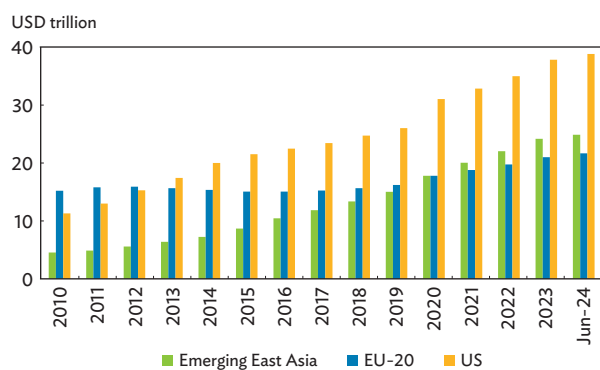


Bond Market Developments in the Second Quarter of 2024

Section 1. Local Currency Bonds Outstanding

Emerging East Asian local currency (LCY) bonds outstanding rose to USD25.1 trillion at the end of June on a year-on-year (y-o-y) expansion of 9.2%.² The pace of annual growth in the emerging East Asian LCY bond market continued to surpass that of the United States (US) (6.8%) and the European Union 20 (EU-20) (5.0%). At the end of June, the size of the emerging East Asian LCY bond market was equivalent to 64.7% of the US market (USD38.7 trillion) and 115.8% of the EU-20 market (USD21.6 trillion) (Figure 1).

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



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

Notes:

- 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.
- The EU-20 includes the member markets of Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); EU-20 (European Central Bank); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG 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 (Securities Industry and Financial Markets Association and Bloomberg LP); and Viet Nam (Vietnam Bond Market Association and Bloomberg LP).

Increased issuance of Treasury bonds in the People's Republic of China (PRC) helped offset slower growth in the rest of emerging East Asia. Total LCY bonds outstanding grew 2.3% quarter-on-quarter (q-o-q) in the second quarter (Q2) of 2024, up from 1.4% q-o-q in the first quarter (Q1) (Table 1). The stock of corporate bonds grew 1.5% q-o-q in Q2 2024, up from 1.2% in Q1 2024, due to increased issuance in the PRC and most members of the Association of Southeast Asian Nations (ASEAN). To finance stimulus measures to support the slowing economy, the Government of the PRC increased Treasury bond issuance by 41.6% q-o-q in Q2 2024 (Figure 2). Five of the region's nine LCY bond markets saw slower growth in Q2 2024 than in the previous quarter (Figure 3), with actual contractions in Hong Kong, China (as Treasury bonds matured); Thailand (as issuance of central bank bonds fell); and Viet Nam (as issuance of both central bank and Treasury bonds declined). In Hong Kong, China, issuance of government bonds contracted amid a transition from the existing government bond program to the newly established infrastructure and sustainable bond programs. Central bank issuance in Thailand, as well as government and central bank issuance in Viet Nam, declined in response to domestic market liquidity conditions.

The share of ASEAN members' outstanding bonds in emerging East Asia's overall LCY bond market remained below 10%. At the end of June, the aggregate amount of ASEAN LCY bonds outstanding reached USD2.2 trillion, comprising 8.9% of the emerging East Asian LCY bond market (Figure 4). Within ASEAN, Singapore's LCY bond market (USD0.6 trillion) was the largest and Viet Nam's market (USD0.1 trillion) remained the smallest. Meanwhile, the PRC's LCY bond market (USD20.0 trillion) represented 79.7% of the emerging East Asian total, while that of the Republic of Korea (USD2.5 trillion) and Hong Kong, China (USD0.4 trillion) accounted for 9.9% and 1.6% shares, respectively. Treasury bonds (USD15.6 trillion) remained the dominant type of LCY bond in emerging East Asia, representing 62.3% of the region's total outstanding bonds; corporate

² Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

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

	Q2 2023		Q1 2024		Q2 2024			Growth Rate (%)	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	Q2 2024	
								q-o-q	y-o-y
People's Republic of China									
Total	18,325	107.6	19,667	111.6	19,971	100.0	113.0	2.2	9.2
Treasury and Other Government	12,122	71.2	13,031	74.0	13,320	66.7	75.3	2.8	10.1
Central Bank	2	0.01	2	0.01	2	0.01	0.01	0.0	0.0
Corporate	6,201	36.4	6,634	37.7	6,649	33.3	37.6	0.9	7.4
Hong Kong, China									
Total	367	100.1	389	100.5	389	100.0	98.4	(0.4)	5.5
Treasury and Other Government	30	8.2	37	9.5	33	8.5	8.4	(9.9)	10.4
Government	157	42.7	162	41.9	164	42.2	41.6	1.0	4.4
Corporate	181	49.3	190	49.2	191	49.2	48.4	0.2	5.6
Indonesia									
Total	409	29.9	428	32.1	440	100.0	33.6	6.1	17.4
Treasury and Other Government	376	27.5	370	27.8	364	82.9	27.9	1.6	5.9
Central Bank	4	0.3	29	2.2	47	10.7	3.6	69	1,334.3
Corporate	30	2.2	29	2.2	28	6.4	2.2	1.1	4.5
Republic of Korea									
Total	2,347	131.8	2,426	133.9	2,469	100.0	136.8	3.9	9.9
Treasury and Other Government	904	50.8	906	50.0	911	36.9	50.4	2.7	5.2
Central Bank	94	5.3	89	4.9	87	3.5	2.1	(0.3)	(3.7)
Corporate	1,349	75.8	1,431	79.0	1,471	59.6	81.5	5.0	14.0
Malaysia									
Total	419	126.5	432	128.8	437	100.0	128.2	0.9	5.5
Treasury and Other Government	239	72.2	250	74.4	254	58.2	74.6	1.6	7.5
Central Bank	3	0.8	3	0.8	0.4	0.1	0.1	(84.6)	(83.3)
Corporate	177	53.5	180	53.6	182	41.7	53.5	1.3	4.0
Philippines									
Total	212	50.4	219	49.5	214	100.0	49.3	1.9	7.1
Treasury and Other Government	175	41.5	180	40.9	178	83.3	41.0	2.8	8.2
Central Bank	8	2.0	14	3.1	14	6.5	3.2	6.8	74.4
Corporate	29	6.9	25	5.6	22	10.2	5.0	(7.7)	(19.4)
Singapore									
Total	503	100.9	545	107.3	572	100.0	111.0	5.5	14.1
Treasury and Other Government	180	36.1	192	37.9	205	35.9	39.9	7.2	14.6
Central Bank	198	39.7	228	44.9	238	41.6	46.1	4.7	20.6
Corporate	125	25.2	124	24.4	129	22.5	25.0	4.3	3.1
Thailand									
Total	459	91.7	465	94.0	460	100.0	92.8	(0.2)	3.9
Treasury and Other Government	257	51.4	269	54.2	269	58.5	54.3	1.1	8.4
Central Bank	67	13.4	65	13.1	61	13.2	12.3	(5.3)	(5.9)
Corporate	135	26.9	132	26.6	130	28.3	26.3	(0.4)	0.3
Viet Nam									
Total	108	25.9	116	27.5	108	100.0	25.8	(3.7)	8.5
Treasury and Other Government	79	18.9	81	19.3	81	74.5	19.2	2.2	10.8
Central Bank	0	0.0	6	1.4	0	0.0	0.0	(100.0)	-
Corporate	29	7.0	29	6.8	28	25.5	6.6	(0.8)	2.2
Emerging East Asia									
Total	23,147	101.9	24,687	105.7	25,059	100.0	107.1	2.3	9.2
Treasury and Other Government	14,360	63.2	15,317	65.6	15,615	62.3	66.8	2.8	9.7
Central Bank	532	2.3	597	2.6	613	2.4	2.6	3.5	16.7
Corporate	8,255	36.4	8,773	37.6	8,831	35.2	37.8	1.5	8.0
Japan									
Total	9,358	234.2	9,078	230.4	8,559	100.0	229.7	0.2	2.0
Treasury and Other Government	8,654	216.6	8,376	212.5	7,889	92.2	211.7	0.1	1.6
Central Bank	14	0.3	25	0.6	23	0.3	0.6	(2.4)	82.3
Corporate	691	17.3	677	17.2	647	7.6	17.4	1.60	4.4

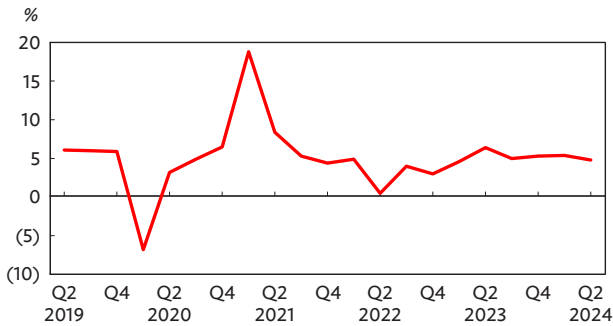
() = negative, - = not applicable, GDP = gross domestic product, q-o-q = quarter-on-quarter, Q1 = first quarter, Q2 = second quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

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

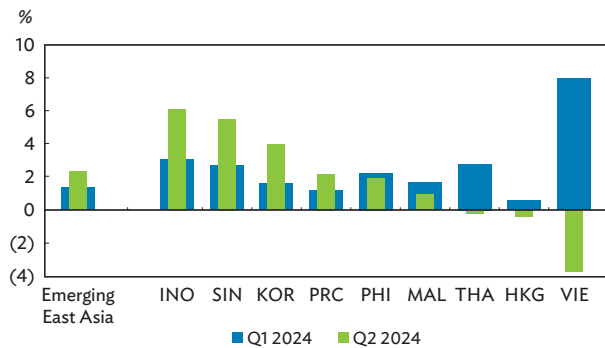
Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Japan (Japan Securities Dealers Association); Republic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

Figure 2: Real Gross Domestic Product Growth in the People’s Republic of China (y-o-y, %)



() = negative, Q2 = second quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Source: National Bureau of Statistics of China.

