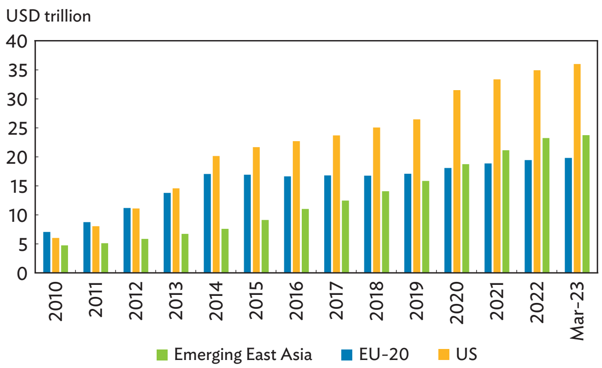
Bond Market Developments in the First Quarter of 2023

Section 1. Size and Composition

Emerging East Asian local currency (LCY) bond market reached a size of USD23.8 trillion at the end of March, expanding 9.1% from a year earlier.[3] The annual growth of the region's LCY bonds outstanding exceeded that of the United States (US) (5.7%) and the European Union 20 (EU-20) (2.9%) (**Figure 1**). In terms of overall size, emerging East Asian LCY bond market surpassed that of the EU-20 in 2020 and reached the equivalent of 66.0% of the US bond market at the end of March 2023.

Quarterly growth in the region's LCY bond market accelerated on increased issuance of Treasury and other government bonds. Emerging East Asian LCY bond market growth climbed to 2.2% quarter-on-quarter (q-o-q) in the first quarter (Q1) of 2023 from 1.2% q-o-q in the fourth quarter (Q4) of 2022 (**Figure 2** and **Table 1**). Growth was weaker than the 3.1% q-o-q expansion recorded in Q1 2022. Increased issuance of Treasury and other government bonds was the main driver of emerging East Asian LCY bond market growth in Q1 2023, as many of the region's governments frontloaded debt issuance to finance programs supporting economic recovery. Six out of the nine markets in the region posted faster q-o-q growth in Q1 2023 compared to the previous quarter. Smaller markets such as Viet Nam (5.1%), Indonesia (3.5%), and the Philippines (3.1%) posted the most rapid expansions in the region in Q1 2023.

Figure 1: Local Currency Bonds Outstanding in Emerging East Asia, the EU-20, and the United States

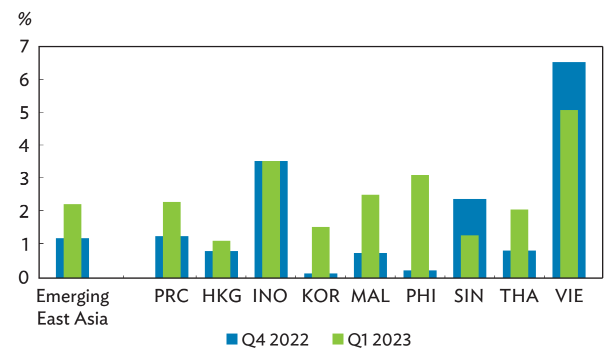


EU = European Union, US = United States, USD = United States dollar.

Notes:
1. Emerging East Asia is defined to include the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2 EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); EU-20 (Bloomberg LP); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); United States (Bloomberg LP); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

Figure 2: Growth of Select Emerging East Asian Local Currency Bond Markets in the Fourth Quarter of 2022 and the First Quarter of 2023 (q-o-q)



HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q1 = first quarter; Q4 = fourth quarter; q-o-q = quarter-on-quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:
1. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
2. Growth rates are calculated from local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 31 March 2023 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

[3] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Table 1: Size and Composition of Select Emerging East Asian Local Currency Bond Markets

