

2001 SURVEY OF THE SINGAPORE CORPORATE DEBT MARKET

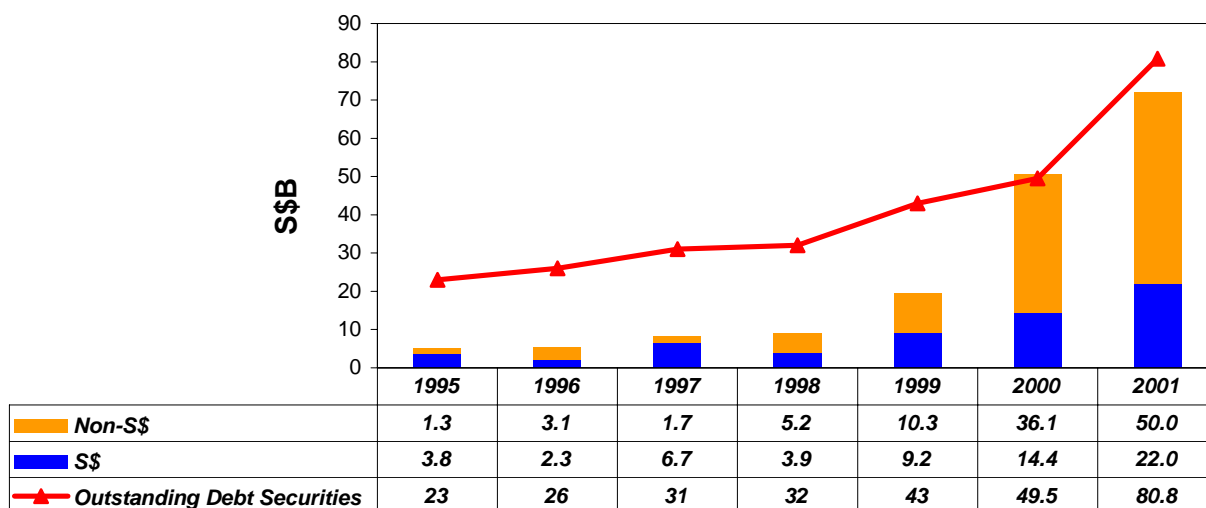
The Monetary Authority of Singapore (MAS) conducted a survey of the Singapore corporate debt market as at 31 December 2001. This survey covered all the financial institutions that have submitted their returns to MAS on debt issues arranged or issued in Singapore. The survey **excluded** Singapore government debt securities (treasury bills and bonds), but **included** debt issues by Singapore statutory boards. For the purpose of this survey, "debt securities" cover bonds (including convertible bonds), notes, commercial papers and certificates of deposits.

1. LEVEL OF ISSUANCE ACTIVITY

1.1 Corporate debt issuance continued to grow strongly in 2001 [See Chart 1]. Total debt issuance volume increased by 43% to S\$72 billion. Of the total issuance volume, 31% or \$22bn was denominated in Singapore Dollar (S\$) and 69% or S\$50 billion was non-Singapore Dollar (non-S\$) denominated debt. The number of issues in 2001 more than doubled from 909 in 2000 to 1450, an increase of 60%.

1.2 Total outstanding corporate debt volume increased by 63% to \$80.8bn. Compared to 1998 when debt market developments started, the outstanding corporate volume has more than doubled.

Chart 1: Growth of Corporate Debt Issuance



2. S\$ CORPORATE DEBT MARKET

Size of the S\$ market

2.1 The amount of S\$ denominated debt issued increased by 53% to S\$22 billion and outstanding volume increased by 41% to S\$48 billion [See Chart 2]. The number of S\$ issues doubled from 381 in 2000 to 801 in 2001.

2.2 The market also saw an unprecedented number of large sized issuances of around S\$1bn in the S\$ bond market. S\$ debt was issued across a range of maturities, up to 15 years [See Chart 3].

2.3 Growth in the S\$ debt market was supported by an increase in the merger and acquisition activity in the banking and telecommunications sectors, which saw domestic entities tapping the bond market for their funding needs. Issuances from foreign entities and the statutory boards also continued to contribute to the growth of the market.