Figure 3: Growth of Select Emerging East Asian Local Currency Bond Markets (q-o-q, %)



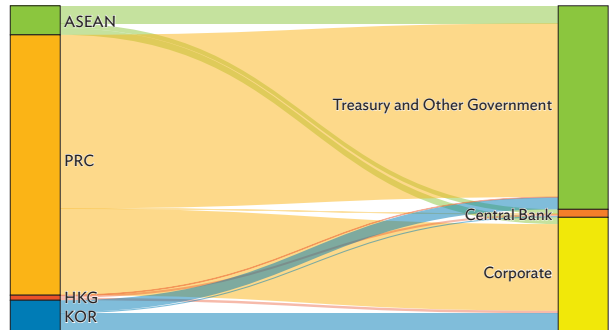
() = negative; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People’s Republic of China; Q1 = first quarter; Q2 = second quarter; q-o-q = quarter-on-quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:

- For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
- Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 June 2024 currency exchange rates and do not include currency effects.
- Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

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

Figure 4: Local Currency Bonds Outstanding in Emerging East Asia by Economy and Type of Bond as of 30 June 2024



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

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

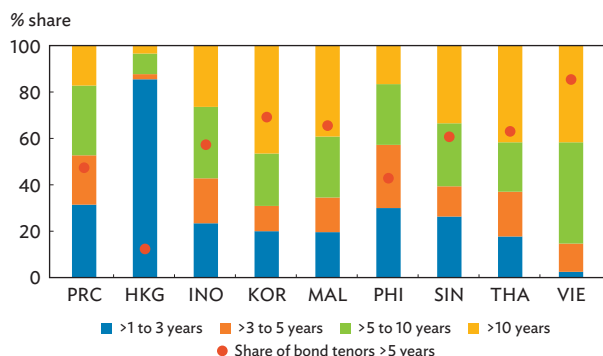
Source: *AsianBondsOnline* calculations based on various local sources.

bonds (USD8.8 trillion) and central bank bonds (USD0.6 trillion) comprised 35.2% and 2.4% shares, respectively.

Treasury bonds in ASEAN markets remained concentrated mainly in medium- to long-term maturities.

At the end of June, 60.2% of Treasury bonds outstanding in ASEAN markets had remaining maturities of over 5 years (Figure 5). The corresponding share for emerging East Asia was slightly lower at 52.6%. The size-weighted average tenor of emerging East Asian Treasury bonds outstanding was 8.6 years at the end of June. ASEAN’s size-weighted average tenor was 8.1 years, broadly comparable with the average of 8.8 years for the rest of the region (i.e., the PRC; Hong Kong, China; and the Republic of Korea). These averages are largely in line with the corresponding size-weighted average tenors of outstanding Treasury bonds in the EU-20 (8.4 years) and the US (8.0 years) during the same period. With the issuance of Treasury bonds with 20-, 30-, and 50-year maturities in the PRC in Q2 2024, the size-weighted average tenor of the PRC’s Treasury bonds inched up to 8.2 years at the end of June from 7.4 years at the end of March. The ultra-long-term bond issuances from the PRC aim to ease the financing burden on local governments.

Figure 5: Maturity Structure of Local Currency Treasury Bonds Outstanding in Select Emerging East Asian Markets as of 30 June 2024



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

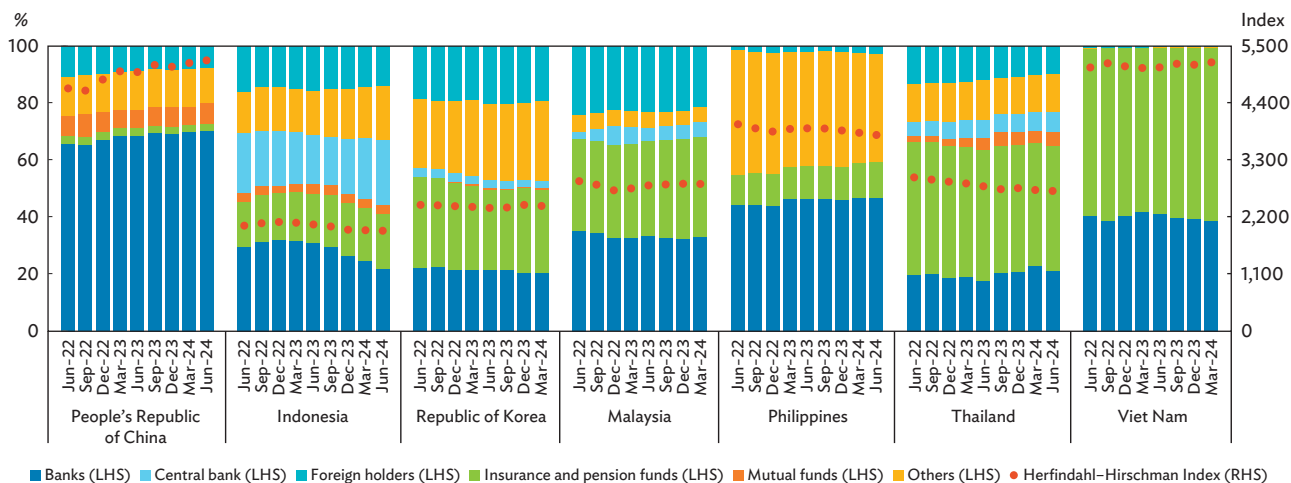
Note: Treasury bonds are local-currency-denominated, fixed-income securities issued by a government with maturities longer than 1 year.

