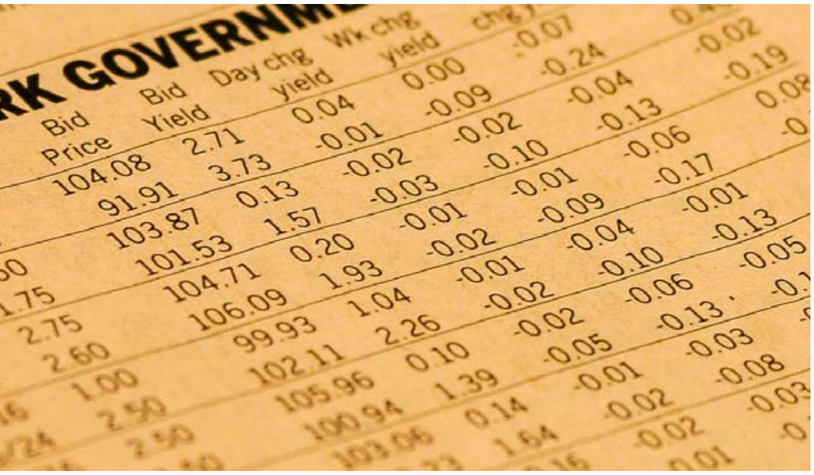

ASIA BOND MONITOR

MARCH 2016

ASIAN DEVELOPMENT BANK

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Note: ADB recognizes "China" as the People's Republic of China; "Hong Kong" as Hong Kong, China; "Korea" as the Republic of Korea; "Vietnam" as Viet Nam; and "Hanoi" as Ha Noi.
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Highlights

Bond Market Outlook

Bond yields in most emerging East Asian markets declined between the start of the year and mid-February amid mounting gloom over global growth prospects.[1] The main exceptions to the downward trend were the People's Republic of China (PRC) and Hong Kong, China. Bond yields also fell in major advanced economies due to subdued inflation and concerns over deflation in some economies.

With growth momentum in the United States (US) slowing, the US Federal Reserve held interest rates steady in January following the first rate hike in 9 years in December. In the eurozone, growth remained lackluster and the European Central Bank decided to continue its quantitative easing policies in order to stave off deflation. In Japan, the economy grew by only 0.5% in 2015. In response to a sharp drop in industrial production and tepid inflation, the Bank of Japan introduced negative interest rates in January.

Yields for 10-year local currency (LCY) government bonds in emerging East Asia mostly fell between 1 January and 15 February. Over the same period, most emerging East Asian stock markets also fell, with the only exceptions being in Indonesia, where the market rose, and in Thailand, where the market held steady.

The region's foreign exchange markets were mixed between 1 January and 15 February. The Korean won depreciated by 3.0% and the Philippine peso weakened by 1.2% against the US dollar, while the Indonesian rupiah and Malaysian ringgit appreciated by 3.3% and 3.8%, respectively. The region's other currencies were more or less stable, with only the Thai baht appreciating by more than 1%.

Credit default swap spreads across emerging East Asia have remained volatile over the same period, mirroring the lingering uncertainty about the region's growth prospects. Risk premiums in emerging East Asian bond markets have been on the rise as well.

Risks to emerging East Asia's bond markets have intensified since the start of the year. The Federal Reserve may raise interest rates within the first half of the year, which could generate outflows from the region's bond markets. However, a gradual and cautious increase in interest rates, combined with emerging East Asian bond markets having already factored in US monetary policy normalization, suggest that the adverse impacts will be limited. At the same time, the strengthening US dollar could adversely affect corporate balance sheets and exacerbate funding challenges for companies that have borrowed in US dollars. A broader loss of investor confidence in emerging markets looms as the single biggest risk.

LCY Bond Market Growth in Emerging East Asia

Emerging East Asia's LCY bond market expanded 5.0% quarter-on-quarter (q-o-q) and 17.8% year-on-year (y-o-y) in the fourth quarter (Q4) of 2015, with the outstanding bond stock amounting to USD9,105 billion at the end of December. The three fastest growing markets on a q-o-q basis were those of the PRC; Hong Kong, China; and Malaysia—while negative q-o-q growth was recorded in Singapore.

The largest bond market in emerging East Asia remained the PRC's, with an outstanding bond stock of USD6,150 billion at the end of December, which accounted for 67.5% of the region's total.

The amount of LCY bonds outstanding as a share of the region's gross domestic product rose to 63.9% in Q4 2015 from 61.7% in the third quarter (Q3) of 2015, driven by quarterly increases for both government bonds and corporate bonds. The highest ratio among all emerging East Asian economies in Q4 2015 belonged to the Republic of Korea (132.5%), followed by Malaysia (96.7%) and Singapore (79.2%).

LCY bond issuance in emerging East Asia in Q4 2015 reached USD1,060 billion, of which 63.3% comprised

[1] Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

government bond sales and 36.7% comprised corporate bond sales. Issuance in Q4 2015 was lower than in Q3 2015 due to a q-o-q decline in the issuance of government bonds, including Treasury bonds and bonds issued by central banks and monetary authorities. However, issuance was up from Q4 2014 on the back of y-o-y increases in the issuance of Treasury bonds and corporate bonds. The PRC remained the largest source of LCY bond issuances in the region in Q4 2015.

Structural Developments in LCY Bond Markets

Foreign investors' holdings of LCY government bonds as a share of the total market remained broadly stable in Q4 2015 in emerging East Asia. The share of government bonds held by foreign investors rose in Indonesia and Malaysia, and fell in Thailand. The share of foreign investors' holdings in the Republic of Korea also fell in Q3 2015, the latest quarter for which data are available. Foreign holdings as a share of the LCY corporate bond market continued to pale in comparison to foreign holdings in the LCY government bond market in both Indonesia and the Republic of Korea.

Net foreign capital inflows were recorded in the LCY bond markets of Indonesia, Malaysia, and Thailand in Q4 2015, while net outflows from the Republic of Korea's bond market were observed during the same period.

LCY Bond Yields

Yields for LCY government bonds decreased for most maturities in nearly all emerging East Asian markets between 1 January and 15 February. The 10-year yield declined in all of the region's markets except the PRC's. During the same period, the spread between yields for the 2-year and 10-year maturities narrowed in all markets except Indonesia's.

Credit spreads between AAA-rated corporate bonds and government bonds generally fell in the PRC and the Republic of Korea between 1 January and 15 February, while spreads rose in Malaysia. During the same period, credit spreads widened between AAA-rated and lower-rated corporate bonds in Malaysia, but remained mostly unchanged in the PRC and the Republic of Korea.

Global and Regional Market Developments

Bond yields in most emerging East Asian markets declined amid mounting gloom over global growth prospects.[2] The main exceptions to the downward trend were the People's Republic of China (PRC) and Hong Kong, China.

After raising interest rates on 16 December for the first time since the onset of the global financial crisis, the United States (US) Federal Reserve held rates steady on 27 January. Meanwhile, the People's Bank of China has refrained from further monetary easing and bond yields in the major advanced economies have declined against the backdrop of subdued inflation. Indeed, there are concerns about deflation in some advanced economies.

US economic growth disappointed in the fourth quarter (Q4) of 2015, with gross domestic product expanding at an annual rate of only 1.0%, based on second estimates, down sharply from 2.0% annualized growth in the third quarter of 2015. The combination of a strong dollar and weak global growth dragged down trade and investment. Private consumption remains healthy but, overall, the US economy is slowing, which may put pause to the Federal Reserve's gradual escalation of interest rates until it sees data indicating a stronger recovery.

Growth in the eurozone remains lackluster, with the economy expanding 1.6% both in Q4 2015 and in full-year 2015. Declining consumer confidence pulled down consumption toward the end of 2015. In response to the deflationary pressures being exerted by weak aggregate demand and low oil prices, the European Central Bank decided to continue its quantitative easing policies. In Japan, the economy grew by only 0.5% in 2015. Following a sharp drop in industrial production and tepid inflation, the Bank of Japan introduced negative interest rates in January.

Yields for 10-year local currency (LCY) government bonds in emerging East Asia mostly fell between 1 January and 15 February **(Table A)**. Investor confidence in the region remained relatively high despite the Federal Reserve's interest rate hike in December and global stock market jitters in early January. Indonesia saw its 10-year bond yield decline by 79 basis points (bps) during the review period. Singapore and Thailand experienced drops of 40 bps or more, while yields fell by more than 20 bps in the Republic of Korea and Malaysia. Within the region, only the 10-year yield in the PRC saw an increase, gaining a marginal 2 bps.

Over the same period, most emerging East Asian stock markets fell. The only exceptions to the region-wide decline were in Indonesia, where the market rose by 3.2%, and in Thailand, where the market held steady. The catalyst for the declines was uncertainty in the PRC, where the stock market has fallen by more than 20% since the start of the year.

The region's foreign exchange markets were also mixed over the same period. The Korean won depreciated by 3.0% and the Philippine peso by 1.2% against the US dollar, while the Indonesian rupiah and Malaysian ringgit appreciated by 3.3% and 3.8%, respectively. The region's other currencies were more or less stable, with only the Thai baht appreciating by more than 1%.

Credit default swap (CDS) spreads across emerging East Asia have remained volatile during the review period **(Figure A)**, mirroring the lingering uncertainty about the region's growth prospects. In particular, spreads have trended upward in the PRC amid concerns over economic growth. Spreads have also risen in the Philippines and Thailand. In Europe, CDS spreads have escalated discernibly in Ireland, Italy, Portugal, and Spain. Rising spreads in Europe were partly the result of concerns about nonperforming loans and other structural issues in the Italian banking sector **(Figure B)**. Reflecting growth slowdowns across emerging markets in general and commodity-exporting economies in particular, emerging market CDS spreads have climbed discernibly in early 2016. As an indication of increasingly uncertain US financial market conditions, the volatility index also edged up between 1 January and 15 February **(Figure C)**.

In the eurozone, bond yields have been falling amid deflationary pressures and sluggish growth **(Figure D)**. In December, the European Central Bank considered further expansionary measures by cutting its deposit rate by 10 bps. Japanese and US bond yields have also

[2] Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

Table A: Changes in Global Financial Conditions

	2-Year Government Bond (bps)	10-Year Government Bond (bps)	5-Year Credit Default Swap Spread (bps)	Equity Index (%)	FX Rate (%)
Major Advanced Economies					
United States	(33)	(52)	…	(8.8)	…
United Kingdom	(28)	(53)	15	(6.7)	2.1
Japan	(13)	(18)	5	(15.7)	4.9
Germany	(18)	(39)	10	(14.3)	(2.8)
Emerging East Asia					
China, People's Rep. of	5	2	30	(22.4)	(0.04)
Hong Kong, China	30	(14)	…	(13.7)	(0.4)
Indonesia	(94)	(79)	9	3.2	3.3
Korea, Rep. of	(17)	(26)	16	(5.1)	(3.0)
Malaysia	26	(28)	2	(2.5)	3.8
Philippines	(7)	(14)	20	(3.7)	(1.2)
Singapore	(2)	(40)	…	(9.5)	0.8
Thailand	(11)	(42)	22	0.03	1.1
Viet Nam	1	(4)	(4)	(6.1)	0.6
Select European Markets					
Greece	688	292	428	(22.7)	(2.8)
Ireland	(0.4)	(26)	24	(12.3)	(2.8)
Italy	5	3	53	(20.4)	(2.8)
Portugal	79	92	168	(12.7)	(2.8)
Spain	5	(2)	30	(14.3)	(2.8)

… = data not available, ( ) = negative, bps = basis points, FX = foreign exchange.
Notes:
1. Data reflect changes between 1 January and 15 February 2016.
2. For emerging East Asia, a positive (negative) value for the FX rate indicates the appreciation (depreciation) of the local currency against the US dollar.
3. For European markets, a positive (negative) value for the FX rate indicates the depreciation (appreciation) of the local currency against the US dollar.
Sources: Bloomberg LP and Institute of International Finance (IIF).

followed a downward trend. Emerging East Asia's risk premiums have been on the rise amid widespread uncertainty over the region's growth prospects **(Figure E)**.

Currency appreciation has made Indonesian and Malaysian bonds more attractive to foreign investors. For example, foreign holdings of Malaysian LCY government bonds as a share of total LCY government bonds outstanding rose to 31.7% at the end of December from 30.5% at the end of September. The share of foreign holdings in the Indonesian LCY government bond market also increased in Q4 2015, while the share of foreign holdings in the Thai LCY government bond market fell **(Figure F)**.

A number of risks loom on the horizon for the region's LCY bond markets. These risks have intensified since the beginning of the year.

The Federal Reserve may raise interest rates within the first half of the year, which could generate outflows from the region's bond markets. While the Federal Reserve held interest rates steady on 27 January, there is a possibility that it could resume raising rates within the first half of the year. However, a gradual and cautious increase in interest rates, combined with emerging East Asian bond markets having already factored in US monetary policy normalization, suggest that the adverse impacts would be limited.

A strengthening dollar could adversely affect corporate balance sheets and exacerbate funding challenges. Further strengthening of the US dollar will reduce the LCY profits of some Asian companies and increase the LCY debts of those that have borrowed in US dollars. Heightened risk premiums could make it more difficult for Asian companies to issue bonds, particularly in light of tighter global financing conditions as the Federal Reserve normalizes US monetary policy.

A broader loss of investor confidence in emerging markets looms as the single biggest risk. Market-specific economic and political risk factors—such as a growth slowdown in the PRC or political instability and sharply lower growth in commodity-exporting emerging economies—could combine with global risk aversion, lower liquidity, and slower growth in emerging markets as a whole to spark a general selloff of emerging market assets. A crisis in one or more vulnerable emerging markets could have spillover effects and heighten risk aversion toward emerging markets in general. East Asian bond markets would not be immune in this scenario.

Figure A: Credit Default Swap Spreads[a, b] (senior 5-year)

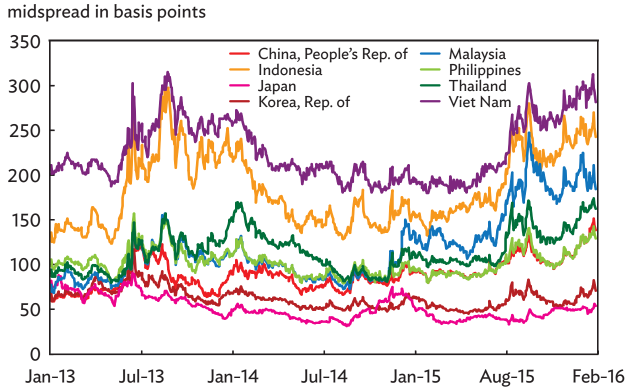


Figure B: Credit Default Swap Spreads for Select European Markets[a, b] (senior 5-year)

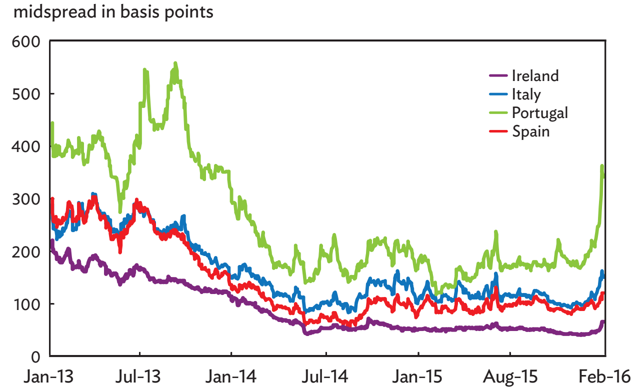


Figure C: US Equity Volatility and Emerging Market Sovereign Bond Spreads[b]

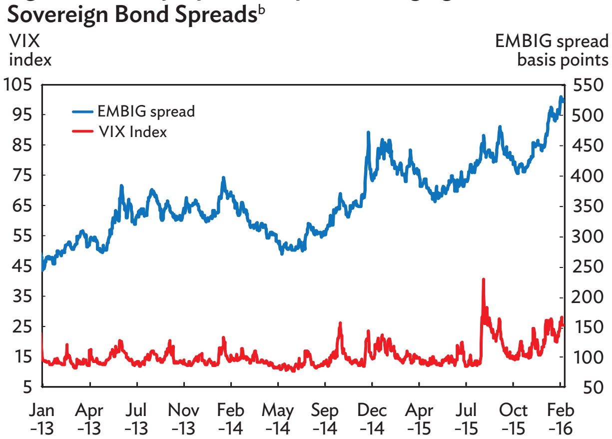


Figure D: 10-Year Government Bond Yields[b] (% per annum)

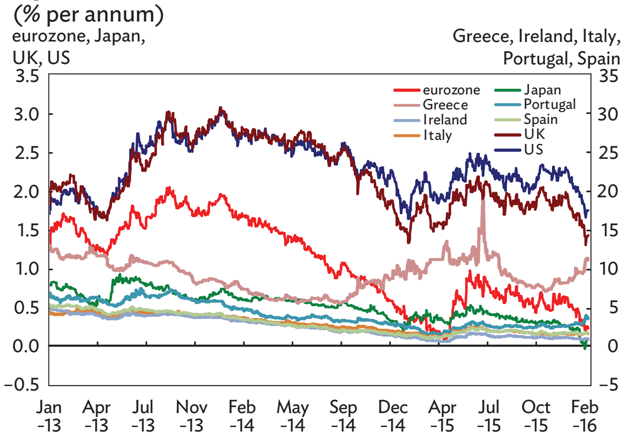


Figure E: JPMorgan EMBI Sovereign Stripped Spreads[a, b]

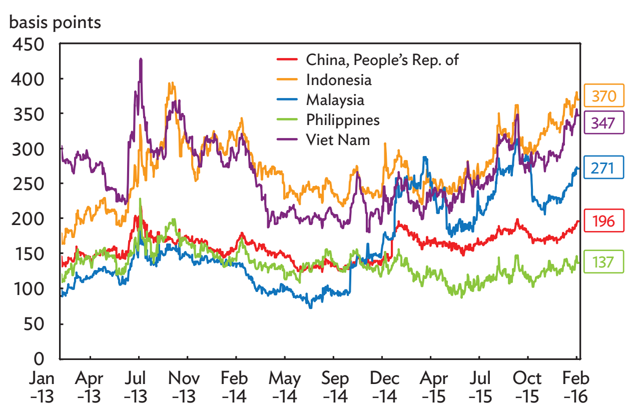
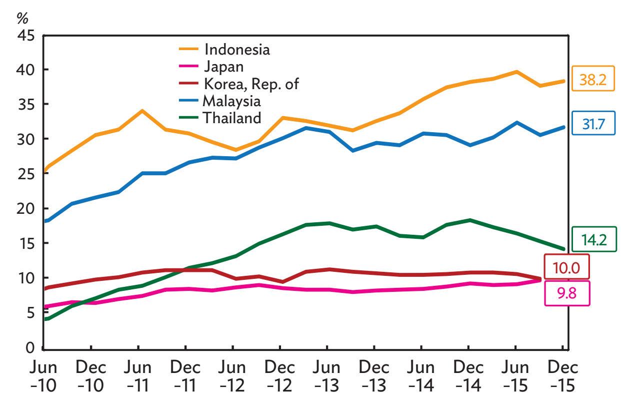


Figure F: Foreign Holdings of LCY Government Bonds in Select Asian Economies[c] (% of total)



EMBI = Emerging Markets Bond Index, EMBIG = Emerging Markets Bond Index Global, LCY = local currency, UK = United Kingdom, US = United States, VIX = Chicago Board Options Exchange Volatility Index.

