

# (Some) Asian Bond Markets A (Very Quick) Introduction

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Cbonds EM Bond Conference

April 14 2016

# A (Very Quick) Introduction

- Asia is huge
- And it is not homogeneous
- There 54 countries in Asia
  - (48 UN members)
- 3 in 10 largest GDPs
- 6 ( and ½) in 20 largest GDPs
- But accelerating fast

# A (Very Quick) Introduction

- Concentrating on East Asia
  - Specifically ASEAN + 3
    - Brunei Darussalam
    - Cambodia
    - Indonesia
    - Lao PDR
    - Malaysia
    - Myanmar
    - Philippines
    - **Singapore**
    - Thailand
    - Viet Nam
- Plus
- Japan**
  - Korea**
  - PRC & HK**
- (Because ADB)

# Summary

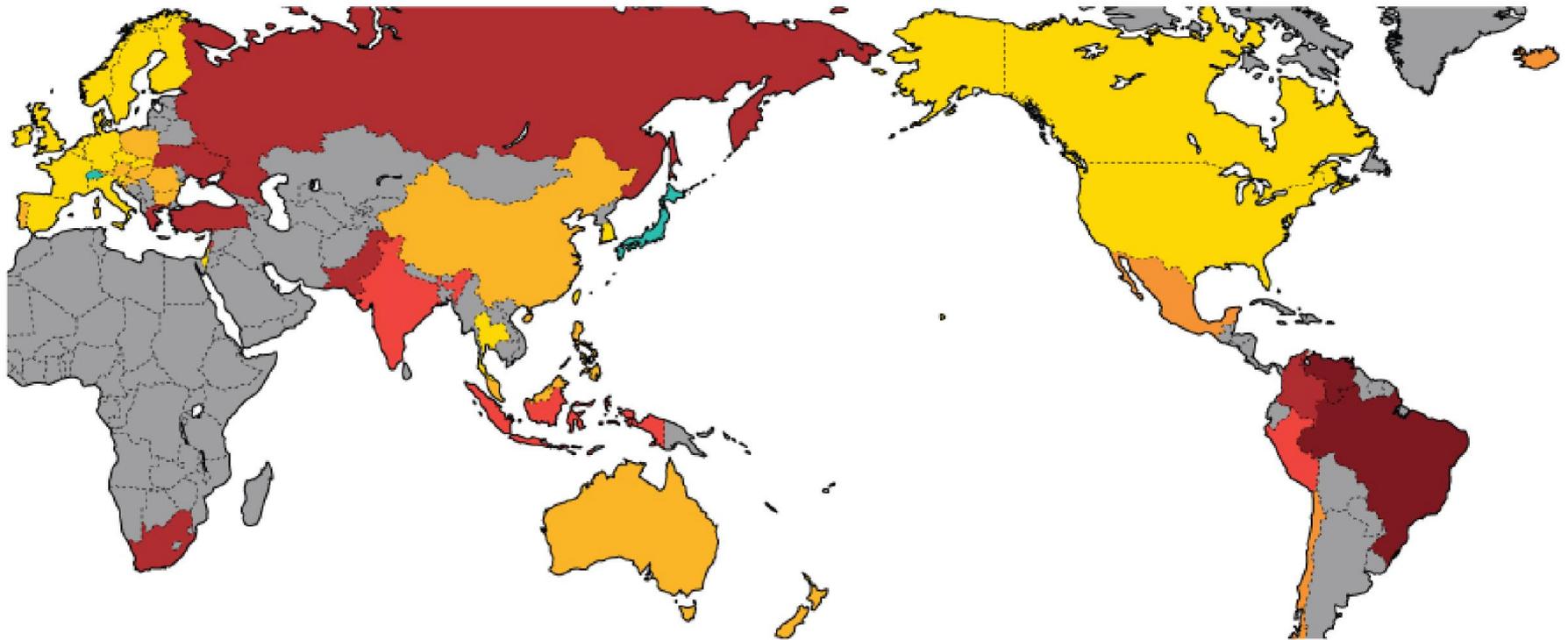
- Why look at Asia
- How to find out more
  - AsianBondsOnline
  - Country based agencies (eg Chinabond for PRC)
- Looking (quickly) at three specific countries
  - PRC (2)
  - Korea (11)
  - Indonesia (16)
- Because GDP
- How to get involved

# Why Look at Asia

## Where in the World?

10-year government bond yields around the world

● Negative yield   ● 0-2%   ● 2-4%   ● 4-6%   ● 6-8%   ● 8-10%   ● 10%+



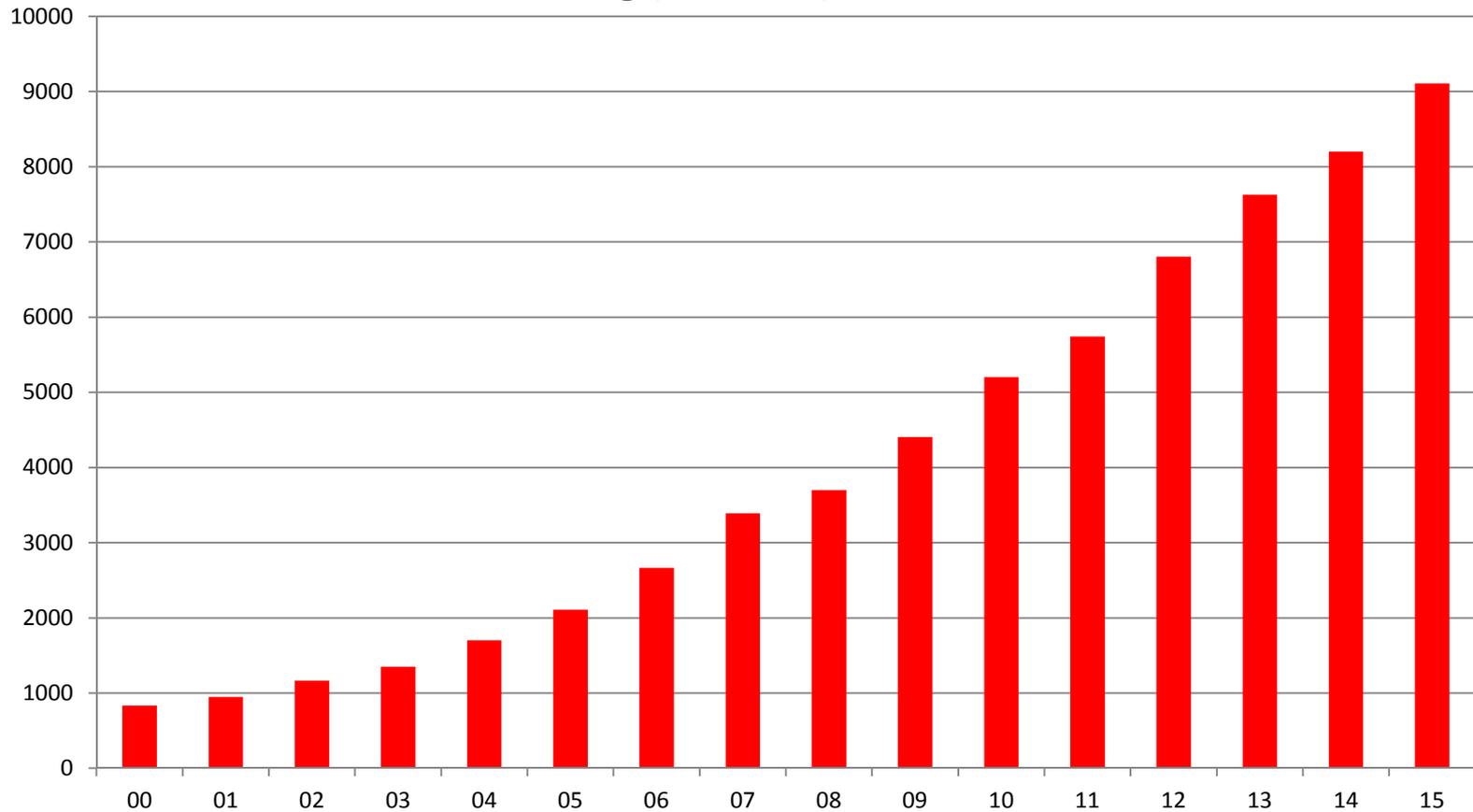
Source: Bloomberg

Note: All rates are in local currency except Venezuela, which is in U.S. dollars.

