

### 2024 Issue 8 From March 4 to March 8

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

**Headline: China announced that its CPI rose 0.7% YoY in February; US added 275,000 non-farm payroll jobs in February, exceeding expectations**

On March 9, the National Bureau of Statistics released data showing that national consumer prices increased by 0.7% YoY in February. Among them, urban prices increased by 0.8% and rural prices increased by 0.5%. On March 8, the US Bureau of Labor Statistics released data showing that the US non-farm payrolls increased by 275,000 in February, once again higher than the expected 200,000 and higher than the average monthly increase of 230,000 over the past 12 months.

#### Exchange Rate: RMB appreciated, USD index decreased

This week, the RMB appreciated. As of March 8, the RMB/USD middle rate closed at 7.0978, decreasing by 81bp from Last Friday. The USD index decreased by 1.11% to 102.712 from Last Friday.

#### Interest Rate: Chinese Government Bond yields fall; US Treasury yields fall

This week, the China Government Bond yields fall. With lower-than-expected US unemployment rate, markets expect the Fed will implement tight monetary policy for a longer time, and US Treasury yields fall.

#### Chinese Offshore Bond Market

##### Primary Market: Chinese offshore bond new issuance increased

From March 4 to March 8, there were 41 new issues with total issued volume of USD 1.989 billion, increasing by 3.3% from last week. Among them, Chengtuo companies are the largest issuer with a total issued amount of USD1.456 billion.

##### Secondary Market: Return on Chinese USD bond rose

As of March 8, the year-to-date return on the Chinese USD corporate bond index increased by 15bp to 1.44% from last Friday, of which the return on investment-grade bonds increasing by 20bp to 0.94%, the return on high-yield bonds decreased by 22bp to 5.27%.

#### Rating Action: CCXAP assigns long-term credit ratings to 1 entity

CCXAP assigns long-term credit rating to 1 entity, Huaiyuan County New Urbanization Construction Co., Ltd.



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## Headline: China announced that its CPI rose 0.7% YoY in February; US added 275,000 non-farm payroll jobs in February, exceeding expectations

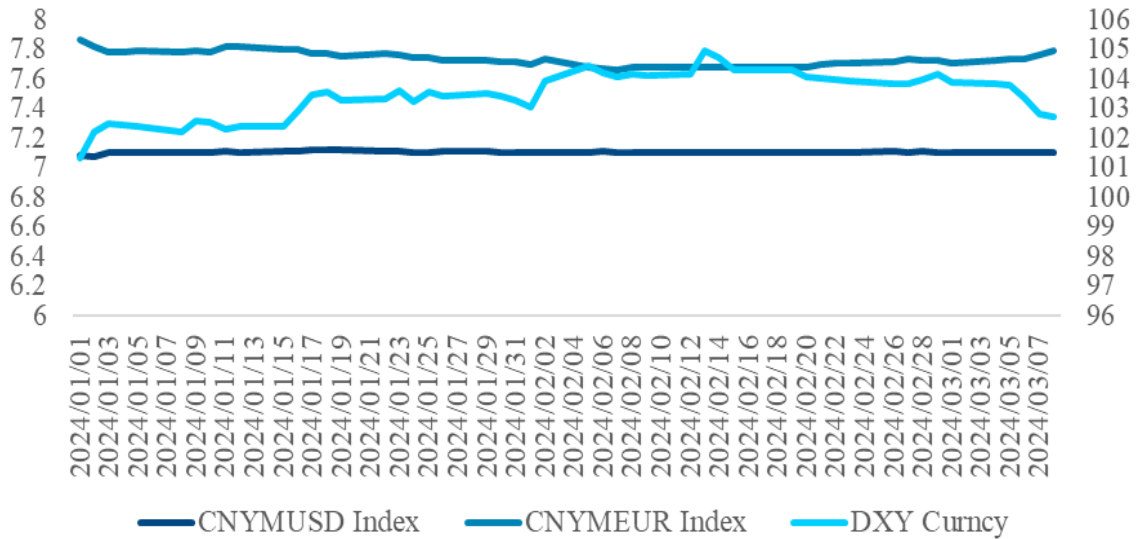
On March 9, the National Bureau of Statistics released data showing that in February, the national consumer price increased by 0.7% year-on-year (“YoY”) and 1.0% month-on-month (“MoM”). Among them, urban prices increased by 0.8% and rural areas increased by 0.5%; food prices dropped by 0.9% and non-food prices increased by 1.1%; consumer goods prices dropped by 0.1% and service prices increased by 1.9%. On average from January to February, the national consumer price remained the same as the same period last year. In February, the national consumer price increased by 1.0% MoM. Among them, urban prices increased by 1.1% and rural areas increased by 0.9%; food prices increased by 3.3%, non-food prices increased by 0.5%; consumer goods prices increased by 1.1%, and service prices increased by 1.0%.