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

LCY Treasury bonds in emerging East Asia remained dominated by inactive domestic investor groups, which tend to buy and hold securities until maturity.

Banks and insurance companies comprised the largest investor groups in emerging East Asia in the first half of 2024, accounting for average holdings shares of 36.2% and 28.9%, respectively. Across the region, banking institutions were the largest holders of Treasury bonds in the PRC (70.4%), while insurance and pension funds were the dominant holders in Viet Nam (60.8%) (Figure 6). The high concentration of bond holdings in these investor groups led the PRC and Viet Nam to have the least diversified investor profiles in the region, as evidenced by their high scores in the Herfindahl–Hirschman Index (HHI).³ Both markets also recorded a worsening in their respective HHI scores in the first half of the 2024. In the case of the PRC, the weakened economic outlook led to continued outflows from foreign investors. In Viet Nam's bond market, banks and insurance and pension funds are the only two major investor groups, collectively accounting for a 99.5% holdings share at the end of March. In contrast, Indonesia and the Republic of Korea have the most diversified investor bases in emerging

Figure 6: Investor Profiles of Local Currency Treasury Bonds in Select Emerging East Asian Markets



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

Notes:

1. Data for the Republic of Korea, Malaysia, and Viet Nam are up to March 2024.
2. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of the local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

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

³ HHI is a commonly accepted measure of market concentration. The index is used to measure the investor profile diversification of the region's local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

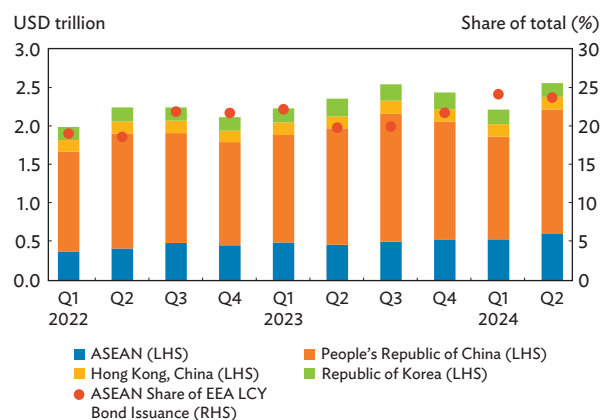
East Asia. Among regional bond markets, only the central bank in Indonesia has substantial holdings of bonds, accounting for a share of 23.1% at the end of June, as Bank Indonesia continues to actively support the LCY bond market, particularly during market sell-offs. Meanwhile, the region’s average holdings share of foreign investors for Treasury bonds stood at 10.6% in the first half of 2024. Malaysia had the largest foreign holdings share for Treasury bonds at 21.2%, followed by the Republic of Korea at 19.2%.

Section 2. Local Currency Bond Issuance

LCY bond issuance in emerging East Asia rebounded in Q2 2024, posting growth of 15.4% q-o-q, a reversal from the 9.1% q-o-q contraction in Q1 2024; bond market growth was driven by expansions in both the government and corporate bond segments. Total LCY bond issuance reached USD2.6 trillion in Q2 2024, over half the issuance total in the US (USD4.5 trillion) and more than double that in the EU-20 (USD0.9 trillion). Growth in Q2 2024 largely stemmed from the government bond segment, driven by a surge in issuance in the PRC as the government ramped up its fiscal policy to support the economy. This included continued high issuance volumes for local government bonds during the quarter and the start of the sale of ultra-long-term special Treasury bonds in May. Regional corporate bond issuance also rose in Q2 2024, albeit at a slower pace, led by the PRC and most ASEAN economies (Figure 7). Issuance in the PRC increased in Q2 2024, driven by increased issuance of financial bonds as banks raised funds to meet regulatory capital requirements. Most ASEAN markets also posted larger quarterly corporate bond issuance volumes due to bond yields being driven lower by the Federal Reserve’s expected rate cut.

Government bond issuance surged 27.0% q-o-q to USD1.1 trillion in Q2 2024, driven by increased issuance in the PRC. Issuance in the PRC, which remained the largest issuer of government bonds in the region in Q2 2024 with an 85.9% share, jumped 32.2% q-o-q as all types of government bonds registered quarterly increases (Figure 8). Treasury bonds rose 41.6% q-o-q, boosted by the sale of the first few batches of ultra-long-term special Treasury bonds. In March, the Government of the PRC announced its plan to issue CNY1.0 trillion worth of ultra-long-term special Treasury bonds from May to

Figure 7: Local Currency Bond Issuance in Select Emerging East Asian Markets

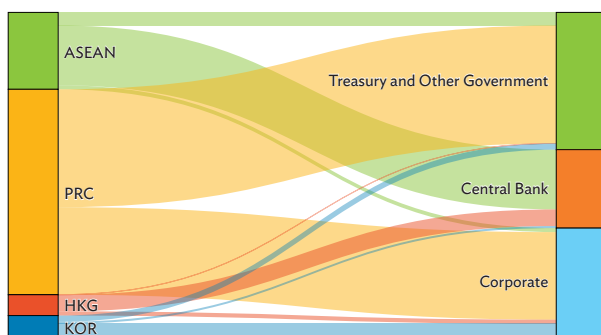


ASEAN = Association of Southeast Asian Nations, EEA = emerging East Asia, LCY = local currency, LHS = left-hand side, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, USD = United States dollar.

