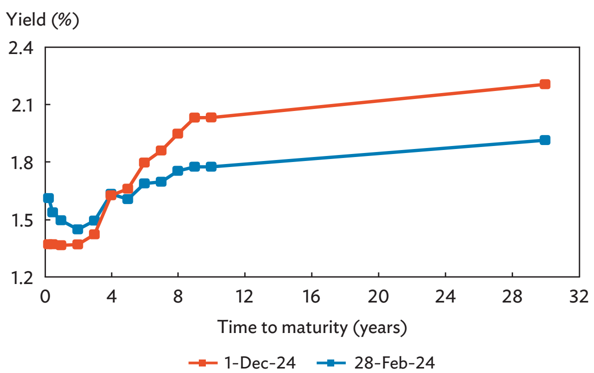
Market Summaries

People's Republic of China

Yield Movements

Local currency (LCY) government bond yields in the People's Republic of China (PRC) fell for most tenors, particularly longer-dated ones, between 1 December 2024 and 28 February 2025 on expected further monetary easing by the central bank. Bond yields fell an average of 19 basis points (bps) for tenors of 5 years or more, while tenors of 4 years or less saw their yields rise an average of 12 bps (**Figure 1**). The decline in yields was supported by the Government of the PRC's announcement in December that it would implement more active fiscal policies and moderately loose monetary policies. This was further supported by the People's Bank of China's (PBOC) announcement in January that it planned to implement its moderately loose monetary policy sometime in 2025 by reducing interest rates and reserve requirement ratios. Meanwhile, continued low inflation due to weak domestic demand dragged down interest rates at the shorter end of the curve, with year-on-year consumer price inflation coming in at 0.5% in January and –0.7% in February, from 0.1% in December.

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



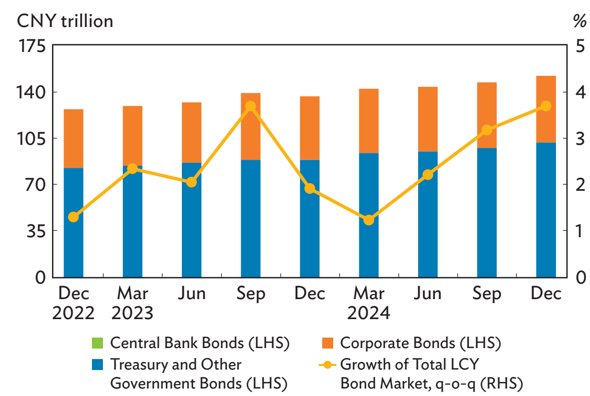
Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The PRC's LCY bonds outstanding grew at a slightly faster pace in the fourth quarter (Q4) of 2024 to reach CNY155.1 trillion at the end of December. Growth accelerated to 3.6% quarter-on-quarter (q-o-q) in Q4 2024 from 3.1% q-o-q in the previous quarter, led by faster q-o-q growth rates for both government bonds (4.5% versus 4.2%) and corporate bonds (1.8% versus 1.1%) (**Figure 2**). The faster growth in the government and corporate bond markets was driven by fewer maturities during the quarter.

Bond sales in the PRC declined to CNY12.1 trillion in Q4 2024 from CNY13.9 trillion in the third quarter of 2024, a 13.0% q-o-q decline. While issuance for both government and corporate bonds declined, it fell much faster for government bonds (–16.7% q-o-q) versus corporate bonds (–7.3% q-o-q) as the government had already met most of its annual borrowing requirements in the prior quarters (**Figure 3**).

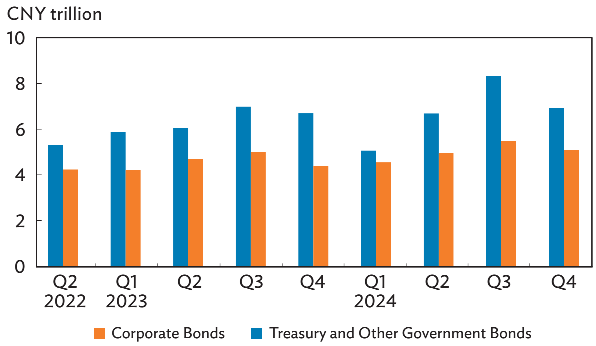
Figure 2: Composition of Local Currency Bonds Outstanding in the People's Republic of China



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

This market summary was written by Russ Jason Lo, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

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



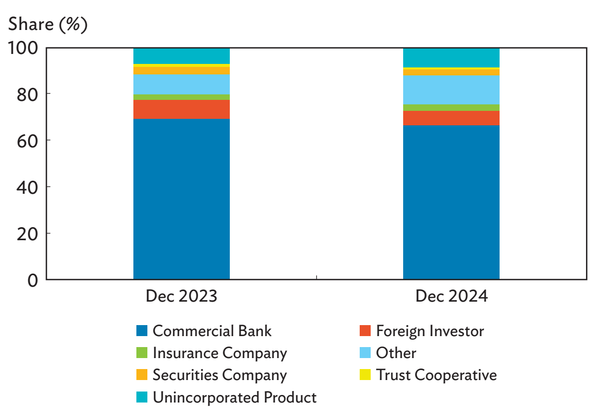
CNY = Chinese yuan, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Source: CEIC Data Company.

Investor Profile

The investor profile of the PRC's Treasury bond market remained roughly the same in 2024. There was a slight decline in the share of Treasury bonds held by banks to 66.6% at the end of December 2024 from 69.4% a year earlier (**Figure 4**). Banks, however, remained the dominant investor with other investors not elsewhere classified having the next largest share with only a 12.7% share. As a result of the large holdings share of banks, the PRC continued to have the second-highest Herfindahl–Hirschman Index score in emerging East Asia at the end of 2024, reflecting a less diverse investor profile.[12]

Figure 4: Investor Profile of Treasury Bonds

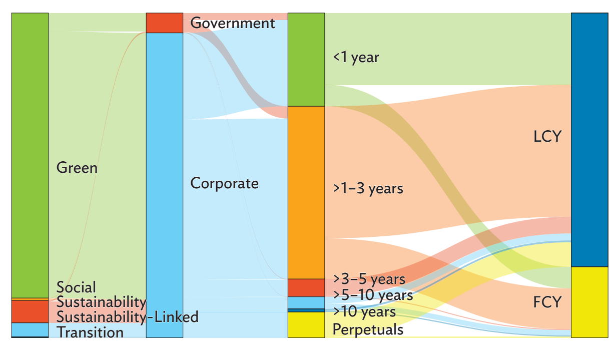


Source: CEIC Data Company.

Sustainable Bond Market

The PRC's sustainable bond market is dominated by green bond instruments and private sector financing. The PRC has the largest general bond market in emerging East Asia and also the largest sustainable bond market, which reached a size of USD368.1 billion and comprised 53.2% of the regional total at the end of December (**Figure 5**). A majority of the PRC's sustainable bonds are green bonds, with a share of 87.8%. The PRC bond market includes very few transition bonds at only USD0.9 billion, or a 0.2% share of the sustainable bond market. Private corporations are the most prevalent issuer of sustainable bonds, accounting for 93.9% of outstanding bonds. Most issuances are shorter-term, with 87.4% of outstanding sustainable bonds having a maturity of 5 years or less.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the People's Republic of China at the End of December 2024



FCY = foreign currency, LCY = local currency.

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

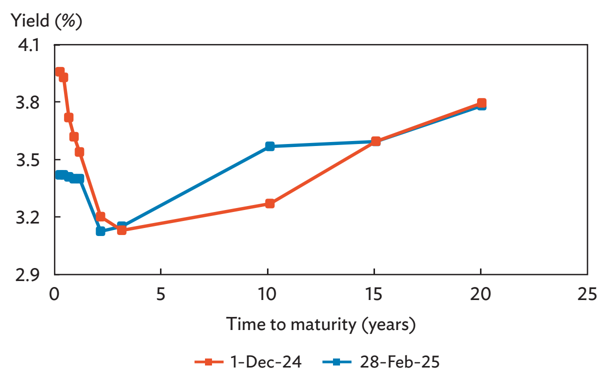
[12] The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the local currency bond market by summing the squared share of each investor group in the bond market. Emerging East Asia is defined to include member 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 1 December 2024 and 28 February 2025, local currency (LCY) government bond yields in Hong Kong, China fell for most tenors. LCY government bond yields in Hong Kong, China fell for all maturities except the 3-year and 10-year bonds (**Figure 1**). The decline in LCY government bond yields largely tracked movements in United States Treasury yields, which fell on weaker economic data released in the latter half of February. Meanwhile, an increased supply of 3-year and 10-year government bonds from issuances under the Infrastructure Bond Programme in January and February drove yield hikes for the 3-year and 10-year bonds.

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

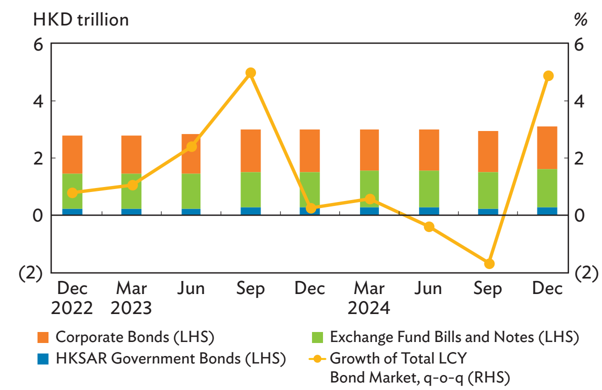


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Hong Kong, China's LCY bond market rebounded in the fourth quarter (Q4) of 2024, supported by the robust growth of Hong Kong Special Administrative Region (HKSAR) government bonds. Outstanding LCY bonds reached HKD3.1 trillion at the end of December, expanding 4.9% quarter-on-quarter (q-o-q) in Q4 2024 after contracting 1.7% q-o-q in the previous quarter (**Figure 2**). Growth was led by a rebound in HKSAR government bonds, which rose 36.6% q-o-q in Q4 2024 due to a resurgence in issuance under the newly established Infrastructure Bond Programme. Expansions in outstanding corporate bonds and Exchange Fund Bills and Notes, which inched up 3.5% q-o-q and 0.9% q-o-q, respectively, also contributed to the overall market growth.

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



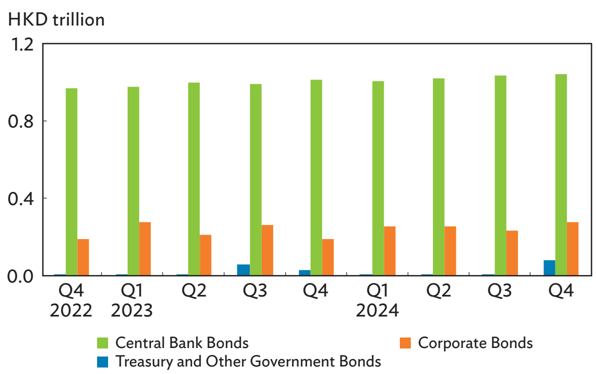
( ) = negative, HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.

Source: Hong Kong Monetary Authority.