Chart 2: Growth of S\$ Issuance

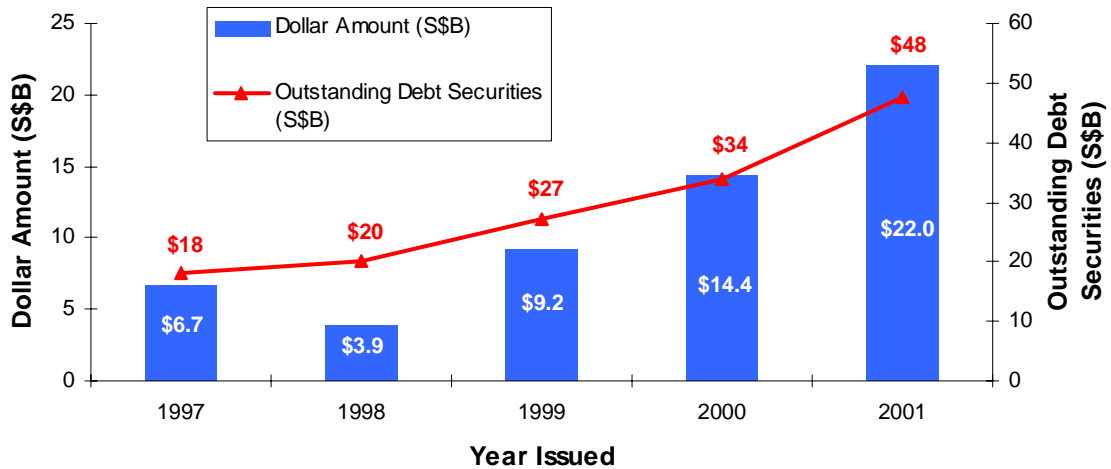
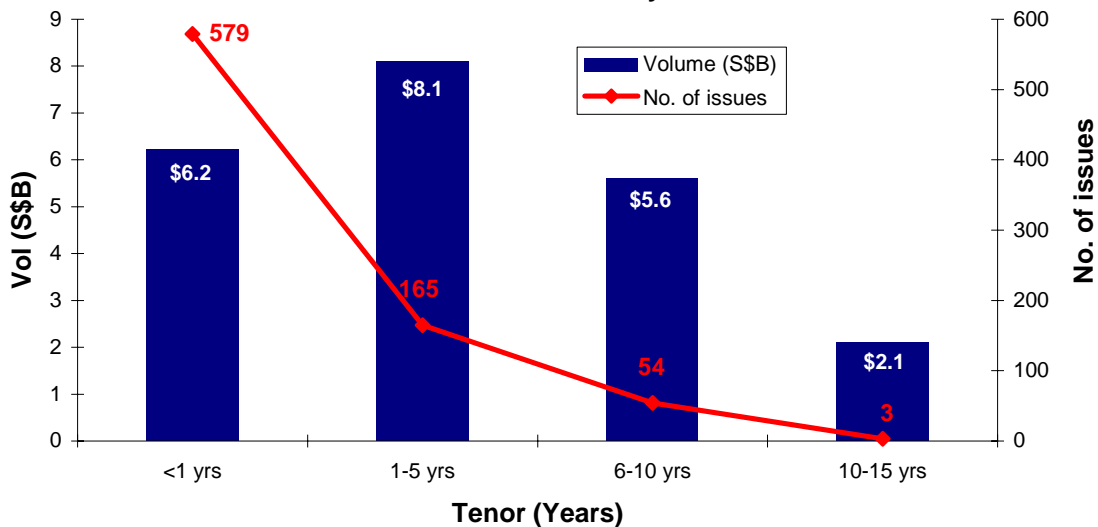


Chart 3: 2001 S\$ Debt Maturity Profile



Types of S\$ Debt

2.4 While fixed rate notes/bonds continued to dominate the market [See Chart 4], there was an increase in the issuance of structured paper in response to market demand for high yielding products. Structured notes issued included asset backed securities, bank subordinated debt, equity linked notes, credit linked notes, dual currency notes, interest rate linked notes and collateralised loan

obligation. Total structured debt products, including both short-term & long-term ones, comprised 47% of the total S\$ debt issued [Refer to Table 1].

