

Amendment to “White Paper on Across-the-Curve Credit Spread Indices (AXI) for China”

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1. AXI

We update the Chinese bond price data and extend the sample period to December 31, 2022 for the China across-the-curve credit spread indices (AXI). Figure 1 presents the transaction amount of commercial bank bonds. Figure 2 and Figure 3 show the time-series plot of long-term and short-term AXI for different maturity ranges, respectively. Figure 4 presents China's AXI.

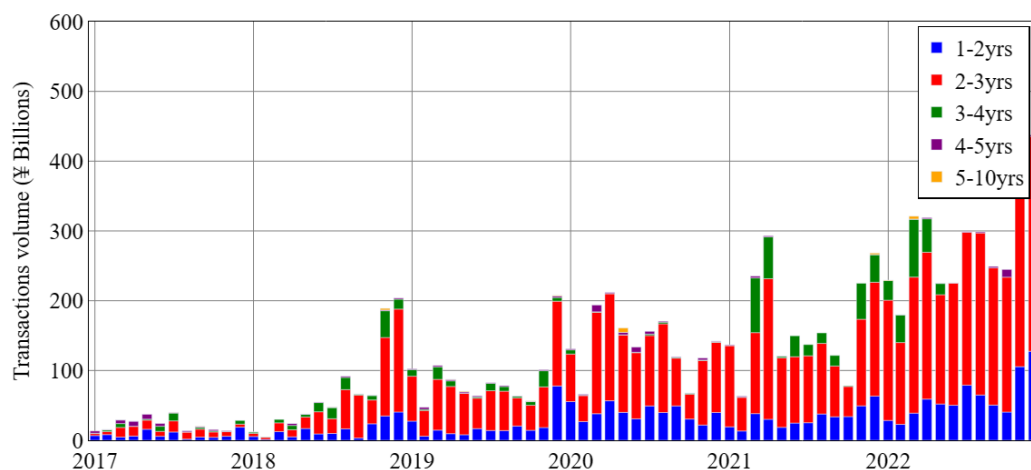


Figure 1 **Transaction amount of commercial bank bonds** (Unit: CNY billion) monthly trading amount of bonds of each maturity range over time. Underlying data: China interbank bond market (CIBM).

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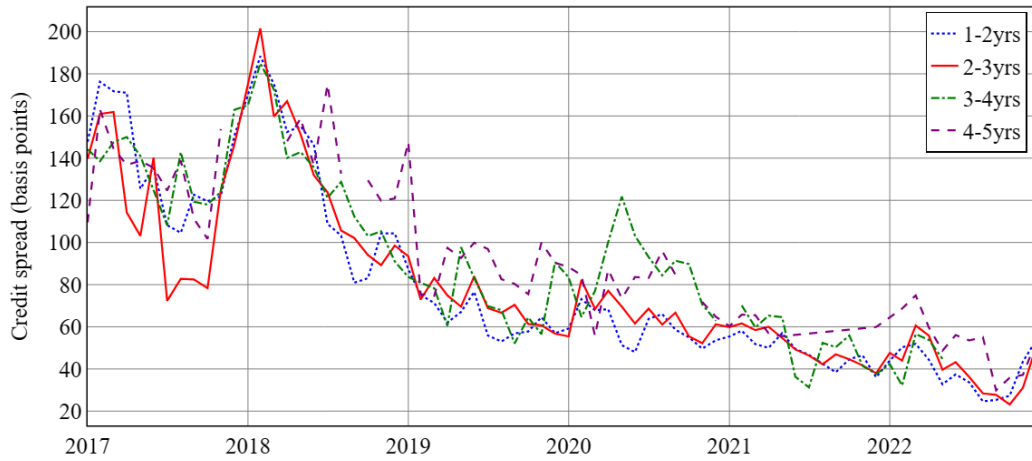


Figure 2: **Spreads by Maturity in the long-term AXI** Transaction-volume-weighted credit spreads of commercial banks, for each of four maturity ranges from January 2017 to December 2022. Underlying data: China interbank bond market (CIBM).