	Q1 2022		Q4 2022		Q1 2023			Growth Rate (%) Q1 2023	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
China, People's Rep. of									
Total	18,755	101.5	18,463	105.2	18,957	100.0	106.5	2.3	9.6
Treasury and Other Government	12,049	65.2	12,122	69.1	12,489	65.9	70.2	2.7	12.4
Central Bank	2	0.01	2	0.01	2	0.01	0.01	0.0	0.0
Corporate	6,704	36.3	6,338	36.1	6,465	34.1	36.3	1.6	4.6
Hong Kong, China									
Total	325	89.4	355	98.3	357	100.0	98.3	1.1	10.0
Treasury and Other Government	22	6.0	31	8.5	29	8.1	8.0	(4.9)	32.4
Government	152	41.8	155	42.8	155	43.4	42.7	0.8	2.3
Corporate	151	41.6	170	47.0	173	48.5	47.7	2.6	14.6
Indonesia									
Total	381	31.3	382	30.4	411	100.0	30.6	3.5	12.5
Treasury and Other Government	345	28.3	350	27.8	377	91.8	28.1	3.8	14.0
Central Bank	5	0.4	3	0.3	4	0.9	0.3	3.1	(17.7)
Corporate	31	2.6	29	2.3	30	7.3	2.2	0.5	(0.5)
Korea, Rep. of									
Total	2,391	150.0	2,346	150.8	2,315	100.0	152.8	1.5	4.0
Treasury and Other Government	893	56.0	907	58.3	892	38.5	58.9	1.2	7.3
Central Bank	116	7.3	89	5.7	94	4.1	6.2	8.4	(12.9)
Corporate	1,383	86.7	1,350	86.7	1,329	57.4	87.7	1.3	3.3
Malaysia									
Total	420	125.4	424	150.8	433	100.0	125.0	2.5	8.4
Treasury and Other Government	232	69.4	238	58.3	247	57.0	71.2	3.9	11.8
Central Bank	0	0.0	0.2	5.7	0.5	0.1	0.1	100.0	–
Corporate	188	56.1	185	86.7	186	42.9	53.6	0.6	4.1
Philippines									
Total	203	52.7	201	50.8	212	100.0	50.9	3.1	9.8
Treasury and Other Government	164	42.6	164	41.4	173	81.6	41.5	3.4	10.8
Central Bank	8	2.1	9	2.2	10	4.8	2.4	15.8	35.6
Corporate	31	8.0	29	7.3	29	13.6	6.9	(2.2)	(2.0)
Singapore									
Total	447	102.2	494	90.0	504	100.0	104.0	1.3	10.8
Treasury and Other Government	164	37.5	174	50.5	175	34.7	36.1	(0.4)	4.9
Central Bank	154	35.2	186	13.8	195	38.7	40.2	4.2	24.4
Corporate	129	29.6	134	25.6	134	26.6	27.7	(0.5)	2.0
Thailand									
Total	451	91.4	452	90.0	466	100.0	90.5	2.1	6.3
Treasury and Other Government	244	49.4	253	50.5	264	56.5	51.2	2.8	11.1
Central Bank	85	17.2	69	13.8	68	14.6	13.2	(3.0)	(17.4)
Corporate	122	24.7	129	25.6	135	28.9	26.1	3.4	13.4
Viet Nam									
Total	95	25.1	106	26.3	112	100.0	27.2	5.1	21.1
Treasury and Other Government	67	17.6	71	17.6	76	67.8	18.4	6.3	17.0
Central Bank	0.2	0.1	4	1.0	5	4.2	1.1	17.3	2,423.6
Corporate	28	7.5	31	7.7	31	28.0	7.6	0.7	14.2
Emerging East Asia									
Total	23,469	99.1	23,222	101.7	23,768	100.0	102.4	2.2	9.1
Treasury and Other Government	14,180	59.9	14,311	62.7	14,723	61.9	63.5	2.6	12.0
Central Bank	521	2.2	517	2.3	533	2.2	2.3	3.2	4.0
Corporate	8,768	37.0	8,394	36.7	8,512	35.8	36.7	1.6	4.6
Japan									
Total	10,843	239.6	10,154	239.2	10,174	100.0	240.9	1.5	2.4
Treasury and Other Government	10,026	221.6	9,372	220.8	9,399	92.4	222.5	1.6	2.3
Central Bank	41	0.9	34	0.8	33	0.3	0.8	(1.7)	(12.2)
Corporate	776	17.1	748	17.6	742	7.3	17.6	0.5	4.4

( ) = negative, – = not applicable, GDP = gross domestic product, q-o-q = quarter-on-quarter, Q1 = first quarter, Q4 = fourth quarter, USD = United States dollar, y-o-y = year-on-year.

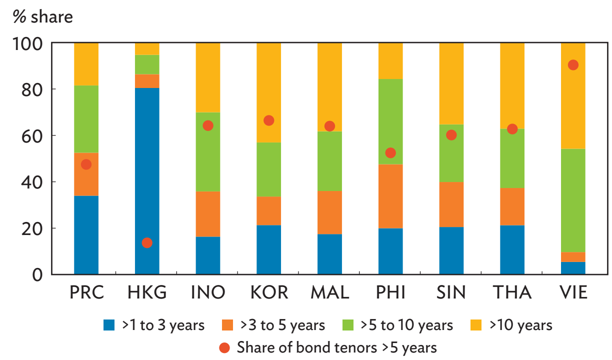
Notes:
1. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
2. Corporate bonds include issues by financial institutions.
3. Data for GDP is from CEIC Data Company.
4. Bloomberg LP end-of-period local currency–USD rates are used.
5. Growth rates are calculated from local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 31 March 2023 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

LCY bonds outstanding among members of the Association of Southeast Asian Nations (ASEAN) totaled USD2.1 trillion at the end of March, comprising 9.0% of emerging East Asian LCY bond market. At the end of March, ASEAN's LCY bond market was equivalent to 60.8% of its gross domestic product (GDP). Meanwhile, the People's Republic of China's (PRC) LCY bond market, with outstanding bonds of USD19.0 trillion (106.5% of GDP), accounted for 79.8% of total emerging East Asian LCY bonds outstanding. The Republic of Korea's USD2.3 trillion LCY bond market (152.8% of GDP) was the second largest in the region, accounting for 9.7% of the emerging East Asian LCY bond total. The region's bond market is dominated by Treasury and other government bonds (**Figure 3**). Outstanding Treasury and other government bonds totaled USD14.7 trillion at the end of March, accounting for 61.9% of the region's total bond stock. Six out of the region's nine markets had over half of their outstanding LCY bonds concentrated in Treasury and other government bonds. Corporate bonds comprised 35.8% of the region's LCY bond market at the end of March, while central bank bonds had a minimal 2.2% share.

