

Market Summaries

People's Republic of China

Local currency (LCY) bonds outstanding in the People's Republic of China (PRC) grew 4.0% quarter-on-quarter (q-o-q) and 14.9% year-on-year (y-o-y) to reach CNY56.9 trillion (USD8.7 trillion) at the end of December. The increase mostly came from a rise in Treasury and other government bonds, which together grew 5.2% q-o-q and 25.2% y-o-y. The expansion of Treasury and other government bonds was mostly due to a rise in local government bonds, which grew 5.9% q-o-q and 38.7% y-o-y.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2016		Q3 2017		Q4 2017		Q4 2016		Q4 2017	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	49,510	7,129	54,693	8,221	56,866	8,739	3.4	22.0	4.0	14.9
Government	34,545	4,974	39,438	5,928	41,167	6,327	4.2	30.8	4.4	19.2
Treasury Bonds	22,142	3,188	26,340	3,959	27,712	4,259	5.9	47.8	5.2	25.2
Central Bank Bonds	6	1	0	0	0	0	(78.2)	(98.6)	-	(100.0)
Policy Bank Bonds	12,397	1,785	13,098	1,969	13,454	2,068	1.5	12.7	2.7	8.5
Corporate	14,965	2,155	15,255	2,293	15,700	2,413	1.6	5.6	2.9	4.9
Policy Bank Bonds										
China Development Bank	7,081	1,020	7,331	1,102	7,540	1,159	0.4	7.3	2.9	6.5
Export-Import Bank of China	2,133	307	2,280	343	2,296	353	5.2	15.2	0.7	7.7
Agricultural Devt. Bank of China	3,184	458	3,488	524	3,617	556	1.5	25.2	3.7	13.6

() = negative, - = not applicable, CNY = Chinese yuan, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, 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 an LCY base and do not include currency effects.

Sources: Bloomberg LP, ChinaBond, and Wind Information.

Total corporate bond issuance for the fourth quarter (Q4) of 2017 reached CNY1.5 trillion, which was lower than the previous quarter's CNY1.6 trillion due to a rise in borrowing costs.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2017

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
Industrial and Commercial Bank			10-year	4.93	5
10-year	4.45	44	10-year	4.96	10
10-year	4.45	44	Agricultural Bank of China		
China Railway			10-year	4.45	40
6-months	4.30	20	Bank of China		
5-year	4.85	15	10-year	4.45	30
5-year	4.94	10	China Bohai Bank		
5-year	4.90	15	2-year	5.40	10
10-year	4.85	5			

CNY = Chinese yuan.
Source: Bloomberg LP.

LCY corporate bonds outstanding among the top 30 corporate bond issuers in the PRC reached CNY6.3 trillion at the end of December, accounting for 40.4% of the total LCY corporate bond market. The largest issuer remained China Railways, with CNY1.5 trillion of bonds outstanding.

Table 3: Top 30 Issuers of Local Currency 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	1,495.5	229.84	Yes	No	Transportation
2.	State Grid Corporation of China	361.8	55.60	Yes	No	Public Utilities
3.	Industrial and Commercial Bank of China	356.0	54.71	Yes	Yes	Banking
4.	China National Petroleum	325.0	49.95	Yes	No	Energy
5.	Bank of China	318.9	49.01	Yes	Yes	Banking
6.	Agricultural Bank of China	318.0	48.87	Yes	Yes	Banking
7.	Bank of Communications	265.0	40.73	No	Yes	Banking
8.	China Construction Bank	212.0	32.58	Yes	Yes	Banking
9.	Shanghai Pudong Development Bank	198.6	30.52	No	Yes	Banking
10.	China Everbright Bank	188.9	29.03	Yes	Yes	Banking
11.	China Minsheng Banking	185.1	28.45	No	Yes	Banking
12.	Industrial Bank	185.0	28.43	No	Yes	Banking
13.	China CITIC Bank	157.5	24.21	No	Yes	Banking
14.	Bank of Beijing	152.9	23.50	Yes	Yes	Banking
15.	State Power Investment	140.1	21.54	Yes	No	Energy
16.	Huaxia Bank	130.4	20.04	Yes	No	Banking
17.	Central Huijin Investment	124.0	19.06	Yes	No	Asset Management
18.	PetroChina	121.0	18.60	Yes	Yes	Energy
19.	Tianjin Infrastructure Construction and Investment Group	110.3	16.95	Yes	No	Industrial
20.	CITIC Securities	106.8	16.41	Yes	Yes	Brokerage
21.	China Three Gorges	98.8	15.18	Yes	No	Public Utilities
22.	China Huarong Asset Management	96.0	14.75	Yes	Yes	Asset Management
23.	Dalian Wanda Commercial Properties	93.0	14.29	No	Yes	Real Estate
24.	China Merchants Bank	89.0	13.68	Yes	Yes	Banking
25.	Haitong Securities	87.6	13.46	Yes	Yes	Brokerage
26.	China Guangfa Bank	86.5	13.29	No	Yes	Banking
27.	China Cinda Asset Management	86.0	13.22	Yes	Yes	Asset Management
28.	Guotai Junan Securities	85.0	13.06	Yes	Yes	Brokerage
29.	Huatai Securities	84.9	13.05	Yes	Yes	Brokerage
30.	Shenhua Group Corp Ltd	83.2	12.79	Yes	No	Energy
Total Top 30 LCY Corporate Issuers		6,342.80	974.80			
Total LCY Corporate Bonds		15,699.64	2,412.81			
Top 30 as % of Total LCY Corporate Bonds		40.4%	40.4%			

CNY = Chinese yuan, LCY = local currency, USD = United States dollar.

Notes:

1. Data as of end-December 2017.

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 LP data.