

Market Summaries

People’s Republic of China

Yield Movements

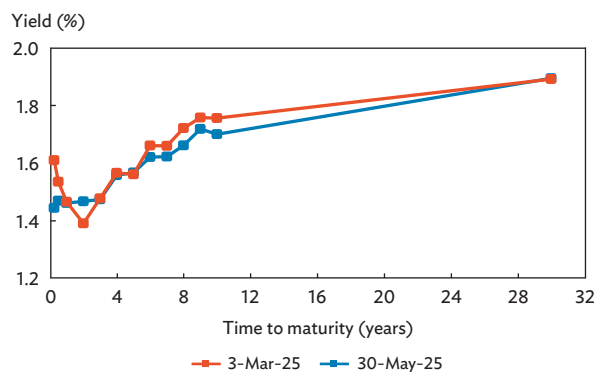
The yield curve for local currency (LCY) bonds in the People’s Republic of China (PRC) shifted downward for most maturities over lingering concerns about a weakening domestic economy despite the imposition of a 90-day tariff pause between the US and the PRC. On average, bond yields fell 3 basis points (bps) across the curve from 3 March to 30 May over heightened economic uncertainties (Figure 1). The PRC’s gross domestic product grew 5.4% year-on-year (y-o-y) in the first quarter (Q1) of 2025, the same pace as in the previous quarter, due to the government’s stimulus efforts. More recent data show some weakening. Industrial production fell to 6.1% y-o-y in April from 7.7% y-o-y in March. Similarly, retail sales growth fell to 5.1% y-o-y in April from 5.9% y-o-y in March. To help the economy this year, the Government of the PRC announced a 2025 GDP growth target of 5.0% y-o-y, which was equal to the rate of growth achieved in 2024, and a higher budget deficit target of 4.0% in 2025 versus a deficit of 3.0% recorded in 2024. Also in May, the People’s Bank of China reduced the 7-day reverse repurchase rate, the 1-year loan prime rate, and the 5-year

loan prime rate by 10 bps each (to 1.40%, 3.00%, and 3.50%, respectively), and the reserve requirement ratio by 50 bps to 9.00%.

Local Currency Bond Market Size and Issuance

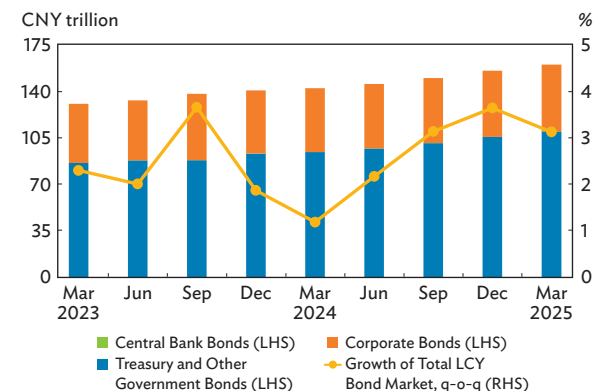
Growth in LCY bonds outstanding in the PRC slowed in Q1 2025, with the market reaching a size of CNY159.7 trillion at the end of March. LCY bonds grew 3.0% quarter-on-quarter (q-o-q) in Q1 2025, down from 3.6% q-o-q in the prior quarter (Figure 2). Both the government and corporate bond segments posted moderating growth in Q1 2025. For government bonds, the rate of expansion slowed to 3.9% q-o-q in Q1 2025 from 4.5% q-o-q in the previous quarter, and for corporate bonds growth slowed to 1.0% q-o-q from 1.8% q-o-q. Government bonds saw a slowdown on increased maturities, while growth in corporate bonds decelerated as companies were cautious with new issuance amid concerns over the economy.

Figure 1: The People’s Republic of China’s Benchmark Yield Curve—Local Currency Government Bonds



Source: Based on data from Bloomberg LP.

Figure 2: Composition of Local Currency Bonds Outstanding in the People’s Republic of China



CNY = Chinese yuan, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side. Source: CEIC Data Company.

The PRC's bond issuance contracted 0.6% q-o-q in Q1 2025, falling to CNY12.0 trillion. The decline in quarterly issuance was driven by the reduced issuance of corporate bonds, which fell 9.9% q-o-q to CNY4.6 trillion (Figure 3). Corporate bond issuance declined for the second consecutive quarter amid ongoing economic challenges in this segment of the PRC's LCY bond market. In contrast, government bond issuance grew 6.3% q-o-q to total CNY7.4 trillion. Following the 5 March parliamentary meeting, the Government of the PRC announced that it would issue an additional CNY1.3 trillion in special long-term bonds in 2025 and set a quota of CNY4.4 trillion for local government bond issuance.

Investor Profile

Banks remained the largest holder of Treasury bonds at the end of March. However, there was a decline in the share of bank holdings to 66.7% at the end of March from 70.0% a year earlier (Figure 4). Part of the decline was due to central bank efforts, beginning in 2024, to reduce speculative trading. Foreign investors' holdings share declined to 6.2% from 8.7% during the same period on investor concerns over the economy. Despite the decline in banks' holding share, the PRC had the region's second-highest Herfindahl-Hirschman Index score at the end of March.⁹

Sustainable Bond Market

The PRC's sustainable bond market remains mostly composed of green bond instruments and private sector financing. The PRC has the largest sustainable bond market in emerging East Asia, which reached a size of USD367.4 billion and comprised 53.0% of the regional total at the end of March (Figure 5). A majority of the PRC's sustainable bonds are green bonds, with a share of 87.2%. The PRC bond market includes very few transition bonds and social bonds, with only 0.4% and 0.9% respective shares of its sustainable bond market. Private corporations are the most common issuer of sustainable bonds in the PRC, accounting for 93.6% of outstanding sustainable bonds, in contrast to its general bond market where the government has a 69.8% share. Finally, the majority of issuances are short term, with 87.1% of outstanding sustainable bonds having a tenor of 5 years or less.

Figure 3: Composition of Local Currency Bond Issuance in the People's Republic of China

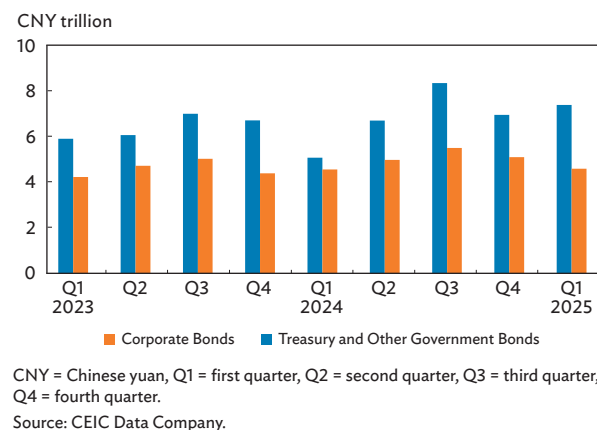


Figure 4: Investor Profile of Treasury Bonds

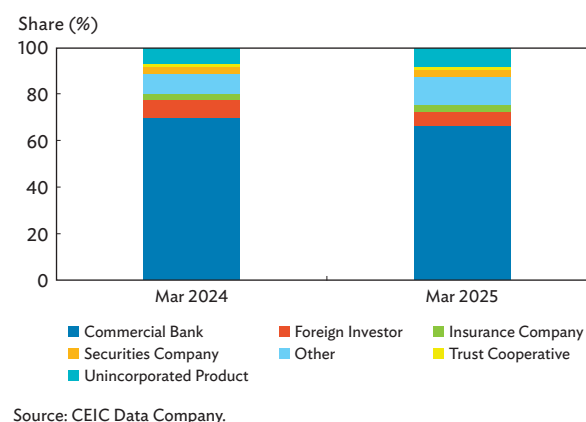
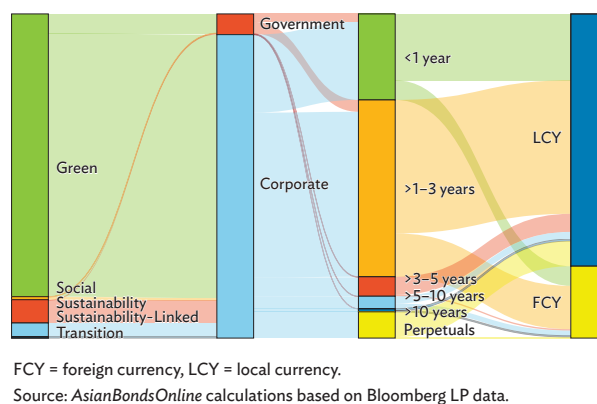


Figure 5: Market Profile of Outstanding Sustainable Bonds in the People's Republic of China at the End of March 2025



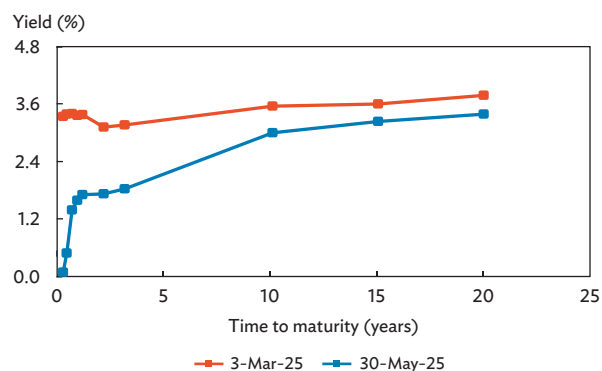
⁹ The Herfindahl-Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the local currency bond market by summing the squared share of each investor group in the bond market. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Hong Kong, China

Yield Movements

Between 3 March and 30 May, local currency (LCY) government bond yields in Hong Kong, China fell across all maturities. Bond yields declined an average of 156 basis points amid heightened uncertainty linked to ongoing global trade tensions that pose downside risks to the domestic economy’s near-term growth outlook (Figure 1). Hong Kong, China’s economy expanded 3.1% year-on-year in the first quarter (Q1) of 2025, up from 2.5% year-on-year in the previous quarter. Nonetheless, economic activity has shown signs of weakening. The Purchasing Managers Index contracted for 4 consecutive months, inching up to 49.0 in May after edging down to 48.3 in March and April from 49.0 in February. The fall in Hong Kong, China’s bond yields was more pronounced compared with its regional peers after the Hong Kong Monetary Authority in early May increased the supply of Hong Kong dollars in the financial system, exerting additional downward pressure on interest rates.

