

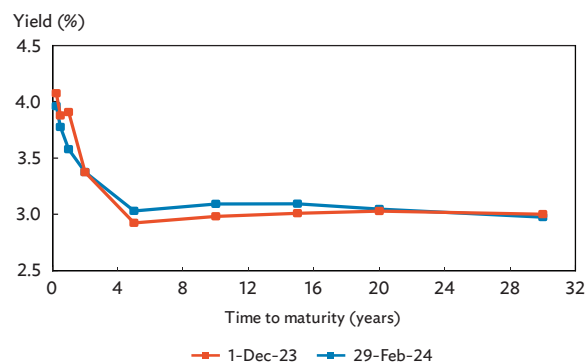
Singapore

Yield Movements

Between 1 December 2023 and 29 February 2024, movements in Singapore's local currency (LCY) government bond yields were mixed (Figure 1).

The mixed movement was due to uncertainties in the timing of monetary policy easing by the United States Federal Reserve. Yields from 2 years to 20 years increased an average of 6 basis points, while yields at both ends of the curve declined an average of 14 basis points. The uptick in the yields of intermediate tenors tracked the movement in yields of United States Treasuries, which generally rose during the review period. The Monetary Authority of Singapore left its monetary policy stance unchanged at its 29 January meeting, maintaining the rate of appreciation of the Singapore dollar nominal effective exchange rate.

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

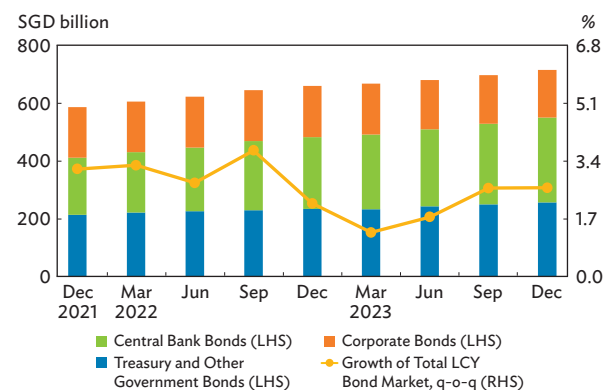


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

By the end of Q4 2023, growth in the LCY bond market of Singapore was led by an increase in government bonds outstanding. LCY bonds outstanding jumped 2.6% quarter-on-quarter (q-o-q) to reach SGD715.6 billion (Figure 2). This expansion was due to the increase in outstanding Treasury and other government securities, and central bank securities, which climbed 2.9% q-o-q and 5.3% q-o-q, respectively. On the other hand, outstanding LCY corporate bonds declined 2.3% q-o-q by the end of December. The government-owned Housing & Development Board continued to have the most LCY corporate bonds outstanding by the end of 2023 at SGD27.1 billion.

Figure 2: Composition of Local Currency Bonds Outstanding in Singapore



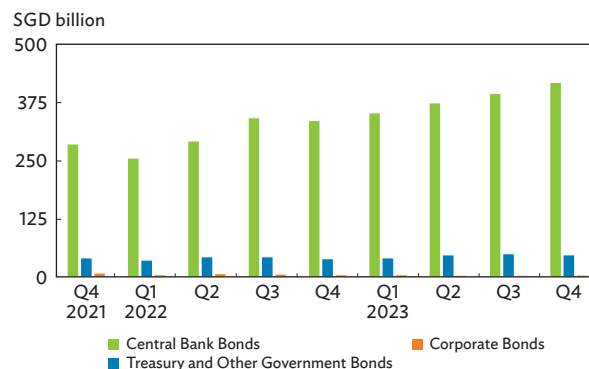
LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar.

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

Sources: Monetary Authority of Singapore and Bloomberg LP.

In Q4 2023, growth in the issuance of LCY bonds decelerated from the previous quarter as Treasury issuance dropped. LCY bond issuance in Q4 2023 increased 4.9% q-o-q, driven by growth in central bank bills and corporate bonds. However, this was offset by a decline in issuance of Treasury and other government bonds, which fell 5.0% q-o-q (**Figure 3**). Corporate bond issuance reached SGD1.9 billion during the quarter on growth of 46.2% q-o-q. The Housing & Development Board had the single-largest issuance during the quarter with a SGD740.0 million 5-year bond issued in November.

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.