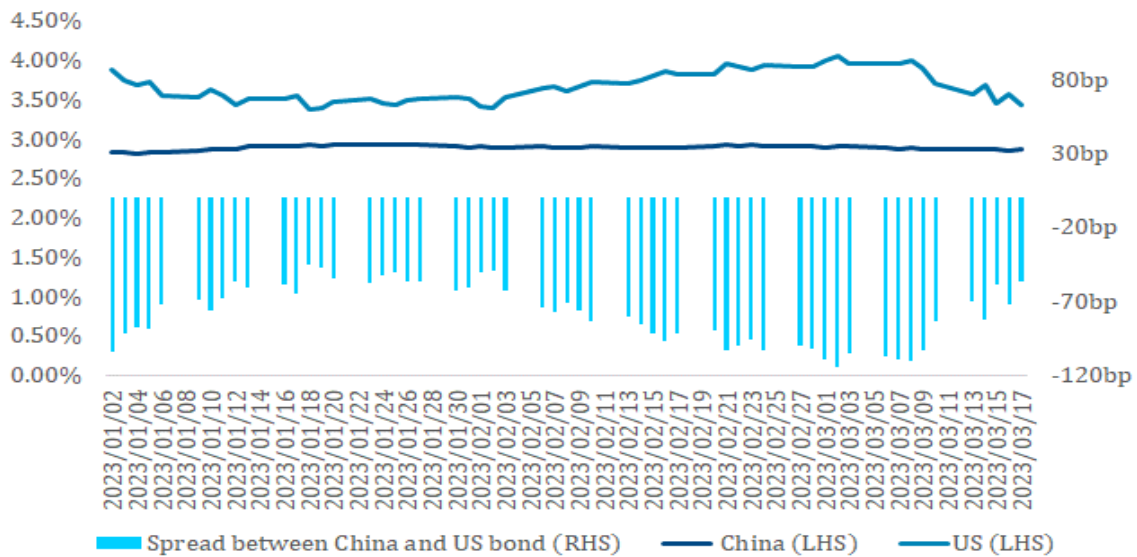
Moody’s downgraded US bank industry’s outlook to negative, and US banking crisis continued to spread, as a result US Treasury yields fall last week. As of March 17, 2-year, 5-year, 10-year and 30-year US Treasury yields were 3.8374%, 3.5002%, 3.4286% and 3.6197%, decreasing by 75bp, 46bp, 27bp and 9bp from last Friday, respectively. In terms of US Treasury bond spreads, the spread between 2-year and 10-year Treasury bonds narrowed by 48bp to -40.9bp from last Friday, and the spread between 5-year and 30-year Treasury bonds narrowed by 14bp to 11.95bp from last Friday.

Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of March 17, the yield spread between China and US 10-year note was -56.8bp, narrowing by 26.8bp from last Friday and narrowing by 47.1bp 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 March 13 to March 17, there were 72 new issues with total issued volume of USD1.6 billion, increasing by 25.6% from last week. Among them, Chengtou companies were the main issuers, who issued bonds with a total size of about USD1.12 billion.

Table 1: New issuance of Chinese offshore bonds (20230313-20230317)

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)
2023/3/13	Anji County Urban Development Investment Group Co Ltd	CNY	680	3.8	2026/3/20	3	Chengtou	-/-/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	0.2	14.1	2023/9/29	186D	Financials	-/BBB+/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	0.2	15.04	2023/9/29	186D	Financials	-/BBB+/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	0.2	14.35	2023/9/29	186D	Financials	-/BBB+/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	0.2	17.3	2023/9/29	186D	Financials	-/BBB+/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	0.2	15.43	2023/9/29	186D	Financials	-/BBB+/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	0.2	14.31	2023/12/29	277D	Financials	-/BBB+/-	-/-/-
2023/3/13	CITIC Securities International Co Ltd	USD	25	0	2023/4/20	31D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	0.2	14.8	2023/10/2	188D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	0.2	13.81	2023/10/2	188D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	2	6	2023/8/1	126D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	1	23.91	2023/6/30	94D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	CNY	27	0	2024/12/17	2	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	1	13.74	2023/10/2	188D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	1	13.53	2023/8/1	126D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	1	8	2023/8/1	126D	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	1.7	0	2026/3/17	3	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	3	6	2023/8/1	126D	Financials	-/BBB+/-	-/-/-

