

Market Summaries

People’s Republic of China

Yield Movements

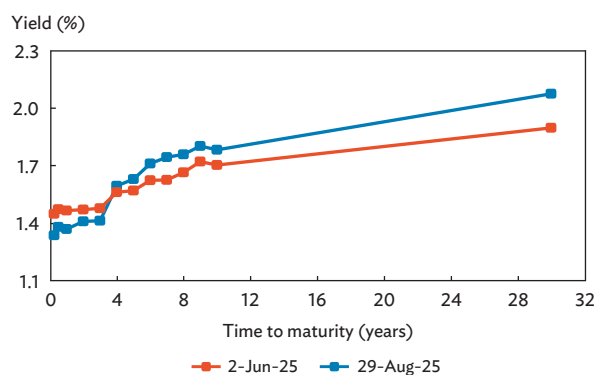
The People’s Republic of China’s (PRC) yield curve steepened between 2 June and 29 August. On average, bond yields declined by 9 basis points for tenors of 3 years or less, while they gained 9 basis points for tenors of 4 years or more (Figure 1). The steepening was due to improved sentiment, despite some weaker economic data, over easing tensions in the PRC–United States (US) trade dispute and continued government support measures. Investors rotating funds from bonds into stocks following the PRC–US trade pause extension also added upward pressure on long-term yields. Gains in the stock market were fueled by government calls to prioritize local chip makers and reports of an update to DeepSeek’s AI model. Gross domestic product grew 5.2% year-on-year (y-o-y) in the second quarter (Q2) of 2025, slightly above the market expectation of a 5.1% y-o-y expansion but down from 5.4% y-o-y growth in the previous quarter. Retail sales growth declined to 3.7% y-o-y in July from 4.8% y-o-y in June, and industrial production also moderated to 5.7% y-o-y from 6.8% y-o-y

during the same period. Despite the weakening, the *Asian Development Outlook July 2025* forecasts for the PRC remained unchanged from April at 4.7% for 2025 and 4.3% for 2026.

Local Currency Bond Market Size and Issuance

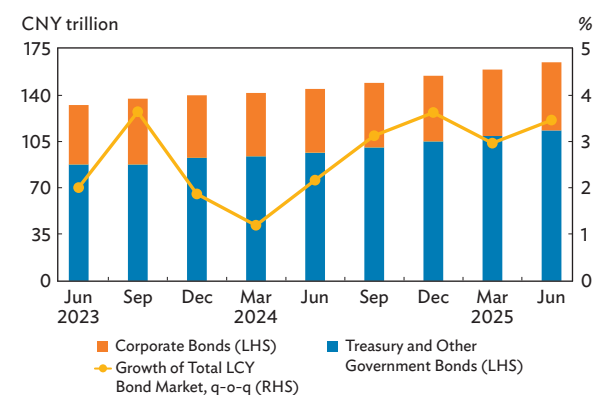
The PRC’s local currency (LCY) bond market grew to a size of CNY165.3 trillion at the end of June, supported by expansions in both the government and corporate segments. Total bond market growth accelerated to 3.5% quarter-on-quarter (q-o-q) in Q2 2025 from 3.0% q-o-q in the prior quarter, buoyed by increased issuance during the period amid government stimulus measures announced in March (e.g., raising the budget deficit limit from 3% in 2024 to 4% in 2025) (Figure 2). Outstanding government bonds rose 3.9% q-o-q to CNY 113.8 trillion, matching the previous quarter’s

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



Source: Based on data from Bloomberg LP.

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



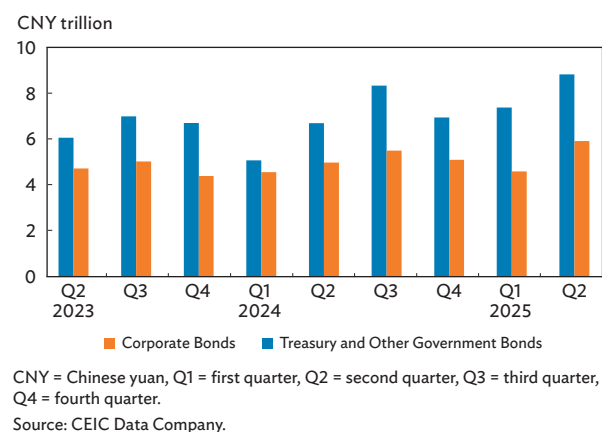
CNY = Chinese yuan, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.
Source: CEIC Data Company.

growth, as rising issuance was largely offset by the large volume of bond maturities—total maturities were up by CNY1.3 trillion over the previous quarter.

Meanwhile, the corporate bond segment's expansion accelerated to 2.5% q-o-q from 1.0% q-o-q in the previous quarter on increased issuance in both the financial and nonfinancial sectors as borrowing costs declined. The Government of the PRC has also been conscious of risks building up in the economy. In addition to strengthening banks and local government finances, a *Financial Times* article noted that lower-rated corporate issuances have fallen as the PRC seeks to limit credit risk. (The article also raised the possibility that ratings on new issues may be inflated.) In addition, the PRC is allowing more foreign companies to issue bonds to improve the credit profile of the bond market, while foreign companies will benefit through lower yuan borrowing costs. The issuance of panda bonds, a CNY-denominated debt securities issued by overseas entities in the PRC that serve as a vital financing channel for international institutions, rose by 24.8% q-o-q and 7.1% y-o-y in Q2 2025 to CNY49.6 billion. The increase was due to a combination of *several factors*, including continued government initiatives to boost panda bonds, lower borrowing costs versus the US dollar, and greater investor interest in CNY-denominated assets.

The PRC's bond issuance rebounded in Q2 2025, rising 23.2% q-o-q to CNY14.8 trillion. Government bond issuance growth strengthened to 19.7% q-o-q in Q2 2025 from 6.3% q-o-q in the prior quarter after the central government started issuing special Treasury bonds in March (**Figure 3**). The issuance of special Treasury bonds will be used to help fund government stimulus measures to support the economy. In addition, some of the debt raised will be used to help recapitalize state-owned banks. Corporate bond issuance was up due to increased capital-raising activities from banks amid economic uncertainty and stronger issuance from nonfinancials due to lower interest rates. Corporates have been shifting away from the issuance of G3 bonds over rising borrowing costs resulting from the wait-and-see stance of major advanced economy central banks.¹⁸ G3 issuance in the PRC declined 13.7% q-o-q to USD26.9 billion in Q2 2025. There was a noticeable decline of 80.2% q-o-q in G3 currency bond issuance from real estate companies given the challenging

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

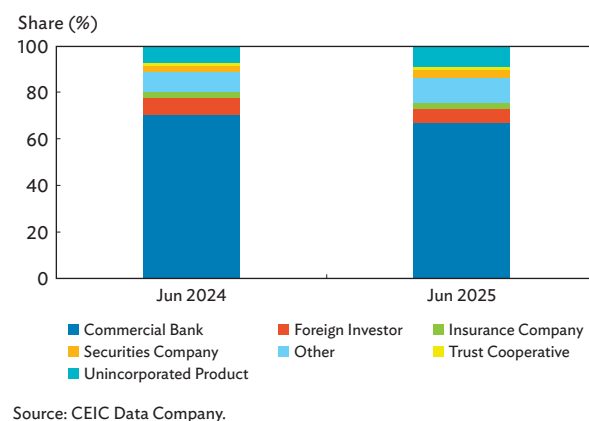


environment in the property sector, specifically an increasing number of defaults. In contrast, intraregional issuance from the PRC surged to USD1.5 billion in Q2 2025 from USD0.1 billion in the previous quarter.¹⁹

Investor Profile

Banks continued to be the largest holding group of Treasury bonds at the end of June. However, there was a decline in banks' holdings share to 67.1% from 70.4% a year earlier (**Figure 4**). The decline was partly due to banks limiting additional investments in the bond market following calls for caution from the central bank over

Figure 4: Investor Profile of Treasury Bonds



¹⁸ G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.

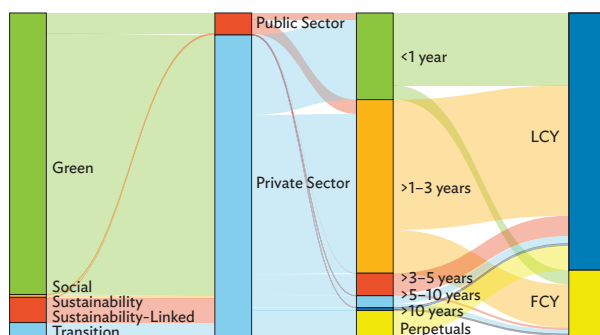
¹⁹ Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.

potential interest rate risks. A report by [Caixin](#) noted that local regulators have spoken to some rural banks over their bond investments.

Sustainable Bond Market

The PRC continued to lead the green bond market in emerging East Asia.²⁰ Green bonds dominate the PRC’s sustainable bond market with a share of 86.8% (**Figure 5**). [S&P Global](#) noted that the PRC’s strong issuance of green bonds is consistent with market efforts to transition to a low-carbon environment. According to the International Energy Agency, the PRC accounted for 35% of global greenhouse gas emissions in 2023. In addition, while the PRC released regulator guidelines for the issuance of green bonds in 2016, guidelines for a pilot program for social and sustainable bonds were only released in 2021. However, the PRC’s green bonds carry relatively short-term tenors, with the share of bonds with remaining tenors of 5 years or less at 87.5%; shorter maturities can pose a challenge to funding long-term projects.

