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# Regional Cooperation for Financial Stability and Resilience

## AsianBondsOnline

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# I. Brief Introduction: Asian Bonds Online

- **AsianBondsOnline (ABO) serves as the key market information source to support bond market development of ASEAN+3 under the ABMI.**
  - Under Task Force 2, Facilitating Demand for Local Currency Denominated Bonds, AsianBondsonline continues to support ABMI in disseminating information on ASEAN+3 bond markets.
  - ABO website and database is one of important ABMI outputs widely recognized within ASEAN+3 as well as outside the region.
  - ABO's activities are in line with ADB's Strategy 2020 and the Midterm Review of Strategy 2020 that recognize regional cooperation and integration as an important strategic agenda for ADB
  - Further enhancement in ABO is a step towards a regional information platform suggested in the Mid-term ABMI Road Map.

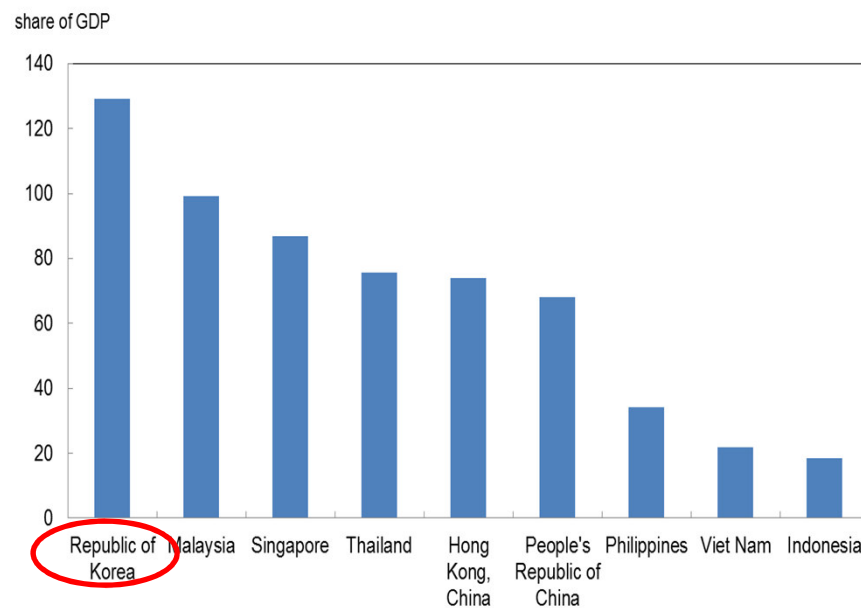
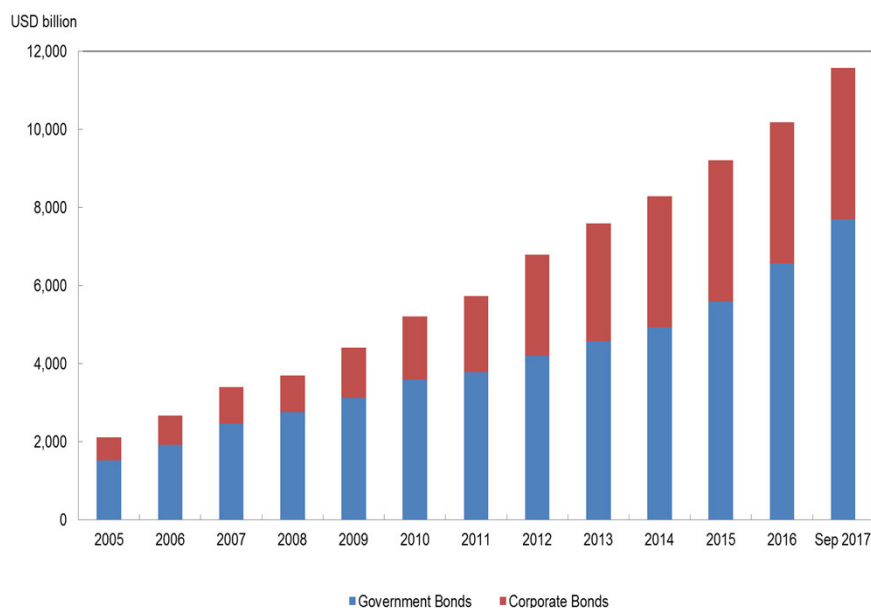
# II. Approaches and Strategy of Asian Bonds Online

- **Online website and database**
  - Various market indicators and statistics of ASEAN+3 Bond markets.
- **Knowledge product**
  - ABO publishes its knowledge product “Asia Bond Monitor” on a quarterly basis, which discusses and analyses trending issues in the development of ASEAN+3 bond markets.
  - ABM research has been presented at central banks and elite research institutions and think tanks.
- **Capacity building workshop**
  - ABO helps policymakers and regulators develop local currency bond markets via capacity building activities.
  - Well-received capacity building workshop have been held in Viet Nam, Cambodia and Myanmar, with participants from both public and private sectors.