This market summary was written by Debbie Gundaya, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

Total issuance of LCY bonds jumped 10.4% q-o-q in Q4 2024, fueled by increased issuance of HKSAR government bonds and corporate bonds. LCY bond issuance picked up in Q4 2024, totaling HKD1.4 trillion (**Figure 3**). Issuance of HKSAR government bonds, which jumped to HKD83.3 billion in Q4 2024 from HKD1.5 billion in the previous quarter, led the growth in aggregate LCY bond sales. Issuance under the new Infrastructure Bond Programme started during the quarter, including HKD10.5 billion worth of institutional bonds and HKD72.8 billion of retail bonds. Meanwhile, corporate bond sales also rebounded, rising 17.3% q-o-q in Q4 2024 after contracting 7.4% q-o-q in the preceding quarter on renewed investor optimism amid improved economic conditions. Hong Kong, China's gross domestic product growth rose to 2.4% year-on-year in Q4 2024 from 1.9% year-on-year in the third quarter of 2024, propped up by government spending and exports. Hong Kong Mortgage Corporation continued to top all nonbank issuers with total bond sales of HKD19.2 billion, accounting for 86.3% of total nonbank corporate issuances in Q4 2024.

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

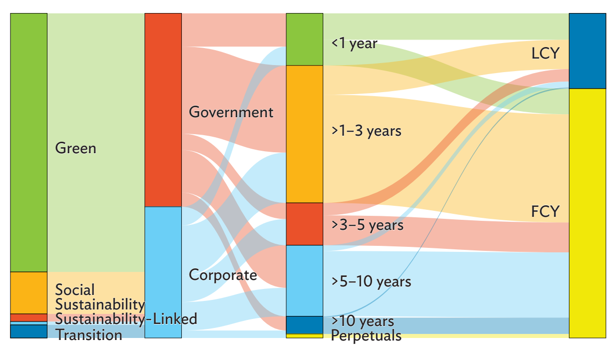


HKD = Hong Kong dollar, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Source: Hong Kong Monetary Authority.

Sustainable Bond Market

A majority of Hong Kong, China's sustainable bond market comprised green bond instruments issued by the public sector and denominated in a foreign currency. At the end of December, sustainable bonds outstanding totaled USD48.1 billion on growth of 3.2% q-o-q. Green bonds comprised nearly 80% of total sustainable bonds, followed by social bonds with a 12.9% share (**Figure 4**). Bonds issued by the public sector, which were all green bond instruments, comprised 59.6% of the total. Over 70% of outstanding sustainable bonds have remaining maturities of up to 5 years. Consequently, the size-weighted average tenor of outstanding sustainable bonds was 4.4 years at the end of December. Foreign-currency-denominated bonds comprised 76.8% of outstanding sustainable bonds in Hong Kong, China, the second-highest share among emerging East Asian markets, owing to the predominance of multi-currency government green bonds.[13] Meanwhile, social, sustainability, sustainability-linked, and transitions bonds were issued solely by the private sector. In Q4 2024, all sustainable bond issuances (USD3.0 billion) were social bonds from the private sector.

Figure 4: Market Profile of Outstanding Sustainable Bonds in Hong Kong, China at the End of December 2024



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

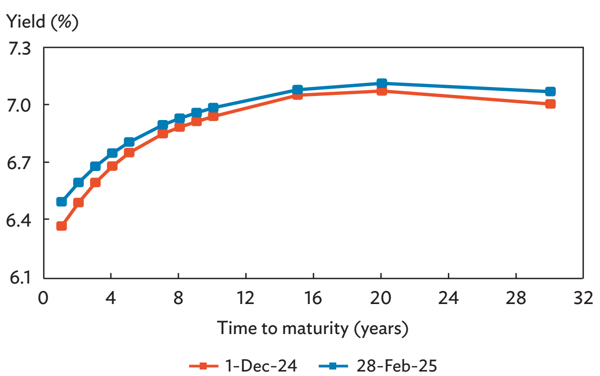
[13] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Indonesia

Yield Movements

Between 1 December 2024 and 28 February 2025, the local currency (LCY) government bond yield curve in Indonesia shifted downward. Bond yields declined an average of 6 basis points (bps) across the curve, with yields for maturities of 2 years or less declining the most at an average of 12 bps (**Figure 1**). The downward shift in the yield curve was largely driven by Bank Indonesia's 25 bps rate cut in January to support economic growth. The central bank also slightly lowered its economic growth forecast for 2025 to a range of 4.7%–5.5% from an estimate of 4.8%–5.6% in December. In its February and March meetings, Bank Indonesia left the policy rate unchanged at 5.75% to ensure the stability of the Indonesian rupiah and to guide inflation toward the target range of 1.50%–3.50% amid heightened global uncertainties.

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

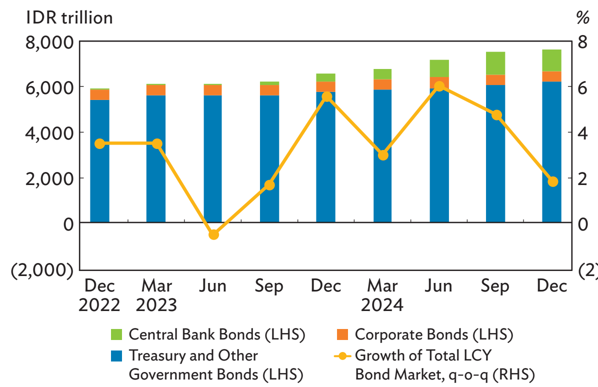


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The LCY bond stock in Indonesia rose to IDR7,688.0 trillion at the end of December. Overall growth, however, slowed to 1.9% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2024 from 4.8% q-o-q in the third quarter (Q3) (**Figure 2**). Government bonds, which accounted for 81.0% of the total LCY bond stock at the end of December, recorded slower growth of 2.0% q-o-q in Q4 2024 versus 2.3% q-o-q in Q3 2024, amid reduced issuance during the quarter. In contrast, the corporate bond segment posted a 3.4% q-o-q expansion in Q4 2024, reversing the 1.7% q-o-q contraction in the prior quarter, buoyed by robust issuance. Meanwhile, the stock of central bank securities was only marginally changed in Q4 2024 on growth of 0.3% q-o-q.

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.

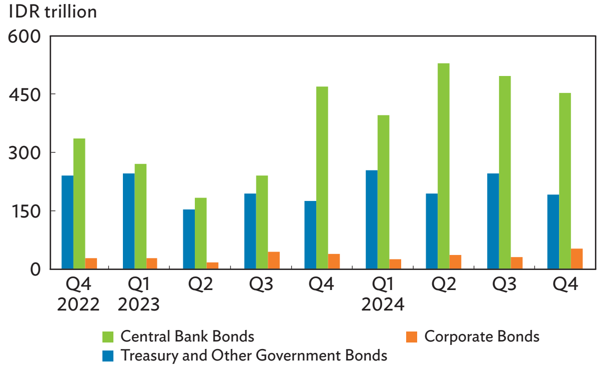
Notes: Data include *sukuk* (Islamic bonds). Data for Treasury and other government bonds comprise tradable and nontradable central government bonds.

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

In Q4 2024, LCY bond issuance fell 10.5% q-o-q to IDR693.5 trillion due to reduced issuance by the government. Treasury bond issuance declined 22.9% q-o-q in Q4 2024 as the government had already front-loaded issuance earlier in the year (**Figure 3**). On the other hand, corporate bond issuance posted strong growth of 62.2% q-o-q, buoyed by lower borrowing costs following the policy rate cut in September as well as refinancing needs of some companies due to bond maturities. The largest corporate bond issuance during the quarter came from Indah Kiat Pulp & Paper, which raised an aggregate IDR8.3 trillion via multiple tranches of conventional bonds and *sukuk* (Islamic bonds), accounting for 16.3% of the Q4 2024 corporate issuance total.

This market summary was written by Roselyn Regalado, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

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.

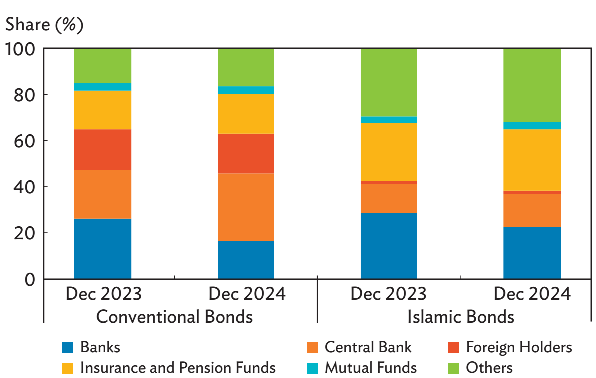
Notes: Data include *sukuk* (Islamic bonds). Data for Treasury and other government bonds comprise tradable and nontradable central government bonds.

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

Investor Profile

Indonesia continued to have the most diverse investor ownership structure among all LCY bond markets in emerging East Asia.[14] At the end of December, domestic investors held 85.5% of tradable sovereign bonds, while foreign investors accounted for a 14.5% share. Among domestic investors, the largest holder was the central bank with an overall holdings share of 26.8% at the end of December. Central bank holdings comprised a significant 29.6% of the conventional bond stock, compared with only a 14.8% share of all *sukuk* holdings (**Figure 4**). Since 2020, Bank Indonesia has ramped up its holdings of government bonds as part of its monetary operations. Institutional investors such as banks and insurance and pension funds, which typically account for the largest bond holdings share among emerging East Asian peers, accounted for a much smaller holdings share of only 17.4% and 19.0%, respectively, in Indonesia. Within the region, Indonesia had the most diversified investor base, reflected by its low Herfindahl–Hirschman Index score.[15]

Figure 4: Investor Profile of Tradable Central Government Bonds

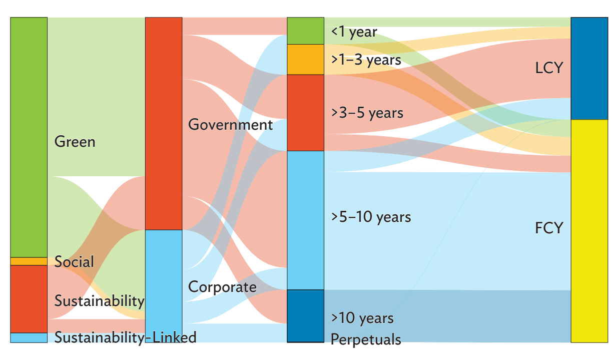


Source: Directorate General of Budget Financing and Risk Management, Ministry of Finance.

Sustainable Bond Market

At the end of December, Indonesia's sustainable bond market comprised predominantly green bond instruments, public sector issuances, and bonds denominated in foreign currency. The outstanding size of sustainable bonds tallied USD13.9 billion, with growth decelerating to 1.8% q-o-q in Q4 2024 from 10.2% q-o-q in Q3 2024, driven in part by a contraction in issuance. Green bonds were still the prevalent bond type, accounting for 73.8% of the outstanding sustainable bond stock at the end of December, followed by sustainability bonds at a smaller share of 20.8% (**Figure 5**). The public sector is an active issuer of sustainable bonds, accounting for 65.4% of the sustainable bond stock. This contributes to the longer maturity profile in Indonesia and an average size-weighted tenor of 8.1 years. Similar with other emerging East Asian markets, sustainable bond financing in Indonesia was mostly denominated in foreign currency (68.6%).

