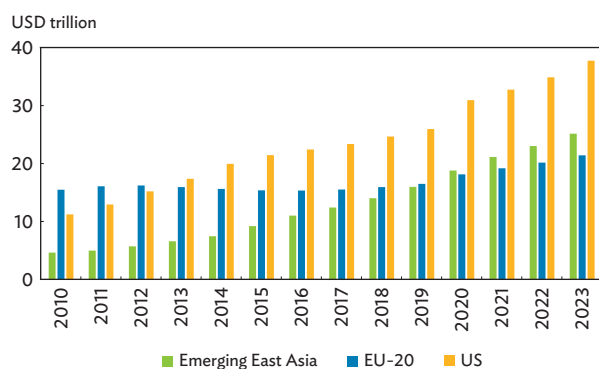


Bond Market Developments in the Fourth Quarter of 2023

Section 1. Local Currency Bonds Outstanding

At the end of December 2023, the local currency (LCY) bond market in emerging East Asia reached a size of USD25.2 trillion, expanding 9.2% year-on-year (y-o-y).³ Annual growth in emerging East Asian LCY bonds outstanding outpaced that of the United States (US) (8.2% y-o-y) and the European Union (EU-20) (6.3% y-o-y). At the end of December, the size of emerging East Asian LCY bond market was equivalent to 66.7% of that of the US (USD37.8 trillion) and 117.3% of the EU-20 bond market (USD21.5 trillion) (Figure 1).

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



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

Notes:

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

Emerging East Asian LCY bonds outstanding expanded faster in the fourth quarter (Q4) of 2023 than in the previous quarter, driven by growth in government bonds. The regional LCY bond market expanded 2.5% quarter-on-quarter (q-o-q) in Q4 2023, with most markets posting positive quarterly growth (Table 1). Despite a contraction in issuance during the quarter, outstanding government bonds rose 3.9% q-o-q, compared with 3.0% q-o-q in the third quarter (Q3) of 2023, due to smaller volume of maturities in most regional markets, particularly the larger markets of the People's Republic of China (PRC) and the Republic of Korea. Meanwhile, growth in the region's corporate bond market slowed to 0.2% q-o-q in Q4 2023 from 1.5% q-o-q in the prior quarter amid higher interest rates and concerns about the property sector in some markets. Viet Nam and Thailand recorded contractions in LCY bonds outstanding due to a relatively large volume of maturities and weak issuance, respectively (Figure 2).

LCY bonds outstanding in Association of Southeast Asian Nation (ASEAN) markets totaled USD2.2 trillion at the end of December, comprising 8.7% of the emerging East Asian LCY bond market. The PRC's LCY bond market (USD20.1 trillion) represented 79.8% of the region's total at the end of December, while that of the Republic of Korea (USD2.5 trillion) accounted for 9.9% (Figure 3). Government bonds (USD15.4 trillion) comprised a majority of regional LCY bonds (61.2%), followed by corporate bonds (USD9.2 trillion) and central bank bonds (USD0.6 trillion) with shares of 36.5% and 2.2%, respectively.

Outstanding LCY Treasury bonds in emerging East Asian markets are generally concentrated in longer-term maturities (Figure 4). At the end of December, the size-weighted average tenor of Treasury bonds outstanding in the region was 8.9 years, slightly lower than ASEAN markets' average of 9.0 years. Overall, 52.0% of Treasury bonds outstanding in emerging East Asia had tenors of over 5 years. In ASEAN markets,

³ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

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

	Q4 2022		Q3 2023		Q4 2023			Growth Rate (%)	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	Q4 2023	
								q-o-q	y-o-y
China, People's Republic of									
Total	18,879	108.1	19,031	111.4	20,098	100.0	113.1	2.7	9.6
Treasury and Other Government	11,870	68.0	12,194	71.3	13,096	65.2	73.7	4.5	13.5
Central Bank	2	0.01	2	0.01	2	0.01	0.01	0.0	0.0
Corporate	7,007	40.1	6,835	40.0	7,000	34.8	39.4	(0.4)	2.8
Hong Kong, China									
Total	355	98.6	385	103.0	387	100.0	101.1	0.3	9.1
Treasury and Other Government	31	8.5	37	9.9	36	9.4	9.5	(1.5)	19.3
Government	155	43.0	158	42.4	161	41.5	42.0	1.2	4.0
Corporate	170	47.1	190	50.7	190	49.1	49.6	(0.2)	12.0
Indonesia									
Total	382	30.4	399	29.8	411	100.0	30.3	2.7	6.4
Treasury and Other Government	350	27.8	366	27.3	377	91.7	27.8	2.6	6.5
Central Bank	3	0.3	4	0.3	4	1.0	0.3	10.7	19.3
Corporate	29	2.3	29	2.1	30	7.3	2.2	3.5	3.2
Korea, Republic of									
Total	2,346	150.8	2,347	159.6	2,497	100.0	161.2	1.6	8.4
Treasury and Other Government	907	58.3	893	60.7	933	37.4	60.2	(0.3)	4.7
Central Bank	89	5.7	93	6.3	94	3.8	6.1	(3.1)	8.0
Corporate	1,350	86.7	1,361	92.5	1,470	58.9	94.9	3.1	10.9
Malaysia									
Total	424	123.6	422	127.5	437	100.0	128.1	1.2	7.5
Treasury and Other Government	238	69.5	240	72.5	249	56.9	72.9	1.4	8.8
Central Bank	0.2	0.1	3	1.0	4	0.9	1.1	11.0	1,620.0
Corporate	185	54.0	179	54.1	184	42.2	54.1	0.8	3.9
Philippines									
Total	201	50.8	210	50.2	217	100.0	49.5	1.0	7.4
Treasury and Other Government	164	41.4	171	40.8	178	82.1	40.7	2.1	8.4
Central Bank	9	2.2	12	2.9	11	5.3	2.6	(6.2)	32.5
Corporate	29	7.3	27	6.6	27	12.6	6.2	(2.6)	(5.6)
Singapore									
Total	492	96.0	510	104.3	542	100.0	106.3	2.6	8.5
Treasury and Other Government	174	34.0	183	37.3	195	35.9	38.2	2.9	10.0
Central Bank	186	36.2	204	41.7	223	41.1	43.6	5.3	18.2
Corporate	132	25.8	123	25.2	125	23.0	24.5	(2.3)	(6.9)
Thailand									
Total	452	89.9	455	92.9	483	100.0	92.0	(0.5)	5.5
Treasury and Other Government	253	50.5	256	52.3	276	57.1	52.5	0.96	7.3
Central Bank	69	13.8	67	13.7	65	13.5	12.4	(8.9)	(7.2)
Corporate	129	25.6	132	26.9	142	29.4	27.0	1.1	8.7
Viet Nam									
Total	106	26.3	110	26.8	109	100.0	26.0	(0.4)	6.2
Treasury and Other Government	71	17.6	78	19.1	80	73.1	19.0	2.0	16.0
Central Bank	4	0.99	4	0.9	0	0.0	0.0	(100.0)	(100.0)
Corporate	31	7.7	28	6.7	29	26.9	7.0	6.8	(2.3)
Emerging East Asia									
Total	23,637	103.7	23,869	106.5	25,182	100.0	108.1	2.5	9.2
Treasury and Other Government	14,059	61.7	14,418	64.3	15,420	61.2	66.2	3.9	12.5
Central Bank	517	2.3	548	2.4	564	2.2	2.4	(0.02)	8.7
Corporate	9,061	39.8	8,904	39.7	9,197	36.5	39.5	0.2	4.1
Japan									
Total	10,164	238.1	9,034	231.0	9,670	100.0	230.4	1.1	2.3
Treasury and Other Government	9,382	219.8	8,339	213.2	8,918	92.2	212.5	0.98	2.2
Central Bank	34	0.8	13	0.3	27	0.3	0.6	96.9	(14.5)
Corporate	748	17.5	682	17.4	725	7.5	17.3	0.3	4.2

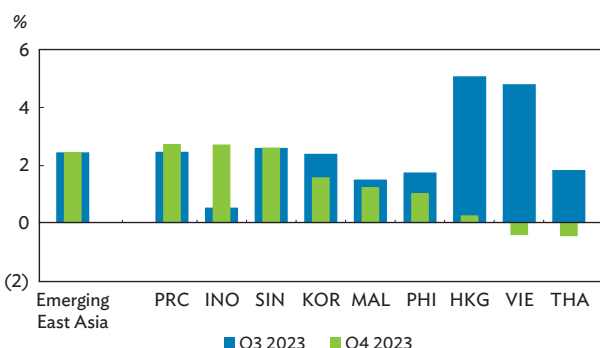
() = negative, GDP = gross domestic product, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, y-o-y = year-on-year.

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 31 December 2023 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zerin 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: Growth of Select Emerging East Asian Local Currency Bond Markets in the Third and Fourth Quarters of 2023 (q-o-q, %)



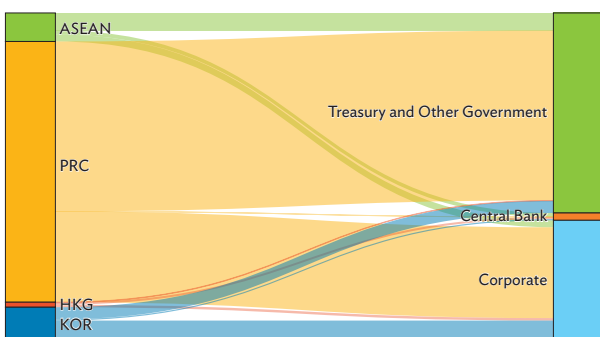
() = negative; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People’s Republic of China; Q3 = third quarter; Q4 = fourth quarter; q-o-q = quarter-on-quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

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 31 December 2023 currency exchange rates and do not include currency effects.

Sources: People’s Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zerin 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 3: Local Currency Bonds Outstanding in Emerging East Asia by Economy and Type of Bond as of 31 December 2023

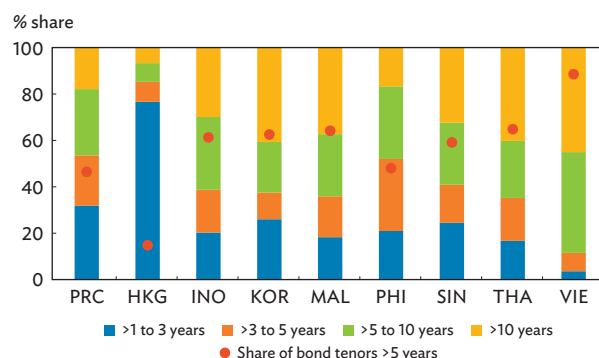


ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; KOR = Republic of Korea; PRC = People’s Republic of China.

