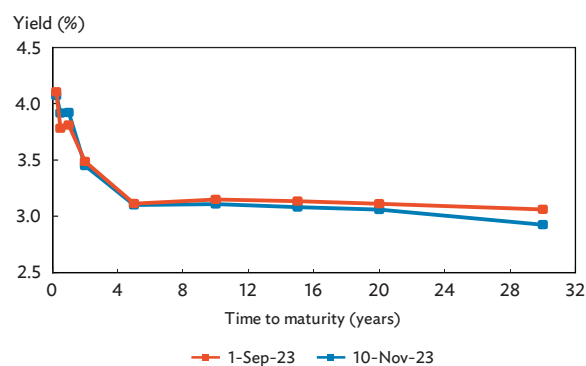


Singapore

Yield Movements

The local currency (LCY) government bond yields of Singapore declined for all maturities except the 6-month and 1-year yields between 1 September and 10 November (Figure 1). Singapore was the only emerging East Asian market whose yield curve shifted downward during the review period. However, the bulk of the decline in yields came after the Federal Open Market Committee meeting on 1–2 November when the Federal Reserve hinted it may not raise rates anymore. Singapore’s declining core inflation also contributed to the downward pressure on yields. The Monetary Authority of Singapore (MAS) kept the appreciation rate of its Singapore dollar nominal effective exchange rate unchanged at its October meeting.

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

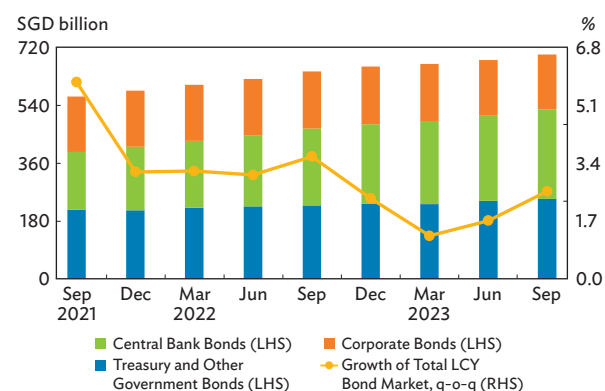


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore’s LCY bond market expanded in the third quarter (Q3) of 2023 (Figure 2). Total outstanding LCY bonds increased 2.6% quarter-on-quarter (q-o-q) to SGD699.6 billion. The growth was driven by central bank securities, which increased by 4.4% q-o-q, dominating Singapore’s LCY bond market as MAS securities are auctioned regularly for liquidity management purposes in the financial market. Singapore Government Securities bills and bonds expanded from the previous quarter. However, LCY corporate outstanding bonds remained subdued, contracting by 0.5% q-o-q during the review period. The Housing & Development Board remained the top corporate issuer at the end of September with a total of SGD26.8 billion of outstanding corporate bonds.

Figure 2: 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.

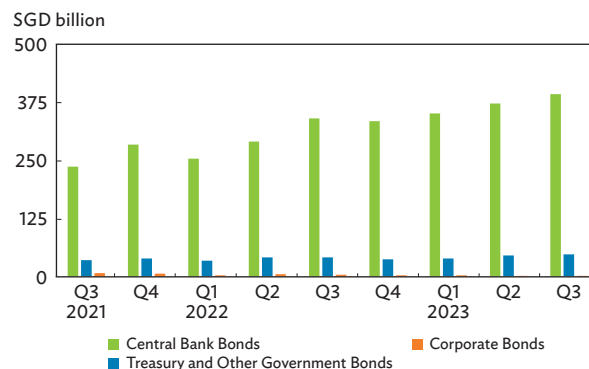
Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Total LCY bonds issued in Singapore grew in Q3 2023, albeit at a slower pace than in the previous quarter.

Growth in LCY bond issuance decelerated to 5.4% q-o-q as the expansion in Treasury and other government bonds and central bank bills was offset by the contraction in corporate bond issuance (**Figure 3**). LCY corporate bond issuance declined by 17.3% q-o-q due to the persistently high-interest-rate environment in Singapore. Despite this, Oversea-Chinese Banking Corporation was able to raise SGD550.0 million from a perpetual callable floating-rate bond issued in August.

Figure 3: 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.