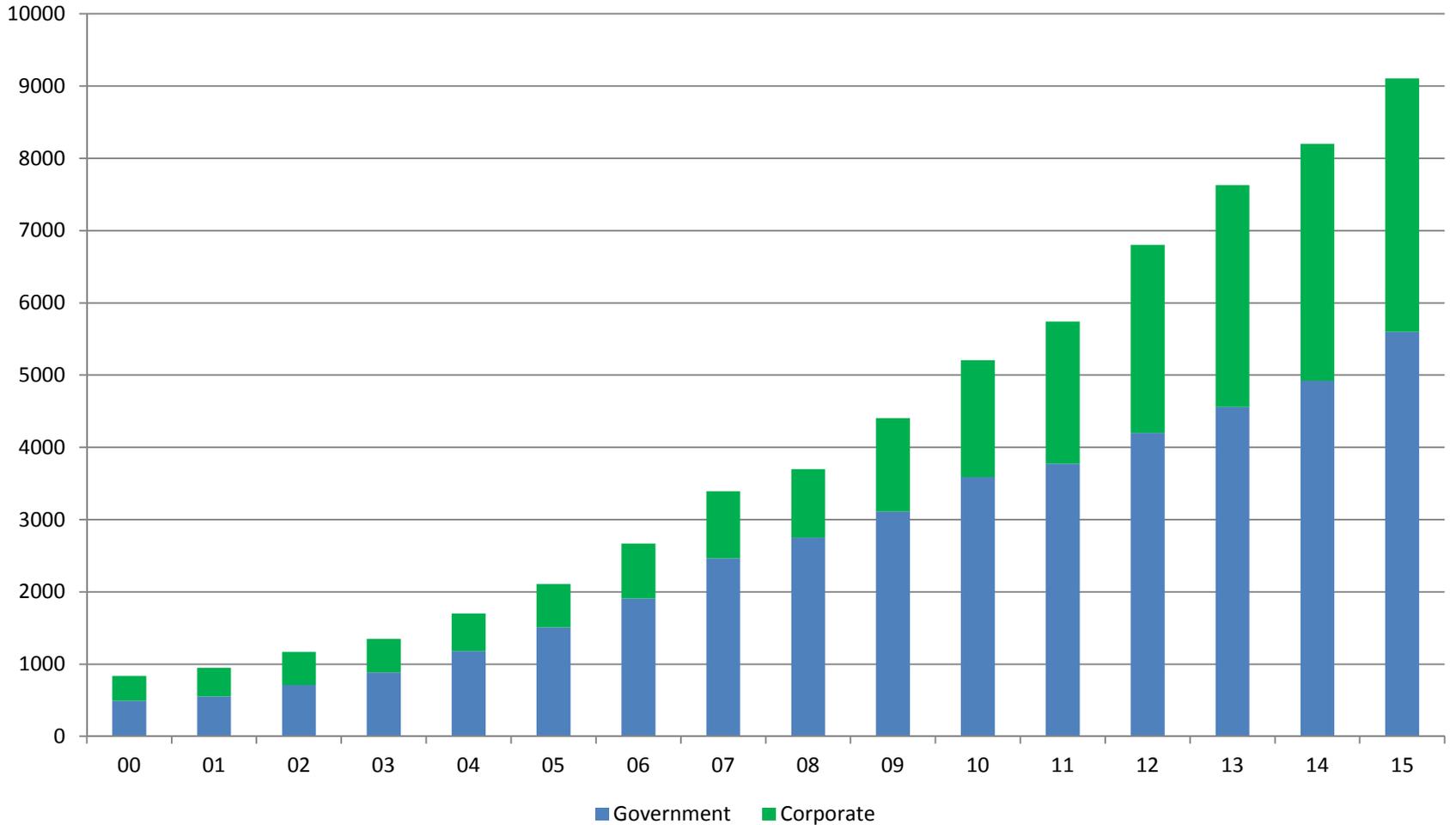
Bloomberg Gadfly

# Total Bond Market Growth (in ASEAN + 2)

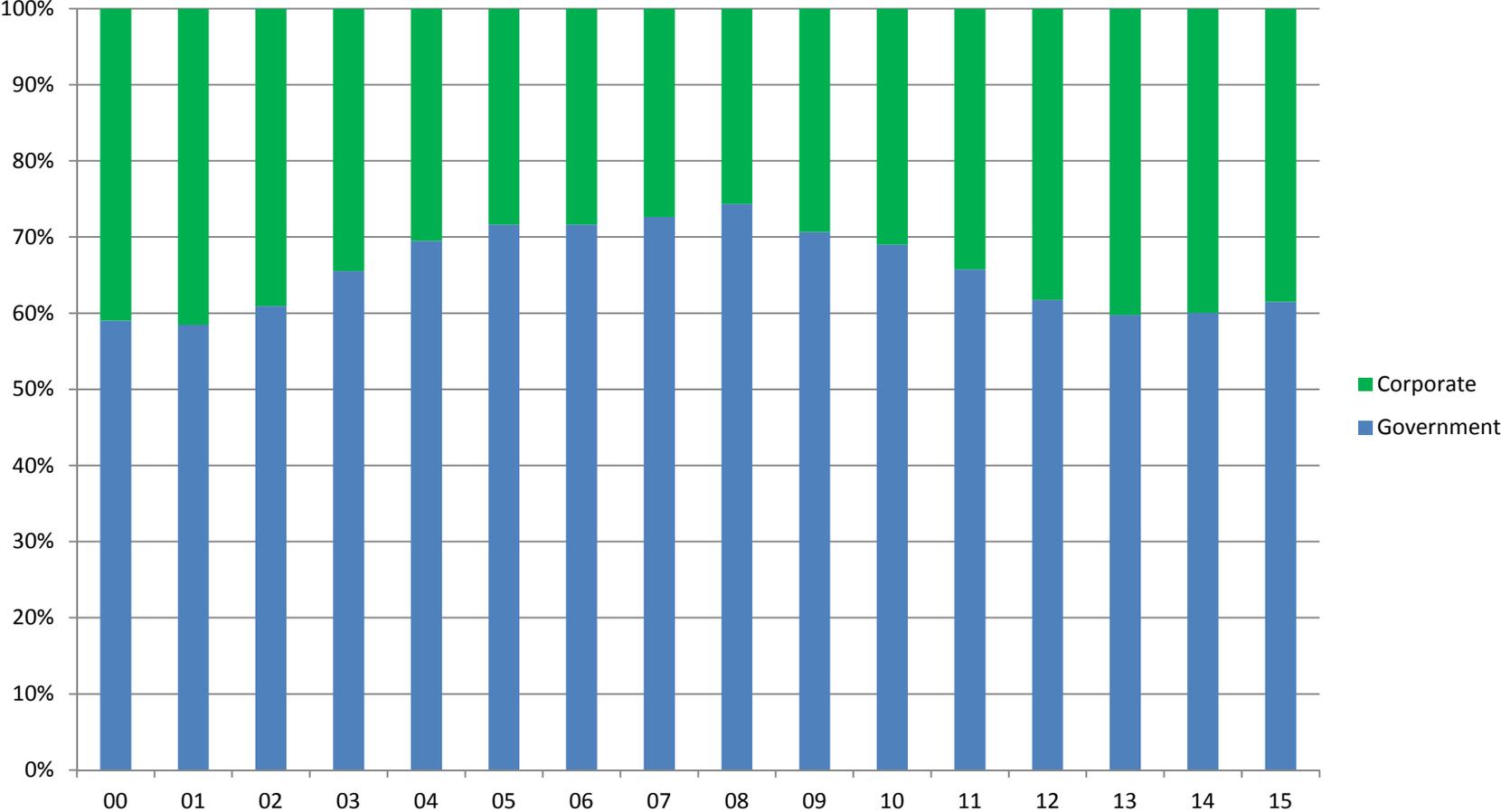
LCY Bonds Outstanding (USD Bns)



