



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Perspective on the ASEAN Bond Market

ASEAN Fixed Income Summit

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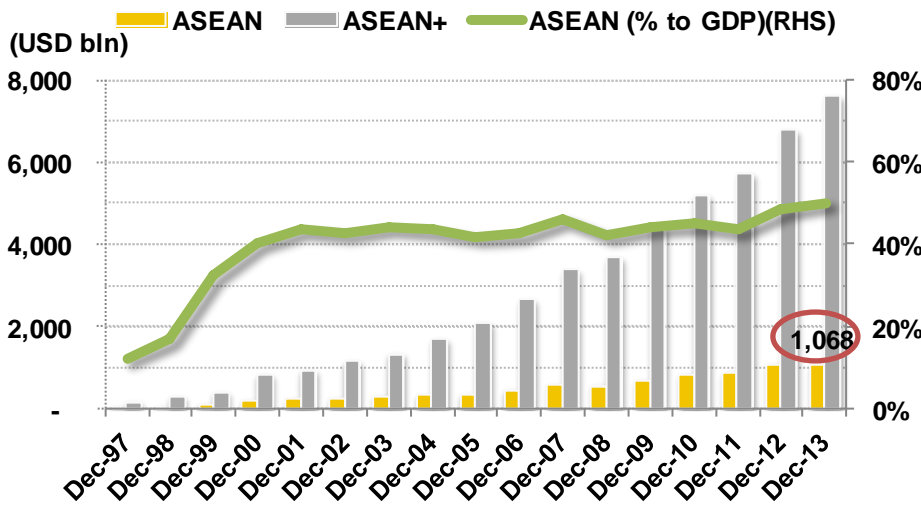
The ASEAN Bond Market today

ASEAN bond markets have come a long way since the Asian crisis.

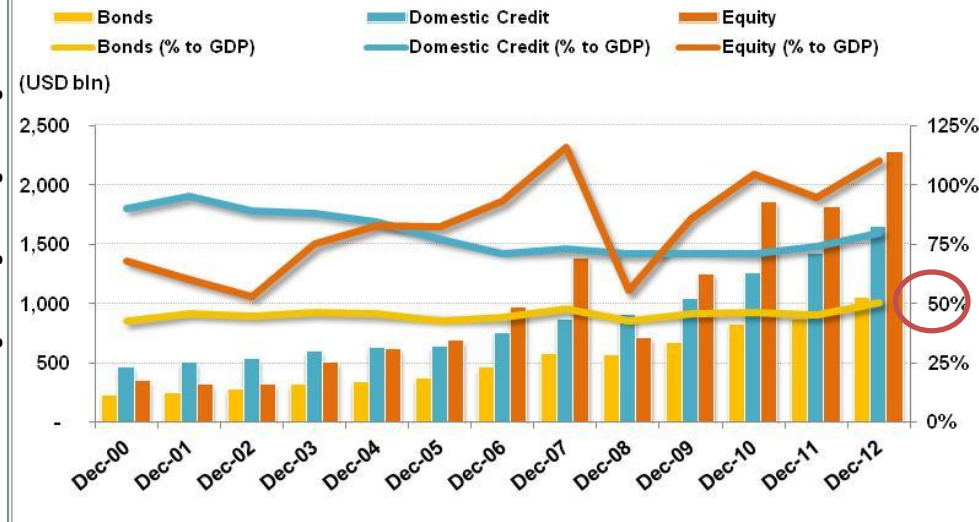
(from 37 billions USD or 12% to GDP in 1997 to over 1 trillion USD or 50% to GDP in 2013)

But their shares to GDP are still far less than those of equity and bank credit.

