

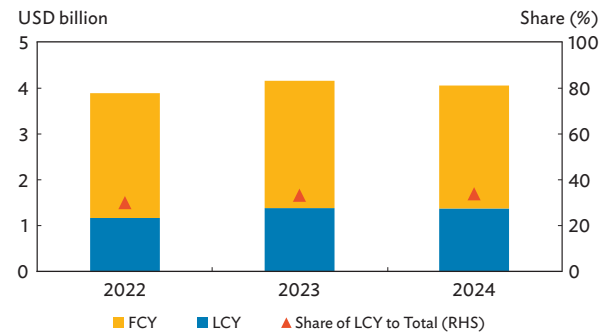
# Lao People's Democratic Republic

## Size and Composition

The local currency (LCY) bond market of the Lao People's Democratic Republic (Lao PDR) has the potential to mobilize additional domestic capital. Total bonds outstanding in the Lao PDR declined by 2.4% year-on-year (y-o-y) to USD4.0 billion at the end of 2024 from USD4.1 billion a year earlier. LCY bonds' share of total bonds outstanding was 33.7% in 2024, slightly up from 33.1% in 2023 (**Figure 1**). In relative terms, the size of the Lao PDR's total bond market remained small in 2024 at the equivalent of 27.2% of gross domestic product, compared to the average of 76.9% among members of the Association of Southeast Asian Nations (ASEAN) (**Figure 2**).

The development of the Lao PDR's domestic bond market is facilitating more onshore financing. The Lao PDR is increasingly turning from offshore bond markets to onshore bond markets to raise funds. Total onshore bond issuance through the Lao Securities Exchange (LSX) increased to USD361.3 million in 2024, up from USD316.2 million in 2023. All onshore bond issuances in 2024 were conducted by the government. With a relatively small domestic bond market and a thin domestic investor base, foreign-currency (FCY)-denominated financing continued to comprise the majority of bond issuance in the onshore market. Onshore FCY bond issuance through the LSX recorded USD312.2 million in 2024, accounting for 86.4% of total onshore issuance. The dominant foreign currencies used for onshore bond issuance in 2024 were the Thai baht and the United States dollar (**Figure 3**). The Government of the Lao PDR issued its first CNY-denominated bonds in December 2024, amounting to USD37.4 million (CNY273.2 million); the bonds were officially listed on the LSX in January 2025. On the other hand, issuance of LCY government bonds declined to USD49.1 million (LAK1.1 trillion) in 2024 from USD169.8 million (LAK3.7 trillion) in 2023, reflecting reduced LCY borrowing by the government amid [fiscal consolidation](#).

**Figure 1: The Lao People's Democratic Republic's Bond Market**



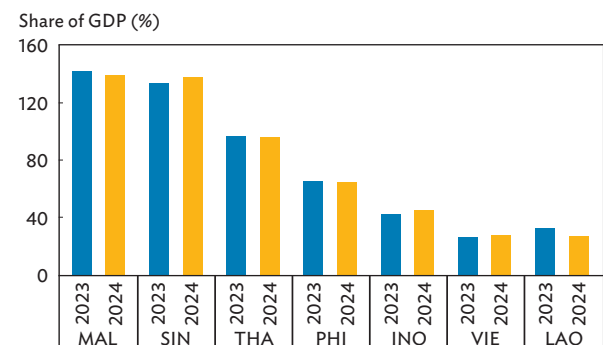
FCY = foreign currency, LCY = local currency, RHS = right-hand side, USD = United States dollar.

Notes:

1. Bonds outstanding data are as of year-end.
2. FCY data include bonds issued via the Lao Securities Exchange and the Thai Bond Market Association.
3. Figures were computed based on 31 December 2024 currency exchange rates and do not include currency effects.

Sources: Lao Securities Exchange, Ministry of Finance Lao People's Democratic Republic, and Thai Bond Market Association.