Figure 5: Market Profile of Outstanding Sustainable Bonds in Indonesia at the End of December 2024



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.

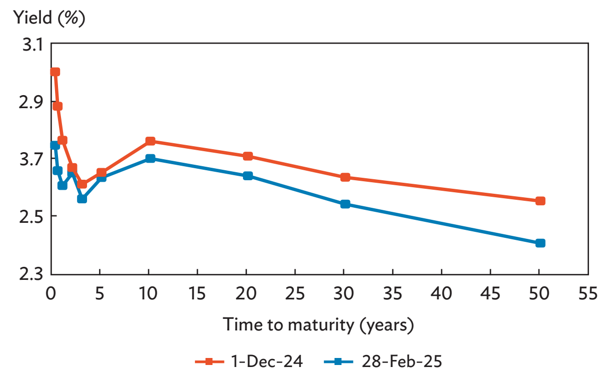
[15] The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the local currency bond market by summing the squared share of each investor group in the bond market.

Republic of Korea

Yield Movements

Local currency (LCY) government bond yields in the Republic of Korea fell for all tenors between 1 December 2024 and 28 February 2025. Yields fell an average of 11 basis points (bps) across all tenors, with tenors of 1 year and below declining the most at an average of 21 bps (**Figure 1**). Yields fell on increased expectations of further rate cuts by the Bank of Korea as economic growth is expected to slow in 2025. The Bank of Korea, in its 25 February monetary policy meeting, cut the base rate by 25 bps to 2.75% to support the economy and mitigate downside risks to growth. These include developments in both trade policies in the United States and the domestic political situation. The Bank of Korea also lowered its 2025 annual growth forecast to 1.5% from the November forecast of 1.9%, while the inflation forecast was maintained at 1.9%. The Republic of Korea's economic growth slowed to 1.2% year-on-year in the fourth quarter (Q4) of 2024 from 1.5% year-on-year in the third quarter due to weaker consumer spending and export growth, and a continued contraction in investments.

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

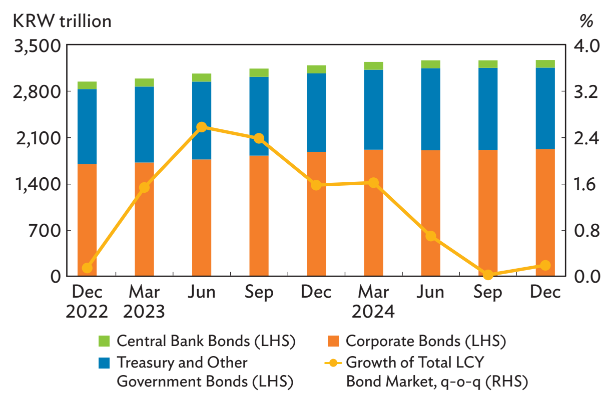


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The size of the Republic of Korea's LCY bond market posted minimal growth of 0.2% quarter-on-quarter (q-o-q) in Q4 2024, driven by the corporate bond market. The Republic of Korea continued to be the second-largest LCY bond market in emerging East Asia with a size of KRW3,298.5 trillion at the end of December, accounting for 8.5% of the total regional bond market.[16] Corporate bonds continued to comprise a majority of the Republic of Korea's LCY bond market in Q4 2024 with a share of 58.7% (**Figure 2**). The stock of corporate bonds grew 0.6% q-o-q in Q4 2024, supported by a surge in issuance during the quarter. Government bonds, with a share of 37.8% of the total LCY bond market, fell 0.5% q-o-q on reduced borrowing.

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.

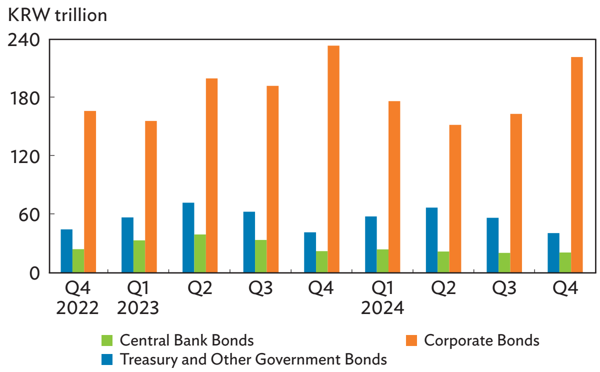
Sources: Bank of Korea and KG Zeroin Corp.

LCY bond issuance rose 18.0% q-o-q to KRW284.9 trillion in Q4 2024 as the issuance of corporate bonds surged during the quarter. Issuance of corporate bonds rose 35.8% q-o-q in Q4 2024, versus 7.4% q-o-q in the previous quarter, as companies continued to take advantage of declining bond yields amid market expectations of rate cuts by the Bank of Korea

This market summary was written by Angelica Andrea Cruz, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

[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.

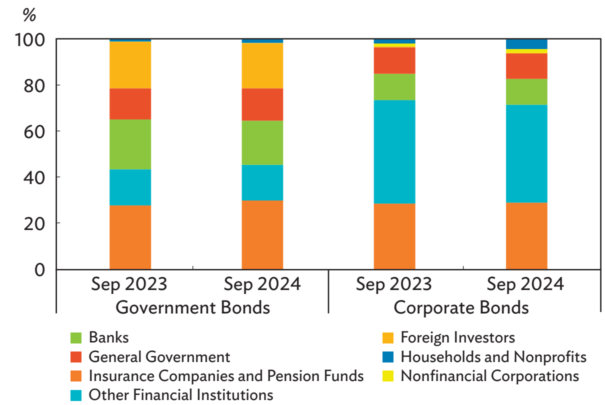
Figure 3: Composition of Local Currency Bond Issuance in the Republic of Korea



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

Sources: Bank of Korea and KG Zeroin Corp.

Figure 4: Local Currency Bonds Outstanding Investor Profile



Sources: *AsianBondsOnline* and Bank of Korea.

(**Figure 3**). Meanwhile, issuance of government bonds contracted 27.6% q-o-q in Q4 2024 as the government had already fulfilled most of its borrowing requirements in previous quarters.

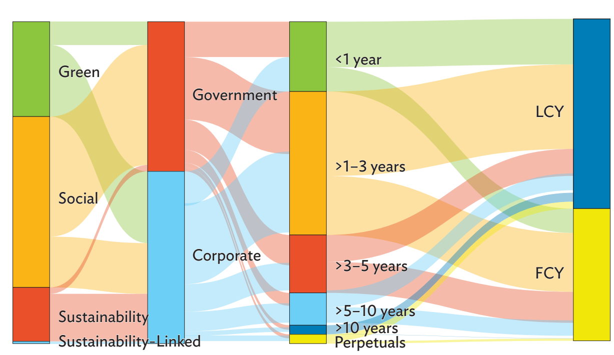
Investor Profile

Insurance companies and pension funds remained the largest investor group in the Republic of Korea's LCY bond market at the end of September. The Republic of Korea's LCY government bond market continued to have one of the most diverse investor bases in emerging East Asia as almost all outstanding bonds are held by five major investor groups. Insurance companies and pension funds had the largest share of LCY government bond holdings at 30.0%, followed by foreign investors and banks at 19.6% and 19.2%, respectively (**Figure 4**). Other major investor groups include other financial institutions (15.5%) and the general government (14.1%). On the other hand, the Republic of Korea's LCY corporate bond market still largely comprises two major investor groups: other financial institutions (42.7%) and insurance companies and pension funds (29.0%).

Sustainable Bond Market

Social bonds continued to dominate the Republic of Korea's sustainable bond market at the end of December 2024. The size of the Republic of Korea's sustainable bond market slightly rose 0.7% q-o-q to USD184.2 billion, making it the second-largest sustainable bond market in emerging East Asia at the end of December. The government and private sector are both active issuers of sustainable bonds with almost equal shares of outstanding sustainable bonds at 46.5% and 53.5%, respectively. Social bonds comprised 53.1% of the sustainable bond market and were largely issued by the government (**Figure 5**). Meanwhile, green bonds accounted for 29.5% and largely came from the private sector. The remaining maturities of outstanding sustainable bonds remained concentrated in tenors of less than 3 years (66.3%), resulting in a size-weighted average tenor of 3.0 years. In terms of currency denomination, nearly 60% of outstanding sustainable bonds at the end of December were denominated in Korean won.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the Republic of Korea at the End of December 2024



FCY = foreign currency, LCY = local currency.

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

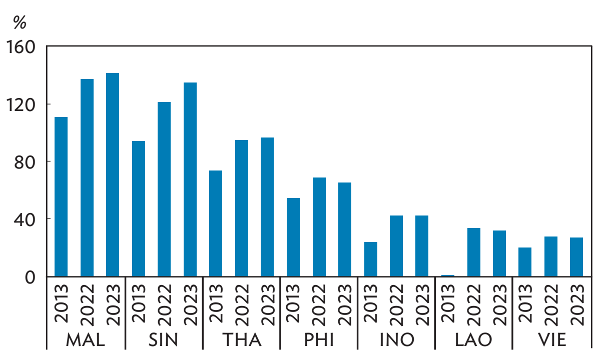
Lao People's Democratic Republic

Size and Composition

The Lao People's Democratic Republic's (Lao PDR) bond market reached a size of USD4.1 billion at the end of 2023, growing 4.8% year-on-year (y-o-y) from USD3.9 billion in 2022. The Lao PDR's bond market as a share of gross domestic product (GDP) stabilized at around 32.0% at the end of 2023 from 33.6% a year earlier (**Figure 1**). With the government's continued efforts to further develop the local currency (LCY) bond market and reduce reliance on foreign currency (FCY) financing, available data show that the share of LCY bonds to total bonds increased to 36.0% in 2023 from 31.1% in 2022—while nearly tripling from 12.7% in 2018 (**Figure 2**).[17] Meanwhile, the share of FCY bonds declined to 64.0% of the total in 2023 from 68.9% in 2022.

Continuing last year's momentum, onshore bond issuance through the Lao Securities Exchange (LSX) increased significantly in 2023. Total bond issuance through the LSX rose 144.3% y-o-y to USD199.8 million in 2023—nearly all of which was government issuance—from USD81.8 million in 2022. In 2023, the Government of the Lao PDR issued bonds denominated in both Lao kip and foreign currencies via the LSX to support cash flow management and strengthen debt management. Issuance of LCY government bonds surged 166.1% y-o-y to LAK3.7 trillion (USD180.3 million) in 2023 from LAK1.4 trillion in 2022 (**Figure 3**). Meanwhile, issuance of FCY government bonds increased 17.5% y-o-y

Figure 1: Bond Markets as Share of Gross Domestic Product in Select Members of the Association of Southeast Asian Nations

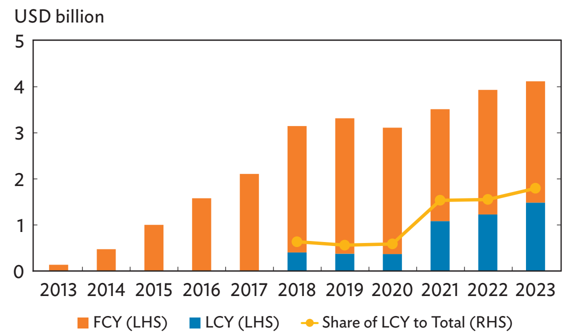


INO = Indonesia, LAO = Lao People's Democratic Republic, MAL = Malaysia, PHI = Philippines, SIN = Singapore, THA = Thailand, VIE = Viet Nam.