Chart 4: 2001 S\$ Debt Instruments Breakdown

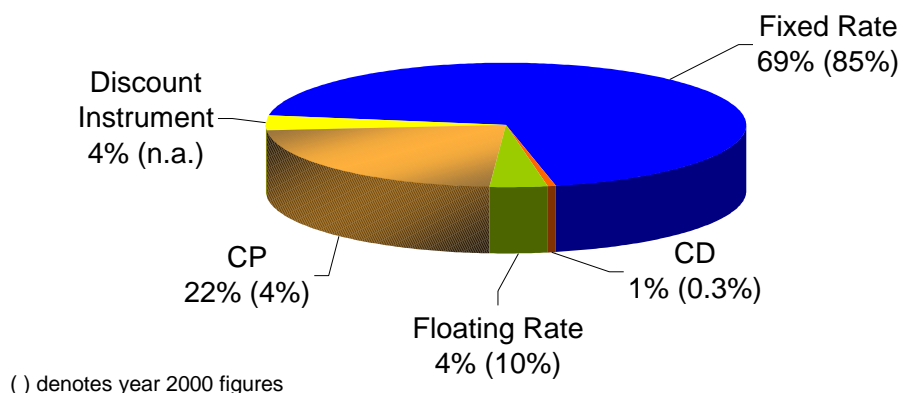


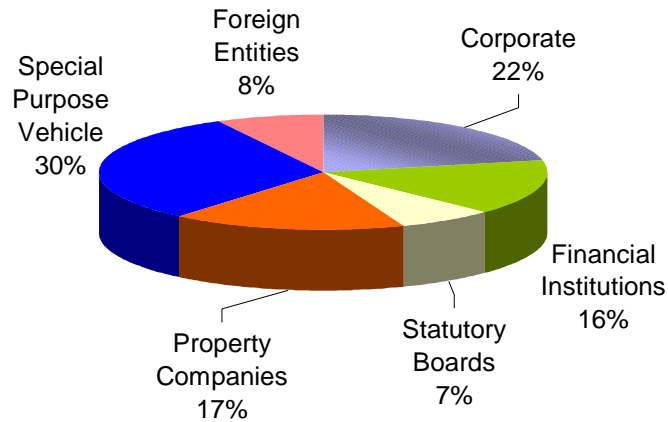
Table 1: Percentage Breakdown of S\$ Debt Instruments – 2001

	Total (S\$M)	% Unstructured	% Structured
Certificate of Deposits	150	100%	0%
Commercial Paper	4,948	0%	100%
Other discount Instrument	862	17%	83%
Fixed Rate	15,172	72%	28%
Floating Rate	886	44%	56%
Total S\$ Issuance	22,018	53%	47%

S\$ Issuers

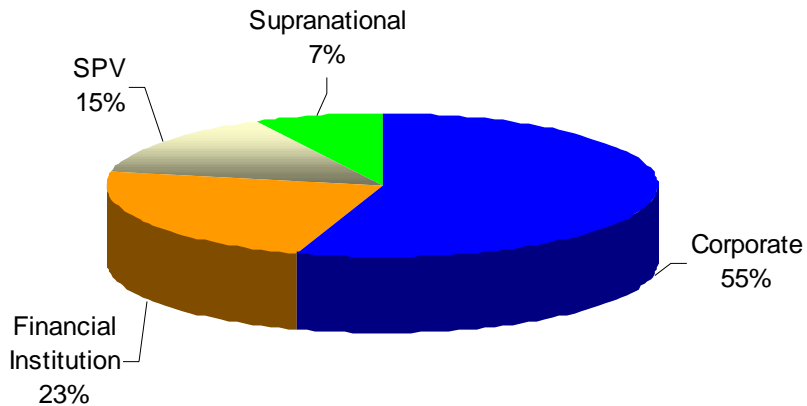
2.5 The market continued to see a diverse range of issuers tap the S\$ denominated debt market [See Chart 5]. The proportion of issuance by property companies continued to decline from 28% to 17%. Financial institutions became a significant group of issuers in 2001 as domestic banks tapped the S\$ bond market to fund their merger and acquisition activity. Domestic corporates including statutory boards also continued to be major issuers in the S\$ market.