On March 8, the US Bureau of Labor Statistics released data showing that the US non-farm payrolls increased by 275,000 in February, once again higher than the expected 200,000 and higher than the average monthly increase of 230,000 over the past 12 months. A government survey of businesses showed that job growth in February was concentrated in services, including health care, leisure and hospitality, and government. The number of new non-farm jobs in December was revised down from 333,000 to 290,000; the number of jobs in January was sharply revised down to 229,000 from the previous 353,000. After these revisions, the number of non-farm employment in the first two months. The number of people was revised downward by 167,000. After the release of the non-farm payrolls report, traders still believe that the Federal Reserve will start cutting interest rates in June, with a probability of about 30% starting to cut interest rates in May. They also expect the Federal Reserve to make additional interest rate cuts in 2024. After the data was released, the US dollar index fell about 20 points in the short term to 102.47. The US 10-year Treasury bond yield rose by about 6 basis points in the short term and then fell by about 7 basis points to 4.117%. US stock futures rose in the short term, and Nasdaq 100 index futures turned higher. Spot gold rose by more than USD10 in the short term to USD2,180.81 per ounce, continuing to hit a record high.

### Exchange Rate: RMB appreciated, USD index increased

This week, the RMB appreciated. As of February 23, the RMB/USD middle rate closed at 7.0978, decreasing by 81bp from Last Friday. The RMB/EUR middle rate closed at 7.7915, increasing by 898bp from Last Friday. The USD index decreased by 1.11% to 102.712 from Last Friday.

Figure 1: RMB exchange rate

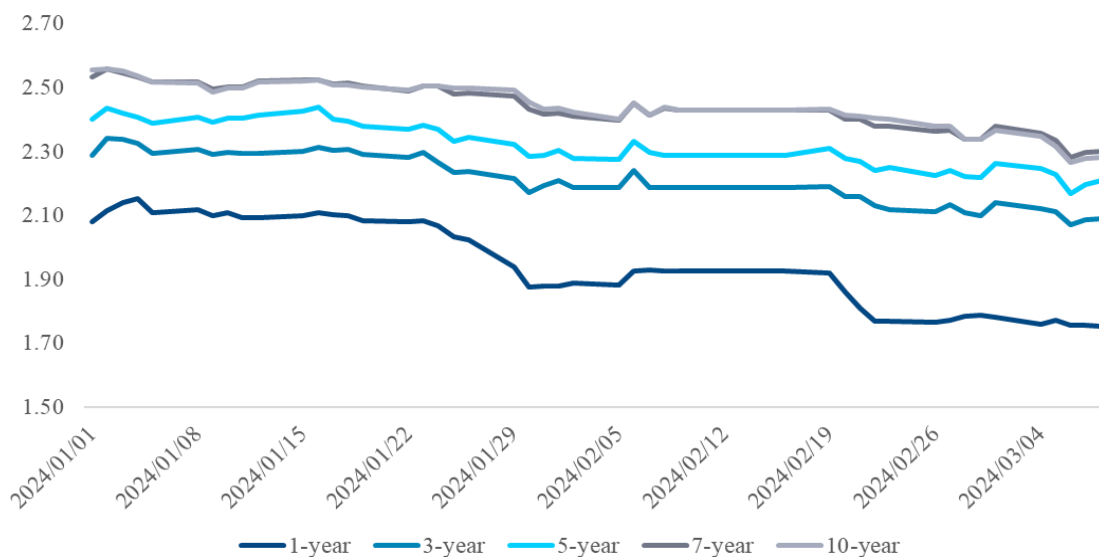


Sources: CCXAP research

## Interest Rate: Chinese Government Bond yields fall; US Treasury yields fall

This week, the China Government Bond yields fall. As of March 8, the 1-year 3-year 5-year 7-year and 10-year China Government Bond yields were 1.7525%, 2.0906%, 2.2089%, 2.3023 and 2.2825%, decreasing by 3.08bp, 4.99bp, 5.43bp, 7.76bp and 8.50bp, respectively, from Last Friday.