A majority of emerging East Asian LCY Treasury bonds are concentrated in medium- to long-term tenors. Treasury bonds with maturities longer than 5 years accounted for 53.4% of the region's total outstanding Treasury bonds at the end of March (**Figure 4**). The size-weighted tenor of outstanding Treasury bonds in the region was 9.0 years. All markets except for the PRC and Hong Kong, China had over half of their Treasury bonds with maturities longer than 5 years. Treasuries with maturities of 3 years or less accounted for 33.9% of total Treasury bonds in the PRC and 80.4% in Hong Kong, China.

Figure 4: Maturity Structure of Local Currency Government Bonds Outstanding in Select Emerging East Asian Markets

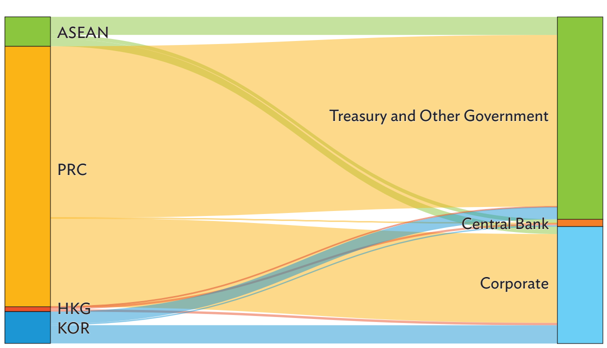


HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:
1. Government bonds include Treasury bills and bonds.
2. Data as of 31 March 2023.

Sources: People's Republic of China (Bloomberg LP); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Bloomberg LP); Malaysia (Bank Negara Malaysia Fully Automated System for Issuing/Tendering); Philippines (Bureau of the Treasury); Singapore (Monetary Authority of Singapore); Thailand (Bank of Thailand); and Viet Nam (Bloomberg LP).

Figure 3: Local Currency Bonds Outstanding by Economy and Type of Bond at the end of March 2023



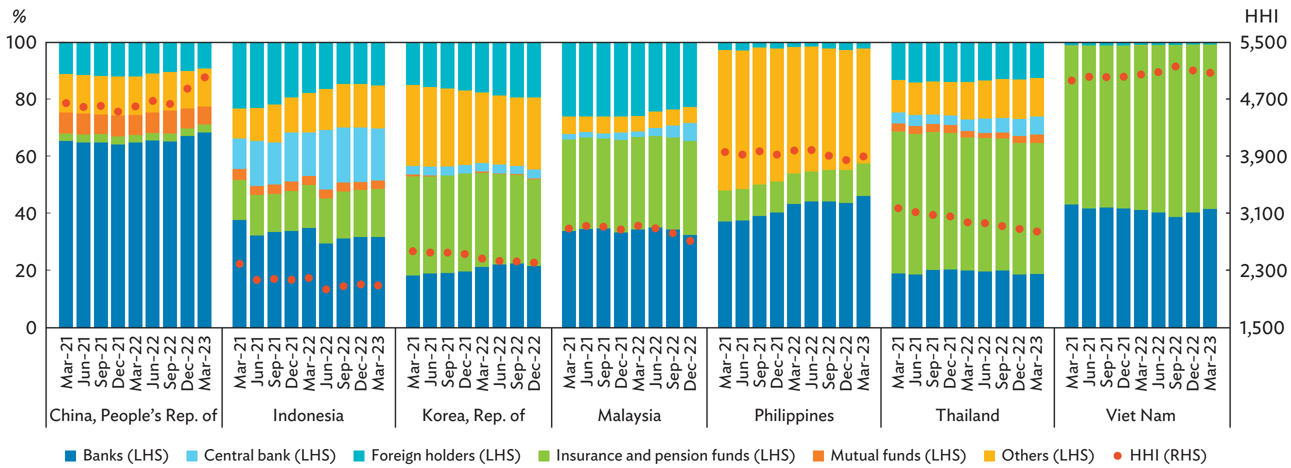
ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; KOR = Republic of Korea; PRC = People's Republic of China.

Note: ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.

Source: *AsianBondsOnline* calculations based on various local sources.

Banks and insurance and pension funds remained the two largest investor groups in most LCY government bond markets in the region at the end of March (Figure 5). Aside from these two investor groups, the central bank also holds almost one-fifth of LCY government bonds outstanding in Indonesia. Bank Indonesia started purchasing government bonds as part of its pandemic response in 2020. The central bank continues to support the bond market as part of its macroprudential policy mix by buying and selling government bonds in the secondary market. In the PRC, banks held over two-thirds of LCY government bonds outstanding at the end of March. In the Philippines, banks and other groups—including individuals, government institutions, and custodians—are the two largest investor groups in the LCY bond market. The investor profiles of LCY government bond markets in the Republic of Korea, Malaysia, and Thailand have generally become more diverse over the past several quarters, as evidenced by declining Herfindahl–Hirschman Index scores, while in

Figure 5: Investor Profiles of Local Currency Government Bonds in Select Emerging East Asian Markets



LHS = left-hand side, HHI = Herfindahl–Hirschman Index, RHS = right-hand side.