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

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

Figure 8: Local Currency Bond Issuance in Emerging East Asia by Economy and Type of Bond in the Second Quarter of 2024



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

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

Source: AsianBondsOnline calculations based on various local sources.

November to support the economy. Local government bond and policy bank bond issuance also posted large increases of 26.7% q-o-q and 21.9% q-o-q, respectively, in Q2 2024. The Republic of Korea posted a quarterly increase of 15.4% q-o-q, in line with the government's frontloading policy during the first half of the year. ASEAN markets, which collectively accounted for about a tenth of the regional government bond market in Q2 2024, registered a 1.7% q-o-q contraction in issuance, led by the drop in the Philippines from a high base in Q1 2024 when it issued USD10.4 billion worth of Retail Treasury Bonds. Meanwhile, issuance of central bank bonds in the region rose 12.0% q-o-q in Q2 2024.

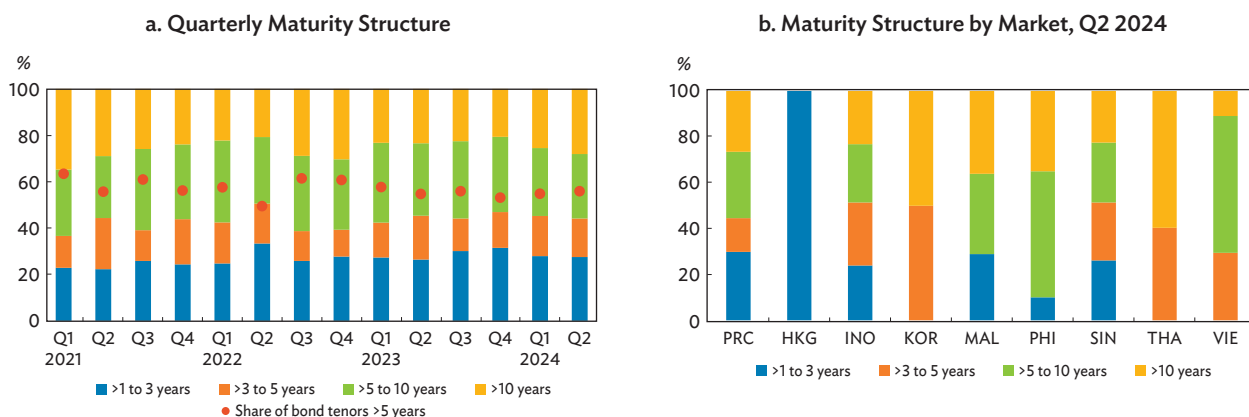
Corporate bond issuance rose in Q2 2024, driven by higher issuance in the PRC and most ASEAN markets.

Corporate bond issuance in emerging East Asia totaled USD860.9 billion during the quarter, up 5.6% q-o-q (Table 2). In the PRC, issuance rose 9.2% q-o-q, solely driven by the 62.7% q-o-q increase in financial bonds. Issuance of financial bonds rose in Q2 2024 as banks

raised capital to comply with regulatory requirements. Issuance in ASEAN collectively rose 25.4% q-o-q as bond yields eased on increased expectations of a rate cut in the US in September. Meanwhile, in the Republic of Korea, issuance fell 13.9% q-o-q because funding needs were low, especially in the manufacturing sector, which was beset by slower domestic and global growth.

Medium- and long-term tenors continued to comprise a majority of Treasury bond issuance. Bonds with tenors of more than 5 years accounted for 55.9% of total issuance in emerging East Asia and 61.3% in ASEAN markets (Figure 9a). These shares were highest in the Philippines (90.0%) and Malaysia (71.1%) (Figure 9b). The resulting size-weighted average maturity for all emerging East Asian corporate issuance in Q2 2024 was 9.5 years; it was 11.1 years for ASEAN markets only. The average tenor of PRC Treasury bond issuance jumped to 9.5 years in Q2 2024 from 6.3 years in Q1 2024, as the government began issuing special ultra-long-term bonds with tenors of 20–50 years.

Figure 9: Maturity Structure of Local Currency Treasury Bond Issuance in Emerging East Asia



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

Notes:

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

Source: AsianBondsOnline calculations based on various local sources.