**Figure 2: Total Bonds Outstanding as a Share of Gross Domestic Product in ASEAN Markets**

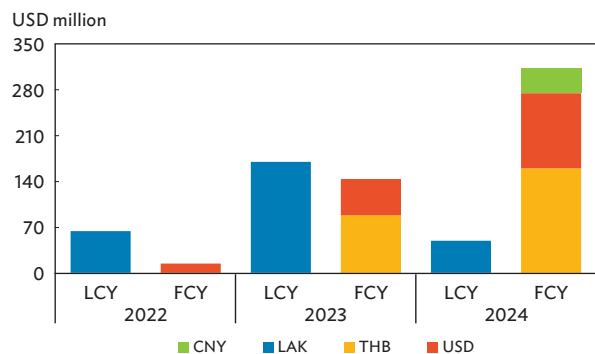


ASEAN = Association of Southeast Asian Nations, GDP = gross domestic product, INO = Indonesia, LAO = Lao People's Democratic Republic, MAL = Malaysia, PHI = Philippines, SIN = Singapore, THA = Thailand, VIE = Viet Nam.

Note: Gross domestic product data are from CEIC Data Company.

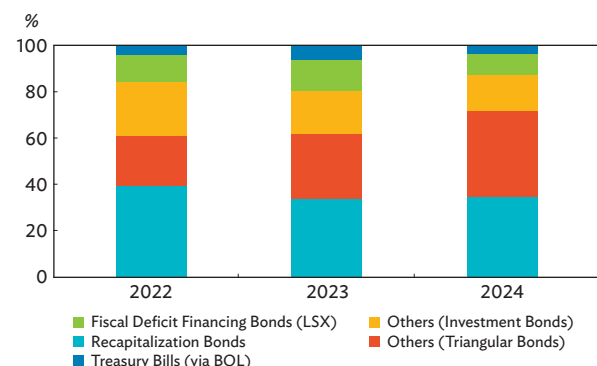
Source: [AsianBondsOnline](#) calculations based on various sources.

**Figure 3: Onshore Government Bonds Issued Through the Lao Securities Exchange**



CNY = Chinese yuan, FCY = foreign currency, LAK = Lao kip, LCY = local currency, THB = Thai baht, USD = United States dollar.  
 Note: Figures were computed based on 31 December 2024 currency exchange rates and do not include currency effects.  
 Source: Lao Securities Exchange.

**Figure 4: Composition of Local Currency Bonds Outstanding in the Lao People’s Democratic Republic**



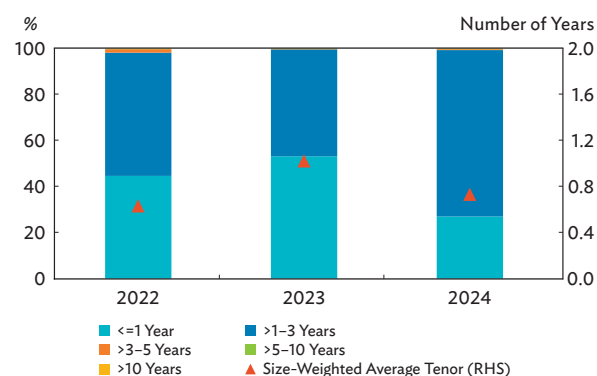
BOL = Bank of the Lao PDR, LSX = Lao Securities Exchange.  
 Note: There are no available data for local currency corporate bonds.  
 Source: Ministry of Finance Lao People’s Democratic Republic.

## Local Currency Bond Market Size and Issuance

LCY bonds outstanding remained stable in 2024 amid slower growth in LCY bond issuance. Total LCY bonds outstanding reached LAK29.8 trillion at the end of 2024, compared to LAK30.0 trillion in 2023 due to slightly more maturities than new LCY bond issuance in 2024. Triangular and recapitalization bonds continued to be the major instrument type among LCY bonds outstanding (Figure 4). Triangular bonds totaled LAK11.0 trillion at the end of 2024, accounting for 37.1% of total LCY bonds outstanding, up from 28.2% in 2023. This was followed by recapitalization bonds (34.9%, LAK10.4 trillion), investment bonds (15.3%, LAK4.6 trillion), fiscal deficit financing bonds (9.2%, LAK2.7 trillion), and Treasury bills (3.5%, LAK1.0 trillion).

