

# China Local Government Bond Market Report

---

(January, 2021)

China Government Debt Center

# China Local Government Bond Market Report

(January, 2021)

*Issued by China Government Debt Center in February 2021*

In January, the issuance of local government bonds (LGBs) were RMB362.34 billion, with a year-on-year decrease of RMB422.73 billion. Average interest rate of issued LGBs was 3.37%, with a decrease of 9 bps month-on-month and 13 bps year-on-year. Average maturity of issued LGBs was 7.99 years, with a year-on-year decrease of 5.86 years. The amount of spot transaction of LGBs in the secondary market was RMB384.02 billion.

## 1 Market Overview

### 1.1 Bond Issuance

In January 2021, 19 provinces, autonomous regions, municipalities, separately listed cities<sup>1</sup> in China issued 41 LGBs, worth a total of RMB362.34 billion, as is shown in Table 1.

By bond type, the issuance of general bonds were RMB212.76 billion and that of special bonds were RMB149.58 billion.

By bond nature, all issued bonds were refinancing bonds.

---

<sup>1</sup> Dalian is not included in Liaoning. Ningbo is not included in Zhejiang. Xiamen is not included in Fujian. Qingdao is not included in Shandong. Shenzhen is not included in Guangdong. The Xinjiang Production and Construction Corps (XPCC) is not included in Xinjiang Uygur Autonomous Region. The followings are the same.

By issuing place, bonds issued in China Central Depository & Clearing Co., Ltd. (CCDC) were RMB275.14 billion. Bonds issued on the Shanghai Stock Exchange were RMB59.60 billion and RMB27.60 billion were on the Shenzhen Stock Exchange.

Table 1 Overview of Local Government Bond Issuance in January 2021

Unit: 100 million RMB

Item	Current Month	Current Year to Date
Total Issuance of Local Government Bond	3623.36	3623.36
General Bond	2127.58	2127.58
Special Bond	1495.78	1495.78
1. The Issuance of New Bond		
General Bond		
Special Bond		
2. The Issuance of Refinancing Bond	3623.36	3623.36
General Bond	2127.58	2127.58
Special Bond	1495.78	1495.78
Total Issuance in Different Markets	3623.36	3623.36
CCDC	2751.36	2751.36
(Including Commercial Bank Counters)		
Shanghai Stock Exchange	596.00	596.00
Shenzhen Stock Exchange	276.00	276.00

Note:

1. Total Issuance of Local Government Bond = The Issuance of New Bond + The Issuance of Refinancing Bond.
2. There are cases of difference between total and itemized total due to rounding of some data. The followings are the same.

In terms of redemption, all issued bonds were bullet bonds.

In terms of region, 19 provinces, autonomous regions, municipalities, separately listed cities issued LGBs in January 2021, as is shown in Table 2. Those with large bond issuance amount were Sichuan (RMB33.90 billion), Jiangsu (RMB32.20 billion) and Fujian (RMB30.20 billion), as is shown in Figure 1.

