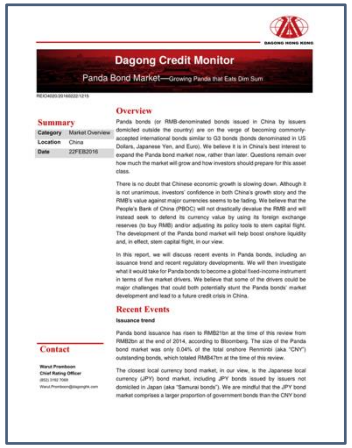
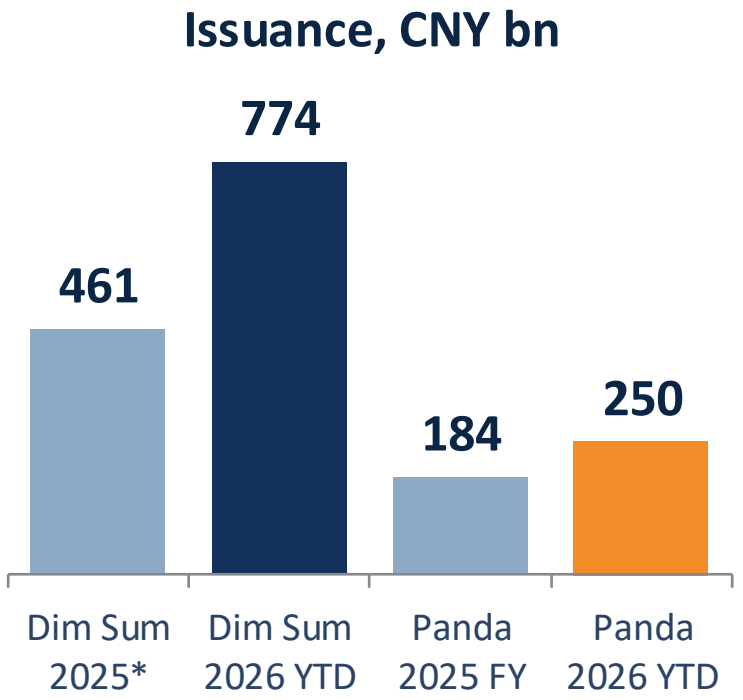
BONDCRITIC | HONG KONG | November 12th 2026

Panda and Dim Sum bonds, ten years on



Dagong HK, Feb 2016



*Same period of 2025, implied by +68% growth.
Source: BofA; Bloomberg; Bondcritic calculations

About Bondcritic

- Independent Asian credit research since 2017.
- Credit Advisory on private credits
- Development Finance advisory with IFC, UNCDF, and ADB
- Capital Market Advisory projects in Southeast Asia

CNY 774bn
Dim Sum issuance to 20 Oct, up 68% YoY

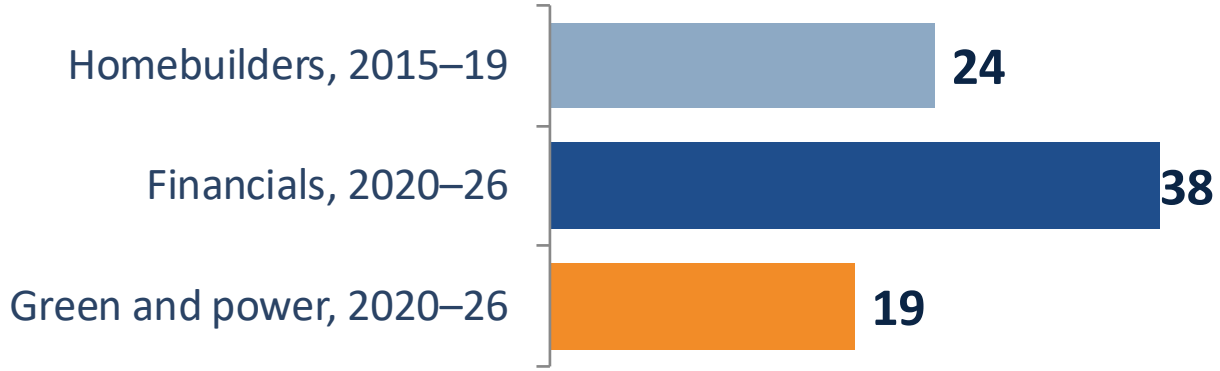
CNY 506bn
Panda bonds outstanding, 31 Jul

c.330bp
China–US 10Y gap, 6 Nov; record 352bp

Source: BofA Global Research; S&P Ratings (China); Caixin; U.S. Department of the Treasury; Trading Economics

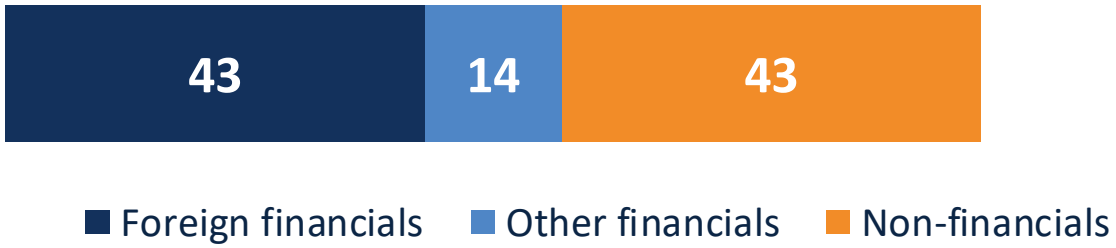
Finance and green replaced property

Panda issuance by sector, % of volume



Source: S&P Ratings (China)

Dim Sum issuance, 2026 YTD, % of volume

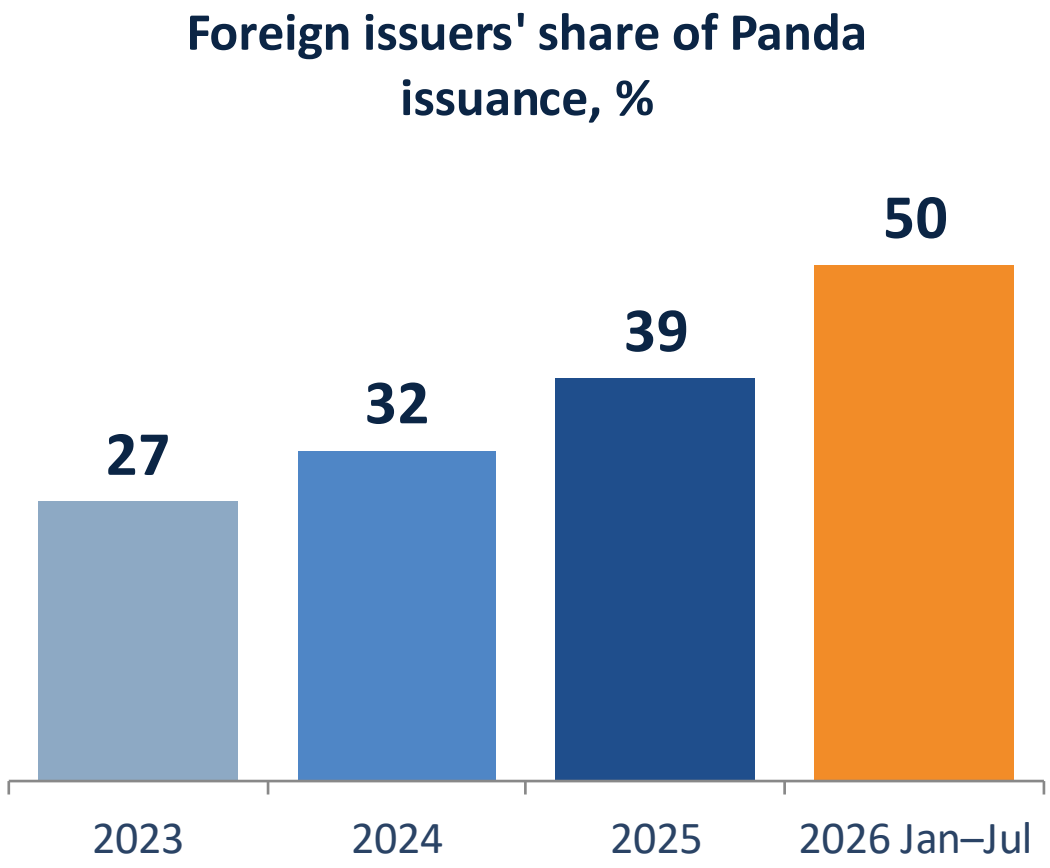


Source: BofA Global Research; Bondcritic calculations

Series	CNY bn	Source
Panda, H1 2026 (+68% YoY)	~160	S&P
Panda, to 31 Jul 2026	195.7	S&P
Panda, to 22 Oct 2026	~250	Bloomberg
Dim Sum, to 20 Oct 2026	774	BofA
of which foreign financials	333	BofA