Note: Data for gross domestic product are from CEIC Data Company.

Source: *AsianBondsOnline* calculations based on various sources.

Figure 2: Composition of Total Bonds Outstanding in the Lao People's Democratic Republic



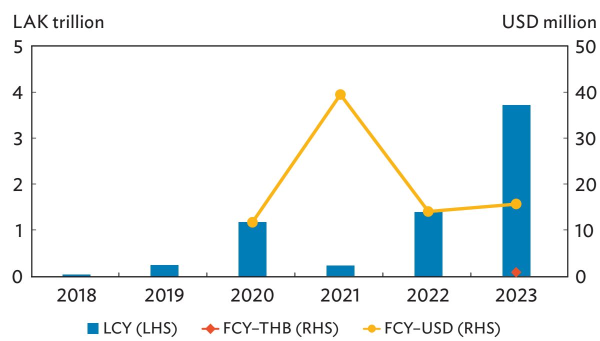
FCY = foreign currency, LCY = local currency, LHS = left-hand side, RHS = right-hand side, USD = United States dollar.

Notes:

1. FCY data include bonds issued in the Lao Securities Exchange, Singapore Exchange, and the Thai Bond Market Association.
2. Figures computed based on 31 December 2023 currency exchange rates to remove currency effects.

Sources: Lao Securities Exchange, Ministry of Finance Lao PDR, Singapore Exchange, and Thai Bond Market Association.

Figure 3: Government Bonds Issued Through the Lao Securities Exchange



FCY = foreign currency, LAK = Lao kip, LCY = local currency, LHS = left-hand side, RHS = right-hand side, THB = Thai baht, USD = United States dollar.

Source: Lao Securities Exchange.

This market summary was written by Angelica Andrea Cruz, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

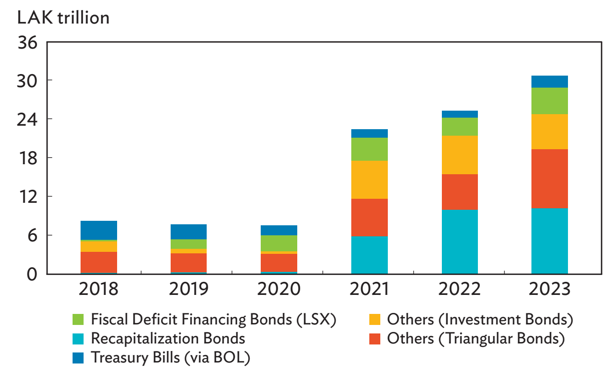
[17] LCY bonds are bonds denominated in Lao kip, while foreign currency bonds are denominated in currencies other than Lao kip. Definitions do not take into account where the bonds were issued (i.e., onshore or offshore).

to USD16.5 million in 2023—most of which were denominated in US dollars—from USD14.0 million in 2022. In September 2023, the government issued its first THB-denominated bonds through the LSX, financing THB28.8 million (USD0.8 million). The LSX witnessed its first corporate bond issuance in June 2023 as Souvanny Home Center raised USD3.0 million worth of USD-denominated bonds.

Local Currency Bond Market Size and Issuance

LCY bonds outstanding increased 21.2% y-o-y to LAK30.6 trillion at the end of 2023 from LAK25.3 trillion a year earlier, driven by the issuance of triangular bonds and fiscal deficit financing bonds.[18] All LCY bonds outstanding at the end of 2023 were government-issued. Triangular bonds outstanding increased 65.4% y-o-y to LAK9.1 trillion at the end of December from LAK5.5 trillion a year earlier, while fiscal deficit financing bonds increased 43.9% y-o-y to LAK4.1 trillion from LAK2.8 trillion during the same period. At the end of 2023, recapitalization bonds and triangular bonds collectively comprised over 60% of the Lao PDR's LCY bond market. Specifically, recapitalization bonds (LAK10.2 trillion) accounted for one-third of total LCY bonds outstanding at the end of December 2023, followed by triangular bonds (29.7%, LAK9.1 trillion), investment bonds (17.8%, LAK5.5 trillion), fiscal deficit financing bonds issued via the LSX (13.3%, LAK4.1 trillion), and Treasury bills (5.9%, LAK1.8 trillion) (**Figure 4**).

Figure 4: Composition of Local Currency Bonds Outstanding in the Lao People's Democratic Republic



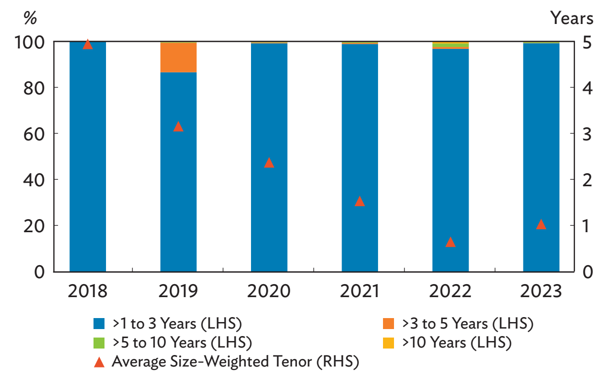
BOL = Bank of the Lao People's Democratic Republic, LAK = Lao kip, LSX = Lao Securities Exchange.

Note: There are no available data for local currency corporate bonds.

Source: Ministry of Finance Lao People's Democratic Republic.

The remaining average maturity of outstanding LCY bonds listed on the LSX in 2023 were mostly short-term, though the market's average remaining tenor has improved since 2022. At the end of 2023, nearly all (99.4%) LCY bonds outstanding had remaining tenors of more than 1 year to 3 years (**Figure 5**). The average size-weighted tenor of LCY bonds outstanding was 1.0 years in 2023, up from 0.6 years in 2022.

Figure 5: Maturity Structure of Local Currency Bonds Outstanding Issued Through the Lao Securities Exchange



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

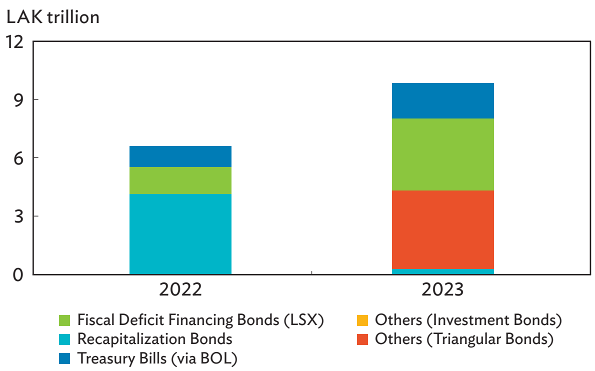
Note: Data only include government bonds as there are no local currency corporate bonds issued through the Lao Securities Exchange.

Source: Lao Securities Exchange.

Total onshore LCY bond issuance rose 49.1% y-o-y to LAK9.8 trillion in 2023 from LAK6.6 trillion in 2022. All LCY bond issuance in the Lao PDR bond market in 2023 came from the government, while the 49.1% y-o-y increase was largely driven by triangular bond issuance totaling LAK4.1 trillion during the year (**Figure 6**). Issuance of fiscal deficit financing bonds surged 166.1% y-o-y in 2023 to LAK3.7 trillion from LAK1.4 trillion in 2022. Treasury bill issuance also increased 68.6% y-o-y to LAK1.8 trillion from LAK1.1 trillion during the same period. Meanwhile, issuance of recapitalization bonds contracted 93.9% y-o-y to LAK0.3 trillion in 2023 from LAK4.1 trillion in 2022.

[18] Triangular bonds are Lao kip-denominated bonds issued for the repayment of expenditure arrears on completed public investment projects. Ministry of Finance, Government of the Lao PDR. 2023. Public and Publicly Guaranteed Debt Statistic Bulletin. Vientiane.

Figure 6: Local Currency Bond Issuance in the Lao People's Democratic Republic

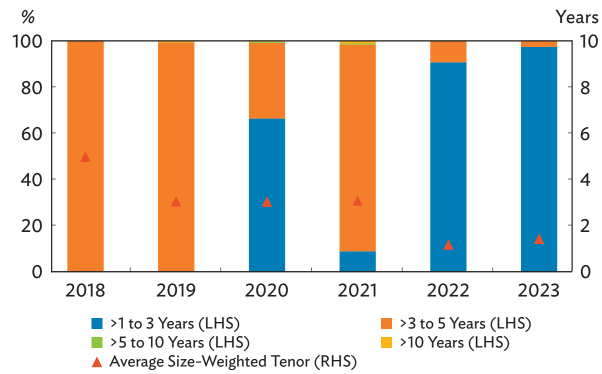


BOL = Bank of the Lao People's Democratic Republic, LAK = Lao kip, LSX = Lao Securities Exchange.

Note: There are no available data for LCY corporate bonds.

Source: Ministry of Finance Lao PDR.

Figure 7: Maturity Structure of Local Currency Bonds Issued Through the Lao Securities Exchange



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

Note: There is no local currency corporate bond issuance via the Lao Securities Exchange.

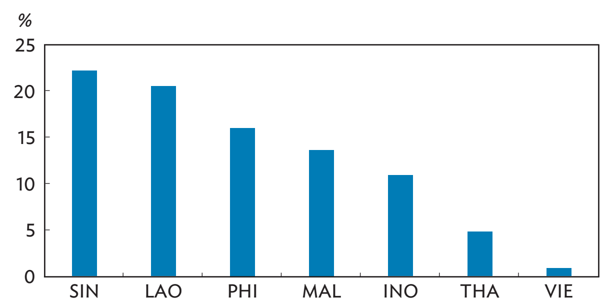
Source: Lao Securities Exchange.

LCY government bond issuance through the LSX in 2023 mainly comprised short-term tenors. In 2023, 97.4% of total LCY bonds issued through the LSX had tenors of more than 1 year to 3 years, while the remaining 2.6% had tenors of more than 3 years to 5 years (**Figure 7**). The average size-weighted tenor of LCY bond issuance in 2023 was 1.4 years, up slightly from 1.2 years in 2022 but still below the average for 2019–2021 of 3.1 years.

Foreign Currency Bond Market Size and Issuance

Total FCY bonds outstanding reached USD2.6 billion at the end of 2023, slightly down from USD2.7 billion a year earlier. The Lao PDR continued to have the second-highest FCY-bonds-to-GDP share among all members of the Association of Southeast Asian Nations at 20.5% (**Figure 8**). The Thai baht remained the predominant currency in the Lao PDR's FCY bond market, with THB-denominated bonds comprising 80.5% of total FCY bonds outstanding at the end of 2023 (**Figure 9**). FCY government bonds outstanding declined 6.7% y-o-y to USD1.1 billion at the end of 2023 from USD1.2 billion in 2022. The annual decline was primarily driven by reduced issuance and a large volume of maturities of FCY government bonds, resulting in a lower corresponding share of FCY government bonds to total FCY bonds of 40.5% in 2023 versus 42.2% in 2022. Meanwhile, FCY corporate bonds outstanding

Figure 8: Foreign Currency Bonds Outstanding as a Share of Gross Domestic Product in Select Members of the Association of Southeast Asian Nations



INO = Indonesia, LAO = Lao People's Democratic Republic, MAL = Malaysia, PHI = Philippines, SIN = Singapore, THA = Thailand, VIE = Viet Nam.

