

# Singapore

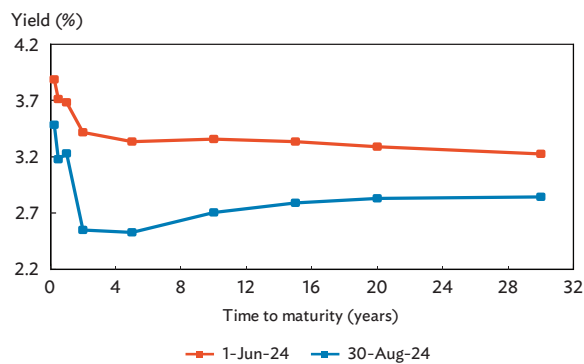
## Yield Movements

**Local currency (LCY) government bond yields in Singapore declined for all tenors between 1 June and 30 August, largely tracking the yield curve movements of United States Treasuries.** Yields declined by an average of 57 basis points on increased expectations of a policy rate cut by the United States Federal Reserve in September and easing domestic inflation (**Figure 1**). On 26 July, the Monetary Authority of Singapore kept its monetary policy stance unchanged and maintained the rate of appreciation of the Singapore dollar’s nominal effective exchange rate, citing sustained positive economic growth prospects and easing inflation. Consumer price inflation in July remained unchanged at 2.4% year-on-year from June, slower than 3.1% year-on-year inflation in May.

## Local Currency Bond Market Size and Issuance

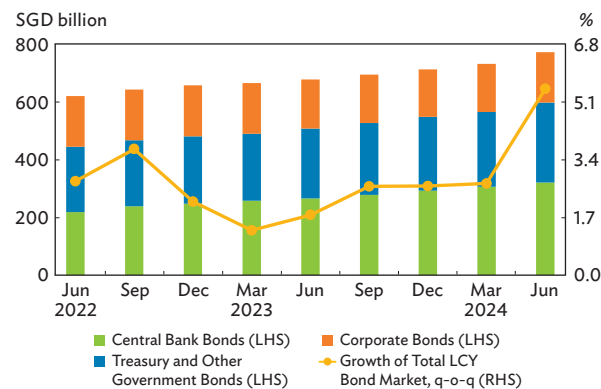
**Growth in the LCY bond market accelerated in the second quarter (Q2) of 2024, supported by robust expansion in all bond segments.** Outstanding LCY bonds grew 5.5% quarter-on-quarter (q-o-q) to SGD775.2 billion, faster than the previous quarter’s 2.7% q-o-q increase (**Figure 2**). Treasury and other government bonds posted the largest q-o-q growth (7.2%) among all bond instrument types due to a high volume of issuance and relatively few bonds maturing during the quarter. Growth in the corporate bond segment also accelerated to 4.3% q-o-q in Q2 2024 from 1.6% q-o-q in the first quarter, while central bank securities grew at a steady pace of 4.7% q-o-q.

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



Source: Based on data from Bloomberg LP.

**Figure 2: Composition of Local Currency Bonds Outstanding in Singapore**



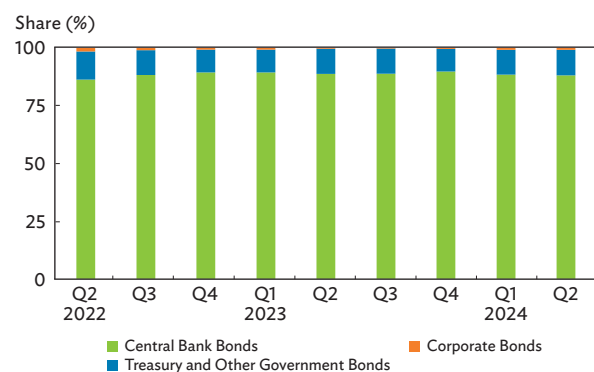
LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar.

Note: Corporate bonds are based on AsianBondsOnline estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

**LCY bond issuance rebounded strongly in Q2 2024 amid market optimism on the domestic economic outlook.** Total LCY bond issuance grew 23.2% q-o-q, reversing the preceding quarter's 1.1% q-o-q decline (**Figure 3**). The issuance of Monetary Authority of Singapore bills bounced back from a 2.6% q-o-q decline in the first quarter of 2024 to 22.8% q-o-q growth in Q2 2024. Issuance of Treasury and other government bonds and corporate bonds also posted q-o-q growth of 27.3% and 17.7%, respectively, during the quarter. The Housing & Development Board—a state-owned real estate company—was the largest issuer of corporate bonds in Q2 2024, with the sale of two fixed-income securities totaling SGD1.7 billion, comprising 36.8% of the total corporate issuance during the quarter.

**Figure 3: Composition of Local Currency Bond Issuance in Singapore**



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

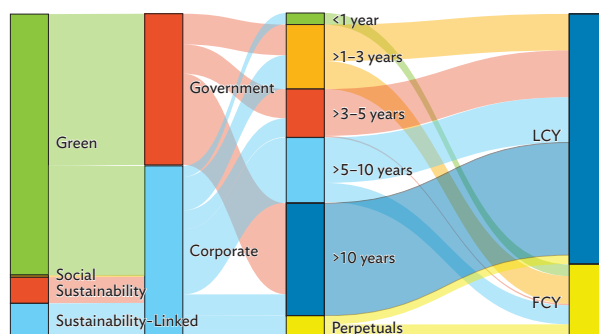
Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

## Sustainable Bond Market

**At the end of June, the sustainable bond market in Singapore was dominated by government and corporate green bond instruments.** Green bonds accounted for 81.0% of the economy's total sustainable debt stock at the end of Q2 2024, mostly denominated in local currency and carrying a tenor of over 5 years (**Figure 4**). Total outstanding sustainable bonds reached USD22.0 billion at the end of June, almost half of which were green bonds issued by the government, while corporate issuances accounted for 53.1%, a majority of which were green bond instruments. At the end of June, over 40.0% of total sustainable bonds outstanding carried a tenor of more than 10 years, resulting in a size-weighted average tenor of 16.7 years. LCY-denominated instruments accounted for about 78.0% of the total. The Government of Singapore had the single-largest issuance during the quarter: a 30-year green bond amounting to USD1.9 billion.

**Figure 4: Market Profile of Outstanding Sustainable Bonds in Singapore at the End of June 2024**



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.