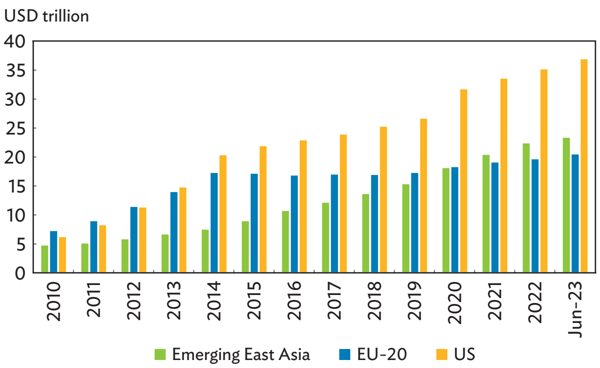
Bond Market Developments in the Second Quarter of 2023

Section 1. Size and Composition

Local currency (LCY) bonds outstanding in emerging East Asia amounted to USD23.1 trillion at the end of June, rising 7.9% from a year earlier.[3] Annual growth in the emerging East Asian LCY bond market exceeded that of the United States (US) and the European Union 20 (EU-20), which expanded 7.1% and 4.7%, respectively. In terms of overall size at the end of June, the emerging East Asian LCY bond market was equivalent to 63.1% of the US bond market and 114.2% of the EU-20 market (**Figure 1**).

On a quarterly basis, growth in the emerging East Asian LCY bond market decelerated to 2.0% in the second quarter (Q2) of 2023 from 2.2% in the preceding quarter (**Figure 2**)**.** The slower growth largely reflected a relatively high volume of maturities and moderated issuance of government bonds. Growth in Treasury and other government bonds eased to 2.3% quarter-on-quarter (q-o-q) in Q2 2023 from 2.6% q-o-q in the first quarter (Q1) as many regional governments had previously frontloaded bond issuance in the preceding quarter to support economic recovery or revised borrowing plans (**Table 1**). For example, the

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



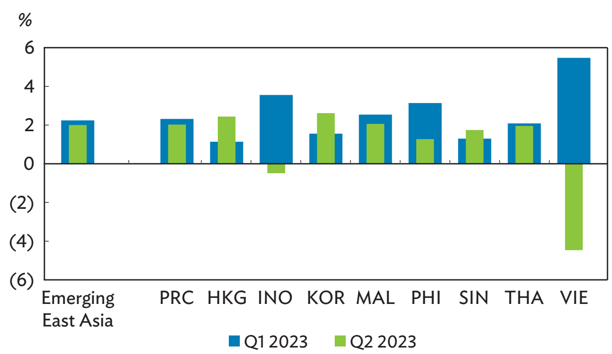
EU = European Union, US = United States, USD = United States dollar.

Notes:

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

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

Figure 2: Growth of Select Emerging East Asian Local Currency Bond Markets in the First and Second Quarters of 2023 (q-o-q, %)



( ) = negative; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; q-o-q = quarter-on-quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:

1. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
2. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 June 2023 currency exchange rates and do not include currency effects.

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

[3] 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.

