



# ABM SUMMER ISSUE

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Asian Development Bank

## Size and Composition

*Growth rates in Asia's local currency bond markets stabilized in the first quarter of 2009 after a decline in the previous quarter as governments implemented fiscal stimulus packages to offset economic slowdowns, while central banks began to issue for broader monetary management purposes and corporate issuance recovered.*

The emerging East Asian bond market grew by 1.4% (on an LCY basis) in 1Q09 compared with the last quarter of 2008. It expanded by 10.7% on a year-on-year basis.

The strongest improvements in bond market growth rates came out of Indonesia (9.5%); Hong Kong, China (8.6%); Thailand (6.8%); and the Republic of Korea (Korea) (5.9%). We note that the bond market growth rate for the Philippines was only 0.1% in 1Q09 (on an LCY basis), but that a robust 11.9% growth rate for the Philippine corporate bond market offset a modest decline in the government bond growth rate of -0.9%. Malaysia's q-o-q growth was also significant at 3.3%. This upward trend in bond market growth rates was driven by the government sector in most countries, although LCY basis growth rates for corporate bonds were modestly positive in Korea, Malaysia, and Thailand.

The People's Republic of China's (PRC) bond market reported continued strong growth on a y-o-y basis in 1Q09, but its q-o-q growth rate was modestly negative due to a 2.9% decline in the PRC's government bond segment (**Table 1**). State-owned enterprises are still active issuers in the PRC. MTN bonds outstanding more than doubled on a q-o-q basis in 1Q09, and PRC banks have stepped up their bond issues, mostly in the form of subordinated bonds, to support their capital base while they have been expanding their loan activity this year (**Figure 1**). The first quarter of 2009 saw two large issues by China Construction Bank of CNY28 billion and CNY12 billion. More recently, the Agricultural Bank of China issued three large subordinated debt bonds totaling CNY50 billion (USD7.3 billion). As a consequence of these developments, the PRC's corporate bond market grew 14.7% q-o-q in 1Q09 (on an LCY basis), and by more than 63% on a y-o-y basis.

The ratio of LCY bonds to GDP in emerging East Asia stood at 54% at the end of 1Q09, down from 54.6% at the end of 2008 and 59.6% at the end of 1Q08 (**Table 2**).

## Bills-to-Bonds Ratios

*Emerging East Asia's stock of treasury bills and central bank bills rose in the first quarter as central banks and monetary authorities aggressively participated in the issuance of bills.*

The value of LCY treasury bills reached USD138.3 billion (up 9.3% q-o-q on an LCY basis), while central bank bills were recorded at about USD449.6 billion (up 5.0% q-o-q on an LCY basis) at the end of 1Q09. **Table 3** shows that the stock of treasury bonds and central bank bonds declined modestly in 1Q09, resulting in a slight rise of the bills-to-bonds ratios in most markets in 1Q09 from 4Q08.

## Bond Issuance

*LCY bond issuance in 1Q09 rose by 14% q-o-q (on an LCY basis), reflecting revival of issuance in equal measure in both the government and corporate sectors.*

The distribution of this growth rate between government and corporate issuance was astonishingly identical, with government and corporate sector issuance each rising by 14% q-o-q (on an LCY basis) **(Table 4)**. The more rapid growth in issuance occurred in the Philippines (151.5%); Republic of Korea (89.6%); Hong Kong, China (74.3%); and Malaysia (56.7%). As we mentioned earlier, issuance in the PRC declined substantially in 1Q09. The most rapid increase in issuance came out of the Philippines, where t-bond issuance in 1Q09 jumped to PHP168 billion from PHP6.2 billion in the previous quarter, while t-bill issuance remained at a relatively high level of PHP130 billion. Philippine corporate issuance in 1Q09 rose to PHP33.5 billion from PHP22.6 billion in 4Q08, while issuance from the PRC's government sector fell on both a q-o-q and y-o-y basis.

New issues of G3 currency bonds have reached USD23.4 billion, with another USD500 to USD800 million still in the pipeline. This compares favorably with only USD17.6 billion for all of 2008, reflecting the emerging East Asia's improved access to global capital markets.

The largest individual issues to date in G3 currencies have been the USD2 billion bonds issued by KDB (Korea Development Bank) and Kexim (The Export Import Bank of Korea) in January, and the 10-year USD2 billion Indonesian sovereign issued in March **(Table 5)**. The outstanding features of the G3 currency bonds issued this year, as compared to G3 currency bonds issued in 2008, include:

- Much larger issue size—averaging USD1 billion or more;
- Trend toward longer maturities—five of the issues completed to date have had 15-year maturities, an impressive accomplishment in what is still an uncertain market;
- Product innovation—Kookmin (Korea's largest commercial bank) issued the first covered bond (based on the *pfandbriefe* model) and the Indonesian sovereign successfully issued its USD650 million *sukuk*;
- Petrochina issued a domestic USD1 billion bond in the PRC; and,
- Viet Nam is creating a domestic USD bond trading platform.