# III. Recent Bond Market Developments (As of end-September 2017) LCY Bond Markets Continue to Grow

Emerging East Asia's outstanding local currency bonds rose to USD11.6 trillion at the end of September

The Republic of Korea had the highest bonds to GDP share

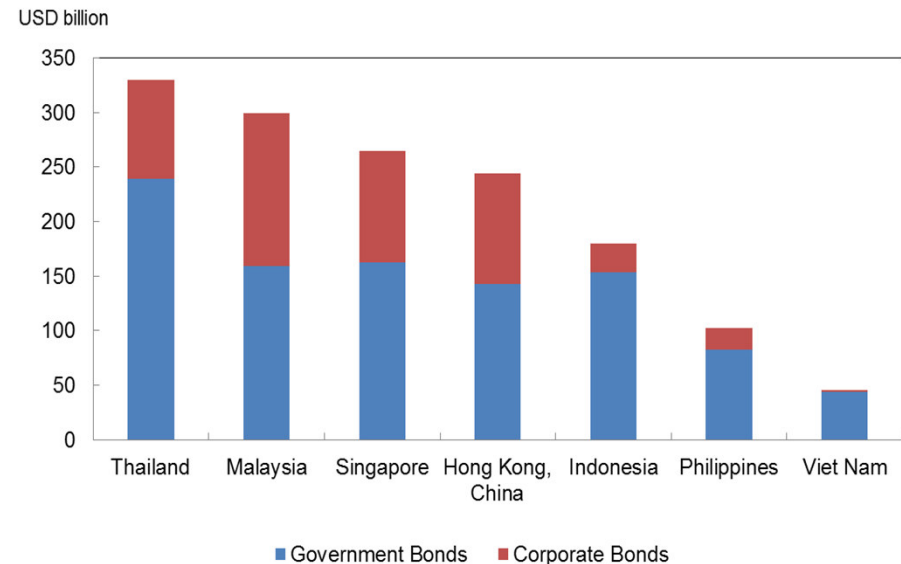
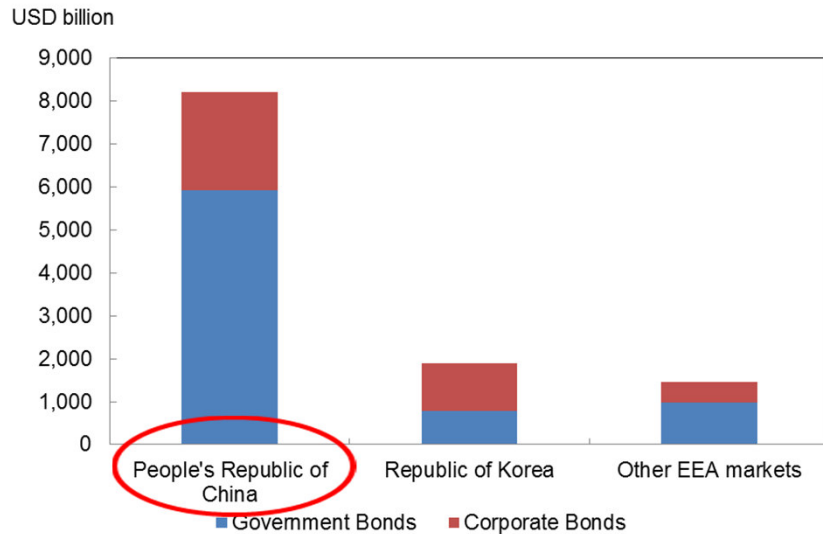


Note: Emerging East Asia comprises the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam.

Source: AsianBondsOnline.

