

# Market Summaries

## People's Republic of China

### Yield Movements

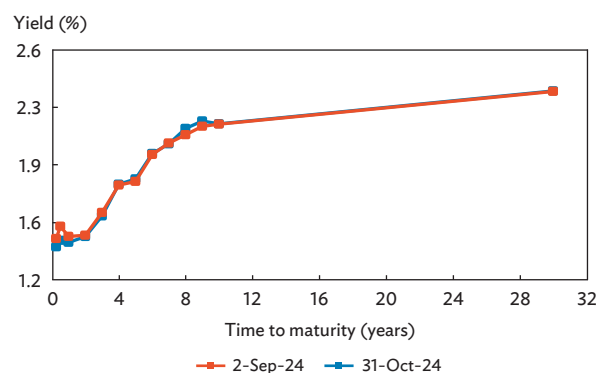
**The People's Republic of China's (PRC) local currency (LCY) government bond yield curve rose for most tenors between 2 September and 31 October on expectations of an increased bond supply as the government enacted stimulus measures.** Bond yields in the PRC rose an average of 1.4 basis points (bps) during the review period for most tenors at the longer end (4 years or longer) (**Figure 1**). All maturities of 3 years or less and the 7-year bond saw an average decline of 3.5 bps in the same period. The decline in the yield curve at the shorter end of the curve was supported by the People's Bank of China's (PBOC) aggressive monetary policy easing as it reduced a number of key rates.<sup>11</sup> Other easing measures were announced such as cuts in the reserve requirement ratio by 50 bps on 27 September. Support measures for the property sector and the stock market were announced on 23 September. The Government of the PRC, on 12 October and 18 October, also announced targeted measures such as additional quotas for local governments, more special sovereign bond issuances, and a recapitalization plan for state-owned banks. As a result, yields rose at the longer end

of the curve over the prospects of an increased bond supply and a widening fiscal deficit as the government seeks to support the domestic economy. Gross domestic product growth fell to 4.6% year-on-year (y-o-y) in the third quarter (Q3) of 2024 from 4.7% y-o-y in the second quarter (Q2), both of which were down from the first quarter's 5.3% y-o-y growth rate. Consumer price inflation remained low, slightly easing from 0.6% y-o-y in August to 0.4% y-o-y in September and 0.3% y-o-y in October in another indication of weak domestic demand.

### Local Currency Bond Market Size and Issuance

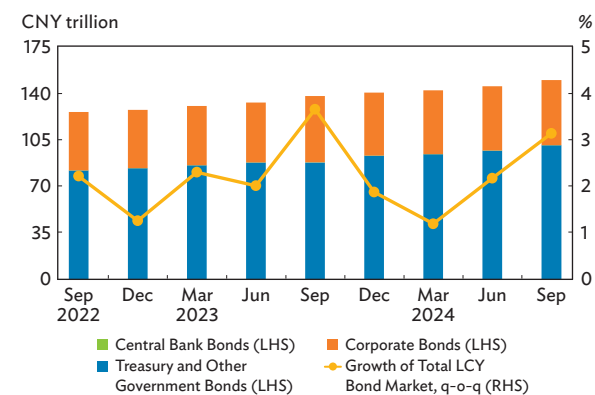
**LCY bonds outstanding in the PRC grew at an accelerated pace in Q3 2024 on increased government bond issuance to reach CNY149.7 trillion at the end of September.** Total LCY bonds outstanding grew 3.1% quarter-on-quarter (q-o-q) in Q3 2024, up from Q2 2024's 2.2% q-o-q growth (**Figure 2**). This was driven by accelerated growth in government bonds to 4.2% q-o-q in Q3 2024 from 2.8% q-o-q in Q2 2024.

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



Source: Based on data from Bloomberg LP.

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



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

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

<sup>11</sup> On 25 September, the PBOC reduced the 1-year medium-term lending facility rate by 30 bps to 2.00%. On 27 September, it reduced the 7-day repurchase rate by 20 bps to 1.50%. On 21 October, the 1-year and 5-year loan prime rates were lowered by 25 bps each to 3.10% and 3.60%, respectively.

Corporate bonds also saw their growth rate inch up to 1.1% q-o-q, from 0.9% q-o-q in the previous quarter, over reduced funding costs.

**Total bond sales in the PRC for Q3 2024 tallied CNY13.9 trillion, with q-o-q growth slightly down to 18.5% from the prior quarter's 21.3% due to a high base effect (Figure 3).** While the PRC's government bonds showed healthy growth of 24.5% q-o-q in Q3 2024, this was down from the previous quarter's 32.2% q-o-q expansion. Both the central government and local governments continued to issue bonds to help support the domestic economy during the quarter. Corporate bond issuance growth was relatively stable at 10.4% q-o-q in Q3 2024 compared with 9.2% q-o-q in Q2 2024.

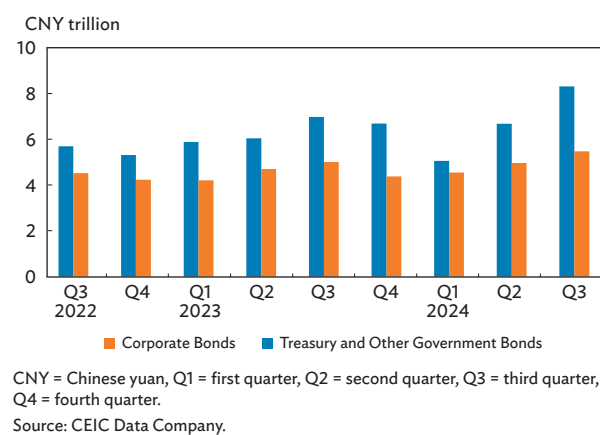
## Investor Profile

**The PRC's investor profile remained roughly the same at the end of September from a year earlier in terms of the respective shares of investor groups (Figure 4).** Commercial banks remained the largest investor in the PRC's Treasury bond market with a share of 68.1% at the end of September, roughly the same as their 69.6% share a year earlier. Due to a high concentration of holdings among banking institutions, the PRC had emerging East Asia's second-highest score in the Herfindahl-Hirschman Index in Q3 2024, indicating relatively less diversity in its investor profile.<sup>12</sup>

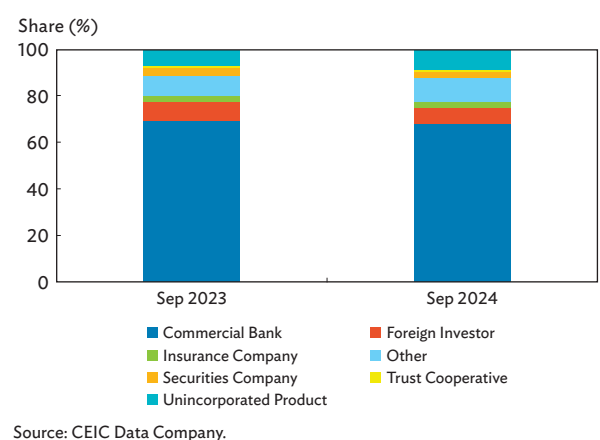
## Sustainable Bond Market

**The private sector is a significant issuer of sustainable bonds in the PRC, mostly in the form of shorter-term instruments.** The PRC has the largest sustainable bond market in the region, with a size of USD356.3 billion at the end of September, representing 39.9% of the emerging East Asian total. In contrast with the general bond market, the public sector is not an active participant in the sustainable bond market of the PRC, accounting for only 7.0% of bonds outstanding (Figure 5). Due to limited public sector participation, sustainable bonds in the PRC tend to be shorter-term instruments, with 87.8% of the PRC's sustainable bonds having tenors of 5 years or less. LCY financing also dominates the PRC's sustainable bond market, with a 78.1% share of the total.

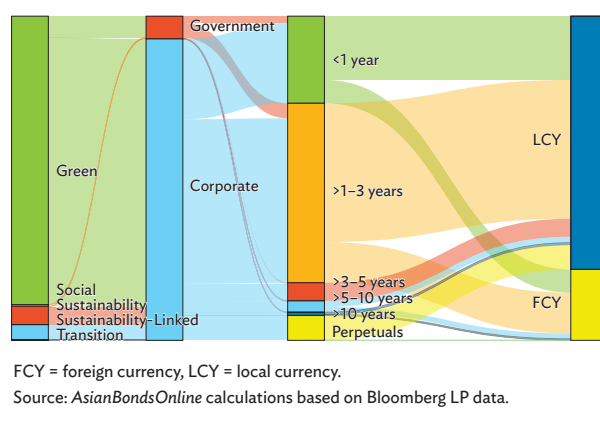
**Figure 3: Composition of Local Currency Bond Issuance in the People's Republic of China**



**Figure 4: Investor Profile of Treasury Bonds**



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



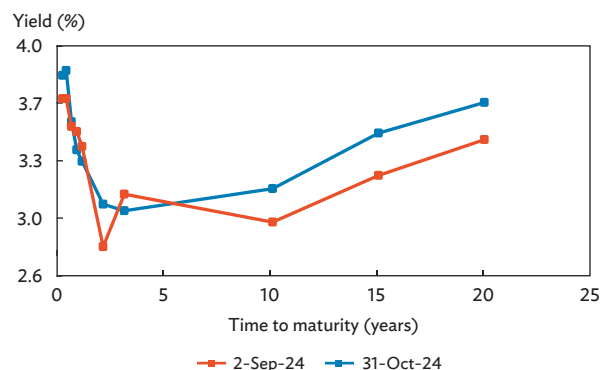
<sup>12</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; and the Republic of Korea. The Herfindahl-Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of the LCY bond market and is calculated by summing the squared share of each investor group in the bond market.