## Yield Curves

*Most government bond yield curves in the region have steepened and are still wider than they were at the end of December 2008 (Figure 2).*

This reflects lingering economic and financial market uncertainty, as well as market concern about further bond issuance to finance economic stimulus programs. The rapid recovery of the region's equity markets in recent months may have put pressure on government bond markets as well. The only two cases where the government bond yield curve has clearly shifted downward below end-December levels are Viet Nam and Indonesia, where bonds with maturities under 14 years are now below their end-December levels. Elsewhere, the best outcome is that the shorter end of the

government bond curve has moved below end-December levels, resulting in an overall steepening for most bond yield curves in the region.

## Foreign Holdings of LCY Bonds

*Foreign holdings of Asian LCY government bonds have fallen in most markets as investors reduce their exposure to high-yielding assets.*

Foreign investors substantially reduced their holdings of LCY government bonds in most Asian markets in 4Q08 and 1Q09, as compared to 1Q08 (**Figure 3**). The proportionally largest decline was in Malaysia. While foreign holdings declined in the Indonesian market, they still comprise more than 14% of the total Indonesian market, the highest level in any Asian market. The only market to register an increase of foreign holdings was Thailand, where foreign holdings rose above 2% of the total market. This is still lower, however, than the approximately 4% market share of Thai domestic bonds that foreign investors held in September 2008.

**Table 1: Size and Composition of Emerging East Asian LCY Bond Markets**

	1Q08		4Q08		1Q09		Growth Rate (LCY-base %)			Growth Rate (USD-base %)		
	Amount	% share	Amount	% share	Amount	% share	4Q08	1Q09		4Q08	1Q09	
	(USD billion)		(USD billion)		(USD billion)		Y-o-Y	Q-o-Q	Y-o-Y	Y-o-Y	Q-o-Q	Y-o-Y
<b>China, People's Rep. of</b>												
<b>Total</b>	1,888	100.0	2,213	100.0	2,192	100.0	22.5	(0.9)	13.1	31.0	(1.0)	16.1
Government	1,713	90.7	1,957	88.4	1,899	86.6	19.4	(2.9)	8.0	27.7	(3.0)	10.8
Corporate	175	9.3	256	11.6	293	13.4	52.8	14.7	63.2	63.4	14.5	67.4
<b>Hong Kong, China</b>												
<b>Total</b>	93	100.0	92	100.0	100	100.0	(6.2)	8.6	7.0	(5.6)	8.6	7.5
Government	18	19.7	20	22.0	28	28.1	15.4	38.8	52.8	16.1	38.8	53.4
Corporate	75	80.3	72	78.0	72	71.9	(10.9)	0.0	(4.2)	(10.4)	0.0	(3.8)
<b>Indonesia</b>												
<b>Total</b>	86	100.0	69	100.0	73	100.0	(2.7)	9.5	7.3	(19.3)	6.0	(15.6)
Government	77	89.4	62	90.6	67	91.4	(2.2)	10.4	9.6	(18.9)	6.9	(13.7)
Corporate	9	10.6	6	9.4	6	8.6	(7.7)	0.4	(12.8)	(23.4)	(2.8)	(31.4)
<b>Korea, Rep. of</b>												
<b>Total</b>	996	100.0	817	100.0	796	100.0	7.0	5.9	10.3	(20.5)	(2.5)	(20.1)
Government	477	47.8	368	45.1	365	45.8	(0.4)	7.4	5.5	(26.0)	(1.1)	(23.5)
Corporate	520	52.2	448	54.9	432	54.2	14.1	4.6	14.6	(15.2)	(3.6)	(16.9)
<b>Malaysia</b>												
<b>Total</b>	181	100.0	163	100.0	160	100.0	4.0	3.3	0.9	(0.6)	(2.0)	(11.6)
Government	107	59.4	89	54.5	88	55.1	(1.9)	4.5	(6.4)	(6.3)	(0.8)	(18.0)
Corporate	73	40.6	74	45.5	72	44.9	12.0	1.9	11.6	7.1	(3.3)	(2.2)
<b>Philippines</b>												
<b>Total</b>	60	100.0	57	100.0	56	100.0	12.6	0.1	7.8	(2.0)	(1.7)	(7.1)
Government	56	93.7	52	92.2	51	91.2	10.4	(0.9)	5.1	(3.9)	(2.7)	(9.5)
Corporate	4	6.3	4	7.8	5	8.8	46.6	11.9	49.2	27.5	9.9	28.5
<b>Singapore</b>												
<b>Total</b>	133	100.0	129	100.0	120	100.0	5.6	(1.0)	(0.4)	5.7	(6.6)	(9.7)
Government	75	56.3	73	56.5	71	59.1	6.6	3.4	4.6	6.8	(2.4)	(5.2)
Corporate	58	43.7	56	43.5	49	40.9	4.3	(6.9)	(6.9)	4.4	(12.2)	(15.6)
<b>Thailand</b>												
<b>Total</b>	156	100.0	141	100.0	147	100.0	4.3	6.8	6.5	1.2	4.5	(5.7)
Government	127	81.2	112	79.5	119	80.5	3.6	8.1	5.6	0.5	5.8	(6.5)
Corporate	29	18.8	29	20.5	29	19.5	7.2	1.8	10.6	4.0	(0.4)	(2.1)
<b>Viet Nam</b>												
<b>Total</b>	12	100.0	13	100.0	12	100.0	42.8	(8.2)	3.7	30.8	(9.8)	(6.2)
Government	12	96.8	12	96.0	11	95.6	41.9	(8.5)	2.4	30.0	(10.1)	(7.3)
Corporate	0.4	3.2	1	4.0	1	4.4	69.4	0.0	42.6	55.2	(1.8)	29.1
<b>Total Emerging East Asia</b>												
<b>Total</b>	3,607	100.0	3,694	100.0	3,657	100.0	15.2	1.4	10.7	8.9	(1.0)	1.4
Government	2,663	73.8	2,747	74.4	2,698	73.8	14.0	(0.1)	7.2	11.5	(1.8)	1.3
Corporate	944	26.2	947	25.6	959	26.2	18.8	6.1	22.0	1.9	1.2	1.5
<b>Less PRC:</b>												
<b>Total</b>	1,719	100.0	1,481	100.0	1,465	100.0	5.3	5.1	7.3	(13.1)	(1.1)	(14.8)
Government	950	55.3	790	53.3	799	54.6	2.0	7.1	5.4	(15.2)	1.2	(15.8)
Corporate	769	44.7	691	46.7	665	45.4	9.2	2.7	9.8	(10.5)	(3.7)	(13.5)
<b>Japan</b>												
<b>Total</b>	8,639	100.0	9,520	100.0	8,711	100.0	1.1	0.1	0.3	24.5	(8.5)	0.8
Government	7,770	89.9	8,558	89.9	7,820	89.8	1.1	(0.0)	0.1	24.5	(8.6)	0.6
Corporate	869	10.1	963	10.1	891	10.2	1.1	1.3	2.0	24.5	(7.5)	2.5

