

Bond Market Developments in the Third Quarter of 2024

Section 1. Local Currency Bonds Outstanding

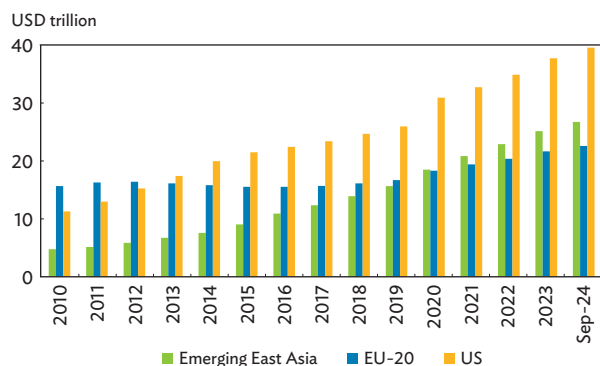
The emerging East Asian local currency (LCY) bond market continued to expand in the third quarter (Q3) of 2024, reaching a size of USD26.8 trillion at the end of September.⁴ The region's LCY bond market saw a year-on-year (y-o-y) expansion of 8.2% in Q3 2024, which exceeded the corresponding y-o-y growth rates in the United States (US) market (6.8%) and the European Union 20 (EU-20) (4.8%). At the end of September, the size of the emerging East Asian LCY bond market was

equivalent to 67.5% of the US market (USD39.6 trillion) and 118.3% of the EU-20 market (USD22.6 trillion) (Figure 1).

Robust issuance of government and corporate bonds in the People's Republic of China (PRC), due in part to monetary policy easing by the central bank, helped prop up emerging East Asian LCY bond market growth in Q3 2024. Quarterly growth in LCY bonds outstanding picked up in Q3 2024, rising to 2.7% quarter-on-quarter (q-o-q) from 2.1% q-o-q in the second quarter (Q2) (Table 1). The growth in LCY Treasury bonds climbed to 3.7% q-o-q in Q3 2024 from 2.8% in Q2 2024, largely buoyed by the PRC, while several of the region's governments eased debt issuance during the quarter as they had already raised funds during the first half of the year. The stock of LCY corporate bonds rose 0.8% q-o-q in Q3 2024, up from 0.6% q-o-q in the previous quarter, supported by increased issuance in the PRC. Financial corporations in the PRC continued to raise funds to comply with regulatory capital requirements, while monetary policy easing by the People's Bank of China (PBOC) helped facilitate increased issuance of nonfinancial corporate bonds. Overall, most of the region's markets saw positive q-o-q growth in Q3 2024, with only Hong Kong, China posting a contraction as a relatively large volume of its government bonds matured during the quarter (Figure 2). LCY bonds outstanding in Association of Southeast Asian Nations (ASEAN) markets rose 2.3% q-o-q during the quarter, with Indonesia and the Philippines recording the fastest growth among emerging East Asian markets in Q3 2024.

The ASEAN LCY bond market rose to a size of USD2.5 trillion at the end of September, but its share of the emerging East Asian total remained small. The aggregate LCY bonds outstanding of ASEAN markets comprised 9.5% of the total emerging East Asian LCY bond market at the end of September (Figure 3). The LCY bond market in the PRC (USD21.3 trillion) comprised nearly 80% of the regional total at the end of September,

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



EU-20 = European Union 20, US = United States, USD = United States dollar.

Notes:

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

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

⁴ 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.