Figure 1: Hong Kong, China’s Benchmark Yield Curve—Local Currency Government Bonds

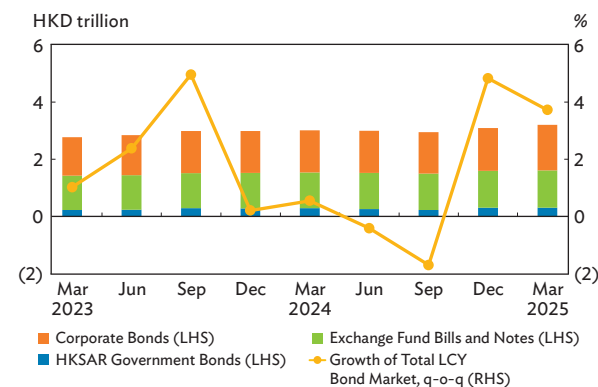


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Growth in Hong Kong, China’s LCY bond market eased in Q1 2025 due to the weaker expansion of Hong Kong Special Administrative Region (HKSAR) government bonds. Outstanding LCY bonds totaled HKD3,246.2 billion at the end of March, rising 3.8% quarter-on-quarter (q-o-q) in Q1 2025 versus 4.9% q-o-q in the fourth quarter (Q4) of 2024 (Figure 2). The slower growth in Q1 2025 than in Q4 2024 was largely driven by weaker growth of HKSAR government bonds (1.8% q-o-q versus 36.6% q-o-q) due to reduced issuance. Meanwhile, the pace of expansion in the corporate bond stock picked up, rising to 6.6% q-o-q in Q1 2025 from 3.5% q-o-q in Q4 2024. Growth in Exchange Fund Bills and Notes was steady at 0.9% q-o-q in both quarters.

Figure 2: Composition of Local Currency Bonds Outstanding in Hong Kong, China



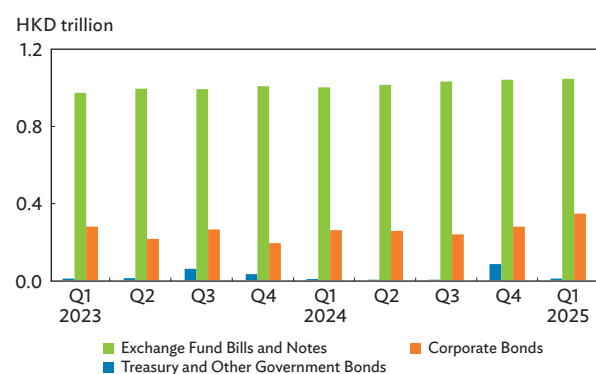
() = negative, HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.

Source: Hong Kong Monetary Authority.

Total LCY bond sales contracted 0.3% q-o-q in Q1 2025, driven largely by a drop in HKSAR government bond issuance.

New issuance of LCY bonds inched down to HKD1,401.7 billion in Q1 2025 from HKD1,406.1 billion in the previous quarter (**Figure 3**). Q1 2025 saw reduced issuance of HKSAR government bonds (HKD7.5 billion) compared to the previous quarter (HKD83.3 billion), when large initial bond sales were launched under the new Infrastructure Bond Programme. Growth in Exchange Fund Bills and Notes issuance also eased to 0.4% q-o-q in Q1 2025 from 0.9% q-o-q in the prior quarter. Meanwhile, growth in corporate debt sales rose to 24.1% q-o-q in Q1 2025 from 17.3% q-o-q in Q4 2024, supported by the fundraising of government-owned corporations such as Airport Authority Hong Kong and Hong Kong Mortgage Corporation. The largest nonbank corporate bank issuer in Q1 2025 was the Airport Authority Hong Kong, which issued HKD18.5 billion of LCY debt (62.7% of total nonbank issuances) as part of a multicurrency bond package intended to fund improvements to its runway system.

Figure 3: Composition of Local Currency Bond Issuance in Hong Kong, China



HKD = Hong Kong dollar, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

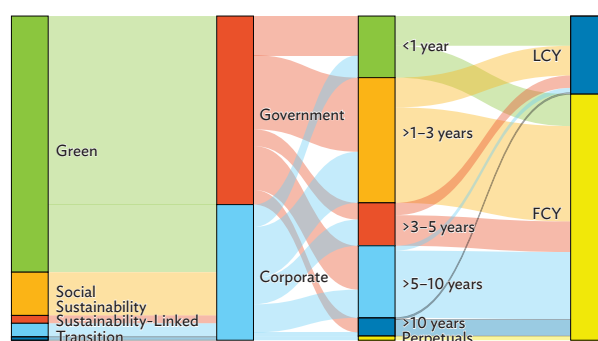
Source: Hong Kong Monetary Authority.

Sustainable Bond Market

Hong Kong, China's stock of sustainable bonds outstanding declined in Q1 2025 due to a contraction in issuance.

Sustainable bonds outstanding totaled USD46.6 billion at the end of March, down 3.1% q-o-q as the issuance of new securities contracted amid heightened global uncertainty. Green bonds continued to be the dominant sustainable bond type, comprising 79.0% of the sustainable bond market (**Figure 4**). Government bonds, all of which were green bonds, accounted for 58.2% of the outstanding sustainable bond stock at the end of Q1 2025. Bonds issued by the private sector (41.8% of the total) were primarily green and social bonds. In Q1 2025, new issues of sustainable instruments (USD105.9 million) were green bonds from the private sector. Bonds with tenors of up to 5 years comprised 70.9% of total sustainable bonds outstanding, resulting in a size-weighted average tenor of 4.3 years at the end of March. More than three-quarters of outstanding sustainable bonds in Hong Kong, China were denominated in foreign currencies, among the highest share in emerging East Asia.¹⁰ The United States dollar was the most common denomination of sustainable bonds (43.2% of the total), followed by the Hong Kong dollar (24.1%) and Chinese yuan (20.9%).

Figure 4: Market Profile of Outstanding Sustainable Bonds in Hong Kong, China at the End of March 2025



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

¹⁰ 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.

Indonesia

Yield Movements

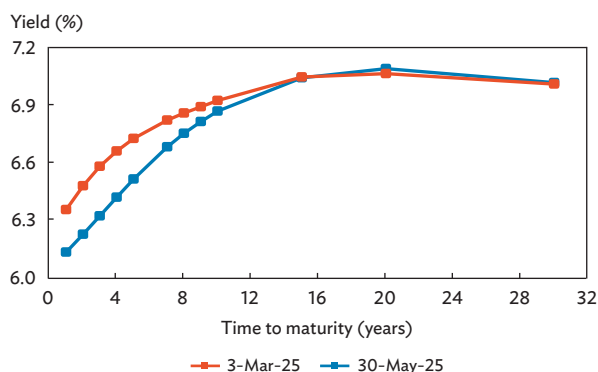
Between 3 March and 30 May, local currency (LCY) government bond yields fell for most maturities in Indonesia as heightened global market uncertainty clouded the economic outlook. Bond yields edged down an average of 16 basis points for maturities of 15 years or less, while they gained an average of 2 basis points for 20 years or more (Figure 1). The decline in yields was largely influenced by continued monetary policy easing and a weakening growth outlook. On 20–21 May, Bank Indonesia lowered its policy rate for a second time this year to 5.50% to support economic growth amid a stable domestic currency and low inflation. During its meeting, however, the central bank revised down its 2025 economic growth forecast to 4.6%–5.4% from estimates made in January of 4.7%–5.5%. Real gross domestic product growth ticked down to 4.9% year-on-year in the first quarter (Q1) of 2025 from 5.0% year-on-year in the prior quarter due to a contraction in government expenditures and moderating growth in domestic consumption and fixed investments.

Local Currency Bond Market Size and Issuance

Indonesia’s LCY bond market reached a size of IDR7,835.3 trillion at the end of March, largely supported by growth in government bonds. The LCY bond market rose 1.9% quarter-on-quarter (q-o-q) in Q1 2025, the same pace as in the fourth quarter (Q4) of 2024. Government bond market growth quickened to 2.7% q-o-q from 2.0% q-o-q, buoyed by increased issuance due to the front-loading strategy of the government (Figure 2). As of March, the government said that it had already issued 40.6% of its 2025 debt financing target. Corporate bonds also contributed to the overall growth, albeit to a lesser extent, on moderated growth of 2.2% q-o-q in Q1 2025 from 3.4% q-o-q in the prior quarter. In contrast, central bank securities contracted (-3.4% q-o-q) as maturities exceeded issuance as part of the central bank’s move to free up funds for corporate loans.