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

	Q2 2022		Q1 2023		Q2 2023			Growth Rate (%) Q2 2023	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
China, People's Rep. of									
Total	18,368	104.0	18,957	106.5	18,325	100.0	107.4	2.0	8.0
Treasury and Other Government	11,896	67.4	12,489	70.2	12,122	66.1	71.0	2.4	10.3
Central Bank	2	0.01	2	0.01	2	0.01	0.01	0.0	0.0
Corporate	6,469	36.6	6,465	36.3	6,201	33.8	36.3	1.2	3.8
Hong Kong, China									
Total	334	92.0	357	98.2	366	100.0	99.6	2.4	9.6
Treasury and Other Government	24	6.7	29	8.0	30	8.2	8.1	3.3	22.9
Government	152	41.8	155	42.6	157	43.0	42.6	0.9	3.1
Corporate	158	43.5	173	47.6	180	48.8	48.8	3.7	13.7
Indonesia									
Total	369	30.2	411	30.6	409	100.0	29.9	(0.5)	11.5
Treasury and Other Government	335	27.4	377	28.1	376	91.9	27.5	(0.5)	12.8
Central Bank	4	0.4	4	0.3	4	0.9	0.3	(2.1)	(17.8)
Corporate	29	2.4	30	2.2	30	7.2	2.2	(0.8)	1.1
Korea, Rep. of									
Total	2,253	150.3	2,315	152.8	2,347	100.0	156.4	2.6	5.7
Treasury and Other Government	859	57.3	892	58.9	904	38.5	60.2	2.5	6.7
Central Bank	97	6.5	94	6.2	94	4.0	6.3	1.8	(1.3)
Corporate	1,296	86.5	1,329	87.7	1,349	57.5	89.9	2.7	5.5
Malaysia									
Total	410	125.6	433	152.8	419	100.0	126.7	2.0	8.2
Treasury and Other Government	230	70.6	247	58.9	239	57.1	72.3	2.2	9.8
Central Bank	0.2	0.1	0.5	6.2	3	0.6	0.8	500.0	1,311.8
Corporate	179	54.9	186	87.7	177	42.3	53.6	0.7	4.7
Philippines									
Total	196	52.4	212	50.9	212	100.0	50.4	1.3	8.3
Treasury and Other Government	158	42.3	173	41.5	175	82.4	41.6	2.3	10.7
Central Bank	10	2.8	10	2.4	8	4.0	2.0	(15.8)	(17.4)
Corporate	28	7.4	29	6.9	29	13.6	6.6	1.2	4.1
Singapore									
Total	449	101.2	504	103.8	504	100.0	105.8	1.7	9.3
Treasury and Other Government	163	36.7	175	36.0	180	35.6	37.7	4.4	7.4
Central Bank	158	35.7	195	40.1	198	39.2	41.5	3.1	21.4
Corporate	128	28.8	134	27.6	127	25.2	26.6	(3.8)	(3.2)
Thailand									
Total	427	90.4	466	90.6	459	100.0	91.8	1.9	7.6
Treasury and Other Government	234	49.6	264	51.2	257	56.0	51.4	1.1	9.9
Central Bank	73	15.4	68	13.2	67	14.6	13.4	1.8	(7.6)
Corporate	120	25.4	135	26.2	135	29.3	26.9	3.6	12.3
Viet Nam									
Total	101	26.3	112	27.3	107	100.0	25.7	(4.5)	7.6
Treasury and Other Government	66	17.3	76	18.5	78	72.7	18.7	2.3	19.2
Central Bank	4	1.2	5	1.1	0	0.0	0.0	(100.0)	(100.0)
Corporate	30	7.9	31	7.6	29	27.3	7.0	(6.6)	(2.2)
Emerging East Asia									
Total	22,906	100.7	23,768	102.4	23,147	100.0	103.1	2.0	7.9
Treasury and Other Government	13,967	61.4	14,723	63.5	14,359	62.0	64.0	2.3	10.2
Central Bank	501	2.2	533	2.3	532	2.3	2.4	1.1	5.6
Corporate	8,438	37.1	8,512	36.7	8,256	35.7	36.8	1.4	4.3
Japan									
Total	9,669	237.2	10,184	240.5	9,358	100.0	236.9	(0.2)	2.9
Treasury and Other Government	8,923	218.9	9,409	222.2	8,654	92.5	219.0	(0.1)	3.1
Central Bank	43	1.1	33	0.8	14	0.1	0.3	(54.1)	(66.1)
Corporate	702	17.2	742	17.5	691	7.4	17.5	1.1	4.6

( ) = negative, – = not applicable, GDP = gross domestic product, q-o-q = quarter-on-quarter, Q1 = first quarter, Q2 = second quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:
1. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
2. Corporate bonds include issues by financial institutions.
3. Data for GDP is from CEIC Data Company.
4. Bloomberg LP end-of-period local currency–USD rates are used.
5. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 June 2023 currency exchange rates and do not include currency effects.

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

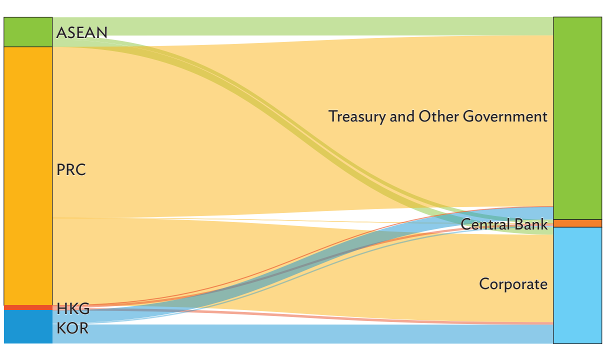
decline in Indonesia's LCY bond market was largely driven by decreased government bond issuance as the government reduced its borrowing plan for 2023 on expected high revenue collection. Viet Nam's bond market witnessed a contraction of 4.5% q-o-q, primarily driven by a decline in corporate bonds as corporates remained wary of issuing bonds amid several regulatory changes. Growth in the region's corporate bond market eased to 1.4% q-o-q in Q2 2023 from 1.6% q-o-q in the previous quarter due to a sizeable amount of maturities in nearly all markets.

