

ASIA BOND MONITOR
NOVEMBER 2026

ASIAN DEVELOPMENT BANK

ADB

The *Asia Bond Monitor* (ABM) is a key knowledge product produced under the Asian Bond Markets Initiative, an ASEAN+3 initiative supported by the Asian Development Bank (ADB). This report is an output of a technical assistance project (TA 10282: Developing Local Currency Bond Markets for Sustainable Future) funded by the Japan Fund for Prosperous and Resilient Asia and the Pacific of the Government of Japan.

This edition of the ABM was prepared by a team from ADB's Economic Research and Development Impact Department. The production of the report was led by John Beirne and Shu Tian, and supported by Henry Ma and the *AsianBondsOnline* team comprising Angelica Andrea Cruz, Debbie Gundaya, Russ Jason Lo, Resi Olivares, Roselyn Regalado, and Justin Adrian Villas. Mai Lin Villaruel provided operational support, Kevin Donahue provided editorial assistance, Principe Nicdao did the typesetting and layout, and Carlo Monteverde provided website support. The overall guidance and supervision of the production by Albert Park, Abdul Abiad, and Matteo Lanzafame is gratefully acknowledged.

Contributions from Jamel Saadaoui are also sincerely appreciated.

How to reach us:
Asian Development Bank
Economic Research and Development Impact Department
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 8632 6545
Email asianbonds_feedback@adb.org

Download the ABM at
http://asianbondsonline.adb.org/documents/abm_nov_2026.pdf.

The *Asia Bond Monitor November 2026* was prepared by ADB's Economic Research and Development Impact Department and does not necessarily reflect the views of the ADB Board of Governors or the governments they represent.

ASIA BOND MONITOR
NOVEMBER 2026

ASIAN DEVELOPMENT BANK

ADB

Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO)

© 2026 Asian Development Bank
6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 8632 4444; Fax +63 2 8636 2444
www.adb.org

Some rights reserved. Published in 2026.

ISBN 978-92-9281-085-6 (print); 978-92-9281-086-3 (PDF); 978-92-9281-087-0 (e-book)
ISSN 2219-1518 (print), 2219-1526 (PDF)
Publication Stock No. SGP260547-2
DOI: http://dx.doi.org/10.22617/SGP260547-2

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use. The mention of specific companies or products of manufacturers does not imply that they are endorsed or recommended by ADB in preference to others of a similar nature that are not mentioned.

By making any designation of or reference to a particular territory or geographic area in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

This publication is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) https://creativecommons.org/licenses/by/3.0/igo/. By using the content of this publication, you agree to be bound by the terms of this license. For attribution, translations, adaptations, and permissions, please read the provisions and terms of use at https://www.adb.org/terms-use#openaccess.

This CC license does not apply to non-ADB copyright materials in this publication. If the material is attributed to another source, please contact the copyright owner or publisher of that source for permission to reproduce it. ADB cannot be held liable for any claims that arise as a result of your use of the material.

Please contact pubsmarketing@adb.org if you have questions or comments with respect to content, or if you wish to obtain copyright permission for your intended use that does not fall within these terms, or for permission to use the ADB logo.

Corrigenda to ADB publications may be found at http://www.adb.org/publications/corrigenda.

Note:
ADB recognizes “China” as the People’s Republic of China; “Hanoi” as Ha Noi; “Hong Kong” as Hong Kong, China; “Korea” as the Republic of Korea; and “Vietnam” as Viet Nam.

Cover design by Paolo Almazar.

Contents

Emerging East Asian Local Currency Bond Markets: A Regional Update

Executive Summary ..... *vi*

Developments in Regional Financial Conditions *1*

Bond Market Developments in the Third Quarter of 2026 ..... *14*

Recent Developments in the ASEAN+3 Sustainable Bond Market *32*

Market Summaries *38*

- People's Republic of China *38*
- Hong Kong, China *41*
- Indonesia *44*
- Republic of Korea *47*
- Malaysia *50*
- Philippines *53*
- Singapore *56*
- Thailand *58*
- Viet Nam *61*

Emerging East Asian Local Currency Bond Markets: A Regional Update

Executive Summary

Recent Developments in Emerging East Asian Financial Conditions

Emerging East Asian financial conditions tightened from 1 September to 6 November 2026 amid heightened geopolitical tensions and elevated oil prices, higher bond yields in major advanced economies, expectations of monetary tightening in advanced and some regional economies, and subdued investor sentiment over artificial intelligence (AI)-related equity valuations.[1] During the review period, regional equities declined, risk premia widened, most currencies depreciated against the United States dollar, and portfolio outflows materialized. Local currency (LCY) bond yields rose at the short end of the curve in most markets, while longer-term yields were shaped by market-specific factors. While financial market conditions eased somewhat in the first week of November, volatility remained elevated throughout the review period. Risks remained tilted to the downside, as worsening geopolitical tensions, further upward pressure on oil prices, adverse weather conditions, and tighter-than-expected monetary conditions could heighten refinancing pressures. AI-related price corrections could also weigh on investor sentiment and amplify financial market volatility.

Local Currency Bond Market Developments in Emerging East Asia

Emerging East Asian LCY debt securities outstanding reached USD34.1 trillion at the end of September, expanding by 2.6% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2026. Excluding debt securities with tenors of 1 year or less, the region's LCY bonds outstanding totaled USD32.0 trillion, growing 2.6% q-o-q, supported by higher issuance of other government bonds. The region's LCY bond market was equivalent to 113.3% of its gross domestic product, compared with 114.9% in the United States and 128.2% in the euro area. LCY bonds outstanding in Association of Southeast Asian Nations (ASEAN) markets amounted to USD2.1 trillion, accounting for 6.7% of the region's total. The size-weighted average tenor of LCY government bonds was 10.3 years in emerging East Asian bond markets and 9.9 years in ASEAN markets at the end of September. The region's LCY bond issuance reached USD1.9 trillion in Q3, contracting 1.4% q-o-q after expanding 16.3% in the previous quarter, reflecting tighter financial conditions.

Sustainable Bond Market Snapshot in ASEAN+3

ASEAN+3 sustainable bonds outstanding reached USD1.1 trillion at the end of September, with growth accelerating to 4.5% q-o-q in Q3 from 0.6% in the previous quarter, supported by robust issuance of USD91.7 billion.[2] ASEAN+3 accounted for 17.9% of the global sustainable bond market at the end of September. The global sustainable bond market's expansion moderated to 2.8% q-o-q in Q3 from 3.2% in the prior quarter, reflecting tighter monetary conditions in major advanced economies. Within ASEAN+3, the ASEAN sustainable bond market expanded 4.1% q-o-q to USD144.3 billion, accounting for 13.4% of the ASEAN+3 total. ASEAN+3's sustainable bond market remained concentrated in shorter-term financing, with 72.1% of bonds having remaining tenors of 5 years or less. The size-weighted average tenor in the ASEAN+3 sustainable bond market stood at 4.7 years. About 75% of ASEAN+3's sustainable bonds outstanding were denominated in local currencies, which remained below the 96% local currency financing share in its conventional bond market.

[1] Emerging East Asia and "the region" are defined in the *Asia Bond Monitor* to include Brunei Darussalam; Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

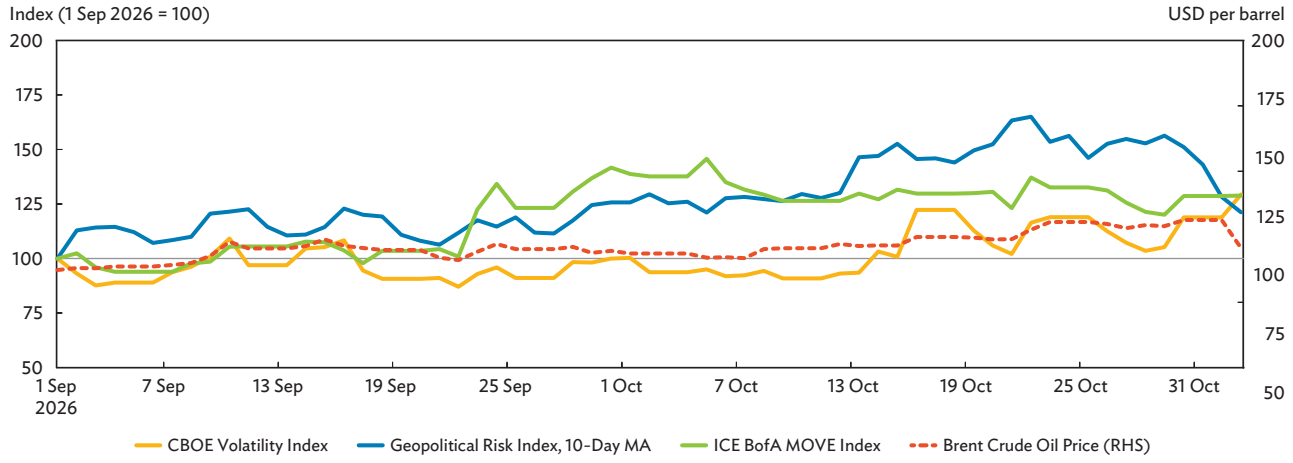
[2] ASEAN+3 includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam, plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

Developments in Regional Financial Conditions

Financial conditions in emerging East Asian markets further tightened between 1 September and 6 November 2026, reflecting persistent inflation risks from higher oil prices, rising bond yields in advanced markets, tighter monetary stances in both advanced and some regional economies, and subdued investor sentiment over heightened global uncertainty.[1] Geopolitical tensions in the Middle East continued throughout September and intensified further in October. Caution over the artificial intelligence (AI) investment cycle weighed on risk appetite given growing concerns about the scale of AI capital expenditure relative to revenue and rising leverage. While financial market conditions eased somewhat in the first week of November, reflecting lower oil prices and reduced geopolitical risks, volatility indicators remained elevated over ongoing AI-related risks and expected monetary tightening in the United States (US) (**Figure A**).

Against this background, emerging East Asia's equity markets retreated and risk premia widened, as tightened global financial conditions were compounded by valuation concerns surrounding AI-related equities and heightened uncertainty (**Table A**). Regional bond yields also rose at the short end of the curve in most markets amid expectations of further monetary tightening in the US and some regional central banks, while longer-end yields were mixed, reflecting market-specific factors. Continued capital outflows and higher US interest rates weighed on most regional currencies.

Figure A: Geopolitical Risk, Market Volatility, and Oil Prices



CBOE = Chicago Board Options Exchange, ICE BofA MOVE = Intercontinental Exchange Bank of America Merrill Lynch Option Volatility Estimate, MA = moving average, RHS = right-hand side, USD = United States dollar.

Note: Data as of 2 November 2026.

Sources: Bloomberg LP, Geopolitical Risk Index (accessed 10 November 2026); Caldara, D., and M. Iacoviello. 2022. Measuring Geopolitical Risk. *American Economic Review*. 112 (4). pp. 1194–1225.

[1] Emerging East Asia and "the region" are defined in the *Asia Bond Monitor* to include Brunei Darussalam; Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam. The review period for the November edition of the *Asia Bond Monitor* was from 1 September to 6 November 2026, following the September issue.

Table A: Changes in Financial Conditions in Major Advanced Economies and Emerging East Asia (1 September–6 November 2026)

	2-Year Government Bond Yield (bps)	10-Year Government Bond Yield (bps)	5-Year Credit Default Swap Spread (bps)	Equity Index (%)	FX Rate (%)
Major Advanced Economies					
Euro Area	16	14	–	(3.1)	(3.9)
Japan	(5)	(35)	4	(11.1)	1.1
United States	11	6	–	(3.3)	–
Emerging East Asian Markets					
People's Republic of China	(3)	(10)	1	(8.3)	0.7
Hong Kong, China	6	12	–	(3.3)	0.02
Indonesia	38	65	18	(23.5)	(2.1)
Republic of Korea	(12)	(52)	2	(26.0)	0.7
Malaysia	4	(6)	1	(4.9)	(0.5)
Philippines	88	67	12	(5.4)	(1.0)
Singapore	9	(32)	–	(9.3)	(0.7)
Thailand	(1)	(15)	(3)	(7.7)	(0.8)
Viet Nam	0.4	2	16	(5.8)	1.9

( ) = negative, – = not available, bps = basis points, FX = foreign exchange.

Notes:

1. FX rates are presented against the United States dollar. A positive (negative) value for the FX rate indicates the appreciation (depreciation) of the local currency against the United States dollar.
2. Euro area yields are based on gross-domestic-product-weighted average of 2-year and 10-year yields of France, Germany, Italy, and Spain.

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

Bond Yields and Economic Performance in Major Advanced Economies

Bond yields in the US and euro area bond markets continued to rise, reflecting persistent inflation concerns and expectations of monetary tightening. In contrast, Japan's sovereign bond yields declined, supported by renewed domestic buying at attractive yield levels and increased demand for safe-haven assets amid heightened global uncertainty.

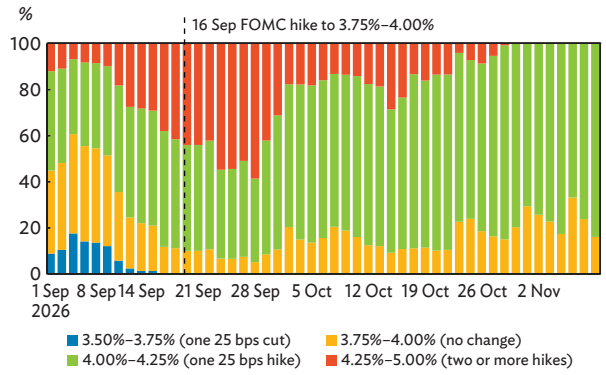
United States

During the review period, both 2-year and 10-year bond yields in the US rose, reflecting expectations of further monetary tightening and persistent inflationary pressures. Consumer price inflation increased to 3.7% year-on-year (y-o-y) in September, from 3.4% in both August and July, due to a rise in energy prices as tensions escalated in the Middle East. Producer price inflation also accelerated to 6.5% y-o-y in October and 6.3% in September from 5.6% in August and 4.9% in July. In September, the Federal Reserve (Fed) raised its 2026 personal consumption expenditures inflation forecast to 3.7% from 3.6% in June.

The US economy remained resilient. Gross domestic product (GDP) growth strengthened to an annualized 3.4% in the third quarter (Q3) from 2.2% in the second quarter (Q2). The labor market also remained resilient, as nonfarm payrolls increased by 165,000 in October, up from 60,000 in September and well above the consensus expectation of 65,000. The unemployment rate was largely unchanged at 4.1% in October and 4.2% in September. Meanwhile, retail sales growth eased to 0.2% m-o-m in October and 0.8% in September, compared with 1.3% in August. Industrial production also fell 0.4% m-o-m in October, from a gain of 0.7% in September and drop of 0.1% in August, respectively. Nonetheless, the Fed's September economic projections reflected a slightly more optimistic outlook, with the 2026 GDP forecast raised to 2.3% from 2.2% in June, while the 2026 unemployment rate forecast was lowered to 4.1% from 4.3%.

With persistent inflationary pressures and elevated oil prices, the Fed maintained a tight monetary stance. It raised its policy rate by 25 basis points (bps) at its September 2026 Federal Open Market Committee (FOMC) meeting, marking its first rate hike since July 2023. The median projection in the September dot plot also indicated one more 25 bps rate hike

Figure B: Market-Implied Probabilities of Federal Funds Rate Hikes by the End of 2026



bps = basis points, FOMC = Federal Open Market Committee.

Notes:
1. Probabilities are for the target range after the 9 December 2026 FOMC meeting. Data are as of 6 November 2026.
2. Rate moves in the legend are measured from the current target range of 3.75%–4.00% set at the 15–16 September 2026 FOMC meeting.

Source: CME FedWatch Tool.

before the end of 2026. The Fed held the policy rate unchanged at its 27–28 October FOMC meeting, noting that while uncertainty remains elevated, economic activity continues to expand at a strong pace. Following the meeting, market expectations of a rate hike at the December FOMC meeting increased to 84.2%, according to the CME FedWatch Tool, compared with 78.3% beforehand (**Figure B**). Released on 10 November, October consumer price inflation rose 0.4% m-o-m, moderating from the 0.6% recorded in September but higher than the expected 0.3%, reinforcing market expectations of a December interest rate hike. As of 10 November, markets priced in a 92.0% probability of a 25 bps hike and an 8.0% (from 0% before the inflation data release) chance of a 50 bps hike at the December FOMC meeting.

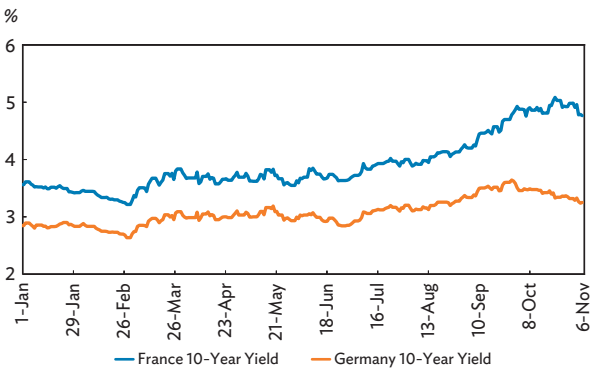
Euro Area

Among the major advanced economies under review, the 2-year and 10-year yields rose the most in the euro area. While the European Central Bank's (ECB) hawkish stance to contain inflation contributed, a more significant factor was the volatility in France's bond markets, which partly stemmed from fiscal concerns. Meanwhile, consumer price inflation accelerated to 4.0% y-o-y in October, the highest in 3 years, from 3.8% in September and 3.2% in August. The ECB also revised its 2027 inflation forecast upward to 2.5% in September, from 2.3% in June, reinforcing tightening expectations. The ECB raised the policy rate by 25 bps at its September meeting and held it stable at its 29 October meeting, as widely expected. At a press conference after the meeting, ECB President Christine Lagarde signaled a possible rate hike in December. Following her remarks, the implied probability of a 25 bps rate hike in December, based on overnight index swap pricing, rose from 85.1% on 28 October to 100% the following day.

Economic activity in the euro area was broadly stable. According to the flash estimate, GDP growth strengthened to 1.3% y-o-y in Q3 2026 from 1.2% in Q2. The S&P Manufacturing Purchasing Managers' Index remained in expansionary territory, reading 52.7 in October and 52.9 in September. The unemployment rate was unchanged at 6.5% from July through September. In November, the euro area ZEW Economic Sentiment Indicator rose to 26.5 from October's 18.5 and September's 25.8, respectively. In September, the ECB raised its 2026 and 2027 GDP growth forecasts to 0.9% and 1.4%, respectively, from 0.8% and 1.2% in June. Meanwhile, its 2026 and 2027 unemployment forecasts were lowered to 6.2% and 6.1%, respectively, from 6.3% and 6.2%. However, some indicators pointed to weaker momentum. Retail sales grew 0.4% y-o-y in September, down from 1.3% in August and unchanged from 0.4% in July. Industrial production (working-day adjusted) contracted 1.5% y-o-y in September, following declines of 1.1% and 0.4% in August and July, respectively. Wage growth slowed to 3.0% y-o-y in Q2 from 3.4% in Q1.

During the review period, the euro depreciated 3.9% against the US dollar, reflecting subdued economic sentiment and heightened fiscal concerns in a few major euro area economies. Against the backdrop of tighter global financial conditions following monetary tightening by major central banks in September, growing public debt in France raised fiscal sustainability concerns and contributed to widening sovereign risk premia. France's 10-year government bond yield rose to 5.07% on 22 October, its highest level in 24 years, while the yield differential relative to German 10-year government bonds widened from 86.7 bps on 8 September to 174.1 bps on 22 October, as investors demanded a higher premium for France's fiscal risks (**Figure C**).

Figure C: 10-Year Bond Yields in France and Germany



Note: Data are as of 6 November 2026.
Source: Bloomberg LP.

Japan

In Japan, both 2-year and 10-year sovereign bond yields fell despite expectations of further monetary tightening by the Bank of Japan (BOJ), reflecting several offsetting factors. First, concerns over fiscal sustainability eased somewhat after the government reaffirmed in October its commitment to steadily reducing the debt-to-GDP ratio and appropriately controlling annual government bond issuance. Second, heightened global uncertainty supported demand for safe-haven assets, including Japanese government bonds. Higher yields may have also encouraged investor demand. The BOJ left its policy rate unchanged at its 30 October meeting, although markets anticipated further tightening. The BOJ also announced that it would accelerate the sales of its exchange-traded funds from JPY330 billion per year to JPY860 billion per year. On 6 November, the government indicated that the proceeds of the sales could be used to finance bond redemptions or make strategic investments.

The BOJ remains hawkish over persistent inflationary pressures. Despite government support measures such as gasoline subsidies, headline inflation accelerated to 2.3% y-o-y in October and 2.1% in September from 1.9% in August. Core inflation (excluding fresh food) rose to 2.2% in October and 2.1% in September from 1.7% in August. Producer price inflation remained elevated, rising to 7.1% y-o-y in October from 6.8% in September, but still below August's 7.6%. BOJ Governor Kazuo Ueda, on 7 November, warned of risks to inflation. The Summary of Opinions of the 29–30 October Monetary Policy Meeting, released on 10 November, indicated that some members considered it appropriate to continue raising the policy rate. The BOJ kept its 2026 headline inflation forecast unchanged at 2.5% in October, but raised the 2027 inflation forecast to 2.6% from 2.4% in July. Overnight indexed swap pricing on 31 October implied a 52.5% probability of a rate hike by the end of 2026 and an 80% chance of a further hike by the end of July 2027.

Economic data showed signs of moderating activity in recent months. GDP contracted an annualized 0.1% in Q3 2026 after expanding 1.7% in the previous quarter. The S&P Manufacturing Purchasing Managers' Index eased to 53.3 in October from 54.1 in September and 54.9 in August, although it remained in expansionary territory. Industrial production and retail sales growth also moderated to 1.7% and 2.3% y-o-y in September, respectively, from 2.7% and 2.9% in August. The BOJ raised its 2026 GDP growth forecast to 0.7% in October from 0.6% in July and lowered the 2027 forecast to 0.7% from 0.8%.

Economic Performance in Emerging East Asian Economies

Despite various global headwinds, economic activity in emerging East Asia remained resilient, partly supported by sustained electronics and AI-related demand and investment (**Table B**). GDP growth in Viet Nam accelerated to 10.0% y-o-y in Q3 from 8.8% in Q2, reflecting strong manufacturing activity and export performance. Growth in Hong Kong, China strengthened to 5.2% y-o-y from 4.2%, reflecting stronger exports and solid domestic demand, while growth in Thailand accelerated to 2.9% y-o-y from 2.4%, supported by robust export performance. Growth in the People's Republic of China (PRC) picked up to 4.5% y-o-y from 4.3%, supported by robust exports and strong manufacturing output, particularly in technology-related sectors. In Indonesia, economic growth edged up to 5.5% y-o-y from 5.3%, reflecting strong domestic demand and a recovery in exports. In contrast, growth moderated in Singapore, Malaysia, the Republic of Korea, and the Philippines. Based on advance estimates, Singapore's growth slowed to 5.4% y-o-y in Q3 2026 from 6.2% in Q2, as weaker manufacturing output partly offset continued expansion in construction activity. In Malaysia, advance estimate of Q3 GDP growth moderated to 5.3% y-o-y from 6.0% in Q2, reflecting weaker output in the mining and quarrying sector. The 2026 growth outlook, however, remained supported by strong exports and sustained domestic demand, with Bank Negara Malaysia revising its growth forecast upward to above 5% on 5 November.

Table B: Gross Domestic Product Growth in Emerging East Asian Economies (y-o-y, %)

Economy	2026 Q1	2026 Q2	2026 Q3	April Forecast for Full-Year 2026	July Forecast for Full-Year 2026	September Forecast for Full-Year 2026
People's Republic of China	5.0	4.3	4.5	4.6	4.6	4.6
Hong Kong, China	5.9	4.2	5.2	2.6	3.0	4.2
Indonesia	5.6	5.3	5.5	5.2	5.2	5.2
Republic of Korea	3.8	3.7	3.4	1.9	2.6	3.2
Malaysia	5.4	6.0	5.3	4.6	4.6	4.9
Philippines	2.8	2.4	2.1	4.4	3.8	3.3
Singapore	6.4	6.2	5.4	3.0	3.2	5.0
Thailand	2.8	2.4	2.9	1.8	1.8	2.0
Viet Nam	7.9	8.8	10.0	7.2	7.2	7.8

Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, y-o-y = year-on-year.

Notes:
1. Forecasts for 2026 are based on the April, July, and September 2026 issues of the *Asian Development Outlook*.
2. Q3 2026 gross domestic product data for the Republic of Korea, Malaysia, and Singapore are based on advance estimates.

Sources: Various local sources.

The Republic of Korea's growth eased to 3.4% y-o-y in Q3 from 3.7% in Q2, according to advance estimates, as domestic consumption slowed. In the Philippines, economic growth moderated to 2.1% y-o-y from 2.4% over the same period as household and government consumption slowed and investment remained subdued. The 2026 growth forecasts in the September 2026 *Asian Development Outlook* were revised upward for most regional economies relative to their July projections, reflecting stronger-than-expected technology exports and sustained global demand for AI-enabled semiconductors. However, the Philippines' growth forecast was lowered due to elevated inflation and weak public investment.

Regional central banks have largely maintained their tight monetary stances, with most keeping policy rates on hold during the review period, as they balanced persistent inflationary pressures against growth concerns and heightened uncertainty (**Table C**, **Figure D**). The Bangko Sentral ng Pilipinas (BSP), however, raised the

Table C: Changes in Policy Rates in Major Advanced Economies and Select Emerging East Asian Markets

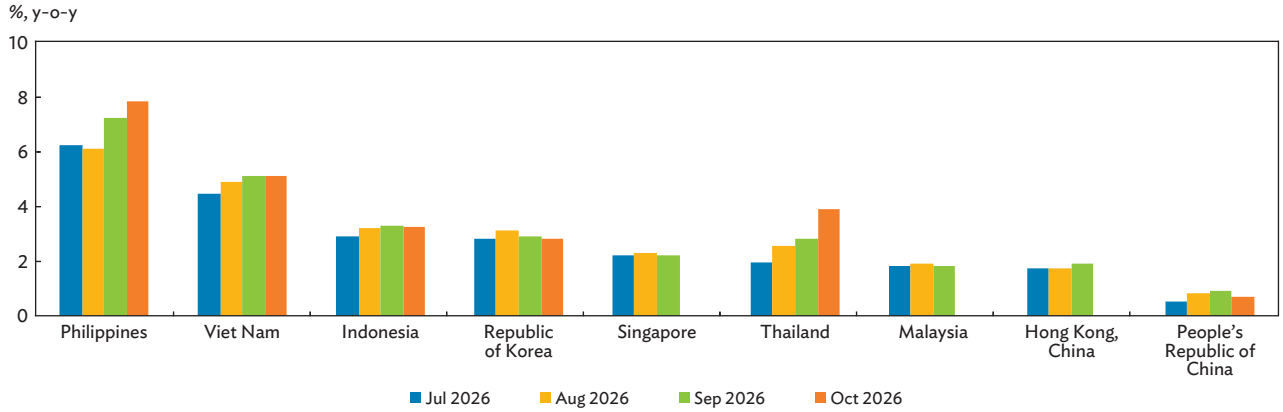
Economy	Policy Rate 1-Nov-2025 (%)	Rate Change (%) Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Oct-2026	Nov-2026	Policy Rate 6-Nov-2026 (%)	Net Change in Policy Rates (basis points)
Euro Area	2.00								↑0.25			↑0.25			2.50	↑ 50
Japan	0.50		↑0.25						↑0.25			↑0.25			1.25	↑ 75
United Kingdom	4.00		↓0.25											↑0.25	4.00	◆ 0
United States	4.00		↓0.25									↑0.25			4.00	◆ 0
People's Republic of China	1.40														1.40	◆ 0
Indonesia	4.75							↑0.50	↑0.50						5.75	↑ 100
Republic of Korea	2.50									↑0.25	↑0.25				3.00	↑ 50
Malaysia	2.75														2.75	◆ 0
Philippines	4.75		↓0.25		↓0.25		↑0.25		↑0.25		↑0.25		↑0.50		5.50	↑ 75
Singapore	–						↑			↑					–	– –
Thailand	1.50		↓0.25		↓0.25										1.00	↓ 50
Viet Nam	4.50														4.50	◆ 0

– = no data.

Notes:
1. Data coverage is from 1 November 2025 to 6 November 2026.
2. For the People's Republic of China, the data used in the table are for the 7-day reverse repurchase rate.
3. For the United States, the upper bound of the policy rate target range is reported in the table.
4. An arrow up (down) indicates a policy rate hike (cut). A diamond indicates no net change in the policy rate.
5. The up (down) arrow for Singapore signifies monetary policy tightening (loosening) by the Monetary Authority of Singapore, which utilizes the Singapore dollar nominal effective exchange rate to guide its monetary policy.

Sources: Various central bank websites.