Source: S&P Ratings (China); Bloomberg; BofA Global Research

Foreign issuers now supply half of Panda

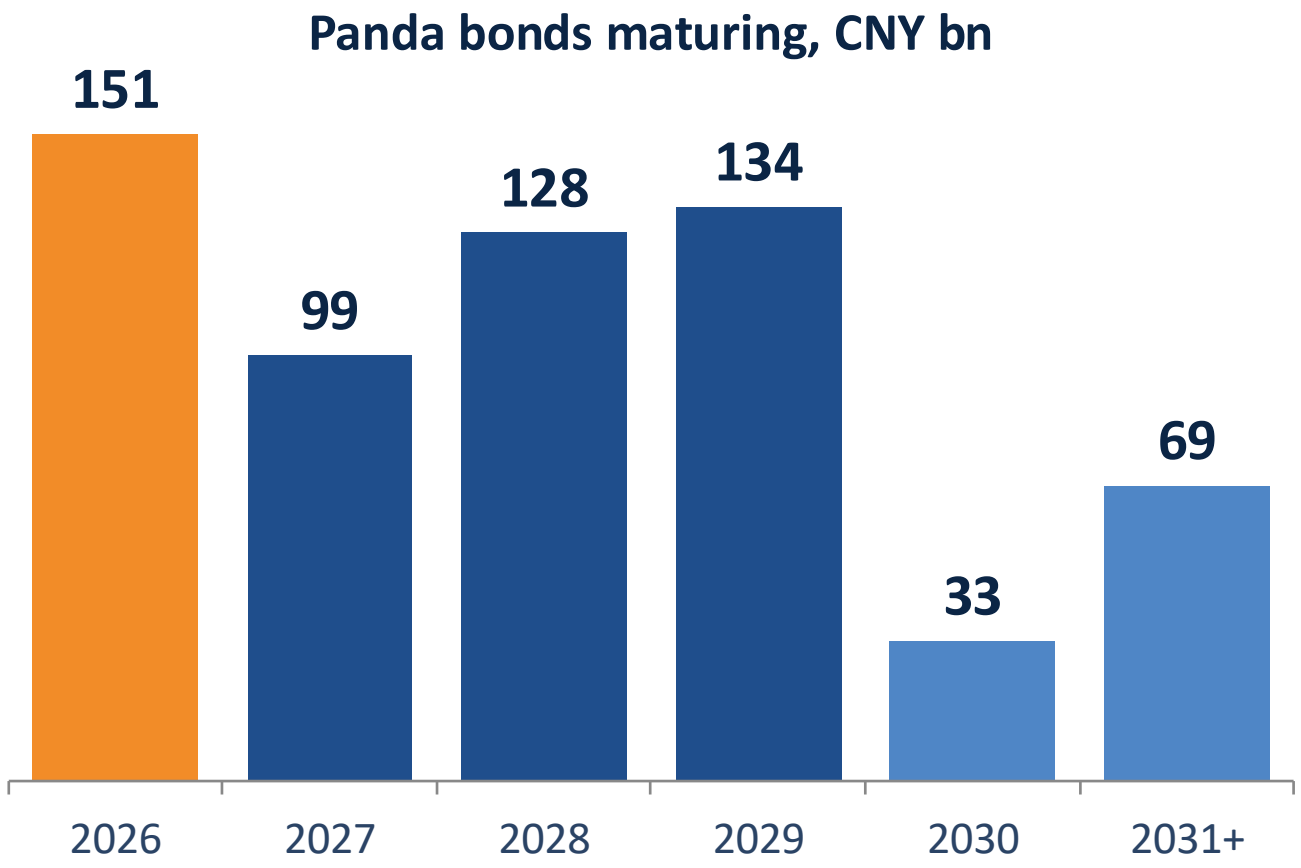


Source: S&P Ratings (China)

Who buys	Evidence
Panda	Deposit-taking institutions, securities firms and funds; deposit-taking share rising
Panda venue	Interbank market: 99.3% of 2026 issuance
Dim Sum	Mainland money via Southbound Bond Connect; quota CNY800bn, up from CNY500bn (Jul 2026)
Foreign holders	1.8% of onshore bonds, c.CNY3.2tn at end-June

Source: S&P Ratings (China); The Standard; South China Morning Post (Wind)

Panda maturities peak at CNY151bn in 2026



Source: S&P Ratings (China)

Tenor	Fact
Panda 3Y	Core tenor; 5Y supply is rising
Panda 7Y	Crédit Agricole: first 3+5+7 structure
Dim Sum	c.30% of 2026 bonds have an average life beyond 7 years
GSS+ ≤5Y	Panda 67%, Dim Sum 76% of volume
2027–29	Panda maturities average above CNY120bn a year

Source: S&P Ratings (China); BofA Global Research; Climate Bonds Initiative

Rules moved from access to quality

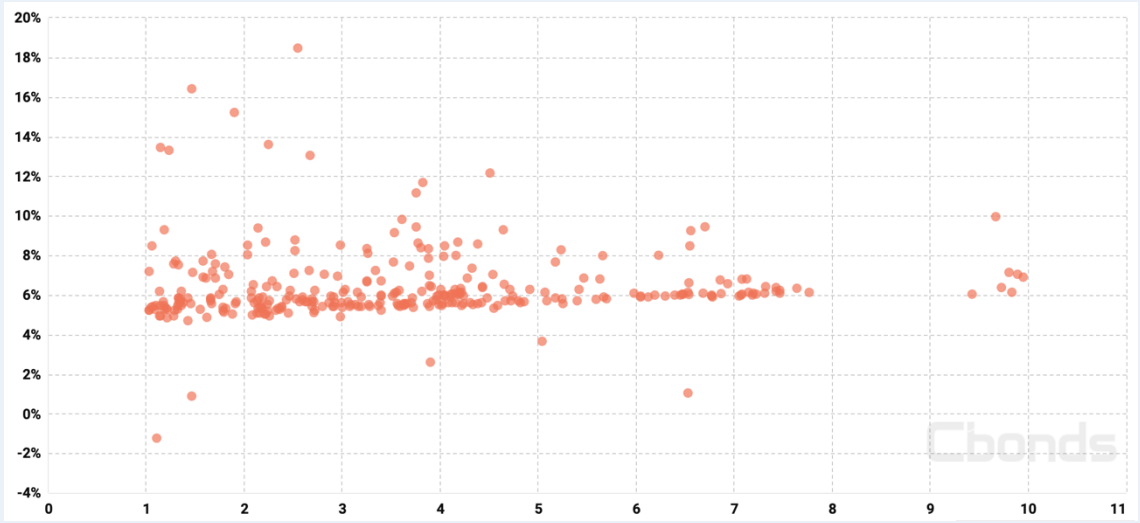


Item	Date	What changed
Southbound quota	Jul 2026	Raised to CNY800bn from CNY500bn, feeding Dim Sum demand
English guidelines	Aug 2026	Shanghai Clearing House issues English Panda guidelines
Policy tone	Aug 2026	PBOC backs more eligible foreign entities issuing Panda bonds

Source: S&P Ratings (China) (timeline); The Standard; Shanghai Clearing House (table)

USD Yield Dynamics

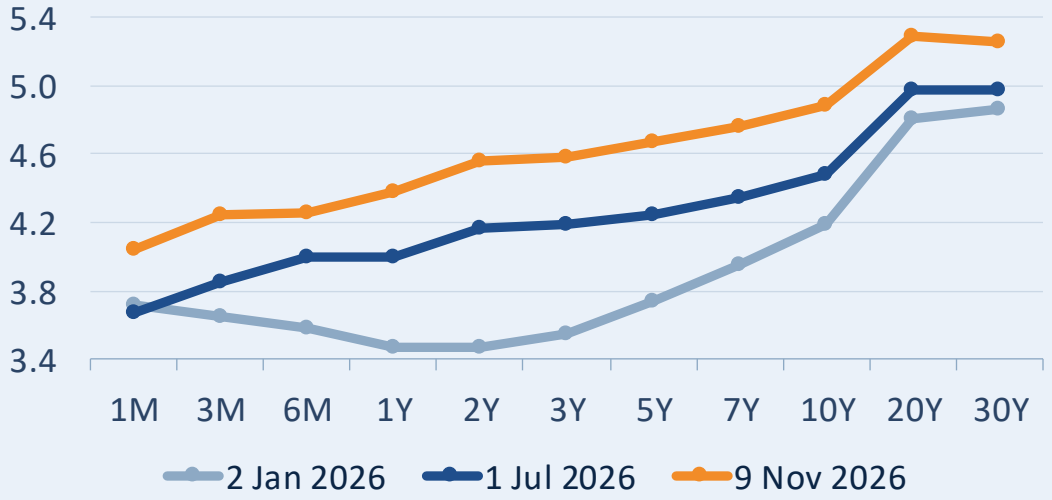
Asian USD high-yield bonds (B- or above): yield vs maturity, %