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



FCY = foreign currency, LCY = local currency.
 Source: [AsianBondsOnline](#) calculations based on Bloomberg LP data.

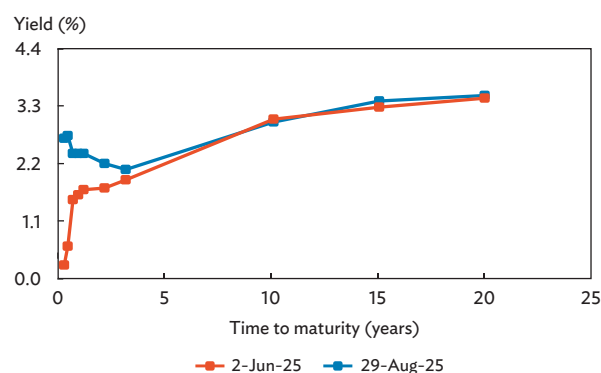
²⁰ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

Hong Kong, China

Yield Movements

Between 2 June and 29 August, local currency (LCY) government bond yields in Hong Kong, China edged up for most maturities. Bond yields gained an average of 86 basis points for all maturities except the 10-year bond, which inched down by 5 basis points (Figure 1). The rise in bond yields was driven largely by a decline in the aggregate balance—a measure of interbank funding—following a series of interventions by the Hong Kong Monetary Authority to support the Hong Kong dollar’s peg to the United States dollar. The aggregate balance decreased from HKD173.4 billion to HKD54.1 billion during the review period as the Hong Kong Monetary Authority purchased a total of HKD120.0 billion (in exchange for USD15.3 billion) from June to mid-August. The interventions drained excess funds from the financial system and pushed up borrowing costs, exerting upward pressure on bond yields. Meanwhile, inflation moderated to 1.0% year-on-year in July from 1.4% year-on-year in June as price pressures from domestic and external factors eased.

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

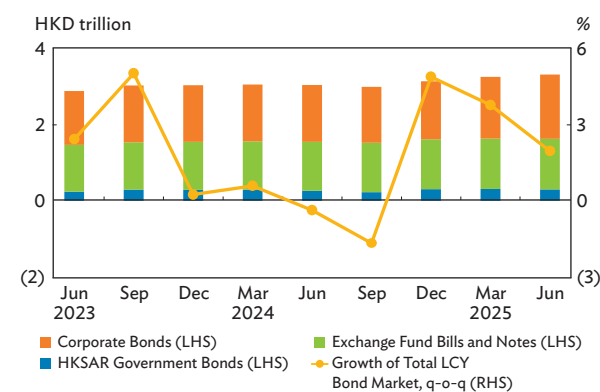


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Growth in Hong Kong, China’s LCY bonds outstanding slowed in the second quarter (Q2) of 2025, with the market reaching a size of HKD3,309.6 billion at the end of June. LCY bonds outstanding grew 2.0% quarter-on-quarter (q-o-q) in Q2 2025, down from 3.8% q-o-q in the preceding quarter (Figure 2). The weaker growth was driven by a contraction in government bonds and the slower expansion of corporate bonds. Hong Kong Special Administrative Region (HKSAR) government bonds declined 4.9% q-o-q in Q2 2025 after a modest rise of 1.8% q-o-q in the previous quarter, while growth in corporate bonds moderated to 4.4% q-o-q from 6.6% q-o-q. HKSAR government bonds contracted due to maturities outpacing issuance, while the expansion in corporate bonds decelerated as economic uncertainties capped issuance. Outstanding corporate bonds (HKD1,690.4 billion) comprised 51.1% of the LCY bond market at the end of June, while Exchange Fund Bills and Notes (HKD1,325.3 billion) and HKSAR bonds (HKD293.9 billion) accounted for the remaining 40.0% and 8.9%, respectively.

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



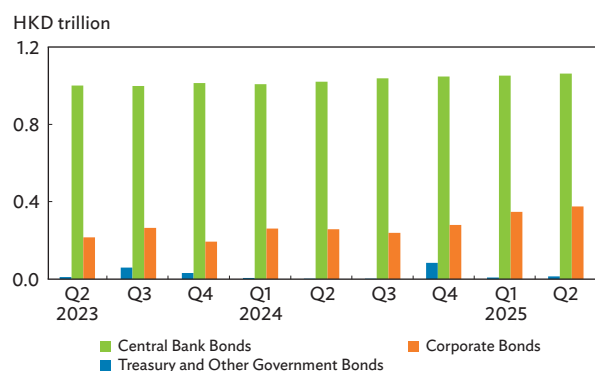
() = negative, HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side.

Source: Hong Kong Monetary Authority.

Total LCY bond sales rebounded in Q2 2025, boosted by increased issuance from the public sector.

New issuance of LCY bonds grew 3.2% q-o-q to HKD1,446.3 billion in Q2 2025, reversing the 0.3% q-o-q decline in the previous quarter (Figure 3). Issuance of new HKSAR government bonds jumped 80.0% q-o-q to HKD13.5 billion and included a 30-year bond, the longest maturity of HKD-denominated HKSAR government bonds issued to date. Issuance of Exchange Fund Bills and Notes inched up to 1.0% q-o-q in Q2 2025 from 0.4% q-o-q in the prior quarter. Meanwhile, growth in the issuance of corporate bonds moderated to 8.1% q-o-q in Q2 2025 from 24.1% q-o-q as economic uncertainty dampened business sentiment. The top nonbank corporate issuer in Q2 2025 was Hong Kong Mortgage Corporation, which issued a total of HKD11.8 billion, or 56.8% of aggregate nonbank corporate bond issuance during the quarter.

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



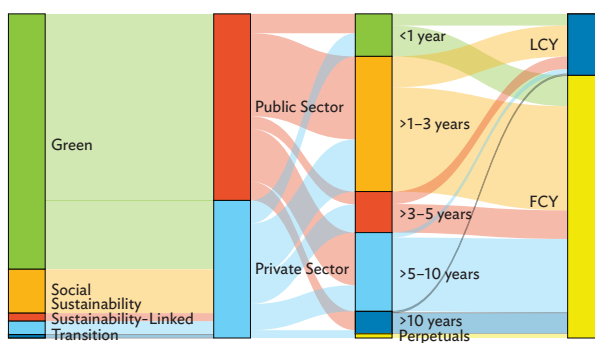
HKD = Hong Kong dollar, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Source: Hong Kong Monetary Authority.

Sustainable Bond Market

Hong Kong, China’s sustainable bonds outstanding reached USD45.9 billion at the end of June and continued to mostly consist of green bonds.

The stock of sustainable bonds fell 1.5% q-o-q in Q2 2025 due to the volume of maturities outpacing issuance. Green bonds continued to dominate the market with a 78.8% share, followed by social bonds with a 13.5% share (Figure 4). Public sector issuance again comprised a majority share of the outstanding sustainable bond market at the end of June, although its share declined to 56.7% from 58.2% at the end of March. While government bonds outstanding solely comprised green bonds, corporate bonds were slightly more diverse. About half of private sector securities were green bonds and a little under a third were social bonds. Bonds with tenors up to 5 years comprised 67.5% of outstanding securities at the end of June, resulting in a size-weighted average tenor of 4.7 years. About 81% of outstanding sustainable bonds were denominated in foreign currencies, which remained among the highest shares in emerging East Asia.²¹ New issuance in Q2 2025 consisted of green bonds denominated in foreign currencies from the public sector and green bonds denominated in Hong Kong dollars from the private sector.

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



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

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.

Indonesia

Yield Movements

The local currency (LCY) government bond yield curve in Indonesia shifted downward from 2 June to 29 August, largely influenced by monetary policy easing to boost economic growth amid low inflation expectations. During the review period, government bond yields declined across the curve, shedding an average of 55 basis points (Figure 1). The overall decline in yields was largely driven by the continued monetary easing stance of Bank Indonesia, which reduced its policy rate at both its 15–16 July and 19–20 August meetings by 25 basis points each to 5.00%. Bank Indonesia also hinted that there was further scope for rate cuts given the need to strengthen the economy amid a weakening global growth outlook. The domestic economy, however, remained resilient, expanding 5.1% year-on-year (y-o-y) in the second quarter (Q2) of 2025, up from 4.9% y-o-y in the prior quarter, with all major expenditure categories posting growth except for government spending. Consumer price inflation has ticked down to 2.3% y-o-y in August from 2.4% y-o-y in July and remained well within the target range of 1.5%–3.5%.