Total LCY bonds outstanding in Association of Southeast Asian Nations (ASEAN) markets reached USD2.1 trillion at the end of June, equivalent to 60.1% of ASEAN's annual aggregate output. ASEAN's share of the emerging East Asian LCY bond market declined slightly to 9.1% in Q2 2023 from 9.2% in Q1 2023 (**Figure 3**). The PRC remained home to the largest LCY bond market in emerging East Asia, with outstanding LCY bonds of USD18.3 trillion at the end of June, or the equivalent of 107.4% of the PRC's gross domestic product (GDP). The PRC's bond market also accounted for 79.2% of all emerging East Asian LCY bonds outstanding. Meanwhile, the Republic of Korea's LCY bond market, the region's second largest, reached a size of USD2.3 trillion (156.4% of GDP) at the end of June, comprising 10.1% of the regional total. In terms of the sectoral structure of the regional LCY bond market, Treasury and other government bonds totaled USD14.4 trillion at the end of June, accounting for 62.0% of all regional LCY bonds outstanding. Corporate bonds comprised 35.7% of the region's total LCY bonds at the end of June, while central bank bonds accounted for the remaining 2.3% share.

Outstanding LCY Treasury bonds in emerging East Asia remained concentrated in medium- to long-term tenors. At the end of June, 53.2% of the region's Treasury bonds outstanding had maturities longer than 5 years (**Figure 4**). Treasury bonds outstanding in the region had a size-weighted average tenor of 8.5 years at the end of June, slightly higher than 8.3 years at the end of March. Except for the PRC and Hong Kong, China, all markets in the region had bond maturity profiles in which more than 50% of Treasury bonds outstanding carried tenors longer than 5 years. In the PRC and Hong Kong, China, Treasury bonds with maturities of 5 years or less comprised 52.9% and 84.4%, respectively, of total Treasury bonds outstanding.

Domestic investors expanded their holdings of emerging East Asian LCY Treasury bonds over the last year. Domestic investors collectively held 88.9% of regional LCY Treasury bonds at the end of June, up from 87.5% a year earlier. Over half of all LCY Treasury bonds in the region were held by banking institutions. By the end of June, the amount of LCY Treasury bonds

Figure 3: Local Currency Bonds Outstanding by Economy and Type of Bond as of 30 June 2023

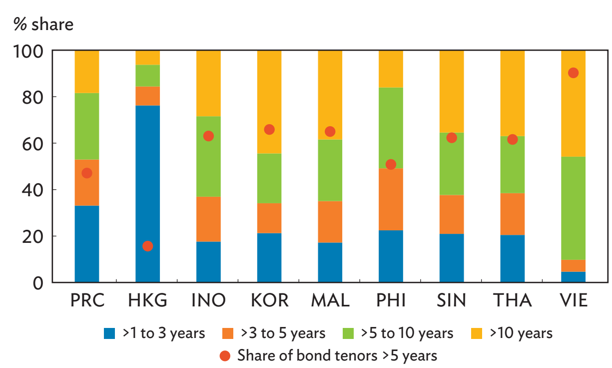


ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; KOR = Republic of Korea; PRC = People's Republic of China.

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

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

Figure 4: Maturity Structure of Local Currency Treasury Bonds Outstanding in Select Emerging East Asian Markets as of 30 June 2023

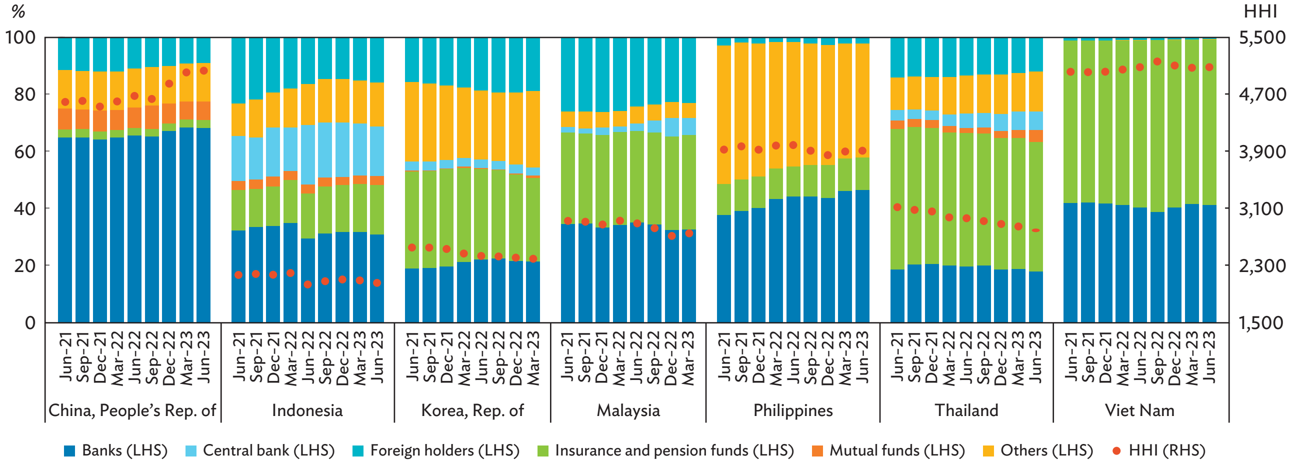


HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

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

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

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



LHS = left-hand side, HHI = Herfindahl–Hirschman Index, RHS = right-hand side.