- Most bonds yield c.5–7% across 1–10 years; a few outliers trade above 10%
- Against the 5Y Treasury at 4.67%, the core of the market pays roughly 85–185bp more

Source: Cbonds (chart readings are approximate)

US Treasury par yield curve: 2 Jan, 1 Jul and 9 Nov 2026, %

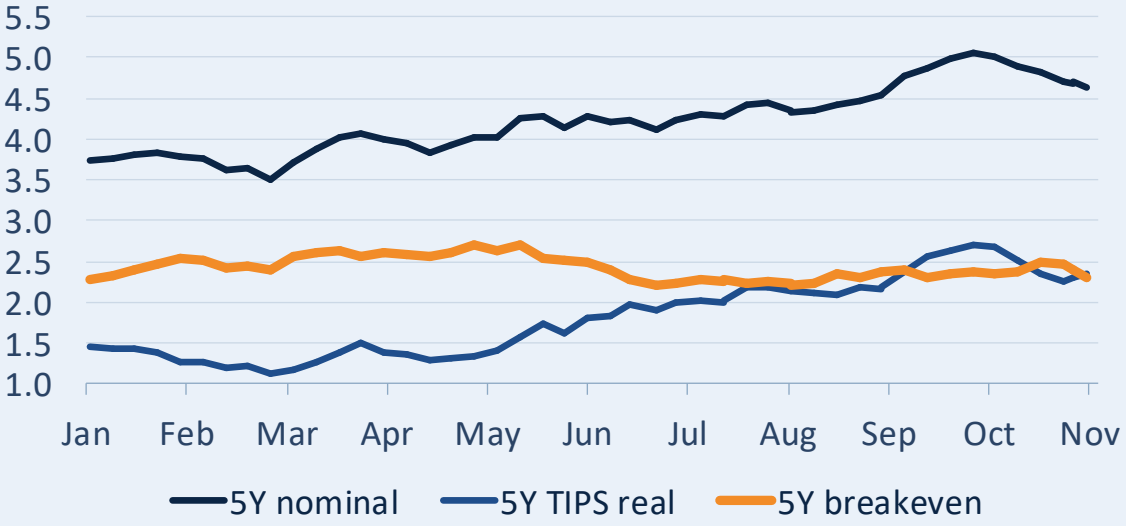


+109bp	+69bp	+40bp
2Y since 2 Jan	10Y since 2 Jan	30Y since 2 Jan

Source: U.S. Department of the Treasury (daily par yield curve rates); Bondcritic calculations

Real rates, not inflation, drive US yields

US 5Y Treasury: nominal yield, TIPS real yield and breakeven, %



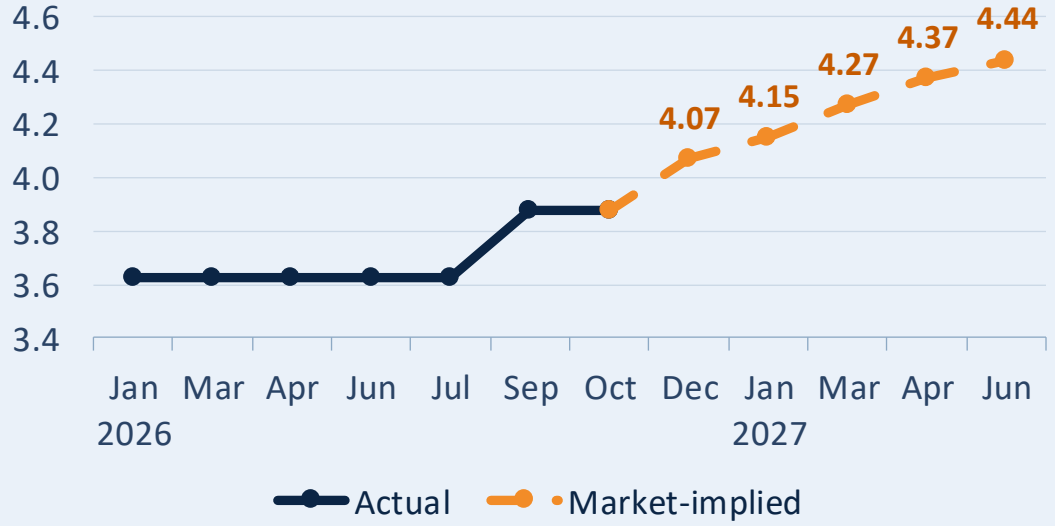
+90bp
Nominal 3.74→4.64%

+89bp
Real 1.46→2.35%

+1bp
Breakeven 2.28→2.29%

Source: U.S. Department of the Treasury (par yield and par real yield curve rates, 2 Jan–6 Nov 2026); Bondcritic calculations

Fed funds target midpoint: 2026 actual and market-implied path to Q2 2027, %



3.75–4.00%
Target since 16 Sep

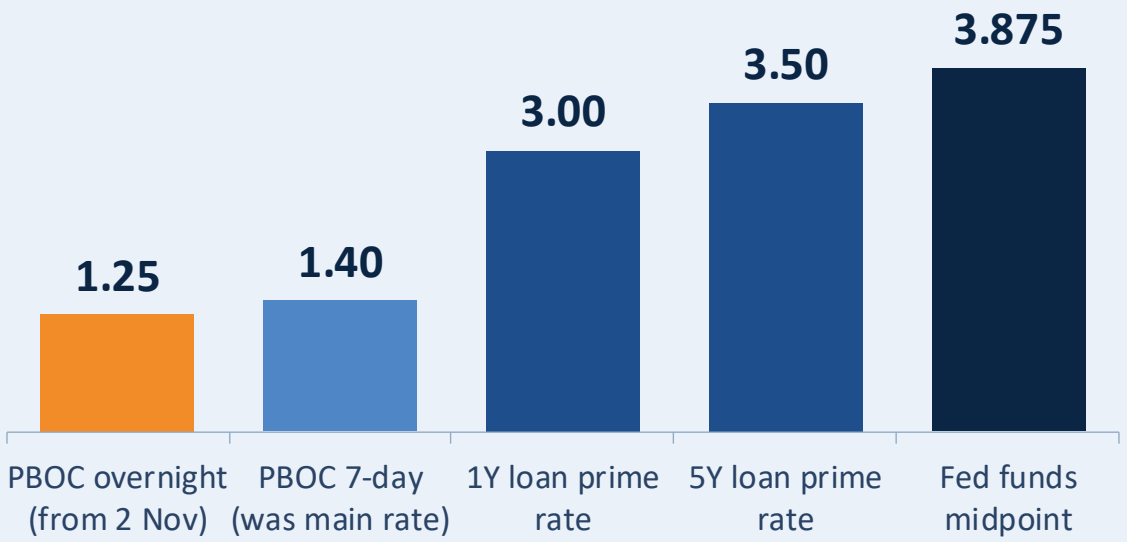
77%
Dec 9 hike odds (6 Nov)

4.44%
Jun'27 midpoint priced

Source: Federal Reserve; CME FedWatch via 24/7 Wall St; CME futures via Investing.com and rateprobability.com

PBOC: hold now, cuts more likely in 2027

PBOC policy and loan rates vs the Fed, %



–15bp
Overnight vs 7-day rate

17 months
LPR unchanged

2.6pp
Fed midpoint – PBOC overnight

Source: PBOC announcements via Reuters, Caixin and Bloomberg; Trading Economics; Federal Reserve; Bondcritic calculations

