



# Chinese bond markets – Time to take seriously

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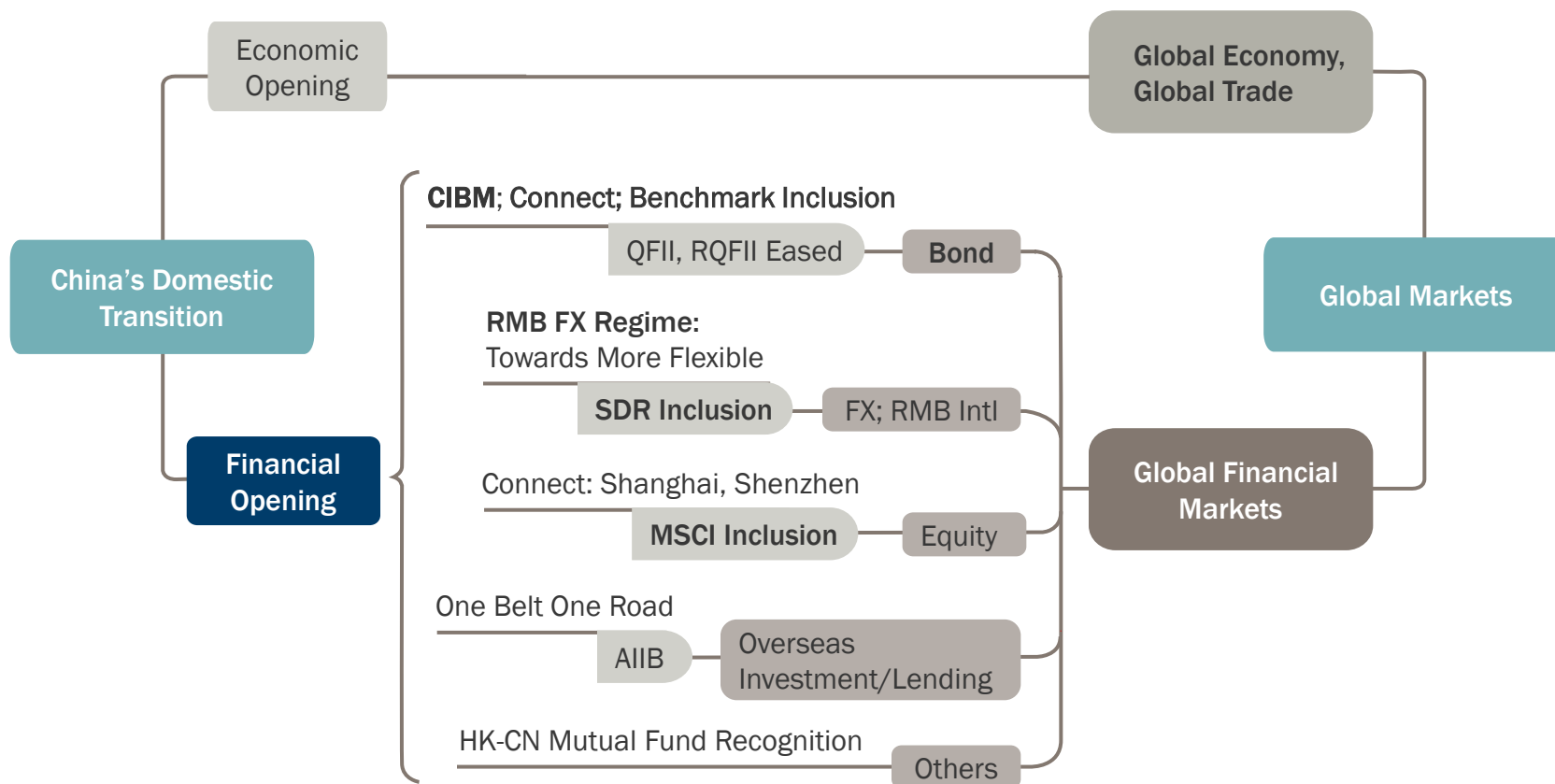
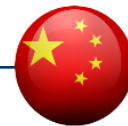
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# China Bond Markets