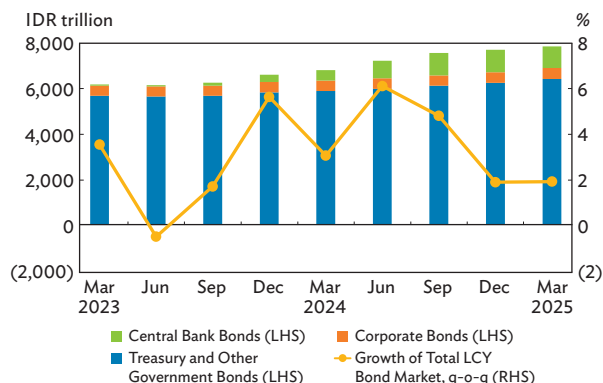
LCY bond issuance continued to contract in Q1 2025 amid escalating global uncertainties. Total LCY bond issuance tallied IDR638.2 trillion in Q1 2025 on

Figure 1: Indonesia’s Benchmark Yield Curve—Local Currency Government Bonds



Source: Based on data from Bloomberg LP.

Figure 2: Composition of Local Currency Bonds Outstanding in Indonesia



() = negative, IDR = Indonesian rupiah, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.

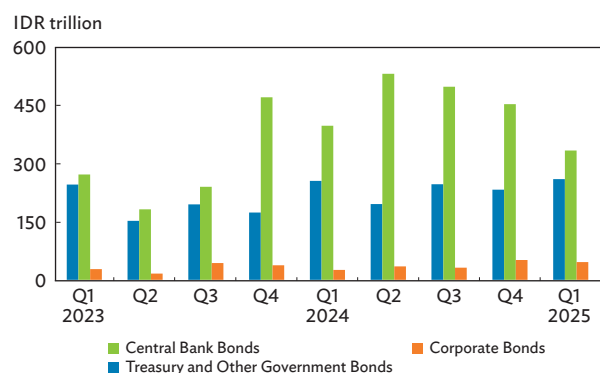
Notes:

- Data include sukuk (Islamic bonds).
- For end-March 2025, data for treasury and other government bonds are based on AsianBondsOnline estimates.

Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange.

a contraction of 13.2% q-o-q that followed a decline of 5.1% q-o-q in Q4 2024 (Figure 3). Issuance of Treasury bonds, however, remained active on growth of 11.8% q-o-q in Q1 2025, reversing the 5.8% q-o-q contraction in the prior quarter, as the government front-loaded its borrowing during the quarter. In contrast, central bank securities shrank 26.4% q-o-q as Bank Indonesia opted to utilize other policy tools for its monetary operations. Corporate bond issuance

Figure 3: Composition of Local Currency Bond Issuance in Indonesia



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

Notes: Data include *sukuk* (Islamic bonds). Data for Treasury and other government bonds comprise tradable and nontradable central government bonds.

Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange.

also declined (-10.5% q-o-q) after gaining 62.2% q-o-q in Q4 2024. During the quarter, corporate bond issuances were led by Tower Bersama Infrastructure and Bank Mandiri, whose respective issuances accounted for 12.0% and 11.0% of the quarterly corporate issuance total.

Investor Profile

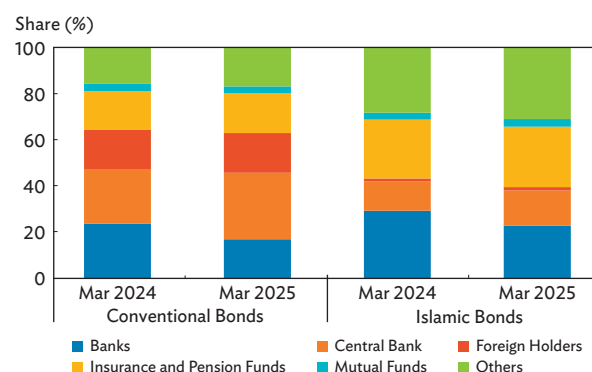
At the end of March, the central bank remained the largest holder of Treasury bonds in Indonesia.

Around 26.4% of tradable sovereign bonds were held by Bank Indonesia at the end of March, up from its 21.3% holdings share a year earlier. The central bank held 28.9% of all conventional Treasury bonds outstanding, while it held a smaller 15.4% share of *sukuk* (Islamic bonds) (Figure 4). The central bank continued to pile up its holdings of Treasury bonds to support its monetary operations.¹¹ Meanwhile, the holdings shares of all other investor groups have shown marginal change since March 2024, except for banks, which dipped to 18.0% at the end of March 2025 from 24.8% a year earlier.

Sustainable Bond Market

The sustainable bond market of Indonesia is dominated by green bond instruments, public sector financing, and foreign currency issuances. By the end

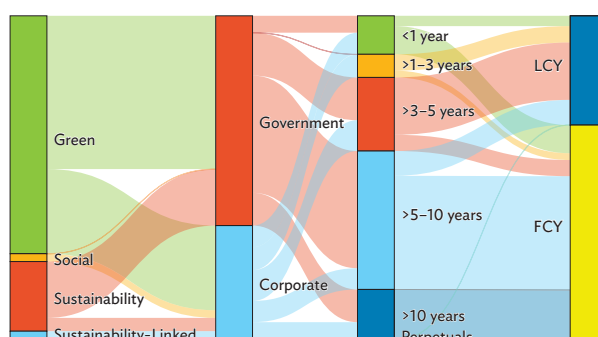
Figure 4: Investor Profile of Tradable Central Government Bonds



Source: Directorate General of Budget Financing and Risk Management, Ministry of Finance.

of March, Indonesia’s sustainable bond stock reached USD14.4 billion, expanding by a slower pace of 1.9% q-o-q in Q1 2025 from 3.3% in Q4 2024, dragged down by a contraction in issuance. Green bonds remained the predominant sustainable bond instrument, representing 73.3% of the total, while sustainability bonds accounted for 21.5% (Figure 5). About 58.4% of the sustainable bond stock had tenors of over 5 years at the end of March, partly due to the active participation of the government, which accounted for 79.1% of total bonds carrying tenors of more than 5 years. As a result, sustainable bonds in Indonesia had a size-weighted average tenor of 7.7 years at the end of March. Most sustainable bonds outstanding (66.3%) were denominated in a foreign currency—primarily euros, Japanese yen, and US dollars.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Indonesia at the End of March 2025



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

¹¹ From 1 January to 20 May, Bank Indonesia purchased an aggregate of about IDR96.4 trillion worth of Treasury bonds, of which about IDR65.0 trillion were purchased from the secondary market and IDR31.4 trillion from the primary market.

Republic of Korea

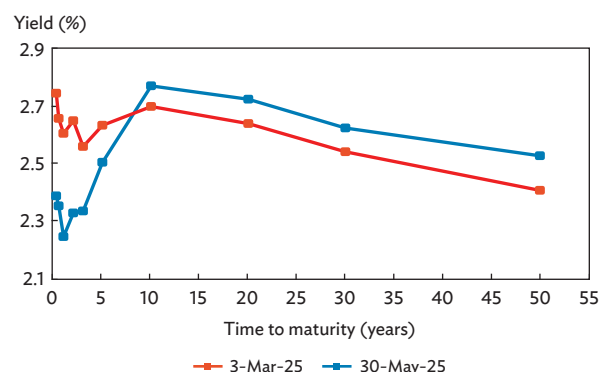
Yield Movements

Local currency (LCY) government bond yields in the Republic of Korea fell for most maturities between 3 March and 30 May on expectations of further rate cuts by the Bank of Korea (BOK). Yields declined an average of 28 basis points (bps) for maturities between 3 months and 5 years (**Figure 1**). Yields fell on increased expectations of further monetary policy easing by the BOK to support the economy amid stable inflation. The BOK cut the base rate by another 25 bps to 2.50% at its 29 May monetary policy meeting. The BOK previously cut the base rate by 25 bps to 2.75% in February before holding rates steady in April. The BOK also lowered its economic growth forecasts for 2025 and 2026 to 0.8% and 1.6%, respectively, from the February forecasts of 1.5% and 1.8%, as ongoing global trade tensions continue to dampen demand and exports. The Republic of Korea's economy was unchanged in the first quarter (Q1) of 2025, following growth of 1.1% y-o-y in the previous quarter, on slower growth in exports and private and public spending, and a contraction in gross fixed capital formation. Meanwhile, yields for longer-term maturities inched up an average of 9 bps following approval of the first supplementary budget in early May. The government announced plans to increase the proportion of long-term bonds in its adjusted 2025 issuance plan to reflect the supplementary budget, putting upward pressure on yields at the long-end of the curve.

Local Currency Bond Market Size and Issuance

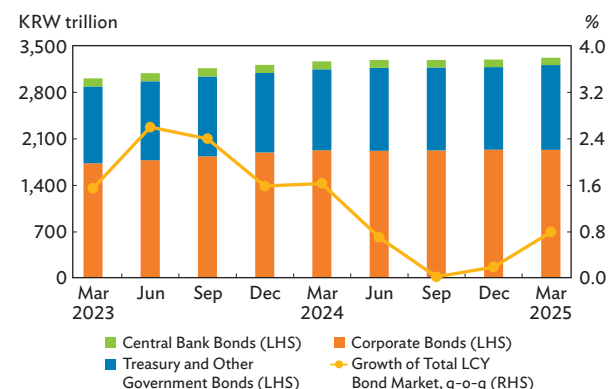
The Republic of Korea's LCY bond market rose at a faster pace in Q1 2025 to reach a size of KRW3,324.6 trillion, solely driven by the government bond segment. Overall growth accelerated to 0.8% quarter-on-quarter (q-o-q) from 0.2% q-o-q in the prior quarter. Government bonds outstanding rose 2.6% q-o-q in Q1 2025 due to a surge in issuance during the quarter. Meanwhile, the corporate bond market, which continued to comprise a majority of the total LCY bond market, marginally contracted 0.1% q-o-q in Q1 2025 on reduced issuance (**Figure 2**).

