

## Headline news

### ⇒ Beijing approves FX derivatives transactions

One of four measures announced by the PBOC last week jointly with the State Administration for Foreign Exchange was the approval of overseas institutions conducting FX derivatives transactions with domestic entities to manage FX risk. The four measures dealt with bond issuance regulations for foreign issuers in the domestic Chinese market. The new measures come into effect on 1<sup>st</sup> January, 2023. We expect this to lead to foreign issuers using cross-currency swaps on issuance, hence greater liquidity in the CCS markets.

### ⇒ Long end of the curve recovers—slightly

After a few weeks of rate rises, most rates at the long end ticked down by a basis point or two, with the benchmark DragonX10 moving up for the first time since the beginning of November. At the short end, however, rates continued to move up, though the rises were small.

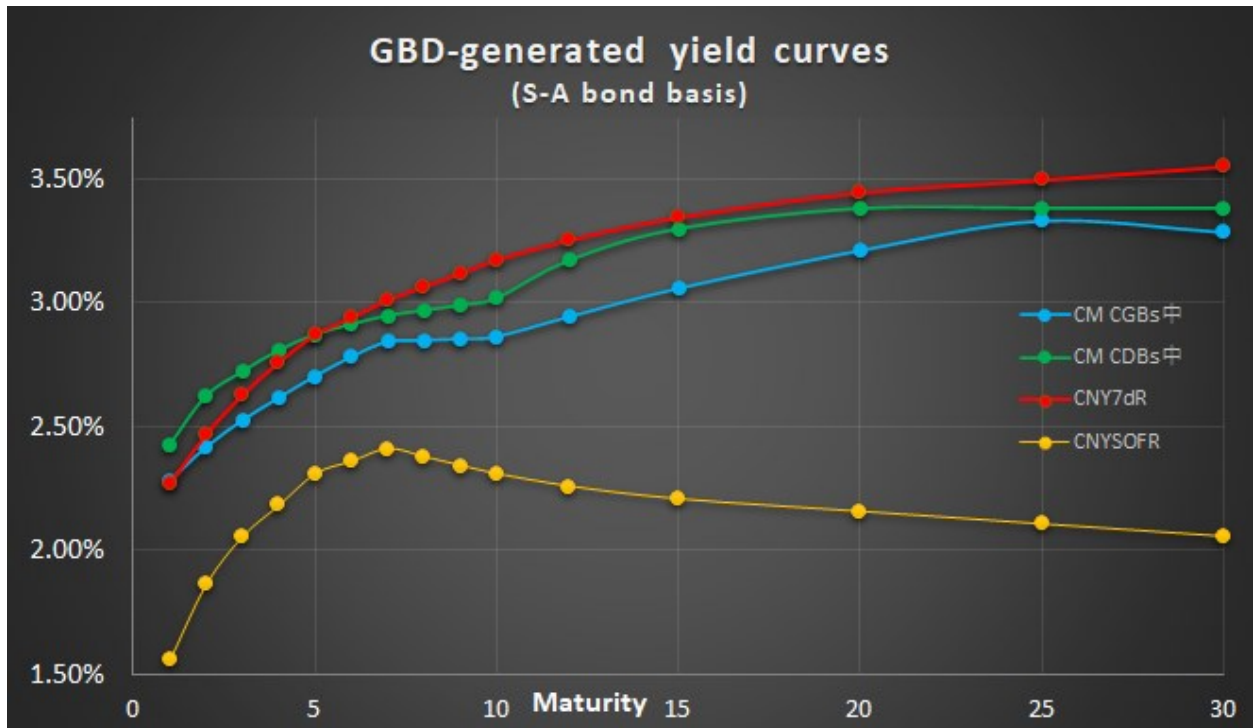
7-day repo 1.76% ▲

5Y CNY7dR 2.87% ▲

10Y CM CGB<sup>‡</sup> 2.86% ▼

DragonX10<sup>‡</sup> ¥999.1 ▲

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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