Notes:

[a] In USD and based on sovereign bonds.

[b] Data as of 15 February 2016.

[c] Data as of end-December 2015 except for Japan and the Republic of Korea (end-September 2015).

Sources: *AsianBondsOnline* and Bloomberg LP.

Bond Market Developments in the Fourth Quarter of 2015

Size and Composition

Emerging East Asia's local currency bond market reached a size of USD9,105 billion at the end of December.[3]

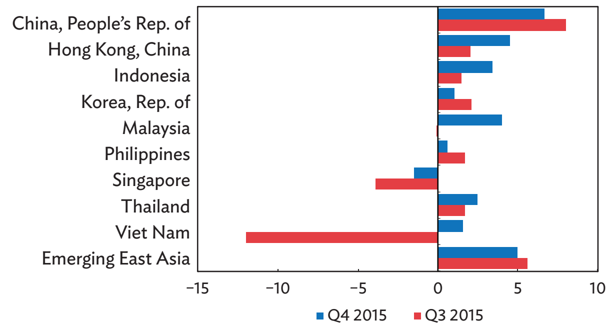
The outstanding size of emerging East Asia's local currency (LCY) bond market climbed to USD9,105 billion at the end of December on growth of 5.0% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2015. This, however, was slightly lower than the 5.6% q-o-q growth posted in the third quarter (Q3) of 2015 **(Figure 1a)**. The fastest growing bond markets in the region were those of the People's Republic of China (PRC) (6.7%); Hong Kong, China (4.5%); and Malaysia (4.0%). All other markets recorded q-o-q growth rates of between 0.6% and 3.4% in Q4 2015. It was only in Singapore where the LCY bond market contracted on a q-o-q basis during the review period.

Growth in the region's LCY bond market continued to be driven by the PRC, which remained the largest bond market in emerging East Asia. The PRC's outstanding bonds of USD6,150 billion at the end of December accounted for a 67.5% share of the region's total bond stock. Both its government (7.6% q-o-q) and corporate (4.9% q-o-q) bond segments reported robust growth in Q4 2015.

The PRC's government bond market's growth was buoyed by an increase in the stock of local government bonds that was driven by the refinancing of local government bonds and the need to fund expenditures as revenues from property sales continued to decline. Corporate bond market growth was supported by increases in the stock of Tier 2 bonds, medium-term notes, and commercial paper as corporates tapped bond markets with banks increasingly reluctant to lend.

The Republic of Korea was the second largest LCY bond market in emerging East Asia at a size of USD1,720 billion at the end of December on growth of 1.1% q-o-q. Growth in the Republic of Korea's bond market in Q4 2015 was fairly balanced between its government (1.0% q-o-q) and corporate (1.1% q-o-q) segments. Growth in the government bond market stemmed from increases in the stock of central government bonds and industrial finance debentures; central bank bonds contracted during the review period.

Figure 1a: Growth of LCY Bond Markets in Q3 2015 and Q4 2015 (q-o-q, %)



LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter.
Notes:
1. Calculated using data from national sources.
2. Growth rates are calculated from LCY base and do not include currency effects.
3. Emerging East Asia growth figures are based on 31 December 2015 currency exchange rates and do not include currency effects.
4. For Singapore, corporate bonds outstanding data based on *AsianBondsOnline* estimates.
5. Malaysia's Q3 2015 q-o-q growth rate is –0.01% and is not visible in the chart.
Sources: People's Republic of China (*ChinaBond* and *Wind*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (EDAILY *BondWeb* and The Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore, Singapore Government Securities, and Bloomberg LP); Thailand (Bank of Thailand); and Viet Nam (Bloomberg LP and Vietnam Bond Market Association).

In Thailand, the LCY bond market reached a size of USD278 billion at the end of December on growth of 2.5% q-o-q. Both the government and corporate bond segments posted q-o-q growth of 2.5% in Q4 2015. The expansion of Thailand's bond market was led by increases in its stock of government bonds and Treasury bills, state-owned enterprise bonds, and corporate bonds.

At the end of December, Malaysia's outstanding bond stock reached USD261 billion on growth of 4.0% q-o-q in Q4 2015, reversing a marginal 0.01% q-o-q contraction

[3] Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

in Q3 2015. Much of this growth in Q4 2015 came from the corporate bond market, which expanded 7.1% q-o-q. Government bonds contributed to growth at a much slower pace of 1.6% q-o-q.

More than half of Malaysia's LCY bond market comprised *sukuk* (Islamic bonds) at the end of December, making it the largest *sukuk* market in the region. *Sukuk* accounted for 40% of Malaysia's government bond sector and 71% of the corporate bond segment.

The LCY bond market of Singapore contracted 1.5% q-o-q to USD221 billion at the end of December. The decline was due largely to reduced issuance of Monetary Authority of Singapore bills in Q4 2015. Corporate bonds also declined marginally as maturing bonds outpaced new corporate bond issuance during the review period.

At the end of December, Hong Kong, China's outstanding bond stock stood at USD209 billion on growth of 4.5% q-o-q. Growth in Q4 2015 was largely driven by an increase in government bonds, particularly Exchange Fund Bills as the Hong Kong Monetary Authority siphoned off liquidity amid rising demand for Hong Kong dollars following the devaluation of the Chinese renminbi. Corporate bonds also contributed to the growth in Q4 2015.

In Indonesia, the outstanding stock of LCY bonds climbed to USD127 billion at the end of December on overall growth of 3.4% q-o-q. Growth was mainly driven by increases in the stock of Treasury bills and bonds as the government sought to fund its budget deficit. It also issued more than its planned issuance target to help prefund expenditures for 2016 and lock-in lower borrowing costs. On the other hand, the stock of central bank bills continued to decline as Bank Indonesia opted to utilize other monetary policy tools to manage liquidity. Indonesia's corporate bond market was broadly steady in Q4 2015, posting 0.1% q-o-q growth.

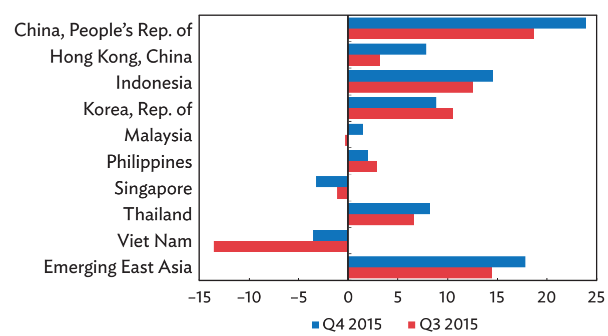
The Philippines LCY bond market reached a size of USD101 billion at the end of December on marginal growth of 0.6% q-o-q. Government bonds rose on the back of increases in Treasury bonds and new debt issuance by government-owned Land Bank of the Philippines in Q4 2015. Corporate bonds, on the other hand, grew at a much faster pace of 2.8% q-o-q.

At the end of December, LCY bonds outstanding in Viet Nam stood at USD38 billion on growth of 1.5% q-o-q. Growth in Q4 2015 was led by Treasury bonds, state-owned enterprise bonds, and corporate bonds. As interest for long-dated bonds remained weak, the government decided to allow for the issuance of bonds with maturities of 5 years or less beginning in November. This resulted in successful auctions and allowed the government to finance its budget deficit. On the other hand, central bank bonds fell by nearly half during the review period.

On a year-on-year (y-o-y) basis, emerging East Asia's LCY bond market grew at a pace of 17.8% in Q4 2015 compared with 14.4% y-o-y in Q3 2015 **(Figure 1b)**. The fastest growing bond markets were those of the PRC (23.9% y-o-y), Indonesia (14.4% y-o-y), and the Republic of Korea (8.8% y-o-y). All other emerging East Asian markets recorded y-o-y growth rates of between 1.4% and 8.1% except for Singapore and Viet Nam, which recorded y-o-y contractions in Q4 2015.

At the end of December, government bonds still comprised a majority of emerging East Asia's LCY bond market, accounting for 61.5% of the total bond stock

Figure 1b: Growth of LCY Bond Markets in Q3 2015 and Q4 2015 (y-o-y, %)



LCY = local currency, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Growth rates are calculated from LCY base and do not include currency effects.
3. Emerging East Asia growth figures are based on 31 December 2015 currency exchange rates and do not include currency effects.
4. For Singapore, corporate bonds outstanding data based on *AsianBondsOnline* estimates.

Sources: People's Republic of China (*ChinaBond* and *Wind*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (EDAILY *BondWeb* and The Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore, Singapore Government Securities, and Bloomberg LP); Thailand (Bank of Thailand); and Viet Nam (Bloomberg LP and Vietnam Bond Market Association).

Table 1: Size and Composition of LCY Bond Markets

	Q4 2014		Q3 2015		Q4 2015		Growth Rate (LCY-base %)				Growth Rate (USD-base %)			
							Q4 2014		Q4 2015		Q4 2014		Q4 2015	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q	y-o-y
China, People's Rep. of														
Total	5,192	100.0	5,891	100.0	6,150	100.0	2.0	12.7	6.7	23.9	1.0	9.9	4.4	18.4
Government	3,335	64.2	3,862	65.6	4,067	66.1	1.7	11.2	7.6	27.6	0.6	8.5	5.3	22.0
Corporate	1,858	35.8	2,029	34.4	2,083	33.9	2.7	15.3	4.9	17.4	1.6	12.5	2.7	12.1
Hong Kong, China														
Total	194	100.0	200	100.0	209	100.0	(0.04)	(0.2)	4.5	7.8	0.1	(0.2)	4.5	7.8
Government	109	56.4	113	56.4	120	57.1	(0.8)	0.9	5.8	9.2	(0.6)	0.9	5.8	9.3
Corporate	85	43.6	87	43.6	90	42.9	0.9	(1.7)	2.8	5.9	1.1	(1.7)	2.8	6.0
Indonesia														
Total	123	100.0	115	100.0	127	100.0	1.6	16.8	3.4	14.4	(0.01)	14.8	9.9	2.8
Government	106	85.4	98	85.3	109	85.7	1.7	19.8	4.0	14.8	0.1	17.7	10.5	3.1
Corporate	18	14.6	17	14.7	18	14.3	1.2	2.1	0.1	12.1	(0.4)	0.3	6.4	0.8
Korea, Rep. of														
Total	1,703	100.0	1,687	100.0	1,720	100.0	2.6	7.8	1.1	8.8	(0.7)	3.8	1.9	1.0
Government	701	41.2	686	40.7	700	40.7	7.5	16.4	1.0	7.4	4.0	12.0	1.9	(0.2)
Corporate	1,002	58.8	1,000	59.3	1,020	59.3	(0.5)	2.6	1.1	9.7	(3.8)	(1.3)	2.0	1.8
Malaysia														
Total	316	100.0	245	100.0	261	100.0	2.3	8.0	4.0	1.4	(4.1)	1.1	6.5	(17.4)
Government	185	58.6	137	55.9	142	54.7	2.2	8.3	1.6	(5.5)	(4.1)	1.4	4.0	(23.0)
Corporate	131	41.4	108	44.1	118	45.3	2.3	7.5	7.1	11.1	(4.1)	0.7	9.6	(9.5)
Philippines														
Total	104	100.0	101	100.0	101	100.0	1.5	5.6	0.6	1.9	2.0	4.8	0.2	(2.8)
Government	87	83.5	84	83.4	84	83.0	1.3	2.0	0.2	1.3	1.8	1.2	(0.2)	(3.4)
Corporate	17	16.5	17	16.6	17	17.0	2.6	28.7	2.8	5.0	3.2	27.8	2.4	0.1
Singapore														
Total	244	100.0	223	100.0	221	100.0	0.7	5.0	(1.5)	(3.2)	(3.1)	0.1	(1.2)	(9.5)
Government	147	60.1	132	59.1	129	58.6	(0.3)	2.8	(2.3)	(5.7)	(4.0)	(2.1)	(2.1)	(11.8)
Corporate	97	39.9	91	40.9	91	41.4	2.1	8.6	(0.2)	0.5	(1.7)	3.5	0.03	(6.1)
Thailand														
Total	281	100.0	269	100.0	278	100.0	0.9	2.9	2.5	8.1	(0.5)	2.2	3.5	(1.2)
Government	211	75.1	201	74.9	208	74.9	0.5	(0.6)	2.5	7.8	(1.0)	(1.2)	3.5	(1.5)
Corporate	70	24.9	68	25.1	70	25.1	2.4	14.8	2.5	9.0	0.9	14.1	3.4	(0.4)
Viet Nam														
Total	42	100.0	38	100.0	38	100.0	(8.9)	32.4	1.5	(3.5)	(9.6)	30.6	1.5	(8.2)
Government	41	98.3	37	97.0	37	96.7	(9.0)	32.9	1.2	(5.0)	(9.7)	31.1	1.1	(9.7)
Corporate	0.7	1.7	1	3.0	1	3.3	(3.1)	8.5	13.3	84.3	(3.8)	7.0	13.3	75.3
Emerging East Asia														
Total	8,200	100.0	8,769	100.0	9,105	100.0	2.0	10.6	5.0	17.8	0.1	7.5	3.8	11.0
Government	4,922	60.0	5,351	61.0	5,595	61.5	2.2	10.9	5.9	20.5	0.5	7.9	4.6	13.7
Corporate	3,278	40.0	3,418	39.0	3,509	38.5	1.6	10.1	3.6	13.8	(0.5)	6.8	2.7	7.1
Japan														
Total	8,970	100.0	9,125	100.0	8,931	100.0	0.6	2.1	(1.9)	(0.1)	(7.9)	(10.2)	(2.1)	(0.4)
Government	8,290	92.4	8,464	92.8	8,274	92.7	0.7	2.4	(2.0)	0.2	(7.8)	(9.9)	(2.2)	(0.2)
Corporate	680	7.6	661	7.2	656	7.3	(0.1)	(1.7)	(0.5)	(3.1)	(8.5)	(13.6)	(0.8)	(3.5)

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. For Singapore, corporate bonds outstanding data based on *AsianBondsOnline* estimates.
2. Corporate bonds include issues by financial institutions.
3. Bloomberg LP end-of-period LCY—USD rates are used.
4. For LCY base, emerging East Asia growth figures based on 31 December 2015 currency exchange rates and do not include currency effects.
5. Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.
Sources: People's Republic of China (*ChinaBond* and *Wind*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (EDAILY *BondWeb* and The Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore, Singapore Government Securities, and Bloomberg LP); Thailand (Bank of Thailand); Viet Nam (Bloomberg LP and Vietnam Bond Market Association); and Japan (Japan Securities Dealers Association).

in Q4 2015 **(Table 1)**. The region's government bond market reached a size of USD5,595 billion at the end of December, up 5.9% q-o-q and 20.5% y-o-y in Q4 2015. The PRC's government bond market was the largest in the region at USD4,067 billion, accounting for 72.7% of the region's aggregate government bond stock. The Republic of Korea's government bond market was the next largest at USD700 billion, followed by Thailand's at USD208 billion. In all emerging East Asian markets except the Republic Korea, the size of the government bond market exceeded that of the corporate bond market: the corporate bond market in the Republic of Korea accounted for a 59.3% share of the economy's total bond stock at the end of December.

The region's corporate bond market totaled USD3,509 billion at the end of December, up 3.6% q-o-q and 13.8% y-o-y in Q4 2015. The largest corporate bond markets in the region were those of the PRC (USD2,083 billion) and the Republic of Korea (USD1,020 billion). These two markets accounted for 59.4% and 29.1% of the region's total corporate bond stock, respectively. All other emerging East Asian markets comprised the remaining 11.6% share.

As a share of gross domestic product (GDP), emerging East Asia's LCY bond market rose to 63.9% in Q4 2015 from 61.7% in the previous quarter **(Table 2)**. The share of government bonds to GDP climbed to 39.3% from 37.6% over the same period, while the share of corporate bonds to GDP rose marginally to 24.6% from 24.0%. The Republic of Korea had the largest share of bonds to GDP at 132.5%, followed by Malaysia (96.7%) and Singapore (79.2%). The markets with the smallest share of bonds to GDP were Indonesia (15.2%) and Viet Nam (20.5%).

Foreign investors' holdings of LCY governments bonds remain stable in emerging East Asia.

The shares of foreign holdings in LCY government bond markets in emerging East Asia remained broadly stable despite the first rate hike initiated by the United States (US) Federal Reserve in 9 years in December. Foreign investors' holdings in Indonesia and Malaysia, as a share of the total market, continued to rise in Q4 2015 even as their currencies weakened against the US dollar in 2015. Both markets have more than 30% of their LCY bonds held by offshore investors, making them vulnerable to the risks associated with capital flight.

Table 2: Size and Composition of LCY Bond Markets (% of GDP)

	Q4 2014	Q3 2015	Q4 2015
China, People's Rep. of			
Total	50.7	56.2	59.0
Government	32.5	36.9	39.0
Corporate	18.1	19.4	20.0
Hong Kong, China			
Total	66.8	65.6	68.6
Government	37.6	37.0	39.2
Corporate	29.1	28.6	29.4
Indonesia			
Total	14.5	15.0	15.2
Government	12.4	12.8	13.0
Corporate	2.1	2.2	2.2
Korea, Rep. of			
Total	125.1	129.9	132.5
Government	51.5	52.9	53.9
Corporate	73.6	77.1	78.6
Malaysia			
Total	99.7	94.2	96.7
Government	58.5	52.7	52.9
Corporate	41.3	41.5	43.9
Philippines			
Total	36.9	36.1	35.8
Government	30.8	30.1	29.7
Corporate	6.1	6.0	6.1
Singapore			
Total	82.9	80.2	79.2
Government	49.8	47.4	46.4
Corporate	33.1	32.8	32.8
Thailand			
Total	70.5	72.8	74.0
Government	52.9	54.5	55.4
Corporate	17.6	18.3	18.6
Viet Nam			
Total	22.6	20.6	20.5
Government	22.2	20.0	19.8
Corporate	0.4	0.6	0.7
Emerging East Asia			
Total	57.6	61.7	63.9
Government	34.6	37.6	39.3
Corporate	23.0	24.0	24.6
Japan			
Total	220.6	220.4	215.2
Government	203.9	204.4	199.4
Corporate	16.7	16.0	15.8

GDP = gross domestic product, LCY = local currency, Q3 = third quarter, Q4 = fourth quarter.