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

	Q3 2023		Q2 2024		Q3 2024			Growth Rate (%)	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	Q3 2024	
								q-o-q	y-o-y
People's Republic of China									
Total	18,879	110.5	19,971	113.0	21,326	100.0	115.4	3.1	8.6
Treasury and Other Government	12,051	70.5	13,320	75.3	14,366	67.4	77.7	4.2	14.6
Central Bank	2	0.01	2	0.01	2	0.01	0.01	(1.7)	(1.7)
Corporate	6,826	39.9	6,649	37.6	6,958	32.6	37.6	1.1	(2.0)
Hong Kong, China									
Total	386	103.4	389	98.4	384	100.0	95.3	(1.7)	(1.2)
Treasury and Other Government	37	9.9	33	8.4	29	7.4	7.1	(14.2)	(23.1)
Government	158	42.5	164	41.6	167	43.4	41.4	1.0	4.4
Corporate	190	51.0	191	48.4	189	49.2	46.8	(1.8)	(1.6)
Indonesia									
Total	403	30.1	440	33.6	498	100.0	34.7	4.8	21.0
Treasury and Other Government	366	27.3	364	27.9	403	80.9	28.0	2.3	7.8
Central Bank	8	0.6	47	3.6	65	13.1	4.5	28	665.8
Corporate	29	2.1	28	2.2	30	6.0	2.1	(1.7)	2.7
Republic of Korea									
Total	2,347	133.7	2,392	132.5	2,504	100.0	138.7	0.01	4.0
Treasury and Other Government	893	50.9	911	50.4	954	38.1	52.8	0.02	4.1
Central Bank	93	5.3	87	4.8	87	3.5	2.1	(4.8)	(9.3)
Corporate	1,361	77.5	1,394	77.2	1,464	58.5	81.1	0.3	4.8
Malaysia									
Total	422	127.4	437	128.2	504	100.0	127.6	0.9	4.8
Treasury and Other Government	240	72.4	254	74.6	294	58.4	74.5	1.2	7.6
Central Bank	3	1.0	0.4	0.1	0	0.0	0.0	(100.0)	(100.0)
Corporate	179	54.0	182	53.5	210	41.6	53.1	0.6	2.9
Philippines									
Total	210	50.2	214	49.3	232	100.0	50.2	3.8	9.3
Treasury and Other Government	171	40.8	178	41.0	193	83.0	41.7	3.6	11.7
Central Bank	12	2.9	14	3.2	16	6.8	3.4	8.5	30.7
Corporate	27	6.5	22	5.0	24	10.2	5.1	3.1	(14.9)
Singapore									
Total	535	109.3	606	117.7	651	100.0	126.4	1.8	14.4
Treasury and Other Government	196	39.9	222	43.2	236	36.3	45.8	0.6	13.5
Central Bank	204	41.7	238	46.1	262	40.2	50.8	4.4	20.5
Corporate	135	27.7	146	28.4	153	23.5	29.8	(0.7)	6.4
Thailand									
Total	455	92.9	460	92.8	531	100.0	93.0	1.1	3.2
Treasury and Other Government	256	52.3	269	54.3	312	58.7	54.6	1.5	7.6
Central Bank	67	13.7	61	12.3	73	13.8	12.8	5.4	(3.9)
Corporate	132	26.9	130	26.3	146	27.5	25.6	(1.8)	(1.9)
Viet Nam									
Total	108	26.4	115	27.2	123	100.0	27.3	3.1	14.1
Treasury and Other Government	77	18.8	81	19.2	88	72.1	19.7	5.3	15.9
Central Bank	4	0.9	6	1.4	3	2.3	0.6	(52.6)	(24.7)
Corporate	28	6.7	28	6.6	31	25.5	7.0	8.4	14.8
Emerging East Asia									
Total	23,746	104.6	25,022	107.0	26,753	100.0	109.1	2.7	8.2
Treasury and Other Government	14,286	62.9	15,632	66.8	16,874	63.1	68.8	3.7	13.4
Central Bank	552	2.4	619	2.6	674	2.5	2.7	3.7	16.5
Corporate	8,907	39.2	8,771	37.5	9,205	34.4	37.5	0.8	(0.7)
Japan									
Total	9,034	230.4	8,559	229.6	9,636	100.0	229.2	0.5	2.6
Treasury and Other Government	8,339	212.7	7,889	211.7	8,876	92.1	211.1	0.4	2.3
Central Bank	13	0.3	23	0.6	25	0.3	0.6	(2.4)	84.8
Corporate	682	17.4	647	17.4	736	7.6	17.5	1.6	3.7

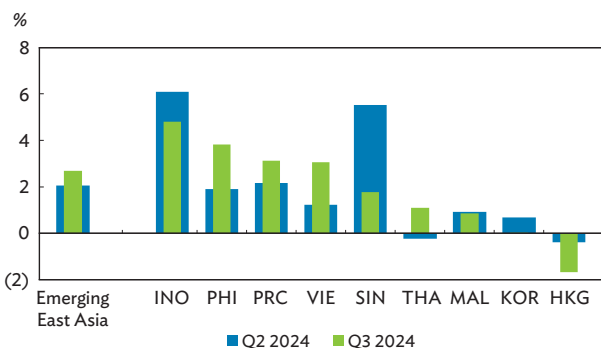
() = negative, GDP = gross domestic product, q-o-q = quarter-on-quarter, Q2 = second quarter, Q3 = third quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
2. GDP data are from CEIC Data Company. Q3 2024 GDP data are carried over from Q2 2024 for the Republic of Korea and Singapore.
3. Bloomberg LP end-of-period local currency-USD rates are used.
4. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2024 currency exchange rates and do not include currency effects.

