

Market Summaries

People's Republic of China

Yield Movements

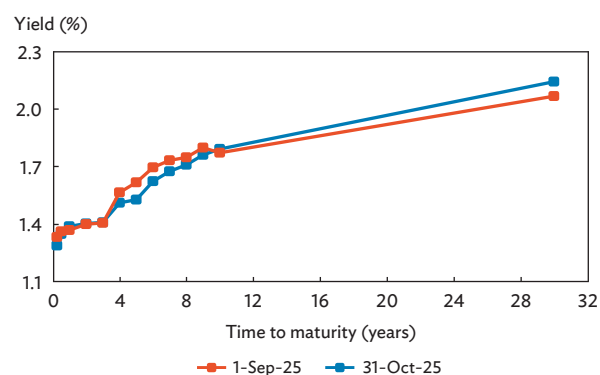
The People's Republic of China's (PRC) yield curve flattened between 1 September and 31 October. Weak economic data led to a decline in most PRC bond yields during the review period, particularly for longer-dated tenors, leading to its flattening (**Figure 1**). Yields fell an average of 2 basis points (bps), with most declines occurring at the middle to longer end of the curve (excluding the 10-year and 30-year tenors). Most economic indicators released during the review period showed a weakening economy. Third quarter (Q3) GDP growth softened to 4.8% year-on-year (y-o-y) from the second quarter's (Q2) 5.2% y-o-y gain. The PRC's economy continued to experience deflation, with producer and consumer prices declining 2.3% y-o-y and 0.3% y-o-y, respectively, in September. Bond yields faced downward pressure following the announcement by the People's Bank of China on 28 October that it will resume government bond purchases, which was interpreted by analysts as a sign of easing.

Local Currency Bond Market Size and Issuance

The PRC's LCY bond market maintained its growth momentum in Q3 2025 with total bonds outstanding reaching CNY170.9 trillion. The market expanded 3.4% quarter-on-quarter (q-o-q), only slightly lower than the previous quarter's 3.5% q-o-q gain (**Figure 2**). The stock of government bonds continued to expand amid local government refinancing to manage debt levels and efforts to stimulate the domestic market through government expenditures. Corporate bond activity was evident in capital-raising via financial bonds amid the central government's efforts to boost industrialization by calling on banks to increase lending.

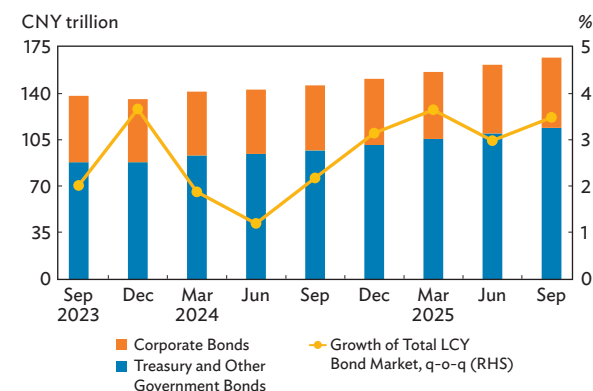
The PRC's bond issuance growth moderated in Q3 2025, with bond sales totaling CNY15.0 trillion. While both the government and corporate bond segments posted issuance

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, q-o-q = quarter-on-quarter, RHS = right-hand side.

Source: CEIC Data Company.

growth, the expansions were smaller than the growth rates posted in the previous quarter (**Figure 3**). The government sector's bond issuance only grew 0.9% q-o-q due to a decline in Treasury bond issuance as the government reduced fiscal spending in Q3 2025. Local government and policy bank bond issuance contributed much of the growth, rising 14.9% q-o-q and 14.6% q-o-q, respectively.

In addition to regular issuance for [policy support](#), policy banks accelerated their issuance ahead of the planned reimposition of [value-added taxes](#) on interest income. [Local governments](#) also continued to issue for refinancing purposes and for special projects to boost the economy. Meanwhile, corporate bond issuance growth slowed amid increased uncertainty following the release of weak economic indicators.

Investor Profile

Banks purchased more Treasury bonds during the past year, expanding their holdings share at the end of September. Investment by [banks](#) in the PRC’s Treasury bond market increased as weaker loan growth and credit concerns led them to seek safer assets. As a result, the holdings share of commercial banks in the Treasury bond market rose to 69.9% at the end of September from 68.1% a year earlier ([Figure 4](#)). Meanwhile, [foreign investors](#) continued to exit the market amid concerns about the PRC’s economy, leading to their collective share falling to 5.4% from 7.0% during the same period.

Sustainable Bond Market

Driven by issuance to support ongoing decarbonization efforts, the PRC’s sustainable bonds outstanding rose 4.5% q-o-q to USD404.4 billion at the end of September, of which green bonds comprised 86.1% ([Figure 5](#)). The large share of green bonds in the PRC’s sustainable bond market is mostly due to government initiatives. At the PRC’s Fourth Plenum in October, where the government discussed development plans for 2026–2030, sustainability remained a key consideration.¹⁹ The government also reemphasized its plan to ensure that carbon emissions peak in 2030. The Shanghai Stock Exchange on 29 September launched the State-Owned Enterprises Green Bond Index. (In June 2017, the exchange, in partnership with the Luxembourg Stock Exchange, had previously launched the Green Bond Index.) The weak economic environment dampened issuance in Q3 2025, with the PRC’s sustainable bond issuance declining 19.2% to CNY37.7 billion. Even though the government is promoting sustainable development, the public sector’s share of the sustainable bond market is relatively small at 6.8%, compared with the private sector’s share of 93.2%.

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

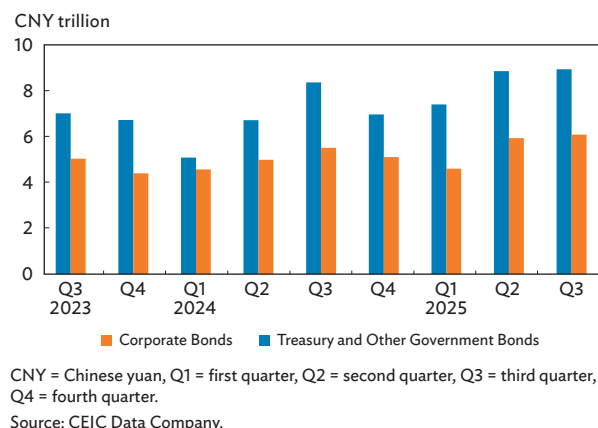


Figure 4: Investor Profile of Treasury Bonds

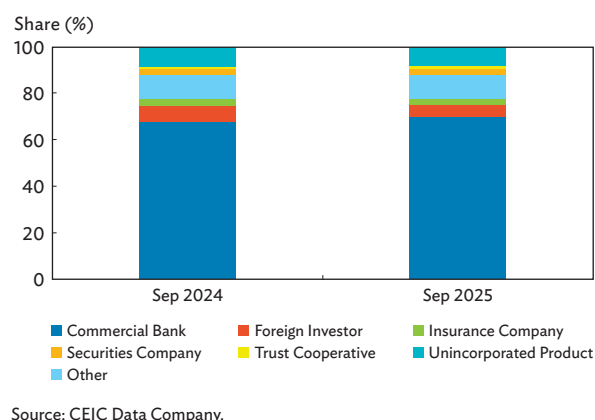
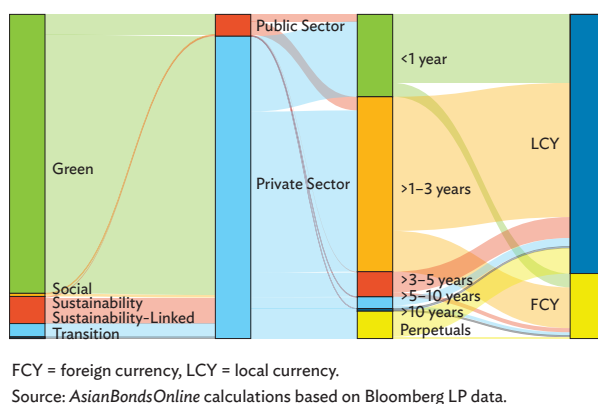


Figure 5: Market Profile of Outstanding Sustainable Bonds in the People’s Republic of China at the End of September 2025



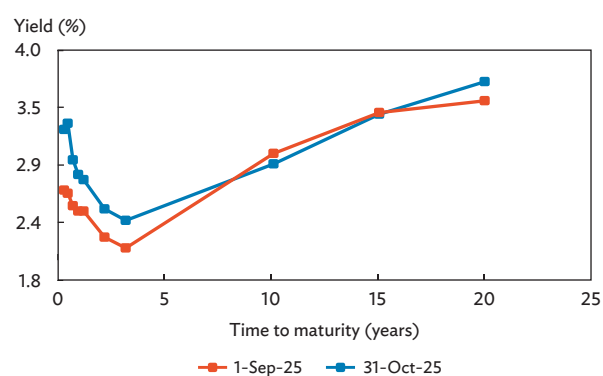
¹⁹ Government of the People’s Republic of China, Ministry of Foreign Affairs. 2025. *Communique of the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China*. 23 October.