Local Currency Bond Market Size and Issuance

Outstanding LCY bonds in Indonesia recorded only a marginal decline in Q2 2025, dragged down by a contraction in the stock of central bank securities. Total LCY bonds outstanding size tallied IDR7,830.4 trillion at the end of June, posting a 0.1% quarter-on-quarter (q-o-q) contraction (Figure 2). Nonetheless, government bonds gained 1.3% q-o-q, albeit moderating from the previous quarter's 2.7% q-o-q expansion due to a large volume of maturities. Despite a slowdown in issuance, corporate bonds expanded 3.4% q-o-q in Q2 2025 over a reduced volume of maturities. Central bank securities extended their contraction, falling 11.3% q-o-q in Q2 2025, following a 3.4% q-o-q decline in the prior quarter, as maturities outpaced issuance as the central bank sought to expand the monetary base.

LCY bond issuance totaled IDR633.9 trillion in Q2 2025, down by a marginal 0.7% q-o-q, on reduced issuance in both the government and corporate bond

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

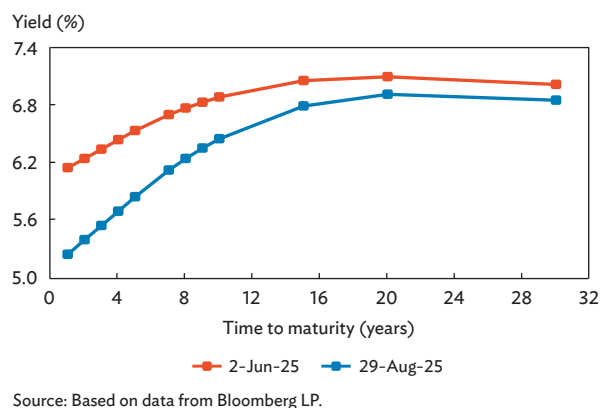
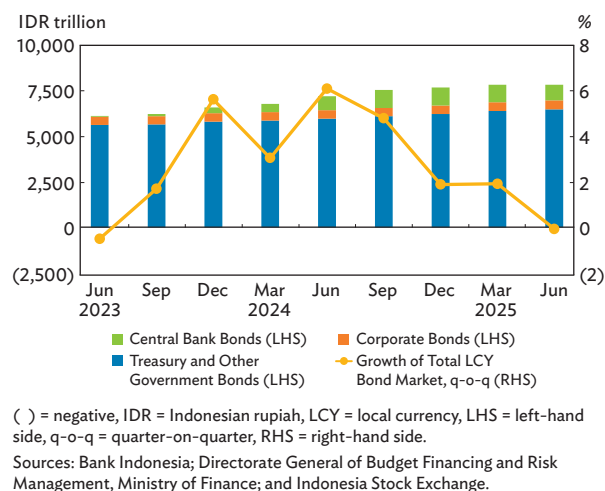
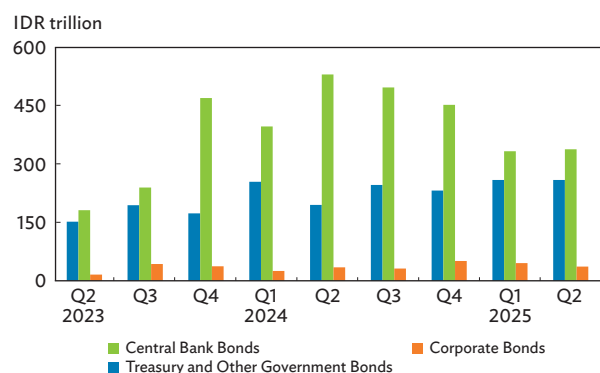


Figure 2: Composition of Local Currency Bonds Outstanding in Indonesia



segments. The government raised IDR259.2 trillion via Treasury instruments in Q2 2025, reflecting a slight dip in issuance growth of 0.4% q-o-q, due to a high base as the government continued its front-loading strategy (Figure 3). While the government is expected to post a wider budget deficit in 2025, excess savings from the 2024 budget will be utilized so that it will not be solely financed through debt issuance. Corporate bond issuance slipped 9.1% q-o-q in Q2 2025 amid caution over tariff uncertainties. The largest corporate bond issuances in Q2 2025 were from state-owned firms Perum Pegadaian,

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.

Bank Rakyat Indonesia, and Syariah Bank Indonesia, which together accounted for nearly half of the issuance total for the quarter.

Investor Profile

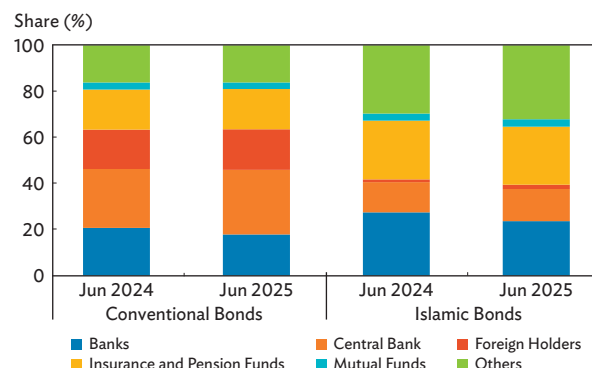
The central bank continued to account for the largest holdings of Treasury bonds at the end of June, equivalent to about a quarter of the total.

Bank Indonesia’s holdings of tradable government bonds ticked up from 23.1% a year earlier to 25.2% at the end of June as it continued to purchase Treasury bills and Treasury bonds to support its monetary operations.²² Central bank holdings accounted for about 28.0% of conventional bonds and 14.0% of *sukuk* (Islamic bonds) (Figure 4). Banking institutions and insurance and pension funds were the next largest holders of Treasury bonds, with each accounting for a 19.0% share. Meanwhile, foreign investor holdings inched up to a 14.6% share of the total from 13.9% a year earlier, buoyed by investor bets on further policy rate cuts.

Sustainable Bond Market

At the end of June, Indonesia’s sustainable bond market largely comprised green bonds and public sector issuance, with most bonds denominated in a foreign currency. Outstanding sustainable bonds totaled USD14.1 billion at the end of June, posting a contraction of 3.7% q-o-q in Q2 2025 following 2.7% q-o-q growth

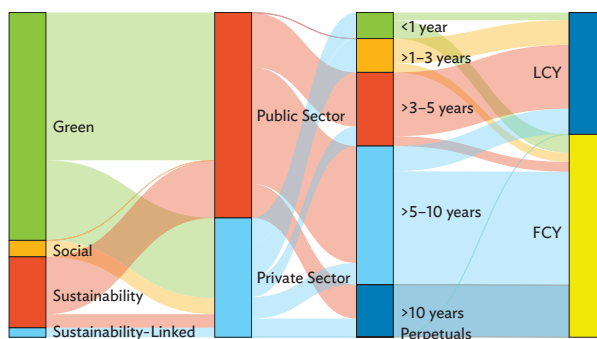
Figure 4: Investor Profile of Tradable Government Bonds



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

in the previous quarter. Green bonds continued to be the predominant bond type, accounting for 70.2% of the sustainable bond stock (Figure 5). Public sector entities were active issuers of green bonds (64.9% of the green bond stock) and sustainability bonds (80.8%), while the private sector dominated social bonds (98.7%) and sustainability-linked bonds (100.0%). Bonds with remaining tenors of over 5 years accounted for 58.9% of total sustainable bonds outstanding, largely driven by a higher share of longer-tenor maturities in government bonds (73.5%). This resulted in a size-weighted average tenor of 7.9 years. Foreign currency sustainable bonds outstanding comprised 62.5% of the entire bond stock at the end of June, with bonds denominated in United States dollars accounting for about half of the total.

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



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

²² From 1 January to 19 August 2025, Bank Indonesia purchased IDR137.8 trillion of Treasury bonds from the secondary market and IDR48.3 trillion of Treasury bills from the primary market.

Republic of Korea

Yield Movements

Local currency (LCY) government bond yields in the Republic of Korea rose for most maturities between 2 June and 29 August on changing expectations of when the Bank of Korea (BOK) would resume monetary policy easing. Yields rose an average of 6 basis points (bps) for maturities of 1 year and longer, while declining an average of 2 bps for maturities of less than 1 year (Figure 1). The BOK left the base rate unchanged at 2.50% at its 10 July and 28 August meetings, following a 25 bps rate cut in May, amid uncertainty in the domestic economic growth outlook and as it continues to monitor developments in household debt and housing prices. The BOK in its August meeting noted that while economic growth has improved, risks to the outlook remain due to the United States' tariff policies. The BOK also raised its 2025 growth and inflation forecasts to 0.9% year-on-year (y-o-y) and 2.0% y-o-y, respectively, from the May forecasts of 0.8% y-o-y and 1.9% y-o-y. The Republic of Korea's economic growth inched up to 0.6% y-o-y in the second quarter (Q2) of 2025 after remaining unchanged in the previous quarter, driven by improved domestic consumption and continued export growth. Moreover, the increased bond supply due to the passing of the second supplementary budget in July also contributed to the rise in yields.

Local Currency Bond Market Size and Issuance

The Republic of Korea's LCY bonds outstanding grew 1.4% quarter-on-quarter (q-o-q) to KRW3,370.4 trillion at the end of June. Growth in Q2 2025 was higher than the 0.8% q-o-q marginal increase recorded in the first quarter (Q1) of 2025, supported by higher growth in both the government and corporate bond segments. Corporate bonds continued to dominate the bond market with a 57.6% share of total bonds outstanding at the end of June (Figure 2). Corporate bonds outstanding increased 0.3% q-o-q in Q2 2025, following a 0.1% q-o-q contraction in Q1 2025, due to a rebound in issuance. Meanwhile, government bonds rose 3.5% q-o-q in Q2 2025, driven by higher issuance during the quarter.