2023/3/14	CITIC Securities International Co Ltd	USD	5.5	0	2026/3/17	3	Financials	-/BBB+/-	-/-/-
2023/3/14	CITIC Securities International Co Ltd	USD	2.9	0	2026/3/17	3	Financials	-/BBB+/-	-/-/-
2023/3/14	#REF!	USD	50	7.5	2026/3/17	3	Chengtou	-/-/-	-/-/-
2023/3/14	Xingtai Road & Bridge Construction Corp	CNY	94	4.6	2026/3/21	3	Chengtou	-/-/-	-/-/-
2023/3/14	Xingtai Road & Bridge Construction Corp	CNY	340	4	2026/3/21	3	Chengtou	-/-/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.3	15	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.3	15	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.3	15	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.7	12	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	3	9	2024/4/3	1	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	15	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.3	10	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	13.31	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	10	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	10	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	13.39	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	1	15	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	14.19	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	19.3	2023/7/3	96D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	13.95	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	13.52	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	22.44	2023/7/3	96D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	20	2023/5/3	35D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	13.24	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	20	2023/5/3	35D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.4	12	2023/10/3	188D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	0.2	21.16	2023/8/2	126D	Financials	-/BBB+/-	-/-/-
2023/3/15	CITIC Securities International Co Ltd	USD	2.6	0	2025/11/3	3	Financials	-/BBB+/-	-/-/-
2023/3/15	Deyang Development Holdings Group Co Ltd	CNY	550	4.8	2026/3/20	3	Chengtou	-/-/BBB-	-/-/-
2023/3/15	Guiyang County Rongcheng Holding Group Co Ltd	CNY	278	4.5	2026/3/20	3	Chengtou	-/-/-	-/-/-
2023/3/15	Taizhou Medical City Holding Group Co Ltd	CNY	200	5.5	2026/3/17	3	Chengtou	-/-/-	-/-/-
2023/3/15	Taizhou Sanfu Heavy Industry Group Co Ltd	CNY	4	4.8	2026/3/17	3	Financials	-/-/-	-/-/-
2023/3/16	Changxing Cultural Tourism Development Group Co	CNY	1170	3.8	2026/3/23	3	Chengtou	-/-/-	-/-/-
2023/3/16	China Securities International Finance Holding Co Ltd	HKD	10	3.5	2023/6/20	92D	Financials	-/-/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	17.99	2023/5/25	63D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	17.12	2023/10/4	188D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	HKD	2	15.48	2023/7/4	96D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.5	24.14	2023/5/3	34D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	17.5	2023/10/4	188D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	14.4	2023/10/4	188D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	14.94	2023/10/4	188D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	HKD	2	25.9	2023/7/4	96D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	17.44	2023/10/4	188D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	0.2	14.77	2023/10/4	188D	Financials	-/BBB+/-	-/-/-
2023/3/16	CITIC Securities International Co Ltd	USD	1	30.24	2023/5/3	34D	Financials	-/BBB+/-	-/-/-
2023/3/16	Huikai International Investment Co Ltd	USD	50	6.9	2024/3/19	365D	Chengtou	-/-/-	-/-/-
2023/3/16	Laiwu High-tech Investment Holding Co Ltd	USD	47	7	2026/3/21	3	Chengtou	-/-/-	-/-/-
2023/3/16	Shengzhou Investment Holding Co Ltd	USD	250	6.5	2026/3/21	3	Chengtou	-/-/-	-/-/-
2023/3/17	Guilin ETDZ Investment Holding Co Ltd	CNY	100	4.8	2026/3/24	3	Chengtou	-/-/-	-/-/-
2023/3/17	Haitong International Securities Group Ltd	USD	200	6.85	PERP	-	Financials	Baa2/BBB/-	-/-/-
2023/3/17	Huzhou Wuxing Industrial Investment	CNY	230	4.4	2026/3/22	3	Chengtou	-/-/-	-/-/-