Hong Kong, China

Yield Movements

Local currency (LCY) government bond yields in Hong Kong, China rose for most maturities between 1 September and 31 October. Yields gained an average of 38 basis points (bps) for all maturities except the 10-year and 15-year bonds, which edged down 10 bps and 2 bps, respectively (**Figure 1**). The rise in yields reflected tight funding conditions amid interventions by the Hong Kong Monetary Authority to defend the Hong Kong dollar's peg to the United States (US) dollar.²⁰ These interventions drained excess funds from the financial system and pushed up borrowing costs, including bond yields. Improved economic conditions also contributed to the uptrend in most bond yields. Hong Kong, China's gross domestic product expanded faster in the third quarter (Q3) of 2025, rising 3.8% year-on-year compared to 3.1% year-on-year in the second quarter (Q2), supported by sustained growth in exports and domestic demand.

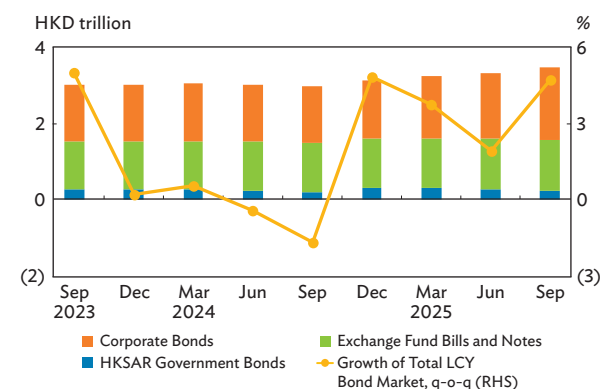
Figure 1: Hong Kong, China's Benchmark Yield Curve—Local Currency Government Bonds



Local Currency Bond Market Size and Issuance

Hong Kong, China's LCY bond market expanded 4.7% quarter-on-quarter (q-o-q) to reach HKD3,465.9 billion at the end of September. The expansion in Q3 2025 accelerated from 2.0% q-o-q in Q2 2025, led by the corporate bond segment (**Figure 2**). Corporate bonds outstanding reached HKD1,877.2 billion on a gain of 11.1% q-o-q, up from 4.4% q-o-q in the previous quarter, driven by increased issuance amid improving economic conditions. Meanwhile, Hong Kong Special Administrative Region (HKSAR) government bonds outstanding (HKD257.3 billion) declined 12.4% q-o-q on a slowdown in issuance. Corporate bonds continued to comprise most of the LCY bond market, accounting for 54.2% of total bonds outstanding at the end of September.

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, q-o-q = quarter-on-quarter, RHS = right-hand side.

Source: Hong Kong Monetary Authority.

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

²⁰ The [Hong Kong Monetary Authority](#) purchased HKD7.1 billion worth of Hong Kong dollars in the first week of October to defend its currency peg after the local currency touched the weak end of its trading band with the United States dollar. The Hong Kong dollar weakened amid an equities market sell-off triggered by renewed trade tensions between the United States and the People's Republic of China in early October.

Strong bond issuance from the private sector amid improved economic conditions drove up overall LCY bond sales in Q3 2025.

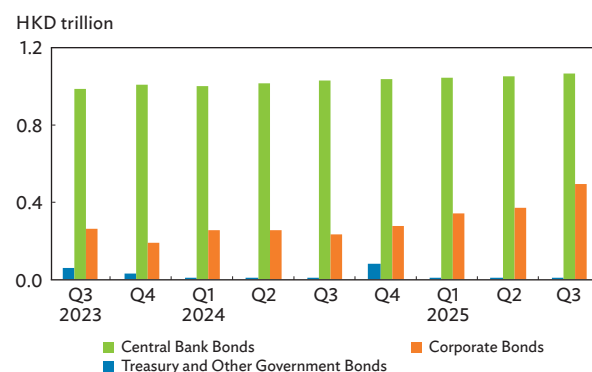
Total LCY bond issuance reached HKD1,581.0 billion in Q3 2025, with growth jumping to 9.3% q-o-q from 3.2% q-o-q in the previous quarter (**Figure 3**). Corporate bond sales posted robust growth of 33.5% q-o-q in Q3 2025, up from 8.1% q-o-q in Q2 2025, as sustained economic growth bolstered investor sentiment. Financial and real estate firms dominated debt sales in Q3 2025 as the property market stabilized. Hong Kong Mortgage Corporation remained the largest nonbank corporate issuer—its debt sales amounting to HKD19.3 billion and accounting for 68.7% of total nonbank corporate bond issuance in Q3 2025. Meanwhile, HKSAR government bond issuance contracted 46.3% q-o-q to HKD7.3 billion, as the [issuance plan](#) for 2025 had reduced issuance scheduled for Q3 2025 compared to the previous quarter. HKSAR issuances in Q3 2025 solely comprised institutional bonds under the Government Infrastructure Bond Programme, with maturities ranging from 1 year to 20 years. Proceeds from these bond sales were credited to the Capital Works Reserve Fund to finance infrastructure projects.

Sustainable Bond Market

Sustainable bonds outstanding declined a marginal 0.1% q-o-q to USD45.9 billion at the end of Q3 2025 due to reduced issuance.

Issuance in Q3 2025 was down 37.0% q-o-q to USD1.8 billion and was solely driven by the private sector. The largest issuer was CCB Shipping and Aviation Leasing, with a USD0.8 billion floating-rate note intended to finance green projects. In contrast, the government had no new sustainable bond issuance during the quarter, as it had already issued a multicurrency tranche of green bonds in the previous quarter. Green bonds continued to be the predominant bond type, comprising 81.3% of total sustainable bonds outstanding (**Figure 4**). Bonds issued by the public sector, all of which were green bonds, accounted for 57.6% of outstanding sustainable bonds at the end of September. [Projects](#) financed by proceeds from government sustainable bond issuances include green buildings, water and wastewater management, and climate change adaptation initiatives. About 83.6% of outstanding sustainable bonds in Hong Kong, China were denominated in foreign currency, primarily US dollars,

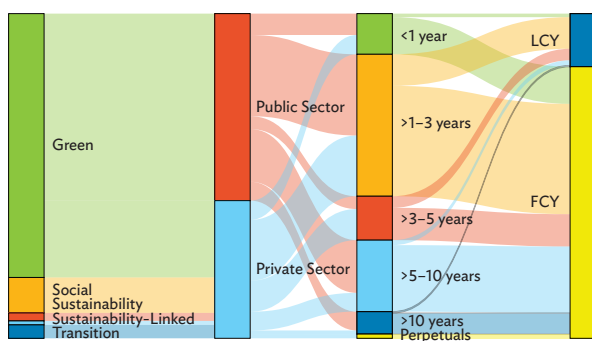
Figure 3: Composition of Local Currency Bond Issuance in Hong Kong, China



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

Source: Hong Kong Monetary Authority.

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



FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

in part due to multicurrency issuances under the Government Sustainable Bond Programme. Almost 90% of outstanding bonds issued under the program have been denominated in a foreign currency, in line with efforts to tap global investors' demand for sustainable bonds and enhance Hong Kong, China's position as a sustainable finance hub. Private sector sustainable bonds are also largely denominated in foreign currency, primarily US dollars and Chinese yuan. All private sector issuances in Q3 2025 were denominated in foreign currency, including CNY3.5 billion of dim sum bonds from Swire Properties earmarked for the financing of green buildings and related initiatives.

Indonesia

Yield Movements

Bank Indonesia's accommodative monetary stance has driven bond yields down. Between 1 September and 31 October, local currency (LCY) government bond yields in Indonesia declined by an average of 35 basis points (bps) across the curve (**Figure 1**), the largest overall decline in emerging East Asia during the review period.²¹ In September, Bank Indonesia reduced its policy rate by 25 bps for a third consecutive month, lowering the rate to 4.75%. In its October meeting, Bank Indonesia, however, decided to keep rates steady as it shifted focus toward strengthening the effectiveness of monetary policy transmission. Despite a 150 bps reduction in the policy rate since September 2024, the central bank noted that banks' lending rates had declined by only 15 bps and loan growth remained below target. Nonetheless, [Bank Indonesia](#) maintained its dovish stance, acknowledging that there remains scope for cutting rates amid low inflation expectations.

Local Currency Bond Market Size and Issuance

Supported by monetary easing, LCY bond market expansion in Indonesia rebounded in the third quarter (Q3) of 2025. LCY bonds outstanding climbed to IDR7,938.0 trillion at the end of September, rising 1.4% quarter-on-quarter (q-o-q) in Q3 2025 after contracting 0.1% q-o-q in the previous quarter (**Figure 2**). Both the government (2.4% q-o-q) and corporate (3.7% q-o-q) bond segments contributed to the overall gain, as reduced borrowing costs buoyed robust issuance during Q3 2025. In contrast, the stock of central bank securities contracted 7.9% q-o-q as maturities outpaced issuance during the quarter. The contraction was in line with efforts by Bank Indonesia to reduce the amount of central bank securities and to increase funding availability in the financial system.