Figure D: Inflation in Emerging East Asian Markets

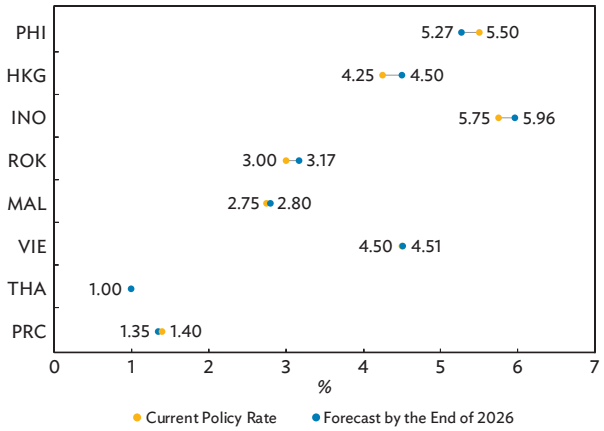


y-o-y = year-on-year.
Sources: Various local sources.

policy rate by 50 bps, larger than markets had anticipated, at its 22 October meeting to contain potential second-round inflation effects. The BSP cited upward pressure from energy costs and seasonal weather conditions. Consumer price inflation in the Philippines rose to 7.8% y-o-y in October and 7.2% in September, from 6.1% in August, driven by higher food, utility, and transportation costs. BSP Governor Eli Remolona Jr. noted that further rate hikes remain possible if inflation risks persist, signaling a continued tightening stance.

Elevated oil prices and adverse weather conditions associated with El Niño continued to pose upside risks to inflation, reinforcing expectations of a cautious policy stance across the region. According to *FocusEconomics*' November 2026 consensus forecasts, published on 13 October, most regional central banks were expected to keep policy rates unchanged through the end of 2026, while further tightening was expected in the Philippines, Indonesia, and the Republic of Korea (**Figure E**). However, after the BSP raised its policy rate by 50 bps in October, the Philippines' policy rate stood above the previously projected end-2026 level of 5.27%. Following the review period, Bank Indonesia also raised its policy rate by 25 bps to 6.00% at its 17–18 November meeting, citing the need to support exchange rate stability.

Figure E: Expected Policy Rates by the End of 2026



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

Notes:
1. Current policy rates are as of 6 November 2026.
2. Forecasts are based on *FocusEconomics* November 2026 consensus forecasts published on 13 October 2026. The Bangko Sentral ng Pilipinas raised its policy rate by 50 basis points on 22 October 2026, after these forecasts were published.

Source: *FocusEconomics*.

Financial Condition Developments in Emerging East Asian Economies

Bond Yields

Bond yields increased in most emerging East Asian markets between 1 September and 6 November, reflecting a combination of global and regional factors. These included persistent inflationary pressures from higher oil prices and potential supply disruptions related to El Niño; higher bond yields in advanced economies; expectations of further monetary tightening in advanced and regional economies; and subdued risk appetite amid renewed geopolitical tensions, heightened global uncertainty, and AI-related investment concerns. The **Box** assesses how oil-related supply shocks can influence bond yields in global bond markets.

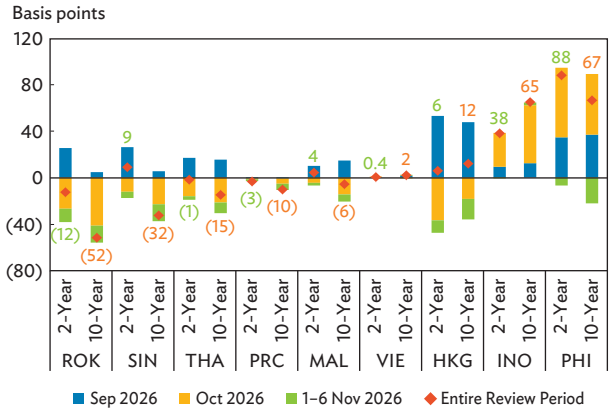
Across the region, the Philippines saw the largest increases in both 2-year and 10-year bond yields, following the larger-than-expected rate hike of 50 bps on 22 October by the BSP (**Figure F**). Indonesia also experienced relatively large yield increases, reflecting weakening investor sentiment after MSCI launched a consultation on 15 October over a proposal to reclassify Indonesia's equity market from "emerging market" to "standalone market" status. Indonesian yields also faced upward pressure, reflecting fiscal concerns after discussions on a possible increase in the GDP deficit limit of 3% on 17 September. However, the government later reaffirmed its commitment to maintain the deficit below the limit.

Yield movements in other regional bond markets mainly reflected market-specific factors. Short-term yield movements were mixed, while long-term yields declined in October and November. In the Republic of Korea, yields fell in October following the government's announcements that it would reduce Treasury bond issuance and conduct bond buybacks in October and November. In Singapore and Thailand, yields declined following decisions by the Monetary Authority of Singapore and Bank of Thailand to keep monetary policy unchanged in their October meetings.

Risk Premia

Risk premia, as measured by credit default swap spreads, increased in most emerging East Asian markets, reflecting subdued risk appetite over heightened global uncertainty and higher yields for safe-haven assets (**Figure G**). From 1 September to 6 November, regional credit default swap spreads widened 6.7 bps on a simple average basis and 2.5 bps on a GDP-weighted average basis. Indonesia, Viet Nam, and the Philippines recorded the largest increases, reflecting market-specific concerns. Indonesia faced weaker investor sentiment amid uncertainty

Figure F: Local Currency Government Bond Yields in Emerging East Asia

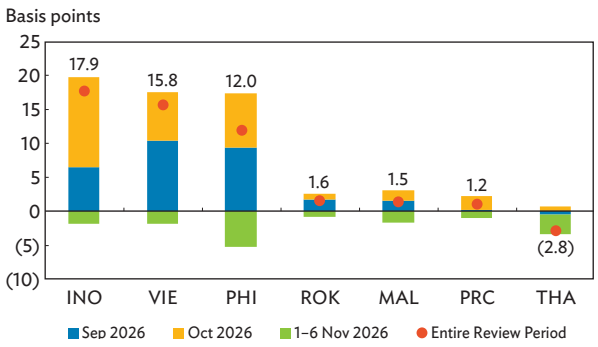


( ) = negative; HKG = Hong Kong, China; INO = Indonesia; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Note: The numbers above (below) each bar refer to the change in yields between 1 September 2026 and 6 November 2026.

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

Figure G: Changes in Credit Default Swap Spreads in Emerging East Asian Markets (senior 5-year)



( ) = negative, INO = Indonesia, MAL = Malaysia, PHI = Philippines, PRC = People's Republic of China, ROK = Republic of Korea, THA = Thailand, VIE = Viet Nam.

Notes:
1. Data coverage is from 1 September 2026 to 6 November 2026.
2. The numbers above (below) each bar refer to the change in spreads during the entire review period.

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

related to the MSCI consultation and fiscal concerns. In Viet Nam and the Philippines, higher energy and food prices contributed to October inflation of 5.1% and 7.8% y-o-y, respectively, potentially dampening investor sentiment. Meanwhile, Thailand's spreads narrowed by 2.8 bps, supported by Fitch's decision to affirm Thailand's sovereign rating of BBB+ and revise its outlook to stable from negative.

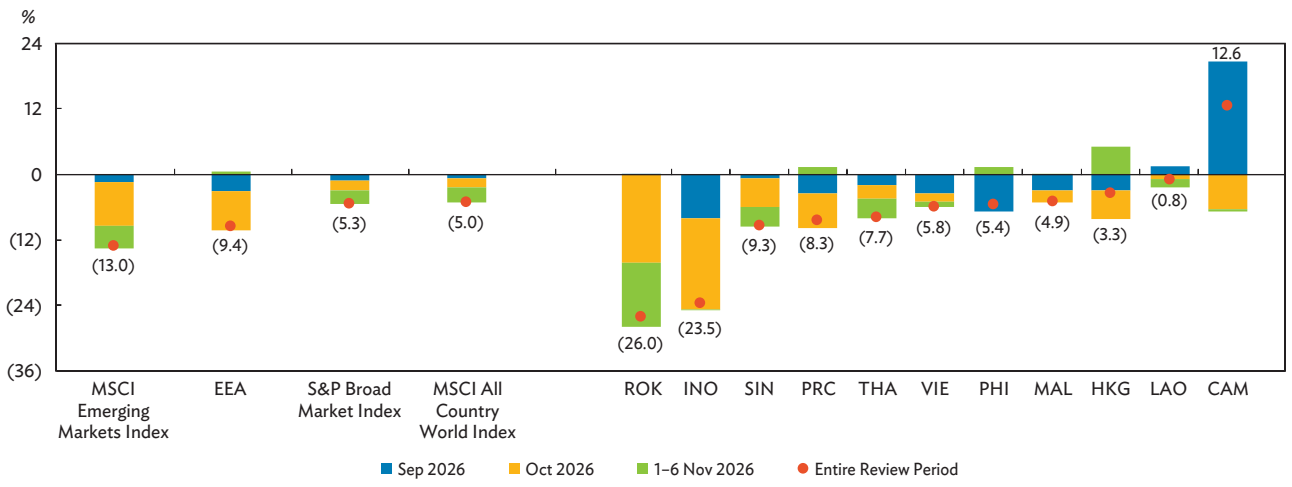
Equities

Equity markets in emerging East Asia recorded a market-weighted average loss of 9.4% between 1 September and 6 November, a smaller retreat compared to global emerging equity markets, captured by the MSCI Emerging Markets Index (–13.0%). However, emerging East Asia underperformed both the S&P Global Broad Market Index (–5.3%) and the MSCI All Country World Index (–5.0%) (**Figure H**). Regional equities were weighed down by rising global interest rates and global risk aversion in technology stocks, particularly in the Republic of Korea. Within the region, Cambodia was the only equity market to record a gain during the review period, supported by investor optimism over sustained investment inflows, robust manufacturing, and export performance, particularly in September. Other regional equity markets recorded losses, led by the Republic of Korea (–26.0%), over concerns around the sustainability of AI-related investments in the memory chip industry, potential regulatory risks facing the AI industry, and spillovers from US technology stocks. The equity market fell 23.5% in Indonesia amid foreign selling following the MSCI consultation. Meanwhile, Hong Kong, China's equity market rebounded 5.1% in early November, reflecting a shift in investor preferences away from technology hardware and AI-related stocks toward internet platform companies.

Portfolio Flows

Foreign investors withdrew a combined USD52.7 billion from equity markets in emerging East Asia between 1 September and 6 November, amid higher interest rates in advanced economies and a shift toward safe-haven assets due to subdued risk appetite (**Figure I**). The Republic of Korea and the PRC recorded the largest

Figure H: Equity Performance in Emerging East Asian Markets



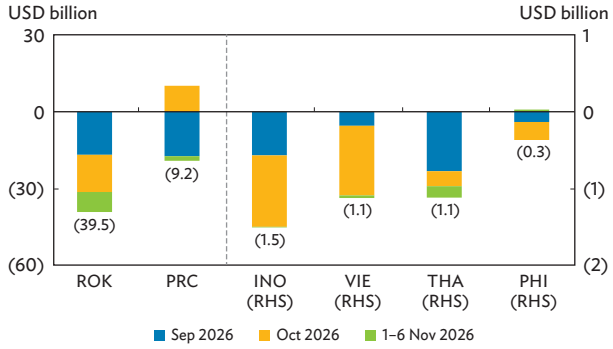
( ) = negative; CAM = Cambodia; EEA = emerging East Asia; HKG = Hong Kong, China; INO = Indonesia; LAO = Lao People's Democratic Republic; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:
1. Data coverage is from 1 September 2026 to 6 November 2026.
2. Emerging East Asia includes the following economies with available data: Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
3. The numbers above (below) each bar refer to the percentage change during the entire review period.
4. The MSCI All Country World Index covers large- and mid-cap equities across developed and emerging markets, representing about 85% of global investable equities. The MSCI Emerging Markets Index covers large- and mid-cap equities across emerging markets, covering roughly 85% of free-float-adjusted market capitalization in each market. The S&P Global Broad Market Index is a float-adjusted, market-capitalization-weighted index that tracks the performance of over 14,000 equities across developed and emerging markets.

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

net outflows at USD39.5 billion and USD9.2 billion, respectively, as concerns over AI investments and elevated valuations prompted foreign selling of technology and semiconductor shares. Nonetheless, the PRC recorded net inflows of USD10.2 billion in October, following renewed government pledges of policy support. Equity markets in members of the Association of Southeast Asian Nations also experienced net outflows during the review period, totaling about USD4.0 billion. Indonesia accounted for the largest outflows at USD1.5 billion, mostly in October, following the MSCI consultation.

Figure I: Foreign Portfolio Flows in Emerging East Asian Equity Markets



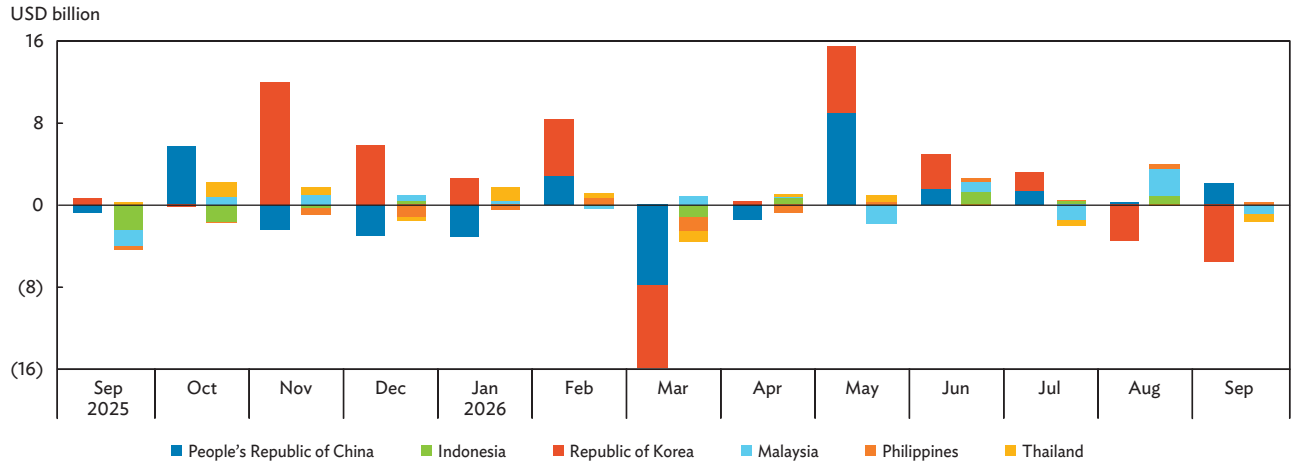
( ) = negative, INO = Indonesia, PHI = Philippines, PRC = People's Republic of China, RHS = right-hand side, ROK = Republic of Korea, THA = Thailand, VIE = Viet Nam, USD = United States dollar.

Notes:
1. Data coverage is from 1 September 2026 to 6 November 2026.
2. The numbers below each bar refer to net outflows for each market.
3. Emerging East Asia includes the following markets with available data: People's Republic of China, Indonesia, the Republic of Korea, the Philippines, Thailand, and Viet Nam.

Source: Institute of International Finance.

Emerging East Asian local currency bond markets recorded net outflows of USD4.3 billion in August and September, reflecting market expectations of a Fed rate hike in September, alongside market-specific developments (**Figure J**). The Republic of Korea recorded the largest net outflows, at USD9.1 billion, partly reflecting lower returns on USD–KRW arbitrage trades. Increased US dollar funding supply, supported by the Republic of Korea's trade surplus, narrowed the returns available to foreign investors who convert US dollars into Korean won via currency swaps and invest in Korean bonds. Lower premia on currency-hedged investments contributed to foreign selling of short-term debt securities. In contrast, the PRC recorded net inflows of USD2.4 billion, reflecting increased diversification in the PRC's bond market. Malaysia also recorded net inflows of USD1.8 billion, as strong foreign demand in August more than offset September outflows, which were partly driven by government bond maturities.

Figure J: Foreign Portfolio Flows in Emerging East Asian Local Currency Bond Markets



( ) = negative, USD = United States dollar.

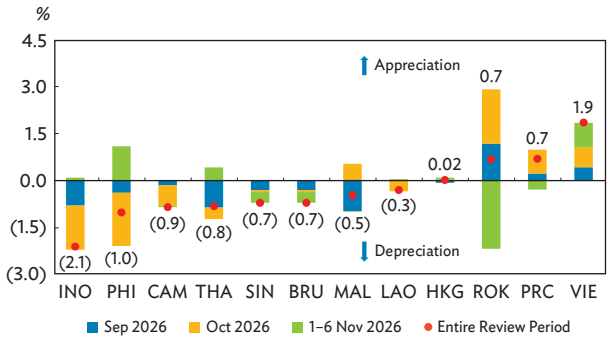
Notes:
1. The Republic of Korea and Thailand provided data on bond flows. For the People's Republic of China, Indonesia, Malaysia, and the Philippines, month-on-month changes in foreign holdings of local currency government bonds were used as a proxy for bond flows.
2. Figures were computed based on 30 September 2026 exchange rates and do not include currency effects.

Sources: People's Republic of China (Bloomberg LP); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Financial Supervisory Service); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury); and Thailand (Thai Bond Market Association).

Currencies

Most regional currencies depreciated against the US dollar between 1 September and 6 November amid higher US interest rates and expectations of further monetary tightening (**Figure K**). The Indonesian rupiah and the Philippine peso depreciated the most against the US dollar, falling by 2.1% and 1.0%, respectively. In Indonesia, the rupiah weakened amid capital outflows. In the Philippines, elevated inflation and a weaker growth outlook exerted downward pressure on the peso. In October, the International Monetary Fund downgraded its 2026 growth forecast for the Philippines to 3.4% from 3.9% in July. The Asian Development Bank also lowered its forecast to 3.3% in September from 3.8% in July. In contrast, the Vietnamese dong, the Chinese yuan, and the Korean won posted gains, supported by robust export performances. The Vietnamese dong recorded the largest appreciation, alongside strong export growth of 51.4% y-o-y in October, which lifted the monthly trade surplus to a record USD7.3 billion. The Asian Development Bank upgraded its 2026 GDP growth forecast for Viet Nam to 7.8% in September from 7.2% in July.

Figure K: Exchange Rate Performance Against the United States Dollar in Emerging East Asia



( ) = negative; BRU = Brunei Darussalam; CAM = Cambodia; HKG = Hong Kong, China; INO = Indonesia; LAO = Lao People's Democratic Republic; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:
1. A positive (negative) value for the foreign exchange rate indicates the appreciation (depreciation) of the local currency against the United States dollar.
2. Data coverage is from 1 September 2026 to 6 November 2026.
3. The numbers above (below) each bar refer to the changes during the entire review period.

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

Risks to financial conditions remain tilted to the downside. Worsening geopolitical tensions, persistent inflation concerns, and a stronger-than-expected El Niño could intensify price pressures across emerging East Asia. Higher-for-longer interest rates in advanced and regional economies could further tighten financing conditions. A further increase in already elevated global bond yields could raise borrowing and refinancing costs, placing additional strain on public finances, particularly in economies with high debt, limited fiscal space, and weaker fundamentals. Heightened global uncertainty could foster a flight to safety and generate selling pressure in regional bond markets. This could further push up bond yields and weaken the balance sheets of domestic bondholders, especially financial institutions such as banks, insurance companies, and pension funds. In addition, worse-than-expected weather conditions could disrupt agricultural production and weigh on economic activity and investment sentiment. Meanwhile, possible changes in US tariff policy could heighten trade policy uncertainty, disrupt supply chains, weaken market confidence, and delay investment.

Financial markets also remain vulnerable to AI-related equity valuation risks. Higher financing costs, weaker-than-expected earnings and cash flows, and already high valuations could expose debt-funded AI investments to the risk of price correction. Such a correction could amplify financial market risks, particularly where a few large technology companies account for a substantial share of total market capitalization. This could also weaken investor appetite for technology and AI-related assets, curtailing investment in AI infrastructure, reducing demand for electronics and weakening regional exports. A further downside risk relates to AI-enabled cyberattacks, which could threaten financial stability by disrupting asset safety, payment systems, and critical financial market infrastructure, resulting in operational losses, payment outages, and liquidity pressures. Such incidents could undermine confidence and cause contagion across financial markets.

Box: Can Local Currency Bond Markets Mitigate the Effect of Oil Supply Shocks on Bond Yields?

Adverse oil supply shocks can raise inflation while also weakening economic activity and increasing sovereign borrowing costs. This box examines the impact of such shocks on 10-year sovereign bond yields across economies and the role of local currency (LCY) bond market depth. The findings reveal persistent increases in long-term yields, with larger responses in emerging economies' shallower LCY government bond markets.

Oil supply disruptions affect sovereign yields through inflation expectations, monetary policy responses, sovereign risk premia, and compensation for holding long-duration debt. Ioannidis and Ka (2018) document rising long-term yields in Norway and the Republic of Korea, alongside weaker long-end responses and falling short rates in the United States (US) and Canada. Iania, Lyrio, and Nersisyan (2024) identify oil supply shocks as important determinants of bond risk premia across 15 economies. Chen, Huang, and Lin (2022) find statistically insignificant supply shock effects on emerging-market dollar sovereign spreads. This literature emphasizes the roles of monetary policy and maturity, distinguishing domestic yields from foreign-currency credit spreads.

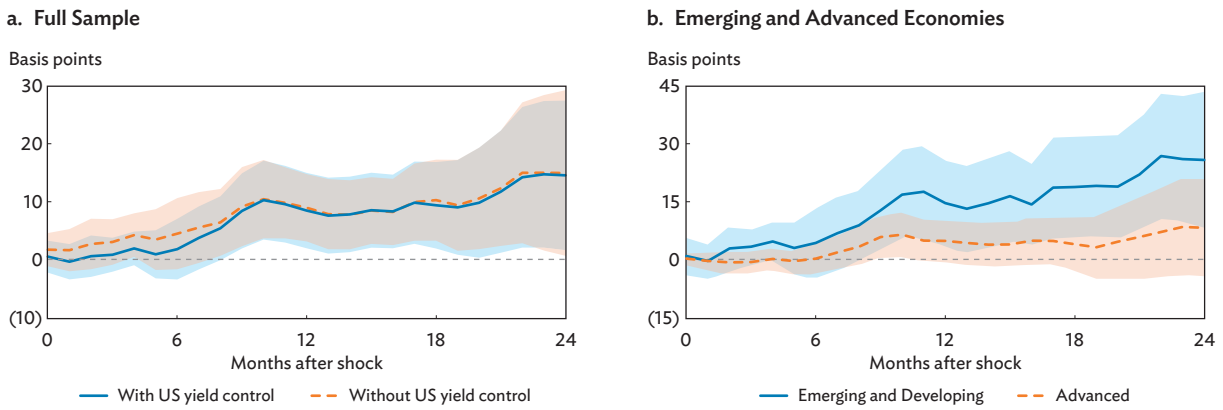
We use monthly data that combine Bloomberg averages of daily 10-year sovereign yields with CEIC policy rates, consumer price inflation, industrial production growth, exchange rates, and stock prices. Exchange rates and stock prices are denoted as monthly logged changes. Oil supply shocks are identified following Baumeister and Hamilton (2019), who refer to a one standard deviation adverse supply shock, using common normalization across specifications.

The full sample covers 51 economies, excluding the US. Shock origins span January 1994–March 2026 on impact; outcomes extend through July 2026. Usable observations vary with the horizon as the panel is unbalanced.

Local projections estimate bond yield responses through 24 months, with market fixed effects (Jordà 2005). The lag-augmented specification includes 12 lags of the domestic bond yield and oil shock, motivated by robust inference with persistent series (Montiel Olea and Plagborg-Møller 2021). Domestic controls enter with 12 lags in all models. Estimated bond yield responses are denoted in basis points (bps).

The baseline results indicate that adverse oil supply shocks lead to higher bond yields. The impact is statistically significant from months 8 through 24, reaching around 15 bps at 24 months after the shock. These results are robust to controlling for US bond yields (**Figure B1.1a**). Controlling for contemporaneous US yields can absorb transmission

Figure B1.1: Baseline Responses of 10-Year Bond Yields to Negative Oil Supply Shocks



Notes: Responses to a one standard deviation adverse oil supply shock. Panel a shows full-sample estimates with and without the United States (US) yield control, using identical observations. Panel b compares emerging and developing economies with advanced economies and includes the US yield control. The control comprises the current US 10-year yield and 12 lags. Shading denotes pointwise 95% confidence intervals. Negative axis values are shown in parentheses. The split-panel jackknife adjustment is employed to reduce leading fixed-effect bias by doubling the full-panel estimate and subtracting the average of estimates from two temporal subpanels (Dhaene and Jochmans 2015; Mei, Sheng, and Shi 2026). Driscoll–Kraay (1998) standard errors use 12 lags for temporal and cross-country dependence.

Source: Authors' estimates.

continued on next page

Box *continued*

through US financial conditions and yield co-movements. While marginally lower impacts are found at shorter horizons, neither result is statistically significant.

Turning to the effects in 21 emerging economies versus 30 advanced economies (**Figure B1.1b**), the bond yield responses to oil supply shocks are three times larger in emerging economies than in advanced economies after 2 years of the shocks. At month 24, the average bond yield increase is 26.0 bps and statistically significant in emerging economies, compared with a statistically insignificant increase of 8.5 bps in advanced economies (Figure B1.1b).

In a subsequent step, we examine whether LCY market depth can influence the responses of bond yields to oil supply shocks. Bond market depth is measured by outstanding LCY government bonds, corporate bonds, and their combined stock, each as a percentage of GDP. These ratios capture the scale of LCY bond financing and related market liquidity. A deep (or shallow) LCY bond market denotes a previous-year ratio at or above (or below) the annual cross-market median.

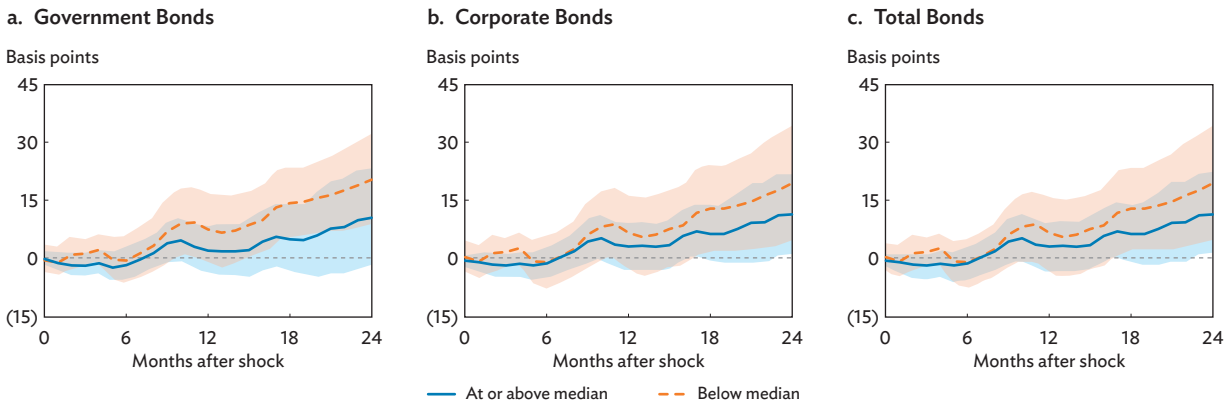
Using data from 47 global bond markets, the local projection estimations interact the oil shocks with the two market-depth states, including a state intercept when it varies over time, and retain common control coefficients. Calendar-time fixed effects are excluded as they absorb global shocks, including the oil supply shocks. All LCY market-depth estimates include the US yield control.

The results reveal that economies with LCY bond market depth at or above the median incur a smaller increase in bond yields following an oil supply shock. The clearest long-horizon contrast concerns LCY government bond depth (**Figure B1.2a**). At month 24, the estimated 10-year yield rises by a statistically insignificant average of 10.5 bps in deeper LCY government bond markets, compared with a statistically significant yield increase of 20.4 bps in shallower LCY government bond markets.

Corporate and total bond market depth also matter, showing similar point-estimate patterns (**Figures B1.2b** and **B1.2c**). At month 24, responses in deeper and shallower bond markets are 11.4 bps versus 19.5 bps for corporate markets and 11.5 bps versus 18.9 bps for total markets. Overall, the empirical evidence indicates that deeper LCY markets are associated with smaller increases in long-term financing costs following shocks, consistent with greater capacity to absorb external financing pressure.

A full causal interpretation would require separating depth from monetary credibility, investor composition, market openness, fiscal conditions, and other economic characteristics. Nonetheless, these findings point toward the importance of developing deep and liquid LCY bond markets to strengthen economies' resilience to external shocks, such as oil supply shocks, and limit their pass-through to long-term financing costs. The findings have implications for policymakers related to broadening the domestic investor

Figure B1.2: Local Currency Market Depth and Responses of 10-Year Bond Yields to Negative Oil Supply Shocks



Notes: Panels a, b, and c classify economies by government, corporate, and total local currency (LCY) bond depth, respectively. Depth is the previous year's stock of LCY bonds as a percentage of gross domestic product. Higher depth is at or above the annual cross-market median. Shading denotes pointwise 95% confidence intervals. All estimates include the United States yield control. Negative axis values are shown in parentheses. The split-panel jackknife adjustment is employed to reduce leading fixed-effect bias by doubling the full-panel estimate and subtracting the average of estimates from two temporal subpanels (Dhaene and Jochmans 2015; Mei, Sheng, and Shi 2026). Driscoll–Kraay (1998) standard errors use 12 lags for temporal and cross-country dependence.

