

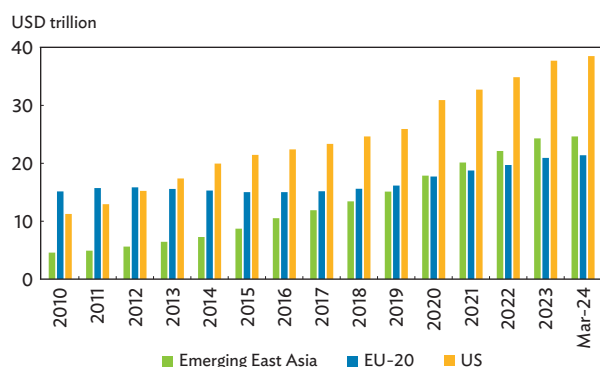
# Bond Market Developments in the First Quarter of 2024

## Section 1. Local Currency Bonds Outstanding

**Emerging East Asian local currency (LCY) bonds outstanding rose to USD24.7 trillion at the end of March on a year-on-year (y-o-y) expansion of 8.9%.<sup>4</sup>**

The pace of annual growth in emerging East Asian LCY bonds outstanding continued to surpass that of the United States (US) (7.8%) and the European Union 20 (EU-20) (6.1%). At the end of March, the market size of emerging East Asian LCY bonds was equivalent to 64.0% of the US bond market (USD38.6 trillion) and 115.3% of the EU-20 (USD21.4 trillion) (Figure 1).

**Figure 1: Local Currency Bonds Outstanding in Emerging East Asia, the European Union 20, and the United States**



EU-20 = European Union 20, 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. The EU-20 includes the member markets of 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 (European Central Bank); 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 (Securities Industry and Financial Markets Association and Bloomberg LP); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

Quarterly growth in the emerging East Asian LCY bond market in the first quarter (Q1) of 2024 was down from the previous quarter, largely due to a contraction of Treasury issuance in the People's Republic of China (PRC). The region's LCY bonds outstanding rose 1.4% quarter-on-quarter (q-o-q) in Q1 2024, down from 1.8% q-o-q growth in the fourth quarter (Q4) of 2023 (Table 1). Growth in the region's Treasury bonds outstanding eased to 1.3% q-o-q in Q1 2024 from 5.0% q-o-q in Q4 2023, mostly due to a deeper contraction in Treasury bond issuance in the PRC and Hong Kong, China. All other emerging East Asian economies saw increased issuance of Treasury bonds. The region's corporate bond market expanded 1.2% q-o-q in Q1 2024, recovering from a contraction of 3.3% q-o-q in Q4 2023 and supported by increased issuance in the PRC; Hong Kong, China; and Singapore. All regional bond markets posted positive quarterly growth in Q1 2024, with Thailand and Viet Nam recovering from contractions in the preceding quarter (Figure 2).

**The amount of LCY bonds outstanding in the Association of Southeast Asian Nations (ASEAN) members remains relatively small compared to other emerging East Asian economies.** ASEAN LCY bonds outstanding reached USD2.2 trillion at the end of March, representing 8.9% of the emerging East Asian LCY bond market. During the same period, the PRC's LCY bond market (USD19.7 trillion) accounted for 79.7% of the region's total, followed by the Republic of Korea (USD2.4 trillion) at 9.8% (Figure 3). Treasury bonds (USD15.3 trillion) accounted for 62.0% of the emerging East Asian LCY bond market at the end of March, while corporate bonds (USD8.8 trillion) and central bank bonds (USD0.6 trillion) comprised the remaining 35.5% and 2.4%, respectively.

**A majority of LCY Treasury bonds outstanding in ASEAN economies at the end of Q1 2024 were medium- to long-term tenor bonds.** At the end of March, around 52.6% of outstanding Treasury bonds in