Lower interest rates boosted LCY bond sales in Q3 2025, with growth recorded across all bond types. Aggregate issuance tallied IDR922.6 trillion in Q3 2025, gaining 45.6% q-o-q and reversing the 0.7% q-o-q

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

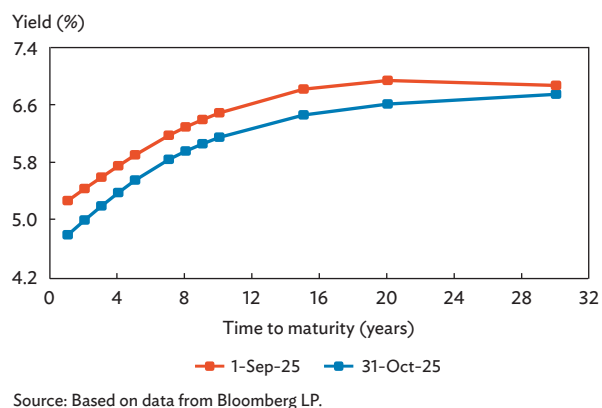
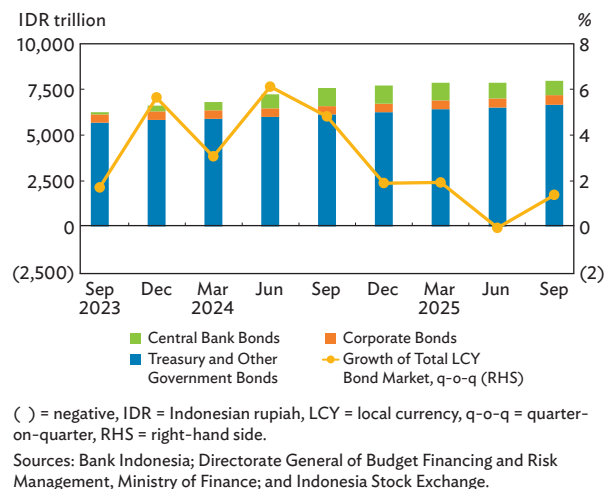


Figure 2: Composition of Local Currency Bonds Outstanding in Indonesia

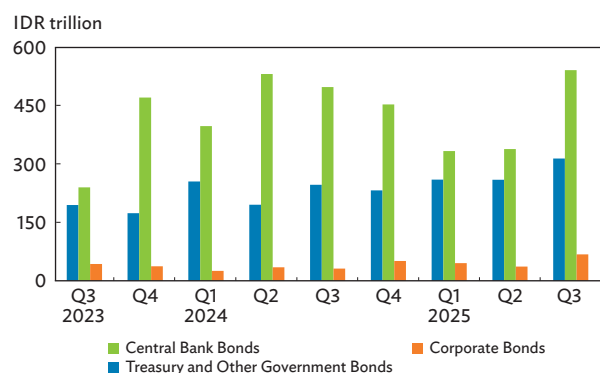


contraction recorded in the previous quarter (**Figure 3**). Government bond issuance rose 21.1% q-o-q in Q3 2025, raising IDR314.0 trillion from the sale of Treasury instruments including retail *sukuk* (Islamic bonds) and retail savings bonds. Corporate bond issuance was also robust, recording an expansion of 86.2% q-o-q following a contraction of 19.9% q-o-q in the prior quarter. Bank Negara Indonesia was the largest corporate bond issuer in Q3 2025, accounting for 7.4% of Indonesia's quarterly total with issuances totaling IDR5.0 trillion in July.

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

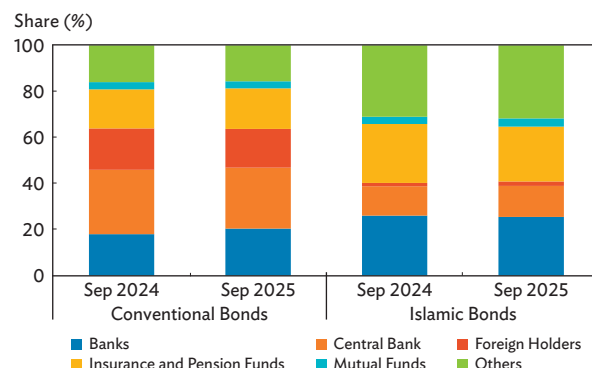
²¹ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Figure 3: Composition of Local Currency Bond Issuance in Indonesia



IDR = Indonesian rupiah, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange.

Figure 4: Investor Profile of Tradable Government Bonds



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

Investor Profile

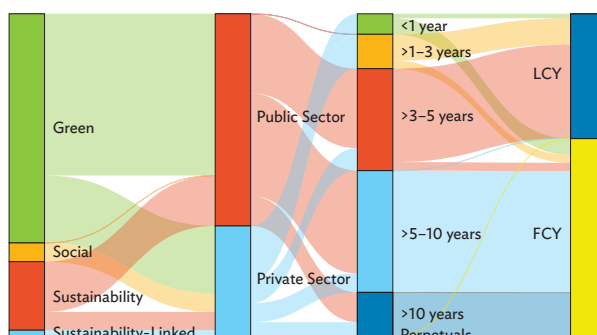
At the end of September, the central bank remained the largest investor group in Indonesia’s Treasury bond market. As part of its policy mix to support economic growth, the central bank continued to purchase Treasury bonds from the secondary market.²² Bank Indonesia held 24.1% of total tradable government bonds at the end of September, the highest share among all investor types, but this was slightly down from 25.0% a year earlier. By type of bond, the central bank’s holdings share was much higher for conventional bonds (26.5%) than for *sukuk* (13.5%) (Figure 4). Foreign investors also saw a slight decline in their share of holdings of Treasury bonds during the review period—from 14.7% to 14.1%—following anti-government protests in September 2025. On the other hand, long-term institutional investors provided support to the market, with banks as the largest buyers of Treasury bonds in September, leading to an increase in their holdings share from 19.5% to 21.3%.

Sustainable Bond Market

The sustainable bond market in Indonesia expanded 12.4% q-o-q in Q3 2025, with bonds outstanding reaching USD16.1 billion at the end of September. Amid continued monetary easing, sustainable bond issuance more than doubled to USD1.9 billion during the quarter. In Q3 2025, the largest issuance was the government’s

USD1.1 billion green bond issued in July, followed by Bank Negara Indonesia’s LCY sustainability bonds (USD0.3 billion equivalent). About 65.3% of sustainable bonds outstanding at the end of September were from the public sector as the government regularly issues sustainable bonds (Figure 5). The active participation of the public sector contributes to the lengthened maturity profile in Indonesia’s sustainable bond market. About 62.5% of public sector sustainable bonds outstanding carried tenors of over 5 years at the end of September, leading to a longer size-weighted average tenor of 9.1 years. On the other hand, private sector sustainable bonds carried more shorter-dated tenors (68.7% of bonds with tenors of less than 5 years), resulting in a shorter average of 4.7 years.

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



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

²² From 1 January to 21 October 2025, Treasury bond purchases by Bank Indonesia reached IDR268.4 trillion.

Republic of Korea

Yield Movements

Local currency (LCY) government bond yields in the Republic of Korea rose an average of 19 basis points for all tenors between 1 September and 31 October as the Bank of Korea (BOK) left the base rate unchanged (Figure 1). Yields rose amid the central bank keeping the policy rate steady in its last three meetings. On 23 October, the BOK maintained the base rate at 2.50%, as it deemed growth and inflation to be stable. The central bank said it would continue to monitor the possible impacts on financial stability of developments in the housing market and foreign exchange volatility brought about by trade negotiations with the United States.²³ Market participants expect further delays with the next rate cut given that the BOK may need more time to assess the effect of the government's market stabilization measures on housing prices.

Local Currency Bond Market Size and Issuance

The Republic of Korea's LCY bond market expanded 2.3% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2025 to KRW3,447.4 trillion, supported by expansion in both the government and corporate bond segments. Outstanding government bonds rose 3.0% q-o-q in Q3 2025 due to an increase in government borrowing to fund the second supplementary budget approved in July 2025 (Figure 2).²⁴ Corporate bonds outstanding rose 2.0% q-o-q, despite a marginal contraction in issuance, due to fewer maturities during the quarter.