Figure 1: The Republic of Korea's Benchmark Yield Curve—Local Currency Government Bonds



Source: Based on data from Bloomberg LP.

Figure 2: Composition of Local Currency Bonds Outstanding in the Republic of Korea

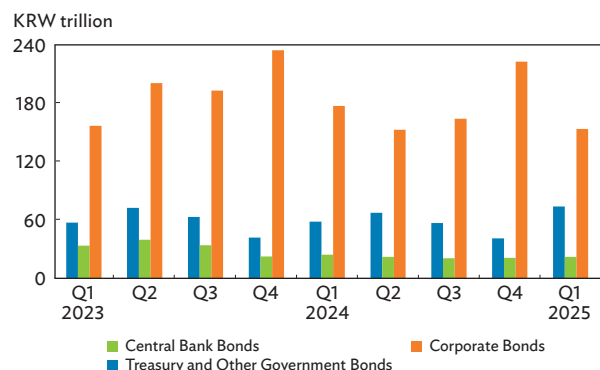


KRW = Korean won, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.

Sources: Bank of Korea and KG Zeroin Corp.

Total LCY bond issuance contracted 12.5% q-o-q to KRW249.4 trillion in Q1 2025, driven by reduced issuance of corporate bonds. Sales of corporate bonds fell 31.0% q-o-q in Q1 2025 amid the weak economic outlook brought about by global trade tensions (**Figure 3**). Meanwhile, the issuance of government bonds surged 79.5% q-o-q in Q1 2025 to support the government's front-loading policy of spending 75% of the total budget in the first half of the year.

Figure 3: Composition of Local Currency Bond Issuance in the Republic of Korea



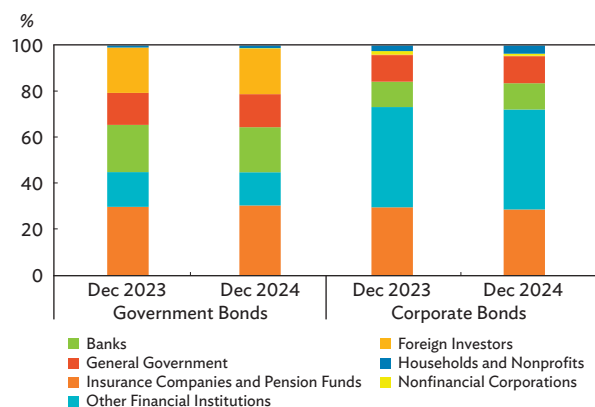
KRW = Korean won, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Sources: Bank of Korea and KG Zeroin Corp.

Investor Profile

The Republic of Korea’s LCY government bond market continued to have one of the most diverse investor bases in emerging East Asia in 2024.¹² The government bond market’s investor profile was barely changed at the end of December from a year earlier, with the stock of outstanding bonds continuing to be held by five major investor groups (Figure 4). Insurance companies and pension funds remained the largest investor group in the government bond market with a share of 30.4%,

Figure 4: Local Currency Bonds Outstanding Investor Profile



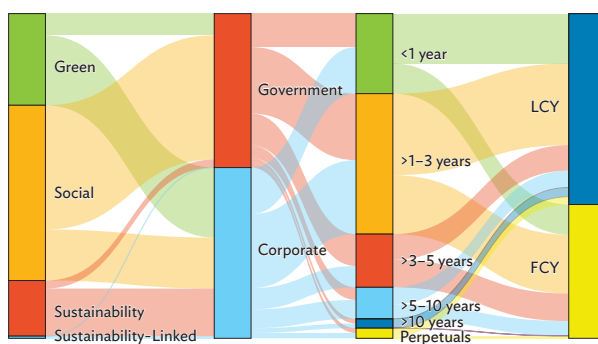
Sources: AsianBondsOnline and Bank of Korea.

followed by foreign investors (19.8%) and banks (19.6%). Meanwhile, the Republic of Korea’s LCY corporate bond market is still dominated by two major investor groups who together held a collective share of 72.2% at the end of 2024: other financial institutions held 43.5% of the corporate bond market, followed by insurance companies and pension funds with a share of 28.7%. Foreign holdings in the corporate bond market remained negligible.

Sustainable Bond Market

Firms from the public and private sectors continued to be active issuers in the Republic of Korea’s sustainable bond market. The Republic of Korea’s sustainable bond market contracted slightly by 0.6% q-o-q to reach a size of USD183.1 billion at the end of Q1 2025. Sustainable bonds outstanding issued by private companies comprised 52.6% of the total, while the public sector accounted for the remaining 47.4% (Figure 5). By bond type, social bonds—almost three-quarters of which come from the public sector—dominate the Republic of Korea’s total sustainable bond market with a share of 54.0%. Green bonds followed with a 28.2% share, mostly issued by the private sector. Nearly 70% of sustainable bonds outstanding at the end of March had remaining tenors of 3 years or less, resulting in a size-weighted average tenor of 3 years. The Korean won continued to be the predominant currency of outstanding sustainable bonds with a share of 58.8%. This was followed by the United States dollar (29.8%) and the euro (8.0%).

Figure 5: Market Profile of Outstanding Sustainable Bonds in the Republic of Korea at the End of March 2025



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

¹² 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.

Malaysia

Yield Movements

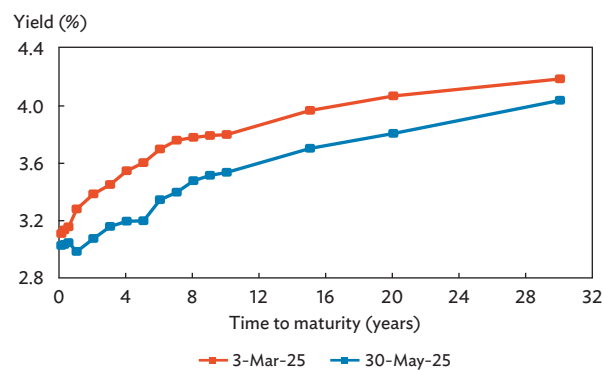
Malaysia's local currency (LCY) government bond yield curve shifted downward between 3 March and 30 May.

Bond yields fell an average of 26 basis points across all maturities amid a weakening outlook for domestic growth and escalating global economic uncertainties (**Figure 1**). On 8 May, Bank Negara Malaysia kept the overnight policy rate at 3.00%, with the possibility of a reduction if necessary, noting that downside risks to economic growth have increased due to sharper-than-expected economic slowdowns among key trading partners, heightened uncertainties impacting consumption and investment, and lower-than-anticipated commodity production. Further, Bank Negara Malaysia reduced the statutory reserve requirement ratio from 2.0% to 1.0% to spur financial market activities. The central bank also hinted at a potential downward revision to Malaysia's 2025 growth projection, which currently stands at 4.5%–5.5%. In the first quarter (Q1) of 2025, the Malaysian economy grew 4.4% year-on-year, slower than the previous quarter's 4.9% year-on-year, weighed down by moderating growth in private consumption, exports, and imports. Additionally, domestic growth was dampened amid a contraction in the mining and quarrying sector.

Local Currency Bond Market Size and Issuance

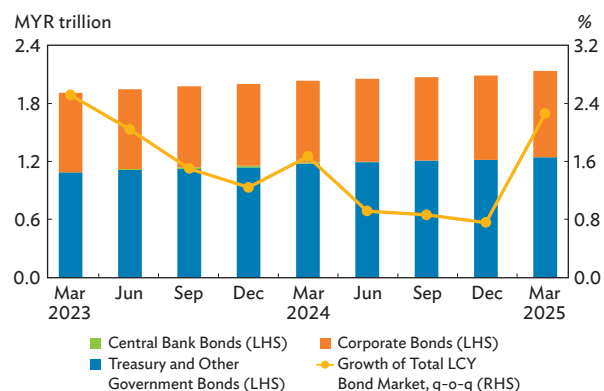
The LCY bond market of Malaysia expanded in Q1 2025 to reach a size of MYR2.1 trillion at the end of March, driven by faster growth in both Treasuries and corporate bonds. The LCY bond market exhibited growth of 2.3% quarter-on-quarter (q-o-q) in Q1 2025, a faster pace than the previous quarter's 0.8% (**Figure 2**). Outstanding Treasuries and other government bonds increased 2.4% q-o-q, versus 0.6% q-o-q in the quarter prior, due to a higher volume of issuance. Malaysia's corporate bond segment posted 2.0% q-o-q growth in Q1 2025 despite a contraction in issuance due to a lower volume of maturities during the quarter. The central bank has not issued new securities since the third quarter of 2024, resulting in zero outstanding central bank bills at the end of March. *Sukuk* (Islamic bonds) dominated the LCY bond market at the end of March, comprising 63.6% of total bonds outstanding.

Figure 1: Malaysia's Benchmark Yield Curve—Local Currency Government Bonds



Source: Based on data from Bloomberg LP.

