

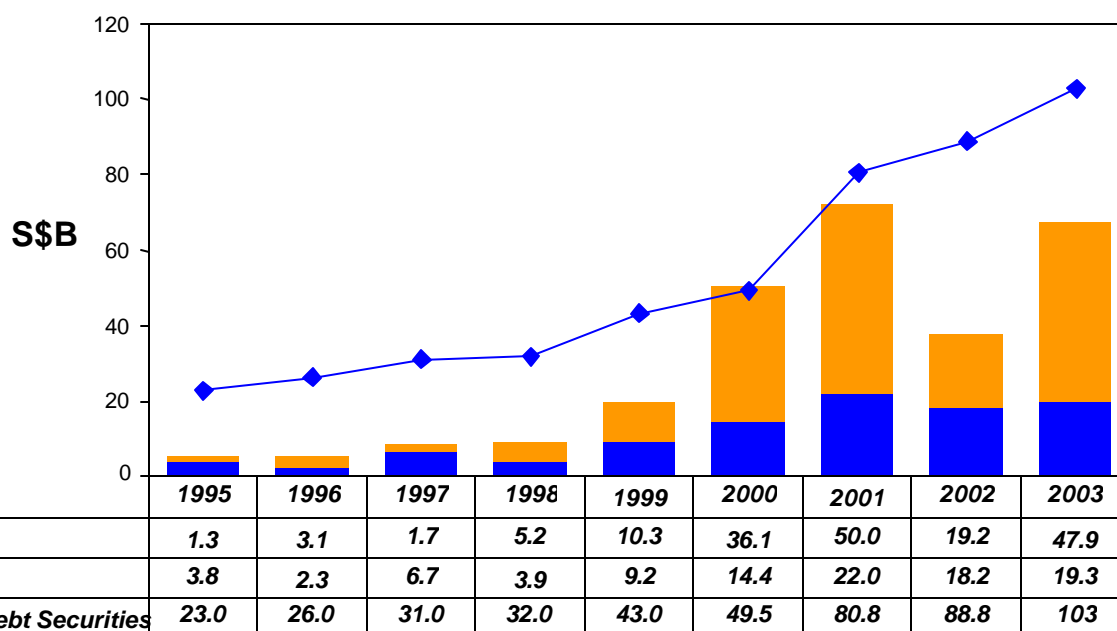
2003 SURVEY OF THE SINGAPORE CORPORATE DEBT MARKET

The Monetary Authority of Singapore (MAS) conducted a survey of the Singapore corporate debt market as at 31 December 2003. This survey covered all the financial institutions that 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" refer to bonds (including convertible bonds), notes, commercial papers and certificates of deposits.

OVERVIEW

The debt market saw a healthy growth in 2003 over 2002. Total outstanding debt grew at a rate of 16% year on year in 2003, reaching S\$103 billion as shown in Chart 1. The corporate bond market also continued to grow in breadth and depth as a diversified range of borrowers tapped the market for funds. The level of investor sophistication has also risen as evidenced by a large proportion of structured products in the Singapore dollar denominated (S\$) corporate bond market.

