

Financial Market Report (November 2023)

1. Bond Issuance

In November, total bond issuance registered RMB6.53445 trillion. The issuance of treasury bonds, local government bonds, financial bonds, corporate credit bonds¹, credit-asset-backed securities, and interbank certificates of deposit (CDs) reached RMB1.22053 trillion, RMB667.21 billion, RMB963.93 billion, RMB1.09781 trillion, RMB39.73 billion, and RMB2.51735 trillion, respectively.

As of end-November, outstanding bonds held in custody amounted to RMB156.9 trillion, including RMB136.1 trillion in the interbank bond market and RMB20.8 trillion in the exchange-traded bond market. By bond type, treasury bonds, local government bonds, financial bonds, corporate credit bonds, credit-asset-backed securities and interbank certificates of deposit (CDs) in custody recorded an outstanding amount of RMB28.5 trillion, RMB40.4 trillion, RMB37.9 trillion, RMB32.4 trillion, RMB1.8 trillion and RMB14.5 trillion, respectively. Commercial bank over-the-counter (OTC) bonds in custody recorded an outstanding amount of RMB55.48 billion.

2. Bond Market

In November, the turnover of cash bond trading in the interbank bond market saw a year-on-year decrease of 1.0 percent (a month-on-month increase of 13.1 percent) to RMB28.4 trillion, with the daily average standing at RMB1.28899 trillion. Of the total turnover, transactions with

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

each trade between RMB5 million and RMB50 million accounted for 46.9 percent, while those with each trade above RMB90 million made up 46.5 percent. The average value per trade was RMB45.469 million. The turnover of cash bond trading in the stock exchange bond market was RMB4.6 trillion, averaging RMB207.71 billion daily. A total of 67,000 transactions were done in the commercial bank OTC bond market, with the total turnover of RMB14.56 billion.

3. Bond Market Opening-up

As of end-November 2023, overseas institutions held RMB3.54 trillion, or 2.3 percent of the outstanding bonds in custody in China's bond market. Specifically, their holdings in the interbank bond market amounted to RMB3.49 trillion. By bond type, overseas institutions held RMB2.20 trillion of treasury bonds, or 63.0 percent of their bond holdings in the interbank bond market, and RMB0.77 trillion of policy financial bonds, or 22.1 percent of their bond holdings in the interbank bond market.

4. Money Market

In November, interbank money market transactions increased by 18.8 percent year on year (a month-on-month increase of 21.7 percent) to RMB152.9 trillion. Specifically, pledged repo transactions rose by 20.2 percent year on year (a month-on-month increase of 21.3 percent) to RMB141.6 trillion; outright repo transactions went down by 13.8 percent year on year (a month-on-month increase of 14.2 percent) to RMB463.38 billion; and interbank lending transactions increased by 4.5 percent year on year (a month-on-month increase of 27.2 percent) to RMB10.9 trillion. Repo transactions of exchange-traded standardized bonds went up by 4.6 percent year on year (a month-on-month increase of 20.5 percent) to

RMB40.0 trillion.

In November, the monthly weighted average interest rate on pledged repos stood at 1.98 percent, down by 8 bps from a month earlier, while the monthly weighted average interest rate on interbank lending was 1.89 percent, down by 3 bps from a month earlier.

5. Bill Market

In November, commercial drafts that were accepted totaled RMB3.5 trillion while those discounted amounted to RMB2.8 trillion. As of end-November, the outstanding amount of accepted commercial drafts stood at RMB18.5 trillion, and those discounted registered RMB13.2 trillion.

In November, 105,000 micro, small, and medium-sized enterprises (MSMEs) issued bills, accounting for 92.1 percent of all issuing enterprises. Bills issued by MSMEs reached RMB2.5 trillion, representing 70.9 percent of the total issuance. Of all the enterprises that discounted bills, 107,000 (95.8 percent) were MSMEs. The bills they discounted registered RMB2.2 trillion, accounting for 77.0 percent of the total amount of discounted bills.

6. Stock Market

At end-November, the Shanghai Composite Index closed at 3029.7 points, increasing by 10.9 points (0.4 percent) from a month earlier. The Shenzhen Component Index closed at 9726.9 points, decreasing by 136.9 points (1.4 percent) from a month earlier. In November, the average daily turnover on the Shanghai Stock Exchange increased by 5.4 percent month on month to RMB354.03 billion and that on the Shenzhen Stock

Exchange increased by 6.6 percent month on month to RMB524.48 billion.

7. Structure of Bond Holders in the Interbank Bond Market

As of end-November, there were 4,023 incorporated institutions in the interbank market, all of which were financial institutions. Of the incorporated institutions, 2,206 were holders of debt-financing instruments issued by non-financial institutions² (“non-financial debt financing instruments” for short). By the size of bond holdings, the top 50 investors, mainly including public funds (asset management), large state-owned commercial banks (proprietary), and bank wealth management subsidiary companies (proprietary), held 50.2 percent of the total, and the top 200 investors held 81.9 percent. The biggest, smallest, average, and median numbers of holders for a non-financial debt financing instrument were 57, 1, 13 and 12, respectively, while 88 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 63.8 percent of such transactions, mainly including securities companies (proprietary), fund companies (proprietary) and bank wealth management subsidiary companies (proprietary). Transactions by the top 200 investors accounted for 90.7 percent.

(Sources: China Securities Regulatory Commission, China Central Depository & Clearing Co., Ltd., National Interbank Funding Center,

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

Shanghai Clearing House, Shanghai Commercial Paper Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, and Beijing Financial Assets Exchange)