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

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



(-) = negative; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People’s Republic of China; Q2 = second quarter; Q3 = third quarter; q-o-q = quarter-on-quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:

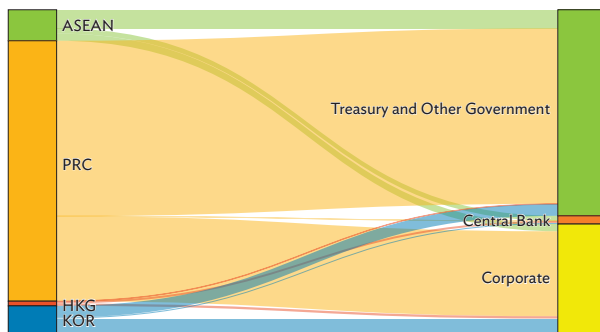
- For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
- Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2024 currency exchange rates and do not include currency effects.
- Growth rate for the Republic of Korea for Q3 2024 was 0.01% q-o-q.
- 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.

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

while that of the Republic of Korea (USD2.5 trillion) and Hong Kong, China (USD0.4 trillion) accounted for the remaining 9.4% and 1.4%, respectively. Treasury bonds (USD16.9 trillion) continued to comprise most of the region’s LCY bond market, accounting for 63.1% of total LCY bonds outstanding at the end of September. Corporate bonds (USD9.2 trillion) and central bank bonds (USD0.7 trillion) represented the remaining 34.4% and 2.5% shares, respectively.

The maturity structure of most emerging East Asian Treasury bond markets favors medium- to long-term financing, providing governments with longer repayment periods. Securities with remaining maturities longer than 5 years accounted for 54.0% of emerging East Asian Treasury bonds outstanding at the end of September (Figure 4). ASEAN markets had an even higher share (60.6%) of Treasury bonds outstanding with remaining tenors of more than 5 years. The size-weighted average tenor of Treasury bonds outstanding in

Figure 3: Local Currency Bonds Outstanding in Emerging East Asia by Economy and Type of Bond as of 30 September 2024

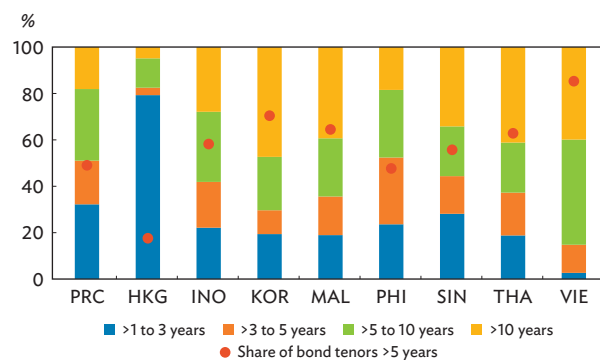


ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; KOR = Republic of Korea; PRC = People’s Republic of China.

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

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

Figure 4: Maturity Structure of Local Currency Treasury Bonds Outstanding in Select Emerging East Asian Markets as of 30 September 2024



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

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

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

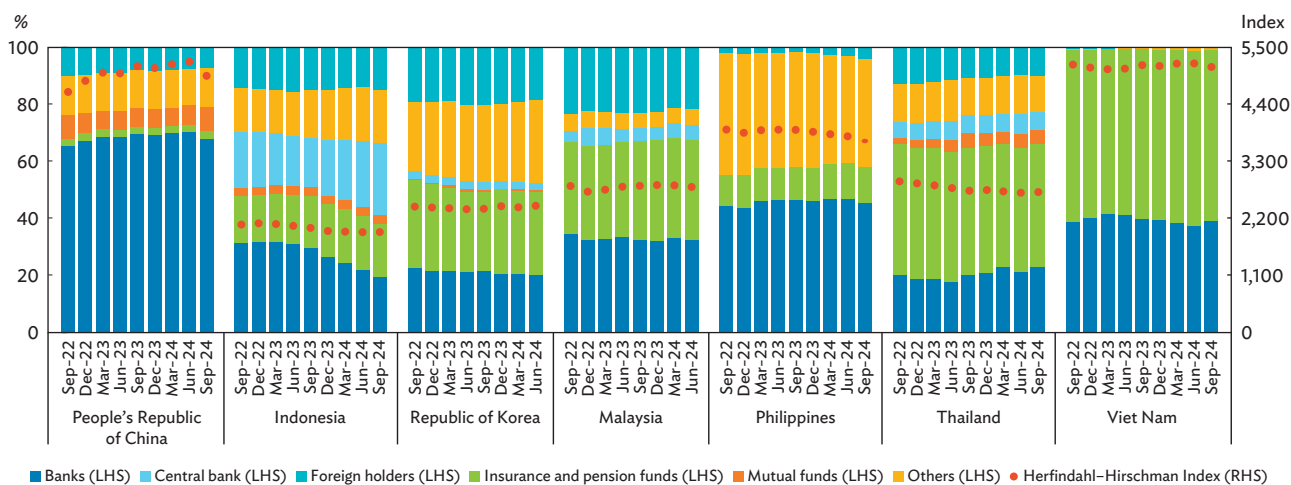
emerging East Asia at the end of September was 9.0 years, slightly longer than the corresponding average tenors of Treasury bonds outstanding in the EU-20 (8.6 years) and the US (8.2 years). At the end of September, the size-weighted average tenor of Treasury bonds outstanding in ASEAN was 9.0 years, while those in the PRC and

the Republic of Korea were 8.2 years and 12.5 years, respectively. Meanwhile, the size-weighted average tenor of Treasury bonds outstanding in Hong Kong, China stood at only 2.7 years, as around 83.1% of outstanding Hong Kong Special Administrative Region government bonds and inflation-linked securities had remaining maturities of less than 3 years.