# Hong Kong, China

## Yield Movements

Between 2 September and 31 October, local currency (LCY) government bond yields in Hong Kong, China were mostly up amid domestic and external policy developments. Bond yields rose at both the short and long ends of the curve but fell for a few short-term maturities (Figure 1). On average, LCY government bond yields rose by 10 basis points across all maturities. Yields rose at the short end of the curve (1-month, 3-month, and 6-month bonds) as the announcement of fiscal stimulus measures and monetary easing in the People’s Republic of China fueled demand for equities and lowered demand for short-term bonds. Meanwhile, yields for 9-month, 1-year, and 3-year bonds fell, driven by monetary policy easing in the United States (US) and the subsequent reduction of the base rate by the Hong Kong Monetary Authority. Yields of bonds with maturities of 10 years and longer edged up, following trends in US Treasury yields. The prospect of an increased supply of longer-term bonds, as the Government of the Hong Kong Special Administrative Region (HKSAR) of the People’s Republic of China develops its infrastructure and sustainable bond programs, may have also contributed to the uptick in longer-term bond yields.

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

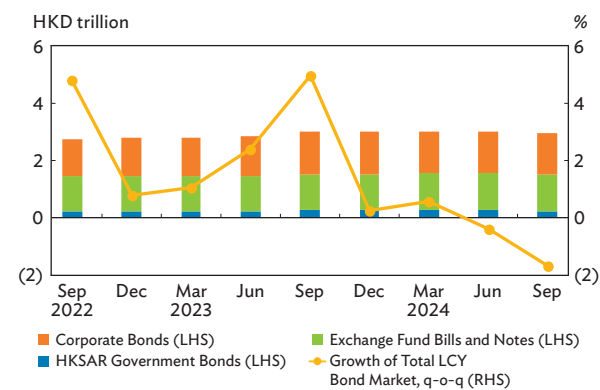


Source: Based on data from Bloomberg LP.

## Local Currency Bond Market Size and Issuance

Hong Kong, China’s LCY bond market contracted 1.7% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2024 due to maturities in HKSAR government bonds and a decline in corporate bonds. Total LCY bonds outstanding inched down to HKD2,983.1 billion at the end of September from HKD3,033.6 billion at the end of June (Figure 2). Outstanding HKSAR bonds declined 14.2% q-o-q as HKD37.9 billion worth of bonds matured. Corporate bonds outstanding fell 1.8% q-o-q as issuance continued to decline amid uncertainties. Meanwhile, the stock of Exchange Fund Bills and Notes (EFBNs) posted a modest expansion of 1.0% q-o-q. Corporate bonds (HKD1,466.4 billion) accounted for almost half of the LCY bond market at the end of September. EFBNs (HKD1,294.7 billion) and HKSAR bonds (HKD222.1 billion) represented the remaining 43.4% and 7.4% shares, respectively.

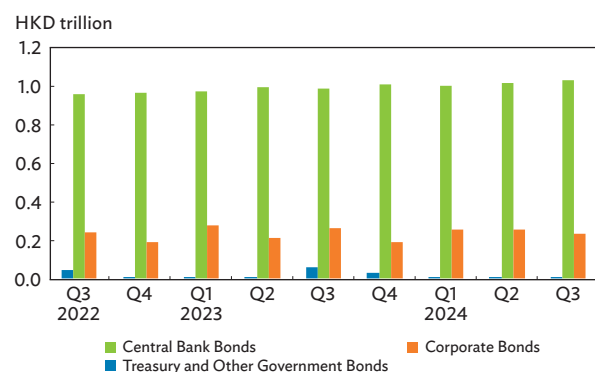
**Figure 2: Composition of Local Currency Bonds Outstanding in Hong Kong, China**



( ) = 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.

**LCY bond sales inched down 0.1% q-o-q in Q3 2024 amid a fall in issuance of corporate bonds.** LCY bond issuance tallied HKD1,273.6 billion in Q3 2024 (Figure 3). Corporate bond sales continued to contract, falling 7.4% q-o-q in Q3 2024 as geopolitical tensions and interest rate uncertainties dampened investor confidence. Hong Kong Mortgage Corporation remained the top nonbank corporate issuer in Q3 2024, with total bond sales worth HKD16.5 billion, representing 40.8% of total nonbank issuance during the quarter. Meanwhile, issuance of EFBNs ticked up 1.7% q-o-q to HKD1,034.5 billion in Q3 2024. HKSAR government bond sales were steady at HK1.5 billion in both the second and third quarters of 2024, amid the transition from the existing Government Bond Programme to the new Government Sustainable Bond Programme and Infrastructure Bond Programme.

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



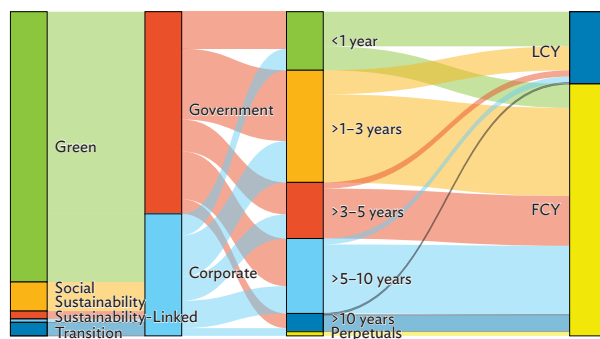
HKD = Hong Kong dollar, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Source: Hong Kong Monetary Authority.

## Sustainable Bond Market

**Green bond instruments issued by the public sector continued to comprise a majority of Hong Kong, China’s sustainable bond market.** The sustainable bond market reached a size of USD46.6 billion at the end of Q3 2024, up 11.6% q-o-q on robust issuance. Green bonds were the predominant type of sustainable instrument, comprising an 83.4% share of the sustainable bond market, followed by social bonds (9.0%) and transition bonds (4.2%) (Figure 4). Government-issued sustainable bonds were all in the form of green bonds, totaling USD29.1 billion. Outstanding sustainable bonds were largely short- to medium-term instruments: the size-weighted average tenor of outstanding instruments was 4.6 years and about 70.0% of outstanding sustainable bonds had remaining maturities of up to 5 years. Among emerging East Asian markets, Hong Kong, China’s sustainable bond market had one of the highest shares of foreign-currency-denominated bonds.<sup>13</sup> About 77.7% of outstanding sustainable bonds in Hong Kong, China were denominated in foreign currencies, as the government issues multicurrency green bonds to promote sustainable finance and strengthen its position as a sustainable finance hub. In Q3 2024, the Government of the Hong Kong Special Administrative Region of the People’s Republic of China issued the equivalent of USD3.2 billion of green bonds denominated in US dollars, Chinese yuan, and euros.

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



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

<sup>13</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

## Indonesia

### Yield Movements

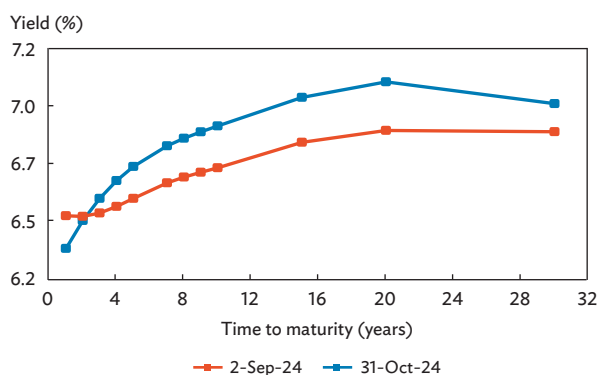
**Local currency (LCY) government bond yields in Indonesia climbed for most maturities from 2 September to 31 October, largely tracking the yield movements of United States Treasuries.** Sovereign bond yields rose an average of 15 basis points (bps) for maturities of over 2 years, while yields fell by an average of 8 bps for tenors of 2 years or less (**Figure 1**). The uptick in yields was largely driven by uncertainties over the pace of the United States Federal Reserve's monetary policy easing as well as some domestic concerns over the policy direction of the new government. While Bank Indonesia reduced rates by 25 bps in its meeting in September, volatility in the domestic currency amid ongoing uncertainties led the central bank to hold rates steady at its meeting on 15–16 October. Nonetheless, continued moderation in inflation supported declining yields at the shorter end of the curve. Consumer price inflation eased to 1.8% year-on-year and 1.7% year-on-year in September and October, respectively, and is now approaching the lower end of the central bank's full-year 2024 target range of 1.5%–3.5%.

