

Market Summaries

People's Republic of China

The amount of local currency (LCY) bonds outstanding in the People's Republic of China (PRC) grew 6.7% quarter-on-quarter (q-o-q) and 23.9% year-on-year (y-o-y) to reach CNY39.9 trillion (USD6.1 trillion) at the end of December. The expansion was driven by 39.6% q-o-q and 315.0% y-o-y growth in local government bonds as local governments continued to refinance existing debt and issue new bonds amid declining revenues. Central bank bonds remained unchanged as the People's Bank of China used other methods to control liquidity.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	32,222	5,192	37,444	5,891	39,938	6,150	2.0	12.7	6.7	23.9
Government	20,693	3,335	24,547	3,862	26,408	4,067	1.7	11.2	7.6	27.6
Treasury Bonds	10,308	1,661	13,263	2,087	14,984	2,307	2.9	12.3	12.97	45.4
Central Bank Bonds	428	69	428	67	428	66	(8.5)	(22.5)	0.0	0.0
Policy Bank Bonds	9,957	1,605	10,855	1,708	10,996	1,693	0.9	12.2	1.3	10.4
Corporate	11,529	1,858	12,897	2,029	13,529	2,083	2.7	15.3	4.9	17.4
Policy Bank Bonds										
China Development Bank	6,266	1,010	6,610	1,040	6,601	1,017	0.4	8.7	(0.1)	5.4
Export-Import Bank of China	1,583	255	1,817	286	1,852	285	2.7	18.2	1.9	16.9
Agricultural Devt. Bank of China	2,108	340	2,429	382	2,543	392	1.0	19.2	4.7	20.6

() = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth 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-USD 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 CNY1.7 trillion in the fourth quarter of 2015, up from CNY1.5 trillion in the third quarter of 2015, as financial institutions resumed capital-raising efforts and increased their commercial paper and medium-term note issuances.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
China National Petroleum			Bank of Beijing		
1-year bond	2.80	15	5-year bond	4.00	20
1-year bond	3.05	15	Anbang Life Insurance		
1-year bond	3.10	15	10-year bond	4.50	15
1-year bond	3.00	15	Evergrowing Bank		
1-year bond	2.90	15	10-year bond	4.60	15
3-year bond	3.28	20			
5-year bond	3.85	20			
Bank of Communications					
5-year bond	3.45	30			
China Construction Bank					
10-year bond	4.00	24			

LCY = local currency, Q4 = fourth quarter.
Source: Bloomberg LP.

LCY corporate bonds outstanding among the top 30 corporate bond issuers in the PRC reached CNY7.1 trillion at the end of December, accounting for about 53% of the total LCY corporate bond market. The largest issuer remained China Railways, with CNY1.2 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 (USD billion)			
1.	China Railway	1,218.5	187.64	Yes	No	Transportation
2.	State Grid Corporation of China	469.1	72.24	Yes	No	Public Utilities
3.	Industrial Bank	435.9	67.13	Yes	No	Banking
4.	Shanghai Pudong Development Bank	432.8	66.64	Yes	Yes	Banking
5.	China National Petroleum	415.0	63.91	Yes	Yes	Energy
6.	Bank of China	311.9	48.03	Yes	Yes	Banking
7.	Industrial and Commercial Bank of China	311.5	47.97	Yes	Yes	Banking
8.	China Citic Bank	286.4	44.10	No	Yes	Banking
9.	Agricultural Bank of China	267.5	41.19	No	Yes	Banking
10.	China Merchants Bank	258.0	39.73	No	Yes	Banking
11.	China Everbright Bank	236.7	36.44	Yes	Yes	Banking
12.	Ping An Bank	223.5	34.41	Yes	No	Banking
13.	China Construction Bank	215.0	33.11	No	Yes	Banking
14.	China Minsheng Bank	204.0	31.41	Yes	No	Banking
15.	Bank of Beijing	183.0	28.18	Yes	No	Banking
16.	Bank of Ningbo	154.8	23.84	No	Yes	Banking
17.	Petrochina	151.0	23.25	Yes	Yes	Energy
18.	Bank of Communications	150.5	23.18	Yes	Yes	Banking
19.	State Power Investment	125.9	19.39	Yes	No	Energy
20.	Bank of Shanghai	122.7	18.90	Yes	No	Banking
21.	China Petroleum and Chemical	118.5	18.25	No	Yes	Energy
22.	Senhua Group	113.6	17.49	Yes	No	Energy
23.	Central Huijin Investment	109.0	16.79	Yes	No	Diversified Financial
24.	Evergrowing Bank	100.6	15.48	Yes	No	Banking
25.	Bank of Hangzhou	95.8	14.75	Yes	No	Banking
26.	Bank of Nanjing	93.9	14.47	No	Yes	Banking
27.	China Zheshang Bank	92.6	14.27	Yes	Yes	Banking
28.	China Datang	85.7	13.20	Yes	Yes	Energy
29.	China Three Gorges Project	85.5	13.17	Yes	Yes	Public Utilities
30.	Huishang Bank	83.5	12.86	Yes	No	Banking
Total Top 30 LCY Corporate Issuers		7,152.26	1,101.42			
Total LCY Corporate Bonds		13,529.36	2,083.46			
Top 30 as % of Total LCY Corporate Bonds		52.9%	52.9%			

LCY = local currency.

Notes:

1. Data as of end-December 2015.

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.