



Media Release

Robust corporate bond issuance in 2020 despite pandemic

Corporate bond issuance totalled RM104.6 bil in 2020 - an unexpectedly strong showing despite the disruptions of the coronavirus pandemic. Primary issuance was driven by backloaded financing in 2H 2020 as issuers locked in cheaper funding following multiple rounds of monetary easing. Total issuance exceeded RAM's projections and was on par with the preceding year's RM105.3 bil, net of adjustments.

The Malaysian bond market clocked up an impressive net foreign inflow of RM18.3 bil in 2020 (2019: RM19.9 bil) despite investors' flight to safety at the beginning of the year. The market saw an unbroken eight-month streak of foreign inflows to December 2020, lifting foreign participation (13.9%) to its highest level since May 2018. Much of this was underpinned by investors' hunt for yield amid globally suppressed interest rates.

Looking ahead, we project some RM100 bil-RM110 bil of gross corporate bond issuance in 2021, supported by the budding economic recovery - notwithstanding transitory setbacks - and financing for big-ticket infrastructure projects. Meanwhile, MGS/GII issuance is projected at RM155 bil-RM165 bil in 2021. This will be underscored by the Government's heftier deficit financing needs; RM69 bil of development expenditure has been earmarked under Budget 2021 - the highest on record.

Analytical contact

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

Media contact

Padthma Subbiah
(603) 3385 2577
padthma@ram.com.my

Date of release: 21 January 2021

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 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 accept 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 2021 by RAM Rating Services Berhad

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 This material may not be published, reproduced, broadcast, rewritten or redistributed without prior permission.