Notes:

1. For Singapore, corporate bonds quarterly figures are based on AsianBondsOnline estimates.
2. Corporate bonds include issues by financial institutions.
3. Bloomberg LP end-of-period LCY/USD rates are used.
4. Growth rates are calculated from LCY base and do not include currency effects.
5. Total Emerging East Asia growth figures are based on end-March 2009 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (*ChinaBond*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange and Bank Indonesia); Republic of Korea (Bank of Korea and *KoreaBondWeb*); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP.); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); Viet Nam (Bloomberg LP); and Japan (Japan Securities Dealers Association).

**Table 2: Size and Composition of Emerging East Asian LCY Bond Markets (% of GDP)**

	1Q08	4Q08	1Q09
<b>China, People's Rep. of</b>			
<b>Total</b>	53.5	50.2	49.8
Government	48.6	44.4	43.1
Corporate	5.0	5.8	6.7
<b>Hong Kong, China</b>			
<b>Total</b>	45.1	42.7	46.4
Government	8.9	9.4	13.1
Corporate	36.2	33.3	33.3
<b>Indonesia</b>			
<b>Total</b>	20.5	15.7	16.7
Government	18.4	14.2	15.2
Corporate	2.2	1.5	1.4
<b>Korea, Rep. of</b>			
<b>Total</b>	95.7	100.5	98.0
Government	45.7	45.3	44.8
Corporate	49.9	55.1	53.1
<b>Malaysia</b>			
<b>Total</b>	93.2	76.3	74.8
Government	55.4	41.5	41.2
Corporate	37.9	34.7	33.6
<b>Philippines</b>			
<b>Total</b>	37.3	35.9	35.3
Government	35.0	33.1	32.2
Corporate	2.4	2.8	3.1
<b>Singapore</b>			
<b>Total</b>	76.1	71.9	67.1
Government	42.8	40.6	39.7
Corporate	33.3	31.2	27.4
<b>Thailand</b>			
<b>Total</b>	62.0	53.8	56.2
Government	50.4	42.8	45.3
Corporate	11.6	11.0	11.0
<b>Viet Nam</b>			
<b>Total</b>	17.4	15.3	13.8
Government	16.9	14.7	13.2
Corporate	0.6	0.6	0.6
<b>Total Emerging East Asia</b>			
<b>Total</b>	59.6	54.6	54.0
Government	44.0	40.6	39.9
Corporate	15.6	14.0	14.2
<b>Japan</b>			
<b>Total</b>	187.2	170.3	155.8
Government	168.4	153.1	139.9
Corporate	18.8	17.2	15.9

**Note**

1. GDP data are from CEIC. 2008 annual GDP was used for the calculation of bonds outstanding as a percentage of GDP for 1Q09 and 4Q08; 2007 annual GDP was used for 1Q08.