### Local Currency Bond Market Size and Issuance

**The LCY bond market in Indonesia reached a size of IDR7,545.6 trillion at the end of September, with growth moderating to 4.8% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2024 from 6.1% q-o-q in the second quarter (Q2).** Much of the growth was contributed by government bonds, which expanded 2.3% q-o-q in Q3 2024, versus 1.6% q-o-q in the prior quarter, as improved domestic financial conditions supported new issuance (**Figure 2**). While central bank bonds posted the fastest rate of expansion among all bond types at 28.3% q-o-q, growth moderated from 69.1% q-o-q in Q2 2024. On the other hand, the corporate bond stock contracted (-1.7% q-o-q) over a high volume of maturities and reduced issuance in Q3 2024.

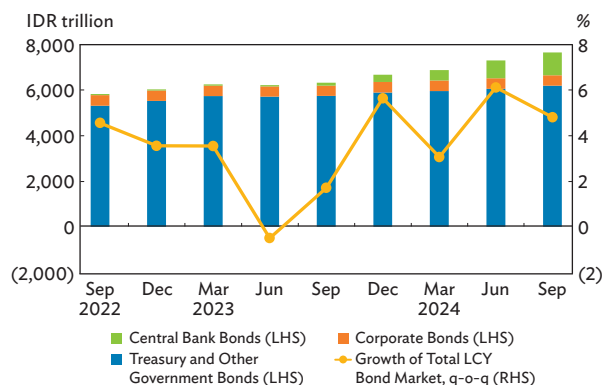
**Total LCY bond issuance tallied IDR775.1 trillion in Q3 2024, with growth largely supported by government bonds (Figure 3).** Overall issuance growth decelerated to 1.9% q-o-q in Q3 2024 from 12.3% q-o-q in Q2 2024. Growth was largely driven by government bond issuance

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



Source: Based on data from Bloomberg LP.

**Figure 2: Composition of Local Currency Bonds Outstanding in Indonesia**



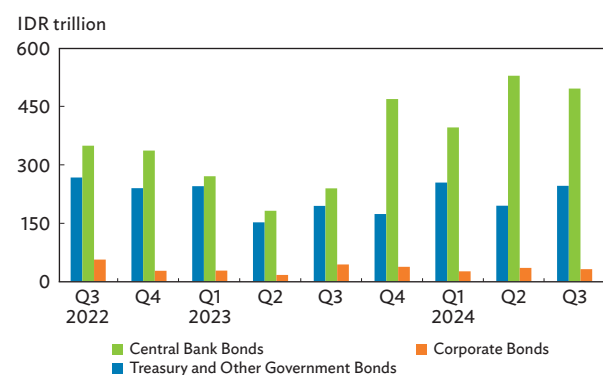
( ) = negative, IDR = Indonesian rupiah, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.

Notes: Data include *sukuk* (Islamic bonds). 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.

as improved financial conditions allowed the government to raise more funds and take advantage of declining borrowing costs. Growth in government bond issuance picked up to 26.3% q-o-q in Q3 2024 after contracting 23.4% q-o-q in the prior quarter. Central bank issuance contracted 6.2% q-o-q as financial conditions largely stabilized during Q3 2024, leading the central bank to reduce its issuance. Corporate bond issuance also contracted 9.8% q-o-q in Q3 2024.

**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.

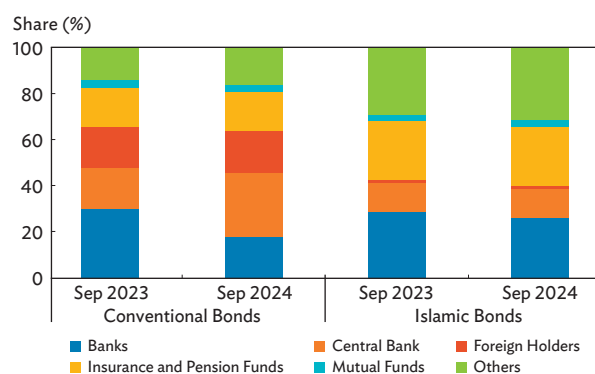
Notes: Data include *sukuk* (Islamic bonds). Data for Treasury and other government bonds comprise tradable and nontradable central government bonds.

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

## Investor Profile

As with other emerging East Asian peers, LCY tradable sovereign bonds in Indonesia were largely held by domestic investors (85.3%).<sup>14</sup> However, unlike its regional peers, the largest bondholder in Indonesia was the central bank with a holdings share of 25.0% at the end of September. Bank Indonesia has gradually increased its holdings of government bonds to optimize its money market operations, as well as to support bond market stability. The next largest bondholders were banking institutions, which recorded a substantial decline in their holdings share to 19.5% at the end of September from

**Figure 4: Investor Profile of Tradable Central Government Bonds**



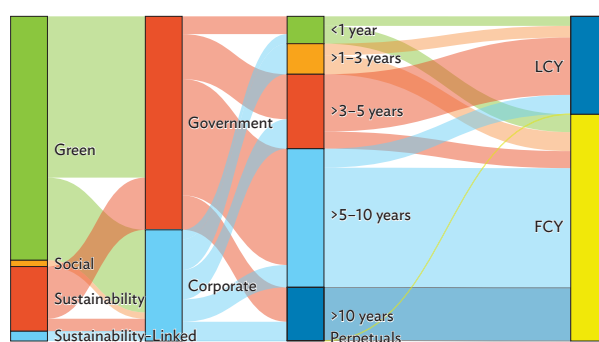
Source: Directorate General of Budget Financing and Risk Management, Ministry of Finance.

29.7% a year earlier. Meanwhile, foreign investors' holdings share ticked down to 14.7% at the end of September from 15.0% a year earlier despite a 5.8% increase in foreign holdings in nominal terms during the same period. By type of bond, the share of foreign ownership of conventional bonds at the end of September was much higher at 17.9% compared with 1.4% for *sukuk* (Islamic bonds) (Figure 4).

## Sustainable Bond Market

The sustainable bond market in Indonesia largely comprises green bond instruments, public sector financing, and long-term tenors. Sustainable bonds outstanding in Indonesia reached USD13.7 billion at the end of September on accelerated growth of 10.2% q-o-q in Q3 2024, up from 3.5% in Q2 2024, amid robust issuance. Green bonds remained the dominant sustainable bond instrument, representing 75.1% of the sustainable bond total at the end of September (Figure 5). Most sustainable bonds outstanding in the Indonesian market at the end of September were from the public sector (65.8%), as the Government of Indonesia remains committed to fulfilling its Sustainable Development Goals. Owing to the public sector's active participation, sustainable bond financing in Indonesia is largely concentrated in longer tenors, with bonds carrying maturities of over 5 years comprising 70.6% of outstanding public sector sustainable bonds at the end of September. In contrast, private sector sustainable bonds largely comprised shorter tenors (62.6%). Overall, the size-weighted average tenor of sustainable bonds in Indonesia stood at 8.4 years at the end of Q3 2024.

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



FCY = foreign currency, LCY = local currency.

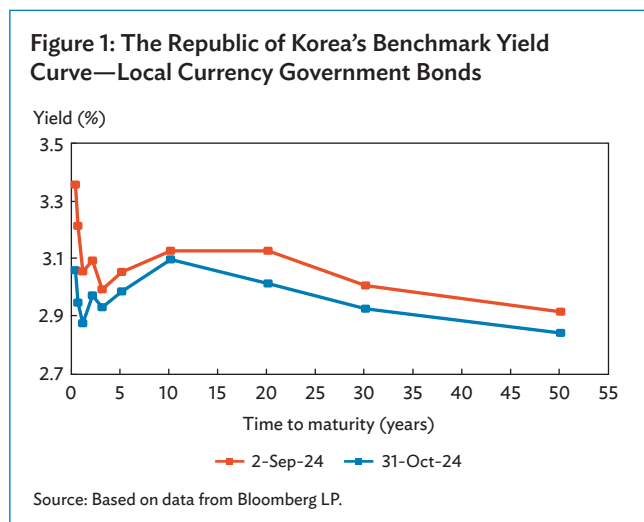
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

<sup>14</sup> 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.

## Republic of Korea

### Yield Movements

**Local currency (LCY) government bond yields in the Republic of Korea fell for all tenors between 2 September and 31 October.** Yields fell an average of 13 basis points (bps) during the review period, with tenors of less than 1 year posting the largest average decline of 28 bps (**Figure 1**). Yields fell ahead of the expected monetary policy easing by the United States Federal Reserve at its 17–18 September meeting, when it ultimately cut the federal funds rate by 50 bps. Moreover, on 11 October, the Bank of Korea cut the base rate by 25 bps to 3.25% amid stable inflation and a slowdown in household debt growth. Inflation eased from 2.0% year-on-year (y-o-y) in August to 1.6% y-o-y and 1.3% y-o-y in September and October, respectively.

