Financial Market Report (November 2022)

1. Bond Issuance

In November, total bond issuance registered RMB5063.79 billion. The issuance of treasury bonds, local government bonds, financial bonds, corporate credit bonds,[1] credit-asset-backed securities, and interbank certificates of deposit (CDs) reached RMB923.75 billion, RMB246.89 billion, RMB954.26 billion, RMB1,075.76 billion, RMB27.68 billion, and RMB1,800.69 billion, respectively.

As of end-November, outstanding bonds held in custody amounted to RMB144.5 trillion, including RMB24.9 trillion of treasury bonds, RMB34.9 trillion of local government bonds, RMB34.4 trillion of financial bonds, RMB32.2 trillion of corporate credit bonds, RMB2.4 trillion of credit-asset-backed securities, RMB13.8 trillion of interbank CDs, and RMB39.74 billion of commercial bank over-the-counter bonds.

2. Bond Market

In November, the turnover of cash bond trading in the interbank bond market saw a year-on-year increase of 28.6 percent (a month-on-month increase of 19.3 percent) to RMB28.6 trillion, with the daily average standing at RMB1,301.39 billion. Of the total turnover, transactions with each trade between RMB5 million and RMB50 million accounted for 45.6 percent, while those with each trade above RMB90 million made up 47.3 percent. The average value per trade was RMB48.35 million. The turnover of cash bond trading in the stock exchange bond market

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[1] Including debt-financing instruments issued by non-financial institutions, asset-backed notes, enterprise bonds, corporate bonds, and exchange-traded asset-backed securities.

decreased by 3.5 percent year on year (a month-on-month increase of 27.9 percent) to RMB3.5 trillion, averaging RMB159.45 billion daily. A total of 126,000 transactions were done in the commercial bank over-the-counter bond market, with a total turnover of RMB14.73 billion.

3. Bond Market Opening-up

As of end-November 2022, overseas institutions held RMB3.4 trillion, or 2.4 percent of the outstanding bonds in custody in China's bond market. Specifically, their holdings in the interbank bond market amounted to RMB3.3 trillion. By bond type, overseas institutions held RMB2.3 trillion, or 68.2 percent of treasury bonds, and RMB0.8 trillion, or 22.6 percent of policy financial bonds.

4. Money Market

In November, interbank money market transactions increased by 7.6 percent year on year (a month-on-month increase of 18.9 percent) to RMB128.8 trillion. Specifically, pledged repo transactions rose by 8.9 percent year on year (a month-on-month increase of 21.4 percent) to RMB117.8 trillion; outright repo transactions grew by 24.5 percent year on year (a month-on-month increase of 31.2 percent) to RMB537.71 billion; and interbank lending transactions decreased by 6.2 percent year on year (a month-on-month decrease of 4.0 percent) to RMB10.4 trillion. Repo transactions of exchange-traded standardized bonds grew by 7.9 percent year on year (a month-on-month increase of 37.7 percent) to RMB38.3 trillion.

In November, the monthly weighted average interest rate on pledged repos stood at 1.61 percent, up by 15 bps from a month earlier, while the monthly weighted average interest rate on interbank lending was 1.55

percent, up by 14 bps from a month earlier.

5. Bill Market

In November, commercial drafts that were accepted totaled RMB2.2 trillion while those discounted amounted to RMB1.5 trillion. As of end-November, the outstanding amount of accepted commercial drafts stood at RMB18.8 trillion, and those discounted registered RMB12.9 trillion.

In November, 89,000 micro, small, and medium-sized enterprises (MSMEs) issued bills, accounting for 92.3 percent of all issuing enterprises. Bills issued by MSMEs reached RMB1.4 trillion, representing 64.3 percent of the total issuance. Of all the enterprises that discounted bills, 98,000 (96.5 percent) were MSMEs. The bills they discounted registered RMB1.1 trillion, accounting for 73.1 percent of the total amount of discounted bills.

6. Stock Market

At end-November, the Shanghai Composite Index closed at 3151.3 points, increasing by 257.9 points（8.9 percent）from a month earlier. The Shenzhen Component Index closed at 11108.5 points, increasing by 711.5 points（6.8 percent）from a month earlier. In November, the average daily turnover on the Shanghai Stock Exchange increased by 14.8 percent month on month to RMB391.77 billion and that on the Shenzhen Stock Exchange increased by 18.5 percent month on month to RMB536.42 billion.

7. Structure of Bond Holders in the Interbank Bond Market

As of end-November, there were 3,945 incorporated institutions in the interbank market, all of which were financial institutions. Of the incorporated institutions, 2,140 were holders of debt-financing instruments issued by non-financial institutions[2] ("non-financial debt financing instruments" for short). By the size of bond holdings, the top 50 investors, mainly including public funds, large state-owned commercial banks (proprietary), and joint stock commercial banks (agent), held 52.6 percent of the total, and the top 200 investors held 83.2 percent. The biggest, smallest, average, and median numbers of holders for a non-financial debt financing instrument were 66, 1, 12, and 11, respectively, while 91 percent of non-financial debt financing instruments were held by fewer than 20 investors.

In November, based on the trading volume of non-financial debt-financing instruments by incorporated institutions, the top 50 investors conducted 52.5 percent of such transactions, mainly including securities companies (proprietary), joint stock commercial banks (proprietary), and city commercial banks (proprietary). Transactions by the top 200 investors accounted for 84.3 percent.

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

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[2] Statistics are available separately for proprietary investors and agent investors, same below.