Notes:

1. Data for the Republic of Korea and Malaysia are up to March 2023.
2. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of the local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

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

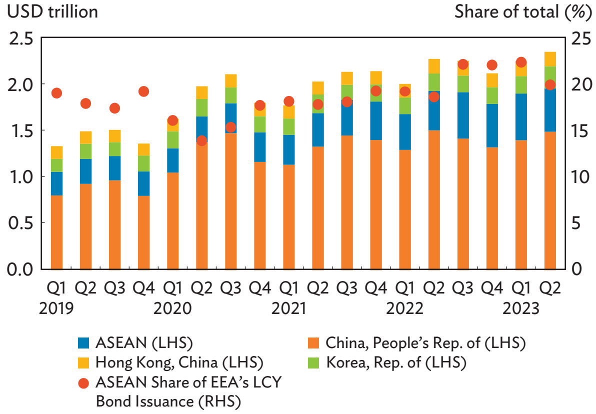
held by domestic banks was nearly 70% in the PRC; over 40% in the Philippines and Viet Nam; and around 31% in Indonesia, where the most diversified investor base was observed as measured by the Herfindahl–Hirschman Index of investor types (**Figure 5**). The next largest domestic investor group in the region comprised insurance firms and pension funds, which held a 12.1% share of regional LCY government bonds. The bond holdings share of insurance and pension funds was the largest in Viet Nam (58.1%); followed by Thailand (45.6%); Malaysia (33.1%); and the Republic of Korea (29.4%), where insurance and pension funds were the largest investor group, respectively. Moreover, lingering uncertainties over the US Federal Reserve's monetary tightening path resulted in a decline in the foreign holdings share in some regional markets in recent quarters. Overall, LCY bond markets in the region continue to develop with a more diversified investor base as reflected by the decline of the Herfindahl–Hirschman Index in many markets.

Section 2. Local Currency Bond Issuance

Emerging East Asia's LCY bond issuance reached USD2.4 trillion in Q2 2023 on moderated issuance growth. Overall growth of regional LCY bond issuance eased from 6.2% q-o-q and 12.2% y-o-y in Q1 2023 to 4.6% q-o-q and 3.5% y-o-y in Q2 2023. The region's aggregate LCY bond issuance in Q2 2023 was equivalent to 74.8% of total issuance in the US (USD3.1 trillion) and over two times that of the EU-20's aggregate LCY issuance (USD1.0 trillion). In ASEAN markets, LCY bond issuance contracted 6.5% q-o-q in Q2 2023, a reversal from the 7.7% q-o-q growth in Q1 2023. As a result, ASEAN's share of the region's LCY bond issuance fell to 20.0% in Q2 2023 from 22.4% in Q1 2023 (**Figure 6**).

The region's LCY government bond issuance totaled USD980.0 billion in Q2 2023 on marginal growth of 2.2% q-o-q, following a 12.4% q-o-q increase in Q1 2023 (Figure 7). While the PRC accounted for 85.4% of regional total government bond issuance, supported by increases in Treasury and local government bond issuance, the growth eased to 2.7% q-o-q in Q2 2023 from 10.8% q-o-q in Q1 2023 on reduced issuance of policy bank bonds. Government bond issuance in ASEAN markets (USD87.3 billion) shrank 12.5% q-o-q in Q2 2023, and their share in total regional government bonds fell to 8.9% in Q2 2023 from 10.4% in the previous quarter. Four out of six ASEAN markets saw reduced government bond issuance in Q2 2023, as governments frontloaded their financing needs in Q1 2023. Meanwhile, the Republic of Korea posted a 27.2% q-o-q increase in government bond issuance

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



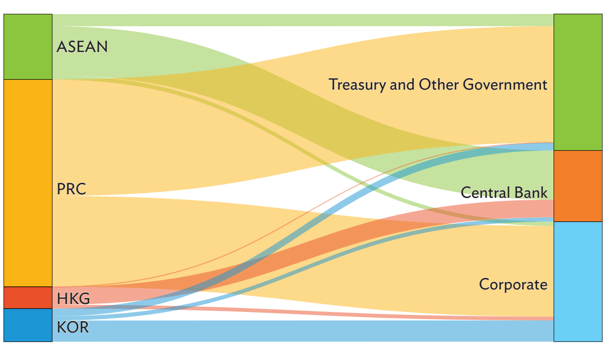
ASEAN = Association of Southeast Asian Nations, EEA = emerging East Asia, LCY = local currency, LHS = left-hand side, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, USD = United States dollar.

Notes:

1. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Figures were computed based on 30 June 2023 currency exchange rates and do not include currency effects.

