

# Market Summaries

## People's Republic of China

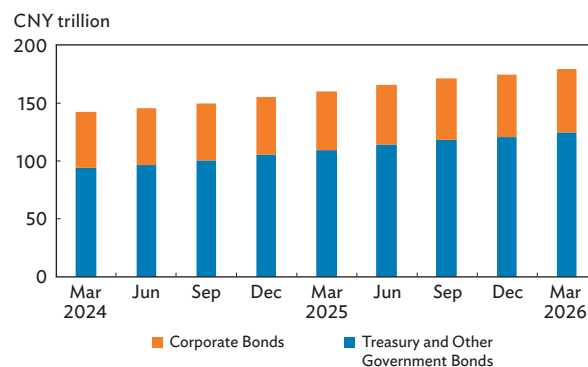
### Yield Movements

The local currency (LCY) government bond yield curve in the People's Republic of China (PRC) fell between 2 February and 29 May on the People's Bank of China's easy monetary policy stance (**Figure 1A**). While the central bank did not adjust its policy rate during the review period, it ensured **ample liquidity** in the financial markets through other tools. Except for the 30-year bond, yields consistently trended down throughout the review period (**Figure 1B**).

### Local Currency Bond Market Size and Issuance

The PRC's bonds outstanding rose 2.6% quarter-on-quarter (q-o-q) to reach CNY179.2 trillion at the end of March, largely due to an expansion in government bonds resulting from front-loading by local governments to help support the economy (**Figure 2**). Overall bond issuance was flat, growing only 0.3% q-o-q as the 19.4% q-o-q

**Figure 2: Local Government Bonds Outstanding**

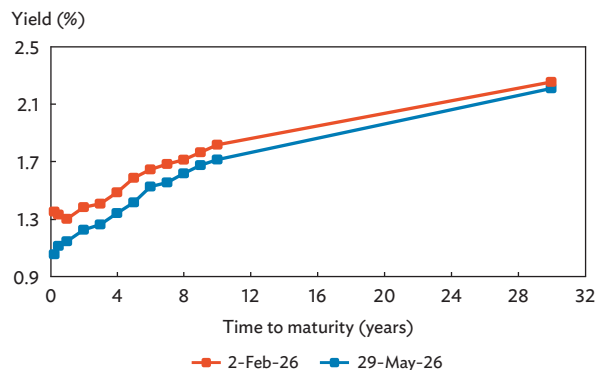


CNY = Chinese yuan.  
Source: CEIC Data Company.

increase in government bond issuance was offset by the 22.7% q-o-q corporate bond issuance decline as financial bond issuance was curtailed over a delay in **approvals** (**Figure 3**).

**Figure 1: Local Currency Government Bond Yields in the People's Republic of China**

#### A. Local Currency Government Bond Yield Curve

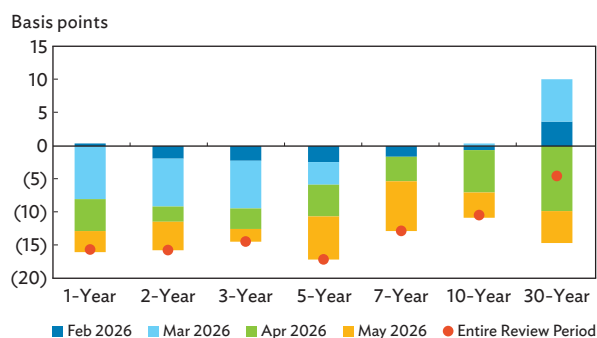


( ) = negative

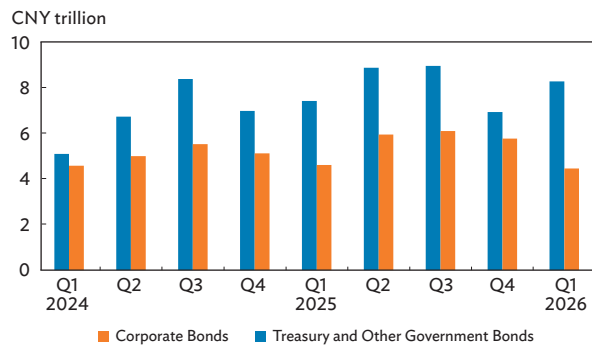
Note: Data coverage is from 2 February 2026 to 29 May 2026.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