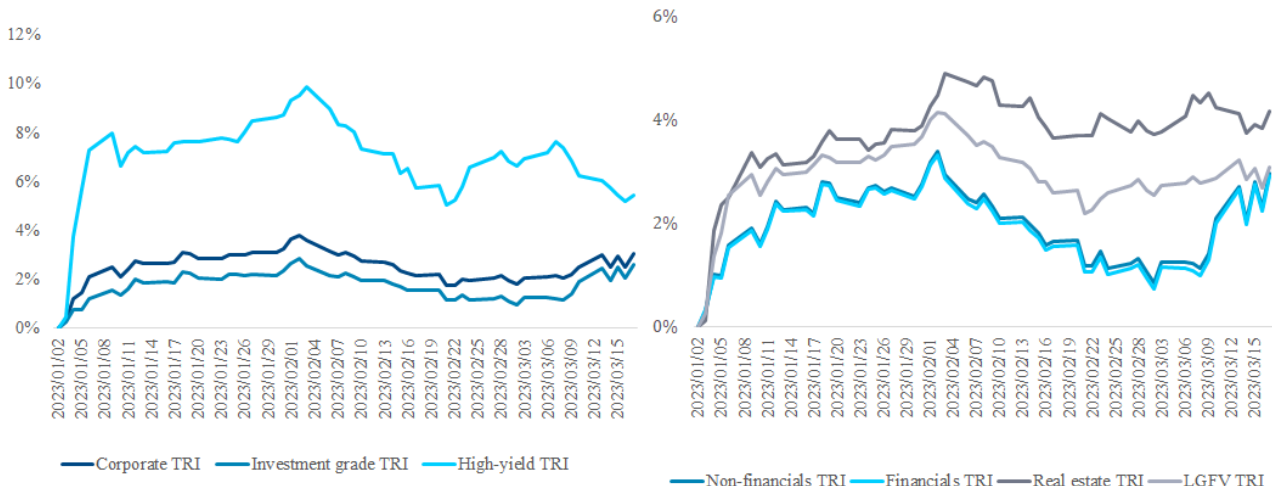
	Development Group Co Ltd								
2023/3/17	Qingtian County Urban Construction Development Co Ltd	CNY	500	3.8	2026/3/24	3	Chengtou	-/-/-	-/-/-
2023/3/17	Yuexiu Real Estate Investment Trust	CNY	1500	4.15	2026/3/24	3	Real Estate	Baa3/BBB- /BBB-	-/-/-
2023/3/17	Zhangzhou Transportation Development Group Co Ltd	USD	125	6.28	2024/3/20	364D	Chengtou	-/-/BB+	-/-/-

Sources: CCXAP research

Secondary Market: Return on Chinese USD bond increased

As of March 17, the YTD return¹ on Chinese USD corporate bond index increased by 50bp to 3.03% from last Friday, of which the return on investment-grade bonds increased by 72bp to 2.61%, while the return on high-yield bonds decreased by 81bp to 5.44%. In terms of sector indices, the return on real estate bonds decreased by 8bp from last Friday to 4.15%; the returns on Chengtou, non-financial, financial bonds were 3.08%, 2.97% and 2.92%, respectively, increasing by 20bp, 88bp and 92bp from last Friday, respectively.

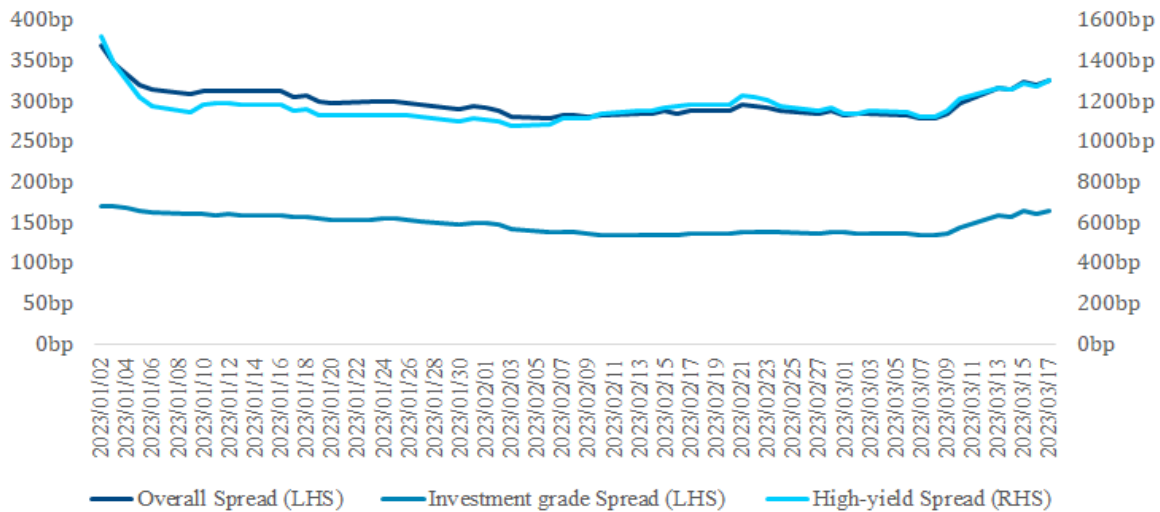
Figure 5: YTD return on Markit IBoxx Chinese USD bond index