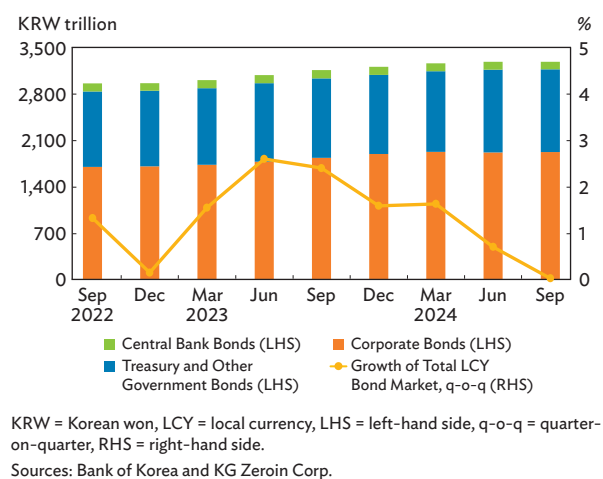


### Local Currency Bond Market Size and Issuance

**The Republic of Korea's LCY bond market posted marginal growth of 0.01% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2024, reaching a size of KRW3,292.5 trillion at the end of September.** The Republic of Korea remained the second-largest LCY

bond market in emerging East Asia, comprising almost 10% of the regional bond total.<sup>15</sup> The stock of government bonds, which accounted for 38.1% of the total bond market, was barely changed in Q3 2024 from the previous quarter due to reduced issuance. Meanwhile, corporate bonds, which comprised 58.5% of total bonds, rose 0.3% q-o-q in Q3 2024. This was a reversal from the 0.5% q-o-q contraction in the second quarter, as issuance increased during the quarter (**Figure 2**).

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

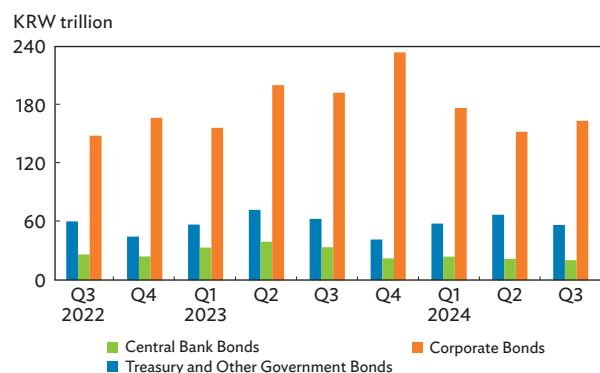


**LCY bond issuance contracted 0.3% q-o-q to KRW241.4 trillion in Q3 2024 driven by reduced issuance of government bonds.** Issuance of government bonds contracted 15.6% q-o-q in Q3 2024 as the government borrowed less during the quarter, following its frontloading policy in the first half of the year. Meanwhile, issuance of corporate bonds rebounded in Q3 2024, posting an increase of 7.4% q-o-q, a reversal from the 13.9% q-o-q contraction in the previous quarter (**Figure 3**). Issuance rose as companies took advantage of lower bond yields amid expected rate cuts by both the Bank of Korea and the Federal Reserve.

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

<sup>15</sup> 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**



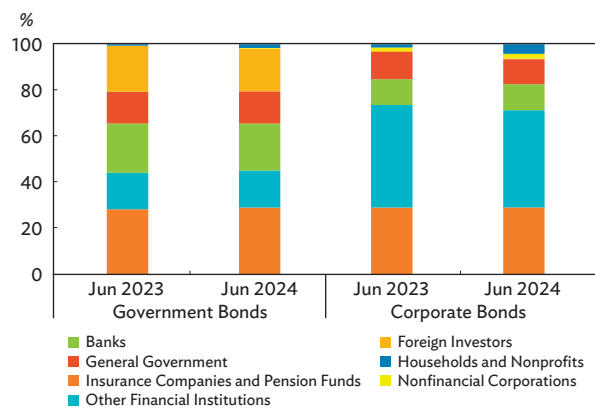
KRW = Korean won, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.  
Sources: Bank of Korea and KG Zeroin Corp.

## Investor Profile

**The Republic of Korea’s LCY government bond market continued to have one of the most diverse investor bases in the region at the end of June 2024.** The Republic of Korea had the second-lowest Herfindahl–Hirschman Index score in emerging East Asia at the end of June.<sup>16</sup> Insurance companies and pension funds held the largest share of LCY government bonds outstanding at 29.0%. Banks, foreign investors, and other financial

institutions had shares of 20.5%, 18.5%, and 16.1%, respectively (Figure 4). Meanwhile, the corporate bond market had a less diverse investor base—with almost three-fourths of the market held by only two major investor groups. These include other financial institutions with a share of 42.3%, and insurance companies and pension funds with a collective share of 29.0%. Foreign holdings of corporate bonds remained negligible at the end of June.

**Figure 4: Local Currency Bonds Outstanding Investor Profile**



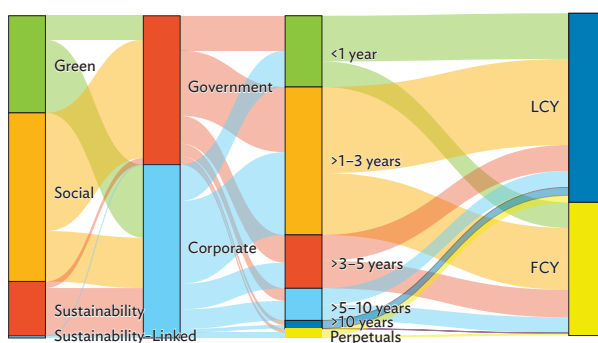
Sources: AsianBondsOnline and Bank of Korea.

institutions had shares of 20.5%, 18.5%, and 16.1%, respectively (Figure 4). Meanwhile, the corporate bond market had a less diverse investor base—with almost three-fourths of the market held by only two major investor groups. These include other financial institutions with a share of 42.3%, and insurance companies and pension funds with a collective share of 29.0%. Foreign holdings of corporate bonds remained negligible at the end of June.

## Sustainable Bond Market

**The Republic of Korea’s sustainable bond market at the end of September 2024 mostly comprised government-issued social bonds and private sector green bonds.** The Republic of Korea had the second-largest sustainable bond market in emerging East Asia at the end of September with outstanding bonds reaching USD182.6 billion on 1.8% q-o-q growth. Social bonds accounted for 52.3% of the sustainable bond market, of which 70.1% came from the government (Figure 5). Green bonds were the next most common type of sustainable bonds at the end of September with a share of 30.1%, mostly issued by the private sector. Nearly 70% of sustainable bonds outstanding carried maturities of less than 3 years, resulting in an overall size-weighted average tenor of 3.1 years. Moreover, over half of the Republic of Korea’s sustainable bonds were denominated in Korean won.

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



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

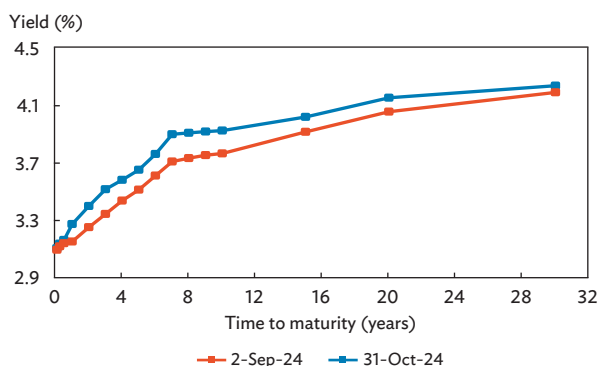
<sup>16</sup> The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the local currency bond market by summing the squared share of each investor group in the bond market.

## Malaysia

### Yield Movements

**Local currency (LCY) government bond yields in Malaysia increased for all tenors between 2 September and 31 October.** The LCY government bond yield curve of Malaysia shifted upward during the review period, increasing an average of 12 basis points across all maturities on expectations that Bank Negara Malaysia would hold its policy rate steady for the rest of the year (**Figure 1**). During its meeting on 5 September, as expected, Bank Negara Malaysia left the overnight policy rate unchanged at 3.0% in alignment with current and expected levels of inflation and economic growth.

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

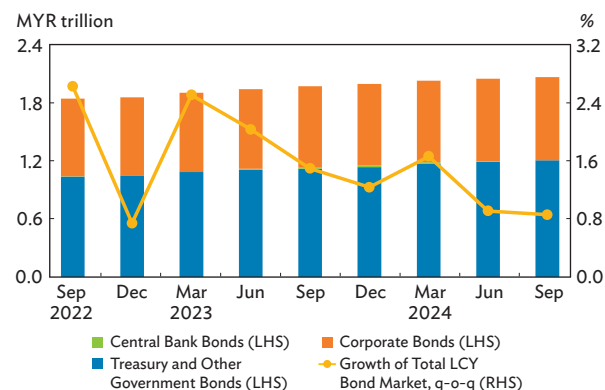


Source: Based on data from Bloomberg LP.

