China bond market insight
—— 2022

Bloomberg
Buy-Side Solutions

INTRODUCTION

- Interest in the China Bond market by offshore (US, EU) investors is growing

- BBG seeks to ensure investors easy access to this growing market by building on familiar usage patters within the Terminal to help offshore investors access information and analysis about China Fixed Income securities while also providing access points for trading
  - The conventions of the China FI market will make some of these elements unique and China Specific
  - BBG users, however, will find information in familiar places

- This document seeks to provide an overview of the China Fixed Income market- with a focus on the security segments that are the initial focus of offshore investors

- BlackRock and JPM's China Bond funds provide a useful case study to help us understand the market landscape

- "China Bond" in this document means CNY denominated securities issued or traded in China mainland market. "CCDC" means China Central Depository & Clearing Co. Ltd. "CFETS" means China Foreign Exchange Trade System. "SCH" means Shanghai Clearing House.

BLACKROCK'S CHINA BOND FUND

- BBG Benchmarked fund
- Established July 2019
- 12bn USD total asset
- Provides useful case study for understanding China FI market via BBG terminal

BLACKROCK HOLDINGS

1) Profile | 2) Performance | 3) Holdings | 4) Allocations | 5) Organizational

Top Industry Groups	03/18/22
Sovereign	57.68%
Banks	41.77%

Top Geographic	03/18/22
China	99.45%

Top Assets	03/18/22
Government	99.447%
Cash and Other	.553%
Corporate	.000%
Mortgage	.000%
Preferred	.000%
Municipal	.000%
Equity	.000%

6) Hlds Anlys | PORT »	03/18/22
Top 10 Hldings % Port	47.25

BBG Composite Rating	03/18/22
NR	61.16%

Maturities	03/18/22
3 - 5 yrs	29.17%
7 - 10 yrs	21.48%
1 - 3 yrs	20.28%
5 - 7 yrs	16.54%
+ 10 yrs	11.95%
0 - 1 yr	.58%

- 108 securities held
- Includes two types of bonds
  - Policy bank bonds
  - China Gov’t Bonds
- Blackrock needs to regularly trade into these securities based on strong growth of total asset

STRONG FUND GROWTH AND PERFORMANCE

- Strong price performance based on relatively high yields compared to other Bond markets
- Trading at a premium- likely due to costs of accessing this market
- Strong inflow in last year but experiencing outflow this year

HDS FOR CNYB NA EQUITY

1) Current | 2) Historical | 3) Matrix | 4) Ownership Summary | 5) Insider Transactions | 6) Options | 7) Issuer Debt

Search Name: Default - No Search Selected | 21) Save Search | 22) Delete Search | 23) Refine Search

Text Search: | Holder Group: All Holders | Investment Manager View

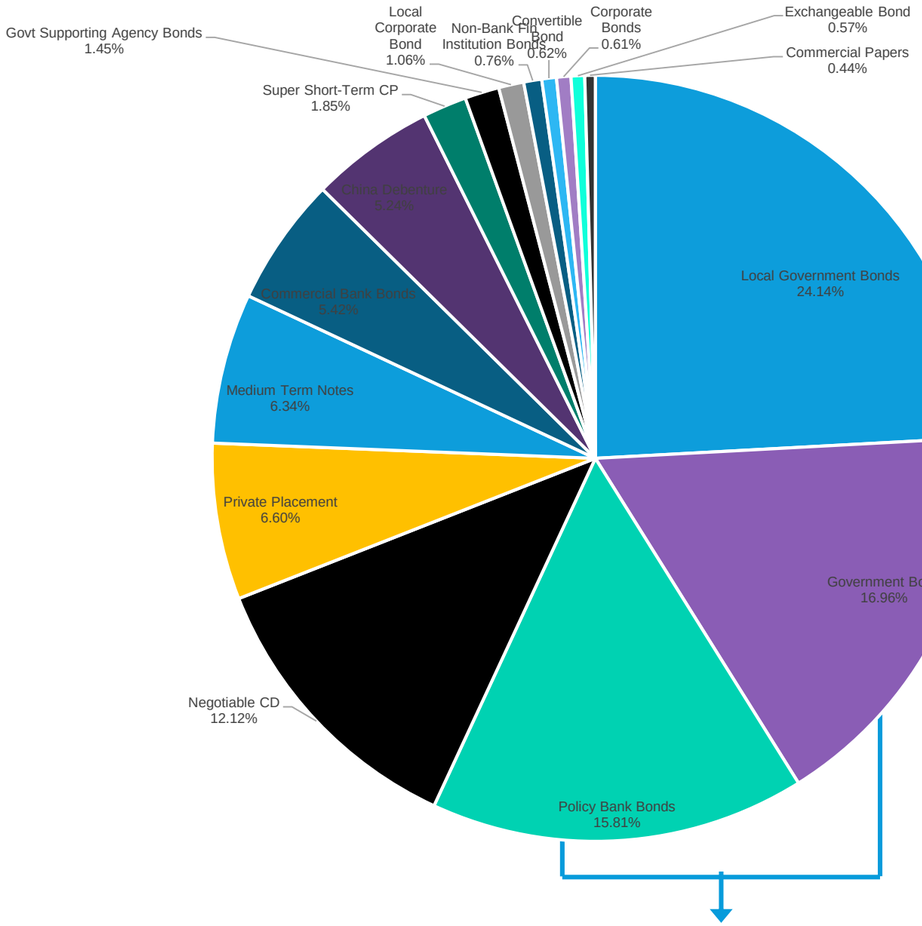
24) Color Legend | Shrs Out 1,061.2M | % Out 16.42 | Float/Shrs Out N.A. | SI % Out N.A. | Edit Columns

	Holder Name	Portfolio Name	Source	Opt	Position	% Out	Latest Chg	File Dt
			All	All				
1.	Mediolanum Gestione Fondi SGR pA/Italy	Multiple Portfolios	MF-AGG		30,000,000	2.83	30,000,000	12/31/20
2.	Credit Agricole Group		ULT-AGG		17,261,552	1.63	305,322	02/28/22
3.	FIL Ltd		ULT-AGG		16,163,111	1.52	1,445,016	12/31/21
4.	Petercam SA/Luxembourg	Multiple Portfolios	MF-AGG		14,290,000	1.35	3,200,000	02/28/22
5.	BlackRock Inc		ULT-AGG		10,943,839	1.03	3,533,023	10/31/21
6.	BANK OF NEW YORK MELLON CORP/THE		ULT-AGG		10,462,188	0.99	1,455,350	01/31/22
7.	Allianz SE		ULT-AGG		9,762,607	0.92	3,136,825	11/30/21
8.	FERI Trust Luxembourg SA	Multiple Portfolios	MF-AGG		6,000,000	0.57	-1,100,000	02/28/22
9.	Midas Investment Management Ltd	Multiple Portfolios	MF-AGG		5,908,476	0.56	5,908,476	07/31/21
10.	Universal Investment Co LLC		ULT-AGG		5,479,026	0.52	283,488	01/31/22
11.	Euromobiliare Asset Management SGR SpA	Multiple Portfolios	MF-AGG		4,543,608	0.43	523,302	12/30/21
12.	C-QUADRAT Wealth Management GmbH	Multiple Portfolios	MF-AGG		4,170,000	0.39	0	01/31/22
13.	Deutsche Bank AG		ULT-AGG		4,044,220	0.38	52,674	01/31/22
14.	Oppenheimer Holdings Inc		ULT-AGG		3,990,000	0.38	900,000	02/28/22
15.	GAM Holding AG		ULT-AGG		3,253,000	0.31	188,000	11/30/21
16.	JPMorgan Chase & Co		ULT-AGG		3,046,133	0.29	1,905,238	12/31/21
17.	Assicurazioni Generali SpA		ULT-AGG		2,755,829	0.26	1,937,628	02/28/22
18.	HANSAINVEST Hanseatische Investment-GmbH	Multiple Portfolios	MF-AGG		2,105,450	0.20	105,450	01/31/22
19.	Banque Lombard Odier & Cie SA		ULT-AGG		2,041,263	0.19	-503	09/30/21
20.	Pictet Funds SA		ULT-AGG		1,907,079	0.18	0	11/30/21

- We only track 16% of holdings…
- However, holdings show a broad range of international investors looking for exposure to China….

BLACKROCK IS FOCUSED ON TWO SEGMENTS OF THE MARKET

Market share of China bond types

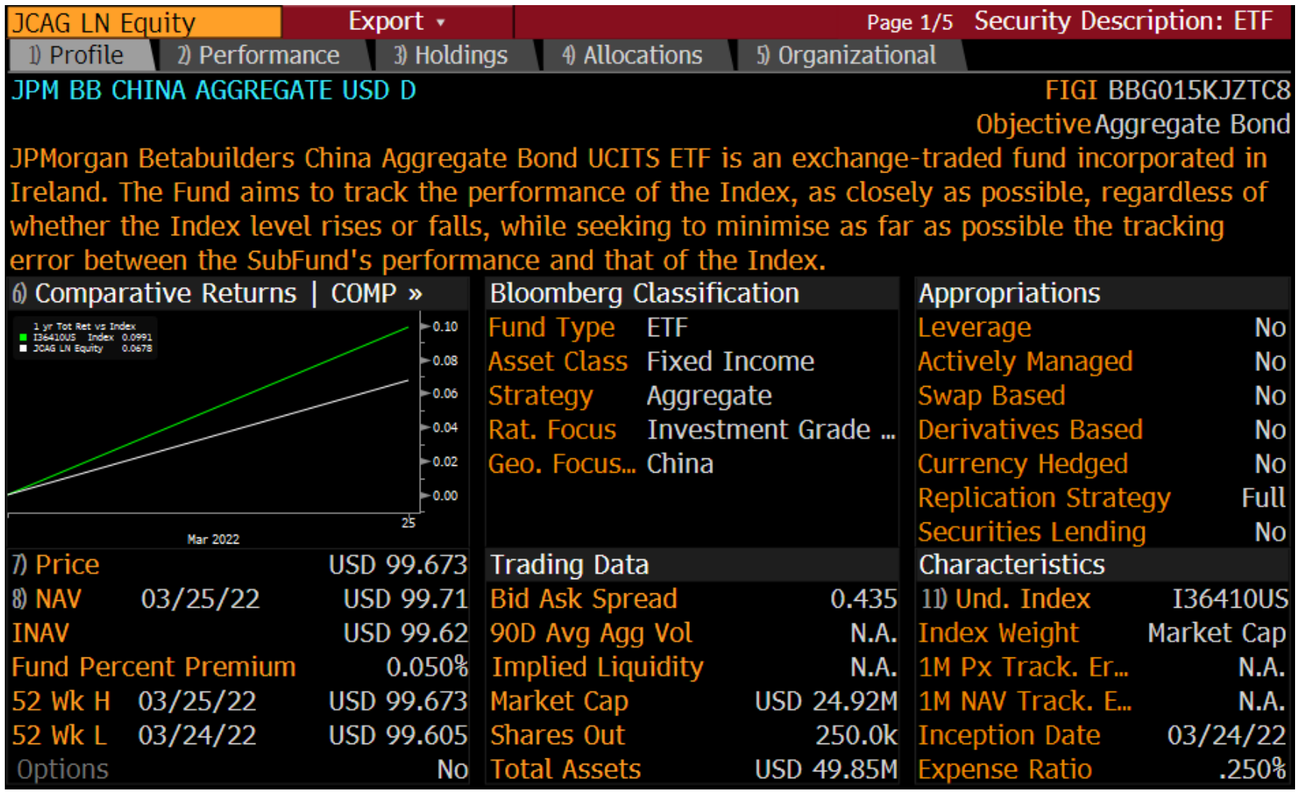


BBG global aggregate index LEGATRUU Index includes China government bond and policy bank bond

- Local government bonds is largest bond type in outstanding volume perspective.
- Government and policy bank bonds account for 1/3 of China Bond universe
- Blackrock ETF tracks Bloomberg China Treasury + Policy Bank Total Return Index so is focused on the two segments
- Bloomberg global aggregate index also includes policy bank bonds and government bank bonds. It will draw more interest from global investors with these two segments.

Source: Bloomberg

BESIDES BLACKROCK: LATEST LAUNCH BY JPM INCLUDES CNY CREDIT



JCAG LN Equity | Export | Page 1/5 | Security Description: ETF

1) Profile | 2) Performance | 3) Holdings | 4) Allocations | 5) Organizational

JPM BB CHINA AGGREGATE USD D

FIGI BBG015KJZTC8

Objective Aggregate Bond

JPMorgan Betabuilders China Aggregate Bond UCITS ETF is an exchange-traded fund incorporated in Ireland. The Fund aims to track the performance of the Index, as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the SubFund's performance and that of the Index.

6) Comparative Returns | COMP »

7) Price	USD 99.673
8) NAV 03/25/22	USD 99.71
INAV	USD 99.62
Fund Percent Premium	0.050%
52 Wk H 03/25/22	USD 99.673
52 Wk L 03/24/22	USD 99.605
Options	No

Bloomberg Classification	
Fund Type	ETF
Asset Class	Fixed Income
Strategy	Aggregate
Rat. Focus	Investment Grade ...
Geo. Focus...	China

Trading Data	
Bid Ask Spread	0.435
90D Avg Agg Vol	N.A.
Implied Liquidity	N.A.
Market Cap	USD 24.92M
Shares Out	250.0k
Total Assets	USD 49.85M

Appropriations	
Leverage	No
Actively Managed	No
Swap Based	No
Derivatives Based	No
Currency Hedged	No
Replication Strategy	Full
Securities Lending	No

Characteristics	
11) Und. Index	I36410US
Index Weight	Market Cap
1M Px Track. Er...	N.A.
1M NAV Track. E...	N.A.
Inception Date	03/24/22
Expense Ratio	.250%

- Recent launch by JPM to compete with Blackrock
- Lower fees
- Similar exposure to Treasury and Policy with an additional allocation to Liquid CNY Credit

BESIDES BLACKROCK

Key Metrics | Cost | Performance | Flow | Liquidity | Allocations | Regulatory Structure

Name	1D Flow (M USD)	1W Flow (M USD)	1M Flow (M USD)	YTD Flow (M USD)	1Y Flow (M USD)	3Y Flow (M USD)
Sum	-18.53	-531.56	-999.38	-1,689.93	+4,392.56	+11,595.62
1) iShares China CNY Bond UCITS ETF	-23.33	-291.89	-307.01	-468.87	+189.01	+5,484.11
2) iShares China CNY Govt Bond UCITS ETF	+1.05	+1.05	+5.00	+74.71	+1,918.96	+1,918.96
3) FUH Hwa China 5 + YR Policy Bank Bond Etf	.00	-57.95	-138.13	-132.36	-125.94	+514.21
4) NikkoAM-ICBCSG China Bond ETF	.00	.00	+4.08	-.36	+11.54	+17.65
5) HFT CSI Commercial Paper ETF	+3.78	-26.69	+55.38	-116.28	+893.87	+833.30
6) Cathay Chinese Policy Bank Bond 5+ ETF	.00	-8.45	-77.80	-235.28	-270.79	+230.83
7) Ping An China Bond - Medium-High Grade Corporate Bo...	.00	.00	.00	+1.64	+6.50	-1.67
8) Fubon China Policy Bank Bond ETF	.00	-2.88	-7.21	-6.11	-12.39	+451.24
9) ICBC CSOP Bloomberg China Trea	.00	+7.81	-18.70	+4.84	+740.56	+757.56
10) KGI China Policy Bank 3-10 Year Bond ETF	.00	-51.37	-154.12	-214.65	-244.23	+341.89
11) Goldman Sachs Access China Government Bond UCITS E...	.00	-50.50	-78.55	-244.17	+397.98	+647.03
12) Yuanta China Treasury + Policy Bank 3-5 Year Bond ETF	.00	.00	-14.88	-14.88	-17.31	+250.54
13) Shin Kong 10 Years China Treasury Policy Bank Green ...	.00	.00	.00	-17.72	-17.04	+458.80
14) Xtrackers II Harvest China Government Bond UCITS ETF	+2.41	+2.41	-14.51	+2.49	+121.66	+236.83
15) Penghua CSI 0-4 Year Local Government Bond ETF	.00	.00	.00	-8.12	-74.96	-126.67
16) UBS Lux Fund Solutions - J.P. Morgan CNY China Gover...	.00	-39.68	-223.85	-265.11	+71.94	+196.46

- 51 Fixed Income ETF funds with China market focus
- 1Y inflow USD4.3bio. 3Y inflow USD11bio
- 446 institutional investors

KEY THINGS TO UNDERSTAND

How do BBG users analyze bonds from these market segments?

- Pre trade
- Post trade
- Relative value

How do firms, like Blackrock, use BBG to trade in these securities?

- TSOX
- Bond Connect
- CIBM

Broader China Market background….

Next section

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AGENDA

Part One

- Introduction of three trading venues and bonds listed in each venue
- China bond classifications
- Market players
- China market opening-up and BBG electronic trading solution
- Bloomberg China related index and China-focused ETF

Part Two

- China Bond pricing sources
- Market liquidity monitor
- New issuance data
- Others: FIW@CN and OTC CHINA

Part Three

- News on China
- Credit risk analysis

Part One

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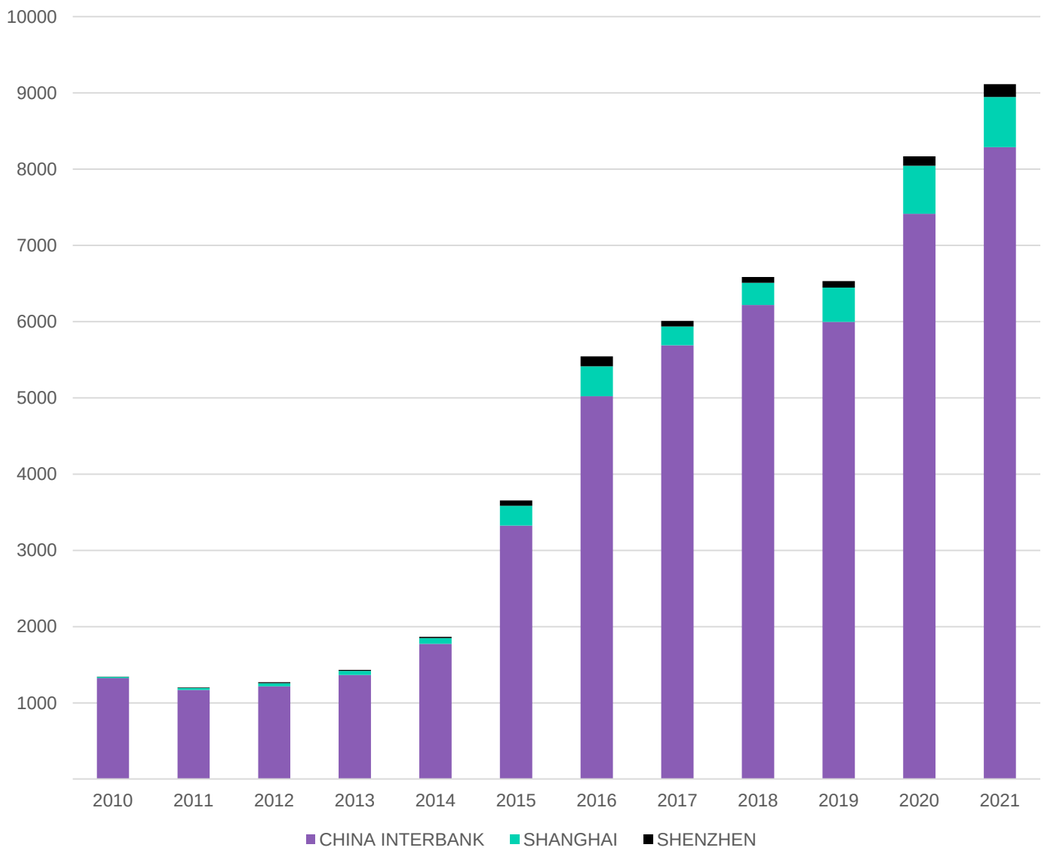
PART ONE: CHINA BOND MARKET OVERVIEW

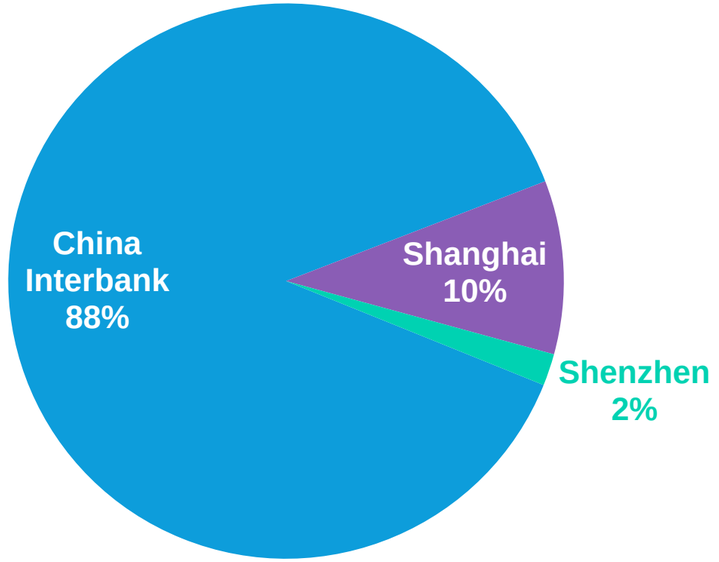
Topic	Page
▪ Three trading venues	15-21
▪ Bond classification	22-24
▪ Market players	25-37
▪ China market opening-up and BBG electronic trading	38-43
▪ BBG China related index, china-focused ETF	44-46

THREE TRADING VENUES OVERVIEW

Annual Issuance volume(USD: Billion)



Market share of three venues



- There are three trading venues in China: interbank bond market, Shanghai exchange and Shenzhen exchange.
- China bonds listed in interbank bond market constitutes 88% of total outstanding volume
- China bond market grows very fast. In 2021, bond issuance volume in interbank bond market has nearly doubled in past five years.

Source: Bloomberg

THREE TRADING VENUES OVERVIEW

- Interbank bond market is a wholesale market and is mostly driven by OTC trading.
- Shanghai and Shenzhen exchanges are electronic trading market
- Global investors can trade in any exchange under different channels.