Outstanding LCY bonds on the LSX were largely concentrated in short-term tenors. In 2024, nearly all outstanding LCY bonds listed on the LSX had remaining tenors of less than 3 years (Figure 5). The size-weighted average tenor dipped to 0.7 years at the end of 2024 from 1.0 years in 2023. The market’s short-tenor profile was reinforced by short-term LCY bond issuances in 2024. Almost all LCY bond issuance through the LSX in 2024 carried maturities of less than 3 years, resulting in a size-weighted average maturity of 1.4 years, slightly lower than the average of 1.5 years in 2023 (Figure 6).

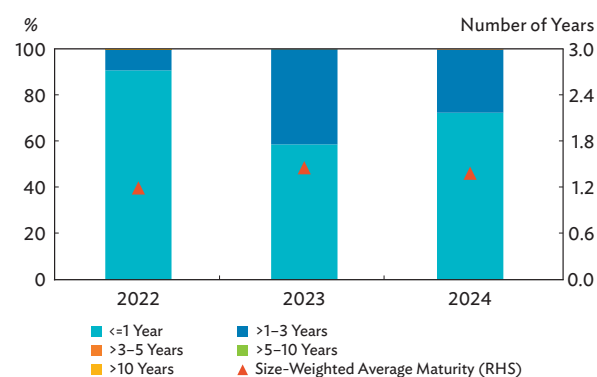
**Figure 5: Maturity Structure of Local Currency Bonds Outstanding Issued Through the Lao Securities Exchange**



RHS = right-hand side.  
 Notes:  
 1. Bonds outstanding data are as of year-end.  
 2. Data only include government bonds as there are no local currency corporate bonds issued through the Lao Securities Exchange.  
 Source: Lao Securities Exchange.

Issuance of LCY government bonds declined in 2024 as the government reduced LCY borrowing to prioritize fiscal consolidation. In line with efforts to improve fiscal management and debt sustainability, the government limited its LCY borrowing in 2024, resulting in a 37.0% y-o-y decrease in LCY government bond issuance to LAK6.2 trillion from LAK9.8 trillion in 2023. Issuance across most bond categories declined in 2024, led by fiscal deficit financing bonds (LAK1.1 trillion) and

**Figure 6: Maturity Structure of Local Currency Bond Issuance Through the Lao Securities Exchange**

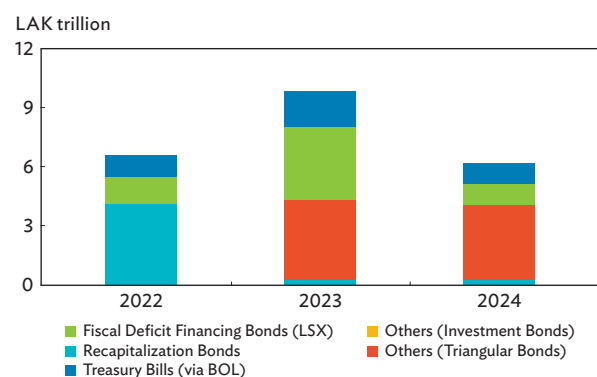


RHS = right-hand side.

Note: Data only include government bonds as there are no local currency corporate bonds issued through the Lao Securities Exchange.

Source: Lao Securities Exchange.

**Figure 7: Onshore Local Currency Bond Issuance in the Lao People's Democratic Republic**



BOL = Bank of the Lao PDR, LAK = Lao kip, LSX = Lao Securities Exchange.

Note: There are no available data for local currency corporate bonds.

Source: Ministry of Finance Lao People's Democratic Republic.

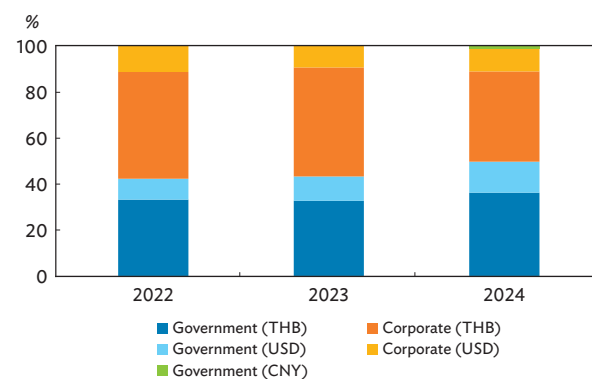
Treasury bills (LAK1.0 trillion), which fell by 71.1% y-o-y and 42.9% y-o-y, respectively (Figure 7). Issuance of triangular bonds, which finance the repayment of unpaid obligations on public investment projects, also decreased 5.9% y-o-y to LAK3.8 trillion in 2024.<sup>9</sup> Meanwhile, issuance of recapitalization bonds, which are used to provide liquidity and support for state-owned banks and

enterprises, rose 7.1% y-o-y to LAK0.3 trillion, although this bond type's share of total LCY bond issuance in 2024 was minimal.

