

Market Summaries

People's Republic of China

The People's Republic of China's (PRC) local currency (LCY) bonds outstanding rose 3.3% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2020 after rising 5.4% q-o-q in the third quarter of 2020 to reach CNY101.4 trillion (USD15.5 trillion). Q-o-q growth in bonds outstanding slowed largely due to a decline in government bond issuance of 34.5% q-o-q, as local governments had largely completed their bond issuance in prior quarters. On a year-on-year basis, LCY bonds outstanding grew 20.5%.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2019		Q3 2020		Q4 2020		Q4 2019		Q4 2020	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	84,185	12,090	98,178	14,457	101,413	15,537	2.8	14.1	3.3	20.5
Government	53,986	7,753	62,747	9,240	65,130	9,978	2.0	12.7	3.8	20.6
Treasury Bonds	16,698	2,398	19,327	2,846	20,933	3,207	4.6	11.9	8.3	25.4
Central Bank Bonds	22	3	15	2	15	2	57.1	-	0.0	(31.8)
Policy Bank Bonds	15,695	2,254	17,489	2,575	18,040	2,764	1.6	8.1	3.2	14.9
Local Government Bonds	21,571	3,098	25,915	3,816	26,142	4,005	0.4	17.0	0.9	21.2
Corporate	30,199	4,337	35,432	5,217	36,283	5,559	4.1	16.7	2.4	20.1
Policy Bank Bonds										
China Development Bank	8,704	1,250	9,415	1,386	9,771	1,497	0.5	6.8	3.8	12.3
Export-Import Bank of China	2,735	393	3,395	500	3,461	530	5.2	14.1	1.9	26.5
Agricultural Devt. Bank of China	4,256	611	4,679	689	4,809	737	1.8	7.1	2.8	13.0

() = 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: CEIC and Bloomberg LP.

Total LCY corporate bond issuance in the PRC fell 4.4% q-o-q in Q4 2020 to CNY4.6 trillion. On a year-on-year basis, LCY corporate bond issuance grew 22.9%. A number of financial institutions issued perpetual bonds as part of their capital-raising efforts in Q4 2020.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2020

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
China Securities Finance ^a			Industrial Bank ^a		
1-year bond	3.85	20.0	Perpetual Bond	4.70	20.0
1-year bond	3.68	20.0	Perpetual Bond	4.55	30.0
1-year bond	3.60	20.0	Shanghai Pudong Development Bank ^a		
1-year bond	4.00	20.0	Perpetual Bond	4.00	2.5
1-year bond	3.90	20.0	Perpetual Bond	3.93	2.5
1-year bond	3.95	20.0	Perpetual Bond	4.07	2.4
1-year bond	4.10	2.0	Perpetual Bond	3.89	2.3
China State Railway Group ^a			Perpetual Bond	3.77	2.3
1-year bond	3.16	15.0	Perpetual Bond	4.04	2.2
5-year bond	3.47	15.0	Perpetual Bond	3.84	2.0
5-year bond	3.47	15.0	Perpetual Bond	4.35	2.0
5-year bond	3.45	15.0	Perpetual Bond	4.04	2.0
20-year bond	4.03	5.0	Perpetual Bond	3.77	2.0
20-year bond	4.04	5.0	Perpetual Bond	3.85	2.0
20-year bond	4.03	5.0	Perpetual Bond	4.15	1.9
Shanghai Pudong Development Bank			Perpetual Bond	4.25	1.8
Perpetual Bond	4.75	50.0	Perpetual Bond	3.85	1.5

CNY = Chinese yuan.

^a Multiple issuance of the same tenor indicates issuance on different dates.

Source: Bloomberg LP.

By the end of December 2020, the total amount of LCY corporate bonds outstanding among the PRC's top 30 issuers reached CNY8.9 trillion, which comprised 24.6% of the total LCY corporate bond market. China Railway remained the dominant issuer with total bonds outstanding of CNY2.2 trillion, while the Agricultural Bank of China was a distant second with CNY0.6 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	2,173.5	333.0	Yes	No	Transportation
2. Agricultural Bank of China	645.1	98.8	Yes	Yes	Banking
3. Bank of China	530.6	81.3	Yes	Yes	Banking
4. Industrial and Commercial Bank of China	517.3	79.3	Yes	Yes	Banking
5. Central Huijin Investment	449.0	68.8	Yes	No	Asset Management
6. Bank of Communications	391.6	60.0	No	Yes	Banking
7. Shanghai Pudong Development Bank	340.7	52.2	No	Yes	Banking
8. China Construction Bank	307.1	47.0	Yes	Yes	Banking
9. China National Petroleum	274.9	42.1	Yes	No	Energy
10. Industrial Bank	273.2	41.9	No	Yes	Banking
11. China Minsheng Banking	264.0	40.4	No	Yes	Banking
12. State Grid Corporation of China	261.5	40.1	Yes	No	Public Utilities
13. China CITIC Bank	223.0	34.2	No	Yes	Banking
14. State Power Investment	193.6	29.7	Yes	No	Energy
15. Ping An Bank	178.7	27.4	No	Yes	Banking
16. Tianjin Infrastructure Construction and Investment Group	159.0	24.4	Yes	No	Industrial
17. Postal Savings Bank of China	155.0	23.7	Yes	Yes	Banking
18. PetroChina	153.0	23.4	Yes	Yes	Energy
19. China Southern Power Grid	153.0	23.4	Yes	No	Energy
20. Huaxia Bank	143.0	21.9	Yes	No	Banking
21. China Everbright Bank	141.8	21.7	Yes	Yes	Banking
22. China Merchants Bank	139.2	21.3	Yes	Yes	Banking
23. Shaanxi Coal and Chemical Industry Group	132.5	20.3	Yes	No	Energy
24. Datong Coal Mine Group	123.4	18.9	Yes	No	Coal
25. China Three Gorges Corporation	106.0	16.2	Yes	No	Power
26. CITIC Securities	105.2	16.1	Yes	Yes	Brokerage
27. China Datang	105.1	16.1	Yes	Yes	Energy
28. Bank of Beijing	102.9	15.8	No	Yes	Banking
29. Shougang Group	100.0	15.3	Yes	No	Steel
30. Bank of Ningbo	99.1	15.2	No	Yes	Banking
Total Top 30 LCY Corporate Issuers	8,941.8	1,369.9			
Total LCY Corporate Bonds	36,282.7	5,558.7			
Top 30 as % of Total LCY Corporate Bonds	24.6%	24.6%			

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

Notes:

1. Data as of 31 December 2020.

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.