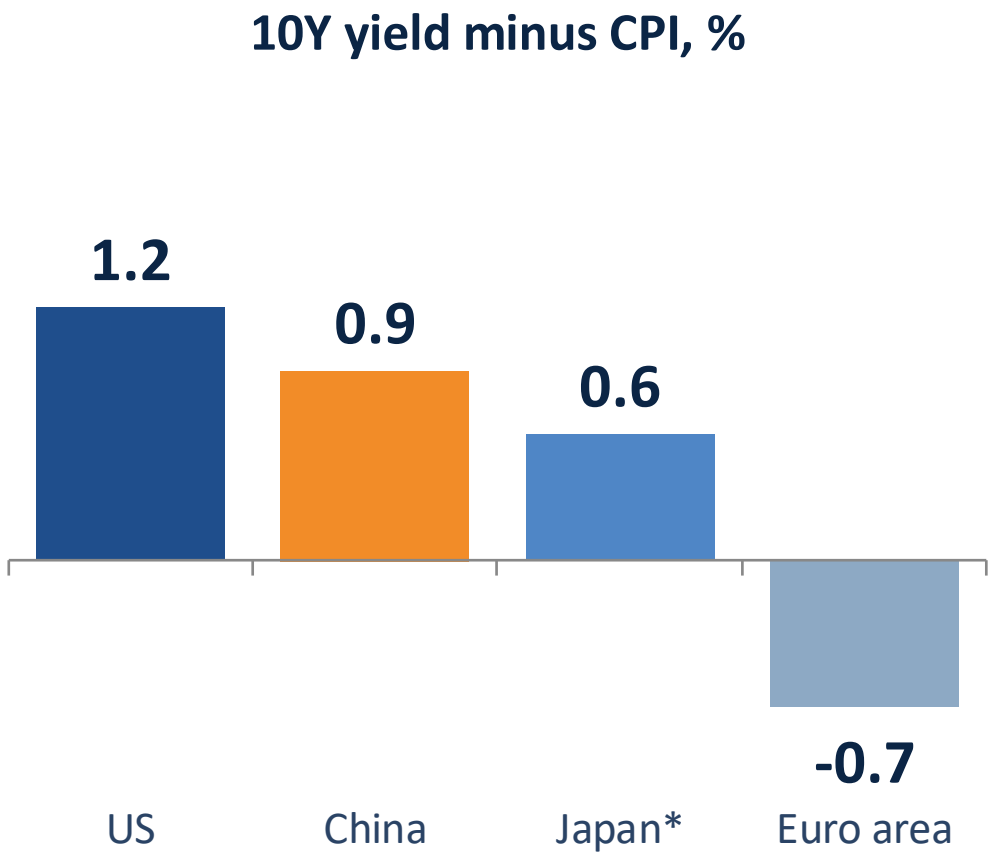
What could move next

When	Event	Expectation
20 Nov	LPR fixing	**Hold (Citi)**
Month-end	7-day tenders, varied rates	**Short-end noise**
9 Dec	Fed meeting	**c.77% odds of a hike**
To Q1 2027	LPR and RRR	**Unchanged (poll)**
2027	Rate or RRR cut	**More likely (Citi, Nomura)**

1.25% anchor keeps CNY funding cheap and the USD–CNY gap wide: keeps the swap pickup large (slide 18) (slide 18)

Source: Reuters (Citi, poll, 2 Nov and 20 Oct); Bloomberg (Nomura); Investing.com; Caixin

China's real yield: 0.9% vs US 1.2%



Source: U.S. Department of the Treasury; Caixin; NBS; Trading Economics; Tradeweb; Eurostat; Bondcritic calculations

Market	10Y yield	CPI	Real
US	4.88%	3.7%	**1.2%**
China	1.57%	0.7%	**0.9%**
Japan*	2.67%	2.1%	**0.6%**
Euro area	3.27%	4.0%	**–0.7%**

*Japan: national CPI (Sep). Yields: 6–9 Nov

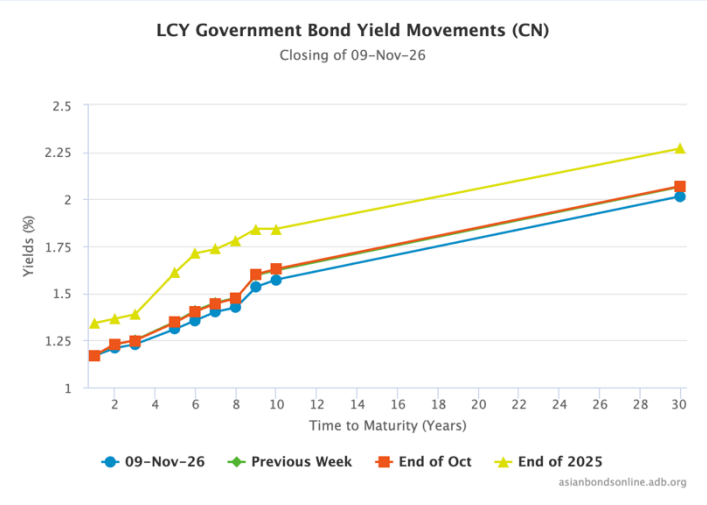
What to watch

- PBOC loan prime rates 3.0% / 3.5%: unchanged for 17 months
- China PPI +5.7% YoY vs CPI +0.7% (Oct)
- Fed held 3.75–4.00% on 28 Oct; December hike c.77% priced
- Foreign investor tax exemption ends 31 Dec 2027

Source: Trading Economics; NBS; Admiral Markets; 24/7 Wall St; S&P Ratings (China)

China: the lowest yields of six majors

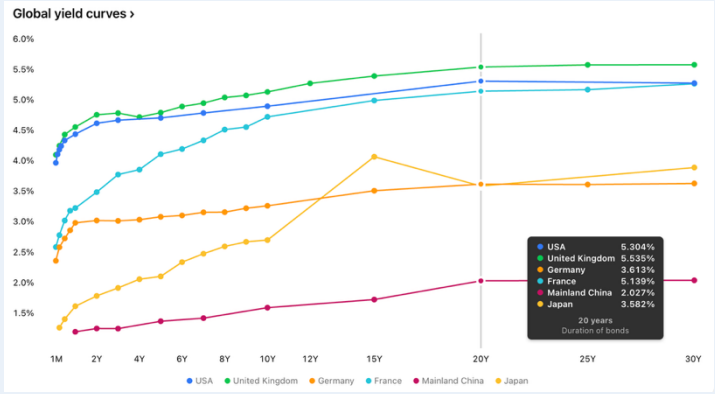
China government yield curve: 9 Nov vs end-Oct and end-2025



10Y c.1.6% on 9 Nov vs c.1.8% at end-2025: c.27bp lower

Source: ADB AsianBondsOnline, 9 Nov 2026

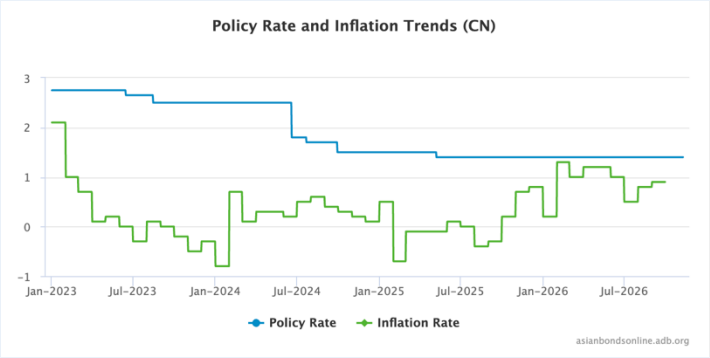
10Y government yields: China vs US, UK, Germany, France, Japan



10Y: China c.1.6%, Japan 2.7%, Germany 3.3%, France 4.7%, US 4.9%, UK 5.1%

Source: TradingView (readings approximate)

