

Financial Market Report (October 2024)

1. Bond Issuance

In October, the bond market saw a total issuance of RMB5.23617 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 RMB1.1027 trillion, RMB683.13 billion, RMB785.21 billion, RMB942.52 billion, RMB40.11 billion and RMB1.6415 trillion, respectively.

As of end-October, outstanding bonds held in custody amounted to RMB171.3 trillion, including RMB150.6 trillion in the interbank bond market and RMB20.7 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 RMB33.1 trillion, RMB45.0 trillion, RMB40.5 trillion, RMB32.6 trillion, RMB1.2 trillion and RMB17.7 trillion, respectively. Commercial bank over-the-counter (OTC) bonds in custody recorded an outstanding amount of RMB111.41 billion.

2. Bond Market

In October, the turnover of cash bond trading in the interbank bond market saw a year-on-year increase of 17.6 percent (a month-on-month increase of 1.2 percent) to RMB25.5 trillion, with the daily average standing at RMB1.34089 trillion. Of the total turnover, transactions with each trade between RMB5 million and RMB50 million accounted for 51.5 percent, while those with each trade above RMB90 million made up

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

42.2 percent. The average value per trade was RMB40.763 million. The turnover of cash bond trading in the stock exchange bond market was RMB3.5 trillion, averaging RMB196.38 billion daily. A total of 77,000 transactions were done in the commercial bank OTC bond market, with the total turnover of RMB40.87 billion.

3. Bond Market Opening-up

As of end-October, overseas institutions held RMB4.29 trillion, or 2.5 percent of the outstanding bonds in custody in China's bond market. Specifically, their holdings in the interbank bond market amounted to RMB4.25 trillion. By bond type, overseas institutions held RMB2.10 trillion of treasury bonds, or 49.4 percent of their bond holdings in the interbank bond market, RMB1.06 trillion of CDs, or 24.9 percent of their bond holdings in the interbank bond market, and RMB0.92 trillion of policy bank bonds, or 21.6 percent of their bond holdings in the interbank bond market.

4. Money Market

In October, interbank money market transactions decreased by 2.1 percent year on year (a month-on-month increase of 10.2 percent) to RMB8.4 trillion. Bond repo transactions rose by 18.4 percent (a month-on-month increase of 8.8 percent) to RMB138.6 trillion. Repo transactions of exchange-traded standardized bonds went up by 27.6 percent year on year (a month-on-month increase of 4.18 percent) to RMB42.4 trillion.

In October, the monthly weighted average interest rate on interbank

lending stood at 1.59 percent, down by 19 bp from a month earlier, while the monthly weighted average interest rate on pledged repos was 1.65 percent, down by 18 bps from a month earlier.

5. Bill Market

In October, commercial drafts that were accepted totaled RMB3.1 trillion while those discounted amounted to RMB2.5 trillion. As of end-October, the outstanding amount of accepted commercial drafts stood at RMB19.0 trillion, and those discounted registered RMB14.3 trillion.

In October, 101,000 micro, small, and medium-sized enterprises (MSMEs) issued bills, accounting for 93.1 percent of all issuing enterprises. Bills issued by MSMEs reached RMB2.3 trillion, representing 73.4 percent of the total issuance. Of all the enterprises that discounted bills, 112,000 (96.4 percent) were MSMEs. The bills they discounted registered RMB2.0 trillion, accounting for 78.1 percent of the total amount of discounted bills.

6. Stock Market

At end-October, the Shanghai Composite Index closed at 3279.8 points, increasing by 56.7 points (1.7 percent) from a month earlier. The Shenzhen Component Index closed at 10591.2 points, increasing by 61.4 points (0.6 percent) from a month earlier. In October, the average daily turnover on the Shanghai Stock Exchange increased by 132.1 percent month on month to RMB796.56 billion and that on the Shenzhen Stock Exchange increased by 162.7 percent month on month to RMB1.18556 trillion.

7. Structure of Bond Holders in the Interbank Bond Market

As of end-October, there were 3,980 incorporated institutions in the interbank market, all of which were financial institutions. Of the incorporated institutions, 2,114 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 trust companies (asset management), held 51.3 percent of the total, and the top 200 investors held 83.4 percent. The biggest, smallest, average, and median numbers of holders for a non-financial debt financing instrument were 94, 1, 13 and 13, respectively, while 87 percent of non-financial debt financing instruments were held by fewer than 20 investors.

In October, based on the trading volume of non-financial debt-financing instruments by incorporated institutions, the top 50 investors conducted 61.1 percent of such transactions, mainly including securities companies (proprietary), fund companies (asset management) and joint stock commercial banks (proprietary). Transactions by the top 200 investors accounted for 90.3 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)

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

