

Hong Kong, China

The outstanding stock of local currency (LCY) bonds in Hong Kong, China reached HKD2,394.5 billion (USD308.8 billion) at the end of the fourth quarter (Q4) of 2020, rising 4.7% quarter-on-quarter (q-o-q) and 5.7% year-on-year. Growth rose more than fivefold in Q4 2020 from 0.9% q-o-q in the third quarter (Q3) of 2020, bolstered by faster growth in both government and corporate bonds.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2019		Q3 2020		Q4 2020		Q4 2019		Q4 2020	
	HKD	USD	HKD	USD	HKD	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,266	291	2,287	295	2,395	309	0.1	1.8	4.7	5.7
Government	1,182	152	1,158	149	1,185	153	1.0	1.2	2.3	0.2
Exchange Fund Bills	1,055	135	1,042	134	1,043	135	0.7	2.4	0.1	(1.2)
Exchange Fund Notes	27	3	26	3	25	3	(6.3)	(17.4)	(3.1)	(6.0)
HKSAR Bonds	100	13	90	12	117	15	6.9	(5.4)	30.1	16.3
Corporate	1,084	139	1,129	146	1,210	156	(0.9)	2.6	7.1	11.6

() = negative, HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, 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 an LCY base and do not include currency effects.

Source: Hong Kong Monetary Authority.

Issuance of LCY corporate bonds rose to HKD259.6 billion in Q4 2020 from HKD215.2 billion in Q3 2020. Growth rebounded to 20.6% q-o-q in Q4 2020 from a contraction of 8.2% q-o-q in Q3 2020. Among the top nonbank corporate issuers in Q4 2020, the largest issuer was state-owned Hong Kong Mortgage Corporation.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2020

Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD million)	Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD million)
Hong Kong Mortgage Corporation ^a			The Hong Kong and China Gas Company		
3-month bond	0.00	1.0	3-year bond	0.88	0.7
1-year bond	0.00	0.9	10-year bond	1.98	0.5
1-year bond	0.00	0.7	Hang Lung Properties ^a		
2-year bond	0.67	0.5	5-year bond	2.20	0.8
3-year bond	0.74	0.2	5-year bond	2.20	0.2
Airport Authority Hong Kong ^a			Sun Hung Kai & Co. ^a		
7-year bond	1.36	1.0	7-year bond	1.89	0.4
7-year bond	1.55	0.6	7-year bond	1.90	0.4
10-year bond	1.90	0.7			
10-year bond	1.95	0.7			

HKD = Hong Kong dollar.

^a Multiple issuance of the same tenor indicates issuance on different dates.

Source: Bloomberg LP.

The outstanding bonds of the top 30 nonbank corporate issuers in Hong Kong, China amounted to HKD266.4 billion at the end of Q4 2020, accounting for 22.0% of the total LCY corporate bond market. Government-owned Hong Kong Mortgage Corporation remained the top issuer, with outstanding bonds amounting to HKD47.0 billion. Finance and real estate companies dominated the top 30 list in Q4 2020.

Table 3: Top 30 Nonbank Issuers of Local Currency 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.	Hong Kong Mortgage Corporation	47.0	6.1	Yes	No	Finance
2.	Sun Hung Kai & Co.	18.9	2.4	No	Yes	Finance
3.	The Hong Kong and China Gas Company	17.3	2.2	No	Yes	Utilities
4.	MTR	13.4	1.7	Yes	Yes	Transportation
5.	Link Holdings	12.9	1.7	No	Yes	Finance
6.	Hongkong Land	12.5	1.6	No	No	Real Estate
7.	New World Development	12.1	1.6	No	Yes	Diversified
8.	Henderson Land Development	11.2	1.4	No	Yes	Real Estate
9.	Hang Lung Properties	10.3	1.3	No	Yes	Real Estate
10.	Swire Pacific	10.3	1.3	No	Yes	Diversified
11.	Airport Authority Hong Kong	9.5	1.2	Yes	No	Transportation
12.	Hongkong Electric	8.5	1.1	No	No	Utilities
13.	CLP Power Hong Kong Financing	7.7	1.0	No	No	Finance
14.	Swire Properties	7.6	1.0	No	Yes	Diversified
15.	Guotai Junan International Holdings	7.2	0.9	No	Yes	Finance
16.	Wharf Real Estate Investment	6.9	0.9	No	Yes	Real Estate
17.	Smart Edge	6.8	0.9	No	No	Finance
18.	AIA Group	6.3	0.8	No	Yes	Insurance
19.	CK Asset Holdings	6.2	0.8	No	Yes	Real Estate
20.	Hysan Development Corporation	5.7	0.7	No	Yes	Real Estate
21.	The Wharf Holdings	5.1	0.7	No	Yes	Finance
22.	Future Days	4.2	0.5	No	No	Transportation
23.	Lerthai Group	3.0	0.4	No	Yes	Real Estate
24.	Cathay Pacific	2.5	0.3	No	Yes	Transportation
25.	China Dynamics Holdings	2.4	0.3	No	Yes	Automotive
26.	Champion REIT	2.3	0.3	No	Yes	Real Estate
27.	South Shore Holdings	2.2	0.3	No	Yes	Industrial
28.	Emperor Capital Group	2.2	0.3	No	Yes	Finance
29.	Emperor International Holdings	2.2	0.3	No	Yes	Finance
30.	IFC Development	2.0	0.3	No	No	Finance
Total Top 30 Nonbank LCY Corporate Issuers		266.4	34.4			
Total LCY Corporate Bonds		1,209.9	156.1			
Top 30 as % of Total LCY Corporate Bonds		22.0%	22.0%			

HKD = Hong Kong dollar, LCY = local currency, REIT = real estate investment trust, USD = United States dollar.

Notes:

1. Data as of 31 December 2020.

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

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.