Source: Authors' estimates.

continued on next page

Box *continued*

base, strengthening market infrastructure, and fostering a predictable policy environment to enhance the capacity of LCY bond markets to absorb the impacts of adverse external shocks and reduce reliance on foreign currency financing.

References

Baumeister, C., and J. D. Hamilton. 2019. Structural Interpretation of Vector Autoregressions with Incomplete Identification: Revisiting the Role of Oil Supply and Demand Shocks. *American Economic Review*. 109 (5). pp. 1873–1910.

Chen, S.-S., S. Huang, and T.-Y. Lin. 2022. How Do Oil Prices Affect Emerging Market Sovereign Bond Spreads? *Journal of International Money and Finance*. 128. 102700.

Dhaene, G., and K. Jochmans. 2015. Split-Panel Jackknife Estimation of Fixed-Effect Models. *Review of Economic Studies*. 82 (3). pp. 991–1030.

Driscoll, J. C., and A. C. Kraay. 1998. Consistent Covariance Matrix Estimation with Spatially Dependent Panel Data. *Review of Economics and Statistics*. 80 (4). pp. 549–560.

Iania, L., M. Lyrio, and L. Nersisyan. 2024. Oil Price Shocks and Bond Risk Premia: Evidence from a Panel of 15 Countries. *Energy Economics*. 139. 107940.

Ioannidis, C., and K. Ka. 2018. The Impact of Oil Price Shocks on the Term Structure of Interest Rates. *Energy Economics*. 72. pp. 601–620.

Jordà, Ò. 2005. Estimation and Inference of Impulse Responses by Local Projections. *American Economic Review*. 95 (1). pp. 161–182.

Mei, Z., L. Sheng, and Z. Shi. 2026. Nickell Bias in Panel Local Projection: Financial Crises Are Worse Than You Think. *Journal of International Economics*. 160. 104210.

Montiel Olea, J. L., and M. Plagborg-Møller. 2021. Local Projection Inference Is Simpler and More Robust Than You Think. *Econometrica*. 89 (4). pp. 1789–1823.

This box was written by John Beirne (principal economist) and Shu Tian (principal economist) of the Asian Development Bank, and Jamel Saadaoui (full professor) of Paris 8 University.

Bond Market Developments in the Third Quarter of 2026

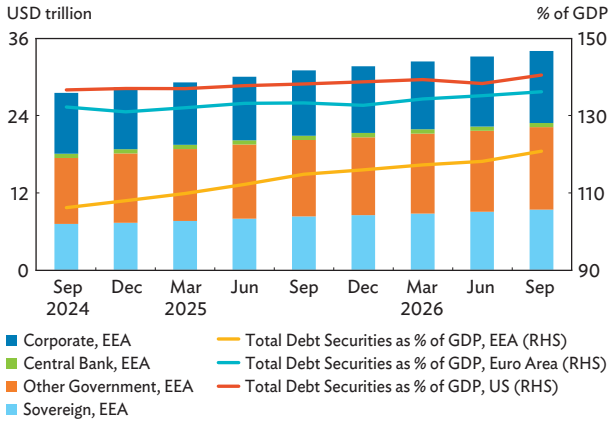
Section 1. Local Currency Bonds Outstanding

Emerging East Asian local currency (LCY) debt securities outstanding expanded 2.6% quarter-on-quarter (q-o-q) to USD34.1 trillion at the end of the third quarter (Q3) of 2026 (**Figure 1a**).[2] Excluding debt securities with a tenor of 1 year or less, the region's LCY bonds outstanding reached USD32.0 trillion, rising 2.6% q-o-q compared with 2.4% in the second quarter (Q2) (**Figure 1b**). LCY bonds outstanding were equivalent to 113.3% of gross domestic product in emerging East Asia, compared with 114.9% in the United States (US) and 128.2% in the euro area. The market's expansion was supported by increased issuance of other government bonds.

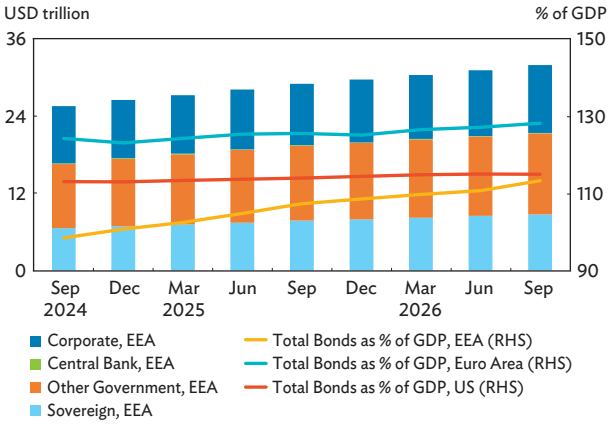
Sovereign bonds outstanding reached USD8.7 trillion at the end of Q3, comprising 27.3% of total bonds outstanding (**Figure 2a**). Growth in sovereign bonds slowed to 2.8% q-o-q from 3.5% in Q2, as lower issuance in the People's Republic of China (PRC) and the Republic of Korea outweighed increased issuance in most markets in Association of Southeast Asian Nations (ASEAN) and Hong Kong, China. The PRC prioritized the use of existing budget funds over new borrowing, while issuance in the Republic of Korea declined following front-loaded borrowing in earlier quarters. Sovereign bonds accounted for nearly 70% of ASEAN's total bond stock, the highest across the region. ASEAN sovereign bonds accounted for 17.1% of total sovereign bonds outstanding in the region.

Figure 1: Local Currency Debt Securities Outstanding

a. Total Debt Securities



b. Bonds



EEA = emerging East Asia, GDP = gross domestic product, RHS = right-hand side, US = United States, USD = United States dollar.

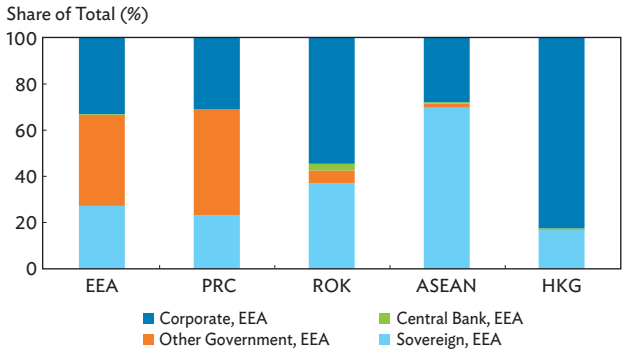
Notes:
1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. The euro area includes Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
3. Bonds are defined as debt securities with maturities longer than 1 year.
4. Debt securities data for Singapore and the United States, and bond data for the People's Republic of China, the Republic of Korea, Malaysia, and the United States are based on *AsianBondsOnline* estimates.
5. GDP data for Q3 2026 are carried over from Q2 2026 for the euro area, the Republic of Korea, Malaysia, and Singapore.

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

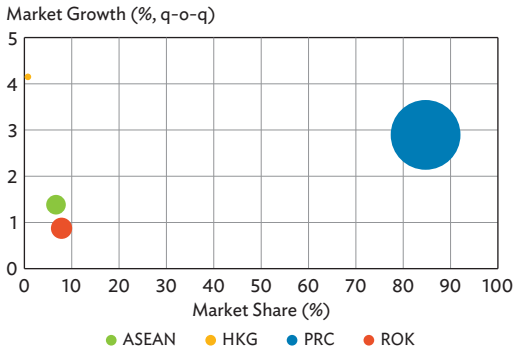
[2] Emerging East Asia includes Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

Figure 2: Market Profile and Growth of Local Currency Bonds Outstanding at the End of September 2026

a. Market Profile by Bond Type



b. Quarterly Market Growth and Market Share



ASEAN = Association of Southeast Asian Nations; EEA = emerging East Asia; HKG = Hong Kong, China; PRC = People's Republic of China; q-o-q = quarter-on-quarter; ROK = Republic of Korea.

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Bond data for the People's Republic of China, the Republic of Korea, and Malaysia are based on *AsianBondsOnline* estimates.
3. Central bank shares not visible in Figure 2a due to scaling limitations are as follows: EEA: 0.3%; ROK: 2.8%; ASEAN: 0.5%; and HKG: 0.7%.
4. Size of bubble indicates LCY bonds outstanding at the end of September.
5. ASEAN includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
6. EEA includes the markets listed in note 4 plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

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

Other government bonds outstanding recorded USD12.6 trillion, accounting for 39.4% of the total bond stock. This segment was dominated by policy bank and local government bonds in the PRC, which together accounted for 98.6% of other government bonds, supporting infrastructure projects and debt refinancing. Corporate bonds reached USD10.6 trillion at the end of Q3, accounting for 33.1% of total bonds outstanding. Corporate bonds expanded 3.3% q-o-q in Q3, up from 3.0% in Q2, reflecting a smaller volume of maturities in the PRC and the Republic of Korea, which outweighed slower private sector issuance in most regional markets amid global uncertainty and tighter financial conditions. Central bank bonds accounted for 0.3% of the region's total LCY bond stock and consisted mainly of 2- and 3-year bonds in the Republic of Korea and 2-year bonds in Hong Kong, China and Thailand.

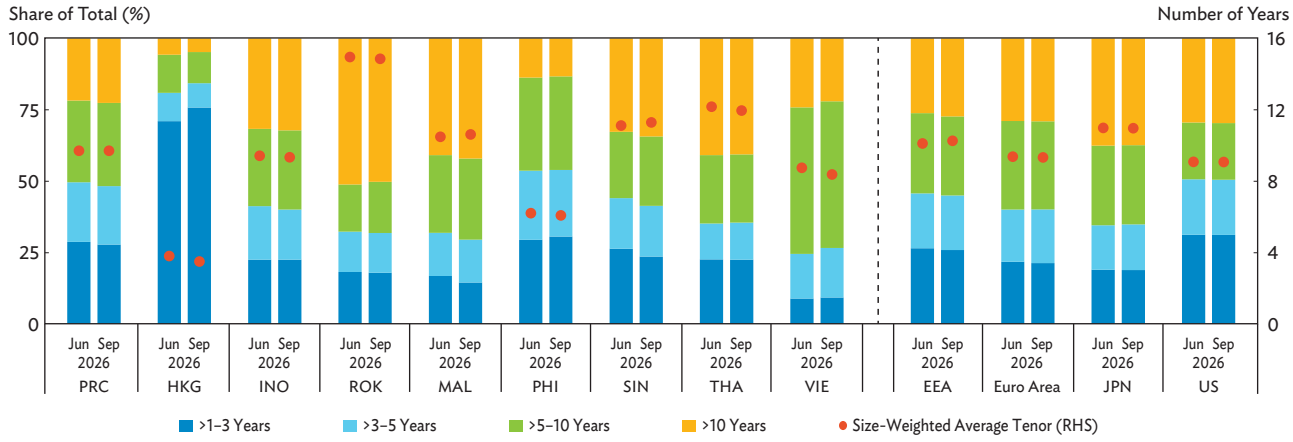
The PRC's LCY bonds outstanding rose 2.9% q-o-q to USD27.1 trillion, driven by increased issuance of other government bonds, and accounted for 84.7% of the region's total LCY bond stock (**Figure 2b**). The Republic of Korea's LCY bond stock reached USD2.5 trillion, or 7.8% of the total regional LCY bond stock, rising 0.9% q-o-q, supported by the sovereign segment, which expanded 2.4% q-o-q due to a smaller volume of maturities. ASEAN's aggregate LCY bonds outstanding increased 1.4% q-o-q to USD2.1 trillion, underpinned by higher sovereign issuance in Singapore, Thailand, and Viet Nam. Hong Kong, China's LCY bond stock rose 4.1% q-o-q to USD0.2 trillion, driven by increased corporate issuance and accelerated Hong Kong Special Administrative Region government bond issuance, including Silver Bonds and digital green bonds.[3] At the end of Q3, ASEAN and Hong Kong, China accounted for 6.7% and 0.8% of the region's total LCY bond stock, respectively.

Emerging East Asia's LCY Treasury bonds outstanding remained dominated by medium- to long-term securities (**Figure 3**). At the end of September, around 55% of outstanding Treasury bonds had a remaining tenor of more than 5 years. The size-weighted average tenor lengthened to 10.3 years from 10.1 years at the end of June, supported by increased issuance of Treasury bonds with tenors longer than 5 years in the PRC, Indonesia, and Malaysia. The region's size-weighted average tenor exceeded that of the US (9.1 years) and the euro area (9.3 years), but it remained below Japan's (11.0 years).

The investor base of LCY Treasury debt securities in emerging East Asia remained uneven across markets in Q3. In the PRC, banks held around 70.6% of outstanding LCY Treasury debt securities, while the share held by

[3] Silver Bonds are 3-year government bonds offered to senior citizens in Hong Kong, China.

Figure 3: Maturity Profiles of Local Currency Treasury Bonds Outstanding at the End of June 2026 versus the End of September 2026



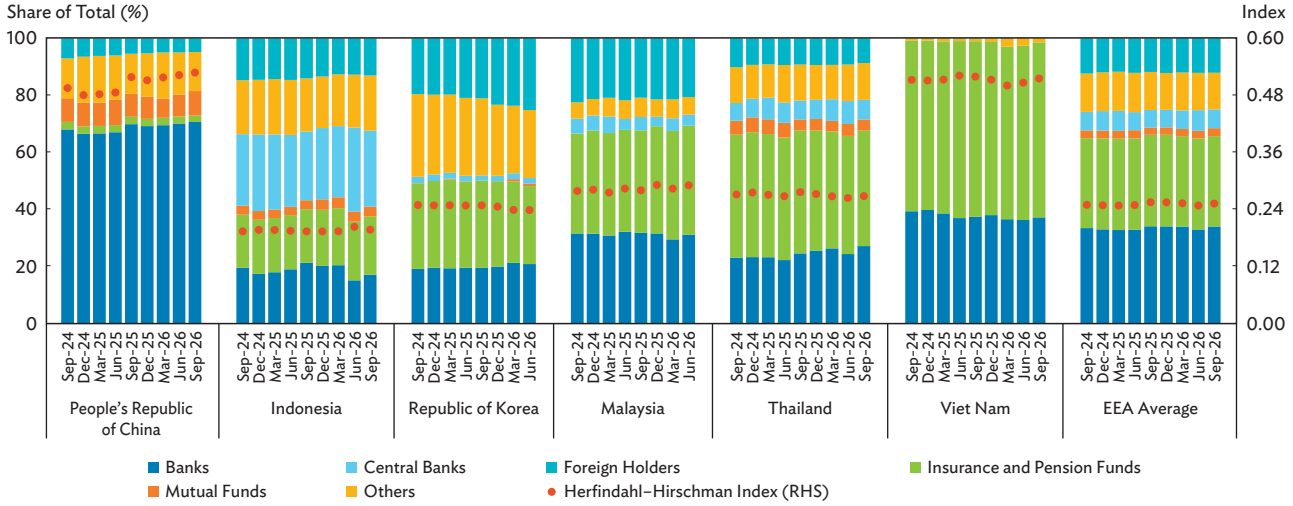
EEA = emerging East Asia; HKG = Hong Kong, China; INO = Indonesia; JPN = Japan; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; RHS= right-hand side; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; US = United States; VIE = Viet Nam.

Notes:

1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. The euro area includes Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
3. Bonds are defined as debt securities with maturities longer than 1 year.

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

Figure 4: Investor Profiles of Local Currency Government Debt Securities in Emerging East Asian Markets



EEA = emerging East Asia, RHS = right-hand side.

Notes:

1. Emerging East Asia includes the People's Republic of China, Indonesia, the Republic of Korea, Malaysia, Thailand, and Viet Nam.
2. The EEA average is computed as simple average of sectoral shares across all markets in the region.
3. Data for the Republic of Korea and Malaysia are up to June 2026.
4. Treasury debt securities include Treasury bills and Treasury bonds.
5. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.
6. 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 shares of all investor groups in the bond market. A lower score indicates greater diversity.

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

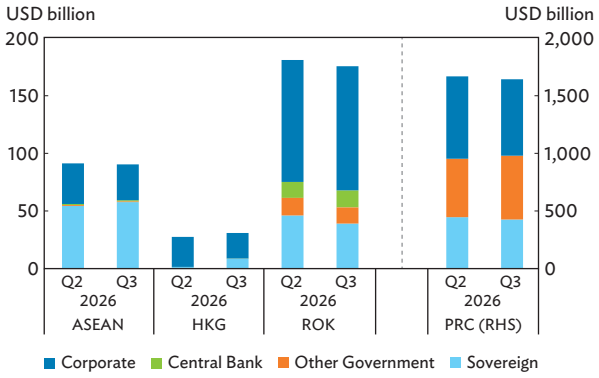
foreign investors declined to 4.8% (**Figure 4**). In the Republic of Korea, foreign investor holdings rose to 25.1% in Q2 from 23.6% in Q1, supported by the phased inclusion of Korean government bonds in the FTSE Russell World Government Bond Index in 2026. Viet Nam also had a concentrated investor base in Q3, with banks, insurance companies, and pension funds jointly holding 98.6% of outstanding LCY Treasury debt securities. Indonesia had a more diversified investor base, as reflected in its lower Herfindahl–Hirschman Index score. Across emerging East Asia, banks remained the largest investor group at the end of Q3, holding about 34.0% of outstanding Treasuries. Insurance companies and pension funds remained the second-largest group, accounting for 31.7% of total holdings. The shares of foreign investors and mutual funds remained broadly stable at 12.0% and 2.8%, respectively. Meanwhile, central banks' holdings share declined to 6.6% from 7.2% in Q2, reflecting monetary authorities' management of domestic liquidity conditions.

Section 2. Local Currency Bond Issuance

LCY debt securities issuance in emerging East Asia totaled USD3.3 trillion in Q3 2026, with growth moderating to 3.7% q-o-q from 7.8% in Q2 (**Figure 5a**). Excluding debt securities with maturities of 1 year or less, LCY bond issuance contracted 1.4% q-o-q to USD1.9 trillion due to reduced corporate issuance for most markets amid tighter financial conditions and lower sovereign issuances. Meanwhile, issuance of other government bonds and central bank bonds rose in Q3 (**Figure 5b**).

Sovereign bond issuance in emerging East Asia contracted 3.0% q-o-q in Q3, driven by lower issuance in the PRC and the Republic of Korea (**Figure 6**). In the

Figure 6: Local Currency Bond Issuance by Market



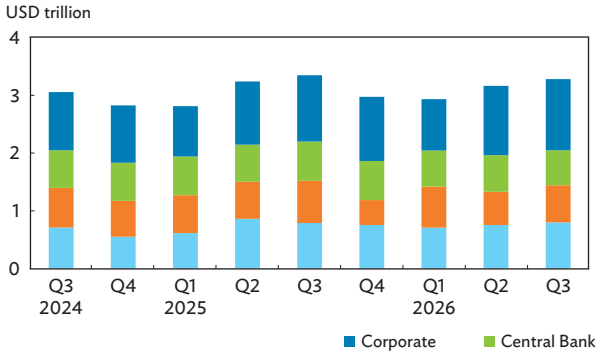
ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; ROK = Republic of Korea; RHS = right-hand side; USD = United States dollar.

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Bond data for the People's Republic of China, the Republic of Korea, and Malaysia are based on *AsianBondsOnline* estimates.
3. ASEAN includes the following markets with available data: Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
4. Figures were computed based on 30 September 2026 currency exchange rates and do not include currency effects.

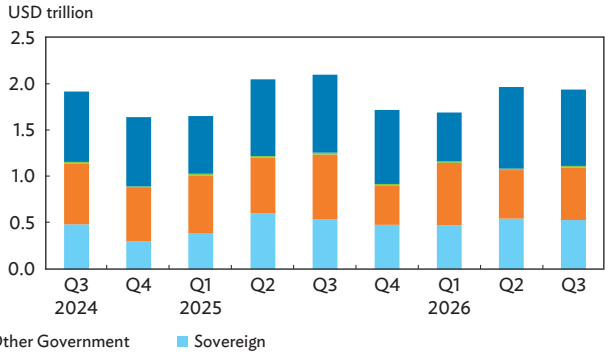
Source: *AsianBondsOnline* calculations based on various local market sources.

Figure 5: Local Currency Debt Securities Issuance in Emerging East Asian Markets

a. Debt Security Issuance



b. Bond Issuance



Corporate Central Bank Other Government Sovereign

Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; USD = United States dollar.

Notes:
1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Bonds are defined as debt securities with maturities longer than 1 year.
3. Bond data for the People's Republic of China, the Republic of Korea, and Malaysia are based on *AsianBondsOnline* estimates.
4. Figures were computed based on 30 September 2026 currency exchange rates and do not include currency effects.

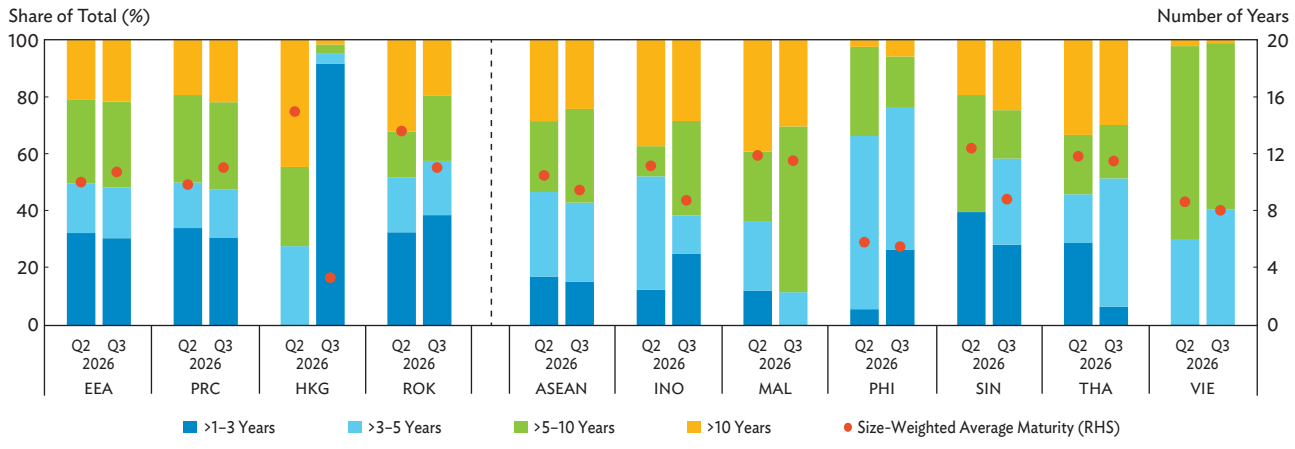
Source: *AsianBondsOnline* calculations based on various local market sources.

Republic of Korea, issuance fell 15.4% q-o-q following front-loaded government borrowing in the first half of the year. In the PRC, sovereign bond issuance declined 4.5% q-o-q as the national government relied on existing fiscal resources rather than new large-scale stimulus measures. Meanwhile, issuance of other government bonds in the PRC increased 8.9% q-o-q, reflecting higher issuance of policy bank and local government bonds to meet debt refinancing and infrastructure financing needs. In Hong Kong, China, sovereign issuance increased more than seven-fold, driven by the issuance of HKD55.0 billion of Silver Bonds in September. Sovereign issuance in ASEAN rose 6.4% q-o-q, led by higher issuance in Singapore, Viet Nam, and Thailand. In Singapore, the increase was due to the SGD2.6 billion 20-year green Singapore Government Bond (Infrastructure) issued in August. In Viet Nam, the government accelerated issuance to meet its annual target, while the government in Thailand increased issuance to finance its budget deficit.

Corporate bond issuance in emerging East Asia declined 6.4% q-o-q, with most regional markets recording contractions amid tighter financial conditions. Issuance in ASEAN and Hong Kong, China fell 12.0% and 14.6% q-o-q, respectively. In the PRC, corporate bond issuance declined 7.1% q-o-q following a surge in Q2, when financial bond issuance increased sharply after previously delayed approvals from regulatory authorities such as the People's Bank of China were cleared. By contrast, corporate bond issuance in the Republic of Korea rose 1.8% q-o-q to USD107.6 billion, as firms increased fundraising ahead of anticipated higher borrowing costs on expectations of further monetary tightening by the Bank of Korea.

The maturity profile of LCY Treasury bond issuance in emerging East Asia lengthened in Q3, with the share of bond issuance with maturities longer than 5 years increasing to 51.6% from 50.1% in Q2. The size-weighted average maturity of regional LCY Treasury bond issuance rose to 10.8 years from 10.0 years in Q2 (**Figure 7**). The lengthening was driven by the PRC, where bonds with maturities of more than 5 years accounted for 52.4% of total issuance, up from 49.9% in Q2, following the issuance of 50-year Treasury bonds in August and September. By contrast, the size-weighted average maturity of LCY Treasury bond issuance in Hong Kong, China fell sharply to 3.4 years from 15.0 years in Q2, as 91.7% of bonds issued during the quarter had maturities of more than 1 year and up to 3 years, led by the issuance of HKD55.0 billion of 3-year Silver Bonds in September. In ASEAN, the size-weighted average maturity of Treasury issuance also declined—to

Figure 7: Maturity Structure of Local Currency Treasury Bond Issuance in Emerging East Asian Markets



ASEAN = Association of Southeast Asian Nations; EEA = emerging East Asia; HKG = Hong Kong, China; INO = Indonesia; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; RHS = right-hand side; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:
1. ASEAN includes the following markets with available data: Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Emerging East Asia includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
3. Figures were computed based on 30 September 2026 currency exchange rates and do not include currency effects.
4. Treasury bonds are local-currency-denominated, fixed-income securities issued by a government with maturities longer than 1 year.

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

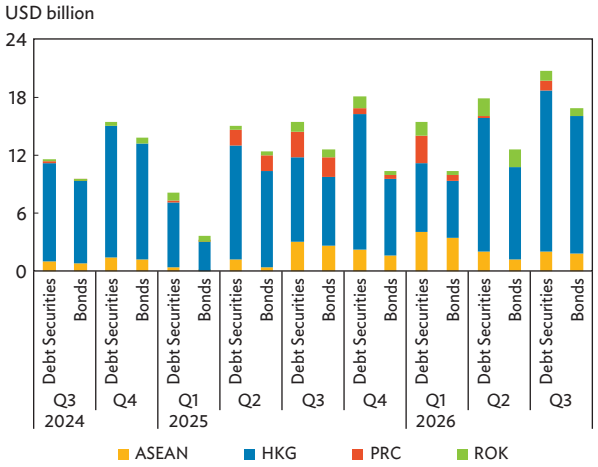
9.5 years from 10.5 years in Q2—reflecting a greater share of issuance in the 5- to 10-year maturity segment relative to longer-dated bonds.

Section 3. Intra-Regional Bond Issuance

Intra-regional debt securities issuance totaled USD20.8 billion in Q3 2026, rising 16.1% q-o-q compared with 15.9% q-o-q in Q2.[4] The increase was driven primarily by higher issuance from Hong Kong, China (**Figure 8**). Excluding securities with maturities of 1 year or less, intra-regional bond issuance rose 35.5% q-o-q to USD16.9 billion, accelerating from 20.9% growth in Q2. This increase reflected a 55.0% q-o-q rise in CNY-denominated bond issuance, underpinned by increased demand and relatively lower interest rates on CNY-denominated bonds. The intra-regional bond market remained highly concentrated, with Hong Kong, China accounting for 84.6% of total intra-regional bond issuance in Q3, up from 78.1% in Q2. ASEAN's share also increased, to 10.7% from 8.7% in the previous quarter.

Intra-regional bond issuance in emerging East Asia remained heavily concentrated in Chinese yuan in Q3, which accounted for 97.5% of the total (**Figure 9a**). The remaining amount comprised Hong Kong dollars (1.2%)

Figure 8: Intra-Regional Debt Securities Issuance in Emerging East Asian Markets



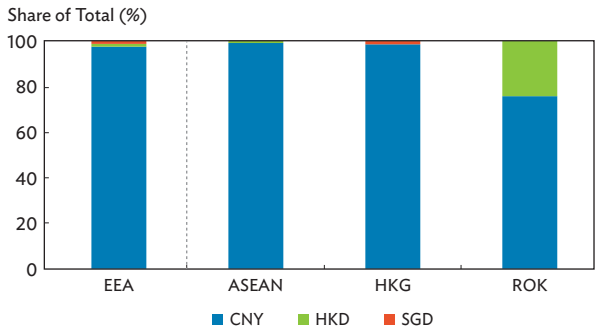
ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; ROK = Republic of Korea; USD = United States dollar.

Notes:
1. ASEAN includes the following markets with available data: Indonesia, the Lao People's Democratic Republic, Malaysia, Singapore, Thailand, and Viet Nam.
2. Emerging East Asia includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
3. Intra-regional debt security issuance is defined as emerging East Asian issuance denominated in a regional currency excluding the issuer's home currency.
4. Bonds are defined as debt securities with maturities longer than 1 year.
5. Figures were computed based on 30 September 2026 currency exchange rates and do not include currency effects.
6. Data are based on economy of domicile where the company's senior management is located.

