

Malaysia

Total local currency (LCY) bonds outstanding in Malaysia reached MYR1,401 billion (USD339 billion) at the end of the fourth quarter (Q4) of 2018, registering increases of 1.6% quarter-on-quarter (q-o-q) and 8.9% year-on-year (y-o-y). Issuance in both the government and corporate sectors remained vibrant in Q4 2018, driving the increase in bond market size. Government bonds comprised 52.7% of total bonds outstanding at the end of December and corporate bonds comprised 47.3%. Total *sukuk* (Islamic bonds) amounted to MYR843 billion at the end of December, or the equivalent of 60.2% of LCY bonds outstanding, on growth of 2.1% q-o-q and 11.3% y-o-y.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2017		Q3 2018		Q4 2018		Q4 2017		Q4 2018	
	MYR	USD	MYR	USD	MYR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	1,286	318	1,379	333	1,401	339	1.8	10.2	1.6	8.9
Government	673	166	725	175	739	179	0.3	6.2	1.9	9.8
Central Government Bonds	637	157	681	165	691	167	0.1	6.8	1.4	8.5
of which: <i>sukuk</i>	270	67	301	73	306	74	1.3	14.2	1.8	13.7
Central Bank Bills	7	2	16	4	19	5	37.4	(16.0)	23.9	161.2
of which: <i>sukuk</i>	0	0	3	1	4	0.9	-	-	23.3	-
<i>Sukuk Perumahan Kerajaan</i>	28	7	28	7	28	7	0.0	0.0	0.0	0.0
Corporate	613	152	653	158	662	160	3.5	14.9	1.3	8.0
of which: <i>sukuk</i>	460	114	493	119	505	122	4.7	16.5	2.3	9.8

(-) = negative, - = not applicable, LCY = local currency, MYR = Malaysian ringgit, 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 rate is used.

3. Growth rates are calculated from an LCY base and do not include currency effects.

4. *Sukuk Perumahan Kerajaan* are Islamic bonds issued by the government to refinance funding for housing loans to government employees and to extend new housing loans.

Sources: Bank Negara Malaysia Fully Automated System for Issuing/Tendering and Bloomberg LP.

Corporates were active in the LCY bond market in Q4 2018, with issuances amounting to MYR43 billion on growth of 22.6% q-o-q. Table 2 presents the notable issuances during the quarter.

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

Corporate Issuers	Coupon Rate (%)	Issued Amount (MYR million)
Cagamas		
3-year Islamic MTN	4.08	750
3-year Islamic MTN	4.12	500
3-year Islamic MTN	4.10	800
Danainfra Nasional		
7-year Islamic MTN	4.32	955
10-year Islamic MTN	4.47	740
15-year Islamic MTN	4.80	270
20-year Islamic MTN	5.00	520
30-year Islamic MTN	5.17	755
Lembaga Pembiayaan Perumahan Sektor Awam		
5-year Islamic MTN	4.05	550
7-year Islamic MTN	4.20	500
10-year Islamic MTN	4.39	550
20-year Islamic MTN	4.85	900
30-year Islamic MTN	5.10	500

MTN = medium-term note, MYR = Malaysian ringgit.

Source: Bank Negara Malaysia Bond Info Hub.

The aggregate LCY bonds outstanding of the top 30 corporate issuers amounted to MYR381 billion at the end of December. This comprised 57.6% of the LCY corporate bond market, up from a share of 56.6% at the end of September. The most heavily represented sector in the top 30 list was finance. Firms from this sector accounted for outstanding bonds totaling MYR189 billion.

Table 3: Top 30 Issuers of Local Currency Corporate Bonds in Malaysia

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (MYR billion)	LCY Bonds (USD billion)			
1.	Danainfra Nasional	52.7	12.8	Yes	No	Finance
2.	Cagamas	35.8	8.7	Yes	No	Finance
3.	Project Lebuhraya Usahasama	30.2	7.3	No	No	Transport, Storage, and Communications
4.	Prasarana	29.5	7.1	Yes	No	Transport, Storage, and Communications
5.	Perbadanan Tabung Pendidikan Tinggi Nasional	19.0	4.6	Yes	No	Finance
6.	Lembaga Pembiayaan Perumahan Sektor Awam	17.8	4.3	Yes	No	Property and Real Estate
7.	Khazanah	15.0	3.6	Yes	No	Finance
8.	Pengurusan Air	14.6	3.5	Yes	No	Energy, Gas, and Water
9.	CIMB Bank	13.3	3.2	Yes	No	Finance
10.	Maybank	11.7	2.8	No	Yes	Banking
11.	Sarawak Energy	11.3	2.7	Yes	No	Energy, Gas, and Water
12.	CIMB Group Holdings	10.1	2.5	Yes	No	Finance
13.	Danga Capital	10.0	2.4	Yes	No	Finance
14.	Jimah East Power	9.0	2.2	Yes	No	Energy, Gas, and Water
15.	Maybank Islamic	8.3	2.0	No	Yes	Banking
16.	GENM Capital	7.6	1.8	No	No	Finance
17.	GOVCO Holdings	7.3	1.8	Yes	No	Finance
18.	Bank Pembangunan Malaysia	7.3	1.8	Yes	No	Banking
19.	Rantau Abang Capital	7.0	1.7	Yes	No	Finance
20.	Tenaga Nasional	7.0	1.7	No	Yes	Energy, Gas, and Water
21.	Public Bank	6.9	1.7	No	No	Banking
22.	Sarawak Hidro	6.5	1.6	Yes	No	Energy, Gas, and Water
23.	YTL Power International	6.1	1.5	No	Yes	Energy, Gas, and Water
24.	ValueCap	6.0	1.5	Yes	No	Finance
25.	Telekom Malaysia	5.8	1.4	No	Yes	Telecommunications
26.	Turus Pesawat	5.3	1.3	Yes	No	Transport, Storage, and Communications
27.	EDRA Energy	5.1	1.2	No	Yes	Energy, Gas, and Water
28.	1Malaysia Development	5.0	1.2	Yes	No	Finance
29.	Celcom Networks	5.0	1.2	No	No	Transport, Storage, and Communications
30.	Aman Sukuk	5.0	1.2	Yes	No	Construction
Total Top 30 LCY Corporate Issuers		381.1	92.2			
Total LCY Corporate Bonds		662.2	160.3			
Top 30 as % of Total LCY Corporate Bonds		57.6%	57.6%			

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.

Source: AsianBondsOnline calculations based on Bank Negara Malaysia Fully Automated System for Issuing/Tendering data.