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

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

Figure 4: Maturity Structure of Local Currency Treasury Bonds Outstanding in Select Emerging East Asian Markets as of 31 December 2023



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

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

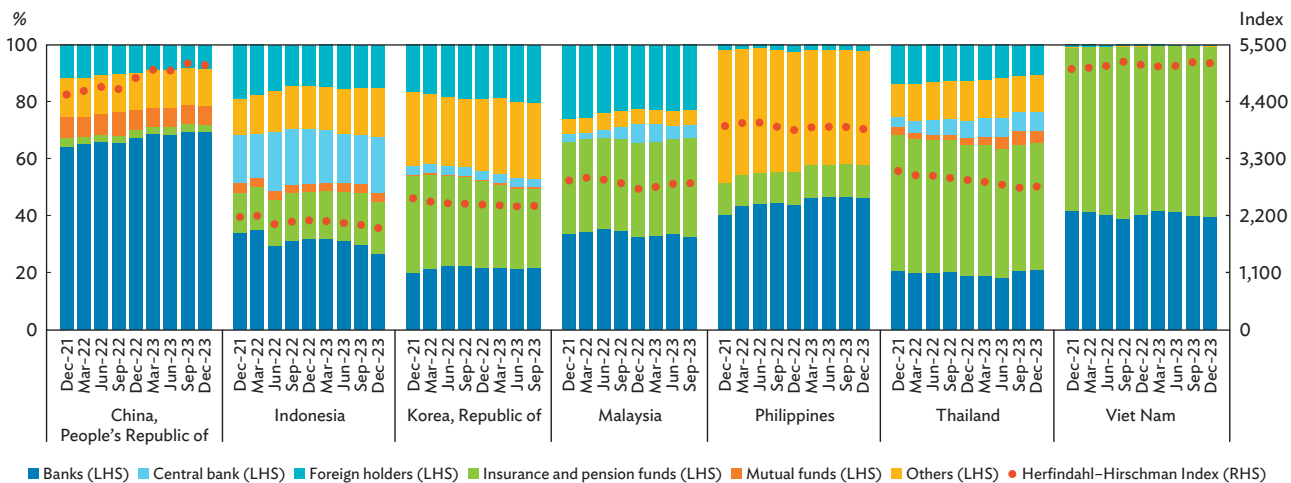
Sources: People’s Republic of China (Bloomberg LP); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Bloomberg LP); Malaysia (Bank Negara Malaysia Fully Automated System for Issuing/Tendering);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

62.3% of Treasury bonds outstanding had maturities of over 5 years, with Viet Nam’s market having the highest share at 88.5%. Meanwhile, Hong Kong, China had 14.8% of its outstanding Treasury bonds carrying maturities of over 5 years at the end of December.

The majority of emerging East Asian LCY Treasury bonds are held by relatively inactive traders such as domestic banks and insurance and pension funds (Figure 5).

Scores on the Herfindahl–Hirschman Index, which measures investor concentration in a particular market, remained high in Viet Nam and the PRC. Among all emerging East Asian Treasury bond markets, banks accounted for the largest average holdings share at 36.7%, followed by insurance and pension funds at 28.5%. Bank holdings of Treasury bonds were the largest in the PRC (69.4%) and the Philippines (46.2%), while insurance and pension funds holdings were higher in Viet Nam (59.8%) and Thailand (44.5%). Indonesia has the region’s most diversified investor profile, with banks, the largest holders of Treasury bonds in the domestic market, only accounting for 26.5% of the total. The Republic of Korea’s Treasury bond market also has a relatively low Herfindahl–Hirschman Index score, reflecting a

Figure 5: 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 and Malaysia are up to September 2023.
2. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.
3. The Herfindahl-Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of the local currency bond markets and is calculated by summing the squared share of each investor group in the bond market.

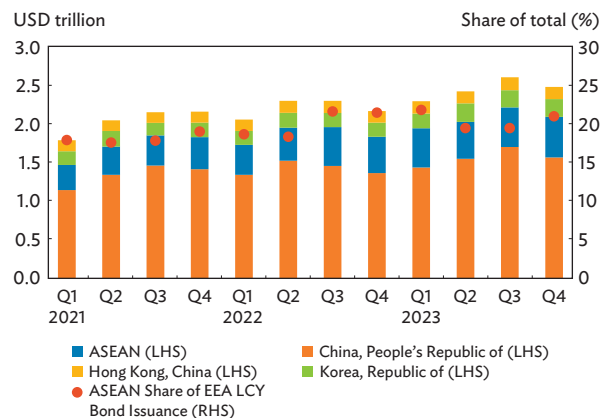
Sources: People's Republic of China (CEIC Data Company); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury); Thailand (Bank of Thailand); and Viet Nam (Ministry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

diversified investor profile, with the largest investor group, insurance and pension funds, holding 27.8% of Treasury bonds outstanding. Insurance and pension funds were also the dominant investor group in the less-diversified markets of Malaysia (34.6%), Thailand (44.5%), and Viet Nam (59.8%).

