

Hong Kong, China

LCY bonds outstanding in Hong Kong, China reached HKD1.5 trillion (US\$196 billion) in 1Q14, expanding 1.0% quarter-on-quarter (q-o-q) and 6.9% year-on-year (y-o-y). Government bond market growth outpaced that of the corporate sector on both a q-o-q and y-o-y basis. Corporate bonds outstanding totaled HKD679 billion at end-March, compared with HKD668 billion in December 2013.

Table 1: Size and Composition of the LCY Bond Market in Hong Kong, China

	Outstanding Amount (billion)						Growth Rate (%)			
	1Q13		4Q13		1Q14		1Q13		1Q14	
	HKD	US\$	HKD	US\$	HKD	US\$	q-o-q	y-o-y	q-o-q	y-o-y
Total	1,426	184	1,509	195	1,524	196	3.6	7.2	1.0	6.9
Government	779	100	841	108	846	109	7.6	10.5	0.5	8.5
Exchange Fund Bills	640	83	683	88	683	88	8.7	9.1	0.1	6.8
Exchange Fund Notes	69	9	68	9	68	8.8	0.0	(0.9)	0.0	(0.9)
HKSAR Bonds	71	9.1	90	12	94	12	5.2	42.4	4.4	33.3
Corporate	646	83	668	86	679	87	(0.7)	3.5	1.5	5.0

(-) = negative, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, q-o-q = quarter-on-quarter, y-o-y = year-on-year.
Notes:

1. Calculated using data from national sources.
 2. Bloomberg LP end-of-period LCY-US\$ rates are used.
 3. Growth rates are calculated from LCY base and do not include currency effects.
- Sources: Hong Kong Monetary Authority and Bloomberg LP.

In 1Q14, HKD7.5 billion of HKSAR bonds were issued. At end-March, total HKSAR bonds outstanding reached HKD94.0 billion. The largest corporate issuers were mostly infrastructure- or property-related entities, such as the Hong Kong Mortgage Corporation.

Table 2: Notable LCY Corporate Bond Issuance in 1Q14

Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD billion)
The Hong Kong Mortgage Corporation		
3-year bonds	0.48	0.70
NWD (MTN) Limited		
10-year bonds	5.50	0.60
CLP Power Hong Kong		
12-year bonds	4.17	0.60

LCY = local currency.
Source: Central Moneymarkets Unit (CMU) HKMA.

LCY bonds outstanding among the top 30 corporate bond issuers in Hong Kong, China reached HKD109.0 billion at end-March, representing 16.1% of the total LCY corporate bond market.

Table 3: Top 30 Nonbank Corporate Issuers in Hong Kong, China

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (HKD billion)	LCY Bonds (US\$ billion)			
1.	The Hong Kong Mortgage Corporate	13.79	1.78	Yes	No	Finance
2.	CLP Power Hong Kong Financing	10.35	1.33	No	No	Electric
3.	Sun Hung Kai Properties (Capital Market)	10.01	1.29	No	No	Real Estate
4.	Wharf Finance	6.72	0.87	No	No	Diversified
5.	The Link Finance (Cayman) 2009	6.14	0.79	No	No	Finance
6.	MTR Corporation (C.I.)	5.75	0.74	Yes	Yes	Transportation
7.	HKCG (Finance)	5.60	0.72	No	No	Gas
8.	Hongkong Electric Finance	5.51	0.71	No	No	Electric
9.	NWD (MTN)	5.05	0.65	No	Yes	Real Estate
10.	Swire Pacific	4.83	0.62	No	Yes	Diversified
11.	Kowloon-Canton Railway	4.80	0.62	Yes	No	Transportation
12.	Urban Renewal Authority	4.80	0.62	Yes	No	Real Estate
13.	Cheung Kong Bond Finance	4.62	0.60	No	Yes	Real Estate
14.	Wheelock Finance	3.74	0.48	No	No	Diversified
15.	Yue Xiu Enterprises (Holdings)	3.00	0.39	No	No	Diversified
16.	Airport Authority Hong Kong	2.80	0.36	Yes	No	Transportation
17.	Hysan (MTN)	2.43	0.31	No	No	Finance
18.	Cathay Pacific MTN Financing	1.70	0.22	No	Yes	Airlines
19.	Nan Fung Treasury	1.31	0.17	No	No	Real Estate
20.	Henderson Land MTN	1.19	0.15	No	Yes	Finance
21.	AIA Group	1.16	0.15	No	Yes	Insurance
22.	Dragon Drays	1.00	0.13	No	No	Diversified
23.	Swire Properties MTN Financing	0.80	0.10	No	No	Real Estate
24.	R-Reit International Finance	0.78	0.10	No	No	Real Estate
25.	Wing Tai Properties (Finance)	0.58	0.07	No	No	Real Estate
26.	HLP Finance	0.56	0.07	No	Yes	Real Estate
27.	CITIC Pacific	0.50	0.06	No	Yes	Diversified
28.	K. Wah International	0.45	0.06	No	Yes	Real Estate
29.	The Hongkong Land Notes Company	0.20	0.03	No	No	Finance
30.	Far East Horizon	0.09	0.01	No	Yes	Finance
Total Top 30 Nonbank LCY Corporate Issuers		109.48	14.11			
Total LCY Corporate Bonds		678.52	87.47			
Top 30 as % of Total LCY Corporate Bonds		16.13%	16.13%			

LCY = local currency.

Notes:

1. Data as of end-March 2014.

2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.

Source: AsianBondsOnline calculations based on Hong Kong Monetary Authority data.