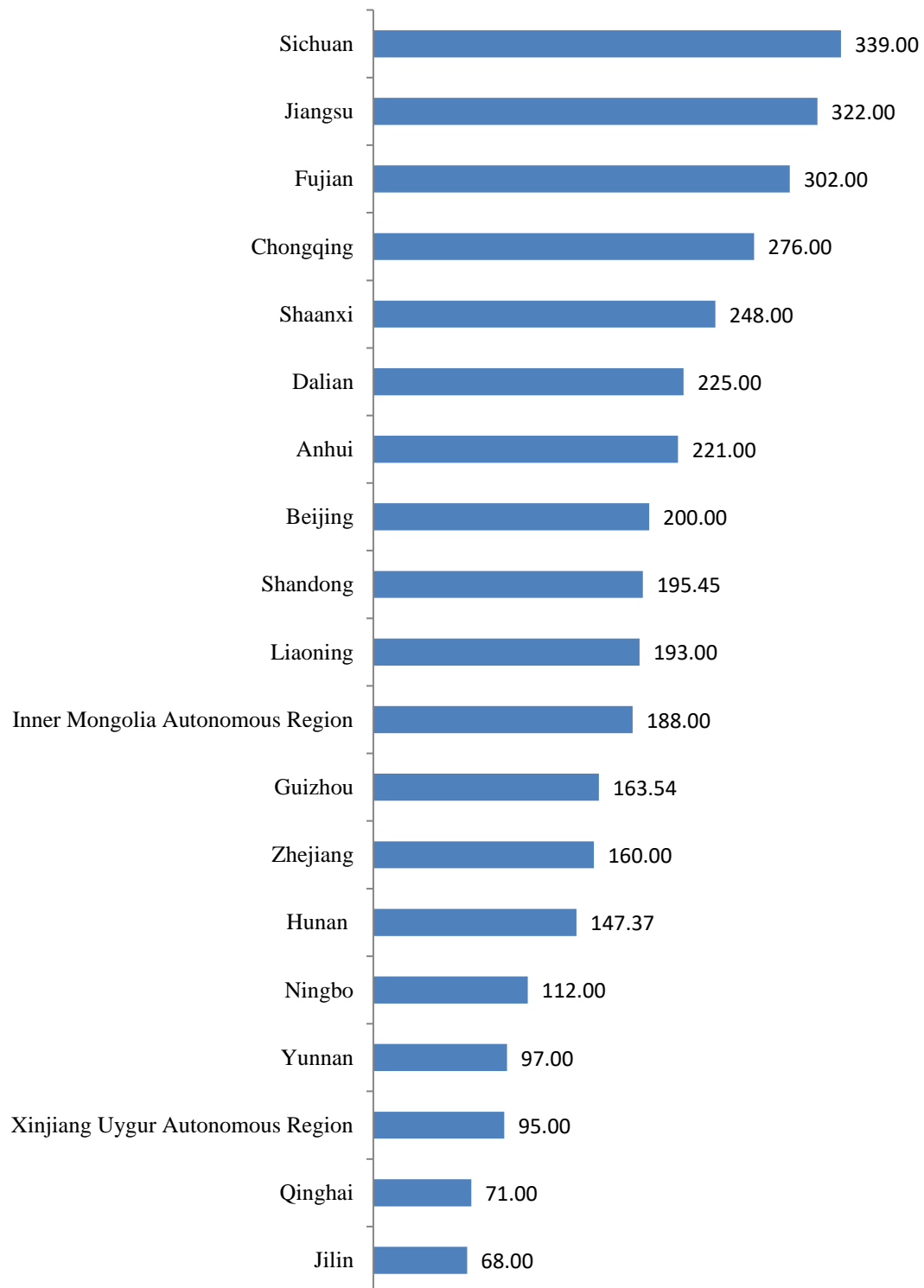
**Table 2 Overview of Local Government Bond Issuance by Region  
in January 2021**