Section 2. Local Currency Bond Issuance

Despite the q-o-q issuance contraction in Q4 2023, emerging East Asia's annual LCY bond issuance in 2023 inched up to USD9.9 trillion from USD8.9 trillion in 2022. The region's y-o-y increase in issuance in 2023 was primarily driven by the PRC with total issuance of USD6.3 trillion, which was up from USD5.8 trillion in 2022 and comprised 63.9% of the annual regional total (Figure 6). In Q4 2023, LCY bond issuance in emerging East Asia totaled USD2.5 trillion, equivalent to 51.7% of issuance in the US during the quarter (USD4.8 trillion) and almost four times that of the EU-20 (USD0.7 trillion). During Q4 2023, the PRC accounted for 63.2% of total regional issuance, followed by ASEAN markets (21.2%); the Republic of Korea (9.3%); and Hong Kong, China (6.3%).

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



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

Notes:

1. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Figures were computed based on 31 December 2023 currency exchange rates and do not include currency effects.

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

Total LCY bond issuance in emerging East Asia declined 4.8% q-o-q in Q4 2023, a reversal from the 7.5% q-o-q increase in Q3 2023, driven by a contraction in government bond issuance.

Issuance of government bonds fell 6.3% q-o-q to USD1.1 trillion in Q4 2023 as governments in the region had already fulfilled their borrowing requirements in the first 3 quarters of the year. However, despite the decline in total government bond issuance during the quarter, there were smaller volume of maturities in almost all markets, resulting in positive growth for government bonds outstanding in Q4 2023. All markets posted q-o-q issuance declines in Q4 2023, led by the PRC, which comprised 89.3% of the regional government bond total at the end of December (Figure 7). Issuance in the PRC fell 3.8% q-o-q in Q4 2023 due to reduced issuance of policy bank bonds and local government bonds, as most local government annual bond quotas had already been met by the end of Q3 2023. Government bonds issued in ASEAN markets; the Republic of Korea; and Hong Kong, China fell 15.3% q-o-q, 33.8% q-o-q, and 47.9% q-o-q, respectively. Meanwhile, issuance of central bank bonds in emerging East Asia rose 3.4% q-o-q, driven by higher issuance volumes in Singapore and Hong Kong, China.

Total corporate bond issuance fell 7.8% q-o-q to USD0.9 trillion from USD1.0 trillion in Q3 2023, dragged down by a contraction in the PRC. While five out of nine regional markets registered increased quarterly issuance in Q4 2023, regional corporate bond issuance

growth was offset by the 13.4% q-o-q contraction in the PRC, which accounted for 72.7% of the region's quarterly total (Table 2). Contraction in corporate bond issuance in the PRC was partly due to the weakening property sector and its possible spillover to economic growth. On the other hand, corporate bond issuance rose in Q4 2023 in the Republic of Korea (21.4% q-o-q) and in ASEAN markets (5.3% q-o-q) on improving financial conditions driven by expectations of the ending of monetary tightening in both the US and regional markets.

A majority of Treasury bonds issued in emerging East Asia in Q4 2023 carried medium- to long-term tenors (Figure 8a).

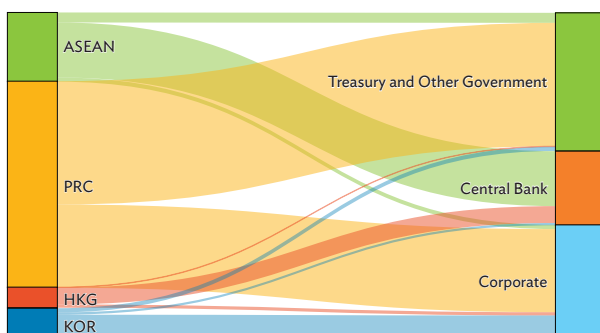
Around 53.2% of the region's Treasury bond issuance in Q4 2023 had tenors of over 5 years, which includes all issuance in the Philippines and Singapore, and more than 90% in Viet Nam (Figure 8b). Treasury bonds issued during the quarter had a size-weighted average tenor of 7.3 years, slightly higher than the average of 6.3 years in Q3 2023. For full-year 2023, the regional size-weighted tenor of Treasury bond issuance was 7.4 years, with ASEAN Treasury bonds having a much longer size-weighted tenor of 9.3 years.

Section 3. Bond Trading Activities

Turnover ratios in regional government bond markets trended slightly downward in most of ASEAN and in the Republic of Korea in 2023, but increased in the PRC; Hong Kong, China; and Viet Nam (Figure 9). In most regional bond markets, trading activities slightly eased toward the latter part of the year as government bond issuance wound down after frontloaded borrowing in earlier quarters. In markets such as the PRC and Viet Nam, improved bond trading activities were boosted by the monetary policy easing of their central banks to support economic activities amid a property sector downturn.

Similar to government bond markets, turnover ratios also declined in most emerging East Asian corporate bond markets in 2023 (Figure 10). The exceptions to this trend were the corporate bond markets of Indonesia and the Republic of Korea, where turnover ratios significantly increased during the year, particularly in Q4 2023. In Indonesia, increased trading activities were driven by the resurgence of corporate bond issuance in the second half of the year. A notable decline in turnover ratios was seen in the PRC due to dampened sentiment in corporate bonds over continued weakness in the domestic economy and credit concerns in the property market.

