

Hong Kong, China

The local currency (LCY) bond market in Hong Kong, China expanded to a size of HKD2,525.0 billion (USD323.9 billion) at the end of the fourth quarter (Q4) of 2021. Overall growth accelerated to 4.0% quarter-on-quarter (q-o-q) in Q4 2021 from 0.1% q-o-q in the previous quarter, buoyed by more rapid expansion in the government bond segment and a rebound in the corporate bond segment. The Hong Kong Monetary Authority increased issuance of Exchange Fund Bills in Q4 2021 to meet strong market demand amid ample liquidity in the banking system.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2020		Q3 2021		Q4 2021		Q4 2020		Q4 2021	
	HKD	USD	HKD	USD	HKD	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,405	310	2,429	312	2,525	324	5.1	6.1	4.0	5.0
Government	1,185	153	1,252	161	1,317	169	2.3	0.2	5.2	11.2
Exchange Fund Bills	1,043	135	1,064	137	1,125	144	0.1	(1.2)	5.7	7.9
Exchange Fund Notes	25	3	24	3	23	3	(3.1)	(6.0)	(3.3)	(6.4)
HKSAR Bonds	117	15	164	21	168	22	30.1	16.3	2.7	44.4
Corporate	1,220	157	1,176	151	1,208	155	7.9	12.6	2.7	(1.0)

(-) = 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. Bloomberg LP end-of-period LCY-USD rates are used.

2. 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 HKD204.9 billion in Q4 2021 from HKD196.7 billion in the third quarter of 2021. Growth rebounded to 4.2% q-o-q in Q4 2021, following a contraction of 15.8% q-o-q in the previous quarter. State-owned Hong Kong Monetary Mortgage Corporation was the top nonbank corporate issuer in Q4 2021.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2021

Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD million)
Hong Kong Mortgage Corporation		
1-year bond	0.29	800
2-year bond	0.74	1,000
3-year bond	0.83	1,000
5-year bond	1.54	100
10-year bond	2.00	120
Farsail Goldman International		
5-year bond	7.00	2,418
Wheelock and Company ^a		
3-year bond	1.65	400
5-year bond	2.05	500
5-year bond	2.00	300
9.25-year bond	2.35	200
10-year bond	2.50	200
Link Holdings		
5-year bond	1.48	800
9.97-year bond	2.23	782

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 HKD304.1 billion at the end of December, accounting for a 25.2% share of the LCY corporate bond market. Hong Kong Mortgage Corporation remained the top issuer, with outstanding bonds amounting to HKD72.8 billion. Over half of the top 30 list in Q4 2021 comprised finance and real estate companies.

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	72.8	9.3	Yes	No	Finance
2.	Sun Hung Kai & Co.	20.6	2.6	No	Yes	Finance
3.	The Hong Kong and China Gas Company	18.0	2.3	No	Yes	Utilities
4.	New World Development	16.0	2.0	No	Yes	Diversified
5.	Link Holdings	13.7	1.8	No	Yes	Finance
6.	Hang Lung Properties	13.2	1.7	No	Yes	Real Estate
7.	Hongkong Land	12.4	1.6	No	No	Real Estate
8.	Henderson Land Development	12.3	1.6	No	Yes	Real Estate
9.	MTR	12.0	1.5	Yes	Yes	Transportation
10.	Swire Pacific	10.1	1.3	No	Yes	Diversified
11.	CK Asset Holdings	10.0	1.3	No	Yes	Real Estate
12.	The Wharf Holdings	9.7	1.2	No	Yes	Finance
13.	Cathay Pacific	9.0	1.1	No	Yes	Transportation
14.	Airport Authority	8.9	1.1	Yes	No	Transportation
15.	Hongkong Electric	8.5	1.1	No	No	Utilities
16.	Guotai Junan International Holdings	7.5	1.0	No	Yes	Finance
17.	CLP Power Hong Kong Financing	7.4	0.9	No	No	Finance
18.	Swire Properties	7.3	0.9	No	Yes	Diversified
19.	Hysan Development Corporation	6.1	0.8	No	Yes	Real Estate
20.	Haitong International	3.7	0.5	No	Yes	Finance
21.	Future Days	3.7	0.5	No	No	Transportation
22.	Lerthai Group	3.0	0.4	No	Yes	Real Estate
23.	Wheelock and Company	2.9	0.4	No	Yes	Real Estate
24.	Farsail Goldman International	2.4	0.3	No	No	Finance
25.	AIA Group	2.4	0.3	No	Yes	Insurance
26.	Ev Dynamics Holdings	2.4	0.3	No	Yes	Diversified
27.	Champion REIT	2.3	0.3	No	Yes	Real Estate
28.	South Shore Holdings	2.2	0.3	No	Yes	Industrial
29.	IFC Development	2.0	0.3	No	No	Finance
30.	Nan Fung	1.8	0.2	No	No	Real Estate
Total Top 30 Nonbank LCY Corporate Issuers		304.1	39.0			
Total LCY Corporate Bonds		1,208.2	155.0			
Top 30 as % of Total LCY Corporate Bonds		25.2%	25.2%			

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

Notes:

1. Data as of 31 December 2021.

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.