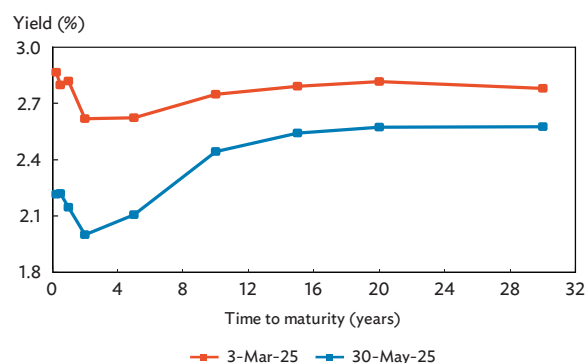


Singapore

Yield Movements

Between 3 March and 30 May, local currency (LCY) government bond yields in Singapore fell for all maturities. During the review period, yields fell an average of 45 basis points across the curve, largely driven by the Monetary Authority of Singapore's (MAS) monetary policy easing and the weakened economic growth outlook (Figure 1). On 14 April, MAS reduced the slope of the Singapore dollar's nominal effective exchange rate, while retaining its width and the level at which it is centered, for a second time this year due to slowing economic growth and moderating inflation expectations. In the first quarter (Q1) of 2025, Singapore's economy expanded 3.9% year-on-year (y-o-y), down from the previous quarter's growth of 5.0% y-o-y amid cooling in the manufacturing and trade-related services sectors. Additionally, MAS reduced its inflation forecast for 2025 to 0.5%–1.5% from its January estimate of 1.5%–2.5%. In April, consumer price inflation remained at 0.9% y-o-y, the same as in February and March, and down from January's 1.2% y-o-y.

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

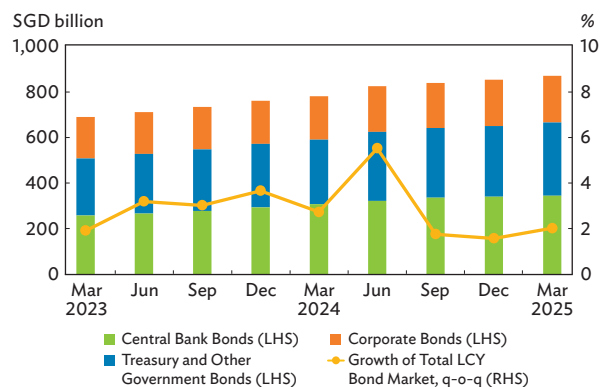


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore's LCY bond market expanded to a size of SGD866.9 billion at the end of March, buoyed by growth in outstanding MAS bills. The LCY bond stock in Q1 2025 grew 2.0% quarter-on-quarter (q-o-q), faster than the fourth quarter (Q4) of 2024's growth of 1.6% q-o-q (Figure 2). MAS bills outstanding grew at a pace of 1.5% q-o-q, up from the prior quarter's 1.2% q-o-q. The Treasuries and other government bonds segment also saw accelerated expansion during the quarter, growing 3.5% q-o-q versus the previous quarter's 1.4% q-o-q, on reduced maturities. On the other hand, corporate bonds outstanding only expanded 0.7% q-o-q in Q1 2025, much slower than Q4 2024's 2.5% q-o-q growth.

Figure 2: Composition of Local Currency Bonds Outstanding in Singapore



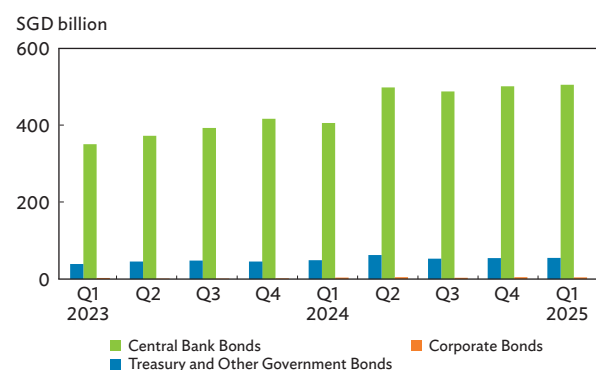
LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar.

Note: Corporate bonds are based on AsianBondsOnline estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Total LCY bond issuance declined in Q1 2025, with growth moderating across all bond segments. Total issuance grew 0.7% q-o-q, lagging behind the previous quarter's pace of 3.0% q-o-q (**Figure 3**). Issuance of MAS bills and Treasuries and other government bonds in Q1 2025 only saw q-o-q growth of 0.8% and 0.2%, respectively, down from expansions of 2.7% and 3.6% in Q4 2024. The corporate bond segment saw a contraction in issuance of 2.0%, reversing the prior quarter's growth of 30.4% q-o-q, amid dampened business confidence and the uncertain external economic outlook. The Housing & Development Board was the largest corporate bond issuer during the quarter having issued fixed-rate notes amounting to SGD1.7 billion, accounting for 36.0% of total corporate issuance.

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.

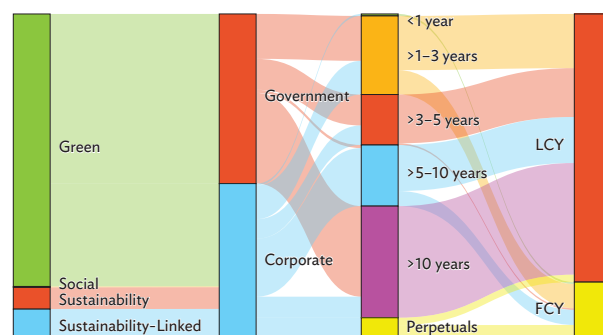
Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Sustainable Bond Market

Green bond instruments continued to dominate Singapore's sustainable bond market, accounting for 83.8% of the total sustainable bond stock at the end of March. Sustainable bonds outstanding rose to USD26.6 billion at the end of Q1 2025, posting growth of 2.3% q-o-q (**Figure 4**). Most sustainable bonds (82.4%) were LCY-denominated. Bonds carrying tenors of over 5 years comprised 59.7% of total outstanding sustainable bonds at the end of March, resulting in a size-weighted average tenor of 16.2 years for sustainable bonds in Singapore, the longest average tenor among all emerging East Asian sustainable bond markets.¹⁵ The state-owned Housing & Development Board was Singapore's largest issuer of sustainable bonds during the quarter, issuing 5-year green bonds in January totaling SGD950.0 million, which accounted for 74.0% of total sustainable bond quarterly issuance, in fulfillment of its Green Finance Framework.

Figure 4: Market Profile of Outstanding Sustainable Bonds in Singapore at the End of March 2025



FCY = foreign currency, LCY = local currency.

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

¹⁵ Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.