

Financial Market Report (July 2021)

1. Bond Issuance

In July, total bond issuance registered RMB5166.91 billion. Specifically, the issuance of treasury bonds, local government bonds, financial bonds¹, corporate credit bonds², credit-asset-backed securities, and interbank certificates of deposit (CDs) reached RMB633.26 billion, RMB656.78 billion, RMB879.74 billion, RMB1118.4 billion, RMB26.47 billion, and RMB1810.99 billion, respectively.

By end-July, outstanding bonds held in custody amounted to RMB124.6 trillion, including RMB20.5 trillion of treasury bonds, RMB27.8 trillion of local government bonds, RMB29.8 trillion of financial bonds, RMB29.5 trillion of corporate credit bonds, RMB2.3 trillion of credit-asset-backed securities, and RMB12.5 trillion of interbank CDs.

2. Money Market

In July, interbank money market transactions totaled RMB106.3 trillion, up 6.0 percent year on year and 9.4 percent month on month. Specifically,

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, asset-backed notes, enterprise bonds, corporate bonds, and exchange-traded asset-backed securities.

pledged repo transactions posted RMB95.1 trillion, up 10.6 percent year on year and 9.1 percent month on month; outright repo transactions reached RMB372.83 billion, down 56.2 percent year on year but up 12.1 percent month on month; interbank lending transactions posted RMB10.8 trillion, down 19.3 percent year on year but up 12.3 percent month on month. Repo transactions for exchange-traded standardized bonds posted RMB31.0 trillion, up 17.2 percent year on year and 5.5 percent month on month.

In July, the monthly weighted average interbank lending rate stood at 2.08 percent, down 5 basis points from the previous month; and the monthly weighted average interest rate on pledged repos was 2.08 percent, down 10 basis points from the previous month.

3. Bond Market

In July, the volume of cash bond trading in the interbank bond market reached RMB20.2 trillion, averaging RMB920 billion daily, down 19.8 percent year on year but up 4.3 percent month on month. The volume of cash bond trading in the stock exchange bond market registered RMB2.8 trillion, averaging RMB129.12 billion daily, up 45.7 percent year on year and 25.6 percent month on month. At end-July, the ChinaBond Interbank Aggregate Index stood at 210.7 points, up 2.7 points from the end of the

previous month.

4. Stock Market

At end-July, the SSE Composite Index closed at 3397.4 points, down 193.8 points, or 5.4 percent, from the end of the previous month; the SZSE Component Index closed at 14473.2 points, down 688.5 points, or 4.5 percent, from the end of the previous month. In July, the average daily trading volume was RMB526.31 billion on the Shanghai Stock Exchange and RMB677.72 billion on the Shenzhen Stock Exchange, up 18.5 percent and 22.9 percent month on month, respectively.

5. Structure of Bond Holders in the Interbank Bond Market

By end-July, based on the statistics of legal entities (measured by the number of managers), there were a total of 1812 holders of debt-financing instruments issued by non-financial institutions³(“non-financial debt financing instruments”). In terms of the size of debt holdings, top 50 investors held 59 percent of the total debts, with fund companies, joint-stock commercial banks and state-controlled commercial banks as the major holders; top 200 investors held 87 percent of the total debts. For the number of holders of a single bond, non-financial debt financing instruments that are held by less than 20 investors accounted for

³ Only debt-financing instruments issued by non-financial institutions under the custody of Shanghai Clearing House are counted, same below.

approximately 93 percent; the largest, smallest, average and median number of holders for a single non-financial debt financing instrument was 75, 1, 10 and 9, respectively.

In terms of trading volume, in July 2021, top 50 investors of non-financial debt-financing instruments accounted for 70 percent of the total trading, with securities companies, joint-stock commercial banks, fund companies and urban commercial banks as the major traders; top 200 investors accounted for 94 percent of the total trading.

In July, the volume of cash bond trading for a single transaction mainly ranged from RMB5 million to RMB50 million in the interbank bond market, averaging RMB46.85 million per transaction.

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