**Sources:**

People's Republic of China (*ChinaBond*), Hong Kong, China (Hong Kong Monetary Authority), Indonesia (Indonesia Stock Exchange and Bank Indonesia), Republic of Korea (Bank of Korea and *KoreaBondWeb*), Malaysia (Bank Negara Malaysia), Philippines (Bureau of the Treasury and Bloomberg LP; Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand); Viet Nam (Bloomberg LP); and Japan (Japan Securities Dealers Association).

**Table 3: Government Bills to Bonds Ratios of Emerging East Asian Local Currency Bond Markets**

	1Q08		4Q08		1Q09		Government Bills to Bonds Ratio		Growth Rate (LCY-base %)		Growth Rate (USD-base %)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share			1Q09		1Q09	
							4Q08	1Q09	Q-o-Q	Y-o-Y	Q-o-Q	Y-o-Y
<b>China, People's Rep. of</b>												
<b>Total</b>	1,184.9	100.0	1,419.3	100.0	1,352.8	100.0			(4.6)	11.3	(4.7)	14.2
Treasury Bills	52.1	4.4	82.1	5.8	85.0	6.3	0.08	0.09	3.6	58.8	3.4	63.0
Central Bank Bills	287.3	24.2	354.3	25.0	353.4	26.1	0.36	0.39	(0.1)	19.9	(0.3)	23.0
Bonds	845.4	71.4	982.8	69.2	914.5	67.6			(6.8)	5.4	(7.0)	8.2
<b>Hong Kong, China</b>												
<b>Total</b>	18.4	100.0	20.3	100.0	28.2	100.0			38.8	52.8	38.8	53.4
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0	0.0
Central Bank Bills	10.1	54.8	11.7	57.6	19.5	69.0	1.36	2.22	66.4	92.2	66.4	93.0
Bonds	8.3	45.2	8.6	42.4	8.8	31.0			1.5	4.9	1.5	5.4
<b>Indonesia</b>												
<b>Total</b>	77.2	100.0	62.3	100.0	66.6	100.0			10.4	9.6	6.9	(13.7)
Treasury Bills	0.5	0.6	0.9	1.4	1.8	2.8	0.02	0.04	114.9	416.0	108.0	306.0
Central Bank Bills	23.1	29.9	15.9	25.5	19.9	29.9	0.35	0.44	29.2	9.5	25.0	(13.8)
Bonds	53.7	69.5	45.5	73.1	44.9	67.4			1.8	6.3	(1.4)	(16.4)
<b>Korea, Rep. of</b>												
<b>Total</b>	391.7	100.0	285.9	100.0	282.1	100.0			7.1	(0.6)	(1.3)	(28.0)
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0	0.0
Central Bank Bills	28.4	7.2	12.9	4.5	20.4	7.2	0.05	0.08	72.1	(0.7)	58.5	(28.1)
Bonds	363.3	92.8	273.0	95.5	261.7	92.8			4.1	(0.6)	(4.1)	(28.0)
<b>Malaysia</b>												
<b>Total</b>	101.9	100.0	85.7	100.0	85.8	100.0			5.5	(3.8)	0.1	(15.7)
Treasury Bills	1.4	1.3	1.2	1.5	1.2	1.4	0.02	0.02	0.0	0.0	(5.1)	(12.4)
Central Bank Bills	28.5	28.0	12.3	14.3	12.2	14.2	0.17	0.17	5.0	(51.1)	(0.4)	(57.1)
