

2024 Issue 9 From March 11 to March 15

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

Headline: China announced housing price index for 70 cities in February; US CPI rose 3.2% YoY in February, higher than expected

On March 15, the National Bureau of Statistics announced changes in sales prices of commercial housing in 70 large and medium-sized cities in February. Among 70 large and medium-sized cities, the MoM decline in commercial housing sales prices in all tiers of cities has generally continued to narrow, and the YoY decline has continued. On March 12, data released by the US Bureau of Labor Statistics showed that the US CPI increased by 3.2% YoY in February, higher than the expected 3.1%, and the previous value was 3.1%. The US CPI increased by 0.4% MoM in February, in line with expectations, but 0.3% higher than the previous value.

Exchange Rate: RMB appreciated, USD index increased

This week, the RMB appreciated. As of March 15, the RMB/USD middle rate closed at 7.0975, decreasing by 3bp from last Friday. The USD index increased by 0.7% to 103.432 from Last Friday.

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

This week, the China Government Bond yields rose. With US CPI is higher than expected, markets expect the Fed will implement tight monetary policy for a longer time, US Treasury yields rose.

Chinese Offshore Bond Market

Primary Market: Chinese offshore bond new issuance increased

From March 11 to March 15, there were 34 new issues with total issued volume of USD2.291 billion, increasing by 15.8% from last week. Among them, financial companies are the largest issuer with a total issued amount of USD1.22 billion.

Secondary Market: Return on Chinese USD bond decreased

As of March 15, the year-to-date return on the Chinese USD corporate bond index decreased by 27bp to 1.17% from last Friday, of which the return on investment-grade bonds decreasing by 36bp to 0.58%, the return on high-yield bonds increased by 35bp to 5.62%.

Rating Action: CCXAP assigns long-term credit ratings to 2 entities

CCXAP assigns long-term credit rating to 2 entities, Chongqing Beibei District Garden Municipal Construction Co., Ltd. and Xiapu County State-owned Assets Investment and Management Co., Ltd.



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Headline: China announced housing price index for 70 cities in February; US CPI rose 3.2% YoY in February, higher than expected

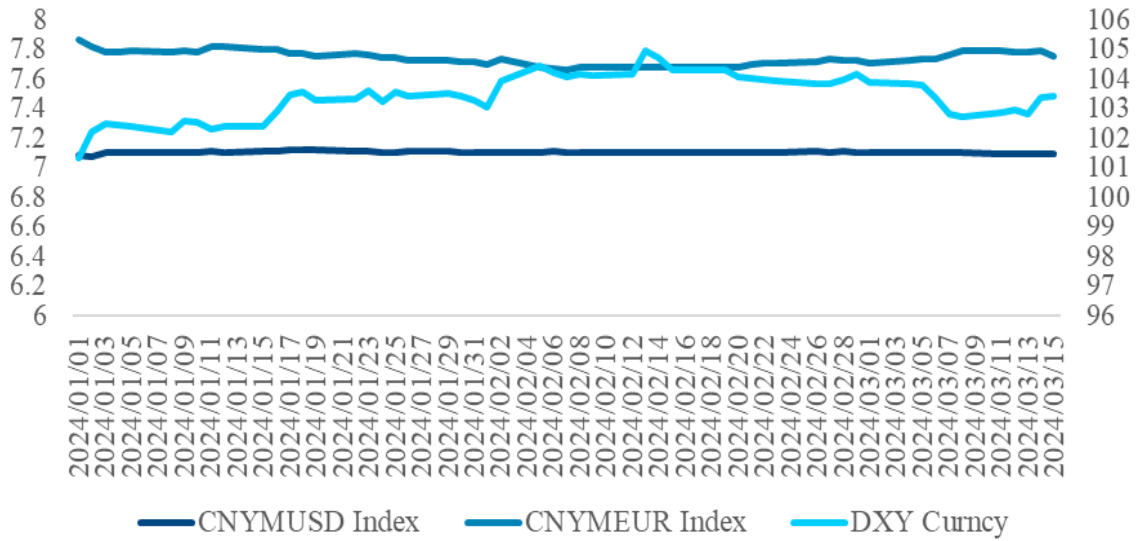
On March 15, the National Bureau of Statistics announced changes in sales prices of commercial housing in 70 large and medium-sized cities in February. Among 70 large and medium-sized cities, the month-on-month (“MoM”) decline in commercial housing sales prices in all tiers of cities has generally continued to narrow, and the year-on-year (“YoY”) decline has continued. In February, the sales price of newly built commercial residential buildings in first-tier cities fell by 0.3% MoM, the same as the previous month. Among them, Beijing, Guangzhou and Shenzhen decreased by 0.1%, 0.8% and 0.5% respectively, while Shanghai increased by 0.2%. The sales price of newly built commercial residential buildings in second-tier cities fell by 0.3% MoM, and the decline narrowed by 0.1 percentage points from the previous month. The sales price of newly built commercial housing in third-tier cities fell by 0.4% MoM, the same rate of decline as last month. Overall, the price index of new commercial housing in 70 cities across the country fell by 0.36% MoM in February, falling for nine consecutive months, and the decline was the same as in January. In February, the sales price of second-hand housing in first-tier cities fell by 0.8% MoM, and the decline narrowed 0.2 percentage points from the previous month. Among them, Beijing, Shanghai, Guangzhou and Shenzhen dropped by 0.9%, 0.6%, 1.0% and 0.5% respectively. The sales price of second-hand housing in second-tier cities fell by 0.6% MoM, the same rate of decline as last month. The sales price of second-hand housing in third-tier cities fell by 0.6% MoM, and the decline narrowed by 0.1 percentage point from the previous month. Overall, in February, the second-hand housing price index in 70 cities fell by 0.62% MoM, falling MoM for 10 consecutive months, and the decline narrowed by 0.06 percentage points from January.

