

Financial Market Report (May 2025)

1. Bond Issuance

In May, the bond market saw a total issuance of RMB7195.16 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 RMB1489.29 billion, RMB779.44 billion, RMB1218.41 billion, RMB902.27 billion, RMB23.90 billion, and RMB2774.15 billion, respectively.

As of end-May, outstanding bonds held in custody amounted to RMB187.2 trillion, including RMB165.5 trillion in the interbank bond market and RMB21.7 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 RMB36.5 trillion, RMB51.0 trillion, RMB42.2 trillion, RMB33.4 trillion, RMB1.0 trillion, and RMB21.8 trillion, respectively. Commercial bank over-the-counter (OTC) bonds in custody recorded an outstanding amount of RMB183.93 billion.

2. Bond Market

In May, cash bond trading in the interbank bond market saw a turnover of RMB30.7 trillion, with the daily average standing at RMB1.6 trillion, up by 5.0 percent year on year and 6.6 percent month on month. Of the total turnover, transactions with each trade between RMB5 million and RMB50

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

million accounted for 48.6 percent, while those with each trade above RMB90 million made up 45.3 percent. The average value per trade was RMB41.742 million. The turnover of cash bond trading in the exchange bond market was RMB3.0 trillion, averaging RMB160.68 billion per day. A total of 78,000 transactions were done in the commercial bank OTC bond market, registering a turnover of RMB59.83 billion.

3. Bond Market Opening-up

As of end-May, overseas institutions held RMB4.4 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 RMB4.3 trillion. By bond type, overseas institutions held RMB2.1 trillion, or 48.5 percent, of treasury bonds, RMB1.2 trillion, or 28.0 percent, of interbank CDs, and RMB0.8 trillion, or 19.3 percent, of policy bank bonds.

4. Money Market

In May, transactions in the interbank lending market totaled RMB6.7 trillion, down by 17.3 percent year on year and 3.8 percent month on month. Bond repo transactions grew by 7.8 percent year on year to RMB129.8 trillion, representing a month-on-month decline of 4.7 percent. Repo transactions of exchange-traded standardized bonds totaled RMB48.6 trillion, an increase of 24.7 percent year on year but a decrease of 8.0 percent month on month.

In May, the monthly weighted average interest rate on interbank lending stood at 1.55 percent, down by 18 bps month on month, while that on pledged repos was 1.56 percent, down by 16 bps month on month.

5. Bill Market

In May, commercial drafts that were accepted totaled RMB3.5 trillion while those discounted amounted to RMB2.9 trillion. As of end-May, the outstanding amounts of accepted commercial drafts and those discounted stood at RMB20.0 trillion and RMB15.2 trillion, respectively.

In May, a total of 107,000 micro, small, and medium-sized enterprises (MSMEs) issued bills, accounting for 93.4 percent of all the issuing enterprises. Bills issued by MSMEs reached RMB2.6 trillion, making up 72.7 percent of the total bill issuance. Of all the enterprises that discounted bills, 118,000, or 96.4 percent, were MSMEs. The bills they discounted registered RMB2.2 trillion, accounting for 75.7 percent of the total amount of discounted bills.

6. Stock Market

At end-May, the SSE Composite Index closed at 3347.5, up by 68.5 points, or 2.1 percent, month on month, while the SZSE Component Index closed at 10040.6, up by 140.8 points, or 1.4 percent, month on month. In May, the average daily turnover on the Shanghai Stock Exchange dropped by 8.9 percent month on month to RMB469.83 billion, while that on the Shenzhen Stock Exchange rose by 3.4 percent month on month to RMB714.52 billion.

7. Structure of Bond Holders in the Interbank Bond Market

As of end-May, there were 3,988 institutional investors in the interbank market in terms of incorporated entities, all of which were financial institutions. By the size of bond holdings, the top 50 investors in corporate

credit bonds,² mainly including publicly offered funds (asset management), large state-owned commercial banks (proprietary), and insurance financial institutions (asset management), accounted for 48.1 percent of such holdings, while the top 200 investors held 79.5 percent. The biggest, smallest, average, and median numbers of holders for a corporate credit bond were 126, 1, 12 and 12, respectively. Of the total number of such credit bonds, 88.6 percent were held by no more than 20 investors.

In May, based on the trading volume of corporate credit bonds by incorporated entities, the top 50 investors, mainly including securities companies (proprietary), fund companies (asset management), and joint-stock commercial banks (proprietary), conducted 59.9 percent of such transactions, while the transactions by the top 200 investors accounted for 91.1 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.