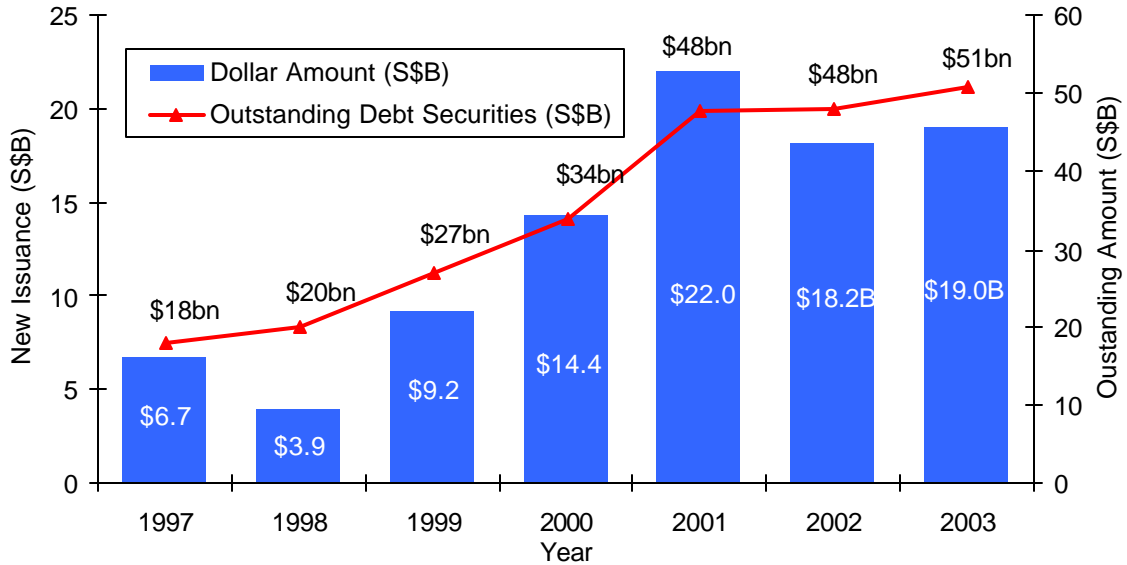
Chart 1: Size of Corporate Bond Market



Size of S\$ Market

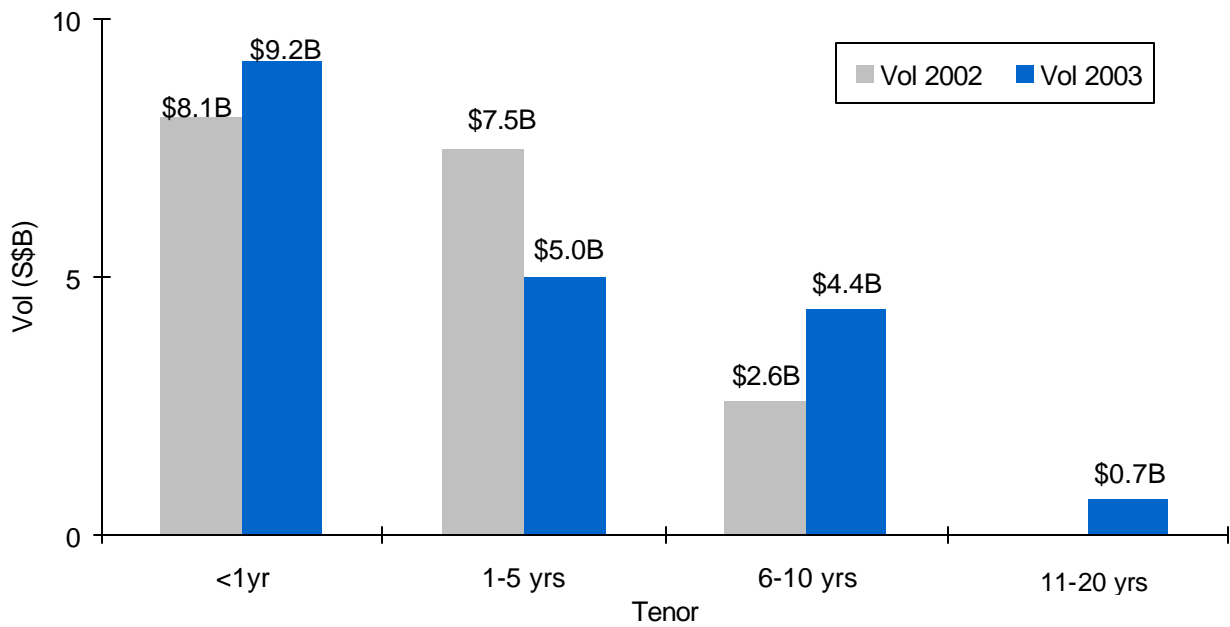
Total outstanding volume of S\$ debt securities increased from S\$48bn to S\$51.2bn, while the volume of new issues increased by 6% to S\$19.3bn. [See Chart 2]