Bonds	72.0	70.7	72.2	84.2	72.5	84.4			5.7	14.8	0.3	0.6
<b>Philippines</b>												
<b>Total</b>	54.5	100.0	50.6	100.0	49.3	100.0			(0.9)	5.0	(2.6)	(9.5)
Treasury Bills	16.9	31.0	16.3	32.1	15.9	32.3	0.47	0.48	(0.3)	9.4	(2.1)	(5.8)
Central Bank Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0	0.0
Bonds	37.6	69.0	34.4	67.9	33.4	67.7			(1.1)	3.0	(2.9)	(11.2)
<b>Singapore</b>												
<b>Total</b>	74.9	100.0	72.8	100.0	71.1	100.0			3.4	4.6	(2.4)	(5.2)
Treasury Bills	25.6	34.1	25.0	34.3	27.1	38.2	0.52	0.62	15.0	17.0	8.5	6.0
Central Bank Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0	0.0
Bonds	49.3	65.9	47.8	65.7	43.9	61.8			(2.6)	(1.8)	(8.1)	(11.0)
<b>Thailand</b>												
<b>Total</b>	105.7	100.0	87.3	100.0	91.8	100.0			7.5	(1.9)	5.2	(13.1)
Treasury Bills	5.2	4.9	2.3	2.7	6.6	7.2	0.04	0.11	188.9	42.7	182.7	26.3
Central Bank Bills	28.5	27.0	23.2	26.6	24.2	26.3	0.38	0.40	6.5	(4.3)	4.2	(15.3)
Bonds	71.9	68.1	61.7	70.7	61.0	66.5			1.1	(4.1)	(1.1)	(15.1)
<b>Viet Nam</b>												
<b>Total</b>	6.9	100.0	7.1	100.0	5.9	100.0			(16.5)	(6.0)	(18.0)	(14.9)
Treasury Bills	1.5	21.4	0.6	8.3	0.6	10.8	0.11	0.12	8.7	(52.4)	6.7	(56.9)
Central Bank Bills	0.0	0.0	1.2	16.2	0.0	0.0	0.22	0.00	(100.0)	0.0	(100.0)	0.0
Bonds	5.4	78.6	5.4	75.4	5.2	89.2			(1.3)	6.6	(3.1)	(3.5)
<b>Total Emerging East Asia</b>												
<b>Total</b>	2,016.0	100.0	2,091.4	100.0	2,033.7	100.0			(1.0)	8.0	(2.8)	0.9
Treasury Bills	103.1	5.1	128.5	6.1	138.3	6.8	0.08	0.10	9.3	40.0	7.6	34.1
Central Bank Bills	405.9	20.1	431.4	20.6	449.6	22.1	0.28	0.31	5.0	14.1	4.2	10.8
Bonds	1,507.0	74.8	1,531.5	73.2	1,445.9	71.1			(3.5)	4.0	(5.6)	(4.1)
<b>Less PRC:</b>												
<b>Total</b>	831.2	100.0	672.1	100.0	680.9	100.0			7.0	2.1	1.3	(18.1)
Treasury Bills	51.0	6.1	46.3	6.9	53.3	7.8	0.08	0.10	19.9	17.8	15.1	4.6
Central Bank Bills	118.6	14.3	77.1	11.5	96.2	14.1	0.14	0.18	29.2	(3.0)	24.7	(18.9)
Bonds	661.6	79.6	548.7	81.6	531.4	78.0			2.7	1.7	(3.2)	(19.7)
<b>Japan</b>												
<b>Total</b>	6,821.1	100.0	7,473.2	100.0	6,813.6	100.0			(0.2)	(0.6)	(8.8)	(0.1)
Treasury Bills	228.3	3.3	188.3	2.5	211.4	3.1	0.03	0.03	22.8	(7.9)	12.2	(7.4)
Central Bank Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.0	0.0	0.0	0.0
Bonds	6,592.8	96.7	7,284.9	97.5	6,602.3	96.9			(0.8)	(0.4)	(9.4)	0.1

