

Republic of Korea

The Republic of Korea's local currency (LCY) bond market expanded 1.6% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2019 to reach a size of KRW2,407.6 trillion (USD2,083.0 billion) at the end of December. The increase was largely driven by growth in the corporate segment. LCY corporate bonds outstanding rose 2.7% q-o-q to KRW1,455.7 trillion on an issuance surge during the quarter. Meanwhile, outstanding government bonds fell 0.2% q-o-q to KRW951.9 trillion at the end of December due to a decline in the stock of central bank bonds. On a year-on-year basis, the Republic of Korea's LCY bond market expanded 7.6%.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2018		Q3 2019		Q4 2019		Q4 2018		Q4 2019	
	KRW	USD	KRW	USD	KRW	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,238,473	2,015	2,370,666	1,982	2,407,623	2,083	0.7	3.8	1.6	7.6
Government	913,966	823	953,854	797	951,912	824	(1.5)	3.5	(0.2)	4.2
Central Government Bonds	567,044	510	607,015	507	611,533	529	(2.1)	3.7	0.7	7.8
Central Bank Bonds	171,640	154	170,960	143	164,060	142	(1.7)	0.5	(4.0)	(4.4)
Others	175,282	158	175,879	147	176,319	153	0.4	6.1	0.3	0.6
Corporate	1,324,507	1,192	1,416,812	1,184	1,455,711	1,259	2.2	4.0	2.7	9.9

() = 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 surged 30.5% q-o-q in Q4 2019 to KRW157.6 trillion from KRW120.7 trillion in the previous quarter. Table 2 lists some of the notable LCY corporate bond issuances in the Republic of Korea in Q4 2019.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2019

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
POSCO Korea		
3-year bond	1.56	610
Shinhan Bank		
2-year bond	1.62	300
5-year bond	1.63	300
Nonghyup Bank		
2-year bond	2.00	340
KT Corporation		
3-year bond	1.55	340
National Agricultural Cooperative		
3-year bond	1.61	340
KEB Hana Bank		
10-year bond	2.42	300

KRW = Korean won.

Source: Based on data from Bloomberg LP.

The aggregate bonds outstanding of the top 30 LCY corporate bond issuers in the Republic of Korea reached KRW899.8 trillion at the end of Q4 2019, comprising 61.8% 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	123,151.9	106.5	Yes	No	No	Housing Finance
2. Mirae Asset Daewoo	74,883.9	64.8	No	Yes	No	Securities
3. Korea Investment and Securities	67,042.9	58.0	No	No	No	Securities
4. Industrial Bank of Korea	59,170.0	51.2	Yes	Yes	No	Banking
5. KB Securities	54,635.9	47.3	No	No	No	Securities
6. NH Investment & Securities	51,385.9	44.5	Yes	Yes	No	Securities
7. Hana Financial Investment	47,488.9	41.1	No	No	No	Securities
8. Samsung Securities	34,795.7	30.1	No	Yes	No	Securities
9. Shinhan Bank	31,782.5	27.5	No	No	No	Banking
10. Korea Electric Power Corporation	28,450.0	24.6	Yes	Yes	No	Electricity, Energy, and Power
11. Korea Land & Housing Corporation	28,057.7	24.3	Yes	No	No	Real Estate
12. Korea Expressway	22,810.0	19.7	Yes	No	No	Transport Infrastructure
13. Woori Bank	20,070.0	17.4	Yes	Yes	No	Banking
14. Shinyoung Securities	19,648.9	17.0	No	Yes	No	Securities
15. Korea Rail Network Authority	18,900.0	16.4	Yes	No	No	Transport Infrastructure
16. KEB Hana Bank	18,320.0	15.8	No	No	No	Banking
17. Kookmin Bank	16,673.7	14.4	No	No	No	Banking
18. Shinhan Investment	16,376.0	14.2	No	No	No	Securities
19. The Export-Import Bank of Korea	16,085.0	13.9	Yes	No	No	Banking
20. Hanwha Investment and Securities	16,014.0	13.9	No	No	No	Securities
21. Hyundai Capital Services	15,206.0	13.2	No	No	No	Consumer Finance
22. Shinhan Card	14,945.0	12.9	No	No	No	Credit Card
23. NongHyup Bank	14,070.0	12.2	Yes	No	No	Banking
24. Korea Deposit Insurance Corporation	13,930.0	12.1	Yes	No	No	Insurance
25. Korea SMEs and Startups Agency	13,847.5	12.0	Yes	No	No	SME Development
26. KB Kookmin Bank Card	13,310.0	11.5	No	No	No	Consumer Finance
27. Standard Chartered Bank Korea	12,400.0	10.7	No	No	No	Banking
28. Meritz Securities	12,328.7	10.7	No	Yes	No	Securities
29. Korea Gas Corporation	12,098.6	10.5	Yes	Yes	No	Gas Utility
30. Nonghyup	11,910.0	10.3	Yes	No	No	Banking
Total Top 30 LCY Corporate Issuers	899,788.6	778.5				
Total LCY Corporate Bonds	1,455,711.0	1,259.4				
Top 30 as % of Total LCY Corporate Bonds	61.8%	61.8%				

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

Notes:

1. Data as of 31 December 2019.

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.