Figure 2: China Government Bond yields

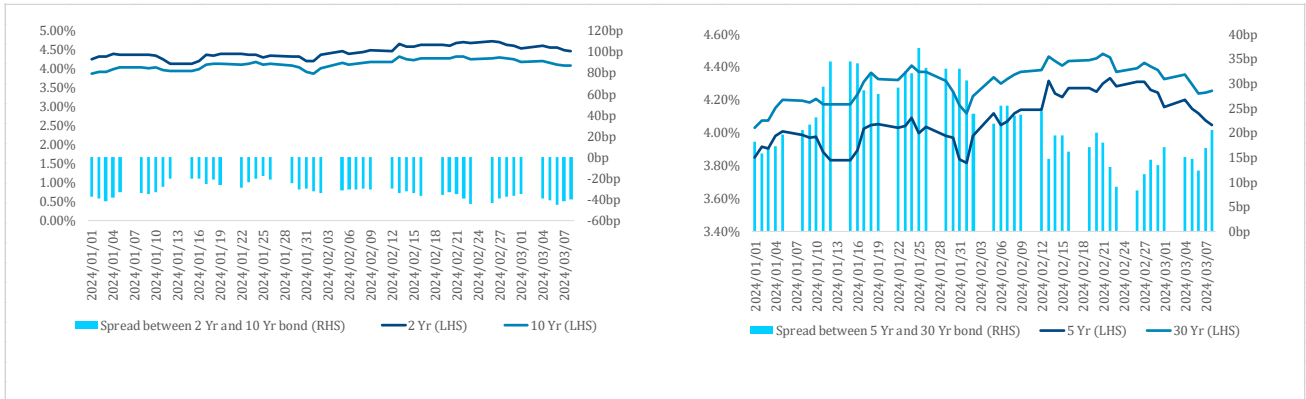


Sources: CCXAP research

With lower-than-expected US unemployment rate, markets expect the Fed will implement tight monetary policy for a longer time, and US Treasury yields fall. As of March 8, the 2-year 5-year 10-

year and 30-year Treasury yields were 4.4735%, 4.0466%, 4.0749% and 4.2526%, decreasing by 5.78bp, 11.05bp, 10.49bp and 7.49bp respectively, from Last Friday. In terms of US Treasury bond spreads, the spread between 2-year and 10-year Treasury bonds widened by 4.71bp to -39.9bp from Last Friday, and the spread between 5-year and 30-year Treasury bonds widened by 4.71bp to 20.60bp from Last Friday.

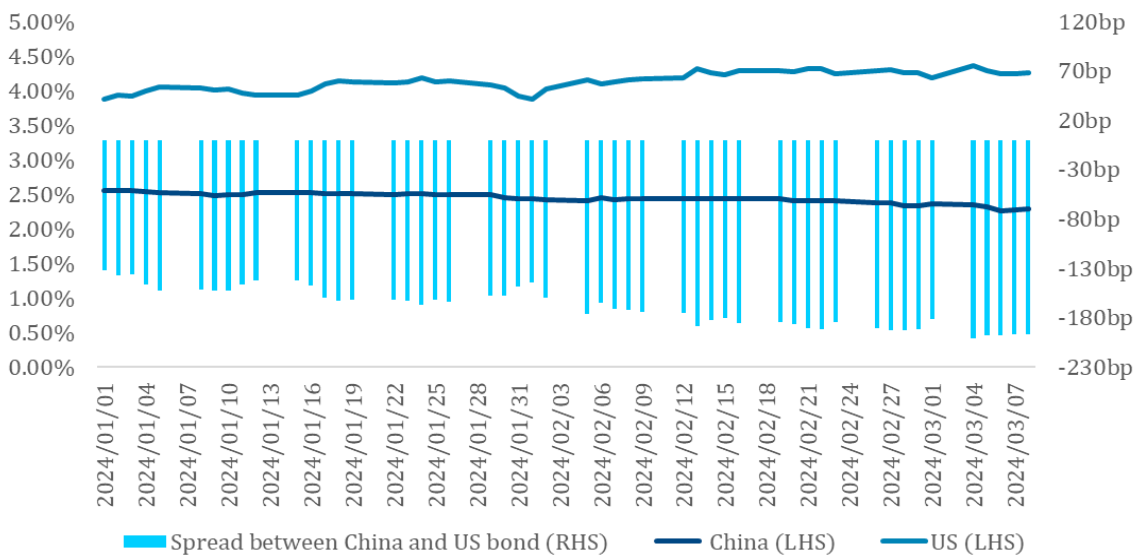
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of February 23, the yield spread between China and US 10-year note was -197.0bp, widening by 15.78bp from Last Friday and widening 64.63bp from the beginning of the year.

