

Hong Kong, China

The amount of local currency (LCY) bonds outstanding in Hong Kong, China grew to HKD1.6 trillion (USD209 billion) at the end of December. Total bonds outstanding grew 4.5% quarter-on-quarter (q-o-q) and 7.8% year-on-year (y-o-y), driven by an 8.2% q-o-q and 12.6% y-o-y rise in Exchange Fund Bills. The rapid rise in Exchange Fund Bills was in response to increased demand for Hong Kong dollars following the depreciation of the Chinese renminbi.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	HKD	USD	HKD	USD	HKD	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	1,506	194	1,554	200	1,623	209	(0.04)	(0.2)	4.5	7.8
Government	849	109	876	113	927	120	(0.8)	0.9	5.8	9.2
Exchange Fund Bills	684	88	712	92	770	99	0.01	0.1	8.2	12.6
Exchange Fund Notes	69	9	62	8	59	8	0.4	0.9	(4.9)	(14.7)
HKSAR Bonds	97	12	103	13	99	13	(6.8)	7.2	(4.2)	2.5
Corporate	657	85	677	87	696	90	0.9	(1.7)	2.8	5.9

(-) = negative, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY-USD 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.

Corporate bond issuance totaled HKD79.7 billion in the fourth quarter of 2015, up from HKD41.0 billion in the third quarter of 2015, due to renewed interest in Hong Kong dollars and demand for HKD-denominated assets.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD billion)
Swire Properties MTN Financing		
10-year bond	3.00	0.80
10-year bond	3.20	0.14
Wharf Finance		
10-year bond	2.93	0.80
The Link Finance (CAYMAN) 2009		
7-year bond	2.80	0.70
HKCG (Finance)		
10-year bond	2.85	0.35

LCY = local currency, Q4 = fourth quarter.

Source: Central Moneymarkets Unit, Hong Kong Monetary Authority.

LCY corporate bonds outstanding among the top 30 nonbank corporate bond issuers in Hong Kong, China reached HKD121.5 billion at the end of December, accounting for about 17.5% of the total LCY corporate bond market. The largest issuer remained Hong Kong Mortgage Corporation, with HKD18.7 billion of bonds outstanding.

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

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (HKD billion)	LCY Bonds (USD billion)			
1.	The Hong Kong Mortgage Corporation	18.69	2.41	Yes	No	Finance
2.	CLP Power Hong Kong Financing	8.46	1.09	No	No	Electric
3.	The Link Finance (Cayman) 2009	8.02	1.04	No	No	Finance
4.	Wharf Finance	7.77	1.00	No	No	Diversified
5.	Sun Hung Kai Properties (Capital Market)	7.61	0.98	No	No	Real Estate
6.	HKCG (Finance)	6.77	0.87	No	No	Gas
7.	Swire Pacific	6.68	0.86	No	Yes	Diversified
8.	MTR Corporation (C.I.)	6.17	0.80	Yes	Yes	Transportation
9.	Hongkong Electric Finance	5.57	0.72	No	No	Electric
10.	NWD (MTN)	5.05	0.65	No	Yes	Real Estate
11.	Wheelock Finance	4.04	0.52	No	No	Diversified
12.	CK Hutchison Holdings	3.86	0.50	No	Yes	Real Estate
13.	Kowloon-Canton Railway	3.40	0.44	Yes	No	Transportation
14.	Urban Renewal Authority	3.30	0.43	Yes	No	Real Estate
15.	Swire Properties MTN Financing	3.14	0.41	No	No	Real Estate
16.	Airport Authority Hong Kong	2.60	0.34	Yes	No	Transportation
17.	Yue Xiu Property	2.30	0.30	No	No	Real Estate
18.	Tencent Holdings	2.20	0.28	No	Yes	Communications
19.	China Energy Reserve and Chemicals Group Overseas	2.00	0.26	No	No	Oil
20.	Emperor International Holdings	1.95	0.25	No	Yes	Real Estate
21.	Hong Kong Science and Technology Parks	1.71	0.22	Yes	No	Real Estate
22.	Cathay Pacific MTN Financing	1.70	0.22	No	Yes	Airlines
23.	Hysan (MTN)	1.40	0.18	No	Yes	Real Estate
24.	Nan Fung Treasury	1.31	0.17	No	No	Real Estate
25.	Henderson Land MTN	1.19	0.15	No	Yes	Finance
26.	Dragon Drays	1.00	0.13	No	No	Diversified
27.	K. Wah International	1.00	0.13	No	Yes	Real Estate
28.	Citic Limited	0.92	0.12	Yes	No	Diversified
29.	Eastern Creation II Investment Holdings	0.90	0.12	No	No	Transportation
30.	Wing Tai Prpoerties (Finance)	0.88	0.11	Yes	No	Real Estate
Total Top 30 Nonbank LCY Corporate Issuers		121.55	15.68			
Total LCY Corporate Bonds		696.14	89.82			
Top 30 as % of Total LCY Corporate Bonds		17.5%	17.5%			

LCY = local currency.

Notes:

1. Data as of end-December 2015.

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.