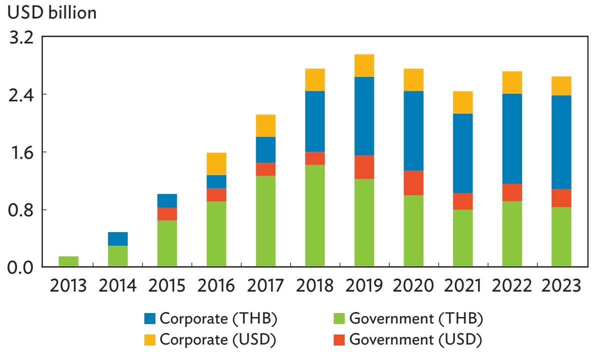
Notes: All data as of end-December 2023. Data for gross domestic product are from CEIC Data Company.

Source: *AsianBondsOnline* calculations based on various sources.

(USD1.6 billion) comprised 59.5% of total FCY bonds outstanding at the end of 2023 on marginal growth of 0.3% y-o-y.

The average remaining maturity of outstanding FCY bonds in the Lao PDR market was less than 5.0 years at the end of 2023. At the end of December 2023, nearly half of total FCY bonds outstanding had remaining tenors of more than 1 year to 3 years, 33.5% had tenors of more than 3 years to 5 years, and 21.2% had tenors of more than 5 years to 10 years (**Figure 10**). The average size-weighted tenor of FCY bonds outstanding was 4.6 years in 2023, up slightly from 4.0 years in 2022. The average

Figure 9: Composition of Foreign Currency Bonds Outstanding in the Lao People's Democratic Republic

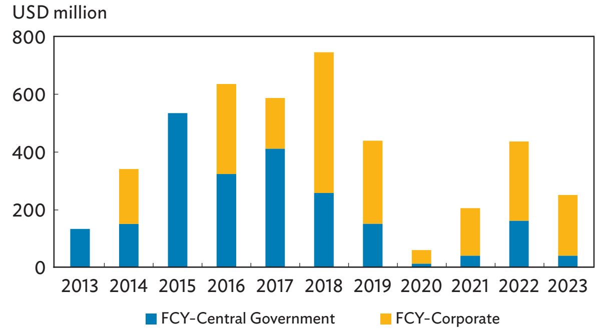


THB = Thai baht, USD = United States dollar.

Note: Figures computed based on 31 December 2023 exchange rates to remove currency effects.

Sources: Lao Securities Exchange, Singapore Exchange, and Thai Bond Market Association.

Figure 11: Composition of Foreign Currency Bond Issuance in the Lao People's Democratic Republic

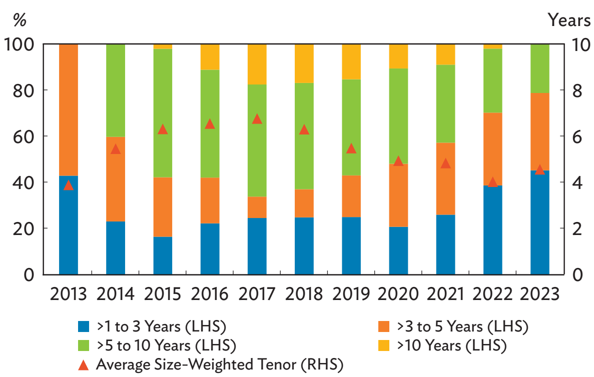


FCY = foreign currency, USD = United States dollar.

Note: Figures computed based on 31 December 2023 exchange rates to remove currency effects.

Sources: Lao Securities Exchange, Singapore Exchange, and Thai Bond Market Association.

Figure 10: Maturity Structure of Foreign Currency Bonds Outstanding Issued in the Lao People's Democratic Republic

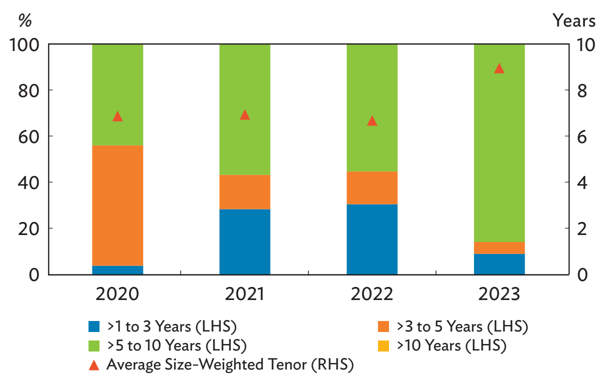


LHS = left-hand side, RHS = right-hand side.

Note: Figures were computed based on 31 December 2023 exchange rates to remove currency effects.

Sources: Lao Securities Exchange, Singapore Exchange, and Thai Bond Market Association.

Figure 12: Maturity Structure of Foreign Currency Government Bonds Issued Through the Lao Securities Exchange



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

Notes: All bonds issued in 2020–2022 were denominated in United States (US) dollars. Bonds issued in 2023 were denominated in US dollars and Thai baht.

Source: Lao Securities Exchange.

has remained below 5.0 years since 2020, which will have implications for refinancing needs in the coming years.

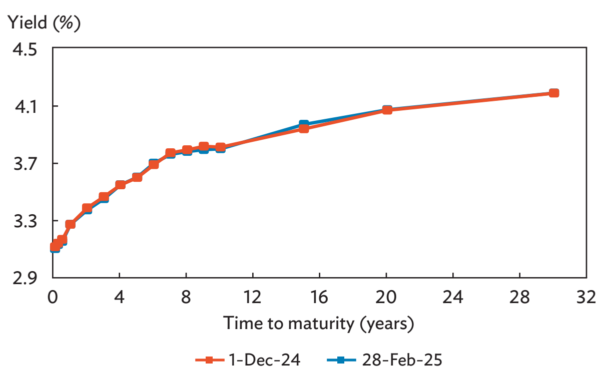
Total onshore government FCY issuance increased 17.5% y-o-y in 2023, and the average tenor length also increased compared with 2022. The Lao PDR's total FCY bond issuance, including both onshore and offshore issuance, declined sharply by 42.6% y-o-y to USD249.8 million in 2023 from USD434.9 million in 2022 (**Figure 11**). The higher-interest-rate environment and the depreciation of the Lao kip against the US dollar discouraged FCY bond issuance. However, the Government of the Lao PDR was able to issue more FCY bonds onshore through the LSX in 2023. The government issued USD16.5 million of FCY bonds via the LSX in 2023, up 17.5% y-o-y from USD14.0 million in 2022. These bonds were denominated in either Thai baht or US dollars, with tenors ranging from 1 year to 10 years and coupon rates of 5.0%–8.0%. The average size-weighted tenor of government FCY issuances via the LSX was 9.0 years in 2023, compared with 6.7 years in 2022 (**Figure 12**). Meanwhile, the first FCY corporate bond issuance onshore via the LSX was the USD3.0 million 4-year bond issued by Souvanny Home Center in June 2023.

Malaysia

Yield Movements

Between 1 December 2024 and 28 February 2025, local currency (LCY) government bond yields in Malaysia were broadly unchanged. Yields moved an average of less than 1 basis point across the curve on expectations that Bank Negara Malaysia would keep its monetary policy stance unchanged (**Figure 1**). On 6 March, Bank Negara Malaysia maintained the overnight policy rate at 3.00%, where it has remained since May 2023, amid a favorable economic performance and a moderating inflation outlook for 2025. Gross domestic product growth climbed to 5.1% year-on-year (y-o-y) in 2024 from 3.6% y-o-y in 2023, supported by strong investments and increased private consumption. Consumer price inflation moderated to 1.7% y-o-y in both January and December from 1.8% y-o-y in November.

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

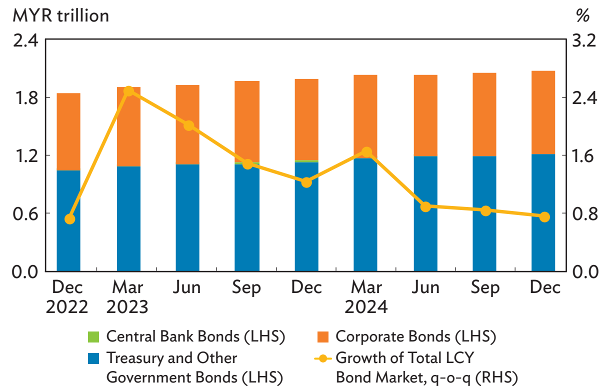


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The LCY bond market of Malaysia reached a size of MYR2.1 trillion at the end of December, with growth easing to 0.8% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2024 from 0.9% in the third quarter (Q3). Government bond market growth moderated to 0.6% q-o-q in Q4 2024, from the previous quarter's 1.2% q-o-q, on reduced issuance and maturities during the quarter. Malaysia's corporate bond segment expanded 1.0% q-o-q in Q4 2024 despite a contraction in issuance due to reduced maturities during the quarter. At the end of December, there were no outstanding central bank bills as the central bank has not issued new securities since Q3 2024 (**Figure 2**). *Sukuk* (Islamic bonds) comprised a majority (63.2%) of the LCY bond market at the end of December.

Figure 2: Composition of Local Currency Bonds Outstanding in Malaysia

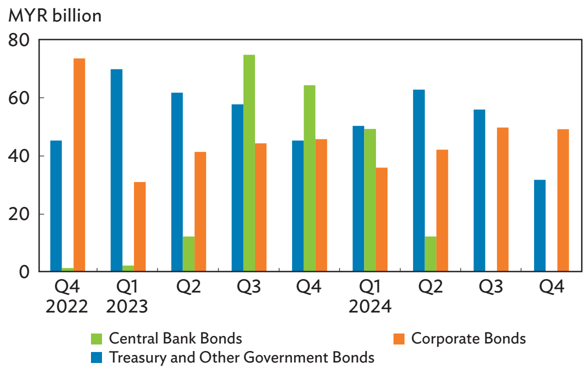


LCY = local currency, LHS = left-hand side, MYR = Malaysian ringgit, q-o-q = quarter-on-quarter, RHS = right-hand side.
Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

LCY bond issuance fell 23.5% q-o-q to MYR80.4 billion in Q4 2024 as government issuance contracted. Government bond issuance declined 43.4% q-o-q in Q4 2024 as the Government of Malaysia front-loaded annual issuance in the prior quarters (**Figure 3**). Meanwhile, corporate bond issuance decreased 1.2% q-o-q in Q4 2024, reversing the growth of 18.2% q-o-q in Q3 2024. Cagamas was the largest issuer of LCY bonds in Q4 2024 as it issued conventional and *sukuk* commercial paper and medium-term notes totaling MYR5.3 billion, which accounted for 6.6% of total LCY bond issuance in Q4 2024.

