

## Headline news

### ⇒ “Swap Connect” draft rules issued

The PBOC has just issued draft rules awaiting public comment for the expansion of Swap Connect, the mechanism for connecting onshore and offshore swap participants. The draft covers currency swaps as well as interest rate swaps. As it is a draft, it is too early to say what the final regulations will be, but it is highly likely that they will be consistent with recent policy, to wit, will continue to open up the domestic market for foreign entities while discouraging the purely speculative use of such derivatives.

### ⇒ Another week of stagnation

Rates at the very short end continued to tick up and 7-day repo at 2.5% is the highest in 2023. From 5 years on out, there was little movement. The benchmark DragonX10 rose 1 point, 0.1%.

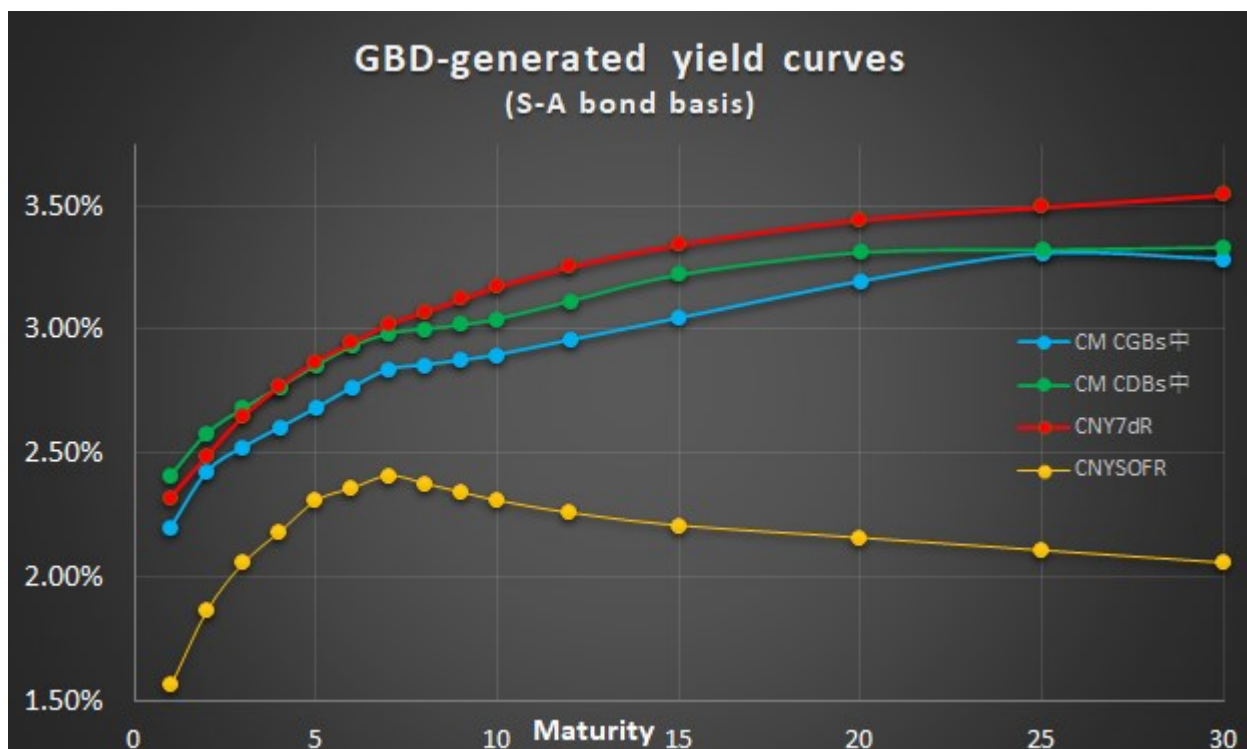
7-day repo 2.50% ▲

5Y CNY7dR 2.87% –

10Y CM CGB<sup>#</sup> 2.90% –

DragonX10<sup>#</sup> ¥1001.5 ▲

Arrows indicate direction v. previous week. <sup>#</sup> 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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