## Bigger Picture – Just The Beginning



» China is seeking ways to improve international role through financial opening.  
Global players are pushing China to conduct domestic reforms, to reach international standard

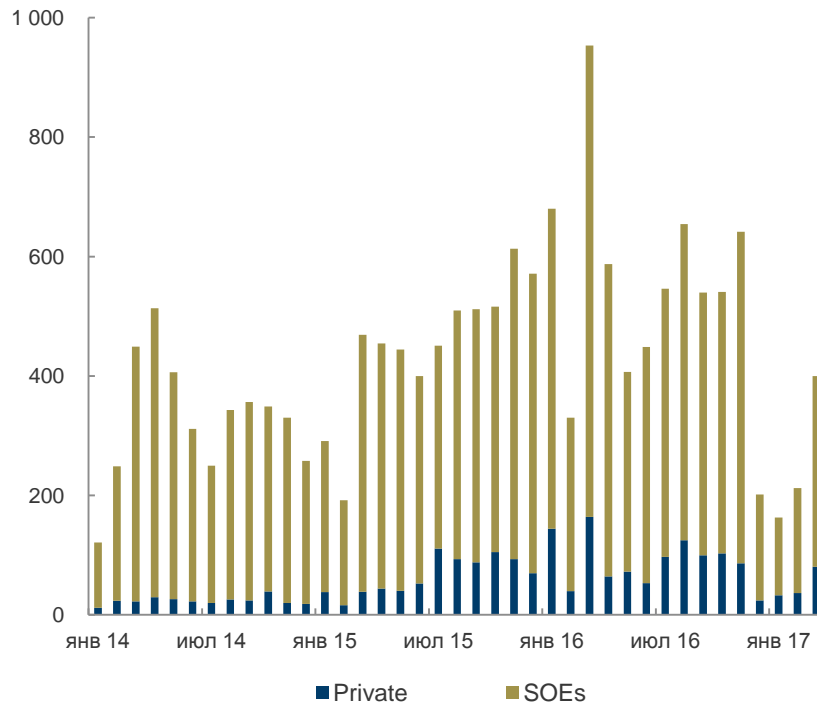
Source: Pioneer Investments. Based on information available as of 27<sup>th</sup> March 2017.

# China Bond Markets

## Structural Transition Underway



China Corporate Bond New Issuance (RMB bn)



China Corporate Bond Yields (3 Year, Domestic Rating, bps)

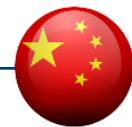


» Bond market liberalization: Part of efforts to improve efficiency of financial markets  
Easier for private firms to finance; to reduce implicit guarantee by allowing individual defaults.