### Local Currency Bond Market Size and Issuance

**The LCY bond market of Malaysia expanded 0.9% quarter-on-quarter (q-o-q) to reach a size of MYR2.1 trillion at the end of September, with growth in both the corporate and government bond segments.** Malaysia's corporate bond segment grew 0.6% q-o-q in the third quarter (Q3) of 2024 due to increased issuance (**Figure 2**). Malaysia's government bond market rose 1.2% q-o-q in Q3 2024, despite a

**Figure 2: Composition of Local Currency Bonds Outstanding in Malaysia**



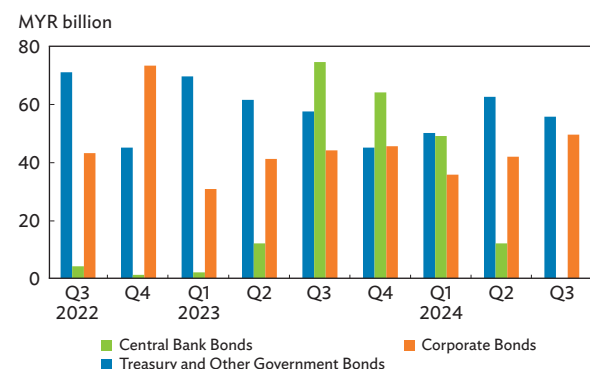
LCY = local currency, LHS = left-hand side, MYR = Malaysian ringgit, q-o-q = quarter-on-quarter, RHS = right-hand side.

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

contraction in issuance, on a lower volume of maturities during the quarter. At the end of September, there were no outstanding central bank bills due to the absence of issuance during the quarter. A majority (63.6%) of the LCY bond market comprised *sukuk* (Islamic bonds) at the end of September.

**Malaysia's total LCY bond issuance fell 9.6% q-o-q to MYR105.2 billion in Q3 2024 due to reduced issuance of Treasury bills and the absence of any issuance by the central bank.** Total government bond issuance decreased 10.9% q-o-q in Q3 2024 as the 4.4% q-o-q increase in the issuance of Malaysian Government Securities and Government Investment Issues was outweighed by the 69.2% q-o-q contraction in the issuance of Treasury bills. The contraction in issuance of central bank bills that started in the fourth quarter of 2023 culminated in zero issuance in Q3 2024 as liquidity factors normalized (**Figure 3**). On the other hand, corporate bond issuance increased 18.2% q-o-q in Q3 2024 following growth of 17.1% q-o-q in the previous quarter. CIMB Islamic Malaysia issued the largest amount of LCY bonds in Q3 2024 with *sukuk* medium-term notes and *sukuk* issuances totaling MYR4.2 billion.

**Figure 3: Composition of Local Currency Bond Issuance in Malaysia**



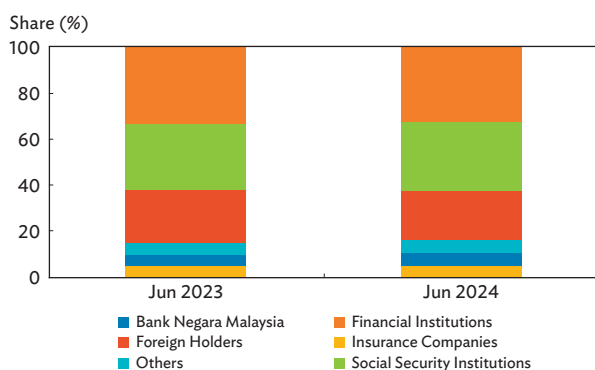
MYR = Malaysian ringgit, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.  
 Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

## Investor Profile

**At the end of June, almost 80% of Malaysia’s LCY government bonds were held by domestic investors.**

The largest holdings shares were those of financial institutions and social security institutions at 32.6% and 29.7%, respectively (Figure 4). At the end of June, foreign holdings in Malaysia’s government bond market fell to 21.4% from 23.1% a year earlier. Among all emerging East Asian LCY bond markets, Malaysia has the largest share of foreign ownership.<sup>17</sup>

**Figure 4: Local Currency Government Bonds Investor Profile**

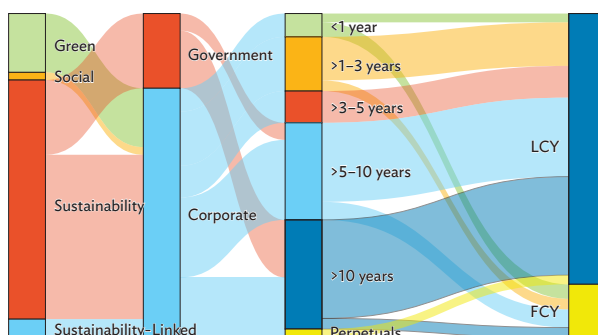


Note: “Others” include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.  
 Source: Bank Negara Malaysia.

## Sustainable Bond Market

**At the end of September, Malaysia’s sustainable bond market was dominated by long-term corporate bonds.** Malaysia’s sustainable bond market totaled USD15.2 billion at the end of September, reflecting 7.0% q-o-q growth in Q3 2024, with a majority of bonds denominated in Malaysian ringgit (83.4%). Of total sustainable bonds outstanding, 73.6% comprised sustainability bonds, followed by green bonds at 18.1% (Figure 5). Corporate bonds accounted for 77.0% of outstanding sustainable bonds at the end of September, with over 56.3% of corporate issuances carrying tenors of more than 5 years. While all outstanding sustainable bonds issued by the government carried maturities of more than 5 years, the public sector only comprised 23.0% of total sustainable bonds outstanding. At the end of September, the size-weighted average tenor in Malaysia’s sustainable bond market was 8.7 years.

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



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

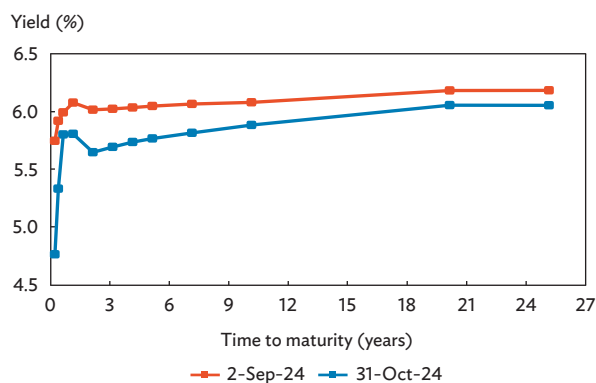
<sup>17</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

# Philippines

## Yield Movements

**Local currency (LCY) government bond yields in the Philippines fell an average of 33 basis points across all tenors between 2 September and 31 October, driven by the Bangko Sentral ng Pilipinas' (BSP) dovish monetary policy stance (Figure 1).** The BSP reduced its overnight reverse repurchase rate by 25 basis points on 15 August and again on 16 October, bringing the main policy rate down to 6.00% amid cooling domestic inflation. Year-on-year inflation slowed to 1.9% in September from 3.3% in August. While inflation rose to 2.3% year-on-year in October, it remained within the government's target range of 2.0%-4.0%.

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



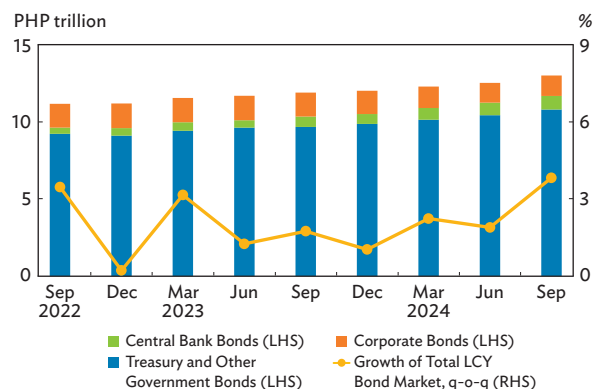
Source: Based on data from Bloomberg LP.

## Local Currency Bond Market Size and Issuance

**Growth in the LCY bond market accelerated in the third quarter (Q3) of 2024 on robust expansion in all bond segments.** Total LCY bonds outstanding reached PHP13.0 trillion at the end of September on accelerated growth of 3.8% quarter-on-quarter (q-o-q), up from 1.9% q-o-q in the second quarter (Figure 2). Treasury and other government bonds grew 3.6% q-o-q on increased borrowing amid a high volume of bond maturities during the quarter. The total corporate debt stock rebounded

to expand 3.1% q-o-q in Q3 2024 from the previous quarter's 7.7% q-o-q contraction, as corporates increased their issuance after the BSP's policy easing in August.