Notes:

1. Bloomberg LP end-of-period LCY/USD rates are used.
2. Growth rates are calculated from LCY base and do not include currency effects.
3. Total Emerging East Asia growth figures are based on end-March 2009 currency exchange rates and do not include currency effects.
4. Total figures per market refer to bills and bonds issued by the central government and the central bank. It excludes bonds issued by policy banks and state-owned enterprises. Bills are defined as securities with original maturities of less than one year.

Sources: People's Republic of China (*ChinaBond*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Indonesia Stock Exchange and Bank Indonesia); Republic of Korea (Bank of Korea and *KoreaBondWeb*); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bloomberg LP); Viet Nam (Bloomberg LP); and Japan (Japan Securities Dealers Association).

Table 4: LCY-denominated Bond Issuance (Gross)

	LCY billion		USD billion		Growth rate (LCY-base %)		Growth rate (USD-base %)	
	1Q09	% share	1Q09	% share	1Q09		1Q09	
					Q-o-Q	Y-o-Y	Q-o-Q	Y-o-Y
<b>China, People's Rep. of</b>								
<b>Total</b>	1,047	100.0	153	100.0	(21.4)	(54.2)	(21.5)	(53.0)
Government	672	64.2	98	64.2	(29.6)	(68.4)	(29.7)	(67.6)
Corporate	375	35.8	55	35.8	(0.6)	143.3	(0.7)	149.7
<b>Hong Kong, China</b>								
<b>Total</b>	662	100.0	85	100.0	74.3	93.1	74.3	93.9
Government	610	92.1	79	92.1	71.5	89.6	71.5	90.4
Corporate	52	7.9	7	7.9	116.2	145.5	116.2	146.5
<b>Indonesia</b>								
<b>Total</b>	470.489	100.0	40	100.0	22.3	(46.3)	18.4	(57.7)
Government	468.289	99.5	40	99.5	23.3	(46.1)	19.4	(57.6)
Corporate	2.200	0.5	0.2	0.5	(56.0)	(66.9)	(57.4)	(74.0)
<b>Korea, Rep. of</b>								
<b>Total</b>	117.720	100.0	86	100.0	89.6	38.4	74.7	0.3
Government	90.306	76.7	66	76.7	86.8	27.2	72.1	(7.8)
Corporate	27.414	23.3	20	23.3	99.5	94.9	83.7	41.3
<b>Malaysia</b>								
<b>Total</b>	82	100.0	23	100.0	56.7	(15.5)	48.7	(25.9)
Government	69	83.5	19	83.5	81.2	(5.1)	72.0	(16.9)
Corporate	14	16.5	4	16.5	(7.0)	(45.6)	(11.8)	(52.3)
<b>Philippines</b>								
<b>Total</b>	331	100.0	7	100.0	151.5	99.2	147.1	71.6
Government	298	89.9	6	89.9	172.9	92.4	168.1	65.8
Corporate	33	10.1	0.7	10.1	48.0	190.9	45.4	150.6
<b>Singapore</b>								
<b>Total</b>	37	100.0	24	100.0	10.9	11.2	4.6	0.8
Government	35	96.7	23	96.7	7.9	20.0	1.8	8.8
Corporate	1.2	3.3	0.8	3.3	454.7	(64.8)	423.3	(68.1)
<b>Thailand</b>								
<b>Total</b>	2,998	100.0	84	100.0	6.8	36.7	4.6	21.1
Government	2,809	93.7	79	93.7	10.8	48.0	8.4	31.0
Corporate	189	6.3	5	6.3	(30.1)	(35.8)	(31.6)	(43.2)
<b>Viet Nam</b>								
<b>Total</b>	2,600	100.0	0.1	100.0	(87.2)	(93.6)	(87.4)	(94.2)
Government	2,600	100.0	0.1	100.0	(87.1)	(93.6)	(87.3)	(94.2)
Corporate	0.0	0.0	0.0	0.0	0.0	0.0	(100.0)	0.0
<b>Total Emerging East Asia</b>								
<b>Total</b>			503	100.0	14.0	(20.3)	11.7	(26.2)
Government			411	81.6	14.0	(28.9)	11.6	(34.0)
Corporate			92	18.4	14.0	71.8	12.1	55.1
<b>Less PRC:</b>								
<b>Total</b>			350	100.0	42.0	17.7	37.1	(1.6)
Government			312	89.3	41.6	17.4	36.9	(1.8)
Corporate			38	10.7	45.2	20.2	38.4	(0.1)
<b>Japan</b>								
<b>Total</b>	42.424	100.0	427	100.0	17.5	(3.1)	7.4	(2.7)
Government	37.939	89.4	382	89.4	16.0	(3.7)	6.0	(3.2)
Corporate	4.486	10.6	45	10.6	32.0	2.0	20.7	2.6

Notes:

1. Corporate bonds include issues by financial institutions.
2. Bloomberg LP end-of-period LCY/USD rates are used.
3. For LCY-base, total Emerging East Asia growth figures are based on end-March 2009 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (*ChinaBond*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bloomberg LP); Republic of Korea (Bank of Korea); Malaysia (Bloomberg LP); Philippines (Bloomberg LP); Singapore (Bloomberg LP); Thailand (Bank of Thailand); Viet Nam (Bloomberg LP); and Japan (Japan Securities Dealers Association).

