

Financial Market Performance in October 2014

In the first ten months of 2014, the performance of the financial market was generally stable. In October, bond issuance volume decreased month on month; transaction volume and interest rates both declined month on month on the money market; the daily average volume of spot bond transactions increased month on month; both the interbank bond index and the treasury bond index on the exchange market continued to rise; both the Shanghai Stock Exchange Composite Index and Shenzhen Stock Exchange Component Index rose slightly, the average daily turnover on the Shanghai stock exchange went up measurably from the last month, while that on the Shenzhen stock exchange declined.

I. Bond issuance

January through October, bond market issuance totaled 9.4 trillion yuan, up 19.5 percent year on year. Among this total, issuance volume¹ on the interbank bond market posted 9.1 trillion yuan, up 21.5 percent year on year. In October, bond issuance totaled 923.53 billion yuan, up 15.4 percent year on year, but down 4.8 percent month on month, including 876.84 billion yuan which was issued on the interbank bond market, up 11.2 percent year on year but down 6.8 percent month on month.

As of the end of October, bonds deposited in the trust depository and clearing institutions posted 34.3 trillion yuan, among which 31.8 trillion yuan of bonds or 92.8 percent was deposited in the interbank bond market. In the bond holding of inter-bank market investors, the share of commercial banks decreased 1.5 percentage points from the end of 2013 to 63.5 percent at end October; the share of non-bank financial institutions shed 1.0 percentage point to 11.0 percent; and the combined share of non-legal-person institutional investors and other investors increased 2.5 percentage points to 25.5 percent. In the holding of corporate debenture bonds, the share of commercial banks, non-bank financial institutions, non-legal-person institutional investors and other investors was 44.2 percent, 13.9 percent, 40.1 percent, and 2.1 percent respectively at end October.

II. Money market performance

January through October, the trading volume on the money market totaled 210.2 trillion yuan, up 31.5 percent year on year. Among this total, the volume of pledged repo transactions was 169.7 trillion yuan, up 36.4 percent year on year; the volume of outright repo transactions was 9.1 trillion yuan, up 89.6 percent year on year; the inter-bank lending volume was 31.4 trillion yuan, up 2.6 percent year on year. In October, the transaction volume on the money market totaled 25.5 trillion yuan, up 85.1 percent year on year and down 0.3 percent month on month. Among this monthly total, the volume of pledged repo transactions registered 20.5 trillion yuan, up 86.5 percent year on year and down 1.1 percent month on month; the volume of outright

¹ Including saving treasury bonds, the same hereinafter.

repo transactions was 1.1 trillion yuan, up 93.4 percent year on year and down 7.1 percent month on month; the volume of interbank lending posted 3.9 trillion yuan, up 75.7 percent year on year and 6.5 percent month on month respectively.

In October, the weighted average interest rate of interbank lending was 2.69 percent, down 28 basis points month on month; and the weighted average interest rate of pledged repo was 2.64 percent, down 29 basis points month on month.

III. Bond market performance

January through October, the spot bond transactions on the interbank market posted 32.3 trillion yuan, with daily trading volume averaging 156.57 billion yuan, down 14.4 percent year on year. In October, the spot bond transactions totaled 3.7 trillion yuan on the interbank bond market, with daily trading volume averaging 192.41 billion yuan, up 151.4 percent year on year and 6.1 percent month on month.

At the end of October, the interbank bond index was 157.44 points, up 1.75 points or 1.80 percent month on month. The exchange market government securities index was 144.49 points, up 0.89 point or 0.62 percent month on month.

IV. Stock market performance

At the end of October, the Shanghai Stock Exchange Composite Index closed at 2,420.2 points, up 56 points or 2.38 percent month on month; the Shenzhen Stock Exchange Component Index closed at 8,225.6 points, up 145 points or 1.80 percent month on month. In October, the Shanghai Stock Exchange had an average daily turnover of 175.06 billion yuan, an increase of 4.45 billion month on month while the Shenzhen Stock Exchange had an average daily turnover of 187.39 billion yuan, a decrease of 7.24 billion yuan month on month.

(Sources: China Government Securities Depository Trust & Clearing Co., Ltd; National Interbank Funding System; Shanghai Clearing House; and Shanghai Stock Exchange)