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



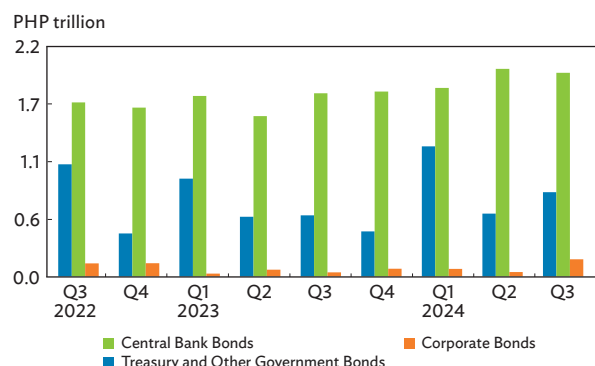
LCY = local currency, LHS = left-hand side, PHP = Philippine peso, q-o-q = quarter-on-quarter, RHS = right-hand side.

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. This includes bonds issued by Power Sector Assets and Liabilities Management and the National Food Authority, among others.

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

**LCY bond issuance rebounded in Q3 2024, propelled by lowered interest rates.** Total LCY bond issuance grew 11.0% q-o-q to PHP2.9 trillion in Q3 2024, a reversal from the previous quarter's 15.7% q-o-q contraction (Figure 3). Due to the government's increased borrowing amid a large amount of maturities during the quarter, the issuance of Treasury and other government bonds increased 34.0% q-o-q in Q3 2024. Similarly, corporate bond issuance increased more than three-fold to PHP165.4 billion, from PHP43.1 billion in the previous quarter, amid declining borrowing costs. The largest corporate bond issuances during the quarter came from BDO Unibank, which issued a 1.5-year sustainability bond worth PHP55.7 billion, and Bank of the Philippine Islands, which also issued a 1.5-year sustainability bond worth PHP33.7 billion. These issuances represented 33.7% and 20.4% of the Philippines' total corporate issuance in Q3 2024, respectively.

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

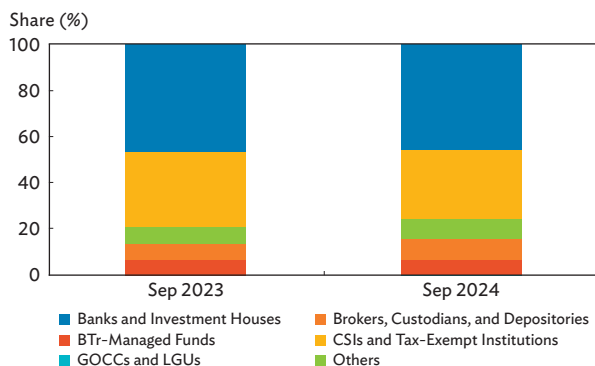


PHP = Philippine peso, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.  
 Note: Treasury and other government bonds comprise Treasury bonds, Treasury bills, and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines. This includes bonds issued by Power Sector Assets and Liabilities Management and the National Food Authority, among others.  
 Sources: Bangko Sentral ng Pilipinas, Bureau of the Treasury, and Bloomberg LP.

## Investor Profile

**Banks and investment houses remained the largest investor group in the Philippines’ LCY bond market at the end of September.** This investor group’s holdings share dipped to 45.7% at the end of Q3 2024 from 46.6% a year earlier (Figure 4). Contractual savings institutions

**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 September, the aggregate holdings share for government-owned or -controlled corporations and local government units was 0.02%, amounting to PHP1.7 billion.  
 Source: Bureau of the Treasury.

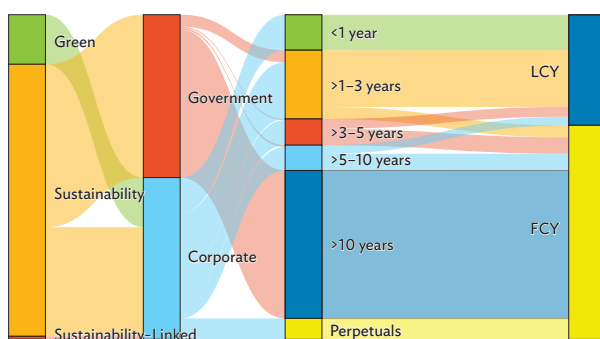
and tax-exempt institutions remained the Philippines LCY bond market’s second-largest investor group, with its investment holdings share dipping to 30.0% from 32.2% during the same period. The economy’s investor profile for LCY government bonds at the end of September 2024 was largely consistent from a year earlier as it remained dominated by these two investor groups.

## Sustainable Bond Market

**At the end of September, the Philippines’ sustainable bond market mainly comprised foreign-currency-denominated sustainability bond instruments.**

Sustainability bonds accounted for 83.8% of the economy’s total sustainable bonds outstanding at the end of Q3 2024 (Figure 5). Due to increased issuance by corporates during the quarter, sustainable bonds outstanding grew 20.3% q-o-q to USD10.9 billion at the end of September, about 66.0% of which were foreign-currency denominated. The government and corporate segments each comprised a roughly equal share of the market. The government sector typically issues longer-term sustainable bonds that are denominated in foreign currencies, whereas the private sector prefers issuing sustainable bonds with maturities under 10 years and in local currency. At the end of September, the size-weighted average tenor in the Philippines’ sustainable bond market was 12.9 years.

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



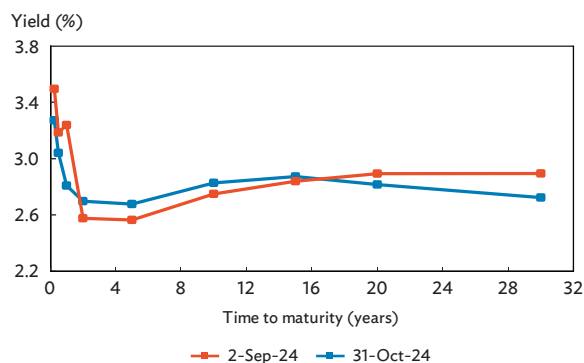
FCY = foreign currency, LCY = local currency.  
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

# Singapore

## Yield Movements

Between 2 September and 31 October, the yield movements of Singapore’s local currency (LCY) government bonds were mixed. Yields fell at the short end of the curve but rose for medium- to long-term securities (2-year to 15-year bonds), largely tracking the yield movements of United States Treasuries (Figure 1). On the other hand, yields at the very long end (20-year and 30-year bonds) of the curve dipped by an average of 12 basis points due to slowing inflation. On 14 October, the Monetary Authority of Singapore (MAS) decided to keep its monetary policy unchanged, retaining the slope, width, and level (at which it is centered) of the Singapore dollar’s nominal effective exchange rate policy band amid a positive economic growth outlook and decreasing inflationary pressure. Singapore’s consumer price inflation eased to 2.0% year-on-year in September, down from 2.2% year-on-year in August, well within MAS estimates of 1.5%–2.5% for full-year 2024.

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

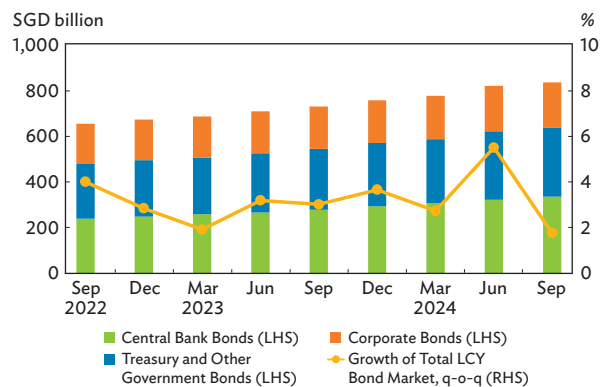


Source: Based on data from Bloomberg LP.

## Local Currency Bond Market Size and Issuance

Singapore’s LCY bond market grew 1.8% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2024 to reach a size of SGD836.3 billion at the end of September. Growth in Treasuries moderated to 0.6% q-o-q in Q3 2024 from 7.3% q-o-q in the previous quarter, driven mainly by reduced issuance during the period (Figure 2). Central bank bills also grew 4.4% q-o-q, down from the previous quarter’s growth of 4.7% q-o-q. Meanwhile, the corporate bond segment contracted 0.7% q-o-q, driven mainly by a decline in issuance during the quarter. The state-owned Housing & Development Board continued to have the largest amount of outstanding LCY corporate bonds at the end of September, amounting to SGD29.0 billion.

**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.

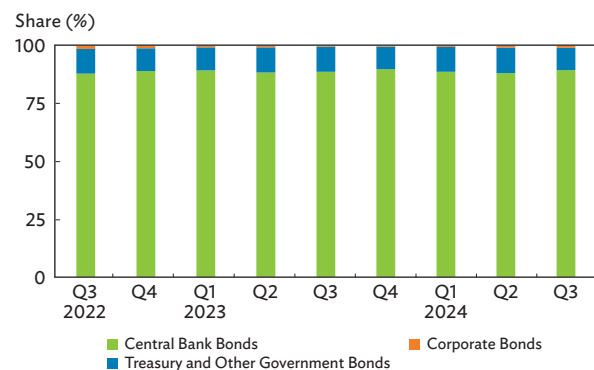
Note: Corporate bonds are based on AsianBondsOnline estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

### LCY bond issuance contracted 3.7% q-o-q in Q3 2024, reversing the previous quarter's growth of 23.2% q-o-q.

Total issuance reached SGD544.7 billion in Q3 2024, with all bond segments posting q-o-q contractions. MAS bills, which accounted for almost 90% of total issuance in Q3 2024, declined 2.1% q-o-q, reversing the 22.8% q-o-q growth in the previous quarter (**Figure 3**). Issuance of Treasury and other government bonds also exhibited a decline of 15.6% q-o-q in Q3 2024, following growth of 27.3% q-o-q in the prior quarter. Corporate bond issuance contracted 22.4% q-o-q in Q3 2024. The largest corporate bond issuer in Q3 2024 was the Housing & Development Board, with issuance of SGD965.0 million, representing 27% of the 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.

