

Global Market Department of Industrial and Commercial Bank of China

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Key Takeaways:
● Exchange Rate Market Snapshot

- ✓ The USD Dollar Index (DXY) closed the week 0.17% lower at 106.044.
- ✓ EUR/USD closed the week 0.15% higher at 1.0586.
- ✓ USD/JPY closed the week 0.02% lower at 149.32.
- ✓ AUD/USD closed the week 0.79% lower at 0.6383.

● RMB Interest Rate Market Snapshot

- ✓ Money market: The overnight Shanghai Interbank Offered Rate (Shibor) and the overnight fixing repo rate closed at 1.60% and 1.56%, respectively. The 7-day Shibor and the 7-day fixing repo rate closed the week at 1.76% and 1.80%, respectively.
- ✓ Secondary market: The yield on the 10-year China Government Bond (CGB) remained flat W-o-W, closing the week at 2.73%. The yield on the 5-year China Development Bank (CDB) bonds fell 1 bp to close at 2.55%.
- ✓ Primary market: There were no CGBs or policy bank bonds auctioned during the week.

● RMB Credit Bond Market Snapshot

- ✓ Primary market: A total of seven super & short-term commercial papers (SCPs) were issued with an aggregate size of RMB7 billion.
- ✓ Secondary market: The yields on commercial papers (CPs) and mid-term notes (MTNs) fell in choppy trading, with the enterprise bond yields moving sideways within a narrow band.

● FCY Interest Rate Market Snapshot

- ✓ The price of US Treasuries went down, with the 10-year US Treasury yield closing the week 23.0 bps higher at 4.801%.
- ✓ The price of German Government Bonds was range-bound, with the 10-year yield closing the week 4.5 bps higher at 2.884%.

● Precious Metals Market Snapshot

- ✓ The gold price fell 0.87% to close the week at USD1,832.26 an ounce.
- ✓ The silver price fell 2.57% to close the week at USD21.59 an ounce.
- ✓ The platinum price fell 3.04% to close the week at USD876.93 an ounce.
- ✓ The palladium price fell 7.05% to close the week at USD1,157.91 an ounce.

● Crude Oil Market Snapshot

- ✓ The WTI crude oil futures fell 8.77% for the most-active contracts, closing the week at USD82.81 per barrel.
- ✓ The Brent crude oil futures fell 8.34% for the most-active contracts, closing the week at USD84.43 per barrel.

● Base Metals Market Snapshot

- ✓ The LME 3-month copper price fell 2.78% to close the week at USD8,045.00 per tonne.

● Agricultural Products Market Snapshot

- ✓ The CBOT soybean futures fell 0.88% for the most-active contracts to close the week at 1,263.75 US cents a bushel.

● Natural Gas Market Snapshot

- ✓ NYMEX natural gas futures climbed 13.65% for the most-active contracts, closing the week at USD3.330 per million British thermal units.

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◆ Exchange Rate Market Snapshot

- The US Dollar Index (DXY) closed the week 0.17% lower at 106.044, touching a high of 107.348 and a low of 105.952 during the week.
- EUR/USD closed the week 0.15% higher at 1.0586, touching a high of 1.0599 and a low of 1.0447 during the week.
- USD/JPY closed the week 0.02% lower at 149.32, touching a high of 150.16 and a low of 147.37 during the week.
- AUD/USD closed the week 0.79% lower at 0.6383, touching a high of 0.6445 and a low of 0.6283 during the week.