Total LCY bond issuance in the Republic of Korea gained 3.5% q-o-q to reach KRW287.2 trillion, driven by increased issuance of government and central bank bonds. Government bond issuance rose 3.4% q-o-q as the government sold additional bonds to help finance the second supplementary budget (Figure 3). Corporate bond issuance was almost at par with the

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

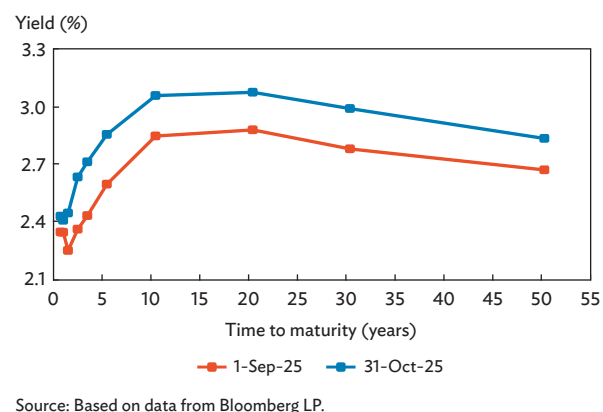
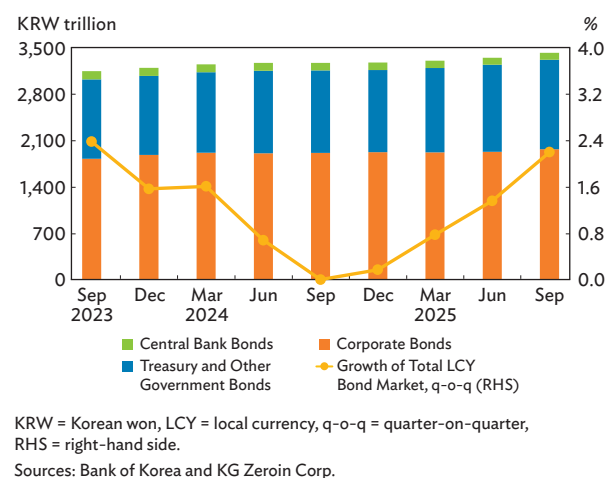


Figure 2: Composition of Local Currency Bonds Outstanding in the Republic of Korea



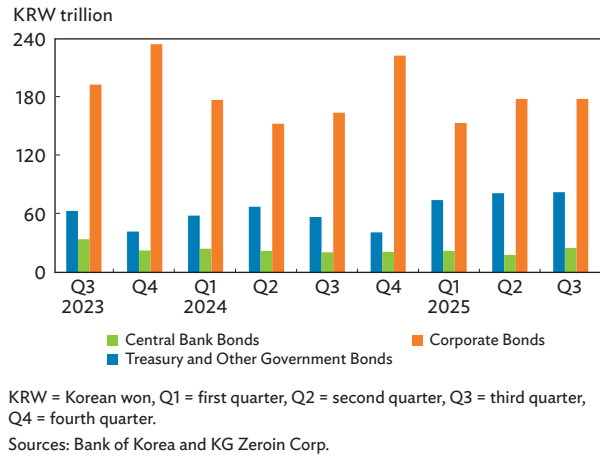
previous quarter due to weak funding demand as bond yields remained elevated on reduced expectations of a policy rate cut during the quarter. Meanwhile, central bank bond issuance surged 38.5% q-o-q in Q3 2025 as the BOK stepped up efforts to manage liquidity in the market.

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

²³ On 29 October, the Republic of Korea released details of its recently concluded trade negotiations with the United States, including a USD350 billion fund for investment in the United States and the lowering of tariffs on Korean autos and auto parts from 25% to 15%, among others.

²⁴ On 6 July, the National Assembly approved the KRW31.8 trillion second supplementary budget, exceeding the first supplementary budget of KRW12.2 trillion.

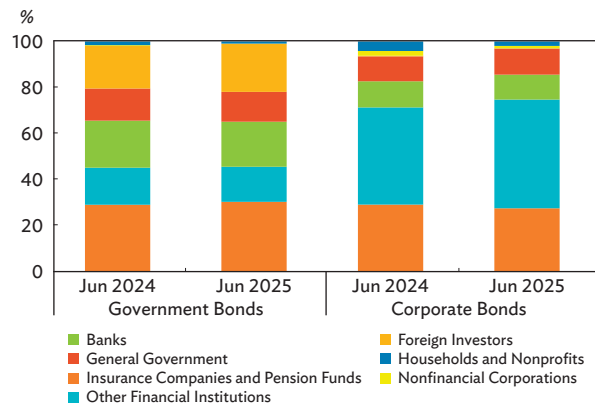
Figure 3: Composition of Local Currency Bond Issuance in the Republic of Korea



Investor Profile

The Republic of Korea’s LCY government bond market maintained its diverse investor profile. LCY government bonds outstanding continued to be held by five major investor groups at the end of June, led by insurance companies and pension funds with a share of 30.2% (Figure 4). This was followed by foreign investors with a holdings share of 20.9%, up from 18.5% in the same period in 2024 due to net foreign bond inflows in the second quarter of 2025. Foreign inflows were driven by expectations of a policy rate cut and the April announcement of the inclusion of the Republic of Korea in the FTSE Russell World Government Bond Index

Figure 4: Local Currency Bonds Outstanding Investor Profile

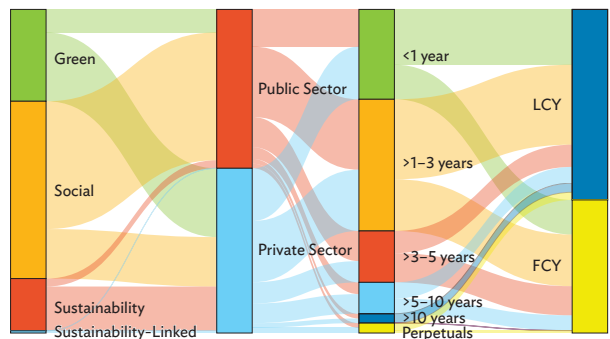


in 2026. Other major investor groups in the LCY government bond market and their respective holdings shares include banks (19.6%), other financial institutions (15.2%), and the general government (13.0%). The LCY corporate bond market continued to be dominated by two major investor groups: Other financial institutions held almost half of the total at the end of June 2025, while insurance and pension funds accounted for 27.4%.

Sustainable Bond Market

The Republic of Korea’s sustainable bond market mostly comprised short-term social bonds and green bonds at the end of September. The Republic of Korea’s sustainable bond market posted marginal growth of 0.3% q-o-q in Q3 2025 to reach a size of USD185.7 billion at the end of September. Overall growth was weighed down by a 30.4% q-o-q contraction in issuance during the quarter. Social bonds and green bonds continued to dominate the sustainable bond market with shares of 54.8% and 28.4%, respectively (Figure 5). Both public and private institutions are active issuers of sustainable bonds, with almost equal shares of the market. State-owned firm Industrial Bank of Korea was the largest issuer of sustainable bonds in Q3 2025, raising KRW1.8 trillion (USD1.3 billion) worth of multitenored (2–10 years) social bonds. Most sustainable bonds outstanding at the end of September had remaining tenors of less than 5 years, resulting in an average size-weighted tenor of 3.0 years. Nearly 60% of total sustainable bonds outstanding were denominated in Korean won, followed by the United States dollar with a share of 29.6% and the euro at 8.0%.

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



Malaysia

Yield Movements

Malaysia's local currency (LCY) government bond yields rose for most maturities between 1 September and 31 October. Bond yields increased an average of 12 basis points for maturities of 6 months and longer, driven by robust economic growth in the third quarter (Q3) of 2025 (**Figure 1**). The economy expanded 5.2% year-on-year (y-o-y) in Q3 2025, outpacing both market expectations (3.8% y-o-y) and the previous quarter's growth (4.4% y-o-y). Gross domestic product growth was buoyed by rapid expansions in the manufacturing and services sectors, underpinned by government support through incentive programs and investments in digitalization. Inflation accelerated to 1.5% y-o-y in September from 1.3% y-o-y in August, partly driven by subsidy rollbacks implemented during the quarter.

Local Currency Bond Market Size and Issuance

Malaysia's LCY bond market expanded in Q3 2025 on increased issuance of Treasuries and corporate bonds. Total LCY bonds outstanding rose 2.2% quarter-on-quarter (q-o-q) to MYR2.2 trillion, following a 1.9% gain in the second quarter (Q2) of 2025 (**Figure 2**). Corporate bonds recorded the fastest expansion, rising 4.1% q-o-q in Q3 2025 after a 1.1% q-o-q gain in Q2 2025, buoyed by increased issuance during the quarter. On the other hand, Treasuries and other government bonds outstanding rose 0.9% q-o-q, moderating from a 2.6% q-o-q gain in Q2 2025 despite a large increase in issuance due to more maturities during the quarter. *Sukuk* (Islamic bonds) continued to dominate the LCY bond market, accounting for 64.3% of total outstanding bonds at the end of September.