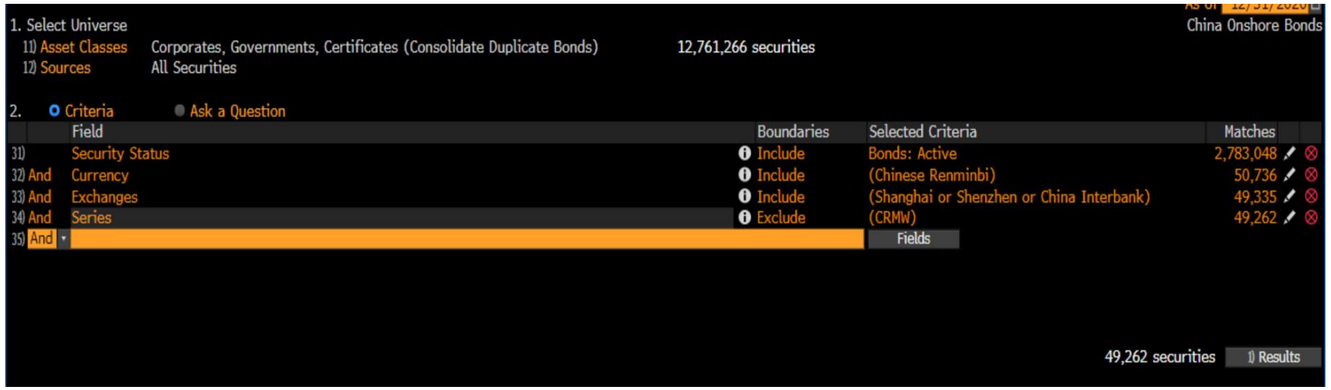
Market	Trading mode	Domestic players	Global investors
Interbank	OTC(mostly)	All institutional players	Bond Connect /CIBM/QFII/RQFII
	Electronic	Approved X-bond institutions	Inaccessible
		Approved market makers	
Shanghai exchange	Electronic	Securities companies, mutual funds, insurance companies and individuals	QFII/RQFII
Shenzhen exchange	Electronic	Securities companies, mutual funds, insurance companies and individuals	QFII/RQFII

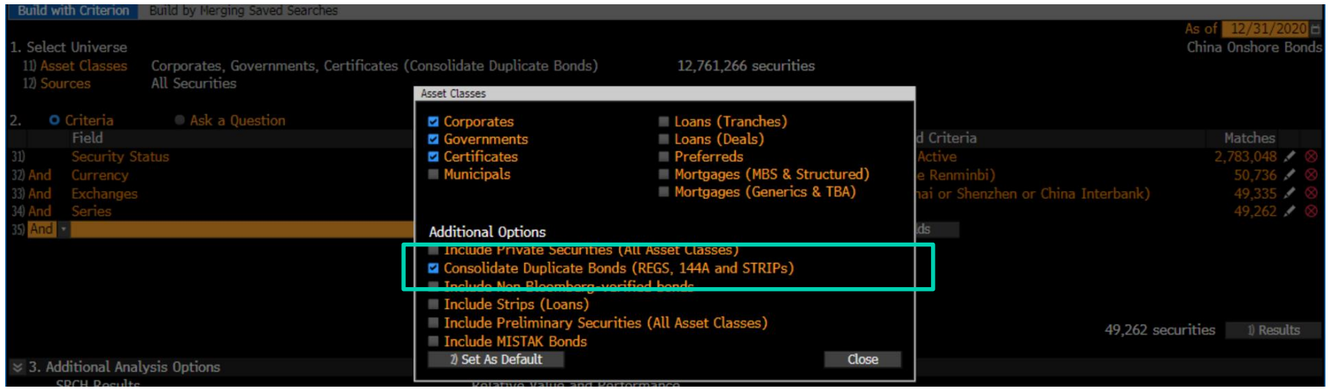
KEY STAKEHOLDERS IN EACH TRADING VENUE

Interbank market	Shanghai exchange(SSE)	Shenzhen exchange(SZSE)
New issuance		
• Corporate bonds issuance Approved by Nafmii • CCDC: bond auction platform • CFETS: NCD auction platform	• Corporate bonds issuance Approved by NDRC • Shanghai Stock Exchange: bond issuance platform	• New issuance Approved by NDRC • Shenzhen Stock Exchange: bond issuance platform
Trading platform		
• CFETS market making platform • CFETS X-BOND • CFETS voice • CFETS RFQ	• Bond Electronic Trading • Bond Repo • Fixed Income Block Trade	• Bond Electronic Trading • Bond Repo
Custodian		
• CCDC(government and policy bank bonds) • SCH(credit bonds and Negotiable CD)	• CSDC	• CSDC
Valuation		
• CCDC • CFETS • SCH • BBG BVAL	• CSI valuation • CCDC • BBG BVAL	• CSI • CCDC • BBG BVAL

CHINA BOND SEARCH IN BBG

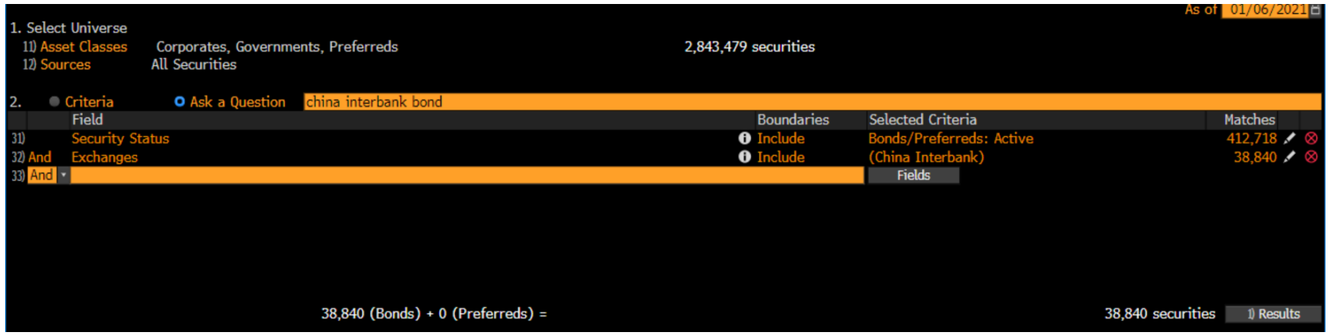
SRCH@CHINAONSHORE



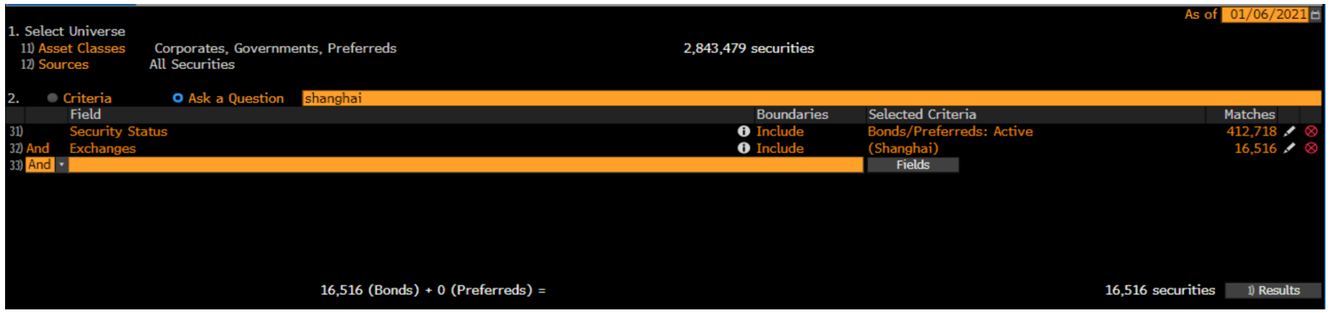


- Search all China Bonds in BBG, type **SRCH@CHINAONSHORE** in command line and click auto-complete
- Some bonds are listed in three trading venues simultaneously. In order to consolidate duplicate bonds, click “11) asset class”, under additional options, check “consolidate duplicate bonds”

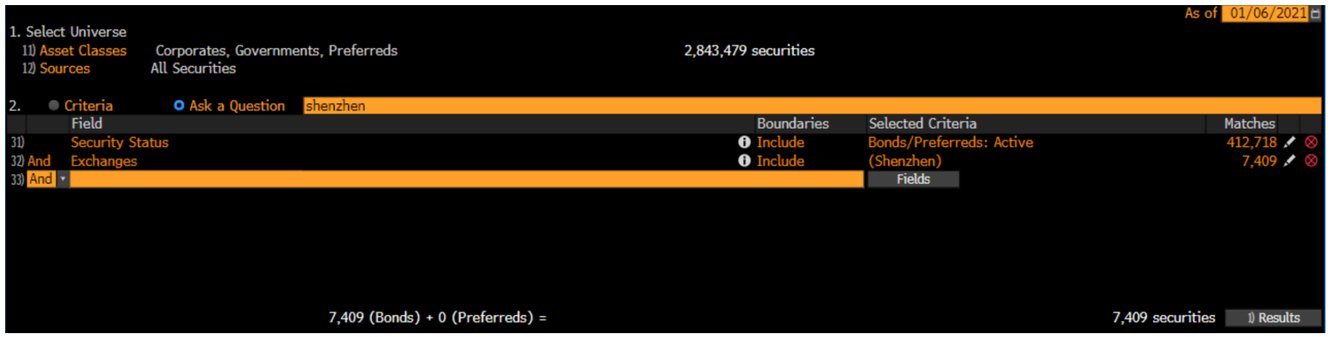
CHINA BOND SEARCH IN BBG(2)



- Type “SRCH China Interbank” in command line to search bonds listed in interbank bond market

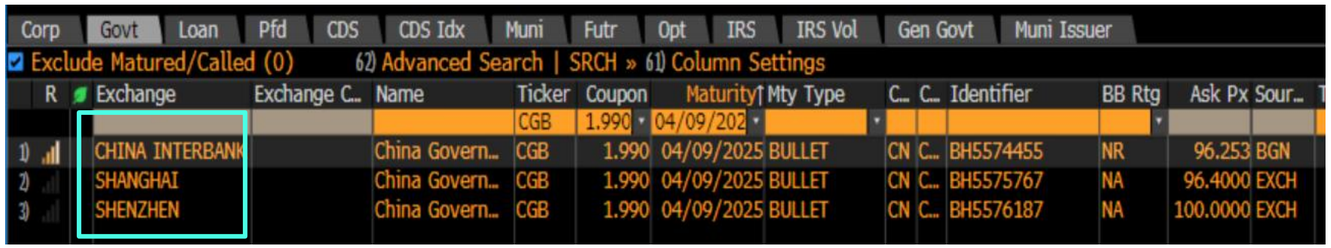


- Type “SRCH Shanghai” in command line to search bonds listed in Shanghai exchange



- Type “SRCH Shenzhen” in command line to search bonds listed in Shanghai exchange

SINGLE SECURITY SEARCH



- In order to search single security in BBG, client can use any identifier in table in next slide.

Note:

- Bonds listed in Shanghai/Shenzhen exchanges do not have ISIN codes

- Bonds listed in interbank bond market use local language ID and bonds listed in Shanghai/Shenzhen exchanges use second local language ID in BBG

- Some bonds are listed in two or three trading venues simultaneously. Clients can type Coupon + maturity date + yellow key for example 1.99 04/09/25 GOVT to search these securities.

SINGLE SECURITY IDENTIFIER

ID name	Interbank	Shanghai exchange	Shenzhen exchange	FLDS	DES
ISIN	CND100031JZ0	N.A	N.A	ID005	A twelve-character number assigned by the local national numbering agency. The International Securities Identification Number (ISIN) consists of a two-letter country code, followed by the nine-character alphanumerical national security identifier, and a check digit.
CUSIP	BH5574455	BH5575767	BH5576187	ID032	Security identification number for the U.S. and Canada. The Committee on Uniform Security Identification Procedures (CUSIP) number consists of nine alpha-numeric characters. The first six characters identify the issuer, the following two identify the issue, and the final character is a check digit.
security ID number description	CGB 1.99 04/09/25 INBK	CGB 1.99 04/09/25 SH	CGB 1.99 04/09/25 SZ	DY003	Descriptor for a financial instrument.
financial instrument global identifier (FIGI)	BBG00T0HKPP3	BBG00T0HMC34	BBG00T0HMP26	ID135	Twelve-character, alphanumeric identifier. The first 2 characters are upper-case consonants (including "Y"), the third character is the upper-case "G", characters 4 -11 are any upper-case consonant (including "Y") or integer between 0 and 9, and the last character is a check-digit. An identifier is assigned to instruments of all asset classes, is unique to an individual instrument and once issued will not change for an instrument. For Equity instruments, ID135 is assigned specifically at the exchange/trading venue level.
identifier	BH5574455	BH5575767	BH5576187	ID028	An identifier that applies to securities housed on the Equity, Muni, Pfd, Govt, Corp and Mtge databases. The identifier may be sourced from a third party. Examples of possible third-party identifiers include CUSIPs, SEDOLs, and WPK numbers.
short code	200005.IB	019631.SH	102005.SZ	ID104	A generic code that can be used to access a security.
China interbank number	200005	N.A.	N.A.	ID126	Specifies the numeric identifier published by China Central Depository & Clearing Co. Ltd. or Shanghai Clearing House for domestic bonds that are traded in the China Interbank Market.
local language ID	20附息国债05	N.A.	N.A.	ID142	Identifier in the local language for the security. This identifier is typically used for Chinese and Russian bonds.
second_local_language_ID	N.A.	20国债05	国债2005	ID143	Second identifier in the local language for the security, in UTF-8 (Unicode Transformation Format) alphanumeric encoding. This identifier is typically used for Chinese and Russian corporate bonds, but only when two local language identifiers exist.

BOND CLASSIFICATION OVERVIEW

Chinese bonds can be classified by issuer, tenor, coupon type etc.

“CCDC China bond classification” is widely used in China market.

BBG ”China bond class” also derives from CCDC China bond classification

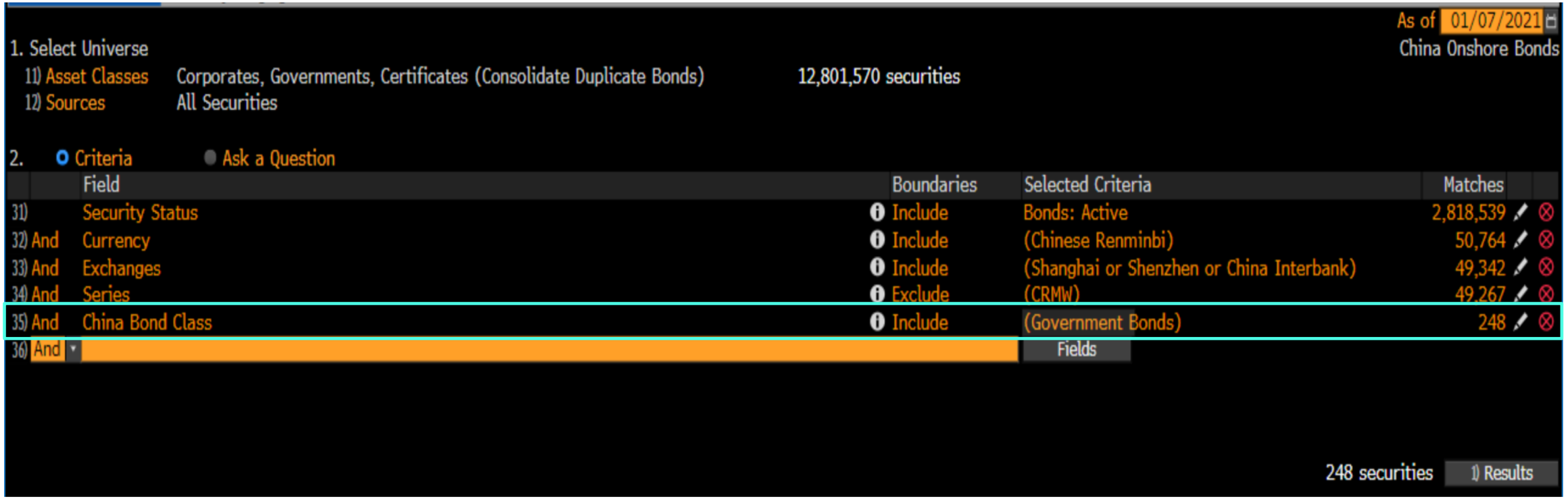
CHINA BOND CLASSIFICATION COMPARISON

China bond class		Issuer	Interbank market	Shanghai exchange	Shenzhen exchange	In BBG Barclay global aggregate index
government bond		MOF	√	√	√	Yes
local government bond		local governments	√	√	√	No
central bank bills		PBOC	√			No
Govt Supporting Agency Bonds		China Railway/Central Huijin	√		√	No
financial bonds	policy bank bond	three policy banks	√	√	√	Yes
	commercial bank bond	commercial banks	√			No
	securities house CP	securities companies	√			No
	Non-bank financial institution bond	Non-bank financial institutions	√			No
corporate bond	Private Placement	corporations	√	√	√	No
	Medium Term Notes	corporations	√			No
	China Debenture	corporations		√	√	No
	Super Short-Term CP	corporations	√			No
	Local Corporate Bond	corporations	√	√	√	No
	Exchangeable Bond	corporations		√	√	No
	Corporate Bonds	corporations	√	√		No
	Convertible Bond	listed companies		√	√	No
	Commercial Papers	corporations	√			No
	Project Rev Debt Instrument	corporations	√	√		No
	SME Collecting Notes	corporations	√			No
Negotiable CD		commercial banks	√			No
Panda bond		international issuers	√			No

SEARCH CHINA BOND CLASSIFICATION IN BBG

In order to search any China bond class, for example government bond in BBG:

1. Type **SRCH@CHINAONSHORE** in command line
2. Type “China bond class(FLDS DZ417)” in amber and choose government bonds from drop down menu



MARKET PLAYERS OVERVIEW

Market	Primary market	Secondary market	China Bond market opening
Players	issuers	market makers	Bond connect dealers
	underwriters	inter-dealer brokers	agency banks
	rating agencies	buyside	global investors
	investors		

- There are different players in primary and secondary market
- After China market opening-up, agency banks, bond connect dealers trade with global investors directly

issuer

- MOF
- Commercial banks
- Corporations
- Policy banks
- Other financial institutions

Underwriter

- government bond underwriter
- Policy bank bond underwriter
- Corporate bond underwriter

Market maker

- market makers approved by PBOC

BC dealers

- Bond connect dealers

Agency banks

- Qualified agency banks

Inter-dealer broker

- CFETS-NEX
- Tullet Prebon
- Pingan tradition
- Citic Central
- BGC

Rating agencies

- Chengxin
- Dagong
- Lianhe
- Golden credit rating
- Shanghai brilliance

Investors

- Domestic investors
  - Banks
  - Mutual funds
  - Securities
  - Insurance
  - Bank AMC
- Global investors
  - CIBM
  - Bond connect
  - QFII/RQFII

MARKET PLAYER: ISSUER

Government

- MOF
- Local government
- Central bank

Policy bank

- China development bank
- Export import bank
- Agricultural development bank

Commercial bank

Non-bank financial institutions

Corporation

- State owned enterprise
- Private owned enterprise

Global issuers(panda bond)

Issuer insight	BBG function	Data fields
issuer classification	CCB	
issuer news	CN	
company filing	CF	
capital structure	CAST	
SOE or not		DT824
outstanding debt	DDIS	
related debt	RELS	
rating	CRPR	
financial data	FA	
default probability	DRSK	
corporate action	CACS	
company risk	RSKC	

BBG provides insightful information of bond issuers, including issuer fundamental information and credit risk analysis tools.
(refer to functions in table)

ISSUER INDUSTRY CLASSIFICATION

China industry classification (four standards)

Industry classification	Description
BICS	Bloomberg industry classification
BCLASS	Bloomberg classification system
CSRC	China securities regulatory commission classification
SYWG	Shenyin Wanguo classification

For example, HUIJIN 4.2 09/20/40 industry classification fields

Industry	Name	FLDS	Description	Value
BICS	industry sector	DS199	BICS level one	Financial
	industry group	DS201	BICS level two	Investment Companies
	industry subgroup	DS202	BICS level three	Investment Companies
BCLASS	CLASSIFICATION_LEVEL_4_NA	BI074	Classification Level 4 Name	Government Owned, No Guarantee
	CLASSIFICATION_LEVEL_3_NA	BI073	Classification Level 3 Name	Government Owned, No Guarantee
	CLASSIFICATION_LEVEL_2_NA	BI072	Classification Level 2 Name	Agency
	CLASSIFICATION_LEVEL_1_NA	BI071	Classification Level 1 Name	Government-Related

- **ICS <GO>** is “issuer sector browser.” Choose from drop-down menu to check sector classification hierarchy in BBG. There are four standards of China Bond issuer classification
- **CCB <GO>** to check single issuer sector classification

ISSUER DEBT SEARCH

Search outstanding debt of issuer---**RELS <GO>**

For example “Bank of China”