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

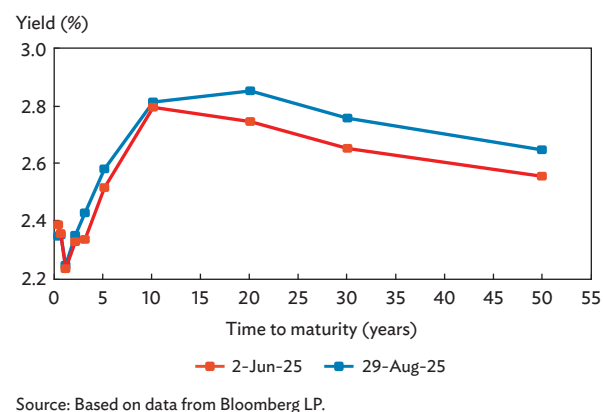
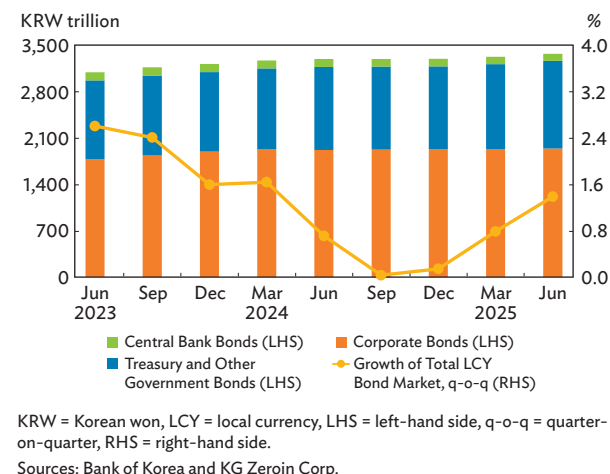
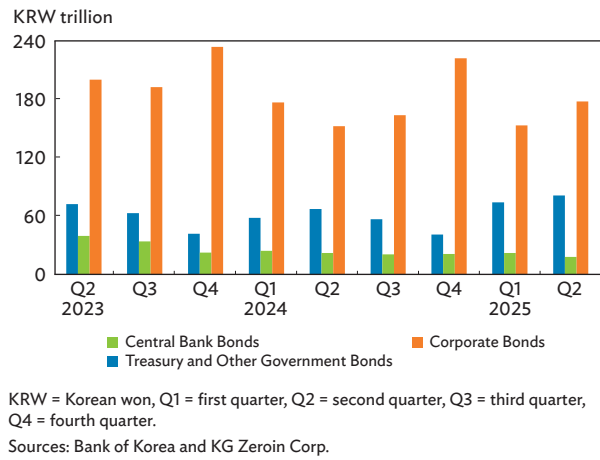


Figure 2: Composition of Local Currency Bonds Outstanding in the Republic of Korea



LCY bond issuance rebounded in Q2 2025 amid the government's expansionary fiscal policy and monetary policy easing. Total LCY bond issuance rose 11.3% q-o-q to KRW277.6 trillion in Q2 2025, led by higher issuance in both government and corporate segments (Figure 3). Government bond issuance increased 10.2% q-o-q in line with the government's front-loading policy in the first half of the year and also to fund the first supplementary budget approved in May. Corporate bond sales in the Republic of Korea rose 16.0% q-o-q in Q2 2025, a reversal

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

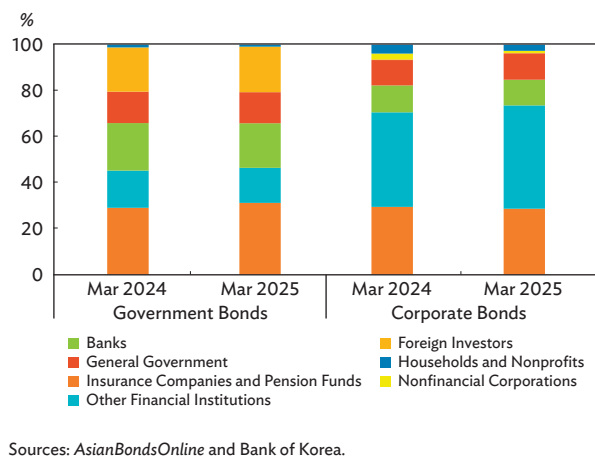


from the 31.0% q-o-q contraction in Q1 2025, as local firms front-loaded their bond issuance ahead of potential market volatility resulting from the June election. The expected policy rate cut by the BOK in May also provided a more favorable environment for bond issuance.

Investor Profile

Financial institutions continued to be the largest investor group in the Republic of Korea’s LCY bond market. Insurance companies and pension funds (31%),

Figure 4: Local Currency Bonds Outstanding Investor Profile



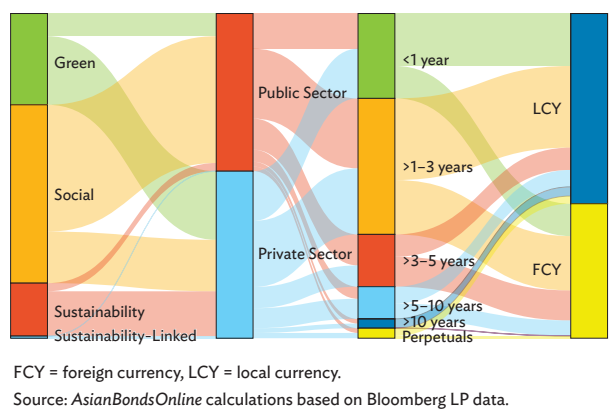
banks (19.4%), and other financial institutions (15.3%) collectively accounted for a majority share of the LCY government bond market at the end of March (**Figure 4**). Foreign investors held 19.7% of government bonds outstanding, which was roughly at par with their holdings share at the end of March 2024. In the LCY corporate bond market, other financial institutions, insurance companies, and pension funds were the largest investor groups, accounting for nearly three-quarters of the total market. Meanwhile, foreign holdings in the corporate bond market remained negligible.

Sustainable Bond Market

Social bonds and green bonds continued to dominate the Republic of Korea’s sustainable bond market.

The Republic of Korea’s sustainable bond market grew by 1.0% q-o-q to reach a size of USD184.9 billion at the end of June, mainly comprising social bonds and green bonds (**Figure 5**). Issuers in both the private and public sectors were active with nearly equal outstanding shares of 51.4% and 48.6%, respectively. Social bonds, of which almost three-quarters came from the public sector, comprised a majority (54.9%) of the total sustainable bond market. Meanwhile, green bonds, which were mostly issued by the private sector, had a share of 28.1% at the end of June. The size-weighted average maturity of outstanding sustainable bonds was 3.0 years at the end of June, while nearly 60% were denominated in Korean won.

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



Malaysia

Yield Movements

Malaysia's local currency (LCY) government bond yield curve shifted downward between 2 June and 29 August. Bond yields fell an average of 14 basis points across all maturities amid monetary policy easing by Bank Negara Malaysia (BNM) (**Figure 1**). On 9 July, the BNM reduced the overnight policy rate for the first time in 2 years to 2.75%, while on 4 September, it held the policy rate steady, as preemptive measures to keep Malaysia on a steady growth path. In the second quarter (Q2) of 2025, Malaysia's economy grew 4.4% year-on-year, the same pace as the previous quarter, and well within the government's target of 4.0%–4.8%. Q2 2025's growth was partly driven by sustained growth in exports along with an expansion in private consumption, which was supported by policy measures to increase household spending. The BNM and the Government of Malaysia also recognized external downside risks to growth resulting from weakening global trade and muted investor sentiment.

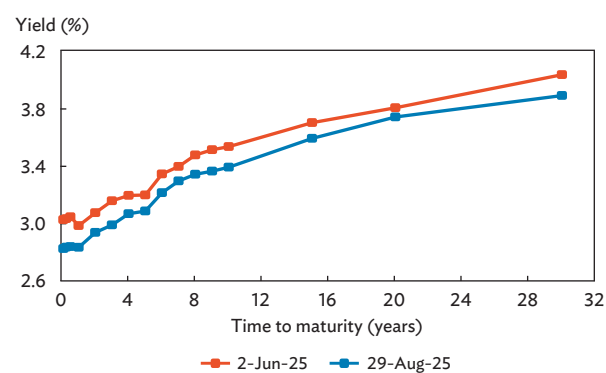
Local Currency Bond Market Size and Issuance

The LCY bond market of Malaysia expanded in Q2 2025, driven by growth in Treasury bonds. The LCY bond market reached a size of MYR2.2 trillion on growth of 1.9% quarter-on-quarter (q-o-q) in Q2 2025, following the first quarter's (Q1) 2.3% q-o-q expansion (**Figure 2**). Outstanding Treasuries and other government bonds rose 2.6% q-o-q, despite a contraction in issuance due to a lower volume of maturities during the quarter. Malaysia's corporate bond segment posted 1.1% q-o-q growth in Q2 2025, down from the previous quarter's 2.0% q-o-q growth on increased maturities. *Sukuk* (Islamic bonds) continued to comprise a majority of the LCY bond market with a share of 63.5% at the end of June.