This market summary was written by Justin Adrian Villas, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 3: Composition of Local Currency Bond Issuance in Malaysia



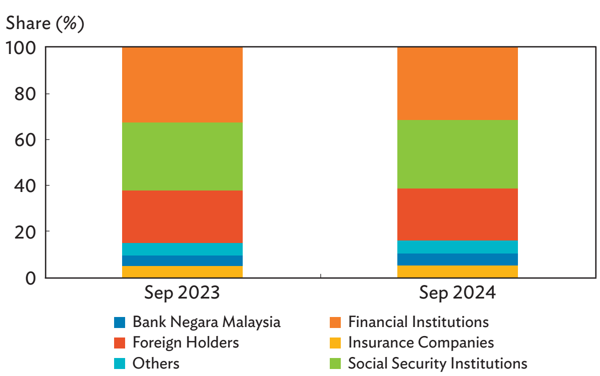
MYR = Malaysian ringgit, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

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

Investor Profile

At the end of September, domestic investors held 77.6% of all Malaysian LCY government bonds outstanding. Financial institutions and social security institutions accounted for the largest holdings shares at 31.6% and 29.7%, respectively (**Figure 4**). The share of foreign holdings in the Malaysian government bond market was 22.4% at the end of September, the largest among its emerging East Asian peers.[19]

Figure 4: Local Currency Government Bonds Investor Profile



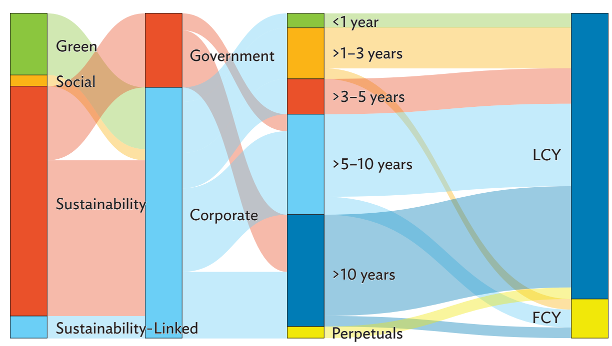
Note: "Others" include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.

Source: Bank Negara Malaysia.

Sustainable Bond Market

At the end of December, long-term corporate bonds comprised most of Malaysia's sustainable bond market. The total sustainable debt stock decreased to a size of USD15.4 billion at the end of December on a 0.1% q-o-q contraction in Q4 2024, with most bonds denominated in Malaysian ringgit (88.0%). The majority of sustainable bonds outstanding comprised sustainability bonds (70.8%), while green bonds accounted for a 19.0% share (**Figure 5**). Corporate bonds dominate the sustainable bond market, making up 77.2% of the total stock at the end of December, with 59.7% of outstanding corporate bonds carrying tenors of more than 5 years. Outstanding sustainable bonds from the public sector, which comprised 22.8% of the total, carried maturities of over 5 years. At the end of December, the size-weighted average tenor of outstanding sustainable bonds in Malaysia was 8.8 years.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Malaysia at the End of December 2024



FCY = foreign currency, LCY = local currency.

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

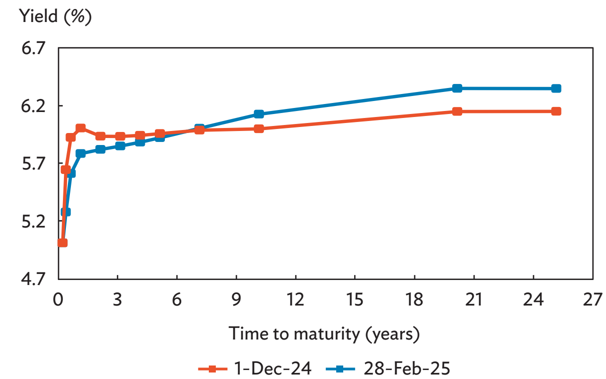
[19] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Philippines

Yield Movements

Between 1 December 2024 and 28 February 2025, local currency (LCY) sovereign bond yields in the Philippines rose for longer tenors (Figure 1). Yields for maturities of 7 years and longer rose an average of 13 basis points (bps), as the Bangko Sentral ng Pilipinas (BSP) held its overnight reverse repurchase rate steady at 5.75% on 13 February due to uncertainties over global economic policies and their potential impact on the domestic economy. The rise in yields was also influenced by expectations of fewer rate cuts this year. BSP Governor Eli M. Remolona Jr., on 1 February, signaled total rate cuts of 50 bps in 2025, which was less than the 100 bps previously signaled by the BSP in November. In contrast, yields for tenors of 5 years or less—except for the 1-month tenor—fell an average of 17 bps amid subdued inflation and slow economic growth. The Philippine economy grew 5.6% in full-year 2024, falling short of the government's target range of 6.0%–6.5% growth due to weather disruptions, weak consumption, and geopolitical tensions. Meanwhile, year-on-year inflation slowed to 2.1% in February from 2.9% in January, driven by slower increases in food and beverage prices.

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

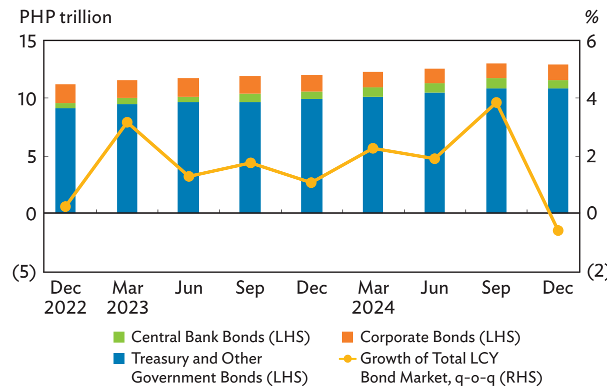


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Contractions in the stock of government bonds and central bank securities dragged down the LCY bond market at the end of December. The total LCY debt stock contracted 0.6% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2024 to a size of PHP12.9 trillion (**Figure 2**). The decline was driven by reduced issuance from the government and the central bank during the quarter. Treasury and other government bonds recorded a slight dip of 0.1% q-o-q, while BSP securities were down 11.7% q-o-q. Conversely, despite a reduction in issuance, total corporate debt stock grew 2.6% q-o-q in Q4 2024 due to fewer maturities during the quarter.

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.

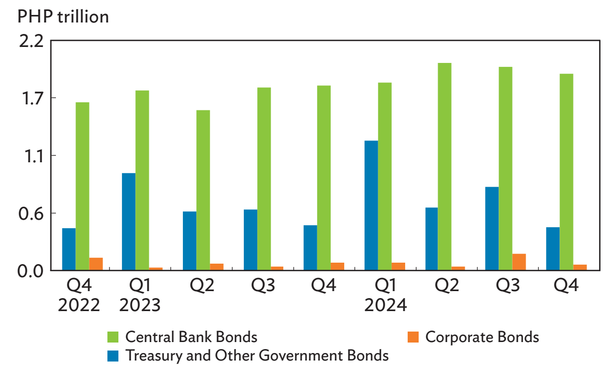
Note: Treasury and other government bonds comprise Treasury bonds, Treasury bills, and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines.

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

LCY bond issuance contracted in Q4 2024 on reduced issuance for all bond segments. Total LCY bond issuance fell 19.2% q-o-q to PHP2.4 trillion in Q4 2024 (**Figure 3**). The issuance of Treasury and other government bonds declined 48.2% q-o-q due to the government's reduced borrowing after meeting its financing needs in the prior quarters. Similarly, total corporate bond issuance dropped 63.3% q-o-q in Q4 2024 largely due to the exceptionally high issuance volume in the previous quarter. The largest corporate bond issuance during the quarter came from SMC Tollways, with total debt sale of PHP35.0 billion, accounting for 57.7% of the Philippines' total LCY corporate bond issuance during the quarter. Additionally, in November, Ayala Land issued a 10-year sustainability-linked bond worth PHP8.0 billion.

This market summary was written by Jeremy Grace Ilustrisimo, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

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

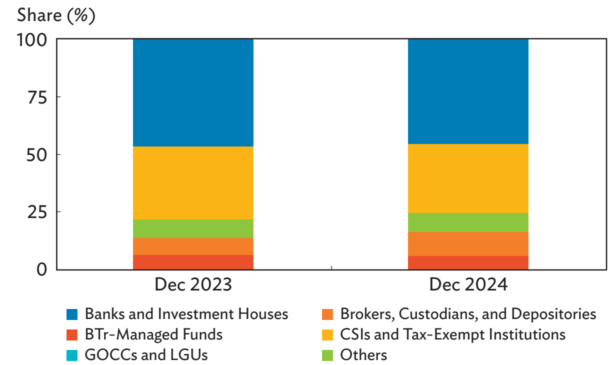


PHP = Philippine peso, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

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.

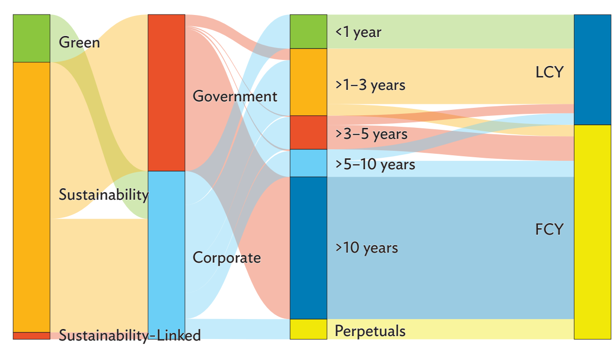
Note: At the end of December, the aggregate holdings share for government-owned or -controlled corporations and local government units was 0.01%, amounting to PHP1.1 billion.

Source: Bureau of the Treasury.

Investor Profile

At the end of December, the investor base of the Philippines' LCY government bond market was among the least diverse in emerging East Asia.[20] The Philippines had the third-highest Herfindahl–Hirschman Index score in the region at the end of December.[21] This was because over 70.0% of the economy's LCY government debt stock was held by only two dominant investor groups: (i) banks and investment houses, and (ii) contractual savings institutions and tax-exempt institutions (**Figure 4**). Collectively, their holdings share accounted for 75.2% at the end of December, down from 78.1% a year earlier.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the Philippines at the End of December 2024



FCY = foreign currency, LCY = local currency.

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

Sustainable Bond Market

Foreign-currency-denominated sustainability bond instruments remained prevalent in the Philippines' sustainable bond market in Q4 2024. By the end of December, sustainability bonds accounted for 83.2% of the market's total sustainable debt stock, approximately 71.0% of which were denominated in a foreign currency (**Figure 5**). At the end of Q4 2024, total outstanding sustainable bonds grew 4.0% q-o-q to USD11.3 billion, with the public and private sectors each contributing a roughly equal share of the market. Over 90.0% of the public sector's sustainable bonds carried tenors of over 5 years, while the private sector's corresponding share was only 27.4%. Consequently, the size-weighted average tenor of the Philippines' sustainable bond market stood at 12.4 years at the end of December versus a size-weighted average of 4.5 years for ASEAN+3 economies.[22]

[20] 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.

[21] 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.