Institutional investors remained the largest bondholders in emerging East Asia in Q3 2024, accounting for a combined share of 64.2% of Treasury bonds. Investor ownership of Treasury bonds in the region remained concentrated among banks and insurance and pension funds, with average regional holding shares of 35.5% and 28.7%, respectively (Figure 5). However, there still was some variation among regional members. Banks were the largest holder in the PRC (68.1%) and in the Philippines (45.7%). On the other hand, insurance and pension funds had the most substantial holdings of Treasury bonds in

Viet Nam (59.8%), Thailand (43.1%), Malaysia (35.1%), and the Republic of Korea (29.0%). Variations in central bank holdings across the region were also noted, with Indonesia recording the highest share at 25.0%, while central bank holdings in all other emerging East Asian markets comprised about 6.2% or less. Central bank investments in government bond markets are mostly utilized for open market operations. However, in Indonesia, they are also undertaken as part of the central bank's efforts to support the bond market. Meanwhile, foreign investor participation remained strong in Malaysia and the Republic of Korea with shareholdings of 21.4% and 18.5%, respectively. At the end of Q3 2024, Viet Nam and the PRC scored the highest in the Herfindahl-Hirschman Index, a trend similar to past quarters, indicating a less diverse investor structure in both markets.⁵ Indonesia and the Republic of Korea are the region's most diversified markets in terms of investor profile, as Treasury bond ownership is broadly spread out among varied investor groups in both economies.

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



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

Notes:

1. Data for the Republic of Korea and Malaysia are up to June 2024.

2. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.

3. The Herfindahl-Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of the local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

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

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

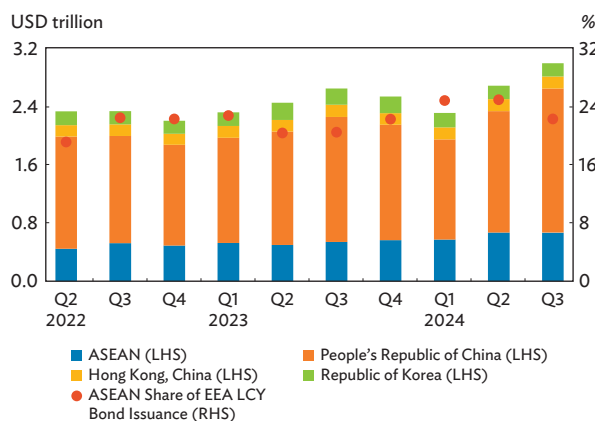
Section 2. Local Currency Bond Issuance

LCY bond issuance in emerging East Asia rose 11.3% q-o-q in Q3 2024, supported by growth in both the government and corporate bond segments. Total issuance reached USD3.0 trillion in Q3 2024, nearly 70.0% of the issuance in the US (USD4.3 trillion) and almost four times that in the EU-20 (USD0.8 trillion). Government bonds comprised 45.1% of the total bond issuance in Q3 2024, with growth in this segment largely driven by the PRC (Figure 6). The Government of the PRC continued to step up its fiscal policy support to aid the economy via increased issuance of local government bonds and another batch of its ultra long-term special Treasury bonds. Meanwhile, corporate bonds accounted for nearly a third of total issuance and grew at a faster pace during the quarter. Issuance in the PRC surged in Q3 2024 due to low bond yields and as banks continued to raise funds to meet regulatory capital requirements. In the Republic of Korea and most of ASEAN, corporate

bond issuance rebounded as companies took advantage of declining bond yields on improved market conditions amid the expected rate cuts by the Federal Reserve, the Bank of Korea, and some ASEAN central banks.

Government bond issuance rose 20.1% q-o-q to USD1.3 trillion in Q3 2024, driven by the surge in issuance in the PRC. The PRC continued to be the largest issuer of government bonds in the region with an 88.5% share of the regional total (Figure 7). Issuance in the PRC surged 24.5% q-o-q as the government continued to raise funds to support its various economic stimulus measures amid weak economic growth. Issuance of local government bonds and Treasury bonds posted large increases of 66.5% q-o-q and 15.4% q-o-q, respectively, in Q3 2024. Meanwhile, total issuance of government bonds in ASEAN markets, which collectively accounted for 8.2% of the regional total, marginally fell by 0.9% q-o-q as higher issuance volumes in Indonesia (26.3% q-o-q), the Philippines (34.0% q-o-q), and Viet Nam (51.0% q-o-q) were offset by contractions in the other markets. Issuance of government bonds in these markets increased as market conditions improved, including the policy easing measures conducted by their respective central banks during the quarter. Meanwhile, issuance in the Republic of Korea and the remaining ASEAN markets contracted as their governments frontloaded their borrowing in the first half of the year. Issuance of central bank bonds in the region marginally fell by 0.5% q-o-q in Q3 2024.