<sup>4</sup> 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 2023		Q4 2023		Q1 2024			Growth Rate (%)	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	Q1 2024	
								q-o-q	y-o-y
People's Republic of China									
Total	18,957	106.9	19,769	111.3	19,667	100.0	111.6	1.2	9.0
Treasury and Other Government	12,489	70.4	13,096	73.7	13,031	66.3	74.0	1.2	9.6
Central Bank	2	0.01	2	0.01	2	0.01	0.01	0.0	0.0
Corporate	6,465	36.4	6,671	37.6	6,634	33.7	37.7	1.2	7.8
Hong Kong, China									
Total	358	98.8	388	101.5	389	100.0	100.4	0.6	8.4
Treasury and Other Government	29	8.0	36	9.5	37	9.4	9.5	0.9	26.6
Government	155	42.8	161	42.1	162	41.7	41.8	1.0	4.2
Corporate	174	48.0	190	49.9	190	48.9	49.1	0.1	9.1
Indonesia									
Total	411	30.6	428	31.5	428	100.0	32.1	3.1	10.2
Treasury and Other Government	377	28.1	377	27.8	370	86.5	27.8	1.1	3.8
Central Bank	4	0.3	21	1.5	29	6.7	2.2	43.0	730.0
Corporate	30	2.2	30	2.2	29	6.8	2.2	(0.2)	2.5
Republic of Korea									
Total	2,315	152.8	2,497	161.2	2,426	100.0	162.5	1.6	8.5
Treasury and Other Government	892	58.9	933	60.2	906	37.4	60.7	1.6	5.1
Central Bank	94	6.2	94	6.1	89	3.7	2.1	(1.4)	(1.8)
Corporate	1,329	87.7	1,470	94.9	1,431	59.0	95.9	1.8	11.4
Malaysia									
Total	433	124.8	437	128.0	432	100.0	128.8	1.7	6.6
Treasury and Other Government	247	71.1	249	72.9	250	57.8	74.4	3.2	8.1
Central Bank	0.5	0.1	4	1.1	3	0.6	0.8	(24.4)	550.0
Corporate	186	53.5	184	54.0	180	41.6	53.6	0.2	3.4
Philippines									
Total	212	50.8	217	49.4	219	100.0	49.6	2.2	6.4
Treasury and Other Government	173	41.5	178	40.6	180	82.5	40.9	2.7	7.6
Central Bank	10	2.4	11	2.6	14	6.2	3.1	20.2	37.5
Corporate	29	6.9	27	6.2	25	11.3	5.6	(8.2)	(11.7)
Singapore									
Total	502	97.7	542	106.3	545	100.0	107.4	2.7	10.0
Treasury and Other Government	175	34.0	195	38.2	192	35.3	37.9	1.0	11.6
Central Bank	195	37.9	223	43.6	228	41.9	45.0	4.7	18.8
Corporate	132	25.8	125	24.5	124	22.8	24.5	1.6	(4.9)
Thailand									
Total	466	90.6	483	92.0	465	100.0	94.0	2.8	6.2
Treasury and Other Government	264	51.2	276	52.5	269	57.7	54.3	3.9	8.5
Central Bank	68	13.2	65	12.4	65	13.9	13.1	5.7	1.1
Corporate	135	26.2	142	27.0	132	28.3	26.6	(0.9)	4.3
Viet Nam									
Total	113	27.3	109	26.0	115	100.0	27.4	7.7	8.2
Treasury and Other Government	77	18.5	80	19.0	81	70.1	19.2	3.3	11.6
Central Bank	5	1.1	0	0.0	6	5.1	1.4	-	32.1
Corporate	31	7.6	29	7.0	29	24.8	6.8	(0.9)	(3.7)
Emerging East Asia									
Total	23,767	102.6	24,871	106.8	24,687	100.0	107.2	1.4	8.9
Treasury and Other Government	14,723	63.5	15,420	66.2	15,317	62.0	66.5	1.3	9.2
Central Bank	533	2.3	581	2.5	597	2.4	2.6	5.3	14.3
Corporate	8,511	36.7	8,870	38.1	8,773	35.5	38.1	1.2	7.9
Japan									
Total	10,184	238.7	9,670	230.5	9,078	100.0	230.3	0.7	1.5
Treasury and Other Government	9,409	220.6	8,918	212.6	8,376	92.3	212.5	0.8	1.4
Central Bank	33	0.8	27	0.6	25	0.3	0.6	(1.5)	(14.3)
Corporate	742	17.4	725	17.3	677	7.5	17.2	0.3	3.9

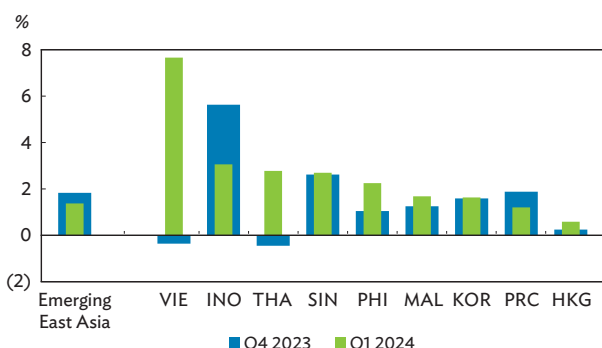
( ) = negative, – = not applicable, GDP = gross domestic product, q-o-q = quarter-on-quarter, Q1 = first quarter, Q4 = fourth quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
2. Data for GDP is from CEIC Data Company.
3. Bloomberg LP end-of-period local currency–USD rates are used.
4. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 31 March 2024 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); Japan (Japan Securities Dealers Association); 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).

