

## Malaysia

Malaysia's local currency (LCY) bond market expanded 1.3% quarter-on-quarter (q-o-q) and 8.0% year-on-year in the fourth quarter (Q4) of 2020, reaching MYR1,604.5 billion (USD399.1 billion) at the end of December 2020. LCY government bonds outstanding jumped to MYR852.6 billion on a 0.5% q-o-q increase that was led by central government bonds. LCY corporate bonds outstanding amounted to MYR751.9 billion at the end of December on growth of 2.2% q-o-q. A total of MYR1,016.3 billion worth of *sukuk* (Islamic bonds) was outstanding at the end of 2020.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2019		Q3 2020		Q4 2020		Q4 2019		Q4 2020	
	MYR	USD	MYR	USD	MYR	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>1,485</b>	<b>363</b>	<b>1,584</b>	<b>381</b>	<b>1,604</b>	<b>399</b>	<b>(0.5)</b>	<b>6.0</b>	<b>1.3</b>	<b>8.0</b>
Government	773	189	848	204	853	212	(1.6)	4.7	0.5	10.3
Central Government Bonds	737	180	820	197	827	206	(1.5)	6.7	0.8	12.1
of which: <i>sukuk</i>	341	83	377	91	384	95	3.0	11.4	1.7	12.4
Central Bank Bills	9	2	4	1	2	0.5	(11.8)	(53.1)	(50.0)	(77.8)
of which: <i>sukuk</i>	1	0.2	0	0	0	0	(71.4)	(73.0)	-	(100.0)
<i>Sukuk Perumahan Kerajaan</i>	27	7	24	6	24	6	0.0	(5.6)	0.0	(10.1)
Corporate	712	174	735	177	752	187	0.7	7.6	2.2	5.6
of which: <i>sukuk</i>	569	139	592	142	609	151	1.8	12.7	2.8	7.0

(-) = 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.

Total LCY bond issuance fell 0.3% q-o-q in Q4 2020 as issuance of LCY government bonds dropped 39.0% q-o-q to MYR31.5 billion. This was slightly offset by LCY corporate bond issuance soaring to MYR58.2 billion, an expansion of 51.8% q-o-q. Government-owned financing company Lembaga Pembiayaan Perumahan Sektor Awam and CIMB Bank were the two largest issuers of corporate bonds during the review period.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2020

Corporate Issuers	Coupon Rate (%)	Issued Amount (MYR billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (MYR billion)
Lembaga Pembiayaan Perumahan Sektor Awam			CIMB Group Holdings <sup>a</sup>		
3-year Islamic MTN	2.02	450.0	10-year bond	3.13	2,500.0
5-year Islamic MTN	2.35	500.0	Perpetual bond	3.58	550.0
7-year Islamic MTN	2.66	500.0	Perpetual bond	3.88	200.0
21-year Islamic MTN	3.82	1,500.0	Malayan Banking		
22-year Islamic MTN	3.87	1,450.0	10-year Islamic MTN	2.90	2,300.0
23-year Islamic MTN	3.91	1,350.0	12-year Islamic MTN	3.10	700.0
CIMB Bank <sup>a</sup>					
10-year bond	3.15	50.0			
10-year bond	3.15	2,450.0			
Perpetual bond	3.60	550.0			
Perpetual bond	4.00	200.0			

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

<sup>a</sup> Multiple issuance of the same tenor indicates issuance on different dates.

Source: Bank Negara Malaysia Bond Info Hub.

The outstanding LCY corporate bonds of the top 30 issuers amounted to MYR454.4 billion at the end of December 2020, or 60.4% of the total LCY corporate bond market. The government's Danainfra Nasional continued to top all issuers in terms of bonds outstanding in 2020, which also led to the finance sector topping all other sectors at the end of Q4 2020.

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	72.3	18.0	Yes	No	Finance
2.	Prasarana	37.0	9.2	Yes	No	Transport, Storage, and Communications
3.	Cagamas	30.6	7.6	Yes	No	Finance
4.	Lembaga Pembiayaan Perumahan Sektor Awam	30.2	7.5	Yes	No	Property and Real Estate
5.	Project Lebuhraya Usahasama	29.4	7.3	No	No	Transport, Storage, and Communications
6.	Urusharta Jamaah	27.3	6.8	Yes	No	Finance
7.	Perbadanan Tabung Pendidikan Tinggi Nasional	24.1	6.0	Yes	No	Finance
8.	Pengurusan Air	18.2	4.5	Yes	No	Energy, Gas, and Water
9.	CIMB Bank	14.4	3.6	Yes	No	Finance
10.	Khazanah	14.2	3.5	Yes	No	Finance
11.	Sarawak Energy	13.0	3.2	Yes	No	Energy, Gas, and Water
12.	Maybank Islamic	13.0	3.2	No	Yes	Banking
13.	CIMB Group Holdings	12.6	3.1	Yes	No	Finance
14.	Malayan Banking	12.3	3.1	No	Yes	Banking
15.	Tenaga Nasional	10.0	2.5	No	Yes	Energy, Gas, and Water
16.	Jimah East Power	9.0	2.2	Yes	No	Energy, Gas, and Water
17.	Danga Capital	8.0	2.0	Yes	No	Finance
18.	Danum Capital	8.0	2.0	No	No	Finance
19.	Public Bank	7.9	2.0	No	No	Banking
20.	GOVCO Holdings	7.2	1.8	Yes	No	Finance
21.	Bank Pembangunan Malaysia	7.2	1.8	Yes	No	Banking
22.	GENM Capital	6.5	1.6	No	No	Finance
23.	YTL Power International	6.1	1.5	No	Yes	Energy, Gas, and Water
24.	Bakun Hydro Power Generation	5.9	1.5	No	No	Energy, Gas, and Water
25.	Telekom Malaysia	5.6	1.4	No	Yes	Telecommunications
26.	Turus Pesawat	5.3	1.3	Yes	No	Transport, Storage, and Communications
27.	EDRA Energy	5.1	1.3	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	4.6	1.1	No	Yes	Energy, Gas, and Water
<b>Total Top 30 LCY Corporate Issuers</b>		<b>454.4</b>	<b>113.0</b>			
<b>Total LCY Corporate Bonds</b>		<b>751.9</b>	<b>187.0</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>60.4%</b>	<b>60.4%</b>			

Notes:

1. Data as of 31 December 2020.

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.