

## **Financial Market Report (November 2024)**

### **1. Bond Issuance**

In November, the bond market saw a total issuance of RMB7.20455 trillion. The issuance of treasury bonds, local government bonds, financial bonds, corporate credit bonds<sup>1</sup>, credit-asset-backed securities, and interbank certificates of deposit (CDs) reached RMB878.43 billion, RMB1.31411 trillion, RMB1.11094 trillion, RMB1.3497 trillion, RMB12.06 billion and RMB2.50011 trillion, respectively.

As of end-November, outstanding bonds held in custody amounted to RMB173.5 trillion, including RMB152.7 trillion in the interbank bond market and RMB20.9 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 CDs in custody recorded an outstanding amount of RMB33.8 trillion, RMB45.7 trillion, RMB40.9 trillion, RMB32.8 trillion, RMB1.2 trillion and RMB18.0 trillion, respectively. Commercial bank over-the-counter (OTC) bonds in custody recorded an outstanding amount of RMB124.8 billion.

### **2. Bond Market**

In November, the turnover of cash bond trading in the interbank bond market saw a year-on-year increase of 9.9 percent (a month-on-month increase of 5.7 percent) to RMB29.8 trillion, with the daily average standing at RMB1.41724 trillion. Of the total turnover, transactions with each trade between RMB5 million and RMB50 million accounted for

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

50.8 percent, while those with each trade above RMB90 million made up 43.1 percent. The average value per trade was RMB40.664 million. The turnover of cash bond trading in the stock exchange bond market was RMB3.8 trillion, averaging RMB181.21 billion daily. A total of 74,000 transactions were done in the commercial bank OTC bond market, with the total turnover of RMB58.87 billion.

### **3. Bond Market Opening-up**

As of end-November, overseas institutions held RMB4.19 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 RMB4.15 trillion. By bond type, overseas institutions held RMB2.08 trillion of treasury bonds, or 50.1 percent of their bond holdings in the interbank bond market, RMB0.98 trillion of CDs, or 23.6 percent of their bond holdings in the interbank bond market, and RMB0.90 trillion of policy bank bonds, or 21.7 percent of their bond holdings in the interbank bond market.

### **4. Money Market**

In November, interbank money market transactions decreased by 17.3 percent year on year (a month-on-month increase of 7.5 percent) to RMB9.0 trillion. Bond repo transactions rose by 13.1 percent (a month-on-month increase of 15.9 percent) to RMB160.7 trillion. Repo transactions of exchange-traded standardized bonds went up by 19.4 percent year on year (a month-on-month increase of 12.8 percent ) to RMB47.8 trillion.

In November, the monthly weighted average interest rate on interbank lending stood at 1.55 percent, down by 4 bp from a month earlier, while the monthly weighted average interest rate on pledged repos was 1.59 percent, down by 6 bps from a month earlier.

## **5. Bill Market**

In November, commercial drafts that were accepted totaled RMB3.7 trillion while those discounted amounted to RMB3.0 trillion. As of end-November, the outstanding amount of accepted commercial drafts stood at RMB19.3 trillion, and those discounted registered RMB14.4 trillion.

In November, 106,000 micro, small, and medium-sized enterprises (MSMEs) issued bills, accounting for 93.2 percent of all issuing enterprises. Bills issued by MSMEs reached RMB2.7 trillion, representing 73.9 percent of the total issuance. Of all the enterprises that discounted bills, 119,000 (96.3 percent) were MSMEs. The bills they discounted registered RMB2.4 trillion, accounting for 78.4 percent of the total amount of discounted bills.

## **6. Stock Market**

At end-November, the Shanghai Composite Index closed at 3326.5 points, increasing by 46.7 points (1.4 percent) from a month earlier. The Shenzhen Component Index closed at 10611.7 points, increasing by 20.5 points (0.2 percent) from a month earlier. In November, the average daily turnover on the Shanghai Stock Exchange decreased by 2.2% percent

month on month to RMB779.22 billion and that on the Shenzhen Stock Exchange decreased by 2.9 percent month on month to RMB1.15087 trillion.

## **7. Structure of Bond Holders in the Interbank Bond Market**

As of end-November, there were 3,985 incorporated institutions in the interbank market, all of which were financial institutions. Of the incorporated institutions, 2,101 were holders of debt-financing instruments issued by non-financial institutions<sup>2</sup> (“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 trust companies (asset management), held 51.6 percent of the total, and the top 200 investors held 83.6 percent. The biggest, smallest, average, and median numbers of holders for a non-financial debt financing instrument were 103, 1, 13 and 13, respectively, while 87 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 53.6 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 83.5 percent.

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

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<sup>2</sup> 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)