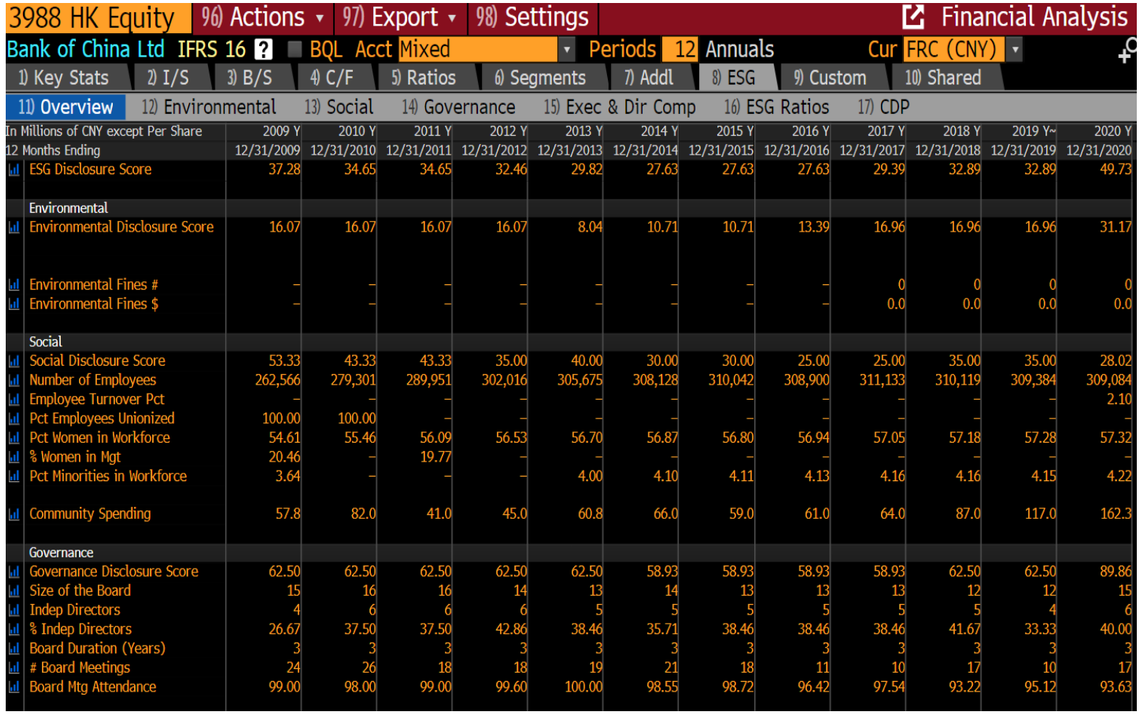
There are 591 bonds issued by Bank of China parent & all Subsidiaries

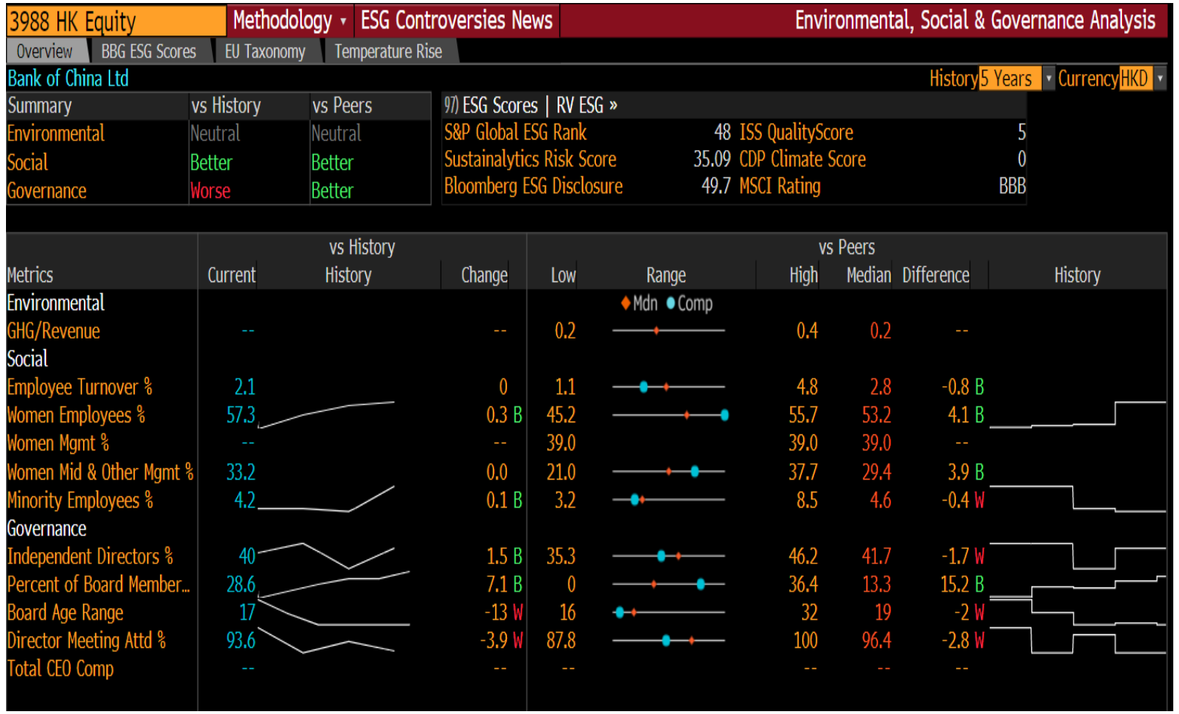
Issuer Name	Total
1) Total	591
3) Bank of China Ltd/Macau	140
4) Bank of China Ltd/Hong Kong	95
5) Bank of China Ltd	87
6) Bank of China Ltd/Sydney	68
7) Bank of China Ltd/Singapore	67
8) BOC Aviation Ltd	39
9) Bank of China Ltd/Tokyo	25
10) Tai Fung Bank Ltd	9
11) Bank of China Ltd/Dubai	9
12) BOC International China Co Ltd	5
13) Bank of China Ltd/Taipei	4
14) Bank of China Ltd/Luxembourg	4
15) Bank of China Hong Kong Ltd	4
16) Amipeace Ltd	4
17) Bank of China Ltd/Paris	3
18) Bank of China Ltd/London	3
19) Bank of China Ltd Qatar Financial Centre Branch	3
20) Bank of China Group Investment Ltd	3
21) BOC Financial Asset Management Co Ltd	3
22) BOC Aviation USA Corp	3
23) BOC Aviation Ireland Ltd	3
24) Bank of China New Zealand Ltd	2
25) Bank of China Ltd/Frankfurt	2
26) Banque de Chine Djibouti SA	1
27) Bank of China Thai PCL	1
28) Bank of China Luxembourg SA	1
29) Bank of China Ltd/Johannesburg	1
30) Bank of China Ltd/Hungary	1
31) BOC-Samsung Life Insurance Co Ltd	1

ISSUER ESG ANALYSIS

FA ESG<GO> Displays environmental, social, and governance statistics, as well as executive compensation, so you can see a company's progress and priorities in these areas, and how they compare to other companies.

ESG <GO> provides an overview of a company's environmental, social, and governance (ESG) performance, both over time and versus its peers, so you can assess risks and opportunities that may impact a potential investment.





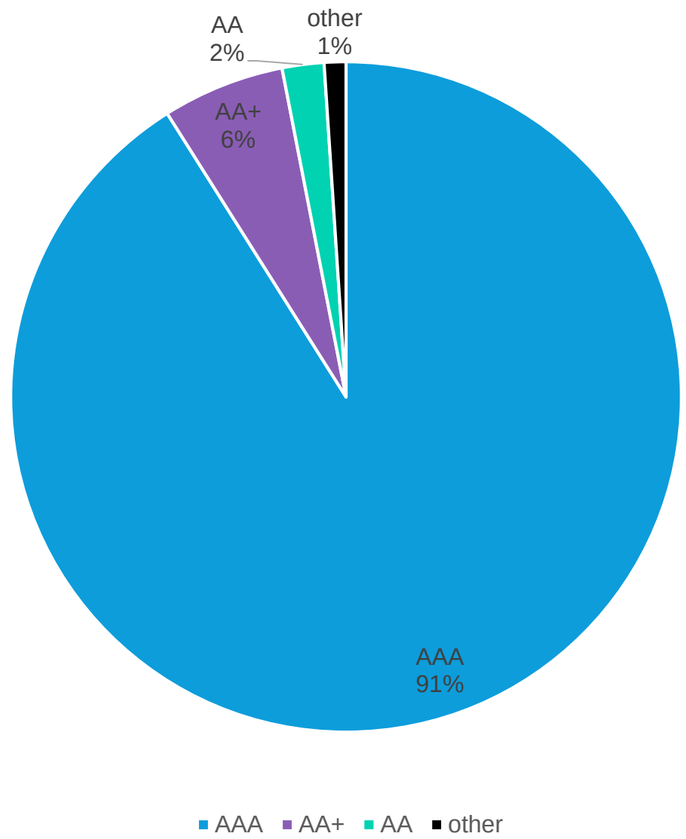
MARKET PLAYER: UNDERWRITER

Name	Shortcut	Description
China Bonds	LEAG@CNDEBT	This table consists of non-sovereign Chinese debt securities that are denominated and settled in Chinese Renminbi, with a market type of "Domestic" or "Domestic MTN". This excludes asset-backed securities, bonds with warrants, credit linked notes and convertible securities. There is a minimum threshold of USD 50MM for self-led securities. Please see League Table Standards and Guidelines for further details.
China Corporate & Debenture Bonds	LEAG@CNCORPDEB	This table consists of Chinese domestic corporate bonds & debentures regulated by National Development and Reform Commission (NDRC) and China Securities Regulatory Commission (CSRC) respectively. This excludes bonds with warrants, convertible securities and credit-linked notes. There is a minimum threshold of CNY 300MM for self-led securities. Please see League Table Standards and Guidelines for further details.
China Domestic MTN	LEAG@CNDOMMTN	This table consists of debt securities, denominated in Chinese Yuan, with market type "Domestic MTN". This excludes asset-backed securities, bonds with warrants, convertible securities and credit-linked notes. There is a minimum threshold of 18 months for maturities, call or put periods, and CNY 300MM minimum amount for self-led securities. Please see League Table Standards and Guidelines for further details.
China NAFMII Bonds	LEAG@NAFMII	This table consists of domestic Chinese debt securities regulated by National Association of Financial Market Institutional Investors (NAFMII) that are denominated in Chinese Yuan and listed on China Interbank. This excludes asset-backed securities, bonds with warrants, convertible securities and credit-linked notes. There is a minimum threshold of CNY 300MM for self-led securities. Please see League Table Standards and Guidelines for further details.

- **LEAG <GO>** provides official league tables and wallet share analytics for China Bonds

MARKET PLAYER: LOCAL RATING AGENCIES

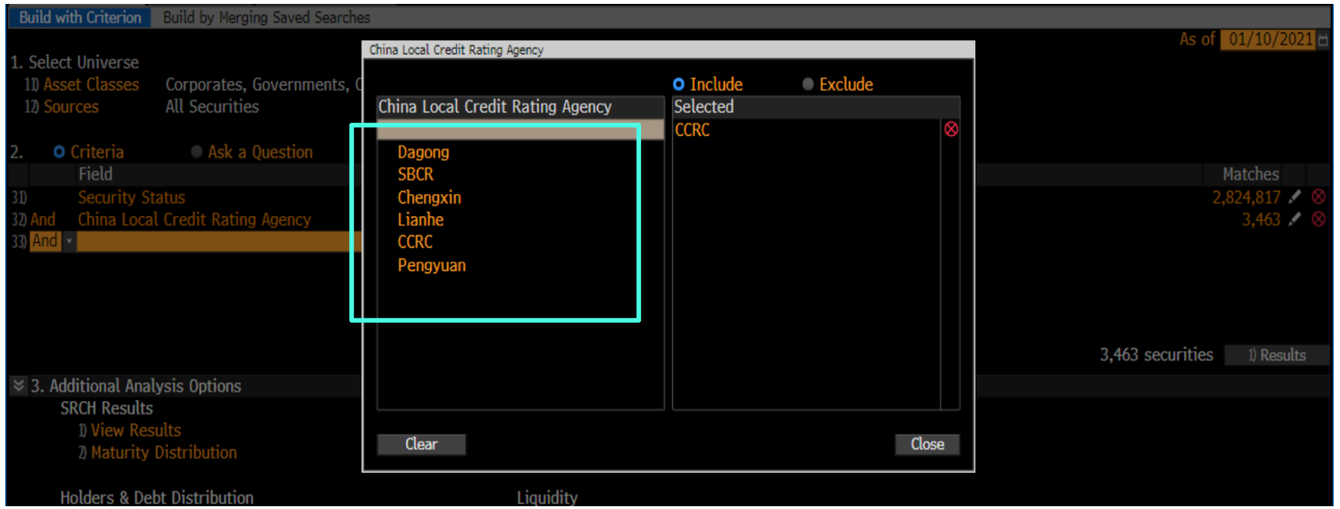
China local ratings: market share

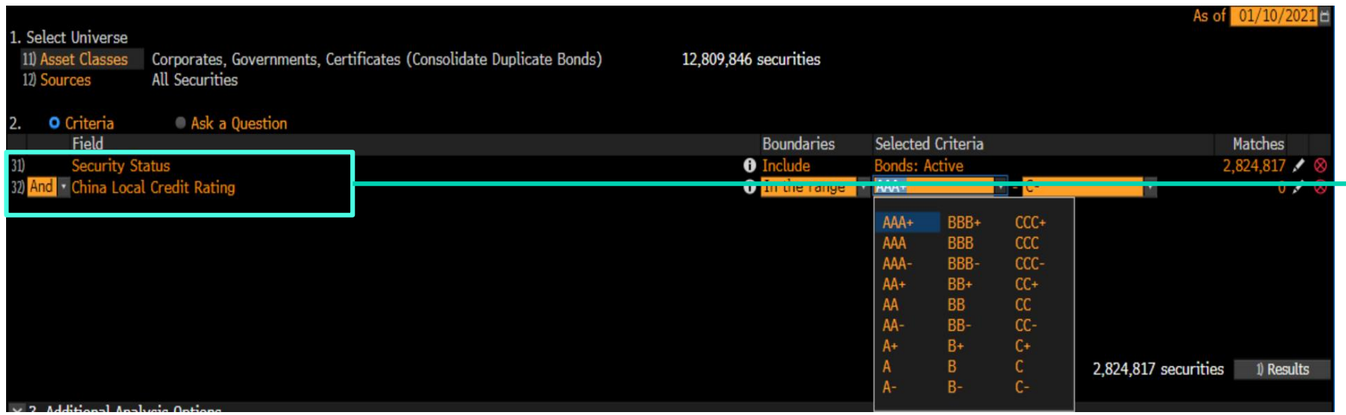


- Five China local rating agencies dominate China bond market: China Chengxin, Dagong, Lianhe, Shanghai Brilliance, golden credit rating
- 91% of credit bonds are rated “AAA” by local rating agencies. (the chart on left side)
- While more Chinese issuers acquire global issuer rating, this is helpful information for investors

Source: Bloomberg

SEARCH CHINA LOCAL RATINGS



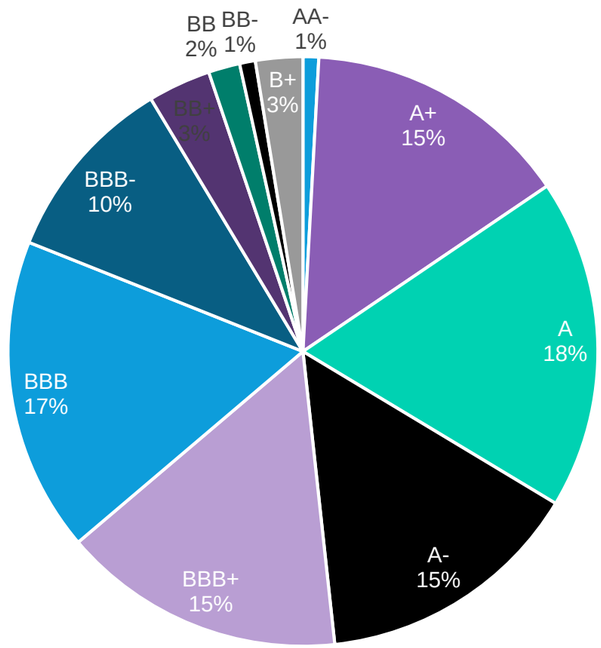


- In SRCH type China local credit rating agency(RN748) in amber and pick up rating agency in drop down menu.
- BBG China local credit rating(RN747): it provides the credit rating of a security by China local rating agents like China Lianhe, China Cheng Xin International, Dagong Global Credit Rating, Shanghai Brilliance and China Credit Rating Co., Ltd. When the security is rated by only one rating agent, that rating agent will be returned. When two or more ratings are available, the lowest one will be returned.
- in **SRCH<GO>** type “China local credit rating” in amber and choose rating range

CHINA LOCAL RATINGS VS GLOBAL ISSUER RATING

AAA Local credit rating mapping with S&P issuer rating

S&P issuer rating	number of issuer
A+	15
A	22
A-	19
BBB+	19
BBB	17
BBB-	10
BB+	1
BB	1
BB-	1
TOTAL	**105**

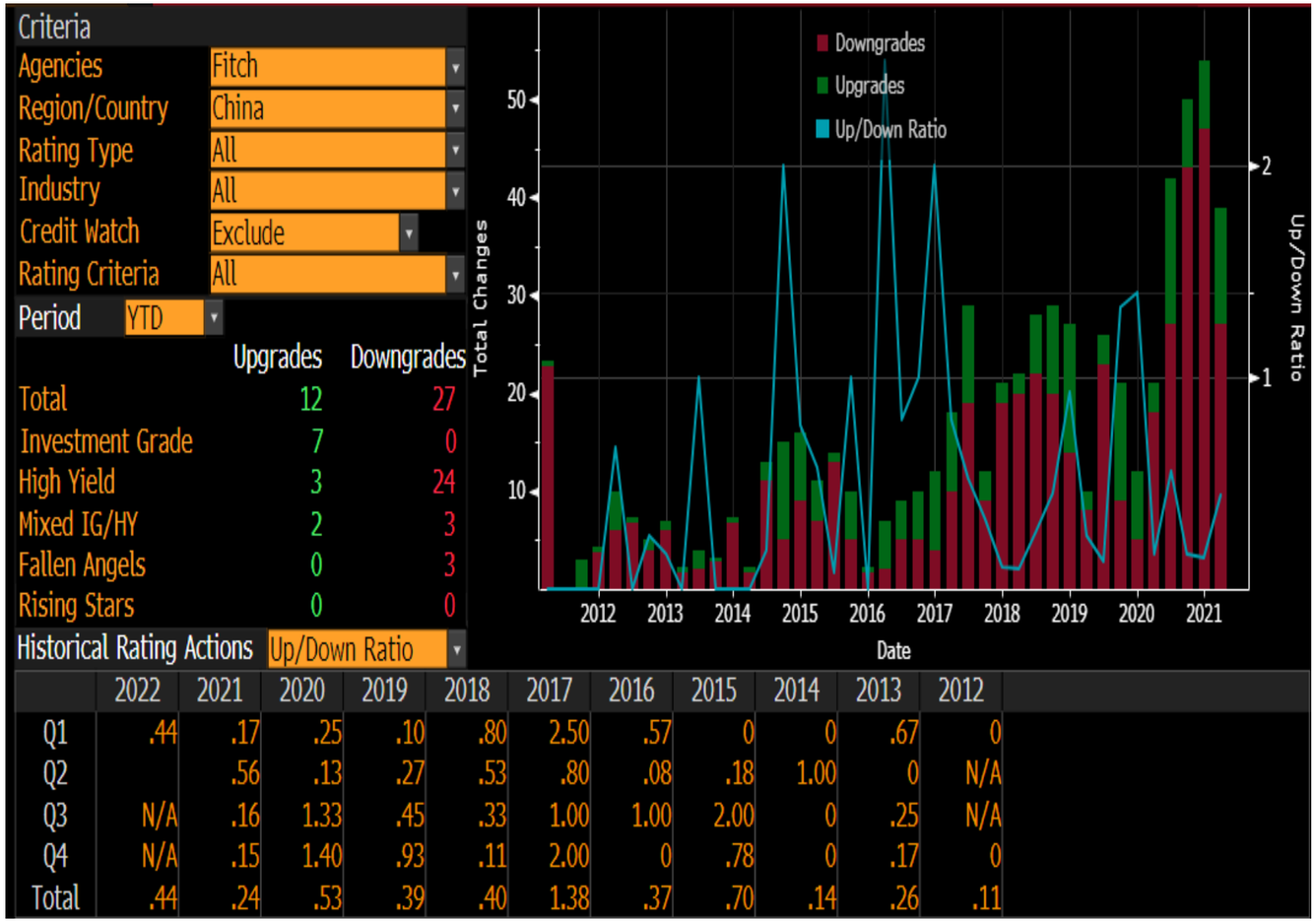


How to compare local ratings and global issuer rating

- In **SRCH<GO>**, search China local issuer rating=AAA
- Go to matrix to compare with S&P global issuer rating
- Within 805 issuers with AAA rating, 105 issuers have S&P global issuer ratings.
- Most are rated as “A”

Source: Bloomberg

GLOBAL ISSUER RATING CHANGE



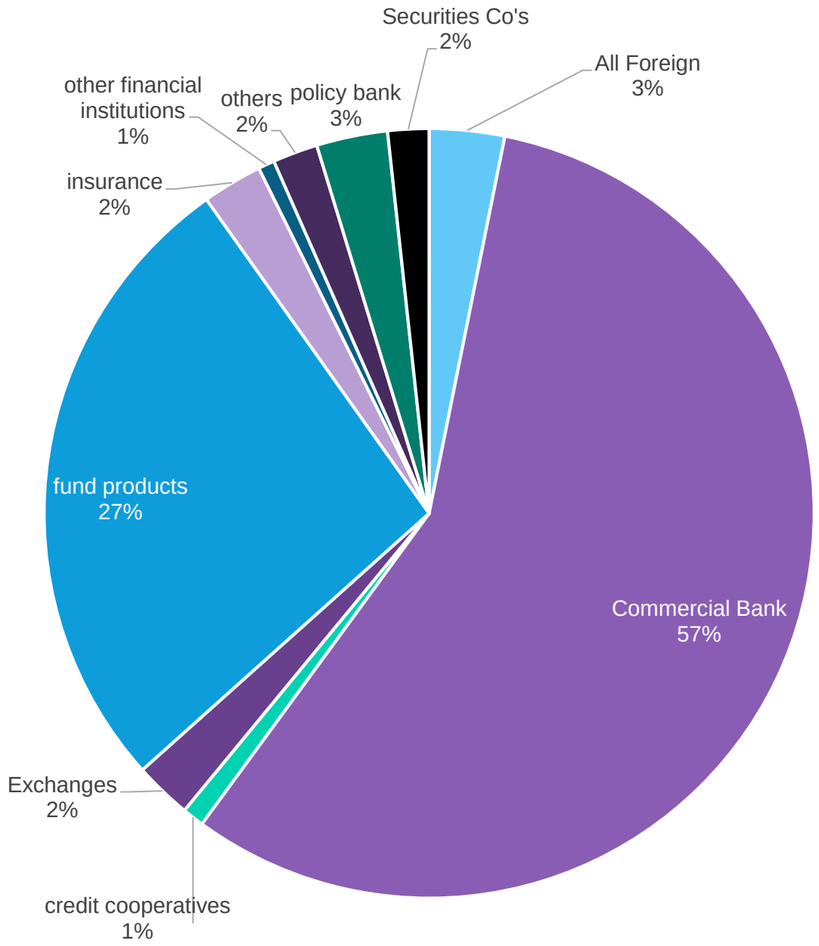
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Q1	.44	.17	.25	.10	.80	2.50	.57	0	0	.67	0
Q2		.56	.13	.27	.53	.80	.08	.18	1.00	0	N/A
Q3	N/A	.16	1.33	.45	.33	1.00	1.00	2.00	0	.25	N/A
Q4	N/A	.15	1.40	.93	.11	2.00	0	.78	0	.17	0
Total	.44	.24	.53	.39	.40	1.38	.37	.70	.14	.26	.11

- **RATT <GO>** allows you to determine the trends of credit ratings agencies upgrading or downgrading borrowers, so you can analyze performance and length of historical ratings change cycles.
- Select Fitch and region country as China to see upgrade and downgrade ratings of Chinese issuers.