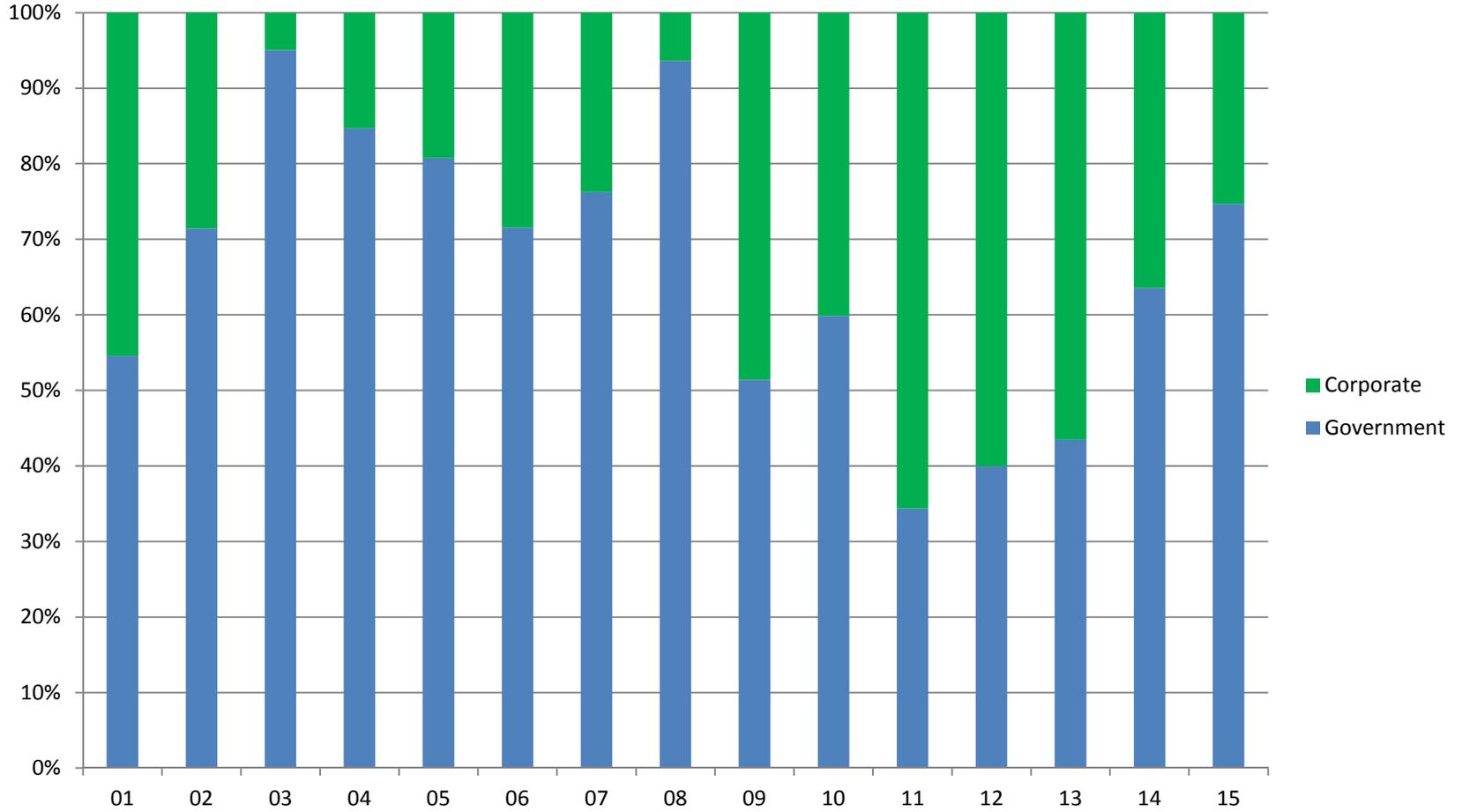
# Govies & Corporates



# Share of Outstandings



# New Issuance Split



# How to Find out More

- Asian Development Bank

- AsiaBondsOnline

- Asian Bond Monitor

- Good on macro, practical details for getting involved

- Not so good on specific bond data

- Local Agencies and Regulators

- Chinabond

- KOFIA

Regional

Markets-at-a-Glance

Data

Market Structure

Asia Bond Monitor

ABMI

ABMF

Guides

News And Publications

This section allows cross-market comparisons.

Market Watch

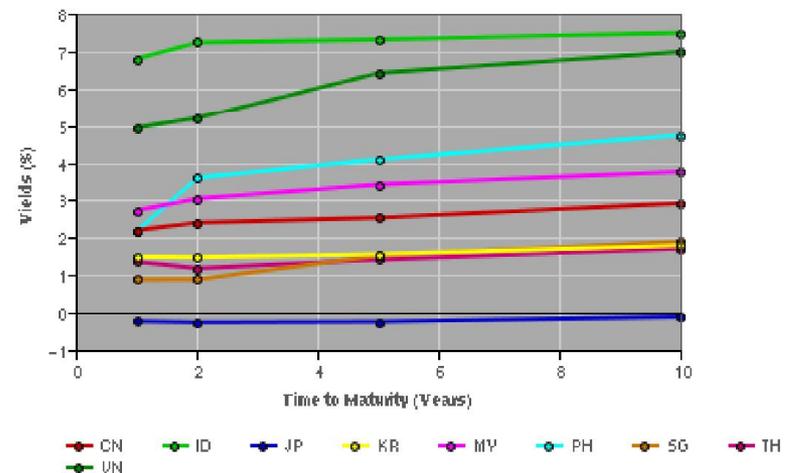
Close of April 12, 2016

CHANGE FROM

Govt. Bond Yields (10 Year)	Latest Closing	Previous Day	Previous Week	YTD
CN	2.920	▼ 1.0	▲ 3.0	▲ 6.0
HK	1.300	▲ 4.5	▲ 7.6	▼ 27.9
ID	7.491	▼ 4.4	▼ 13.3	▼ 125.4
JP	-0.102	▼ 1.6	▼ 4.9	▼ 36.7
KR	1.787	▼ 0.5	▲ 0.1	▼ 29.8
MY	3.759	▼ 5.7	▼ 3.7	▼ 42.7
PH	4.738	▲ 3.2	▼ 1.2	▲ 63.8
SG	1.889	▲ 0.9	▲ 3.5	▼ 70.9
TH	1.714	▼ 1.6	▲ 19.7	▼ 78.6
US	1.776	▲ 5.1	▲ 5.6	▼ 49.3
VN	6.988	▼ 8.2	▼ 6.2	▼ 18.7

\* Government bond yield changes are expressed in basis points.  
>> More details

LCY GOVERNMENT BOND YIELD MOVEMENTS



WEEKLY DEBT HIGHLIGHTS

April 11, 2016

# Indonesia

Currency: Indonesian Rupiah (IDR)

## Market Watch

Close of April 12, 2016

CHANGE FROM

Govt. Bond Yields	Latest Yield	Previous Day	Previous Week	YTD
2 Year	7.233	▲ 0.5	▼ 23.5	▼ 137.6
5 Year	7.312	▼ 3.3	▼ 8.6	▼ 150.7
10 Year	7.491	▼ 4.4	▼ 13.3	▼ 125.4

\* Government bond yield changes are expressed in basis points.  
>> More details

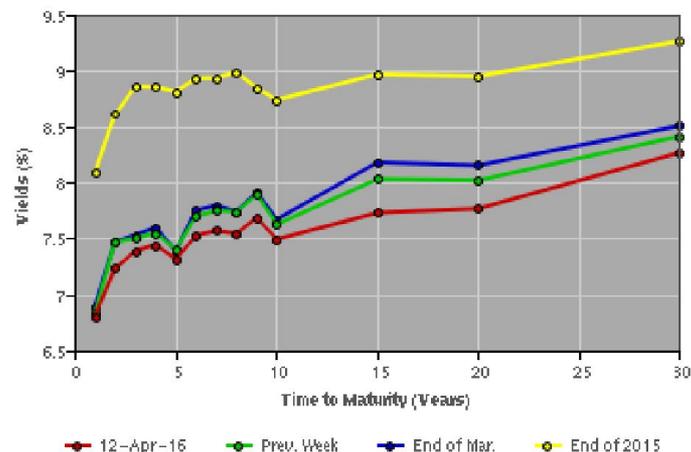
Currencies	Latest Rate	Previous Day	Previous Week	YTD
IDR per USD	13,115.000	▲ 0.1	▲ 0.8	▲ 4.9
IDR per JPY	120.831	▲ 0.7	▼ 0.8	▼ 5.4

\* Exchange rate changes are expressed as a percentage change.  
>> More details

Interest Rates	Latest Rate	Previous Day	Previous Week	YTD
1D JIBOR	4.891	0.0	▼ 0.9	▼ 270.1
3M JIBOR	6.668	0.0	▲ 1.1	▼ 218.9

\* Interest rate changes are expressed in basis point change.  
>> More details

## LCY GOVERNMENT BOND YIELD MOVEMENTS



## NEWS HIGHLIGHTS

- Retail Sales Growth Slows Down in February: Bank Indonesia
- Faster Govt Spending Raises Deficit Forecast
- Revised Indonesia Budget May Push Deficit Up to 2.5% of GDP: Finance Minister
- Indonesia Targets Corporate Tax Cut to 'Competitive' 20 Percent

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* Interest rate changes are expressed in basis point change. >> <a href="#">More details</a>				

## Policy Rates

Policy Rates	CHANGE FROM		
	Latest Rate (17-Mar-2016)	Previous Rate (18-Feb-2016)	YTD Rate
Bank Indonesia Rate	6.750	▼ 25.0	▼ 75.0
* Policy rate changes are expressed in basis point change. >> <a href="#">More details</a>			

## Sovereign Ratings

Agency	Rating	Outlook	Date
<b>Regional Rating Institutions</b>			
R&I	BBB-	stable	2015-03-18
RAM	BBB2	stable	2016-04-05
<b>Non-Regional Rating Institutions</b>			
Fitch	BBB-	stable	2015-11-06
S&P	BB+	positive	2015-05-21
>> <a href="#">More details</a>			

## NEWS HIGHLIGHTS

- Retail Sales Growth Slows Down in February: Bank Indonesia
- Faster Govt Spending Raises Deficit Forecast
- Revised Indonesia Budget May Push Deficit Up to 2.5% of GDP: Finance Minister
- Indonesia Targets Corporate Tax Cut to 'Competitive' 20 Percent
- Tax incentives needed to boost sukuk sales: OJK

▶ [Read full index for News and Commentary](#)

## BOND ISSUANCES

- Indonesia sukuk catches market momentum
- Indonesia sells 12 trln rupiah of bonds at auction, as targeted
- Indonesia issues global bonds worth US\$3.5 billion
- Indonesia raises 9 trln rupiah at bond auction, above target
- Indonesia raises 5.2 trln rupiah at bond auction, below target

▶ [Read full index for Bond Issuances](#)

REGIONAL OVERVIEW	Brunei Darussalam	Cambodia	People's Republic of China	<b>Indonesia</b>	Japan	Republic of Korea	Lao People's Democratic Republic	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
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## Indonesia

[Market-at-a-Glance](#)

[Data](#)

[Market Structure](#)

[Guide To Buying Bonds](#)

[Market Summary](#)

[News](#)

Indonesia >> [Guide To Buying Bonds](#)

[Government Bonds](#)

[Corporate Bonds](#)

## Guide to Buying Bonds

The basics about investing in Indonesia government and corporate debt markets are discussed in the following sections:

**How to Invest in Government/Corporate Debt Securities at Issue** provides a list of available government and corporate debt securities in the market. Auction and tender dates, as well as the application procedures and the confirmation of acquisition of the debt securities are also discussed in this section.