Notes:

1. Data for the Republic of Korea and Malaysia are up to December 2022.
2. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of the local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

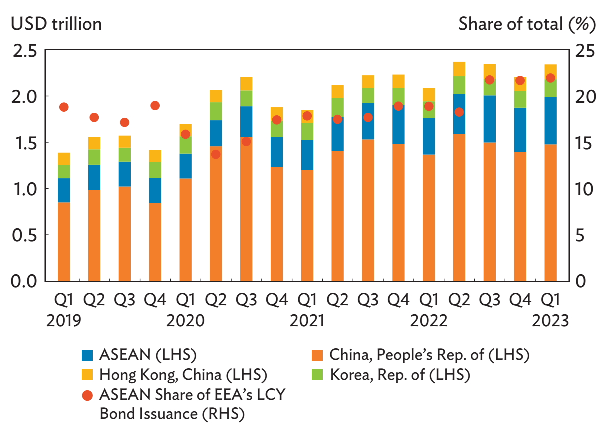
Sources: People's Republic of China (CEIC Data Company); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury); Thailand (Bank of Thailand); and Viet Nam (Ministry of Finance).

Viet Nam, only two groups—banks and insurance and pensions funds—are essentially the major investors (**Figure 5**). Foreign holdings of most LCY government bonds in the region have been on a downward trend since Q2 2022, as foreign inflows weakened amid monetary tightening by the US Federal Reserve.

Section 2. Local Currency Bond Issuance

LCY bond issuance in emerging East Asia tallied USD2.3 trillion in Q1 2023, with most emerging East Asian markets seeing q-o-q increases in LCY bond issuance. Overall growth in LCY bond issuance in the region rebounded strongly in Q1 2023, rising 6.2% q-o-q and 12.1% y-o-y after posting contractions of 6.1% q-o-q and 1.2% y-o-y in Q4 2022. The aggregate issuance of emerging East Asian economies in Q1 2023 was equivalent to 55.8% of total issuance in the US (USD4.2 trillion) during the same period, while it exceeded the EU-20's aggregate issuance (USD1.1 trillion) by over twofold. ASEAN markets posted growth of 7.6% q-o-q in Q1 2023 following a contraction of 6.3% q-o-q in Q4 2022. ASEAN's share of regional LCY bond issuance inched up to 21.9% during the quarter from 21.6% in Q4 2022 (**Figure 6**). The PRC and the Republic of Korea, the most active issuers of LCY bonds in the region, recorded marginal declines in their shares of

Figure 6: Local Currency Bond Issuance in Select Emerging East Asian Markets



ASEAN = Association of Southeast Asian Nations, EEA = emerging East Asia, LCY = local currency, LHS = left-hand side, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, USD = United States dollar.

Notes:

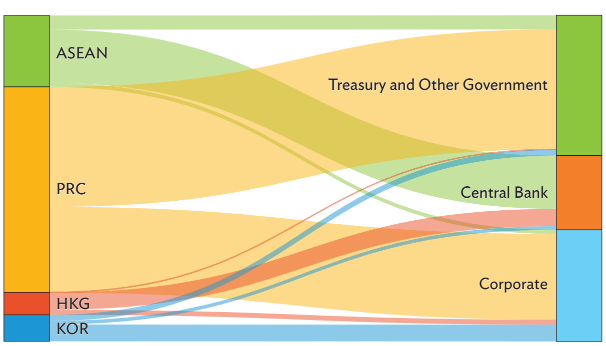
1. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Figures were computed based on 31 March 2023 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corportation); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

the regional issuance total in Q1 2023 from the previous quarter—from 63.4% to 63.1% and from 8.2% to 8.1%, respectively. In the PRC, issuance climbed 5.7% q-o-q in Q1 2023, reversing the 6.7% q-o-q decline posted in Q4 2022. In the same period, the Republic of Korea's issuance growth accelerated to 4.7% q-o-q from 0.3% q-o-q in the previous quarter. Hong Kong, China posted the region's largest q-o-q increase in Q1 2023 at 7.8%.

