

Republic of Korea

The Republic of Korea's local currency (LCY) bonds outstanding inched up 0.6% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2018 to reach KRW2,237 trillion (USD2,014 billion). Government bonds outstanding declined 1.5% q-o-q in Q4 2018 to KRW914 trillion as the stocks of central government bonds and central bank bonds contracted on a q-o-q basis. On the other hand, corporate bonds outstanding rose 2.1% q-o-q in Q4 2018 to reach KRW1,323 trillion. On a year-on-year basis, the Republic of Korea's LCY bond market expanded 3.8%.

Table 1: Size and Composition of the Local Currency Bond Market in the Republic of Korea

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2017		Q3 2018		Q4 2018		Q4 2017		Q4 2018	
	KRW	USD	KRW	USD	KRW	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,155,898	2,020	2,223,799	2,005	2,237,400	2,014	0.5	4.3	0.6	3.8
Government	882,781	827	928,209	837	913,966	823	0.3	4.2	(1.5)	3.5
Central Government Bonds	546,715	512	579,104	522	567,044	510	(0.5)	5.8	(2.1)	3.7
Central Bank Bonds	170,860	160	174,600	157	171,640	154	2.9	1.5	(1.7)	0.5
Others	165,205	155	174,505	157	175,282	158	0.1	1.8	0.4	6.1
Corporate	1,273,117	1,193	1,295,590	1,168	1,323,434	1,191	0.6	4.4	2.1	4.0

() = negative, KRW = Korean won, 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.
4. "Others" comprise Korea Development Bank bonds, National Housing bonds, and Seoul Metro bonds.
5. Corporate bonds include equity-linked securities and derivatives-linked securities.

Sources: The Bank of Korea and EDAILY BondWeb.

Corporate bond issuance in the Republic of Korea rose to KRW135 trillion in Q4 2018 from KRW101 trillion in the previous quarter. Table 2 lists the notable LCY corporate bond issuances in the Republic of Korea during the quarter.

Table 2: Notable LCY Corporate Bond Issuance in the Fourth Quarter of 2018

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
Kookmin Bank		
1-year bond	2.01	400
2-year bond	2.14	200
10-year bond	2.96	300
Shihan Bank		
2-year bond	2.14	400
3-year bond	2.01	210
20-year bond	2.92	80
KEB Hana Bank		
1-year bond	2.95	200
2-year bond	2.15	200
2-year bond	2.15	200
HongHyup Bank		
1.5-year bond	2.09	300
3-year bond	2.13	60

KRW = Korean won.

Source: Based on data from Bloomberg LP.

LCY bonds outstanding among the top 30 corporate bond issuers in the Republic of Korea reached a total of KRW829 trillion at the end of Q4 2018, accounting for 62.6% of total LCY corporate bonds outstanding.

Table 3: Top 30 Issuers of Local Currency Corporate Bonds in the Republic of Korea

	Issuers	Outstanding Amount		State-Owned	Listed on		Type of Industry
		LCY Bonds (KRW billion)	LCY Bonds (USD billion)		KOSPI	KOSDAQ	
1.	Korea Housing Finance Corporation	117,937.3	106.2	Yes	No	No	Housing Finance
2.	Mirae Asset Daewoo	69,985.7	63.0	No	Yes	No	Securities
3.	Korea Investment & Securities	57,593.5	51.8	No	No	No	Securities
4.	Nh Investment & Securities	57,574.4	51.8	Yes	Yes	No	Securities
5.	Industrial Bank of Korea	49,690.3	44.7	Yes	Yes	No	Banking
6.	Kb Securities	41,394.5	37.3	No	No	No	Securities
7.	Hana Financial Investment	38,580.6	34.7	No	No	No	Securities
8.	Korea Land & Housing Corporation	33,276.1	30.0	Yes	No	No	Real Estate
9.	Samsung Securities	27,006.0	24.3	No	Yes	No	Securities
10.	Shinhan Bank	26,552.5	23.9	No	No	No	Banking
11.	Korea Electric Power Corporation	25,280.0	22.8	Yes	Yes	No	Electricity, Energy, and Power
12.	Kookmin Bank	22,898.7	20.6	No	No	No	Banking
13.	Korea Expressway Corporation	21,800.0	19.6	Yes	No	No	Transport Infrastructure
14.	Keb Hana Bank	20,050.0	18.0	No	No	No	Banking
15.	Woori Bank	19,990.0	18.0	Yes	Yes	No	Banking
16.	Korea Rail Network Authority	18,860.0	17.0	Yes	No	No	Transport Infrastructure
17.	Korea Deposit Insurance Corporation	17,390.0	15.7	Yes	No	No	Insurance
18.	The Export-Import Bank of Korea	15,345.0	13.8	Yes	No	No	Banking
19.	Nonghyup Bank	14,930.0	13.4	Yes	No	No	Banking
20.	Shinyoung Securities	14,243.4	12.8	No	Yes	No	Securities
21.	Shinhan Card	14,000.0	12.6	No	No	No	Credit Card
22.	Hyundai Capital Services	13,391.0	12.1	No	No	No	Consumer Finance
23.	Small & Medium Business Coporation	12,953.1	11.7	Yes	No	No	SME Development
24.	Korea Gas Corporation	12,278.6	11.1	Yes	Yes	No	Gas Utility
25.	Kb Kookmin Card	12,090.0	10.9	No	No	No	Consumer Finance
26.	Korea Student Aid Foundation	11,160.0	10.0	Yes	No	No	Student Loan
27.	Standard Chartered Bank Korea	11,130.0	10.0	No	No	No	Banking
28.	Nonghyup Bank	10,910.0	9.8	Yes	No	No	Banking
29.	Samsung Card	10,498.0	9.4	No	Yes	No	Consumer Finance
30.	Daishin Securities	10,205.4	9.2	No	Yes	No	Securities
Total Top 30 LCY Corporate Issuers		828,993.9	746.2				
Total LCY Corporate Bonds		1,323,434.0	1,191.3				
Top 30 as % of Total LCY Corporate Bonds		62.6%	62.6%				

KOSDAQ = Korean Securities Dealer Automated Quotations, KOSPI = Korea Composite Stock Price Index, KRW = Korean won, LCY = local currency, SME = small and medium-sized enterprises, USD = United States dollar.

Notes:

1. Data as of end-December 2018.

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

Sources: *AsianBondsOnline* calculations based on Bloomberg LP and *EDAILY BondWeb* data.