



Chinese bond markets – Time to take seriously

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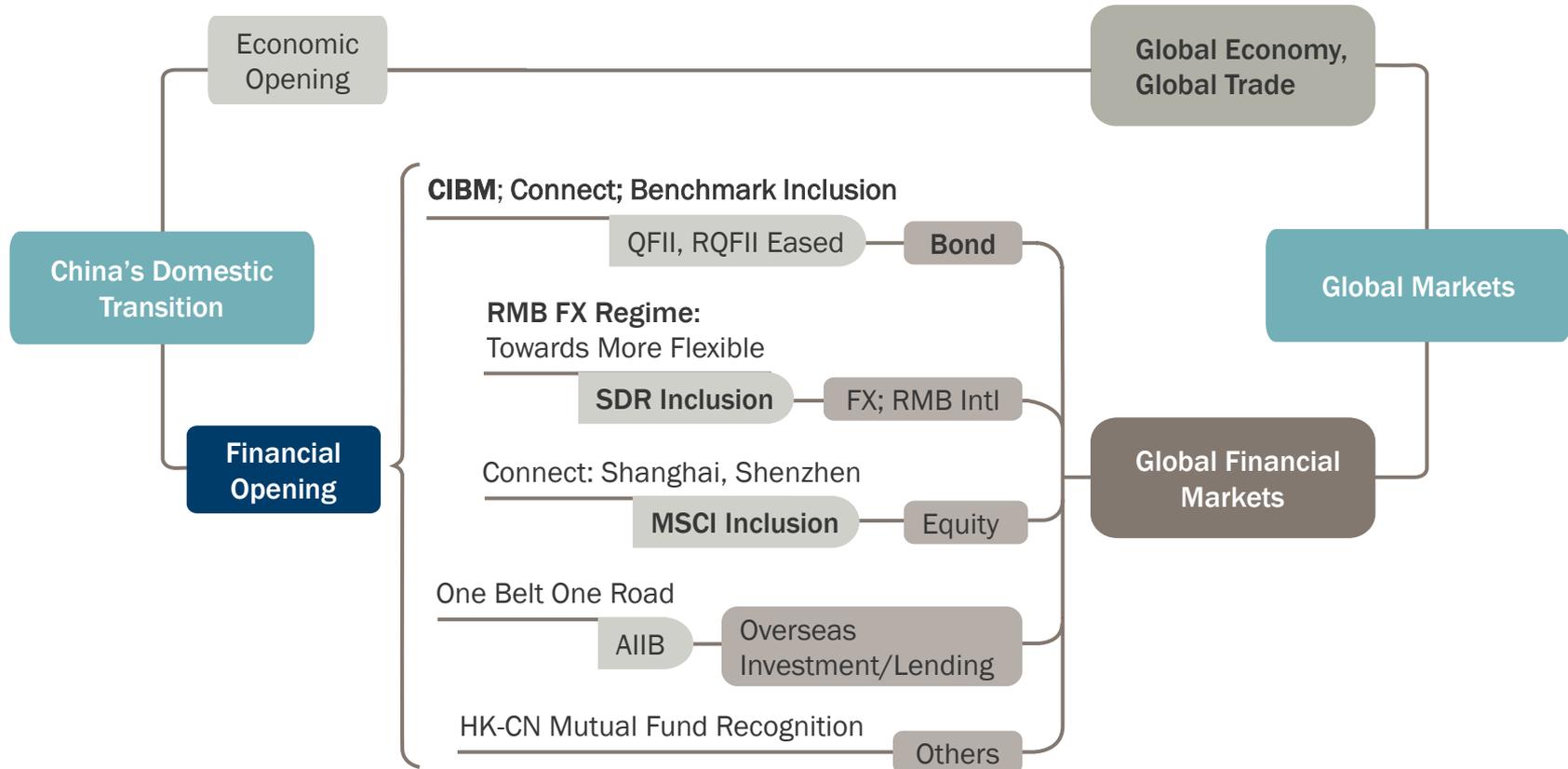
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China Bond Markets

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

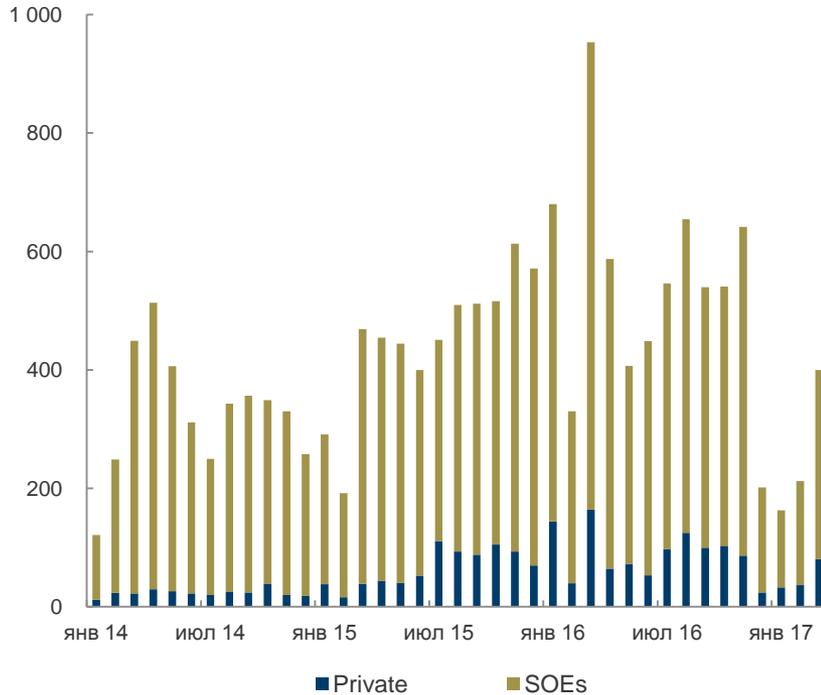
Source: Pioneer Investments. Based on information available as of 27th March 2017.