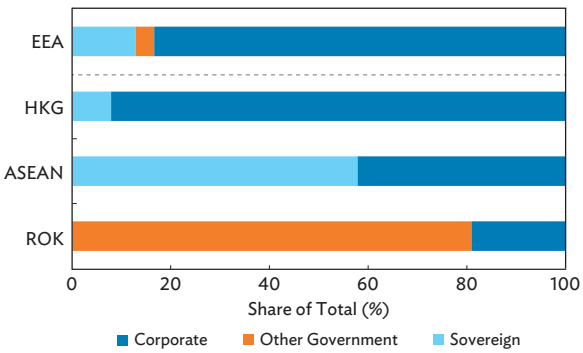
Source: *AsianBondsOnline* calculations based on various local market sources.

Figure 9: Intra-Regional Bond Issuance in Emerging East Asian Markets in the Third Quarter of 2026

a. By Currency



b. By Sector



ASEAN = Association of Southeast Asian Nations; CNY = Chinese yuan; EEA = emerging East Asia; HKD = Hong Kong dollar; HKG = Hong Kong, China; ROK = Republic of Korea; SGD = Singapore dollar.

Notes:
1. ASEAN includes the following markets with available data: Indonesia and Singapore.
2. Emerging East Asia includes the markets listed in note 1 plus Hong Kong, China and the Republic of Korea.
3. Intra-regional bond issuance is defined as emerging East Asian issuance denominated in a regional currency excluding the issuer's home currency.
4. Bonds are defined as debt securities with maturities longer than 1 year.
5. Data are based on economy of domicile where the company's senior management is located.

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

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

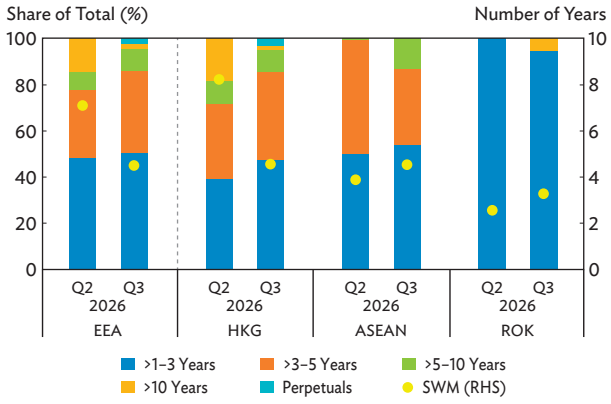
and Singapore dollars (1.3%). Issuance in ASEAN and Hong Kong, China was similarly dominated by CNY-denominated bonds, which accounted for 99.2% and 98.5% of their respective totals. By sector, corporates accounted for 83.4% of total intra-regional bond issuance (**Figure 9b**), with financial institutions representing 46.3% of corporate issuance. Sovereign issuance accounted for 16.6%, concentrated in Indonesia and Hong Kong, China. In July, the Government of Indonesia issued its inaugural Panda bonds, comprising CNY5.6 billion of 3-year bonds and CNY1.4 billion of 5-year bonds, to finance the 2026 state budget and diversify its funding sources. In Hong Kong, China in September, the government issued CNY7.5 billion of 5-year digital green bonds.

Around 86.1% of intra-regional bond issuance in Q3 had maturities of 5 years or less, up from 77.7% in Q2. As a result, the size-weighted average maturity declined to 4.5 years from 7.1 years in Q2 (**Figure 10**). The longer average maturity in Q2 reflected Hong Kong, China's issuance of CNY-denominated 20- and 30-year sovereign infrastructure bonds. Within the region, Hong Kong, China and ASEAN had the highest shares of longer-dated intra-regional bonds, with maturities exceeding 5 years accounting for 14.5% and 13.2% of their respective issuance totals, compared with 5.3% in the Republic of Korea.

Section 4. G3 Currency Bond Issuance

G3 currency bond issuance in emerging East Asia declined 13.7% q-o-q to USD51.5 billion in Q3 2026 with lower issuance in Indonesia and Hong Kong, China contributing to the regional decline against a backdrop of higher financing costs (**Figure 11**).[5] Issuance in Indonesia fell 88.2% q-o-q, while that in Hong Kong, China declined 68.9%. By contrast, the Republic of Korea led regional G3 bond issuance with USD19.2 billion, up 13.6% q-o-q following a 4.4% decline in Q2. The increase reflected higher sovereign and other government bond issuance, which more than offset a slight decline in corporate issuance.

Figure 10: Maturity Structure and Size-Weighted Average Maturity of Intra-Regional Bond Issuance

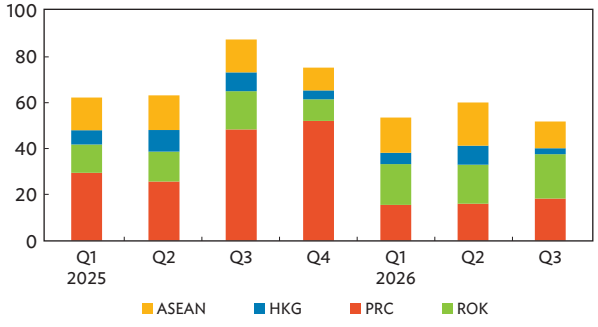


ASEAN = Association of Southeast Asian Nations; EEA = emerging East Asia; HKG = Hong Kong, China; Q2 = second quarter; Q3 = third quarter; RHS = right-hand side; ROK = Republic of Korea; SWM = size-weighted average maturity.

Notes:
1. ASEAN includes the following markets with available data: Indonesia and Singapore.
2. Emerging East Asia includes the markets listed in note 1 plus Hong Kong, China and the Republic of Korea.
3. Intra-regional bond issuance is defined as emerging East Asian issuance denominated in a regional currency excluding the issuer's home currency.
4. Bonds are defined as debt securities with maturities longer than 1 year.
5. Data are based on economy of domicile where the company's senior management is located.

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

Figure 11: G3 Currency Bond Issuance in Emerging East Asian Markets



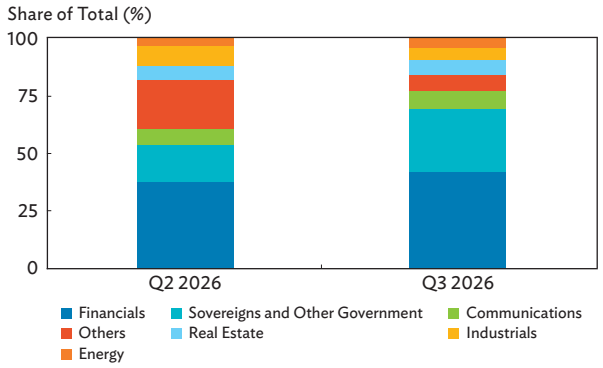
ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; PRC = People's Republic of China; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; ROK = Republic of Korea; USD = United States dollar.

Notes:
1. ASEAN includes the following markets with available data: Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Emerging East Asia includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
3. Bonds are defined as debt securities with maturities longer than 1 year.
4. G3 currency bonds are denominated in euros, Japanese yen, or United States dollars.
5. Figures were computed based on 30 September 2026 currency exchange rates and do not include currency effects.

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

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

Figure 12: Sector Profile of G3 Currency Bond Issuance in Emerging East Asian Markets

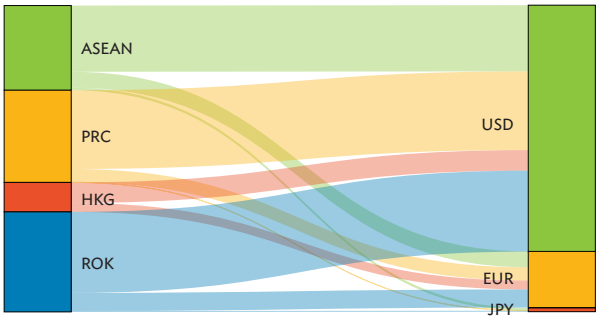


Q2 = second quarter, Q3 = third quarter.

Notes:
1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. G3 currency bonds are denominated in euros, Japanese yen, or United States dollars.
3. "Others" include consumer, health care, materials, technology, transportation, and utilities.

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

Figure 13: Currency Profile of G3 Currency Bond Issuance in Emerging East Asia in the Third Quarter of 2026



ASEAN = Association of Southeast Asian Nations; EUR = euro; HKG = Hong Kong, China; JPY = Japanese yen; PRC = People's Republic of China; ROK = Republic of Korea; USD = United States dollar.

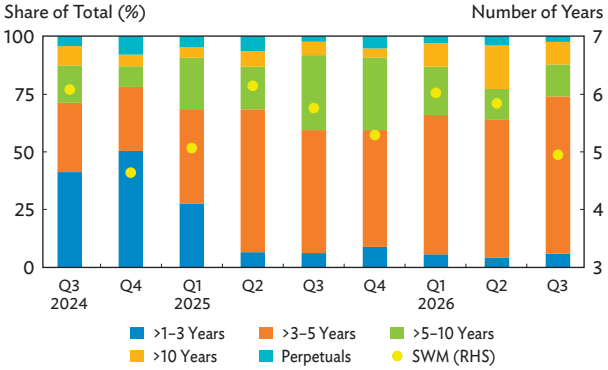
Notes:
1. ASEAN includes the following markets with available data: Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, and Thailand.
2. Emerging East Asia includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
3. G3 currency bonds are denominated in euros, Japanese yen, or United States dollars.

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

Financial institutions remained the largest issuer group, accounting for 41.9% of G3 bond issuance in Q3 (**Figure 12**). The share of sovereign and other government bond issuance increased to 27.3% from 16.2% in Q2, driven by increased issuance in the PRC, the Republic of Korea, and Malaysia. USD-denominated bonds continued to dominate G3 issuance during the quarter, although their share declined to 69.0% of the total from 81.8% in Q2. Meanwhile, the share of EUR-denominated bonds rose to 29.7% from 16.0%, supported by the PRC's issuance of a EUR5.0 billion (USD5.7 billion) sovereign bond in July (**Figure 13**).

The share of G3 bond issuance with a maturity of 5 years or less rose to 73.9% in Q3 from 63.8% in Q2, while the size-weighted average maturity shortened to 4.9 years from 5.8 years (**Figure 14**). This shift reflected lower issuance of longer-dated bonds, particularly those with maturities exceeding 10 years, as well as perpetual bonds.

Figure 14: Maturity Profile of G3 Currency Bond Issuance in Emerging East Asia



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, SWM = size-weighted average maturity.

Notes:
1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. G3 currency bonds are denominated in euros, Japanese yen, or United States dollars.

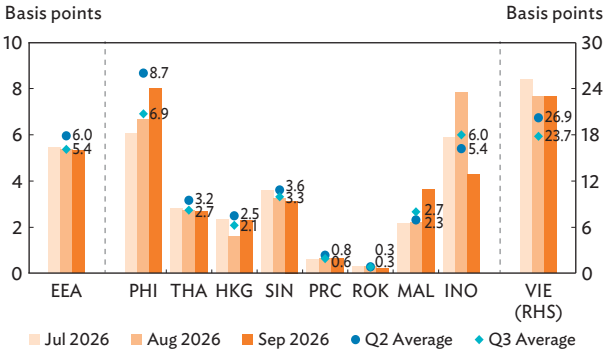
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Section 5. Liquidity of Local Currency Bond Markets

Government Bond Market

LCY government bond bid–ask spreads in emerging East Asia narrowed marginally in Q3 2026, with the regional average declining to 5.4 basis points (bps) from 6.0 bps in the preceding quarter (**Figure 15**). The decline was driven mainly by Viet Nam (–3.2 bps) and the Philippines (–1.8 bps). In Viet Nam, increased sovereign bond issuance supported market activity. In the Philippines, spreads narrowed in July and August as easing inflation improved investor sentiment. However, they widened again in September as rising global oil prices heightened inflation concerns and dampened market confidence. Changes in other regional markets were limited (with spreads moving no more than 0.6 bps in either direction), as financial conditions remained tight amid global headwinds.

Figure 15: Average Bid–Ask Spreads for Local Currency Government Bonds in Emerging East Asia



EEA = emerging East Asia; HKG = Hong Kong, China; INO = Indonesia; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; RHS = right-hand side; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

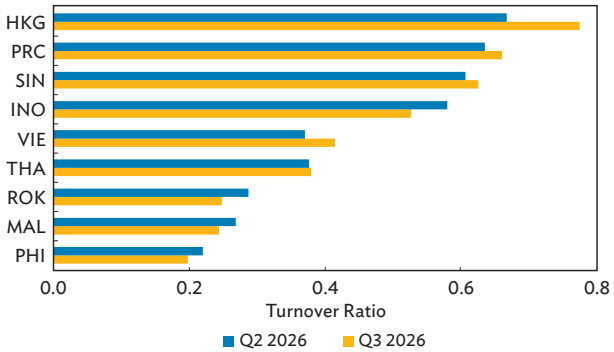
Notes:
1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Bid–ask spreads are for 10-year government bonds.

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

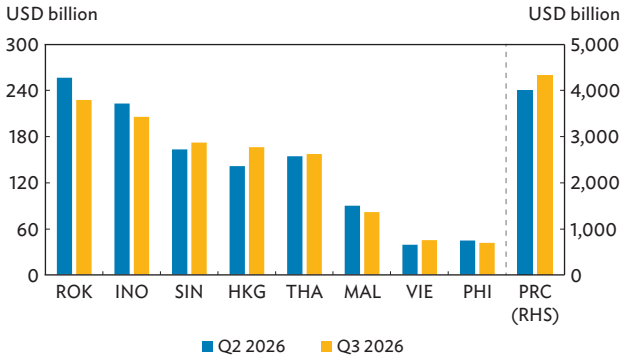
Consistent with narrowing bid–ask spreads, turnover ratios and trading volumes increased in most government bond markets in the region in Q3. Hong Kong, China recorded the highest turnover ratio and largest trading volume increase, supported by higher sovereign issuance and the reopening of existing government bonds during the quarter (**Figure 16a**). The turnover ratio in the PRC also increased, reflecting foreign demand for diversification amid heightened uncertainty given global market volatility. By contrast, trading activity moderated in the Republic of Korea as government bond yields rose following the Bank of Korea's rate hikes in July and August. Trading activity across ASEAN markets varied amid mixed issuance trends. Singapore and Viet Nam recorded higher

Figure 16: Local Currency Government Bond Turnover Ratios and Trading Volumes in Emerging East Asian Markets

a. Turnover Ratios



b. Quarterly Trading Volumes



HKG = Hong Kong, China; INO = Indonesia; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; RHS = right-hand side; ROK = Republic of Korea; SIN = Singapore; THA = Thailand; VIE = Viet Nam; USD = United States dollar.

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); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange); Republic of Korea (*EDAILY Bondweb* and the Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Philippine Dealing and Exchange Corporation); Singapore (Monetary Authority of Singapore); Thailand (Bank of Thailand and Thai Bond Market Association); Viet Nam (Ministry of Finance).

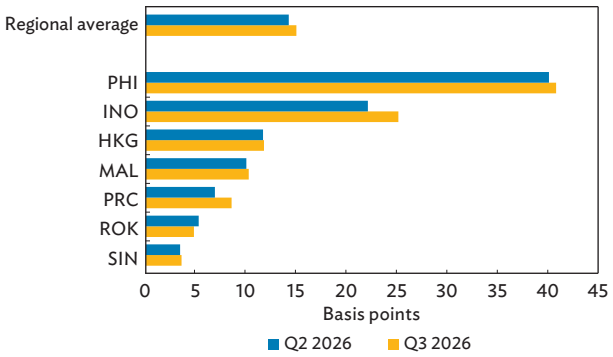
trading volumes on increased sovereign bond issuance, while Indonesia posted the largest decline in trading volume among ASEAN markets, following front-loaded borrowing in the previous 2 quarters and lower sovereign issuance in Q3 (**Figure 16b**).

Corporate Bond Market

Corporate bond market liquidity weakened in Q3 2026 as financial conditions remained tight, with the regional average bid–ask spread widening to 15.0 bps from 14.2 bps in Q2 (**Figure 17**). Bid–ask spreads widened in nearly all regional markets, except the Republic of Korea, on heightened global uncertainty. In the Republic of Korea, spreads narrowed as corporate bond issuance rose and corporate credit spreads tightened. The largest widenings were recorded in the PRC and Indonesia. In the PRC, wider bid–ask spreads coincided with lower corporate bond issuance in Q3, as firms scaled back their financing needs. In Indonesia, spreads widened amid a series of corporate defaults and credit rating downgrades in some sectors that heightened investor risk aversion.

Corporate bond turnover ratios and trading volumes declined in most emerging East Asian markets in Q3, reflecting tight financial conditions. The sharpest declines were recorded in Hong Kong, China and the PRC. In Hong Kong, China, the lower turnover ratio partly reflected reduced corporate bond issuance during the quarter. In the PRC, the decline was consistent with the widening of corporate bond bid-ask spreads. However, despite wider bid–ask spreads in Indonesia, the turnover ratio and trading volume rose along with increased corporate bond issuance (**Figure 18a**). Trading volume also declined in Hong Kong, China, partly due to a shift in issuance toward offshore CNY-denominated bonds relative to HKD-denominated bonds (**Figure 18b**).

Figure 17: Average Bid–Ask Spreads for Local Currency Corporate Bonds

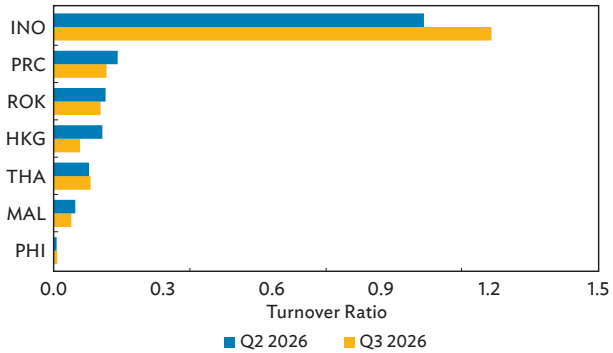


HKG = Hong Kong, China; INO = Indonesia; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; ROK = Republic of Korea; SIN = Singapore.

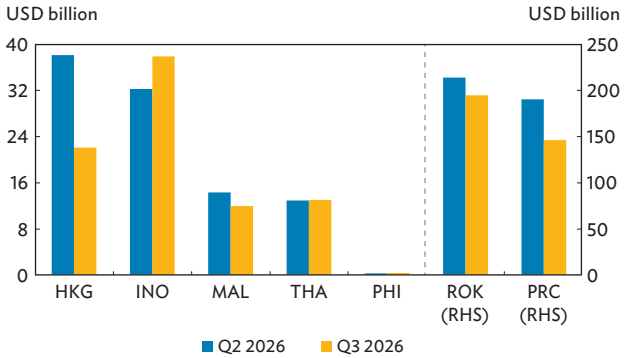
Source: *AsianBondsOnline* calculations based on various local market sources.

Figure 18: Local Currency Corporate Bond Turnover Ratios and Trading Volumes in Emerging East Asian Markets

a. Turnover Ratios



b. Quarterly Trading Volumes



HKG = Hong Kong, China; INO = Indonesia; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; RHS = right-hand side; ROK = Republic of Korea; THA = Thailand; USD = United States dollar.

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); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange); Republic of Korea (*EDAILY Bondweb* and the Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Philippine Dealing and Exchange Corporation); Thailand (Bank of Thailand and Thai Bond Market Association).

Appendix

Table A1: Size and Composition of Emerging East Asian Local Currency Debt Securities

	Q3 2025		Q2 2026		Q3 2026			Growth Rate (%)	
								Q3 2026	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
People's Republic of China									
Total	24,000	123.2	27,040	127.6	28,156	100.0	129.4	2.9	10.5
Sovereign	5,561	28.5	6,406	30.2	6,769	24.0	31.1	4.4	14.6
Other Government	11,043	56.7	12,267	57.9	12,641	44.9	58.1	1.8	7.8
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	7,396	38.0	8,367	39.5	8,745	31.1	40.2	3.3	11.3
Hong Kong, China									
Total	445	105.4	511	116.8	523	100.0	117.0	2.5	18.6
Sovereign	33	7.8	40	9.1	41	7.9	9.2	3.9	25.5
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	171	40.5	173	39.6	174	33.3	39.0	0.8	2.7
Corporate	241	57.0	298	68.2	308	58.8	68.8	3.3	29.0
Indonesia									
Total	476	34.0	492	35.3	489	100.0	34.1	(0.6)	10.2
Sovereign	398	28.4	398	28.5	398	81.3	27.7	(0.1)	7.1
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	47	3.3	62	4.5	60	12.3	4.2	(3.3)	37.8
Corporate	31	2.2	32	2.3	31	6.4	2.2	(1.9)	7.7
Republic of Korea									
Total	2,456	130.9	2,306	120.8	2,666	100.0	139.6	1.2	4.9
Sovereign	823	43.8	794	41.6	928	34.8	48.6	2.4	9.0
Other Government	149	7.9	135	7.1	155	5.8	8.1	0.7	0.5
Central Bank	75	4.0	63	3.3	71	2.7	3.7	(1.4)	(8.3)
Corporate	1,409	75.1	1,315	68.8	1,512	56.7	79.2	0.7	3.7
Malaysia									
Total	530	130.5	575	131.5	581	100.0	132.9	0.9	6.2
Sovereign	307	75.6	334	76.3	333	57.4	76.3	(0.2)	5.1
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	0	0.0	0.0	0.0	0	0.0	0.0	–	–
Corporate	223	54.9	241	55.2	247	42.6	56.6	2.5	7.6
Philippines									
Total	237	49.8	237	50.3	240	100.0	51.2	3.4	9.0
Sovereign	203	42.7	209	44.4	211	88.1	45.1	3.2	12.2
Other Government	0.3	0.1	1	0.2	1	0.4	0.2	0.0	240.2
Central Bank	10	2.2	2	0.5	2	0.8	0.4	(13.6)	(80.0)
Corporate	23	4.9	24	5.2	25	10.6	5.4	6.4	17.0
Singapore									
Total	695	114.5	705	110.2	723	100.0	112.9	1.2	3.0
Sovereign	257	42.3	265	41.4	281	38.8	43.9	4.5	8.3
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	276	45.4	273	42.6	269	37.2	42.0	(2.7)	(3.5)
Corporate	163	26.8	167	26.2	173	24.0	27.1	2.2	5.6

continued on next page

Table A1 *continued*

	Q3 2025		Q2 2026		Q3 2026			Growth Rate (%)	
								Q3 2026	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
Thailand									
Total	544	93.4	548	94.1	539	100.0	92.4	(0.6)	2.5
Sovereign	295	50.6	302	52.0	308	57.3	52.9	3.0	8.2
Other Government	33	5.6	32	5.5	32	5.9	5.5	1.1	1.7
Central Bank	79	13.6	80	13.8	75	14.0	12.9	(5.1)	(1.7)
Corporate	137	23.5	133	22.9	123	22.8	21.1	(6.7)	(7.1)
Viet Nam									
Total	136	28.9	154	29.8	159	100.0	29.3	1.6	14.5
Sovereign	87	18.4	97	18.7	102	64.3	18.8	4.0	15.8
Other Government	6	1.3	6	1.1	6	3.8	1.1	(0.3)	(3.0)
Central Bank	7	1.5	9	1.8	6	3.7	1.1	(38.7)	(18.7)
Corporate	37	7.8	42	8.1	45	28.3	8.3	5.3	20.6
Emerging East Asia									
Total	29,520	114.8	32,567	118.1	34,075	100.0	120.8	2.6	9.7
Sovereign	7,964	31.0	8,844	32.1	9,372	27.5	33.2	3.8	12.9
Other Government	11,231	43.7	12,441	45.1	12,835	37.7	45.5	1.8	7.7
Central Bank	665	2.6	662	2.4	657	1.9	2.3	(2.5)	(0.8)
Corporate	9,660	37.6	10,620	38.5	11,210	32.9	39.7	2.8	10.3
Japan									
Total	9,536	208.1	8,792	205.7	9,096	100.0	216.1	0.2	1.5
Sovereign	7,956	173.6	7,366	172.3	7,616	83.7	180.9	0.1	1.9
Other Government	815	17.8	732	17.1	757	8.3	18.0	0.1	(1.2)
Central Bank	20	0.4	5	0.1	5	0.1	0.1	(14.7)	(74.1)
Corporate	745	16.3	688	16.1	719	7.9	17.1	1.2	2.7

( ) = negative, – = not applicable, GDP = gross domestic product, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. For Singapore, corporate debt securities outstanding are based on *AsianBondsOnline* estimates.
3. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2026 currency exchange rates and do not include currency effects.
4. GDP data are from CEIC Data Company. Q3 2026 data are carried over from Q2 2026 for the Republic of Korea, Malaysia, and Singapore.
5. Bloomberg LP end-of-period local currency–USD rates are used.

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

Table A2: Size and Composition of Emerging East Asian Local Currency Bonds

	Q3 2025		Q2 2026		Q3 2026			Growth Rate (%)	
								Q3 2026	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
People's Republic of China									
Total	23,031	118.2	26,006	122.8	27,082	100.0	124.5	2.9	10.7
Sovereign	5,150	26.4	6,003	28.3	6,267	23.1	28.8	3.2	14.6
Other Government	10,828	55.6	12,016	56.7	12,409	45.8	57.0	2.0	7.9
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	7,053	36.2	7,986	37.7	8,405	31.0	38.6	4.0	12.2
Hong Kong, China									
Total	189	44.7	231	52.8	240	100.0	53.7	4.1	28.4
Sovereign	32	7.7	39	8.9	40	16.8	9.0	4.0	26.1
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	2	0.4	2	0.4	2	0.7	0.4	(4.3)	(8.3)
Corporate	154	36.6	190	43.5	198	82.5	44.3	4.3	29.3
Indonesia									
Total	424	30.3	421	30.2	420	100.0	29.3	(0.3)	6.1
Sovereign	393	28.1	389	27.9	389	92.6	27.1	(0.1)	6.0
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	31	2.2	32	2.3	31	7.4	2.2	(1.9)	7.7
Republic of Korea									
Total	2,327	124.0	2,177	114.0	2,507	100.0	131.3	0.9	4.1
Sovereign	823	43.8	794	41.6	928	37.0	48.6	2.4	9.0
Other Government	132	7.0	123	6.5	142	5.6	7.4	0.6	3.8
Central Bank	75	4.0	63	3.3	71	2.8	3.7	(1.4)	(8.3)
Corporate	1,298	69.2	1,197	62.7	1,367	54.5	71.6	0.0	1.8
Malaysia									
Total	522	128.3	568	130.1	570	100.0	130.4	0.2	6.0
Sovereign	305	75.1	331	75.7	331	58.0	75.7	(0.1)	5.0
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	216	53.2	238	54.4	239	42.0	54.8	0.6	7.3
Philippines									
Total	210	44.2	216	45.8	217	100.0	46.0	2.6	10.8
Sovereign	187	39.3	190	40.4	190	87.8	40.4	2.1	9.6
Other Government	0.3	0.1	1	0.2	1	0.5	0.2	0.0	240.2
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	23	4.9	24	5.2	25	11.8	5.4	6.4	17.5
Singapore									
Total	288	47.5	292	45.6	307	100.0	47.9	3.8	5.3
Sovereign	164	27.0	164	25.6	175	57.1	27.3	5.3	5.7
Other Government	0	0.0	0	0.0	0	0.0	0.0	–	–
Central Bank	1	0.2	0	0.0	0	0.0	0.0	–	(100.0)
Corporate	123	20.3	127	19.9	132	42.9	20.5	1.9	5.6
Thailand									
Total	460	78.9	464	79.8	466	100.0	80.0	1.4	4.9
Sovereign	285	48.8	295	50.6	301	64.5	51.6	3.1	9.5
Other Government	33	5.6	32	5.5	32	6.9	5.5	1.1	1.7
Central Bank	12	2.1	12	2.1	10	2.2	1.8	(15.1)	(12.2)
Corporate	131	22.4	125	21.5	123	26.4	21.1	(0.8)	(2.7)

continued on next page

Table A2 *continued*

	Q3 2025		Q2 2026		Q3 2026			Growth Rate (%)	
								Q3 2026	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
Viet Nam									
Total	129	27.4	145	28.0	153	100.0	28.2	4.2	16.3
Sovereign	87	18.4	97	18.7	102	66.8	18.8	4.0	15.8
Other Government	6	1.3	6	1.1	6	3.9	1.1	(0.3)	(3.0)
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	37	7.8	42	8.1	45	29.3	8.3	5.3	20.6
Emerging East Asia									
Total	27,580	107.2	30,519	110.7	31,961	100.0	113.3	2.6	10.0
Sovereign	7,425	28.9	8,302	30.1	8,723	27.3	30.9	2.8	12.8
Other Government	10,999	42.8	12,179	44.2	12,590	39.4	44.6	2.0	7.8
Central Bank	90	0.3	77	0.3	83	0.3	0.3	(3.5)	(9.8)
Corporate	9,067	35.2	9,962	36.1	10,565	33.1	37.4	3.3	10.6
Japan									
Total	9,092	198.4	8,379	196.0	8,696	100.0	206.5	0.5	1.8
Sovereign	7,696	168.0	7,113	166.4	7,386	84.9	175.4	0.6	2.1
Other Government	815	17.8	732	17.1	757	8.7	18.0	0.1	(1.2)
Central Bank	20	0.4	5	0.1	5	0.1	0.1	(14.1)	(73.9)
Corporate	561	12.3	528	12.3	549	6.3	13.0	0.6	4.0

( ) = negative, – = not applicable, GDP = gross domestic product, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Bonds are defined as debt securities with maturities exceeding 1 year.
3. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
4. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2026 currency exchange rates and do not include currency effects.
5. GDP data are from CEIC Data Company. Q3 2026 data are carried over from Q2 2026 for the Republic of Korea, Malaysia, and Singapore.
6. Bloomberg LP end-of-period local currency–USD rates are used.