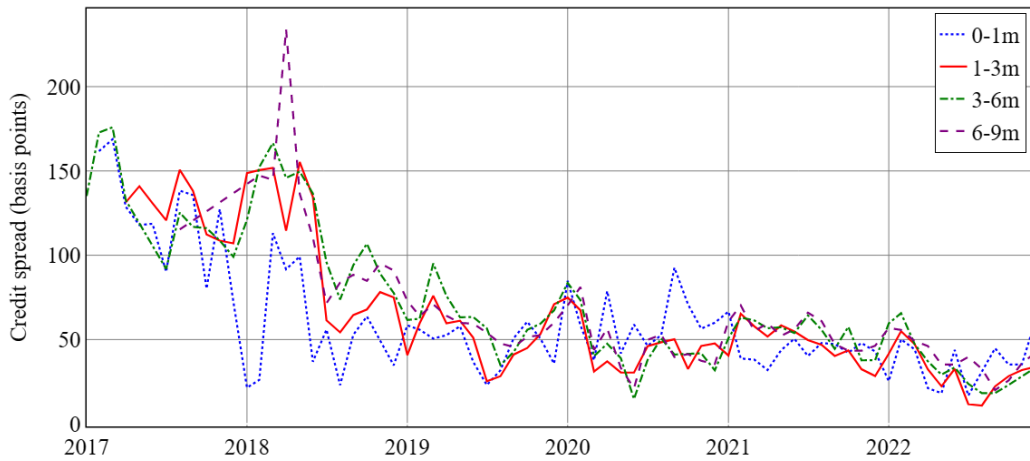


Figure 3: **Spreads by maturity in the short-term AXI** Volume-weighted credit spreads of interbank certificate deposits, for each of four maturity ranges from January 2017 to December 2022. Underlying data: China interbank bond market (CIBM).

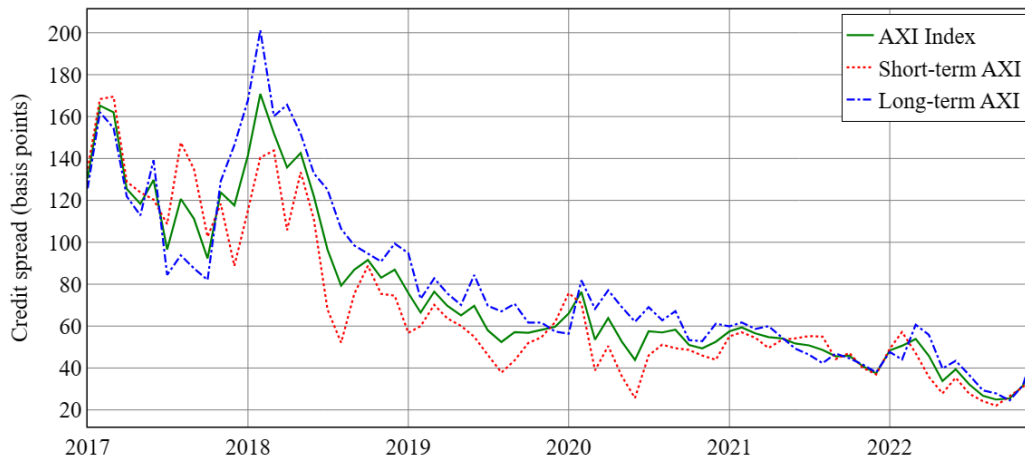


Figure 4: **China's AXI from January 2017 to December 2022** The across-the-curve credit spread index (AXI) is constructed as the simple average of (a) weighted average long-term spreads (1-5year bond spreads), and (b) weighted average short-term spreads, using interbank certificates of deposits data of a panel of 5 banks, restricted to issuances over ¥ 50 million and maturities under 250 days. Short-term spreads are weighted by principal amount of transaction volume.

