RATINGS

Media Release

Robust bond market activity and fund flows in 2021

Financing via corporate bonds was stronger than expected in 2021, with total issuance of RM114.3 bil, up 9.3% from the previous year. The healthy supply was driven by the financial services sector (RM48.4 bil). With anticipation of interest rate hikes in 2022, we expect more issuers to lock in fixed rate credit facilities and corporate bonds to remain within RM110 bil-RM120 bil.

Gross issuance of MGS and GII in 2021 (RM163.9 bil) was the largest on record, on the back of enlarged fiscal spending and the rollout of pandemic-related relief expenditure. Looking ahead, we expect MGS and GII issuance to stay elevated at circa RM165 bil-RM175 bil on account of the government's larger deficit financing requirement as well as the refinancing of debts maturing next year.

In terms of foreign funds, total net buying expanded further to RM33.6 bil compared to RM18.3 bil in 2020, the highest since 2012. Much of this, frontloaded in the beginning of the year, was fuelled by a hunt for yields and volatile equity markets triggered by the Delta variant. Impending US Fed rate hikes in 2022 may reduce foreign interest in Malaysian bonds but we believe the still-positive yield differential and local investors will offset some of this risk.

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

Media contact
Sakinah Ariffin
(603) 3385 2505
sakinah@ram.com.my

Date of release: 24 January 2022

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 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 2022 by RAM Rating Services Berhad
All rights reserved. This material may not be published, reproduced, broadcast, rewritten or redistributed without prior permission.

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