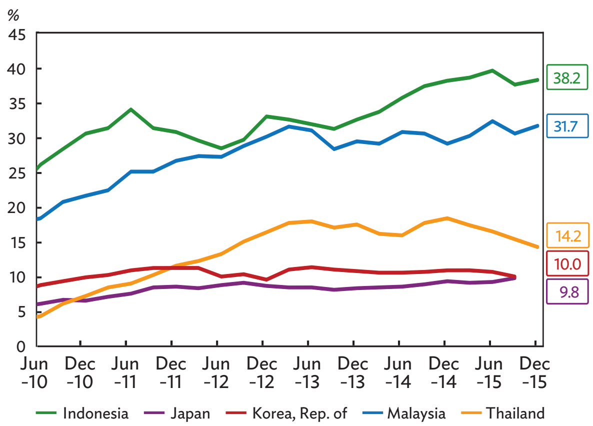
Notes:

1. Data for GDP is from CEIC. For Hong Kong, China; Republic of Korea; and Singapore; Q4 2015 GDP figures carried over from Q3 2015.
2. For Singapore, corporate bonds outstanding data based on *AsianBondsOnline* estimates.

Sources: People's Republic of China (*ChinaBond* and *Wind*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (EDAILY *BondWeb* and The Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore, Singapore Government Securities, and Bloomberg LP); Thailand (Bank of Thailand); Viet Nam (Bloomberg LP and Vietnam Bond Market Association); and Japan (Japan Securities Dealers Association).

Foreign ownership of LCY government bonds in Q4 2015, as a share of the total government bond market, was the highest in Indonesia among all markets providing such data in emerging East Asia. The share of foreign holdings in the Indonesian LCY government bond market climbed to 38.2% in Q4 2015 from 37.6% in Q3 2015 **(Figure 2)**. Offshore investors remain attracted to Indonesian LCY government bonds, which offer the highest yields among all markets in the region. About 45% of these investors are positioned at the long-end of the yield curve, as they remain confident in Indonesia's macroeconomic fundamentals and are optimistic about government policy packages to boost economic growth. Some foreign governments and central banks also hold Indonesian government bonds.

Figure 2: Foreign Holdings of LCY Government Bonds in Select Asian Economies (% of total)



LCY = local currency.
Note: Data as of end-December 2015 except for Japan and the Republic of Korea (end-September 2015).
Source: *AsianBondsOnline*.

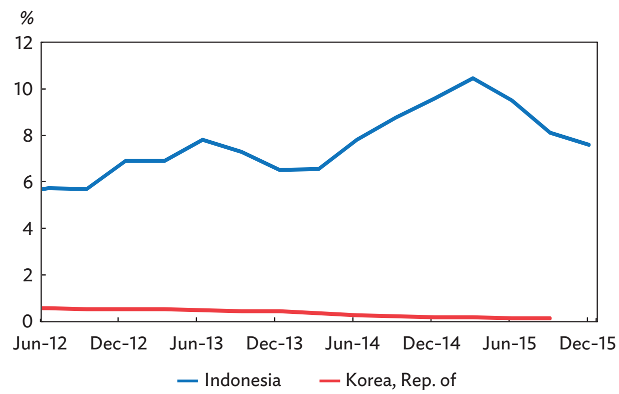
In Malaysia, the share of foreign holdings climbed more than 1 percentage point in Q4 2015 to 31.7%. Sentiments in the government bond market improved as the Malaysian ringgit stabilized in the latter part of 2015.

On the other hand, foreign holders' share in Thailand declined by more than 1 percentage point to 14.2% in Q4 2015. Foreign fund outflows were recorded in the run-up to the Federal Reserve's rate hike in December. In addition, economic conditions remained weak amid falling exports and persistent deflation. In the Republic of Korea, offshore holdings of LCY bonds dropped to a share of 10.0% of the total in Q3 2015, the latest quarter for which data are available.

Foreign investor appetite for the region's corporate bonds continued to pale in comparison with that for government bonds. Available data for both Indonesia and the Republic of Korea showed much lower foreign holding shares in corporate bond markets than in government bond markets. This may be partly explained by the illiquid nature of most of the region's corporate bonds, with the majority of investors tending to buy and hold until maturity. In addition, foreign investors often shy away from corporate bonds because of the added due diligence requirements.

In Q4 2015, the share of foreign holdings in the Indonesian LCY corporate bond market slipped to 7.6% from 8.1% in Q3 2015 **(Figure 3)**. In the Republic of Korea, offshore holdings of corporate bonds comprised a negligible share of 0.2% of the total market in Q3 2015, the latest quarter for which data are available, despite the relatively large size of its corporate bond market.

Figure 3: Foreign Holdings of LCY Corporate Bonds in Indonesia and the Republic of Korea (% of total)

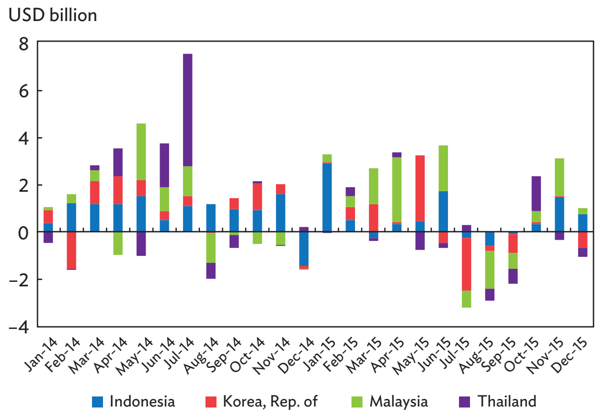


LCY = local currency.
Note: For Indonesia, data as of 23 December 2015. For the Republic of Korea, data as of end-September 2015.
Source: Based on data from Otoritas Jasa Keuangan and the Bank of Korea.

Net foreign capital inflows resumed in most emerging East Asian bond markets in Q4 2015.

Foreign fund inflows resumed in most emerging East Asian bond markets in Q4 2015, reversing the outflows recorded in Q3 2015 **(Figure 4)**. In Q4 2015, three out of the four emerging East Asian markets for which data are available recorded net bond inflows. The only market that recorded net foreign fund outflow in Q4 2015 was the Republic of Korea.

Figure 4: Foreign Bond Flows in Select Emerging East Asian Markets



Notes:
1. The Republic of Korea and Thailand provide data on bond flows. For Indonesia and Malaysia, month-on-month changes in foreign holdings of local currency government bonds were used as a proxy for bond flows.
2. Data provided as of end-December 2015.
3. Figures were computed based on 31 December 2015 currency exchange rates and do not include currency effects.

Sources: Directorate General of Budget Financing and Risk Management, Ministry of Finance; Financial Supervisory Service; Bank Negara Malaysia; and Thai Bond Market Association.

Indonesia recorded the largest net foreign fund inflows in Q4 2015 at USD2.5 billion, with investor sentiments turning positive amid an improving economic performance. As inflation slowed toward Bank Indonesia's target range, it provided some space for monetary easing.

Malaysia also witnessed the resumption of foreign fund inflows in its LCY bond market in Q4 2015, recording net capital inflows of USD2.3 billion that were partly driven by improved sentiments over the Malaysian ringgit. In Thailand, net capital inflows of USD0.7 billion were recorded in Q4 2015, mainly the result of large inflows in October which offset the outflows in November and December.

It was only in the Republic of Korea where net capital flows remained negative in Q4 2015. However, the net capital outflows of USD0.5 billion in Q4 2015 were less than the USD3.2 billion in outflows recorded in the previous quarter.

Emerging East Asia's LCY bond issuance exhibited a mixed performance in Q4 2015.

Emerging East Asia's total LCY bond issuance in Q4 2015 amounted to USD1,060 billion, of which 63.3% comprised government bond sales and 36.7% was issued by corporates **(Table 3)**. Issuance in Q4 2015 was lower compared with Q3 2015 due to a q-o-q decline in the issuance of government bonds—including Treasury bonds and bonds issued by central banks and monetary authorities—but higher than Q4 2014 due to y-o-y increases in Treasury bond and corporate bond issuances.

The PRC continued to be the largest source of LCY bond issuances in the region, with Q4 2015 issuance of renminbi-denominated bonds reaching USD644 billion (CNY4,179 billion). This was down from Q3 2015 because of a quarterly drop in Treasury bond issuance, while it was much higher than in Q4 2014 because of annual increases in government bond issuance, led by local governments seeking to refinance maturing obligations, and corporate bond issuance.

In Hong Kong, China, LCY bond issuance climbed to USD90 billion (HKD696 billion) in Q4 2015, buoyed by growth in Hong Kong Monetary Authority (HKMA) bond sales, which accounted for 88.5% of Hong Kong, China's quarterly bond issuance as HKMA siphoned off liquidity. LCY corporate bond issues recorded double-digit growth in Q4 2015, accounting for the remaining 11.5% of total issuance.

LCY bonds sold in the Republic of Korea stood at USD160 billion (KRW188,446 billion) in Q4 2015, up from Q3 2015 amid a quarterly hike in bonds sold by the central bank and the corporate sector. However, issuance was down from Q4 2014, mainly a result of y-o-y declines in central bank and corporate bond issues.

The six Southeast Asian markets— Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam— recorded total LCY bond issuance of USD166 billion in Q4 2015, which was down relative to Q3 2015 and Q4 2014 totals.

LCY bonds issued in Indonesia in Q4 2015 totaled USD8 billion (IDR109,548 billion), which was down on a q-o-q basis because of a lower volume of issuance in the corporate bond market. Issuance by Bank Indonesia also declined as the central bank opted to use other monetary policy tools for managing liquidity. In contrast, Q4 2015 issuance of IDR-denominated bonds was up from Q4 2014 on the back of increased issuance by the government to finance its budget deficit.

In Malaysia, LCY bond issuance summed to USD22 billion (MYR94 billion) in Q4 2015. The increase from Q3 2015

Table 3: LCY-Denominated Bond Issuance (gross)

	Q4 2014		Q3 2015		Q4 2015		Growth Rate (LCY-base %)		Growth Rate (USD-base %)	
							Q4 2015		Q4 2015	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y	q-o-q	y-o-y
China, People's Rep. of										
Total	320	100.0	674	100.0	644	100.0	(2.4)	110.1	(4.5)	100.8
Government	140	43.6	432	64.2	381	59.2	(9.9)	185.5	(11.8)	172.9
Central Bank	0	0.0	0	0.0	0	0.0	–	–	–	–
Treasury and Other Govt.	140	43.6	432	64.2	381	59.2	(9.9)	185.5	(11.8)	172.9
Corporate	181	56.4	241	35.8	262	40.8	11.0	51.9	8.6	45.1
Hong Kong, China										
Total	83	100.0	84	100.0	90	100.0	6.8	7.9	6.8	8.0
Government	75	90.2	79	93.7	80	88.5	0.9	5.9	0.9	6.0
Central Bank	75	89.8	77	92.1	79	87.5	1.5	5.2	1.5	5.3
Treasury and Other Govt.	0.4	0.5	1	1.6	0.9	1.0	(32.1)	140.0	(32.1)	140.1
Corporate	8	9.8	5	6.3	10	11.5	94.1	26.3	94.1	26.4
Indonesia										
Total	8	100.0	8	100.0	8	100.0	(0.8)	5.5	5.4	(5.2)
Government	7	83.3	6	85.4	7	90.3	5.0	14.5	11.5	2.9
Central Bank	3	41.7	1	18.9	1	14.1	(26.1)	(64.3)	(21.5)	(68.0)
Treasury and Other Govt.	3	41.6	5	66.5	6	76.2	13.8	93.6	20.9	74.0
Corporate	1	16.7	1	14.6	0.8	9.7	(34.4)	(39.0)	(30.2)	(45.2)
Korea, Rep. of										
Total	179	100.0	156	100.0	160	100.0	2.0	(3.3)	2.9	(10.3)
Government	71	39.7	71	45.6	72	44.6	0.01	8.8	0.9	1.0
Central Bank	42	23.3	36	23.2	37	22.9	0.7	(5.0)	1.5	(11.8)
Treasury and Other Govt.	29	16.4	35	22.3	35	21.7	(0.7)	28.3	0.2	19.1
Corporate	108	60.3	85	54.4	89	55.4	3.8	(11.3)	4.7	(17.7)
Malaysia										
Total	34	100.0	15	100.0	22	100.0	44.4	(20.4)	47.8	(35.1)
Government	26	75.8	9	62.5	9	39.6	(8.5)	(58.4)	(6.3)	(66.1)
Central Bank	18	54.2	3	20.9	3	11.6	(19.9)	(82.9)	(18.0)	(86.1)
Treasury and Other Govt.	7	21.6	6	41.6	6	28.0	(2.8)	3.2	(0.5)	(16.0)
Corporate	8	24.2	6	37.5	13	60.4	132.6	99.1	138.0	62.1
Philippines										
Total	4	100.0	10	100.0	4	100.0	(62.7)	(15.5)	(62.8)	(19.4)
Government	3	75.9	9	90.8	3	82.6	(66.0)	(8.0)	(66.2)	(12.3)
Central Bank	0	0.0	0	0.0	0	0.0	–	–	–	–
Treasury and Other Govt.	3	75.9	9	100.0	3	82.6	(66.0)	(8.0)	(66.2)	(12.3)
Corporate	1	24.1	0.9	9.2	0.6	17.4	(29.3)	(39.0)	(29.5)	(41.9)
Singapore										
Total	82	100.0	63	100.0	59	100.0	(6.6)	(22.5)	(6.4)	(27.6)
Government	79	96.8	61	95.9	56	95.5	(7.1)	(23.6)	(6.8)	(28.6)
Central Bank	74	90.4	58	91.6	52	87.4	(10.9)	(25.1)	(10.7)	(30.0)
Treasury and Other Govt.	5	6.4	3	4.3	5	8.1	74.4	(1.4)	74.8	(7.9)
Corporate	3	3.2	3	4.1	3	4.5	4.1	10.1	4.4	2.9
Thailand										
Total	58	100.0	62	100.0	60	100.0	(4.4)	13.7	(3.5)	3.9
Government	45	77.9	51	81.6	50	83.0	(2.6)	21.3	(1.7)	10.8
Central Bank	34	59.1	40	65.2	35	59.3	(13.0)	14.1	(12.2)	4.2
Treasury and Other Govt.	11	18.8	10	16.4	14	23.8	38.6	43.7	39.9	31.3
Corporate	13	22.1	11	18.4	10	17.0	(12.0)	(12.8)	(11.1)	(20.4)

continued on next page

Table 3 *continued*

	Q4 2014		Q3 2015		Q4 2015		Growth Rate (LCY-base %)		Growth Rate (USD-base %)	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	Q4 2015		Q4 2015	
							q-o-q	y-o-y	q-o-q	y-o-y
Viet Nam										
Total	12	100.0	15	100.0	14	100.0	(7.7)	24.7	(7.7)	18.6
Government	11	99.1	15	98.9	14	99.7	(6.9)	25.3	(6.9)	19.2
Central Bank	10	84.3	14	92.4	7	53.3	(46.7)	(21.2)	(46.7)	(25.0)
Treasury and Other Govt.	2	14.9	1.0	6.5	6.3	46.4	557.6	288.9	557.4	269.9
Corporate	0.1	0.9	0.2	1.1	0.04	0.3	(73.3)	(52.4)	(73.3)	(54.7)
Emerging East Asia										
Total	780	100.0	1,086	100.0	1,060	100.0	(1.3)	44.3	(2.4)	35.9
Government	457	58.6	732	67.5	671	63.3	(7.5)	55.9	(8.4)	46.8
Central Bank	256	32.8	230	21.2	213	20.1	(7.6)	(11.3)	(7.2)	(16.5)
Treasury and Other Govt.	201	25.8	502	46.3	457	43.2	(7.4)	141.1	(8.9)	127.3
Corporate	323	41.4	353	32.5	389	36.7	11.4	27.9	10.1	20.5
Japan										
Total	427	100.0	407	100.0	434	100.0	6.8	2.0	6.5	1.7
Government	401	94.1	383	94.1	410	94.7	7.4	2.6	7.1	2.2
Central Bank	0	0.0	0	0.0	0	0.0	–	–	–	–
Treasury and Other Govt.	401	94.1	383	94.1	410	94.7	7.4	2.6	7.1	2.2
Corporate	25	5.9	24	5.9	23	5.3	(2.8)	(7.4)	(3.1)	(7.8)

( ) = negative, – = not applicable, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Corporate bonds include issues by financial institutions.
2. Bloomberg LP end-of-period LCY–USD rates are used.
3. For LCY base, emerging East Asia growth figures are based on 31 December 2015 currency exchange rates and do not include currency effects.
Sources: People's Republic of China (*ChinaBond*); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (EDAILY *Bondweb* and The Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bloomberg LP); Singapore (Singapore Government Securities and Bloomberg LP); Thailand (Bank of Thailand and ThaiBMA); Viet Nam (Bloomberg LP and Vietnam Bond Market Association); and Japan (Japan Securities Dealers Association).

levels was mainly prompted by a quarterly rise in LCY corporate bond issues. The decline from Q4 2014 levels was primarily a result of a double-digit y-o-y drop in the issuance of central bank bills.

LCY bond sales in the Philippines were down on both a q-o-q and y-o-y basis in Q4 2015, leveling off at USD4 billion (PHP167 billion). The declines were brought about by reduced bond issuance from both the central government and the corporate sector.

In Singapore, LCY bond issuance totaled USD59 billion (SGD84 billion) in Q4 2015. The decline from Q3 2015 and Q4 2014 figures was precipitated by fewer sales of Monetary Authority of Singapore bills.