2. FXI

In this section, we build the China Financial Conditions Credit Spread Index (FXI), which is an extension of China AXI and incorporates transactions in the China interbank bond market for both financial and non-financial debt instruments. Following Berndt, Duffie and Zhu (2020), these debt instruments satisfy several conditions as follows,

1. are fixed-rate, senior corporate debentures.
2. are not foreign currency, private placement, convertible, exchangeable, perpetual, defaulted.

FXI is built using the same methodology as AXI.² Figure 5 presents the transaction amount of debt instruments in the interbank bond market. Figure 6 and Figure 7 show the time-series plot of long-term and short-term FXI for different maturity ranges, respectively. Figure 8 presents China's FXI.

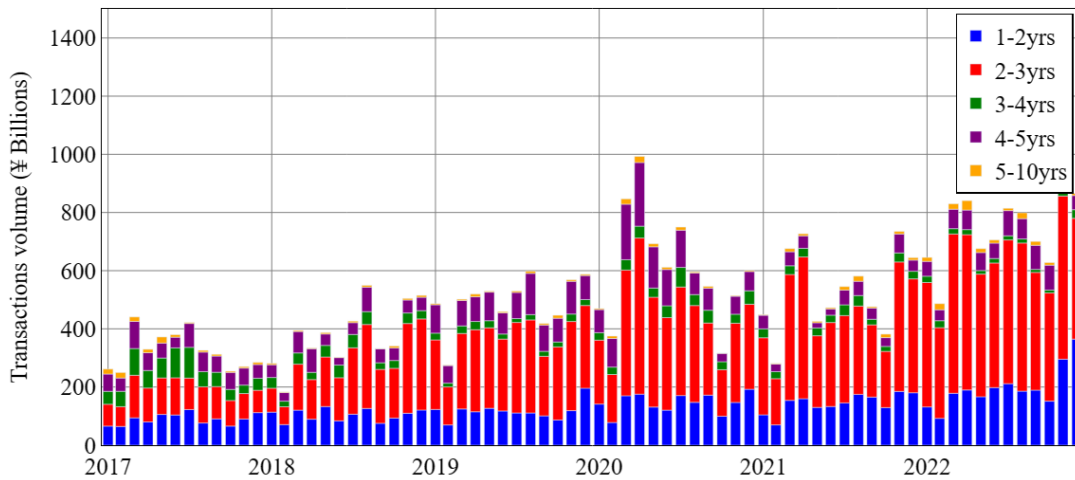


Figure 5 **Transaction amount of debt instruments in the China interbank bond market** (Unit: CNY billion) monthly trading amount of bonds of each maturity range over time. Underlying data: China interbank bond market (CIBM).

² We winsorize credit spreads at 1% and 99% levels to eliminate the influence of extreme values.

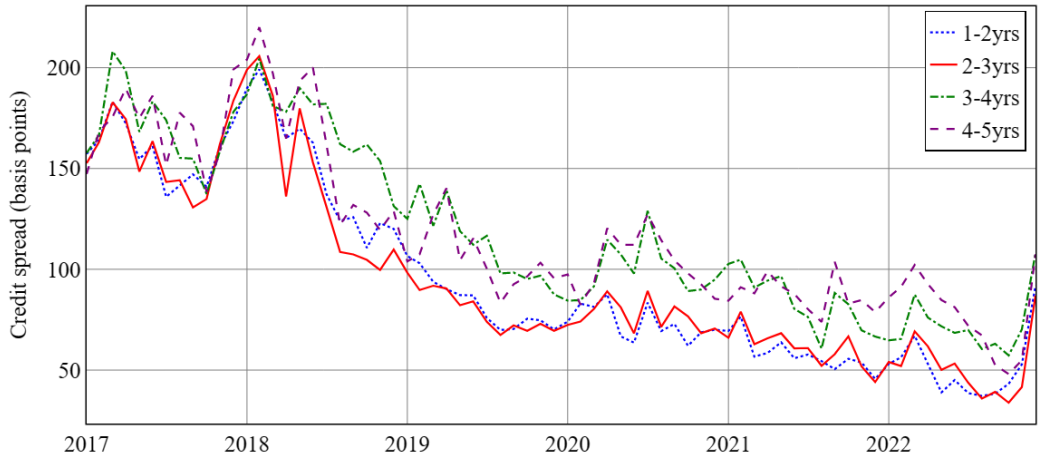


Figure 6: **Spreads by Maturity in the long-term FXI** Transaction-volume-weighted credit spreads of financial and non-financial debts instruments from January 2017 to December 2022.