Figure 7: Local Currency Bond Issuance in Emerging East Asia by Economy and Type of Bond in the Fourth Quarter of 2023



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

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

Source: AsianBondsOnline calculations based on various local sources.

Table 2: Local-Currency-Denominated Bond Issuance

	Q4 2022		Q3 2023		Q4 2023		Growth Rate (%)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q4 2023	
							q-o-q	y-o-y
China, People's Republic of								
Total	1,421	100.0	1,673	100.0	1,584	100.0	(7.9)	14.7
Treasury and Other Government	774	54.5	957	57.2	946	59.7	(3.8)	25.8
Central Bank	0	0.0	0	0.0	0	0.0	-	-
Corporate	647	45.5	716	43	638	40.3	(13.4)	1.4
Hong Kong, China								
Total	150	100.0	168	100.0	158	100.0	(6.3)	5.5
Treasury and Other Government	0.8	0.5	7	4.4	4	2.5	(47.9)	408.3
Government	124	82.9	127	75.6	129	81.9	1.6	4.2
Corporate	25	16.6	34	20	25	15.6	(26.8)	(0.7)
Indonesia								
Total	39	100.0	26	100.0	30	100.0	13.1	(24.0)
Treasury and Other Government	15	39.7	13	47.9	9	29.3	(30.8)	(44.0)
Central Bank	22	55.8	11	41.5	19	62.6	70.6	(14.8)
Corporate	2	4.5	3	11	2	8.1	(13.5)	38.6
Korea, Republic of								
Total	187	100.0	215	100.0	232	100.0	2.9	26.4
Treasury and Other Government	35	19.0	47	21.7	32	14.0	(33.8)	(6.8)
Central Bank	19	10.3	25	11.7	17	7.5	(34.0)	(7.7)
Corporate	132	70.7	143	66.5	182	78.5	21.4	40.3
Malaysia								
Total	27	100.0	37	100.0	34	100.0	(12.2)	29.4
Treasury and Other Government	10	37.7	12	32.6	10	29.1	(21.7)	0.0
Central Bank	0.3	1.0	16	42.3	14	41.4	(14.1)	5,233.3
Corporate	17	61.3	9	25.0	10	29.4	3.2	(37.8)
Philippines								
Total	39	100.0	42	100.0	41	100.0	(4.4)	5.5
Treasury and Other Government	7	19.1	10	24.6	8	19.0	(26.2)	4.8
Central Bank	29	75.0	31	73.7	32	77.8	0.9	9.5
Corporate	2	5.9	0.7	1.7	1	3.2	85.5	(42.4)
Singapore								
Total	279	100.0	324	100.0	352	100.0	4.9	24.0
Treasury and Other Government	28	9.9	35	10.8	35	9.8	(5.0)	23.2
Central Bank	250	89.4	288	88.9	316	89.8	6.0	24.5
Corporate	2	0.7	0.96	0.3	1	0.4	46.2	(27.2)
Thailand								
Total	64	100.0	61	100.0	58	100.0	(11.3)	(10.1)
Treasury and Other Government	18	28.1	15	24.0	14	24.7	(8.9)	(21.1)
Central Bank	31	49.4	33	54.0	30	52.2	(14.3)	(5.0)
Corporate	14	22.5	13	22.0	13	23.1	(6.7)	(7.8)
Viet Nam								
Total	23	100.0	9	100.0	16	100.0	81.6	(26.3)
Treasury and Other Government	4	19.3	3	33.0	2	10.3	(43.5)	(60.8)
Central Bank	18	79.9	4	42.6	11	66.6	184.2	(38.5)
Corporate	0.2	0.8	2	24.4	4	23.1	72.1	1,957.4
Emerging East Asia								
Total	2,229	100.0	2,556	100.0	2,505	100.0	(4.8)	14.4
Treasury and Other Government	893	40.1	1,099	43.0	1,059	42.3	(6.3)	21.6
Central Bank	494	22.2	535	20.9	568	22.7	3.4	14.2
Corporate	841	37.7	923	36.1	877	35.0	(7.8)	6.9
Japan								
Total	481	100.0	378	100.0	431	100.0	7.6	(3.7)
Treasury and Other Government	448	93.1	340	89.9	389	90.2	7.9	(6.7)
Central Bank	0	0.0	0	0.0	14	3.3	-	-
Corporate	33	6.9	38	10.1	28	6.5	(30.2)	(8.1)