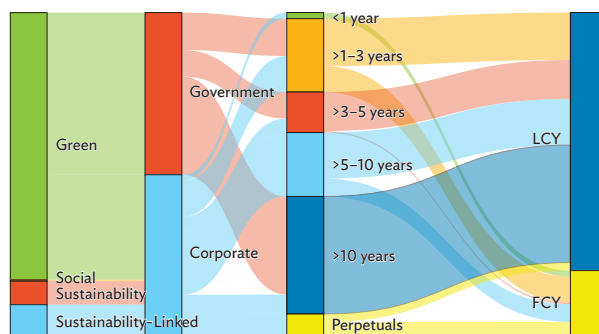
Sources: Monetary Authority of Singapore and Bloomberg LP.

## Sustainable Bond Market

### Singapore's sustainable bond market is predominantly made up of green bond instruments, which accounted for 82.3% of the total at the end of September.

In Q3 2024, sustainable bonds outstanding grew 9.6% q-o-q to reach USD24.5 billion, comprising roughly equal shares of government and corporate bonds (**Figure 4**). At the end of September, 43% of total outstanding sustainable bonds carried tenors of over 10 years, resulting in a size-weighted average tenor of 17.6 years, the longest among emerging East Asian markets.<sup>18</sup> The Government of Singapore was the largest issuer of sustainable bonds during the quarter, having reopened a 50-year green bond amounting to SGD1.5 billion in September.

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



FCY = foreign currency, LCY = local currency.

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

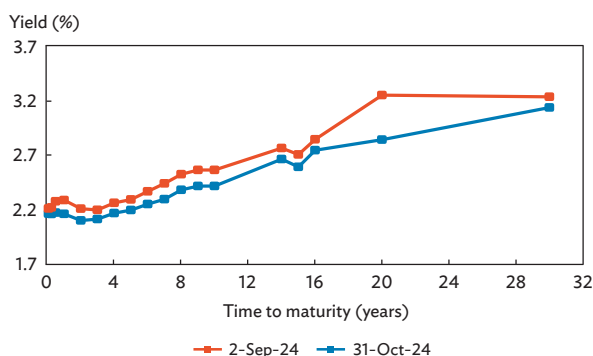
<sup>18</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

## Thailand

### Yield Movements

**Between 2 September and 31 October, Thailand’s local currency (LCY) government bond yields edged down amid monetary policy easing by the Bank of Thailand (BOT).** Yields fell an average of 12 basis points across all maturities, with the 20-year bond yield posting the steepest drop (**Figure 1**). The decline in yields was primarily driven by the BOT’s move to reduce its policy rate by 25 basis points at its 16 October meeting to ease the debt servicing burden for borrowers. The BOT upgraded its gross domestic product growth forecast for 2024 to 2.7% (from its June projection of 2.6%) and trimmed its forecast for average headline inflation in 2024 to 0.5% (from 0.6% in June). Thailand’s year-on-year consumer price inflation inched up to 0.8% in October from 0.6% in September and 0.4% in August, but remained below the BOT target of 1.0%–3.0%. Nonetheless, the central bank expects headline inflation to return within its target range by the end of the year.

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



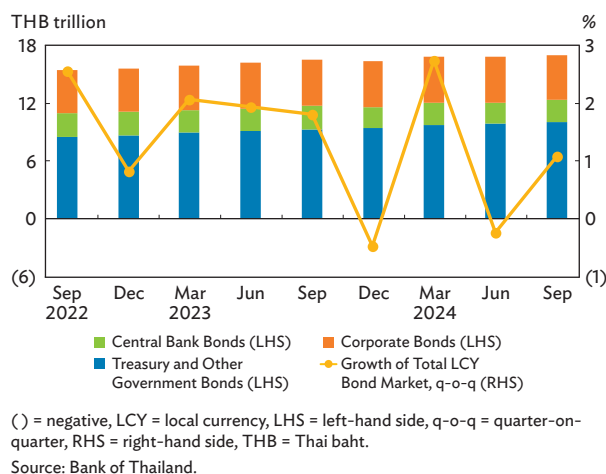
Sources: Based on data from Bloomberg LP and Thai Bond Market Association.

### Local Currency Bond Market Size and Issuance

**Thailand’s LCY bond market rebounded in the third quarter (Q3) of 2024, supported by growth in government and BOT bonds.** Total LCY bonds outstanding reached a size of THB17.1 trillion at the end

of September, rising 1.1% quarter-on-quarter (q-o-q) in Q3 2024 after a nominal contraction of 0.2% q-o-q in the prior quarter (**Figure 2**). The stock of Treasury and other government bonds grew 1.5% q-o-q to THB10.0 trillion as the government continued to issue debt to help finance its stimulus measures. Outstanding BOT bonds rose to THB2.4 trillion on 5.4% q-o-q growth, supported by robust issuance. Meanwhile, outstanding corporate bonds fell 1.8% q-o-q to THB4.7 trillion as issuance contracted amid political uncertainties brought about by the recent change in the Thai government. Thailand’s bond market continued to be dominated by Treasury and government bonds, which comprised 58.7% of the total LCY bond stock at the end of September.

**Figure 2: Composition of Local Currency Bonds Outstanding in Thailand**

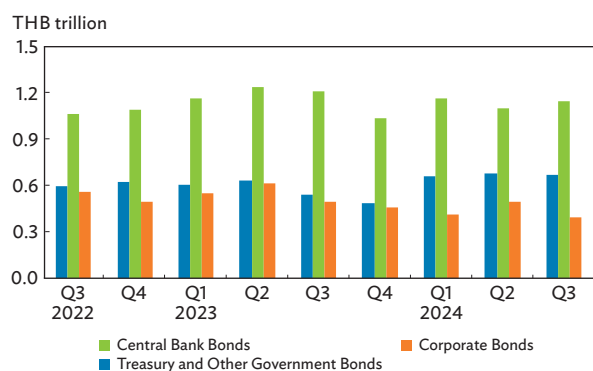


( ) = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.

Source: Bank of Thailand.

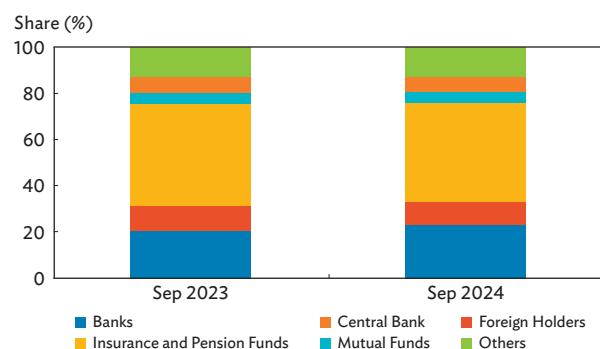
**Weak corporate bond sales amid elevated political risks capped overall growth in LCY bond issuance in Q3 2024.** Issuance of LCY bonds fell 2.6% q-o-q to THB2.2 trillion in Q3 2024 (**Figure 3**). Corporate bond sales amounted to THB0.4 trillion in Q3 2024, down 19.8% q-o-q as political uncertainties surrounding the change in government dampened investor confidence. Energy and utility companies were the top issuers in Q3 2024, with aggregate issuance of THB48.7 billion, comprising 12.2% of total corporate bond sales.

**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.

**Figure 4: Investor Profile of Government Bonds in Thailand**



Source: Bank of Thailand.

Meanwhile, Treasury and other government bond issuance inched down 1.8% q-o-q in Q3 2024 as debt sales moderated. The government continued to issue debt to finance its fiscal deficit, but at a lesser volume than the prior quarter. In contrast, issuance of BOT bonds posted robust growth of 4.7% q-o-q, totaling THB1.1 billion.