Thailand's LCY bond market registered new LCY issuances of USD60 billion (THB2,157 billion) in Q4 2015, down from the preceding quarter's total but up from Q4 2014. The quarterly drop was attributed to reduced issuance of Bank of Thailand bills and bonds, as well as a decline in corporate bond issues. The upswing between Q4 2014 and Q4 2015 was driven solely by a y-o-y increase in government bond issuance.

Viet Nam posted USD14 billion (VND307,727 billion) worth of LCY bond issues in Q4 2015, which was lower than the Q3 2015 total but higher than in Q4 2014. Viet Nam's LCY government bond issuance was the main driver in the q-o-q and y-o-y movements.

Cross-border bond issuance in emerging East Asia totaled USD2.4 billion in Q4 2015 on declines of 30.0% q-o-q and 52.9% y-o-y. PRC-based institutions raised USD192 million from cross-border bond sales in Q4 2015—six of which were denominated in Hong Kong dollars and one in Malaysian ringgit. Issuers from Hong Kong, China offered renminbi-denominated bonds totaling USD860 million in Q4 2015. Issuers from the Republic of Korea sold a total of USD1.2 billion worth of bonds denominated in either Hong Kong dollars, Singapore dollars, or Chinese renminbi, including a

CNY3 billion 3-year sovereign bond carrying a 3% coupon rate. Indonesia Eximbank auctioned SGD-denominated bonds worth SGD50 million with a tenor of 5 years and a coupon rate of 4.135%. Malaysia's Cagamas issued SGD100 million worth of 2-year bonds at a 2.37% coupon, and Maybank raised HKD435 million worth of 3-year bonds at a 2.15% coupon rate in Hong Kong, China. The Chinese renminbi was the dominant currency in cross-border issuance in emerging East Asia in Q4 2015, accounting for 68% of the total.

Emerging East Asia's G3 currency bond issuance down in 2015.[4]

Emerging East Asia's G3 currency bond issuance totaled USD182.6 billion in 2015, down from USD198.4 billion in 2014 **(Table 4)**. On a quarterly basis, the region's G3 bond issuance in Q4 2015 was USD42.2 billion, up 31.5% from Q3 2015 but down 23.7% from Q4 2014. The US dollar continued to be the G3 currency of choice for emerging East Asian issuers, comprising 90.7% of the full-year 2015 total, followed by the euro (7.8%) and the Japanese yen (1.5%).

The PRC stood as the largest source of G3 currency bonds from the region with full-year 2015 issuance valued at USD103.5 billion, which was up from its 2014 total of USD98.2 billion. Sinopec, a state-owned petroleum and petrochemical firm, was the PRC's largest G3 bond issuer in 2015 with a USD4.8 billion triple-tranche bond sale and a EUR1.5 billion dual-tranche bond sale, both of which were sold in April. The single biggest G3 bond from the PRC in 2015 was a USD3.05 billion perpetual bond with a 4.65% coupon rate sold by China Construction Bank in December.

G3 currency bond issues from the Republic of Korea in 2015 amounted to USD23.3 billion, the second highest total in the region. Korea Eximbank was the largest Korean G3 currency bond issuer for the year, raising a total of USD7.5 billion from multiple bond sales. It also issued the single biggest Korean G3 currency bond in January when it offered a USD1.25 billion 10-year bond at a 2.875% coupon. The Republic of Korea's G3 issuance total in 2015 fell short of the previous year's total of USD31.7 billion.

Issuers in Hong Kong, China—mostly financial institutions, recorded G3 currency bond sales worth USD18.7 billion in 2015, the third highest total in the region. One of the notable transactions included the government's USD1 billion 5-year *sukuk* issued in June with a coupon of 1.894%. Its issuance performance in 2015, however, was tepid compared with 2014 when a total of USD34.5 billion was recorded.

G3 currency bonds sold by issuers from Southeast Asia reached USD37.0 billion in 2015, an increase from 2014's total of USD33.9 billion. Indonesia was responsible for the largest amount of G3 issuance in the subregion in 2015 with USD15.6 billion—an increase from the previous year's issuance of USD11.4 billion—buoyed by a multiple-tranche sovereign bond sale totaling USD11.7 billion, of which 84% comprised USD-denominated bonds. The Lao People's Democratic Republic conducted its first offshore USD-denominated bond transaction by raising USD182 million from a dual-tranche bond sale in December. The bonds were offered to investors in Thailand. Malaysian issuers sold a combined USD8.5 billion worth of G3 currency bonds in 2015—more than double the USD3.6 billion issuance in 2014—led by Petronas' USD5.0 billion multiple-tranche bond issuance in March. G3 currency bond sales from the Philippines rose to USD4.3 billion in 2015 from USD2.7 billion in 2014 amid increased issuance from the economy's corporate and government sectors. In contrast, G3 currency bond sales fell in Singapore in 2015 to USD8.3 billion from USD11.7 billion in 2014, and in Thailand to USD176 million in 2015 from USD3.6 billion in 2014.

On a monthly basis, G3 currency bond issuance in emerging East Asia rose to USD17.3 billion in December from USD17.0 billion in November and USD7.9 billion in October **(Figure 5)**. The start of 2016 saw the region's G3 currency bond issuance totaling USD12.2 billion in January.

Government bond yields fell for most tenors in most markets—despite the Federal Reserve's rate hike in December—on continued weakness in the global economy.

At the 16 December meeting of the Federal Open Market Committee, the Federal Reserve finally raised interest rates, taking the target federal funds rate to between 0.25% and 0.50% from between zero and 0.25%. The

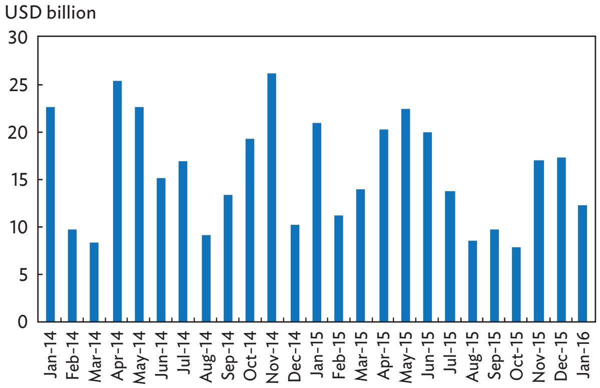
[4] G3 currency bonds are bonds denominated in either euros, Japanese yen, or US dollars.

Table 4: G3 Currency Bond Issuance

2014			2015		
Issuer	Amount (USD million)	Issue Date	Issuer	Amount (USD million)	Issue Date
China, People's Rep. of	**98,227**		**China, People's Rep. of**	**103,527**	
Bank of China 5% 2024	3,000	13-Nov-14	China Construction Bank 4.65% Perpetual	3,050	16-Dec-15
ICBC 6% Perpetual	2,940	10-Dec-14	Sinopec 2.5% 2020	2,500	28-Apr-15
Alibaba 2.5% 2019	2,250	28-Nov-14	Bank of Communications 5% Perpetual	2,450	29-Jul-15
Alibaba 3.6% 2024	2,250	28-Nov-14	China Construction Bank 3.875% 2025	2,000	13-May-15
CNOOC Finance 4.25% 2024	2,250	30-Apr-14	CNOOC Finance 3.5% 2025	2,000	5-May-15
Tencent Holdings 3.375% 2019	2,000	29-Apr-14	ICBC 4.875% 2025	2,000	21-Sep-15
Sinopec 1.0136% 2017	1,800	10-Apr-14	China Cinda Finance (2015) 4.25% 2025	1,700	23-Apr-15
State Grid Overseas Investment 4.125% 2024	1,600	7-May-14	Evergrande Real Estate Group 9% Perpetual	1,500	29-Dec-15
Others	80,137		Others	86,327	
Hong Kong, China	**34,530**		**Hong Kong, China**	**18,702**	
Hutchison Whampoa 1.625% 2017	2,000	31-Oct-14	Shimao Property 8.375% 2022	1,100	10-Feb-15
Hutchison Whampoa 1.375% 2021	1,815	31-Oct-14	Hong Kong, China (Sovereign) *Sukuk* 1.894% 2020	1,000	3-Jun-15
Others	30,715		Others	16,602	
Indonesia	**11,423**		**Indonesia**	**15,572**	
Indonesia (Sovereign) 5.875% 2024	2,000	15-Jan-14	Indonesia (Sovereign) 4.75% 2026	2,250	8-Dec-15
Indonesia (Sovereign) 6.75% 2044	2,000	15-Jan-14	Indonesia (Sovereign) 4.125% 2025	2,000	15-Jan-15
Pertamina 6.45% 2044	1,500	30-May-14	Indonesia (Sovereign) 5.125% 2045	2,000	15-Jan-15
Indonesia (Sovereign) 4.35% 2024	1,350	10-Sep-14	Perusahaan Penerbit SBSN 4.325% 2025	2,000	28-May-15
Perusahaan Gas Negara (PGN) 5.125% 2024	1,350	16-May-14	Indonesia (Sovereign) 3.375% 2025	1,397	30-Jul-15
Others	3,223		Others	5,925	
Korea, Rep. of	**31,714**		**Korea, Rep. of**	**23,348**	
Republic of Korea (Sovereign) 4.125% 2044	1,000	10-Jun-14	Korea Eximbank 2.875% 2025	1,250	21-Jan-15
Woori Bank 4.75% 2024	1,000	30-Apr-14	Korea Eximbank 2.25% 2020	1,000	21-Jan-15
Republic of Korea (Sovereign) 2.125% 2024	947	10-Jun-14	Korea Eximbank 3.25% 2025	1,000	10-Nov-15
Others	28,766		Others	20,098	
Lao People's Dem. Rep.	**0**		**Lao People's Dem. Rep.**	**182**	
Malaysia	**3,567**		**Malaysia**	**8,496**	
Cahaya Capital 0.162% 2021	500	18-Sep-14	Petronas Capital 3.5% 2025	1,500	18-Mar-15
AmBank 3.125% 2019	400	3-Jul-14	Petronas Capital 4.5% 2045	1,500	18-Mar-15
EXIM *Sukuk* Malaysia 2.874% 2019	300	19-Feb-14	Petronas Global *Sukuk* 2.707% 2020	1,250	18-Mar-15
Others	2,367		Others	4,246	
Philippines	**2,675**		**Philippines**	**4,256**	
Philippines (Sovereign) 4.2% 2024	1,500	21-Jan-14	Philippines (Sovereign) 3.95% 2040	2,000	20-Jan-15
SM Investments 4.875% 2024	350	10-Jun-14	Royal Capital BV 5.5% Perpetual	450	26-Aug-15
SMC Global Power 7.5% Perpetual	350	7-May-14	Rizal Commercial Banking Corporation 3.45% 2021	320	2-Nov-15
Others	475		Others	1,486	
Singapore	**11,661**		**Singapore**	**8,346**	
OCBC Bank 4% 2024	1,000	15-Apr-14	Global Logistics Properties 3.875% 2025	1,000	4-Jun-15
OCBC Bank 4.25% 2024	1,000	19-Jun-14	DBS Bank 1.625% 2018	1,000	6-Aug-15
Avago Technologies 2% 2021	1,000	6-May-14	BOC Aviation 3% 2020	750	30-Mar-15
Others	8,661		Others	5,596	
Thailand	**3,565**		**Thailand**	**176**	
Viet Nam	**1,000**		**Viet Nam**	**0**	
Emerging East Asia Total	**198,362**		**Emerging East Asia Total**	**182,605**	
Memo Items:			**Memo Items:**		
India	**18,323**		**India**	**10,919**	
Bharti Airtel 5.35% 2024	1,000	20-May-14	Bharti Airtel 4.375% 2025	1,000	10-Jun-15
Abja Investment 5.95% 2024	1,000	31-Jul-14	Reliance Industries 4.125% 2025	1,000	28-Jan-15
Others	16,323		Others	8,919	
Sri Lanka	**2,165**		**Sri Lanka**	**3,649**	

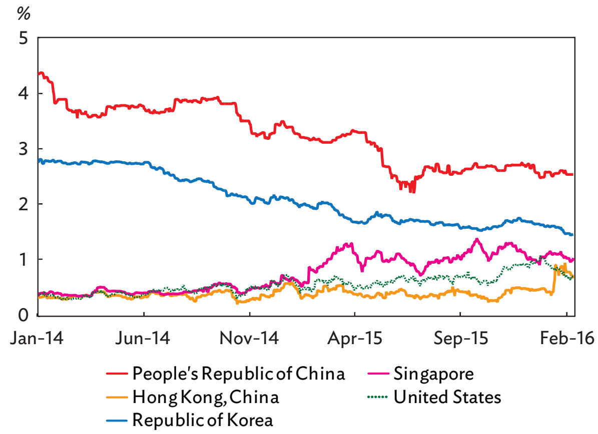
Note: Data exclude certificates of deposit.
Source: *AsianBondsOnline* calculations based on data from Bloomberg LP.

Figure 5: G3 Currency Bond Issuance



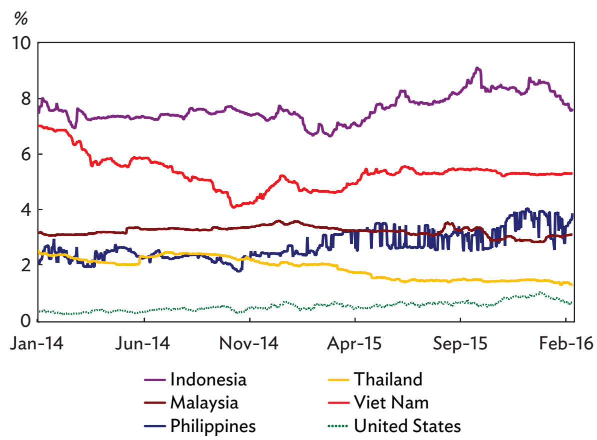
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 6a: 2-Year LCY Government Bond Yields



LCY = local currency.
Note: Data as of 15 February 2016.
Source: Based on data from Bloomberg LP.

Figure 6b: 2-Year LCY Government Bond Yields



LCY = local currency.
Note: Data as of 15 February 2016.
Source: Based on data from Bloomberg LP.

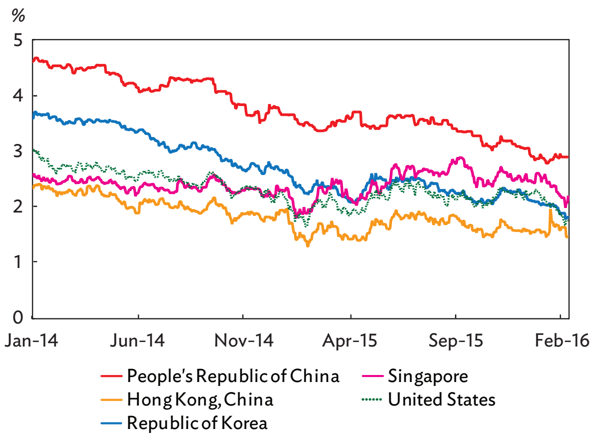
move was consistent with market expectations and indicated that the Federal Reserve was on track to continue hiking rates during the course of 2016. More recent developments, however, have shifted market expectations toward there being a delay in further increases. In its 27 January meeting, the Federal Reserve held off making additional changes to its monetary policy. In its decision, the Federal Reserve said that it would closely monitor global economic and financial developments. In a Monetary Policy Report to the US Congress on 11 February, the Chair of the Federal Reserve, Janet Yellen, indicated concerns about financial conditions in the US and global economic developments, such as the slowdown in the PRC and increased volatility in international financial markets.

This change in market expectations led to falling government bond yields in emerging East Asia in January–February following a spike in the run-up to the interest rate increase in December. In most markets, the 2-year yield showed an initial rise before declining. The exception was in Malaysia and Hong Kong, China, where the 2-year yield was up during the review period, and in Viet Nam, where the 2-year yield remained broadly stable **(Figures 6a, 6b)**. In addition, the PRC's 2-year yield showed a slight increase in January–February after falling in December.

Yields also fell for 10-year bonds in most emerging East Asian markets in January–February **(Figures 7a, 7b)**. The exception was in the PRC, where the 10-year yield rose slightly after December in response to increased liquidity needs ahead of the Lunar New Year as well as the continued rapid issuance of local government bonds.

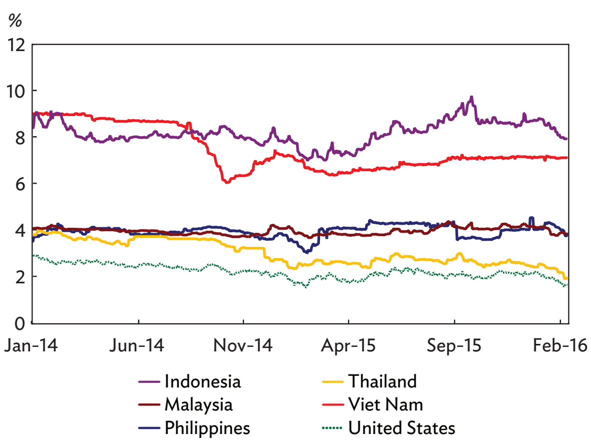
Weakness in the global economy, particularly the slowdown in the PRC, led to yield curves for most emerging East Asian markets shifting downward between 1 January and 15 February **(Figure 8)**. In the PRC, GDP grew 6.8% y-o-y in Q4 2015, down from 6.9% y-o-y growth in Q3 2015. In Hong Kong, China, Q4 2015 GDP growth slowed to 1.9% y-o-y from 2.2% y-o-y in Q3 2015. Malaysia's GDP growth slowed to 4.5% y-o-y in Q4 2015 from 4.7% y-o-y in the previous quarter. Thailand's GDP growth slowed to 2.8% y-o-y in Q4 2015 from 2.9% y-o-y in Q3 2015. Other markets showed accelerating GDP growth in Q4 2015, but overall growth remains weak and most markets are expecting the outlook to remain challenging in 2016.

Figure 7a: 10-Year LCY Government Bond Yields



LCY = local currency.
Note: Data as of 15 February 2016.
Source: Based on data from Bloomberg LP.

Figure 7b: 10-Year LCY Government Bond Yields



LCY = local currency.
Note: Data as of 15 February 2016.
Source: Based on data from Bloomberg LP.

The PRC was one of the few markets in the region where yields rose during the review period, as the result of growing risk aversion due to volatility in the PRC's markets. Between 1 January and 15 February, the Shanghai Stock Exchange Composite Index fell by 22.4%. The Chinese renminbi depreciated over the same period. Liquidity concerns as the Lunar New Year approached put upward pressure on yields. Lastly, yields also rose due to a rising supply of local government bonds to meet refinancing demands amid declining revenues from land sales.