MARKET PLAYER: INVESTORS

Commercial banks hold more than 50% of total China Bonds.

Bond holding by institutions



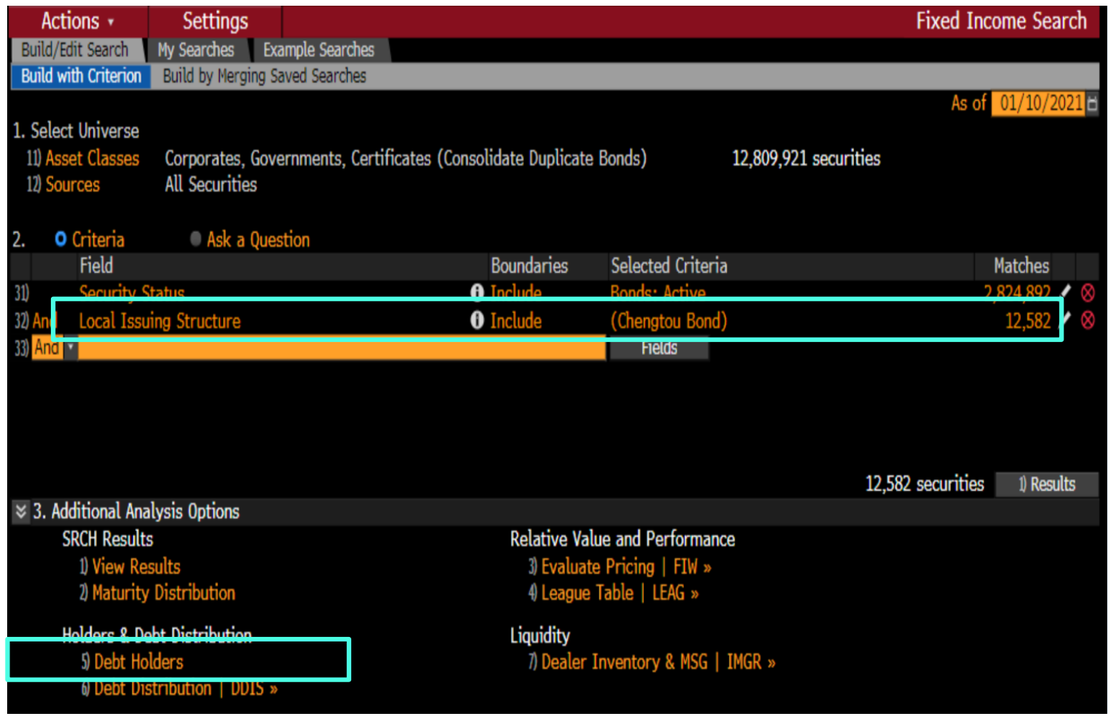
Source: CCDC,SCH

BOND HOLDING INFORMATION IN BBG

HDS <GO> provides limited information of single security holders.

Search holders of chengtou bonds:

- Type **SRCH@CHENGTOU** in command line.
- Expand additional analysis option and choose item 5 debt holders



CHINA BOND HOLDING STRUCTURE: DATA FROM CUSTODIAN AGENCIES

- BBG has China bond depository data of two custodian agencies: CCDC and SCH.

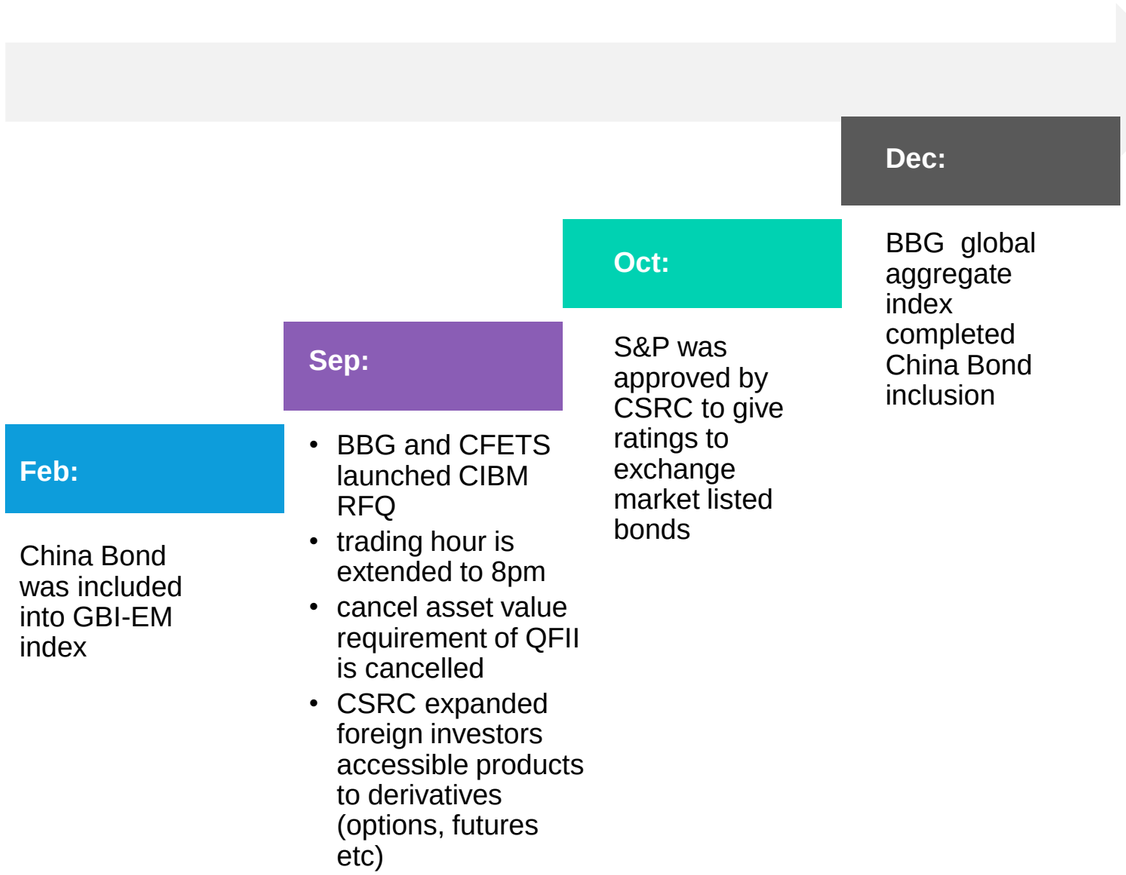
How to find the data:

- **ECST** ➡ country = China ➡ financial indicators ➡ ending and credit ➡ credit to financial and Non financial institutions

- Choose from Source drop-down menu for CCDC or SCH data

CHINA BOND MARKET OPENING-UP

China bond market opening-up in 2020

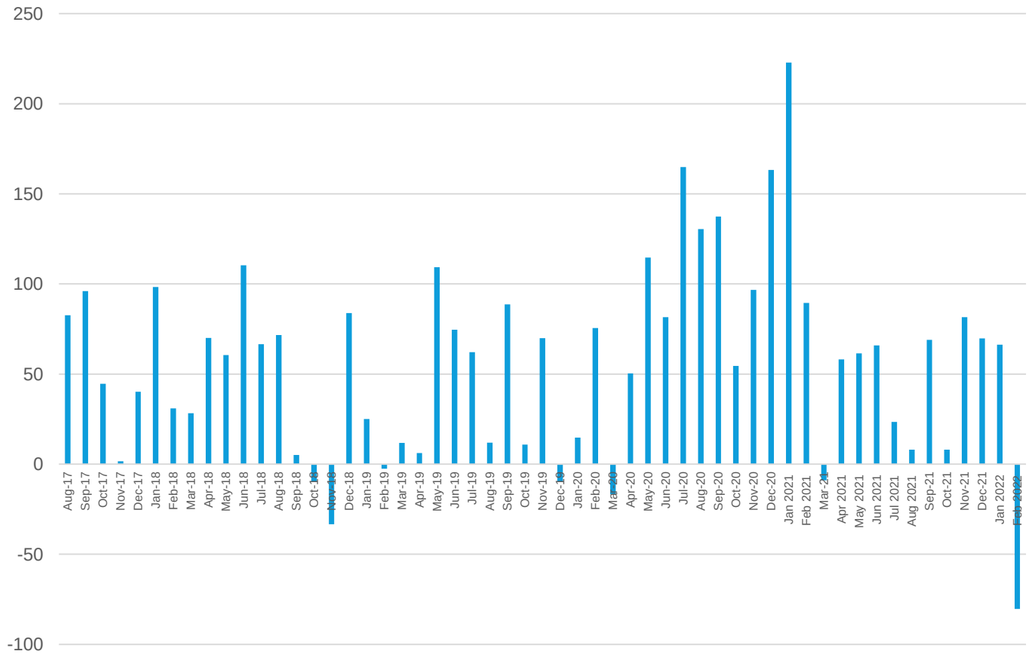


China Bonds are included in three global indices

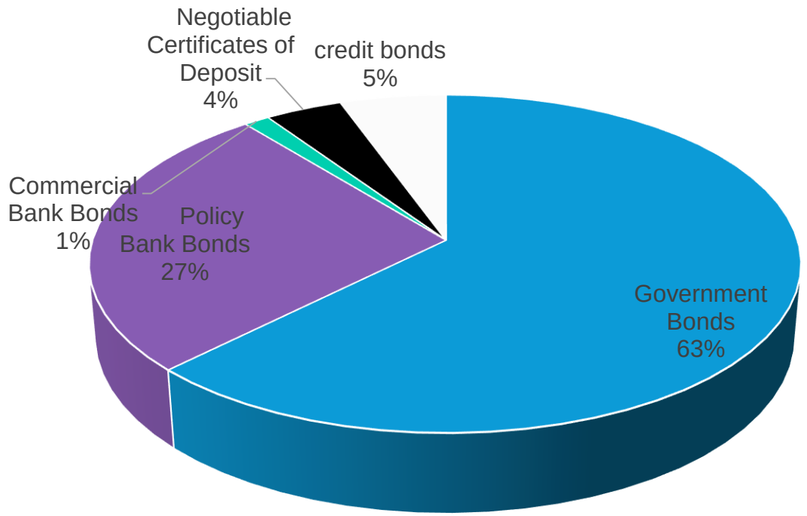
index	Inclusion period	Weight of RMB bonds in index
BBG Barclay global aggregate index	May 2019-2020 Dec	around 8%
J.P. Morgan GBI-EM	Feb 2020-Nov 2020	around 10%
FTSE World Government Bond Index	October 2021	around 5%

FOREIGN INVESTORS CHINA BOND HOLDING

Foreign investors China Bond net holding (CNY: Billion)



Foreign investors holding structure(Feb,2022)



- Foreign investors' hold more than 3% of whole China Bond universe by end of 2021
- Foreign investors hold 11% of China government bonds by end of 2021

- By end of 2021, 63% of foreign investors' bond holding is China government bond, 27% is policy bank bond
- Foreign investors only hold small size of credit bonds

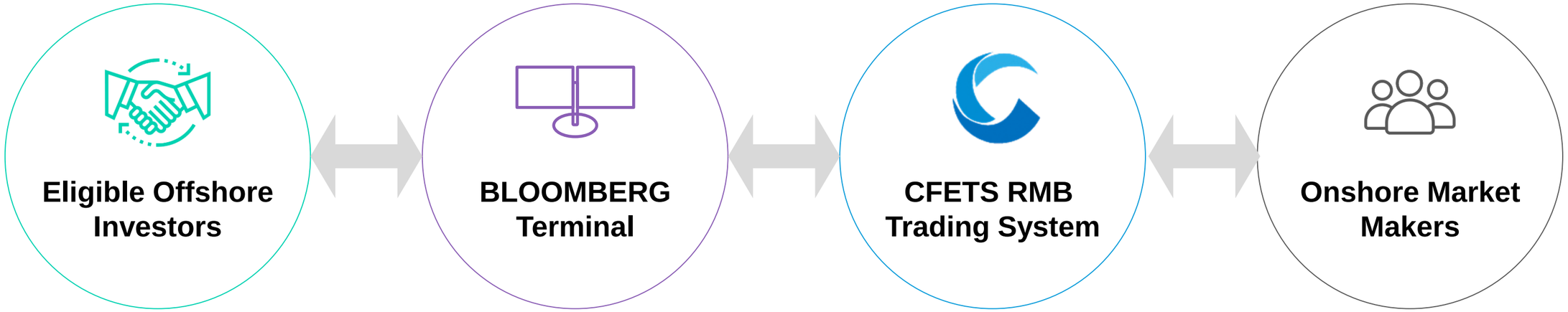
Source: CCDC,SCH

BBG SOLUTIONS FOR BOND CONNECT AND CIBM

Bloomberg is an approved access point, connected to a system operated by the China Foreign Exchange Trade System (CFETS), providing global investors with electronic trading access to People's Bank of China-approved interbank market participants via Bond Connect and CIBM-Direct.

Both programs offer offshore investors with the ability to trade bonds in the China Interbank Bond Market inclusive of government bonds, policy bank bonds, local government bonds, corporate debt instruments, and onshore asset-backed securities. Liquidity in the supported instruments is directly provided by the 56 onshore dealers approved by the People's Bank of China (PBOC). Enhanced price transparency, provided by CFETS, is available in ALLQ.

Bloomberg's voice confirmation feature (VCON) via CIBM-Direct provides a seamless trade ticket communication service to global investors. Bloomberg CIBM-Direct RFQ and Bloomberg Bond Connect give global investors direct access to China's interbank bond market through electronic (RFQ) trading - enhanced with pre-trade decision-making tools, alerts, enhanced price transparency, deeply integrated analytics, compliance rules, audit trails, and efficient access to amplifying information. It supports a variety of financial instruments in the China interbank bond market, with liquidity directly provided by authorized onshore dealers approved by the PBOC.

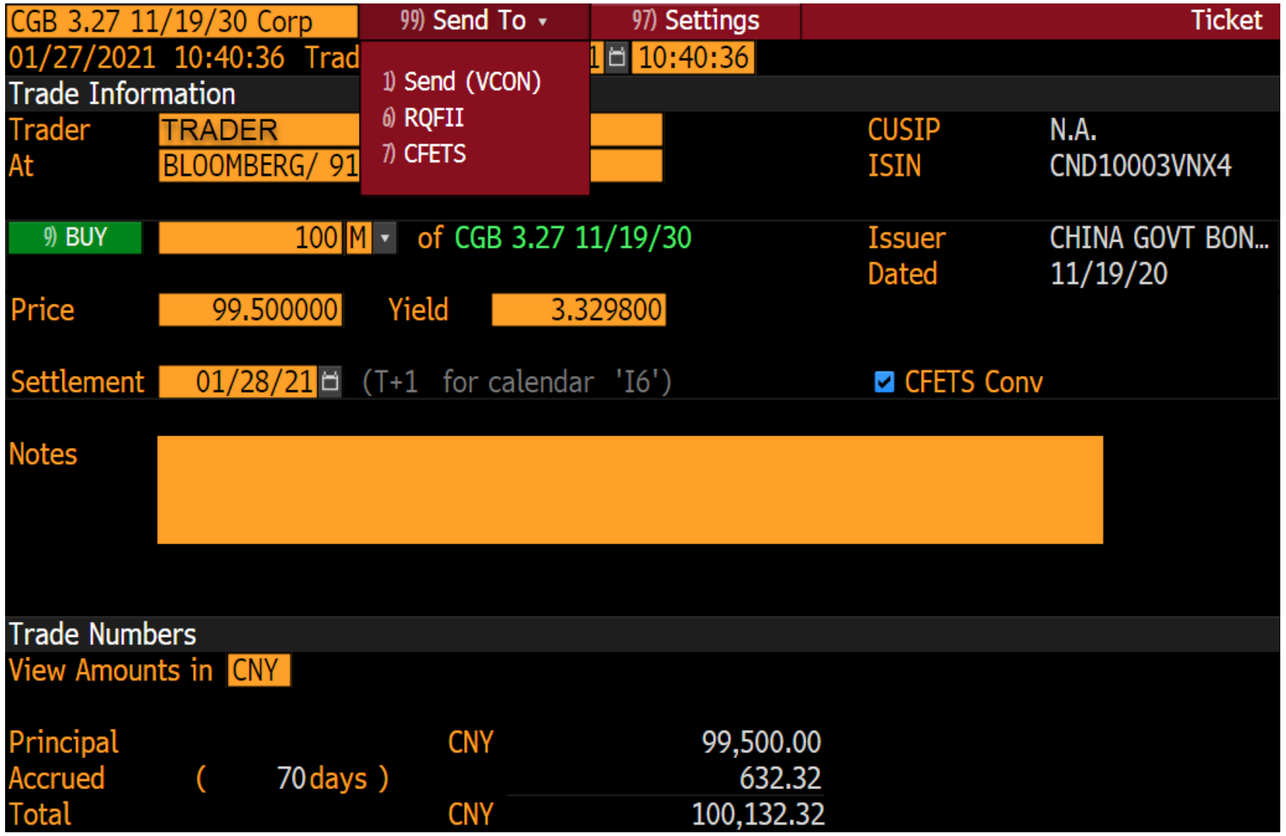


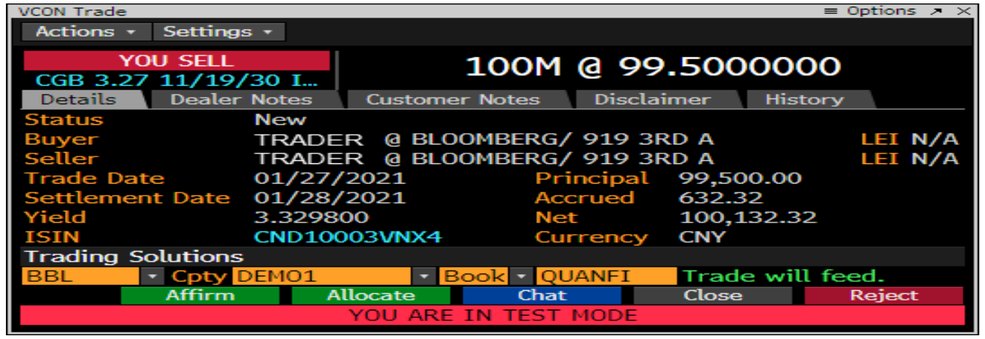
BBG TRADING SOLUTIONS COMPARISON

	Bloomberg CIBM-Direct VCON	Bloomberg Bond Connect (made available by Bloomberg Tradebook)	Bloomberg CIBM-Direct RFQ (made available by Bloomberg Tradebook)
Description	Voice confirmation service established Feb 2016	Electronic trading access established Jul 2017	Electronic trading access established Sep 2020
Client Profile	Asset/investment manager Insurance company Hedge fund Global/regional bank Central bank	Asset/investment manager Insurance company Hedge fund Global/regional bank Central bank	Asset/investment manager Insurance company Hedge fund Global/regional bank Central bank
Participation	Eligible offshore investors establish accounts with onshore agent bank. Onshore agent bank facilitates account opening with CCDC or SHCH.	Nominee account established at HK CMU. Eligible offshore investors have no onshore presence. Registration in HK with BCCL.	Eligible offshore investors establish accounts with onshore agent bank. Onshore agent bank facilitates account opening with CCDC or SHCH.
Trading Workflow	Voice - Onshore counterparty confirms with offshore investor, offshore investor sends trading instructions to onshore agent bank, for confirmation to CFETS.	Electronic - Offshore investor uses Bloomberg interface to submit RFQ to onshore counterparties via CFETS. Settlement through HK CMU nominee to CCDC or SCH.	Electronic - Offshore investor uses Bloomberg interface to submit RFQ to onshore counterparties via CFETS. CFETS sends trade details to onshore agent bank post execution.
Settlement/Clearing	Onshore with CCDC or SCH	Through HK CMU nominee to CCDC or SCH	Onshore with CCDC or SCH
Counterparty	All interbank market participants approved by the PBOC to provide liquidity via CIBM-Direct.	All interbank market participants approved by the PBOC to provide liquidity via Bond Connect.	All interbank market participants approved by the PBOC to provide liquidity via CIBM-Direct.
Settlement Date	T+0 up-to T+10	T+0 up-to T+10	T+0 up-to T+10
Trading Hour	T+0 09:00 to 12:00 (Beijing Time) 13:30 to 16:50 (Beijing Time) T+1 or above 09:00 to 12:00 (Beijing Time) 13:30 to 20:00 (Beijing Time)	T+0 09:00 to 12:00 (Beijing Time) 13:30 to 16:30 (Beijing Time) T+1 or above 09:00 to 12:00 (Beijing Time) 13:30 to 20:00 (Beijing Time)	T+0 09:00 to 12:00 (Beijing Time) 13:30 to 16:30 (Beijing Time) T+1 or above 09:00 to 12:00 (Beijing Time) 13:30 to 20:00 (Beijing Time)
Allocation	N/A	Support for up-to 99 accounts	Support for up-to 99 accounts
Trustee	Direct ownership - BSA/Custodian	Multiple-layer nominee structure	Direct ownership - BSA/Custodian

BBG CIBM VCON

When using Bloomberg's voice confirmation feature (VCON) via CIBM-Direct, offshore investors can send trade details to their corresponding onshore agency banks via VCON on the Bloomberg Terminal. Alternatively, onshore agency banks can generate VCON messages to their offshore clients when they register trades in CFETS. It is an efficient communication tool for offshore investors and their onshore agency banks.





