

# Market Summaries

## People's Republic of China

The People's Republic of China's (PRC) local currency (LCY) bonds outstanding rose 1.3% quarter-on-quarter (q-o-q) and 10.6% year-on-year to CNY127.4 trillion (USD18.5 trillion) at the end of the fourth quarter (Q4) of 2022. Q-o-q growth moderated from 2.2% in the previous quarter as growth in government bonds slowed on declining local government bond issuance and corporate bonds outstanding contracted on economic uncertainty.

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

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2021		Q3 2022		Q4 2022		Q4 2021		Q4 2022	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>115,154</b>	<b>18,117</b>	<b>125,779</b>	<b>17,676</b>	<b>127,367</b>	<b>18,463</b>	<b>3.9</b>	<b>13.6</b>	<b>1.3</b>	<b>10.6</b>
Government	74,373	11,701	81,918	11,512	83,643	12,125	4.5	14.2	2.1	12.5
Treasury Bonds	23,420	3,685	25,261	3,550	26,152	3,791	4.7	11.9	3.5	11.7
Central Bank Bonds	15	2	15	2	15	2	0.0	0.0	0.0	0.0
Policy Bank Bonds	19,681	3,096	20,984	2,949	21,427	3,106	2.2	9.1	2.1	8.9
Local Government Bonds	31,257	4,918	35,658	5,011	36,049	5,226	5.8	19.6	1.1	15.3
Corporate	40,781	6,416	43,861	6,164	43,724	6,338	2.9	12.4	(0.3)	7.2

( ) = negative, CNY = Chinese yuan, 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 local currency-USD rates are used.
- Growth rates are calculated from a local currency base and do not include currency effects.

Sources: CEIC and Bloomberg LP.

Total LCY corporate bond issuance in the PRC fell 6.5% q-o-q to CNY4.3 trillion in Q4 2022. On a year-on-year basis, LCY corporate bond issuance dropped 18.7% amid economic uncertainty. The top issuances in Q4 2022 were mostly from banks as they issued subordinated bonds to help shore up their capital.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2022

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
China State Railway Group <sup>a</sup>			Bank of Communications <sup>a</sup>		
5-year bond	2.76	20	3-year bond	2.98	30
10-year bond	3.02	12	3-year bond	2.96	10
10-year bond	3.28	10	10-year bond	3.03	37
10-year bond	3.27	10	15-year bond	3.36	13
10-year bond	3.50	10	China Reform Holdings <sup>a</sup>		
10-year bond	2.99	10	3-year bond	2.59	3
20-year bond	3.22	10	5-year bond	2.85	20
30-year bond	3.76	10	5-year bond	2.85	20
30-year bond	3.47	10	5-year bond	2.85	10
30-year bond	3.42	10	Industrial and Commercial Bank of China <sup>a</sup>		
30-year bond	3.30	8	10-year bond	3.70	25
Bank of China <sup>a</sup>			10-year bond	3.00	5
3-year bond	2.92	30	15-year bond	3.34	10
10-year bond	3.02	50	15-year bond	3.85	5
15-year bond	3.34	15			

CNY = Chinese yuan.

<sup>a</sup> Multiple issuance of the same tenor indicates issuance on different dates.

Source: Bloomberg LP.

By the end of 2022, the corporate bonds outstanding of the top 30 corporate issuers reached CNY11.2 trillion, comprising 25.6% of the total market. China State Railway Group remained the dominant issuer with outstanding bonds of CNY1.8 trillion, more than double that of the second-largest issuer, Bank of China, which had CNY0.9 trillion worth 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 State Railway Group	1,823.5	264.3	Yes	No	Transportation
2. Bank of China	905.0	131.2	Yes	Yes	Banking
3. Industrial and Commercial Bank of China	883.0	128.0	Yes	Yes	Banking
4. Agricultural Bank of China	830.0	120.3	Yes	Yes	Banking
5. China Construction Bank	613.0	88.9	Yes	Yes	Banking
6. Bank of Communications	569.5	82.6	Yes	Yes	Banking
7. Shanghai Pudong Development Bank	540.2	78.3	Yes	Yes	Banking
8. Industrial Bank	407.6	59.1	No	Yes	Banking
9. Central Huijin Investment	370.0	53.6	Yes	No	Asset Management
10. China Citic Bank	355.0	51.5	No	No	Banking
11. State Grid Corporation of China	340.0	49.3	Yes	No	Energy
12. China Everbright Bank	302.3	43.8	No	Yes	Banking
13. China Minsheng Bank	265.3	38.4	No	Yes	Banking
14. Huaxia Bank	250.0	36.2	No	Yes	Banking
15. State Power Investment	248.3	36.0	Yes	No	Power
16. Postal Savings Bank of China	240.0	34.8	Yes	Yes	Banking
17. Ping An Bank	230.0	33.3	No	Yes	Banking
18. China Merchants Bank	206.1	29.9	No	Yes	Banking
19. China National Petroleum	164.3	23.8	Yes	No	Power
20. Bank of Beijing	163.9	23.8	No	Yes	Banking
21. China Merchants Securities	160.0	23.2	Yes	Yes	Brokerage
22. Tianjin Infrastructure Investment Group	155.9	22.6	Yes	No	Holding Firm
23. Shaanxi Coal and Chemical Industry Group	151.0	21.9	Yes	Yes	Coal
24. China Southern Power Grid	150.0	21.7	No	Yes	Energy
25. China Reform Holdings	148.8	21.6	Yes	No	Holding Firm
26. Huatai Securities	145.3	21.1	No	Yes	Brokerage
27. Bank of Shanghai	142.6	20.7	Yes	Yes	Banking
28. GF Securities	139.7	20.3	No	Yes	Brokerage
29. China Galaxy Securities	137.1	19.9	no	Yes	Brokerage
30. China Cinda Asset Management	135.0	19.6	Yes	Yes	Holding Firm
<b>Total Top 30 LCY Corporate Issuers</b>	<b>11,172.4</b>	<b>1,619.5</b>			
<b>Total LCY Corporate Bonds</b>	<b>43,724.0</b>	<b>6,338.1</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>	<b>25.6%</b>	<b>25.6%</b>			

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

Notes:

1. Data as of 31 December 2022.

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.