

# Market Summaries

## People's Republic of China

Local currency (LCY) bonds outstanding in the People's Republic of China (PRC) grew 2.9% quarter-on-quarter (q-o-q) and 14.3% year-on-year (y-o-y) to reach CNY65.0 trillion (USD9.5 trillion) at the end of December. The gains in the fourth quarter (Q4) of 2018 mostly came from a rise in corporate bonds, which grew 5.3% q-o-q and 14.6% y-o-y. Government bond growth in Q4 2018 slowed to 2.1% q-o-q from 6.3% q-o-q in the previous quarter as local governments had already met 80% of their issuance target for special bonds by the end of September.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2017		Q3 2018		Q4 2018		Q4 2017		Q4 2018	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>56,866</b>	<b>8,739</b>	<b>63,160</b>	<b>9,195</b>	<b>65,019</b>	<b>9,453</b>	<b>4.0</b>	<b>14.9</b>	<b>2.9</b>	<b>14.3</b>
Government	41,167	6,327	46,072	6,707	47,029	6,837	4.4	19.2	2.1	14.2
Treasury Bonds	27,712	4,259	31,888	4,642	32,512	4,727	5.2	25.2	1.96	17.3
Central Bank Bonds	0	0	0	0	0	0	-	(100.0)	-	-
Policy Bank Bonds	13,454	2,068	14,184	2,065	14,517	2,110	2.7	8.5	2.3	7.9
Corporate	15,700	2,413	17,088	2,488	17,990	2,615	2.9	4.9	5.3	14.6
Policy Bank Bonds										
China Development Bank	7,540	1,159	7,979	1,162	8,147	1,184	2.9	6.5	2.1	8.0
Export-Import Bank of China	2,296	353	2,299	335	2,397	348	0.7	7.7	4.3	4.4
Agricultural Devt. Bank of China	3,617	556	3,907	569	3,973	578	3.7	13.6	1.7	9.8

( ) = 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 in Q4 2018 reached CNY2.2 trillion, up 11.9% q-o-q as market sentiment improved amid a possible slowdown in the Federal Reserve's monetary policy tightening.**

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2018

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
Industrial and Commercial Bank		
3-year bond	3.89	30
3-year bond	3.99	30
China Minsheng Banking Corporation		
3-year bond	3.83	40
3-year bond	3.76	20
Bank of China		
10-year bond	4.84	40
China Construction Bank		
10-year bond	4.7	40
Ping An Bank		
3-year bond	3.79	35

CNY = Chinese yuan.

Source: Bloomberg LP.

**LCY corporate bonds outstanding among the top 30 corporate bond issuers in the PRC reached CNY7.3 trillion at the end of December, accounting for 40.8% of the total LCY corporate bond market. The largest issuer remained China Railway, with CNY1.8 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	1,770.5	257.4	Yes	No	Transportation
2.	Bank of China	399.3	58.0	Yes	Yes	Banking
3.	Agricultural Bank of China	358.1	52.1	Yes	Yes	Banking
4.	Industrial and Commercial Bank of China	356.8	51.9	Yes	Yes	Banking
5.	China Construction Bank	355.1	51.6	Yes	Yes	Banking
6.	State Grid Corporation of China	310.7	45.2	Yes	No	Public Utilities
7.	China National Petroleum	310.0	45.1	Yes	No	Energy
8.	Central Huijin Investment	288.0	41.9	Yes	No	Asset Management
9.	Bank of Communications	265.8	38.6	No	Yes	Banking
10.	China Minsheng Banking	245.1	35.6	No	Yes	Banking
11.	Shanghai Pudong Development Bank	230.7	33.5	No	Yes	Banking
12.	China CITIC Bank	227.6	33.1	No	Yes	Banking
13.	Industrial Bank	215.2	31.3	No	Yes	Banking
14.	China Everbright Bank	176.3	25.6	Yes	Yes	Banking
15.	State Power Investment	157.2	22.9	Yes	No	Energy
16.	Tianjin Infrastructure Construction and Investment	150.8	21.9	Yes	No	Industrial
17.	Huaxia Bank	148.4	21.6	Yes	No	Banking
18.	China Merchants Bank	143.9	20.9	Yes	Yes	Banking
19.	CITIC Securities	134.3	19.5	Yes	Yes	Brokerage
20.	Bank of Beijing	113.0	16.4	Yes	Yes	Banking
21.	China Datang	108.5	15.8	Yes	No	Energy
22.	Datong Coal Mine	100.8	14.7	Yes	No	Coal
23.	Ping An Bank	100.7	14.6	No	Yes	Banking
24.	China Southern Power Grid	100.0	14.5	Yes	No	Energy
25.	China Cinda Asset Management	100.0	14.5	Yes	Yes	Asset Management
26.	China Merchants Securities	96.6	14.0	Yes	Yes	Brokerage
27.	PetroChina	95.0	13.8	Yes	Yes	Energy
28.	Dalian Wanda Commercial Properties	93.0	13.5	No	Yes	Real Estate
29.	China Three Gorges	92.0	13.4	Yes	No	Public Utilities
30.	Shaanxi Coal and Chemical Industry	90.5	13.2	Yes	Yes	Coal
<b>Total Top 30 LCY Corporate Issuers</b>		<b>7,333.7</b>	<b>1,066.2</b>			
<b>Total LCY Corporate Bonds</b>		<b>17,990.2</b>	<b>2,615.4</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>40.8%</b>	<b>40.8%</b>			

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

Notes:

1. Data as of end-December 2018.

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.