BBG CIBM RFQ

When using Bloomberg CIBM-Direct RFQ to connect to the CFETS system via Bloomberg's Fixed Income EMS (TSOX), investors can stage orders from their Order Management System, initiate RFQ from TSOX for specified funds, and send an RFQ to dealers (on a fully disclosed basis) based on investor-preferred settings, enablements and registrations. Investors can also employ a variety of trading styles for the routing and execution of orders by their dealers, receive fill information, initiate post-trade actions such as allocations, and STP.

Leave	IB	Action	Status	Order #	Trade Date	Settle Date	Security	CIN	Side	Qty	Ccy	Coupon	Maturity	Venue	% Filled
ADBCH 2.96 04/17/30 2004															
Leave	IB	Send	NEW	2278578	10/27/2020	10/28/2020	ADBCH 2.96 04/17/30 2004	200404	SELL	10M	CNY	2.960000	04/17/2030	CFETS	0.00
	CHAT		FILLED	2278576	10/27/2020	10/28/2020	ADBCH 2.96 04/17/30 2004	200404	SELL	15M	CNY	2.960000	04/17/2030	CFETS	100.00
	CHAT		FILLED	2278575	10/27/2020	10/28/2020	ADBCH 2.96 04/17/30 2004	200404	SELL	20M	CNY	2.960000	04/17/2030	CFETS	100.00
Leave	IB	Send	NEW	2278577	10/27/2020	10/28/2020	ADBCH 2.96 04/17/30 2004	200404	BUY	10M	CNY	2.960000	04/17/2030	CFETS	0.00
CGB 2.64 08/13/22 INBK															
Leave	IB	Send	NEW	2278597	10/27/2020	10/28/2020	CGB 2.64 08/13/22 INBK	200011	SELL	15M	CNY	2.640000	08/13/2022	CFETS	0.00
CGB 2.68 05/21/30 INBK															
Leave	IB	Send	NEW	2278581	10/27/2020	10/28/2020	CGB 2.68 05/21/30 INBK	200006	SELL	35M	CNY	2.680000	05/21/2030	CFETS	0.00
Leave	IB	Send	NEW	2278580	10/27/2020	10/28/2020	CGB 2.68 05/21/30 INBK	200006	BUY	20M	CNY	2.680000	05/21/2030	CFETS	0.00
	CHAT		FILLED	2277589	10/27/2020	10/28/2020	CGB 2.68 05/21/30 INBK	200006	BUY	10M	CNY	2.680000	05/21/2030	CFETS	100.00
	CHAT		FILLED	2277587	10/27/2020	10/28/2020	CGB 2.68 05/21/30 INBK	200006	BUY	10M	CNY	2.680000	05/21/2030	CFETS	100.00
	CHAT		FILLED	2277581	10/27/2020	10/28/2020	CGB 2.68 05/21/30 INBK	200006	BUY	10M	CNY	2.680000	05/21/2030	CFETS	100.00
	CHAT		FILLED	2278583	10/27/2020	10/28/2020	CGB 2.68 05/21/30 INBK	200006	BUY	15M	CNY	2.680000	05/21/2030	CFETS	100.00
CGB 3.02 10/22/25 INBK															
Leave	IB	Send	NEW	2278596	10/27/2020	10/28/2020	CGB 3.02 10/22/25 INBK	200013	BUY	30M	CNY	3.020000	10/22/2025	CFETS	0.00
Leave	IB	Send	NEW	2278593	10/27/2020	10/28/2020	CGB 3.02 10/22/25 INBK	200013	SELL	10M	CNY	3.020000	10/22/2025	CFETS	0.00
	CHAT		FILLED	2278598	10/27/2020	10/28/2020	CGB 3.02 10/22/25 INBK	200013	BUY	15M	CNY	3.020000	10/22/2025	CFETS	100.00
Leave	IB	Send	NEW	2278594	10/27/2020	10/28/2020	CGB 3.02 10/22/25 INBK	200013	BUY	50M	CNY	3.020000	10/22/2025	CFETS	0.00
CGB 3.81 09/14/50 INBK															
Leave	IB	Send	NEW	2278579	10/27/2020	10/28/2020	CGB 3.81 09/14/50 INBK	200012	BUY	50M	CNY	3.810000	09/14/2050	CFETS	0.00
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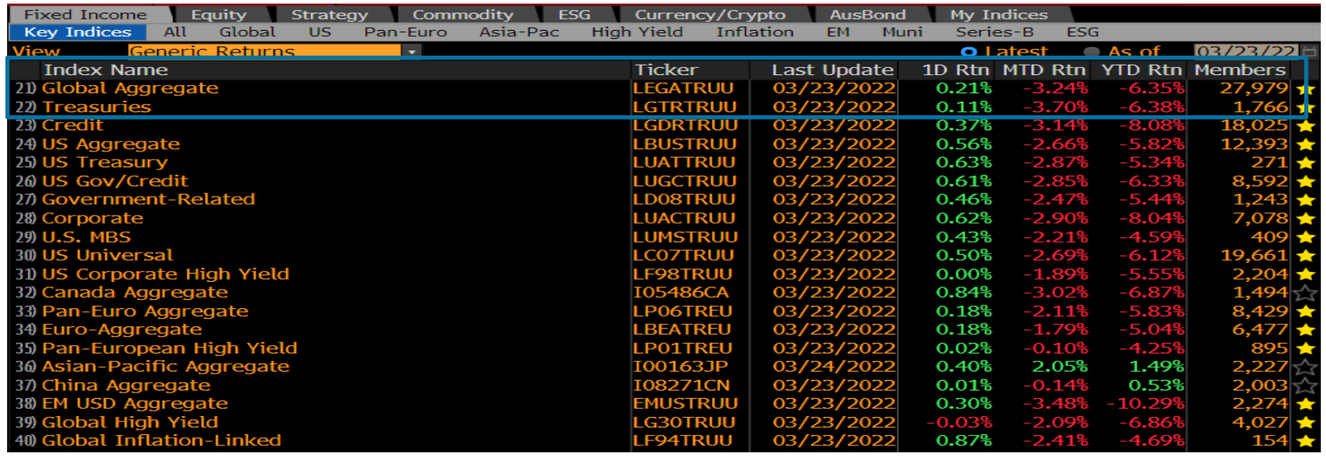
EXIMCH 3.23 03/23/30 2010															
Leave	IB	Send	NEW	2278602	10/27/2020	10/28/2020	EXIMCH 3.23 03/23/30 2010	200310	BUY	10M	CNY	3.230000	03/23/2030	CFETS	0.00
Leave	IB	Send	NEW	2278599	10/27/2020	10/28/2020	EXIMCH 3.23 03/23/30 2010	200310	BUY	20M	CNY	3.230000	03/23/2030	CFETS	0.00
	CHAT		FILLED	2278592	10/27/2020	10/28/2020	EXIMCH 3.23 03/23/30 2010	200310	BUY	25M	CNY	3.230000	03/23/2030	CFETS	100.00
Leave	IB	Send	NEW	2278591	10/27/2020	10/28/2020	EXIMCH 3.23 03/23/30 2010	200310	SELL	20M	CNY	3.230000	03/23/2030	CFETS	0.00
Leave	IB	Send	NEW	2278601	10/27/2020	10/28/2020	EXIMCH 3.23 03/23/30 2010	200310	BUY	10M	CNY	3.230000	03/23/2030	CFETS	0.00
Leave	IB	Send	NEW	2278600	10/27/2020	10/28/2020	EXIMCH 3.23 03/23/30 2010	200310	SELL	20M	CNY	3.230000	03/23/2030	CFETS	0.00

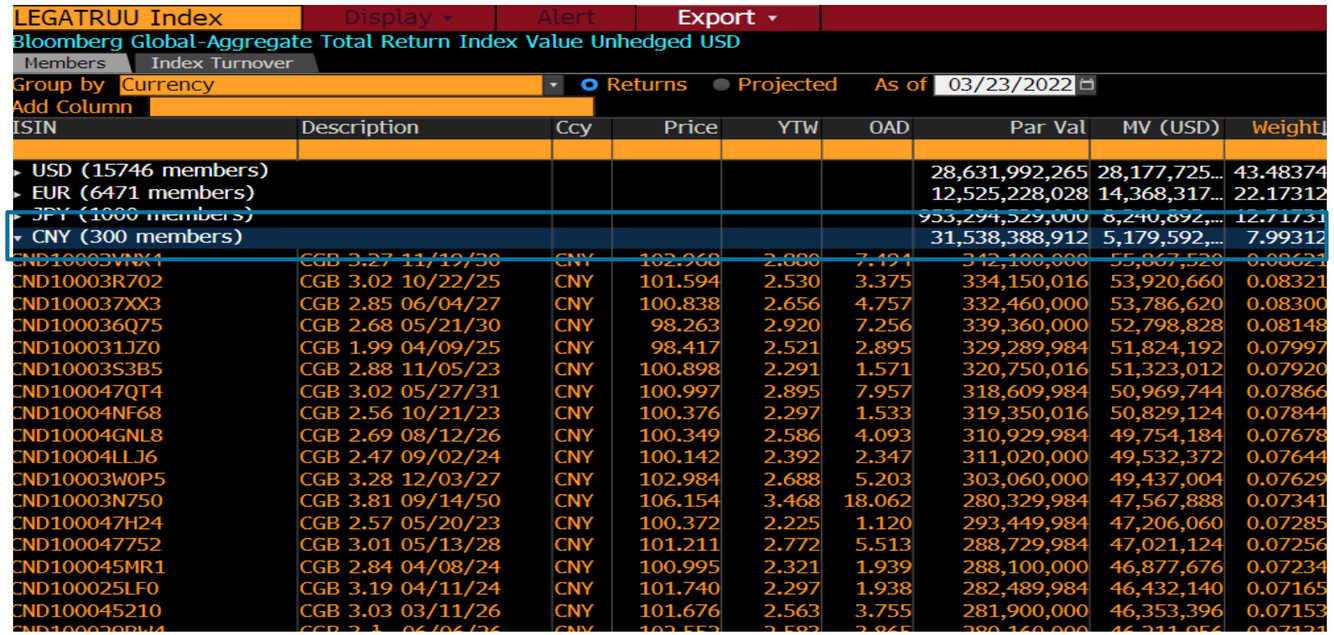
Security Description	Settlement Date	Quantity	Best Dealer	Quote	Dealer Status	Action	Expire(s)
CGB 3.02 10/22/25 INBK	11/02/20	50,000,000	D1	99.200	Firm 0:01	Pass	Expire:00:29:46
CGB 3.81 09/14/50 INBK	10/28/20	30,000,000	BBLP	99.200	Accepted	Pass	
CGB 3.02 10/22/25 INBK	10/28/20	10,000,000	BBLP	99.200	Subject	Pass	Expire:00:27:32
CGB 2.68 05/21/30 INBK	10/28/20	35,000,000	D1	99.200	Passed	Pass	
ADBCH 2.96 04/17/30 2004	10/28/20	10,000,000	D1	99.200	Subject	Pass	Expire:00:26:51
CGB 2.68 05/21/30 INBK	10/28/20	20,000,000	D1	99.200	Subject	Pass	Expire:00:26:25
EXIMCH 3.23 03/23/30 2010	10/28/20	20,000,000	D1	99.200	Accepted	Pass	
CGB 3.81 09/14/50 INBK	10/28/20	50,000,000	D1	99.200	Subject	Pass	Expire:00:26:02
SDBC 3.09 06/18/30 2010	10/28/20	50,000,000	D1	99.200	Passed	Pass	
EXIMCH 3.23 03/23/30 2010	10/28/20	20,000,000	D1	99.200	Subject	Pass	Expire:00:24:43
SDBC 3.09 06/18/30 2010	10/28/20	10,000,000	BBLP	99.200	Subject	Pass	Expire:00:24:22
CGB 3.81 09/14/50 INBK	10/28/20	30,000,000	D1	99.200	Subject	Pass	Expire:00:24:13
CGB 2.64 08/13/22 INBK	10/28/20	15,000,000	BBLP	99.200	Passed	Pass	
ADBCH 2.96 04/17/30 2004	10/28/20	10,000,000	D1	99.200	Subject	Pass	Expire:00:23:48
EXIMCH 3.23 03/23/30 2010	10/28/20	20,000,000	D1	99.200	Accepted	Pass	
CGB 3.02 10/22/25 INBK	10/28/20	30,000,000	BBLP	99.200	Subject	Pass	Expire:00:23:11

PCS	Bid Px	Ask Px	BYld	AYld	BSz	ASz	Time
BGN	95.016	95.050	3.713	3.709			06:28
BVAL	95.033	95.081	3.711	3.705			12:15
EXCH	94.7775	95.1163	3.7438	3.7000	50000	30000	08:00
CHBE	94.7775	95.1163	3.7438	3.7000	50000	30000	08:00
Trade	--		3.7100		--		09:08
SCCB	98.254	99.714	3.303	3.124	600000	600000	00:19
CHBX	95.0582	95.0195	3.7075	3.7125	50000	80000	00:00
CFIY	95.0195	95.0582	3.7125	3.7075	50000	10000	06:28
CHCQ	95.0001	95.0582	3.7150	3.7075	10000	10000	09:07
TPCY	95.0001	95.0582	3.7150	3.7075	10000	10000	09:08
BC02	94.9228	95.0001	3.7250	3.7150	500000	500000	04:07
BC29	94.8841	95.2133	3.7300	3.6875	30000	30000	07:36
BC56	94.7697	95.0521	3.7445	3.7080	50000	50000	10/23
SCCN	94.727	94.804	3.750	3.740	168000	168000	10/23
BC14	94.6326	94.8640	3.7626	3.7326	50000	50000	10/26
BC09	94.6205	94.8559	3.7640	3.7335	100000	100000	10/26
BC05	94.5940	94.9027	3.7676	3.7276	500000	500000	10/26

BLOOMBERG INDEX FOR CHINA BONDS



	Index Name	Ticker	Last Update	1D Rtn	MTD Rtn	YTD Rtn	Members
21)	Global Aggregate	LEGATRUU	03/23/2022	0.21%	-3.24%	-6.35%	27,979
22)	Treasuries	LGTRTRUU	03/23/2022	0.11%	-3.70%	-6.38%	1,766
23)	Credit	LGDRTRUU	03/23/2022	0.37%	-3.14%	-8.08%	18,025
24)	US Aggregate	LBUSTRUU	03/23/2022	0.56%	-2.66%	-5.82%	12,393
25)	US Treasury	LUATTRUU	03/23/2022	0.63%	-2.87%	-5.34%	271
26)	US Gov/Credit	LUGCTRUU	03/23/2022	0.61%	-2.85%	-6.33%	8,592
27)	Government-Related	LD08TRUU	03/23/2022	0.46%	-2.47%	-5.44%	1,243
28)	Corporate	LUACTRUU	03/23/2022	0.62%	-2.90%	-8.04%	7,078
29)	U.S. MBS	LUMSTRUU	03/23/2022	0.43%	-2.21%	-4.59%	409
30)	US Universal	LC07TRUU	03/23/2022	0.50%	-2.69%	-6.12%	19,661
31)	US Corporate High Yield	LF98TRUU	03/23/2022	0.00%	-1.89%	-5.55%	2,204
32)	Canada Aggregate	I05486CA	03/23/2022	0.84%	-3.02%	-6.87%	1,494
33)	Pan-Euro Aggregate	LP06TREU	03/23/2022	0.18%	-2.11%	-5.83%	8,429
34)	Euro-Aggregate	LBEATREU	03/23/2022	0.18%	-1.79%	-5.04%	6,477
35)	Pan-European High Yield	LP01TREU	03/23/2022	0.02%	-0.10%	-4.25%	895
36)	Asian-Pacific Aggregate	I00163JP	03/24/2022	0.40%	2.05%	1.49%	2,227
37)	China Aggregate	I08271CN	03/23/2022	0.01%	-0.14%	0.53%	2,003
38)	EM USD Aggregate	EMUSTRUU	03/23/2022	0.30%	-3.48%	-10.29%	2,274
39)	Global High Yield	LG30TRUU	03/23/2022	-0.03%	-2.09%	-6.86%	4,027
40)	Global Inflation-Linked	LF94TRUU	03/23/2022	0.87%	-2.41%	-4.69%	154



ISIN	Description	Ccy	Price	YTW	OAD	Par Val	MV (USD)	Weight
USD (15746 members)						28,631,992,265	28,177,725...	43.48374
EUR (6471 members)						12,525,228,028	14,368,317...	22.17312
JPY (1000 members)						953,294,529,000	8,240,892,...	12.71731
CNY (300 members)						31,538,388,912	5,179,592,...	7.99312
CND10003VNX1	CGB 3.27 11/12/30	CNY	102.968	2.880	7.491	342,100,000	55,867,520	0.08621
CND10003R702	CGB 3.02 10/22/25	CNY	101.594	2.530	3.375	334,150,016	53,920,660	0.08321
CND100037XX3	CGB 2.85 06/04/27	CNY	100.838	2.656	4.757	332,460,000	53,786,620	0.08300
CND100036Q75	CGB 2.68 05/21/30	CNY	98.263	2.920	7.256	339,360,000	52,798,828	0.08148
CND100031JZ0	CGB 1.99 04/09/25	CNY	98.417	2.521	2.895	329,289,984	51,824,192	0.07997
CND10003S3B5	CGB 2.88 11/05/23	CNY	100.898	2.291	1.571	320,750,016	51,323,012	0.07920
CND100047QT4	CGB 3.02 05/27/31	CNY	100.997	2.895	7.957	318,609,984	50,969,744	0.07866
CND10004NF68	CGB 2.56 10/21/23	CNY	100.376	2.297	1.533	319,350,016	50,829,124	0.07844
CND10004GNL8	CGB 2.69 08/12/26	CNY	100.349	2.586	4.093	310,929,984	49,754,184	0.07678
CND10004LLJ6	CGB 2.47 09/02/24	CNY	100.142	2.392	2.347	311,020,000	49,532,372	0.07644
CND10003W0P5	CGB 3.28 12/03/27	CNY	102.984	2.688	5.203	303,060,000	49,437,004	0.07629
CND10003N750	CGB 3.81 09/14/50	CNY	106.154	3.468	18.062	280,329,984	47,567,888	0.07341
CND100047H24	CGB 2.57 05/20/23	CNY	100.372	2.225	1.120	293,449,984	47,206,060	0.07285
CND100047752	CGB 3.01 05/13/28	CNY	101.211	2.772	5.513	288,729,984	47,021,124	0.07256
CND100045MR1	CGB 2.84 04/08/24	CNY	100.995	2.321	1.939	288,100,000	46,877,676	0.07234
CND100025LF0	CGB 3.19 04/11/24	CNY	101.740	2.297	1.938	282,489,984	46,432,140	0.07165
CND100045210	CGB 3.03 03/11/26	CNY	101.676	2.563	3.755	281,900,000	46,353,396	0.07153

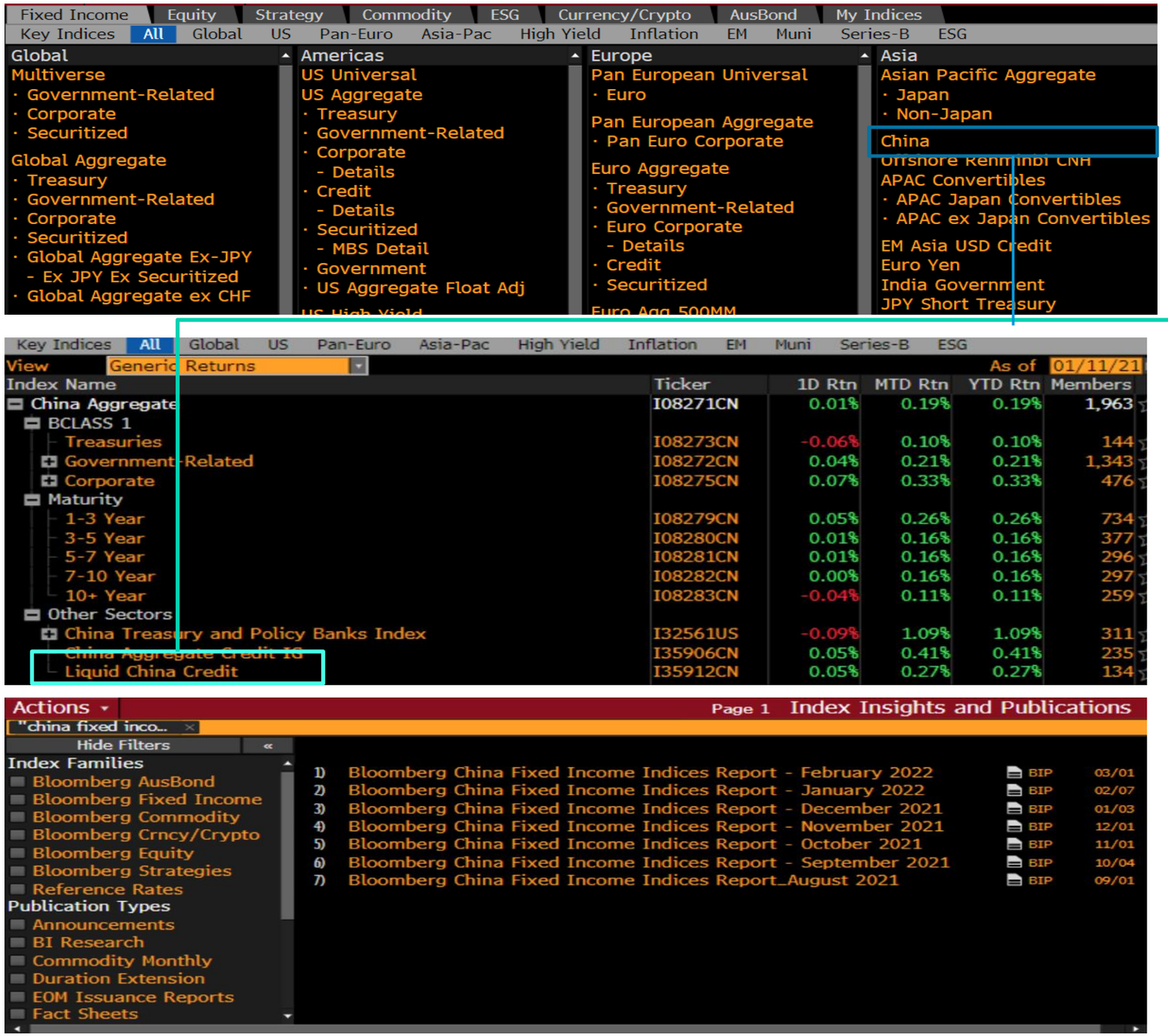
- **IN <GO>** allows you to see the latest performance data and history for Bloomberg global, multi-asset class family of indices, including the Bloomberg Indices, so you can analyze periodic returns and statistical data to make informed investment decisions based on your risk analysis.