**After Issue and At Maturity** discusses the buying and selling of bonds in the secondary market as well as the details of interest and redemption procedures.

**Self Service Options** explains the mechanics of online trading; provides brochures and forms; and lists investor contact centers.

# ASIA BOND MONITOR

## March 2016

ASIAN DEVELOPMENT BANK



[https://asianbondsonline.adb.org/documents/abm\\_mar\\_2016.pdf](https://asianbondsonline.adb.org/documents/abm_mar_2016.pdf)

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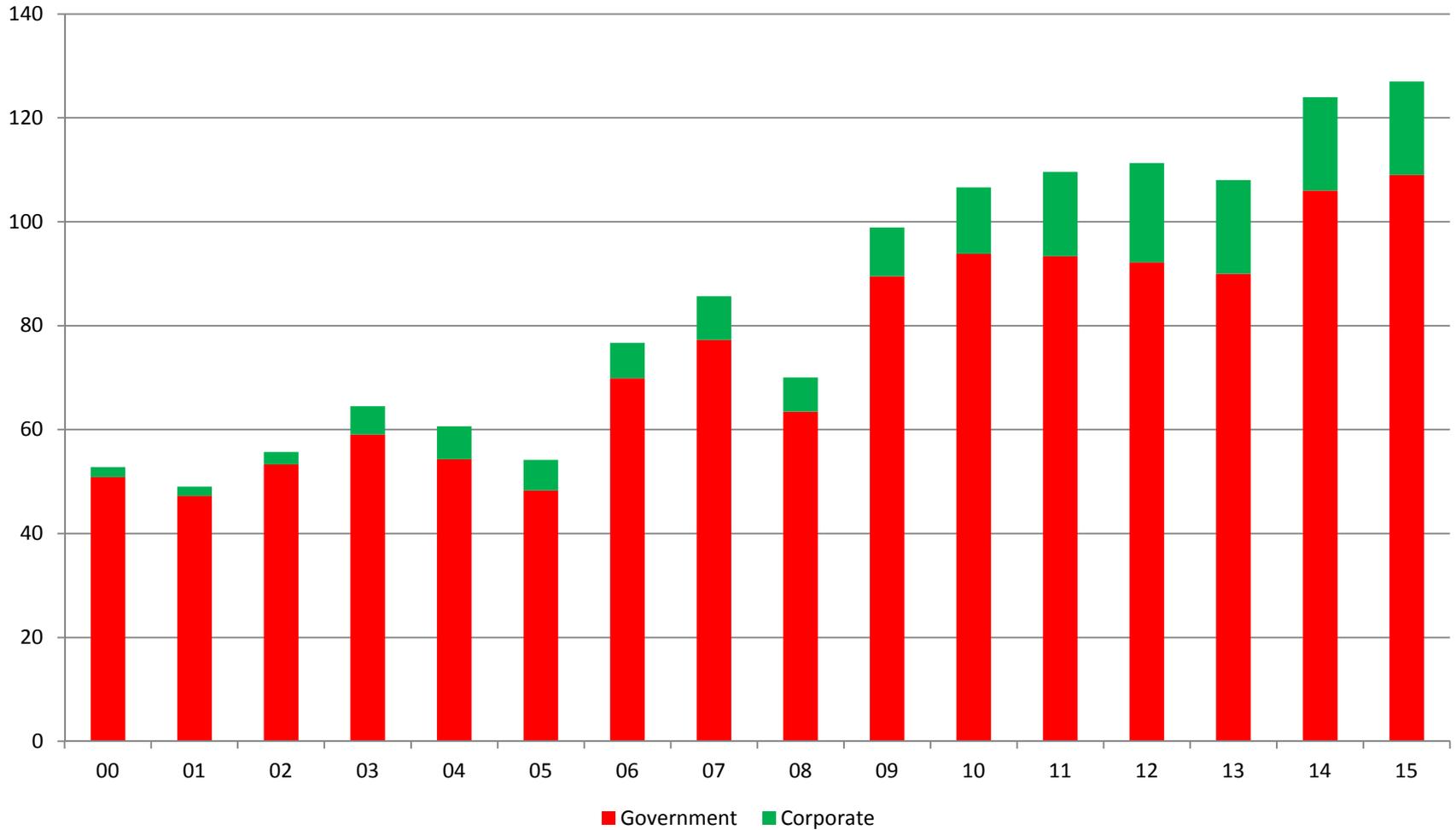
## Emerging East Asian Local Currency Bond Markets: A Regional Update

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# 3 Markets

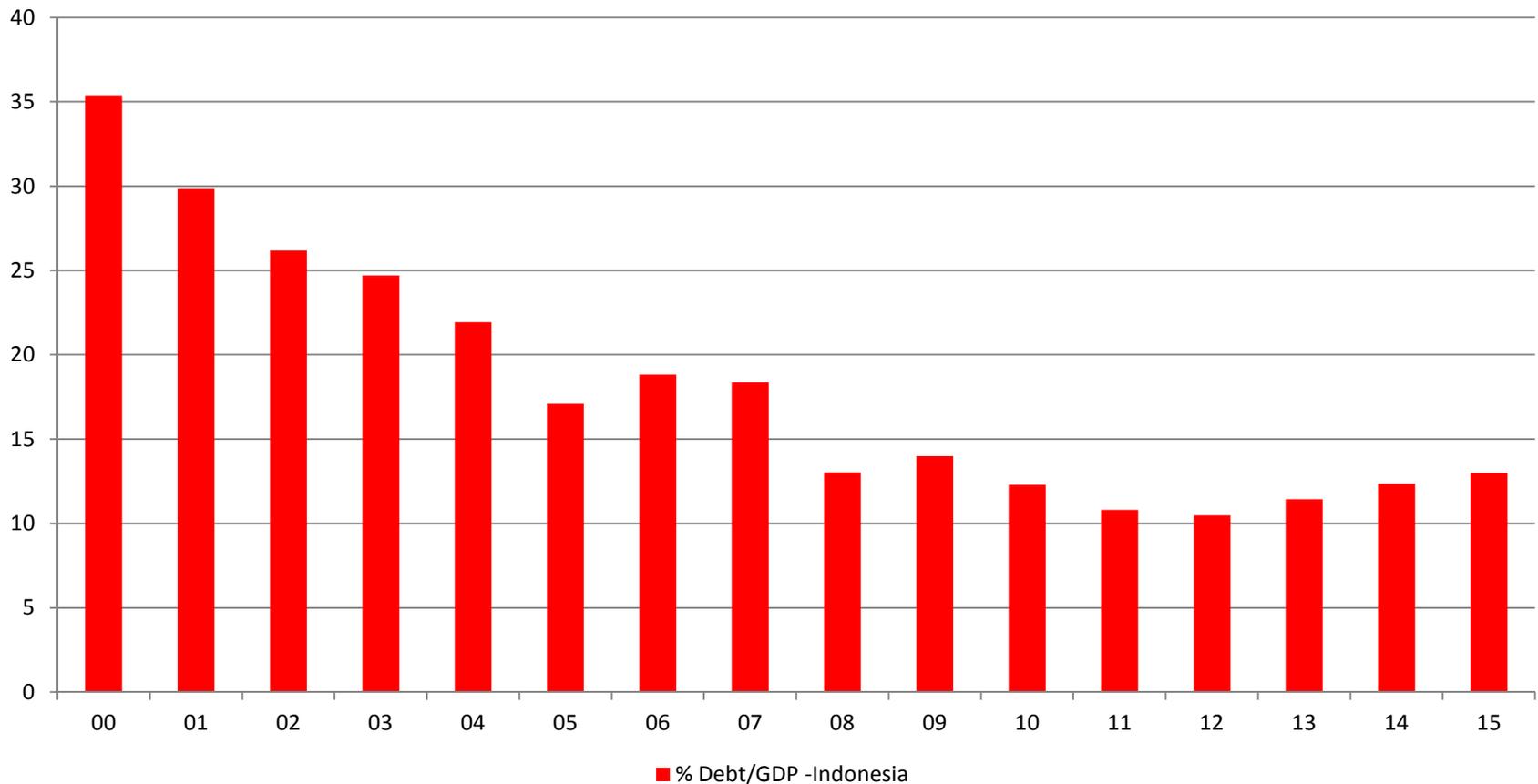
- Indonesia
- Korea
- PRC
- Compare and contrast