## Foreign Currency Bond Market Size and Issuance

Total FCY bonds outstanding in the Lao PDR declined in 2024 as maturities outpaced new issuances. Total FCY bonds outstanding decreased 3.4% y-o-y to USD2.7 billion in 2024 from USD2.8 billion in 2023. All FCY bond issuance in 2024 was from the government. Consequently, the share of corporate bonds to total FCY bonds outstanding fell to 49.0% from 56.8% in 2023, while the share of government bonds rose to 51.0% from 43.2%. The Thai baht remained the predominant currency among FCY bonds outstanding, comprising 75.3% of the total. This was followed by the United States dollar at 23.3% (Figure 8). With its LCY bond market still in a relatively early stage of development, the Lao PDR had the second-highest percentage among ASEAN economies of FCY bonds to gross domestic product at 18.0% at the end of 2024, compared to the ASEAN average of 11.9% (Figure 9).

**Figure 8: The Lao People's Democratic Republic's Foreign Currency Bonds Outstanding**



CNY = Chinese yuan, THB = Thai baht, USD = United States dollar.

Notes:

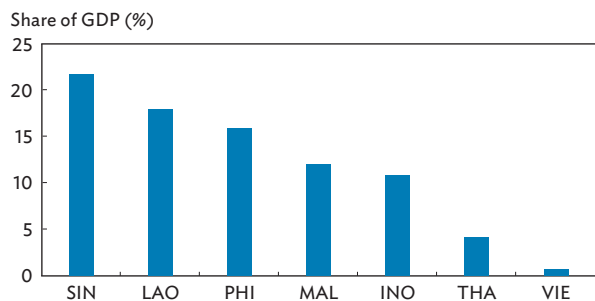
1. Bonds outstanding data are as of year-end.

2. Figures were computed based on 31 December 2024 currency exchange rates and do not include currency effects.

Sources: Lao Securities Exchange and Thai Bond Market Association.

<sup>9</sup> In 2023, the National Assembly approved the issuance of triangular bonds totaling LAK8.0 trillion to address outstanding arrears. Of this approved amount, bonds valued at LAK4.1 trillion were issued in 2023 and LAK3.8 trillion in 2024. The remaining balance of LAK106.2 billion was scheduled to be issued in 2025. Ministry of Finance Lao PDR. 2025. *Public and Publicly Guaranteed Debt Statistic Bulletin 2024*.

**Figure 9: Foreign Currency Bonds Outstanding as a Share of Gross Domestic Product in ASEAN Economies**



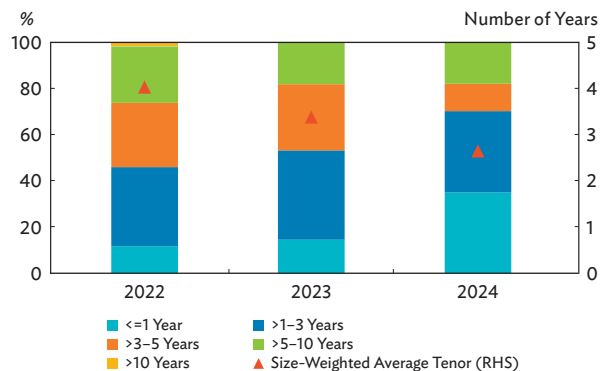
ASEAN = Association of Southeast Asian Nations, GDP = gross domestic product, INO = Indonesia, LAO = Lao People’s Democratic Republic, MAL = Malaysia, PHI = Philippines, SIN = Singapore, THA = Thailand, VIE = Viet Nam.

Notes:

1. All data as of end-December 2024.
2. Data for gross domestic product are from CEIC Data Company.

Source: *AsianBondsOnline* calculations based on various sources.