To see China Bonds included in Bloomberg global aggregate index:

- **IN <GO>** → click Global aggregate index → MEMB <GO> → group by currency → under CNY currency, there are 300 bonds included in index in March 2022.

- China Bond weights 8% of aggregate index market value

BLOOMBERG INDEX FOR CHINA BONDS

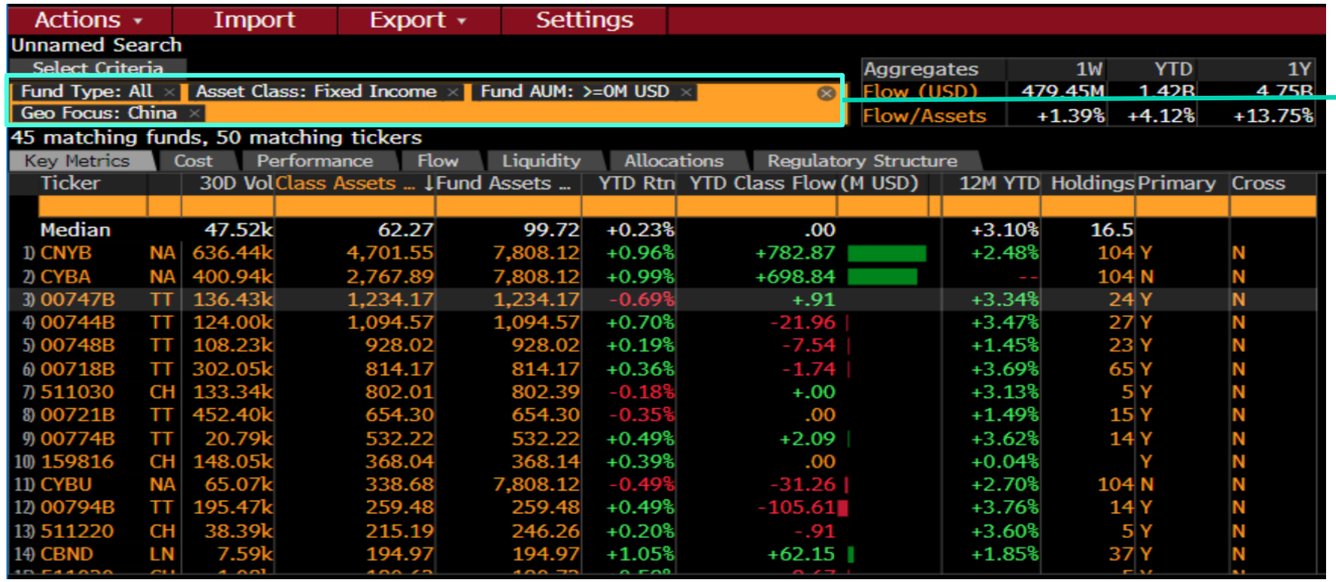


- **BBG China index family:** In IN<GO>, under fixed income tab and click “All” to find China index family.

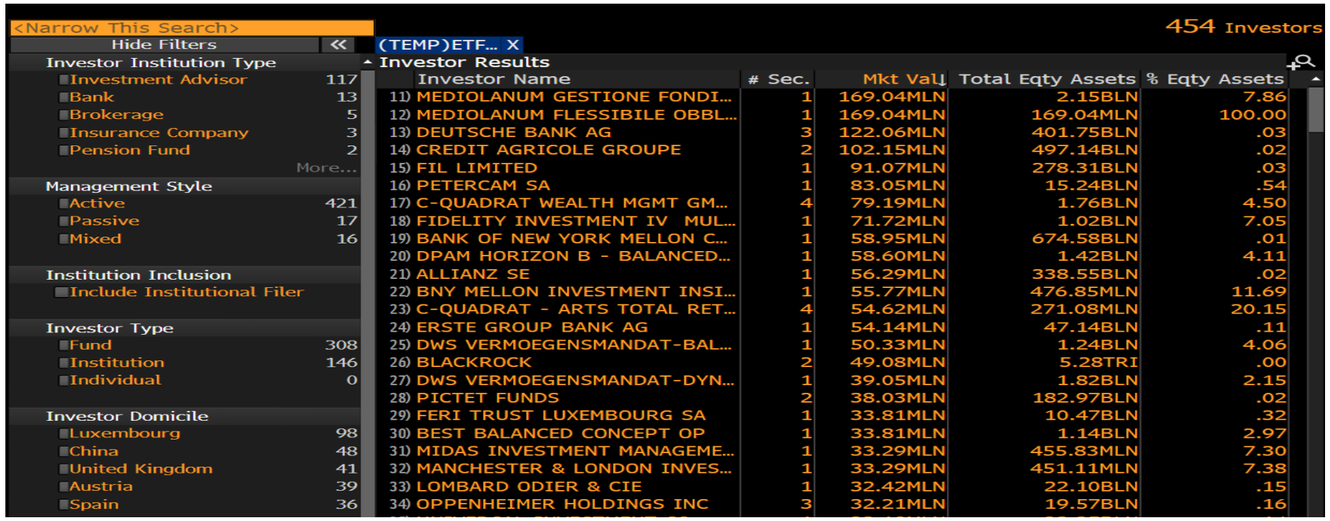
- **LIQUID CHINA CREDIT INDEX:** The Bloomberg Liquid China Credit Index tracks the liquid tradable portion of the CNY credit market. The index contains fixed-rate Government-related (excl policy banks) and Corporate bonds that are listed on the Interbank Market. Bonds must have an IG rating and maturity >1 year at inclusion. Newly eligible issues are added on a quarterly basis based on past 3 months trade volume.

- **China Fixed Income Indices Report:** On INP<GO>, monthly China indices update with summary of performance and rebalancing highlights, along with in-depth analyst from BI experts

CHINA-FOCUSED ETF



- **ETF <GO>** to search ETFs investing China fixed income market.
- Searching criteria: Asset class=fixed income; Geographical focus=China



- **IS <GO>** helps you to find investors who are holding ETFs focusing on China fixed income market

Part Two

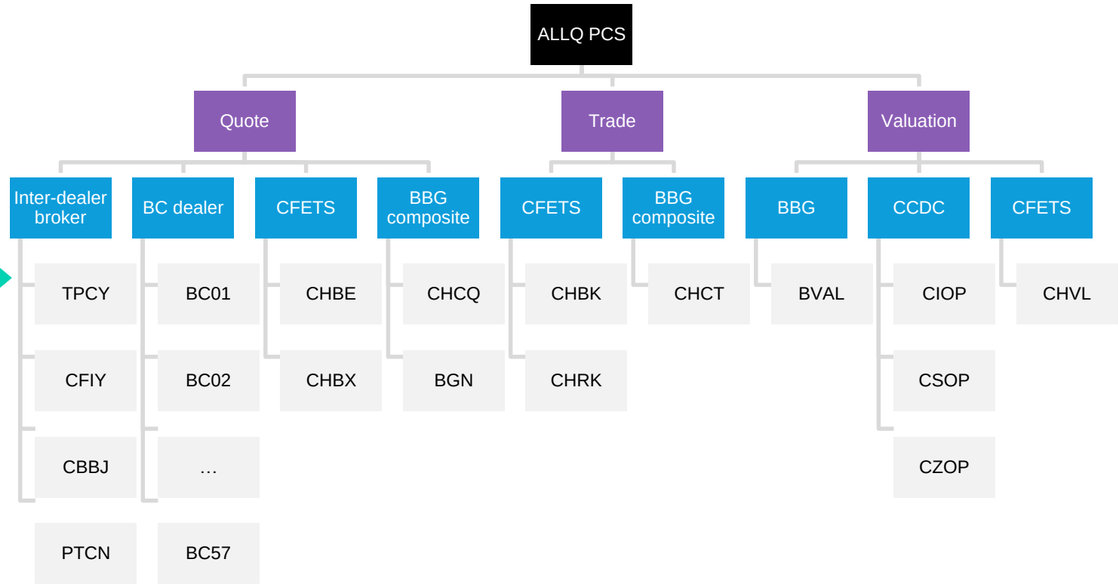
Bloomberg
Buy-Side Solutions

PART TWO: CHINA BOND LIQUIDITY AND NEW ISSUANCE

Topic	Page
▪ China bond pricing sources	49-50
▪ China bond liquidity: MOSB CN/DES INSIGHT/LQA	51-58
▪ New issuance	59
▪ Others: FIW@CN and OTC CHINA	60-62

CHINA BOND PRICING SOURCES IN BBG

China Bond pricing source taxonomy on ALLQ



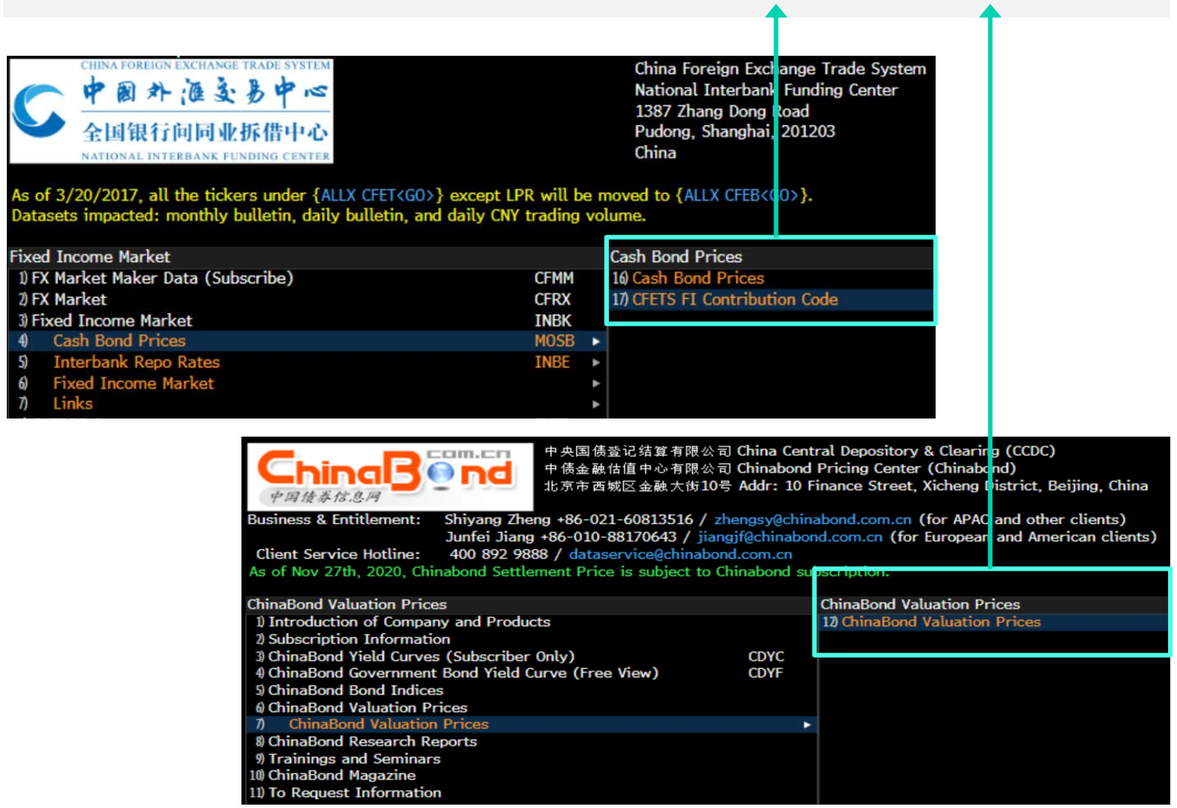
China Bond **ALLQ** page shows

- Real time quotations by inter-dealer brokers, market makers quotes and BBG composite pricing
- Day end Valuation by BBG, CCDC and CFETS

CHINA PRICING SOURCE IN BBG: DESCRIPTION

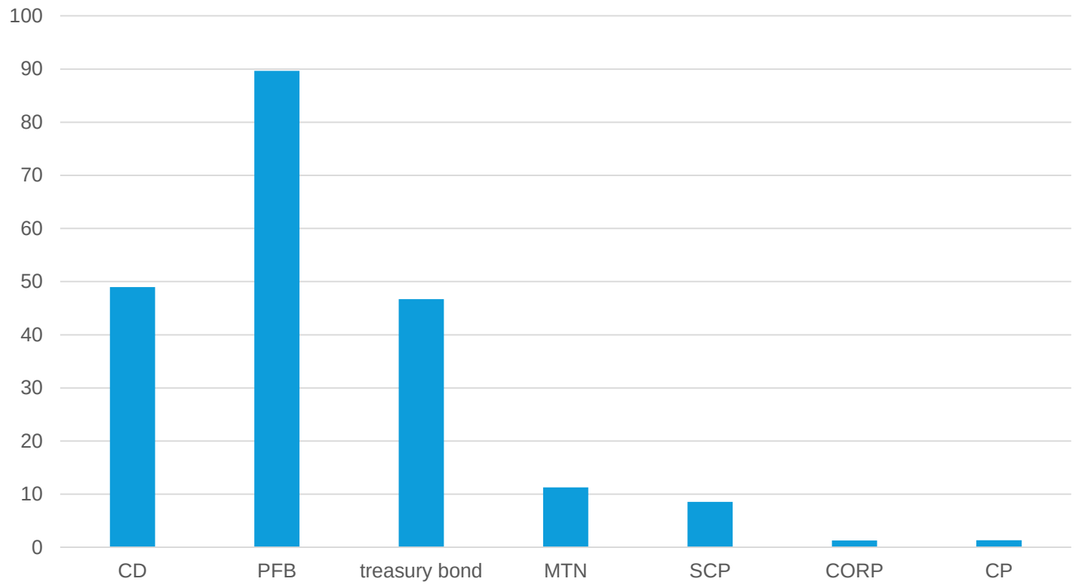
PCS code	quote or trade or valuation	definition	source
CHBE	quote	bid/ask price of CFETS market making platform	CFETS
CHBE	trade	trade price from all trading methods, one-minute snapshot	CFETS
CHRK	trade	trades on CFETS market making platform, tick-by-tick	CFETS
CHBX	quote	quote from CFETS X-BOND trading platform with 15 minutes delay	CFETS
CHBK	trade	clean-up trade price of CHBE, one-minute snapshot	CFETS
CHCQ	composite quote	composite quote of four inter-dealer brokers: CFIY, TPCY, CBBJ, PTCN	BBG
CHCT	composite trade	last trade of four inter-dealer brokers: CFIY, TPCY, CBBJ, PTCN	BBG
CIOP	valuation	valuation of interbank-bond market	CCDC
CSOP	valuation	valuation of Shanghai exchange	CCDC
CZOP	valuation	valuation of Shenzhen exchange	CCDC

- **CDCP<GO>** is CCDC home page on BBG.
- **CFET<GO>** is CFET home page on BBG.
- You can find full description of CFET/CCDC Pricing sources as below

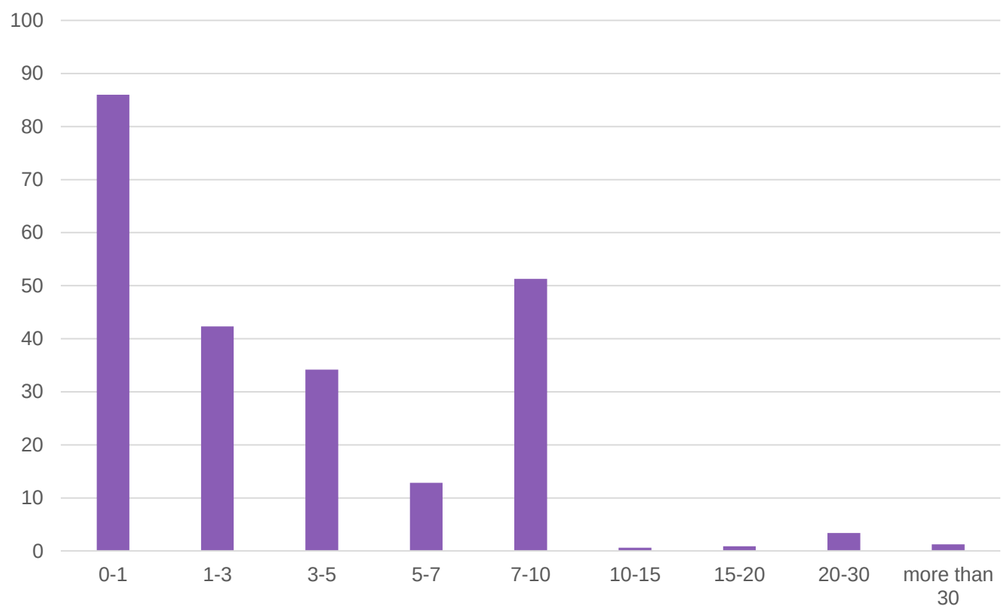


MARKET LIQUIDITY OVERVIEW

Trading volume by bond types(CNY: trillion)



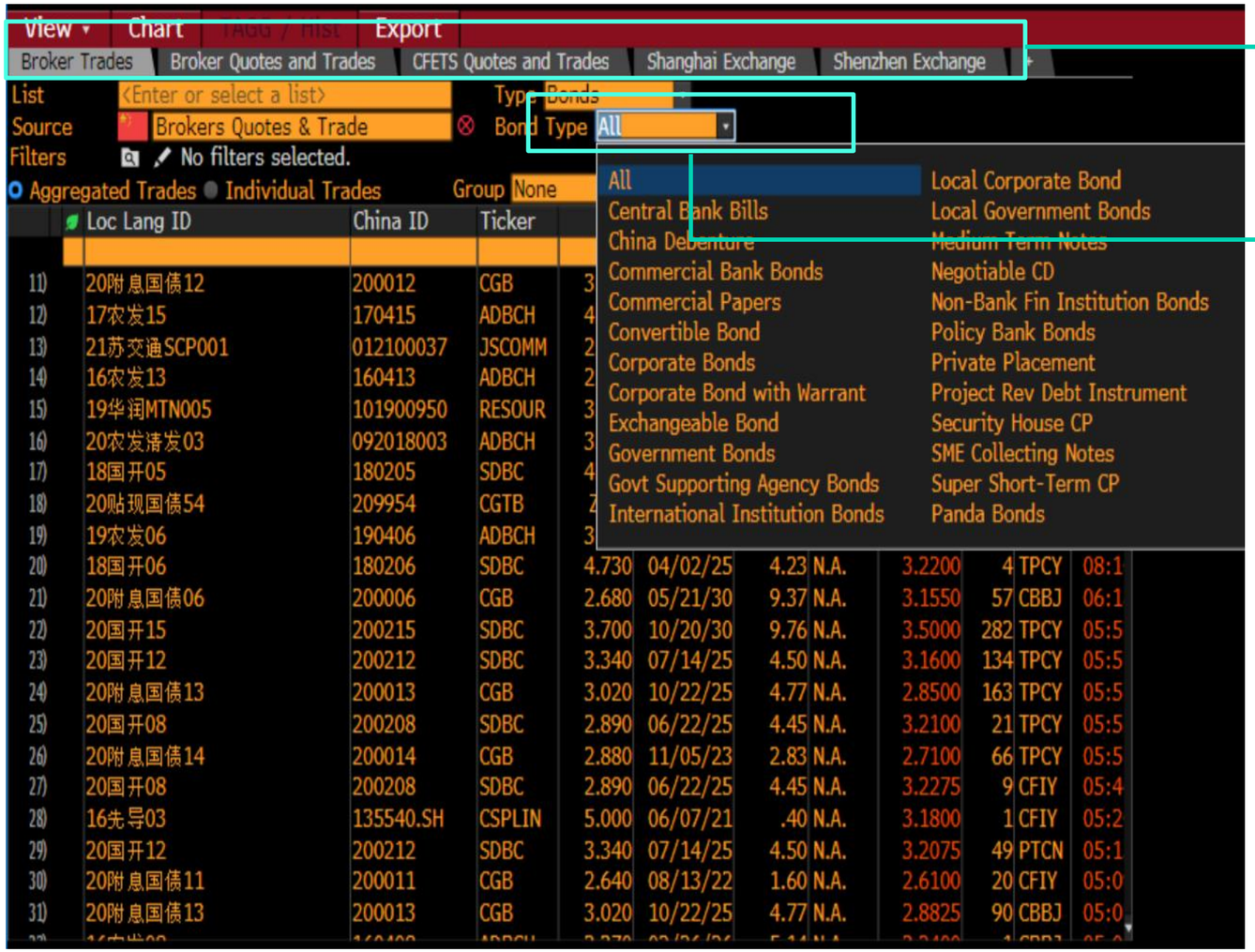
Annual trading volume by tenor(CNY: trillion)



- Policy bank bond is most actively traded, followed by NCD and treasury bonds.
- 0-1Y and 7-10Y are most active tenors