Figure 2: Composition of Local Currency Bonds Outstanding in Malaysia

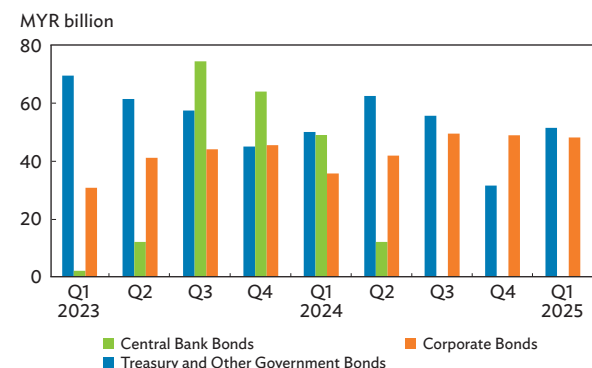


LCY = local currency, LHS = left-hand side, MYR = Malaysian ringgit, q-o-q = quarter-on-quarter, RHS = right-hand side.

Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

Led by government bonds, LCY bond issuance expanded 23.9% q-o-q to MYR99.6 billion in Q1 2025. Government bond issuance rose 63.5% q-o-q, reversing the previous quarter's 43.4% q-o-q contraction, following increases in bond sales of both conventional bonds and *sukuk* (**Figure 3**). On the other hand, corporate bond issuance contracted 1.6% q-o-q in Q1 2025. The largest issuer of LCY corporate bonds in Q1 2025 was Cagamas, having issued MYR5.7 billion worth of conventional and *sukuk* commercial paper and Islamic medium-term-notes, accounting for 11.8% of total LCY corporate issuance during the quarter.

Figure 3: Composition of Local Currency Bond Issuance in Malaysia



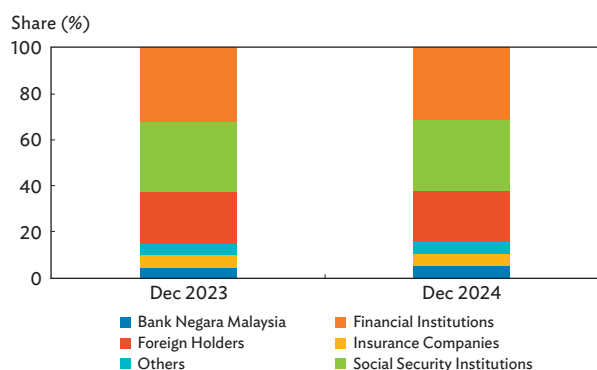
MYR = Malaysian ringgit, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
 Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

Investor Profile

At the end of December, domestic investors held 78.7% of Malaysia’s LCY government bonds outstanding.

The two largest holdings shares belonged to financial institutions and social security institutions at 31.5% and 30.7%, respectively (Figure 4). Foreign holdings in Malaysia’s government bond market edged down to 21.3%

Figure 4: Local Currency Government Bonds Investor Profile



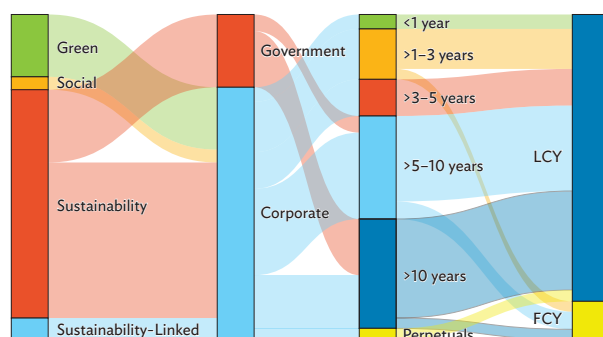
Note: “Others” include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.
 Source: Bank Negara Malaysia.

at the end of December 2024, compared to 22.5% a year prior, due partly to uncertainties over the future path of monetary policy in the United States. Nonetheless, Malaysia’s foreign holdings share remained the highest among its emerging East Asian peers.¹³

Sustainable Bond Market

Sustainable bonds outstanding in Malaysia at the end of March mostly comprised sustainability bonds, corporate issuances, and bonds denominated in Malaysian ringgit. Total sustainable bonds outstanding tallied USD15.7 billion at the end of March on growth of 1.9% q-o-q, with most issuances denominated in Malaysian ringgit (88.2%). By type of bond, sustainability bonds comprised a majority of the sustainable bond stock (70.2%), followed by green bonds (19.2%) (Figure 5). Malaysia’s sustainable bond market is dominated by corporate bonds, which comprised 77.6% of total outstanding sustainable bonds at the end of March. Further, 59.8% of corporate sustainable bonds outstanding carried tenors of more than 5 years. Bonds issued by the public sector comprised 22.4% of outstanding sustainable bonds, all of which carried tenors of more than 5 years. At the end of March, the size-weighted average tenor in Malaysia’s sustainable bond market was 8.6 years.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Malaysia at the End of March 2025



FCY = foreign currency, LCY = local currency.
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

¹³ 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.

Philippines

Yield Movements

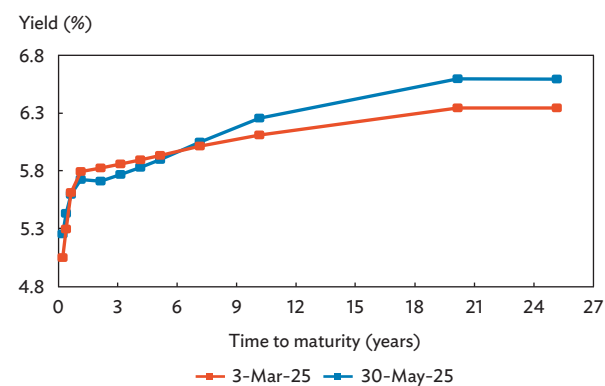
Local currency (LCY) government bond yield movements in the Philippines were mixed between 3 March and 30 May. Yields at the short-end (1–3 months) and long-end (7 years and longer) of the curve rose an average of 17 basis points (bps), largely tracking the yield movements of United States Treasuries (Figure 1). In contrast, yields for maturities of 6 months to 5 years fell an average of 7 bps, driven by the Bangko Sentral ng Pilipinas’ (BSP) 25 bps rate cut on 10 April. The BSP lowered its overnight reverse repurchase rate to 5.50% amid slowing inflation and elevated risks to growth due to a challenging external environment. Year-on-year inflation eased further to 1.3% in May from 1.4% in April and 1.8% in March, due to slower increases in food and utility prices. The decline in yields was also influenced by the BSP’s shift toward a more accommodative monetary policy stance to support growth amid external challenges, fueling market expectations of more rate cuts this year.

Local Currency Bond Market Size and Issuance

Growth in the LCY bond market rebounded in the first quarter (Q1) of 2025, supported by robust expansions of government bonds and central bank securities. The stock of LCY bonds reached PHP13.5 trillion at the end of March, expanding 4.1% quarter-on-quarter (q-o-q) following the previous quarter’s 0.6% q-o-q contraction (Figure 2). Growth was steered by a rebound in Treasury and other government bonds, which rose 4.1% q-o-q due to increased government borrowing. Meanwhile, central bank securities posted the fastest rate of expansion among all bond types at 15.3% q-o-q, reversing the 11.7% q-o-q contraction in the previous quarter. Conversely, despite an increase in issuance, the corporate debt stock contracted 2.8% q-o-q in Q1 2025 due to a high volume of maturities.

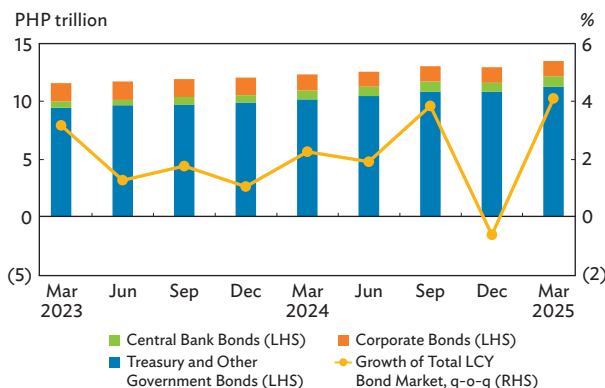
LCY bond issuance recovered in Q1 2025, fueled by increased issuance in both the government and corporate sectors. Overall issuance growth jumped 13.7% q-o-q to a total of PHP2.7 trillion in Q1 2025 (Figure 3). Growth was largely driven by government bond

Figure 1: The Philippines’ Benchmark Yield Curve—Local Currency Government Bonds



Source: Based on data from Bloomberg LP.

Figure 2: Composition of Local Currency Bonds Outstanding in the Philippines



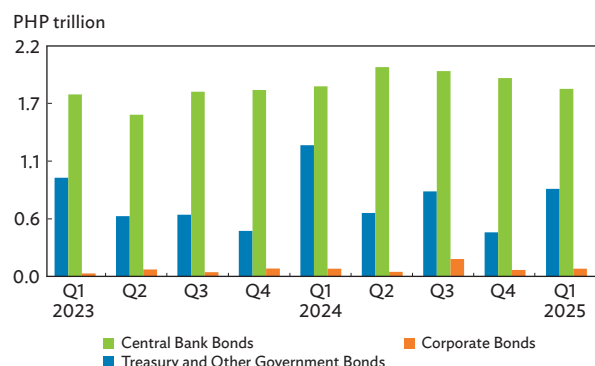
() = negative, LCY = local currency, LHS = left-hand side, PHP = Philippine peso, q-o-q = quarter-on-quarter, RHS = right-hand side.