ASEAN LCY Bond Market



ASEAN Domestic Financing Profile



Note: ASEAN includes Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

ASEAN+ includes ASEAN and China, Hong Kong, Korea

Source: AsianBondsOnline

Note: ASEAN includes Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

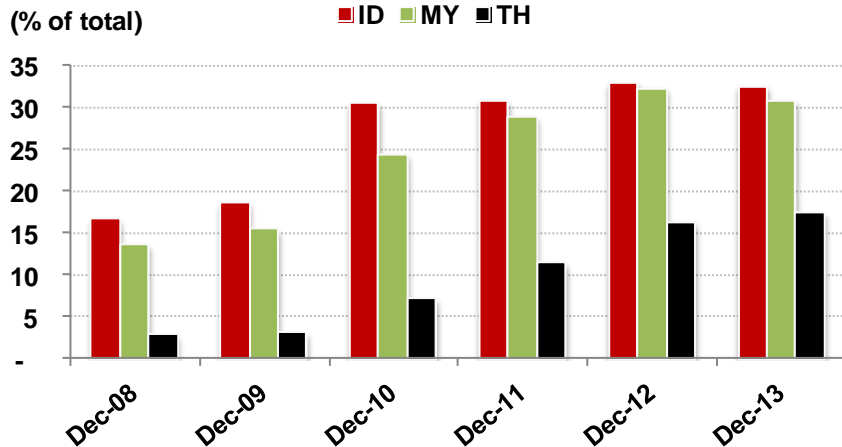
Source: AsianBondsOnline



The ASEAN Government and Corporate Bond Markets

While ASEAN Government bonds have grown significantly and gained much interest from foreign investors, corporate bonds have shown increasing presence, complementing the banking sector as another funding source to the private sector.

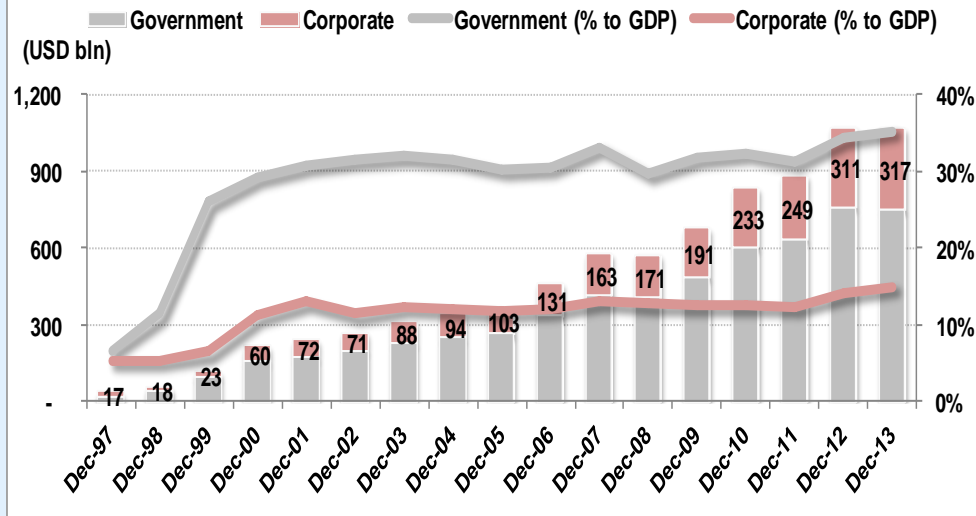
Foreign Holdings in LCY Government Bonds