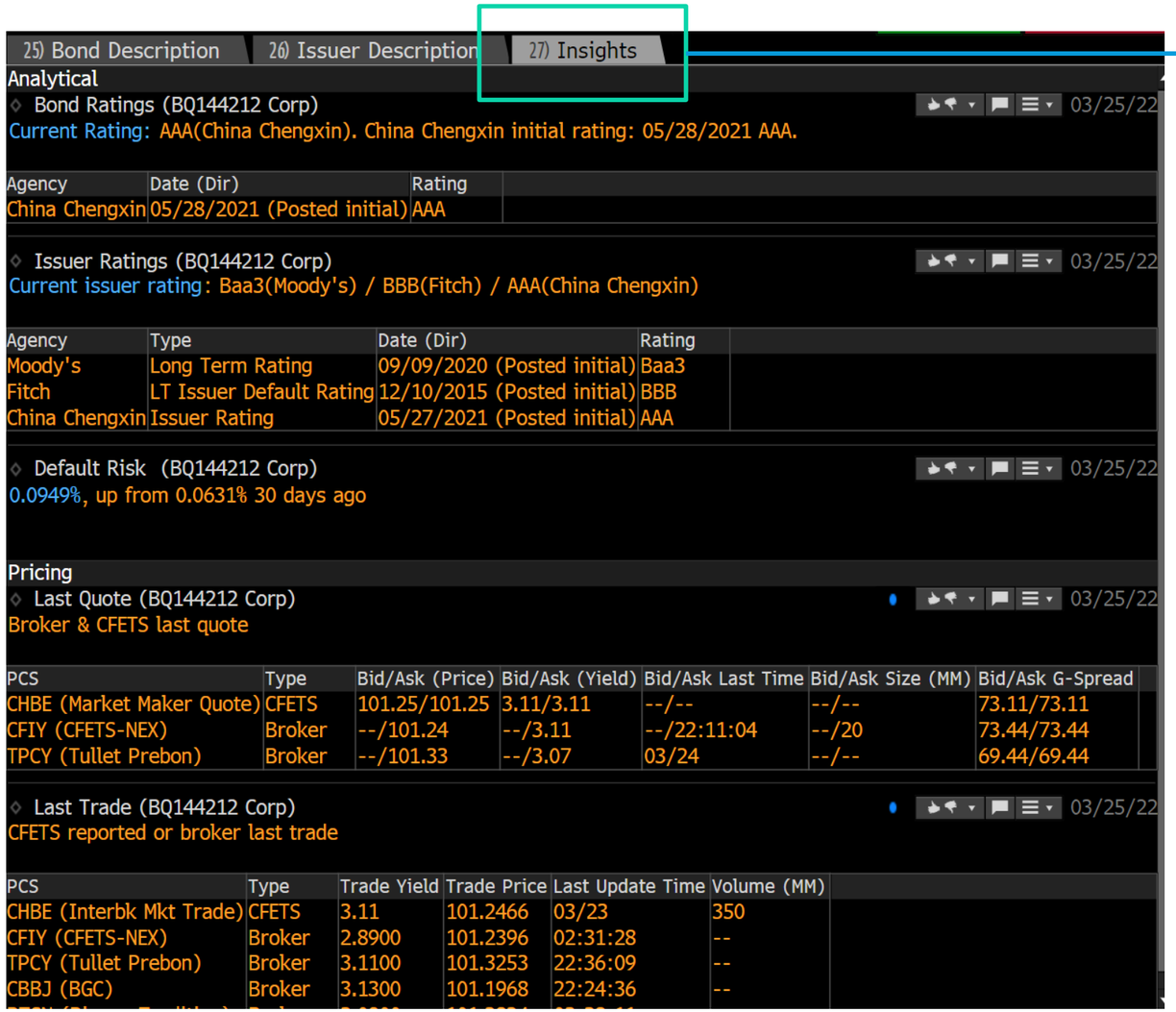
Source: CFETS

REAL TIME TRADES MONITOR--MOSB CN



- Pricing sources: broker, CFETS, Shanghai/Shenzhen exchanges
- **MOSB CN<GO>** displays real time trades from inter-dealer brokers.
- Clients can choose bond type to find trading data

SINGLE SECURITY INSIGHT: DES INSIGHT



DES Insights: If clients load a China bond and type DES<GO>, an insight tab is added in DES page.

For example, CHINEV 3.7 06/18/24 Corp, in insight page, clients can find trades & quotes data from four brokers and CFETS and bond and issuer ratings by China local rating agencies or global rating agencies.

SINGLE SECURITY TRADE RECAP---QR <GO>

- **QR <GO>** displays a trade-by-trade and quote-by-quote history for a selected security, so you can gauge its intraday and historical price movement and determine its fair value, liquidity, and historical trading level. All ticks appear in chronological order, with the most recent trade or quote appearing first.

- China Bond Pricing sources

MARKET LIQUIDITY ASSESSMENT: LQA

- **LQA <GO>** Bloomberg's award-winning solution for market liquidity assessment provides a quantitative evaluation of market liquidity across multiple asset classes including securities with limited or no recent trading activity.
- LQA enhances risk management and investment processes allowing clients to:
  - Estimate liquidation cost and horizon at a position level under current market conditions, and stress scenarios
  - Assess daily changes in liquidity based on changing market conditions
  - Customize model parameters to create firm-specific views, scenario analysis, and stress tests

MARKET LIQUIDITY ASSESSMENT: LQA

Sector Comparison: Compare a security's liquidity to peers using 1-100 relative liquidity scores and additional liquidity metrics

Scenario Analysis: Estimate the cost or time to sell an asset under current and stressed market conditions

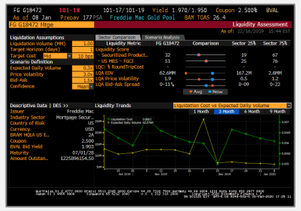
Liquidity Trends: Assess liquidity over time to identify trends and the impact of historic events

BLOOMBERG LQA: CLIENT WORKFLOW OPTIONS

- **Desktop:** Leverage LQA for your own research analysis on the Bloomberg Terminal
- **Enterprise:** Automate and integrate LQA analysis throughout your firm

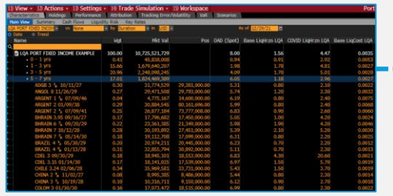
Bloomberg Liquidity Assessment Model (LQA)

Desktop Solutions



LQA<GO>
Single Security

LQAP<GO>
Portfolio (limited customisation, demo mode for non-enterprise clients)

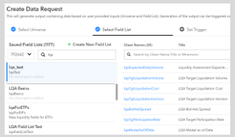


PORT-Enterprise
Full integration of liquidation cost and horizon metrics in PORT-Enterprise

Enterprise Solutions

Data License
Request/Response Platform for Batch Processing

SFTP
File-based request/response process over SFTP



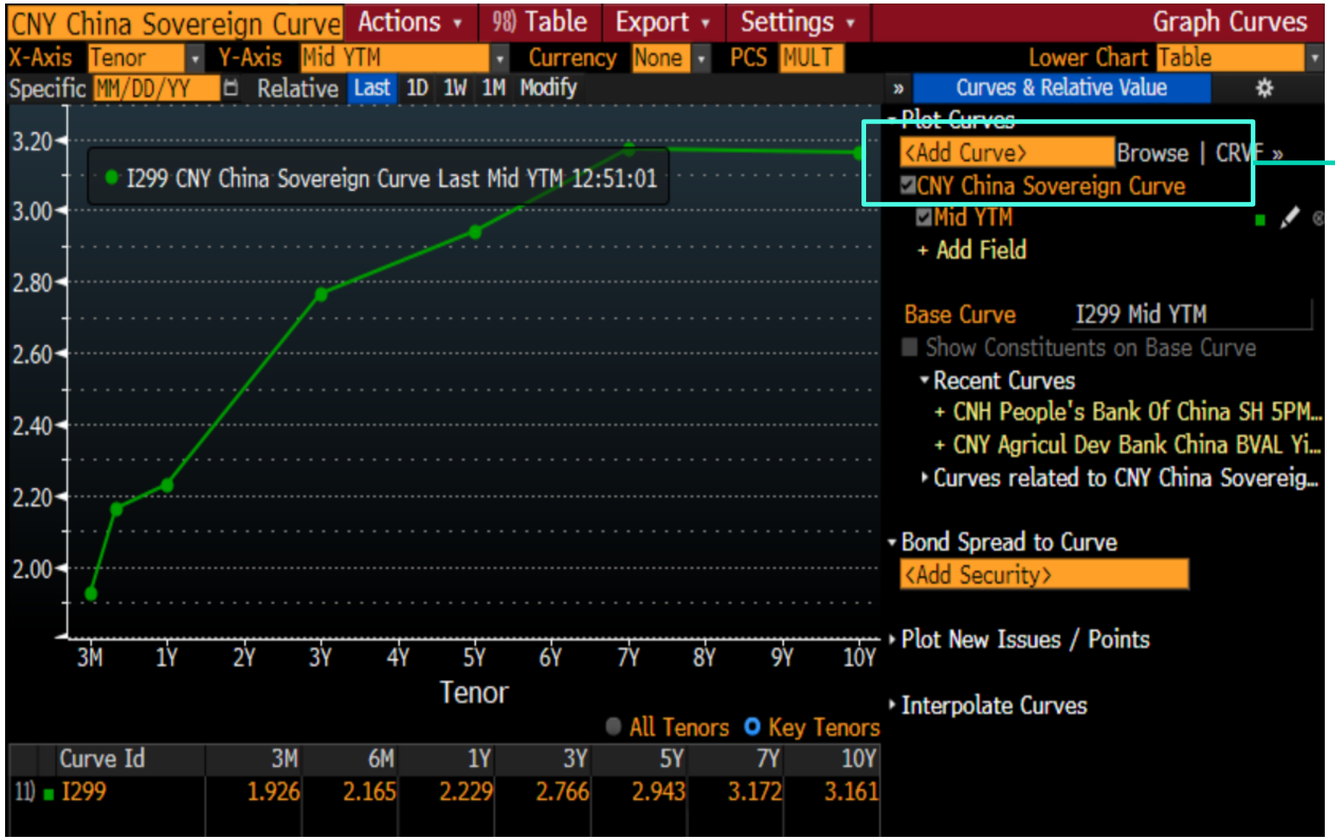
BEAP and HAPI
Request/response process over Hypermedia API or web-based UI

LQA over the Platform
Live Interactions with the Model over BLP API

BLP API
Programmatic API compatible with Python, Java, C++ and C#

Excel Functions
Direct access via Excel Add-In

CHINA BOND YIELD CURVES

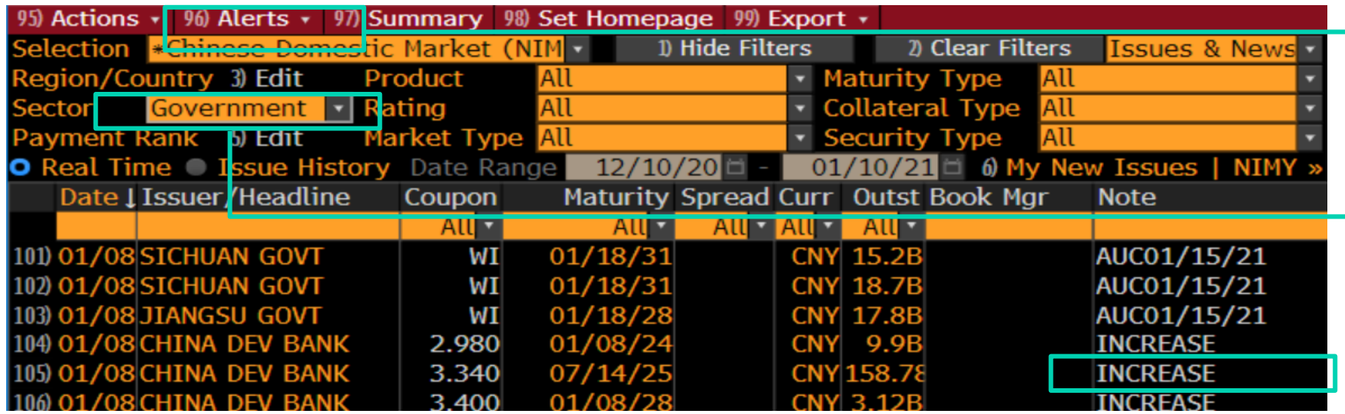


- **GC <GO>** allows you to monitor changing interest rate conditions and gain insight into how the entire fixed income market has evolved over time by providing real-time visualizations and historical snapshots of fixed income curves.
- Search China Bond curves: input curve ticker in amber or use auto complete to search curves
- Find appendix(Page 70) for BBG China Bond curve tickers

NEW ISSUANCE : PRELIMINARY/WHEN ISSUED/PRICED

- **PREL<GO>** allows you to display preliminary information about newly announced bonds, bonds sold in regions around the world

- **NIM17:** When issued and newly priced board of Chinese bonds. Click “show filters” to narrow down data search
- You can set alert for new issuance information

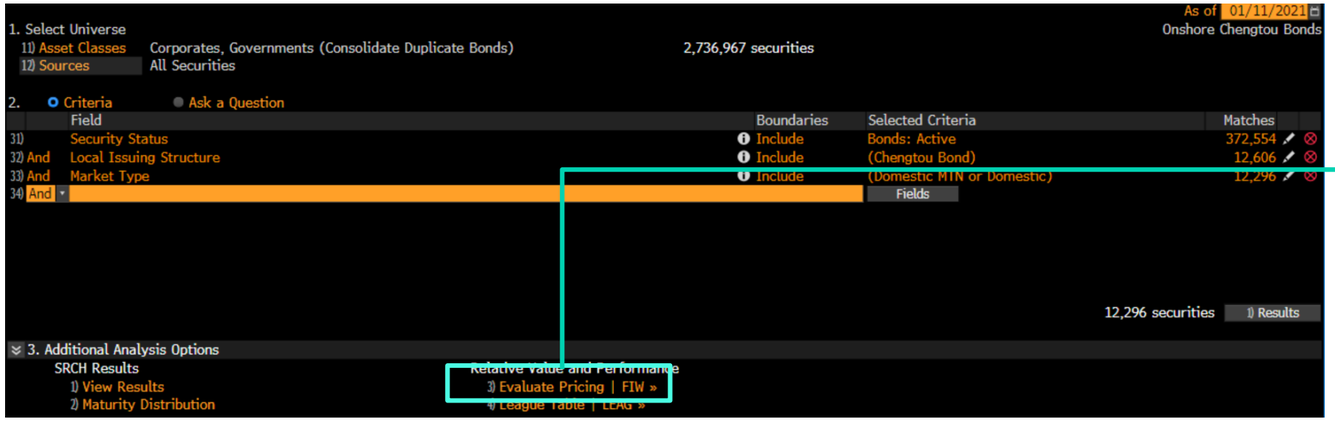


- If you want to search government and policy bank bonds new issuance: Click “sector” menu and choose government
- “increase” means re-open

BLOOMBERG FIXED INCOME WORKSHEET

- **FIW <GO>** integrates multiple Bloomberg Professional fixed income functions, simplifying your workflow so you can track pricing, performance, relative value of bonds in different sectors, tenors, issuers etc.
- **FIW@CN** is localized for China market with China local ratings, bond classifications and price sources.
- China Pricing sources
- China local ratings

FIXED INCOME WORKSHEET---EXAMPLE



To compare yield of LGFV issuers based in Tianjin in FIW <GO>

- Go to SRCH@chengtou
- Click additional analysis options evaluate pricing FIW

- In facet on left side, choose CAST parent registered location=Tianjin
- Currency=CNY
- Group by issuers
- In chart, you can easily find yields of different issuers

CHINA MARKET MONITOR: OTC CHINA

Value weighted average repo rate of deposit institutions. Updated every 15 minutes

Whole market end of day repo rate weighted average

- Repo rate collected from deposit institutions and is updated every 15 minutes
- Deposit institutions include policy banks, large commercial banks, postal savings banks, joint stock commercial banks, urban commercial banks, rural commercial banks & co-operative banks, foreign-funded banks, rural credit co-operatives and rural banks.

Repo rate in Shenzhen exchange

Repo rate in Shanghai exchange

Types of repo in China

- Interbank market
  - Deposit institution pledged repo
  - All institution pledge repo
  - Outright repo
- Shanghai exchange repo
- Shenzhen exchange repo

OTC CHINA<GO> → money markets → onshore repo markets to see China repo rates dashboard

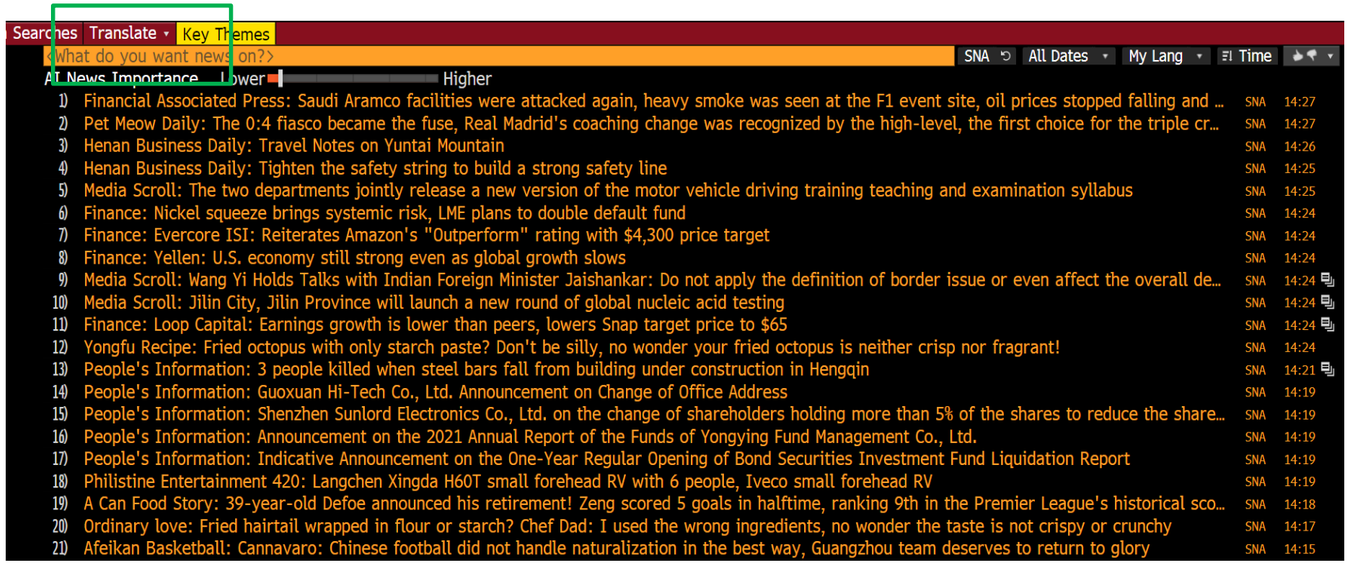
Part Three

Bloomberg
Buy-Side Solutions

PART THREE: NEWS AND CREDIT RISK ANALYSIS

Topic	Page
▪ China news	65
▪ China credit monthly research	66
▪ China CDS	67-69
▪ Appendix	70-73

CHINA NEWS

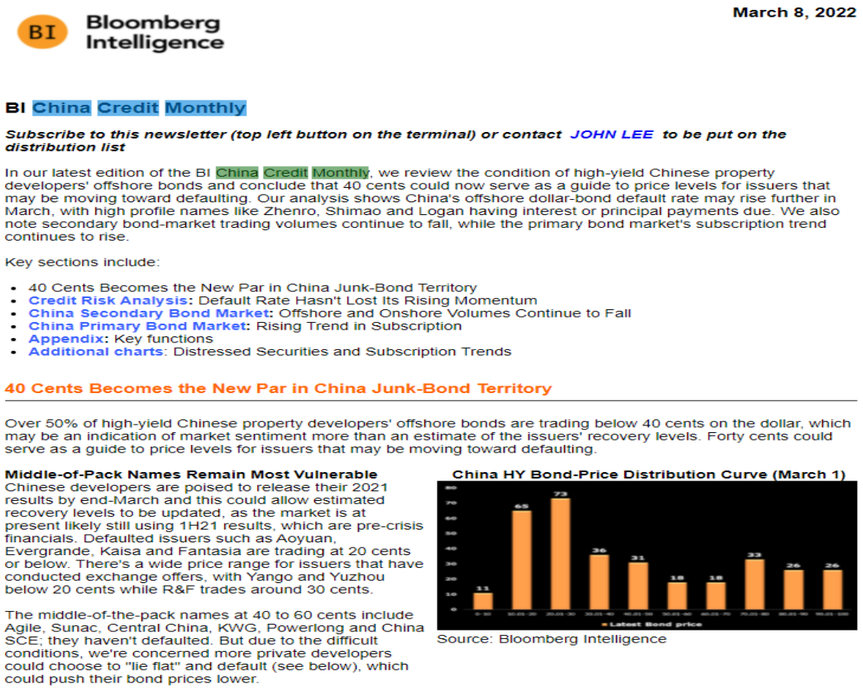


STNI CHINAFI: China fixed income news

NH SNA:

- Sina Weibo now provides Bloomberg a feed of premium news sources from thousands of mainland Chinese language sources - adding approximately 120,000 Chinese language stories to the Terminal.
- English language users can translate Chinese Sina news into English easily by visiting NH SNA <GO>, running a search, and then clicking the Translate button.

CHINA CREDIT MONTHLY RESEARCH



Bloomberg Intelligence

March 8, 2022

BI China Credit Monthly

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In our latest edition of the BI China Credit Monthly, we review the condition of high-yield Chinese property developers' offshore bonds and conclude that 40 cents could now serve as a guide to price levels for issuers that may be moving toward defaulting. Our analysis shows China's offshore dollar-bond default rate may rise further in March, with high profile names like Zhenro, Shimao and Logan having interest or principal payments due. We also note secondary bond-market trading volumes continue to fall, while the primary bond market's subscription trend continues to rise.

Key sections include:

- 40 Cents Becomes the New Par in China Junk-Bond Territory
- Credit Risk Analysis: Default Rate Hasn't Lost Its Rising Momentum
- China Secondary Bond Market: Offshore and Onshore Volumes Continue to Fall
- China Primary Bond Market: Rising Trend in Subscription
- Appendix: Key functions
- Additional charts: Distressed Securities and Subscription Trends

40 Cents Becomes the New Par in China Junk-Bond Territory

Over 50% of high-yield Chinese property developers' offshore bonds are trading below 40 cents on the dollar, which may be an indication of market sentiment more than an estimate of the issuers' recovery levels. Forty cents could serve as a guide to price levels for issuers that may be moving toward defaulting.