Sources: People's Republic of China (CEIC Data Company and Bloomberg LP); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance and Indonesia Stock Exchange); Japan (Japan Securities Dealers Association and Bloomberg LP); Republic of Korea (Bank of Korea, Bloomberg LP, and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia and Bloomberg LP); 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); United States (Securities Industry and Financial Markets Association and Bloomberg LP); and Viet Nam (Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP).

Table A3: Local-Currency-Denominated Debt Securities Issuance

	Q3 2025		Q2 2026		Q3 2026		Growth Rate (%) Q3 2026	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y
People's Republic of China								
Total	2,106	100.0	2,052	100.0	2,220	100.0	6.9	(0.8)
Sovereign	579	27.5	579	28.2	617	27.8	5.2	0.3
Other Government	674	32.0	550	26.8	624	28.1	12.2	(12.8)
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	853	40.5	923	45.0	979	44.1	4.8	8.0
Hong Kong, China								
Total	203	100.0	209	100.0	224	100.0	7.0	10.9
Sovereign	0.9	0.5	1	0.6	9	3.8	542.9	831.0
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	138	68.0	139	66.6	153	68.5	10.0	11.8
Corporate	64	31.6	69	32.8	62	27.7	(9.8)	(2.8)
Indonesia								
Total	55	100.0	53	100.0	38	100.0	(28.2)	(26.5)
Sovereign	19	34.0	21	39.1	19	50.5	(7.2)	9.2
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	32	58.6	31	58.0	16	41.9	(48.1)	(47.4)
Corporate	4	7.4	2	3.0	3	7.6	84.5	(24.1)
Republic of Korea								
Total	207	100.0	204	100.0	223	100.0	(4.3)	3.9
Sovereign	47	22.7	40	19.8	39	17.5	(15.4)	(20.1)
Other Government	15	7.4	16	7.8	19	8.4	4.0	18.8
Central Bank	18	8.6	12	5.9	15	6.6	7.4	(19.7)
Corporate	127	61.3	136	66.6	150	67.5	(3.0)	14.4
Malaysia								
Total	31	100.0	32	100.0	30	100.0	(6.1)	(5.0)
Sovereign	13	43.6	14	43.4	13	43.4	(6.2)	(5.4)
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	17	56.4	18	56.6	17	56.6	(6.0)	(4.6)
Philippines								
Total	50	100.0	29	100.0	29	100.0	3.2	(36.8)
Sovereign	22	43.6	16	56.5	20	68.8	25.7	(0.5)
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	24	49.0	11	37.8	7	23.3	(36.3)	(70.0)
Corporate	4	7.4	2	5.7	2	7.9	42.2	(32.0)
Singapore								
Total	443	100.0	421	100.0	423	100.0	(0.9)	(5.6)
Sovereign	51	11.5	50	11.8	60	14.3	20.0	17.1
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	385	86.8	367	87.2	358	84.6	(3.8)	(7.9)
Corporate	8	1.7	4	1.0	4	1.1	8.0	(41.7)
Thailand								
Total	69	100.0	64	100.0	65	100.0	2.6	(2.6)
Sovereign	15	22.4	13	20.7	15	23.9	18.7	4.2
Other Government	0.4	0.7	0.8	1.3	0.4	0.6	(49.4)	(7.7)
Central Bank	42	60.4	38	59.7	38	57.9	(0.5)	(6.6)
Corporate	11	16.6	12	18.3	11	17.5	(2.1)	2.7

continued on next page

Table A3 *continued*

	Q3 2025		Q2 2026		Q3 2026		Growth Rate (%)	
							Q3 2026	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y
Viet Nam								
Total	48	100.0	39	100.0	28	100.0	(29.1)	(42.7)
Sovereign	2	4.3	3	8.7	4	15.0	22.0	99.9
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	42	87.8	31	79.8	20	70.6	(37.3)	(54.0)
Corporate	4	7.9	4	11.5	4	14.4	(10.7)	5.0
Emerging East Asia								
Total	3,212	100.0	3,102	100.0	3,279	100.0	3.7	(2.0)
Sovereign	749	23.3	738	23.8	797	24.3	6.1	1.5
Other Government	690	21.5	566	18.3	643	19.6	11.8	(12.1)
Central Bank	681	21.2	629	20.3	606	18.5	(4.7)	(10.9)
Corporate	1,092	34.0	1,169	37.7	1,233	37.6	2.8	7.3
Japan								
Total	349	100.0	320	100.0	340	100.0	2.9	3.8
Sovereign	297	85.2	269	84.3	280	82.3	0.5	0.3
Other Government	18	5.2	18	5.7	17	5.1	(9.0)	1.4
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	34	9.7	32	10.0	43	12.7	30.3	36.2

( ) = negative, – = not applicable, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Data reflect gross debt securities issuance.
3. Bloomberg LP end-of-period local currency–USD rates are used.
4. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2026 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia, Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Japan (Japan Securities Dealers Association); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bangko Sentral ng Pilipinas, 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 (Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP).

Table A4: Local-Currency-Denominated Bond Issuance

	Q3 2025		Q2 2026		Q3 2026		Growth Rate (%)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q3 2026 q-o-q	Q3 2026 y-o-y
People's Republic of China								
Total	1,689	100.0	1,644	100.0	1,639	100.0	(1.5)	(8.6)
Sovereign	406	24.0	438	26.7	424	25.9	(4.5)	(1.7)
Other Government	644	38.2	501	30.5	553	33.7	8.9	(19.3)
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	639	37.8	705	42.9	663	40.4	(7.1)	(2.3)
Hong Kong, China								
Total	18	100.0	27	100.0	31	100.0	12.7	69.2
Sovereign	0.7	4.0	1	4.2	8	27.3	633.3	1,047.8
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0.2	0.8	0.2	0.6	0.2	0.5	0.2	0.2
Corporate	17	95.1	26	95.2	22	72.2	(14.6)	28.4
Indonesia								
Total	21	100.0	18	100.0	19	100.0	2.1	(3.5)
Sovereign	17	80.5	17	91.5	16	84.6	(5.6)	1.4
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	4	19.5	2	8.5	3	15.4	84.5	(24.1)
Republic of Korea								
Total	177	100.0	158	100.0	175	100.0	(3.0)	(4.2)
Sovereign	47	26.6	40	25.5	39	22.2	(15.4)	(20.1)
Other Government	10	5.6	13	8.4	14	7.9	(8.5)	34.9
Central Bank	18	10.1	12	7.6	15	8.4	7.4	(19.7)
Corporate	102	57.7	93	58.5	108	61.4	1.8	2.0
Malaysia								
Total	26	100.0	29	100.0	23	100.0	(19.8)	(13.2)
Sovereign	13	49.0	12	42.7	12	53.2	0.0	(5.7)
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	13	51.0	16	57.3	11	46.8	(34.6)	(20.5)
Philippines								
Total	17	100.0	8	100.0	8	100.0	3.9	(51.4)
Sovereign	14	79.0	6	78.6	6	70.7	(6.6)	(56.5)
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	4	21.0	2	21.4	2	29.3	42.2	(32.0)
Singapore								
Total	13	100.0	10	100.0	13	100.0	25.3	(3.0)
Sovereign	5	41.9	6	60.2	8	65.3	35.9	51.4
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	8	58.1	4	39.8	4	34.7	9.1	(42.2)
Thailand								
Total	20	100.0	18	100.0	19	100.0	7.1	1.7
Sovereign	10	51.2	10	52.1	11	58.1	19.5	15.5
Other Government	0.4	2.3	0.8	4.3	0.4	2.0	(49.4)	(7.7)
Central Bank	2	9.6	1	5.3	1	6.2	25.2	(34.9)
Corporate	7	36.9	7	38.3	7	33.7	(5.9)	(7.2)

continued on next page

Table A4 *continued*

	Q3 2025		Q2 2026		Q3 2026		Growth Rate (%)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q3 2026 q-o-q	Q3 2026 y-o-y
Viet Nam								
Total	6	100.0	8	100.0	8	100.0	3.4	38.5
Sovereign	2	35.3	3	43.2	4	50.9	22.0	99.9
Other Government	0	0.0	0	0.0	0	0.0	–	–
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	4	64.7	4	56.8	4	49.1	(10.7)	5.0
Emerging East Asia								
Total	1,987	100.0	1,921	100.0	1,935	100.0	(1.4)	(7.7)
Sovereign	515	25.9	534	27.8	529	27.3	(3.0)	(2.0)
Other Government	655	33.0	515	26.8	567	29.3	8.4	(18.5)
Central Bank	20	1.0	13	0.7	16	0.8	8.5	(20.9)
Corporate	797	40.1	858	44.7	823	42.6	(6.4)	(2.0)
Japan								
Total	282	100.0	263	100.0	285	100.0	4.9	7.3
Sovereign	232	82.1	215	81.9	228	80.1	2.6	4.7
Other Government	18	6.4	18	7.0	17	6.0	(9.0)	1.4
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	33	11.5	29	11.1	39	13.8	30.3	28.9

( ) = negative, – = not applicable, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:
1. Emerging East Asia includes the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Data reflect gross bond issuance.
3. Bonds are defined as debt securities with maturities exceeding 1 year.
4. Data on bonds for the People's Republic of China, the Republic of Korea, and Malaysia are based on *AsianBondsOnline* estimates.
5. Bloomberg LP end-of-period local currency–USD rates are used.
6. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2026 currency exchange rates and do not include currency effects.

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

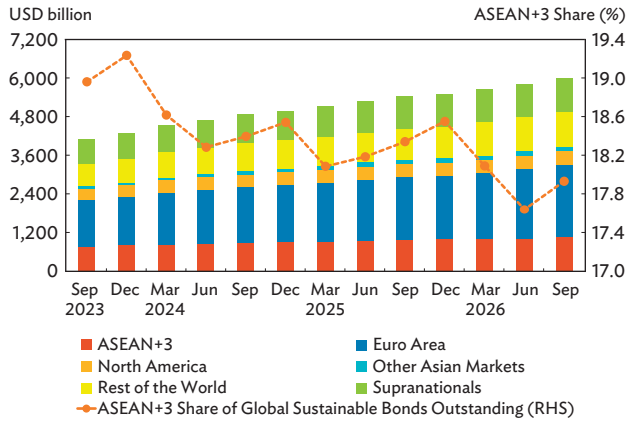
Recent Developments in the ASEAN+3 Sustainable Bond Market

Tightened monetary stances in major advanced economies weighed on global sustainable bond markets in the third quarter (Q3) of 2026, slowing their aggregate quarter-on-quarter (q-o-q) expansion to 2.8% from 3.2% in the second quarter (Q2). In contrast, the ASEAN+3 sustainable bond market's q-o-q expansion accelerated to 4.5% from 0.6% in Q2, with bonds outstanding reaching USD1,075.8 billion at the end of Q3.[6] ASEAN+3 accounted for 17.9% of the outstanding global stock in Q3, remaining the world's second-largest regional sustainable bond market after the euro area (37.5%) (**Figure 19a**).[7] The stronger expansion in ASEAN+3 sustainable bonds outstanding was supported by robust issuance. ASEAN+3 sustainable bond issuance rose 41.8% q-o-q in Q3 2026, while global issuance declined to USD285.1 billion from USD326.4 billion in Q2 (**Figure 19b**). In the euro area, sustainable bond issuance contracted 25.1% q-o-q to USD106.8 billion in Q3 amid tighter financial conditions and ongoing geopolitical uncertainty.

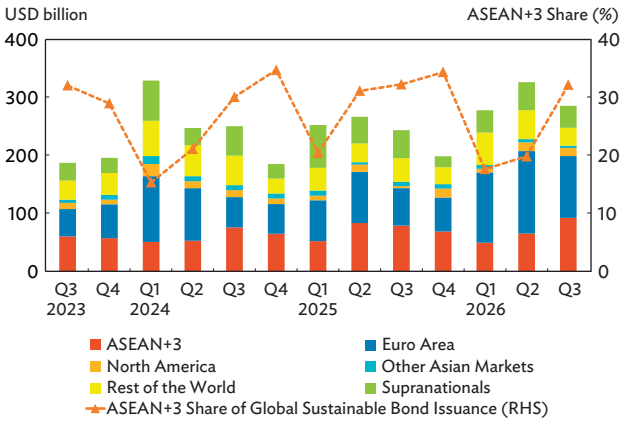
Higher issuance in ASEAN+3 reflected increased issuance activities in the People's Republic of China (PRC), the Republic of Korea, and Japan (**Figure 20a**). In the PRC, issuance more than doubled to USD54.2 billion, supported by government initiatives and a carbon-peaking plan to promote green financing and low-carbon development. In the Republic of Korea, issuance rose 25.1% q-o-q, driven by increased social bond issuance by government-related entities, including the EUR800 million bond issued by the Korea Housing Finance Corporation to support affordable housing loans. In Japan, issuance increased

Figure 19: Global Sustainable Bond Market

a. Global Sustainable Bonds Outstanding



b. Global Sustainable Bond Issuance



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, USD = United States dollar.

Notes:
1. ASEAN+3 includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. Other Asian markets include Bahrain; Fiji; Georgia; India; Kazakhstan; Pakistan; Qatar; Saudi Arabia; Taipei,China; the United Arab Emirates; and Uzbekistan.
3. The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
4. Data include both local currency and foreign currency sustainable bonds.

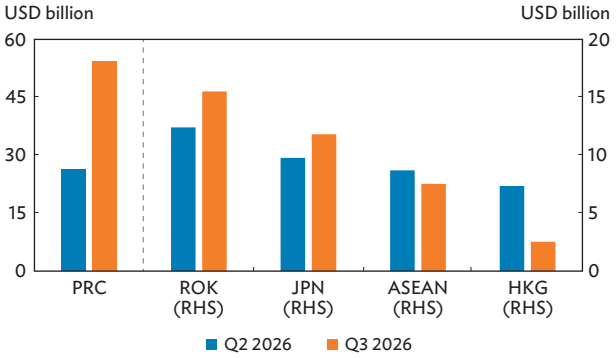
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

[6] ASEAN+3 includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

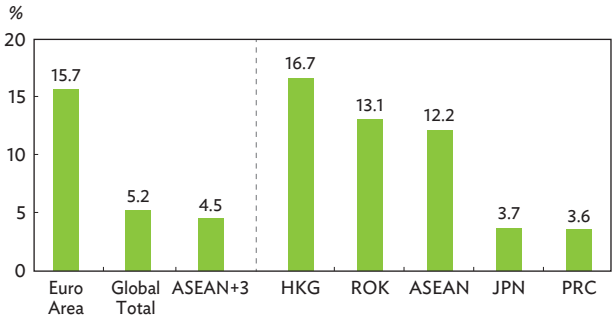
[7] The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Figure 20: Sustainable Bond Issuance

a. ASEAN+3 Sustainable Bond Issuance by Market in the Second and Third Quarters of 2026



b. Sustainable Bond Issuance as a Share of Total Bond Issuance in the Third Quarter of 2026



ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; JPN = Japan; PRC = People's Republic of China; Q2 = second quarter; Q3 = third quarter; RHS = right-hand side; ROK = Republic of Korea; USD = United States dollar.

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
3. The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
4. Data include both local currency and foreign currency sustainable bonds.

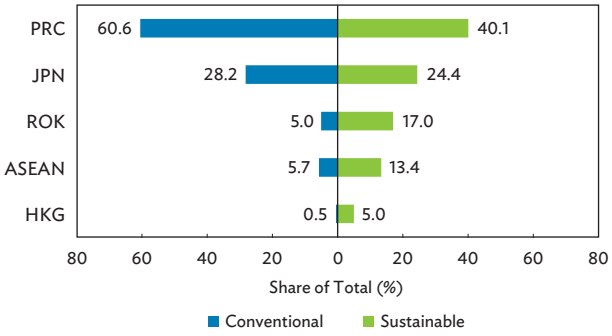
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

20.8% q-o-q, reflecting stronger funding demand for renewable energy and social impact projects, along with continued issuance of sovereign climate transition bonds under the government's Green Transformation 2040 strategy. By contrast, sustainable bond issuance declined in Hong Kong, China and ASEAN due to heightened uncertainty and tight global financial conditions. Sustainable bonds have become an important financing instrument in several ASEAN+3 markets. In Q3, they accounted for 16.7% of total bond issuance in Hong Kong, China, exceeding their share in the euro area (15.7%) (**Figure 20b**). The corresponding shares in the Republic of Korea (13.1%) and ASEAN (12.2%) also exceeded the global average (5.2%).

Market Profile

ASEAN sustainable bond markets have expanded rapidly in recent years. ASEAN's share of total ASEAN+3 sustainable bonds outstanding rose to 13.4% in Q3 2026, up from 9.1% in Q3 2023. The PRC remained the largest sustainable bond market in ASEAN+3, accounting for 40.1% of the region's sustainable bonds outstanding in Q3 2026. However, this was considerably lower than its 60.6% share in ASEAN+3 conventional bonds outstanding (**Figure 21**). Within ASEAN, Thailand and Singapore were the two largest sustainable bond markets, together

Figure 21: ASEAN+3 Sustainable Bonds Profile by Market



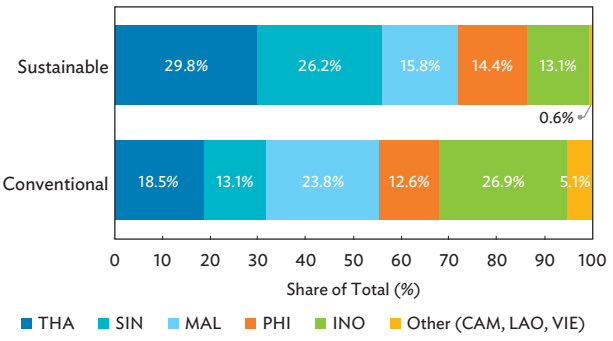
ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; JPN = Japan; PRC = People's Republic of China; ROK = Republic of Korea.

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

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

accounting for 56.1% of ASEAN's total sustainable bonds outstanding at the end of Q3, exceeding their combined share of 31.6% in the ASEAN conventional bond market (**Figure 22**). Sustainable bonds outstanding in the Philippines increased by 11.2% q-o-q in Q3, supported by higher private sector issuance. The Philippines accounted for 14.4% of ASEAN's sustainable bond stock at the end of the quarter.

Figure 22: ASEAN Sustainable and Conventional Bonds Profile in the Third Quarter of 2026

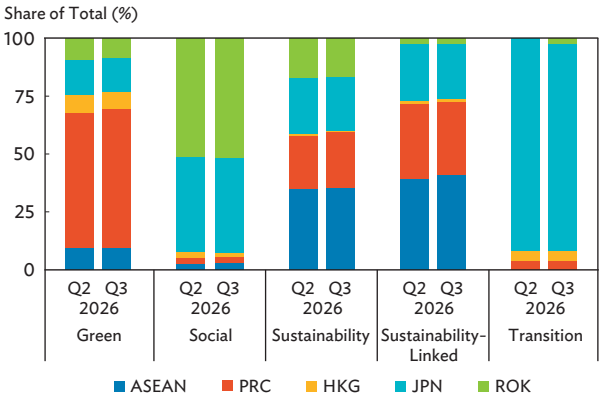


ASEAN = Association of Southeast Asian Nations, CAM = Cambodia, INO = Indonesia, LAO = Lao People's Democratic Republic, MAL = Malaysia, PHI = Philippines, SIN = Singapore, THA = Thailand, VIE = Viet Nam.

Note: ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.

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

Figure 23: ASEAN+3 Sustainable Bond Market Profile by Instrument



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

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
3. Sustainability-linked bonds include transition-linked bonds.

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

The PRC remained the largest green bond market in ASEAN+3, accounting for 60.0% of the region's total green bonds outstanding in Q3 2026, up from 58.0% in Q2 (**Figure 23**). ASEAN issuers maintained a strong presence in sustainability and sustainability-linked bonds: ASEAN accounted for 35.5% of ASEAN+3 sustainability bonds outstanding in Q3, up from 34.9% in Q2, supported by increased issuance from the Philippines, Singapore, and Thailand. ASEAN's share of ASEAN+3 sustainability-linked bonds outstanding also rose—to 40.8% from 39.4% in Q2—driven by higher issuance from Malaysia and sustained issuance from Thailand. The Republic of Korea and Japan dominated the ASEAN+3 social bond market, accounting for 51.4% and 41.2% of social bonds outstanding, respectively. Japan remained the largest transition bond market in ASEAN+3, accounting for 89.8% of the region's transition bonds outstanding in Q3. Meanwhile, issuance from power generation companies during the quarter raised the Republic of Korea's share of outstanding ASEAN+3 transition bonds to 2.4%.

Instrument Profile

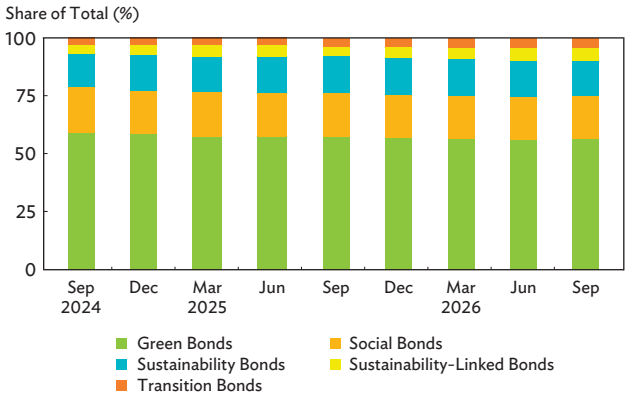
Green bonds remained the dominant instrument in ASEAN+3 sustainable bond markets, accounting for 57.1% of total sustainable bonds outstanding in Q3 (**Figure 24a**). While green and social bonds continued to account for most of the market, their combined share of total sustainable bonds outstanding declined to 75.1% in Q3 2026 from 78.5% in Q3 2024, as other instruments gradually gained prominence. This shift contributed to greater instrument diversification in ASEAN+3, as reflected in its lower instrument Herfindahl–Hirschman Index (HHI) of 0.39 at the end of September, compared with 0.51 in the euro area (**Figure 24b**). By contrast, the euro area's sustainable bond market remained more concentrated in green bonds, which accounted for 68.4% of its sustainable bonds outstanding. Among ASEAN+3 economies, Japan had the most diversified instrument mix, followed by ASEAN, with both recording lower HHI scores than the ASEAN+3 aggregate. The PRC and Hong Kong, China had higher HHI scores, reflecting the dominance of green bonds, which accounted for around 85% of sustainable bonds outstanding in each market.

Sector Profile

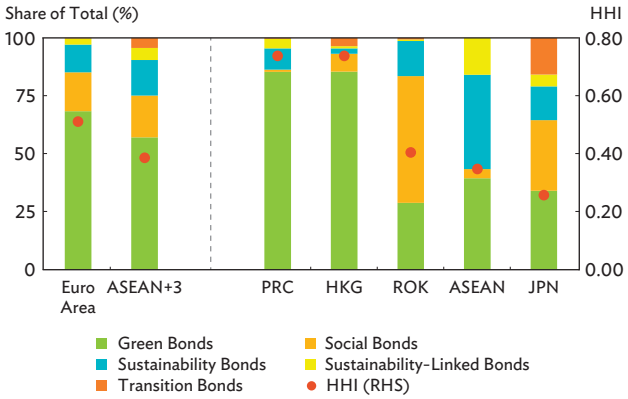
Excluding the PRC, ASEAN+3 sustainable bond markets were nearly evenly split between public sector (51.3%) and corporate (48.7%) issuers, similar to the euro area where the respective shares stood at 53.7% and 46.3% (**Figure 25a**). In the PRC, corporate issuers accounted for 92.4% of sustainable bonds outstanding, leaving public sector issuers with a 7.6% share. This contributed to public sector issuers accounting for a smaller

Figure 24: Instrument Profile of ASEAN+3's Sustainable Bonds Outstanding

a. Instrument Mix



b. Instrument Diversification in the Third Quarter of 2026



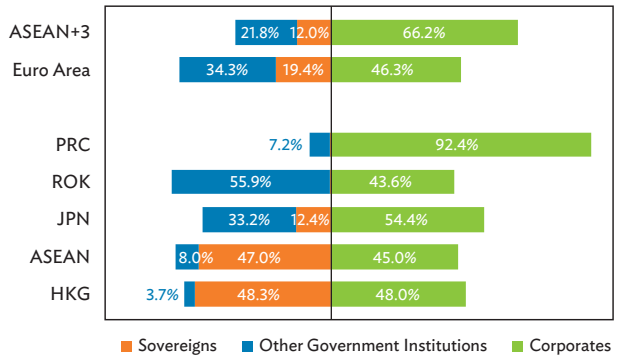
ASEAN = Association of Southeast Asian Nations; HHI = Herfindahl–Hirschman Index; HKG = Hong Kong, China; JPN = Japan; PRC = People's Republic of China; RHS = right-hand side; ROK = Republic of Korea.

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the instrument profile diversification of a bond market and is calculated by summing the squared share of each instrument type in the market. A lower HHI indicates greater diversification across different instrument types, while a higher HHI suggests a more concentrated market structure dominated by fewer instruments.
4. The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
5. Data include both local currency and foreign currency sustainable bonds.

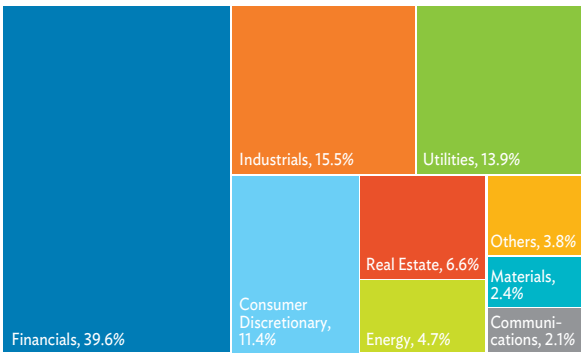
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 25: Sector Profile of ASEAN+3 Sustainable Bonds Outstanding at the End of the Third Quarter of 2026

a. By Market



b. By Corporate Sector



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

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
3. The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
4. The share of sovereign bonds was 0.4% in the People's Republic of China and 0.5% in the Republic of Korea.
5. Public sector issuers comprise both sovereigns and other government entities.
6. The sector profile is based on Bloomberg Industry Classification System (BICS) categories. The sovereign category is based on the BICS sovereign classification. Other government includes BICS categories for development banks, government local, government regional, and government agencies and some state-owned companies. All other BICS categories are classified as corporates.
7. Data include both local currency and foreign currency sustainable bonds.

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

share—33.8%—of total sustainable bonds outstanding across ASEAN+3 as a whole. Hong Kong, China recorded the largest share of sovereign sustainable bonds (48.3%), followed by ASEAN markets (47.0%). In the Republic of Korea, other government entities accounted for 55.9% of total sustainable bonds outstanding, representing nearly all of its public sector sustainable bonds. Among corporate sustainable bonds outstanding in ASEAN+3, financial sector issuers accounted for the largest share (39.6%), followed by industrial firms (15.5%) and utilities (13.9%) (**Figure 25b**).

Currency Profile

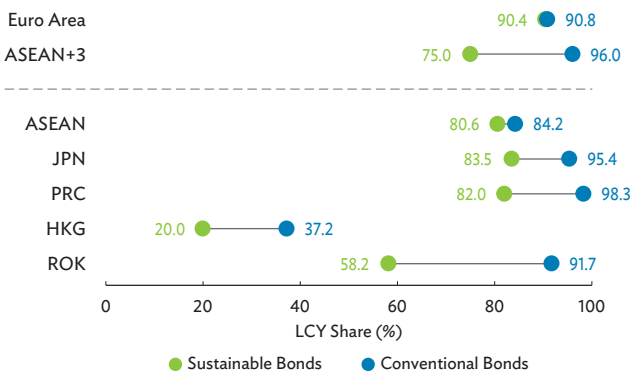
At the end of September 2026, bonds denominated in a local currency (LCY) accounted for 75.0% of ASEAN+3 sustainable bonds outstanding, up from 70.5% in Q3 2024. This share, however, remained well below the LCY financing share in the ASEAN+3 conventional bond market (96.0%) (**Figure 26a**). In contrast, the euro area recorded similar LCY financing shares in its sustainable and conventional bond markets at 90.4% and 90.8%, respectively. ASEAN also recorded comparable LCY financing shares in its sustainable (80.6%) and conventional (84.2%) bond markets. The LCY financing share in the euro area's sustainable bond market exceeded that in every ASEAN+3 market at the end of Q3. This difference was evident across all sustainable bond instruments except for sustainability-linked bonds, where LCY financing was more prevalent in ASEAN+3 than in the euro area, and social bonds, where LCY financing shares were broadly comparable between the two regions (**Figure 26b**).