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



Sources: CCXAP research

### Primary Market: Chinese offshore bond new issuance increased

From March 4 to March 8, there were 41 new issues with total issued volume of USD1.989 billion, increasing by 3.3% from last week. Among them, Chengtou companies are the largest issuer with a total issued amount of USD1.456 billion.

**Table 1: New issuance of Chinese offshore bonds (20240304-20240308)**

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2024/3/4	China Securities International Finance Holding Co Ltd	USD	1.9	0	2025/3/7	364D	Financials	-/-/-	-/-/-
2024/3/4	China Securities International Finance Holding Co Ltd	USD	0.6	0	2024/12/23	290D	Financials	-/-/-	-/-/-
2024/3/4	CITIC Securities International Co Ltd	CNY	7.0	0	2026/7/22	2.37	Financials	-/BBB+/-	-/-/-
2024/3/4	CITIC Securities International Co Ltd	CNY	3.7	0	2026/3/6	2	Financials	-/BBB+/-	-/-/-
2024/3/4	CITIC Securities International Co Ltd	CNY	3.8	0	2026/3/6	2	Financials	-/BBB+/-	-/-/-
2024/3/4	CITIC Securities International Co Ltd	CNY	2.4	0	2026/7/15	2.35	Financials	-/BBB+/-	-/-/-
2024/3/4	CITIC Securities International Co Ltd	CNY	7	0	2025/11/10	1.68	Financials	-/BBB+/-	-/-/-
2024/3/4	Jiangsu Yancheng Port Dafeng Port Development Group Co Ltd	USD	31	5.45	2027/3/7	3	Chengtou	-/-/-	-/-/-
2024/3/4	Qufu Xingda Investment Development Co Ltd	CNY	207.4	4.4	2027/3/11	3	Chengtou	-/-/-	-/-/-
2024/3/5	Baoying Development Investment Co Ltd	JPY	4499.1	1.5	2027/3/12	3	Chengtou	-/-/-	-/-/-
2024/3/5	China Minsheng Banking Corp Ltd/Hong Kong	CNY	3006	3.08	2026/3/12	2	Banks	-/BBB-/BB+	-/BBB-/-
2024/3/5	China Securities International Finance Holding Co Ltd	USD	0.6	0	2025/3/11	365D	Financials	-/-/-	-/-/-
2024/3/5	China Securities International Finance Holding Co Ltd	USD	1.5	5.55	2025/3/7	364D	Financials	-/-/-	-/-/-
2024/3/5	Guotai Junan International Holdings Ltd	USD	25.0	5.9	2024/9/12	184D	Financials	Baa2/BBB+/-	-/-/-
2024/3/5	Hunan Gangsheng Construction Co Ltd	CNY	316.6	4.38	2027/3/13	3	Chengtou	-/-/-	-/-/-
2024/3/6	Bank of East Asia Ltd	USD	500	6.63	2027/3/13	3	Banks	A3/-/-	Baa2/-/-
2024/3/6	China Securities International Finance Holding Co Ltd	USD	1.9	0	2025/3/12	365D	Financials	-/-/-	-/-/-
2024/3/6	China Securities International Finance Holding Co Ltd	HKD	5.9	4.5	2025/3/7	364D	Financials	-/-/-	-/-/-
2024/3/6	China Securities International Finance Holding Co Ltd	USD	1.7	0	2025/3/12	365D	Financials	-/-/-	-/-/-
2024/3/6	China Securities International Finance Holding Co Ltd	HKD	21.3	4.1	2024/9/6	182D	Financials	-/-/-	-/-/-
2024/3/6	Chongqing Xinshuangquan Urban Construction and Development Co Ltd	CNY	453.3	7.5	2026/3/13	2	Chengtou	-/-/-	-/-/-
2024/3/6	Funing Chengfa Holding Group Co Ltd	JPY	7998.4	1.58	2027/3/12	3	Chengtou	-/-/-	-/-/-
2024/3/6	GF Holdings Hong Kong Corp Ltd	CNY	25.0	3.4	2024/9/13	184D	Financials	-/-/-	-/-/-
2024/3/6	Linyi Eastern City Construction Investment Group Co Ltd	CNY	400.8	7.9	2026/3/12	2	Chengtou	-/-/-	-/-/-