**Figure 2: Growth of Select Emerging East Asian Local Currency Bond Markets (q-o-q, %)**



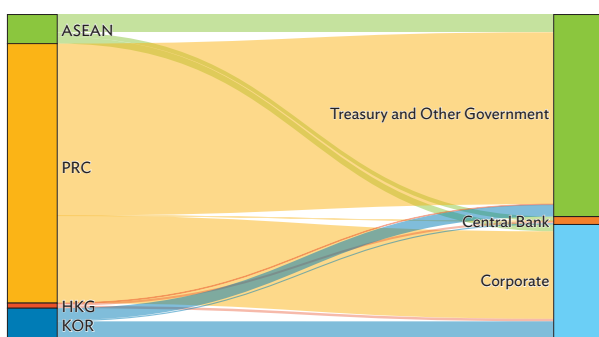
( ) = negative; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q1 = first quarter; Q4 = fourth quarter; q-o-q = quarter-on-quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

**Notes:**

- For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
- Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 31 March 2024 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).

**Figure 3: Local Currency Bonds Outstanding in Emerging East Asia by Economy and Type of Bond as of 31 March 2024**

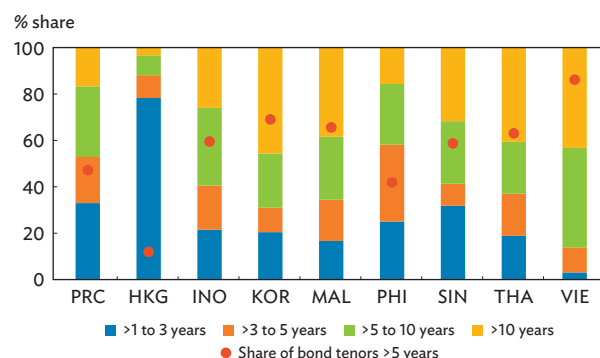


ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; KOR = Republic of Korea; PRC = People's Republic of China.

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

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

**Figure 4: Maturity Structure of Local Currency Treasury Bonds Outstanding in Select Emerging East Asian Markets as of 31 March 2024**



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.

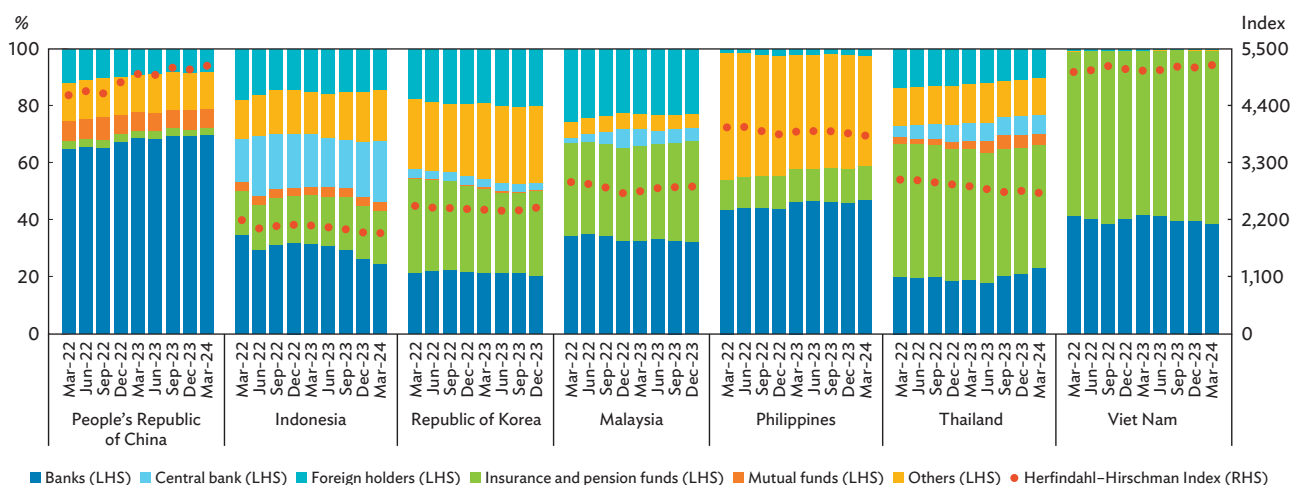
Note: Treasury bonds are local-currency-denominated, fixed-income securities issued by a government with maturities longer than 1 year.