On March 12, data released by the US Bureau of Labor Statistics showed that the US CPI increased by 3.2% YoY in February, higher than the expected 3.1%, and the previous value was 3.1%. The US CPI increased by 0.4% MoM in February, in line with expectations, but 0.3% higher than the previous value. US core CPI in February was higher than expected for the second consecutive month, reinforcing the Federal Reserve's caution in cutting interest rates. After the release of US CPI data, the probability of the Fed holding steady in March remained unchanged, and the probability of cutting interest rates in June increased to 72.4%. Economists believe that the core indicator better reflects underlying inflation than the overall CPI. The report follows strong data in January and adds to evidence that inflation is becoming stubborn, leaving central bankers wary of easing policy prematurely.

Exchange Rate: RMB appreciated, USD index increased

This week, the RMB appreciated. As of March 15, the RMB/USD middle rate closed at 7.0975, decreasing by 3bp from Last Friday. The RMB/EUR middle rate closed at 7.7569, decreasing by 346bp from Last Friday. The USD index increased by 0.7% to 103.432 from Last Friday.

Figure 1: RMB exchange rate

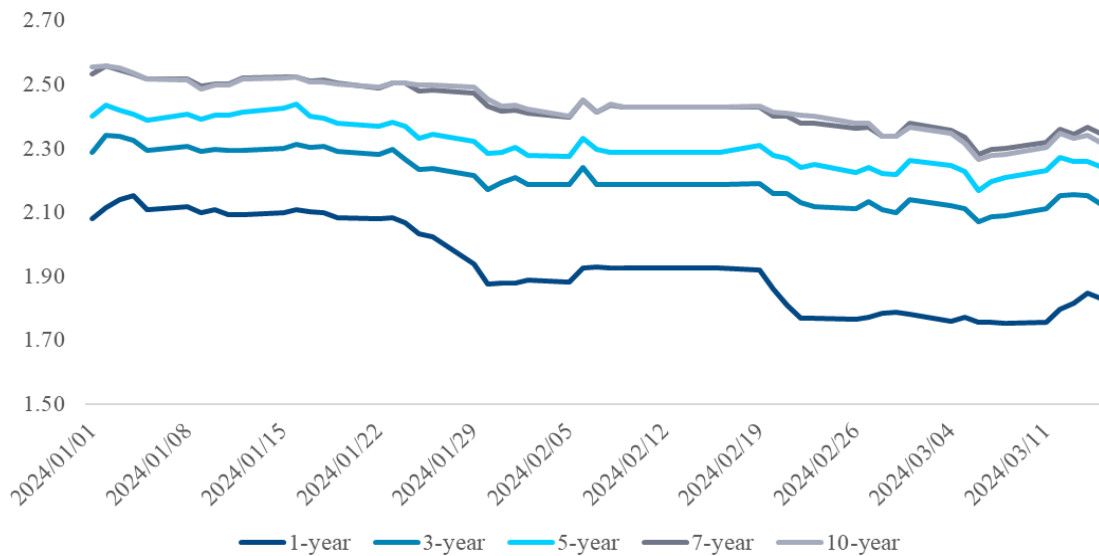


Sources: CCXAP research

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

This week, the China Government Bond yields fall. As of March 15, the 1-year 3-year 5-year 7-year and 10-year China Government Bond yields were 1.8325%, 2.1276%, 2.2428%, 2.3496% and 2.3200%, increasing by 8bp, 3.7bp, 3.39bp, 4.73bp and 3.75bp, respectively, from Last Friday.

Figure 2: China Government Bond yields

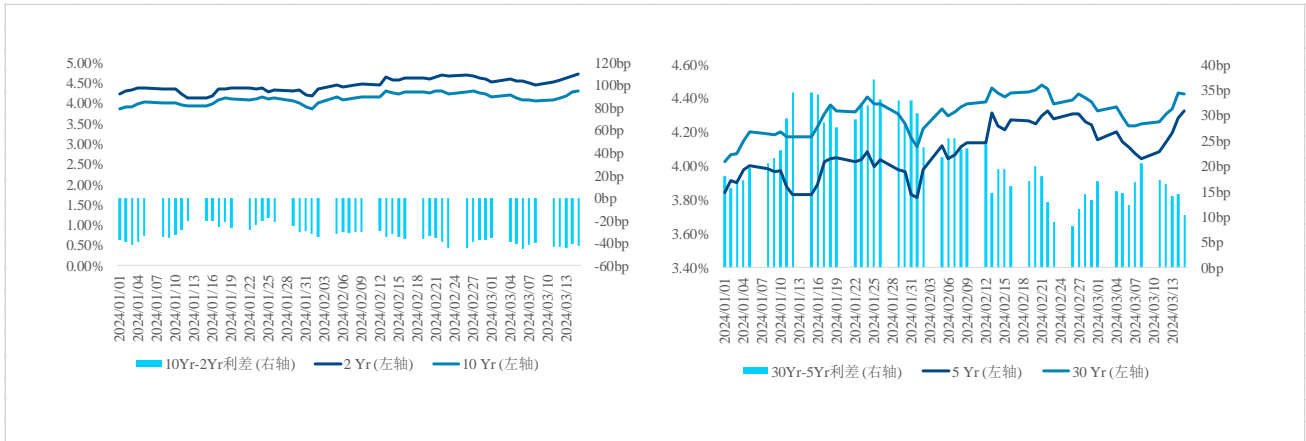


Sources: CCXAP research

With US CPI is higher than expected, markets expect the Fed will implement tight monetary policy for a longer time, US Treasury yields rose. As of March 15, the 2-year 5-year 10-year and 30-year

Treasury yields were 4.7276%, 4.3257%, 4.3063% and 4.4289%, increasing by 25.41bp, 27.91bp, 23.14bp and 17.63bp respectively from Last Friday. In terms of US Treasury bond spreads, the spread between 2-year and 10-year Treasury bonds widened by 2.27bp to -42.1bp from Last Friday, and the spread between 5-year and 30-year Treasury bonds narrowed by 10.28bp to 10.3bp from Last Friday.