Maturity Profile

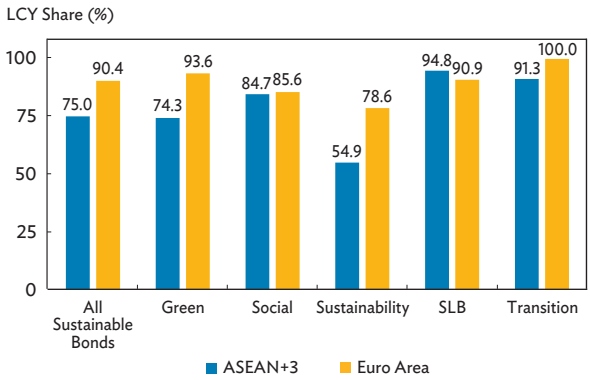
Sustainable bonds with remaining tenors of 5 years or less accounted for 72.1% of ASEAN+3's outstanding sustainable bond stock at the end of September. This concentration was largely driven by the PRC and the Republic of Korea, where around 86% of sustainable bonds outstanding had remaining tenors of 5 years or less, exceeding the shares of 51.3% and 64.5% in their respective conventional bond markets. Excluding the PRC and the Republic of Korea, bonds with remaining tenors of 5 years or less accounted for around 53% of ASEAN+3 sustainable bonds outstanding, compared with 48.5% in the euro area. Consequently, ASEAN+3's size-weighted average tenor at the end of September was 4.7 years, compared with 10.4 years in ASEAN, 7.2 years in the euro area, and 8.4 years in the ASEAN+3 conventional bond market (**Figure 27a**). Within ASEAN, Singapore recorded the longest size-weighted average tenor at 16.0 years (**Figure 27b**).

Figure 26: Local Currency Financing Shares

a. Local Currency Financing Shares in Sustainable and Conventional Bond Markets



b. By Sustainable Bond Type

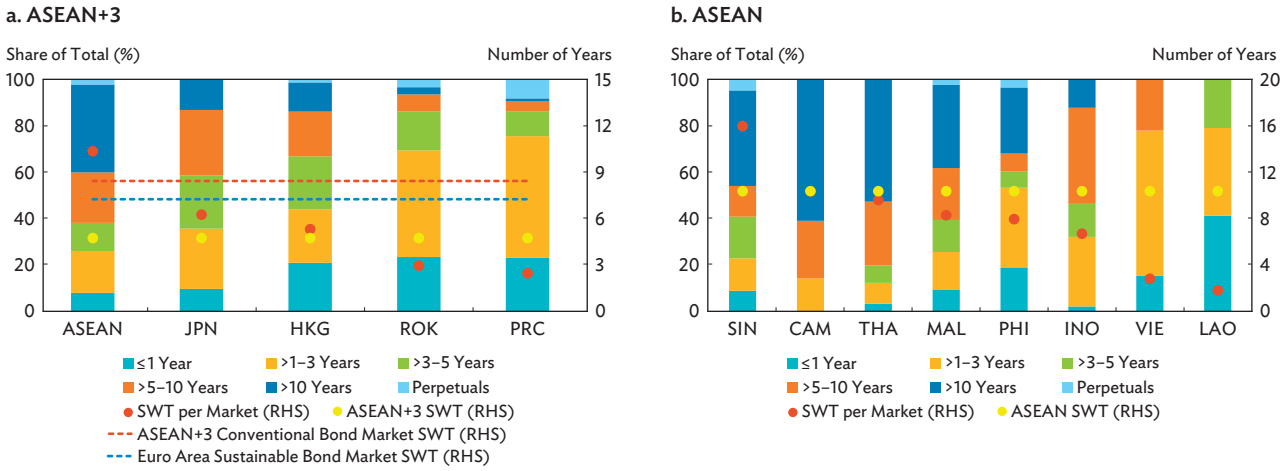


ASEAN = Association of Southeast Asian Nations; HKG = Hong Kong, China; JPN = Japan; LCY = local currency; PRC = People's Republic of China; ROK = Republic of Korea; SLB = sustainability-linked bond.

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
3. The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
4. LCY share is computed relative to financing across all currency types.

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

Figure 27: Maturity Profile of Sustainable Bonds Outstanding at the End of September 2026



ASEAN = Association of Southeast Asian Nations; CAM = Cambodia; HKG = Hong Kong, China; INO = Indonesia; JPN = Japan; LAO = Lao People's Democratic Republic; MAL = Malaysia; PHI = Philippines; PRC = People's Republic of China; RHS = right-hand side; ROK = Republic of Korea; SIN = Singapore; SWT = size-weighted average tenor; THA = Thailand; VIE = Viet Nam.

Notes:
1. ASEAN includes Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. ASEAN+3 includes the markets listed in note 1 plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
3. The euro area includes the member markets of Austria, Belgium, Bulgaria, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
4. Data include both local currency and foreign currency sustainable bonds.

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

Market Summaries

People's Republic of China

Yield Movements

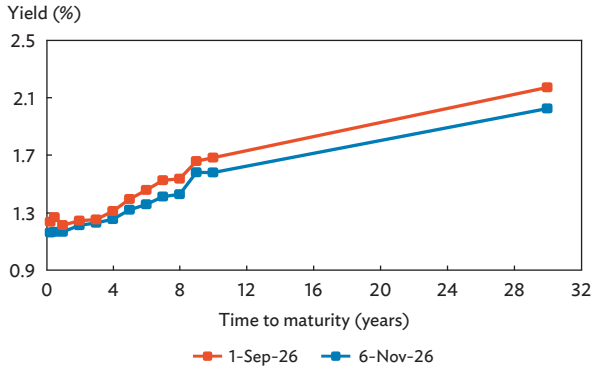
The yield curve for the People's Republic of China's (PRC's) local currency (LCY) government debt securities shifted down within a narrow range between 1 September and 6 November (**Figure 1a**). Yields were broadly unchanged in September for most tenors but saw declines across the curve in October and the first week of November, leading to an overall fall in yields ranging from 2 to 15 basis points (**Figure 1b**). Yields declined as headline inflation remained low, at 0.7% year-on-year (y-o-y) in October from 0.9% in the previous month. Bonds were also supported as investors fled equity markets amid AI-related declines.

Local Currency Bonds Outstanding and Issuance

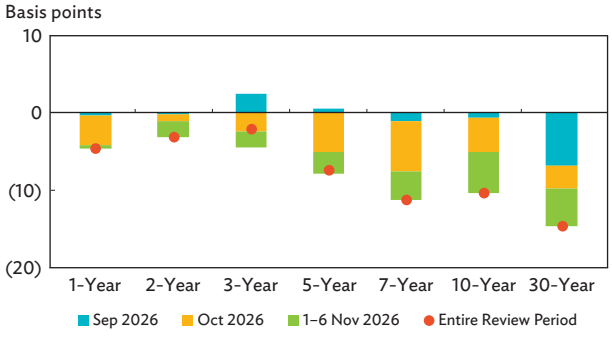
LCY debt securities outstanding rose 2.9% quarter-on-quarter (q-o-q) to CNY188.8 trillion at the end of the third quarter (Q3) of 2026, of which CNY181.6 trillion comprised bonds (i.e., debt securities with a maturity longer than 1 year) (**Figure 2a**). The expansion of the LCY bond market of the PRC accelerated to 2.9% q-o-q from 2.5% in the prior quarter, supported by increased issuance of other government bonds as policy banks and local governments issued more to meet refinancing and infrastructure investment requirements (**Figure 2b**).

Figure 1: Yields for Local Currency Government Debt Securities in the People's Republic of China

a. Local Currency Government Debt Securities Yield Curve



b. Changes in Local Currency Government Debt Securities Yields

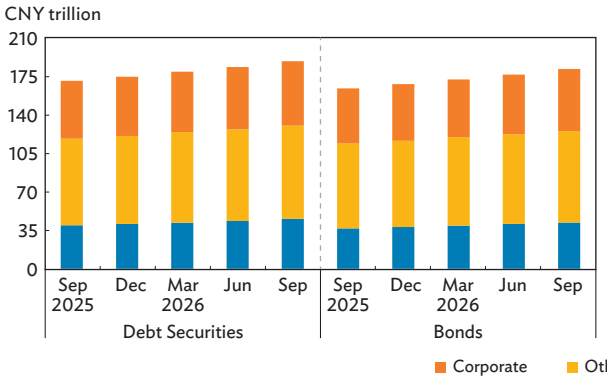


( ) = negative.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

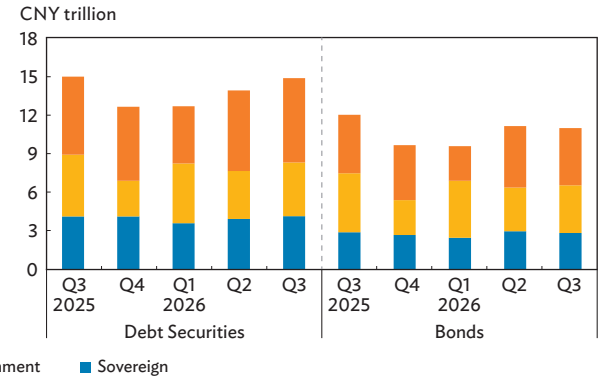
This market summary was written by Russ Jason Lo (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 2: Local Currency Debt Securities Outstanding and Issuance in the People's Republic of China

a. Local Currency Debt Securities Outstanding



b. Local Currency Debt Securities Issuance





CNY = Chinese yuan, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Note: Bonds are defined as debt securities with maturities longer than 1 year.
Source: CEIC Data Company.

Investor Profile

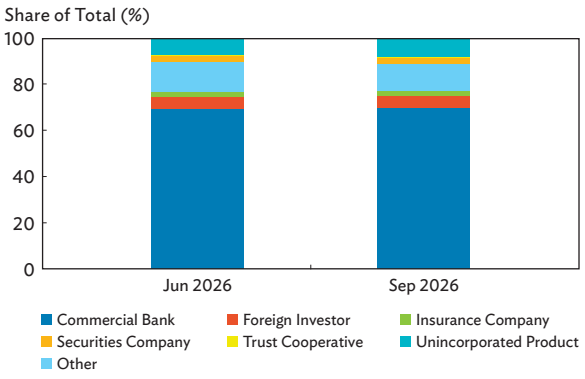
Commercial banks continued to be the main investor in the PRC's Treasury debt securities market at the end of September, with their holdings share inching up to 70.6% compared with 70.1% at the end of June (**Figure 3a**). Foreign investors added PRC Treasury debt securities in Q3 2026 as part of portfolio diversification efforts (**Figure 3b**).

Sustainable Bond Market

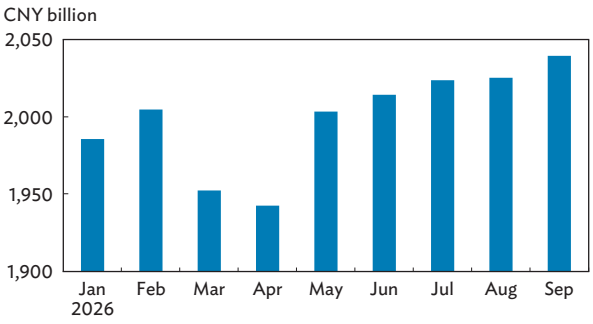
The PRC's sustainable bond market rebounded at the end of September, gaining 8.7% q-o-q to USD431.5 billion, reversing the previous quarter's 1.8% decline as green bonds outstanding gained 9.6% (**Figure 4a**). By sector, the PRC's most active issuers are financial institutions, accounting for 44.8% of total sustainable bonds outstanding at the end of September (**Figure 4b**).

Figure 3: Investor Profile of the Treasury Debt Securities Market in the People's Republic of China

a. Investor Holdings Share



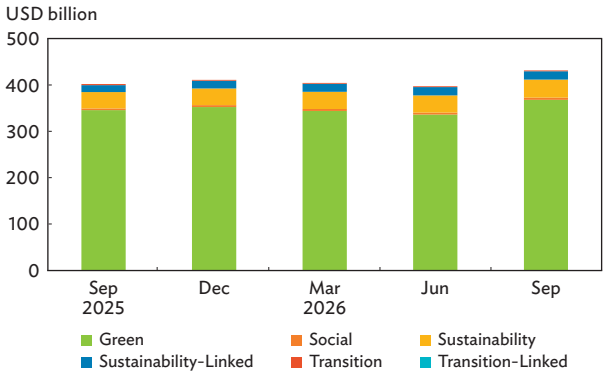
b. Foreign Holdings



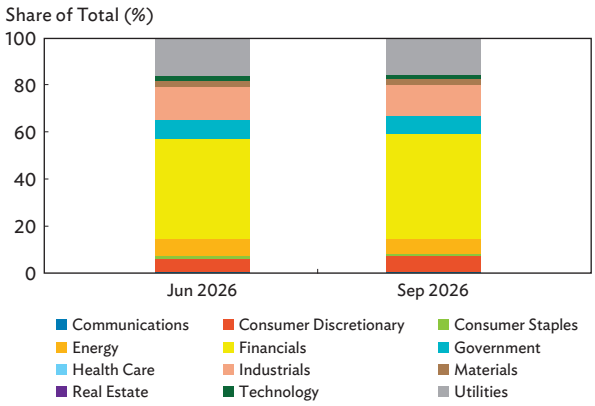
CNY = Chinese yuan.
Source: CEIC Data Company.

Figure 4: Sustainable Bond Market in the People's Republic of China

a. Sustainable Bonds Outstanding by Instrument Type



b. Sustainable Bonds Outstanding by Sector



USD = United States dollar.
Note: Bonds are defined as debt securities with maturities longer than 1 year.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Policy and Regulatory Developments

People's Bank of China to Adopt New Monetary Policy Rate

On 30 October, the People's Bank of China announced that, from 2 November, it would conduct daily overnight reverse repurchase operations at 1.25% to further optimize its short-term interest rate control mechanism. The move follows the governor's 19 October statement that the central bank would study making the overnight rate its main policy rate.

Hong Kong, China

Yield Movements

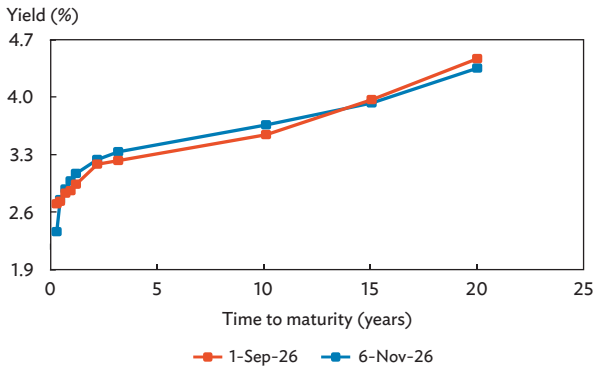
Between 1 September and 6 November, local currency (LCY) government debt securities yield movements in Hong Kong, China were mixed, rising for maturities of 3 months to 10 years while falling for the 1-month, 15-year, and 20-year maturities (**Figure 1a**). Yields for most maturities rose sharply in September following the Federal Reserve's 25-basis-point rate hike and market expectations of further monetary policy tightening (**Figure 1b**). In October, yields fell for most maturities as United States Treasury yields declined, while the Hong Kong Monetary Authority (HKMA) kept its base rate unchanged at 4.25%. The decline extended into early November amid a fall in global oil prices, pushing the 15- and 20-year yields below their 1 September level.

Local Currency Bonds Outstanding and Issuance

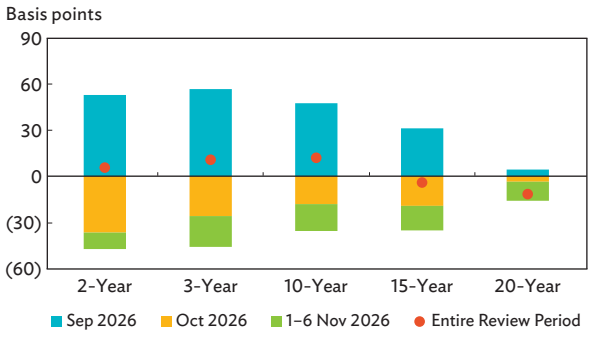
Hong Kong, China's stock of LCY debt securities outstanding rose 2.5% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2026 to HKD4.1 trillion (**Figure 2a**). Excluding debt securities with a tenor of 1 year or less, LCY bonds outstanding increased 4.1% q-o-q to HKD1.9 trillion, supported by growth in corporate and Hong Kong Special Administrative Region (HKSAR) government bonds. Corporate bonds outstanding, which comprised 82.5% of the market, expanded 4.3% q-o-q to HKD1.6 trillion. HKSAR government bonds outstanding, which accounted for 16.8% of the total, rose 4.0% q-o-q to HKD0.3 trillion. Meanwhile, outstanding Exchange Fund Notes, which represented 0.7% of the total, contracted 4.3% q-o-q. Total LCY bond issuance rose 12.7% q-o-q to HKD241.3 billion. HKSAR government issuance surged more than sevenfold to HKD66.0 billion, underpinned by HKD55.0 billion of retail Silver Bonds and HKD5.5 billion of digital green bonds (**Figure 2b**).[8] Meanwhile, corporate bond issuance contracted 14.6% q-o-q, a reversal from 43.8% q-o-q growth in the previous quarter amid global uncertainty.

Figure 1: Yields for Local Currency Government Debt Securities in Hong Kong, China

a. Local Currency Government Debt Securities Yield Curve



b. Changes in Local Currency Government Bond Yields



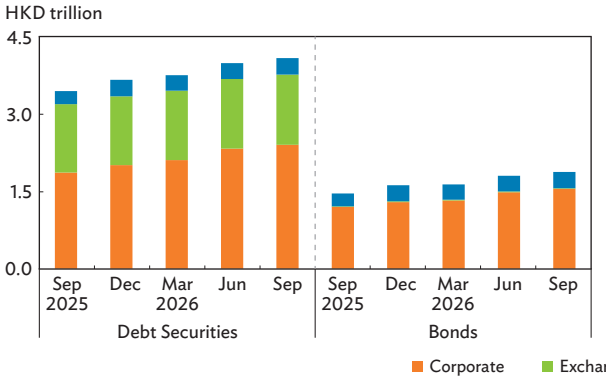
( ) = negative.
Note: Data coverage is from 1 September 2026 to 6 November 2026.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

This market summary was written by Debbie Gundaya (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

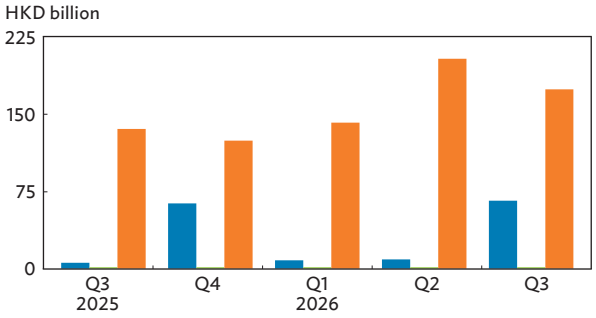
[8] Silver Bonds are 3-year government bonds offered to senior citizens in Hong Kong, China. The HKD5.5 billion digital green bonds were a part of a multicurrency offering marking the fourth issuance of digital green bonds by the Hong Kong Special Administrative Region of the People's Republic of China.

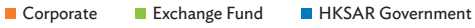
Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in Hong Kong, China

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance





HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Exchange Fund Notes are not visible in Figure 2b due to their small amount: HKD1.2 billion of 2-year Exchange Fund Notes were issued each quarter from Q3 2025 to Q3 2026.

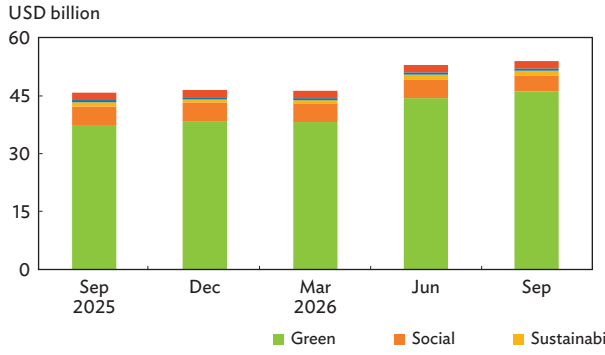
Source: Hong Kong Monetary Authority.

Sustainable Bond Market

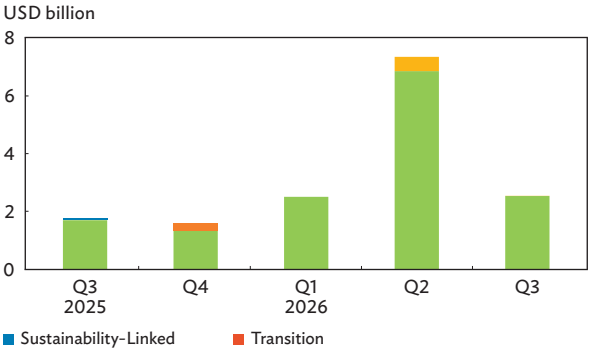
Hong Kong, China's sustainable bond market reached a size of USD54.1 billion at the end of September, with market expansion slowing to 1.9% q-o-q from 14.4% q-o-q in the previous quarter amid tighter global financial conditions (**Figure 3a**). Issuance totaled USD2.5 billion, down from USD7.3 billion in the prior quarter, and was supported primarily by green bonds from the public sector (**Figure 3b**). In September, the Hong Kong Special Administrative Region of the People's Republic of China issued the equivalent of USD2.5 billion of digital green bonds across four tranches: HKD5.5 billion of 2-year bonds, CNY7.5 billion of 5-year bonds, USD200.0 million of 3-year bonds, and EUR450.0 million of 4-year bonds. It was the world's largest digital bond issuance to date and the first digital bond to use Hong Kong dollar tokenized deposits in primary settlement for the HKD-denominated tranche.

Figure 3: Sustainable Bond Market in Hong Kong, China

a. Sustainable Bonds Outstanding by Instrument Type



b. Sustainable Bond Issuance by Instrument Type





Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar.

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

Policy and Regulatory Developments

Hong Kong Monetary Authority Publishes Issuance Schedule for Institutional Government Bonds

On 9 October, the HKMA released its tentative institutional government bond schedule for October 2026 to March 2027, with planned issuance of HKD15.5 billion (up HKD1.0 billion) and CNY12.5 billion (up CNY0.5 billion) compared with the April–September 2026 schedule. All issues are reopenings except for two 1-year HKD-denominated floating-rate notes, and issuance amounts are subject to market conditions. The HKMA also reappointed 13 financial institutions as primary dealers from October 2026 to September 2028.

Indonesia

Yield Movements

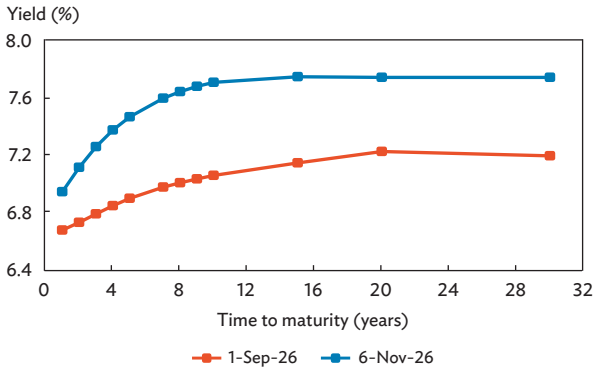
Yields on Indonesia's local currency (LCY) debt securities rose across the curve between 1 September and 6 November, shifting the yield curve upward (**Figures 1a** and **1b**). Investor sentiment weakened after MSCI launched a consultation on a proposal to reclassify Indonesia's equity market to standalone market status. Fiscal concerns also weighed on sentiment, as elevated oil prices could further strain the budget deficit, which is estimated to widen to 2.85% of gross domestic product in 2026. Meanwhile, Bank Indonesia left its benchmark rate unchanged at 5.75% and its lending facility rate at 6.50%, while raising its deposit facility rate by 25 basis points to 5.00% at its Board of Governors meeting on 20–21 October. Following the review period, Bank Indonesia raised its policy rate by 25 basis points to 6.00% at its 17–18 November meeting to support exchange rate stability.

Local Currency Bonds Outstanding and Issuance

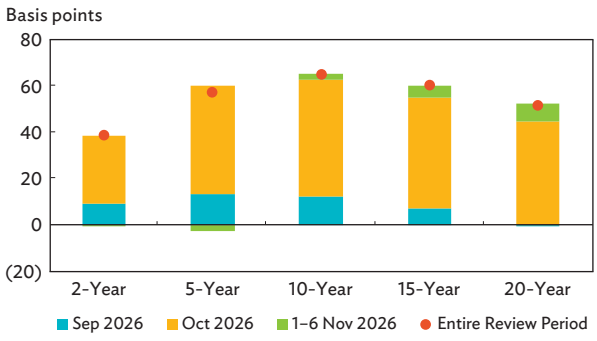
LCY debt securities in Indonesia totaled IDR8,743.9 trillion at the end of September, declining 0.6% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2026 (**Figure 2a**). Excluding securities of 1 year or less, bonds outstanding totaled IDR7,505.6 trillion, down by 0.3% q-o-q. The decline partly reflected reduced sovereign issuance, as the government had front-loaded much of its borrowing needs earlier in 2026. The corporate bond market also contracted despite higher issuance, as maturities exceeded issuance during the quarter. Total LCY bond issuance reached IDR335.5 trillion in Q3, with growth moderating to 2.1% q-o-q from 17.1% in the previous quarter (**Figure 2b**).

Figure 1: Yields for Local Currency Government Debt Securities in Indonesia

a. Local Currency Government Debt Securities Yield Curve



b. Changes in Local Currency Government Bond Yields

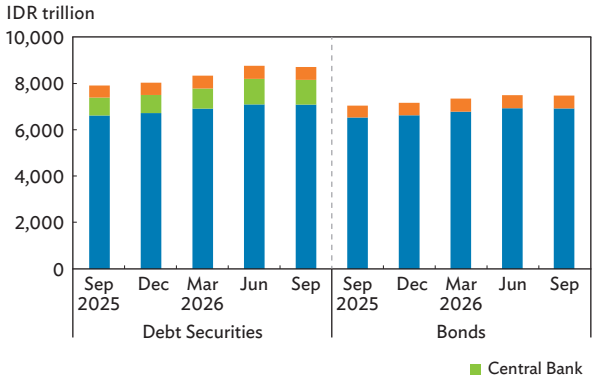


( ) = negative.
Note: Data coverage is from 1 September 2026 to 6 November 2026.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

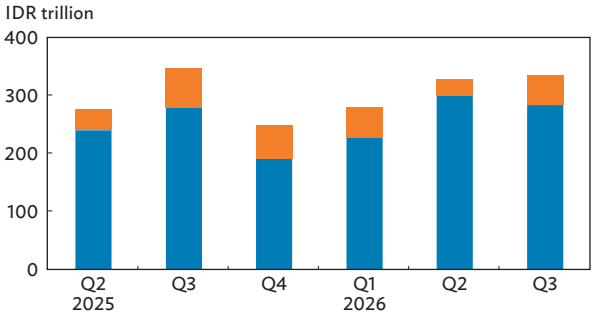
This market summary was written by Roselyn Regalado (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in Indonesia

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance





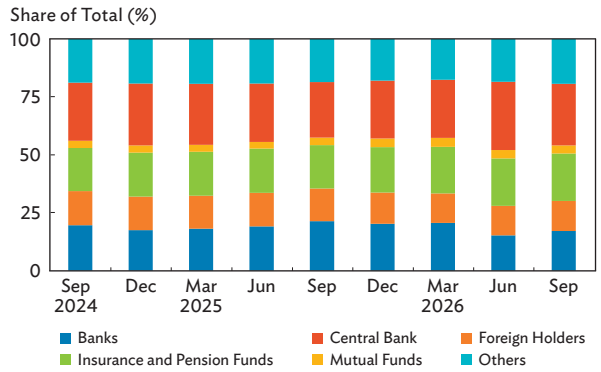
IDR = Indonesian rupiah, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Note: Bonds are defined as debt securities with maturities longer than 1 year.
Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange.

Investor Profile

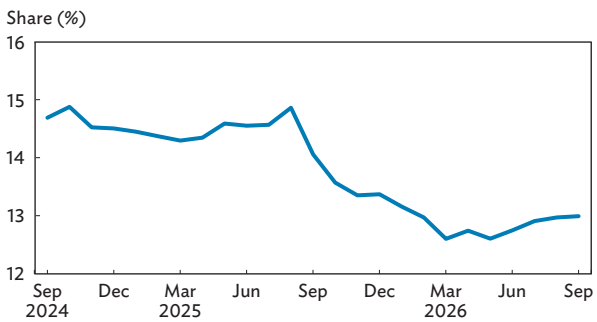
At the end of September, the central bank remained the largest holder of government debt securities in Indonesia, although its holdings share declined to 26.6% from 29.4% at the end of June (**Figure 3a**). The lower holdings share partly reflected the larger volume of government debt securities that matured in Q3, which more than offset the central bank's bond purchases. Nevertheless, the central bank continued purchasing government debt securities in both the primary and secondary markets during the quarter to support financial market stability and help contain upward pressure on yields. In contrast, banking institutions increased their holdings share to 17.1% from 15.1% over the same period. Foreign investors' holdings share also increased modestly to 13.0% from 12.8%, partly supported by Bank Indonesia's foreign exchange hedging incentives, which lowered costs for foreign portfolio investors (**Figure 3b**).

