

Market Summaries

People's Republic of China

Local currency (LCY) bonds outstanding in the People's Republic of China (PRC) grew 3.9% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2021 to reach CNY115.1 trillion (USD18.1 trillion). The q-o-q growth in bonds outstanding was roughly stable as the government continued borrowing to help arrest a slowdown in the PRC's economy. Local governments saw an increase in the growth rate of their bonds outstanding to 5.8% q-o-q in Q4 2021 from 4.9% q-o-q in the previous quarter. The accelerated pace of expansion was driven by efforts to complete their full-year bond quotas. The PRC's LCY bonds outstanding rose 13.6% year-on-year (y-o-y) in Q4 2021, up from 12.8% y-o-y in the third quarter of 2021.

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

| | Outstanding Amount (billion) | | | | | | Growth Rates (%) | | | |
|------------------------|------------------------------|---------------|----------------|---------------|----------------|---------------|------------------|-------------|------------|-------------|
| | Q4 2020 | | Q3 2021 | | Q4 2021 | | Q4 2020 | | Q4 2021 | |
| | CNY | USD | CNY | USD | CNY | USD | q-o-q | y-o-y | q-o-q | y-o-y |
| Total | 101,413 | 15,537 | 110,784 | 17,190 | 115,154 | 18,117 | 3.3 | 20.5 | 3.9 | 13.6 |
| Government | 65,130 | 9,978 | 71,171 | 11,043 | 74,373 | 11,701 | 3.8 | 20.6 | 4.5 | 14.2 |
| Treasury Bonds | 20,933 | 3,207 | 22,370 | 3,471 | 23,420 | 3,685 | 8.3 | 25.4 | 4.7 | 11.9 |
| Central Bank Bonds | 15 | 2 | 15 | 2 | 15 | 2 | 0.0 | (31.8) | 0.0 | 0.0 |
| Policy Bank Bonds | 18,040 | 2,764 | 19,253 | 2,987 | 19,681 | 3,096 | 3.2 | 14.9 | 2.2 | 9.1 |
| Local Government Bonds | 26,142 | 4,005 | 29,533 | 4,583 | 31,257 | 4,918 | 0.9 | 21.2 | 5.8 | 19.6 |
| Corporate | 36,283 | 5,559 | 39,613 | 6,146 | 40,781 | 6,416 | 2.4 | 20.1 | 2.9 | 12.4 |

() = 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:

- Treasury bonds include savings bonds and local government bonds.
 - Bloomberg LP end-of-period LCY-USD rate is used.
 - 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 grew 3.9% q-o-q to CNY5.2 trillion in 2021. On a y-o-y basis, LCY corporate bond issuance grew 13.9%. A number of financial institutions issued long-term bonds and perpetual bonds as part of their capital-raising efforts in Q4 2021.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2021

| Corporate Issuers | Coupon Rate (%) | Issued Amount (CNY billion) | Corporate Issuers | Coupon Rate (%) | Issued Amount (CNY billion) |
|---|-----------------|-----------------------------|---|-----------------|-----------------------------|
| China State Railway Group Co ^a | | | Industrial and Commercial Bank of China | | |
| 5-year bond | 3.11 | 10 | 5-year bond | 3.74 | 10 |
| 10-year bond | 3.47 | 15 | 10-year bond | 3.48 | 50 |
| 10-year bond | 3.39 | 10 | Perpetual bond | 3.65 | 30 |
| 10-year bond | 3.51 | 10 | Bank of China | | |
| 10-year bond | 3.39 | 10 | 5-year bond | 3.80 | 10 |
| 20-year bond | 3.74 | 10 | 10-year bond | 3.60 | 40 |
| 30-year bond | 3.73 | 10 | Perpetual bond | 3.64 | 20 |
| 30-year bond | 3.75 | 10 | China Construction Bank ^a | | |
| 30-year bond | 3.77 | 10 | 10-year bond | 3.60 | 35 |
| 30-year bond | 3.82 | 5 | 10-year bond | 3.48 | 12 |
| Industrial Bank ^a | | | 15-year bond | 3.80 | 10 |
| 5-year bond | 0.20 | 50 | 15-year bond | 3.74 | 8 |
| 10-year bond | 3.62 | 40 | | | |
| 10-year bond | 3.83 | 30 | | | |

CNY = Chinese yuan.