Yields also rose in Hong Kong, China. The rise reflects the possibility that liquidity may tighten as the HKMA intervenes by selling US dollars and buying Hong Kong dollars to maintain the peg. The Hong Kong dollar has come under pressure, depreciating 0.4% in the review period, due to negative sentiments on its currency and economy. Hong Kong, China's stock market fell over 13% in the review period.

The weakening global economy has reigned in inflation expectations and kept commodity prices low. Oil prices have remained depressed in early 2016. At the end of December 2015, the price of crude oil per barrel was USD37.13, falling further to USD29.32 per barrel as of 12 February.

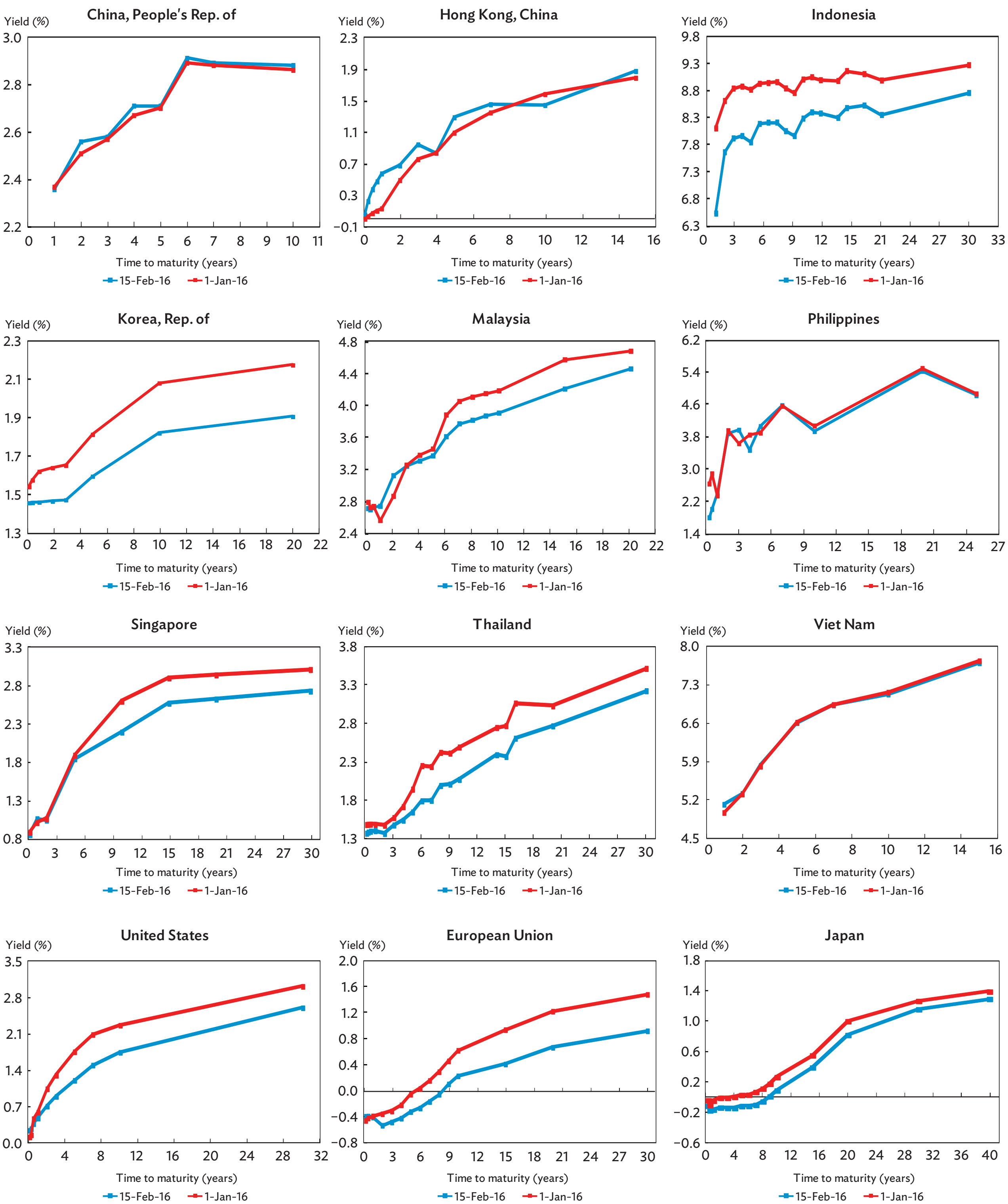
While some markets in emerging East Asia have shown a recent uptick in inflation, this has largely been due to seasonal factors owing to the celebration of the Lunar New Year (the PRC; Hong Kong, China) and the Tet Holiday (Viet Nam). Inflation in both the Republic of Korea and the Philippines moved downward after a slight rising trend **(Figure 9a)**, while both Singapore and Thailand remained in deflationary territory **(Figure 9b)**.

Due to weak economic growth and low inflation expectations, central banks and monetary authorities in the region have kept monetary policies accommodative, holding policy rates steady or even reducing them in the case of Indonesia.

In Thailand, despite there being deflation, the central bank last cut interest rates in April 2015 **(Figure 10a)**. In its monetary policy meeting in February, the Bank of Thailand's Monetary Policy Committee said that while the inflation outlook remains subdued, it expects positive inflation to return within the first half of 2016. The central bank also said that current monetary policy remains accommodative.

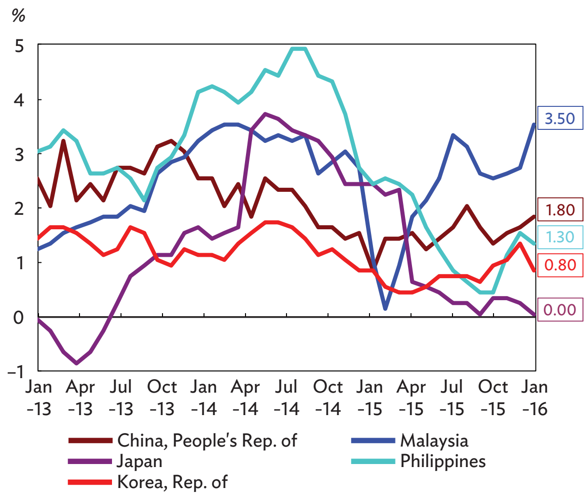
Indonesia was the sole market in emerging East Asia that reduced policy rates in the first two months of 2016 **(Figure 10b)**. Bank Indonesia reduced the policy, deposit, and lending facility rates by 25 basis points (bps) each in January and again in February. In February, Bank Indonesia also reduced the reserve requirement ratios of its banks by 100 bps. In the past, Bank Indonesia held off reducing policy rates in order to minimize the impact on the current account deficit, but Indonesia's balance of payments surplus improved in Q4 2015. The appreciation of the Indonesian rupiah, driven by expectations of improved economic performance, also gave the central bank added flexibility.

Figure 8: Benchmark Yield Curves—LCY Government Bonds



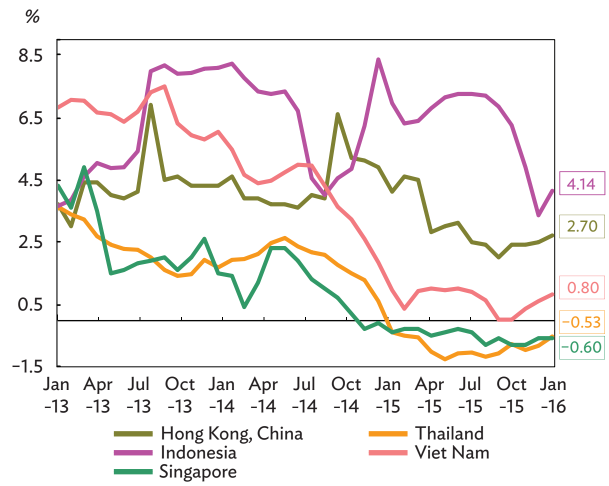
LCY = local currency.
Source: Based on data from Bloomberg LP.

Figure 9a: Headline Inflation Rates



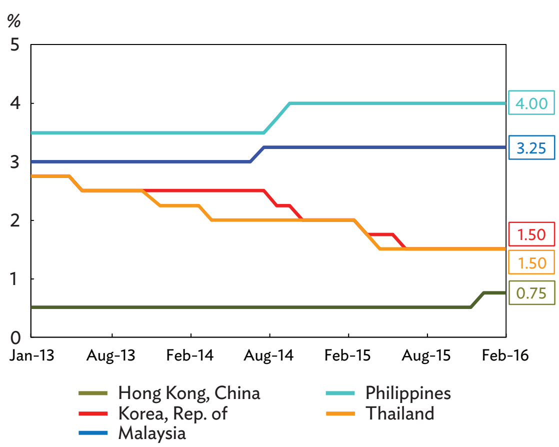
Note: Data as of January 2016.
Source: Based on data from Bloomberg LP.

Figure 9b: Headline Inflation Rates



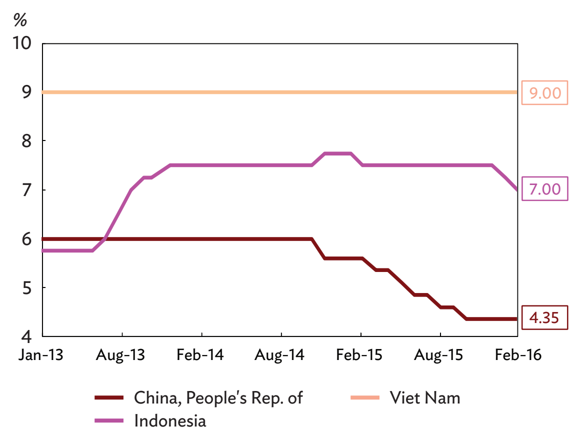
Note: Data as of January 2016.
Source: Based on data from Bloomberg LP.

Figure 10a: Policy Rates



Note: Data as of 18 February 2016.
Source: Based on data from Bloomberg LP.

Figure 10b: Policy Rates



Note: Data as of 18 February 2016.
Source: Based on data from Bloomberg LP.

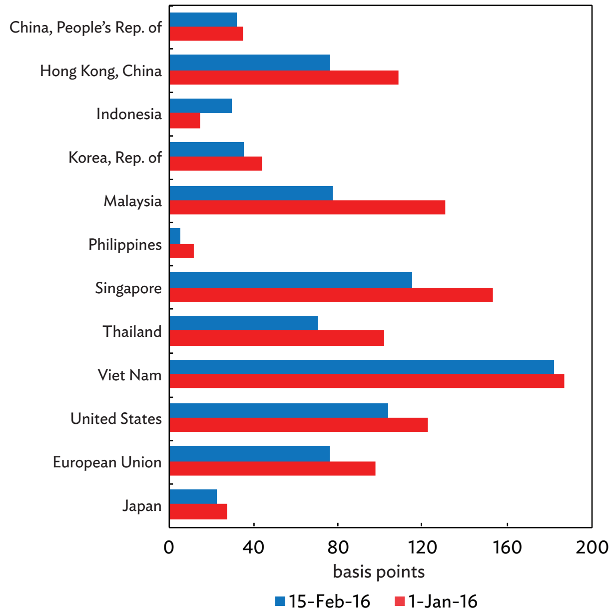
Despite financial market volatility and slowing growth, the PRC has not reduced its policy rates this year. Having last reduced rates in October 2015, the PRC has sought other means to add liquidity to the market, such as the use of reverse repurchase agreements, and has changed the auction schedule from twice a week to daily. The PRC seems reluctant to adjust policy rates as it would add further pressure on the renminbi.

Between 1 January and 15 February, the spread between the 2-year and 10-year maturities narrowed for all markets in emerging East Asia except Indonesia, which is consistent with the region's weak economic outlook and subdued inflation **(Figure 11)**.

The AAA-rated corporate yield versus government yield spread fell for all tenors in the Republic of Korea and for most tenors in the PRC, but rose in Malaysia.

Credit spreads between AAA-rated corporate bonds and government bonds fell for all tenors in the Republic

Figure 11: Yield Spreads Between 2-Year and 10-Year Government Bonds

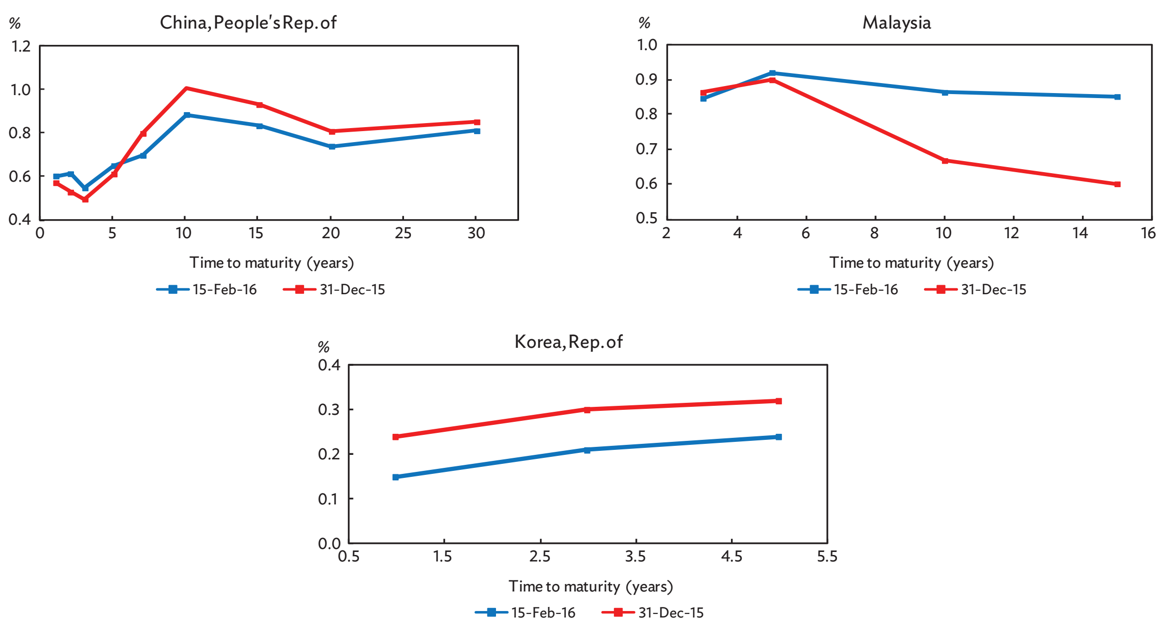


Source: Based on data from Bloomberg LP.

of Korea between 1 January and 15 February, driven by improved economic prospects as economic growth accelerated in Q4 2015 **(Figure 12a)**. The Republic of Korea's GDP grew 3.0% y-o-y in Q4 2015, up from 2.7% y-o-y in Q3 2015. The credit spread fell for most tenors in the PRC as investors shifted funds from the stock market to the corporate bond market. In Malaysia, the credit spread worsened due to the continued decline in oil prices, reducing the profitability of corporates.

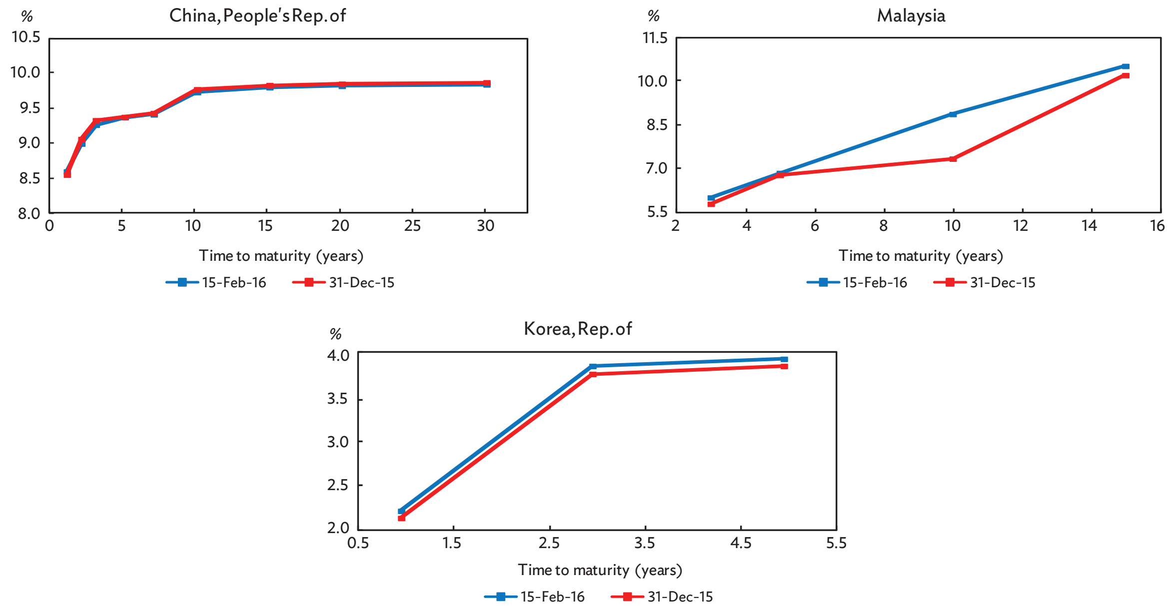
Credit spreads between AAA-rated bonds and lower-rated corporate bonds were mostly unchanged in the PRC and the Republic of Korea over the same period. Meanwhile, the credit spread widened in Malaysia **(Figure 12b)**.

Figure 12a: Credit Spreads—LCY Corporates Rated AAA vs. Government Bonds



LCY = local currency.
Notes:
1. Credit spreads are obtained by subtracting government yields from corporate indicative yields.
2. For Malaysia, data on corporate bond yields are as of 31 December 2015 and 12 February 2016.
Sources: People's Republic of China (*Wind*), Republic of Korea (EDAILY *BondWeb*), and Malaysia (Bank Negara Malaysia).

Figure 12b: Credit Spreads—Lower-Rated LCY Corporates vs. AAA



LCY = local currency.

Notes:

1. For the People's Republic of China and the Republic of Korea, credit spreads are obtained by subtracting corporate indicative yields rated AAA from corporate indicative yields rated BBB+.
2. For Malaysia, credit spreads are obtained by subtracting corporate indicative yields rated AAA from corporate indicative yields rated BBB.
3. For Malaysia, data on corporate bond yields are as of 31 December 2015 and 12 February 2016.

Sources: People's Republic of China (*Wind*), Republic of Korea (EDAILY *BondWeb*), and Malaysia (Bank Negara Malaysia).