Note: Treasury and other government bonds comprise Treasury bonds, Treasury bills, and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines.

Sources: Bangko Sentral ng Pilipinas, Bureau of the Treasury, and Bloomberg LP.

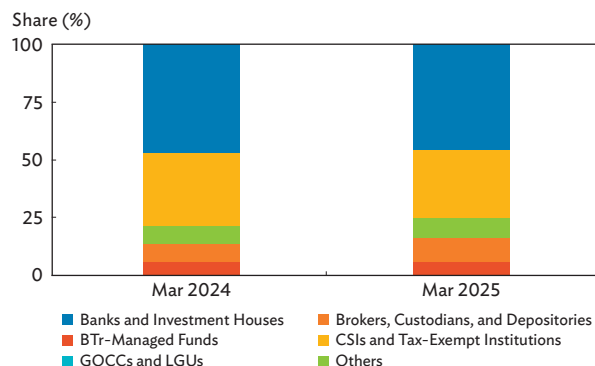
issuance, which surged 98.8% q-o-q as the government front-loaded its borrowing for the year. Similarly, corporate bond issuance grew 20.6% q-o-q in Q1 2025 after declining 63.3% q-o-q in the previous quarter, as corporate issuers sought funds to refinance their maturing debt. SM Prime Holdings was the largest corporate bond issuer during the quarter, with total debt sale of PHP25.0 billion, or 34.2% of the corporate issuance total.

Figure 3: Composition of Local Currency Bond Issuance in the Philippines



PHP = Philippine peso, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
 Note: Treasury and other government bonds comprise Treasury bonds, Treasury bills, and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines.
 Sources: Bangko Sentral ng Pilipinas, Bureau of the Treasury, and Bloomberg LP.

Figure 4: Investor Profile of Local Currency Government Bonds



BTr = Bureau of the Treasury, CSI = contractual savings institution, GOCC = government-owned or -controlled corporation, LGU = local government unit.
 Note: At the end of March, the aggregate holdings share for government-owned or -controlled corporations and local government units was 0.003%, amounting to PHP0.3 billion.
 Source: Bureau of the Treasury.

Investor Profile

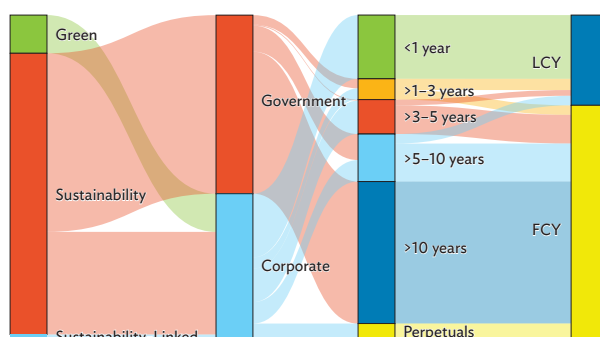
The investor structure of the Philippines’ LCY government bond market remained dominated by two investor groups. These two dominant groups—(i) banks and investment houses, and (ii) contractual savings institutions and tax-exempt institutions—collectively held about 75.0% of the LCY government debt stock at the end of March, down from 78.3% a year earlier (Figure 4). Meanwhile, the share of bonds held by brokers, custodians, and depositories rose to 10.4% during the same period, up from 7.8% the previous year, making them the third-largest investor group at the end of March.

Sustainable Bond Market

Sustainability instruments continued to dominate the Philippines’ sustainable bond market in Q1 2025. Sustainability bonds accounted for 86.5% of the market’s total sustainable debt stock in Q1 2025, followed by green bonds and sustainability-linked bonds with market shares of 11.7% and 1.8%, respectively (Figure 5). During Q1 2025, total outstanding sustainable bonds grew 20.6% q-o-q to reach USD13.6 billion at the end of March. The Philippines’ sustainable bond market is among the smallest in emerging East Asia, comprising

only 2.0% of the region’s total.¹⁴ Nearly 55.0% of the market’s total sustainable debt stock has been issued by the public sector, while over 70.0% is denominated in a foreign currency. Bonds carrying tenors of over 10 years comprised 48.8% of the total sustainable debt stock at the end of March, resulting in a size-weighted average tenor of 12.6 years. In February, the Philippines issued a EUR-denominated sustainability bond worth USD1.0 billion, marking the government’s first EUR-denominated sustainability bond.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the Philippines at the End of March 2025



FCY = foreign currency, LCY = local currency.
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

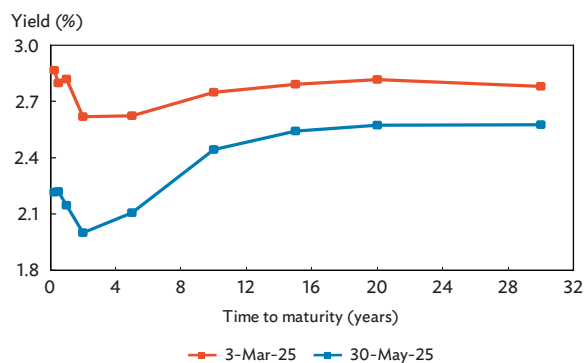
¹⁴ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

Singapore

Yield Movements

Between 3 March and 30 May, local currency (LCY) government bond yields in Singapore fell for all maturities. During the review period, yields fell an average of 45 basis points across the curve, largely driven by the Monetary Authority of Singapore’s (MAS) monetary policy easing and the weakened economic growth outlook (Figure 1). On 14 April, MAS reduced the slope of the Singapore dollar’s nominal effective exchange rate, while retaining its width and the level at which it is centered, for a second time this year due to slowing economic growth and moderating inflation expectations. In the first quarter (Q1) of 2025, Singapore’s economy expanded 3.9% year-on-year (y-o-y), down from the previous quarter’s growth of 5.0% y-o-y amid cooling in the manufacturing and trade-related services sectors. Additionally, MAS reduced its inflation forecast for 2025 to 0.5%–1.5% from its January estimate of 1.5%–2.5%. In April, consumer price inflation remained at 0.9% y-o-y, the same as in February and March, and down from January’s 1.2% y-o-y.

Figure 1: Singapore’s Benchmark Yield Curve—Local Currency Government Bonds

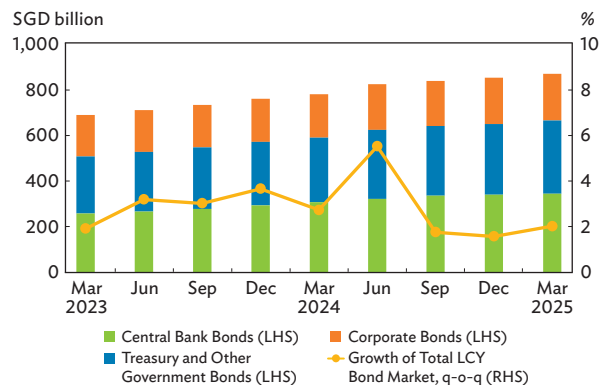


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore’s LCY bond market expanded to a size of SGD866.9 billion at the end of March, buoyed by growth in outstanding MAS bills. The LCY bond stock in Q1 2025 grew 2.0% quarter-on-quarter (q-o-q), faster than the fourth quarter (Q4) of 2024’s growth of 1.6% q-o-q (Figure 2). MAS bills outstanding grew at a pace of 1.5% q-o-q, up from the prior quarter’s 1.2% q-o-q. The Treasuries and other government bonds segment also saw accelerated expansion during the quarter, growing 3.5% q-o-q versus the previous quarter’s 1.4% q-o-q, on reduced maturities. On the other hand, corporate bonds outstanding only expanded 0.7% q-o-q in Q1 2025, much slower than Q4 2024’s 2.5% q-o-q growth.

Figure 2: Composition of Local Currency Bonds Outstanding in Singapore



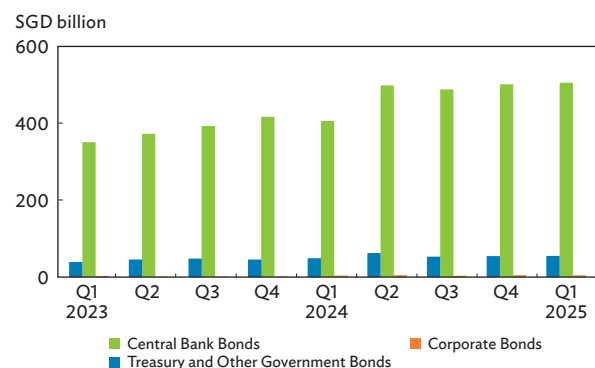
LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar.

Note: Corporate bonds are based on AsianBondsOnline estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Total LCY bond issuance declined in Q1 2025, with growth moderating across all bond segments. Total issuance grew 0.7% q-o-q, lagging behind the previous quarter's pace of 3.0% q-o-q (**Figure 3**). Issuance of MAS bills and Treasuries and other government bonds in Q1 2025 only saw q-o-q growth of 0.8% and 0.2%, respectively, down from expansions of 2.7% and 3.6% in Q4 2024. The corporate bond segment saw a contraction in issuance of 2.0%, reversing the prior quarter's growth of 30.4% q-o-q, amid dampened business confidence and the uncertain external economic outlook. The Housing & Development Board was the largest corporate bond issuer during the quarter having issued fixed-rate notes amounting to SGD1.7 billion, accounting for 36.0% of total corporate issuance.