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

Figure 7: Local Currency Bond Issuance by Economy and Type of Bond in the Second Quarter of 2023



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

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

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

in Q2 2023, as the government aimed to utilize 65% of its budget expenditures in the first half of the year. Central bank bond issuance in the region comprised 21.7% of the region's total LCY issuance in Q2 2023. ASEAN economies accounted for a 69.2% share of total central bank bond issuance in the region, led by the Monetary Authority of Singapore. The Hong Kong Monetary Authority was the second-largest central bank bond issuer in the region, accounting for 24.9% of emerging East Asia's central bank issuance during the quarter.

LCY corporate bond issuance in the region rebounded in Q2 2023 due to refinancing needs. Total corporate bond issuance in emerging East Asia reached USD861.2 billion in Q2 2023, rising 12.6% q-o-q, a reversal from the 1.1% q-o-q contraction in Q1 2023 (**Table 2**). Most regional markets posted higher issuance volumes in Q2 2023 amid large corporate bond maturities, which resulted in slower corporate bond outstanding growth. The PRC continued to be the largest corporate bond issuer in the region with a share of 75.6%. Corporate bond issuance in the PRC rose 11.8% q-o-q in Q2 2023, following a 0.6% q-o-q decline in Q1 2023. The Republic of Korea, with a share of 17.7% of the regional total, also posted accelerated growth of 28.0% q-o-q in Q2 2023 from a 6.2% q-o-q contraction in the previous quarter. ASEAN economies registered growth in corporate bond issuance of 9.1% q-o-q, reversing a contraction of 23.3% q-o-q in Q1 2023.

Treasury bond issuance in emerging East Asia in Q2 2023 remained concentrated in medium- to long-term financing. In Q2 2023, 54.8% of Treasury bond issuance in the region had tenors of more than 5 years (**Figure 8**). Treasury bonds issued in the region during the quarter had a size-weighted average maturity of 6.7 years, similar to the average of 6.9 years in Q1 2023. In Viet Nam, tenors of 5 years and above accounted for 96.1% of Treasury bond issuance (**Figure 9**).

Section 3. Intra-Regional Bond Issuance

Intra-regional bond issuance in emerging East Asia increased to USD13.0 billion in Q2 2023 from USD11.1 billion in Q1 2023 (Figure 10).[4] Total intra-regional bond issuance in Q2 2023 was double the USD6.5 billion of issuance in Q2 2022. Monthly intra-regional issuance reached USD4.4 billion in April and

[4] Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a member's currency excluding the issuer's home currency.

Table 2: Local-Currency-Denominated Bond Issuance (gross)

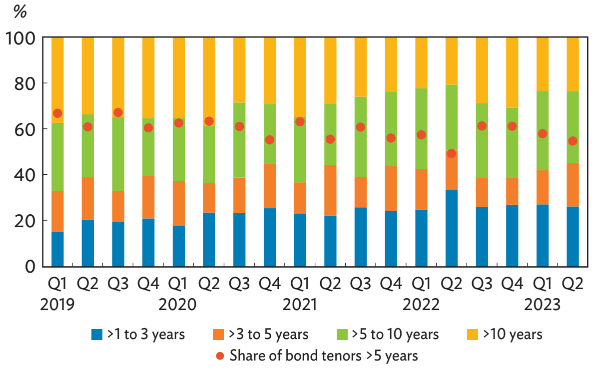
	Q2 2022		Q1 2023		Q2 2023		Growth Rate (%) Q2 2023	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y
China, People's Rep. of								
Total	1,629	100.0	1,475	100.0	1,488	100.0	6.5	(1.1)
Treasury and Other Government	996	61.1	860	58.3	837	56.2	2.7	(9.0)
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	633	38.9	615	41.7	651	43.8	11.8	11.4
Hong Kong, China								
Total	156	100.0	161	100.0	156	100.0	(3.2)	(0.5)
Treasury and Other Government	4	2.3	1	0.6	1	0.8	21.8	(66.7)
Government	121	77.3	124	77.3	127	81.7	2.2	5.1
Corporate	32	20.4	35	22.0	27	17.6	(22.9)	(14.2)
Indonesia								
Total	34	100.0	36	100.0	23	100.0	(35.7)	(31.5)
Treasury and Other Government	10	29.1	16	45.1	10	43.4	(38.1)	2.4
Central Bank	22	65.0	18	49.8	12	52.0	(33.0)	(45.2)
Corporate	2	6.0	2	5.0	1	4.6	(41.3)	(47.1)
Korea, Rep. of								
Total	191	100.0	190	100.0	237	100.0	26.6	26.1
Treasury and Other Government	61	31.9	44	23.0	55	23.2	27.2	(8.5)
Central Bank	18	9.6	26	13.5	30	12.7	18.6	67.2
Corporate	112	58.5	120	63.4	152	64.2	28.0	38.4
Malaysia								
Total	25	100.0	23	100.0	25	100.0	12.1	3.9
Treasury and Other Government	15	59.8	16	68.0	13	53.6	(11.6)	(6.9)
Central Bank	0.2	0.8	0.5	2.0	3	10.5	500.0	1,311.8
Corporate	10	39.4	7	30.0	9	35.9	33.9	(5.4)
Philippines								
Total	44	100.0	50	100.0	39	100.0	(19.2)	(9.2)
Treasury and Other Government	10	23.6	17	34.8	10	26.3	(39.0)	1.3
Central Bank	32	72.6	32	64.3	28	70.7	(11.2)	(11.6)
Corporate	2	3.8	0.4	0.9	1	3.0	177.6	(29.1)
Singapore								
Total	243	100.0	295	100.0	310	100.0	6.9	24.5
Treasury and Other Government	30	12.2	29	9.9	34	10.8	16.7	10.4
Central Bank	209	86.2	264	89.4	276	88.8	6.2	28.2
Corporate	4	1.5	2	0.7	1	0.4	(43.9)	(69.4)
Thailand								
Total	61	100.0	68	100.0	70	100.0	7.1	14.3
Treasury and Other Government	20	32.0	18	26.3	18	25.5	4.1	(8.7)
Central Bank	25	40.5	34	50.1	35	49.8	6.4	40.6
Corporate	17	27.6	16	23.6	17	24.7	12.0	2.4
Viet Nam								
Total	12	100.0	40	100.0	3	100.0	(93.4)	(76.7)
Treasury and Other Government	1	12.1	6	13.8	2	78.6	(62.0)	50.9
Central Bank	7	62.1	34	83.2	0	0.0	(100.0)	(100.0)
Corporate	3	25.8	1	3.0	0.6	21.4	(52.9)	(80.7)
Emerging East Asia								
Total	2,395	100.0	2,338	100.0	2,352	100.0	4.6	3.5
Treasury and Other Government	1,146	47.9	1,006	43.1	980	41.7	2.2	(8.3)
Central Bank	435	18.1	532	22.7	510	21.7	(2.9)	16.0
Corporate	814	34.0	799	34.2	861	36.6	12.6	12.8
Japan								
Total	412	100.0	489	100.0	380	100.0	(15.7)	(2.0)
Treasury and Other Government	368	89.3	466	95.2	349	91.9	(18.6)	0.8
Central Bank	16	3.9	0	0.0	0	0.0	–	(100.0)
Corporate	28	6.7	23	4.8	31	8.1	43.5	17.7