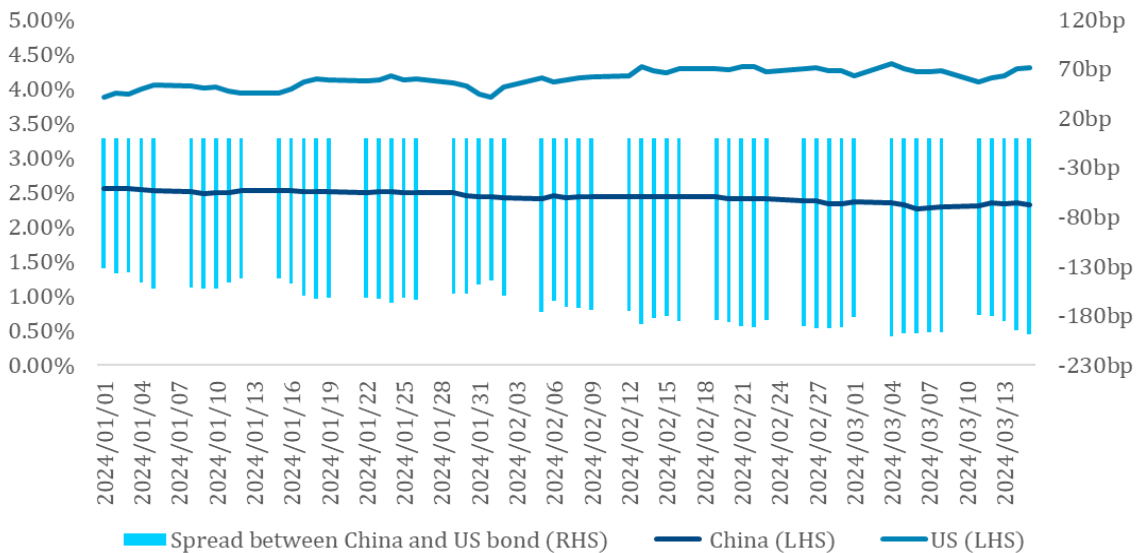
Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of March 15, the yield spread between China and US 10-year note was -198.6bp, widened by 1.62bp from Last Friday and widened 66.25bp 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 increase

From March 11 to March 15, there were 34 new issues with total issued volume of USD2.291 billion, increasing by 15.8% from last week. Among them, financial companies are the largest issuer with a total issued amount of USD1.22 billion.

Table 1: New issuance of Chinese offshore bonds (20240311-20240315)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2024/3/11	Taian City Development and Investment Co Ltd	CNY	1070.9	4.9	2027/3/18	3	Chengtou	-/-/-	-/-/-
2024/3/11	CITIC Securities International Co Ltd	CNY	36.5	2.82	2024/4/18	31D	Financials	-/BBB+/-	-/-/-
2024/3/11	CITIC Securities International Co Ltd	USD	10	0	2024/9/19	185D	Financials	-/BBB+/-	-/-/-
2024/3/11	China Securities International Finance Holding Co Ltd	USD	0.5	5.3	2025/3/14	364D	Financials	-/-/-	-/-/-
2024/3/12	AVIC International Leasing Co Ltd	USD	500	5.15	2027/3/18	3	Financials	Baa1/-/A-	-/-/A-
2024/3/12	Haitong UniTrust International Leasing Co Ltd	CNY	986.6	3.65	2027/3/19	3	Financials	-/-/-	-/-/-
2024/3/12	Zhejiang Qiantang River Investment and Development Co., Ltd.	CNY	296	3.2	2027/3/19	3	Chengtou	-/-/-	-/-/-
2024/3/12	Zhejiang Qiantang River Investment and Development Co., Ltd.	CNY	217.1	4.4	2027/3/19	3	Chengtou	-/-/-	-/-/-
2024/3/12	China Securities International Finance Holding Co Ltd	CNY	5.4	2.2	2024/6/14	91D	Financials	-/-/-	-/-/-
2024/3/12	China Securities International Finance Holding Co Ltd	USD	0.5	0	2025/3/18	365D	Financials	-/-/-	-/-/-
2024/3/12	China Securities International Finance Holding Co Ltd	USD	0.4	0	2025/3/18	365D	Financials	-/-/-	-/-/-
2024/3/12	Minmetals Real Estate Co., Ltd.	CNY	600	4.6	2025/3/19	1	Real Estate	-/-/-	-/-/-
2024/3/13	Ninghai City Investment Group Co Ltd	USD	100	5.6	2027/3/18	3	Chengtou	-/-/-	-/-/-
2024/3/13	Zhejiang Qiantang River Investment and Development Co., Ltd.	CNY	473.6	3.2	2027/3/19	3	Chengtou	-/-/-	-/-/-
2024/3/13	Hubei Guanggudong State-owned Asset Investment Operation Group Co Ltd	CNY	267.4	7.5	2026/8/20	2.42	Chengtou	-/-/-	-/-/-
2024/3/13	Weihai Huantong Industrial Investment Group Co Ltd	CNY	573.2	7.5	2027/3/18	3	Chengtou	-/-/-	-/-/-
2024/3/13	ICBC International Holdings Ltd	CNY	197.3	3.15	2027/3/19	3	Financials	A2/-/-	-/-/-
2024/3/13	Weifang Water Investment Group Co Ltd	CNY	93.7	8	2026/3/15	2	Chengtou	-/-/-	-/-/-
2024/3/13	Guotai Junan International Holdings Ltd	USD	57	5.9	2024/10/21	215D	Financials	Baa2/BBB +/-	-/-/-
2024/3/13	GF Holdings Hong Kong Corp Ltd	USD	16	5.51	2025/3/18	364D	Financials	-/-/-	-/-/-