Policy and Regulatory Developments

People's Republic of China

PBOC Normalizes Reserve Requirement Ratios for Offshore Financial Institutions' Renminbi Deposits Onshore

The People's Bank of China (PBOC) announced that offshore financial institutions' renminbi deposits with onshore financial institutions would be subject to reserve requirements, similar to other deposits, effective 25 January. Deposits from institutions such as central banks and sovereign wealth funds, however, will remain unaffected by the reserve requirements.

PBOC to Conduct Daily Open Market Operations

The PBOC announced that it would hold daily auctions for repurchase (repo) and reverse repo agreements beginning in February. The PBOC also said that it would provide written notice if a daily auction is to be canceled. The PBOC previously held open market operations twice a week but shifted to daily auctions to manage liquidity in advance of the Lunar New Year holidays.

PBOC Removes Onshore Bond Market Quota for Offshore Institutions

On 24 February, the PBOC announced that offshore financial institutions can now invest in the onshore interbank bond market without a quota. Prior to this, institutions investing under the Renminbi Qualified Foreign Institutional Investor (RQFII) and Qualified Foreign Institutional Investor (QFII) programs were subject to quotas.

Hong Kong, China

Hong Kong, China Adjusts Base Rate

On 17 December, the Hong Kong Monetary Authority (HKMA) adjusted the base rate by 25 basis points (bps) to 0.75% in response to the United States (US) Federal Reserve's policy rate hike on 16 December. Due to the fixed-rate nature of Hong Kong, China's currency regime, changes in the HKMA base rate track those of the US policy rate.

Indonesia

OJK to Allow *Shari'ah*-Compliant Mutual Funds to Invest Offshore

In November, Indonesia's financial supervisory body, Otoritas Jasa Keuangan (OJK), finalized regulations to allow *shari'ah*-compliant mutual funds to invest in offshore assets. The new regulations were made to boost Indonesia's *shari'ah* financing pool by allowing *shari'ah*-compliant mutual funds to invest 51%–100% of proceeds in the offshore debt, equity, and currency markets of International Organization of Securities Commission members.

Indonesia to Continue Frontloading Debt Issuance in 2016

In December, the Government of Indonesia announced that it would continue its policy of frontloading debt issuance in 2016, targeting completion of about 60% of its annual bond issuance within the first half of the year. The government plans to issue a total of IDR532.4 trillion in bonds this year, comprising IDR402.4 trillion in local currency (LCY) bonds and IDR130.0 trillion in foreign currency bonds, to help fund its 2016 budget shortfall.

Bank Indonesia and Reserve Bank of Australia Forge LCY Swap Agreement

On 15 December, Bank Indonesia and the Reserve Bank of Australia entered into a bilateral LCY swap agreement that allows the two central banks to exchange up to a maximum of AUD10 billion–IDR100 trillion to promote bilateral trade. The agreement is valid for a period of 3 years, subject to extension based on the mutual consent of both parties.

OJK Launches GMRA for Repo Transactions

In January, OJK launched the Global Master Repurchase Agreement (GMRA) Indonesia, which is a standard document used for conducting repo transactions between two parties. The GMRA Indonesia adopts the standard provisions of the International Capital Markets Association and includes provisions that abide by Indonesian laws. The finalization of the GMRA Indonesia is expected to boost repo transaction volume and provide an alternative funding source for banks and financial institutions.

Republic of Korea

FSC Unveils Financial Policy Road Map for 2016

In January, the Financial Services Commission (FSC) of the Republic of Korea unveiled its financial policy road map for 2016. The road map outlines 10 policy tasks that aim to promote the FSC's twin themes of financial reform and financial stability.

Crowdfunding Rules Established

The FSC reported the establishment of crowdfunding rules, effective 25 January, following Cabinet approval on 5 January of related amendments to the Enforcement Decree of the Financial Investment Services and Capital Markets Act. The amendments provide details on the scope of issuers, registration requirements, and investor protections in connection with crowdfunding intermediaries.

Malaysia

PBOC Grants RQFII Quota to Malaysia

In November, the PBOC announced the extension of its RQFII program to Malaysia with an aggregate quota of CNY50 billion. This will allow qualified financial institutions in Malaysia to participate in the People's Republic of China's (PRC) financial markets and aid in the development of the offshore renminbi market in Malaysia.

Philippines

BSP Amends Foreign Exchange Regulations

In February, Bangko Sentral ng Pilipinas (BSP) announced additional amendments to its Manual of Regulations on Foreign Exchange Transactions, including eliminating the requirement of BSP approval for offshore borrowing with respect to (i) purely private sector loans (without a guarantee from the public sector or banks) for the financing of energy and power infrastructure projects; and (ii) private nonbank financial institutions engaged in microfinance activities where proceeds from the loans are to be used for microfinance lending.

BSP Lifts Moratorium on Establishment of New Banks

In February, the BSP announced the lifting of the moratorium on the granting of new bank licenses. The first phase, effective through the end of 2017, allows existing thrift banks to apply for a license to convert themselves into a universal or commercial bank. The second phase, effective 1 January 2018, lifts all restrictions on the granting of new bank licenses. The second phase also grants application and licensing fee exemptions to new banks with head offices in unbanked areas, and for mergers and acquisitions for distressed banks.

Singapore

MAS and PBOC Launch Initiatives to Promote Cross-Border Renminbi Transactions

On 9 November, the Monetary Authority of Singapore (MAS) announced that the state visit of President Xi Jingping of the PRC to Singapore had led to a series of initiatives to strengthen cross-border renminbi transactions between the two markets. The initiatives include the expansion of an existing cross-border agreement with the municipalities of Suzhou and Tianjin to also cover Chongqing municipality. The expanded agreement will allow (i) Singapore banks to lend renminbi to companies in Chongqing, (ii) Chongqing companies to issue renminbi-denominated bonds and repatriate the funds back to the PRC, (iii) equity investment funds in Chongqing to invest in Singapore, and (iv) Chongqing corporates to conduct business in renminbi (including sending remittances) with companies in Singapore and to place direct investments. Other initiatives include an increase in Singapore's RQFII quota from CNY50 billion to CNY100 billion, and an agreement to renew and strengthen an existing bilateral currency swap agreement between MAS and the PBOC.

Thailand

SEC Revises Rules and Regulations on Mutual Fund Investment Policies

In January, the Securities and Exchange Commission, Thailand (SEC) announced revisions to rules and regulations pertaining to the investment policies of mutual funds and provident funds. The amendments were made to widen investor choices, strengthen investor protections, and make the economy's asset management industry more competitive.

SEC Introduces Strategic Plan to Develop a Robust Capital Market Ecosystem

In January, the SEC introduced its Strategic Plan, 2016–2018 to develop a robust capital market ecosystem. The plan covers four areas: financial product development, fundraising, markets and intermediaries, and the SEC's organizational development.

Viet Nam

SBV Now Publishing Daily Exchange Rates for Vietnamese Dong

In January, the State Bank of Viet Nam (SBV) began publishing daily exchange rate data for the Vietnamese dong and US dollar, as well as cross-rates of the Vietnamese dong versus other foreign currencies. The move aims to stabilize the foreign exchange market to strengthen macroeconomic conditions supportive of growth. The published VND–USD rates will be used by banking institutions that are permitted to conduct foreign exchange transactions to determine their buying and selling rates.

Market Summaries

People's Republic of China

The amount of local currency (LCY) bonds outstanding in the People's Republic of China (PRC) grew 6.7% quarter-on-quarter (q-o-q) and 23.9% year-on-year (y-o-y) to reach CNY39.9 trillion (USD6.1 trillion) at the end of December. The expansion was driven by 39.6% q-o-q and 315.0% y-o-y growth in local government bonds as local governments continued to refinance existing debt and issue new bonds amid declining revenues. Central bank bonds remained unchanged as the People's Bank of China used other methods to control liquidity.

Table 1: Size and Composition of the LCY Bond Market in the People's Republic of China

	Outstanding Amount (billion)						Growth Rates (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	CNY	USD	CNY	USD	CNY	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**32,222**	**5,192**	**37,444**	**5,891**	**39,938**	**6,150**	**2.0**	**12.7**	**6.7**	**23.9**
Government	20,693	3,335	24,547	3,862	26,408	4,067	1.7	11.2	7.6	27.6
Treasury Bonds	10,308	1,661	13,263	2,087	14,984	2,307	2.9	12.3	12.97	45.4
Central Bank Bonds	428	69	428	67	428	66	(8.5)	(22.5)	0.0	0.0
Policy Bank Bonds	9,957	1,605	10,855	1,708	10,996	1,693	0.9	12.2	1.3	10.4
Corporate	11,529	1,858	12,897	2,029	13,529	2,083	2.7	15.3	4.9	17.4
Policy Bank Bonds										
China Development Bank	6,266	1,010	6,610	1,040	6,601	1,017	0.4	8.7	(0.1)	5.4
Export–Import Bank of China	1,583	255	1,817	286	1,852	285	2.7	18.2	1.9	16.9
Agricultural Devt. Bank of China	2,108	340	2,429	382	2,543	392	1.0	19.2	4.7	20.6

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Treasury bonds include savings bonds and local government bonds.
3. Bloomberg LP end-of-period LCY–USD rate is used.
4. Growth rates are calculated from LCY base and do not include currency effects.
Sources: Bloomberg LP, *ChinaBond,* and *Wind*.

Corporate bond issuance totaled CNY1.7 trillion in the fourth quarter of 2015, up from CNY1.5 trillion in the third quarter of 2015, as financial institutions resumed capital-raising efforts and increased their commercial paper and medium-term note issuances.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
China National Petroleum		
1-year bond	2.80	15
1-year bond	3.05	15
1-year bond	3.10	15
1-year bond	3.00	15
1-year bond	2.90	15
3-year bond	3.28	20
5-year bond	3.85	20
Bank of Communications		
5-year bond	3.45	30
China Construction Bank		
10-year bond	4.00	24

Corporate Issuers	Coupon Rate (%)	Issued Amount (CNY billion)
Bank of Beijing		
5-year bond	4.00	20
Anbang Life Insurance		
10-year bond	4.50	15
Evergrowing Bank		
10-year bond	4.60	15

LCY = local currency, Q4 = fourth quarter.
Source: Bloomberg LP.

LCY corporate bonds outstanding among the top 30 corporate bond issuers in the PRC reached CNY7.1 trillion at the end of December, accounting for about 53% of the total LCY corporate bond market. The largest issuer remained China Railways, with CNY1.2 trillion of bonds outstanding.

Table 3: Top 30 Issuers of LCY Corporate Bonds in the People's Republic of China

Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
	LCY Bonds (CNY billion)	LCY Bonds (USD billion)			
1. China Railway	1,218.5	187.64	Yes	No	Transportation
2. State Grid Corporation of China	469.1	72.24	Yes	No	Public Utilities
3. Industrial Bank	435.9	67.13	Yes	No	Banking
4. Shanghai Pudong Development Bank	432.8	66.64	Yes	Yes	Banking
5. China National Petroleum	415.0	63.91	Yes	Yes	Energy
6. Bank of China	311.9	48.03	Yes	Yes	Banking
7. Industrial and Commercial Bank of China	311.5	47.97	Yes	Yes	Banking
8. China Citic Bank	286.4	44.10	No	Yes	Banking
9. Agricultural Bank of China	267.5	41.19	No	Yes	Banking
10. China Merchants Bank	258.0	39.73	No	Yes	Banking
11. China Everbright Bank	236.7	36.44	Yes	Yes	Banking
12. Ping An Bank	223.5	34.41	Yes	No	Banking
13. China Construction Bank	215.0	33.11	No	Yes	Banking
14. China Minsheng Bank	204.0	31.41	Yes	No	Banking
15. Bank of Beijing	183.0	28.18	Yes	No	Banking
16. Bank of Ningbo	154.8	23.84	No	Yes	Banking
17. Petrochina	151.0	23.25	Yes	Yes	Energy
18. Bank of Communications	150.5	23.18	Yes	Yes	Banking
19. State Power Investment	125.9	19.39	Yes	No	Energy
20. Bank of Shanghai	122.7	18.90	Yes	No	Banking
21. China Petroleum and Chemical	118.5	18.25	No	Yes	Energy
22. Senhua Group	113.6	17.49	Yes	No	Energy
23. Central Huijin Investment	109.0	16.79	Yes	No	Diversified Financial
24. Evergrowing Bank	100.6	15.48	Yes	No	Banking
25. Bank of Hangzhou	95.8	14.75	Yes	No	Banking
26. Bank of Nanjing	93.9	14.47	No	Yes	Banking
27. China Zheshang Bank	92.6	14.27	Yes	Yes	Banking
28. China Datang	85.7	13.20	Yes	Yes	Energy
29. China Three Gorges Project	85.5	13.17	Yes	Yes	Public Utilities
30. Huishang Bank	83.5	12.86	Yes	No	Banking
Total Top 30 LCY Corporate Issuers	**7,152.26**	**1,101.42**			
Total LCY Corporate Bonds	**13,529.36**	**2,083.46**			
Top 30 as % of Total LCY Corporate Bonds	**52.9%**	**52.9%**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bloomberg data.

Hong Kong, China

The amount of local currency (LCY) bonds outstanding in Hong Kong, China grew to HKD1.6 trillion (USD209 billion) at the end of December. Total bonds outstanding grew 4.5% quarter-on-quarter (q-o-q) and 7.8% year-on-year (y-o-y), driven by an 8.2% q-o-q and 12.6% y-o-y rise in Exchange Fund Bills. The rapid rise in Exchange Fund Bills was in response to increased demand for Hong Kong dollars following the depreciation of the Chinese renminbi.

Table 1: Size and Composition of the LCY Bond Market in Hong Kong, China

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	HKD	USD	HKD	USD	HKD	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**1,506**	**194**	**1,554**	**200**	**1,623**	**209**	**(0.04)**	**(0.2)**	**4.5**	**7.8**
Government	849	109	876	113	927	120	(0.8)	0.9	5.8	9.2
Exchange Fund Bills	684	88	712	92	770	99	0.01	0.1	8.2	12.6
Exchange Fund Notes	69	9	62	8	59	8	0.4	0.9	(4.9)	(14.7)
HKSAR Bonds	97	12	103	13	99	13	(6.8)	7.2	(4.2)	2.5
Corporate	657	85	677	87	696	90	0.9	(1.7)	2.8	5.9

( ) = negative, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY–USD rates are used.
3. Growth rates are calculated from LCY base and do not include currency effects.
Sources: Hong Kong Monetary Authority and Bloomberg LP.

Corporate bond issuance totaled HKD79.7 billion in the fourth quarter of 2015, up from HKD41.0 billion in the third quarter of 2015, due to renewed interest in Hong Kong dollars and demand for HKD-denominated assets.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD billion)
Swire Properties MTN Financing		
10-year bond	3.00	0.80
10-year bond	3.20	0.14
Wharf Finance		
10-year bond	2.93	0.80
The Link Finance (CAYMAN) 2009		
7-year bond	2.80	0.70
HKCG (Finance)		
10-year bond	2.85	0.35

LCY = local currency, Q4 = fourth quarter.
Source: Central Moneymarkets Unit, Hong Kong Monetary Authority.

LCY corporate bonds outstanding among the top 30 nonbank corporate bond issuers in Hong Kong, China reached HKD121.5 billion at the end of December, accounting for about 17.5% of the total LCY corporate bond market. The largest issuer remained Hong Kong Mortgage Corporation, with HKD18.7 billion of bonds outstanding.

Table 3: Top 30 Nonbank Issuers of LCY Corporate Bonds in Hong Kong, China

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (HKD billion)	LCY Bonds (USD billion)			
1.	The Hong Kong Mortgage Corporation	18.69	2.41	Yes	No	Finance
2.	CLP Power Hong Kong Financing	8.46	1.09	No	No	Electric
3.	The Link Finance (Cayman) 2009	8.02	1.04	No	No	Finance
4.	Wharf Finance	7.77	1.00	No	No	Diversified
5.	Sun Hung Kai Properties (Capital Market)	7.61	0.98	No	No	Real Estate
6.	HKCG (Finance)	6.77	0.87	No	No	Gas
7.	Swire Pacific	6.68	0.86	No	Yes	Diversified
8.	MTR Corporation (C.I.)	6.17	0.80	Yes	Yes	Transportation
9.	Hongkong Electric Finance	5.57	0.72	No	No	Electric
10.	NWD (MTN)	5.05	0.65	No	Yes	Real Estate
11.	Wheelock Finance	4.04	0.52	No	No	Diversified
12.	CK Hutchison Holdings	3.86	0.50	No	Yes	Real Estate
13.	Kowloon-Canton Railway	3.40	0.44	Yes	No	Transportation
14.	Urban Renewal Authority	3.30	0.43	Yes	No	Real Estate
15.	Swire Properties MTN Financing	3.14	0.41	No	No	Real Estate
16.	Airport Authority Hong Kong	2.60	0.34	Yes	No	Transportation
17.	Yue Xiu Property	2.30	0.30	No	No	Real Estate
18.	Tencent Holdings	2.20	0.28	No	Yes	Comunications
19.	China Energy Reserve and Chemicals Group Overseas	2.00	0.26	No	No	Oil
20.	Emperor International Holdings	1.95	0.25	No	Yes	Real Estate
21.	Hong Kong Science and Technology Parks	1.71	0.22	Yes	No	Real Estate
22.	Cathay Pacific MTN Financing	1.70	0.22	No	Yes	Airlines
23.	Hysan (MTN)	1.40	0.18	No	Yes	Real Estate
24.	Nan Fung Treasury	1.31	0.17	No	No	Real Estate
25.	Henderson Land MTN	1.19	0.15	No	Yes	Finance
26.	Dragon Drays	1.00	0.13	No	No	Diversified
27.	K. Wah International	1.00	0.13	No	Yes	Real Estate
28.	Citic Limited	0.92	0.12	Yes	No	Diversified
29.	Eastern Creation II Investment Holdings	0.90	0.12	No	No	Transportation
30.	Wing Tai Prpoerties (Finance)	0.88	0.11	Yes	No	Real Estate
Total Top 30 Nonbank LCY Corporate Issuers		**121.55**	**15.68**			
Total LCY Corporate Bonds		**696.14**	**89.82**			
Top 30 as % of Total LCY Corporate Bonds		**17.5%**	**17.5%**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Hong Kong Monetary Authority data.