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).

emerging East Asia had maturities of over 5 years. This share was even higher in ASEAN markets (60.4%), with Viet Nam and Malaysia having the region's highest shares at 86.2% and 65.6%, respectively (**Figure 4**). The size-weighted average tenor of Treasury bonds outstanding was 8.2 years for all emerging East Asian markets and 8.3 years for ASEAN markets. These averages exceed the US average (7.8 years) but are lower than the EU-20's (8.6 years). The LCY bond market in Hong Kong, China has a relatively large share of shorter-term Treasury bonds, with 88.1% of outstanding Treasury bonds carrying maturities of 5 years or below.

**LCY Treasury bonds in emerging East Asia remained largely held by passive investor groups, with some regional markets witnessing improved investor diversity in Q1 2024.** Banking institutions were the largest Treasury bond holders in the region, accounting for 36.6% of Treasury bonds outstanding at the end of March. The share of bank holdings was highest in the PRC (70.0%), followed by the Philippines (46.9%) (**Figure 5**). The region's next largest investor group comprised insurance and pension funds (28.9%), whose holdings were the highest in Viet Nam 60.8%, Thailand (43.1%), and

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



LHS = left-hand side, RHS = right-hand side.

Notes:

1. Data for the Republic of Korea and Malaysia are up to December 2023.

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).

Malaysia (35.2%). Across the region, Indonesia and the Republic of Korea have the most diversified investor bases, as reflected in their low Herfindahl-Hirschman Index scores, while the PRC and Viet Nam have the most concentrated investor profiles.<sup>5</sup> In Viet Nam, two major investor groups—banks and insurance and pension funds—collectively held 99.5% of outstanding Treasury bonds at the end of March. During Q1 2024, Indonesia, the Philippines, and Thailand showed slight declines in their respective Herfindahl-Hirschman Index scores, reflecting improvement in investor base diversity.

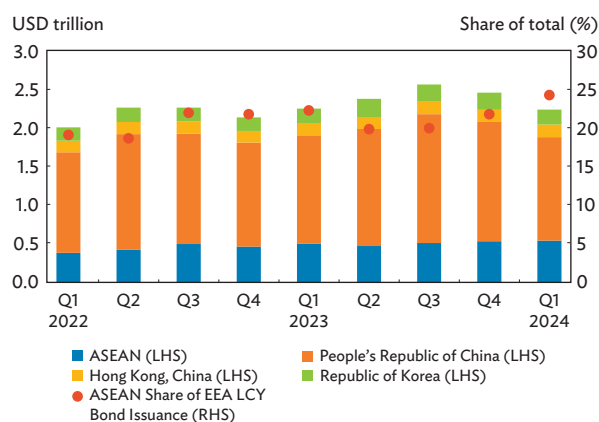
## Section 2. Local Currency Bond Issuance

**LCY bond issuance in emerging East Asia fell 9.0% q-o-q in Q1 2024 as both government and corporate bond issuance contracted on segment-specific factors.** Total regional LCY bond issuance reached USD2.2 trillion in Q1 2024, less than half that in the US (USD5.1 trillion) but almost double that in the EU-20 (USD1.2 trillion). Six out of nine economies in the region registered reduced issuance in Q1 2024

compared with Q4 2023. The contraction in regional government bonds was driven by reduced issuance in the PRC, due to a higher issuance base in Q4 2023 when some 2024 financing quotas were **frontloaded**, which more than offset rising government bond issuance in the Republic of Korea and all ASEAN markets during Q1 2024. In the corporate bond segment, the Republic of Korea and almost all ASEAN economies witnessed declining issuance in Q1 2024 due to higher-for-longer interest rates resulting from the delayed US rate cut. Meanwhile, corporate bond issuance in the PRC increased in Q1 2024 due to lower bond yields, driven by the People's Bank of China's monetary easing (**Figure 6**).