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



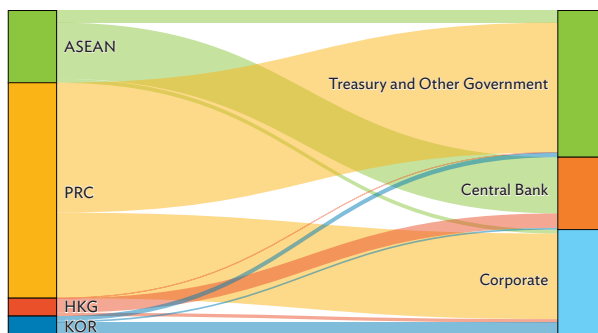
ASEAN = Association of Southeast Asian Nations, EEA = emerging East Asia, LCY = local currency, LHS = left-hand side, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, USD = United States dollar.

Notes:

1. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Figures were computed based on 30 September 2024 currency exchange rates and do not include currency effects.

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

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



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

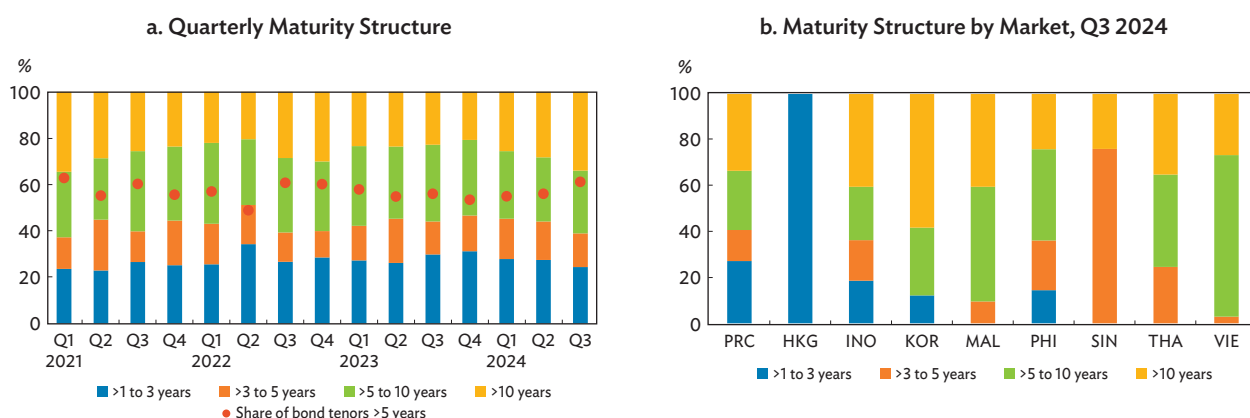
Note: ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.

Source: AsianBondsOnline calculations based on various local sources.

Corporate bond issuance posted rapid growth of 9.1% q-o-q to reach USD975.8 billion in Q3 2024, amid a low-interest rate environment. Corporate bond issuance growth in the PRC accelerated to 10.4% q-o-q during the quarter from 9.2% q-o-q in Q2 2024, driven by growth in credit bonds. Credit bonds issued by nonfinancial companies rose 12.8% q-o-q as companies took advantage of low yields and the PBOC cut key policy rates to support economic activities. Corporate bond issuance in the Republic of Korea and in ASEAN markets also rose 7.4% q-o-q and 3.3% q-o-q, respectively, on improved market conditions amid increased expectations the Federal Reserve, the Bank of Korea, and some ASEAN central banks would cut policy rates (Table 2).

Treasury bond issuance in the region continued to carry medium- to long-term tenors in Q3 2024. Bonds with tenors of more than 5 years comprised 61.1% of the total issuance in emerging East Asia and 70.0% in ASEAN markets during Q3 2024 (Figure 8a). Viet Nam and Malaysia had the highest shares in Q3 2024 at 97.0% and 90.5%, respectively (Figure 8b). The resulting size-weighted average maturity of Treasury bond issuance was 10.0 years for emerging East Asia, with ASEAN economies having a slightly higher average of 10.3 years versus non-ASEAN economies' average of 10.0 years.

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



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

Notes:

1. Figures were computed based on 30 September 2024 currency exchange rates and do not include currency effects.
2. Treasury bonds are local-currency-denominated, fixed-income securities issued by a government with maturities longer than 1 year.