Table 1: Movements in Exchange Rates of Major Currencies

Currency pair	Closing price	W-o-W change (%)	Change from end of prior month (%)
US Dollar Index	106.044	-0.17%	-0.17%
EUR/USD	1.0586	0.15%	0.15%
USD/JPY	149.32	-0.02%	-0.02%
AUD/USD	0.6383	-0.79%	-0.79%

Source: Reuters

◆ RMB Interest Rate Market Snapshot – Money Market

- The overnight Shanghai Interbank Offered Rate (Shibor) and the overnight fixing repo rate closed the week at 1.60% and 1.56%, respectively. The 7-day Shibor and the 7-day fixing repo rate closed the week at 1.76% and 1.80%, respectively. In terms of PBOC's open market operations, last Saturday (October 7) recorded RMB200 billion in reverse repo operations and RMB825 billion in reverse repos that matured, and last Sunday (October 8) recorded RMB20 billion in reverse repo operations, with no reverse repos maturing on that day. RMB2,447 billion of reverse repos will mature this week (October 9 to October 13).

Table 2: Interest rate Movements in RMB Money Market

	Closing interest rate (%)	W-o-W change (bps)	Change from end of prior month (bps)
Overnight Shibor (O/N)	1.60	-56	-56
7-day Shibor (1W)	1.76	-43	-43
3-month Shibor (3M)	2.30	0	0
Overnight fixing repo rate (FR001)	1.56	-64	-64
7-day fixing repo rate (FR007)	1.80	-40	-40

Source: CFETS

◆ **RMB Interest Rate Market Snapshot – Secondary Market**

- China Government Bond (CGB) yields fell in choppy trading. The 1-year CGB yield edged down 3 bps, closing the week at 2.14%. The 5-year CGB yield remained flat W-o-W, closing the week at 2.48%. The 10-year CDB yield remained flat W-o-W, closing the week at 2.73%.
- Policy bank bonds closed a bumpy week with a decline in yields. The 1-year China Development Bank (CDB) yield edged down 2 bps, closing the week at 2.24%. The 5-year CDB yield edged down 1 bp, closing the week at 2.55%. The 10-year CDB yield edged down 1 bp, closing closed the week at 2.85%.

Table 3: Movements in Yields on Interbank Fixed-rate CGBs

CGB	Closing yield (%)	W-o-W change (bps)	Change from end of prior month (bps)
1-year	2.14	-3	-3
3-year	2.38	0	0
5-year	2.48	0	0
7-year	2.60	0	0
10-year	2.73	0	0

Source: ICBC

Table 4: Movements in Yields on Interbank Fixed-rate Policy Bank Bonds

Policy bank (CDB) bonds	Closing yield (%)	W-o-W change (bps)	Change from end of prior month (bps)
1-year	2.24	-2	-2
3-year	2.34	0	0
5-year	2.55	-1	-1
7-year	2.72	-1	-1
10-year	2.85	-1	-1

Source: ICBC

◆ **RMB Interest Rate Market Snapshot – Primary Market**

- No CGBs were auctioned during the week.
- No policy bank bonds were auctioned during the week.

◆ **RMB Interest Rate Market Snapshot – Interest Rate Swap**

- Interest rate swaps saw the yields little changed W-o-W. As of last Sunday (October 8), the yield curve remained basically flat W-o-W for swaps referencing the 7-day fixing repo rate (Repo) as the floating lag. The yield curve was basically flat for swaps referencing Shibor as the floating lag. The yield on 2-year interest rate swaps (Depo 2y) referencing the 1-year time deposit rate as the floating leg closed at the week 1.65%, unchanged from a week ago. The yield on 3-year interest rate swaps (Depo 3y) referencing the 1-year time deposit rate as the floating leg closed at the week 1.77%, unchanged from a week ago.