**Government bond issuance decreased 18.1% q-o-q to USD853.8 billion in Q1 2024, dragged down by the contraction in the PRC.** The PRC, which accounted for 82.3% of regional government issuance during the quarter, registered a contraction in government bond issuance of 24.4% q-o-q in Q1 2024 (**Figure 7**). This contraction was mostly due to a high base effect from Q4 2023, when **local governments frontloaded** part of their respective 2024 issuance quotas. ASEAN markets collectively

<sup>5</sup> The Herfindahl-Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the investor profile diversification of the region's local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

**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.

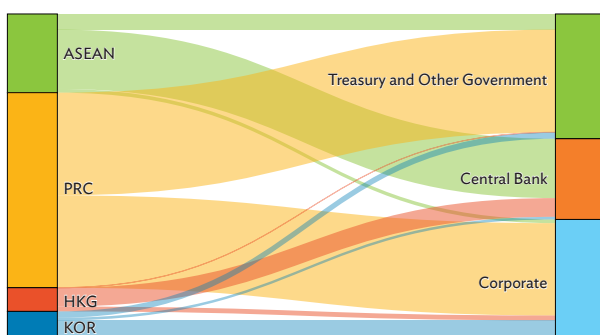
Notes:

1. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Figures were computed based on 31 March 2024 currency exchange rates and do not include currency effects.

Source: 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 Thai Bond Market Association); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

accounted for 12.5% of the regional government issuance total in Q1 2024, posting a significant increase of 38.9% q-o-q. This was due to the large volume of issuance in the Philippines—where PHP584.9 billion (USD10.4 billion) of Retail Treasury Bonds were issued in February to fund programs in key sectors of the economy—and a result of frontloading issuance policies in some ASEAN markets. In the Republic of Korea, issuance grew 39.6% q-o-q as the government planned to spend more than 65% of its fiscal budget in the first half of the year. Meanwhile, issuance of central bank bonds in the region contracted 2.8% q-o-q in Q1 2024, with ASEAN markets accounting for almost 75% of the regional central bank total.

**Corporate bond issuance contracted 1.9% q-o-q in Q1 2024 to USD822.1 billion on higher-for-longer interest rates.** Corporate bond issuance in the PRC, which accounted for 76.9% of the regional total in Q1 2024, increased 3.8% q-o-q, reversing the 12.6% q-o-q contraction in Q4 2023 (**Table 2**). The rebound was supported by the decline in domestic bond yields, spurred by the People's Bank of China's monetary easing to support economic activities. In contrast, almost all other regional markets recorded lower corporate bond issuance in Q1 2024 compared to Q4 2023 due to rising bond yields on the expectation of higher-for-longer interest rates in the US. The Republic of Korea and ASEAN markets, which accounted for 16.0% and 3.1% of the regional corporate issuance total, respectively, posted 24.4% q-o-q and 18.4% q-o-q contractions in Q1 2024.

**Figure 7: Local Currency Bond Issuance in Emerging East Asia by Economy and Type of Bond in the First Quarter of 2024**

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.

**Around 54.7% of regional Treasury bond issuance in Q1 2024 carried medium- to long-term tenors (Figure 8a).** The trend toward longer tenors was most evident in the Republic of Korea and a majority of ASEAN economies (**Figure 8b**). The size-weighted average maturity of regional Treasury bond issuance inched up to 7.7 years in Q1 2024 from 7.3 years in Q4 2023, with ASEAN economies and the Republic of Korea recording averages of 9.9 years and 17.4 years, respectively. Meanwhile, over half of Hong Kong, China's Treasury bond issuance was concentrated in shorter tenors of 3 years or less, as these bonds are mostly used to provide benchmark rates and help develop the domestic bond market.



