

Market Summaries

People's Republic of China

Local currency (LCY) bonds outstanding in the People's Republic of China (PRC) grew 2.8% quarter-on-quarter (q-o-q) and 14.1% year-on-year to reach CNY84.2 trillion (USD12.1 trillion) at the end of December. The PRC's bond market growth rate slowed during the fourth quarter (Q4) of 2019, both on a year-on-year and q-o-q basis, compared with the third quarter of 2019. The slowdown in the q-o-q growth was driven by a tepid rise in government bonds outstanding, which grew 2.0% q-o-q in Q4 2019 versus 3.5% q-o-q in the previous quarter.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2018		Q3 2019		Q4 2019		Q4 2018		Q4 2019	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	73,770	10,725	81,916	11,459	84,185	12,090	3.4	14.6	2.8	14.1
Government	47,883	6,961	52,913	7,402	53,986	7,753	2.2	14.1	2.0	12.7
Treasury Bonds	14,922	2,169	15,963	2,233	16,698	2,398	3.9	10.3	4.6	11.9
Central Bank Bonds	0	0	14	2	22	3	-	-	57.1	-
Policy Bank Bonds	14,517	2,110	15,445	2,161	15,695	2,254	2.3	7.9	1.6	8.1
Local Government Bonds	18,444	2,681	21,491	3,006	21,571	3,098	0.6	23.0	0.4	17.0
Corporate	25,887	3,763	29,003	4,057	30,199	4,337	5.9	15.7	4.1	16.7
Policy Bank Bonds										
China Development Bank	8,147	1,184	8,665	1,212	8,704	1,250	2.1	8.0	0.5	6.8
Export-Import Bank of China	2,397	348	2,601	364	2,735	393	4.3	4.4	5.2	14.1
Agricultural Devt. Bank of China	3,973	578	4,179	585	4,256	611	1.7	9.8	1.8	7.1

() = 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 2019 reached CNY3.7 trillion, up only 1.7% q-o-q, which was well below the previous quarter's 20.9% q-o-q growth, as market sentiment improved amid a possible slowdown in the United States Federal Reserve's monetary policy tightening. With issuance levels and maturities roughly unchanged from the third quarter of 2019, corporate bonds outstanding grew 4.1% in Q4 2019.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2019

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
China State Railway Group			Bank of China		
3-year bond	3.40	10	2-year bond	3.25	20
3-year bond	3.80	10	10-year bond	4.01	30
5-year bond	3.53	12	Shanghai Pudong Development Bank		
5-year bond	3.50	12	6-year bond	0.20	50
5-year bond	3.60	15	Shaanxi Coal and Chemical Industry		
5-year bond	3.50	12	5-year bond	4.14	3
20-year bond	4.16	8	5-year bond	4.09	3
20-year bond	4.08	8	5-year bond	3.98	5
20-year bond	4.16	8	5-year bond	4.15	4
Bank of Communications			5-year bond	4.15	3
3-year bond	3.35	40			
3-year bond	3.35	50			

CNY = Chinese yuan.
Source: Bloomberg LP.

LCY corporate bonds outstanding among the top 30 corporate bond issuers in the PRC reached CNY9.5 trillion at the end of December, accounting for 31.3% of the total LCY corporate bond stock. The largest issuer remained China Railway, with CNY2.1 trillion of LCY 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	2,138.5	307.1	Yes	No	Transportation
2. Bank of China	613.8	88.2	Yes	Yes	Banking
3. Agricultural Bank of China	600.5	86.2	Yes	Yes	Banking
4. Industrial and Commercial Bank of China	573.2	82.3	Yes	Yes	Banking
5. China Construction Bank	416.0	59.7	Yes	No	Asset Management
6. State Grid Corporation of China	413.7	59.4	No	Yes	Banking
7. China National Petroleum	373.0	53.6	Yes	Yes	Banking
8. Central Huijin Investment	340.6	48.9	No	Yes	Banking
9. Bank of Communications	319.0	45.8	Yes	No	Public Utilities
10. China Minsheng Banking	307.6	44.2	No	Yes	Banking
11. Shanghai Pudong Development Bank	285.1	40.9	No	Yes	Banking
12. China CITIC Bank	265.0	38.1	Yes	No	Energy
13. Industrial Bank	253.3	36.4	No	Yes	Banking
14. China Everbright Bank	208.5	29.9	Yes	Yes	Banking
15. State Power Investment	204.4	29.4	Yes	No	Energy
16. Tianjin Infrastructure Construction and Investment Group	193.6	27.8	Yes	Yes	Banking
17. Huaxia Bank	189.4	27.2	Yes	No	Industrial
18. China Merchants Bank	176.7	25.4	No	Yes	Banking
19. CITIC Securities	173.4	24.9	Yes	No	Banking
20. Bank of Beijing	155.0	22.3	Yes	Yes	Energy
21. China Datang Corporation	151.0	21.7	Yes	No	Energy
22. Datong Coal Mine Group	143.1	20.6	Yes	Yes	Brokerage
23. Ping An Bank	142.5	20.5	Yes	No	Coal
24. China Southern Power Grid	136.2	19.6	Yes	No	Energy
25. China Cinda Asset Management	127.0	18.2	Yes	Yes	Coal
26. China Merchants Securities	126.5	18.2	No	No	Banking
27. PetroChina	110.0	15.8	Yes	No	Public Utilities
28. Dalian Wanda Commercial Properties	108.0	15.5	Yes	Yes	Brokerage
29. China Three Gorges	107.5	15.4	Yes	Yes	Banking
30. Shaanxi Coal and Chemical Industry Group	106.5	15.3	Yes	No	Steel
Total Top 30 LCY Corporate Issuers	9,458.5	1,358.4			
Total LCY Corporate Bonds	30,199.3	4,337.0			
Top 30 as % of Total LCY Corporate Bonds	31.3%	31.3%			

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

Notes:

1. Data as of 31 December 2019.

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.