LCY bond issuance surged 48.1% q-o-q in Q3 2025, rebounding from a 12.9% q-o-q contraction in Q2 2025. The sharp recovery was supported by monetary policy easing by Bank Negara Malaysia, which reduced the overnight policy rate by 25 basis points to 2.75% on 9 July. Government bond issuance rose 40.0% q-o-q in

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

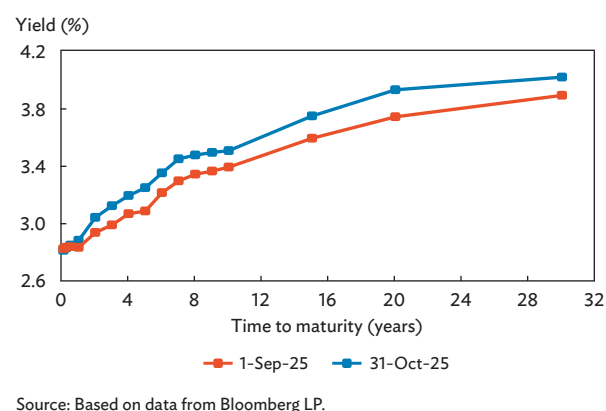
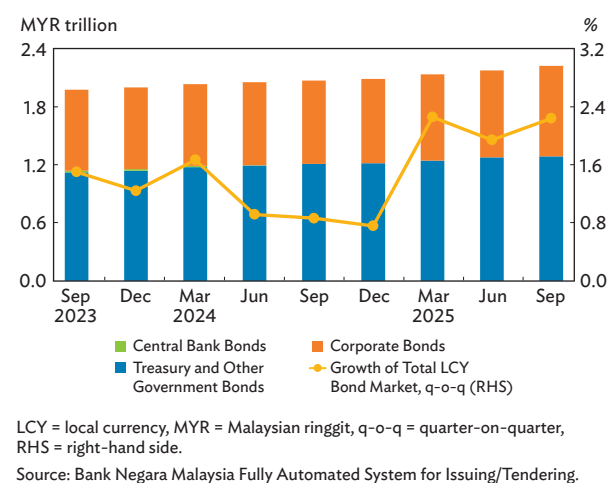
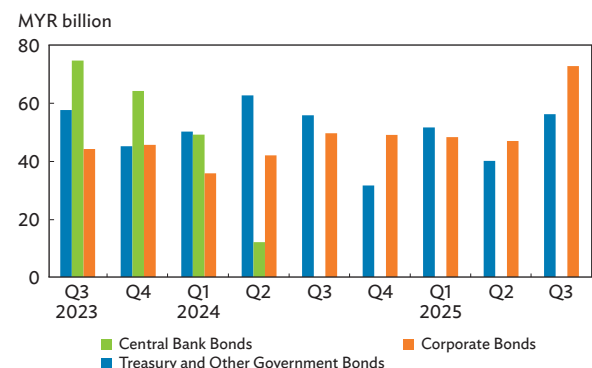


Figure 2: Composition of Local Currency Bonds Outstanding in Malaysia



Q3 2025, following a 22.3% decline in Q2 2025, partly driven by borrowing to finance [infrastructure investments and ongoing subsidies](#) (**Figure 3**). Corporate bond issuance likewise strengthened, climbing 55.0% q-o-q, aided in part by incentives such as tax deductions for *sukuk* offerings. Cagamas was the leading LCY corporate issuer, with MYR6.2 billion in sales that accounted for 8.5% of total LCY corporate issuance during the quarter.

Figure 3: Composition of Local Currency Bond Issuance in Malaysia

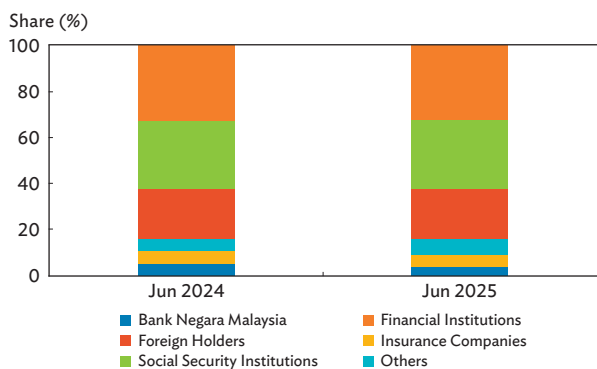


MYR = Malaysian ringgit, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

Investor Profile

At the end of June, domestic investors accounted for 78.3% of Malaysia’s LCY government bonds outstanding. Financial institutions and social security funds remained the largest investor groups, collectively holding 62.3% of total bonds outstanding (Figure 4). Foreign holdings edged up to 21.7% from 21.4% a year earlier, supported by improved global sentiment and optimism over trade relations with the United States. Malaysia continued to post the highest share of foreign holdings among emerging East Asian economies.²⁵

Figure 4: Local Currency Government Bonds Investor Profile

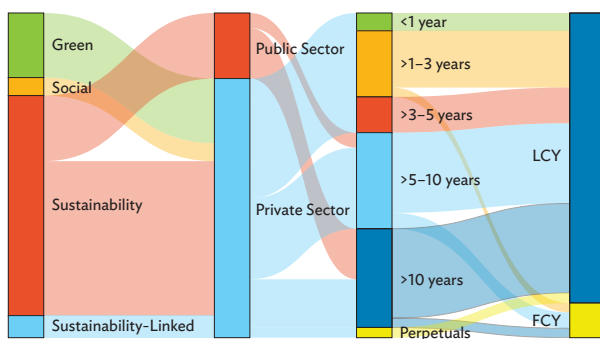


Note: “Others” include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.
Source: Bank Negara Malaysia.

Sustainable Bond Market

Malaysia’s outstanding sustainable bonds expanded 8.3% q-o-q to reach USD17.3 billion at the end of September, driven by increased corporate bond issuance. Sustainability bonds dominated outstanding sustainable bonds, accounting for 67.8% of the total (Figure 5). Green, social, and sustainability-linked bonds, collectively comprising 32.2% of the total, have been issued solely by the private sector. Corporate issuers accounted for 79.8% of the sustainable bond total. More than half (53.8%) of all corporate sustainable bonds carried remaining maturities longer than 5 years, leading to a size-weighted average tenor of 6.5 years. Public sector sustainable bonds comprised the remaining 20.2% of outstanding sustainable bonds, all with tenors exceeding 5 years, resulting in a longer size-weighted average tenor of 12.8 years for the public sector. Most sustainable bonds (89.4%) were denominated in Malaysian ringgit. The Malaysia Rail Link led corporate sustainable bond sales in Q3 2025, issuing MYR2.6 billion worth of sustainability bonds.

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



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

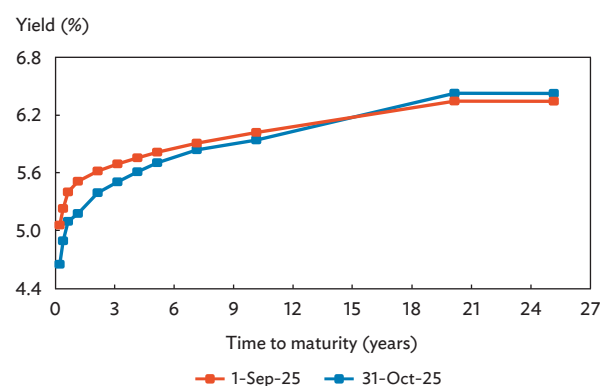
²⁵ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

Philippines

Yield Movements

Philippine local currency (LCY) government bond yields fell for most maturities between 1 September and 31 October as the central bank maintained its dovish policy stance. Yields declined an average of 22 basis points (bps) for maturities of 10 years and less following the Bangko Sentral ng Pilipinas' (BSP) unexpected 25 bps rate cut on 9 October (**Figure 1**). Since April 2025, the BSP has cut policy rates at four consecutive meetings (for a cumulative reduction of 100 bps) to foster economic growth, lowering the overnight reverse repurchase rate to 4.75%. On 27 October, the BSP signaled further rate cuts in December and possibly into 2026 to support economic expansion.

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



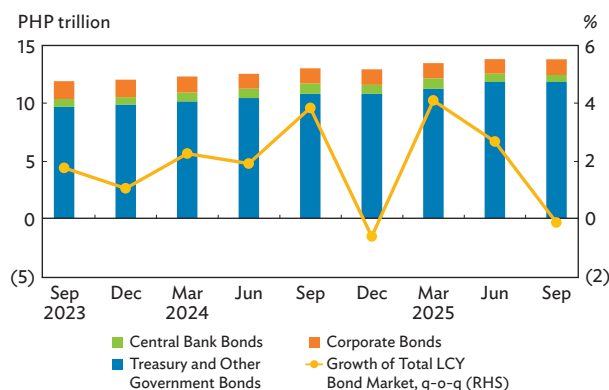
Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Outstanding LCY bonds declined marginally in the third quarter (Q3) of 2025, weighed down by a moderating expansion of the stock of government bonds and a contraction in central bank securities. The total LCY debt stock reached PHP13.8 trillion at the end of September, down 0.1% quarter-on-quarter (q-o-q) from the previous quarter (**Figure 2**). The expansion of outstanding Treasury and other government bonds slowed to 0.1% q-o-q as maturities outpaced issuance, while the stock of central bank securities declined 17.4% q-o-q on reduced issuance during the quarter. Meanwhile, outstanding corporate bonds gained 7.8% q-o-q following the previous quarter's 4.0% q-o-q contraction, supported by increased issuance amid low borrowing costs.

LCY bond issuance accelerated in Q3 2025, fueled by a favorable interest rate environment. During the quarter, LCY bond issuance rose 7.3% q-o-q to PHP2.9 trillion, with growth accelerating from the 0.5% q-o-q increase in the previous quarter (**Figure 3**). The expansion was largely driven by the corporate bond segment, where issuance increased almost fourfold (PHP213.3 billion) from the previous quarter as companies took advantage of cheap borrowing costs. Over 60% of corporate issuance in

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



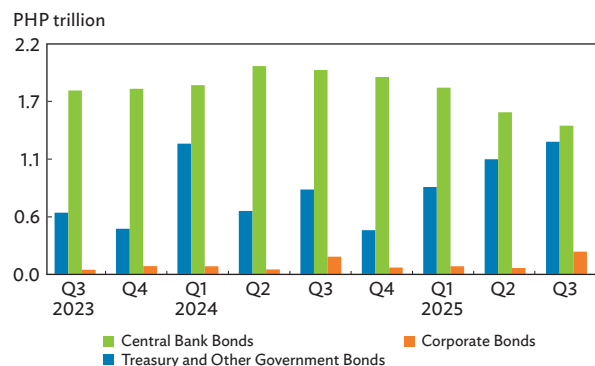
() = negative, LCY = local currency, PHP = Philippine peso, q-o-q = quarter-on-quarter, RHS = right-hand side.