( ) = negative, – = not applicable, Q1 = first quarter, Q2 = second quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:
1. Corporate bonds include issues by financial institutions.
2. Bloomberg LP end-of-period local currency–USD rates are used.
3. Growth rates are calculated from local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 June 2023 currency exchange rates and do not include currency effects.

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

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



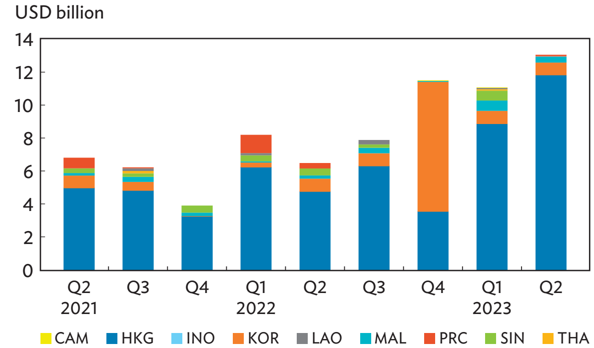
Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Notes:

1. Figures were computed based on 30 June 2023 currency exchange rates and do not include currency effects.
2. Treasury bonds are local-currency-denominated fixed-income securities with maturities longer than 1 year and issued by the national government.

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

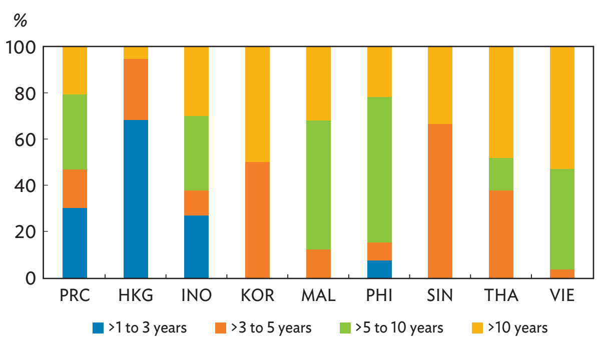
Figure 10: Intra-Regional Bond Issuance in Select Emerging East Asian Economies



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

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

Figure 9: Maturity Structure of Local Currency Treasury Bond Issuance in Emerging East Asia by Market in the Second Quarter of 2023

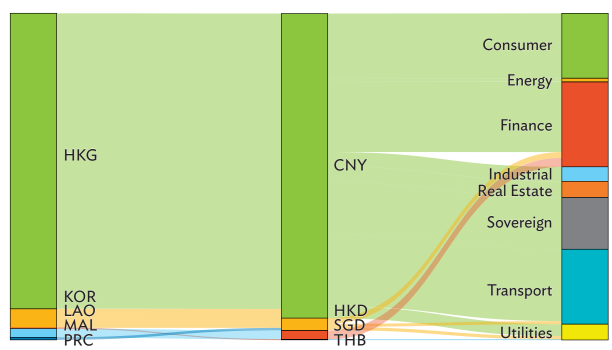


HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

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

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

Figure 11: Intra-Regional Bond Issuance in Emerging East Asia by Economy, Currency, and Sector in the Second Quarter of 2023



CNY = Chinese yuan; HKD = Hong Kong dollar; HKG = Hong Kong, China; KOR = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; PRC = People's Republic of China; SGD = Singapore dollar; THB = Thai baht.