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

Source: Bloomberg LP.

At the end of December, the aggregate amount of corporate bonds outstanding of the PRC's top 30 issuers grew to CNY11.6 trillion, which comprised 28.5% of the total corporate bond market. China Railway remained the dominant issuer by a wide margin with a CNY3,000.5 billion of bonds outstanding. The second-largest issuer, Industrial and Commercial Bank of China, had outstanding bonds of CNY761.1 billion.

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 | 3,000.5 | 472.1 | Yes | No | Transportation |
| 2. | Industrial and Commercial Bank of China | 761.1 | 119.7 | Yes | Yes | Banking |
| 3. | Bank of China | 738.1 | 116.1 | Yes | Yes | Banking |
| 4. | Agricultural Bank of China | 690.0 | 108.6 | Yes | Yes | Banking |
| 5. | Bank of Communications | 519.9 | 81.8 | Yes | Yes | Banking |
| 6. | China Construction Bank | 493.1 | 77.6 | Yes | No | Asset Management |
| 7. | Shanghai Pudong Development Bank | 492.2 | 77.4 | Yes | Yes | Banking |
| 8. | Central Huijin Investment | 407.0 | 64.0 | No | Yes | Banking |
| 9. | State Grid Corporation of China | 368.5 | 58.0 | No | Yes | Banking |
| 10. | Industrial Bank | 331.2 | 52.1 | No | Yes | Banking |
| 11. | China Citic Bank | 315.0 | 49.6 | No | Yes | Banking |
| 12. | China Minsheng Bank | 270.0 | 42.5 | Yes | No | Energy |
| 13. | China National Petroleum | 269.9 | 42.5 | No | Yes | Banking |
| 14. | State Power Investment | 258.8 | 40.7 | Yes | No | Power |
| 15. | China Merchants Bank | 252.2 | 39.7 | Yes | Yes | Banking |
| 16. | Huaxia Bank | 220.0 | 34.6 | No | Yes | Banking |
| 17. | China Everbright Bank | 215.9 | 34.0 | No | Yes | Banking |
| 18. | Postal Savings Bank of China | 190.0 | 29.9 | Yes | Yes | Coal |
| 19. | Ping An Bank | 180.0 | 28.3 | No | Yes | Banking |
| 20. | China Southern Power Grid | 178.9 | 28.1 | No | Yes | Banking |
| 21. | Huatai Securities | 176.5 | 27.8 | No | No | Brokerage |
| 22. | CITIC Securities | 176.3 | 27.7 | Yes | No | Public Utilities |
| 23. | Tianjin Infrastructure Investment Group | 154.2 | 24.3 | Yes | Yes | Brokerage |
| 24. | GF Securities | 153.9 | 24.2 | No | Yes | Brokerage |
| 25. | Shaanxi Coal and Chemical Industry Group | 152.0 | 23.9 | No | Yes | Brokerage |
| 26. | Shenwan Hongyuan Securities | 141.5 | 22.3 | Yes | No | Brokerage |
| 27. | Guotai Junan Securities Co Ltd | 140.7 | 22.1 | No | Yes | Brokerage |
| 28. | China Merchants Securities | 140.6 | 22.1 | Yes | Yes | Brokerage |
| 29. | Bank of Beijing | 127.9 | 20.1 | No | Yes | Banking |
| 30. | Haitong Securities | 122.3 | 19.2 | Yes | Yes | Brokerage |
| Total Top 30 LCY Corporate Issuers | | 11,638.2 | 1,831.0 | | | |
| Total LCY Corporate Bonds | | 40,781.4 | 6,416.1 | | | |
| Top 30 as % of Total LCY Corporate Bonds | | 28.5% | 28.5% | | | |

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

Notes:

1. Data as of 31 December 2021.

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.