

Financial Market Report (February 2021)

1. Bond Issuance

In February, total bond issuance registered RMB3.4 trillion. Specifically, the issuance of central government bonds, local government bonds, financial bonds¹, corporate debentures², asset-backed securities, and interbank certificates of deposit (CDs) reached RMB373 billion, RMB55.72 billion, RMB484.16 billion, RMB613.39 billion, RMB36.42 billion, and RMB1.8 trillion, respectively.

By end-February, outstanding bonds held in custody amounted to RMB118.4 trillion, including RMB20.1 trillion of central government bonds, RMB25.8 trillion of local government bonds, RMB28.1 trillion of financial bonds, RMB28.6 trillion of corporate bonds, RMB2.2 trillion of asset-backed securities, and RMB11.5 trillion of interbank CDs.

2. Money Market

In February, interbank money market transactions totaled RMB60.8 trillion, up 4.9 percent year on year but down 32.9 percent month on month.

¹ Including financial bonds issued by China Development Bank and other policy banks, short-term financing bills issued by securities firms, interbank-traded financial bonds, and exchange-traded financial bonds.

² Including debt-financing instruments issued by non-financial institutions, enterprise bonds (regulated by NDRC), and corporate bonds (regulated by CSRC)

Specifically, pledged repo transactions posted RMB53.1 trillion, up 4.9 percent year on year but down 34.2 percent month on month; outright repo transactions reached RMB0.3 trillion, down 23.6 percent year on year and 36.3 percent month on month; interbank lending transactions posted RMB7.5 trillion, up 6.3 percent year on year but down 22.7 percent month on month.

In February, the monthly weighted average interbank lending rate stood at 2.06 percent, up 28 basis points from the previous month; and the monthly weighted average interest rate on pledged repos was 2.1 percent, up 3 basis points from the previous month.

3. Bond Market

In February, the volume of cash bond trading in the interbank bond market reached RMB10.9 trillion, averaging RMB640.38 billion daily, up 30.4 percent year on year but down 20.9 percent month on month. The volume of cash bond trading in the stock exchange bond market was RMB1.2 trillion, averaging RMB83.07 billion daily, up 109.2 percent year on year but down 20 percent month on month. At end-February, the ChinaBond Interbank Aggregate Index stood at 204.3, up 0.2 points from the end of the previous month.

4. Stock Market

At end-February, the SSE Composite Index closed at 3509.8, up 26.01 points, or 0.75 percent, from the end of the previous month; the SZSE Component Index closed at 14507.45, down 314.45 points, or 2.12 percent, from the end of the previous month. In February, the daily average trading volume was RMB435.76 billion on the Shanghai Stock Exchange and RMB529.03 billion on the Shenzhen Stock Exchange, down 10.02 percent and 13.17 percent month on month, respectively.

(Sources: China Securities Regulatory Commission, China Central Depository & Clearing Co., Ltd., National Interbank Funding Center, Shanghai Clearing House, Shanghai Stock Exchange, and Shenzhen Stock Exchange)