Figure 3: Composition of Local Currency Bond Issuance in Singapore



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

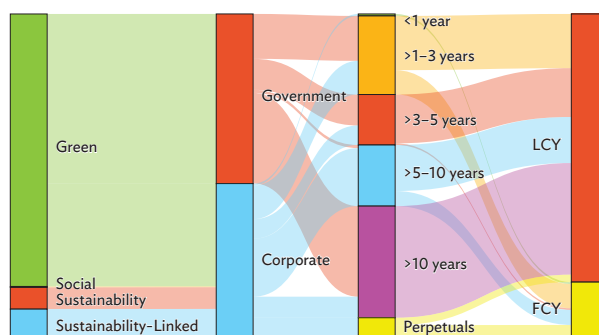
Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Sustainable Bond Market

Green bond instruments continued to dominate Singapore's sustainable bond market, accounting for 83.8% of the total sustainable bond stock at the end of March. Sustainable bonds outstanding rose to USD26.6 billion at the end of Q1 2025, posting growth of 2.3% q-o-q (**Figure 4**). Most sustainable bonds (82.4%) were LCY-denominated. Bonds carrying tenors of over 5 years comprised 59.7% of total outstanding sustainable bonds at the end of March, resulting in a size-weighted average tenor of 16.2 years for sustainable bonds in Singapore, the longest average tenor among all emerging East Asian sustainable bond markets.¹⁵ The state-owned Housing & Development Board was Singapore's largest issuer of sustainable bonds during the quarter, issuing 5-year green bonds in January totaling SGD950.0 million, which accounted for 74.0% of total sustainable bond quarterly issuance, in fulfillment of its Green Finance Framework.

Figure 4: Market Profile of Outstanding Sustainable Bonds in Singapore at the End of March 2025



FCY = foreign currency, LCY = local currency.

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

¹⁵ 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.

Thailand

Yield Movements

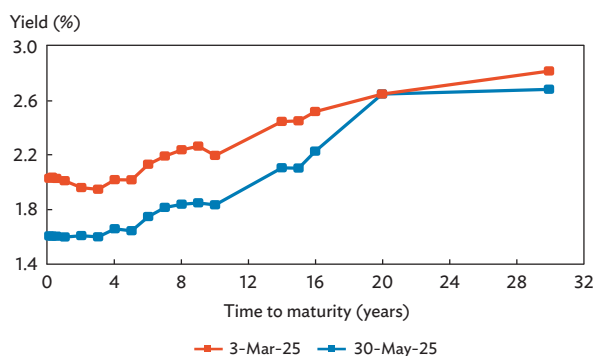
Between 3 March and 30 May, Thailand’s local currency (LCY) government bond yields fell for all maturities amid monetary policy easing by the Bank of Thailand (BOT). Yields declined an average of 34 basis points across all maturities (Figure 1). The downtrend in yields was largely influenced by the BOT’s continued monetary policy loosening to address downside risks to economic growth. The BOT reduced its policy rate by 25 basis points to 1.75% on 30 April, noting that the growth outlook faced further risks from global trade tensions. The central bank lowered its gross domestic product growth forecast for full-year 2025 to 1.3% (if trade negotiations with the United States result in lower tariffs) or 2.0% (if negotiations result in higher tariffs) from its December projection of 2.9%. Thailand’s economy expanded 3.1% year-on-year in the first quarter (Q1) of 2025, down from 3.3% year-on-year in the previous quarter on slower growth in government and private consumption, and a contraction in private investment.

Local Currency Bond Market Size and Issuance

Thailand’s LCY bonds outstanding rebounded in Q1 2025. The LCY bond market reached a size of THB17.4 trillion at the end of March, growing 1.8% quarter-on-quarter (q-o-q) in Q1 2025 after a nominal 0.1% q-o-q contraction in the fourth quarter (Q4) of 2024 (Figure 2). Growth in outstanding government bonds (THB10.4 trillion) quickened to 2.6% q-o-q in Q1 2025 from 0.8% q-o-q in Q4 2024, due to a smaller volume of maturities and a modest rise in issuance. BOT bonds outstanding (THB2.5 trillion) rebounded, rising 6.0% q-o-q in Q1 2025 after falling 0.8% q-o-q in the prior quarter due to increased issuance. Meanwhile, the LCY corporate bond stock (THB4.5 trillion) declined further, contracting 2.0% q-o-q in Q1 2025 after falling 1.6% q-o-q in Q4 2024, dragged down by declining issuance amid weak investor sentiment.

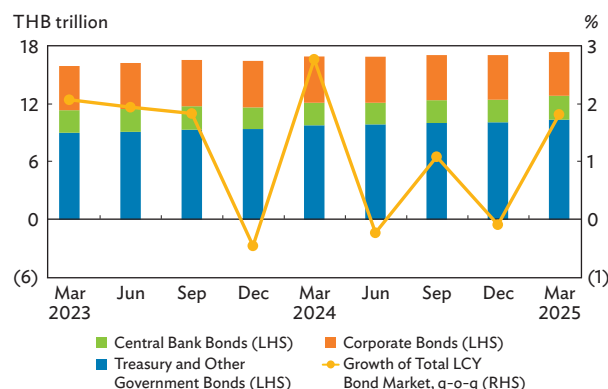
LCY bond sales rebounded in Q1 2025, supported by increased issuance of government and BOT bonds. Issuance of LCY bonds grew 2.4% q-o-q to THB2.1 trillion

Figure 1: Thailand’s Benchmark Yield Curve— Local Currency Government Bonds



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

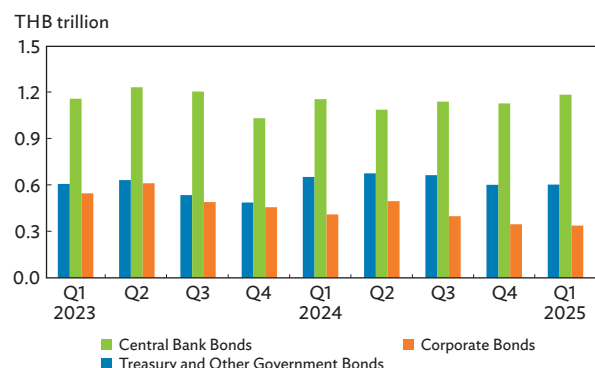
Figure 2: Composition of Local Currency Bonds Outstanding in Thailand



() = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.
Sources: Bank of Thailand and Thai Bond Market Association.

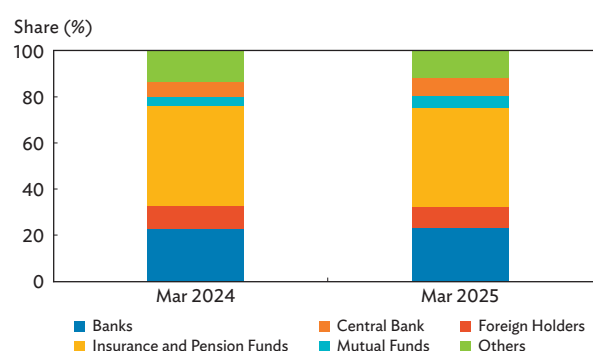
in Q1 2025, reversing a 5.7% q-o-q contraction in the previous quarter (Figure 3). Treasury and other government bond issuance (THB0.6 trillion) posted modest growth of 0.2% q-o-q in Q1 2025 versus a 9.4% q-o-q fall in the prior quarter, driven by increased issuance of Treasury bills and state-owned enterprise bonds. BOT issuance (THB1.2 trillion) also rebounded, rising 5.0% q-o-q in Q1 2025 versus a 1.0% q-o-q contraction in Q4 2024, mainly due to increased issuance of short-term securities in response to market

Figure 3: Composition of Local Currency Bond Issuance in Thailand



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, THB = Thai baht.
Sources: Bank of Thailand and Thai Bond Market Association.

Figure 4: Investor Profile of Government Bonds in Thailand



Source: Bank of Thailand.

conditions. Meanwhile, corporate bond sales continued to contract, falling 2.5% q-o-q in Q1 2025 amid heightened uncertainty over the economic outlook. Gulf Energy Development was the largest corporate bond issuer in Q1 2025 with aggregate issuance of THB30.0 billion, which accounted for 8.9% of total corporate debt sales.

Investor Profile

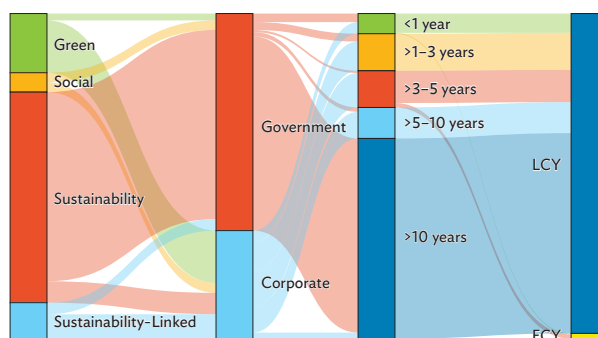
Institutional investors remained the primary holders of Thai LCY government bonds. The combined holdings of insurance and pension funds, banks, and mutual funds rose slightly to 71.6% at the end of March 2025 from 70.4% a year earlier (**Figure 4**). BOT holdings rose to 7.6% from 6.4% during the same period as the central bank purchased a total of THB92.3 billion of government securities in line with monetary operations.

Sustainable Bond Market

Thailand’s sustainable bond market largely comprised sustainability instruments issued by the public sector and denominated in local currency.