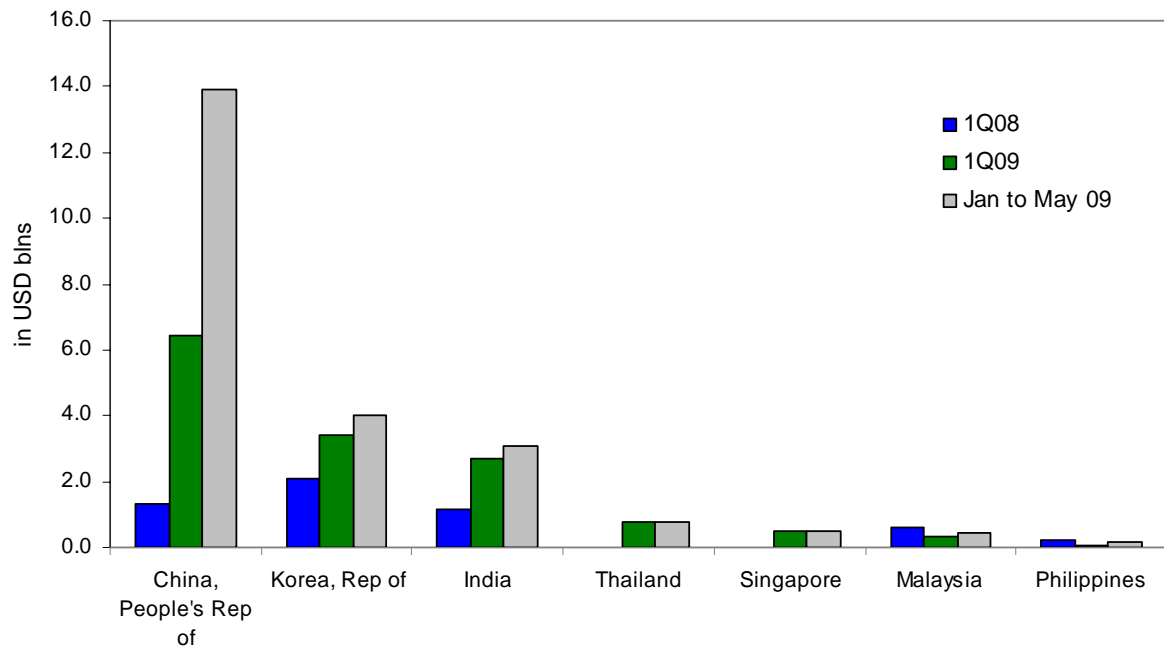


Table 5: G3 Currency Bond Issuance

Issuer	Size USDm	Issuer	Size USDm	Issue Date
<b>Rep. of Korea</b>	<b>7,715</b>	<b>Rep. of Korea</b>	<b>16,193 - 16,393</b>	
of which: Policy Banks	3,333	<i>In Pipeline</i>		
KDB 5.3% 2011	1,000	KOGAS	500	
KDB JPY19 Bn FRNs 2010	174	KORAIL	300-500	
KDB FRNs 2011	150	<i>Issued</i>		
KDB JPY15 Bn 3.22% 2018	144	Korea Sovereign 5.75% 2014	1,500	16-Apr-09
KEXIM EUR750 Mn 5.75% 2013	1,158	Korea Sovereign 7.125% 2019	1,500	16-Apr-09
KEXIM JPY15 Bn 3.24% 2018	143	KDB 8.0% 2014	2,000	23-Jan-09
KEXIM FRNs 2009	145	KEXIM 8.125% 2014	2,000	20-Jan-09
KEXIM FRNs 2014	100	IBK 7.125% 2014	1,000	23-Apr-09
IBK FRNs 2013	200	KOOKMIN Covered Bd 7.25% 2014	1,500	14-May-09
		HANABK 6.5% 2012	1,000	09-Apr-09
<b>PRC</b>	<b>600</b>	POSCO 8.75% 2014	700	26-Mar-09
NDPAPER 7.875% 2013	300	Others	4,193	
<b>Hong Kong, China</b>	<b>2,975</b>	<b>PRC</b>		
		PETROCHINA - Dom. USD Bond*		
		2.0825% 2012	1,000	12-May-09
<b>Philippines</b>	<b>850</b>			
Philippines Sovereign 6.375% 2032	500	<b>Hong Kong, China</b>		
SM Investments 6.75% 2013	350	KRMT 5.125% 2019	750	18-May-09
<b>Indonesia</b>	<b>4,450</b>	<b>Philippines</b>	<b>2,500</b>	
Indonesia Sovereign 7.75% 2038	1,000	Philippines Sovereign 8.375% 2019	1,500	07-Jan-09
Indonesia Sovereign 6.875% 2018	1,000	PSALM 7.25% 2019	1,000	19-May-09
Indonesia Sovereign 6.75% 2014	300			
EXCELCOMINDO 7.125% 2013	250	<b>Indonesia</b>	<b>3,650</b>	
		Indonesia Sovereign 10.375% 2014	1,000	04-Mar-09
<b>Malaysia</b>	<b>250</b>	Indonesia Sovereign 11.625% 2019	2,000	04-Mar-09
		Sovereign <i>Sukuk</i> 8.8% 2014	650	23-Apr-09
<b>Thailand</b>	<b>674</b>			
		<b>Singapore</b>		
<b>Singapore</b>	<b>100</b>	OLAMSP 1.2821% 2013	123	02-Mar-09
<b>Grand Total</b>	<b>17,614</b>	<b>Grand Total</b>	<b>24,216 - 24,416</b>	