Unit: 100 million RMB

Regions	Current Month				Current Year to Date					
	Total	General Bond		Special Bond		Total	General Bond		Special Bond	
		New Bond	Refinancing Bond	New Bond	Refinancing Bond		New Bond	Refinancing Bond	New Bond	Refinancing Bond
Total	3623.36		2127.58		1495.78	3623.36		2127.58		1495.78
Beijing	200.00		111.00		89.00	200.00		111.00		89.00
Tianjin										
Hebei										
Shanxi										
Inner Mongolia Autonomous Region	188.00		104.00		84.00	188.00		104.00		84.00
Liaoning	418.00		216.00		202.00	418.00		216.00		202.00
Among which: Liaoning except Dalian	193.00		92.00		101.00	193.00		92.00		101.00
Dalian	225.00		124.00		101.00	225.00		124.00		101.00
Jilin	68.00		38.00		30.00	68.00		38.00		30.00
Heilongjiang										
Shanghai										
Jiangsu	322.00		178.00		144.00	322.00		178.00		144.00
Zhejiang	272.00		150.00		122.00	272.00		150.00		122.00
Among which: Zhejiang except Ningbo	160.00		88.00		72.00	160.00		88.00		72.00
Ningbo	112.00		62.00		50.00	112.00		62.00		50.00
Anhui	221.00		122.00		99.00	221.00		122.00		99.00
Fujian	302.00		167.00		135.00	302.00		167.00		135.00
Among which: Fujian except Xiamen	302.00		167.00		135.00	302.00		167.00		135.00
Xiamen										
Jiangxi										
Shandong	195.45		100.85		94.60	195.45		100.85		94.60
Among which: Shandong except Qingdao	195.45		100.85		94.60	195.45		100.85		94.60
Qingdao										
Henan										
Hubei										
Hunan	147.37		84.18		63.19	147.37		84.18		63.19
Guangdong										
Among which: Guangdong except Shenzhen										
Shenzhen										
Guangxi Zhuang Autonomous Region										
Hainan										
Chongqing	276.00		276.00			276.00		276.00		
Sichuan	339.00		187.00		152.00	339.00		187.00		152.00
Guizhou	163.54		110.55		52.99	163.54		110.55		52.99
Yunnan	97.00		54.00		43.00	97.00		54.00		43.00
Tibet Autonomous Region										
Shaanxi	248.00		137.00		111.00	248.00		137.00		111.00
Gansu										
Qinghai	71.00		39.00		32.00	71.00		39.00		32.00
Ningxia Hui Autonomous Region										
Xinjiang Uygur Autonomous Region	95.00		53.00		42.00	95.00		53.00		42.00
Among which: Xinjiang Uygur Autonomous Region except XPCC	95.00		53.00		42.00	95.00		53.00		42.00
XPCC										

Figure 1 The Issuance of Local Government Bonds by Region in January 2021

(Unit: 100 million RMB)



## 1.2 Maturity Structure of Bond

In January 2021, average maturity of issued LGBs was 7.99 years, with a year-on-year decrease of 5.86 years. Among them, average maturity of general bonds was 7.60 years and special bonds 8.55 years. The amount and the proportion of LGBs by maturity in January 2021 are shown in Table 3 and Figure 2. The proportion of bonds with maturity of 10 years and more from 2015 to 2021 is shown in Figure 3.

Table 3 The Amount of Local Government Bonds by Maturity in January 2021

Maturity (Years)	2	3	5	7	10	15	20	30
Amount (100 million RMB)		48.10	754.64	1055.80	1764.82			
General Bond (100 million RMB)		35.80	566.55	676.20	849.03			
Special Bond (100 million RMB)		12.30	188.09	379.60	915.79			

Figure 2 The Proportion of Local Government Bonds by Maturity in January 2021

(Unit: 100 million RMB)