Treasury and other government bond issuance reached USD1.0 trillion and accounted for 43.0% of emerging East Asian LCY bond issuance in Q1 2023, up from a 40.7% share in Q4 2022 (Figure 7). The PRC dominated emerging East Asia's issuance of Treasury and other government bonds (USD859.7 billion) in Q1 2023, accounting for 85.5% of the regional public issuance total, slightly lower than its 86.7% share in Q4 2022. ASEAN economies posted strong growth in Treasury and other government bond issuance (USD101.6 billion) of 20.8% q-o-q in Q1 2023, reversing a contraction of 18.6% in Q4 2022, due to frontloading issuance policies in some markets. Issuance in the Philippines ramped up in Q1 2023, driven by Retail Treasury Bond issuance of PHP283.7 billion in February. Similarly, Indonesia raised IDR22.2 trillion from the sale of nontradable Savings Bond Ritel in January. The Republic of Korea's issuance of Treasury and other government bonds (USD43.8 billion) increased 27.2% q-o-q in Q1 2023, following a decline of 25.9% q-o-q in Q4 2022, as it aimed to frontload about 65% of its budget spending in the first half of the year. Meanwhile, central bank bond issuance accounted for 22.7% of the region's total LCY bond issuance. ASEAN economies are active issuers of central bank bonds, accounting for 71.8% of total regional central bank bond issuance during the quarter.

Figure 7: Local Currency Bond Issuance in the First Quarter of 2023 by Economy and Type of Bond



ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; KOR = Republic of Korea; PRC = People's Republic of China.

Note: ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.

Source: *AsianBondsOnline* calculations based on various local sources.

The region's corporate bond issuance moderated amid rising interest rates. Emerging East Asia corporate bond issuance reached USD799.5 billion in Q1 2023, down from USD809.1 billion (based on current rates) in Q4 2022, comprising 34.2% of the region's total LCY bond issuance in Q1 2023 (**Table 2**)**.** The regional contraction in the issuance of corporate bonds was driven by elevated borrowing costs and heightened uncertainties over the monetary direction of the Federal Reserve and fears of contagion arising from banking sector turmoil in the US and Europe. The PRC led the issuance of corporate bonds with a 76.9% share of the regional total, while the Republic of Korea accounted for a 15.1% share. ASEAN markets comprised only 3.6% of regional LCY corporate bond issuance, reflecting the need for policy initiatives to further the development of corporate bond markets.

Regional Treasury issuance in Q1 2023 was concentrated in medium- to long-term financing. Of all Treasury bonds issued during the quarter, 57.7% carried maturities of over 5 years (**Figure 8**). Nearly all emerging East Asian markets in Q1 2023 issued more than 50% of bonds with maturities beyond 5 years, with Hong Kong, China (38.5%) as the exception. Treasury bonds issued in emerging East Asia had a size-weighted average maturity of 6.9 years in Q1 2023, up from 5.9 years in the prior quarter.

Section 3. Intra-Regional Bond Issuance

Emerging East Asian intra-regional bond issuance declined on lower issuance from the Republic of Korea. The region's issuances of intra-regioal bonds moderated to USD11.6 billion in Q1 2023 from USD12.1 billion in Q4 2022, posting a 3.8% q-o-q decline (**Figure 9**).[4] The decline in the intra-regional issuance volume was driven by the Republic of Korea, whose bond issuance decreased 90.0% q-o-q in Q1 2023, offsetting the increases in issuance in Hong Kong, China and Malaysia, as well as new issuances from the

[4] Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a member's currency excluding the issuer's home currency.

Table 2: Local Currency-Denominated Bond Issuance (gross)

	Q1 2022		Q4 2022		Q1 2023		Growth Rate (%)	
							Q1 2023	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y
China, People's Rep. of								
Total	1,481	100.0	1,390	100.0	1,475	100.0	5.7	8.0
Treasury and Other Government	747	50.4	773	55.6	860	58.3	10.8	24.8
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	734	49.6	616	44.4	615	41.7	(0.6)	(9.1)
Hong Kong, China								
Total	148	100.0	150	100.0	161	100.0	7.8	9.0
Treasury and Other Government	0.4	0.3	0.8	0.5	1	0.6	30.0	136.4
Government	120	81.0	124	82.9	124	77.3	0.6	4.0
Corporate	28	18.7	25	16.6	35	22.0	43.3	28.7
Indonesia								
Total	46	100.0	39	100.0	36	100.0	(10.0)	(17.3)
Treasury and Other Government	17	36.4	15	39.7	16	45.1	2.2	2.4
Central Bank	26	57.7	22	55.8	18	49.8	(19.6)	(28.5)
Corporate	3	5.9	2	4.5	2	5.0	1.8	(29.1)
Korea, Rep. of								
Total	193	100.0	187	100.0	190	100.0	4.7	5.8
Treasury and Other Government	56	29.1	35	19.0	44	23.0	27.2	(16.2)
Central Bank	25	12.9	19	10.3	26	13.5	37.5	11.0
Corporate	112	58.0	132	70.7	120	63.4	(6.2)	15.7
Malaysia								
Total	19	100.0	27	100.0	23	100.0	(14.4)	25.5
Treasury and Other Government	12	61.4	10	37.7	16	68.0	54.4	39.0
Central Bank	0	0.0	0.3	1.0	0.5	2.0	66.7	–
Corporate	7	38.6	17	61.3	7	30.0	(58.0)	(2.3)
Philippines								
Total	47	100.0	39	100.0	50	100.0	24.7	10.9
Treasury and Other Government	18	39.4	7	19.1	17	34.8	127.3	(1.9)
Central Bank	25	54.3	29	75.0	32	64.3	6.9	31.2
Corporate	3	6.3	2	5.9	0.4	0.9	(81.7)	(84.7)
Singapore								
Total	215	100.0	279	100.0	295	100.0	5.0	35.2
Treasury and Other Government	25	11.8	28	9.9	29	9.9	5.4	13.7
Central Bank	187	87.4	250	89.4	264	89.4	4.9	38.3
Corporate	2	0.8	2	0.7	2	0.7	7.2	16.3
Thailand								
Total	65	100.0	64	100.0	68	100.0	5.1	7.8
Treasury and Other Government	18	27.3	18	28.1	18	26.3	(1.7)	3.6
Central Bank	34	52.3	31	49.4	34	50.1	6.6	3.3
Corporate	13	20.4	14	22.5	16	23.6	10.2	24.8
Viet Nam								
Total	5	100.0	23	100.0	40	100.0	73.0	786.2
Treasury and Other Government	2	39.0	4	19.3	5	12.9	15.9	194.2
Central Bank	1	29.9	18	80.0	34	84.0	81.8	2,389.1
Corporate	1	31.1	0.2	0.7	1	3.0	639.3	(13.7)
Emerging East Asia								
Total	2,217	100.0	2,197	100.0	2,337	100.0	6.2	12.1
Treasury and Other Government	895	40.4	892	40.6	1,006	43.0	12.4	21.1
Central Bank	419	18.9	494	22.5	532	22.7	7.1	27.5
Corporate	903	40.7	810	36.9	799	34.2	(1.2)	(4.5)
Japan								
Total	463	100.0	481	100.0	489	100.0	3.0	15.2
Treasury and Other Government	444	95.9	448	93.1	466	95.2	5.3	14.5
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	19	4.1	33	6.9	23	4.8	(28.5)	32.5