Thailand’s sustainable bond market rose 1.0% q-o-q to USD24.3 billion at the end of March. Sustainability instruments (USD15.7 billion) were the predominant

Figure 5: Market Profile of Outstanding Sustainable Bonds in Thailand at the End of March 2025



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

bond type, comprising 64.8% of the total (**Figure 5**). Green bonds (USD4.4 billion) followed, accounting for 18.2% of outstanding sustainable bonds. About 66.7% of all outstanding sustainable bonds were issued by the public sector. Government-issued bonds were largely sustainability instruments, while corporate-issued instruments were dominated by green bonds. Over 60% of outstanding sustainable bonds had a remaining tenor longer than 10 years, resulting in a size-weighted average tenor of 8.6 years at the end of March. About 98.4% of Thai sustainable bonds were LCY-denominated, which remained among the highest shares in emerging East Asian markets.¹⁶

¹⁶ 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.

Viet Nam

Yield Movements

Between 3 March and 30 May, the local currency (LCY) government bond yield curve in Viet Nam was relatively steady. Yields across the curve moved an average of 3 basis points amid market expectations that the State Bank of Vietnam will keep its refinancing rate unchanged, at least through the first half of 2025, to foster economic growth (Figure 1). The central bank has held the policy rate steady at 4.50% since June 2023. On 6 April, the government maintained its full-year 2025 growth target of at least 8.0% despite global trade uncertainties, following 7.1% growth in 2024. Viet Nam’s economy grew 6.9% year-on-year (y-o-y) in the first quarter (Q1) of 2025, which was slower than the 7.6% y-o-y growth recorded in the previous quarter due to softened growth in both the service (7.7% y-o-y), and industry and construction (7.4% y-o-y) sectors amid a slowdown in global demand. Despite a slight uptick, inflation remained within the government’s ceiling of 4.5%. In May, y-o-y inflation inched-up to 3.2% from 3.1% in April and March, driven by increases in electricity and housing prices.

Local Currency Bond Market Size and Issuance

LCY bond market growth slowed in Q1 2025, dragged down by a contraction in central bank securities. At the end of March, total LCY bonds outstanding reached VND3,222.5 trillion, posting moderated quarter-on-quarter (q-o-q) growth of 1.9%, down from 5.0% in the previous quarter (Figure 2). The slowdown was largely driven by a contraction in the stock of central bank securities (-32.1% q-o-q) due to a large volume of maturities. Additionally, because of the low volume of issuance during the quarter, the total corporate debt stock also posted slower growth of 1.0% q-o-q in Q1 2025 versus 4.4% q-o-q in the previous quarter. Meanwhile, Treasury and other government bonds grew 4.4% q-o-q at the end of March amid increased government borrowing.

Total LCY bond issuance rebounded in Q1 2025 on increased debt sales from the government and central bank. Overall issuance climbed 33.0% q-o-q to VND1,240.9 trillion in Q1 2025, reflecting a recovery from

Figure 1: Viet Nam’s Benchmark Yield Curve—Local Currency Government Bonds

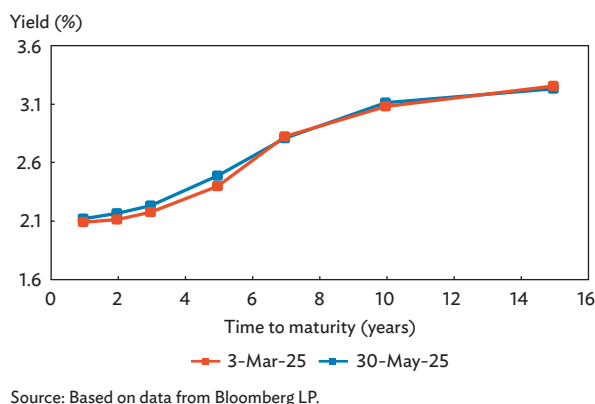
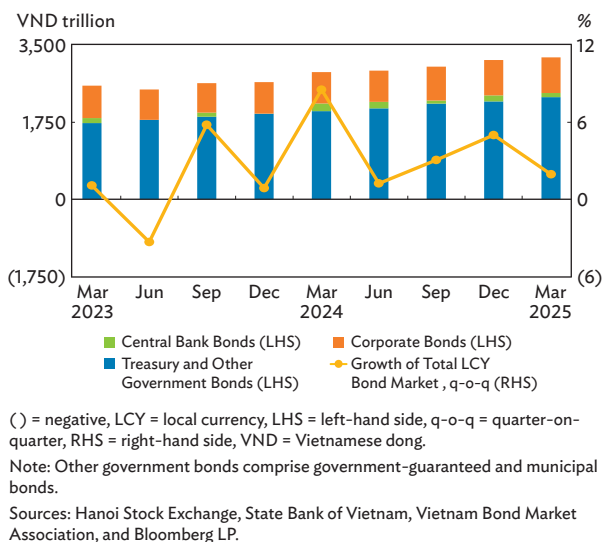
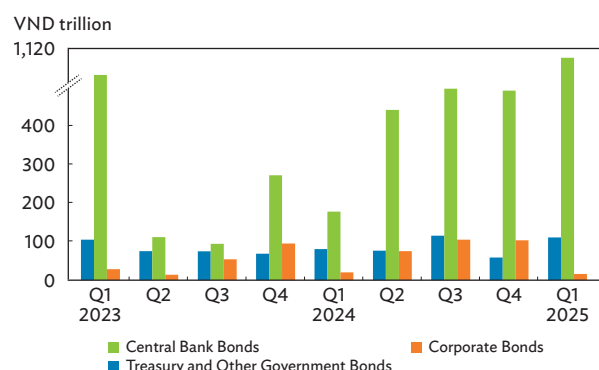


Figure 2: Composition of Local Currency Bonds Outstanding in Viet Nam



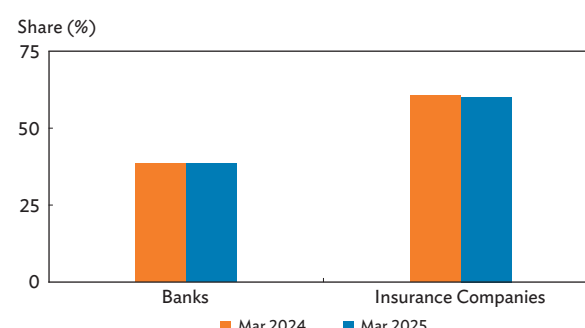
the previous quarter’s 6.0% q-o-q contraction (Figure 3). Growth was buoyed by a substantial 88.1% q-o-q increase in government bond issuance, as the government ramped up its borrowing to foster economic growth amid global trade challenges. Additionally, issuance of central bank securities in open market operations rose 44.5% q-o-q to support the financial system. In contrast, corporate bond issuance fell 84.2% q-o-q in Q1 2025 due to a lack of participation by nonfinancial entities. During the

Figure 3: Composition of Local Currency Bond Issuance in Viet Nam



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, VND = Vietnamese dong.
 Note: Other government bonds comprise government-guaranteed and municipal bonds.
 Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

Figure 4: Market Profile of the Two Dominant Investors for Local Currency Government Bonds



Source: Ministry of Finance, Viet Nam.

quarter, the banking and finance sectors were the only issuers of LCY corporate bonds, accounting for 64.3% and 35.7%, respectively, of the corporate issuance total. VPS Securities issued the largest corporate bond in Q1 2025 with a debt sale of VND5.0 trillion, accounting for 30.8% of total corporate bond issuance during the quarter.

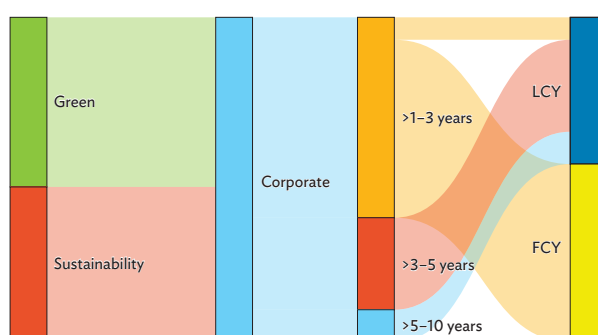
Investor Profile

Banks and insurance companies remained the two largest investor groups in the LCY government bond market. Collectively, these two dominant investor groups held 98.9% of LCY government bonds outstanding at the end of March, though this was down slightly from 99.5% a year earlier (Figure 4). Viet Nam had the highest Herfindahl–Hirschman Index score in emerging East Asia at the end of March, reflecting the least diversified investor holdings structure among its regional peers.¹⁷

Sustainable Bond Market

Viet Nam’s sustainable bond market comprises green and sustainability instruments issued solely by the private sector. At the end of March, green and sustainability bonds accounted for 52.2% and 47.8%, respectively, of the total sustainable debt stock

Figure 5: Market Profile of Outstanding Sustainable Bonds in Viet Nam at the End of March 2025



FCY = foreign currency, LCY = local currency.
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

(Figure 5). Total outstanding sustainable bonds reached USD1.1 billion in Q1 2025, making it one of the smallest sustainable bond markets in emerging East Asia, accounting for only 0.2% of the regional total. Foreign-currency-denominated sustainable bonds accounted for 54.8% of the total. Outstanding sustainable bonds were mainly concentrated in tenors of 1–3 years (61.7%) at the end of March. This led to a size-weighted average tenor of 2.7 years, among the shortest tenors across the region’s sustainable bond markets.

¹⁷ 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. The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the local currency bond market by summing the squared share of each investor group in the bond market.