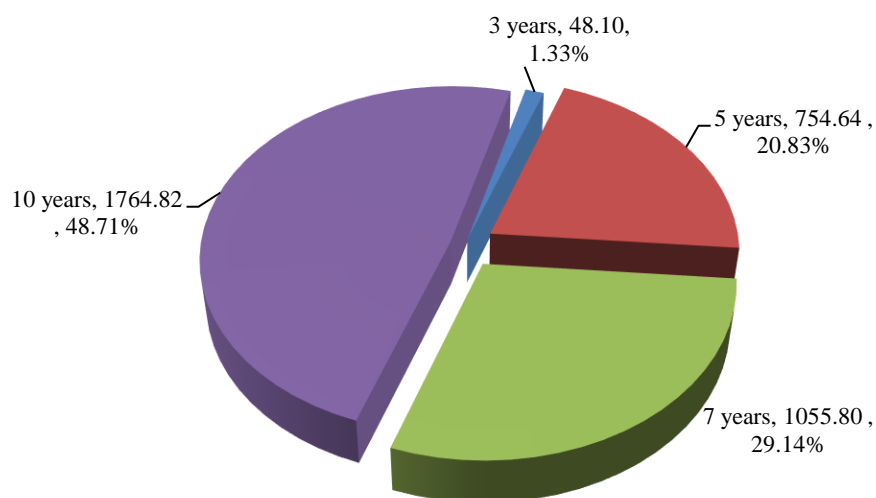
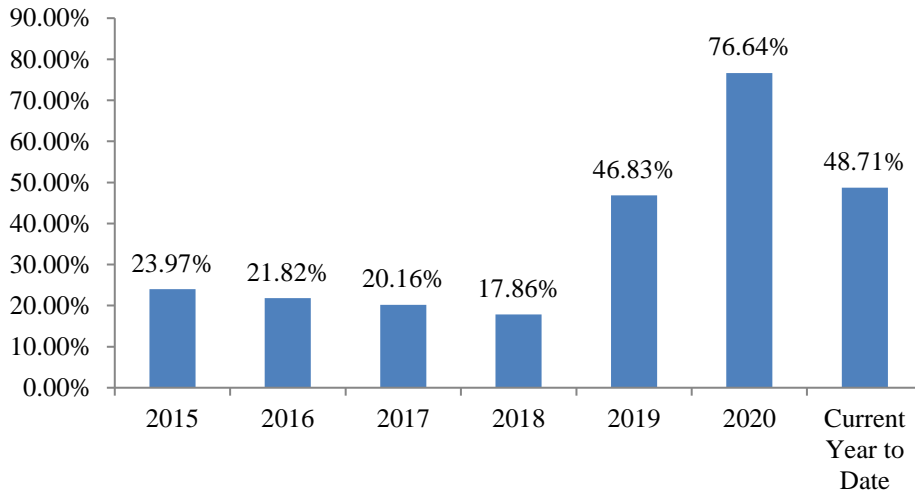


Figure 3 The Proportion of Bonds with Maturity of 10 Years and More  
from 2015 to 2021



### 1.3 Interest Rate of Bond

In January 2021, average interest rate of issued LGBs was 3.37%, with general bonds 3.35% and special bonds 3.41%. The average interest rate in January 2021 fell by 9 bps month-on-month and 13 bps year-on-year. The trend of average interest rates of LGBs issued from January 2020 to January 2021 is shown in Figure 4. Average interest rates of LGBs issued in January 2021 by maturity are shown in Table 4.

Figure 4 The Trend of Average Interest Rates of Local Government Bonds Issued  
from January 2020 to January 2021

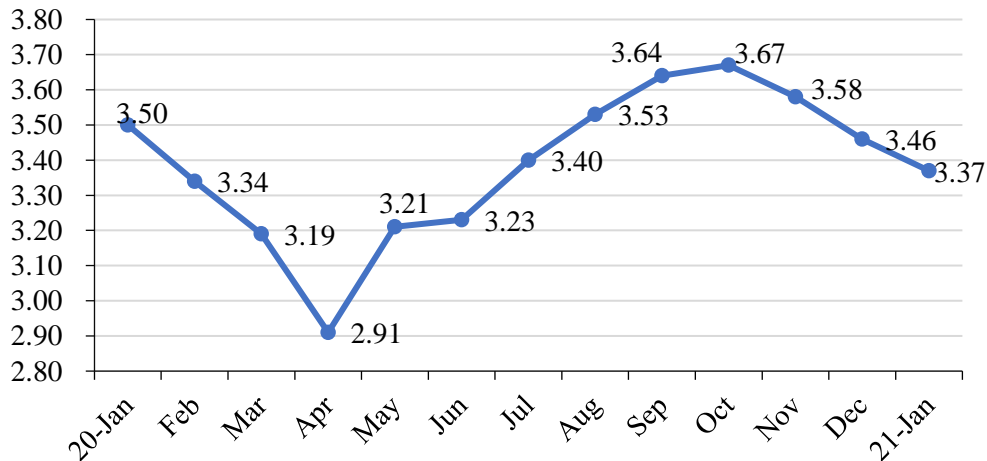


Table 4 Average Interest Rates of Local Government Bonds  
by Maturity Issued in January 2021