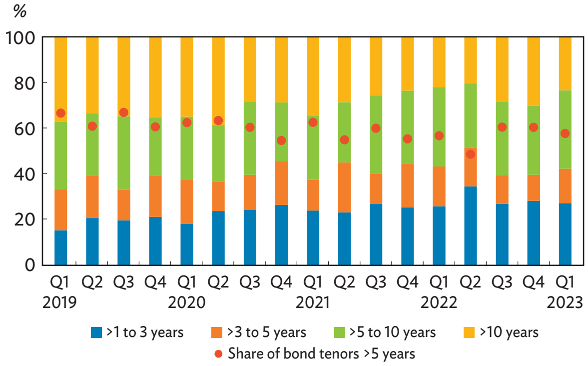
( ) = negative, – = not applicable, Q1 = first quarter, Q4 = fourth quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Corporate bonds include issues by financial institutions.
2. Bloomberg LP end-of-period local currency–USD rates are used.
3. Growth rates are calculated from local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 31 March 2023 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP); and Japan (Japan Securities Dealers Association).

Figure 8: Maturity Structure of Local Currency Government Bond Issuance in Emerging East Asia

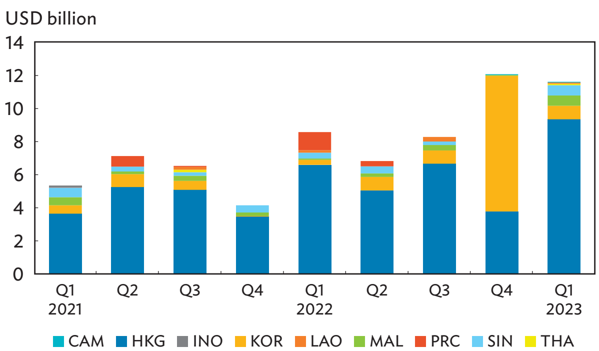


Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Note: Figures were computed based on 31 March 2023 currency exchange rates and do not include currency effects.

Source: *AsianBondsOnline* calculations based on various local sources.

Figure 9: Intra-Regional Bond Issuance in Select Emerging East Asian Economies



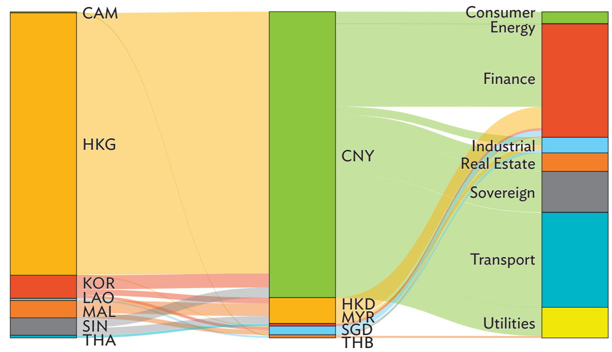
CAM = Cambodia; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; USD = United States dollar.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Lao People's Democratic Republic, Singapore, and Thailand. Monthly intra-regional issuance volumes amounted to USD5.4 billion, USD3.0 billion, and USD3.3 billion in January, February, and March, respectively. Compared to Q1 2022, total intra-regional bond issuance increased 35.5% y-o-y from USD8.6 billion.