Table 2: Local-Currency-Denominated Bond Issuance

	Q2 2023		Q1 2024		Q2 2024		Growth Rate (%)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q2 2024	
							q-o-q	y-o-y
People's Republic of China								
Total	1,488	100.0	1,335	100.0	1,609	100.0	21.3	8.3
Treasury and Other Government	837	56.2	703	52.7	923	57.4	32.2	10.6
Central Bank	0	0.0	0	0.0	0	0.0	-	-
Corporate	651	43.8	632	47.3	686	42.6	9.2	5.4
Hong Kong, China								
Total	156	100.0	162	100.0	163	100.0	0.4	4.4
Treasury and Other Government	1	0.8	1	0.4	0.2	0.1	(72.7)	(84.2)
Government	127	81.7	128	79.1	130	79.8	1.3	2.0
Corporate	27	17.6	33	20	33	20.1	(1.3)	19.7
Indonesia								
Total	23	100.0	43	100.0	46	100.0	12.3	117.4
Treasury and Other Government	10	43.4	16	37.6	12	25.7	(23.4)	28.5
Central Bank	12	52.0	25	58.6	32	69.8	33.6	191.9
Corporate	1	4.6	2	3.8	2	4.5	35.8	114.5
Republic of Korea								
Total	237	100.0	193	100.0	176	100.0	(6.8)	(22.7)
Treasury and Other Government	55	23.2	43	22.4	49	27.8	15.4	(7.1)
Central Bank	30	12.7	18	9.3	16	9.1	(9.0)	(44.5)
Corporate	152	64.2	132	68.2	111	63.1	(13.9)	(23.9)
Malaysia								
Total	25	100.0	29	100.0	25	100.0	(13.6)	1.6
Treasury and Other Government	13	53.6	11	37.1	13	53.7	25.0	1.7
Central Bank	3	10.5	10	36.4	3	10.3	(75.5)	0.0
Corporate	9	35.9	8	26.5	9	36.0	17.1	1.8
Philippines								
Total	39	100.0	56	100.0	45	100.0	(15.7)	21.3
Treasury and Other Government	10	26.3	22	39.9	10	22.9	(51.7)	5.5
Central Bank	28	70.7	32	57.8	34	75.5	10.1	29.4
Corporate	1	3.0	1	2.3	1	1.6	(41.2)	(33.4)
Singapore								
Total	310	100.0	340	100.0	417	100.0	23.2	34.8
Treasury and Other Government	34	10.8	37	10.7	46	11.1	27.3	37.8
Central Bank	276	88.8	301	88.4	368	88.1	22.8	33.7
Corporate	1	0.4	3	0.9	3	0.8	17.7	189.7
Thailand								
Total	70	100.0	60	100.0	62	100.0	3.5	(8.7)
Treasury and Other Government	18	25.5	17	28.4	18	29.9	9.1	6.9
Central Bank	35	49.8	32	52.9	30	48.1	(5.8)	(11.7)
Corporate	17	24.7	11	18.8	14	22.0	21.1	(18.9)
Viet Nam								
Total	3	100.0	11	100.0	7	100.0	(29.4)	127.7
Treasury and Other Government	3	82.7	4	37.3	3	35.0	(33.8)	(3.6)
Central Bank	0	0.0	6	56.0	2	25.6	(67.7)	-
Corporate	1	17.3	1	6.7	3	39.5	314.5	418.4
Emerging East Asia								
Total	2,352	100.0	2,228	100.0	2,550	100.0	15.4	9.4
Treasury and Other Government	981	41.7	853	38.3	1,075	42.2	27.0	10.3
Central Bank	510	21.7	553	24.8	614	24.1	12.0	21.7
Corporate	861	36.6	822	36.9	861	33.8	5.6	1.0
Japan								
Total	380	100.0	371	100.0	330	100.0	(5.3)	(3.0)
Treasury and Other Government	349	91.9	351	94.6	296	89.8	(10.1)	(5.3)
Central Bank	0	0.0	0	0.0	0	0.0	-	-
Corporate	31	8.1	20	5.4	34	10.2	79.0	22.6

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

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

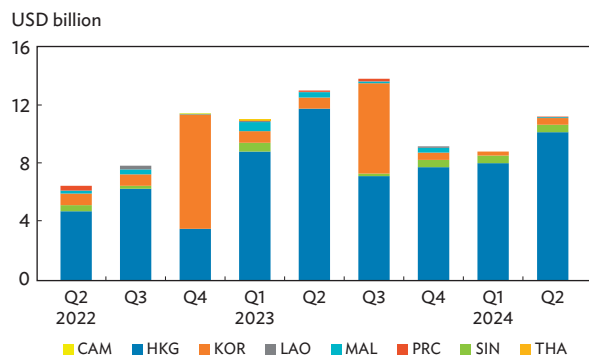
Section 3. Intra-Regional Bond Issuance

Intra-regional bond issuance in emerging East Asia rebounded on higher issuance from Hong Kong, China and the Republic of Korea.⁴ The region's total intra-regional debt sales reached USD11.2 billion in Q2 2024 on growth of 27.1% q-o-q (**Figure 10**). Increased intra-regional bond issuance during the quarter was propelled by significant increases in Hong Kong, China and the Republic of Korea's intra-regional debt sales, offsetting decreased issuance from Singapore. The PRC and Malaysia both resumed their intra-regional bond issuance in Q2 2024, with total debt sales amounting to USD0.05 billion each. During the quarter, Hong Kong, China remained the top issuer of intra-regional bonds in emerging East Asia, accounting for 90.5% of the regional total. Hong Kong, China's total issuance increased 26.3% q-o-q to USD10.2 billion in Q2 2024 from USD8.0 billion in Q1 2024. Meanwhile, Singapore and the Republic of Korea's issuances accounted for 4.5% and 4.1%, respectively, of emerging East Asia's intra-regional total during the quarter. Singapore's total issuance declined 1.7% q-o-q to

USD0.5 billion, while the Republic of Korea's total issuance increased 68.5% q-o-q to USD0.5 billion in Q2 2024 from USD0.3 billion in Q1 2024. Among corporate issuers of intra-regional bonds during the quarter, China Merchants Group—a state-owned logistics firm based in Hong Kong, China—remained the top issuer in the region, with aggregate issuance of USD3.6 billion, which was equivalent to 31.8% of the regional total.