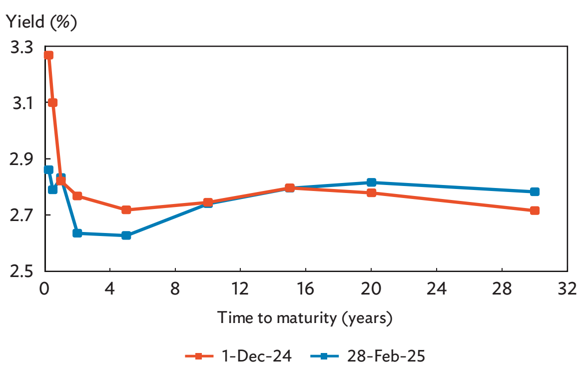
[22] ASEAN+3 is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

Singapore

Yield Movements

Between 1 December 2024 and 28 February 2025, local currency (LCY) government bond yields in Singapore fell for most securities. Bond yields fell an average of 16 basis points for tenors of 15 years or less (except for 1-year bonds) as the Monetary Authority of Singapore (MAS) eased its monetary policy stance amid slower inflation (**Figure 1**). On 24 January, the 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, on anticipated slower growth and cooling inflation in 2025. Consumer price inflation slowed to 1.2% year-on-year in January 2025 from 1.5% in the previous month. On the other hand, yields rose an average of 5 basis points for long-term securities (20-year to 30-year bonds), tracking the movement in yields of Treasuries in the United States.

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

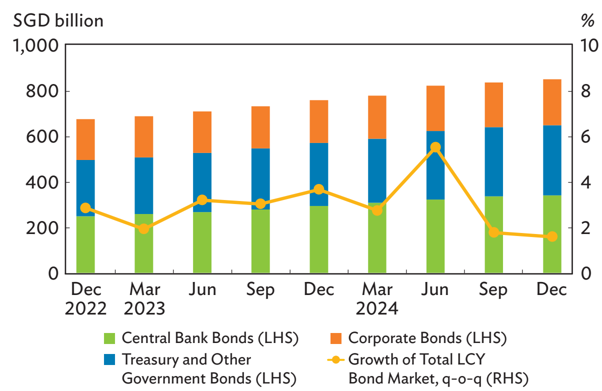


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore's LCY bond market reached a size of SGD849.6 billion at the end of December. Total LCY bond growth slowed to 1.6% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2024 from a 1.8% q-o-q expansion in the third quarter (Q3). Outstanding Treasuries posted faster growth of 1.4% q-o-q in Q4 2024, up from 0.6% q-o-q in the prior quarter, due to increased issuance of Treasury bills. On the other hand, central bank bills grew at a slower pace of 1.2% q-o-q, versus growth of 4.4% q-o-q in Q3 2024, due to increased maturities during Q4 2024 (**Figure 2**). Meanwhile, the corporate bond segment grew 2.5% q-o-q in Q4 2024, recovering from a contraction of 0.7% q-o-q in Q3 2024 amid increased issuance. At the end of December, the state-owned Housing & Development Board continued to have the largest amount of bonds outstanding in the LCY corporate bond market, amounting to SGD30.0 billion and comprising 14.8% of outstanding corporate bonds.

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.

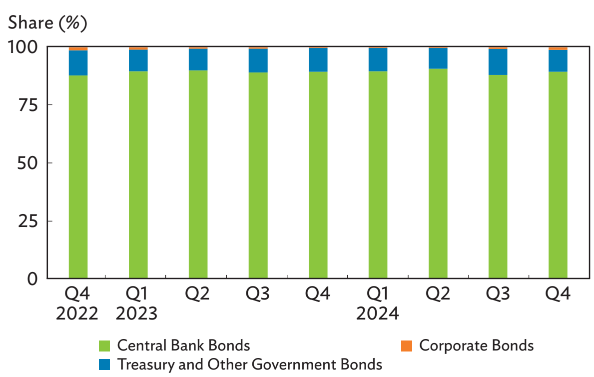
Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

This market summary was written by Justin Adrian Villas, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

LCY bond issuance posted growth of 3.0% q-o-q in Q4 2024, a reversal of the previous quarter's contraction of 3.7% q-o-q. Total issuance soared to SGD561.1 billion in Q4 2024, with all bond segments posting q-o-q increases. Issuance of MAS bills increased 2.7% q-o-q, accounting for almost 90% of total issuance in Q4 2024 (**Figure 3**). Treasury and other government bond issuance exhibited growth of 3.6% q-o-q in Q4 2024 on increased issuance of Treasury bills. Corporate bond issuance saw the fastest expansion among all LCY bond segments with 30.4% q-o-q growth. The largest corporate bond issuer in Q4 2024 was the Housing & Development Board as it issued bonds worth SGD2.3 billion, representing almost half of the LCY corporate issuance total during the quarter.

Figure 3: Composition of Local Currency Bond Issuance in Singapore

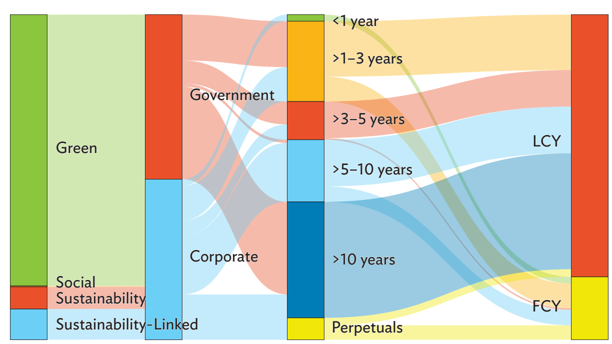


Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Note: Corporate bonds are based on *AsianBondsOnline* estimates.
Sources: Monetary Authority of Singapore and Bloomberg LP.

Sustainable Bond Market

Singapore's sustainable bond market is dominated by green bond instruments, which accounted for 83.5% of the total at the end of December. Sustainable bonds outstanding reached USD26.0 billion at the end of Q4 2024, posting growth of 6.2% q-o-q (**Figure 4**). A majority (80.6%) of outstanding sustainable bonds were denominated in local currency. With bonds carrying maturities of over 5 years comprising 61.5% of total outstanding sustainable bonds, the size-weighted average tenor of sustainable bonds in Singapore stood at 16.7 years, the longest among emerging East Asian markets.[23] The largest issuer of sustainable bonds during the quarter was the state-owned Housing & Development Board, having issued 4-year fixed-rate green notes in October amounting to SGD900.0 million, or 44.3% of total quarterly issuance, to finance eligible green projects under its Green Finance Framework.

Figure 4: Market Profile of Outstanding Sustainable Bonds in Singapore at the End of December 2024



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

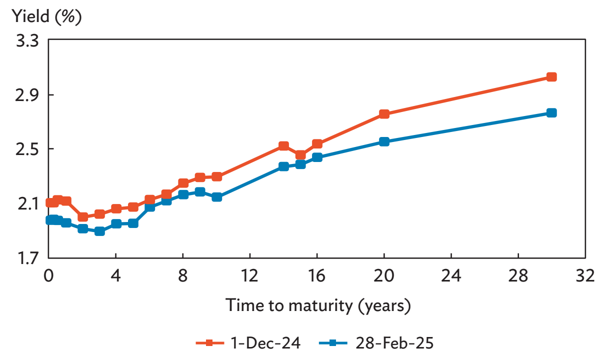
[23] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Thailand

Yield Movements

Between 1 December 2024 and 28 February 2025, Thailand's local currency (LCY) government bond yields fell on the Bank of Thailand's (BOT) monetary policy easing amid weaker-than-expected economic performance. Yields declined an average of 12 basis points across all maturities following the BOT's decision to reduce its policy rate by 25 basis points to 2.00% during its 26 February meeting (**Figure 1**). The central bank cited weaker-than-expected economic growth and rising uncertainty from major economies' trade policies as reasons for the rate cut. Thailand's economy grew 3.2% year-on-year (y-o-y) in the fourth quarter (Q4) of 2024, up from 3.0% y-o-y in the previous quarter. Nonetheless, the full-year 2024 gross domestic product growth of 2.5% was below the BOT forecast of 2.7% and also among the slowest in emerging East Asia.[24]

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

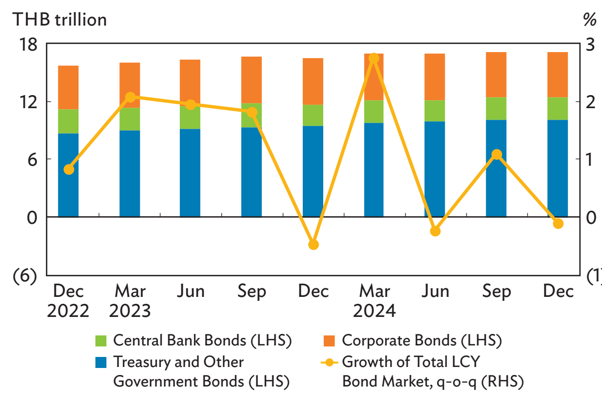


Sources: Based on data from Bloomberg LP and Thai Bond Market Association.

Local Currency Bond Market Size and Issuance

Thailand's LCY bond stock inched down in Q4 2024 due to contractions in corporate and BOT bonds. At the end of December, total LCY bonds outstanding amounted to THB17.1 trillion, down 0.1% quarter-on-quarter (q-o-q) (**Figure 2**). The stock of corporate bonds continued to decline, falling 1.6% q-o-q to THB4.6 trillion in Q4 2024 after contracting 1.8% q-o-q in the third quarter as investors remained cautious amid slow economic growth and rising uncertainties. BOT bonds outstanding also contracted 0.8% q-o-q to THB2.3 trillion in Q4 2024. Meanwhile, Treasury and other government bonds rose 0.8% q-o-q to THB10.1 trillion despite a contraction in issuance due to a relatively smaller volume of maturities.

Figure 2: Composition of Local Currency Bonds Outstanding in Thailand



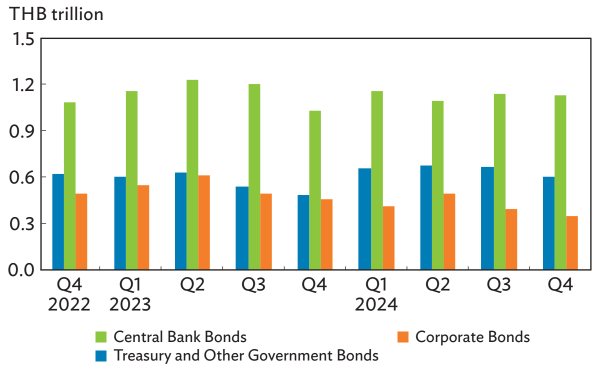
( ) = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.
Source: Bank of Thailand.

LCY bond issuance continued to decline in Q4 2024, dragged down by weak debt sales from both the public and private sectors. Total issuance of LCY bonds tallied THB2.1 trillion in Q4 2024, down 5.7% q-o-q after posting a 2.6% q-o-q contraction in the previous quarter (**Figure 3**). Treasury and other government bond issuance (THB602.3 billion) eased 9.4% q-o-q in Q4 2024 due in part to slightly smaller planned issuance of government bonds at the start of fiscal year 2025, which started in October. BOT issuance (THB1.1 trillion) posted a nominal 1.0% decline during the quarter. Corporate debt sales (THB346.2 billion) fell 13.2% q-o-q in Q4 2024 as investor confidence remained tepid amid downside risks to economic growth posed by the new United States

This market summary was written by Debbie Gundaya, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

24 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.