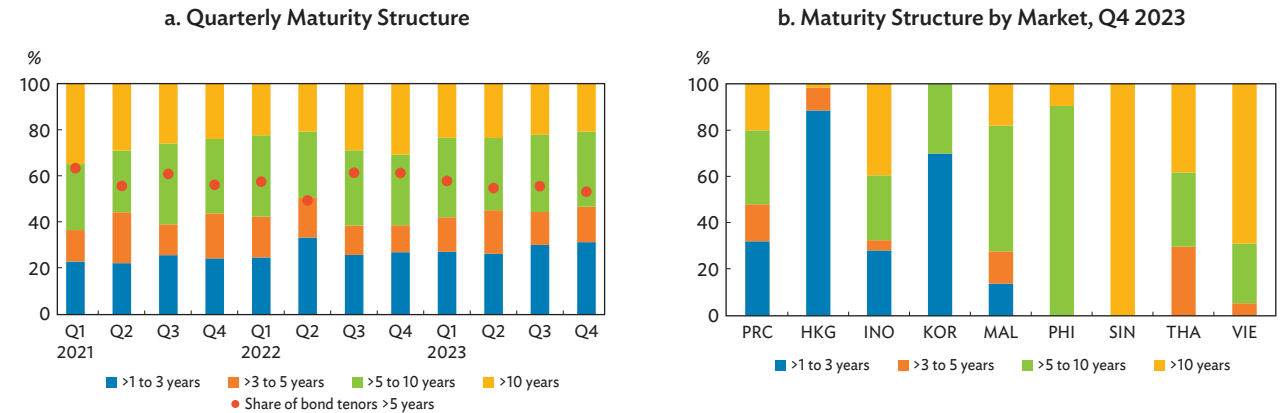
() = negative, - = not applicable, Q3 = third quarter, Q4 = fourth quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

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 31 December 2023 currency exchange rates and do not include currency effects.

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

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



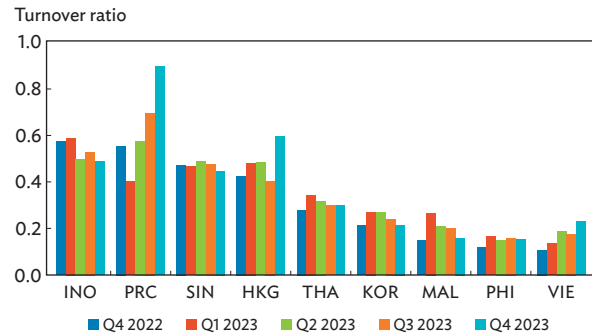
HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:

- Figures were computed based on 31 December 2023 currency exchange rates and do not include currency effects.
- Treasury bonds are local-currency-denominated, fixed-income securities with maturities longer than 1 year and issued by the government.

Source: AsianBondsOnline calculations based on various local sources.

Figure 9: Local Currency Government Bond Turnover Ratios in Select Emerging East Asian Markets

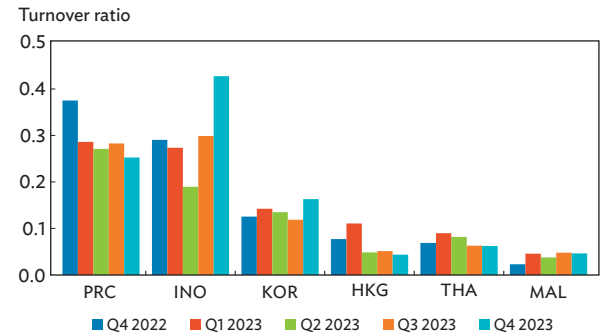


HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Note: Turnover ratios are calculated as local currency trading volume (sales amount only) divided by average local currency value of outstanding bonds during each 3-month period.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (BankNegara Malaysia); Philippines (Philippine Dealing and Exchange Corporation); Singapore (Monetary Authority of Singapore and Singapore Government Securities); Thailand (Bank of Thailand and Thai Bond Market Association); and Viet Nam (Vietnam Ministry of Finance).

Figure 10: Local Currency Corporate Bond Turnover Ratios in Select Emerging East Asian Markets



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

Note: Turnover ratios are calculated as local currency trading volume (sales amount only) divided by the average local currency value of outstanding bonds during each 3-month period.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); and Thailand (Bank of Thailand and Thai Bond Market Association).

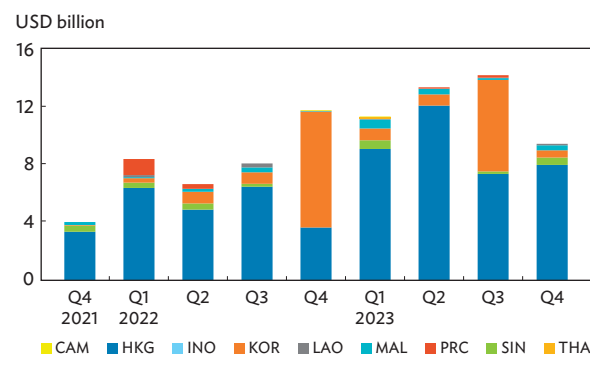
Section 4. Intra-Regional Bond Issuance

Intra-regional bond issuance in emerging East Asia totaled USD9.4 billion in Q4 2023, a contraction of 33.4% q-o-q from USD14.1 billion in Q3 2023 (Figure 11).⁴ Compared to the same period in 2022, the region's total intra-regional bond issuance dropped 19.8% from USD11.7 billion. The contraction in intra-regional bond issuance in Q4 2023 was mainly driven by a significant decline in issuance from the Republic of Korea to USD0.5 billion from USD6.3 billion in Q3 2023. The decline in the Republic of Korea's intra-regional bond issuance offset increased issuance in Hong Kong, China; Malaysia; the Lao People's Democratic Republic; and Singapore. Hong Kong, China remained the largest issuer of intra-regional bonds in emerging East Asia in Q4 2023 at USD8.0 billion, accounting for 84.6% of the regional total. Singapore was the region's second-largest issuer of intra-regional bonds during the quarter, with issuance volume increasing almost threefold to USD0.5 billion from USD0.2 billion in Q3 2023, accounting for 5.4% of the regional total. The Republic of Korea's total intra-regional bond issuance accounted for 5.3% of the regional total, making it the third-largest issuer of intra-regional bonds during the quarter. Malaysia and the Lao People's Democratic Republic increased their intra-regional bond issuance in Q4 2023 to USD0.3 billion and