Chart 2: Growth of the S\$ Corporate Debt Market



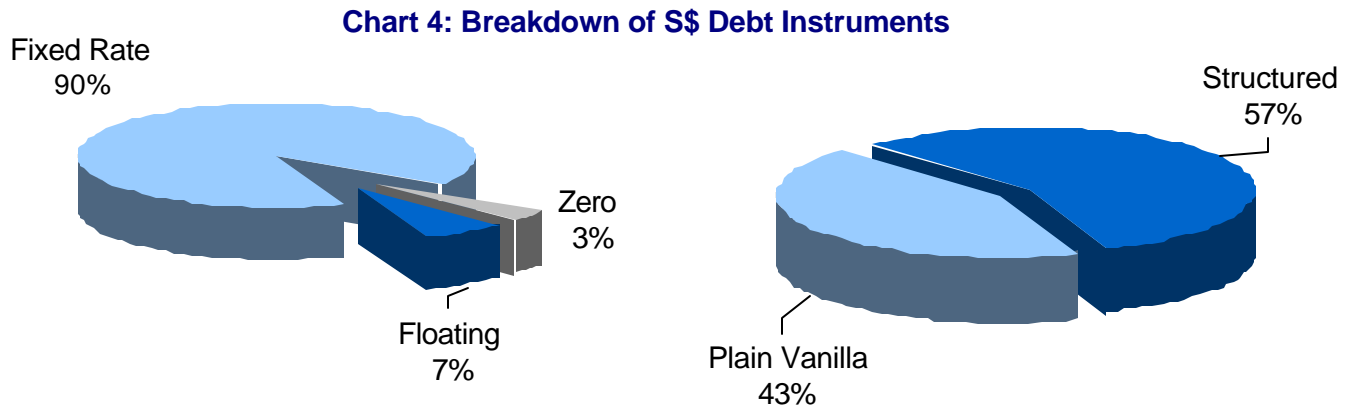
Several long-dated issues came to the market in 2003, including a 20-year bond issue. [See Chart 3]

Chart 3: Maturity Profile of S\$ Bond Issuance.



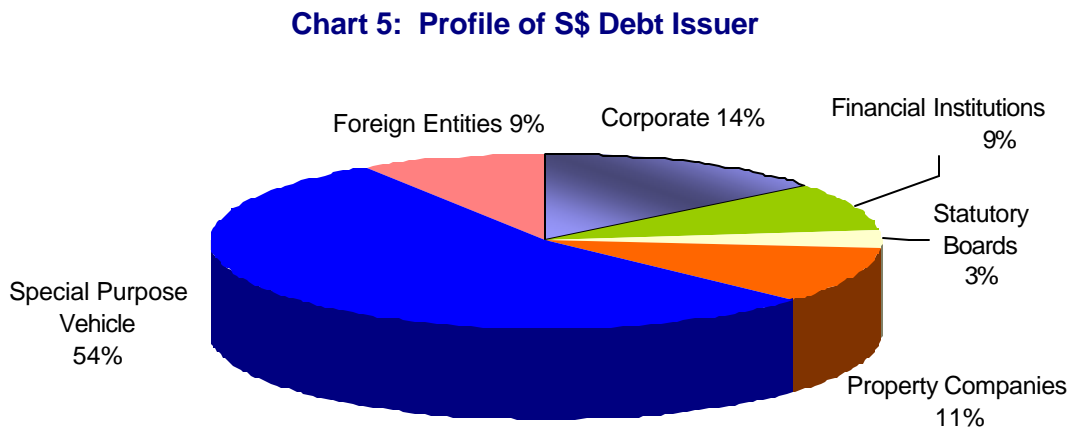
Types of S\$ Debt

Structured products¹ have grown significantly over the years and now dominate the S\$ market at 57% market share over plain vanilla bonds. The bulk of debt issued in 2003 are fixed rate in nature. [See Chart 4]



S\$ Issuer Profile

The S\$ borrower profile has changed significantly. Statutory boards, which were previously dominant issuers now form only 3% of the market, as compared to 22% in 1999. Instead, a diversified range of corporates, property companies and financial institutions now actively tap the market for funds.