Chart 5: 2001 S\$ Debt Issuer Profile



2.6 In 2001, foreign entities from Asia Pacific, USA, Europe and Africa continued to tap the S\$ market. Maturities ranged from 2 years to 10 years. Chart 6 shows the profile of foreign entities who have issued S\$ bonds in Singapore.

Chart 6: 2001 Profile of Foreign Entity Issuers



2.7 We have also refined the categoration of issuers with the inclusion of Special Purpose Vehicles (SPVs). This category does not include property company-linked SPVs which we have included under the property companies sector. The bulk of issuance arising from the SPVs have been structured products.

S\$ Investors

2.8 Most of the S\$ debt issued in 2001 were sold to investors in Singapore [See Table 2]. The method of placement for the S\$ debt continued to be dominated by private placement [See Table 3].

Table 2: 2001 S\$ Investors

(This only applies to Qualifying Debt Securities)

	Percent
Investors Inside Singapore	99%
Investors Outside Singapore	1%

Table 3: 2001 S\$ Debt Placement

	Percent
Private Placement	96%
Public Offering	4%

3. NON-S\$ CORPORATE DEBT MARKET

Size of Non-S\$ Market

3.1 Total amount of non-S\$ denominated debt issued in 2001 increased by 38.5% to S\$50 billion in 2001. Outstanding volume of non-S\$ denominated debt increased by 114% to S\$33.1 billion [See Chart 7]. The number of issues increased slightly from 528 in 2000 to 649 in 2001. In 2001, we have even seen longer tenured non-S\$ debt of between 10 – 30 years' maturity [See Chart 8].