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

USD4.3 billion in both May and June. Increased intra-regional bond issuance in Q2 2023 was mainly driven by Hong Kong, China, whose bond issuance rose 33.1% q-o-q, offsetting decreased issuance in the Republic of Korea, Malaysia, and the Lao People's Democratic Republic. The PRC resumed intra-regional bond issuance during the quarter with USD0.1 billion of issuance via a single-tranche bond from CMB International. Hong Kong, China was the region's largest issuer of intra-regional bonds during the quarter with a total issuance volume of USD11.8 billion, accounting for 90.5% of the regional total. China Merchants Group, a state-owned logistics company domiciled in Hong Kong, China, was the largest issuer of intra-regional bonds during the quarter with aggregate issuance of USD2.8 billion.

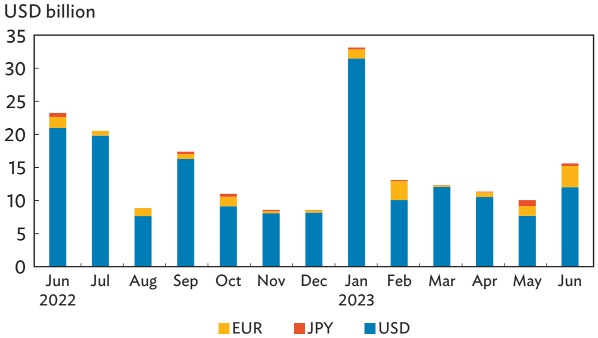
The Chinese yuan remained the region's dominant currency for intra-regional bond issuance in Q2 2023. CNY-denominated issuance totaled USD12.2 billion, coming entirely from Hong Kong, China and the Republic of Korea, and accounting for 93.3% of the regional total (**Figure 11**). Other intra-regional issuances were denominated in Hong Kong dollars, Singapore dollars, and Thai baht, which collectively accounted for 6.7% of the total intra-regional issuance in emerging East Asia.

In Q2 2023, issuance of intra-regional bonds in emerging East Asia was mostly distributed in four sectors. The financial sector remained the largest source of intra-regional bonds in the region despite a contraction of 15.9% q-o-q in Q2 2023 on issuance of USD3.4 billion (26.1% regional share) versus USD4.0 billion in Q1 2023. The transportation sector was the second-largest issuer of intra-regional bonds with USD3.0 billion (22.9% regional share), which was down from USD3.4 billion in the prior quarter. The consumer sector and sovereign issuers were the third- and fourth-largest sources of intra-regional bonds in Q2 2023, respectively, accounting for 19.9% and 15.9% of the regional total.

Section 4. G3 Currency Bond Issuance

Issuance of G3 currency bonds in emerging East Asia totaled USD36.9 billion in Q2 2023, 36.9% lower than the USD58.4 billion issued in Q1 2023 (Figure 12). USD-denominated issuance accounted for 81.7% of the region's G3 currency bond issuance in Q2 2023, despite contracting 55.1% y-o-y. Compared with Q2 2022, total G3 currency bond issuance contracted 49.7% due to high interest rates. The PRC witnessed a 72.9% y-o-y contraction in its G3 currency issuance. The Republic of Korea surpassed the PRC and became the region's largest G3 currency bond issuer during the quarter. ASEAN markets' G3 currency bond issuance fell 52.2% y-o-y to USD7.2 billion in Q2 2023, accounting for 19.5% of the regional total (**Figure 13**). Among ASEAN markets, Malaysia and Indonesia had the highest issuance of G3 currency bonds at USD3.4 billion and USD2.1 billion, respectively. Cambodia, the Lao People's Democratic Republic, the Philippines, and Viet Nam had no issuance of G3 currency bonds during the review period.

Figure 12: Monthly G3 Currency Bond Issuance in Select Emerging East Asian Markets

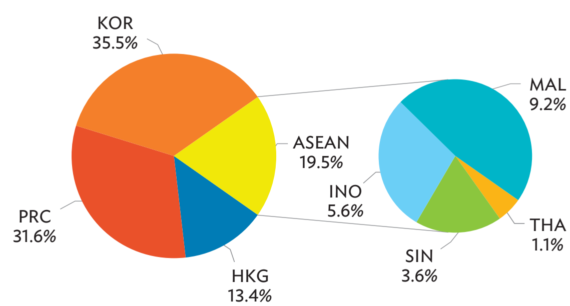


EUR = euro, JPY = Japanese yen, USD = United States dollar.

