

Financial Market Report (January 2025)

1. Bond Issuance

In January, the bond market saw a total issuance of RMB5102.75 billion. The issuances of treasury bonds, local government bonds, financial bonds, corporate credit bonds,¹ credit-asset-backed securities, and interbank certificates of deposit (CDs) reached RMB1018.50 billion, RMB557.57 billion, RMB704.21 billion, RMB1279.17 billion, RMB2.73 billion, and RMB1514.78 billion, respectively.

As of end-January, outstanding bonds held in custody amounted to RMB178.2 trillion, including RMB156.9 trillion in the interbank bond market and RMB21.3 trillion in the exchange bond market. By bond type, treasury bonds, local government bonds, financial bonds, corporate credit bonds, credit-asset-backed securities, and interbank CDs in custody recorded outstanding amounts of RMB34.1 trillion, RMB47.8 trillion, RMB41.1 trillion, RMB33.3 trillion, RMB1.1 trillion, and RMB19.6 trillion, respectively. Commercial bank over-the-counter (OTC) bonds in custody recorded an outstanding amount of RMB147.44 billion.

2. Bond Market

In January, the turnover of cash bond trading in the interbank bond market decreased by 10.1 percent year on year and 4.4 percent month on month to RMB26.0 trillion, with the daily average standing at RMB1.4 trillion. Of the total turnover, transactions with each trade between RMB5 million and

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

RMB50 million accounted for 49.0 percent, while those with each trade above RMB90 million made up 44.8 percent. The average value per trade was RMB42.686 million. The turnover of cash bond trading in the exchange bond market was RMB2.3 trillion, averaging RMB126.0 billion daily. A total of 66,000 transactions were done in the commercial bank OTC bond market, registering a turnover of RMB55.48 billion.

3. Bond Market Opening-up

As of end-January, overseas institutions held RMB4.2 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 RMB4.1 trillion. By bond type, overseas institutions held RMB2.0 trillion, or 48.8 percent, of treasury bonds, RMB1.1 trillion, or 25.8 percent, of interbank CDs, and RMB0.9 trillion, or 20.8 percent, of policy bank bonds.

4. Money Market

In January, transactions in the interbank lending market totaled RMB5.1 trillion, down by 53.1 percent year on year and 38.4 percent month on month. Bond repo transactions dropped by 34.3 percent year on year and 34.2 percent month on month to RMB109.8 trillion. Repo transactions of exchange-traded standardized bonds went down by 4.9 percent year on year and 18.1 percent month on month to RMB43.0 trillion.

In January, the monthly weighted average interest rate on interbank lending stood at 1.86 percent, up by 29 bps month on month, while that on pledged repos was 2.16 percent, up by 51 bps month on month.

5. Bill Market

In January, commercial drafts that were accepted totaled RMB3.0 trillion while those discounted amounted to RMB2.0 trillion. As of end-January, the outstanding amount of accepted commercial drafts stood at RMB19.9 trillion, and those discounted registered RMB14.5 trillion.

In January, a total of 109,000 micro, small, and medium-sized enterprises (MSMEs) issued bills, accounting for 93.5 percent of all the issuing enterprises. Bills issued by MSMEs reached RMB2.1 trillion, representing 70.0 percent of the total bill issuance. Of all the enterprises that discounted bills, 117,000, or 97.0 percent, were MSMEs. The bills they discounted registered RMB1.6 trillion, accounting for 79.6 percent of the total amount of discounted bills.

6. Stock Market

At end-January, the SSE Composite Index closed at 3250.6, down by 101.2 points, or 3.0 percent, month on month, while the SZSE Component Index closed at 10156.1, down by 258.5 points, or 2.5 percent, month on month. In January, the average daily turnover on the Shanghai Stock Exchange fell by 24.1 percent month on month to RMB480.97 billion, and that on the Shenzhen Stock Exchange declined by 25.8 percent month on month to RMB710.96 billion.

7. Structure of Bond Holders in the Interbank Bond Market

As of end-January, there were 3,988 incorporated institutions in the

interbank market, all of which were financial institutions. Of the incorporated institutions, 2,111 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 publicly offered funds (asset management), large state-owned commercial banks (proprietary), and trust companies (asset management), held 52.1 percent of the total, and the top 200 investors held 84.0 percent. The biggest, smallest, average, and median numbers of holders for a non-financial debt financing instrument were 117, 1, 13 and 12, respectively, while 87.0 percent of non-financial debt financing instruments were held by no more than 20 investors.

In January, based on the trading volume of non-financial debt-financing instruments by incorporated institutions, the top 50 investors conducted 52.2 percent of such transactions, mainly including securities companies (proprietary), joint stock commercial banks (proprietary), and large commercial banks (proprietary). Transactions by the top 200 investors accounted for 82.5 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)

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