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

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

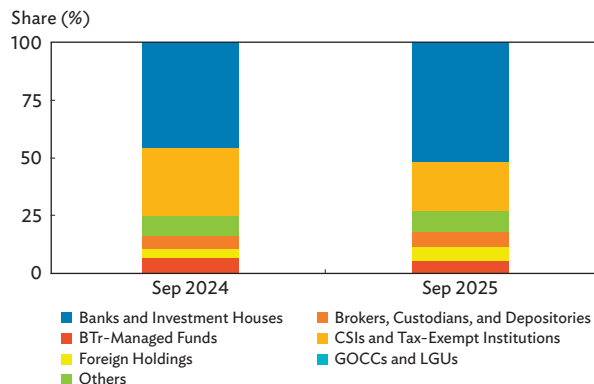
Q3 2025 came from the banking sector. Government bond issuance also grew 15.2% q-o-q, albeit at a slower pace than the 32.0% q-o-q growth in the previous quarter. This was because the government scaled back its Treasury bonds issuance in Q3 2025 to curb long-term debt and bolster the sale of Retail Treasury Bonds worth PHP507.2 billion in August.

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



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

Figure 4: Investor Profile of Local Currency Government Bonds

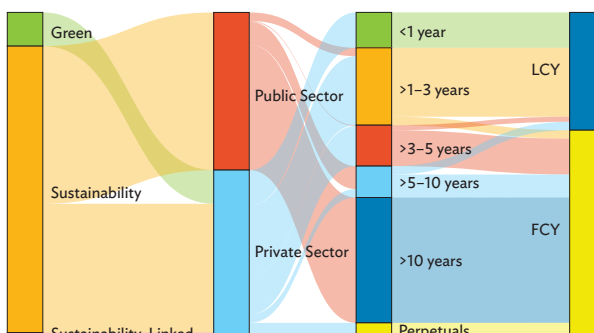


BTr = Bureau of the Treasury, CSI = contractual savings institution, GOCC = government-owned or -controlled corporation, LGU = local government unit.
 Note: At the end of September 2025, the aggregate holdings share for GOCCs and LGUs was 0.001%, amounting to PHP0.2 billion.
 Source: Bureau of the Treasury.

Investor Profile

More than half of outstanding government bonds were held by banks and investment houses. This investor group’s holdings share increased to 51.8% at the end of September, up from 45.7% a year earlier, driven by banks’ shift toward risk-free investments amid [weak lending](#) activity in Q3 2025 (Figure 4). Brokers, custodians, and depositories also increased their investment share to 6.7% from 5.5%, while foreign holdings rose to 5.9% from 4.2% during the same period. These expansions were boosted by the Philippine LCY bond market’s potential inclusion in JP Morgan’s Government Bond Index for Emerging Markets. In contrast, the bond holdings of contractual savings institutions and tax-exempt institutions declined to 21.5% from 29.8%.

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



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

Sustainable Bond Market

Outstanding sustainable bonds rose 7.6% q-o-q in Q3 2025, supported by robust issuance amid strong investor demand. The total sustainable debt stock reached USD15.4 billion at the end of September, mostly comprising sustainability instruments (88.1%) (Figure 5). Due to strong investor demand, issuers increased their bond offerings during the quarter, lifting the total issuance amount to USD2.2 billion—more than thrice

the previous quarter’s level. The largest issuance came from BDO Unibank with the sale of its Association of Southeast Asian Nations sustainability bond worth PHP115.0 billion (USD2.0 billion), which was 23 times oversubscribed against the original offer of PHP5.0 billion. The Philippines’ sustainable bond market accounted for 2.1% of emerging East Asia’s total sustainable debt stock at the end of Q3 2025.²⁶ More than 90% of sustainable bonds from the public sector carried tenors of over 5 years, resulting in an overall size-weighted average tenor of 10.9 years.

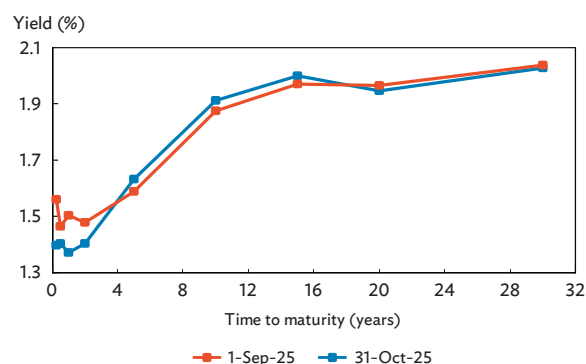
²⁶ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

Singapore

Yield Movements

Between 1 September and 31 October, local currency (LCY) government bond yields in Singapore declined for most maturities. Yields at the short end (3 months to 2 years) and long end (20 years and above) of the curve fell an average of 8 basis points, largely driven by expectations of slower economic growth (Figure 1). Singapore's gross domestic product expanded by 4.2% year-on-year (y-o-y) in the third quarter (Q3) of 2025, easing from 4.7% y-o-y growth in the previous quarter amid weaker activity in the wholesale trade and construction sectors. Growth prospects were tilted to the downside as trade-related sectors continued to normalize. Meanwhile, consumer price inflation remained subdued at 1.2% y-o-y in September, well within Monetary Authority of Singapore's (MAS) target range of 0.5%–2.5%.

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

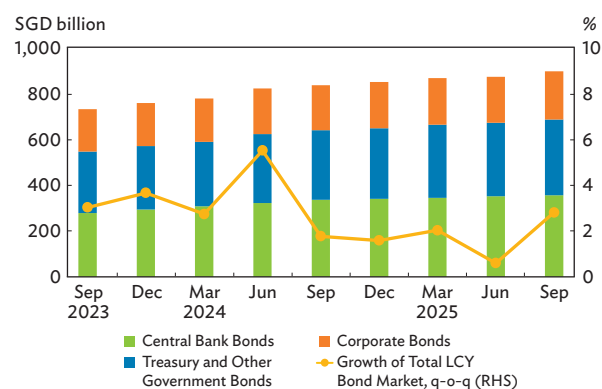


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore's LCY bonds outstanding reached SGD896.6 billion at the end of September, supported by expansion across all bond segments. The LCY bond market expanded 2.8% quarter-on-quarter (q-o-q) in Q3 2025, following a 0.6% q-o-q increase in the second quarter (Q2) of 2025 (Figure 2). Outstanding corporate bonds posted a strong gain of 5.0% q-o-q, largely driven by increased issuance during the quarter. Treasuries and other government securities climbed 3.4% q-o-q amid reduced maturities. Growth in MAS bills also added to the LCY bond market's overall expansion, although it moderated to 1.1% q-o-q from 1.9% q-o-q in Q2 2025.

Figure 2: Composition of Local Currency Bonds Outstanding in Singapore



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

Note: Corporate bonds are based on AsianBondsOnline estimates.

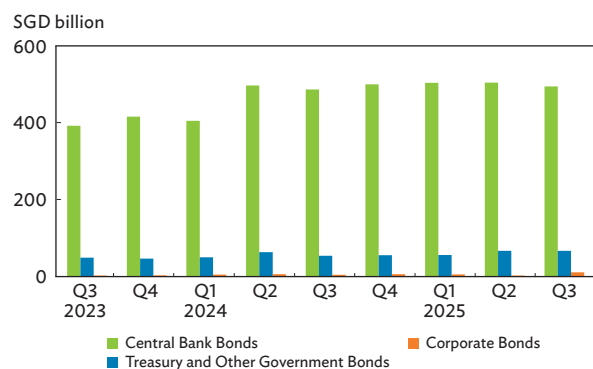
Sources: Monetary Authority of Singapore and Bloomberg LP.

Total LCY bond issuance posted a slight decline in Q3 2025, weighed down by reduced sales of MAS bills. Aggregate issuance reached SGD571.7 billion, contracting 0.3% q-o-q, and reversing the 1.4% q-o-q expansion recorded in the previous quarter (**Figure 3**). MAS bills, which comprised 86.8% of total issuance, fell 2.0% q-o-q. In contrast, issuance of Treasuries and other government securities edged up marginally by 0.2% q-o-q on the back of increased Treasury bill offerings. Corporate bond issuance recorded the fastest growth, surging 622.2% q-o-q to SGD9.7 billion in Q3 2025. Around half of the corporate issuance total came from the real estate sector, supported by stronger property investment activity during the period. The state-owned Housing and Development Board led all private sector issuers, raising SGD2.6 billion, or 26.4% of Singapore’s total corporate issuance in Q3 2025.