# III. Recent Bond Market Developments (As of end-September 2017)

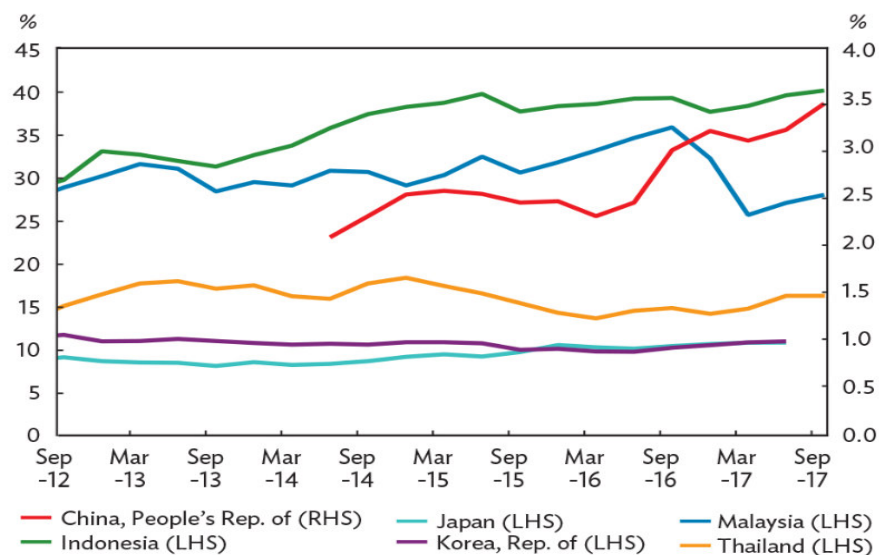
## PRC Remains the Largest Bond Market in the Region



# III. Recent Bond Market Developments (As of end-October 2017)

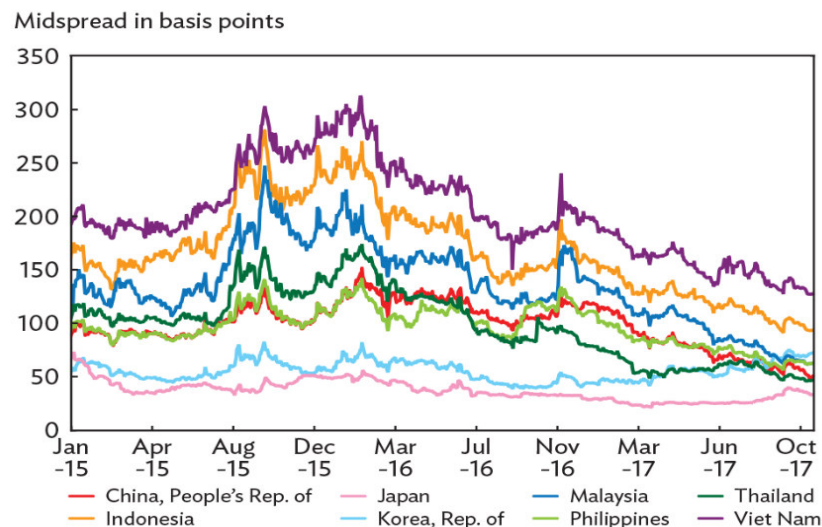
Positive Investor Sentiment Drove increases in the Share of Foreign Holdings of Government Bonds and drove down CDS Spreads

### Foreign Holdings of Government Bonds



LHS = left-hand side, RHS = right-hand side.  
 Note: Data as of end-September 2017 except for Japan and the Republic of Korea (end-June 2017).  
 Source: *AsianBondsOnline*.