Notes:
1. Emerging East Asia comprises Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
3. Figures were computed based on 30 June 2023 currency exchange rates and do not include currency effects.

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

Figure 13: G3 Currency Bond Issuance in Emerging East Asia in the Second Quarter of 2023



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

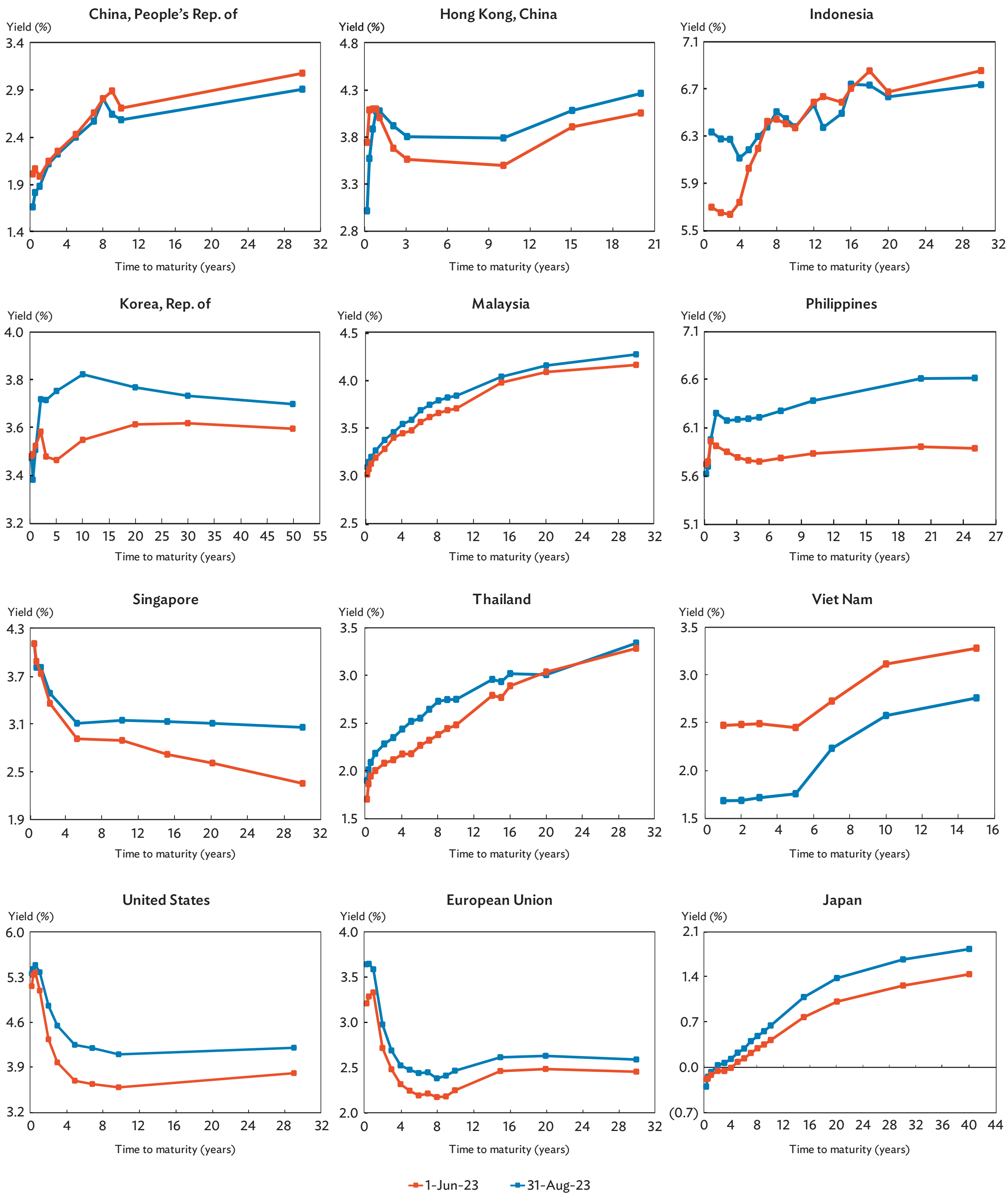
Note: G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.

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

Section 5. Yield Curve Movements

Between 1 June and 31 August, LCY government bond yield curves shifted upward in most regional markets (Figure 14). During the review period, continued monetary tightening, elevated inflation, and resilient economic indicators in the US pushed up regional yields. The exceptions to the regional trend were the PRC and Viet Nam. Both the PRC's and Viet Nam's yields fell following key interest rate reductions by their respective central banks in June and additional interest rate cuts in August for the PRC.

Figure 14: Benchmark Yield Curves—Local Currency Government Bonds



( ) = negative.

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