Indonesia

The local currency (LCY) bond market in Indonesia expanded 3.4% quarter-on-quarter (q-o-q) and 14.4% year-on-year (y-o-y) in the fourth quarter (Q4) of 2015 to reach IDR1,750 trillion (USD127 billion) at the end of December. Growth came largely from an increase in the stock of central government bonds, which comprise Treasury bills and bonds, as the government issued more bonds to fund its budget deficit.

Table 1: Size and Composition of the LCY Bond Market in Indonesia

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	IDR	USD	IDR	USD	IDR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**1,529,810**	**123**	**1,692,373**	**115**	**1,750,306**	**127**	**1.6**	**16.8**	**3.4**	**14.4**
Government	1,306,990	106	1,442,758	98	1,500,426	109	1.7	19.8	4.0	14.8
Central Govt. Bonds	1,209,961	98	1,392,407	95	1,461,846	106	0.9	21.6	5.0	20.8
of which: *Sukuk*	110,704	9	150,433	10	159,236	12	1.2	27.0	5.9	43.8
Central Bank Bills	97,029	8	50,351	3	38,580	3	13.3	1.0	(23.4)	(60.2)
of which: *Sukuk*	8,130	0.7	7,720	0.5	6,280	0.5	25.3	72.5	(18.7)	(22.8)
Corporate	222,820	18	249,615	17	249,880	18	1.2	2.1	0.1	12.1
of which: *Sukuk*	7,105	0.6	8,284	0.6	9,696	0.7	2.1	(5.9)	17.0	36.5

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY–USD rates are used.
3. Growth rates are calculated from LCY base and do not include currency effects.
4. The total stock of nontradable bonds as of end-December stood at IDR289.2 trillion.
5. Q4 2015 data for outstanding corporate *sukuk* (Islamic bonds) carried over from November 2015.
Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; Indonesia Stock Exchange; Otoritas Jasa Keuangan; and Bloomberg LP.

In Q4 2015, new corporate bond issuance reached IDR10.6 trillion, which was lower on both a q-o-q and y-o-y basis. Only 13 companies issued new corporate debt in Q4 2015, led by finance-related firms and capital-intensive sectors such as telecommunications, building construction, and property.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Toyota Astra Financial Services		
370-day bond	8.75	170
3-year bond	9.50	1,498
Waskita Karya		
3-year bond	10.40	350
5-year bond	11.10	1,150
XL Axiata		
370-day *Sukuk Ijarah*	8.75	494
3-year *Sukuk Ijarah*	10.25	258
5-year *Sukuk Ijarah*	10.50	323
7-year *Sukuk Ijarah*	11.00	425

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Sarana Multigriya Finansial		
370-day bond	8.90	472
370-day bond	9.25	600
Indosat		
3-year bond	10.00	201
5-year bond	10.25	301
7-year bond	10.60	130
7-year *Sukuk Ijarah*	10.60	65
10-year bond	11.20	162
10-year *Sukuk Ijarah*	11.20	41

LCY = local currency, Q4 = fourth quarter.
Note: *Sukuk Ijarah* refers to Islamic bonds backed by lease agreements.
Source: Indonesia Stock Exchange.

The top 30 LCY corporate bond issuers in Indonesia had an aggregate bond stock amounting to IDR187.0 trillion at the end of December, representing 74.8% of the total LCY corporate bond market. State-owned Indonesia Eximbank took the top spot and was followed by a state-owned electricity firm, PLN.

Table 3: Top 30 Issuers of LCY Corporate Bonds in Indonesia

Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
	LCY Bonds (IDR billion)	LCY Bonds (USD billion)			
1. Indonesia Eximbank	21,579	1.57	Yes	No	Banking
2. PLN	13,268	0.96	Yes	No	Energy
3. Indosat	11,642	0.84	No	Yes	Telecommunications
4. Bank Tabungan Negara	10,950	0.79	Yes	Yes	Banking
5. Adira Dinamika Multifinance	9,936	0.72	No	Yes	Finance
6. Astra Sedaya Finance	9,465	0.69	No	No	Finance
7. Telekomunikasi Indonesia	8,995	0.65	Yes	Yes	Telecommunications
8. Perum Pegadaian	7,959	0.58	Yes	No	Finance
9. Bank Internasional Indonesia	7,380	0.54	No	Yes	Banking
10. Federal International Finance	6,935	0.50	No	No	Finance
11. Bank CIMB Niaga	6,865	0.50	No	Yes	Banking
12. Bank Permata	6,482	0.47	No	Yes	Banking
13. Jasa Marga	5,900	0.43	Yes	Yes	Toll Roads, Airports, and Harbors
14. Bank Pan Indonesia	5,460	0.40	No	Yes	Banking
15. Bank OCBC NISP	5,378	0.39	No	Yes	Banking
16. Sarana Multigriya Finansial	4,789	0.35	Yes	No	Finance
17. Agung Podomoro Land	4,575	0.33	No	Yes	Property and Real Estate
18. Toyota Astra Financial Services	4,489	0.33	No	No	Finance
19. Indofood Sukses Makmur	4,000	0.29	No	Yes	Food and Beverages
20. Bank Mandiri	3,500	0.25	Yes	Yes	Banking
21. Medco-Energi International	3,500	0.25	No	Yes	Petroleum and Natural Gas
22. Antam	3,000	0.22	Yes	Yes	Mining
23. Bank Rakyat Indonesiai	3,000	0.22	Yes	Yes	Banking
24. Waskita Karya	2,675	0.19	Yes	Yes	Building Construction
25. Bumi Serpong Damai	2,665	0.19	No	Yes	Property and Real Estate
26. Bank Tabungan Pensiunan Nasional	2,610	0.19	No	Yes	Banking
27. Indomobil Finance Indonesia	2,559	0.19	No	No	Finance
28. Bank UOB Indonesia	2,500	0.18	No	No	Banking
29. Summarecon Agung	2,500	0.18	No	Yes	Property and Real Estate
30. BCA Finance	2,425	0.18	No	No	Finance
Total Top 30 LCY Corporate Issuers	**186,981**	**13.56**			
Total LCY Corporate Bonds	**249,880**	**18.12**			
Top 30 as % of Total LCY Corporate Bonds	**74.8%**	**74.8%**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Indonesia Stock Exchange data.

Republic of Korea

The Republic of Korea's local currency (LCY) bond market expanded in the fourth quarter (Q4) of 2015 as the outstanding amount of Korean LCY bonds rose 1.1% quarter-on-quarter (q-o-q) and 8.8% year-on-year (y-o-y) to reach KRW2,021 trillion (USD1.7 trillion) at the end of December. The stock of LCY government bonds climbed 1.0% q-o-q and 7.4% y-o-y, leveling off at KRW822 trillion, while that of LCY corporate bonds increased 1.1% q-o-q and 9.7% y-o-y to reach KRW1,199 trillion.

Table 1: Size and Composition of the LCY Bond Market in the Republic of Korea

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	KRW	USD	KRW	USD	KRW	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**1,857,739**	**1,703**	**1,999,322**	**1,687**	**2,020,522**	**1,720**	**2.6**	**7.8**	**1.1**	**8.8**
Government	765,008	701	813,604	686	821,993	700	7.5	16.4	1.0	7.4
Central Bank Bonds	178,000	163	186,350	157	180,930	154	(1.4)	8.8	(2.9)	1.6
Central Government Bonds	495,016	454	536,884	453	548,724	467	1.4	8.6	2.2	10.8
Industrial Finance Debentures	91,992	84	90,370	76	92,340	79	114.1	143.5	2.2	0.4
Corporate	1,092,731	1,002	1,185,718	1,000	1,198,529	1,020	(0.5)	2.6	1.1	9.7

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY–USD rates are used.
3. Growth rates are calculated from LCY base and do not include currency effects.
4. Central government bonds include Korea Treasury Bonds, National Housing Bonds, and Seoul Metro Bonds.
5. Industrial finance debentures include Korea Development Bank (KDB) bonds.
Sources: EDAILY *BondWeb* and The Bank of Korea.

In Q4 2015, issuance of LCY government bonds was up marginally on a q-o-q basis, while rising 8.8% y-o-y. At the same time, LCY corporate bond issuance rose 3.8% q-o-q but fell 11.3% y-o-y. The five largest corporate bonds sold in Q4 2015 were all issued by domestic banks.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (KRW billion)
NongHyup Bank		
0.5-year bond	1.66	400
1-year bond	1.71	400
1.5-year bond	1.77	360
Shinhan Bank		
1.5-year bond	1.90	450
Woori Bank		
2-year bond	1.93	400

LCY = local currency, Q4 = fourth quarter.
Note: Coupon rates for 0.5-year and 1-year bonds of NongHyup Bank are indicative yields as of end-December 2015.
Source: Bloomberg LP.

The combined bonds outstanding of the top 30 corporate issuers in the Republic of Korea amounted to KRW764 trillion at the end of 2015, accounting for about 64% of the total LCY corporate bond stock. Korea Housing Finance stood as the largest LCY corporate bond issuer in the Republic of Korea.

Table 3: Top 30 Issuers of LCY Corporate Bonds in the Republic of Korea

Issuers		Outstanding Amount		State-Owned	Listed on		Type of Industry
		LCY Bonds (KRW billion)	LCY Bonds (USD billion)		KOSPI	KOSDAQ	
1.	Korea Housing Finance	89,424	75.4	Yes	No	No	Finance
2.	NH Investment & Securities	57,361	48.4	Yes	Yes	Yes	Securities
3.	KDB Daewoo Securities	56,471	47.6	Yes	Yes	No	Securities
4.	Korea Land & Housing	53,586	45.2	Yes	No	No	Real Estate
5.	Korea Investment and Securities	48,690	41.1	No	No	No	Securities
6.	Mirae Asset Securities	39,845	33.6	No	Yes	No	Securities
7.	Industrial Bank of Korea	36,790	31.0	Yes	Yes	No	Banking
8.	Hana Financial Investment	34,993	29.5	No	No	No	Securities
9.	Korea Deposit Insurance	33,010	27.8	Yes	No	No	Insurance
10.	Korea Electric Power	26,170	22.1	Yes	Yes	No	Utilities
11.	Hyundai Securities	24,032	20.3	No	Yes	No	Securities
12.	Korea Expressway	22,620	19.1	Yes	No	No	Infrastructure
13.	Korea Rail Network Authority	19,030	16.1	Yes	No	No	Infrastructure
14.	Kookmin Bank	18,658	15.7	No	No	No	Banking
15.	Shinhan Bank	18,633	15.7	No	No	No	Banking
16.	Samsung Securities	16,867	14.2	No	Yes	No	Securities
17.	Woori Bank	16,835	14.2	Yes	No	No	Banking
18.	Daishin Securities	16,349	13.8	No	Yes	No	Securities
19.	Korea Gas	15,499	13.1	Yes	Yes	No	Utilities
20.	Small & Medium Business Corp.	13,690	11.5	Yes	No	No	Finance
21.	Standard Chartered First Bank Korea	12,110	10.2	No	No	No	Banking
22.	Korea Student Aid Foundation	11,770	9.9	Yes	No	No	Finance
23.	Shinhan Investment	11,043	9.3	No	No	No	Securities
24.	Hyundai Capital Services	10,454	8.8	No	No	No	Finance
25.	Korea Water Resources	10,436	8.8	Yes	Yes	No	Utilities
26.	Korea Eximbank	10,380	8.8	Yes	No	No	Banking
27.	Shinyoung Securities	9,991	8.4	No	Yes	Yes	Securities
28.	Korea Railroad	9,720	8.2	Yes	No	No	Infrastructure
29.	Shinhan Card	9,686	8.2	No	No	No	Finance
30.	NongHyup Bank	9,540	8.0	Yes	No	No	Banking
Total Top 30 LCY Corporate Issuers		**763,683.2**	**644.2**				
Total LCY Corporate Bonds		**1,198,529.0**	**1,011.1**				
Top 30 as % of Total LCY Corporate Bonds		**63.7%**	**63.7%**				

KOSDAQ = Korean Securities Dealers Automated Quotations, KOSPI = Korea Composite Stock Price Index, LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bloomberg and EDAILY *BondWeb* data.

Malaysia

Total local currency (LCY) bonds outstanding in Malaysia reached MYR1,119 billion (USD261 billion) in the fourth quarter (Q4) of 2015, increasing 4.0% quarter-on-quarter (q-o-q) and 1.4% year-on-year (y-o-y). Growth in Malaysia's bond market was driven by a rise in corporate bonds outstanding. *Sukuk* (Islamic bonds) continued to comprise the majority of the LCY bond market with a share of 54% of total bonds outstanding at the end of December.

Table 1: Size and Composition of the LCY Bond Market in Malaysia

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	MYR	USD	MYR	USD	MYR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**1,103**	**316**	**1,076**	**245**	**1,119**	**261**	**2.3**	**8.0**	**4.0**	**1.4**
Government	647	185	602	137	612	142	2.2	8.3	1.6	(5.5)
Central Government Bonds	519	149	549	125	559	130	2.3	7.8	1.9	7.6
of which: *sukuk*	188	54	206	47	216	50	0.5	7.4	4.8	15.0
Central Bank Bills	107	31	25	6	25	6	(0.7)	0.4	(1.2)	(77.1)
of which: *sukuk*	43	12	2	0.4	0.5	0.1	0.4	6.8	(70.6)	(98.8)
Sukuk Perumahan Kerajaan	20	6	28	6	28	7	20.0	129.2	0.0	39.2
Corporate	457	131	474	108	507	118	2.3	7.5	7.1	11.1
of which: *sukuk*	323	92	340	77	361	84	3.0	13.2	6.0	11.7

( ) = negative, – = not applicable, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY–USD rate is used.
3. Growth rates are calculated from LCY base and do not include currency effects.
4. *Sukuk Perumahan Kerajaan* are Islamic bonds issued by the government to refinance funding for housing loans to government employees and to extend new housing loans.
Sources: Bank Negara Malaysia Fully Automated System for Issuing/Tendering (FAST) and Bloomberg LP.

Corporate bond issuance in Malaysia jumped to MYR57 billion in Q4 2015 from MYR24 billion in the third quarter of 2015. Notable LCY corporate bond issuances in Q4 2015 are listed in Table 2.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (MYR million)
Maybank		
10-year bond	4.90	3,300
Danainfra		
7-year Islamic MTN	4.45	500
10-year Islamic MTN	4.53	350
15-year Islamic MTN	4.82	250
20-year Islamic MTN	4.91	400
25-year Islamic MTN	5.04	800
30-year Islamic MTN	5.15	800
CIMB		
10-year bond	5.15	2,000
Prasarana		
5-year Islamic MTN	4.27	230
7-year Islamic MTN	4.53	315
10-year Islamic MTN	4.65	200
15-year Islamic MTN	4.97	350
20-year Islamic MTN	5.05	500
25-year Islamic MTN	5.15	350
Cagamas		
3-year MTN	4.20	1,500

LCY = local currency, MTN = medium-term note, Q4 = fourth quarter.
Source: Bank Negara Malaysia Bond Info Hub.

LCY bonds outstanding among the top 30 corporate bond issuers in Malaysia reached MYR273.7 billion at the end of Q4 2015, representing 54% of total corporate bonds outstanding.

Table 3: Top 30 Issuers of LCY Corporate Bonds in Malaysia

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (MYR billion)	LCY Bonds (USD billion)			
1.	Project Lebuhraya Usahasama	30.6	7.1	No	No	Transport, Storage, and Communications
2.	Cagamas	24.5	5.7	Yes	No	Finance
3.	Danainfra Nasional	20.7	4.8	Yes	No	Finance
4.	Khazanah	20.0	4.7	Yes	No	Finance
5.	Prasarana	17.6	4.1	Yes	No	Transport, Storage, and Communications
6.	Maybank	14.9	3.5	No	Yes	Banking
7.	Pengurusan Air	13.5	3.1	Yes	No	Energy, Gas, and Water
8.	Perbadanan Tabung Pendidikan Tinggi Nasional	11.0	2.6	Yes	No	Finance
9.	CIMB Bank	9.1	2.1	No	No	Banking
10.	Jimah East Power	9.0	2.1	Yes	No	Energy, Gas, and Water
11.	Sarawak Energy	8.5	2.0	Yes	No	Energy, Gas, and Water
12.	Public Bank	7.6	1.8	No	No	Banking
13.	Aman Sukuk	6.6	1.5	Yes	No	Construction
14.	Rantau Abang Capital	6.0	1.4	Yes	No	Finance
15.	RHB Bank	5.4	1.3	No	No	Banking
16.	Turus Pesawat	5.3	1.2	Yes	No	Transport, Storage, and Communications
17.	BGSM Management	5.1	1.2	No	No	Transport, Storage, and Communications
18.	1Malaysia Development	5.0	1.2	Yes	No	Finance
19.	CIMB Group Holdings	4.9	1.1	Yes	No	Finance
20.	Putrajaya Holdings	4.9	1.1	Yes	No	Property and Real Estate
21.	Manjung Island Energy	4.9	1.1	No	No	Energy, Gas, and Water
22.	YTL Power International	4.8	1.1	No	Yes	Energy, Gas, and Water
23.	AM Bank	4.5	1.1	No	Yes	Banking
24.	Celcom Networks	4.5	1.0	No	No	Transport, Storage, and Communications
25.	Malakoff Power	4.4	1.0	No	No	Energy, Gas, and Water
26.	Bank Pembangunan Malaysia	4.3	1.0	Yes	No	Banking
27.	Cagamas MBS	4.2	1.0	Yes	No	Finance
28.	Tanjung Bin Power	4.0	0.9	No	No	Energy, Gas, and Water
29.	Danga Capital	4.0	0.9	Yes	No	Finance
30.	Telekom Malaysia	4.0	0.9	No	Yes	Transport, Storage, and Communications
Total Top 30 LCY Corporate Issuers		**273.7**	**63.7**			
Total LCY Corporate Bonds		**507.3**	**118.1**			
Top 30 as % of Total LCY Corporate Bonds		**53.9%**	**53.9%**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bank Negara Malaysia Fully Automated System for Issuing/Tendering (FAST) data.

Philippines

The Philippine local currency (LCY) bond market barely moved in the fourth quarter (Q4) of 2015, expanding a mere 0.6% quarter-on-quarter (q-o-q) and 1.9% year-on-year (y-o-y) to PHP4,752 billion (USD101 billion) at the end of December. Outstanding fixed-income securities issued by the Philippine government and government-controlled companies increased 0.2% q-o-q and 1.3% y-o-y to close at PHP3,946 billion at the end of December. Growth in the corporate bond market outpaced growth in the government bond market in Q4 2015 on both a q-o-q and y-o-y basis.

