

## Malaysia

The local currency (LCY) bond market in Malaysia contracted 0.5% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2019, led by a decline in LCY government bonds, and expanded 6.0% year-on-year to reach MYR1,485.4 billion (USD363.1 billion) at the end of December. LCY government bonds outstanding fell to MYR773.2 billion on a 1.6% q-o-q decrease as central government and central bank bills outstanding contracted in Q4 2019. LCY corporate bonds outstanding amounted to MYR712.2 billion at the end of December on growth of 0.7% q-o-q. A total of MYR937.7 billion worth of *sukuk* (Islamic bonds) was outstanding at the end of 2019.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2018		Q3 2019		Q4 2019		Q4 2018		Q4 2019	
	MYR	USD	MYR	USD	MYR	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>1,401</b>	<b>339</b>	<b>1,493</b>	<b>357</b>	<b>1,485</b>	<b>363</b>	<b>1.6</b>	<b>8.9</b>	<b>(0.5)</b>	<b>6.0</b>
Government	739	179	786	188	773	189	1.9	9.8	(1.6)	4.7
Central Government Bonds	691	167	749	179	737	180	1.4	8.5	(1.5)	6.7
of which: <i>sukuk</i>	306	74	331	79	341	83	1.8	13.7	3.0	11.4
Central Bank Bills	19	5	10	2	9	2	23.9	161.2	(11.8)	(53.1)
of which: <i>sukuk</i>	4	0.9	4	0.8	1	0.2	23.3	-	(71.4)	(73.0)
<i>Sukuk Perumahan Kerajaan</i>	28	7	27	6	27	7	0.0	0.0	0.0	(5.6)
Corporate	662	160	707	169	712	174	1.3	8.0	0.7	7.6
of which: <i>sukuk</i>	504	122	559	133	569	139	2.2	9.7	1.8	12.7

(-) = 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.

LCY corporate bond issuances jumped 2.6% q-o-q to MYR47.3 billion. Danainfra Nasional and Cagamas had the largest issuances in Q4 2019.

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

Corporate Issuers	Coupon Rate (%)	Issued Amount (MYR billion)
Danainfra Nasional		
7-year Islamic MTN	3.53	0.7
10-year Islamic MTN	3.69	0.4
15-year Islamic MTN	3.93	0.9
20-year Islamic MTN	4.05	0.3
25-year Islamic MTN	4.17	0.3
30-year Islamic MTN	4.29	0.3
Cagamas		
3-year Islamic MTN	3.38	0.3
3-year Islamic MTN	3.38	0.3
3-year Islamic MTN	3.40	0.03
3-year Islamic MTN	3.45	0.1
5-year Islamic MTN	3.55	0.5
5-year Islamic MTN	3.60	0.4

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

Source: Bank Negara Malaysia Bond Info Hub.

The outstanding LCY corporate bonds of the top 30 issuers amounted to MYR424.9 billion at the end of December, or 59.7% of total LCY corporate bonds outstanding. Government-owned Danainfra Nasional topped all issuers in 2019. It also led the finance sector to top all sectors with MYR219.7 billion of outstanding bonds, or 51.7% of the aggregate LCY corporate bonds of the top 30 issuers.

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	63.8	15.6	Yes	No	Finance
2.	Cagamas	33.6	8.2	Yes	No	Finance
3.	Prasarana	30.4	7.4	Yes	No	Transport, Storage, and Communications
4.	Project Lebuhraya Usahasama	29.9	7.3	No	No	Transport, Storage, and Communications
5.	Urusharta Jamaah	27.6	6.7	Yes	No	Finance
6.	Lembaga Pembiayaan Perumahan Sektor Awam	22.5	5.5	Yes	No	Property and Real Estate
7.	Perbadanan Tabung Pendidikan Tinggi Nasional	21.6	5.3	Yes	No	Finance
8.	Pengurusan Air	18.0	4.4	Yes	No	Energy, Gas, and Water
9.	CIMB Bank	14.1	3.4	Yes	No	Finance
10.	Maybank Islamic	13.0	3.2	No	Yes	Banking
11.	Khazanah	12.5	3.1	Yes	No	Finance
12.	Maybank	11.6	2.8	No	Yes	Banking
13.	CIMB Group Holdings	11.2	2.7	Yes	No	Finance
14.	Sarawak Energy	11.1	2.7	Yes	No	Energy, Gas, and Water
15.	Danga Capital	10.0	2.4	Yes	No	Finance
16.	Jimah East Power	9.0	2.2	Yes	No	Energy, Gas, and Water
17.	Public Bank	7.9	1.9	No	No	Banking
18.	GENM Capital	7.6	1.9	No	No	Finance
19.	Bank Pembangunan Malaysia	7.2	1.8	Yes	No	Banking
20.	GOVCO Holdings	7.2	1.8	Yes	No	Finance
21.	Tenaga Nasional	7.0	1.7	No	Yes	Energy, Gas, and Water
22.	Bakun Hydro Power Generation	6.3	1.5	No	No	Energy, Gas, and Water
23.	YTL Power International	6.1	1.5	No	Yes	Energy, Gas, and Water
24.	Telekom Malaysia	5.8	1.4	No	Yes	Telecommunications
25.	Rantau Abang Capital	5.5	1.3	Yes	No	Finance
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.	Jambatan Kedua	4.6	1.1	Yes	No	Transport, Storage, and Communications
30.	Kuala Lumpur Kepong Berhad	4.6	1.1	No	Yes	Energy, Gas, and Water
<b>Total Top 30 LCY Corporate Issuers</b>		<b>424.9</b>	<b>103.9</b>			
<b>Total LCY Corporate Bonds</b>		<b>712.2</b>	<b>174.1</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>59.7%</b>	<b>59.7%</b>			

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.

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