China policy rate vs inflation, 2023–26, %



7-day rate 1.40% since May 2025 (overnight 1.25% from 2 Nov); CPI 0.7% in Oct

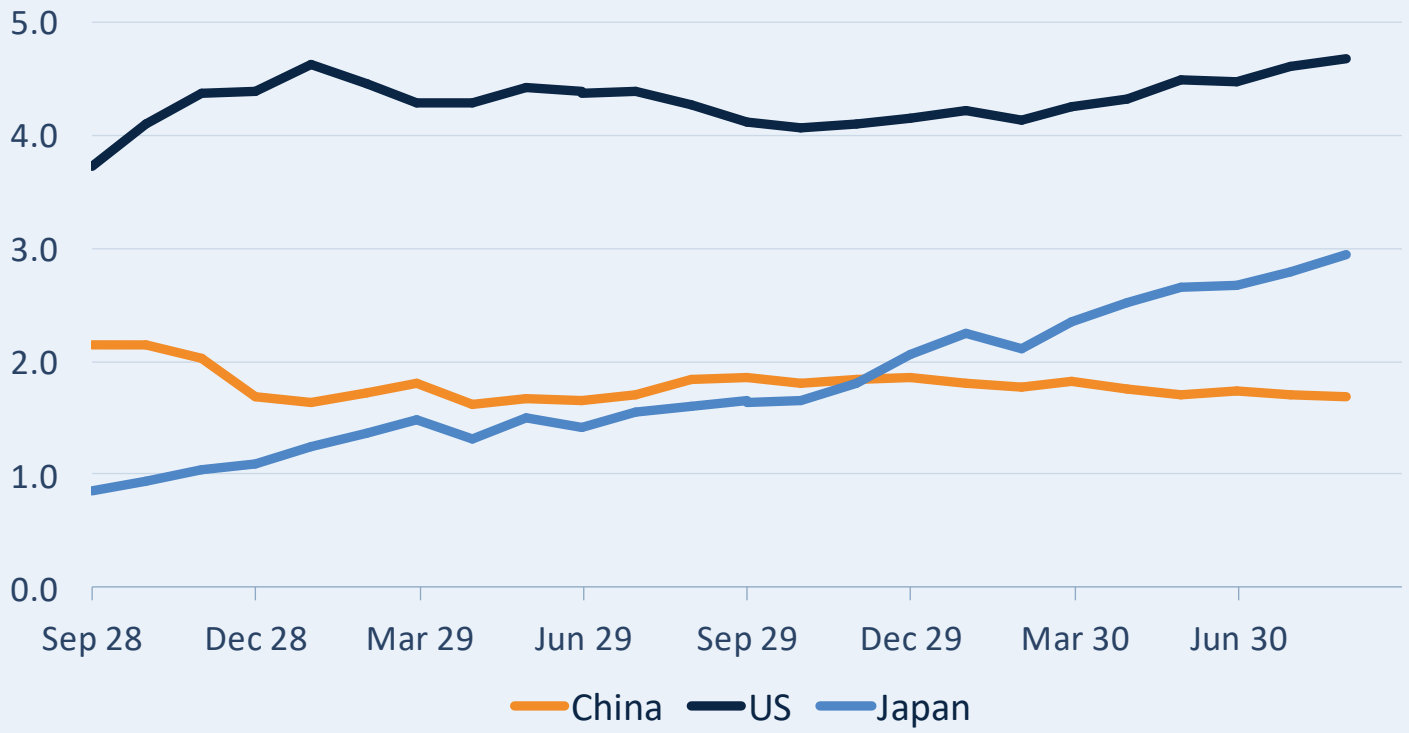
Source: ADB AsianBondsOnline; NBS

Specific risks of CNY bonds

- Corporate governance
- Rating standard
- Accounting standard (CAS)
- Language
- Information access

China down, US and Japan up since 2024

10-year government bond yield, monthly average, %



Two-year change

	Sep 24	Aug 26	Chg, bp
China	2.15	1.69	–46
US	3.72	4.68	+96
Japan	0.86	2.94	+208

Latest (Nov 2026)

1.58%
China, 9 Nov

4.88%
US, 9 Nov

2.67%
Japan, 6 Nov

Source: OECD long-term interest rates, monthly average (via IndexBox); CFETS (China, 9 Nov); U.S. Department of the Treasury (US, 9 Nov); Trading Economics (Japan, 6 Nov); Bondcritic calculations

China yields barely move with the G7

Correlation of government bond yields, 1995–2025

	US	Germany	UK	France	Japan
US	**1**	0.66	0.65	0.6	0.29
Germany	0.66	**1**	0.69	0.86	0.28
UK	0.65	0.69	**1**	0.64	0.26
France	0.6	0.86	0.64	**1**	0.26
Japan	0.29	0.28	0.26	0.26	**1**
India	**0.14**	**0.11**	**0.1**	**0.12**	**0.06**
China	**0.1**	**0.07**	**0.09**	**0.07**	**0.07**

Source: Bloomberg/IIF (May 2025)

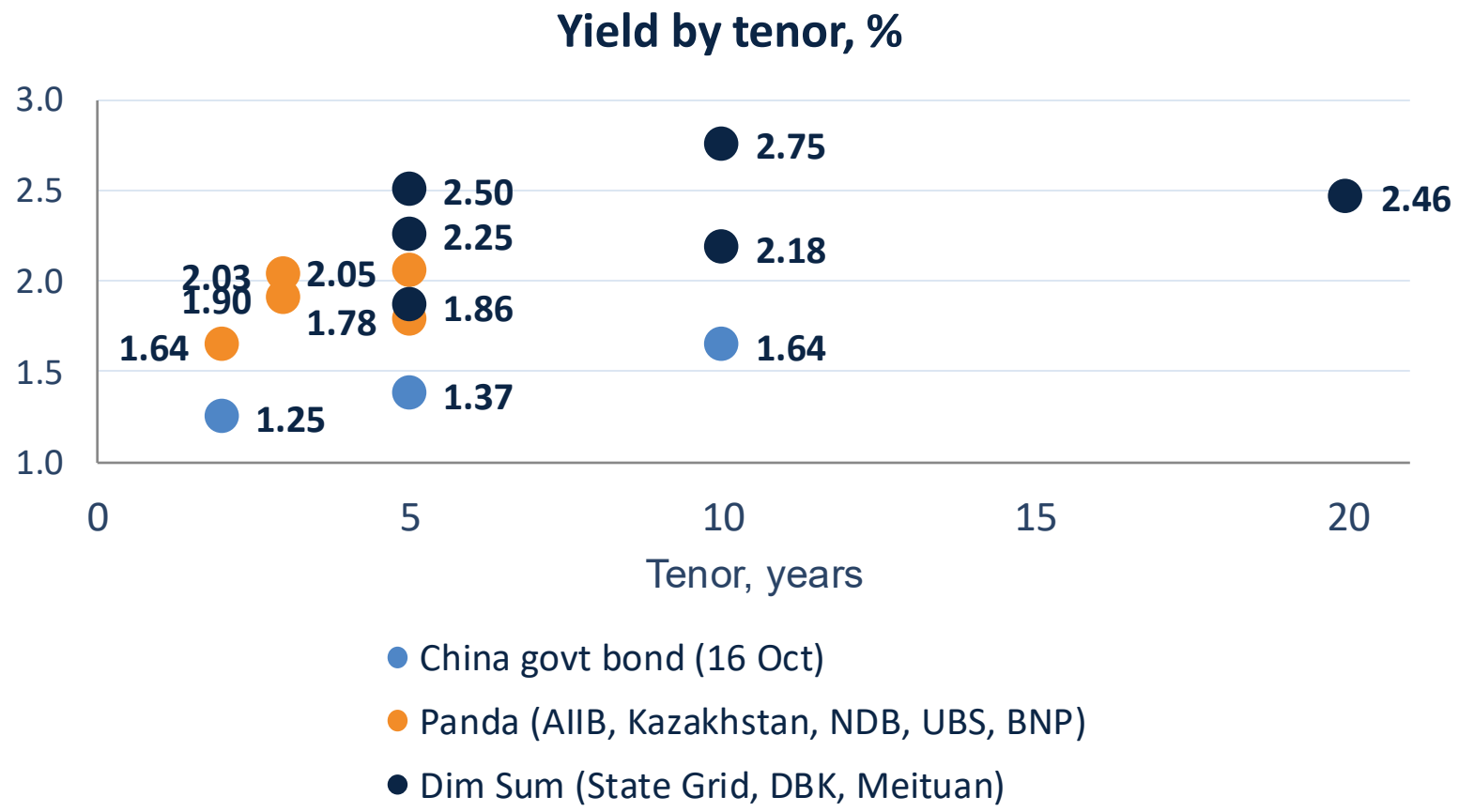
What drives the low correlation

- Level of self-sufficiency
  - Domestic economy
  - Funding dependency from G3 or G7
- Reliance on trade and services to the US and EU
- Reliance on trade and services to China and/or India

0.07–0.10
China vs US, Germany, UK, France, Japan

0.66
US vs Germany, for comparison

Dim Sum yields sit above Panda



Source: ADB AsianBondsOnline; S&P Ratings (China); Climate Bonds Initiative; UBS; SCMP; KASE; The Standard