2024/3/6	Luzhou Aviation Development Investment Group Co Ltd	CNY	250.5	3.5	2027/3/13	3	Chengtou	-/-/-	-/-/-
2024/3/7	Bocom Leasing Management Hong Kong Co Ltd	CNY	360.7	3	2027/3/14	3	Financials	A2/A-/A	-/-/-
2024/3/7	Changde Urban Development Group Co Ltd	CNY	751.5	4.05	2027/3/14	3	Chengtou	-/-/BBB-	-/-/BBB-
2024/3/7	CITIC Securities International Co Ltd	CNY	20.0	0	2028/6/23	4.28	Financials	-/BBB+/-	-/-/-
2024/3/7	CITIC Securities International Co Ltd	CNY	10.0	0	2028/6/23	4.28	Financials	-/BBB+/-	-/-/-
2024/3/7	CITIC Securities International Co Ltd	CNY	20.0	0	2028/6/23	4.28	Financials	-/BBB+/-	-/-/-
2024/3/7	CITIC Securities International Co Ltd	CNY	20.0	0	2028/6/23	4.28	Financials	-/BBB+/-	-/-/-
2024/3/7	Nanping Wuyi Development Group Co Ltd	CNY	651.3	4.2	2027/3/14	3	Chengtou	-/-/-	-/-/-
2024/3/7	Zoucheng Limin Construction Development Co Ltd	CNY	304.6	8	2026/9/14	2.5	Chengtou	-/-/-	-/-/-
2024/3/8	CITIC Securities International Co Ltd	USD	5	0	2024/6/14	91D	Financials	-/BBB+/-	-/-/-
2024/3/8	Guotai Junan International Holdings Ltd	USD	50.6	5.8	2024/9/15	184D	Financials	Baa2/BBB+/-	-/-/-
2024/3/8	Guotai Junan International Holdings Ltd	USD	30.0	5.89	2024/9/17	186D	Financials	Baa2/BBB+/-	-/-/-
2024/3/8	Guotai Junan International Holdings Ltd	USD	60.0	5.89	2024/9/16	185D	Financials	Baa2/BBB+/-	-/-/-
2024/3/8	Luoyang Shengshi Urban Construction Investment Co Ltd	CNY	100.2	7.8	2025/8/7	1.4	Chengtou	-/-/-	-/-/-
2024/3/8	Taizhou Medical City Holding Group Co Ltd	JPY	6638.7	3.3	2027/3/13	3	Chengtou	-/-/-	-/-/-
2024/3/8	Wuxi Huishan Hi-Tech Group Co., Ltd.	JPY	8298.4	1.9	2025/3/12	364D	Chengtou	-/-/-	-/-/-
2024/3/8	Zhangzhou Transportation Development Group Co Ltd	CNY	916.8	3.75	2025/3/14	364D	Chengtou	-/-/BB+	-/-/-