Chart 7: Growth of Non-S\$ Issuance

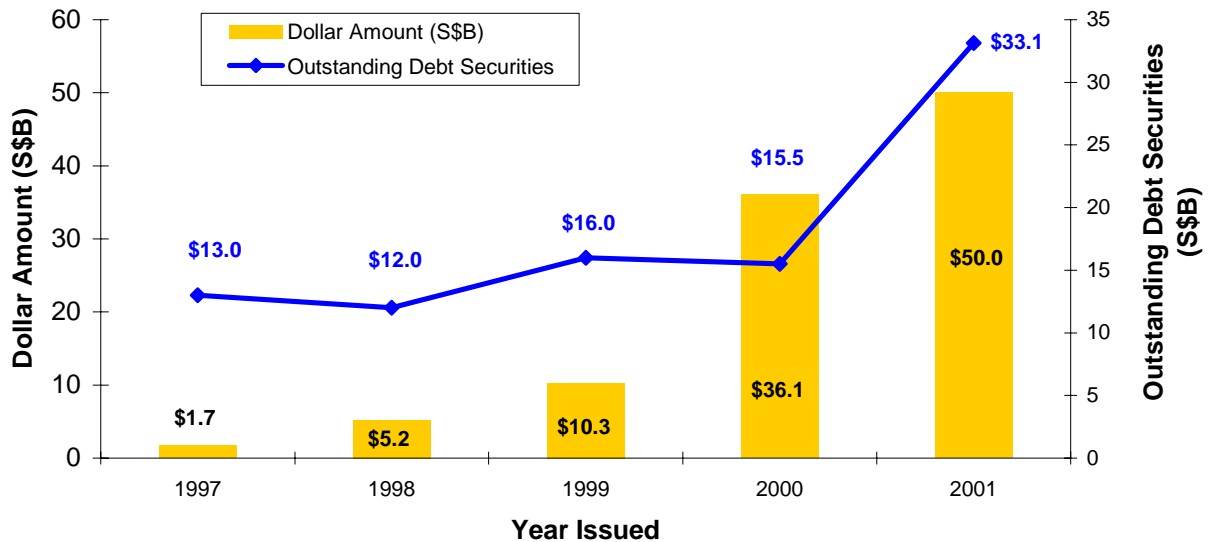
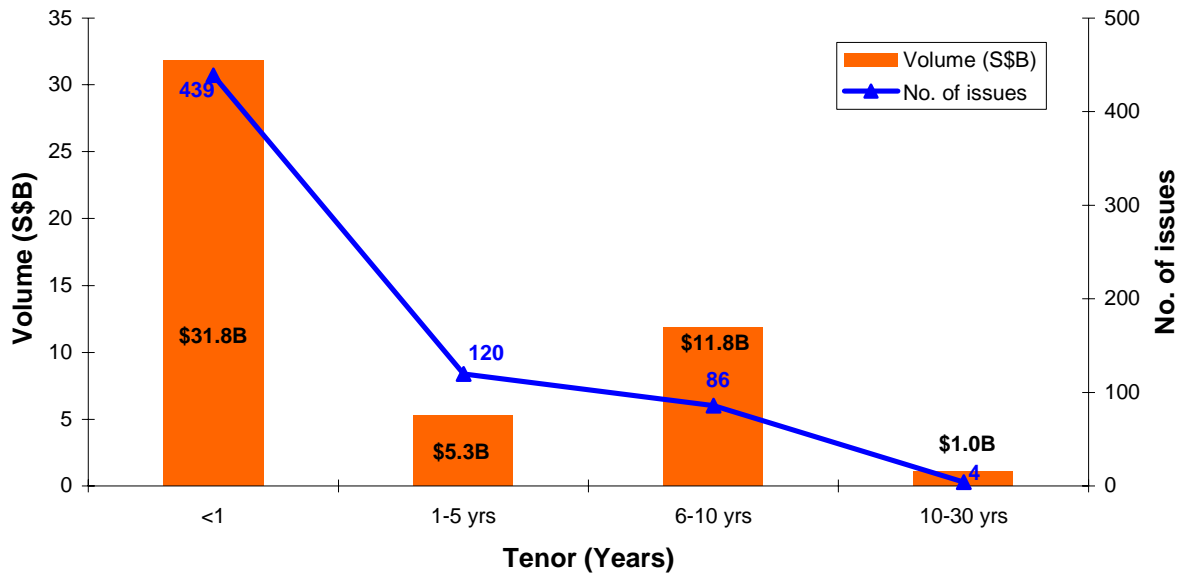


Chart 8: Non-S\$ Debt Maturity Profile



Types of Non-S\$ Debt

3.3 While the majority of non-S\$ denominated debt issued were commercial papers (CP), there was an increase in the proportion of floating rate and fixed rate notes issued [See Chart 9]. There was also an increase in the proportion of structured notes to 23% of the non-S\$ debt issued [See Table 4].

Chart 9: 2001 Non S\$ Debt Instruments

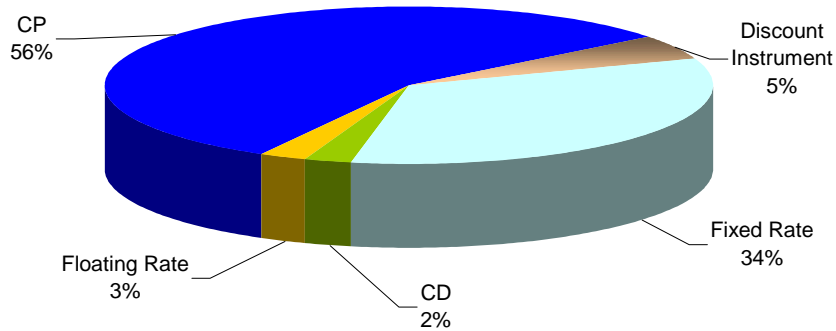
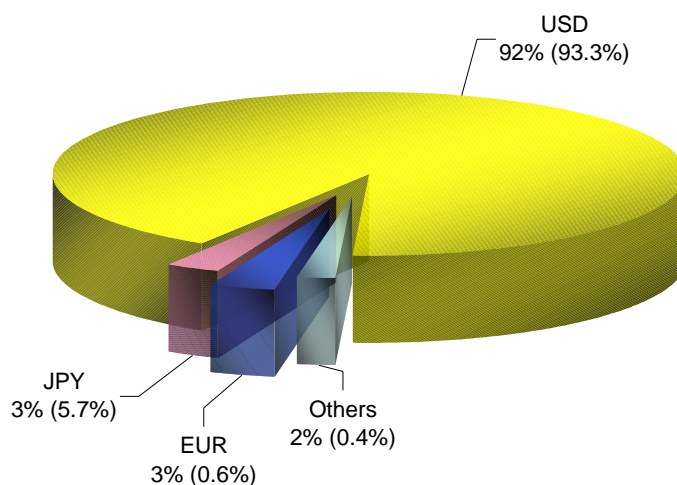


