

Policy and Regulatory Developments

People's Republic of China

The Government Unveiled 33 Stimulus Measures to Spur the Domestic Economy

In May, the Government of the People's Republic of China announced a package of 33 stimulus measures meant to shore up the domestic economy and provide support to companies in the wake of quarantine measures meant to contain the coronavirus disease (COVID-19). The measures include an expansion of companies covered by a value-added tax rebate, deferral of payments of social security premiums, an expansion of tax relief measures, a deferral of contributions to the housing provident fund, and boosted infrastructure spending, among others.

Hong Kong, China

Hong Kong Monetary Authority Participates in the Bank for International Settlements Renminbi Liquidity Arrangement

On 25 June, the Bank for International Settlements (BIS) announced a Renminbi Liquidity Arrangement developed with the People's Bank of China to provide liquidity to central banks through a new reserve pooling system. The Hong Kong Monetary Authority is among the initial group of central bank participants, which includes the People's Bank of China, Bank Indonesia, the Bank Negara Malaysia (BNM), the Monetary Authority of Singapore, and the Banco Central de Chile. To set up the reserve pool placed with the BIS, each participating central bank contributed a minimum of CNY15.0 billion. The arrangement complements existing BIS liquidity facilities in providing liquidity access to contributing central banks in times of market volatility.

Indonesia

State Budget 2023 Aims to Return Budget Deficit to Below 3.0% of Gross Domestic Product

In August, the President of Indonesia announced the government's commitment to reduce the budget deficit to within the legal cap of 3.0% of gross domestic product in 2023. The government's proposed 2023 state budget sets state revenues at IDR2,443.6 trillion and state expenditures at IDR3,041.7 trillion. Debt financing is projected to decline to IDR696.3 trillion. The 2023 state budget is guided by the following macroeconomic assumptions: (i) economic growth of 5.3%, (ii) inflation of 3.3%, and (iii) an exchange rate of IDR14,750 per USD1.0.

Republic of Korea

The Government Announces Plans to Improve Fiscal Soundness and Manage Global Economic Challenges

On 28 July, the Bank of Korea, Financial Services Commission, and Financial Supervisory Service held an emergency meeting to discuss the impact of the United States Federal Open Market Committee's July meeting on the domestic financial market. Representatives from these institutions stated that the Republic of Korea's strong fundamentals and responses to the challenges had more impact on capital flows than the interest rate reversal between United States Treasuries and domestic bonds, citing that Korean securities continued to register net foreign inflows in July. They also stated that the Republic of Korea is equipped to respond to these challenges, highlighting its high sovereign credit ratings and large foreign reserves. Nevertheless, the institutions will continue to monitor and increase the Republic of Korea's fiscal soundness and prepare preemptive measures and reforms to manage global economic challenges. These include, among others, (i) implementation of measures such as the government's emergency buyback of Korea Treasury Bonds (KTBs) and the Bank of Korea's buyback of KTBs in case of excessive volatility in the

market; (ii) improvement of foreign investors' accessibility to domestic financial markets; and (iii) efforts for the Republic of Korea to join the FTSE World Government Bond Index via the introduction of a new tax scheme that will exempt income and corporate income tax on capital gains earned from nonresidents' and foreign corporations' investment in KTBs and central bank bonds.

Malaysia

Cagamas Conducts Maiden Issuance Based on Malaysia Overnight Rate

On 5 July, Cagamas, the national mortgage corporation of Malaysia issued the first floating-rate note referencing the Malaysia Overnight Rate (MYOR). Launched by the BNM in September 2021, MYOR is Malaysia's alternative reference rate to replace the London Interbank Offered Rate. MYOR is also transaction-based, allowing for a more robust reference rate and one that is reflective of active and liquid markets in Malaysia. To improve financial benchmarking in Malaysia, in March the BNM also launched the Malaysia Islamic Overnight Rate for Shariah-compliant financial products. Proceeds from Cagamas' floating-rate conventional medium-term note will be used to finance the purchase of housing loans from Malaysia's financial system.

Philippines

Bureau of the Treasury Releases Its July–August Borrowing Plan

The Bureau of the Treasury released its borrowing plan for July and August. The government planned to borrow PHP200 billion for the month of July, comprising PHP60 billion worth of Treasury bills and PHP140 billion worth of Treasury bonds with tenors ranging between 7 years and 14 years. For the month of August, the borrowing target was set at PHP215 billion: PHP75 billion in Treasury bills and PHP140 billion in Treasury bonds with tenors ranging from 3.5 years to 10 years.

Singapore

Singapore Green Bond Framework Launched

On 9 June, the Government of Singapore published its Singapore Green Bond Framework, which provides guidelines for issuances of sovereign green bonds under the government's Significant Infrastructure Government Loan Act. The framework adheres to international best practices, outlining recognized market standards, strict oversight of the selection of projects and allocation of proceeds, and evaluation of green projects. The framework also stipulates that proceeds from green bonds issued by government agencies will be used to finance green projects under the Singapore Green Plan 2030, which facilitates the economy's transition to a low-carbon economy and advances the United Nation's Sustainable Development Goals.

Thailand

Public Debt Management Office Announces Results of Bond-Switching Transactions

On 13 May, the Public Debt Management Office announced the results of bond-switching transactions for government bonds totaling THB90.0 billion. The bond swap allowed bond holders to switch bonds with shorter maturities for those with longer maturities. The bond swap involved five source bonds with remaining maturities ranging from 0.6 year to 2.6 years and 10 destination bonds with remaining maturities ranging from 4.6 years to 50.1 years. Bond swap operations provide bond holders with an opportunity to adjust their investment portfolio and allow the government to extend its debt maturity profile, thereby reducing debt redemption pressures and boosting liquidity.

Viet Nam

State Bank of Vietnam Releases Guidance for Corporates Issuing International Bonds

In July, the State Bank of Vietnam released Circular No. 10/2022/TT-NHNN to provide guidance on foreign exchange management for corporates who issue bonds without a government guarantee in the international market. The circular provides the legal framework for borrowing and paying debt issued by corporates without guarantees. It also removed the requirement for a review of the bond issuance by a state-owned commercial bank. With the streamlined procedures, the regulation will encourage corporates to tap financing for their business operations through the issuance of international bonds.