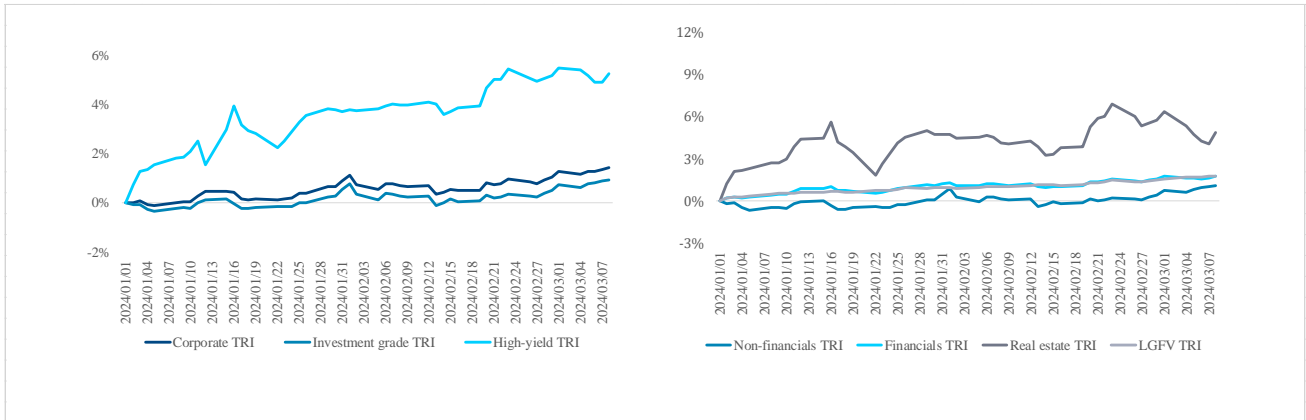
Sources: CCXAP research

## Secondary Market: Return on Chinese USD bond rose

As of March 8, the YTD return<sup>1</sup> on the Chinese USD corporate bond index increased by 15bp to 1.44% from last Friday, of which the return on investment-grade bonds increasing by 20bp to 0.94%, the return on high-yield bonds decreased by 22bp to 5.27%. In terms of sector indices, the return on non-financial, financial and Chengtou bonds was 1.05%, 1.74% and 1.77%, respectively, increasing by 31bp, 2bp and 20bp from last Friday. The return on real estate bonds was 4.84%, decreasing by 148bp from last Friday.

<sup>1</sup> Year-to-date return measures the return since January 1, 2024

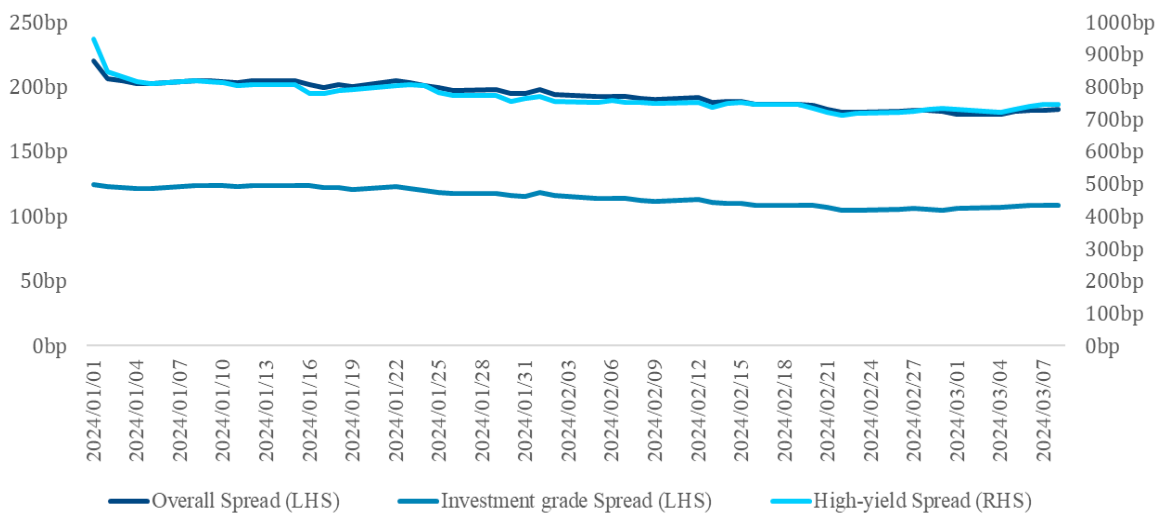
Figure 5: YTD return on Market IBoxx Chinese USD bond index



Sources: CCXAP research

As of March 8, the yield spread of Chinese dollar bonds widened by 3.2bp to 182.00bp from last Friday. The yield spread of investment-grade bonds widened by 2.0bp to 107.89bp, while the spread of high-yield bonds widened by 16.2bp to 744.67bp.