Maturity (Years)	2	3	5	7	10	15	20	30
Local Government Bond (%)		3.04	3.22	3.39	3.43			
General Bond (%)		3.04	3.22	3.39	3.41			
Special Bond (%)		3.04	3.21	3.39	3.46			

## 1.4 Tender and Interest Rate Spread of Bond

In terms of subscription multiple, the average subscription multiple<sup>2</sup> of issued LGBs was 21.58 times in January 2021, with general bonds 21.59 times and special bonds 21.57 times. Average subscription multiples of LGBs by maturity are shown in Table 5.

Table 5 Average Subscription Multiples of Local Government Bonds  
by Maturity in January 2021

Maturity (Years)	2	3	5	7	10	15	20	30
Average Subscription Multiples		9.87	21.59	24.43	20.19			

In terms of interest rate spread<sup>3</sup>, the bond issuance interest rate spread was from 20 bps to 49 bps in January 2021, with the average<sup>4</sup> of 27 bps. The interval of interest rate spread widened month-on-month, with the lower limit decreased by 3 bps and the upper

<sup>2</sup> Average Subscription Multiple =  $\frac{\sum (\text{Subscription Multiple} \times \text{The Amount of Issued Bonds})}{\sum \text{The Amount of Issued Bonds}}$

<sup>3</sup> Interest Rate Spread = Interest Rate of Issued Bond - Treasury Yield with the Same Issue Date and Maturity

<sup>4</sup> Average Interest Rate Spread =  $\frac{\sum (\text{Interest Rate of Issued Bond} - \text{Treasury Yield with the Same Issue Date and Maturity})}{\text{The Number of Bonds}}$



limit increased by 3 bps, leading to a decrease in the average by 5 bps. Average interest rate spread of LGBs by maturity are shown in Table 6.

Table 6 Average Interest Rate Spread of Local Government Bonds  
by Maturity in January 2021

Maturity (Years)	2	3	5	7	10	15	20	30
Average Spread (bps)		20	23	24	30			

## 2 Trade of Bond in the Secondary Market

### 2.1 Spot transaction of LGBs

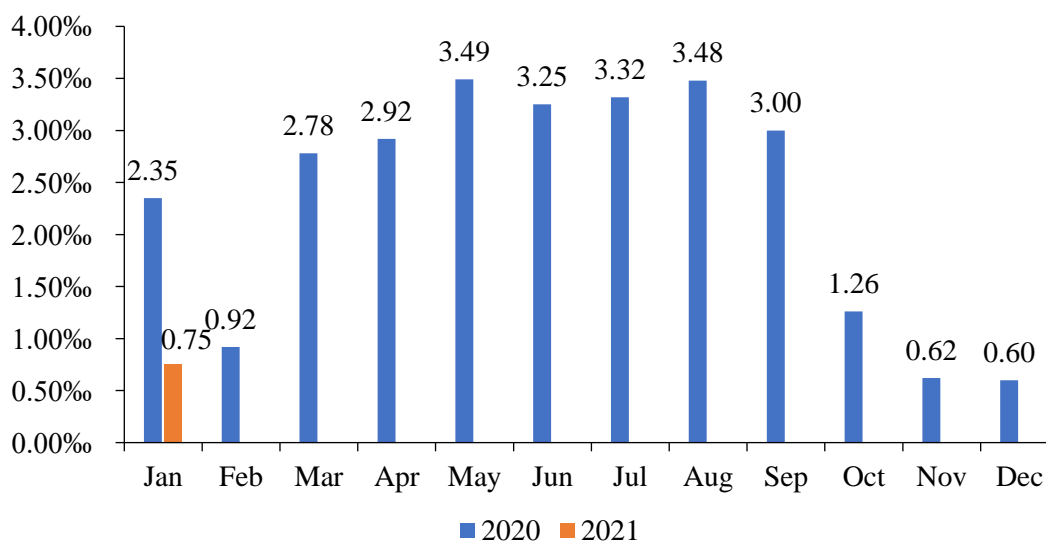
In January 2021, the amount of spot transaction of LGBs in the secondary market was RMB384.02 billion, with RMB374.33 billion in the inter-bank market, RMB9.69 billion on the Shanghai Stock Exchange and RMB2 million on the Shenzhen Stock Exchange. The daily average turnover rate of LGBs in January 2021 was 0.75‰. Spot transaction data of LGB in the secondary market in the January 2021 is shown in Table 7 and daily average turnover rate from January 2020 to January 2021 in Figure 5.