**Figure 10: Maturity Structure of Foreign Currency Bonds Outstanding in the Lao People’s Democratic Republic’s Bond Market**



RHS = right-hand side.

Notes:

1. Bonds outstanding data are as of year-end.
2. Figures were computed based on 31 December 2024 currency exchange rates and do not include currency effects.

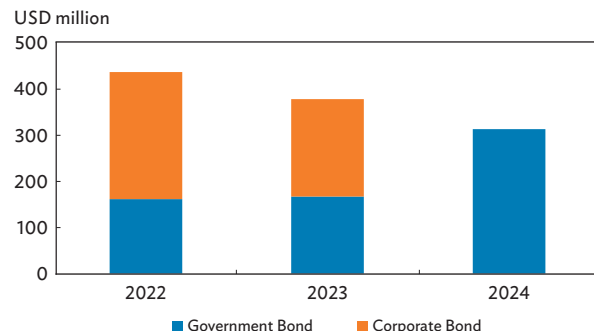
Sources: Lao Securities Exchange and Thai Bond Market Association.

Short-term bonds comprised a majority of FCY bonds outstanding in the Lao PDR at the end of 2024. Around 70% of FCY bonds outstanding at the end of 2024 had remaining tenors of less than 3 years. The large amount of short-term FCY bonds issued in 2024 reduced the size-weighted average tenor of outstanding FCY bonds to 2.7 years from 3.4 years in 2023 (Figure 10).

The government was the sole issuer of FCY bonds in 2024. Government issuance surged 87.5% y-o-y to USD312.2 million in 2024 from USD166.5 million in 2023, driven by the government’s increased funding needs for the year (Figure 11). Based on available data, part of the proceeds from FCY bond issuance in 2024 may have been used for the repayment of maturing FCY bonds previously issued by the government and government-related entities.<sup>10</sup> Despite growth in government bond issuance, total FCY bond issuance contracted 17.2% y-o-y from USD377.1 million in 2023 amid the absence of any new corporate issuance during the year.

Short-term tenors comprised the majority of FCY government bond issuance through the LSX in 2024. About 91.8% of total FCY government bond issuance through the LSX in 2024 carried a maturity of less than 1 year, up slightly from 88.9% in 2023. This led to a further

**Figure 11: Composition of Foreign Currency Bond Issuance in the Lao People’s Democratic Republic**



USD = United States dollar.

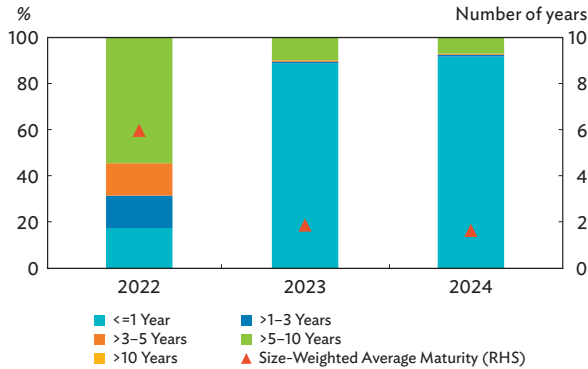
Note: Figures computed based on 31 December 2024 exchange rates to remove currency effects.

Sources: Lao Securities Exchange and Thai Bond Market Association.

decline in the average size-weighted maturity from 1.9 years in 2024 to 1.6 years in 2023 (Figure 12). The combination of shorter maturities and rising FCY issuance in 2024 might have increased the Government of the Lao PDR’s exposure to foreign exchange risk and related refinancing pressures in the event of the depreciation of the Lao kip.

<sup>10</sup> Based on *AsianBondsOnline* calculations, approximately USD232.8 million of outstanding bonds issued by Lao PDR entities and listed on the ThaiBMA matured in 2024, including bonds issued by the Ministry of Finance of the Lao PDR (USD10.0 million) and EDL-Generation Public (USD222.8 million). (EDL-Generation Public is a subsidiary of the state-owned Electricite du Laos.)

Figure 12: Maturity Structure of Foreign Currency Government Bonds Issued Through the Lao Securities Exchange



RHS = right-hand side.  
Source: Lao Securities Exchange.