# Bond Market Size – Indonesia (USD Bn)

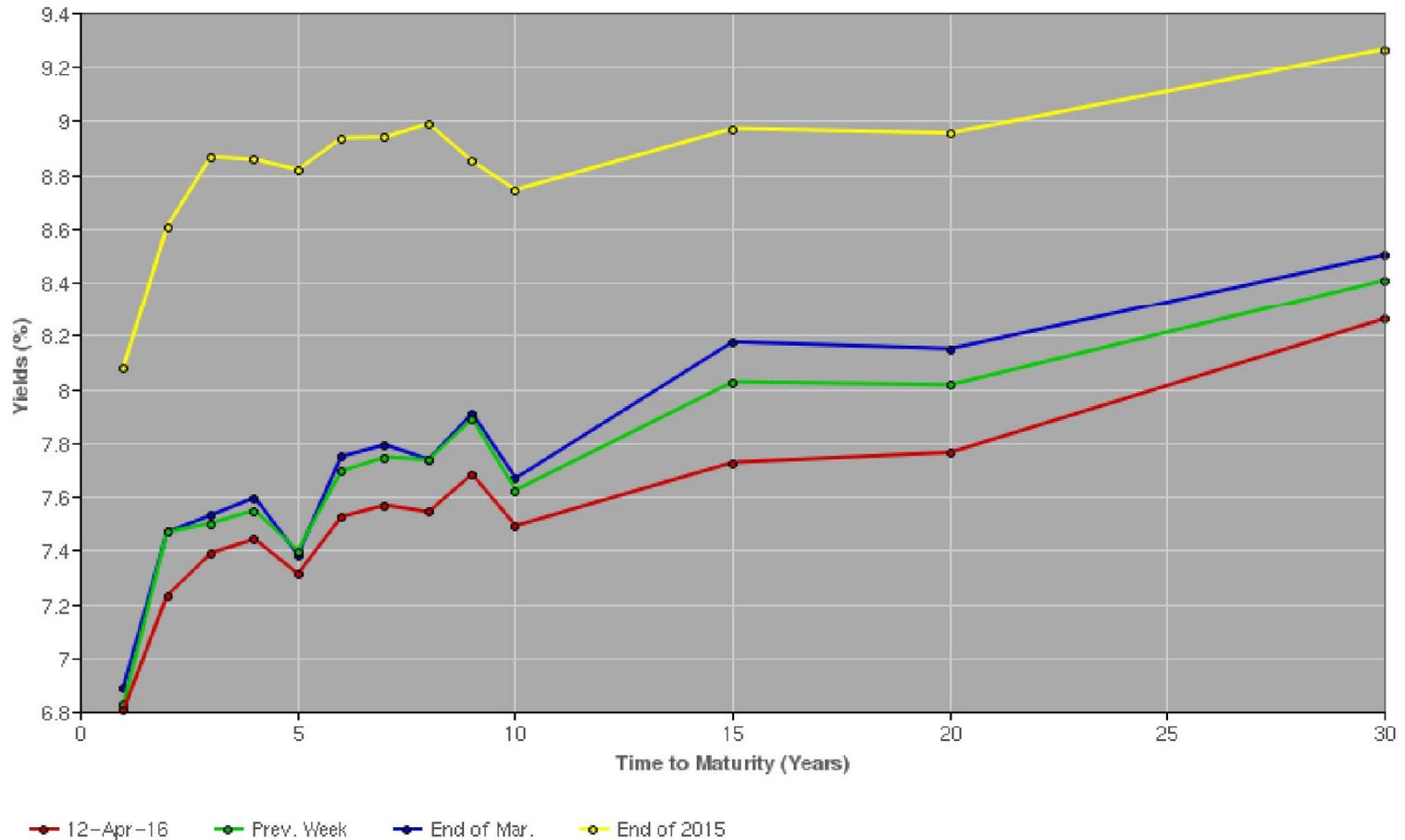


# Debt/GDP - Indonesia

% Debt/GDP -Indonesia

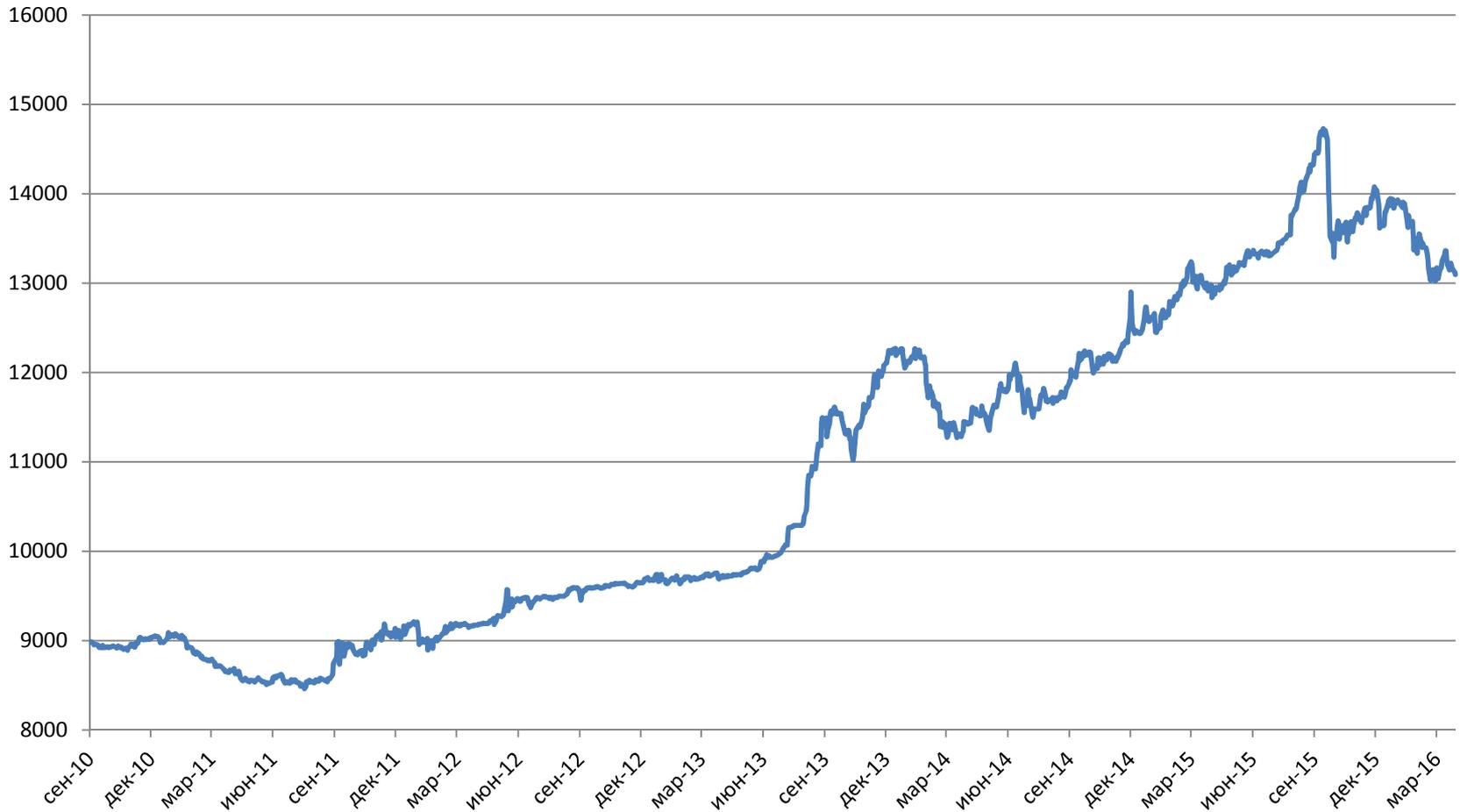


# Yield Curve - Indonesia



# FX - Indonesia

IDR/USD

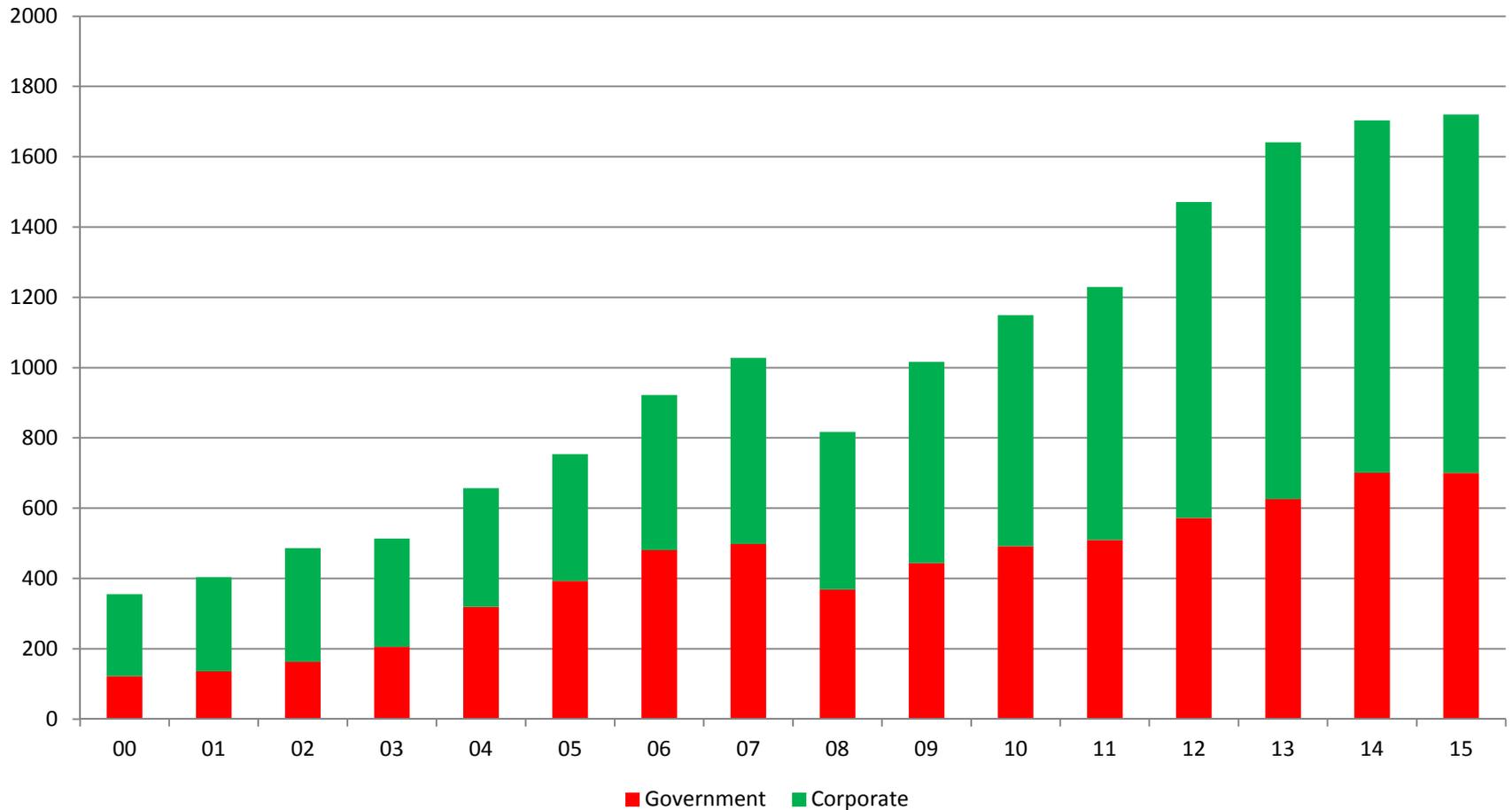


# FX - Indonesia

IDR/EUR