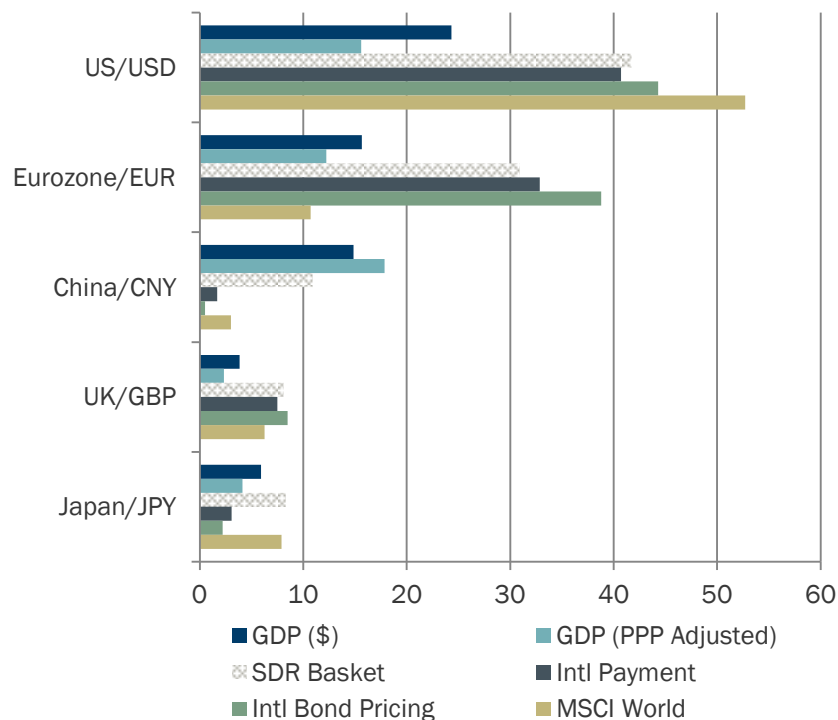
Sources: Wind, CICC, Pioneer Investments. Based on data available as of 27<sup>th</sup> March, 2017.

# China Bond Markets

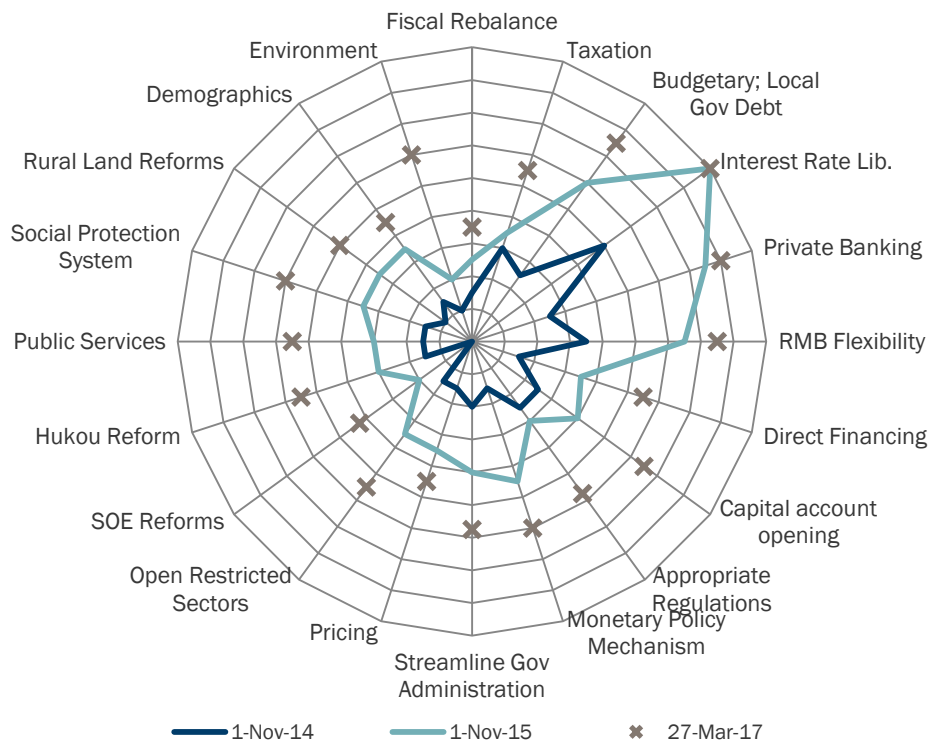
## Good Potentials, if Structural Reforms Continues



China's International Role (% of World)



Reform Tracker (%)



» If economic transition continues, we could see meaningful catch-up in global financial markets, with real chance of major benchmark inclusion and increase of demand for RMB assets

- For example, RMB FX regime shift, monetary policy framework, financial regulations

Sources: CEIC, Bloomberg, IMF, SWIFT, BIS, MSCI, Pioneer Investments. Data as of 27<sup>th</sup> March, 2017.

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