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



Sources: CCXAP research

The 10 bonds with the largest yield increase from March 4 to March 8 are shown in the table below. Among them, Radiance Group Co., LTD. changed the most.

Table 2: Chinese offshore bonds with largest yield increases (20240304-20240308)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
RDHGCL 7.8 03/20/24	RADIANCE GROUP Co., LTD.	57.354	0.01	4198.94	110.482M
CSCHCN 9 04/12/24	China South City Holdings Ltd	29.42	0.08	3084.491	69.0845M
AGILE 7 ¾ PERP	Agile Group Holdings Ltd	5.529	PREP	3973.585	18.2525M
CSCHCN 9 06/26/24	China South City Holdings Ltd	27.479	0.28	900.324	7.1971M
AGILE 7 ¼ PERP	Agile Group Holdings Ltd	5.63	PREP	511.918	3.725M

ROADKG 7 ¾ PERP	Road King Infrastructure Limited	24.686	PREP	380.016	3.4163M
SYSTIO 2.95 03/16/24	RADIANCE GROUP Co., LTD.	100.075	0.01	-10.391	3.0602M
CSCHCN 9 10/09/24	China South City Holdings Ltd	27.616	0.57	423.114	2.7019M
CSCHCN 9 12/11/24	China South City Holdings Ltd	27.524	0.74	349.947	2.6626M
AGILE 5 ¾ 01/02/25	Agile Group Holdings Ltd	17.068	0.8	421.612	1.7534M

Sources: CCXAP research

## Rating Action: CCXAP assigns long-term credit ratings to 1 entity

On March 8, CCXAP assigns first time long-term credit rating of BBB<sub>g</sub>- to Huaiyuan County New Urbanization Construction Co., Ltd. (“HYNC” or the “Company”), with stable outlook.

**Table 3: Credit rating from CCXAP (20240304-20240308)**

Rating Date	Obligor	Entity Rating	Debt Rating	Rating Rational
2024/3/8	HYNC	BBB <sub>g</sub> -	BBB <sub>g</sub> -	The credit rating is underpinned by the Company’s (1) important position as the main infrastructure construction platform in Huaiyuan County; (2) good sustainability of public policy businesses; and (3) solid track record of receiving support from the local government and its parent company. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) rapid debt growth driven by large capital expenditure needs; and (3) medium exposure to contingent liability risk.

Sources: CCXAP research

From March 4 to March 8, rating agencies took positive rating action to 4 Chinese issuers, took negative rating action to 1 Chinese issuer.

**Table 4: Credit rating changes of cross-border bond market (20240304-20240308)**

Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change	
		Entity Rating	Outlook	Date	Entity Rating	Outlook	Date			
<b>International Rating:</b>										
Upgrade:	Shanghai Electric Holding Group Co., Ltd.	Industrials	Baa3	STABLE	2024/03/04	Baa3	NEG	2023/04/06	Moody's	The company's leading position in the electrical market
	Shanghai Electric Group Co., Ltd.	Industrials	Baa3	STABLE	2024/03/04	Baa3	NEG	2023/04/06	Moody's	The company's leading position in the electrical market
	Yancheng High-tech Zone Investment Group Co., Ltd.	Chengtou	BBB	POS	2024/03/04	BBB-	POS	2023/03/06	Lianhe	The company receives increased government support
	Chongqing Nanzhou Water Affairs (Group) Co., Ltd.	Chengtou	BBB <sub>g</sub> -	STABLE	2024/03/06	BB <sub>g</sub> +	STABLE	2023/02/20	CCXAP	Improvement in regional economic conditions



Downgrade:	Champion REIT	Financial	Baa2	NEG	2024/03/04	Baa1	NEG	2023/12/07	Moody's	The company's interest coverage ratio was lower than expected
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Sources: CCXAP research

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