Table 2: Local-Currency-Denominated Bond Issuance

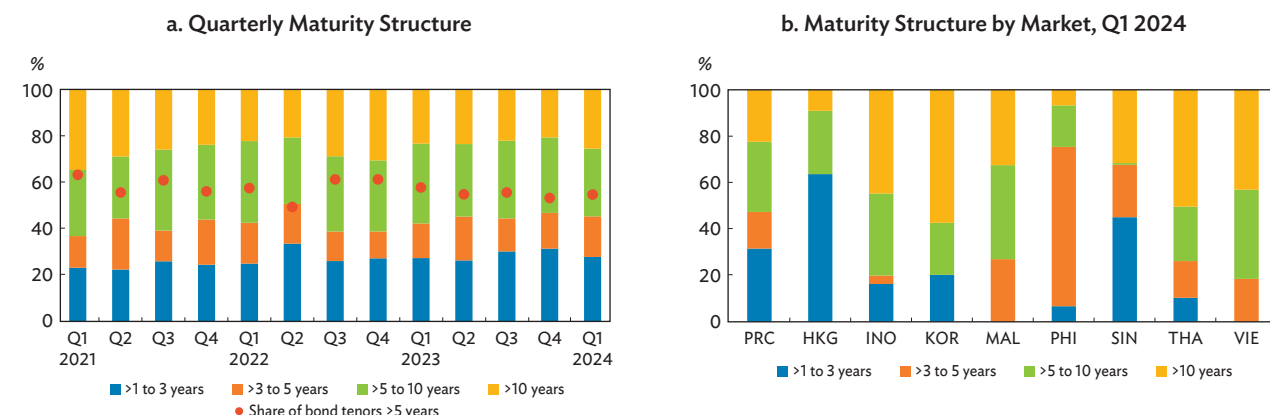
	Q1 2023		Q4 2023		Q1 2024		Growth Rate (%)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q1 2024	
							q-o-q	y-o-y
People's Republic of China								
Total	1,475	100.0	1,565	100.0	1,335	100.0	(13.3)	(4.9)
Treasury and Other Government	860	58.3	946	60.4	703	52.7	(24.4)	(14.1)
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	615	41.7	619	39.6	632	47.3	3.8	8.0
Hong Kong, China								
Total	161	100.0	158	100.0	162	100.0	2.9	0.6
Treasury and Other Government	1	0.6	4	2.5	0.7	0.4	(82.0)	(29.5)
Government	124	77.3	129	81.9	128	79.1	(0.6)	2.9
Corporate	35	22.0	25	15.6	33	20.5	34.8	(6.6)
Indonesia								
Total	36	100.0	44	100.0	43	100.0	(0.6)	24.5
Treasury and Other Government	16	45.1	11	25.5	16	37.6	46.8	3.8
Central Bank	18	49.8	31	69.0	25	58.6	(15.6)	46.4
Corporate	2	5.0	2	5.5	2	3.8	(31.9)	(7.3)
Republic of Korea								
Total	190	100.0	232	100.0	193	100.0	(13.0)	5.1
Treasury and Other Government	44	23.0	32	14.0	43	22.4	39.6	2.3
Central Bank	26	13.5	17	7.5	18	9.3	7.8	(27.7)
Corporate	120	63.4	182	78.5	132	68.2	(24.4)	13.1
Malaysia								
Total	23	100.0	34	100.0	29	100.0	(12.8)	31.8
Treasury and Other Government	16	68.0	10	29.1	11	37.1	11.1	(28.1)
Central Bank	0.5	2.0	14	41.4	10	36.4	(23.4)	2,350.0
Corporate	7	30.0	10	29.4	8	26.5	(21.5)	16.3
Philippines								
Total	50	100.0	41	100.0	56	100.0	37.3	16.0
Treasury and Other Government	17	34.8	8	19.0	22	39.9	188.6	33.1
Central Bank	32	64.2	32	77.8	32	57.8	2.0	4.4
Corporate	0.5	1.0	1	3.2	1	2.3	(0.1)	163.7
Singapore								
Total	295	100.0	352	100.0	340	100.0	(1.1)	16.9
Treasury and Other Government	29	9.9	35	9.8	37	10.7	8.0	26.3
Central Bank	264	89.4	316	89.8	301	88.4	(2.6)	15.7
Corporate	2	0.7	1	0.4	3	0.9	103.6	38.2
Thailand								
Total	73	100.0	58	100.0	61	100.0	12.2	(11.0)
Treasury and Other Government	23	31.6	14	24.7	18	29.4	33.9	(17.0)
Central Bank	34	46.5	30	52.2	32	52.1	11.9	(0.2)
Corporate	16	21.9	13	23.1	11	18.5	(10.3)	(24.9)
Viet Nam								
Total	41	100.0	17	100.0	10	100.0	(36.7)	(73.4)
Treasury and Other Government	6	14.5	2	10.2	4	35.6	120.1	(34.5)
Central Bank	34	82.5	11	66.4	6	57.5	(45.2)	(81.5)
Corporate	1	3.0	4	23.4	0.7	6.9	(81.3)	(38.5)
Emerging East Asia								
Total	2,343	100.0	2,500	100.0	2,228	100.0	(9.0)	(1.0)
Treasury and Other Government	1,012	43.2	1,062	42.5	854	38.3	(18.1)	(11.5)
Central Bank	532	22.7	580	23.2	553	24.8	(2.8)	5.9
Corporate	800	34.1	858	34.3	822	36.9	(1.9)	7.6
Japan								
Total	489	100.0	431	100.0	371	100.0	(7.7)	(13.6)
Treasury and Other Government	466	95.2	389	90.2	351	94.6	(3.2)	(14.2)
Central Bank	0	0.0	14	3.3	0	0.0	(100.0)	–
Corporate	23	4.8	28	6.5	20	5.4	(23.6)	(1.7)

( ) = 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. Data reflect gross bond issuance.
2. Bloomberg LP end-of-period local currency–USD rates are used.
3. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 31 March 2024 currency exchange rates and do not include currency effects.