Tenor	Panda	Dim Sum	Gap
3Y	1.90%	2.34%	**44bp**
5Y	1.78%	2.45–2.50%	**67–72bp**

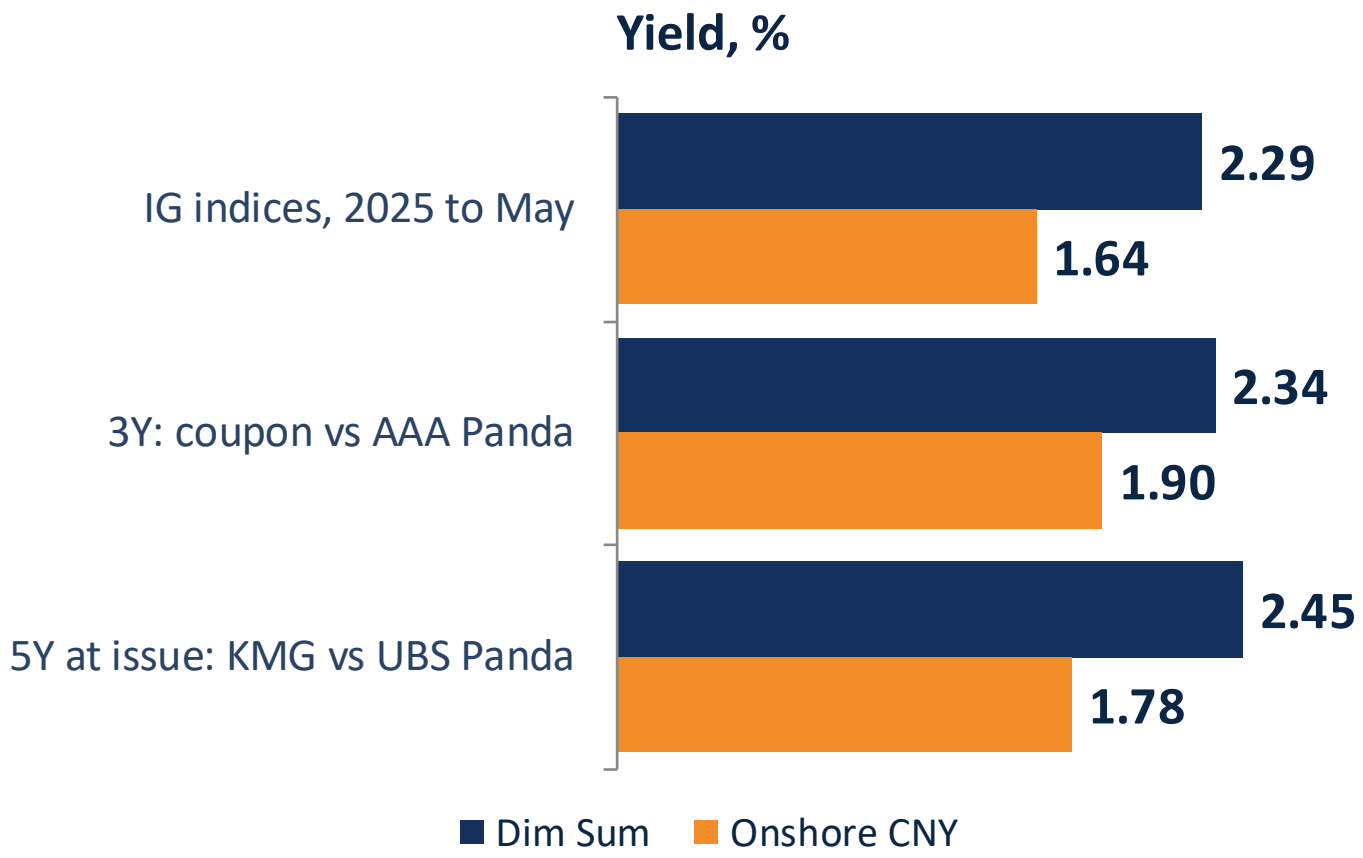
3Y AAA Panda yield

5.1% → 1.9%

2018 to Jul 2026

Source: White & Case; S&P Ratings (China); Bondcritic calculations

Dim Sum pays 44–67bp over onshore CNY



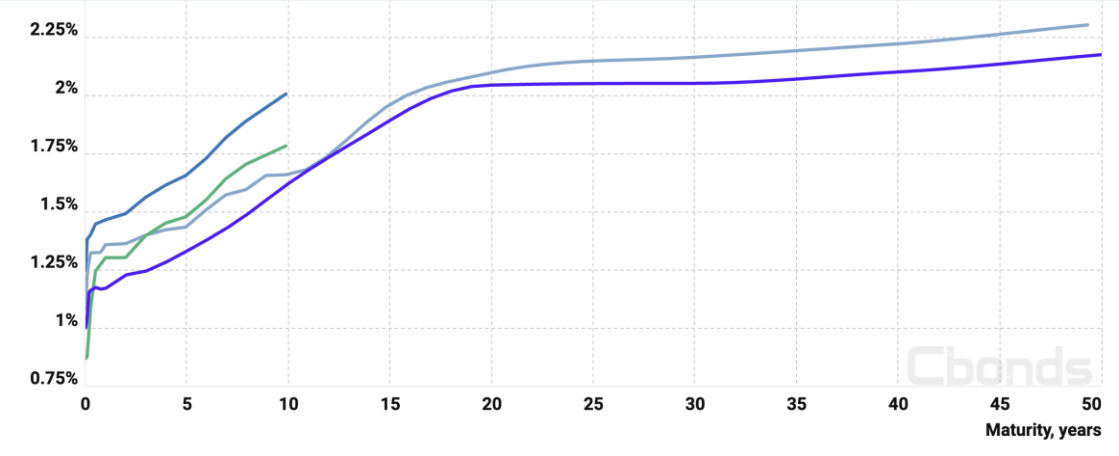
Source: FTSE Russell (LSEG); White & Case; S&P Ratings (China); The Standard; UBS; Bondcritic calculations

Item	Evidence
Premium	65bp (FTSE), 44bp (3Y), 67bp (5Y, our calculation)
Pays for	Smaller liquidity pool and FX exposure
Size	Dim Sum c.CNY1.9tn outstanding vs Panda CNY506.4bn
Narrowing	Southbound quota CNY800bn, up from CNY500bn; we expect the premium to narrow

Source: BofA Global Research; S&P Ratings (China); The Standard

CNY vs CNH and CNH vs USD

CNY vs CNH: government and policy-bank curves, 3 Nov 2026

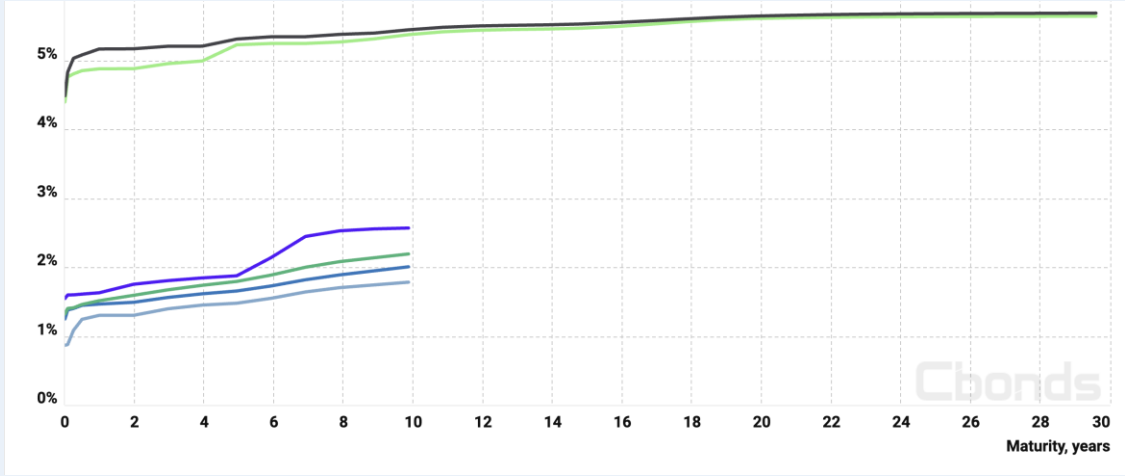


- China Policy Bank (CNH)
- China Sovereign (CNH)
- CDB bond
- Government bond

- At 10Y: CNH policy bank c.2.0%, CNH sovereign c.1.8%, onshore government c.1.6%

Source: Cbonds (chart readings are approximate)