USD0.1 billion, respectively, with regional shares of 3.6% and 1.1%. For full-year 2023, total intra-regional bond issuance in emerging East Asia reached USD48.2 billion, posting an annual increase of 38.5% from USD34.8 billion in 2022.

In Q4 2023, intra-regional bond issuance was dominated by CNY-denominated bonds and issuances from the transportation sector. CNY-denominated issuance totaled USD8.5 billion during the quarter, accounting for 89.9% of the regional aggregate (Figure 12). CNY-denominated issuance came from Hong Kong, China; the Republic of Korea; and Singapore. Issuance denominated in Hong Kong dollars, Singapore dollars, and Thai baht collectively accounted for 10.1% of total intra-regional issuance in emerging East Asia in Q4 2023. By sector, issuance from transportation firms reached USD3.0 billion, an increase of more than twofold from the previous quarter's USD1.4 billion. The transportation sector comprised 31.9% of the regional total in Q4 2023, surpassing the financial sector, the second-largest issuer of intra-regional bonds, with USD2.1 billion in issuance and a regional share of 22.7%. The utilities and industrial sectors, whose issuances increased during the quarter, were the third- and fourth-largest sources of intra-regional bonds in Q4 2023, respectively, accounting for 17.9% and 12.9%, of the regional total.

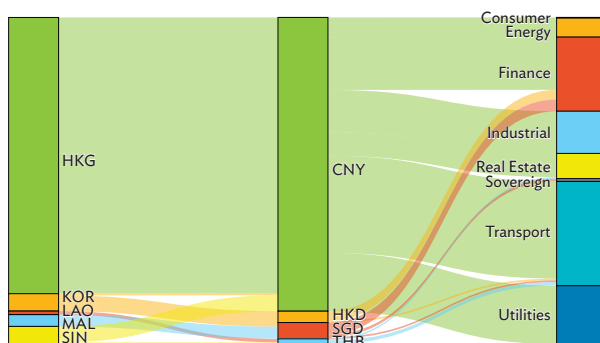
Figure 11: Intra-Regional Bond Issuance in Select Emerging East Asian Economies



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

Source: AsianBondsOnline calculations based on Bloomberg LP data.

Figure 12: Intra-Regional Bond Issuance in Emerging East Asia by Economy, Currency, and Sector in the Fourth Quarter of 2023



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

Source: AsianBondsOnline calculations based on Bloomberg LP data.

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

Section 5. G3 Currency Bond Issuance

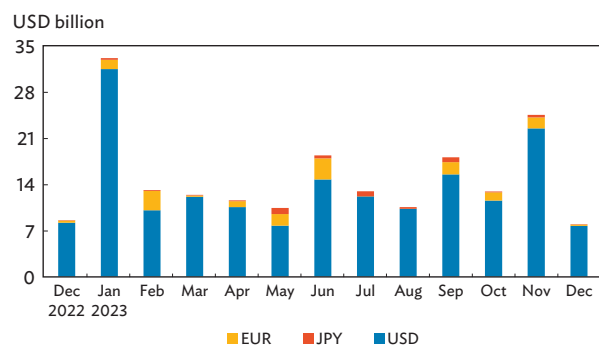
ASEAN markets witnessed a rapid expansion in G3 currency bond issuance in Q4 2023. Emerging East Asia's issuance of G3 currency bonds in Q4 2023 amounted to USD45.3 billion, up 9.2% from the USD41.5 billion recorded in Q3 2023 (**Figure 13**). The PRC was the largest G3 currency bond issuer in emerging East Asia in Q4 2023 with total issuance of USD24.0 billion, accounting for 52.9% of the regional total. ASEAN markets' G3 currency bond issuance soared 58.6% q-o-q in Q4 2023, reaching USD10.1 billion and accounting for 22.4% of the regional total (**Figure 14**). The biggest issuers of G3 currency bonds during the quarter among ASEAN markets were Indonesia and Malaysia, which issued USD3.2 billion and USD2.8 billion, respectively. The Philippines, whose last G3 currency bond issuance was in the first quarter of 2023, returned to the market in Q4 2023 with its first issuance of a

USD-denominated government *sukuk* (Islamic bond) in December amounting to USD1.0 billion. The issuance was part of government efforts to support the development of Islamic banking and finance in the Philippines. In November, Vingroup issued Viet Nam's only G3 currency bond in 2023. G3 currency bonds issued in emerging East Asia amounted to USD185.5 billion in 2023, down from USD223.3 billion in the previous year due to higher interest rates.