China Bond Markets

Structural Transition Underway



China Corporate Bond New Issuance (RMB bn)



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

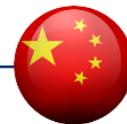


» Bond market liberalization: Part of efforts to improve efficiency of financial markets
Easier for private firms to finance; to reduce implicit guarantee by allowing individual defaults.

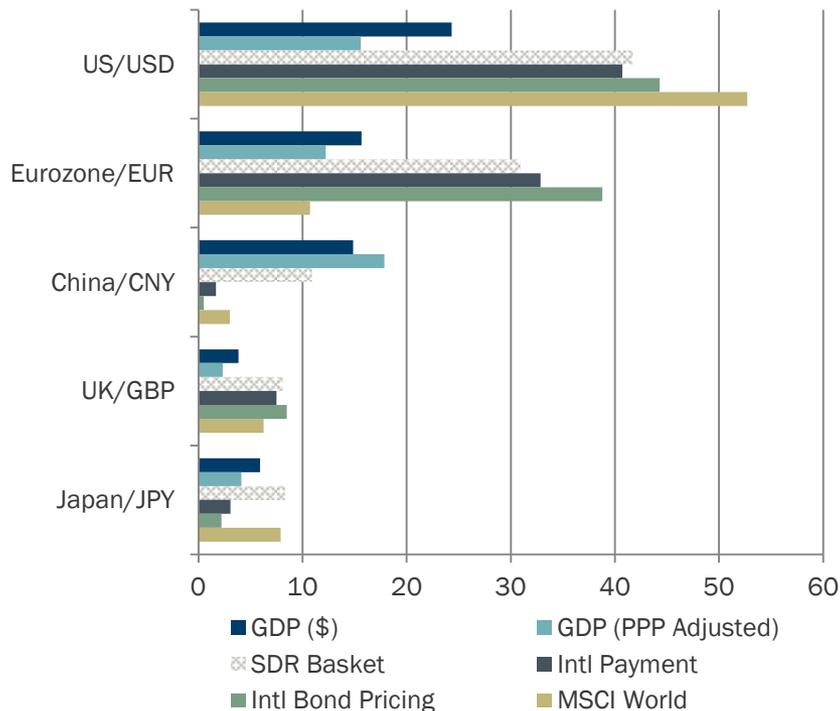
Sources: Wind, CICC, Pioneer Investments. Based on data available as of 27th March, 2017.

China Bond Markets

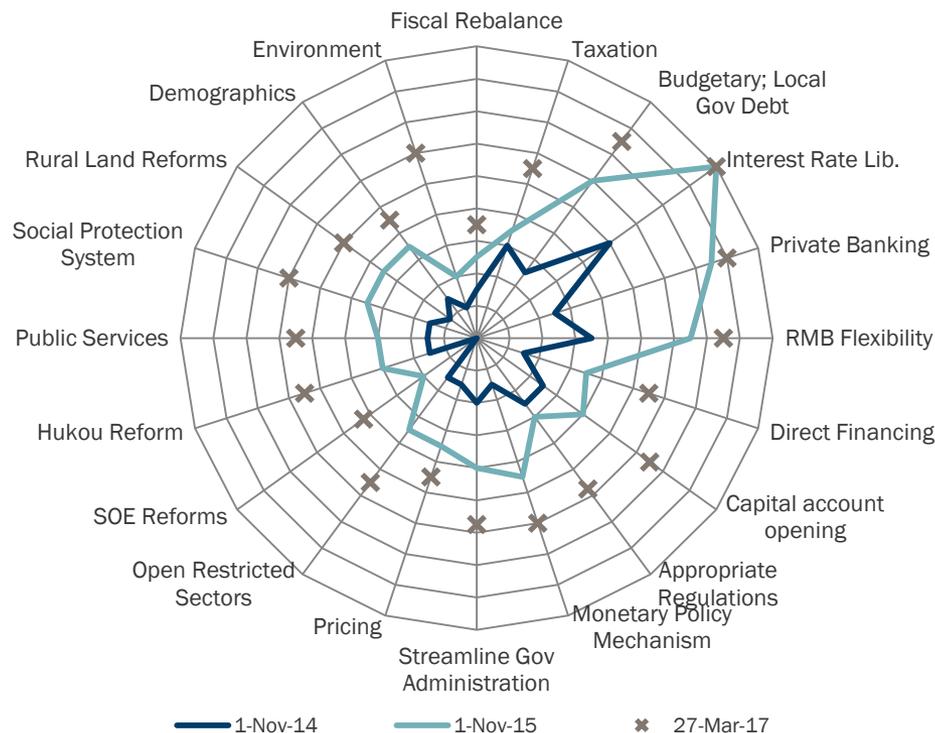
Good Potentials, if Structural Reforms Continues



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 27th March, 2017.

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