2024/3/14	CNCB Hong Kong Investment Ltd	USD	200	5.888	2025/3/20	364D	Financials	-- /BBB/BBB +	--/--/--
2024/3/14	Guotai Junan International Holdings Ltd	USD	60	0	2024/9/12	174D	Financials	Baa2/BBB +/-	-/-/-
2024/3/14	Guangzhou Industrial Investment Fund Management Co Ltd	CNY	690.6	4	2027/3/21	3	Chengtou	-/-/A-	-/-/-
2024/3/14	Maoming Port Group Co Ltd	CNY	631.4	4.5	2027/3/21	3	Chengtou	-/-/-	-/-/-
2024/3/14	GF Holdings Hong Kong Corp Ltd	USD	2.5	5.57	2024/12/20	274D	Financials	-/-/-	-/-/-
2024/3/14	Guotai Junan International Holdings Ltd	USD	45	5.6	2025/3/20	364D	Financials	Baa2/BBB +/-	-/-/-
2024/3/14	China Securities International Finance Holding Co Ltd	USD	1.7	0	2025/3/20	365D	Financials	-/-/-	-/-/-
2024/3/14	China International Capital Corp International Ltd	CNY	98.7	3.05	2024/9/19	184D	Financials	Baa1/BBB +/BBB+	-/ /BBB+
2024/3/15	Luoyang City Development Investment Group Co Ltd	CNY	391.7	7.5	2026/3/19	2	Chengtou	-/-/-	-/-/-
2024/3/15	China Securities International Finance Holding Co Ltd	USD	0.6	0	2024/12/18	273D	Financials	-/-/-	-/-/-
2024/3/15	ICBC International Holdings Ltd	CNY	986.6	3.03	2025/3/21	364D	Financials	A2/-/-	-/-/-
2024/3/15	Shuifa Group Co Ltd	USD	180	7.2	2027/3/20	3	Chengtou	Baa2/-/-	Baa2/-/-
2024/3/15	Xi'an Aerospace High-tech Industry Development Group Co., Ltd.	CNY	94	3.2	2027/2/22	2.92	Chengtou	-/-/-	-/-/-
2024/3/15	Yidu State-owned Assets Investment and Operation Holding Group Co., Ltd.	CNY	217	6.9	2026/3/22	2	Chengtou	-/-/-	-/-/-