Source: 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); Japan (Japan Securities Dealers Association); Republic of Korea (Bank of Korea and KG Zerin 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 Thai Bond Market Association); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

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

HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:

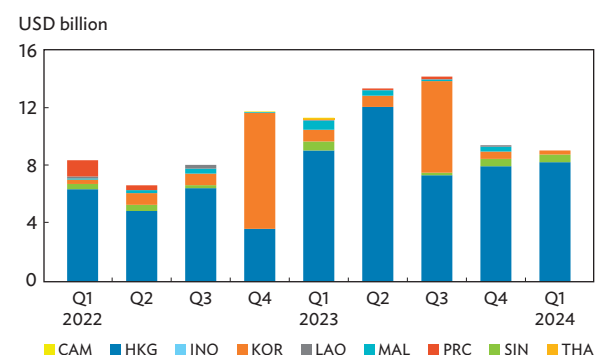
- Figures were computed based on 31 March 2024 currency exchange rates and do not include currency effects.
- Treasury bonds are local-currency-denominated, fixed-income securities issued by a government with maturities longer than 1 year.

Source: AsianBondsOnline calculations based on various local sources.

## Section 3. Intra-Regional Bond Issuance

### Emerging East Asia's intra-regional bond issuance contracted amid the high interest rate environment.

Intra-regional bond issuance in emerging East Asia recorded USD8.9 billion in Q1 2024, down 3.9% q-o-q from USD9.2 billion in Q4 2023 (**Figure 9**).<sup>6</sup> Only three markets issued intra-regional bonds during Q1 2024, compared to five in the prior quarter. The significant decline of intra-regional bond issuance from the Republic of Korea dragged down the region's total issuance, offsetting increased issuance in Q1 2024 from Hong Kong, China and Singapore. The Republic of Korea's issuance declined 44.8% q-o-q to USD0.3 billion, accounting for only 3.1% of the regional total and down from USD0.5 billion in Q4 2023. Hong Kong, China remained the largest issuer of intra-regional bonds in emerging East Asia, accounting for 91.1% of the region's total. Hong Kong, China's total issuance reached USD8.1 billion in Q1 2024, an increase of 3.5% q-o-q from USD7.8 billion in the previous quarter. Singapore's issuance increased 4.2% q-o-q to USD0.5 billion in Q1 2024, equivalent to 5.8% of total intra-regional issuance. Among corporate issuers of intra-regional bonds in emerging East Asia, China Merchants Group—a state-owned logistics company domiciled in Hong Kong, China—

**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.

Notes:

- 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.
- Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.
- Figures were computed based on 31 March 2024 currency exchange rates and do not include currency effects.

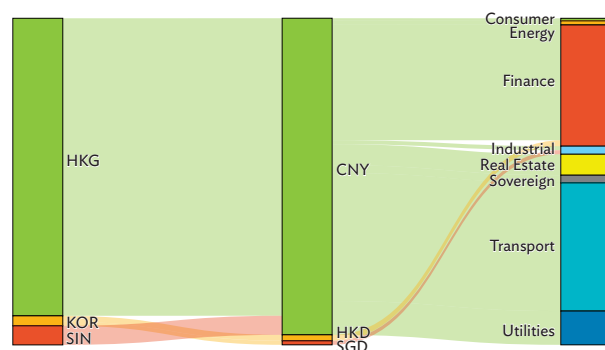
Source: AsianBondsOnline calculations based on Bloomberg LP data.

remained the largest issuer during the quarter with aggregate issuance of USD3.1 billion, accounting for 38.9% of the regional total.

<sup>6</sup> Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.

The transportation sector dominated intra-regional bond issuance in Q1 2024, and the Chinese yuan remained the prevalent issuing currency in the region. CNY-denominated issuance accounted for 96.9% of emerging East Asia's intra-regional total, reaching a total of USD8.6 billion during the quarter (**Figure 10**). CNY-denominated issuance came from Hong Kong, China and Singapore, while HKD-denominated issuance came from the Republic of Korea and Singapore. The Republic of Korea was the only source of SGD-denominated intra-regional bonds in Q1 2024. Collectively, issuances denominated in Hong Kong dollars and Singapore dollars accounted for 3.1% of the total intra-regional issuance in the region. By sector, issuance from the transportation industry totaled USD3.5 billion in Q1 2024, up 18.2% q-o-q from the previous quarter's USD3.0 billion. Intra-regional issuance from the transportation sector comprised 39.2% of the regional total in Q1 2024, while financial sector issuance totaled USD3.3 billion and accounted for 37.1% of the regional total. Issuance from the utilities and real estate sectors decreased on a q-o-q basis during Q1 2024, accounting for 10.4% and 6.4%, respectively, of emerging East Asia's total intra-regional bond issuance.