Table 7 Spot Transaction of Local Government Bonds in the Secondary Market

Market	Current Month		Current Year to Date	
	Amount	Proportion	Amount	Proportion
	(100 million RMB)	(%)	(100 million RMB)	(%)
Inter-bank Market	3743.30	97.48	3743.30	97.48
Shanghai Stock Exchange	96.87	2.52	96.87	2.52
Shenzhen Stock Exchange	0.02		0.02	
<b>Total</b>	<b>3840.19</b>	<b>100.00</b>	<b>3840.19</b>	<b>100.00</b>

Source: China Bond (<https://www.chinabond.com.cn/>), SSEBOND (<http://bond.sse.com.cn/>) and the Shenzhen Stock Exchange (<http://www.szse.cn/>)

Figure 5 The LGBs' Daily Average Turnover Rate of Spot Transaction from January 2020 to January 2021



## 2.2 Investor Structure

By the end of January 2021, LGBs held by investors in the inter-bank market were RMB25082.30 billion (accounting for 97.23%). RMB712.84 billion (accounting for 2.76%) were held by investors in the exchange market and RMB2.96 billion (accounting for 0.01%) by investors in the over-the-counter market. Among the

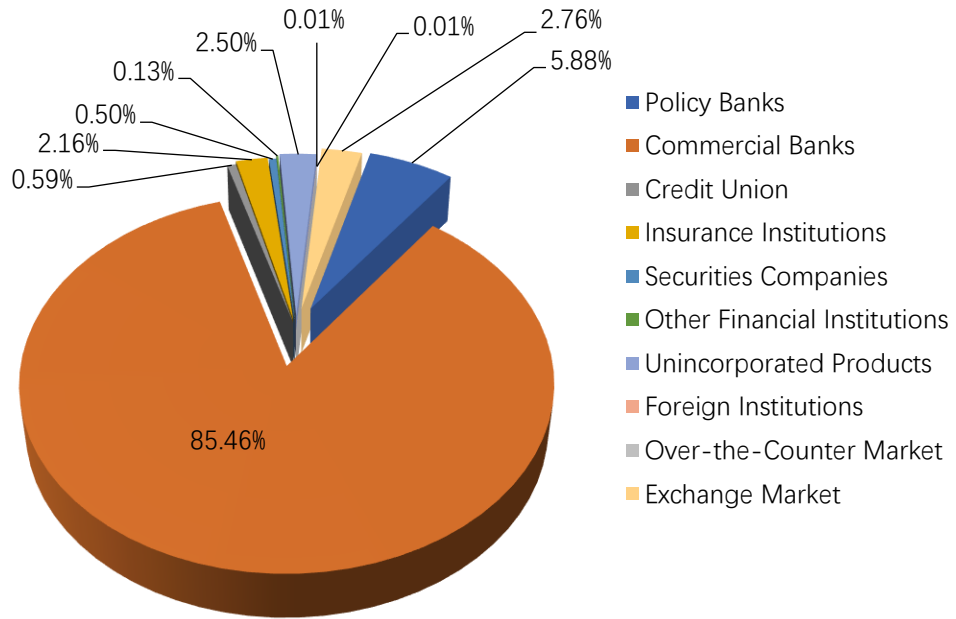
investors in the inter-bank market, RMB22047.65 billion (accounting for 85.46%) were held by commercial banks, RMB1516.54 billion (accounting for 5.88%) by policy banks, RMB556.49 billion (accounting for 2.16%) by insurance institutions, RMB958.48 billion (accounting for 3.72%) by other domestic institutions and RMB3.15 billion (accounting for 0.01%) by foreign institutions. The investor structure of LGBs by the end of January 2021 is shown in Table 8 and Figure 6.