#### B. Changes in Local Currency Government Bond Yields



**Figure 3: Quarterly Bond Issuance**



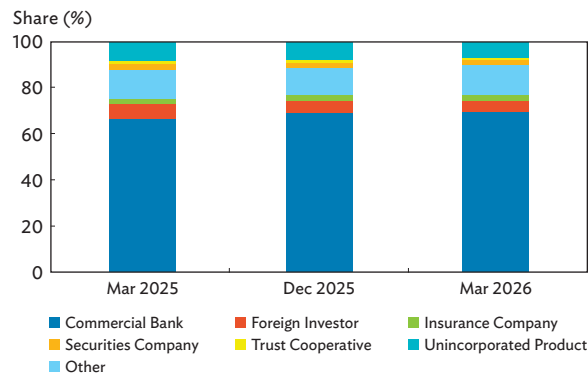
CNY = Chinese yuan, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.  
Source: CEIC Data Company.

## Investor Profile

Among investors in the PRC's Treasury bond market, commercial banks remained the dominant investor, with their holdings share rising to 69.6% at the end of March from 69.2% at the end of December, as banks purchased more bonds following the central bank's liquidity injections (**Figure 4A**). In contrast, there was a decline in the holdings of foreign investors as the Middle East conflict increased risk aversion (**Figure 4B**).

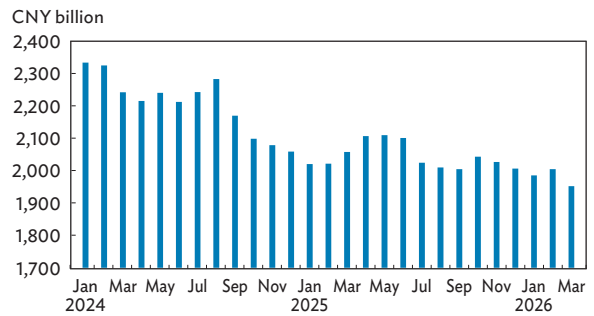
**Figure 4: Investor Profile in the People's Republic of China's Treasury Bond Market**

### A. Investor Holdings



Source: CEIC Data Company.

### B. Foreign Holdings



## Sustainable Bond Market

The PRC's sustainable bond market weakened at the end of March, with the outstanding supply contracting 1.6% q-o-q as issuance declined due to the Middle East conflict (**Figure 5A**). By sector, the PRC's largest issuer is financial firms, with a collective share of 47.6% at the end of March, followed by utilities at 15.0% (**Figure 5B**).

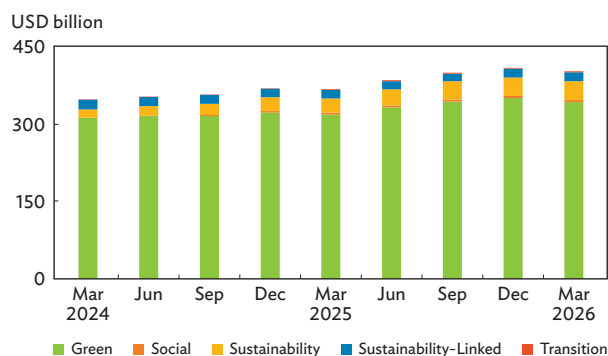
## Policy and Regulatory Developments

### Bond Market Further Opened to Foreign Investors

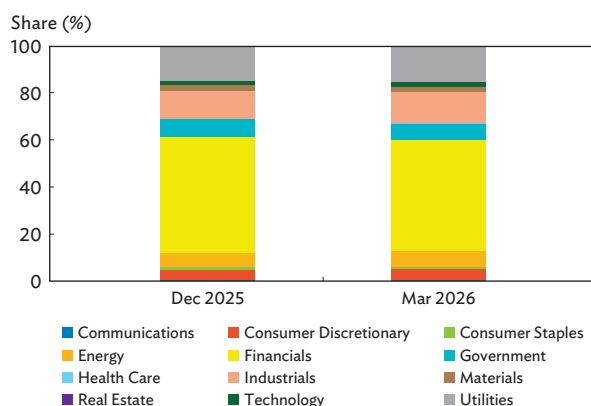
On 28 April, the China Securities Regulatory Commission allowed qualified foreign investors to participate in Treasury bond futures trading. Participation is restricted to hedging purposes, improving risk management capacity, and supporting the market's appeal to foreign investors.

**Figure 5: Sustainable Bond Market in the People's Republic of China**

#### A. Sustainable Bonds Outstanding by Instrument Type



#### B. Sustainable Bonds Outstanding by Sector



USD = United States dollar.

Source: AsianBondsOnline calculations based on Bloomberg LP data.