

Asia Bond Monitor – March 2022
25 March 2022
Market Summaries

People’s Republic of China

The local currency bond stock in the People’s Republic of China (PRC) rose 3.9% from the previous quarter to \$18.1 trillion at the end of the fourth quarter of 2021. On a yearly basis, the growth was 13.6%. The steady expansion was due to the government’s continued borrowing to help mitigate the slowdown of the economy. The PRC’s local currency bond market accounted for 79.5% of the region’s total.

Government bonds outstanding rose 4.5% from the previous quarter to \$11.7 trillion, while the corporate bond stock increased 2.9% to \$6.4 trillion. A number of financial institutions issued long-term bonds and perpetual bonds to raise capital in the fourth quarter.

Hong Kong, China

Faster growth in the government bond segment and a rebound in the corporate bond segment helped accelerate the expansion of Hong Kong, China’s local currency bond market to 4.0% in the last quarter of 2021. Total bonds outstanding rose to \$323.9 billion. On a yearly basis, the bond market expanded 5.0%.

Government bond stock increased 5.2% from the previous quarter to \$168.9 billion. The Hong Kong Monetary Authority increased issuance of Exchange Fund Bills to meet strong market demand. The corporate bond segment recovered, growing 2.7% to \$155.0 billion.

Indonesia

Indonesia’s local currency bond market expanded 4.4% from the previous quarter to \$372.6 billion at the end of the fourth quarter of 2021. On a yearly basis, growth slowed to 17.7%. Much of the growth was driven by government bonds issued to support the economic recovery. Government bonds rose 4.6% from the previous quarter to \$342.4 billion.

Corporate bonds increased 2.0% from the previous quarter to \$30.2 billion, recovering from a dip in the previous quarter, as issuance outpaced maturities.

Republic of Korea

The Republic of Korea’s local currency bond market grew 1.5% from the previous quarter to \$2.4 trillion at the end of December 2021. On a yearly basis, the market expanded 7.9%. A surge in growth of corporate bond issuance in the fourth quarter drove overall growth. Total corporate bonds outstanding rose 2.4% from the previous quarter to \$1.4 trillion.

Government bonds increased by only 0.2% from the previous quarter as a decline in central bank bonds offset the rise in central government bonds. Total government bonds outstanding reached \$993.9 billion.

Malaysia

Malaysia's local currency bond market expanded to \$416.7 billion at the end of the fourth quarter of 2021. Growth on a quarterly and yearly basis slowed to 1.0% and 8.2%, respectively. Government bonds outstanding grew 1.2% from the previous quarter to \$227.9 billion, driven by a rise in central government bonds. Corporate bonds increased 0.8% to \$188.8 billion.

Malaysia's *sukuk* (Islamic bonds) market remained the largest in emerging East Asia, increasing to \$264.7 billion. *Sukuk* accounted for nearly half of Malaysia's government bond market, at \$110.2 billion. *Sukuk* dominated the corporate bond segment with an 81.8% share, or \$154.4 billion.

Philippines

The local currency bond market in the Philippines grew 0.3% from the previous quarter to \$191.9 billion at the end of December 2021. Growth from a year earlier slowed to 14.2%. The overall expansion was primarily due to treasury bond issuance, as outstanding bonds in other government bond market segments declined. Corporate bonds outstanding also fell further during the quarter, with maturities outpacing issuance.

Government bonds increased 0.5% from the previous quarter to \$164.0 billion. Meanwhile, corporate bonds contracted 1.3% to \$27.9 billion.

Singapore

Singapore's local currency bond market reached \$449.5 billion at the end of December 2021, expanding 3.8% from the previous quarter and 21.9% from the previous year. Government bonds increased 4.1% from the previous quarter to \$305.0 billion, led by Monetary Authority of Singapore bills. Corporate bonds rose 3.3% from the previous quarter to \$144.4 billion.

Thailand

Weaker growth in both government and corporate bonds slowed the expansion of Thailand's local currency bond market, which grew 1.1% from the previous quarter to \$443.5 billion at the end of December 2021. On a yearly basis, Thailand's local currency bond market increased 5.8%.

Government bonds outstanding increased 1.6% from the previous quarter to \$322.7 billion. Corporate bonds posted growth of 0.01% from the previous quarter to \$120.8 billion. The contraction in issuance of corporate bonds deepened as the prolonged pandemic continued to dampen investor confidence.

Viet Nam

Faster growth in both the government and corporate bond segments pushed Viet Nam's local currency bond market up by 9.8% from the previous quarter to \$91.5 billion at the end of December 2021. Annual growth also quickened, to 25.5%.

Government bonds increased 5.3% from the previous quarter to \$65.3 billion. A jump in issuance drove a 22.7% expansion in the corporate bond segment. Corporate bonds outstanding totaled \$26.3 billion.