

Headline news

⇒ Deutsche Bank issues ¥1bn 3-year Panda bond

Deutsche Bank became the first foreign institution to take advantage of new regulations when it issued a ¥1bn (\$143mm) 3.21% 3-year CNY senior preferred note this week. Rather than being compelled to retain raised proceeds onshore, Deutsche Bank is able to use the funds for "general group funding purposes". The issue yield translates to 0.69% over the constant-maturity 3-year CGB. The DB issue is unlikely to herald a torrent of new Panda bonds, though. Chinese regulators may have relaxed controls but they will not want unlimited issuance.

⇒ Rates drift up across the board

Rates continued to rise this week, though the rise was relatively small, around 5bps in the short end and 2 to 3 bps further out. The benchmark DragonX10 fell ¥1.2, a decline of 0.1%, illustrating how small the rate shift was when converted into a capital loss.

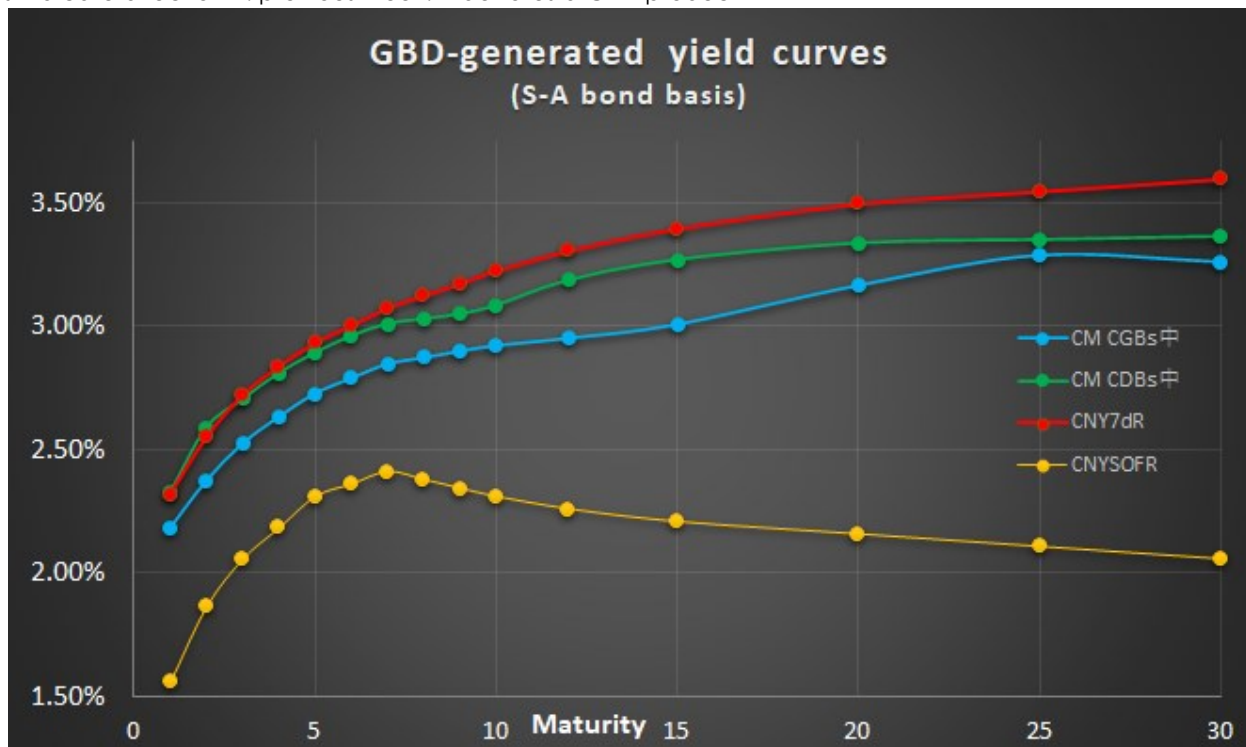
7-day repo 2.00%▲

5Y CNY7dR 2.93%▲

10Y CM CGB[#] 2.92%▲

DragonX10[#] ¥997.3▼

Arrows indicate direction v. previous week. [#] denotes a GBD product



GB Dragon's current proprietary data

- Our performance DragonX indices (1, 5, 10 and 30y) for CGBs
- 30-year curves for
 - ◇ Swaps and currency forwards in a broad range of markets
 - ◇ Par and zero-coupon interest rate swap curves
 - ◇ Constant maturity (CM) China Government and China Development Bank bonds

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