The transportation sector and CNY-denominated bonds continued to dominate the region's intra-regional bond issuance in Q2 2024. CNY-denominated issuance accounted for 98.3% (USD11.0 billion) of emerging East Asia's intra-regional quarterly total, while issuances denominated in Hong Kong dollars and Singapore dollars collectively accounted for only 1.7% (**Figure 11**). By sector, the transportation industry remained the largest issuer (USD4.3 billion) of intra-regional bonds during the quarter, comprising 38.4% of the region's total. This was followed by the financial sector (USD4.2 billion) with a 37.5% share of the market. The utilities sector was the third-largest issuer of intra-regional bonds in Q2 2024, with total issuance amounting to USD1.4 billion, or the equivalent of 12.6% of the region's intra-regional total.

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



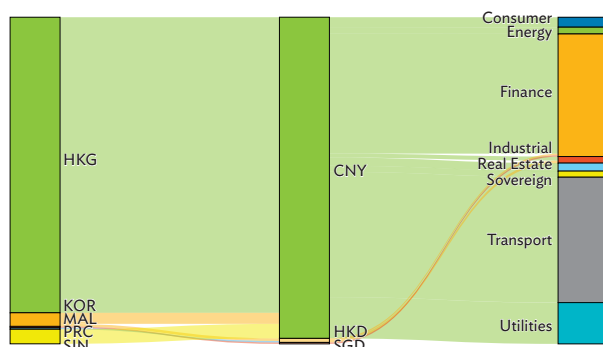
CAM = Cambodia; HKG = Hong Kong, China; KOR = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; USD = United States dollar.

Notes:

- 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.
- Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.
- Figures were computed based on 30 June 2024 currency exchange rates and do not include currency effects.

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

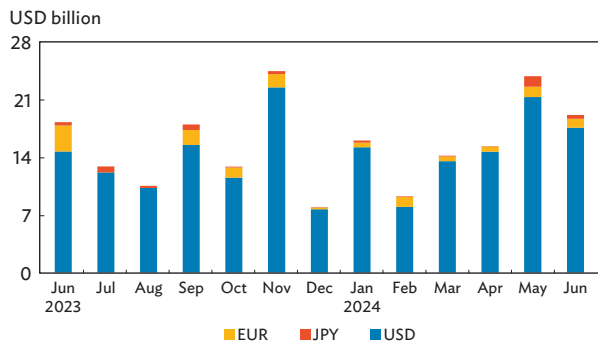
Figure 11: Intra-Regional Bond Issuance in Emerging East Asia by Economy, Currency, and Sector in the Second Quarter of 2024



Section 4. G3 Currency Bond Issuance

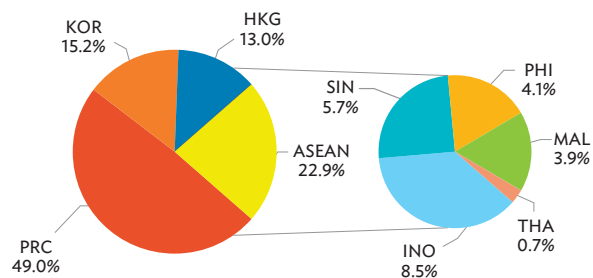
In Q2 2024, issuance of G3 currency bonds in emerging East Asia soared to USD58.2 billion, reflecting a 47.7% increase from the previous quarter and a 45.5% increase from a year earlier (Figure 12).⁵ The Republic of Korea was an exception, with its G3 currency bond issuance shrinking 35.8% q-o-q to USD8.8 billion. After recording weak issuance in Q1 2024, the PRC's G3 currency bond issuance surged 114.3% q-o-q to USD28.5 billion in Q2 2024, comprising 49.0% of all G3 currency bond issuance in emerging East Asia and making it the region's top G3 issuer during the quarter (Figure 13). The increased issuance by the PRC partially stemmed from more borrowing among the local financing vehicles of local governments amid increased demand from foreign bond investors. The PRC's Alibaba Group was the top G3 currency bond issuer, borrowing USD5.0 billion through a private offering for share buybacks. ASEAN markets totaled USD13.3 billion of G3 currency bond issuance, reflecting a 77.7% q-o-q increase and comprising 22.9% of the regional total. Indonesia retained the top spot within ASEAN with USD5.0 billion

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 is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
 2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
 3. Figures were computed based on 30 June 2024 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 2024



ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand.
 Notes:
 1. Emerging East Asia is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
 2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
 Source: AsianBondsOnline calculations based on Bloomberg LP data.