Middle-of-Pack Names Remain Most Vulnerable

Chinese developers are poised to release their 2021 results by end-March and this could allow estimated recovery levels to be updated, as the market is at present likely still using 1H21 results, which are pre-crisis financials. Defaulted issuers such as Aoyuan, Evergrande, Kaisa and Fantasia are trading at 20 cents or below. There's a wide price range for issuers that have conducted exchange offers, with Yango and Yuzhou below 20 cents while R&F trades around 30 cents.

The middle-of-the-pack names at 40 to 60 cents include Agile, Sunac, Central China, KWG, Powerlong and China SCE; they haven't defaulted. But due to the difficult conditions, we're concerned more private developers could choose to "lie flat" and default (see below), which could push their bond prices lower.

China HY Bond-Price Distribution Curve (March 1)

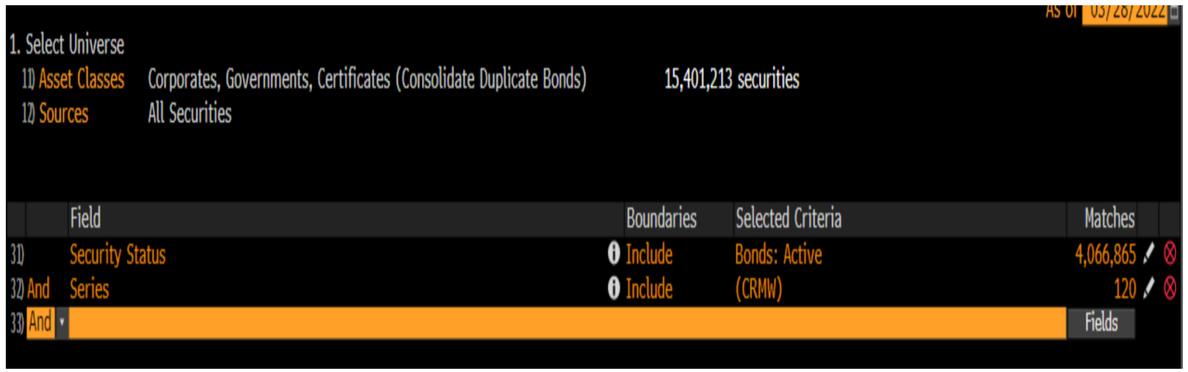
Source: Bloomberg Intelligence

China Credit monthly research

- analyses credit risk of Chinese issuers, onshore/offshore credit market liquidity and new issuance market.
- Clients can subscribe the research by clicking “subscribe” button on research page.

CDS AND CRMW

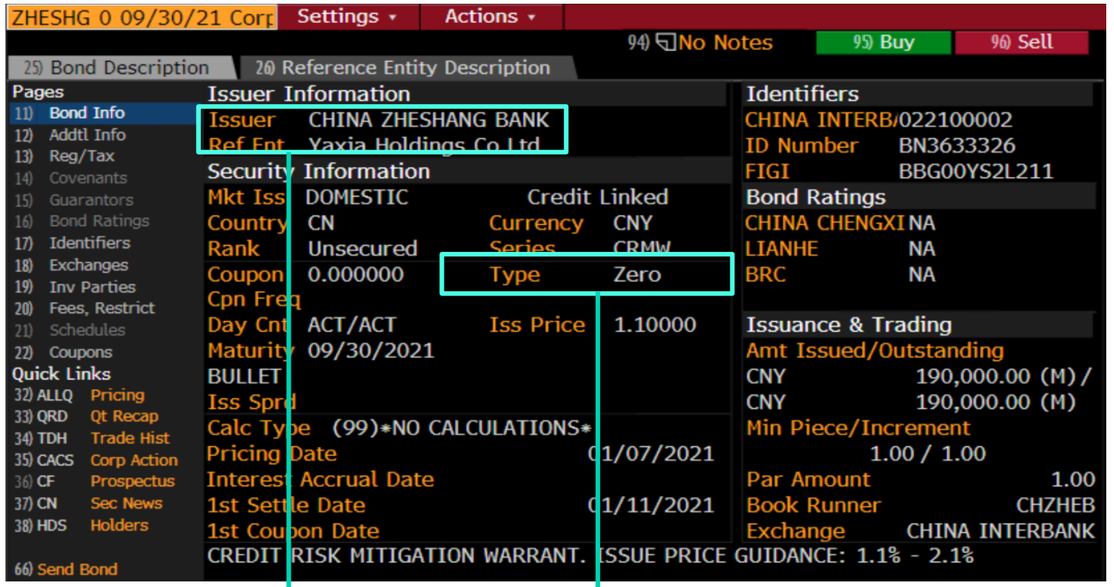
CRMW: credit risk mitigation warrant



Search CRMW in terminal:

- SRCH<GO> and type series in amber.
- Series=CRMW
- There are 120 CNY CRMW by March 2022

ZHESHG 0 09/30/21 DES<GO>



CDMW issuer and underlying entity

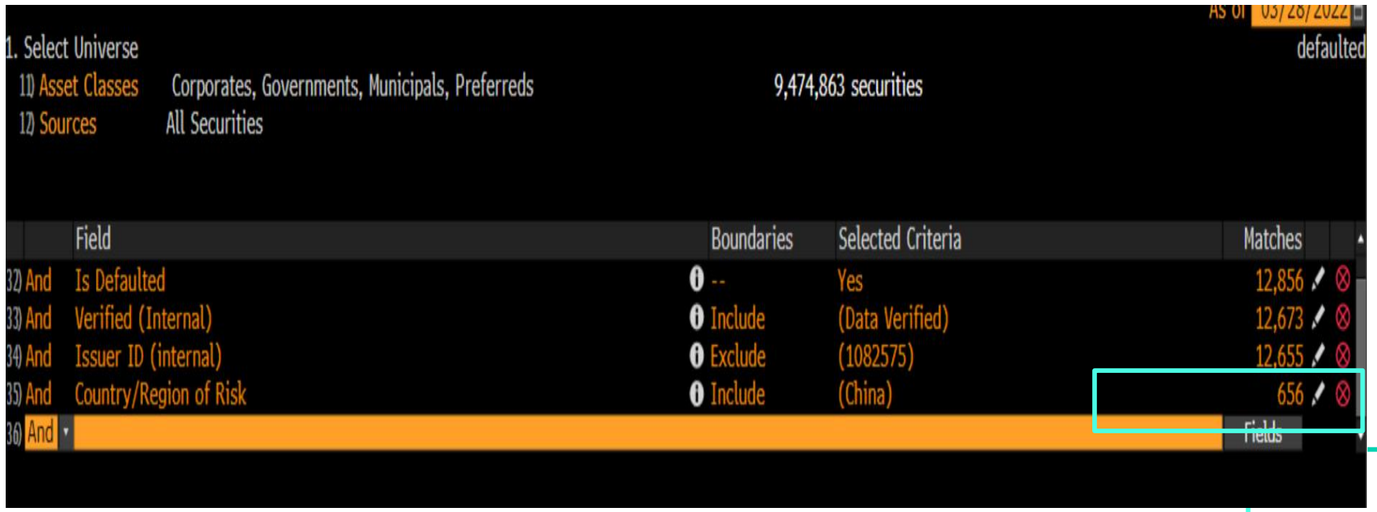
CDMW credit spread

CDS AND CRMW

- **WCDS<GO>** is a comprehensive market surveillance tool that provides transparency into the credit default swap (CDS) market

- In order to search Chinese names CDS spread, select regions as China and Hong Kong.

DEFAULTED NAMES SEARCH



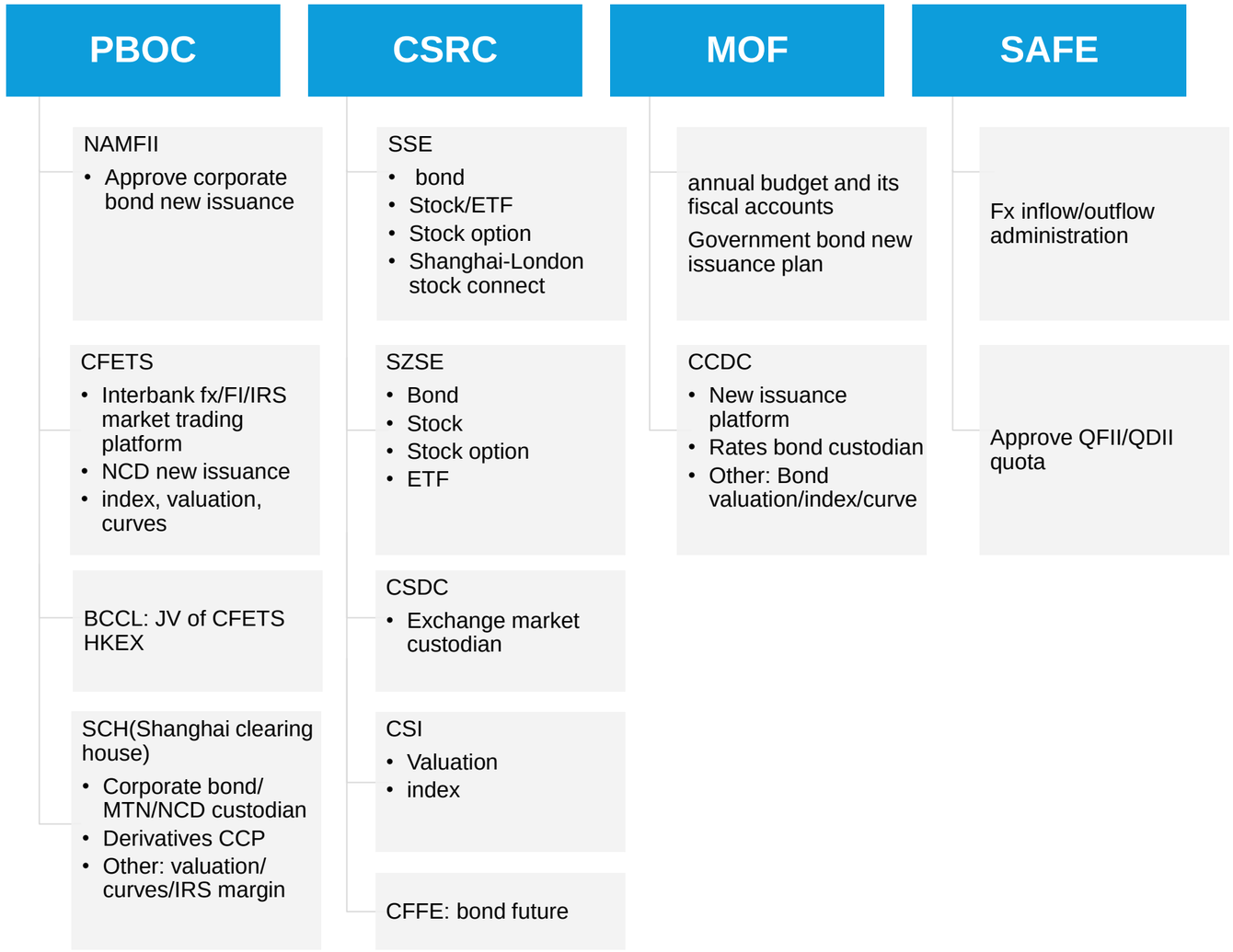
Search Chinese issuers defaulted bonds

- **SRCH DEFAULTED<GO>** to search all defaulted bonds
- Type country of risk in amber and choose China

Analyze Chinese defaulted names in different currency

- Go to result and tab matrix
- Set row=issuer name
- Set column=currency

APPENDIX: REGULATOR HIERARCHY



- PBOC supervises interbank bond market and CSRC supervises Shanghai and Shenzhen exchanges.
- MOF drafts annual fiscal budget and determines China government bond new issuance plan.
- SAFE administrates fx inflow and outflow quota.

APPENDIX: BBG GENERIC TICKERS

BBG generic tickers description:

- GCNY: the rates are composed of Chinese government bond yields. The underlying benchmark bonds are located under {YCGT0347<index>} DES<GO>} 2<GO> for "Members". These yields are based on the bid side of the market and are updated intraday. To view all terms/securities type {ALLX GCNY<GO>}. Pricing source for the bond: BGN. The generic will not update if we do not have rates for the underlying benchmark bonds, or if we do not have the underlying terms on the curve.
- GTCNY: the yields show underlying benchmark government bond bid/offer yields and are updated intraday. Pricing source is BGN and is back valued with historical data.
- CTCNY: the yield shows underlying benchmark government bond bid/offer yield and are updated intraday without historical derived data.
- GCDB: the yields show underlying benchmark CDB bond bid/offer yields and are updated intraday. Pricing source is BGN and is back valued with historical data.

TICKER	NAME
CTCNY3M Govt	CHINA TREASURY BILL
CTCNY6M Govt	CHINA TREASURY BILL
CTCNY1Y Govt	CHINA GOVERNMENT BOND
CTCNY2Y Govt	CHINA GOVERNMENT BOND
CTCNY3Y Govt	CHINA GOVERNMENT BOND
CTCNY4Y Govt	CHINA GOVERNMENT BOND
CTCNY5Y Govt	CHINA GOVERNMENT BOND
CTCNY6Y Govt	CHINA GOVERNMENT BOND
CTCNY7Y Govt	CHINA GOVERNMENT BOND
CTCNY8Y Govt	CHINA GOVERNMENT BOND
CTCNY9Y Govt	CHINA GOVERNMENT BOND
CTCNY10Y Govt	CHINA GOVERNMENT BOND
CTCNY15Y Govt	CHINA GOVERNMENT BOND
CTCNY20Y Govt	CHINA GOVERNMENT BOND
CTCNY30Y Govt	CHINA GOVERNMENT BOND
GTCNY3M Govt	CHINA TREASURY BILL
GTCNY6M Govt	CHINA TREASURY BILL
GTCNY1Y Govt	CHINA GOVERNMENT BOND
GTCNY2Y Govt	CHINA GOVERNMENT BOND
GTCNY3Y Govt	CHINA GOVERNMENT BOND
GTCNY4Y Govt	CHINA GOVERNMENT BOND
GTCNY5Y Govt	CHINA GOVERNMENT BOND
GTCNY6Y Govt	CHINA GOVERNMENT BOND
GTCNY7Y Govt	CHINA GOVERNMENT BOND
GTCNY8Y Govt	CHINA GOVERNMENT BOND
GTCNY9Y Govt	CHINA GOVERNMENT BOND
GTCNY10Y Govt	CHINA GOVERNMENT BOND
GTCNY15Y Govt	CHINA GOVERNMENT BOND
GTCNY20Y Govt	CHINA GOVERNMENT BOND
GTCNY30Y Govt	CHINA GOVERNMENT BOND
GCDB1YR Index	China Development Bank Bond Ge
GCDB3YR Index	China Development Bank Bond Ge
GCDB5YR Index	China Development Bank Bond Ge
GCDB7YR Index	China Development Bank Bond Ge
GCDB10YR Index	China Development Bank Bond Ge

APPENDIX: NEGATIVE NEWS TAGS

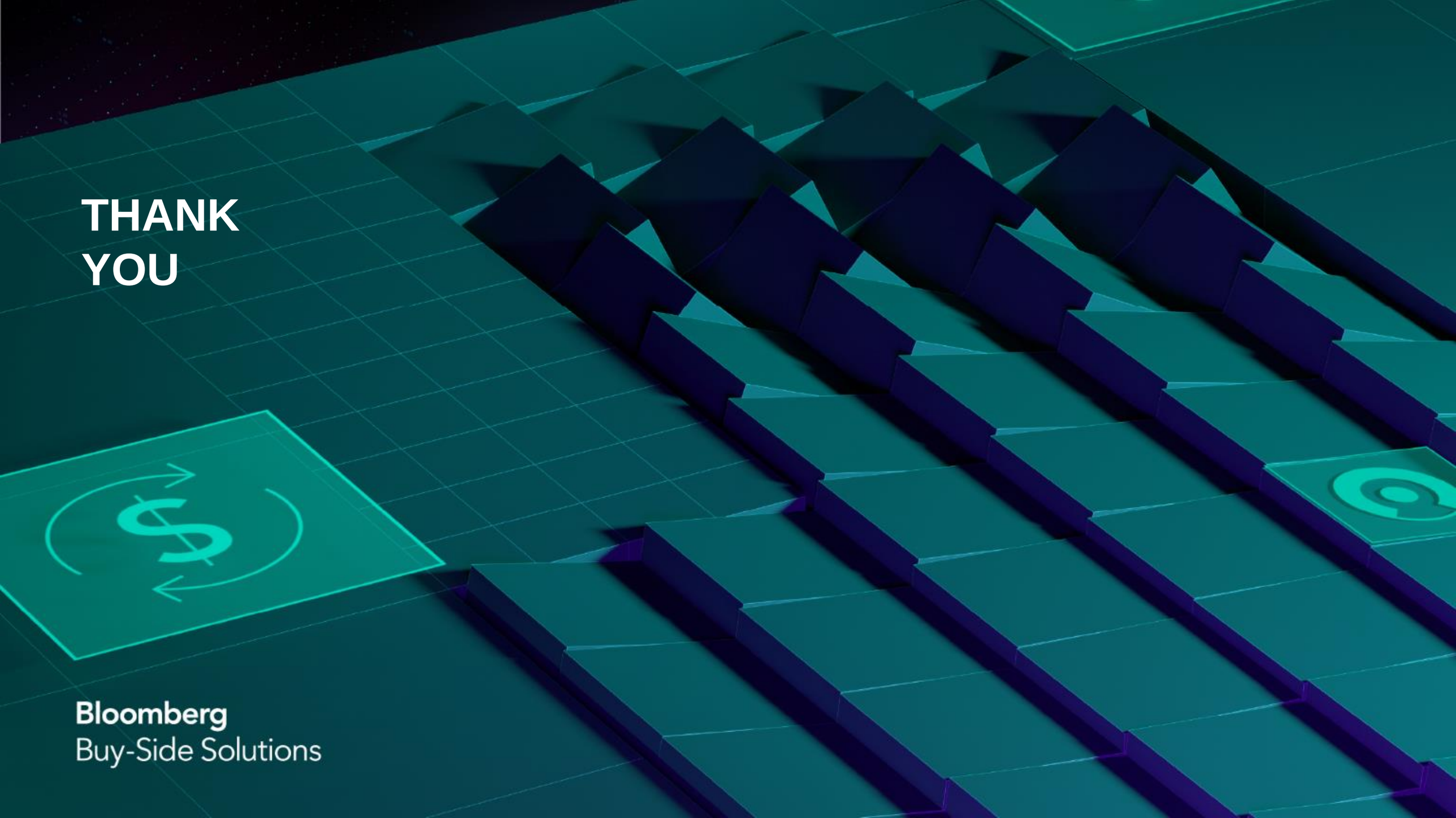
NI tags	Description
REGPROBE	Violation of regulations
COMPLIANCE	Violation of law and discipline
CRIME	Criminal case
LAWSUITS	Disputes and litigation
COURTDEF	Breach of trust and execution
RESTRUCT	Asset restructuring
INVFRAUD	False capital injection, abnormal capital contribution
CAPWD	Withdraw funds
AFREEZE	Asset frozen
SHRHOLDDIS	Shareholder disputes
BCY	Bankruptcy, reorganization
TNM	Change of actual controller and shareholders
MGMTCHG	Executive board changes
DIVSALES	offload assets
COSTRAT	Decision error, strategic adjustment
LOSTPEOPLE	Lost Connection (only in Chinese)
PRODDISC	Discontinued production
INDEVT	accident
PRODDEFECT	product defects
MKTSHARE	Decline in share, ranking and competitiveness

SALESDEC	Sales performance declined; revenue declined
COSTUP	Rising costs, rising financing costs
SUPPLYDISR	Abnormal supply
TORTS	Infringement
PAYMISS	Payment in arrears with suppliers
PROJDELAY	Project delay, project loss
NAT	disaster
FRAUD	Fraud
JOBCUTS	Layoffs
NEGPRE	Profit decline
ASSETIMP	equity value decrease
ILLQDITY	Insufficient liquidity and high solvency pressure
DEBTRHIGH	High debt ratio
DELAYERN	Financial report postponement
OPINRISK	Cannot issue unqualified opinions
SHRPLEDGE	Equity pledge
SHRFREEZE	Equity freeze
ANACUT	Downgrade
REDRISK	Redemption risk
LOANGTEE	External guarantee
CAPAYRISK	Capital recovery risk
CSRCPUNISH	Administrative penalties

APPENDIX: BBG YIELD CURVES

curve	curve type	source	description
YCGT0299 Index	Sovereign	BBG	CNY China Sovereign Curve
BVIS1307 Index	Sovereign	BVAL	CNY China Government Bond TO 5PM BVAL Yield Curve
BVIS1410 Index	Sovereign	BVAL	CNY China Government Bond SH 5PM BVAL Yield Curve
YCGT0414 Index	Sovereign	CCDC	ChinaBond Government Bond Yield Curve
YCGT0755 Index	Credit/Corp	BBG	China Development Bank Fixed Rate Curve
BVIS1235 Index	Credit/Corp	BVAL	CNY Agricultral Dev Bank China BVAL Yield Curve
BVIS1234 Index	Credit/Corp	BVAL	CNY China Development Bank BVAL Yield Curve
BVIS1236 Index	Credit/Corp	BVAL	CNY Export-import Bank China BVAL Yield Curve
YCCR0041 Index	Credit/Corp	CCDC	ChinaBond CDB Bond Yield Curve
YCGT0763 Index	Credit/Corp	CCDC	ChinaBond ADBC Bond Yield Curve
YCGT0764 Index	Credit/Corp	CCDC	ChinaBond EXIMCH Yield Curve
YCGT0440 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (AAA)
YCGT0441 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (A)
YCGT0442 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (AA+)
YCGT0443 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (AA-)
YCGT0444 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (A+)
YCGT0445 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (AA)
YCGT0446 Index	Credit/Corp	CCDC	ChinaBond CP & Note Yield Curve (A-)
YCSW0181 Index	IRS	BBG	Onshore CNY IRS Curve
YCSW0200 Index	IRS	BBG	Onshore CNY IRS Shibor Curve

THANK YOU



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