Figure 3: Investor Profile of Local Currency Government Debt Securities in Indonesia

a. Investor Holdings Share



b. Foreign Holdings Share



Note: Government debt securities include Treasury bills and Treasury bonds.
Source: Directorate General of Budget Financing and Risk Management, Ministry of Finance.

Sustainable Bond Market

Indonesia's sustainable bonds outstanding increased marginally to USD18.8 billion at the end of September, rising 0.7% q-o-q in Q3 2026 despite lower issuance of USD0.3 billion from USD1.2 billion in the prior quarter (**Figure 4a**). Green bonds remained the dominant segment, accounting for 65.9% of outstanding sustainable bonds. The shares of sustainability and sustainability-linked bonds were broadly unchanged at 25.5% and 0.5%, respectively, while the share of social bonds rose to 8.1% from 7.1% at the end of June. Sovereign bonds accounted for 70.0% of Indonesia's sustainable bond market at the end of September. The market also exhibited a relatively long tenor profile, as bonds with remaining tenors of over 5 years accounted for 66.0% of sovereign sustainable bonds (**Figure 4b**). The size-weighted average tenor of sovereign sustainable bonds stood at 7.7 years, exceeding the overall market average of 6.7 years and the corporate bond market average of 4.3 years.

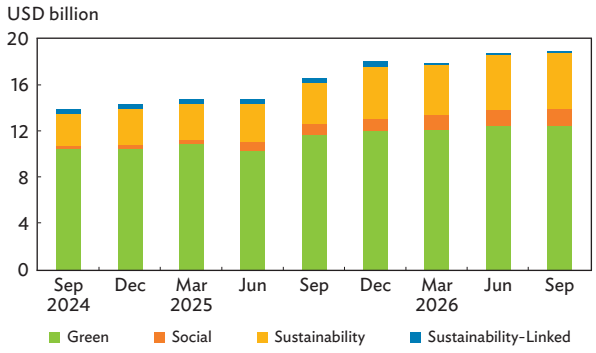
Policy and Regulatory Developments

Indonesia Enacts 2027 State Budget

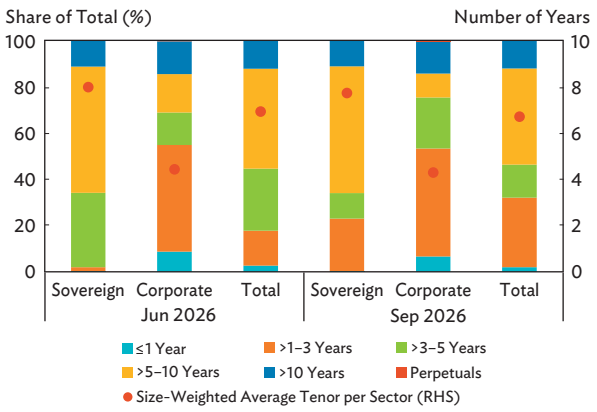
In September, the House of Representatives passed the 2027 state budget into law, with a programmed deficit of 2.4% of gross domestic product. State revenue is estimated at IDR3,435.1 trillion, while state expenditure is projected at IDR4,106.3 trillion. The budget assumes economic growth of 6.0% in 2027, up from 5.4% in the 2026 state budget; inflation of 2.5%; and a 10-year government bond yield of 6.9%.

Figure 4: Sustainable Bond Market in Indonesia

a. Sustainable Bonds Outstanding by Instrument Type



b. Maturity Profile and Average Tenor of Sustainable Bonds Outstanding



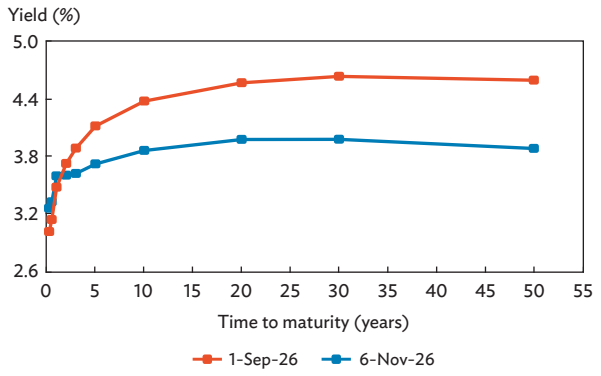
RHS = right-hand side, USD = United States dollar.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Republic of Korea

Yield Movements

Yields on local currency (LCY) government debt securities in the Republic of Korea declined for most tenors between 1 September and 6 November, supported by reduced bond supply (**Figure 1**). Yields for debt securities with tenors of 2 years and longer fell 46 basis points (bps) on average. On 1 October and 29 October, the government announced successive KRW5.0 trillion cuts in Treasury bond issuance for October and November to help ease upward pressure on yields. Meanwhile, yields at the short end of the curve rose an average of 18 bps on expectations of further monetary tightening by the Bank of Korea (BOK). At its 22 October meeting, the BOK kept the base rate unchanged at 3.00%, citing the need to assess the impact of the cumulative 50 bps rate hikes conducted in July and August. Nonetheless, the BOK maintained a relatively hawkish stance, indicating that the timing and pace of additional rate hikes would depend on developments in economic growth, inflation, and financial stability.

Figure 1: Yields for Local Currency Government Debt Securities in the Republic of Korea



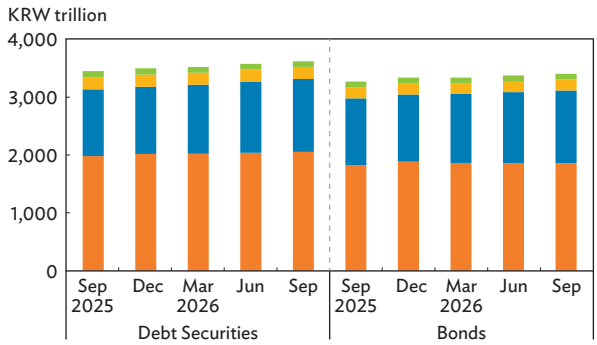
Source: Based on data from Bloomberg LP.

Local Currency Bonds Outstanding and Issuance

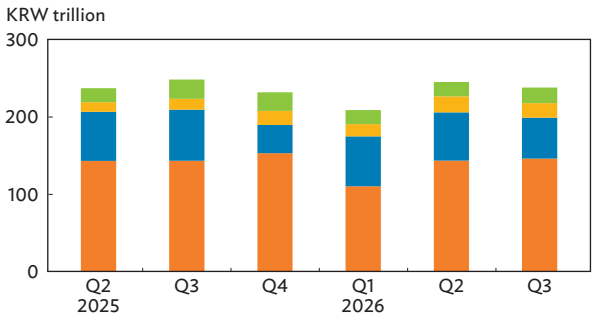
The Republic of Korea's total LCY debt securities reached KRW3,616.9 trillion at the end of September. Excluding debt securities with maturities of 1 year or less, LCY bonds outstanding amounted to KRW3,401.9 trillion (**Figure 2a**). Growth in LCY bonds outstanding moderated to 0.9% quarter-on-quarter (q-o-q) from 1.1% in the second quarter (Q2) of 2026 on reduced issuance for the quarter. Total bond issuance contracted 3.0% q-o-q to KRW237.7 trillion (**Figure 2b**). Sovereign

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in the Republic of Korea

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance





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

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Data on bonds are based on *AsianBondsOnline* estimates.

Sources: Bank of Korea, Bloomberg LP, and KG Zeroin Corp.

This market summary was written by Angelica Andrea Cruz (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

issuance fell 15.4% q-o-q following the front-loading of government borrowing earlier in the year, while issuance of other government bonds contracted 8.5% q-o-q. In contrast, corporate bond issuance rose 1.8% q-o-q, reflecting increased fundraising activities by firms ahead of expected monetary tightening by the BOK.

Investor Profile

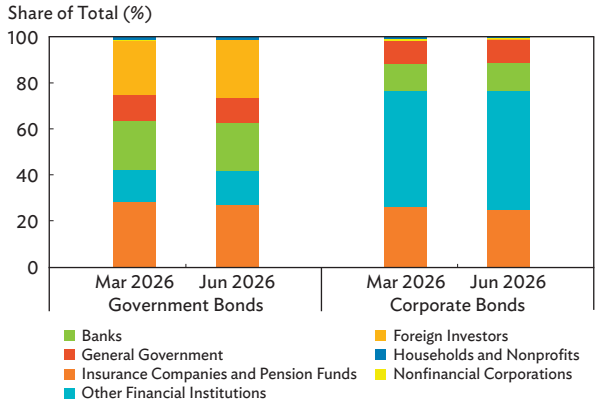
The investor profile of the Republic of Korea's LCY bond market remained broadly unchanged in Q2 2026 from the previous quarter. Insurance companies and pension funds continued to hold the largest share of the sovereign bond market at 27.3%, although this was down from 28.5% in March (**Figure 3a**). The holdings share of foreign investors continued to rise in Q2 to 25.1% from 23.6% in the previous quarter, as net foreign inflows rose to KRW13.7 trillion from KRW0.1 trillion (**Figure 3b**). Net foreign inflows rebounded in Q2, largely supported by the April 2026 inclusion of the Republic of Korea in the FTSE World Government Bond Index. In contrast, the investor profile of the corporate bond market remained less diverse and was dominated by two major groups: other financial institutions (51.6%) and insurance companies and pension funds (25.2%).

Sustainable Bond Market

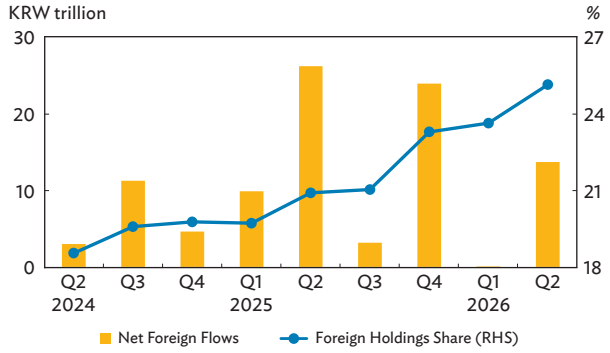
The Republic of Korea's sustainable bond market expanded 1.5% q-o-q to USD183.0 billion at the end of September as issuance increased during the quarter (**Figure 4a**). Total issuance rose 25.1% q-o-q, driven by higher issuance of social bonds and green bonds from government-related entities, and sustainability and transition bonds from corporates (**Figure 4b**). As a result, social bonds and green bonds continued to dominate the Republic of Korea's sustainable bond market with shares of 54.6% and 28.9%, respectively. Social bonds outstanding at the end of September remained largely concentrated among government-related entities, while other bond types were primarily issued by corporates. The maturity profile of sustainable bonds at the end of September showed 69.9% of outstanding bonds with remaining tenors of 3 years or less, resulting in a size-weighted average tenor of 2.9 years.

Figure 3: Investor Profile of Local Currency Bonds in the Republic of Korea

a. Investor Holdings Share



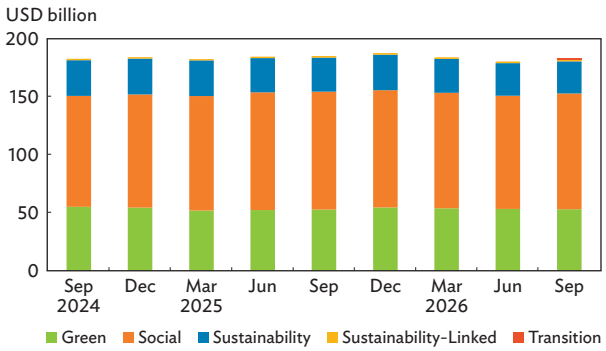
b. Foreign Holdings Share and Net Foreign Flows in LCY Sovereign Bonds



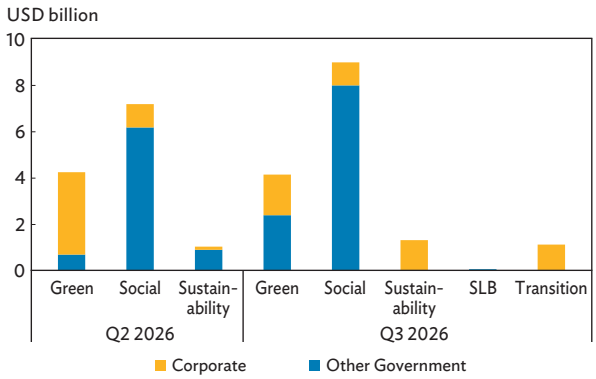
KRW = Korean won, LCY = local currency, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side.
Note: Net foreign inflows in Q1 2026 amounted to KRW73.0 billion.
Sources: *AsianBondsOnline*, Bank of Korea, and Financial Supervisory Service.

Figure 4: Sustainable Bond Market in the Republic of Korea

a. Sustainable Bonds Outstanding by Instrument Type



b. Sustainable Bond Issuance



Q2 = second quarter, Q3 = third quarter, SLB = sustainability-linked bond, USD = United States dollar.
Note: Issuance of sustainability-linked bonds amounted to USD0.03 billion in Q3 2026.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Policy and Regulatory Developments

Ministry of Finance and Economy Introduces Amendments to Foreign Exchange Transaction Regulations

On 16 September, the Ministry of Finance and Economy introduced amendments to foreign exchange transaction regulations primarily for the establishment of an offshore Korean won (KRW) settlement infrastructure to support foreign investor participation in the use and trading of the currency. The amendments (i) allow registered and eligible foreign financial institutions to open omnibus accounts with domestic banks and settle KRW transactions via the BOK-WireInt; (ii) permit institutions authorized to conduct KRW transactions to obtain unlimited KRW overdraft facilities from domestic banks for settlement purposes; and (iii) ease reporting requirements on eligible KRW-denominated capital transactions between nonresidents.[9]

[9] The Bank of Korea Won International Wire Network (BOK-WireInt) is the 24-hour offshore won settlement network launched by the BOK on 21 September on a pilot basis.

Malaysia

Yield Movements

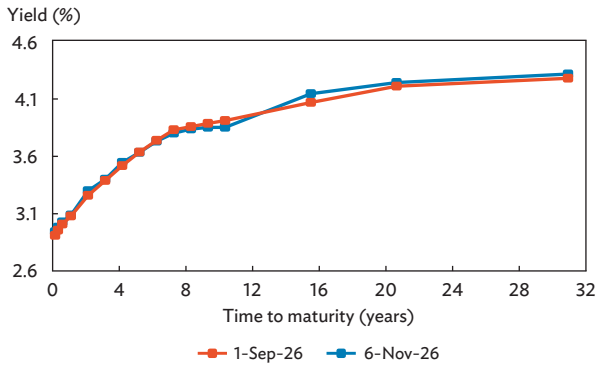
Malaysia's local currency (LCY) government debt securities yields rose modestly across most tenors between 1 September and 6 November, increasing by an average of 1 basis point (**Figure 1a**). Yields rose in September, partly reflecting higher global bond yields, before easing in October following the government's announcement of a smaller deficit in Budget 2027, which reinforced confidence in the government's fiscal consolidation plans (**Figure 1b**). Consumer price inflation also eased to 1.8% y-o-y in September from 1.9% in August, supporting investor sentiment. Meanwhile, Bank Negara Malaysia maintained its overnight policy rate at 2.75% in November, citing resilient economic growth and contained inflation despite elevated cost pressures.

Local Currency Bonds Outstanding and Issuance

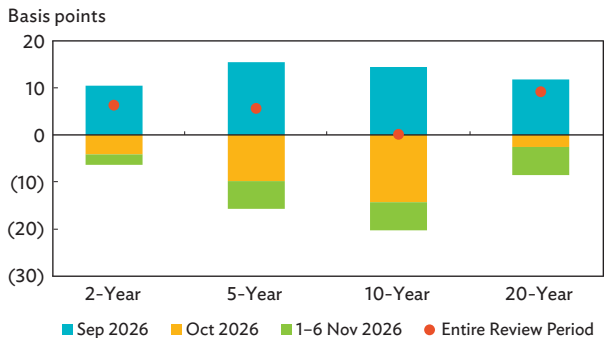
Malaysia's LCY bond market expanded 0.2% quarter-on-quarter (q-o-q) to reach a size of MYR2.3 trillion at the end of September, supported by growth in the corporate bond segment. Corporate bonds outstanding increased 0.6% q-o-q to MYR1.0 trillion, partly reflecting reduced maturities despite lower issuance, more than offsetting a 0.1% q-o-q decline in outstanding sovereign bonds (**Figure 2a**). The contraction in sovereign bonds partly reflected sizable net redemptions of Government Investment Issues in September. Overall, LCY bond issuance declined 19.8% q-o-q to MYR93.9 billion in the third quarter of 2026, reversing the 18.3% q-o-q increase in the previous quarter (**Figure 2b**). The decline reflected the contraction in corporate bond issuance, which fell 34.6% q-o-q to MYR43.9 billion, while government bond issuance was unchanged from the previous quarter.

Figure 1: Yields for Local Currency Government Debt Securities in Malaysia

a. Local Currency Government Debt Securities Yield Curve



b. Changes in Local Currency Government Bond Yields

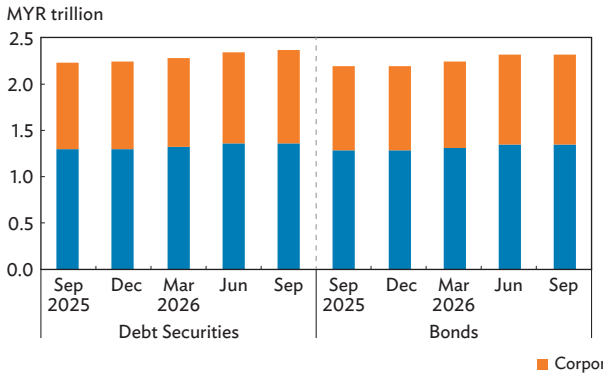


( ) = negative.
Note: Data coverage is from 1 September 2026 to 6 November 2026.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

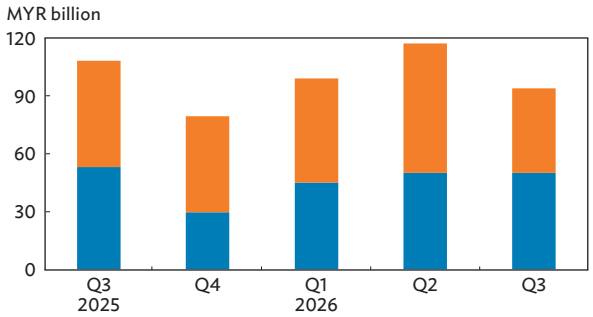
This market summary was written by Justin Adrian Villas (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in Malaysia

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance





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

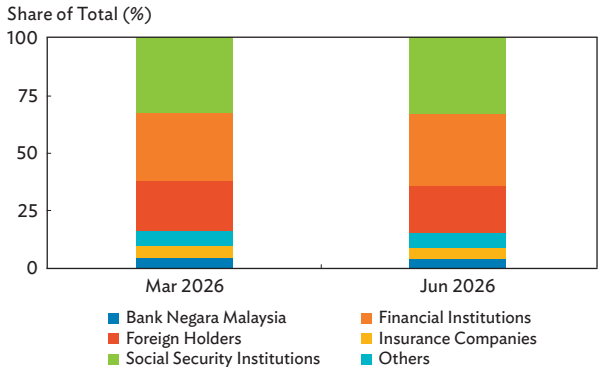
Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Corporate bonds are based on *AsianBondsOnline* estimates.

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

Investor Profile

Domestic financial and social security institutions strengthened their presence in Malaysia's LCY government debt securities market in the second quarter of 2026. Their combined share of government securities outstanding rose to 64.2% at end-June from 62.1% at end-March, reflecting increased domestic institutional holdings as foreign participation declined (**Figure 3**). Foreign holdings accounted for 20.6% of the total at end-June, down from 21.4% at end-March.

Figure 3: Investor Profile of Local Currency Government Debt Securities in Malaysia



Note: "Others" include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.

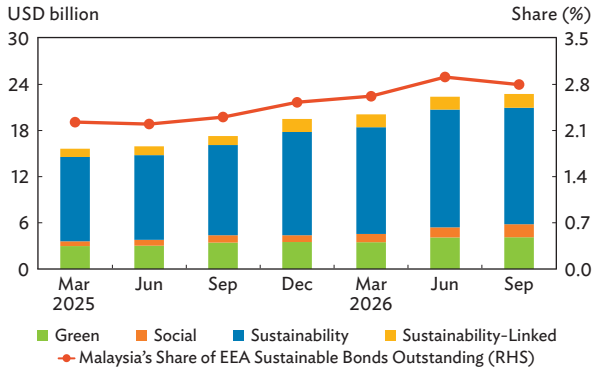
Source: Bank Negara Malaysia.

Sustainable Bond Market

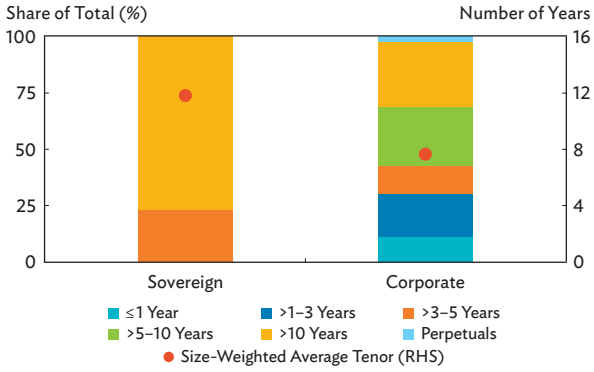
Malaysia's sustainable bonds outstanding increased 1.5% q-o-q to USD22.8 billion at the end of September, with sustainability bonds accounting for 66.6% of the total (**Figure 4a**). Corporate issuers accounted for 84.7% of outstanding sustainable bonds and had a shorter size-weighted average tenor of 7.6 years, compared with 11.8 years for sovereign issuers (**Figure 4b**). This difference was evident in their tenor profiles, with 42.4% of corporate sustainable bonds carrying remaining tenors of 5 years or less, while 77.2% of sovereign sustainable bonds had remaining tenors exceeding 10 years.

Figure 4: Sustainable Bond Market in Malaysia

a. Sustainable Bonds Outstanding by Instrument Type



b. Maturity Profile and Average Tenor of Sustainable Bonds Outstanding at the End of September 2026



EEA = emerging East Asia, RHS = right-hand side, USD = United States dollar.

Notes:

1. Emerging East Asia includes Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Data include both local currency and foreign currency sustainable bonds.

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

Policy and Regulatory Developments

Malaysia Targets Lower Fiscal Deficit in 2027 Budget

On 9 October, the Government of Malaysia tabled Budget 2027 in Parliament, targeting a lower fiscal deficit equivalent to 3.3% of gross domestic product in 2027 compared with a revised estimate of 3.6% in 2026. Government revenue is projected to increase 4.7% year-on-year to MYR380.8 billion, with expenditure reaching MYR459.8 billion. The budget also assumes annual economic growth of 4.2%–5.2% and consumer price inflation of 1.8%–2.8% in 2027.

Bank Negara Malaysia Launches Digital Bond and *Sukuk* Platform

On 20 October, Bank Negara Malaysia launched SSDS+, a digital platform supporting the issuance, deposit, and safekeeping of tokenized bonds and *sukuk* (Islamic bonds). The platform aims to modernize Malaysia's financial market infrastructure and facilitate future wholesale and retail tokenized bond issuance.

Philippines

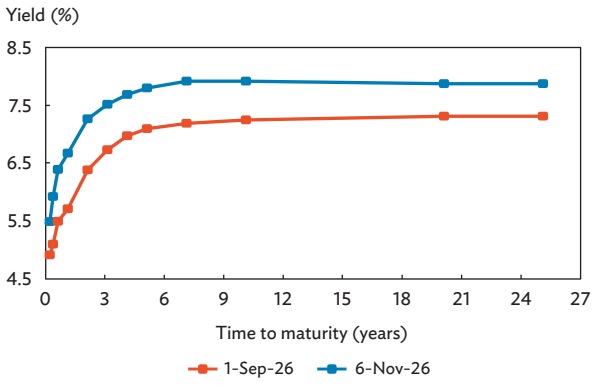
Yield Movements

Yields on local currency (LCY) government debt securities in the Philippines rose across all maturities between 1 September and 6 November, shifting the entire yield curve upward (**Figure 1**). The uptick in yields followed the Bangko Sentral ng Pilipinas' (BSP) decision to raise its policy rate by 50 basis points on 22 October amid rising inflation risks. Consumer price inflation accelerated to 7.2% year-on-year in September and further to 7.8% in October on higher food, utility, and transportation costs. The BSP projects inflation to average 6.1% in 2026, well above its 3.0% target, and has indicated that monetary policy may remain restrictive.

Local Currency Bonds Outstanding and Issuance

The Philippines' LCY debt securities outstanding expanded by 3.4% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2026 to reach PHP15.0 trillion at the end of September (**Figure 2a**). Excluding debt securities with maturities of 1 year or less, LCY bonds grew at a slower pace of 2.6% q-o-q as growth in the sovereign bond segment moderated to 2.1% q-o-q, reflecting lower issuance and a higher volume of maturities during the quarter. Corporate bonds expanded by 6.4% q-o-q,

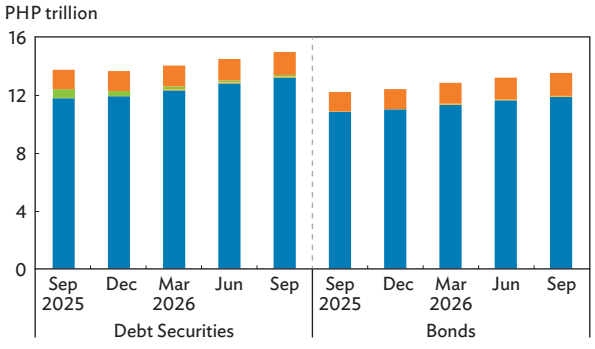
Figure 1: Yields for Local Currency Government Debt Securities in the Philippines



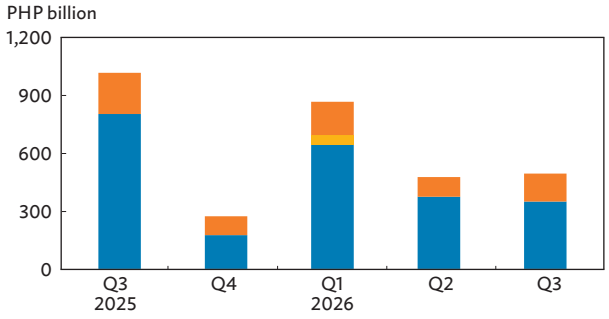
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in the Philippines

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance



Central Bank | Corporate | Other Government | Sovereign

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

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Other government bonds comprise 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.

This market summary was written by Justin Adrian Villas (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

supported by increased issuance amid expectations of a tighter monetary policy stance by the BSP. Total issuance in Q3 reached PHP494.6 billion, rebounding 3.9% q-o-q after contracting 45.1% in the previous quarter (**Figure 2b**).

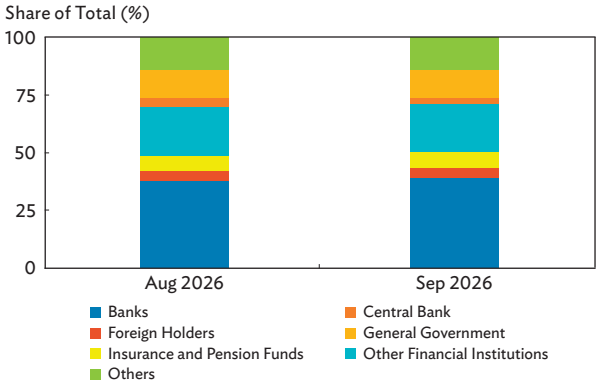
Investor Profile

Banks and other financial institutions remained the largest holders of Philippine LCY government debt securities, with their combined share rising to 60.2% at the end of September from 58.9% at the end of August (**Figure 3**). This was largely driven by banks, whose holdings share increased to 39.3% from 38.0%. Meanwhile, foreign participation remained broadly stable, with foreign holdings accounting for 4.2% of the total, compared with 4.1% in August.

Sustainable Bond Market

The Philippines' sustainable bonds outstanding expanded 11.5% q-o-q to USD20.8 billion at the end of September, with sustainability bonds accounting for 85.7% of the total (**Figure 4a**). Sovereign sustainable bonds were concentrated in longer tenors, with 79.5% carrying remaining tenors exceeding 10 years, resulting in a lengthened size-weighted average tenor of 18.0 years. In contrast, 79.9% of corporate sustainable bonds had remaining tenors of 3 years or less, yielding a much shorter size-weighted average tenor of 2.8 years (**Figure 4b**).

