



Media Release

Bond issuance rose to record high in 2022

Primary bond market activity was robust last year, with total corporate bond issuance surging to RM153.0 bil, up from RM114.3 bil in 2021. The prolific overall issuance last year was to a large extent fuelled by a major refinancing and fundraising exercise by Projek Lebuhraya Usahasama Berhad in December 2022, which contributed RM25.2 bil or 16.5% of total corporate bond issuance.

Issuances from the financial (RM49.1 bil) and transportation & storage (RM44.0 bil) sectors dominated the primary bond market, together accounting for around 60.8% of overall supply. For 2023, we expect overall corporate bond issuance to reach RM120 bil-RM130 bil, propelled by private refinancing initiatives, continued infrastructure financing needs and financial institutions' capital augmentation plans.

Gross issuance of MGS and GII rose for the third consecutive year to RM171.5 bil in 2022 (2021: RM163.9 bil), the largest on record. Looking ahead, we expect MGS and GII issuance to amount to RM170 bil-RM180 bil in 2023, taking into account the government's deficit financing requirement as well as the refinancing of debts maturing this year.

Overall foreign fund flows turned negative (RM9.8 bil) in 2022 amid the broad and persistent bond market selloff last year, the first net foreign outflow since 2018. Selloff pressure appeared to wane towards the end of 2022 as the US Federal Reserve's (Fed) messaging became less hawkish, hinting at a slower pace of rate hikes moving ahead. MGS and GII registered a net foreign inflow for the second consecutive month in December 2022 (RM2.7 bil). With expectations that the monetary policy setting will progressively normalise as the Fed moves closer to the end of its tightening cycle, the Malaysian bond market should see more favourable fund flows in 2023.

Analytical contact

Woon Khai Jhek, CFA
(603) 3385 2512
khaijhek@ram.com.my

Media contact

Tho Li Ming
(603) 3385 2511
liming@ram.com.my

Date of release: 20 January 2023

About RAM Rating Services Berhad (RAM Ratings)

Established in 1990, RAM Ratings is a leading credit rating agency registered under the Securities Commission's Guidelines on Registration of Credit Rating Agencies, 2011. In addition to the provision of credit ratings for corporate bonds and sukuk and their issuers, RAM Ratings also provides research and

RAM Rating Services Berhad
(763588-T)

Level 8, Mercu 2
KL Eco City
No. 3, Jalan Bangsar
59200 Kuala Lumpur
Malaysia

T + 603 3385 2488
F + 603 3385 2582
E ramratings@ram.com.my
www.ram.com.my

publications on Islamic finance, fixed income and macro-economic and industry analysis as well as data analytics relating to credit risk, counterparty assessments and other related domains.

Disclaimer

ALL INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. Although every reasonable care has been taken to ensure the accuracy, completeness and objectivity of the information contained in this Media Release, RAM Ratings makes no representation or warranty, whether express or implied, as to its accuracy, completeness and objectivity and accepts no responsibility or liability relating to any losses or damages howsoever suffered by any person arising from any reliance on the views expressed or information in this Media Release. RAM Ratings assumes no obligation to update any information or statement contained herein, save for any information required to be disclosed by law.

Published by RAM Rating Services Berhad

© Copyright 2023 by RAM Rating Services Berhad

All rights reserved. This material may not be published, reproduced, broadcast, rewritten or redistributed without prior permission.