CNH vs USD: CNH curves vs offshore USD financial curves, 3 Nov 2026

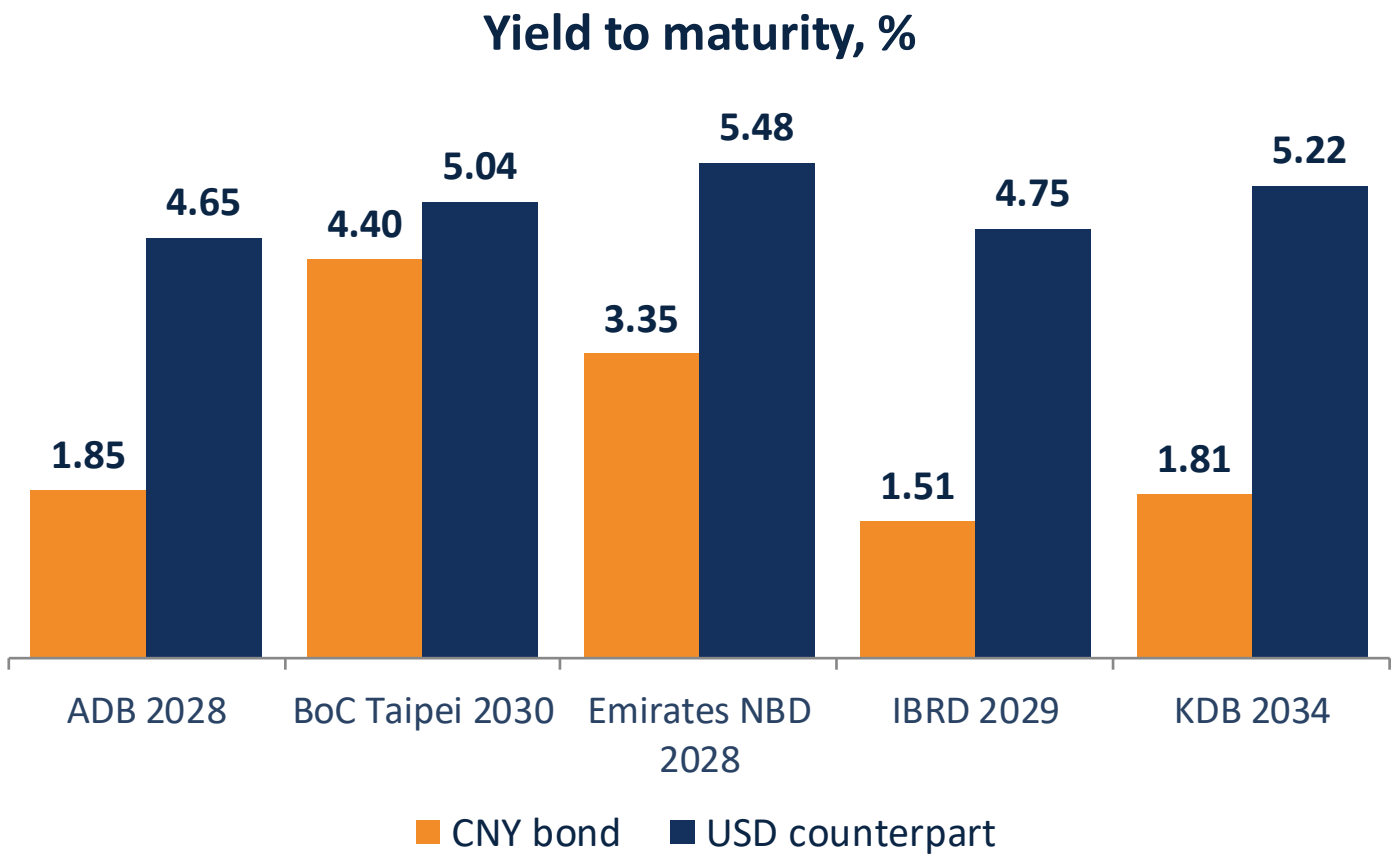


- Policy Bank (CNH)
- Financial (CNH), A
- Offshore USD financial, A
- Sovereign (CNH)
- Financial (CNH), BBB+
- Offshore USD financial, BBB+

- At 10Y: USD financials (A) c.5.35% vs CNH (A) c.2.2%, a gap of c.315bp

Source: Cbonds (chart readings are approximate)

CNY yields trail USD peers by 64–341bp



Source: Cbonds; Bondcritic calculations

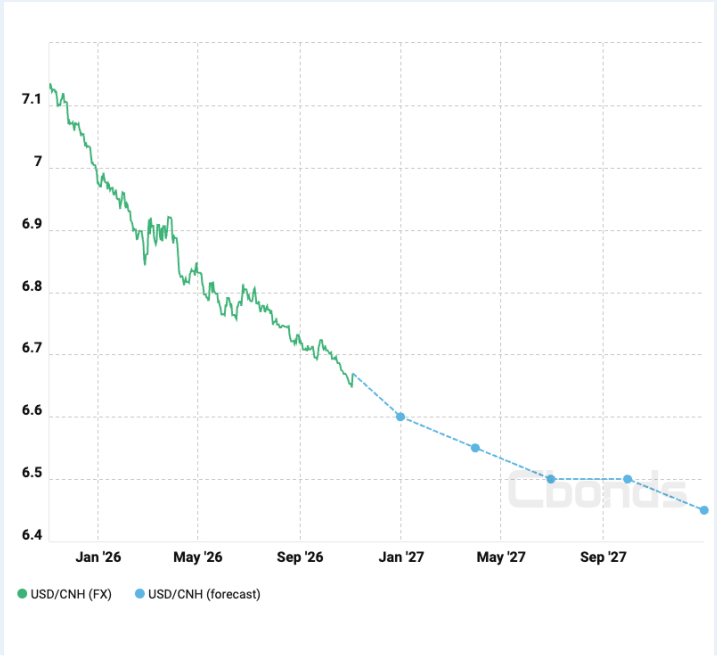
Issuer	CNY %	USD %	Gap bp
ADB 2028	1.85	4.65	−280
BoC Taipei 2030	4.40	5.04	−64
Emirates NBD 2028	3.35	5.48	−212
IBRD 2029	1.51	4.75	−325
KDB 2034	1.81	5.22	−341

Modified duration, CNY / USD (yrs): ADB 1.27/1.39; BoC 3.23/3.62; Emirates NBD 1.60/1.76; IBRD 2.12/2.63; KDB 7.06/5.58

Source: Cbonds; Bondcritic calculations (gap is CNY minus USD YTM)