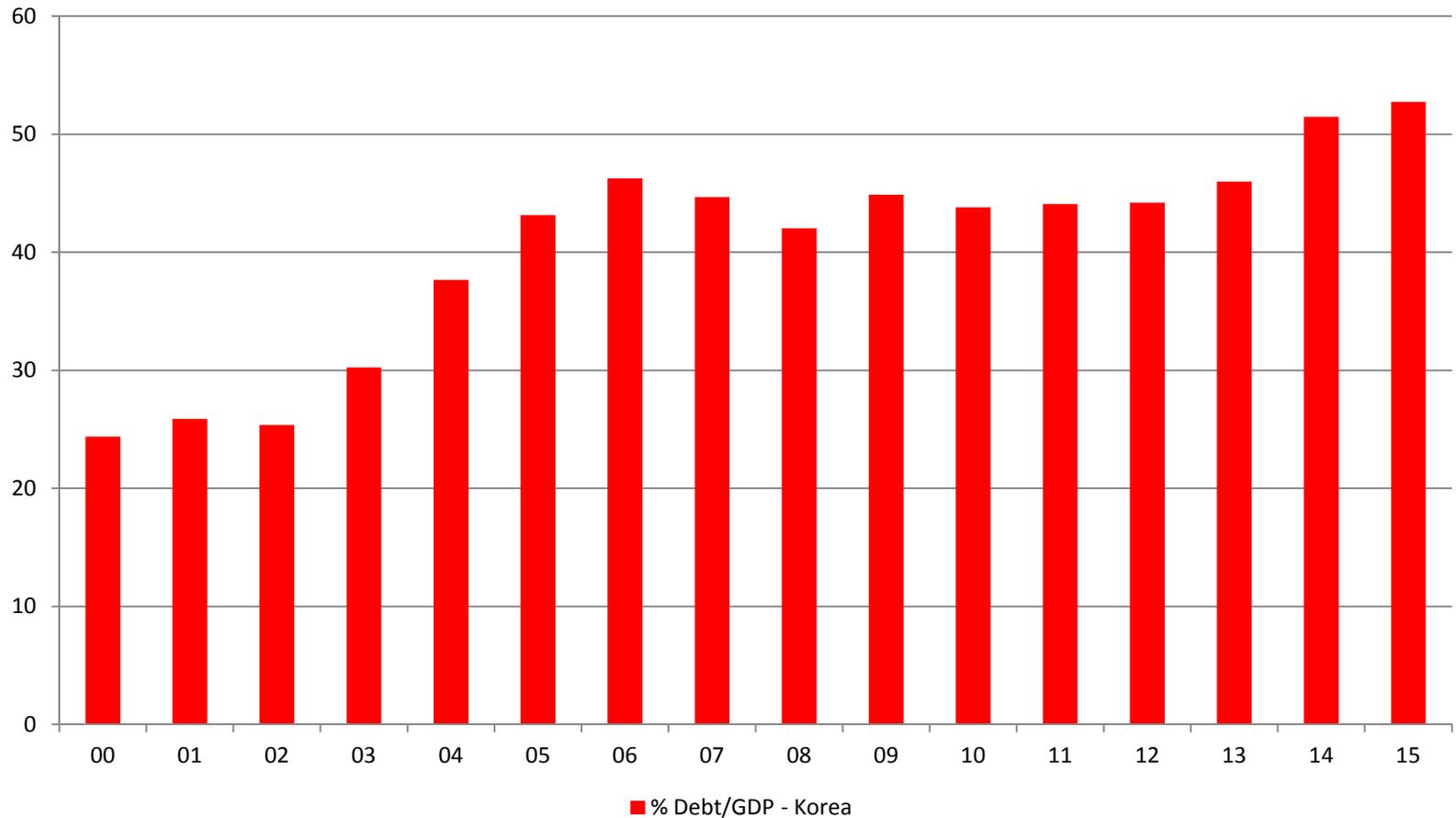


# Bond Market Size – Korea (USD Bn)

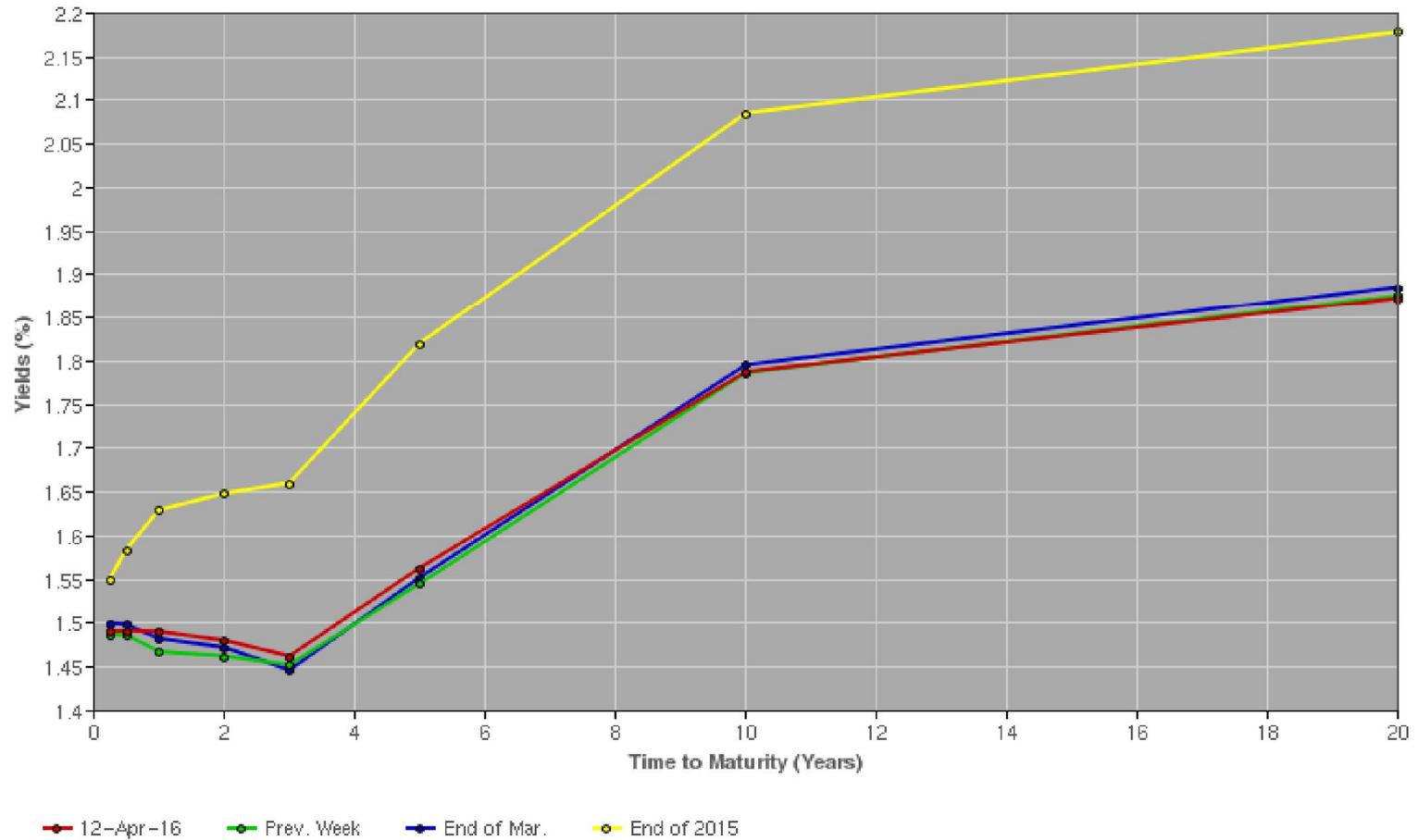


# Debt/GDP - Korea

% Debt/GDP - Korea

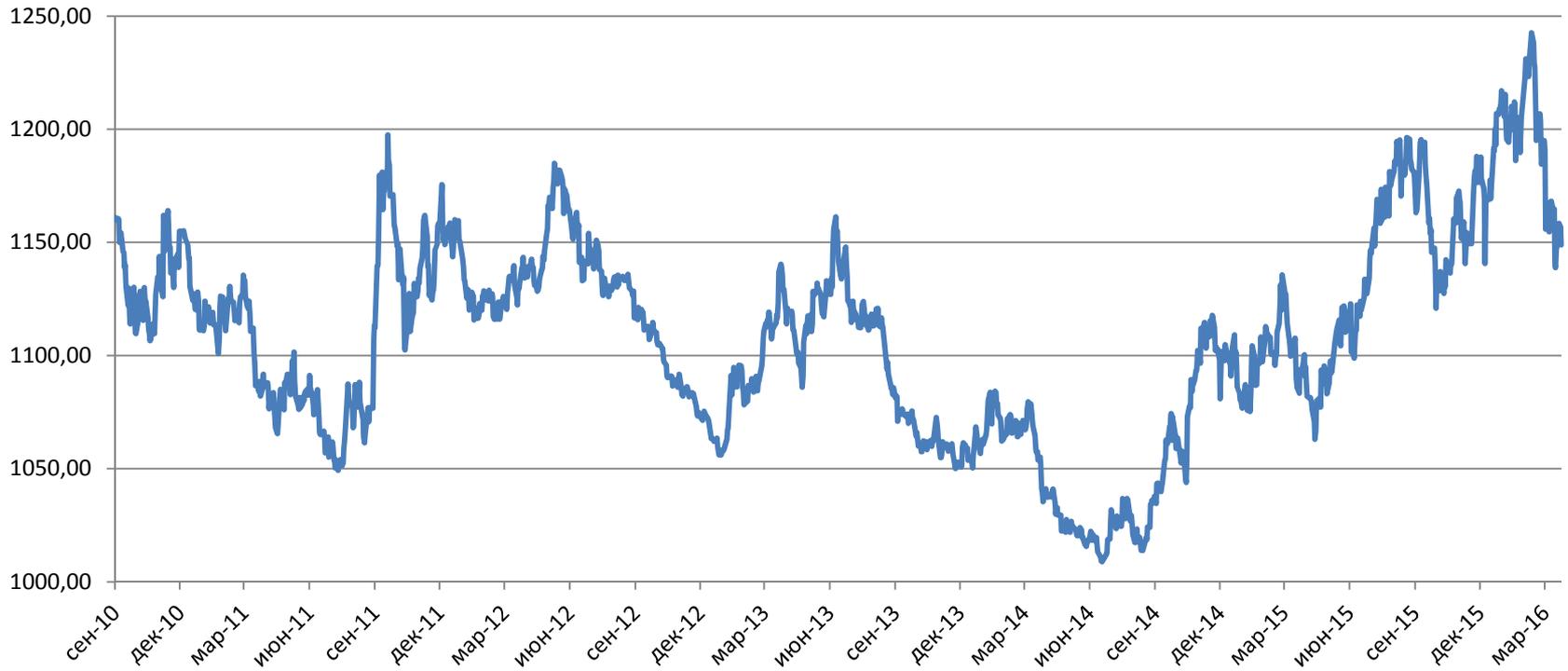


# Yield Curve - Korea



# FX - Korea

KOW/USD

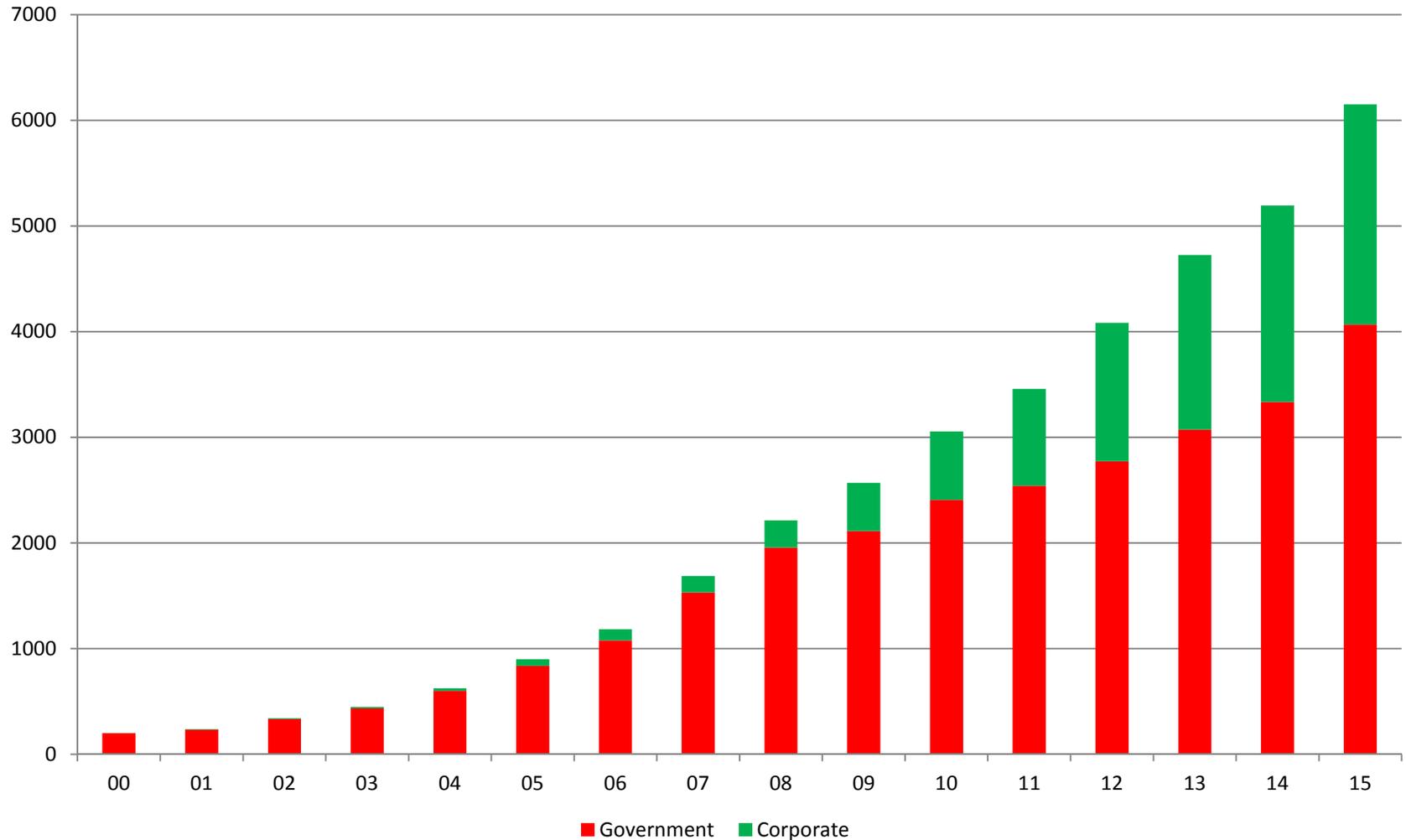


# FX - Korea

KOW/EUR