Table 4: Percentage Breakdown of Non-S\$ Debt Instruments - 2001

	Total (\$M)	% Unstructured	% Structured
Certificate of Deposits	1,237	100%	0%
Commercial Paper	27,956	100%	0%
Other discount Instrument	2,511	0%	100%
Fixed Rate	17,016	51%	49%
Floating Rate	1,301	63%	37%
Total Non S\$ Issuance	50,020	77%	23%

3.4 US Dollar denominated debt continued to dominate the non-S\$ issuance market. However debt instruments were also issued in range of other currencies including the Euro, Japanese yen, Korean won and Aussie dollar [See Chart 10].

Chart 10: Currencies of Denomination (exclude S\$) - 2001

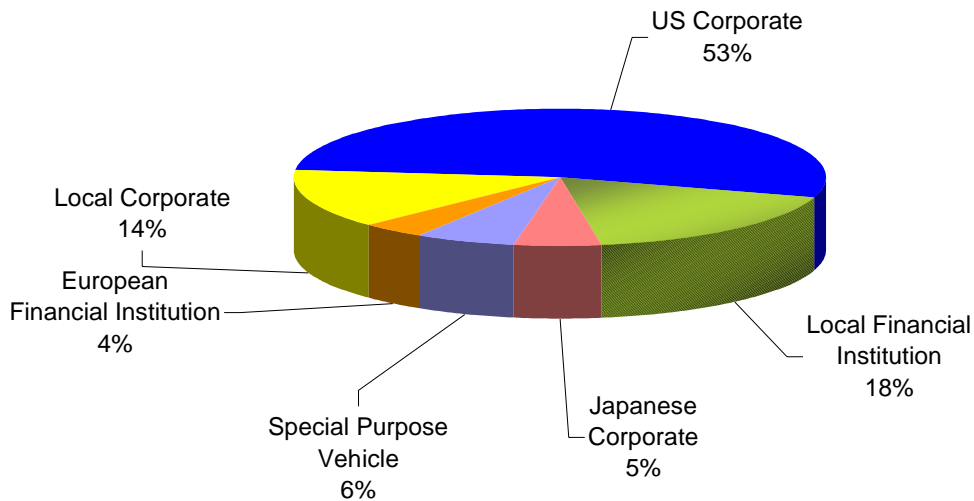


* Others includes HKD, AUD, IDR & KRW

Non-S\$ Issuers

3.5 The non-S\$ denominated debt market also saw an increase in the diversity of issuers. There was a substantial increase in the proportion of debt issued by local financial institutions and Singapore corporates. [See Chart 11].

Chart 11: Non S\$ Debt Issuer (2001)



Non-S\$ Investors

3.6 The bulk of non S\$ denominated debt (92%) continued to be sold to offshore investors [See Table 5] and were mostly sold through private placements [See Table 6].

Table 5: 2001 Non-S\$ Investors

(This only applies to Qualifying Debt Securities)

	Percent
Investors Inside Singapore	8%
Investors Outside Singapore	92%

Table 6: 2001 Non-S\$ Debt Placement

	Percent
Private Placement	99%
Public Offering	1%

Prepared by :
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 5 April 2002