Table 5: Changes in RMB Interest Rate Swaps

	Closing interest rate (%)	W-o-W change (bps)	Change from 1 month ago (bps)
7-day Repo (ACT/365)			
3-month	2.01	0	0
6-month	2.02	0	0
9-month	2.03	0	0
1-year	2.04	0	0
3-year	2.25	0	0
4-year	2.36	0	0
5-year	2.47	0	0
7-year	2.57	0	0
10-year	2.69	0	0
3-month Shibor (ACT/360)			
6-month	2.32	0	0
9-month	2.29	0	0
1-year	2.27	0	0
2-year	2.36	0	0
3-year	2.48	0	0
4-year	2.61	0	0
5-year	2.75	0	0
1-year Depo (ACT/365)			
2-year	1.65	0	0
3-year	1.77	0	0
4-year	1.80	0	0
5-year	1.80	0	0

Source: ICBC

◆ **RMB Credit Bond Market Snapshot – Primary Market**

- A total of seven super & short-term commercial papers (SCPs) were issued during the week with an aggregate size of RMB7 billion.
- In the prior week, NAFMII yield valuations showed a fluctuation range of 0 bp to 3 bps for various tenors.

Table 6: Issuance of Credit Bonds in Primary Market

SCP	Coupon rate (%)	Tenor (days)	Size	Issuer rating	Facility rating
23 ZTE SCP075	2.4400	83D	20.0000	AAA	-
23 SPSP SCP004	2.4400	83D	15.0000	AAA	-
23 ZTE SCP075	2.4400	83D	5.0000	AAA	-
23 SPSP SCP004	2.8400	96D	2.0000	AA+	-
23 Qilu Expressway SCP009	2.5300	178D	10.0000	AAA	-
23 Shenzhen Gas SCP009	2.4100	180D	15.0000	AAA	-
23 Wuzhong Economic & Technical Development SCP017	2.7500	250D	3.0000	AA+	-

Note: “-” indicates that the relevant information was not disclosed or available at the time of release.

Source: Wind

◆ RMB Credit Bond Market Snapshot – Secondary Market

- Commercial papers (CPs) closed a bumpy week with a decline in yields. Among the AAA-rated CPs, the 1-month yield fell 2 bps, closing the week at 2.44%; the 6-month yield closed the week 2 bps lower at 2.58%; the 1-year yield closed the week flat W-o-W at 2.74%.
- Medium-term notes (MTNs) also closed a bumpy week with a decline in yields. Among AAA-rated MTNs, the 3-year yield fell 2 bps, closing the week at 3.14%; the 5-year yield closed the week flat W-o-W at 3.37%.
- Enterprise bonds saw yields moving within a narrow band. Among AAA-rated enterprise bonds, the 3-year yield fell 1 bp, closing the week at 2.89%; the 5-year yield closed the week 1 bp lower at 3.10%; and the 10-year yield closed the week 1 bp higher at 3.25%.

◆ **FCY Interest Rate Market Snapshot – Secondary Market**

- The price of US Treasuries went down, with the 10-year US Treasury yield closing the week 23.0 bps higher at 4.801%.
- The price of German Government Bonds was range-bound, with the 10-year yield closing the week 4.5 bps higher at 2.884%.

Table 7: Movements in Yields on Major Government Bonds

US Treasuries	Closing yield (%)	W-o-W change (bps)	Change from end of prior month (bps)	Change from end of prior year (bps)
2-year	5.081	3.7	3.7	65.5
5-year	4.757	14.8	14.8	75.3
10-year	4.801	23.0	23.0	92.6
30-year	4.968	26.9	26.9	100.5
German Government Bond				
2-year	3.133	-7.0	-7.0	36.9
5-year	2.759	-1.8	-1.8	18.1
10-year	2.884	4.5	4.5	31.3
30-year	3.110	7.5	7.5	56.5

Source: Bloomberg

◆ **FCY Interest Rate Market Snapshot – Interest Rate Swaps**

- The USD interest rate swap rates moved higher. The 10-year USD interest rate swap rate rose 22.85 bps to close the week at 4.4935%.