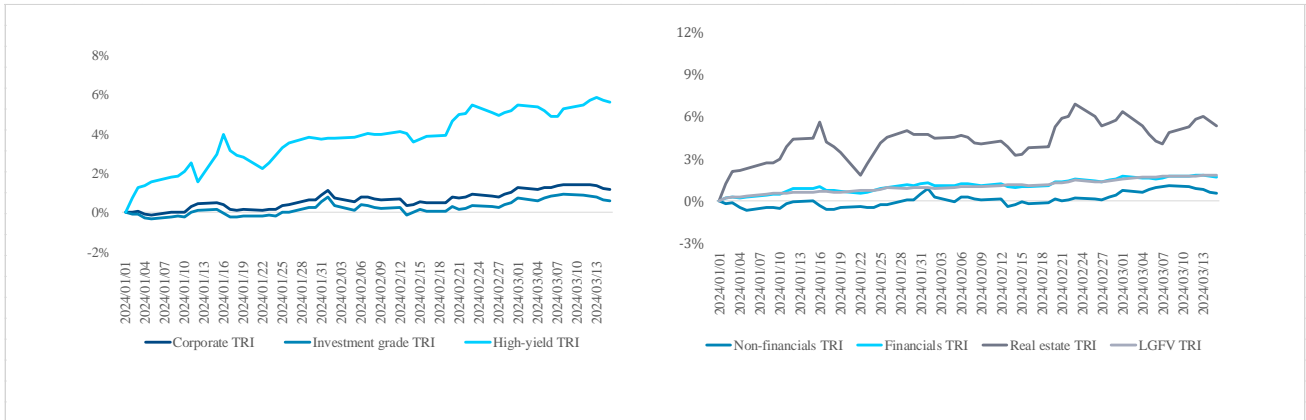
Sources: CCXAP research

Secondary Market: Return on Chinese USD bond decreased

As of March 15, the YTD return¹ on the Chinese USD corporate bond index decreased by 27bp to 1.17% from last Friday, of which the return on investment-grade bonds decreasing by 36bp to 0.58%, the return on high-yield bonds increased by 35bp to 5.62%. In terms of sector indices, the return on non-financial and financial bonds was 0.54% and 1.68%, respectively, decreasing by 51bp and 6bp from last Friday. The return on real estate and Chengtou bonds was 5.32% and 1.83%, increasing by 48bp and 6bp from last Friday.

¹ Year-to-date return measures the return since January 1, 2024

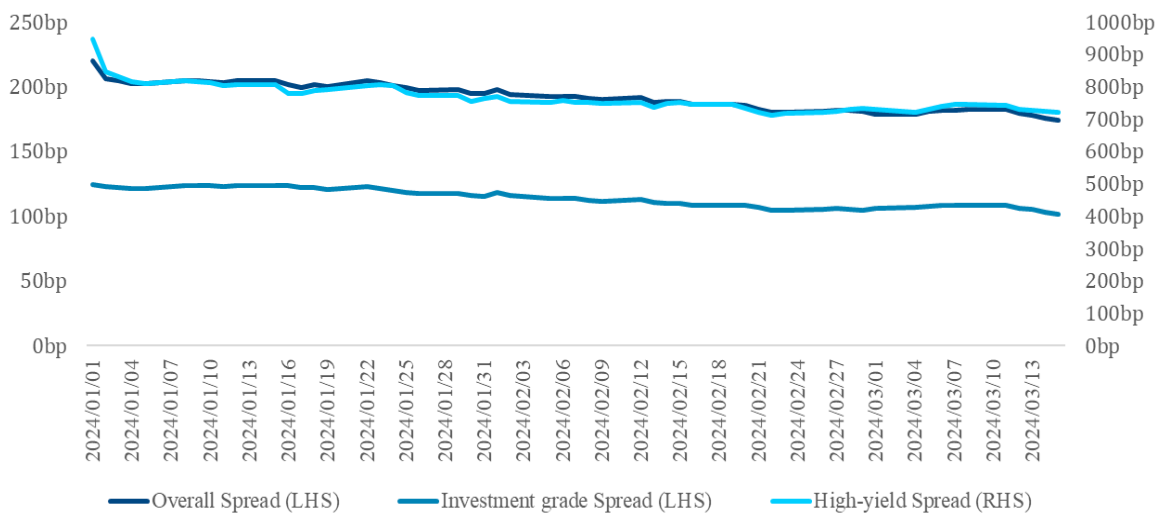
Figure 5: YTD return on Markit IBoxx Chinese USD bond index



Sources: CCXAP research

As of March 15, the yield spread of Chinese dollar bonds narrowed by 7.7bp to 174.27bp from last Friday. The yield spread of investment-grade bonds narrowed by 6.2bp to 101.65bp, while the spread of high-yield bonds narrowed by 23.9bp to 720.78bp.

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



Sources: CCXAP research

The 10 bonds with the largest yield increase from March 11 to March 15 are shown in the table below. Among them, Road King Infrastructure Limited changed the most.