### Credit Default Swap Spreads (Senior 5-year)

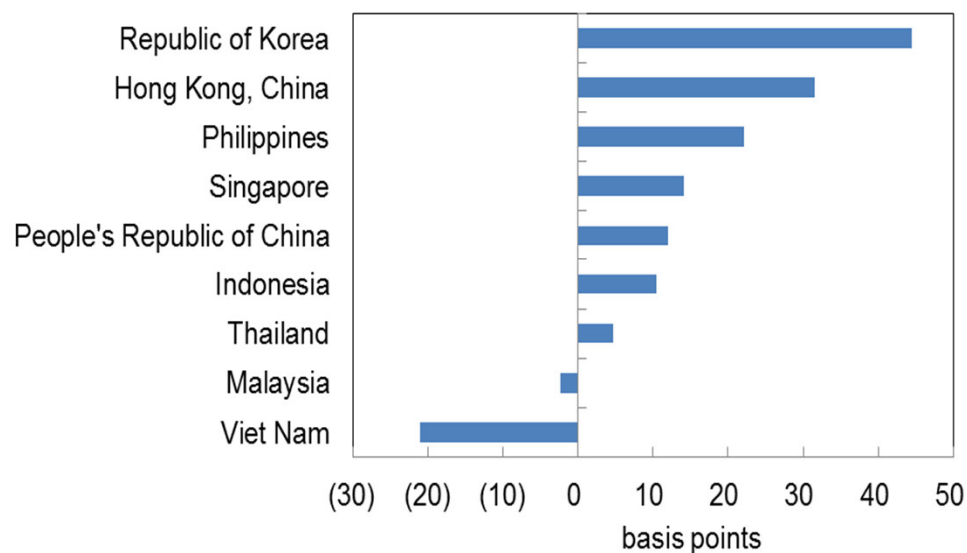


Notes:  
 1. Based on USD-denominated sovereign bonds.  
 2. Data as of 31 October 2017.  
 Source: Bloomberg LP.

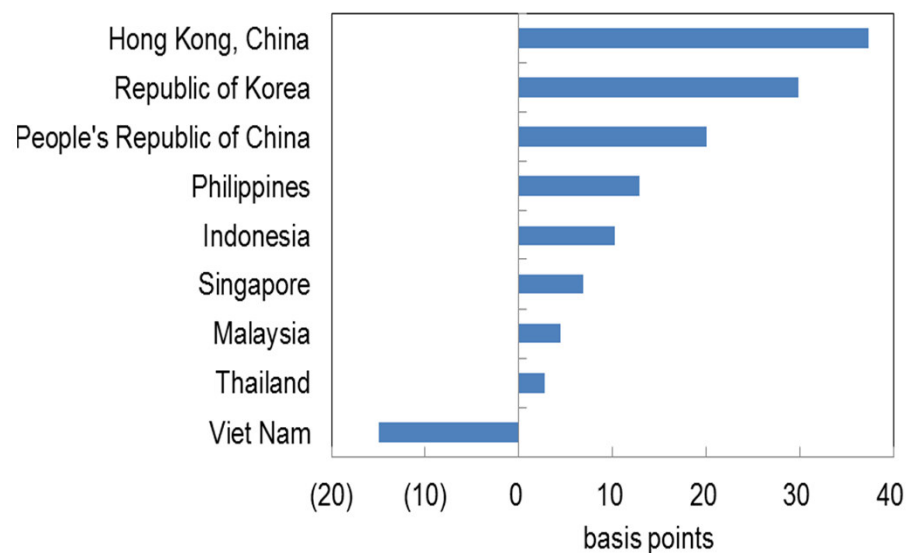
# III. Recent Bond Market Developments (As of end-October 2017)

Between 1 September and 31 October, 2-year and 10-year local currency government bond yields rose in all markets in emerging East Asia except Viet Nam, tracking the rise in yields in advanced economies.

### 2-Year Government Bond Yields



### 10-Year Government Bond Yields



# III. Recent Bond Market Developments

## ABO 2017 Bond Market Liquidity Survey

- **Key Findings and Results**

- Survey participants noted an improvement in liquidity in 5 markets: HK, ID, SG, TH and VN.
- In contrast, roughly unchanged or tighter liquidity conditions were noted in CN, KR, MY, and PH.
- Regional average bid-ask spreads for Treasury bonds narrowed to 3.2 bps for this year's survey from 3.8 bps in 2016. Bid-ask spreads also narrowed for corporate bonds (14.6 bps vs 18.6 bps).
- Transaction sizes were slightly lower for this year's survey compared with 2016 for both government and corporate bonds
- Among qualitative indicators, hedging mechanism was identified as the area which needs the most improvement for government and corporate bonds.



# IV. Accelerating RCI for shared prosperity and sustainability

- **Opportunities**
  - Evidence shows that local currency bond market development helps mitigate the effect of external financial shocks of financial stability
  - Regional integration fosters the development of a larger and more liquid bond market which is more attractive to investors
- **Risks and Challenges**
  - Divergence in institutional environment and financial infrastructure development may hinder the progress of regional integration
  - At the same time, integration may facilitate risk transmission regional wide and expose the region to common external shocks

# V. Way forward and further plans

- **Enhance bond market information and knowledge dissemination**
  - ABO website design revamp to make it mobile accessible, interactive, and user friendly
  - Make improvements and include more market indicators based on feedback from the user survey
  - Always listen to the users to make ABO more relevant and helpful

# Thank you!