**Figure 10: Intra-Regional Bond Issuance in Emerging East Asia by Economy, Currency, and Sector in the First Quarter of 2024**



CNY = Chinese yuan; HKD = Hong Kong dollar; HKG = Hong Kong, China; KOR = Republic of Korea; SGD = Singapore dollar; SIN = Singapore.

Note: Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.

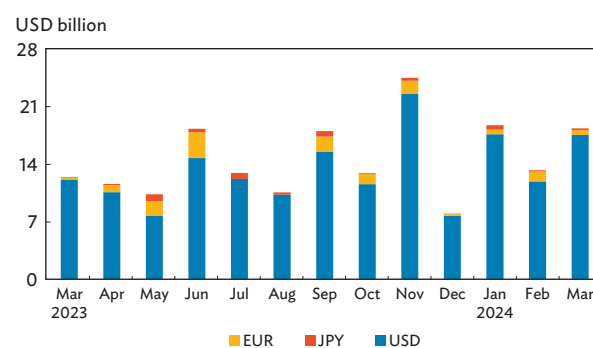
Source: AsianBondsOnline calculations based on Bloomberg LP data.

## Section 4. G3 Currency Bond Issuance

**Quarterly growth in G3 currency bond issuance in emerging East Asia picked up in Q1 2024 on increased issuance across most markets in the region.<sup>7</sup>**

G3 currency bond issuance recorded USD50.1 billion in Q1 2024, increasing 11.0% q-o-q and exceeding the expansion of 9.4% q-o-q in the previous quarter, as most regional economies increased their G3 bond issuance during the review period (**Figure 11**). On a y-o-y basis, however, G3 currency bond issuance during the quarter was 14.2% lower as issuance of USD- and EUR-denominated bonds, which constituted 93.5% and 4.7% of the regional total, respectively, both fell amid higher interest rates in the US and the euro area. During the review period, the Republic of Korea overtook the PRC as the top issuer in the region with USD14.7 billion raised in G3 currency bonds, while the PRC raised USD14.2 billion. G3 currency bonds issued in the ASEAN region totaled USD15.3 billion, representing 30.6% of emerging East Asia's issuance total in Q1 2024 (**Figure 12**). ASEAN's G3 bond issuance increased 51.8% q-o-q and 34.4% y-o-y. Indonesia and Malaysia led all ASEAN economies in G3 currency bond issuance

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



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

Notes:

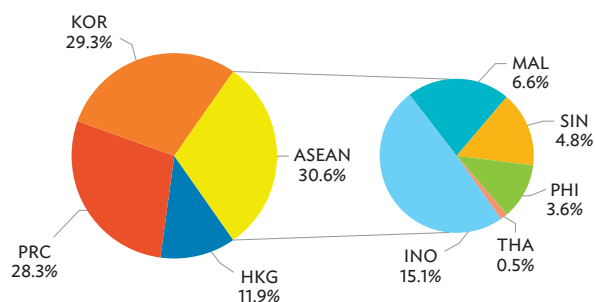
1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
3. Figures were computed based on 31 March 2024 currency exchange rates and do not include currency effects.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

<sup>7</sup> G3 currency bonds are bonds denominated in either euros, Japanese yen, or United States dollars.



**Figure 12: G3 Currency Bond Issuance in Emerging East Asia in the First Quarter of 2024**



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.

**Notes:**

1. Emerging East Asia is defined to include member states of 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.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

with USD7.5 billion and USD3.3 billion, respectively. Bank Indonesia was the top issuer of G3 currency bonds in the ASEAN region during Q1 2024, with a USD4.9 billion issuance of zero-coupon, short-term bonds to support the foreign exchange market. Viet Nam did not issue any G3 currency bonds in Q1 2024.

## Section 5. Yield Curve Movements

Between 1 March and 31 May, most government bond yields in emerging East Asia rose amid the delay in the expected Federal Reserve rate cut (Figure 13). Yield upticks during the review period stemmed from (i) the rise in advanced economy yields as the Federal Reserve delayed its planned rate cut and some Federal Reserve officials issued hawkish statements, (ii) persistent inflation in some regional markets in recent months, and (iii) possible changes in expected domestic monetary policy easing. One exception was the PRC, where bond yields declined, largely driven by a slew of government measures to boost economic growth and support the property sector.

Figure 13: Benchmark Yield Curves—Local Currency Government Bonds