Table 8: Movements in USD Interest Rate Swap Rates

	Closing yield (%)	W-o-W change (bps)	Change from end of prior month (bps)	Change from end of prior year (bps)
2-year	4.9835	1.45	1.45	53.75
10-year	4.4935	22.85	22.85	93.60
30-year	4.2860	28.00	28.00	107.75

Source: Bloomberg

◆ Precious Metals Market Snapshot

- The gold price fell 0.87% to close the week at USD1,832.26 an ounce, touching a high of USD1,848.79 per ounce and a low of USD1,809.50 per ounce during the week.
- The silver price fell 2.57% to close the week at USD21.59 an ounce, touching a high of USD22.17 per ounce and a low of USD20.67 per ounce during the week.
- The platinum price fell 3.04% to close the week at USD876.93 an ounce, touching a high of USD910.38 per ounce and a low of USD850.30 per ounce during the week.
- The palladium price fell 7.05% to close the week at USD1,157.91 an ounce, touching a high of USD1,251.85 per ounce and a low of USD1,134.21 per ounce during the week.

Table 9: Movements in Prices of Main Precious Metals

Commodity	Closing price	W-o-W change (%)	Change from end of prior month (%)
Gold	1,832.26	-0.87%	-0.87%
Silver	21.59	-2.57%	-2.57%
Platinum	876.93	-3.04%	-3.04%
Palladium	1,157.91	-7.05%	-7.05%

Source: Reuters

◆ Crude Oil Market Snapshot

- The WTI crude oil futures fell 8.77% for the most-active contracts, closing the week at USD82.81 per barrel after touching a high of USD91.88 per barrel and a low of USD81.50 per barrel.
- The Brent crude oil futures fell 8.34% for the most-active contracts, closing the week at USD84.43 per barrel after touching a high of USD93.33 per barrel and a low of USD83.44 per barrel.

Table 10: Movements in Crude Oil Prices

Crude oil	Closing price	W-o-W change (%)	Change from end of prior month (%)
NYMEX WTI, most-active contracts	82.81	-8.77%	-8.77%
ICE Brent, most-active contracts	84.43	-8.34%	-8.34%

Source: Reuters

◆ Base Metals Market Snapshot

- The LME 3-month copper price fell 2.78% to close the week at USD8,045.00 per tonne, touching a high of USD8,275.00 per tonne and a low of USD7,889.00 per tonne during the week.
- The LME 3-month aluminum price fell 4.58% to close the week at USD2,242.00 per tonne, touching a high of USD2,349.50 per tonne and a low of USD2,232.00 per tonne during the week.

Table 11: Movements in Prices of Main Base Metals

Commodity	Closing price	W-o-W change (%)	Change from end of prior month (%)
LME 3-month copper	8,045.00	-2.78%	-2.78%
LME 3-month aluminium	2,242.00	-4.58%	-4.58%

Source: Bloomberg

◆ Agricultural Products Market Snapshot

- The CBOT soybean futures fell 0.88% for the most-active contracts to close the week at 1,263.75 US cents a bushel, touching a high of 1,287.25 US cents a bushel and a low of 1256.75 US cents a bushel during the week.
- For prices of other main agricultural products, please see the table below.

Table 12: Movements in Prices of Main Agricultural Products

Commodity	Closing price	W-o-W change (%)	Change from end of prior month (%)
CBOT wheat (US cents per bushel)	569.00	5.27%	5.27%
CBOT soybean (US cents per bushel)	1,263.75	-0.88%	-0.88%
CBOT corn (US cents per bushel)	492.50	3.47%	3.47%
ICE cotton (US cents per pound)	87.22	0.03%	0.03%
ICE white sugar (US cents per pound)	26.77	0.98%	0.98%

Source: Reuters

◆ **Natural Gas Market Snapshot**

- NYMEX natural gas futures climbed 13.65% for the most-active contracts, closing the week at USD3.330 per million British thermal units after touching a high of USD3.364 per million British thermal units and a low of USD2.820 per million British thermal units.

Table 13: Movements in Natural Gas Prices

Commodity	Closing price	W-o-W change (%)	Change from end of prior month (%)
NYMEX natural gas	3.330	13.65%	13.65%

Source: Reuters