Sustainable Bond Market

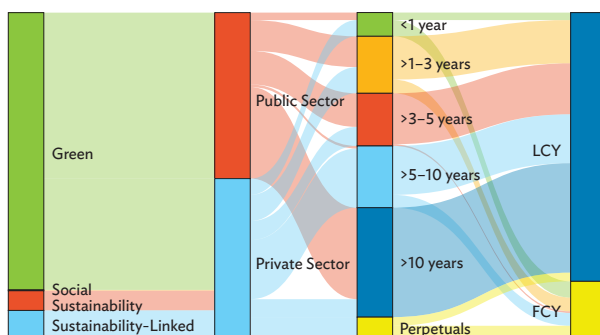
Singapore’s sustainable bond market expanded in Q3 2025 on new issuance in the real estate, government, and financial sectors. The overall sustainable bond stock expanded 11.4% q-o-q to USD31.2 billion at the end of Q3 2025, accelerating from a 5.4% q-o-q gain in Q2 2025 (**Figure 4**). A majority (85.3%) of outstanding sustainable bonds were green bonds. Most outstanding sustainable bonds (82.6%) were denominated in Singapore dollars. Issues with remaining maturities of over 5 years comprised 59.0% of the total. CapitaLand was the largest issuer during the quarter, raising SGD1.0 billion through green securities to fund eligible sustainability projects. Consequently, the size-weighted average tenor stood at 15.3 years—the longest among emerging East Asian markets.²⁷

Figure 3: Composition of Local Currency Bond Issuance in Singapore



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

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



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

²⁷ 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

Thailand's local currency (LCY) government bond yield curve steepened between 1 September and 31 October.

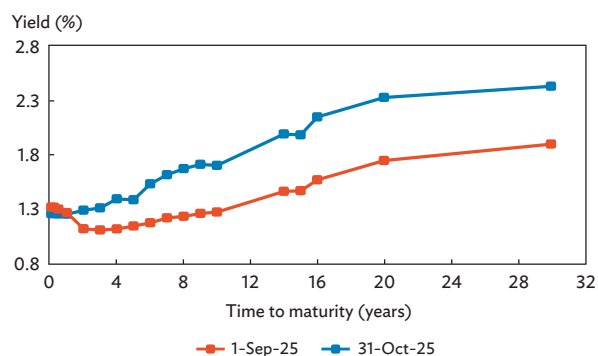
Yields edged downward an average of 4 basis points (bps) at the short end of the curve but increased an average of 40 bps for maturities of 2 years and longer (**Figure 1**). The decline in short-term yields indicated market expectations that the Bank of Thailand (BOT) will resume monetary policy easing at its next policy meeting in December. While the BOT held its policy rate steady at its October meeting, the monetary policy [statement](#) noted that the central bank stands ready to adjust monetary policy in response to changes in the economic and inflation outlooks. Meanwhile, longer-term bond yields rose due to elevated risks. In September, Fitch Ratings revised the outlook for Thailand's long-term foreign currency issuer default rating to "negative" on heightened risks from political uncertainty and a slow recovery in tourism. Expectations of an increase in the supply of bonds to help finance the government's new [stimulus programs](#) also pushed up longer-term bond yields.

Local Currency Bond Market Size and Issuance

Thailand's LCY bond market rebounded in the third quarter (Q3) of 2025, reaching a size of THB17.6 trillion at the end of September. LCY bonds outstanding gained 2.5% quarter-on-quarter (q-o-q), reversing the 1.0% q-o-q decline in the second quarter (Q2) of 2025 (**Figure 2**). The recovery was underpinned by increased issuance from the corporate bond segment. Corporate bonds outstanding edged up 0.1% q-o-q in Q3 2025 following a decline of 2.0% q-o-q in the previous quarter, buoyed by increased debt sales as several companies issued new bonds to refinance maturing debt. Meanwhile, the expansion of government bonds outstanding accelerated to 2.0% q-o-q in Q3 2025 from 0.4% q-o-q in Q2 2025, largely due to a smaller volume of maturities that offset the decline in issuance.

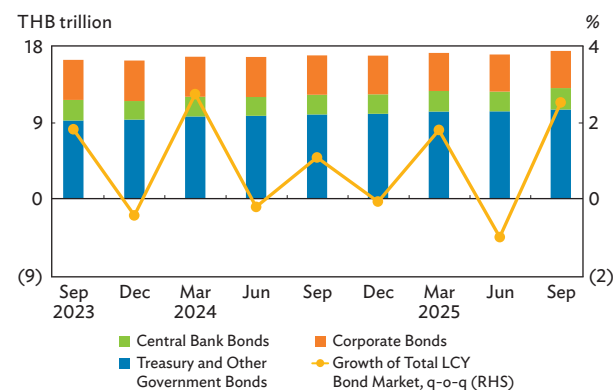
The private sector drove accelerated LCY bond issuance in Q3 2025. LCY bond issuance rose 2.6% q-o-q to THB2.2 trillion in Q3 2025, up from 2.2% q-o-q in

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



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

Figure 2: Composition of Local Currency Bonds Outstanding in Thailand

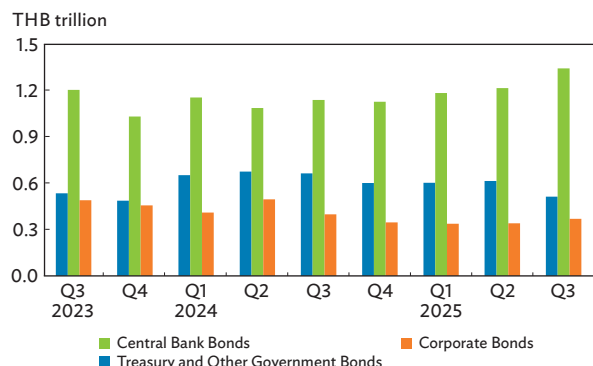


(-) = negative, LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

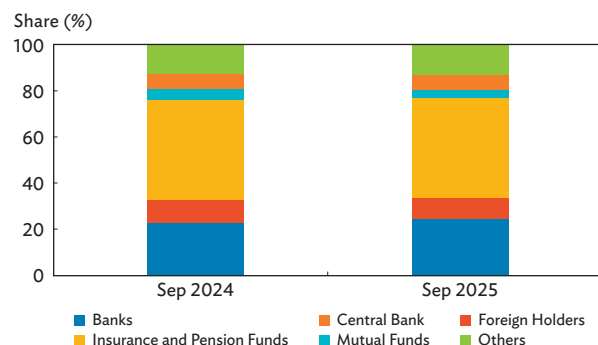
the previous quarter (**Figure 3**). The increased issuance of corporate bonds supported overall growth during the quarter. Growth in corporate bond issuance jumped to 8.7% q-o-q in Q3 2025 from 0.8% q-o-q in Q2 2025, as several firms issued new bonds to refinance maturing debt. A total of THB414.0 billion worth of [corporate bonds](#) are due to mature in the second half of 2025, while lower interest rates following the BOT's rate cut in August encouraged new bond issuance in Q3 2025. The largest corporate issuer was Thai Beverage, with a triple-tranche issuance totaling THB37.4 billion that accounted for 10.1% of total corporate issuance in Q3 2025. Meanwhile,

Figure 3: Composition of Local Currency Bond Issuance in Thailand



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

Figure 4: Investor Profile of Government Bonds in Thailand



Source: Bank of Thailand.

government bond issuance decreased 16.5% q-o-q to THB513.7 billion, following a relatively large volume of issuance in the previous quarter.

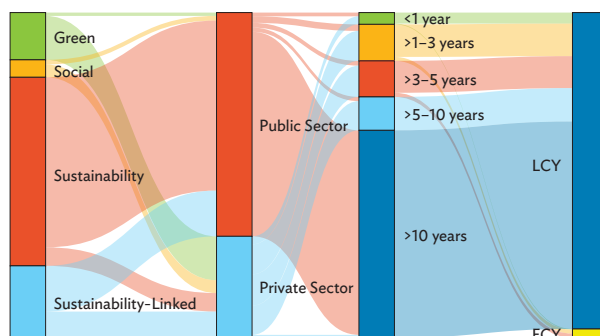
Investor Profile

Foreign holdings of Thai Treasury bonds decreased over the past year amid domestic and international uncertainties. At the end of September, the holdings share of foreign investors in Thai Treasury bonds edged down to 9.2% from 10.1% a year earlier amid heightened risks from domestic political conditions and global trade (Figure 4). Meanwhile, the BOT’s holdings share increased to 6.6% from 6.2% during the same period, as the central bank purchased THB67.0 billion of Thai Treasury bonds to help stabilize the bond market.

Sustainable Bond Market

Sustainability-linked instruments led issuance growth in Thailand’s sustainable bond market in Q3 2025. Thailand’s sustainable bond market reached USD27.6 billion at the end of September on robust expansion of 4.7% q-o-q. Sustainability bonds remained the most dominant bond type, accounting for 58.0% of outstanding sustainable bonds, followed by sustainability-linked bonds (SLBs) at 22.1% (Figure 5).

