People’s Republic of China

The People’s Republic of China (PRC) continues to have the largest local currency bond market in emerging East Asia, comprising 77.8% of the region’s bonds outstanding. A decline in government bond issuance during the first quarter of 2021 limited the overall market’s growth. The market expanded 2.1% from the previous quarter and 17.3% from a year earlier, to $15.8 trillion at the end of March 2021.

A reduced need for fiscal stimulus amid the economic recovery, along with the government’s focus on mitigating credit risk in financial markets, limited the issuance of government bonds. Government bonds in the PRC grew 1.6% from the previous quarter and 18.5% from a year earlier to $10.1 trillion at the end of March. Corporate bonds increased 2.9% from the previous quarter and 15.2% from a year earlier to $5.7 trillion.

Hong Kong, China

Expansion of the corporate bond segment in Hong Kong, China boosted local currency bonds outstanding to $314.6 billion at the end of March 2021, representing a 1.7% increase from the preceding quarter. The market grew 8.4% from a year earlier.

Corporate bonds outstanding rose 3.1% from the previous quarter to $161.8 billion, as issuers tapped the bond market to meet their funding needs amid low interest rates. Meanwhile, government bonds increased 0.2% from the previous quarter to $152.7 billion.

Indonesia

Indonesia’s local currency bond market expanded 6.2% in the first quarter to $330.4 billion. Even as issuance of treasury bills and bonds declined, government bond issuance remained above pre-pandemic levels due to the need for fiscal stimulus. Government bonds represented 91% of the total bond stock—the biggest share among emerging East Asian economies.

Growth of government bonds eased to 6.7% from the previous quarter but accelerated to 41.5% from a year earlier. Indonesia’s corporate bond market, which has been affected by uncertainties about the economic recovery, rebounded from the previous quarter’s contraction, growing 1.7%.

Republic of Korea

The Republic of Korea’s local currency bond stock increased 2.4% from the preceding quarter to $2.4 trillion at the end of March 2021. The growth was supported by a surge in government bond issuance as the government sought to front-load budget spending early in the year to aid the economic recovery.

The local currency government bond market increased 4.0% from the previous quarter and 13.1% from a year earlier, reaching $991.6 billion. The corporate bond market grew at a 1.2% pace, slower than the previous quarter, to $1.4 trillion at the end of March.
Malaysia

Malaysia’s local currency bond market expanded 2.8% from the previous quarter to $397.8 billion at the end of March 2021, amid growth in both government and corporate bonds. Outstanding sukuk (Islamic bonds) totaled $251 billion.

Government bonds increased 4.3% from the previous quarter, and 10.7% from a year earlier, to $214.6 billion. Corporate bonds increased 1.0% from the previous quarter and 4.8% from a year earlier. Government and corporate bonds accounted for 54% and 46%, respectively, of the market’s total bond stock.

Philippines

The local currency bond market in the Philippines increased 6.5% from the previous quarter, and 28.4% from a year earlier, to $187.9 billion at the end of March 2021. The expansion was driven by government bonds, which represented 82.7% of the total bond stock.

Government bonds increased 8.4% from the previous quarter to $155.4 billion at the end of March. Treasury bills and treasury bonds continued to drive the segment’s growth as the government tapped the market for pandemic relief and economic recovery support. Corporate bonds outstanding declined by 2.0% from the previous quarter to $32.5 billion.

Singapore

Singapore’s local currency bond market sustained the previous quarter’s performance, growing 3.8% to $388.3 billion at the end of March 2021. The market expanded 13.4% from a year earlier.

Government bonds outstanding increased 6.0% from the previous quarter to $259.7 billion, driven by continued growth in Singapore Government Securities bills and bonds and Monetary Authority of Singapore bills. Corporate bonds, meanwhile, decreased by 0.3% from the previous quarter to $128.7 billion, as several bonds matured while fewer were issued.

Thailand

The contraction of Thailand’s local currency bond market continued from the previous quarter but at an eased rate of 0.6%, for a total market size of $443.1 billion at the end of March 2021. The government and corporate bond segments both declined, by 0.8% and 0.1%, respectively, from the preceding quarter.

Government bonds outstanding totaled $325 billion, following a contraction in the bond stock of the Bank of Thailand, partly attributed to adjustments in the central bank’s issuance program. Corporate bonds contracted to $118.1 billion, mainly due to a high volume of maturities.

Viet Nam

Viet Nam’s local currency bond market decreased 0.3% from the preceding quarter, as government bonds outstanding decreased. The bond market expanded 19% from a year earlier, as corporate bonds more than doubled during the period. The market’s local currency bond stock was composed of 82.1% government bonds and 17.9% corporate bonds.
A large volume of maturities and lower bond issuance caused government bonds to contract 1.1% from the previous quarter to $58.3 billion at the end of March. Corporate bond growth slowed to 3.3% from the previous quarter and 154.9% from a year earlier, with the market reaching $12.7 billion at the end of the period.