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.

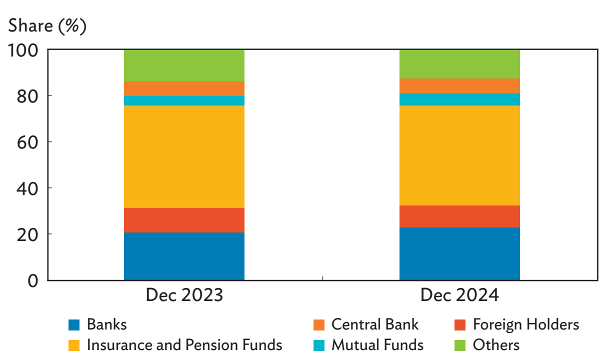
Source: Bank of Thailand.

administration's trade policies. Siam Cement was the top corporate issuer in Q4 2024 with total bond sales amounting to THB40.0 billion, representing 11.6% of total corporate issuance during the quarter.

Investor Profile

Domestic investors' holdings of LCY government bonds increased. Holdings of domestic investors rose to 90.7% of total LCY government bonds at the end of December, up from 89.3% a year earlier (**Figure 4**). Meanwhile, foreign holdings fell to 9.3% from 10.7% during the same period as weak economic performance and global uncertainties capped demand for Thai government bonds.

Figure 4: Investor Profile of Government Bonds in Thailand

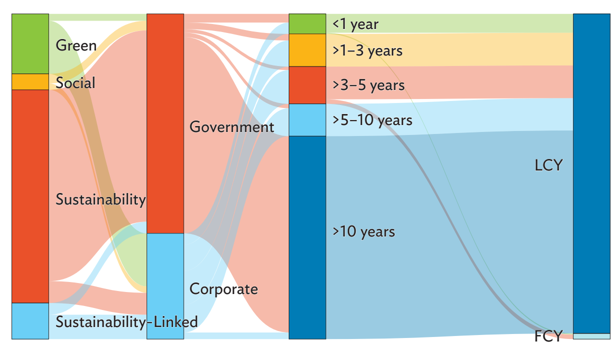


Source: Bank of Thailand.

Sustainable Bond Market

Thailand's sustainable bonds are predominantly instruments issued by the public sector. Thailand's sustainable bond market grew 6.3% q-o-q and 18.1% y-o-y to reach a size of USD24.1 billion at the end of December. Sustainability bonds (USD15.8 billion) comprised a majority of sustainable instruments, accounting for 65.6% of the market (**Figure 5**). Green bonds (USD4.4 billion) followed, with an 18.4% share of total sustainable bonds. Over two-thirds of outstanding sustainable bonds were government-issued instruments, which typically have longer maturities. Nearly 90% of outstanding government sustainable bonds had remaining maturities of longer than 10 years. As a result, the size-weighted average tenor of outstanding sustainable bonds in Thailand was among the longest in the region at 8.9 years. Over 98% of sustainable bonds in Thailand were denominated in local currency, which remained the highest share among all emerging East Asian markets.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Thailand at the End of December 2024



FCY = foreign currency, LCY = local currency.

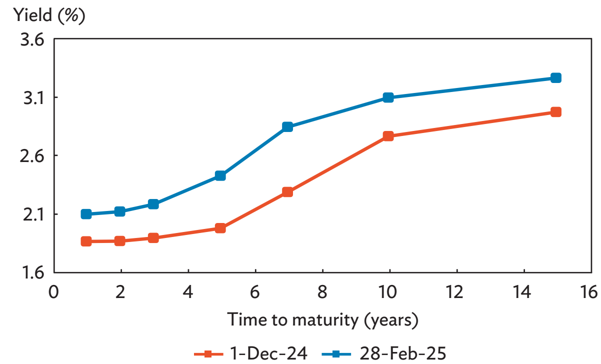
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Viet Nam

Yield Movements

Between 1 December 2024 and 28 February 2025, the local currency (LCY) sovereign bond yield curve in Viet Nam shifted upward. Yields climbed an average of 34 basis points across all maturities, propelled by strong economic growth (**Figure 1**). Viet Nam's economy grew the fastest among its emerging East Asian peers, expanding 7.1% in full-year 2024—fueled by strong exports and investments—and surpassing the government's target growth of 6.5%.[25] On 19 February, the National Assembly raised its economic growth target for full-year 2025 to at least 8.0% from an initial target of 6.5%–7.0% in November. Furthermore, the uptick in yields was also influenced by uncertainties over the path of global economic policies.

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

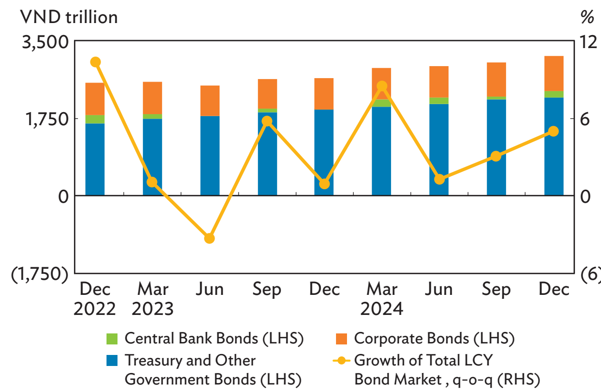


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Expansion in all bond segments buoyed the LCY bond market's growth in the fourth quarter (Q4) of 2024. Despite reduced issuance from all bond segments, total LCY bond market growth accelerated to 5.0% quarter-on-quarter (q-o-q) in Q4 2024 due to the reduced volume of maturing bonds (**Figure 2**). Outstanding Treasury and other government bonds reached VND2,220.4 trillion at the end of December on growth of 2.3% q-o-q, slower than the previous quarter's 5.3% q-o-q growth. Similarly, the total corporate debt stock totaled VND803.1 trillion at the end of December on slower growth of 4.4% q-o-q, following an 8.3% q-o-q expansion in the third quarter. Meanwhile, the stock of central bank securities jumped 95.0% q-o-q in Q4 2024, reversing the previous quarter's contraction of 52.6% q-o-q.

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



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

LCY bond issuance contracted 6.0% q-o-q in Q4 2024 on reduced debt sale across all bond types. Issuance of Treasury and other government bonds fell 49.0% q-o-q in Q4 2024 due to the government largely meeting its required annual borrowing in the previous quarters (**Figure 3**). Similarly, corporate bond issuance dropped 1.7% q-o-q in Q4 2024, driven by a slowdown in issuance in the corporate market's leading sector (banking) after banks had met the prudential ratios set by the State Bank of Vietnam in the prior quarter. The banking and property sectors remained the key drivers of issuance in Viet Nam's LCY corporate bond market, accounting for 55.1% and 22.7%, respectively, of the corporate issuance total in Q4 2024. During the quarter, IDI International Development and Investment Corporation and

This market summary was written by Jeremy Grace Ilustrisimo, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

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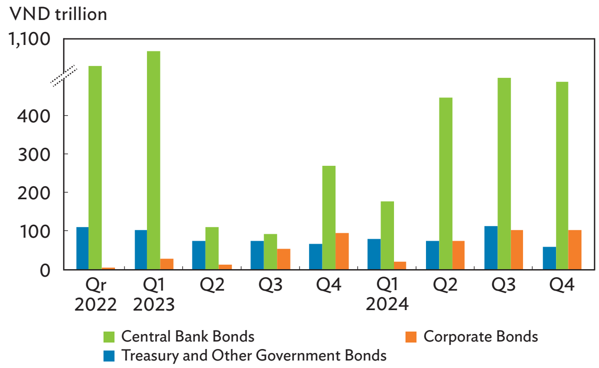
Figure 3: Composition of Local Currency Bond Issuance in Viet Nam



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.

Vietcombank issued green bonds worth VND1.0 trillion and VND2.0 trillion, respectively. The largest corporate issuance during the quarter came from HD Bank, with total debt sales of VND9.0 trillion, representing 8.8% of the total corporate bond issuance during the quarter.

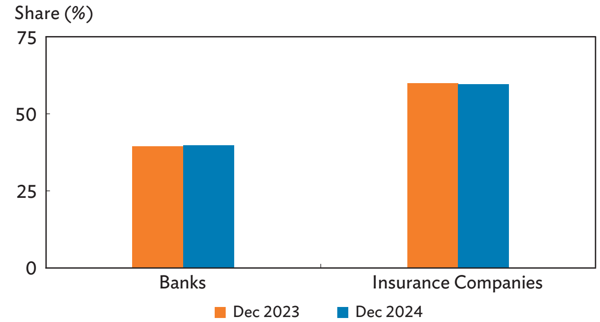
Investor Profile

At the end of December, the investor landscape in the LCY government bond market remained largely unchanged from a year earlier. Viet Nam's LCY government bond market remained dominated by only two investor groups—insurance firms and banks—with a combined holdings share of 99.2% in December 2024, a slight dip from the previous year's 99.4% (**Figure 4**). The heavy concentration of investments from just two investor groups resulted in Viet Nam earning the highest Herfindahl–Hirschman Index score among its regional peers at the end of December.[26]

Sustainable Bond Market

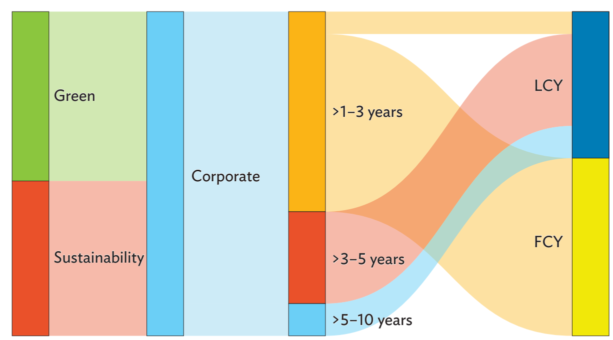
The private sector remained the sole player in Viet Nam's sustainable bond market, which mainly comprises green and sustainability instruments carrying short-term tenors. Green and sustainability bonds accounted for a nearly equal share of the market with shares of 52.2% and 47.8%, respectively, of the total sustainable debt stock at the end of Q4 2024 (**Figure 5**). Total outstanding sustainable bonds grew 11.6% q-o-q to reach USD1.1 billion at the end of December, up from USD1.0 billion in the previous quarter. More than 50.0% of the total sustainable debt stock was in the form of foreign-currency-denominated bonds, while over 60.0% of sustainable bonds carried tenors of 3 years or less, resulting in a size-weighted average tenor of 2.9 years at the end of Q4 2024, among the shortest in the region. On 4 December, Techcombank voluntarily launched its Green Bond Framework, making a pioneering move as the first private bank in Viet Nam to advance toward sustainability. Furthermore, IDI International Development and Investment Corporation's green bond issuance in October marked the first green bond from the agriculture sector.

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



Source: Ministry of Finance, Viet Nam.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Viet Nam at the End of December 2024



FCY = foreign currency, LCY = local currency.

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

[26] 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.