Market Summaries

People's Republic of China

Yield Movements

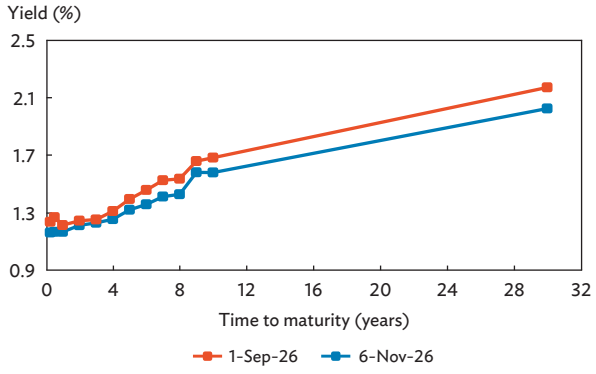
The yield curve for the People's Republic of China's (PRC's) local currency (LCY) government debt securities shifted down within a narrow range between 1 September and 6 November (**Figure 1a**). Yields were broadly unchanged in September for most tenors but saw declines across the curve in October and the first week of November, leading to an overall fall in yields ranging from 2 to 15 basis points (**Figure 1b**). Yields declined as headline inflation remained low, at 0.7% year-on-year (y-o-y) in October from 0.9% in the previous month. Bonds were also supported as investors fled equity markets amid AI-related declines.

Local Currency Bonds Outstanding and Issuance

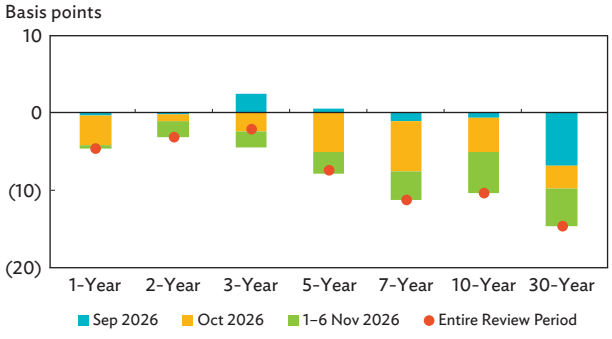
LCY debt securities outstanding rose 2.9% quarter-on-quarter (q-o-q) to CNY188.8 trillion at the end of the third quarter (Q3) of 2026, of which CNY181.6 trillion comprised bonds (i.e., debt securities with a maturity longer than 1 year) (**Figure 2a**). The expansion of the LCY bond market of the PRC accelerated to 2.9% q-o-q from 2.5% in the prior quarter, supported by increased issuance of other government bonds as policy banks and local governments issued more to meet refinancing and infrastructure investment requirements (**Figure 2b**).

Figure 1: Yields for Local Currency Government Debt Securities in the People's Republic of China

a. Local Currency Government Debt Securities Yield Curve



b. Changes in Local Currency Government Debt Securities Yields

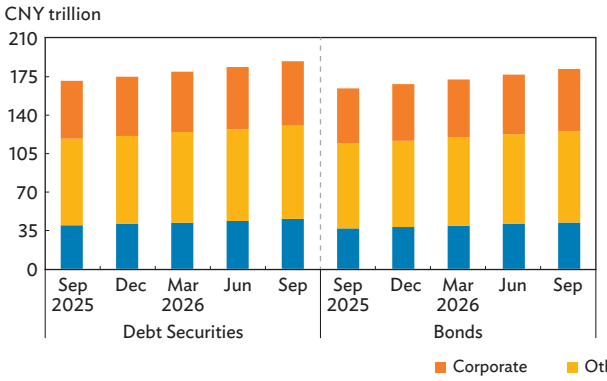


( ) = negative.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

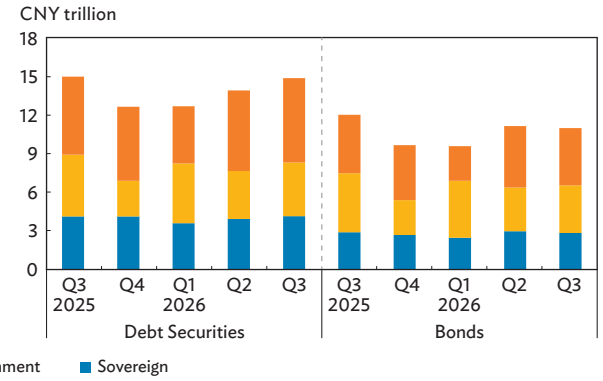
This market summary was written by Russ Jason Lo (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 2: Local Currency Debt Securities Outstanding and Issuance in the People's Republic of China

a. Local Currency Debt Securities Outstanding



b. Local Currency Debt Securities Issuance





CNY = Chinese yuan, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Note: Bonds are defined as debt securities with maturities longer than 1 year.
Source: CEIC Data Company.