Source: AsianBondsOnline calculations based on various local sources.

Table 2: Local-Currency-Denominated Bond Issuance

	Q3 2023		Q2 2024		Q3 2024		Growth Rate (%)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q3 2024	
							q-o-q	y-o-y
People's Republic of China								
Total	1,650	100.0	1,609	100.0	1,974	100.0	18.5	15.1
Treasury and Other Government	960	58.2	923	57.4	1,190	60.3	24.5	19.2
Central Bank	0	0.0	0	0.0	0	0.0	-	-
Corporate	689	41.8	686	42.6	784	39.7	10.4	9.4
Hong Kong, China								
Total	168	100.0	163	100.0	164	100.0	(0.1)	(3.3)
Treasury and Other Government	7	4.4	0.2	0.1	0.2	0.1	0.0	(97.4)
Government	127	75.6	130	79.8	133	81.2	1.7	4.0
Corporate	34	20.0	33	20.1	31	18.7	(7.4)	(9.8)
Indonesia								
Total	31	100.0	46	100.0	51	100.0	1.9	62.3
Treasury and Other Government	13	40.7	12	25.7	16	31.8	26.3	26.8
Central Bank	16	50.2	32	69.8	33	64.2	(6.2)	107.4
Corporate	3	9.1	2	4.5	2	4.0	(9.8)	(27.9)
Republic of Korea								
Total	215	100.0	176	100.0	184	100.0	(0.3)	(16.8)
Treasury and Other Government	47	21.7	49	27.8	43	23.5	(15.6)	(10.0)
Central Bank	25	11.7	16	9.1	16	8.5	(6.9)	(39.7)
Corporate	143	66.5	111	63.1	125	68.0	7.4	(15.0)
Malaysia								
Total	37	100.0	25	100.0	26	100.0	(9.6)	(40.3)
Treasury and Other Government	12	32.6	13	53.7	14	52.9	(10.9)	(3.1)
Central Bank	16	42.3	3	10.3	0	0.0	(100.0)	(100.0)
Corporate	9	25.0	9	36.0	12	47.1	18.2	12.3
Philippines								
Total	42	100.0	45	100.0	52	100.0	11.0	22.8
Treasury and Other Government	10	24.6	10	22.9	14	27.6	34.0	37.8
Central Bank	31	73.7	34	75.5	35	66.7	(1.9)	11.1
Corporate	1	1.7	1	1.6	3	5.7	283.9	318.0
Singapore								
Total	324	100.0	417	100.0	424	100.0	(3.7)	23.1
Treasury and Other Government	35	10.8	46	11.1	41	9.7	(15.6)	10.2
Central Bank	288	88.9	368	88.1	380	89.6	(2.1)	24.1
Corporate	1	0.3	3	0.8	3	0.7	(22.4)	171.7
Thailand								
Total	61	100.0	62	100.0	69	100.0	(2.6)	(1.2)
Treasury and Other Government	15	24.0	18	29.9	21	30.1	(1.8)	24.1
Central Bank	33	54.0	30	48.1	35	51.8	4.7	(5.4)
Corporate	13	22.0	14	22.0	12	18.1	(19.8)	(18.7)
Viet Nam								
Total	9	100.0	29	100.0	40	100.0	35.0	347.1
Treasury and Other Government	3	33.5	3	10.4	5	11.6	51.0	54.7
Central Bank	4	42.2	23	79.4	31	77.9	32.4	724.1
Corporate	2	24.2	3	10.2	4	10.5	39.3	94.3
Emerging East Asia								
Total	2,538	100.0	2,572	100.0	2,983	100.0	11.3	12.8
Treasury and Other Government	1,103	43.4	1,075	41.8	1,344	45.1	20.1	17.1
Central Bank	540	21.3	636	24.7	663	22.2	(0.5)	17.1
Corporate	896	35.3	861	33.5	976	32.7	9.1	4.9
Japan								
Total	378	100.0	330	100.0	379	100.0	2.5	(3.6)
Treasury and Other Government	340	89.9	296	89.8	343	90.4	3.3	(3.0)
Central Bank	0	0.0	0	0.0	0	0.0	-	-
Corporate	38	10.1	34	10.2	36	9.6	(4.4)	(8.7)

() = negative, - = not applicable, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Data reflect gross bond issuance.
2. Bloomberg LP end-of-period local currency-USD rates are used.
3. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2024 currency exchange rates and do not include currency effects.