The Chinese yuan dominated intra-regional bond issuance in Q1 2023, accounting for 87.7% of the emerging East Asian total on issuance of USD10.2 billion (Figure 10). Institutions from

Figure 10: Intra-Regional Bond Issuance in Emerging East Asia by Economy, Currency, and Sector in the First Quarter of 2023



CAM = Cambodia; CNY = Chinese yuan; HKD = Hong Kong dollar; HKG = Hong Kong, China; KOR = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; MYR = Malaysian riggit; SGD = Singapore dollar; SIN = Singapore; THA = Thailand; THB = Thai baht.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

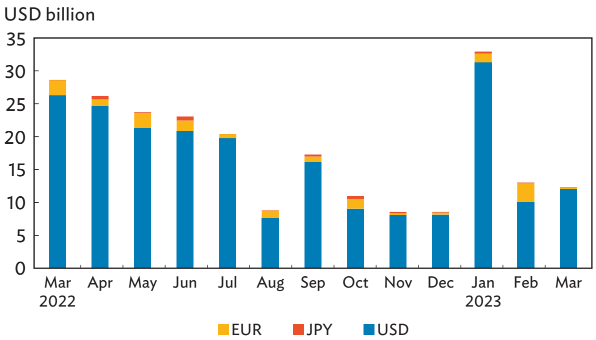
Hong Kong, China; the Republic of Korea; and Singapore issued intra-regional bonds denominated in Chinese yuan during the quarter. Hong Kong, China was the largest source of intra-regional bonds in Q1 2023 with USD9.4 billion, accounting for 80.5% of the emerging East Asian total.

The financial sector was the largest source of intra-regional bond issuance in emerging East Asia in Q1 2023, comprising 34.8% of the regional total. However, the financial sector issuance posted a contraction of 55.6% q-o-q in Q1 2023, with its intra-regional issuance declining to USD4.0 billion from USD9.1 billion in Q4 2022. The transportation and sovereign sectors were the second- and third-largest issuers of intra-regional bonds in Q1 2023, respectively, with regional shares of 29.1% and 12.5%.

Section 4. G3 Currency Bond Issuance

Emerging East Asia's issuance of G3 currency bonds reached USD58.4 billion in Q1 2023, the most since Q2 2022 (Figure 11). On an annual basis, G3 currency bond issuance declined 23.1% from Q1 2022 due to the high-interest-rate environment and various headwinds to the global economic outlook. The region's G3 issuance was largely dragged down by the 55.0% y-o-y decline in issuance from the PRC, the largest G3 currency bond issuer in emerging East Asia. ASEAN markets accounted for 19.6% of the total G3 currency bonds

Figure 11: Monthly G3 Currency Bond Issuance in Select Emerging East Asian Markets



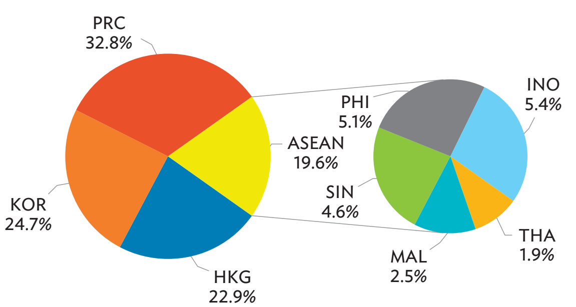
EUR = euro, JPY = Japanese yen, USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
3. Figures were computed based on 31 March 2023 currency exchange rates and do not include currency effects.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 12: G3 Currency Bond Issuance in Emerging East Asia in the First Quarter of 2023



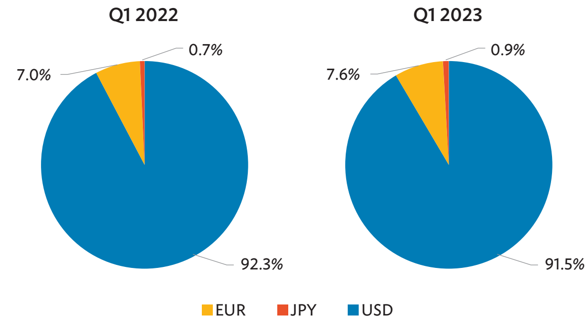
ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand.

Note: G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

issued in emerging East Asia in Q1 2023 (**Figure 12**), which was higher than their corresponding share of 16.1% in Q1 2022. However, total G3 issuance from ASEAN members contracted 6.2% y-o-y to USD11.5 billion in Q1 2023. Among ASEAN markets, Indonesia and the Philippines led in terms of G3 currency bond issuance with USD3.2 billion and USD3.0 billion, respectively. Cambodia, the Lao People's Democratic Republic, and Viet Nam did not issue any G3 currency bond in Q1 2023. In the same quarter, USD-denominated issuance

Figure 13: Currency Breakdown of G3 Currency Bond Issuance in Emerging East Asia



EUR = euro, JPY = Japanese yen, Q1 = first quarter, USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
3. Figures were computed based on 31 March 2023 currency exchange rates and do not include currency effects.

