

# Market Summaries

## People's Republic of China

The amount of local currency (LCY) bonds outstanding in the People's Republic of China (PRC) reached CNY32.2 trillion (US\$5.2 trillion) at end-December on growth of 2.0% quarter-on-quarter (q-o-q) and 12.7% year-on-year (y-o-y). The bond market's growth in 4Q14 was primarily driven by increasing stocks of Treasury bonds and corporate bonds. Meanwhile, the amount of central bank bonds outstanding continued to fall, owing to declining issuance in 2014 as the People's Bank of China largely used other means to manage liquidity.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	4Q13		3Q14		4Q14		4Q13		4Q14	
	CNY	US\$	CNY	US\$	CNY	US\$	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	28,602	4,724	31,578	5,143	32,222	5,192	2.7	12.5	2.0	12.7
Government	18,602	3,073	20,354	3,315	20,693	3,335	2.7	7.7	1.7	11.2
Treasury Bonds	9,178	1,516	10,015	1,631	10,308	1,661	3.2	13.7	2.92	12.3
Central Bank Bonds	552	91	468	76	428	69	(2.1)	(58.9)	(8.5)	(22.5)
Policy Bank Bonds	8,872	1,465	9,870	1,608	9,957	1,605	2.5	12.9	0.9	12.2
Corporate	10,000	1,652	11,224	1,828	11,529	1,858	2.7	22.6	2.7	15.3
Policy Bank Bonds										
China Development Bank	5,764	952	6,240	1,016	6,266	1,010	1.5	9.4	0.4	8.7
Export-Import Bank of China	1,339	221	1,542	251	1,583	255	4.9	20.5	2.7	18.2
Agricultural Devt. Bank of China	1,769	292	2,088	340	2,108	340	3.8	19.8	1.0	19.2

(-) = 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 LCY base and do not include currency effects.

Sources: Bloomberg LP, *ChinaBond*, and *Wind*.

Corporate bond issuance totaled CNY1.1 trillion in 4Q14, slightly lower than in 3Q14 when banks conducted most of their subordinated issuances. The decline was somewhat offset by an increase in the issuance of medium-term notes.

Table 2: Notable LCY Corporate Bond Issuance in 4Q14

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
China Petroleum & Chemical		
25-day short-term commercial paper	3.70	20
China Railway		
5-year bond	4.40	10
5-year bond	4.73	10
10-year bond	4.53	15
Beijing State-Owned Assets Operation & Management Center		
5-year bond	5.10	10
China Huarong Asset Management		
3-year bond	4.60	10
5-year bond	4.80	10
State Grid Corp of China		
3-year bond	4.38	10

LCY = local currency.  
Source: Bloomberg LP.

LCY corporate bonds outstanding among the top 30 corporate bond issuers in the PRC reached CNY5.1 trillion at end-December, accounting for about 49% of the total LCY corporate bond market. The largest issuer remained China Railways, with CNY1.1 trillion of 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	1,058.5	170.57	Yes	No	Transportation
2.	State Grid Corporation of China	435.5	70.18	Yes	No	Public Utilities
3.	China National Petroleum	370.0	59.62	Yes	No	Energy
4.	Bank of China	298.8	48.15	Yes	Yes	Banking
5.	Industrial and Commercial Bank of China	296.5	47.78	Yes	Yes	Banking
6.	Agricultural Bank of China	229.0	36.90	Yes	Yes	Banking
7.	Industrial Bank	206.3	33.24	No	Yes	Banking
8.	China Construction Bank	199.5	32.15	Yes	Yes	Banking
9.	Shanghai Pudong Development Bank	167.0	26.92	No	Yes	Banking
10.	China Minsheng Bank	136.2	21.95	No	Yes	Banking
11.	Bank of Communications	126.8	20.43	No	Yes	Banking
12.	China Citic Bank	121.9	19.64	No	Yes	Banking
13.	China Power Investment	116.9	18.84	Yes	No	Public Utilities
14.	Central Huijin Investment	109.0	17.57	Yes	No	Diversified Financial
15.	China Merchants Bank	105.3	16.97	No	Yes	Banking
16.	China Everbright Bank	101.9	16.42	Yes	Yes	Banking
17.	Senhua Group	101.5	16.36	Yes	No	Energy
18.	Petrochina	91.0	14.66	Yes	Yes	Energy
19.	China Southern Power Grid	81.5	13.13	Yes	No	Public Utilities
20.	China Petroleum & Chemical	79.5	12.81	Yes	Yes	Energy
21.	China Guodian	77.9	12.55	Yes	No	Public Utilities
22.	China Datang	72.7	11.72	Yes	No	Energy
23.	Tianjin Infrastructure Investment Group	72.1	11.62	Yes	No	Capital Goods
24.	Beijing State-owned Assets Operation & Management Center	71.5	11.52	Yes	No	Diversified Financial
25.	China Three Gorges Project	69.5	11.20	Yes	No	Public Utilities
26.	China Life	68.0	10.96	Yes	Yes	Insurance
27.	Shanxi Coal and Chemical Industry Group	62.0	9.99	No	Yes	Energy
28.	Bank of Beijing	60.6	9.77	No	Yes	Banking
29.	China Huaneng Group	59.1	9.52	Yes	No	Public Utilities
30.	Shanghai Pudong Development Bank	51.9	8.36	No	Yes	Banking
<b>Total Top 30 LCY Corporate Issuers</b>		<b>5,097.97</b>	<b>821.52</b>			
<b>Total LCY Corporate Bonds</b>		<b>11,528.67</b>	<b>1,857.81</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>44.2%</b>	<b>44.2%</b>			

LCY = local currency.

Notes:

1. Data as of end-December 2014.

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

Source: AsianBondsOnline calculations based on Bloomberg data.