LCY bond issuance contracted 12.9% q-o-q in Q2 2025, a reversal of Q1 2025's 23.9% growth.

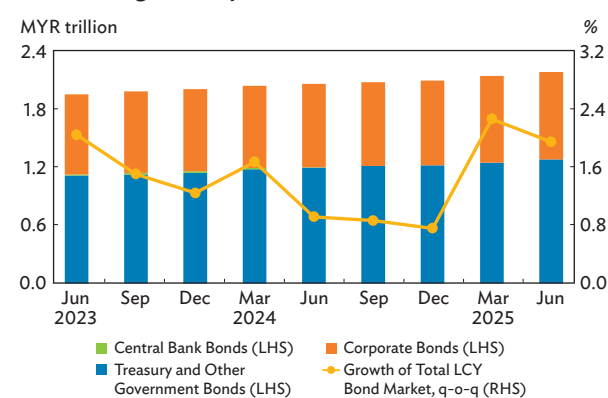
Government bond issuance fell 22.3% q-o-q in Q2 2025, following a 63.5% q-o-q expansion in Q1 2025, as

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



Source: Based on data from Bloomberg LP.

Figure 2: Composition of Local Currency Bonds Outstanding in Malaysia

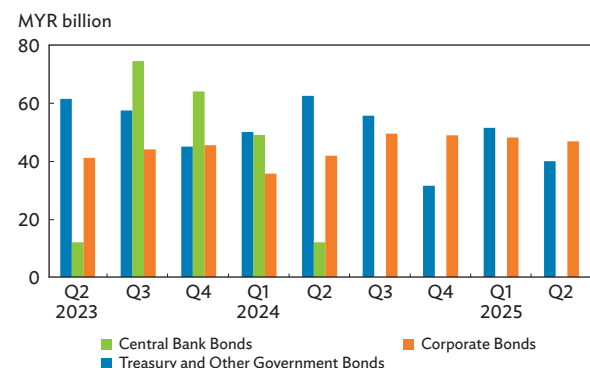


LCY = local currency, LHS = left-hand side, MYR = Malaysian ringgit, q-o-q = quarter-on-quarter, RHS = right-hand side.

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

issuance was front-loaded in the first several months of the year (**Figure 3**). Corporate bond sales comprised over half (53.9%) of total issuance in Q2 2025 but saw a 2.7% q-o-q contraction, weighed down by trade uncertainties. Maybank Islamic led LCY corporate bond issuances in Q2 2025 with its debt sales of commercial paper *sukuk* and corporate *sukuk* totaling MYR5.5 billion, or 11.8% of total LCY corporate issuance.

Figure 3: Composition of Local Currency Bond Issuance in Malaysia



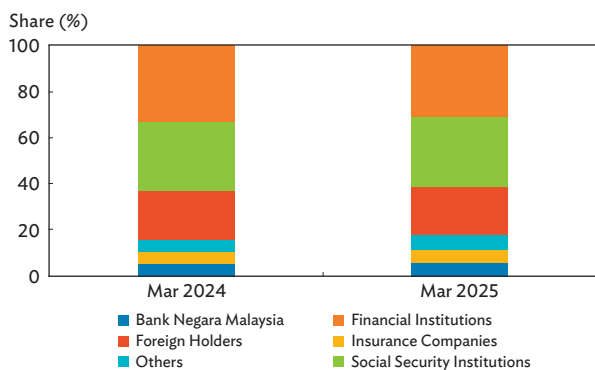
MYR = Malaysian ringgit, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

Investor Profile

At the end of March, domestic investors held 79.2% of Malaysia’s LCY government bonds outstanding.

Malaysia’s LCY government bond market was dominated by financial institutions and social security institutions— together comprising an aggregate bond holdings share of 61.2% (Figure 4). The share of foreign holdings in

Figure 4: Local Currency Government Bonds Investor Profile



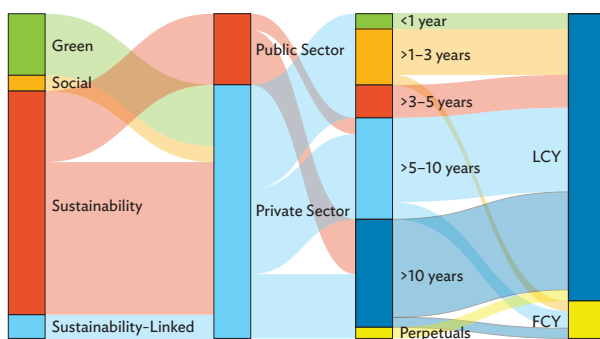
Note: “Others” include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.
Source: Bank Negara Malaysia.

Malaysia’s government bond market fell to 20.8% at the end of March from 21.2% a year prior on increased uncertainty over the Federal Reserve’s monetary policy outlook. Nevertheless, Malaysia maintained the highest foreign holdings share within emerging East Asia.²³

Sustainable Bond Market

At the end of June, corporate bonds dominated Malaysia’s sustainable bond market, which mainly comprised sustainability bonds and bonds denominated in Malaysian ringgit. Outstanding sustainable bonds in Malaysia expanded 2.0% q-o-q, tallying USD16.0 billion at the end of June, 68.9% of which were sustainability bonds, followed by green bonds at 19.0% (Figure 5). At the end of June, 78.1% of outstanding sustainable bonds had been issued by corporates, with over half (58.9%) of corporate issuances carrying tenors longer than 5 years. On the other hand, bonds issued by the public sector, which made up 21.9% of total outstanding sustainable bonds, all carried tenors of over 5 years. This resulted in a size-weighted average tenor of 8.3 years in Malaysia’s sustainable bond market. A large majority (88.5%) of total sustainable bonds outstanding were denominated in Malaysian ringgit.

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



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

²³ 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

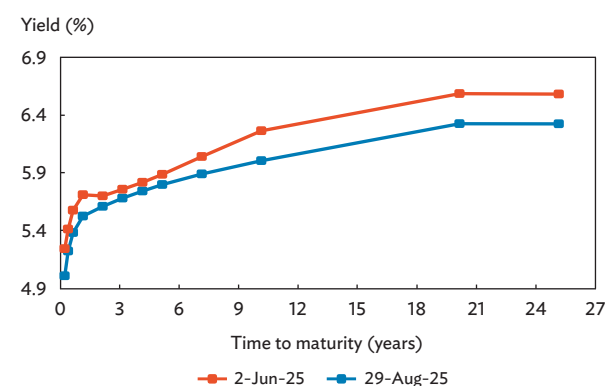
Between 2 June and 29 August, the local currency (LCY) sovereign bond yield curve in the Philippines shifted downward across all maturities. Yields across the curve fell an average of 17 basis points on a dovish monetary policy stance by the Bangko Sentral ng Pilipinas (BSP) amid easing inflation and a slowing economy (Figure 1). On 19 June and 28 August, the BSP reduced its policy rate by 25 basis points each, lowering the overnight reverse repurchase rate to 5.00%. Inflation remained subdued despite accelerating to 1.5% year-on-year (y-o-y) in August from 0.9% y-o-y in July, staying below the target range of 2.0%–3.0%. On 26 June, the government lowered its 2025 growth target to a range of 5.5%–6.5% from the previous target of 6.0%–8.0% set in December 2024, citing heightened growth risks stemming from external policy uncertainty and Middle East tensions. In the second quarter (Q2) of 2025, the Philippine economy grew 5.5% y-o-y, up from 5.4% y-o-y in the previous quarter, driven by resilient household consumption (5.5% y-o-y). On 11 August, the BSP signaled two more rate cuts in 2025 to foster economic growth.

Local Currency Bond Market Size and Issuance

Contractions in central bank securities and corporate bonds outstanding weighed on LCY bond market growth in Q2 2025. At the end of June, outstanding LCY bonds reached PHP13.8 trillion on growth of 2.7% quarter-on-quarter (q-o-q), slower than the 4.1% q-o-q expansion in the previous quarter (Figure 2). The moderated growth was driven by contractions in the stock of central bank securities (–18.9% q-o-q) and corporate bonds (–4.0% q-o-q) due to reduced issuances during the quarter. Meanwhile, growth in outstanding Treasury and other government bonds accelerated to 5.2% q-o-q in Q2 2025 on increased issuance from the government amid a favorable interest rate environment.

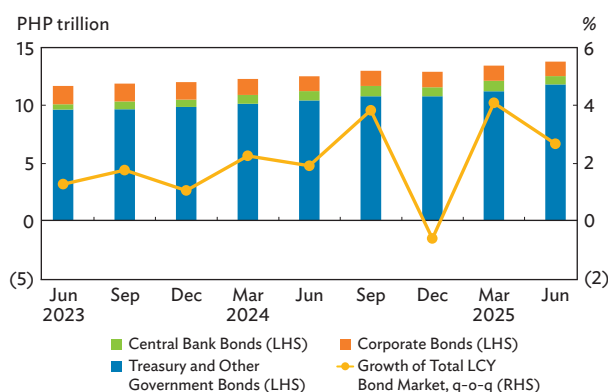
LCY bond issuance slowed in Q2 2025 amid global trade uncertainty. During the quarter, total LCY bond issuance tallied PHP2.7 trillion on marginal growth of 0.5% q-o-q (Figure 3). Corporate bond issuance

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



Source: Based on data from Bloomberg LP.