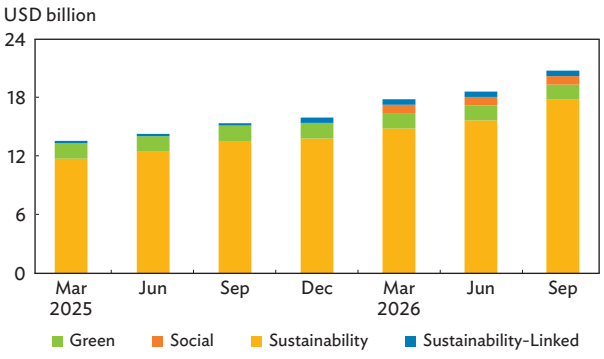
Figure 3: Investor Profile of Local Currency Government Debt Securities in the Philippines



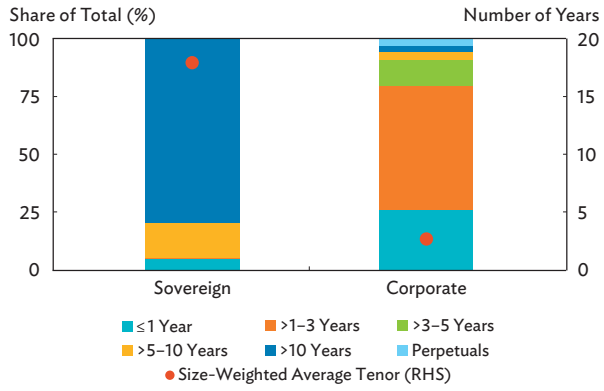
Notes: "Others" include nonfinancial institutions, the social security agency, and households.
Source: Bureau of the Treasury.

Figure 4: Sustainable Bond Market in the Philippines

a. Sustainable Bonds Outstanding by Instrument Type



b. Maturity Profile and Average Tenor of Sustainable Bonds Outstanding at the End of September 2026



RHS = right-hand side, USD = United States dollar.
Note: Data include both local currency and foreign currency issues.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Policy and Regulatory Developments

Philippines to Adopt International Bond Pricing Convention

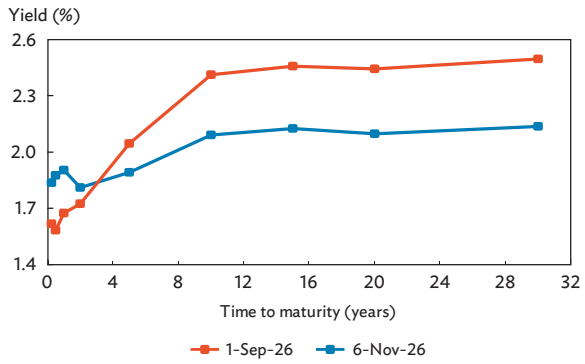
On 9 October, financial regulators announced the adoption of an international pricing convention for PHP-denominated government bonds, effective 4 January 2027. The reform aims to align Philippine bond pricing with international standards, facilitate foreign investor participation, and improve secondary market trading ahead of the Philippines' inclusion in the JP Morgan Government Bond Index–Emerging Markets in January 2027.

Singapore

Yield Movements

Singapore's local currency (LCY) government debt securities yield curve flattened between 1 September and 6 November, as yields for tenors of 2 years or less rose by an average of 21 basis points and those for tenors of 5 years or longer declined by an average of 30 basis points (**Figure 1**). Longer-term yields eased following the Monetary Authority of Singapore's October decision to maintain its monetary policy stance, contrary to market expectations of further tightening. Continued demand for Singapore Government Securities, which the central bank attributed to the country's strong fiscal fundamentals, also helped contain upward pressure on yields.

Figure 1: Yields for Local Currency Government Debt Securities in Singapore



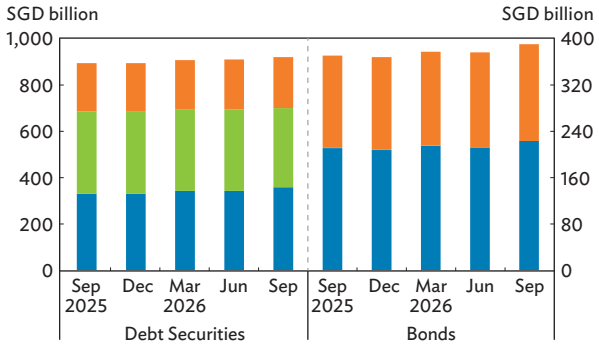
Source: Based on data from Bloomberg LP.

Local Currency Bonds Outstanding and Issuance

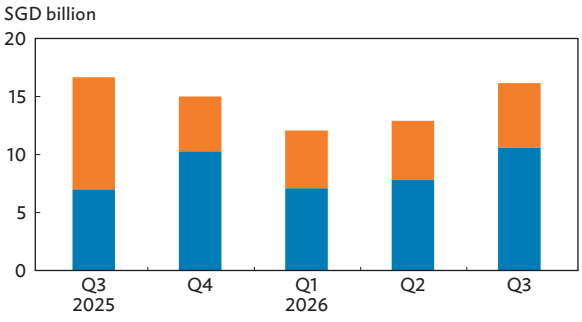
Singapore's LCY bonds outstanding expanded 3.8% quarter-on-quarter (q-o-q) to reach SGD391.5 billion at the end of September, reversing a 0.3% q-o-q contraction in the previous quarter. Sovereign bonds outstanding rose 5.3% q-o-q to SGD223.6 billion on increased issuance, while corporate bonds gained 1.9% q-o-q (**Figure 2a**). LCY bond issuance rose 25.3% q-o-q to SGD16.2 billion in the third quarter of 2026, driven by higher sovereign issuance. Sovereign bond issuance increased 35.9% q-o-q to SGD10.6 billion, including an SGD2.6 billion 20-year green bond issued in August (**Figure 2b**). Corporate bond issuance also rose 9.1% q-o-q during the quarter.

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in Singapore

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance



Central Bank Corporate Sovereign

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

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Corporate debt securities and bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

This market summary was written by Justin Adrian Villas (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Sustainable Bond Market

Singapore's sustainable bonds outstanding increased 4.8% q-o-q to USD37.9 billion at the end of September, with green bonds accounting for 89.3% of the total (**Figure 3a**). The tenor profiles varied substantially across issuer sectors. All sovereign sustainable bonds had remaining tenors exceeding 10 years, reflecting their role in financing long-term infrastructure projects. In contrast, 86.8% of other government sustainable bonds carried remaining tenors of 5 years or less, compared with 47.6% for corporate sustainable bonds (**Figure 3b**).

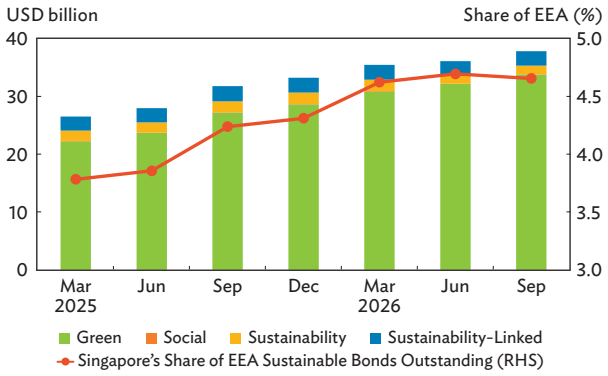
Policy and Regulatory Developments

Monetary Authority of Singapore and People's Bank of China Strengthen Sustainable Finance Cooperation

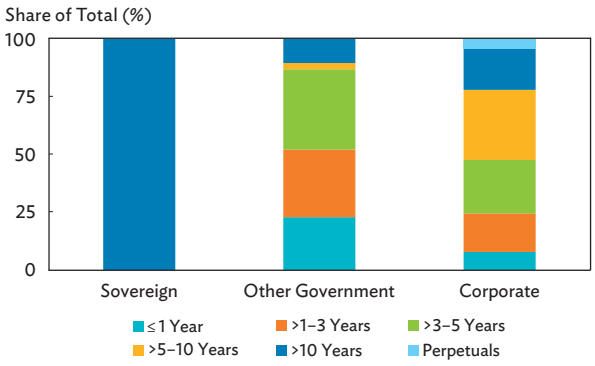
On 18 September, the Monetary Authority of Singapore and the People's Bank of China announced plans to deepen cooperation in sustainable finance, including expanding taxonomy interoperability to cover transition activities, encouraging green Panda bond issuance, and leveraging technology to facilitate sustainable financing.

Figure 3: Sustainable Bond Market in Singapore

a. Sustainable Bonds Outstanding by Instrument Type



b. Maturity Profile of Sustainable Bonds Outstanding at the End of September 2026



EEA = emerging East Asia, RHS = right-hand side, USD = United States dollar.

Notes:

1. Emerging East Asia includes Cambodia; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; the Lao People's Democratic Republic; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
2. Data include both local currency and foreign currency sustainable bonds.

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

Thailand

Yield Movements

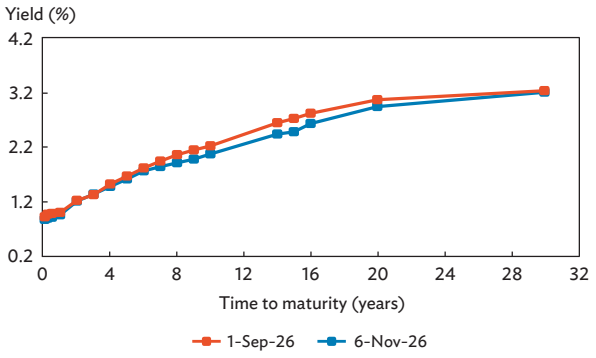
Between 1 September and 6 November, Thailand's local currency (LCY) debt securities yields declined for most maturities, falling by an average of 10 basis points (**Figure 1a**). Yields rose across the curve in September, following the United States Federal Reserve's rate hike and signals of further tightening amid a surge in oil prices from the Middle East conflict (**Figure 1b**). In October, yields reversed as the Bank of Thailand kept its policy rate steady at 1.00%, noting that economic growth remains uneven and below its potential. Yields fell further in early November as global oil prices declined.

Local Currency Bonds Outstanding and Issuance

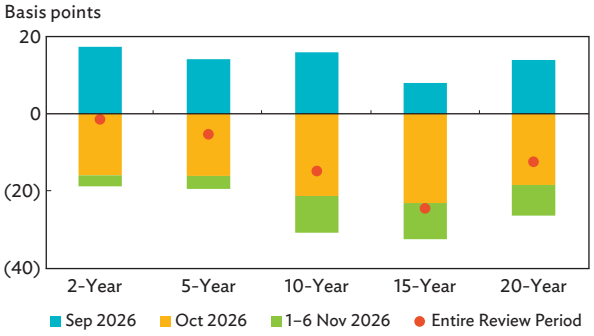
LCY debt securities outstanding in Thailand edged down 0.6% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2026 to THB18.1 trillion (**Figure 2a**). Excluding debt securities with a tenor of 1 year or less, the Thai LCY bond market expanded 1.4% q-o-q to THB15.6 trillion, accelerating from 0.4% in the previous quarter, supported by increased issuance. Total LCY bond issuance rose 7.1% q-o-q to THB653.8 billion, underpinned by higher sovereign issuance. Sovereign issuance totaled THB380.1 billion, up 19.5% q-o-q, as the government issued debt to finance its budget deficit, including THB8.0 billion of retail savings bonds (**Figure 2b**). Meanwhile, corporate bond issuance fell 5.9% q-o-q to THB220.0 billion, as global uncertainty dampened investor confidence.

Figure 1: Yields for Local Currency Government Debt Securities in Thailand

a. Local Currency Government Debt Securities Yield Curve



b. Changes in Local Currency Government Bond Yields

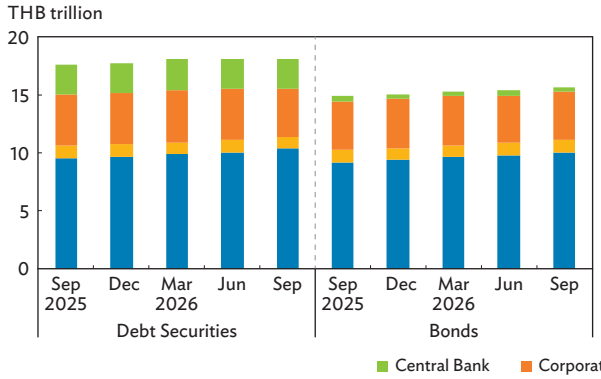


( ) = negative.
Note: Data coverage is from 1 September 2026 to 6 November 2026.
Sources: *AsianBondsOnline* calculations based on data from Bloomberg LP and Thai Bond Market Association.

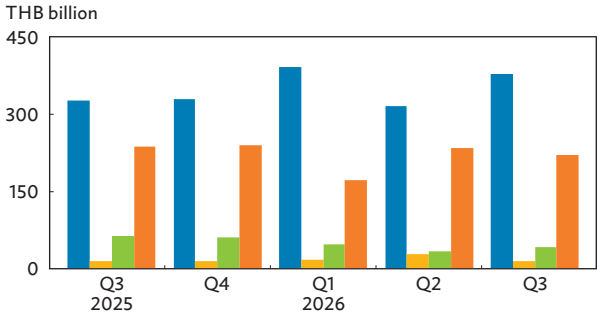
This market summary was written by Debbie Gundaya (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in Thailand

a. Local Currency Debt Securities Outstanding



b. Local Currency Bond Issuance



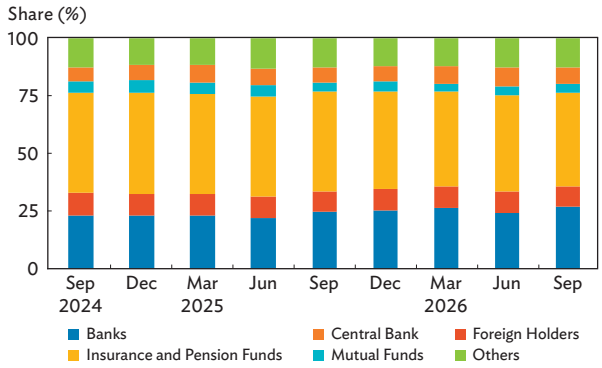


Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, THB = Thai baht.
Note: Bonds are defined as debt securities with maturities longer than 1 year.
Sources: Bank of Thailand and Thai Bond Market Association.

Investor Profile

At the end of September, the share of government debt securities held by institutional investors—including banks, insurance and pension funds, and mutual funds—rose to 71.6% from 70.0% at the end of June (**Figure 3**). The holdings share of domestic investors increased to 91.3% from 90.8% during the same period. In contrast, foreign investor holdings slipped to 8.7% from 9.2% amid ongoing global uncertainty.

Figure 3: Investor Profile of Local Currency Government Debt Securities in Thailand



Note: Others include other financial corporations, other nonfinancial corporations, residents, and general government and nonprofit organizations.
Source: Bank of Thailand.

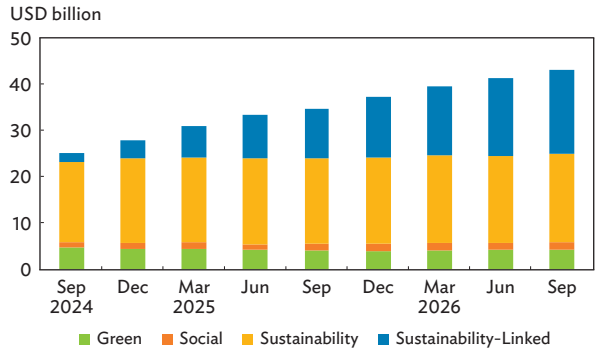
Sustainable Bond Market

Thailand's sustainable bond market reached a size of USD43.0 billion at the end of September on a 4.2% q-o-q expansion (**Figure 4a**). The pace of market expansion moderated from 4.5% q-o-q in the previous quarter as global uncertainty and weak domestic economic growth tempered investor confidence. Issuance totaled USD1.9 billion in Q3 2026, down 9.9% q-o-q following a 5.1% q-o-q decline in the previous quarter (**Figure 4b**). Sustainability-linked bonds continued to dominate bond issuance, representing 66.0% of new issuance in Q3. Sovereign and other government bonds led issuance during the quarter, comprising 38.7% and 34.9% of the total, respectively. Corporate bonds accounted for the remaining 26.3%, driven mainly by green bonds from utility companies and sustainability-linked bonds from real estate firms. At the end of September, the size-weighted average tenor of outstanding sustainable bonds was 9.6 years, among the longest in emerging East Asia, supported by the longer average tenor of sovereign bonds (11.8 years).[10] In contrast, outstanding sustainable bonds from other government and corporate issuers had shorter average tenors at 5.0 years and 4.0 years, respectively (**Figure 4c**).

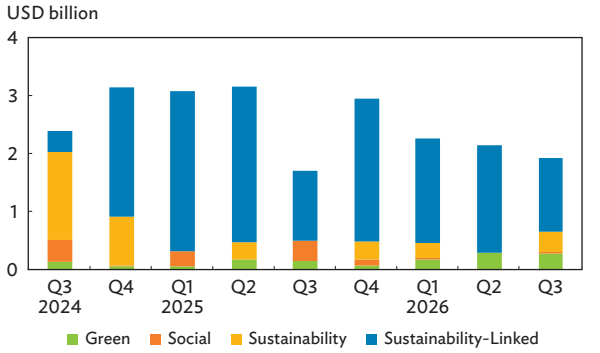
[10] Emerging East Asia is defined in the *Asia Bond Monitor* to include the member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Figure 4: Sustainable Bond Market in Thailand

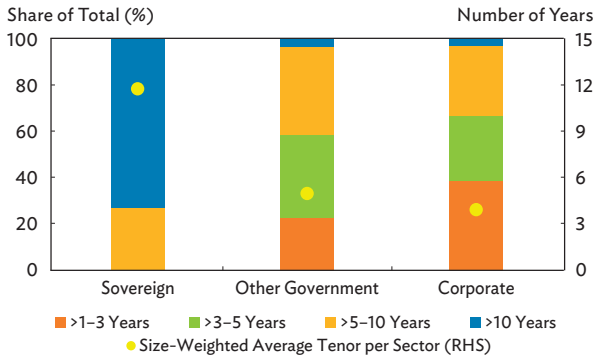
a. Sustainable Bonds Outstanding by Instrument Type



b. Sustainable Bond Issuance by Instrument Type



c. Maturity Profile and Average Tenor of Sustainable Bonds Outstanding at the End of September 2026



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, RHS = right-hand side, USD = United States dollar.

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

Policy and Regulatory Developments

Cabinet Approves THB1.26 Trillion in New Borrowing for Fiscal Year 2027 with a Shift Toward Short-Term Funding

On 29 September, Thailand's cabinet approved the fiscal year (FY) 2027 public debt management plan, which includes THB1.26 trillion of new borrowing, THB1.90 trillion of debt restructuring, and about THB0.58 trillion allocated for repayments.[11] The Public Debt Management Office expects public debt to rise above 69% of gross domestic product by the end of FY 2027, approaching the 70% ceiling before peaking in FY 2028. To manage volatile markets, particularly the sharp increase in United States Treasury yields, the Public Debt Management Office plans to prioritize short-term instruments such as Treasury bills, promissory notes, and term loans, deferring long-term bond issuance until financial conditions improve.

[11] Thailand's fiscal year 2027 runs from 1 October 2026 to 30 September 2027.

Viet Nam

Yield Movements

The local currency (LCY) government bond yield curve in Viet Nam was largely unchanged between 1 September and 6 November (**Figures 1a** and **1b**). Continued demand from domestic investors helped support the market amid heightened global uncertainty. While consumer price inflation in October rose above the State Bank of Vietnam's 4.5% year-on-year target for full-year 2026, average inflation during the first 10 months of 2026 remained close to the target at 4.57%, helping anchor inflation expectations and support demand for government bonds.

Local Currency Bonds Outstanding and Issuance

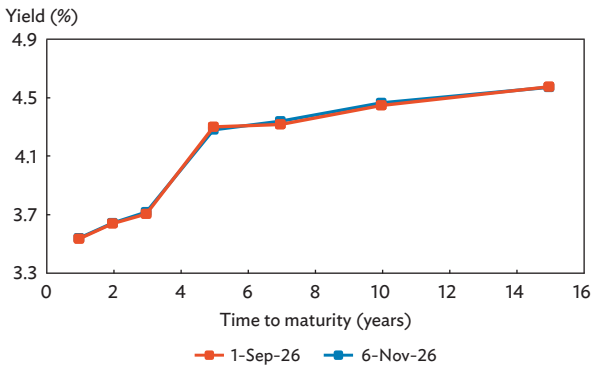
Viet Nam's LCY debt market continued to expand in the third quarter (Q3) of 2026, with total outstanding debt securities rising 1.6% quarter-on-quarter (q-o-q) to VND4,117.4 trillion at the end of September (**Figure 2a**). Excluding short-term instruments, total bonds outstanding increased 4.2% q-o-q to VND3,966.9 trillion. Growth was driven by both sovereign bonds, which rose 4.0% q-o-q on increased issuance, and corporate bonds, which expanded 5.3% q-o-q amid reduced maturities during the quarter. Total bond issuance growth moderated to 3.4% q-o-q in Q3 2026, reaching VND213.1 trillion (**Figure 2b**). Sovereign bond issuance rose 22.0% q-o-q as the State Treasury of Viet Nam stepped up its bond sales to help meet its VND500.0 trillion issuance target for 2026. Cumulative issuance through September reached VND277.7 trillion, equivalent to about 55.5% of the full-year target. Meanwhile, corporate bond issuance contracted 10.7% q-o-q as elevated funding costs and stricter regulatory requirements weighed on corporate fundraising activity.

Investor Profile

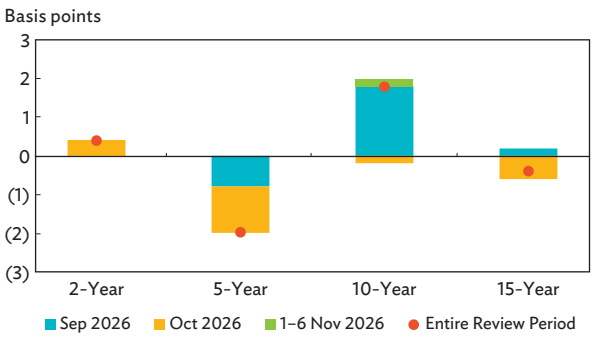
Viet Nam's LCY government bond market remained highly concentrated at the end of September, with banks and insurance companies accounting for a combined 98.6% of total holdings (**Figure 3**). Insurance companies were the largest investor group, holding 61.4% of outstanding government bonds, followed by banks with 37.2%, up slightly from 36.3% at the end of June. The highly concentrated investor base left only a small share for other investors, with securities companies, investment funds, and foreign investors accounting for 0.6%, 0.1%, and 0.01% of holdings, respectively.

Figure 1: Yields for Local Currency Government Bonds in Viet Nam

a. Local Currency Government Bond Yield Curve



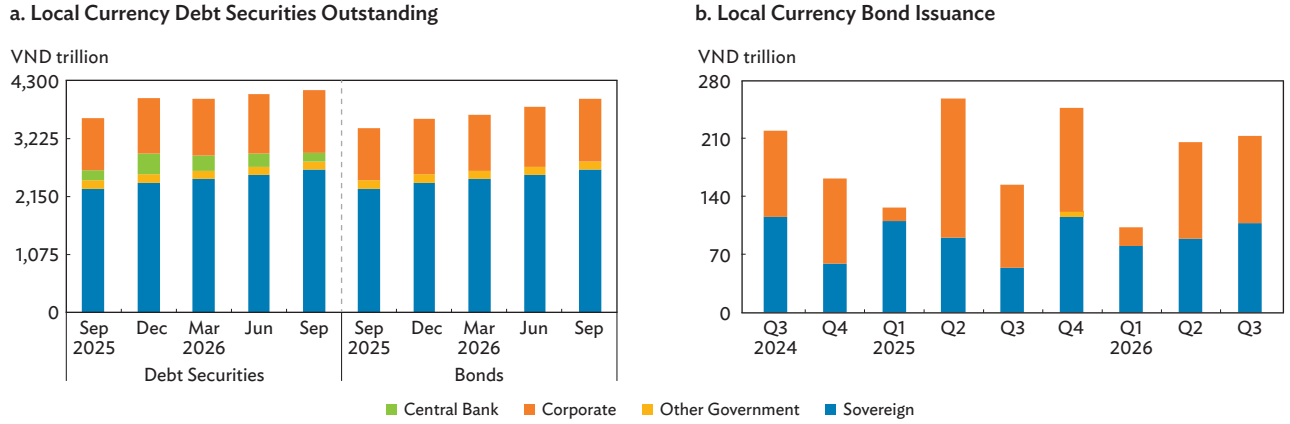
b. Changes in Local Currency Government Bond Yields



Note: Data coverage is from 1 September 2026 to 6 November 2026.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

This market summary was written by Resi Olivares (consultant) in the Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 2: Local Currency Debt Securities Outstanding and Bond Issuance in Viet Nam

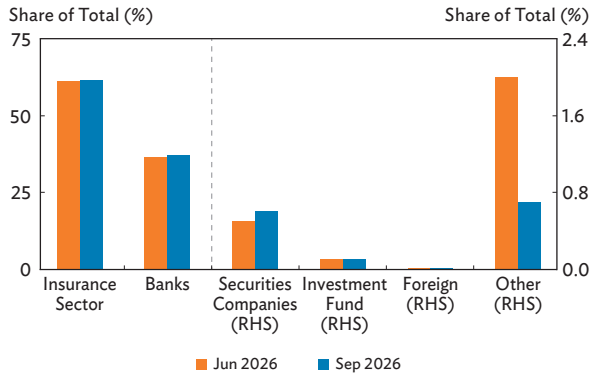


Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, VND = Vietnamese dong.

Notes:
1. Bonds are defined as debt securities with maturities longer than 1 year.
2. Other government bonds comprise government-guaranteed and municipal debt securities.

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

Figure 3: Investor Profile of Local Currency Government Bonds in Viet Nam



RHS = right-hand side.

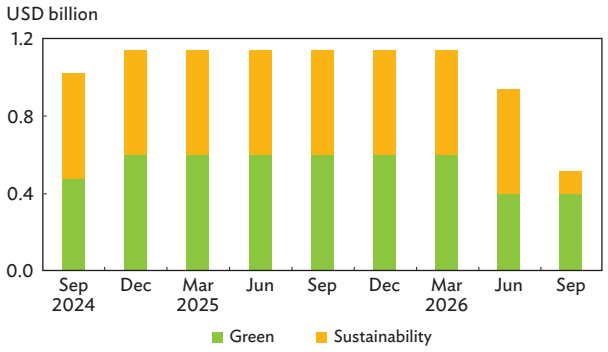
Source: Ministry of Finance, Viet Nam.

Sustainable Bond Market

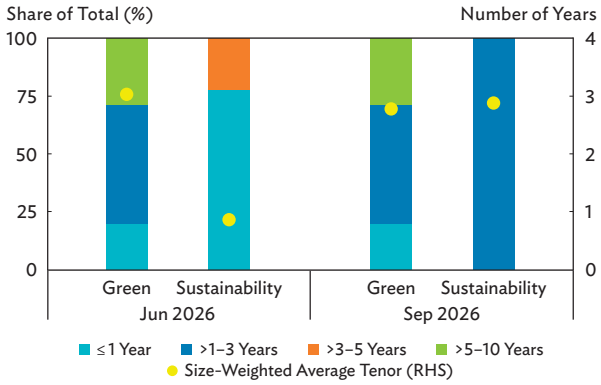
Viet Nam's outstanding sustainable bonds contracted sharply in Q3 2026, falling to USD0.5 billion at the end of September from USD0.9 billion at the end of June as a USD0.4 billion sustainability bond matured in September (**Figure 4a**). Green bonds dominated the market, accounting for 76.8% of total sustainable bonds at the end of September, while sustainability bonds comprised the remaining 23.2%. All sustainable bonds outstanding in Viet Nam were issued by the private sector and were denominated in Vietnamese dong. Outstanding sustainable bonds remained concentrated in shorter tenors, with the size-weighted average tenor increasing to 2.8 years at the end of September from 1.8 years at the end of June (**Figure 4b**).

Figure 4: Sustainable Bond Market in Viet Nam

a. Sustainable Bonds Outstanding by Instrument Type



b. Maturity Profile and Average Tenor of Sustainable Bonds Outstanding



RHS = right-hand side, USD = United States dollar.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Policy and Regulatory Developments

Ministry of Finance Implements Enhanced Regulations for Privately Placed Corporate Bonds

In August, Viet Nam's Ministry of Finance began implementing a revised regulatory framework for the issuance and trading of privately placed corporate bonds. The decree strengthened reporting and disclosure requirements and enhanced trading guidance aimed at improving transparency and investor confidence in the corporate bond market.

Asia Bond Monitor November 2026

This publication reviews recent developments in emerging East Asian local currency bond markets along with the outlook, risks, and policy options. It covers the 10 members of the Association of Southeast Asian Nations and the People's Republic of China; Hong Kong, China; and the Republic of Korea.

About the Asian Development Bank

ADB is a leading multilateral development bank supporting inclusive, resilient, and sustainable growth across Asia and the Pacific. Working with its members and partners to solve complex challenges together, ADB harnesses innovative financial tools and strategic partnerships to transform lives, build quality infrastructure, and safeguard our planet. Founded in 1966, ADB is owned by 69 members—50 from the region.

ASIAN DEVELOPMENT BANK
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org