Investor Profile

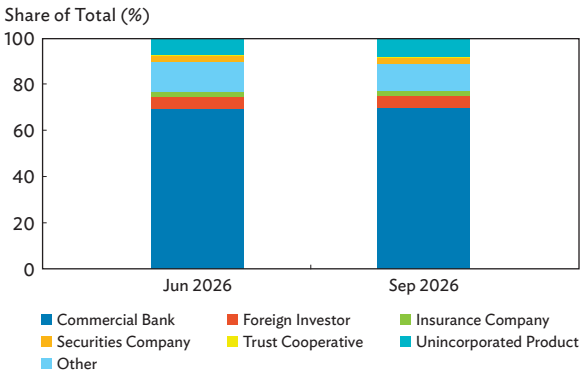
Commercial banks continued to be the main investor in the PRC's Treasury debt securities market at the end of September, with their holdings share inching up to 70.6% compared with 70.1% at the end of June (**Figure 3a**). Foreign investors added PRC Treasury debt securities in Q3 2026 as part of portfolio diversification efforts (**Figure 3b**).

Sustainable Bond Market

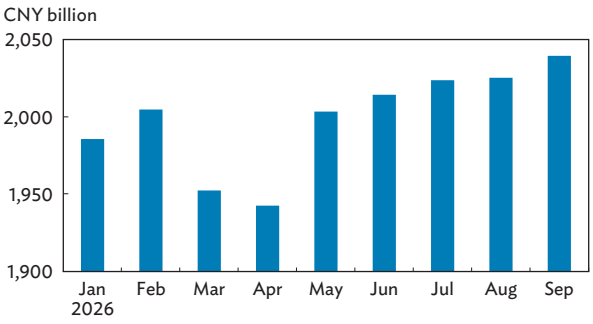
The PRC's sustainable bond market rebounded at the end of September, gaining 8.7% q-o-q to USD431.5 billion, reversing the previous quarter's 1.8% decline as green bonds outstanding gained 9.6% (**Figure 4a**). By sector, the PRC's most active issuers are financial institutions, accounting for 44.8% of total sustainable bonds outstanding at the end of September (**Figure 4b**).

Figure 3: Investor Profile of the Treasury Debt Securities Market in the People's Republic of China

a. Investor Holdings Share



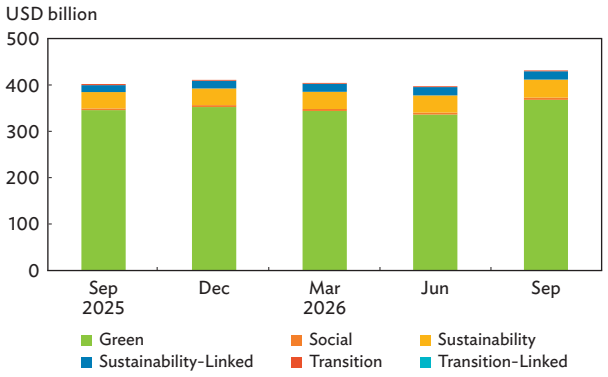
b. Foreign Holdings



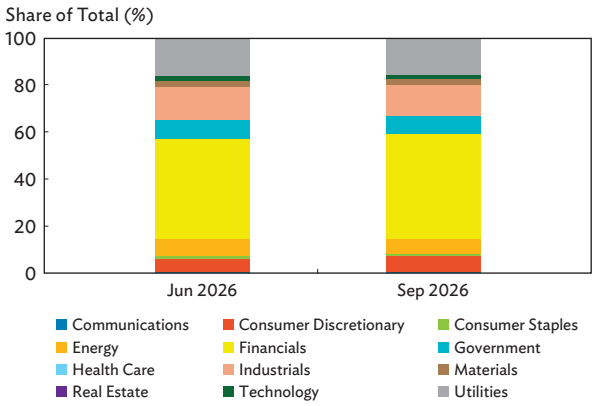
CNY = Chinese yuan.
Source: CEIC Data Company.

Figure 4: 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.
Note: Bonds are defined as debt securities with maturities longer than 1 year.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Policy and Regulatory Developments

People's Bank of China to Adopt New Monetary Policy Rate

On 30 October, the People's Bank of China announced that, from 2 November, it would conduct daily overnight reverse repurchase operations at 1.25% to further optimize its short-term interest rate control mechanism. The move follows the governor's 19 October statement that the central bank would study making the overnight rate its main policy rate.