Table 2: Chinese offshore bonds with largest yield increases (20240311-20240315)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
ROADKG 7 ¾ PERP	Road King Infrastructure Limited	19.529	PREP	506.644	16.1372M
AGILE 7 ½ PERP	Agile Group Holdings Limited	5.692	PREP	3964.715	9.6859M
AGILE 7 ¼ PERP	Agile Group Holdings Limited	5.63	PREP	523.111	5.4852M
BTSDf 5 ½ 10/24/24	H&H International Holdings Limited	99.969	0.6	7.684	5.0123M
ROADKG 6.7 09/30/24	Road King Infrastructure Limited	72.621	0.53	79.844	3.9794M

ROADKG 5.9 03/05/25	Road King Infrastructure Limited	54.277	0.96	84.517	3.4847M
ROADKG 6 09/04/25	Road King Infrastructure Limited	44.591	1.46	74.509	2.6152M
SXFIAM 3.2 03/18/24	Shaanxi Financial Asset Management Co., Ltd.	100.042	0.01	-1.811	2.3467M
AGILE 5 ¾ 01/02/25	Agile Group Holdings Limited	17.772	0.79	419.455	2.2883M
FTLNHD 4.8 12/15/24	Metro Global Limited	50.126	0.74	127.727	1.4723M

Sources: CCXAP research

Rating Action: CCXAP assigns long-term credit ratings to 2 entities

On March 13, CCXAP assigns first time long-term credit rating of BBB_g- to Chongqing Beibei District Garden Municipal Construction Co., Ltd. (“CBGM” or the “Company”), with stable outlook.

On March 15, CCXAP assigns first time long-term credit rating of BBB_g- to Xiapu County State-owned Assets Investment and Operation Co., Ltd. (“XSAI” or the “Company”) with stable outlook.

Table 3: Credit rating from CCXAP (20240311-20240315)

Rating Date	Obligor	Entity Rating	Debt Rating	Rating Rationale
2024/3/13	CBGM	BBB _g -	BBB _g -	The credit rating is underpinned by the Company’s (1) strategic position as the major entity of urban renewal and upgrading, and as the core operator of assets and resources in Beibei District; and (2) relatively low debt leverage. However, the rating is constrained by the Company’s (1) weak asset liquidity; (2) moderate access to financing channels with limited financial flexibility; and (3) medium exposure to contingent liability risk.
2024/3/15	XSAI	BBB _g -	-	The credit rating is underpinned by the Company’s (1) important policy role as the most important infrastructure construction entity and the sole public utility services provider in Xiapu County; (2) good track record of receiving government support; (3) reasonable debt leverage. However, the rating is constrained by the Company’s (1) medium exposure to commercial activities; (2) moderate asset liquidity; and (3) limited access to funding.

Sources: CCXAP research

From March 11 to March 15, rating agencies took positive rating action to 4 Chinese issuers, took negative rating action to 2 Chinese issuer.

Table 4: Credit rating changes of cross-border bond market (20240311-20240315)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade:	Shanghai Huayi Holding Group Co., Ltd.	Industrials	BBB+	STABLE	2024/03/12	BBB-	STABLE	2024/01/18	Fitch	Level transfer after rating agency weight adjustment
	BAIC Motor Co., Ltd.	Industrials	A-	STABLE	2024/03/13	BBB+	STABLE	2023/09/01	Fitch	Level transfer after rating agency weight adjustment
	Beijing Automotive Group Co., Ltd.	Industrials	A-	STABLE	2024/03/13	BBB+	STABLE	2024/01/18	Fitch	Level transfer after rating agency weight adjustment

	Taixing Jinjiang Investment Co., Ltd.	Chengtou	BBBg	STABLE	2024/03/15	BBBg	STABLE	2023/03/14	CCXAP	The supportiveness from the local government increase
Downgrade:	Vanke Enterprise Co., Ltd.	Real Estate	BBB+	NEG under review	2024/03/15	BBB+	STABLE	2023/06/27	S&P	Company sales weaken, debt repayment pressure rises
	Xinhu Zhongbao Co., Ltd.	Real Estate	B-	NEG	2024/03/15	B	NEG	2023/09/26	S&P	The company's sales are weak and its subsidiaries are under great debt pressure

Sources: CCXAP research

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