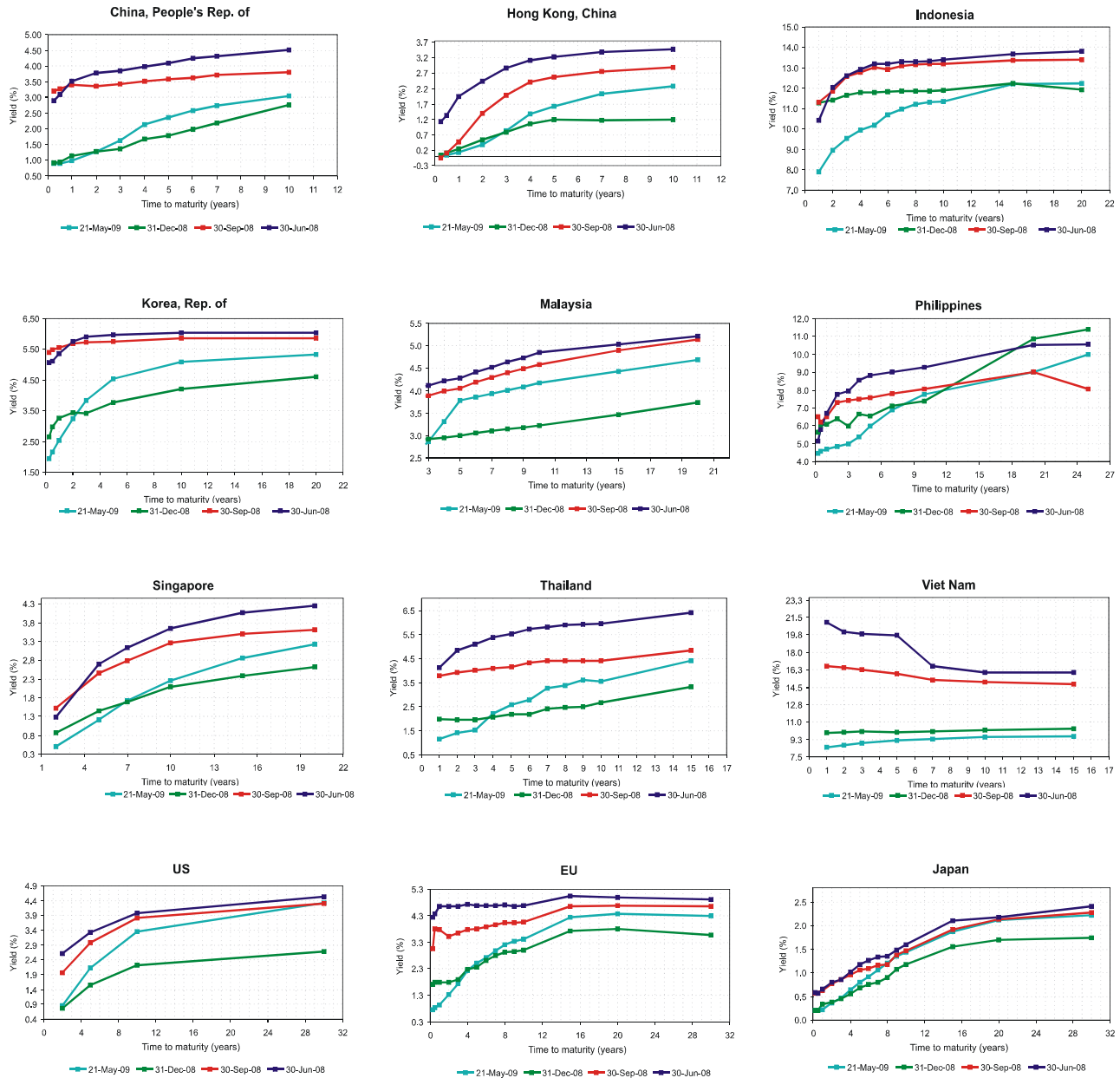
\* - Issued in domestic market.

Sources: Compilation from newspaper and wire reports.

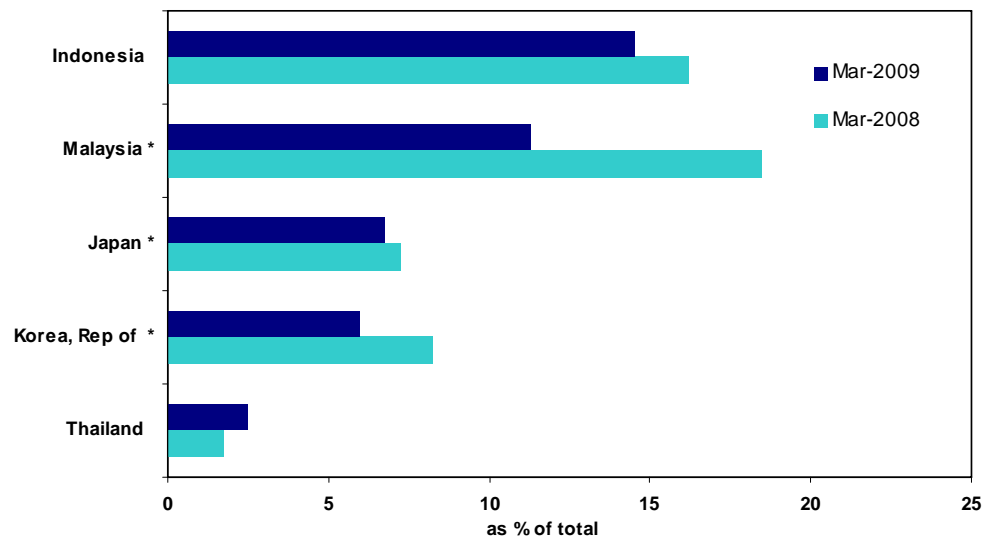
**Figure 1: Banks Subdebt Issuance: year to date**

Source: Based on data from Bloomberg LP.

Figure 2: Benchmark Yield Curves—LCY Bonds



Source: Based on data from Bloomberg LP.

**Figure 3: Foreign Holdings of LCY Government Bonds**

Note:

\* - Data for Republic of Korea, Japan, and Malaysia are as of Dec 2008.

Sources: National Sources.