Note: Data includes Indonesia, Malaysia, Thailand

Source: AsianBondsOnline

ASEAN Government vs Corporate Bond Market



Note: Data includes Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

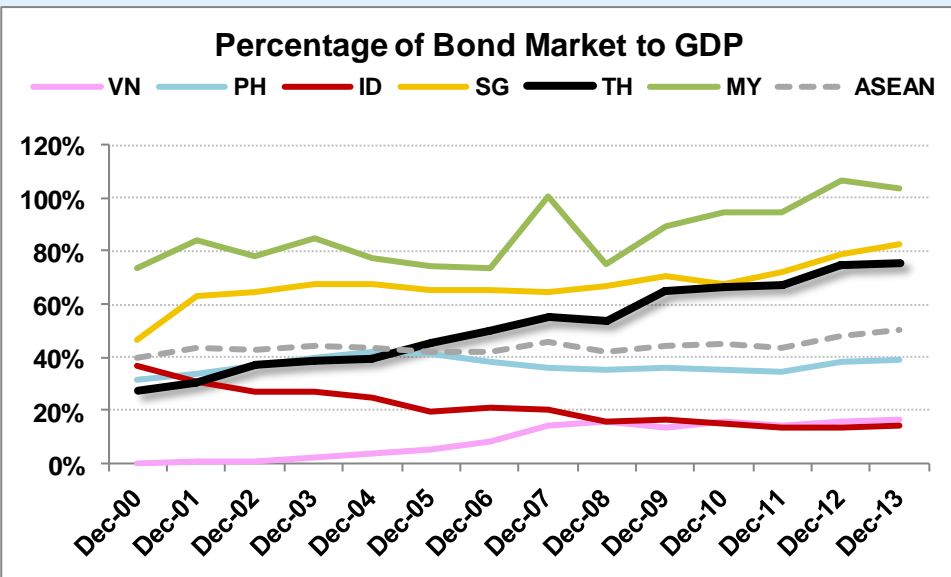
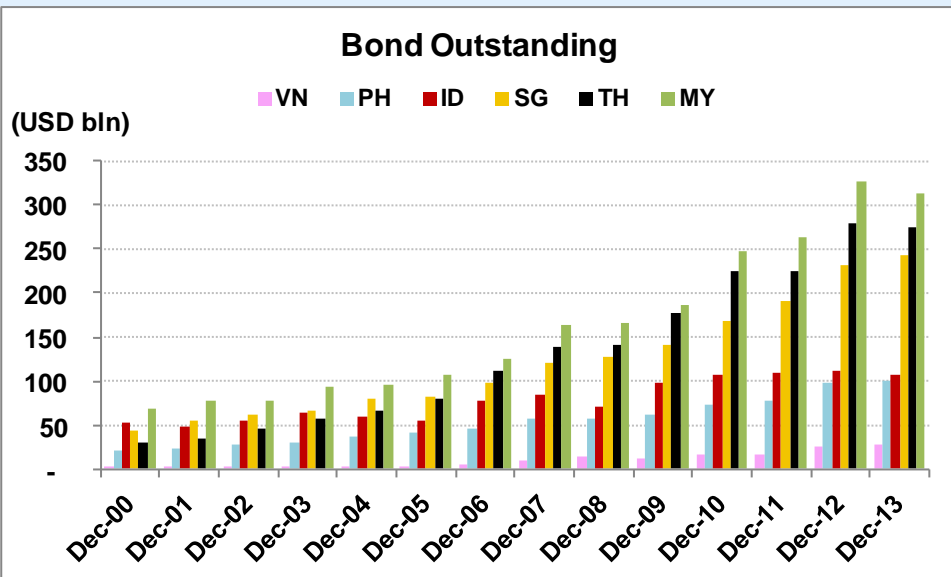
Source: AsianBondsOnline



The Thai Bond Market

The Thai bond market has made significant progress after the Asian financial crisis.

The outstanding value has grown more than eightfold since 2000.



Source: AsianBondsOnline

Source: AsianBondsOnline



Going forward, the ASEAN bond market is faced with several opportunities and challenges.

Demand



Regional Integration



Aging 
Society

Regulatory reforms
Basel III

What's next?



Growth of the Private Sector 

Supply



The Bank of Thailand, other related authorities and parties are working together to promote the breadth and depth of Thai bond market to address the above opportunities and challenges:

- The Ministry of Finance is introducing and maintaining a variety of products to serve diverse investor needs such as **inflation linked bond** and **amortized bond**.
- New types of corporate bonds namely **perpetual bond**, **Basel III bond** and **FX bond** were also issued in Thai bond markets.
- The needs for **covered bond** as an instrument for bank funding are being explored.
- The BOT and SEC have coordinated to facilitate **ASEAN initiative** to allow cross issuance and selling of certain securities such as foreign currency bonds and collective investment scheme. This aims to allow for greater cross border access to investors and issuers, and broaden issuer base and range of products.