### Investor Profile

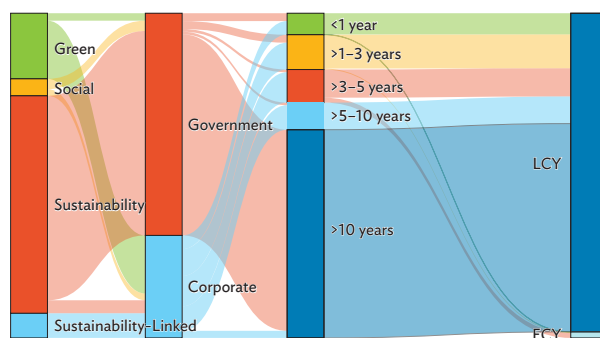
**Insurance and pension funds and banks remained the primary holders of LCY government bonds at the end of September.** LCY government bond holdings of the top two investor groups rose to 66.2% of total outstanding LCY government bonds at the end of September from 65.0% a year earlier (Figure 4). In contrast, foreign holdings inched down to a share of 10.1% from 10.9% during the same period as heightened political risks dampened foreign demand for Thai sovereign bonds.

### Sustainable Bond Market

**Thailand’s sustainable bond market reached a size of USD22.3 billion at the end of September.** Sustainability bonds continued to be the predominant bond type, comprising 67.0% of the sustainable bond market, followed by green bonds with a 20.2% share (Figure 5). A majority (68.4%) of outstanding sustainable bonds were government-issued instruments, which tend to have long-term maturities. As a result, the size-weighted

average tenor of outstanding sustainable bonds at the end of September was 8.9 years, and over 64% of total outstanding sustainable bonds had remaining maturities of longer than 10 years at the end of September. Sustainable bonds in Thailand are primarily issued in Thai baht. Among all emerging East Asian markets, Thailand had the highest share of LCY-denominated sustainable bonds at the end of September with 98.1%.<sup>19</sup> For the rest of emerging East Asian markets, the share of LCY-denominated bonds to total sustainable bonds ranged from 21.9% to 83.4%. New issuances of sustainable bonds in Q3 2024 totaled USD1.3 billion of sustainability, social, green, and sustainability-linked instruments.

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



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

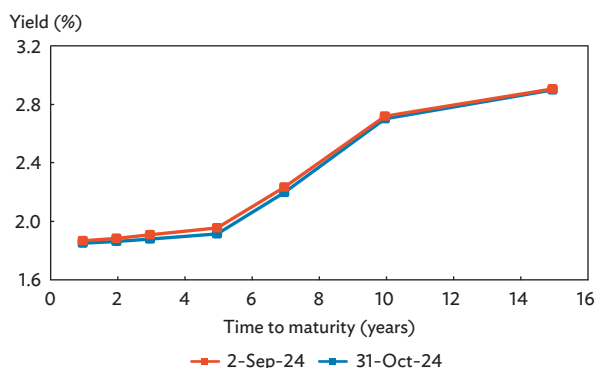
<sup>19</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

## Viet Nam

### Yield Movements

Between 2 September and 31 October, local currency (LCY) government bond yields in Viet Nam fell an average of 2 basis points across all tenors, propelled by the State Bank of Vietnam's (SBV) accommodative monetary policy stance (Figure 1). On 17 October, the SBV signaled its openness to reducing the policy rate to support the economy, as the government aims to lift annual economic growth above 7.0% in 2024. Viet Nam's economy grew a stronger-than-expected 7.4% year-on-year in the third quarter (Q3) of 2024, up from 6.9% year-on-year in the previous quarter, despite the destruction caused by Typhoon Yagi in September. Furthermore, the SBV reduced its interest rate for open market operations by 25 basis points each on 5 August and 17 September, bringing the rate down to 4.00% in order to support businesses and encourage borrowing.

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



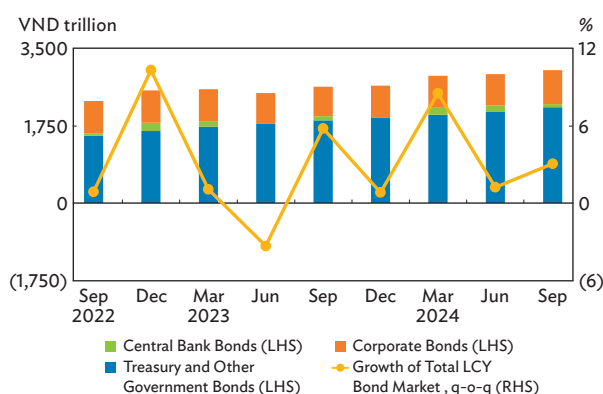
Source: Based on data from Bloomberg LP.

### Local Currency Bond Market Size and Issuance

Total LCY bonds outstanding grew 3.1% quarter-on-quarter (q-o-q) to reach VND3,010.0 trillion at the end of Q3 2024, supported by strong issuance. Treasury and other government bonds outstanding grew 5.3% q-o-q in Q3 2024 to VND2,171.0 trillion, while the total corporate

debt stock rebounded strongly with growth of 8.4% q-o-q, reversing the previous quarter's contraction of 0.5% q-o-q (Figure 2). The banking and property sectors are the two largest issuers in the economy's LCY bond market, comprising 60.3% and 21.3%, respectively, of total corporate bonds outstanding at the end of Q3 2024.

**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.

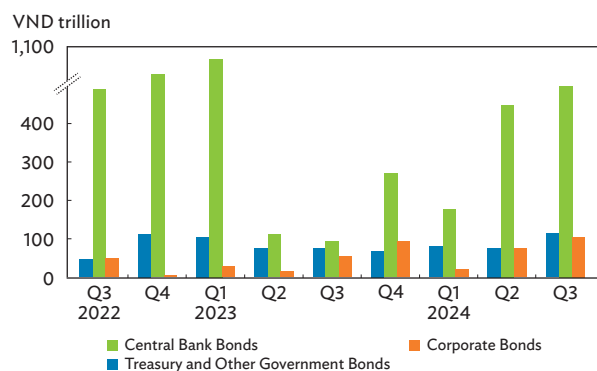
Note: Other government bonds comprise government-guaranteed and municipal bonds.

Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

### LCY bond issuance grew 35.0% q-o-q in Q3 2024 amid lowered interest rate in open market operations.

Issuance of Treasury and other government bonds grew 51.0% q-o-q, reversing the previous quarter's 4.9% q-o-q contraction (Figure 3). Total corporate bond issuance also grew 39.3% q-o-q in Q3 2024, extending the 268.4% q-o-q growth in the preceding quarter. The banking sector remained the key driver of issuance in Viet Nam's LCY corporate bond market—representing 83.6% of the quarterly total—as financial institutions continued to raise capital amid improved credit growth. The property sector, which accounted for 12.4% of the corporate issuance total in Q3 2024, remained the second-largest issuer of corporate bonds, as property companies sought capital amid lingering pressure from debt repayments and bond maturities.

**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.

same period. This high concentration of just two investor groups led to Viet Nam having the least diversified investor profile in emerging East Asia and the highest Herfindahl–Hirschman Index score in the region at the end of September.<sup>20</sup>

## Sustainable Bond Market

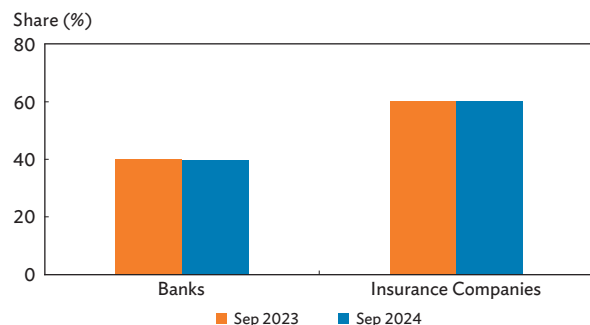
**Viet Nam’s sustainable bond market mainly comprises foreign-currency-denominated green and sustainability bond instruments issued solely by corporates.**

The economy’s sustainable bond market totaled USD0.8 billion at the end of September (Figure 5). Green bonds accounted for 46.9% of the market, while sustainability bonds represented 53.1%. Over 78.0% of total sustainable bonds outstanding at the end of September were denominated in a foreign currency and carried tenors of 3 years or less, resulting in a size-weighted average tenor of 2.7 years.

## Investor Profile

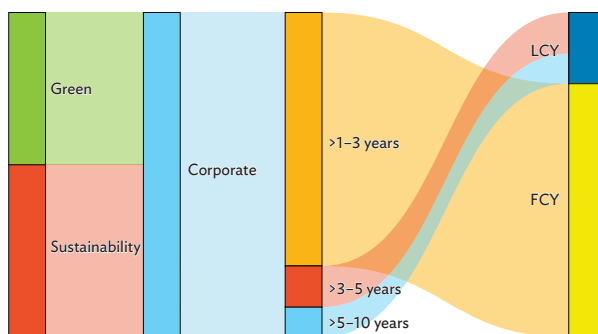
**Insurance firms and banks remained the predominant holders of outstanding LCY government bonds at the end of September.** Collectively, these two investor groups held 99.2% of the total LCY government debt stock at the end of Q3 2024 (Figure 4). Insurance firms, the largest investor group, slightly increased their holdings share to 59.8% from 59.7% the previous year. Conversely, banks saw their holdings share dip to 39.4% from 39.9% over the

**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 September 2024**



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

<sup>20</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea. The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the local currency bond market by summing the squared share of each investor group in the bond market.