

# Market Summaries

## People's Republic of China

Local currency (LCY) bonds outstanding in the People's Republic of China (PRC) reached CNY24.4 trillion (US\$3.9 trillion) in 1Q13, expanding 3.0% quarter-on-quarter (q-o-q) and 12.6% year-on-year (y-o-y). Corporate bond market growth outpaced that of the government sector on a q-o-q and y-o-y basis to reach CNY6.9 trillion at the end of 1Q13.

**Table 1: Size and Composition of the LCY Bond Market in the People's Republic of China**

	Outstanding Amount (billion)						Growth Rates (%)			
	1Q12		4Q12		1Q13		1Q12		1Q13	
	CNY	US\$	CNY	US\$	CNY	US\$	q-o-q	y-o-y	q-o-q	y-o-y
Total	21,719	3,448	23,747	3,811	24,448	3,937	1.7	8.2	3.0	12.6
Government	16,218	2,575	17,270	2,772	17,555	2,827	1.4	4.5	1.7	8.2
Treasury Bonds	7,420	1,178	8,074	1,296	8,071	1,300	0.5	11.3	(0.03)	8.8
Central Bank Bonds	1,928	306	1,338	215	1,338	215	(9.4)	(39.3)	0.0	(30.6)
Policy Bank Bonds	6,869	1,091	7,858	1,261	8,146	1,312	6.0	21.1	3.7	18.6
Corporate	5,502	874	6,477	1,040	6,893	1,110	2.6	20.6	6.4	25.3
<b>Policy Bank Bonds</b>										
China Development Bank	4,676	742	5,270	846	5,422	873	5.2	14.8	2.9	15.9
Export-Import Bank of China	902	143	1,112	178	1,183	191	8.2	48.5	6.4	31.2
Agricultural Devt. Bank of China	1,291	205	1,476	237	1,541	248	7.5	30.4	4.4	19.3

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.
  2. Treasury bonds include savings bonds and local government bonds.
  3. Bloomberg LP end-of-period LCY-US\$ rate is used.
  4. Growth rates are calculated from an LCY base and do not include currency effects.
  5. The balance of outstanding commercial paper at the end of 1Q13 was zero based on *ChinaBond* data, but amounted to CNY1.4 trillion according to *Wind* data.
- Source: *ChinaBond* and Bloomberg LP.

**Corporate bond issuance fell 18.5% q-o-q but grew 29.1% y-o-y in 1Q13. The q-o-q decline was largely due to a drop in commercial bank bond issuance.**

**Table 2: Notable LCY Corporate Issuance in 1Q13**

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
Jiangsu Broadcasting		
3-year bond	4.60	20
China Pingmei Shenma Energy & Chemical		
5-year bond	5.55	20
Bank of Beijing		
5-year bond	4.30	20
China National Petroleum		
5-year bond	4.47	20
Shenhua Group		
10-year bond	4.99	10
State Grid		
5-year bond	4.65	10

LCY = local currency.  
Source: *ChinaBond*.

**LCY bonds outstanding of the top 30 corporate bond issuers in the PRC reached CNY4 trillion at the end of 1Q13, representing 58% of total corporate bonds outstanding.**

**Table 3: Top 30 Issuers of LCY Corporate Bonds in the People's Republic of China**

Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
	LCY Bonds (CNY billion)	LCY Bonds (US\$ billion)			
1. China Railway	747.00	120.29	Yes	No	Transportation
2. China National Petroleum	380.00	61.19	Yes	No	Energy
3. State Grid Corporation of China	349.50	56.28	Yes	No	Public Utilities
4. Industrial and Commercial Bank of China	230.00	37.04	Yes	Yes	Banking
5. Bank of China	219.93	35.41	Yes	Yes	Banking
6. China Construction Bank	200.00	32.21	Yes	Yes	Banking
7. Agricultural Bank of China	150.00	24.15	Yes	Yes	Banking
8. China Petroleum & Chemical	144.70	23.30	Yes	Yes	Energy
9. Central Huijin Investment	109.00	17.55	Yes	No	Diversified Financial
10. Petrochina	107.50	17.31	Yes	Yes	Energy
11. Shenhua Group	105.00	16.91	Yes	No	Energy
12. China Guodian	103.20	16.62	Yes	No	Public Utilities
13. China Minsheng Bank	102.31	16.47	No	Yes	Banking
14. Shanghai Pudong Development Bank	79.20	12.75	No	Yes	Banking
15. Bank of Communications	76.00	12.24	No	Yes	Banking
16. China Three Gorges Project	75.50	12.16	Yes	No	Public Utilities
17. Industrial Bank	72.08	11.61	No	Yes	Banking
18. China Life	68.00	10.95	Yes	Yes	Insurance
19. China Power Investment	67.30	10.84	Yes	No	Public Utilities
20. China Merchants Bank	61.70	9.94	No	Yes	Banking
21. China Southern Power Grid	60.50	9.74	Yes	No	Public Utilities
22. State-Owned Capital Operation and Management Center of Beijing	58.50	9.42	Yes	No	Diversified Financial
23. Huaneng Power International	54.20	8.73	Yes	Yes	Public Utilities
24. Citic Group	53.50	8.61	Yes	No	Diversified Financial
25. Bank of Beijing	53.50	8.61	No	Yes	Banking
26. China Huaneng Group	53.00	8.53	Yes	No	Public Utilities
27. China Everbright Bank	52.70	8.49	No	Yes	Banking
28. China United Network Communications	50.00	8.05	Yes	Yes	Telecommunications
29. China Citic Bank	42.50	6.84	No	Yes	Banking
30. China Datang	42.20	6.80	Yes	No	Public Utilities
<b>Total Top 30 LCY Corporate Issuers</b>	<b>3,968.52</b>	<b>639.03</b>			
<b>Total LCY Corporate Bonds</b>	<b>6,892.54</b>	<b>1,109.87</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>	<b>57.6%</b>	<b>57.6%</b>			

LCY = local currency.

Notes:

1. Data as of end-April 2013.

2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.

Source: *AsianBondsOnline* calculations based on *Wind* data.

**Table 4: Notional Values of the PRC's Interest Rate Swap Market**

Interest Rate Swap Benchmarks	Notional Amount (CNY billion)	% of Total Notional Amount	Number of Transactions	Growth Rate (%)	
				1Q13	q-o-q
7-Day Repo Rate	410.3	55.6	3,864	42.6	60.3
Overnight SHIBOR	228.7	31.0	408	(56.8)	99.7
3-Month SHIBOR	89.2	12.1	1,017	0.5	15.5
1-Year Term Deposit Rate	0.9	0.1	16	(87.3)	(97.7)
6-Month Lending Rate	0.01	0.0	1	(73.7)	(33.3)
1-Year Lending Rate	7.3	1.0	211	(25.7)	237.6
3-Year Lending Rate	0.7	0.1	6	(81.9)	690.7
5-Year Lending Rate	0.3	0.0	6	3.0	3.0
Above 5-Year Lending Rate	0.1	0.0	4	(76.8)	-
<b>Total</b>	<b>737.6</b>	<b>100.0</b>	<b>5,533</b>	<b>(20.5)</b>	<b>50.3</b>

- = not applicable, ( ) = negative, PRC = People's Republic of China, q-o-q = quarter-on-quarter, Repo = repurchase, SHIBOR = Shanghai Interbank Offered Rate, y-o-y = year on year.

Note: Data as of end-March 2013.

Source: *AsianBondsOnline* and *ChinaMoney*.