

# Singapore

## Yield Movements

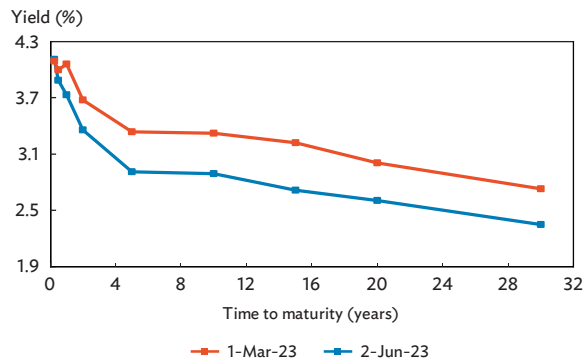
The local currency (LCY) government bond yields of Singapore declined for all tenors, except the 3-month yield, between 1 March and 2 June (Figure 1). Investors remained concerned about long-term financial conditions due to uncertainties in the path of monetary tightening in the United States. On 14 April, the Monetary Authority of Singapore (MAS) decided to keep the rate of appreciation of its Singapore dollar nominal effective exchange rate steady amid the appreciation of the Singapore dollar since its last monetary policy

tightening on 14 October 2022 (Figure 2). Tepid economic growth and declining consumer price inflation prompted the Singapore central bank to keep its monetary policy unchanged.

## Local Currency Bond Market Size and Issuance

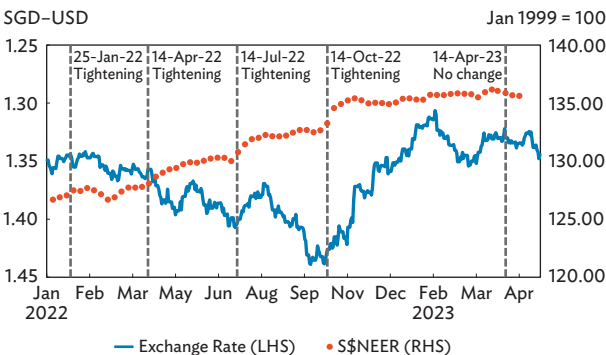
The Singapore LCY bond market expanded 1.3% quarter-on-quarter (q-o-q) to SGD670.3 billion (USD503.7 billion) in the first quarter (Q1) of 2023, supported by increased central bank securities outstanding. MAS securities extended their growth to 4.2% q-o-q from the 3.8% q-o-q expansion posted in the prior quarter. MAS bills continued to comprise the largest chunk of Singapore’s LCY bond market during the review period as the central bank uses these securities to manage liquidity in Singapore’s financial market (Figure 3). The LCY bond market’s growth at the end of March, however, was hampered by the decline in Singapore Government Securities bills and bonds and LCY corporate bonds outstanding of 0.4% q-o-q and 0.5% q-o-q, respectively. These contractions were a reversal from the growth of 1.8% q-o-q and 1.2% q-o-q, respectively, recorded in the fourth quarter (Q4) of 2022. Government-owned Housing & Development Board continued to top all issuers with SGD28.2 billion worth of outstanding bonds at the end of March 2023.

**Figure 1: Singapore’s Benchmark Yield Curve—Local Currency Government Bonds**



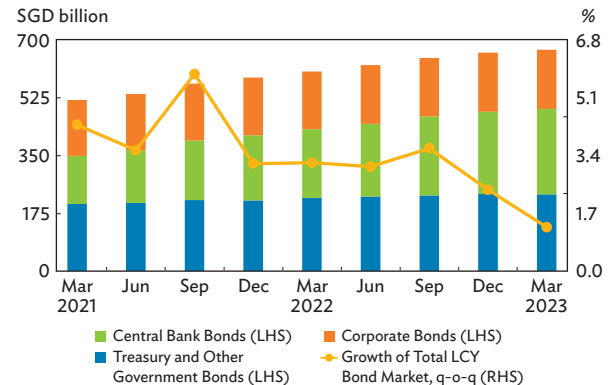
Source: Based on data from Bloomberg LP.

**Figure 2: Exchange Rate and Monetary Policy Rates in Singapore**



LHS = left-hand side, RHS = right-hand side, S\$NEER = Singapore dollar nominal effective exchange rate, SGD = Singapore dollar, USD = United States dollar. Note: Data for S\$NEER are as of 2 May 2023. Source: Monetary Authority of Singapore.

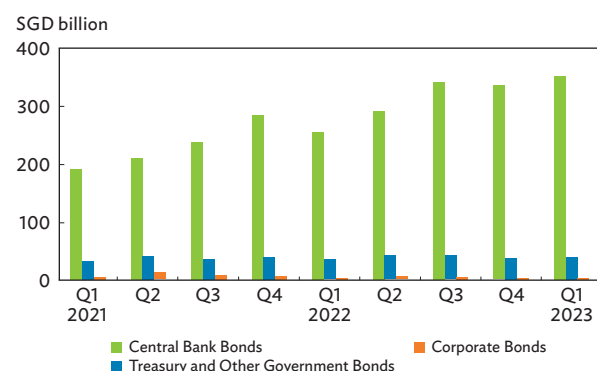
**Figure 3: Composition of Local Currency Bonds Outstanding in Singapore**



LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar. Note: Corporate bonds are based on AsianBondsOnline estimates. Sources: Monetary Authority of Singapore and Bloomberg LP.

**Singapore's total LCY bond issuance rebounded in Q1 2023, expanding 5.0% q-o-q as issuance in all bond segments rebounded (Figure 4).** MAS securities continued to dominate LCY bond issuance during the quarter. The bills are regularly offered by the Government of Singapore for liquidity management. LCY corporate bond issuance increased in Q1 2023 but remained tepid amid uncertainties in global financial markets spurred by the turmoil in the banking industry in the United States. Despite this, United Overseas Bank raised SGD850.0 million from a perpetual bond issuance in January. The issuance was the largest corporate issue during the quarter, with the fixed-income security also qualifying as part of the bank's additional tier 1 capital.

**Figure 4: Composition of Local Currency Bond Issuance in Singapore**



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, SGD = Singapore dollar.

Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.