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

Section 3. Intra-Regional Bond Issuance

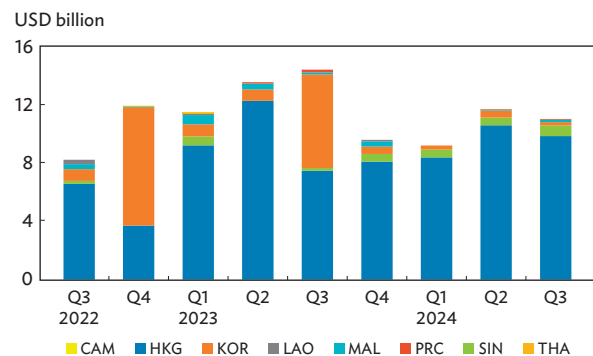
Emerging East Asian intra-regional bond issuance contracted 5.8% q-o-q in Q3 2024 to USD11.0 billion.⁶

Decreased intra-regional bond issuance during the quarter was driven by reduced debt sales from Hong Kong, China and the Republic of Korea, outweighing increased issuance from Singapore, Malaysia, and the PRC (Figure 9). Hong Kong, China, whose total issuance declined 7.0% q-o-q to USD9.8 billion in Q3 2024, remained the top issuer of intra-regional bonds during the quarter, comprising 89.4% of the regional total. In July, the Government of the Hong Kong Special Administrative Region of the People’s Republic of China issued USD1.4 billion worth of CNY-denominated green bonds with tenors ranging from 2 years to 30 years. In addition, China Merchants Group—a state-owned logistics firm based in Hong Kong, China—also issued an aggregate USD1.4 billion worth of CNY-denominated bonds, making them the top two issuers of intra-regional bonds during

the quarter, with aggregate issuance equivalent to 26.0% of the intra-regional issuance total. Meanwhile, the Republic of Korea’s total intra-regional issuance declined by 53.2% q-o-q in Q3 2024 to USD0.2 billion, accounting for 2.0% of the emerging East Asian total.

The region’s intra-regional bond issuance during the quarter was dominated by the financial sector and CNY-denominated instruments. Intra-regional CNY-denominated issuance totaled USD10.6 billion in Q3 2024, accounting for 96.8% of emerging East Asia’s intra-regional total, while issuances denominated in Hong Kong dollars, Singapore dollars, and Indonesian rupiah collectively accounted for only 3.2% (Figure 10). By sector, the finance industry was the largest issuer of intra-regional bonds during the quarter with aggregate issuance of USD2.5 billion, comprising 22.8% of the region’s total. This was followed by the transportation sector (USD2.4 billion) with a 21.5% share of the market.

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



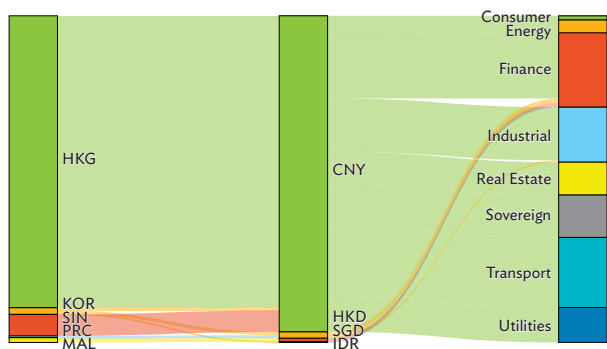
CAM = Cambodia; HKG = Hong Kong, China; KOR = Republic of Korea; LAO = Lao People’s Democratic Republic; MAL = Malaysia; PRC = People’s Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.
2. Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer’s home currency.
3. Figures were computed based on 30 September 2024 currency exchange rates and do not include currency effects.

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

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



CNY = Chinese yuan; HKD = Hong Kong dollar; HKG = Hong Kong, China; IDR = Indonesian rupiah; KOR = Republic of Korea; MAL = Malaysia; PRC = People’s Republic of China; SGD = Singapore dollar; SIN = Singapore.

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

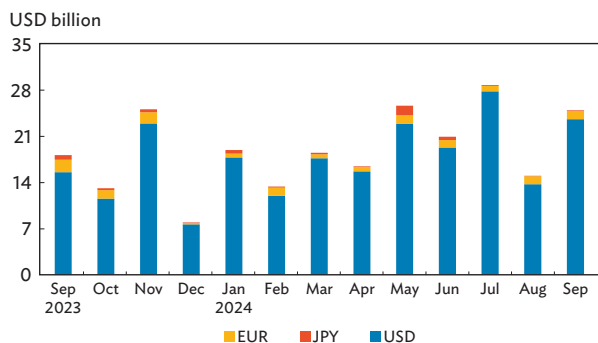
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

⁶ Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency, excluding the issuer’s home currency.