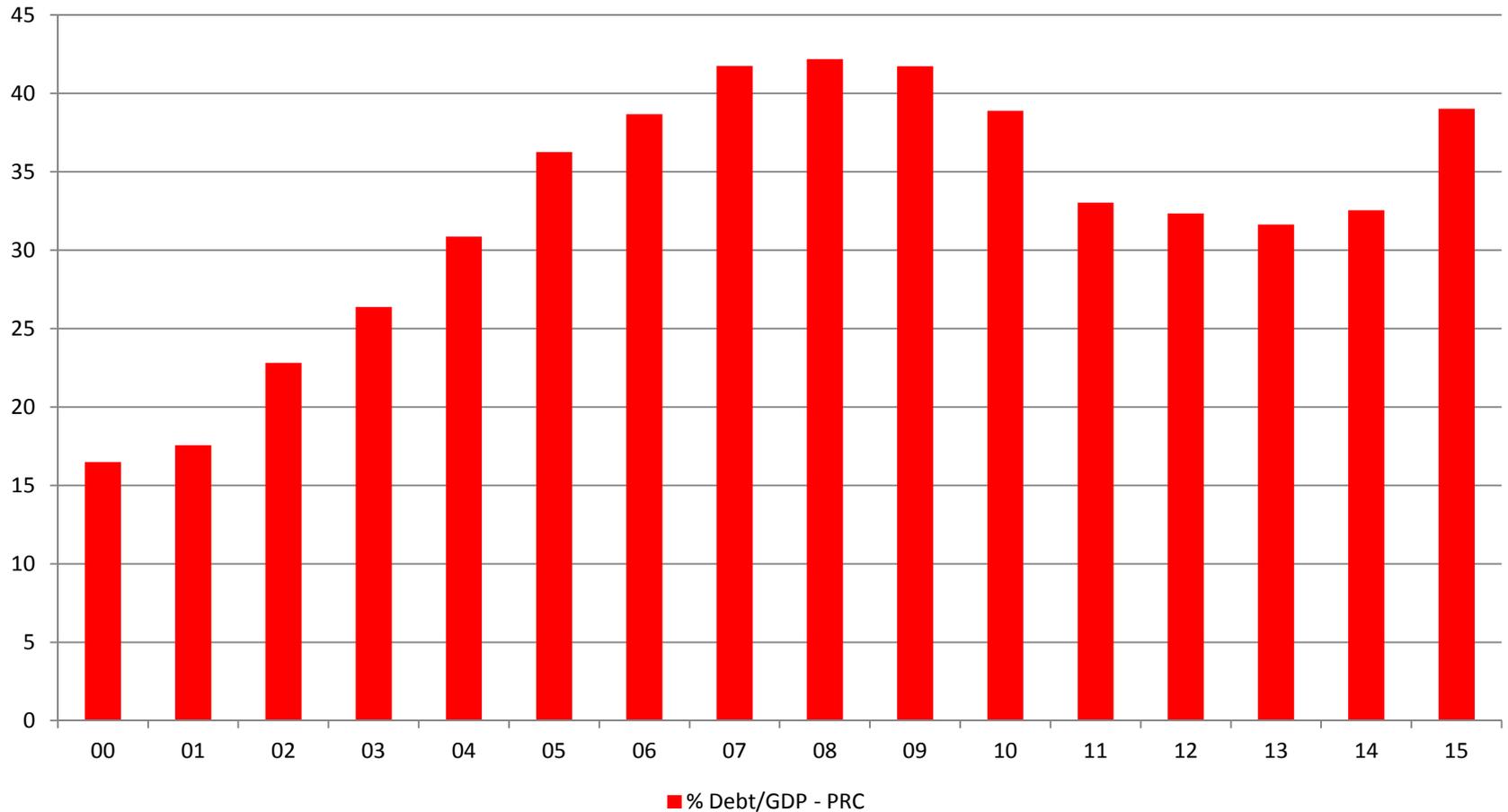


# Bond Market Size – PRC (USD Bn)

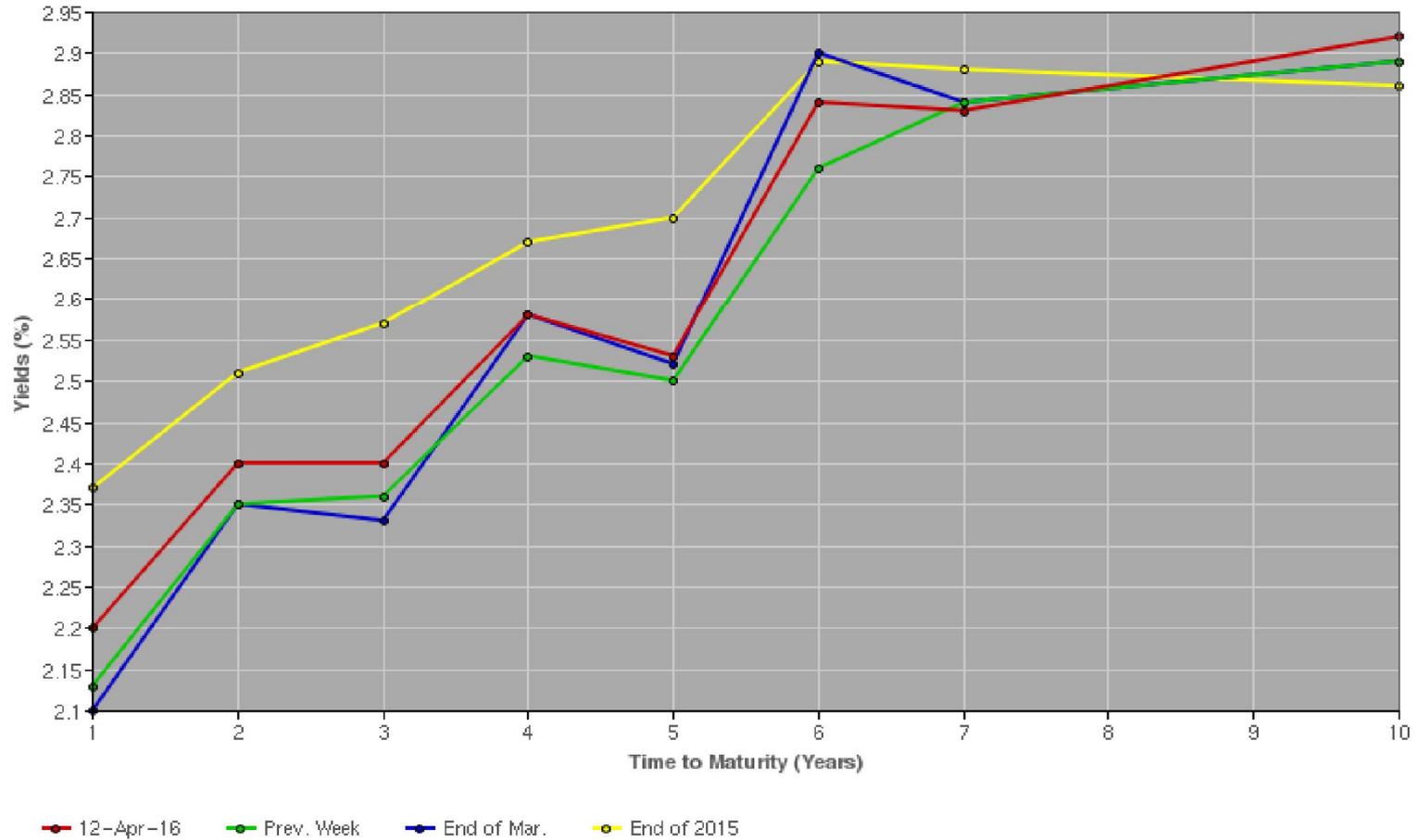


# Debt/GDP - PRC

% Debt/GDP - PRC



# Yield Curve - PRC



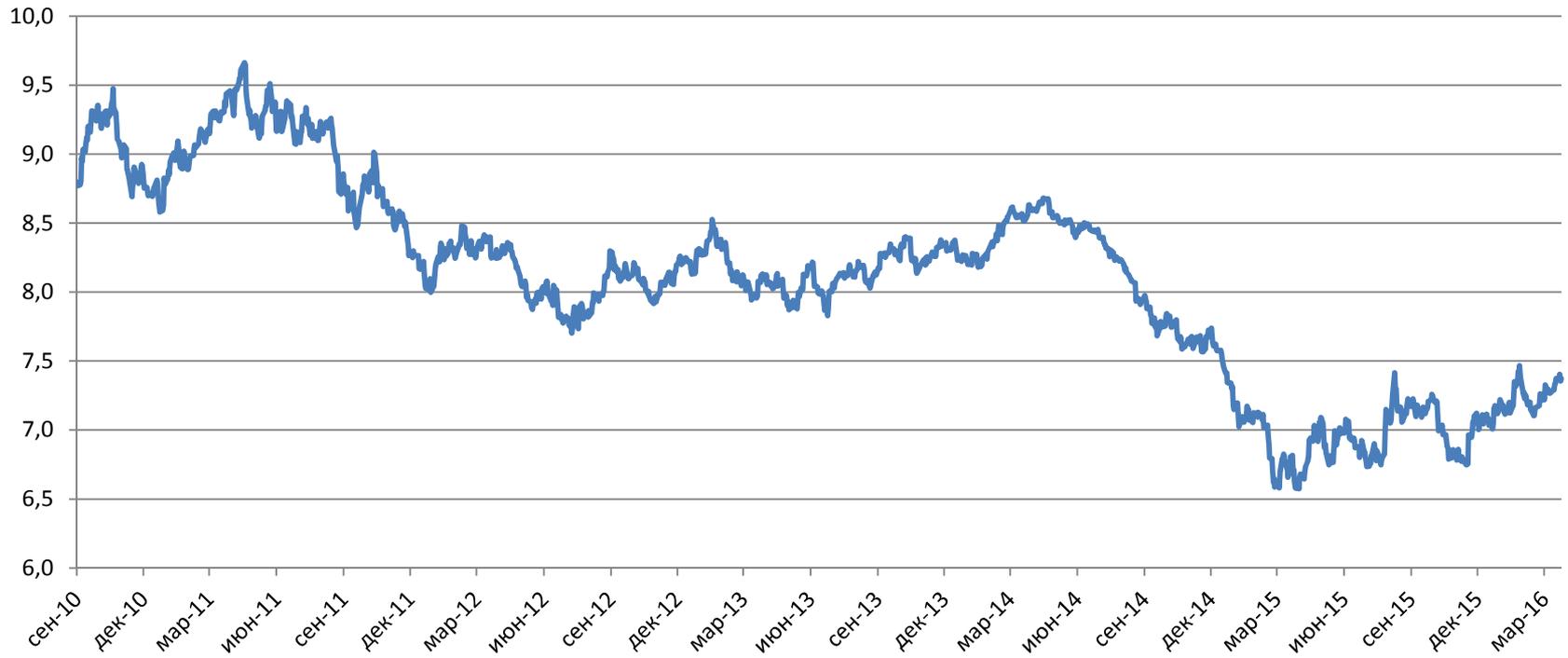
# FX - PRC

## CNY/USD



# FX - PRC

## CNY/EUR



# Getting Involved

- Directly
  - Possible
  - But generally difficult
    - There can be all sorts of complications
  - Check the instructions on the ADB site
- Through Funds
  - ABF 2
  - ABF Trackers
  - Asian Bond Funds

# ABF PAN ASIA BOND INDEX FUND



# HSBC Asian Bond AM -USD

## Performance Overview



# Thank You

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