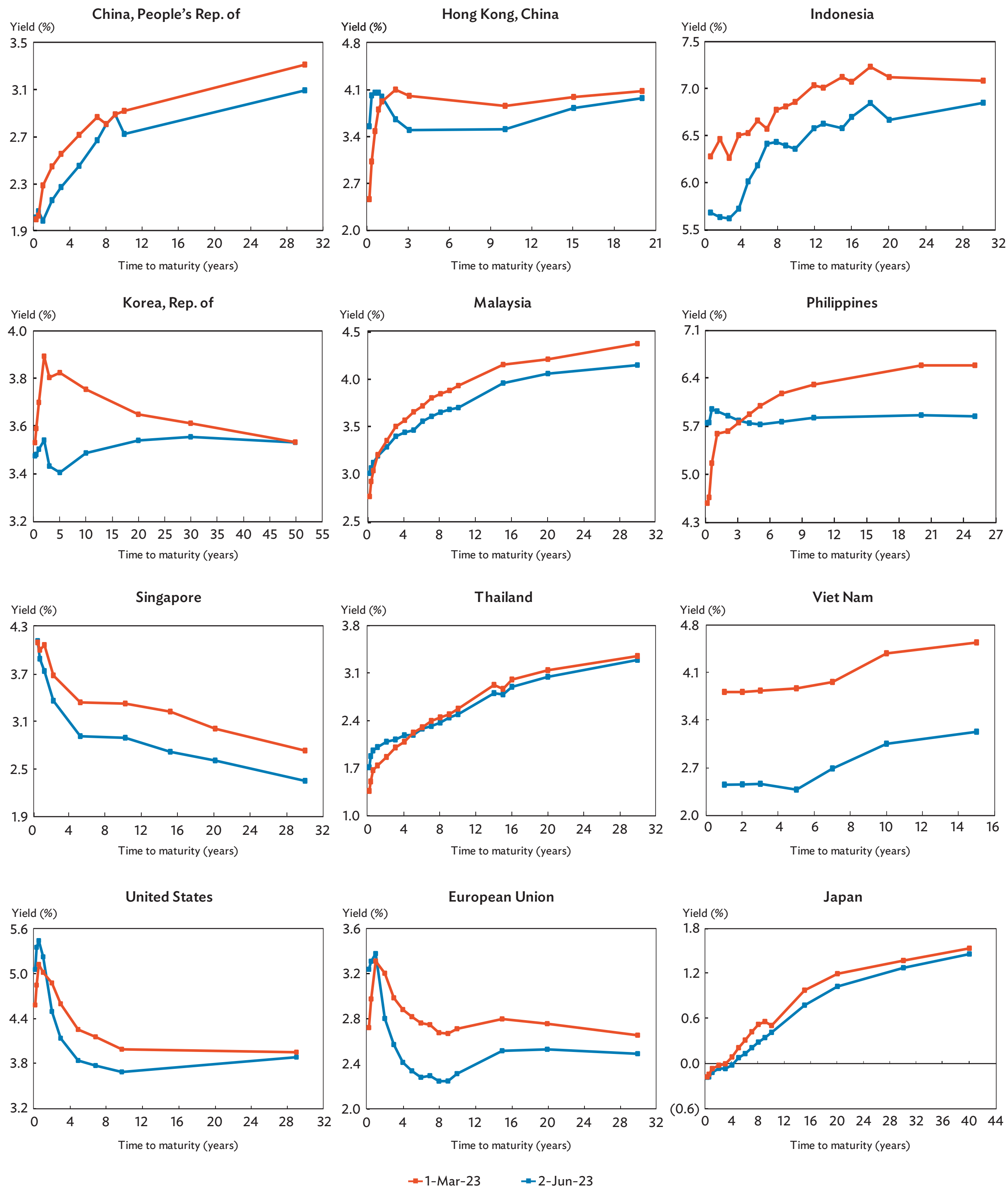
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

accounted for 91.5% of total regional G3 currency bond issuance (**Figure 13**). Bond issuances in US dollars, euros, and Japanese yen all contracted in Q1 2023 from the previous year, with USD-denominated bonds declining the most (23.7% y-o-y) on aggressive US monetary tightening.

Section 5. Yield Curve Movements

Between 1 March and 2 June, LCY government bond yield curves shifted downward for most regional markets, particularly at the longer end (Figure 14). The declines were largely driven by residual inflationary pressure and moderating monetary tightening by regional central banks. Some markets witnessed a downward shift for all tenors. However, in Malaysia, the Philippines, and Thailand, bond yields at the shorter end of the curve rose following central bank interest rate hikes. Viet Nam's yield curve saw the largest downward shift, with an average yield decline of 136 bps, following the State Bank of Vietnam's two consecutive 50 bps rate cuts on the refinancing rate, effective 3 April and 25 May, to spur economic growth.

Figure 14: Benchmark Yield Curves—Local Currency Government Bonds



( ) = negative.

Sources: Based on data from Bloomberg LP and Thai Bond Market Association.