Table 1: Size and Composition of the LCY Bond Market in the Philippines

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**4,663**	**104**	**4,723**	**101**	**4,752**	**101**	**1.5**	**5.6**	**0.6**	**1.9**
Government	3,895	87	3,939	84	3,946	84	1.3	2.0	0.2	1.3
Treasury Bills	282	6	282	6	264	6	(1.2)	(12.2)	(6.4)	(6.1)
Treasury Bonds	3,510	78	3,577	77	3,596	77	1.9	3.7	0.5	2.5
Others	103	2	80	2	86	2	(10.8)	(10.8)	7.5	(16.8)
Corporate	768	17	784	17	806	17	2.6	28.7	2.8	5.0

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Bloomberg end-of-period LCY–USD rates are used.
3. Growth rates are calculated from an LCY base and do not include currency effects.
4. "Others" comprises bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines. This includes bonds issued by Power Sector Assets and Liabilities Management and the National Food Authority, among others.
5. Peso Global Bonds (PHP-denominated bonds payable in USD) and multi-currency Retail Treasury Bonds are not included.
Sources: Bureau of the Treasury and Bloomberg LP.

Corporate bond issuance in the Philippines totaled PHP29 billion in Q4 2015, 83% of which was issued by real estate companies. Notable LCY corporate bond issuances in Q4 2015 are listed in Table 2.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
SM Prime Holdings		
5.25-year bond	4.510	17.97
10-year bond	4.799	2.03
Asia United Bank		
10-year Tier 2 notes	5.625	5.00
Sta. Lucia Land		
3-year bond	6.728	2.00
5.25-year bond	6.715	2.00

LCY = local currency, Q4 = fourth quarter.
Source: Bloomberg LP.

LCY bonds outstanding among the top 30 corporate bond issuers in the Philippines reached PHP718.4 billion at the end of Q4 2015, representing 89% of total corporate bonds outstanding.

Table 3: Top 30 Issuers of LCY Corporate Bonds in the Philippines

Issuers		Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (PHP billion)	LCY Bonds (USD billion)			
1.	Ayala Land	63.9	1.4	No	Yes	Real Estate
2.	Metrobank	46.8	1.0	No	Yes	Banking
3.	SM Prime	45.0	1.0	No	Yes	Real Estate
4.	Ayala Corporation	40.0	0.9	No	Yes	Diversified Operations
5.	San Miguel Brewery	37.8	0.8	No	No	Brewery
6.	BDO Unibank	37.5	0.8	No	Yes	Banking
7.	Philippine National Bank	34.6	0.7	No	Yes	Banking
8.	Filinvest Land	32.0	0.7	No	Yes	Real Estate
9.	Aboitiz Equity Ventures	32.0	0.7	No	Yes	Diversified Operations
10.	JG Summit Holdings	30.0	0.6	No	Yes	Diversified Operations
11.	SM Investments	28.3	0.6	No	Yes	Diversified Operations
12.	Meralco	23.5	0.5	No	Yes	Electricity Distribution
13.	Security Bank	23.0	0.5	No	Yes	Banking
14.	RCBC	22.1	0.5	No	Yes	Banking
15.	GT Capital Holdings	22.0	0.5	No	Yes	Investment Companies
16.	South Luzon Tollway	18.3	0.4	No	No	Transport Services
17.	Globe Telecom	17.0	0.4	No	Yes	Telecommunications
18.	East West Bank	16.8	0.4	No	Yes	Banking
19.	Maynilad Water Services	16.4	0.3	No	No	Water
20.	MCE Leisure Philippines	15.0	0.3	No	No	Casino Services
21.	Philippine Long Distance Telephone	15.0	0.3	No	Yes	Telecommunications
22.	Union Bank of the Philippines	14.0	0.3	No	Yes	Banking
23.	Manila North Tollways	13.0	0.3	No	No	Transport Services
24.	Robinsons Land	12.0	0.3	No	Yes	Real Estate
25.	First Metro Investment	12.0	0.3	No	No	Investment Banking
26.	MTD Manila Expressway	11.5	0.2	No	No	Transport Services
27.	Energy Development	10.5	0.2	No	Yes	Electricity Generation
28.	Aboitiz Power	10.0	0.2	No	Yes	Electricity Generation
29.	United Coconut Planters Bank	9.5	0.2	No	No	Banking
30.	SM Development	9.0	0.2	No	Yes	Real Estate
Total Top 30 LCY Corporate Issuers		**718.4**	**15.3**			
Total LCY Corporate Bonds		**806.2**	**17.2**			
Top 30 as % of Total LCY Corporate Bonds		**89.1%**	**89.1%**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. Petron Corporation has PHP20 billion of Global Peso Bonds outstanding that are not included in this table.
3. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bloomberg data.

Singapore

The local currency (LCY) bond market in Singapore contracted 1.5% quarter-on-quarter (q-o-q) and 3.2% year-on-year (y-o-y) in the fourth quarter (Q4) of 2015 to decline to a size of SGD313 billion (USD221 billion) at the end of December. Both the stock of Monetary Authority of Singapore bills and corporate bonds declined on a q-o-q basis in Q4 2015.

Table 1: Size and Composition of the LCY Bond Market in Singapore

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	SGD	USD	SGD	USD	SGD	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**323**	**244**	**318**	**223**	**313**	**221**	**0.7**	**5.0**	**(1.5)**	**(3.2)**
Government	194	147	188	132	183	129	(0.3)	2.8	(2.3)	(5.7)
SGS Bills and Bonds	98	74	103	72	106	75	(3.1)	(21.4)	2.7	7.7
MAS Bills	96	73	85	60	78	55	2.8	49.7	(8.5)	(19.4)
Corporate	129	97	130	91	130	91	2.1	8.6	(0.2)	0.5

( ) = negative, LCY = local currency, MAS = Monetary Authority of Singapore, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, SGS = Singapore Government Securities, y-o-y = year-on-year.
Notes:
1. Government bonds are calculated using data from national sources. Corporate bonds are based on *AsianBondsOnline* estimates.
2. SGS bills and bonds do not include the special issue of SGS held by the Singapore Central Provident Fund (CPF).
3. Bloomberg LP end-of-period LCY–USD rates are used.
4. Growth rates are calculated from LCY base and do not include currency effects.
Sources: Monetary Authority of Singapore, Singapore Government Securities, and Bloomberg LP.

New corporate debt issues totaled SGD3.8 billion in Q4 2015, up on both a q-o-q and y-o-y basis. State-owned Housing and Development Board issued the single largest corporate bond in Q4 2015.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (SGD million)
Housing and Development Board		
5-year bond	2.10	1,200
Singapore Tech Telemedia		
10-year bond	4.05	450
Ascendas REIT		
Perpetual bond	4.75	300
Oxley MTN		
4-year bond	5.00	300
Perennial Real Estate		
3-year bond	4.65	300

LCY = local currency, Q4 = fourth quarter.
Source: Bloomberg LP.

The top 30 corporate issuers in Singapore had an aggregate outstanding bond stock of SGD67.3 billion at the end of December, accounting for 51.9% of the total corporate bond stock.

Table 3: Top 30 Issuers of LCY Corporate Bonds in Singapore

Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
	LCY Bonds (SGD billion)	LCY Bonds (USD billion)			
1. Housing and Development Board	20.5	14.5	Yes	No	Real Estate
2. United Overseas Bank	4.9	3.5	No	Yes	Banking
3. Land Transport Authority	4.0	2.8	Yes	No	Transportation
4. Temasek Financial I	3.6	2.5	No	No	Financing
5. DBS Bank	3.3	2.3	No	Yes	Banking
6. CapitaLand	3.0	2.1	No	Yes	Real Estate
7. FCL Treasury	2.1	1.5	No	No	Real Estate
8. SP PowerAssets	1.9	1.3	No	No	Utilities
9. Olam International	1.7	1.2	No	Yes	Consumer Goods
10. Keppel	1.7	1.2	No	Yes	Diversified
11. Public Utilities Board	1.7	1.2	Yes	No	Utilities
12. Oversea-Chinese Banking	1.5	1.1	No	Yes	Banking
13. GLL IHT	1.5	1.0	No	No	Financing
14. City Developments	1.3	0.9	No	Yes	Real Estate
15. Neptune Orient Lines	1.3	0.9	No	Yes	Logistics
16. CapitaLand Treasury	1.2	0.8	No	No	Financing
17. Singtel Group Treasury	1.2	0.8	No	No	Financing
18. CapitaMalls Asia Treasury	1.0	0.7	No	No	Financing
19. Singapore Airlines	1.0	0.7	No	No	Transportation
20. Sembcorp Financial Services	1.0	0.7	No	No	Financing
21. Mapletree Treasury Services	0.9	0.7	No	No	Financing
22. National University of Singapore	0.9	0.6	No	Yes	Education
23. Ascendas REIT	0.8	0.6	No	Yes	Real Estate
24. DBS Group	0.8	0.6	No	Yes	Banking
25. CMT MTN	0.8	0.6	No	No	Financing
26. Overseas Union Enterprise	0.8	0.6	No	Yes	Real Estate
27. Sembcorp Industries	0.8	0.6	No	Yes	Shipbuilding
28. Global Logistic Properties	0.8	0.5	No	Yes	Real Estate
29. SMRT Capital	0.8	0.5	No	No	Transportation
30. PSA	0.7	0.5	No	No	Port Operator
Total Top 30 LCY Corporate Issuers	**67.3**	**47.4**			
Total LCY Corporate Bonds	**129.7**	**91.4**			
Top 30 as % of Total LCY Corporate Bonds	**51.9%**	**51.9%**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bloomberg data.

Thailand

Thailand's local currency (LCY) bond market registered positive growth in the fourth quarter (Q4) of 2015, with the outstanding stock of Thai LCY bonds expanding 2.5% quarter-on-quarter (q-o-q) and 8.1% year-on-year (y-o-y) to reach THB10,012 billion at the end of 2015. The LCY government bond market posted growth of 2.5% q-o-q and 7.8% y-o-y in Q4 2015, leveling off at THB7,494 billion at the end of the year, while LCY corporate bonds outstanding climbed 2.5% q-o-q and 9.0% y-o-y to reach THB2,517 billion.

Table 1: Size and Composition of the LCY Bond Market in Thailand

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	THB	USD	THB	USD	THB	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**9,258**	**281**	**9,769**	**269**	**10,012**	**278**	**0.9**	**2.9**	**2.5**	**8.1**
Government	6,949	211	7,312	201	7,494	208	0.5	(0.6)	2.5	7.8
Government Bonds and Treasury Bills	3,413	104	3,698	102	3,888	108	(1.2)	(0.03)	5.1	13.9
Central Bank Bonds	2,743	83	2,862	79	2,823	78	1.6	(3.5)	(1.4)	2.9
State-Owned Enterprise and Other Bonds	793	24	752	21	782	22	4.0	8.4	4.1	(1.4)
Corporate	2,309	70	2,456	68	2,517	70	2.4	15.0	2.5	9.0

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Calculated using data from national sources.
2. Bloomberg end-of-period LCY–USD rates are used.
3. Growth rates are calculated from an LCY base and do not include currency effects.
Sources: Bank of Thailand.

Issuance of LCY government bonds in Q4 2015 slipped 2.6% q-o-q but was up 21.3% y-o-y, while LCY corporate bond issuance was down 12.0% q-o-q and 12.8% y-o-y. The five largest LCY corporate bond issues in Thailand during Q4 2015 were made by a cement company, two telecommunications firms, and a bank.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (THB billion)
True Move H Universal Corporation		
1-year bond	2.60	9.00
3-year bond	4.20	8.40
True Corporation		
1-year bond	3.00	8.00
7-year bond	4.11	8.33
Siam Cement		
4-year bond	3.40	10.00
Kasikorn Bank		
11-year bond	3.95	6.50

LCY = local currency, Q4 = fourth quarter.
Source: Bloomberg LP.

The combined outstanding bonds of the top 30 Thai corporate issuers amounted to THB1,427 billion at the end of 2015, representing 57% of the total outstanding stock of Thai LCY corporate bonds. CP All, PTT, and Siam Cement remained the three largest Thai corporate bond issuers.

Table 3: Top 30 Issuers of LCY Corporate Bonds in Thailand

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (THB billion)	LCY Bonds (USD billion)			
1.	CP All	173.0	4.8	No	Yes	Commerce
2.	PTT	170.5	4.7	Yes	Yes	Energy and Utilities
3.	The Siam Cement	166.5	4.6	Yes	Yes	Construction Materials
4.	Charoen Pokphand Foods	77.0	2.1	No	Yes	Food and Beverage
5.	Thai Airways International	56.6	1.6	Yes	Yes	Transportation and Logistics
6.	Bank of Ayudhya	50.8	1.4	No	Yes	Banking
7.	True Corporation	45.3	1.3	No	Yes	Communications
8.	Indorama Ventures	45.3	1.3	No	Yes	Petrochemicals and Chemicals
9.	Kasikorn Bank	42.5	1.2	No	Yes	Banking
10.	The Siam Commercial Bank	40.0	1.1	No	Yes	Banking
11.	Banpu	39.4	1.1	No	Yes	Energy and Utilities
12.	Mitr Phol Sugar	38.4	1.1	No	No	Food and Beverage
13.	True Move H Universal Communication	34.0	0.9	No	No	Communications
14.	Toyota Leasing Thailand	33.3	0.9	No	No	Finance and Securities
15.	Thanachart Bank	32.5	0.9	No	No	Banking
16.	PTT Exploration and Production Company	32.1	0.9	Yes	Yes	Energy and Utilities
17.	Tisco Bank	31.1	0.9	No	No	Banking
18.	TPI Polene	29.6	0.8	No	Yes	Property and Construction
19.	Krung Thai Card	29.2	0.8	Yes	Yes	Finance and Securities
20.	Thai Oil	28.0	0.8	Yes	Yes	Energy and Utilities
21.	TMB Bank	25.4	0.7	No	Yes	Banking
22.	Land & Houses	25.0	0.7	No	Yes	Property and Construction
23.	Quality Houses	24.9	0.7	No	Yes	Property and Construction
24.	CH. Karnchang	23.5	0.7	No	Yes	Property and Construction
25.	Kiatnakin Bank	22.8	0.6	No	Yes	Banking
26.	IRPC	22.6	0.6	Yes	Yes	Energy and Utilities
27.	ICBC Thai Leasing	22.1	0.6	No	No	Finance and Securities
28.	Minor International	21.8	0.6	No	Yes	Food and Beverage
29.	Krung Thai Bank	21.7	0.6	Yes	Yes	Banking
30.	Glow Energy	21.6	0.6	No	Yes	Energy and Utilities
Total Top 30 LCY Corporate Issuers		1,426.6	39.6			
Total LCY Corporate Bonds		2,517.3	69.9			
Top 30 as % of Total LCY Corporate Bonds		56.7%	56.7%			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bloomberg data.

Viet Nam

Viet Nam's local currency (LCY) bond market climbed 1.5% quarter-on-quarter (q-o-q), but declined 3.5% year-on-year (y-o-y) in the fourth quarter (Q4) of 2015, to reach a size of VND860.7 trillion (USD38 billion) at the end of December. On a q-o-q basis, growth was mainly driven by increases in the stock of Treasury bonds, state-owned enterprise bonds, and corporate bonds.

Table 1: Size and Composition of the LCY Bond Market in Viet Nam

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	VND	USD	VND	USD	VND	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	**891,623**	**42**	**847,740**	**38**	**860,739**	**38**	**(8.9)**	**32.4**	**1.5**	**(3.5)**
Government	876,091	41	822,488	37	832,117	37	(9.0)	32.9	1.2	(5.0)
Treasury Bonds	525,403	25	534,576	24	586,790	26	(0.7)	33.1	9.8	11.7
Central Bank Bonds	134,396	6	90,279	4	45,639	2	(39.7)	172.5	(49.4)	(66.0)
State-Owned Enterprise Bonds	216,293	10	197,633	9	199,688	9	2.5	0.5	1.0	(7.7)
Corporate	15,532	0.7	25,252	1	28,622	1	(3.1)	8.5	13.3	84.3

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.
Notes:
1. Bloomberg LP end-of-period LCY–USD rates are used.
2. Growth rates are calculated from LCY base and do not include currency effects.
Source: Bloomberg LP and Vietnam Bond Market Association.

In Q4 2015, new corporate bond issues totaled VND1.0 trillion, lower by 73.3% q-o-q and 52.4% y-o-y.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuer	Coupon Rate (%)	Issued Amount (VND billion)
Saigon-Hanoi Securities		
2-year bond	9.50	400
Ha Do		
5-year bond	9.70	200

LCY = local currency, Q4 = fourth quarter.
Source: Vietnam Bond Market Association.

Viet Nam's corporate bond market comprised 15 corporate firms with outstanding bonds of VND28.6 trillion at the end of December. Masan Consumer Holdings was the largest issuer with outstanding bonds of VND11.1 trillion.

Table 3: Corporate Issuers of LCY Corporate Bonds in Viet Nam

Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
	LCY Bonds (VND billion)	LCY Bonds (USD billion)			
1. Masan Consumer Holdings	11,100	0.49	No	No	Diversified Operations
2. Hoang Anh Gia Lai	4,000	0.18	No	Yes	Real Estate
3. Asia Commercial Joint Stock	3,000	0.13	No	Yes	Finance
4. Techcom Bank	3,000	0.13	No	No	Banking
5. Vingroup JSC	2,000	0.09	No	Yes	Real Estate
6. Ho Chi Minh City Infrastructure	1,082	0.05	No	Yes	Infrastructure
7. DIC	1,000	0.04	Yes	No	Chemicals
8. Ocean Group	980	0.04	No	Yes	Consulting Services
9. Saigon-Hanoi Securities	650	0.03	No	Yes	Finance
10. Tasco	500	0.02	No	Yes	Engineering and Construction
11. Sotrans	400	0.02	No	No	Logistics
12. Hung Vuong	300	0.01	Np	Yes	Food
13. Saigon Securities	300	0.01	No	Yes	Finance
14. Ha Do	200	0.01	No	Yes	Construction
15. Ho Chi Minh City Securities	110	0.005	No	No	Finance
Total LCY Corporate Issuers	**28,621.8**	**1.27**			

LCY = local currency.
Notes:
1. Data as of end-December 2015.
2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.
Source: *AsianBondsOnline* calculations based on Bloomberg and Vietnam Bond Market Association.

Asia Bond Monitor

March 2016

This publication reviews recent developments in East Asian local currency bond markets along with the outlook, risks, and policy options. It covers the 10 members of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

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