Table 8 Investor Structure of LGBs by the end of January 2021

Holders		Amount (RMB 100 million)	Proportion (%)
Inter-bank Market	Policy Banks	15165.41	5.88
	Commercial Banks	220476.47	85.46
	Credit Union	1512.41	0.59
	Insurance Institutions	5564.87	2.16
	Securities Companies	1287.91	0.50
	Other Financial Institutions	340.36	0.13
	Unincorporated Products	6444.11	2.50
	Among which : Financial Products of Commercial Banks	70.70	0.03
	Foreign Institutions	31.50	0.01
Over-the-Counter Market		29.59	0.01
Exchange Market		7128.39	2.76
Total		257981.01	100.00

Source: China Bond (<https://www.chinabond.com.cn/>)

Figure 6 Investor Structure of LGBs by the end of January 2021



### 3 Balance of Local Government Bond

By the end of January 2021, the balance of LGBs was RMB25.85 trillion, with general bonds RMB12.80 trillion and special bonds RMB13.04 trillion. The average maturity of outstanding LGBs was 6.8 years, which was 0.1 years shorter than that in the end of 2020. Among them, average maturity of general bonds was 6.2 years and special bonds 7.4 years. The average interest rate of LGBs was 3.51%, with general bonds 3.51% and special bonds 3.50%.

The total balance of China’s local government debt was RMB26.02 trillion, including LGBs and the stock of local government debt in the form of non-government bonds (RMB175.06 billion).

## Appendix

### The List of China Local Government Bonds Issued in January 2021

No.	Bond Name	Date of Issue	Due Date	Issuance Amount (100 million RMB)	Maturity (Years)	Coupon Rate (%)
1	General Bond for Refinancing Issued by Dalian Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-08	2031-01-11	124.00	10	3.39
2	Special Bond for Refinancing Issued by Dalian Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-08	2031-01-11	101.00	10	3.64
3	General Bond for Refinancing Issued by Inner Mongolia Autonomous Region Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-13	2031-01-14	104.00	10	3.49
4	Special Bond for Refinancing Issued by Inner Mongolia Autonomous Region Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-13	2031-01-14	84.00	10	3.49
5	General Bond for Refinancing Issued by Xinjiang Uygur Autonomous Region Government in 2021 (1 <sup>st</sup> Tranche) - General Bond Issued by Xinjiang Uygur Autonomous Region Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-14	2031-01-15	53.00	10	3.39
6	Special Bond for Refinancing Issued by Xinjiang Uygur Autonomous Region Government in 2021 (1 <sup>st</sup> Tranche) - Special Bond Issued by Xinjiang Uygur Autonomous Region Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-14	2031-01-15	42.00	10	3.39
7	General Bond for Refinancing Issued by Sichuan Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-15	2031-01-18	187.00	10	3.39
8	Special Bond for Refinancing Issued by Sichuan Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-15	2031-01-18	152.00	10	3.39
9	General Bond for Refinancing Issued by Jiangsu Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-15	2028-01-18	178.00	7	3.38
10	Special Bond for Refinancing Issued by Jiangsu Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-15	2028-01-18	144.00	7	3.38
11	General Bond for Refinancing Issued by Liaoning Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-19	2026-01-20	92.00	5	3.19