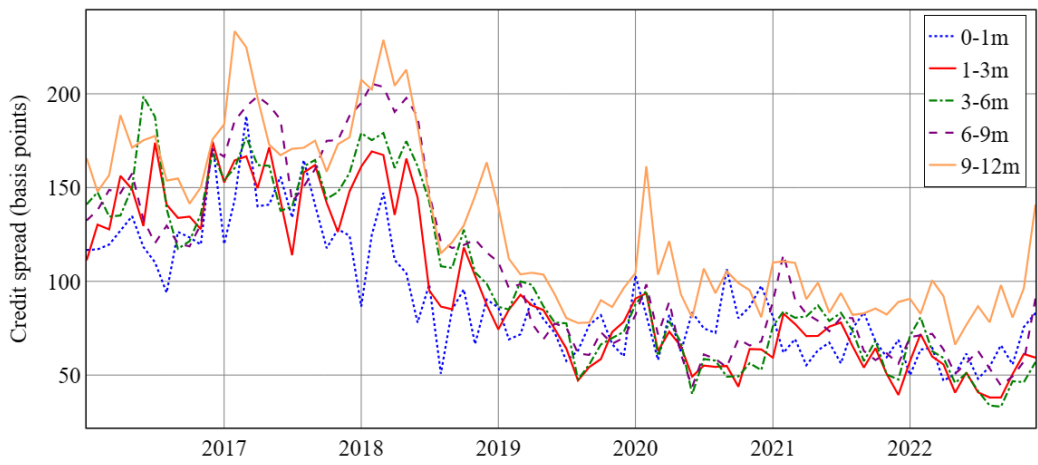


Figure 7: **Spreads by maturity in the short-term FXI** Volume-weighted credit spreads of financial and non-financial debts instruments with maturity less than 1 year from January 2017 to December 2022. Underlying data: China interbank bond market (CIBM).

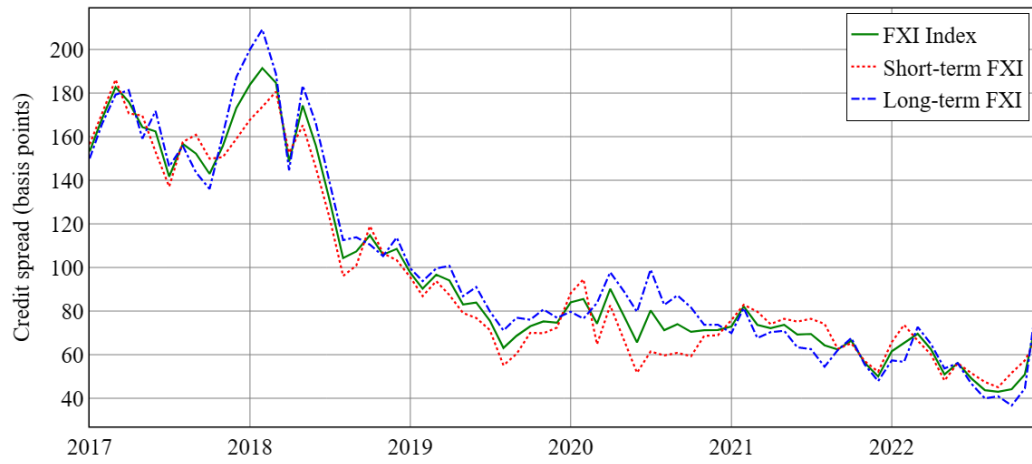


Figure 8: **China's FXI from January 2017 to December 2022** The Financial Conditions Credit Spread Index (FXI) is constructed as the simple average of (a) weighted average long-term spreads (1-5year bond spreads), and (b) weighted average short-term spreads.

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