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



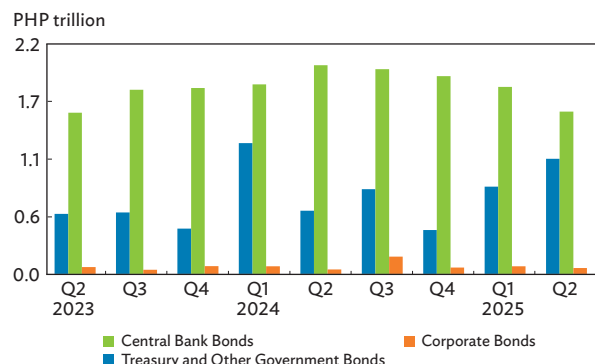
() = negative, LCY = local currency, LHS = left-hand side, PHP = Philippine peso, q-o-q = quarter-on-quarter, RHS = right-hand side.

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

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

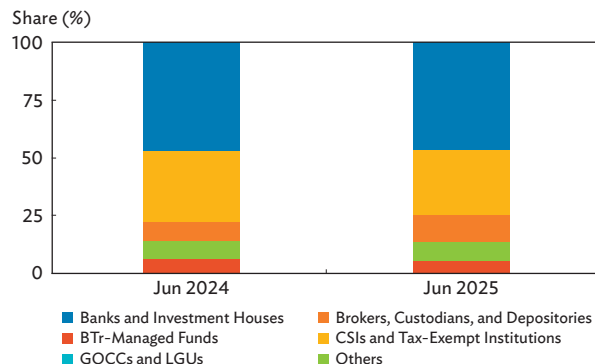
declined 23.5% q-o-q in Q2 2025, as companies delayed expansion plans amid uncertainty surrounding trade. The Bank of the Philippine Islands issued the largest corporate bond via the sale of its Supporting Inclusion, Nature, and Growth Bonds worth PHP40.0 billion, accounting for 71.4% of the corporate issuance total. Issuance of central bank securities also declined (–13.2% q-o-q) during the quarter as the BSP aimed to support financial market activity. In contrast, Treasury

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 June 2025, the aggregate holdings share for GOCCs and LGUs was 0.003%, amounting to PHP0.3 billion.
 Source: Bureau of the Treasury.

and other government bond issuance rose 32.0% q-o-q in Q2 2025, buoyed by the government’s issuance of 10-year benchmark bonds worth PHP300.0 billion in April.

Investor Profile

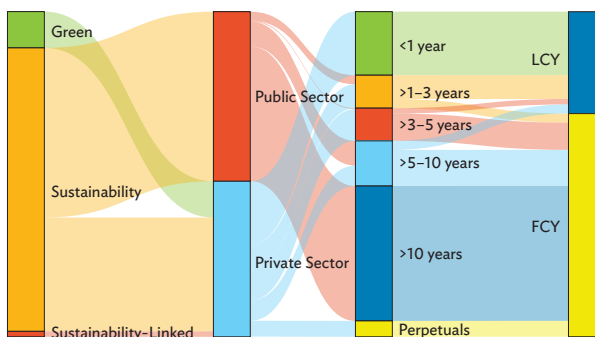
Banks and investment houses remained the largest holding group of government securities at the end of June. This investor group held 46.5% of the government’s total debt stock at the end of June, slightly down from 46.9% a year earlier (Figure 4). This was followed by contractual savings institutions and tax-exempt institutions, whose respective bond holdings declined to 28.1% from 30.9% during the same period. Among all investor groups, brokers, custodians, and depositories posted the largest increase in bond holdings during the review period, rising to 11.5% at the end of June from 8.1% the previous year, making it the third-largest investor group in the LCY government bond market.

Sustainable Bond Market

The Philippines’ sustainable bond market mainly comprises sustainability instruments financed by both the public and private sectors. Sustainability bonds accounted for 87.2% of the market’s total sustainable debt stock in Q2 2025, about 60% and 40% of which

were issued by the public and private sectors, respectively (Figure 5). At the end of June, total outstanding sustainable bonds grew 5.3% q-o-q to USD14.3 billion, accounting for only 2.0% of emerging East Asia’s total sustainable debt stock in Q2 2025.²⁴ Outstanding sustainable bonds were largely concentrated in tenors of over 10 years (46.4%), which brought the market’s size-weighted average tenor to 11.8 years at the end of June. The United States dollar was the predominant issuance currency among outstanding sustainable bonds with a share of 57.6%. This was followed by the Philippine peso (31.4%), euro (7.2%), and Japanese yen (3.8%).

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



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

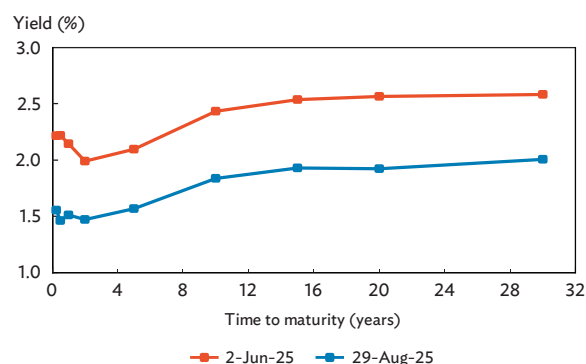
²⁴ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People’s Republic of China; Hong Kong, China; and the Republic of Korea.

Singapore

Yield Movements

Between 2 June and 29 August, the local currency (LCY) government bond yield curve in Singapore shifted downward. Bond yields fell an average of 61 basis points across the curve amid cooling inflation and expectations of slower economic growth (Figure 1). On 30 July, the Monetary Authority of Singapore (MAS) maintained its monetary policy stance on better-than-expected growth momentum and subdued inflationary pressures. In the second quarter (Q2) of 2025, the economy grew 4.4% year-on-year (y-o-y), higher than the initial estimate of 4.3% y-o-y, partly driven by rapid growth in the wholesale trade and manufacturing industries. However, the q-o-q growth forecast for the third and fourth quarters of the year is only 1.5%–2.5%. In July, consumer price inflation was 0.6% y-o-y, ticking downward from 0.8% y-o-y in both May and June, but still within the inflation forecast of 0.5%–1.5% y-o-y.

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

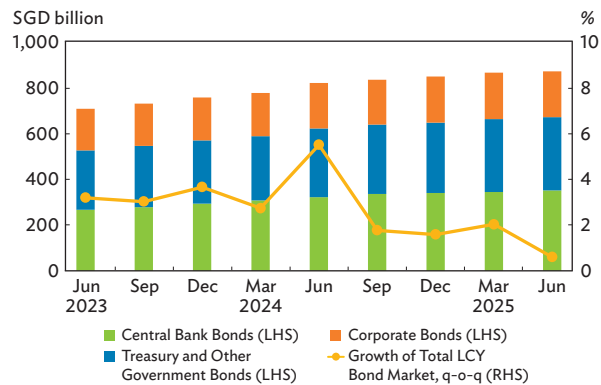


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore's LCY bond market increased to a size of SGD872.1 billion at the end of June, driven by growth in outstanding MAS bills. The LCY bond market inched up 0.6% quarter-on-quarter (q-o-q) in Q2 2025, extending the growth of 2.0% q-o-q in the first quarter (Q1) (Figure 2). The stock of outstanding MAS bills rose 1.9% q-o-q, up from 1.5% q-o-q growth in Q1 2025. Meanwhile, Treasuries and other government bonds saw subdued expansion, only gaining 0.7% q-o-q in Q2 2025, compared to 3.5% q-o-q in the prior quarter due to a high volume of maturities. Corporate bonds outstanding contracted 1.8% q-o-q, a reversal from the 0.7% q-o-q growth in Q1 2025, on reduced corporate issuance.

Figure 2: Composition of Local Currency Bonds Outstanding in Singapore



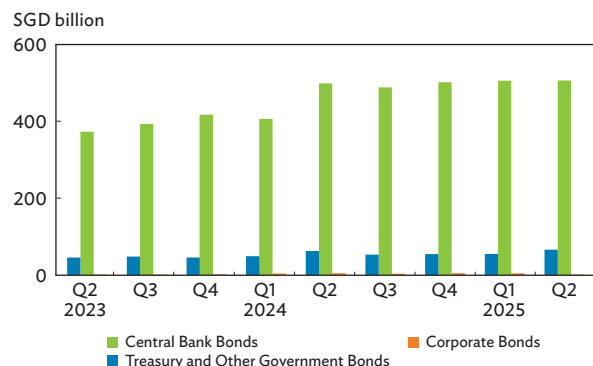
LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar.

Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Total LCY bond issuance inched up in Q2 2025, buoyed by growth in Treasury and other government bonds. Bond market sales totaled SGD573.2 billion in Q2 2025 on 1.4% q-o-q growth, faster than the previous quarter's pace of 0.7% q-o-q (**Figure 3**). Issuance of Treasury and other government bonds grew the fastest at 19.9% q-o-q in Q2 2025, compared to Q1 2025's 0.2% q-o-q. On the other hand, issuance of MAS bills only marginally increased 0.1% q-o-q. The corporate bond segment saw a large contraction of 70.6% q-o-q partly due to trade market uncertainties dampening corporate plans for expansion. CapitaLand led corporate bond issuance in Q2 2025, issuing perpetual securities worth SGD260.0 million, or 19.3% of total corporate issuance, as part of its debt issuance program.

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.

Notes:

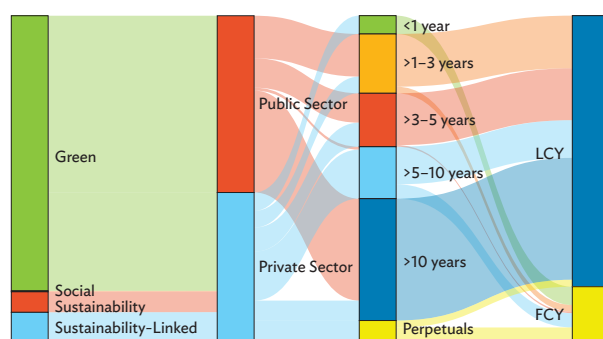
1. Corporate bonds are based on *AsianBondsOnline* estimates.
2. Corporate bond issuance on Q2 2025 totaled SGD1.3 billion.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Sustainable Bond Market

Singapore's sustainable bond market is dominated by green bond instruments, which accounted for 84.6% of total outstanding sustainable bonds at the end of June. The sustainable bond stock rose to USD28.0 billion at the end of Q2 2025 on growth of 5.4% q-o-q, up from a 2.3% q-o-q increase recorded in Q1 2025 (**Figure 4**). A majority (83.3%) of outstanding sustainable bonds were denominated in Singapore dollars. Bonds with tenors of more than 5 years comprised 59.7% of the total sustainable bond stock at the end of Q2 2025. The largest issuer of sustainable bonds during the quarter was the Government of Singapore as it issued a 29-year bond worth SGD1.8 billion to support green public sector projects. As a result, the size-weighted average tenor was 16.6 years, the longest among its emerging East Asian peers.²⁵

Figure 4: Market Profile of Outstanding Sustainable Bonds in Singapore at the End of June 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.

Thailand

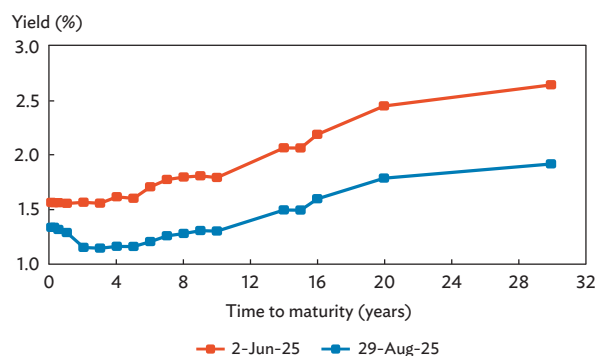
Yield Movements

Between 2 June and 29 August, Thailand's local currency (LCY) government bond yield curve shifted downward in response to monetary policy easing by the Bank of Thailand (BOT). Yields fell by an average of 46 basis points across the curve following the central bank's policy rate cut on 13 August (Figure 1). The central bank lowered its policy rate by 25 basis points each during its February, April, and August monetary policy meetings to support the economy amid trade uncertainty and subdued inflation. Gross domestic product growth slowed to 2.8% year-on-year (y-o-y) in the second quarter (Q2) of 2025 from 3.2% y-o-y in the first quarter (Q1), mainly due to a weaker expansion in nonagricultural production, particularly tourism-related activities. The BOT expects economic growth to decelerate further in the second half of 2025 given downside risks from United States tariffs and slowing global growth. Consumer price inflation had been in negative territory since April and declined further to -0.8% y-o-y in August from -0.7% y-o-y in July and -0.3% y-o-y in June due to lower energy and food prices.

Local Currency Bond Market Size and Issuance

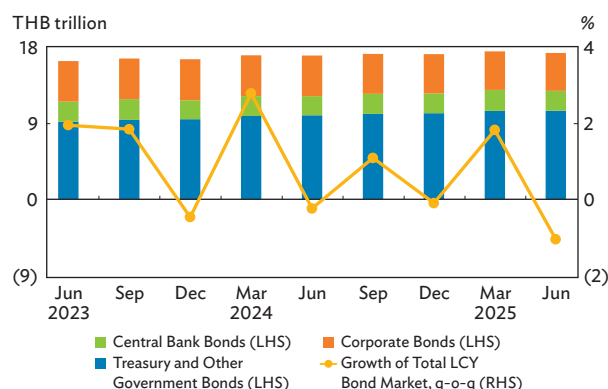
Thailand's LCY bond market contracted in Q2 2025 on a weakening expansion in government bonds and a decline in corporate bonds. Outstanding LCY bonds amounted to THB17.2 trillion at the end of June, down 1.0% quarter-on-quarter (q-o-q) in Q2 2025 compared to a 1.8% q-o-q rise in the previous quarter (Figure 2). Government bonds posted slower growth and corporate bonds continued to contract in Q2 2025. The expansion in government bonds decelerated to 0.4% q-o-q in Q2 2025 from 2.6% q-o-q in the prior quarter, owing to a larger volume of maturities. Meanwhile, corporate bonds continued to contract at a pace of -2.0% q-o-q in Q2 2025 as maturities outpaced issuance. Treasury and other government bonds (THB10.4 trillion) comprised 60.6% of the LCY bond market at the end of June, while corporate bonds (THB4.4 trillion) and BOT bonds (THB2.3 trillion) accounted for the remaining 25.8% and 13.6% shares, respectively.

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

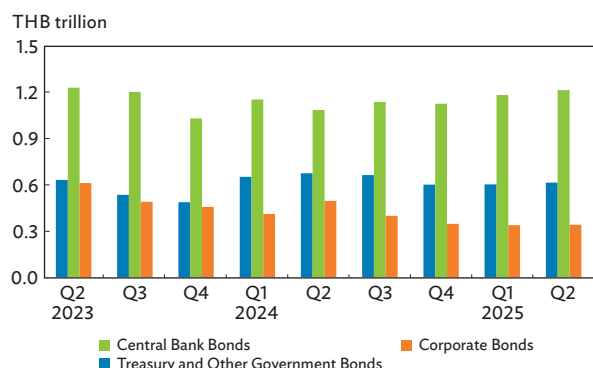


(-) = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

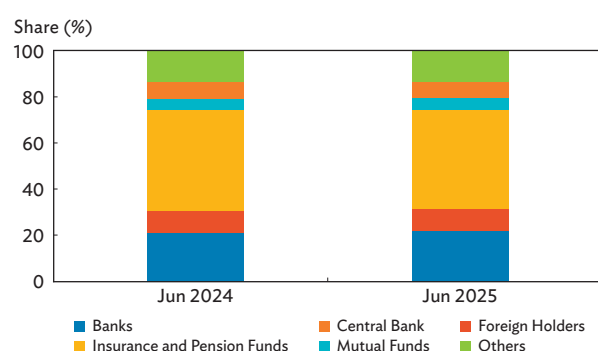
Issuance of LCY bonds rose 2.2% q-o-q to THB2.2 trillion in Q2 2025, driven by increased issuance of government bonds. LCY bond issuance growth in Q2 2025 was broadly comparable to the 2.4% q-o-q gain in the previous quarter (Figure 3). Government bond issuance rose 2.0% q-o-q in Q2 2025, up from 0.2% q-o-q in Q1 2025, on increased government borrowing to finance stimulus measures. In June, Thailand's cabinet approved an economic stimulus

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.

package worth THB151.0 billion intended to support infrastructure projects and tourism. Meanwhile, corporate bond sales recovered slightly in Q2 2025, edging up 0.8% q-o-q after 3 consecutive quarters of contraction as firms took advantage of a low-interest-rate environment amid monetary policy easing by the BOT. SCBX, a bank, was the largest corporate issuer in Q2 2025 with total debt sales of THB20.0 billion, accounting for 5.9% of total corporate bond issuance during the quarter.

Investor Profile

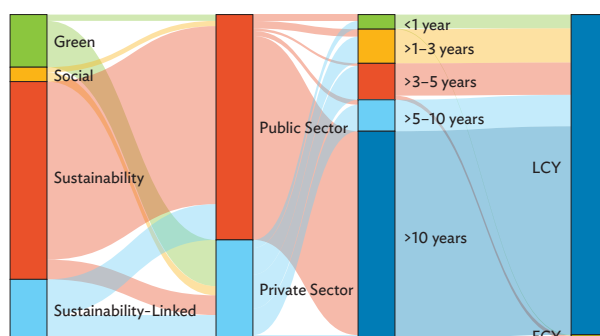
Insurance and pension funds remained the largest holding group of Thai Treasury bonds at the end of June. Nonetheless, insurance and pension funds' holdings share inched down to 43.0% at the end of June from 43.6% a year earlier (Figure 4). Meanwhile, banks' holdings share edged up to 22.3% from 21.4% during the same period. These two investor groups remained the top holders of Thai Treasury bonds.