No.	Bond Name	Date of Issue	Due Date	Issuance Amount (100 million RMB)	Maturity (Years)	Coupon Rate (%)
12	Special Bond for Refinancing Issued by Liaoning Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-19	2031-01-20	101.00	10	3.53
13	General Bond for Refinancing Issued by Shaanxi Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-19	2031-01-20	137.00	10	3.39
14	Special Bond for Refinancing Issued by Shaanxi Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-19	2031-01-20	111.00	10	3.39
15	General Bond for Refinancing Issued by Jilin Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-20	2028-01-21	38.00	7	3.39
16	Special Bond for Refinancing Issued by Jilin Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-20	2028-01-21	30.00	7	3.39
17	General Bond for Refinancing Issued by Ningbo Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-22	2028-01-25	62.00	7	3.40
18	Special Bond for Refinancing Issued by Ningbo Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-22	2028-01-25	50.00	7	3.40
19	General Bond for Refinancing Issued by Zhejiang Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-22	2026-01-25	88.00	5	3.22
20	Special Bond for Refinancing Issued by Zhejiang Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-22	2026-01-25	72.00	5	3.22
21	General Bond for Refinancing Issued by Hunan Provincial Government in 2021 (1 <sup>st</sup> Tranche) - General Bond Issued by Hunan Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-22	2031-01-25	84.18	10	3.40
22	Special Bond for Refinancing Issued by Hunan Provincial Government in 2021 (1 <sup>st</sup> Tranche) - Special Bond Issued by Hunan Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-22	2031-01-25	63.19	10	3.55
23	General Bond for Refinancing Issued by Qinghai Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-25	2031-01-26	39.00	10	3.50
24	Special Bond for Refinancing Issued by Qinghai Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-25	2031-01-26	32.00	10	3.50
25	General Bond for Refinancing Issued by Yunnan Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-25	2028-01-26	54.00	7	3.39
26	Special Bond for Refinancing Issued by Yunnan Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-25	2028-01-26	43.00	7	3.39

No.	Bond Name	Date of Issue	Due Date	Issuance Amount (100 million RMB)	Maturity (Years)	Coupon Rate (%)
27	General Bond for Refinancing Issued by Fujian Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-26	2028-01-27	167.00	7	3.38
28	Special Bond for Refinancing Issued by Fujian Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-26	2031-01-27	135.00	10	3.39
29	General Bond for Refinancing Issued by Shandong Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-26	2031-01-27	100.85	10	3.39
30	Special Bond for Refinancing Issued by Shandong Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-26	2031-01-27	94.60	10	3.39
31	General Bond for Refinancing Issued by Beijing Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-27	2024-01-28	35.80	3	3.04
32	General Bond for Refinancing Issued by Beijing Municipal Government in 2021 (2 <sup>nd</sup> Tranche)	2021-01-27	2028-01-28	55.20	7	3.39
33	General Bond for Refinancing Issued by Beijing Municipal Government in 2021 (3 <sup>rd</sup> Tranche)	2021-01-27	2031-01-28	20.00	10	3.39
34	Special Bond for Refinancing Issued by Beijing Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-27	2024-01-28	12.30	3	3.04
35	Special Bond for Refinancing Issued by Beijing Municipal Government in 2021 (2 <sup>nd</sup> Tranche)	2021-01-27	2026-01-28	63.10	5	3.21
36	Special Bond for Refinancing Issued by Beijing Municipal Government in 2021 (3 <sup>rd</sup> Tranche)	2021-01-27	2028-01-28	13.60	7	3.39
37	General Bond for Refinancing Issued by Guizhou Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-27	2026-01-28	110.55	5	3.21
38	Special Bond for Refinancing Issued by Guizhou Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-27	2026-01-28	52.99	5	3.21
39	General Bond for Refinancing Issued by Anhui Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-28	2028-01-29	122.00	7	3.41
40	Special Bond for Refinancing Issued by Anhui Provincial Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-28	2028-01-29	99.00	7	3.41
41	General Bond for Refinancing Issued by Chongqing Municipal Government in 2021 (1 <sup>st</sup> Tranche)	2021-01-29	2026-02-01	276.00	5	3.23

*Issued by China Government Debt Center in February 2021*

*Website: <http://kjhx.mof.gov.cn/>*

*Contact with: 010-68554064 68554066*