Section 4. G3 Currency Bond Issuance

Emerging East Asian G3 currency bond issuance rose to USD68.6 billion in Q3 2024, reflecting growth of 9.1% q-o-q and 65.2% y-o-y (Figure 11).⁷ Declining interest rates encouraged the issuance of G3 currency bonds amid expectations of easing monetary stances by the Federal Reserve and the European Central Bank. Much of the issuance during the quarter came from the PRC, which accounted for over 38.0% of all G3 currency bond issuance in the region, despite a 4.0% q-o-q decline to USD26.5 billion (Figure 12). ASEAN economies' G3 bond issuance of USD21.6 billion accounted for 31.5% of the emerging East Asian total. ASEAN issuance rose 24.3% q-o-q, buoyed by issuances from Indonesia, as its central bank sold foreign currency instruments in the form of *Sekuritas Valas Bank Indonesia*. Additionally, in the Philippines, the issuance of *government-issued sustainable bonds* and securities from the San Miguel Global Power Corporation significantly contributed to the overall increase in ASEAN issuance. Among ASEAN markets, the top issuer of G3 currency bonds during the quarter was Bank Indonesia as it continued to issue foreign currency securities to stabilize the rupiah

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



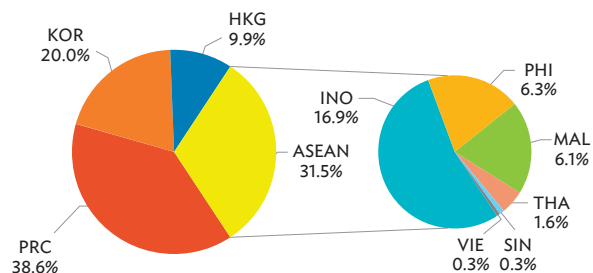
EUR = euro, JPY = Japanese yen, USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
3. Figures were computed based on 30 September 2024 currency exchange rates and do not include currency effects.

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

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



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

Notes:

1. Emerging East Asia is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.

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

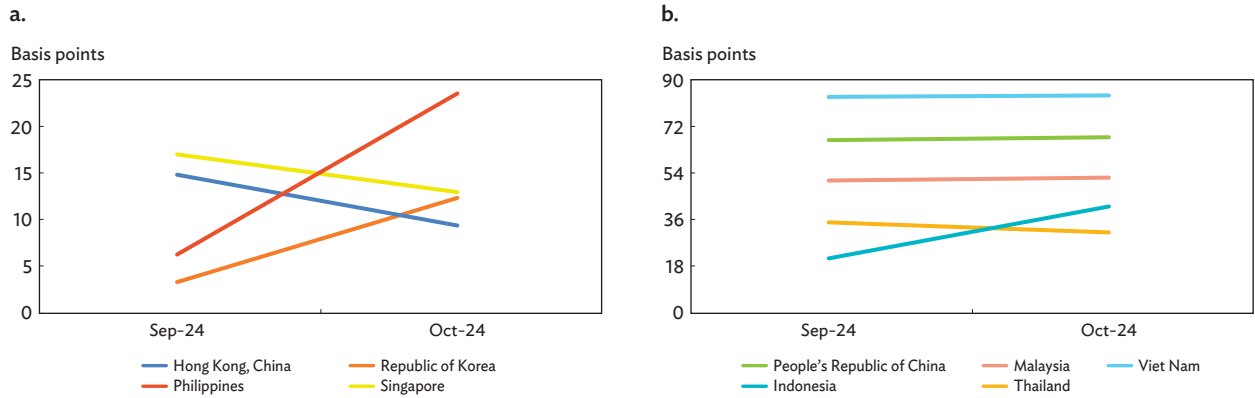
exchange rate and support development of the money market. The next largest issuers were the *Government of Indonesia* and the Government of the Philippines as part of their respective foreign currency borrowing plans to support their budget deficits. During the quarter, the Government of the Hong Kong Special Administrative Region of the People's Republic of China also issued USD- and EUR-denominated green bonds under its Government Sustainable Bond Programme to promote low-carbon emissions and solidify Hong Kong, China's position as a sustainable finance hub.

Section 5. Yield Curve Movements

In emerging East Asia, six out of nine markets saw their yield curves steepen between 2 September and 31 October, as indicated by a rise in the 10-year and 2-year yield spread, on uncertainties regarding the path of monetary policy by the Federal Reserve and the outcome of the US elections (Figure 13, a and b). The PRC saw its 10-year versus 2-year yield spread steepen largely over domestic issues as recent stimulus measures are expected to worsen the fiscal deficit. All other markets that had their 10-year and 2-year yield spreads widen did so largely on the back of uncertainties

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

Figure 13: Yield Spreads between 10-Year and 2-Year Government Bonds in Emerging East Asia



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

regarding US monetary policy, as some Federal Reserve officials became less dovish during the review period. In addition, the US elections raised market uncertainties as seen in the fluctuations in betting market probabilities. In contrast, Thailand’s 10-year and 2-year spread fell despite a central bank rate cut as the Bank of Thailand indicated that its policy action was a “recalibration” and not the start of a new easing cycle. The central bank noted that financial conditions remain tight and expressed concern that high public debt levels would present a drag on economic growth.