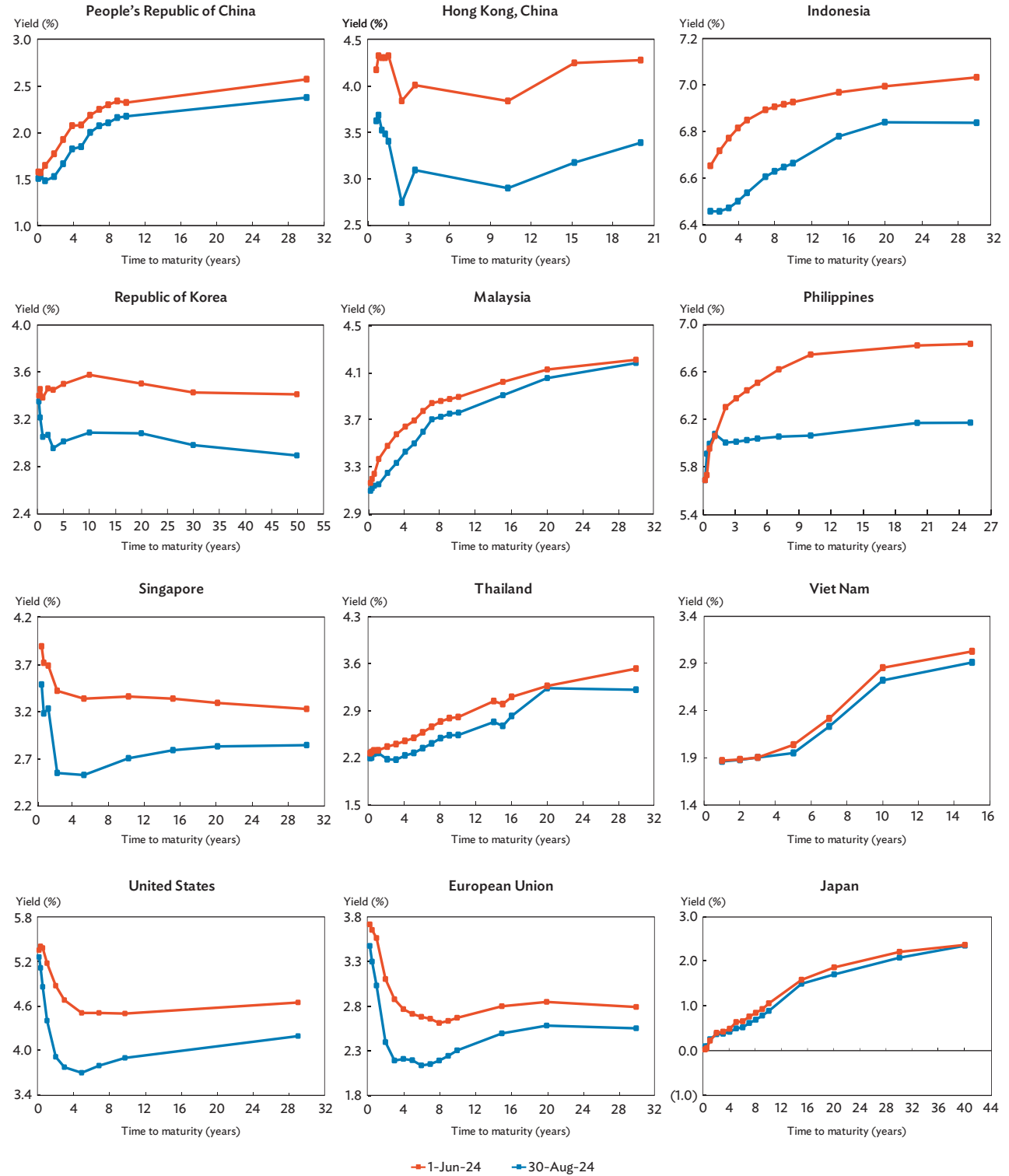
worth of G3 issuance in Q2 2024, while Singapore replaced Malaysia in the second spot after issuing USD3.3 billion worth of G3 currency bonds.

Section 5. Yield Curve Movements

Between 1 June and 30 August, most government bond yield curves in emerging East Asia saw bullish flattening on moderating regional inflation, while economic growth remained largely stable (Figure 14). Moderating inflation during the review period, as well as expectations of a Federal Reserve rate cut in September, led to a bullish flattening in the yield curves of the Republic of Korea, the Philippines, Thailand, and Viet Nam. The PRC and Hong Kong, China also experienced the flattening of their yield curves, albeit due to slower economic gains in the PRC and a series of policy rate cuts by the People's Bank of China. The region's remaining markets saw a bear flattening of their respective yield curves. In addition to the PRC, the Philippines' central bank also reduced its policy rate during the review period, while central banks in all other markets awaited the Federal Reserve's expected rate cut before making any changes to their respective monetary policies.

⁵ G3 currency bonds are bonds denominated in either euros, Japanese yen, or United States dollars.

Figure 14: Benchmark Yield Curves—Local Currency Government Bonds



() = negative.

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