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



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

About 70.7% of new issuances in Q3 2025 were SLBs from both public and private sector issuers. Public sector issuances included THB30.0 billion from two reopenings of a 15-year government SLB.²⁸ The quarter also saw the first issuance of a state-owned enterprise SLB: a THB2.0 billion 5-year bond from the Electric Generating Authority of Thailand. Meanwhile, Thai Union, a food and beverage firm specializing in seafood, issued THB7.0 billion of SLBs in September, along with THB2.0 billion of blue bonds, as part of a fund-raising drive to meet its sustainability commitments. The increasing popularity of SLBs can be attributed to the flexibility of these instruments, as proceeds may be used for general purposes.

²⁸ The 15-year government sustainability-linked bond was launched on 25 November 2024 and was the first sovereign sustainability-linked instrument issued in Asia. The bond aims to reduce Thailand’s greenhouse gas emissions by 30% by 2030 and increase zero-emission vehicles by 440,000 passenger cars and pickup trucks by 2030. At the end of September 2025, the bond had an outstanding amount of THB128.0 billion from six reopenings following its initial issuance.

Viet Nam

Yield Movements

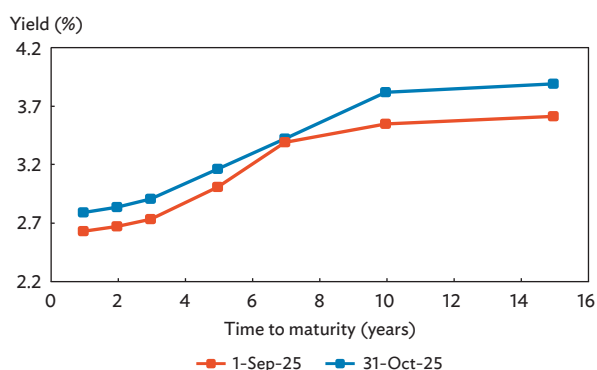
Between 1 September and 31 October, Viet Nam's local currency (LCY) government bond yields rose for all maturities, fueled by strong economic growth. Yields climbed an average of 18 basis points, with the 15-year bond showing the largest increase (28 basis points) (Figure 1). In the third quarter (Q3) of 2025, Viet Nam posted the fastest economic growth among all emerging East Asian economies at 8.2% year-on-year (y-o-y), up from 8.0% y-o-y in the previous quarter.²⁹ This was largely driven by a 7.8% y-o-y increase in domestic consumption, which accounted for about 60% of overall growth. To sustain the economic expansion, the government set targets of 16% credit growth in 2025 and 10% economic growth for 2026–2030.

Local Currency Bond Market Size and Issuance

The expansion of LCY bonds outstanding moderated in Q3 2025, totaling VND3,595.1 trillion as issuance from both the government and corporates declined. The total LCY debt stock grew at a slower pace of 3.1% quarter-on-quarter (q-o-q), compared to 8.2% q-o-q in the previous quarter (Figure 2). Both the government and corporate bond segments recorded moderated q-o-q expansions of 1.9% and 4.7%, respectively, on reduced issuance. By bond type, central bank securities posted the fastest q-o-q gain at 11.7%. This was a sharp deceleration from the previous quarter's 77.2% q-o-q expansion, despite a surge in issuance, due to a large volume of maturities.

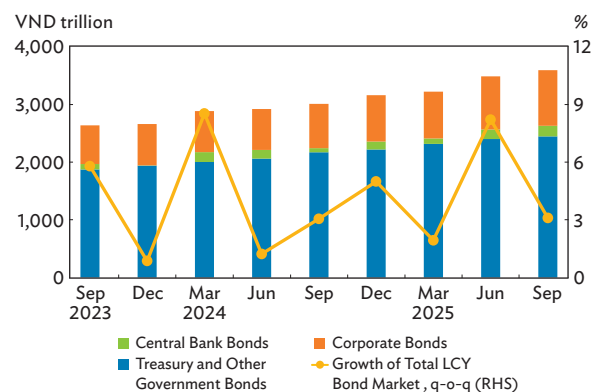
LCY bond issuance recovered in Q3 2025, rising 70.3% q-o-q to VND1,264.3 trillion. Overall growth was mainly driven by a sharp increase in central bank securities, which jumped more than twofold to VND1,110.4 trillion as the State Bank of Vietnam sought to support the Vietnamese dong (Figure 3). Meanwhile, issuance of Treasury and other government bonds fell 40.3% q-o-q as investors' demand for higher yields led to weak auction results, meeting only 45.2% of the Q3 2025 auction plan. Corporate bond issuance also contracted

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



Source: Based on data from Bloomberg LP.

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



LCY = local currency, 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.

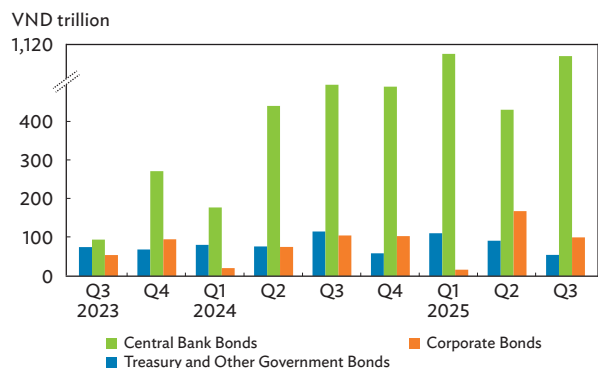
40.6% q-o-q amid the government's implementation of Decree 245 in September, which tightened rules on public bond offerings.³⁰ Nearly 90% of corporate issuance came from the banking (66.4%) and property sectors (23.4%). The two largest corporate issuers during the quarter were Vinhomes (VND15.0 trillion) and Military Commercial Joint Stock Bank (VND11.3 trillion), representing 15.1% and 11.4%, respectively, of the corporate issuance total.

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

²⁹ 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.

³⁰ On 11 September, the Government of Viet Nam issued Decree 245 mandating that public bond issuers have (i) credit ratings, (ii) a debt cap five times their charter capital, (iii) bondholder oversight, (iv) a minimum of 5-year bond terms for international issuers, and (v) stricter controls on the use of proceeds and faster exchange listings.

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

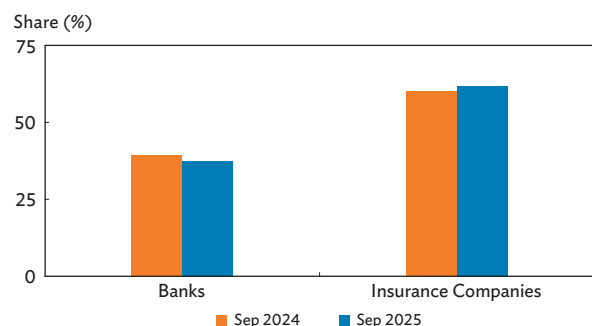


Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, VND = Vietnamese dong.
 Note: Other government bonds comprise government-guaranteed and municipal bonds.
 Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

Investor Profile

Insurance companies remained the largest investor group in the economy’s LCY bond market. Insurance companies held 61.6% of LCY government bonds at the end of September, up from 59.8% a year earlier (Figure 4). Meanwhile, banks’ holdings as a share of the total declined to 37.4% from 39.4% in the previous year as they prioritized lending to align with the government’s credit expansion strategy. The LCY government bond market remained dominated by these two investor groups with a combined holdings share of 99.0% at the end of Q3 2025.

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



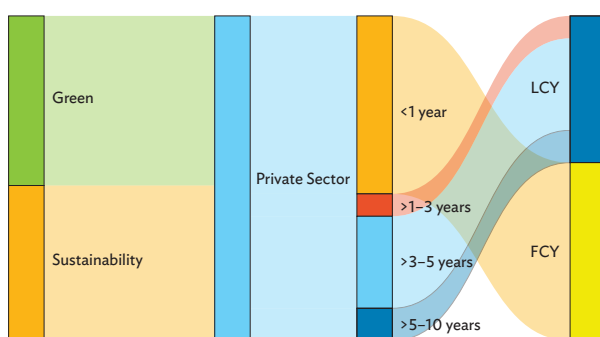
Source: Ministry of Finance, Viet Nam.

This lack of investor diversity in the economy’s bond market led to Viet Nam once again recording the highest Herfindahl–Hirschman Index score in the region.³¹

Sustainable Bond Market

In Q3 2025, private placements remained the preferred mode of issuance in Viet Nam’s sustainable bond market. Private placements, which limit investor participation and the dissemination of public information, continued to account for the majority of Viet Nam’s sustainable bonds outstanding. Therefore, to boost investor confidence, enhance transparency, and attract both domestic and international investors, the State Securities Commission launched the *Green Bond Disclosure Handbook* in October. Viet Nam has one of the smallest sustainable bond markets in emerging East Asia with a sustainable debt stock totaling USD1.1 billion at the end of Q3 2025, comprising only 0.2% of the region’s total. Green and sustainability bonds accounted for nearly equal shares of the market, with all issuances coming solely from the private sector (Figure 5). Viet Nam’s sustainable bond market also has one of the shortest size-weighted average tenors (2.2 years) in the region, with more than 60% of the economy’s sustainable debt stock carrying tenors of 3 years or less at the end of September. In terms of currency composition, about 55% of outstanding sustainable bonds were denominated in United States dollars, while the remaining 45% were denominated in Vietnamese dong.

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



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

³¹ The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the LCY bond market by summing the squared share of each investor group in the bond market.