Sources: CCXAP research

As of March 17, the yield spread of Chinese dollar bonds increased by 28.3bp to 325.09bp from last Friday. The yield spread of investment-grade bonds increased by 19.9bp to 163.62 bp, and the spread of high-yield bonds increased by 86.2bp to 1297.2 bp.

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 March 13 to March 17 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 (20230313-20230317)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
CHGRAU 9.109 PERP	China Grand Automotive Service	48.917	PERP	915.78	10976.3
SINOCL 6 10/24/23	Sino-Ocean Capital Holding Ltd	35.057	0.597	298.283	2641.5
CCB Float 02/09/26	China Construction Bank (New Zealand) Limited	117	2.894	117.000	707.5
HSBC Float 11/11/24	HSBC BANK NEW ZEALAND	58.998	1.648	58.998	662.8
ICBCAS Float 05/26/25	Industrial and Commercial Bank of China (New Zealand) Limited	105.493	2.185	105.493	482
DALWAN 6 ¾ 07/23/23	Dalian Wanda Group Co Ltd	97.316	0.342	15.032	390.3
FTLNHD 6.8 08/05/23	Seazen Group Ltd	93.472	0.378	25.798	340.6
YLLGSP 6 ¾ 04/23/23	Yanlord Land (HK) Co., Limited	99.783	0.093	8.962	284.1
FOSUNI 6 ¾ 07/02/23	Fosun International Limited	97.716	0.285	15.011	283.4
DALWAN 7 ¼ 01/29/24	Dalian Wanda Group Co Ltd	92.681	0.862	16.746	245.8

Sources: CCXAP research

Rating Action: CCXAP assigns long-term credit ratings to two entities

On March 14, China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time long-term credit rating of AA_g- to China Bond Insurance Co., Ltd. (“CBIC”), with stable outlook.

On March 14, CCXAP has assigned a first-time long-term credit rating of BBB_g- to Taixing Jinjiang Investment Co., Ltd. (“TXJI”), with stable outlook.

Table 3: Credit rating from CCXAP (20230313-20230317)

Rating Date	Obligor	Entity Rating	Debt Rating	Rating Rational
2023/03/14	CBIC	AA _g -	-	The credit rating is underpinned by the Company’s (1) strong market position as the largest bond guarantor in China; (2) solid asset quality with a low level of historical claims; and (3) sufficient capital adequacy and good access to capital. However, the Company’s rating is constrained by (1) profitability under challenges of higher loss provision; and (2) concentrated guarantee portfolio; and (3) moderate level of internal liquid resources.
2023/03/14	TXJI	BBB _g -	-	The credit rating is underpinned by the Company’s (1) important role in the development of Taixing City, especially in Jiangsu Taixing Economic and Technological Development Zone (“Taixing ETDZ”); (2) sufficient public-related project reserves; and (3) track record of receiving government support. However, the rating is constrained by the Company’s (1) moderate exposure to commercial business activities; (2) increasing debt burden and moderate asset liquidity; and (3) relatively high proportion of non-standard financing.

Sources: CCXAP research

From March 13 to March 17, international rating agencies took 2 negative actions on Chinese issuers.

Table 4: Credit rating changes of cross-border bond market (20230313-20230317)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Downgrade	Yuexiu Real Estate Investment Trust	Real Estate	Baa3	Ratings Under Review	2023/3/13	Baa3	NEG	2020/3/11	Moody's	weaker-than-expected operating performance
	Qingdao Jiaozhou Bay Development Group Co., LTD	Chengtou	BBB-	NEG	2023/3/15	BBB-	STABLE	2022/5/20	Fitch	Jiaozhou municipality's ability to provide subsidies weak

Sources: CCXAP research

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