

## Change to Amount Outstanding Minimum for Chinese Government Bonds in FTSE Fixed Income Indexes

Since announcing the pathway for index inclusion of Chinese Government Bonds (CGBs) in the FTSE World Government Bond Index (WGBI) in September 2020, FTSE Russell has actively engaged with market participants to ensure a smooth transition and invited comments from market participants in advance of our scheduled March 2021 Fixed Income Country Classification Review. As previously announced, the results of the March review will be published on 29 March 2021 after US market close.

Feedback from market participants was supportive of a change to the amount outstanding minimum for CGBs to enhance the liquidity profile and replicability of the index. FTSE Russell announces that effective with July 2021 profiles, the amount outstanding threshold for CGBs issued before 01 January 2020 will be increased to CNY 100 billion from the current CNY 35 billion in the FTSE China Government Bond Index (CNYGBI), the FTSE China Government and Policy Bank Bond Index (CNYGPBI), the FTSE Emerging Markets Government Bond Index (EMGBI) and indexes that derive their membership from them.<sup>1</sup> The amount outstanding threshold for CGBs issued on or after 01 January 2020 will remain at CNY 35 billion. As a result of the change, 31 bonds with CNY 2.6 trillion in market value representing 22.9% of the CNYGBI are projected to exit the index. Additional details on the projected impact of this change can be found in Figures 1 and 2.

**Figure 1. Projected Impact of the Change for the FTSE CNYGBI by Maturity Band**

	CNYGBI			Projected CNYGBI			Difference		
	Count	Market Value*	MV%	Count	Market Value*	MV%	Count	Market Value*	MV%
1-3 Year	26	3,738.61	32.40	17	2,951.36	33.01	9	787.05	-0.61
3-5 Year	20	2,811.09	24.36	11	2,050.32	22.93	9	760.77	1.43
5-7 Year	12	1,807.83	15.67	8	1,501.25	16.79	4	306.58	-1.12
7-10 Year	7	1,497.42	12.98	7	1,497.42	16.74	0	0	-3.76
10+ Year	13	1,683.34	14.59	4	942.01	10.53	9	741.33	4.06
<b>Total</b>	<b>78</b>	<b>11,346.11</b>	<b>100</b>	<b>47</b>	<b>8,942.56</b>	<b>100.0</b>	<b>31</b>	<b>2,595.72</b>	<b>0</b>

\* in CNY billions. Source: FTSE Russell. Data are as of February 28, 2021.

<sup>1</sup> The changes will also be reflected in the FTSE Asian Government Bond Index (AGBI) and FTSE Asian Pacific Government Bond Index (APGBI).

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**Figure 2. Projected Impact of the Change for other FTSE Fixed Income Indexes**

	% Weight of China		Yield To Maturity		Modified Duration	
	New	Current	New	Current	New	Current
CNYGBI	100.0	100.0	3.09	3.09	5.31	5.57
AGBI	52.17	58.46	2.84	2.85	6.60	6.68
AGBI Capped	20.00	20.00	3.06	3.02	6.87	7.03
EMGBI	49.08	55.43	3.98	3.83	5.41	5.66
EMGBI Capped	10.00	10.00	4.61	4.54	5.48	5.64
WGBI Extended	5.07	6.45	0.68	0.71	8.42	8.44

Source: FTSE Russell. Data are as of February 28, 2021.

To ensure that more comprehensive coverage of this asset class remains available as part of the FTSE fixed income index product offering, there will not be a change to amount outstanding for CGBs in the FTSE CNY Broad Bond Index (CNYBBI).

Please contact us at [fi.index@ftserussell.com](mailto:fi.index@ftserussell.com) with any comments or questions.

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