Sustainable Bond Market

Thailand's sustainable bonds outstanding reached USD26.4 billion at the end of June and remained dominated by public sector sustainability bonds.

The Thai sustainable bond market continued to post robust growth, expanding 4.8% q-o-q in Q2 2025 after a 4.6% q-o-q increase in Q1 2025. Sustainability

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



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

instruments continued to comprise the largest share at 60.8% of the total (Figure 4). Following large issuances from both the public and private sectors in Q2 2025, sustainability-linked instruments were the second-most predominant bond type at the end of June with an 18.6% share. The market share of green bonds outstanding edged down to 16.2% at the end of June from 17.6% at the end of March. Nearly 70% of outstanding sustainable bonds were issued by the public sector, and these were predominantly sustainability instruments with longer tenors. About 64.1% of outstanding sustainable bonds had remaining tenors longer than 10 years, resulting in a size-weighted average tenor of 9.0 years at the end of June. LCY-denominated bonds accounted for 98.5% of sustainable bonds in Thailand, which remained among the highest shares in emerging East Asia.²⁶

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.

Viet Nam

Yield Movements

The local currency (LCY) sovereign bond yield curve in Viet Nam shifted upward across all maturities between 2 June and 29 August. Yields across the curve climbed an average of 49 basis points, propelled by strong economic growth and relatively high inflation (Figure 1). In the second quarter (Q2) of 2025, Viet Nam's economy grew the fastest among its emerging East Asian peers, expanding 8.0% year-on-year (y-o-y) compared with 6.9% y-o-y in the previous quarter.²⁷ The Q2 2025 growth surpassed the government's expectation (7.7% y-o-y) and was supported by expansions in the manufacturing and construction (9.0% y-o-y) and service (8.5% y-o-y) sectors. On 5 August, the government revised upward the 2025 growth target to a range of 8.3%–8.5% from a target of at least 8.0% set in February to boost economic momentum and lay a foundation for double-digit growth in 2026. Inflation eased to 3.2% y-o-y in both August and July from 3.6% y-o-y in June, driven by moderating food prices and declining transportation cost. Despite this decline, Viet Nam's August inflation was also the highest among its regional peers, but it remained within the government's ceiling of 4.5%.

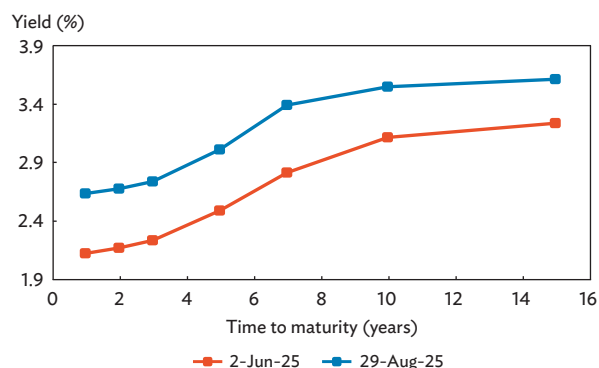
Local Currency Bond Market Size and Issuance

LCY bond market growth accelerated in Q2 2025, supported by expansions across all bond segments.

At the end of June, the total LCY debt stock reached VND3,487.0 trillion on accelerated growth of 8.2% quarter-on-quarter (q-o-q) versus 1.9% q-o-q growth in the previous quarter (Figure 2). Outstanding corporate bonds grew 13.6% q-o-q in Q2 2025, driven by increased issuance from corporates and the growing participation of nonbank entities. Despite reduced issuance, outstanding Treasury and other government bonds and central bank securities recorded q-o-q growth of 3.5% and 77.2%, respectively, supported by fewer maturities during the quarter.

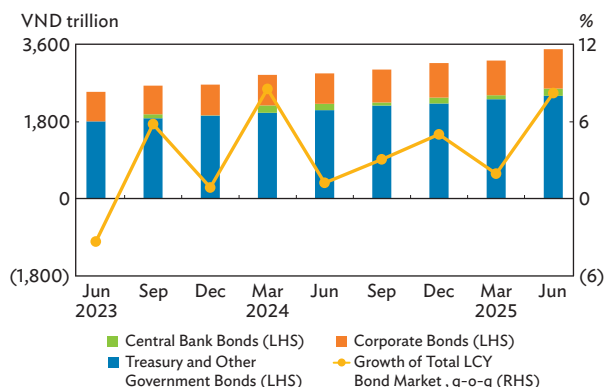
Reduced debt sales from both the government and central bank fueled the decline in total LCY bond issuance. In Q2 2025, overall issuance dropped

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



() = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, VND = Vietnamese dong.

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

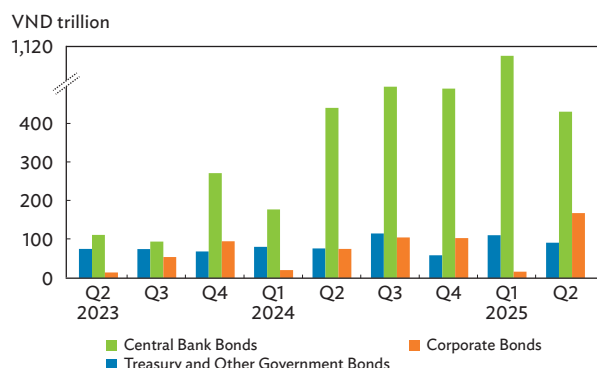
Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

40.2% q-o-q to VND742.6 trillion, reversing the previous quarter's 33.0% q-o-q growth (Figure 3). Issuance of Treasury and other government bonds contracted 17.6% q-o-q due to investors preference for only the 5-year and 10-year instruments amid lingering global trade uncertainty. Central bank securities posted the fastest q-o-q decline in issuance at 56.6% as the

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

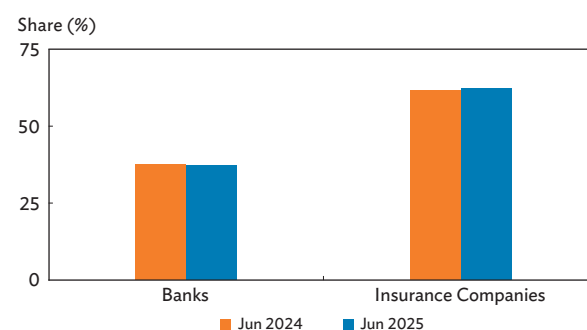
²⁷ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

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.

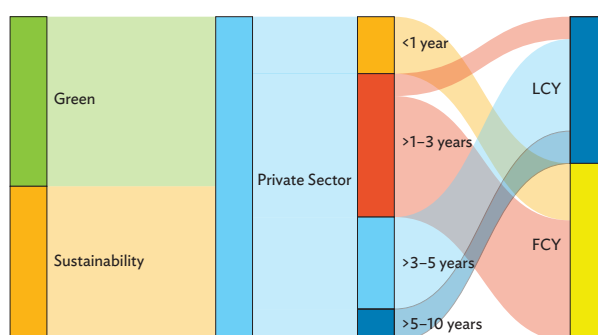
Figure 4: Market Profile of the Two Dominant Investors for Local Currency Government Bonds



Source: Ministry of Finance, Viet Nam.

State Bank of Vietnam aimed to stimulate financial market activity to meet the credit growth target of 16.0%. In contrast, corporate bond issuance grew more than tenfold in Q2 2025 to VND167.8 trillion, driven by banks' need to raise capital to meet the credit growth target set by the central bank and nonfinancial firms' need for refinancing as repayment pressure is expected to peak in the third quarter. The banking and property sectors were the key drivers of issuance during the quarter, accounting for 72.4% and 21.0%, respectively, of the corporate issuance total in Q2 2025.

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



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

Investor Profile

The investor profile of Viet Nam's LCY government bond market remained the least diversified in the region. Insurance companies remained the largest investor group with a holdings share of 62.0% at the end of June, up from 61.5% a year earlier (Figure 4). This was followed by banks with a holdings share of 37.0%, slightly down from 37.5% during the same period. Collectively, these two dominant investor groups held 99.0% of LCY government bonds outstanding at the end of June, roughly unchanged from 99.1% a year earlier.

Sustainable Bond Market

The private sector remained the sole player in Viet Nam's sustainable bond market. At the end of June, private sector financing continued to dominate Viet Nam's sustainable bond market, which comprises green (52.2%) and sustainability bonds (47.8%) (Figure 5). Total outstanding sustainable bonds reached USD1.1 billion in Q2 2025. In terms of size, Viet Nam's sustainable bond market continued to lag behind its emerging East Asian peers, accounting for only 0.2% of the regional total. Outstanding sustainable bonds are predominantly short-term securities, mainly concentrated in tenors of 3 years and less (61.7%). The size-weighted average tenor stood at 2.4 years in Q2 2025, among the shortest tenors across the region's sustainable bond markets. Outstanding sustainable bonds were primarily denominated in United States dollars with a 54.8% share, followed by the Vietnamese dong with a 45.2% share.