Section 6. Yield Curve Movements

Due to expectations of the end of monetary tightening, bond yields fell for nearly all tenors in almost all emerging East Asian markets from 1 December 2023 to 29 February 2024 (Figure 15). The decline in yields was largely driven by (i) expectations that the US Federal Reserve would begin cutting its policy rates in 2024, and (ii) moderating inflation across the region.

Figure 13: Monthly G3 Currency Bond Issuance in Select Emerging East Asian Markets



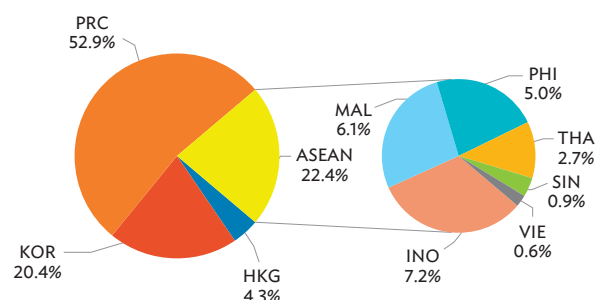
EUR = euro, JPY = Japanese yen, USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (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.
3. Figures were computed based on 31 December 2023 currency exchange rates and do not include currency effects.

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

Figure 14: G3 Currency Bond Issuance in Emerging East Asia in the Fourth Quarter of 2023

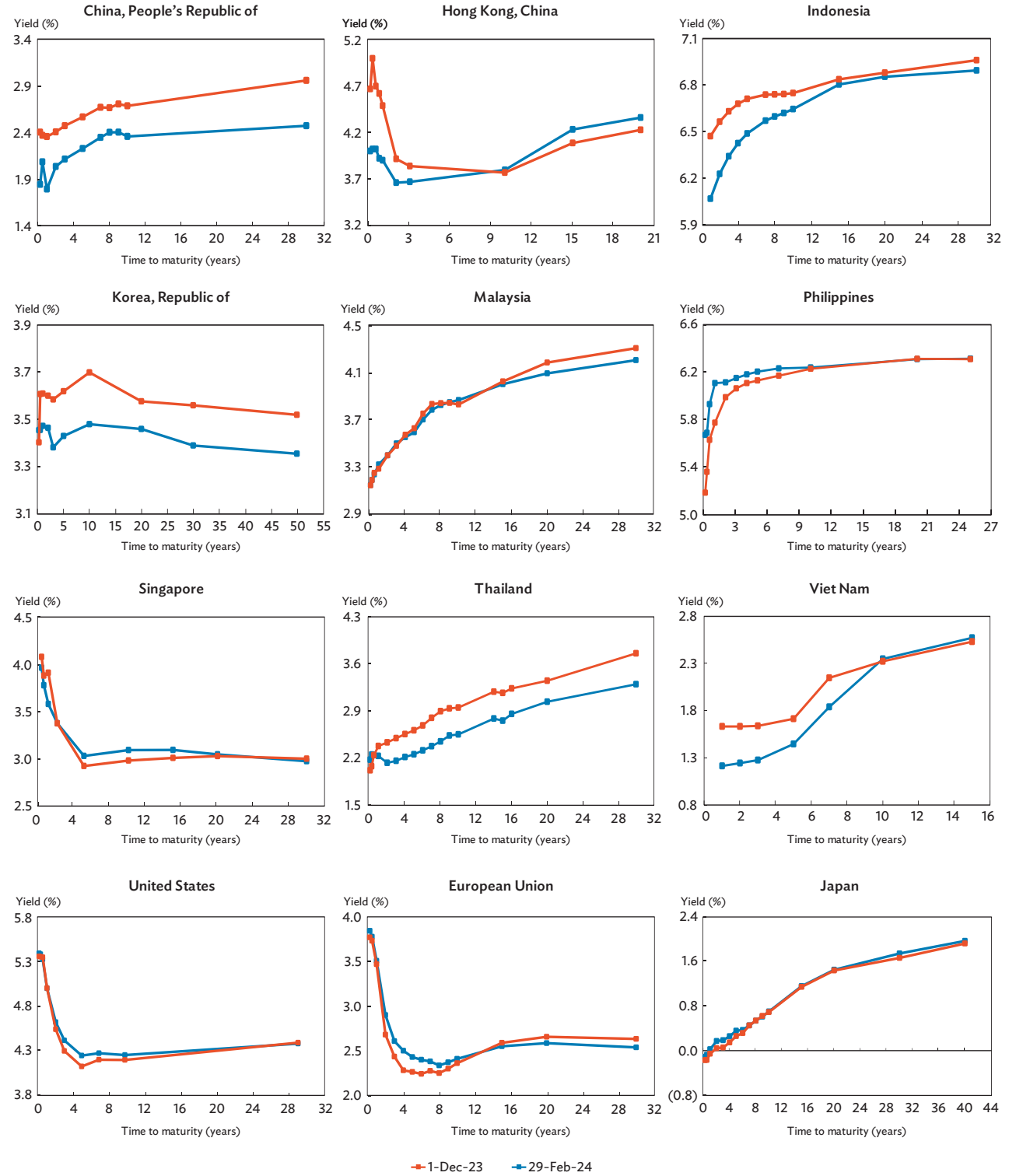


ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; INO = Indonesia; KOR = Republic of Korea; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

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

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

Figure 15: Benchmark Yield Curves—Local Currency Government Bonds



() = negative.

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