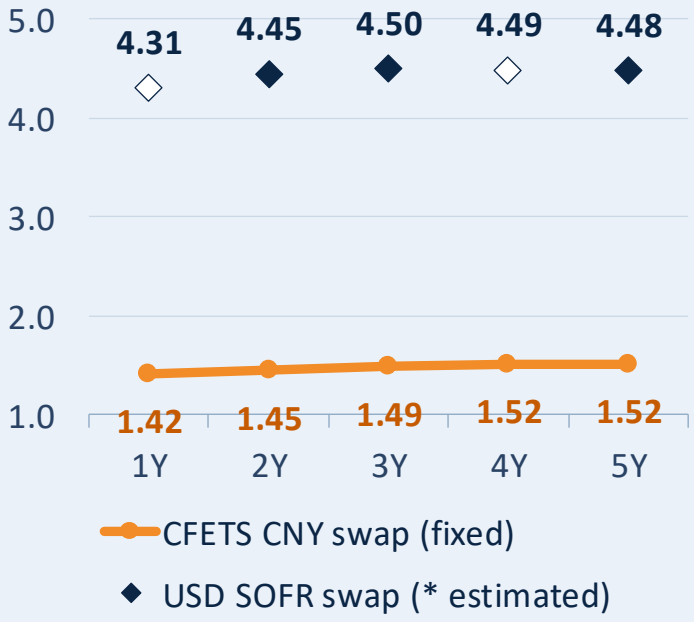
USD vs CNY vs CNH

USD/CNH exchange rate, with Cbonds forecast



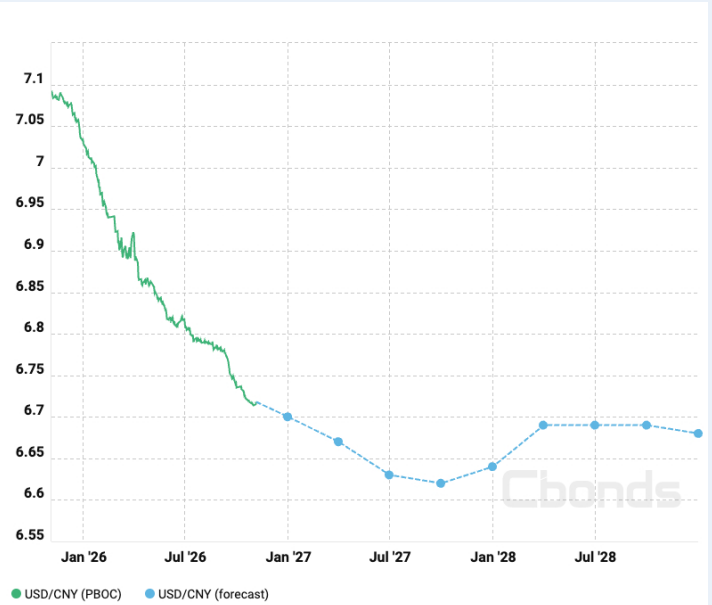
Source: Cbonds

Swap curves, 22 Oct: CFETS CNY fixed vs USD SOFR, mid, %



Source: CFETS; BlueGamma

USD/CNY exchange rate (PBOC), with Cbonds forecast



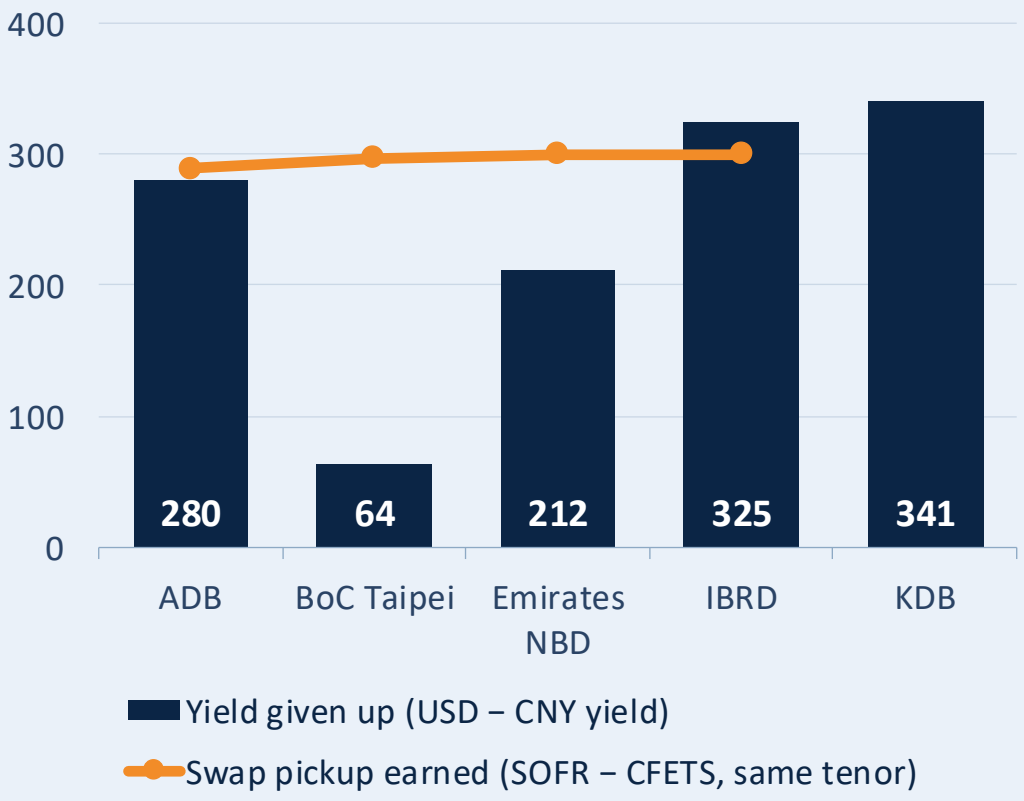
Source: Cbonds

Swap pickup earned, 22 Oct (SOFR – CFETS): 1Y 2.89pp*, 2Y 3.00pp, 3Y 3.01pp, 4Y 2.97pp*, 5Y 2.96pp

Source: BlueGamma; CFETS; Bondcritic calculations. *Estimated: 1Y SOFR from 23 Oct close less its 23 Oct change; 4Y interpolated 3Y–5Y

Hedged, CNY beats USD on 2 of 5 bonds

Yield given up vs swap pickup earned, bp



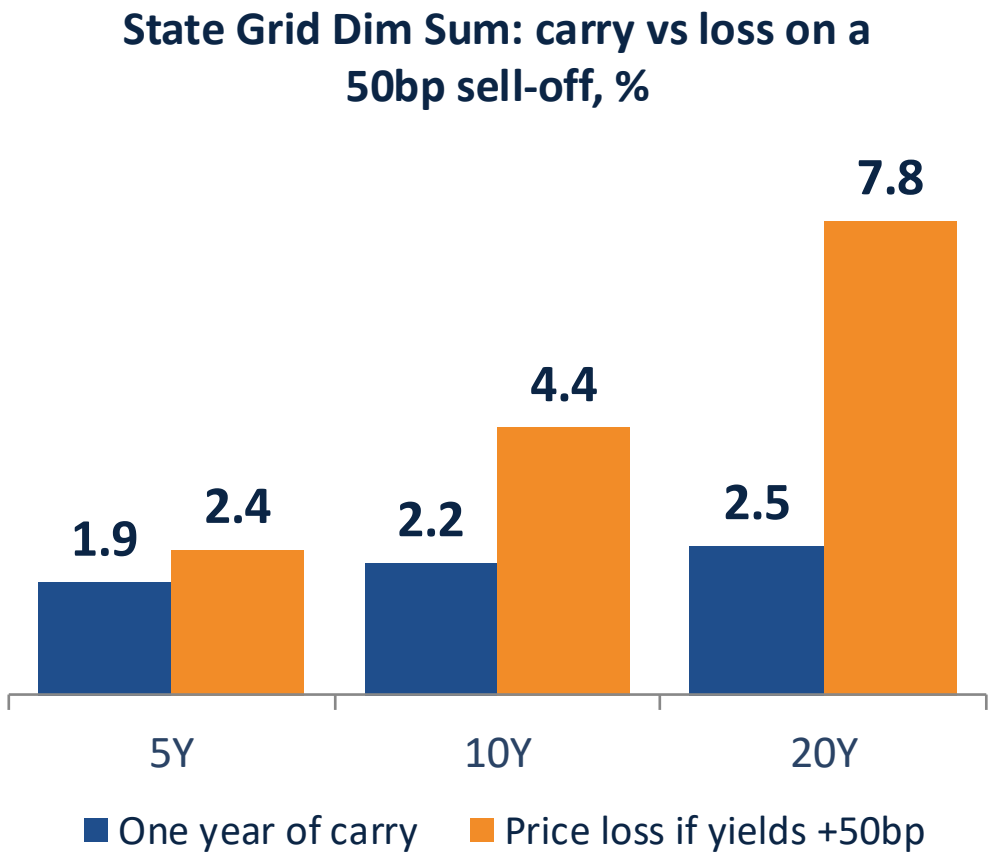
Bond	CNY yield, %	USD yield, %	Given up, bp	Earned, bp	Net, bp	Verdict
ADB 2028 (1.3y)	1.85	4.65	280	289* (1Y)	+9	Close call
BoC Taipei 2030 (3.7y)	4.40	5.04	64	297* (4Y)	+233	CNY hedged
Emirates NBD 2028 (1.7y)	3.35	5.48	212	300 (2Y)	+88	CNY hedged
IBRD 2029 (2.2y)	1.51	4.75	325	300 (2Y)	–25	Close call
KDB 2034 (7.9y)	1.81	5.22	341	n/a (8Y)	n/a	No CFETS tenor

Given up = USD yield – CNY yield: what an investor gives up by holding the CNY bond.
Earned = SOFR swap – CFETS swap at the bond's tenor, 22 Oct: what the hedged CNY investor earns.
CNY wins when earned exceeds given up (net > 0); within 50bp is a close call.

Source: Cbonds (yields, years left); CFETS; BlueGamma; Bondcritic calculations

Net = earned – given up. *1Y and 4Y SOFR estimated (slide 17).
KDB is beyond the CFETS curve

Risk has moved from permission to price



Source: SCMP; Bondcritic calculations

New risk	2026 evidence
Refinancing wall	2026 Panda maturities above CNY150bn, up c.85%
Tax sunset	Foreign investor exemption ends 31 Dec 2027
Hedge and CNY	A 5% yuan fall erases c.2.1 years of a 2.34% Dim Sum coupon
Thin secondary	Panda is below 1% of onshore bonds
Quota reliance	Dim Sum leans on Southbound approvals
External policy	Fed path; possible repatriation rule changes
GSS+ cost	Chinese registration papers, taxonomy mapping

Source: S&P Ratings (China); BofA Global Research; Climate Bonds Initiative; White & Case

10 of 14 risks from 2016 improved or gone



Source: Dagong Hong Kong (2016); S&P Ratings (China); BofA Global Research; Climate Bonds Initiative; Law.asia; South China Morning Post; Trading Economics; ADB AsianBondsOnline; Shanghai Clearing House

Proceeds repatriation	**Gone**	Liquidity, CNY confidence	**Better**
Mandatory Chinese rating	**Gone**	Investor familiarity, disclosure	**Better**
Accounting standards	**Better**	Rulebook clarity	**Better**
US and Japanese GAAP issuers	**Better**	Legal enforceability	**Unchanged**
Foreign investor share	**Unchanged**	Credit differentiation	**Unchanged**
Issuance rules, placements	**Better**	Systemic credit crisis	**Worse**
Rate gap against G3 bonds	**Better**	Language, research coverage	**Better**

2016 forecasts: **6 held** | **4 missed: scale, foreign demand**