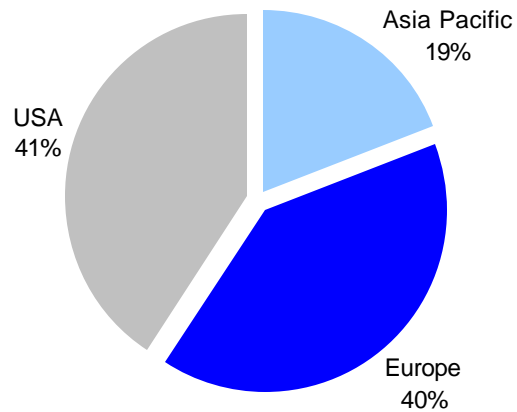


¹ Including credit linked notes, equity linked notes, Collatorised Debt Obligations (CDOs), asset backed securities etc.

Foreign Entity Issuer

In 2003, foreign entity issuers such as McDonalds, Household Finance Corporation and the Export-Import Bank of Korea came to the market for the first time. Repeat issuers like General Electric Capital Corporation, GMAC International Finance B.V. also saw cost effective funding opportunities and came back to tap the S\$ market for funds. In terms of geographical distribution, there was a slight increase in European borrowers from 37% in 2002 to 40% in 2003. [See Chart 6]

Chart 6: Geographical Distribution of Foreign Entity Issuers



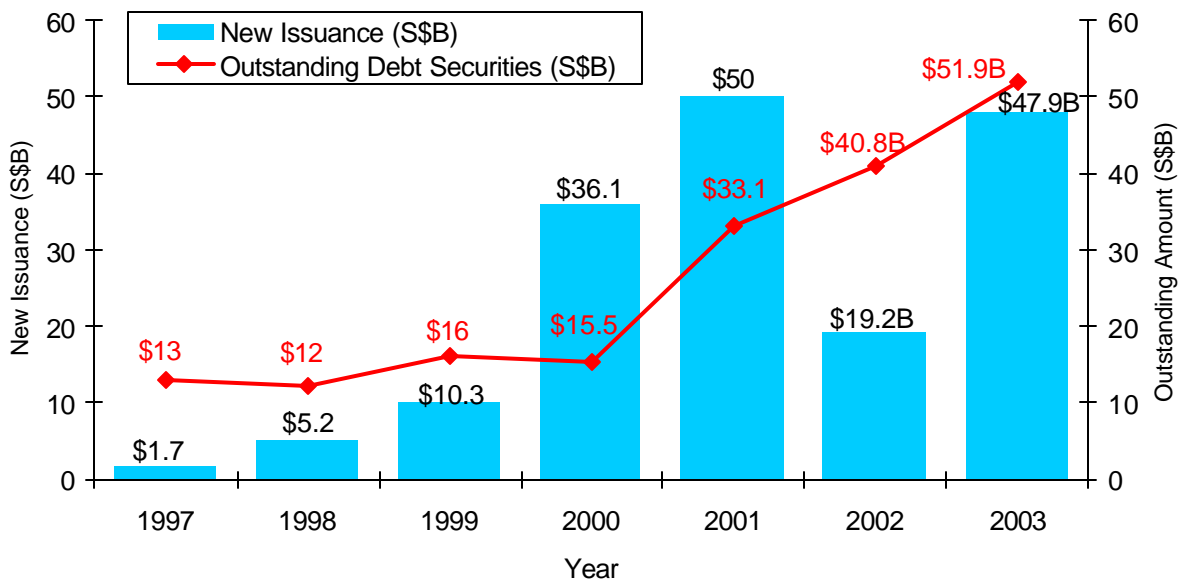
S\$ Investors

11% of S\$ debt were placed offshore with the bulk of it sold through private placement.

Size of Non-S\$ Market

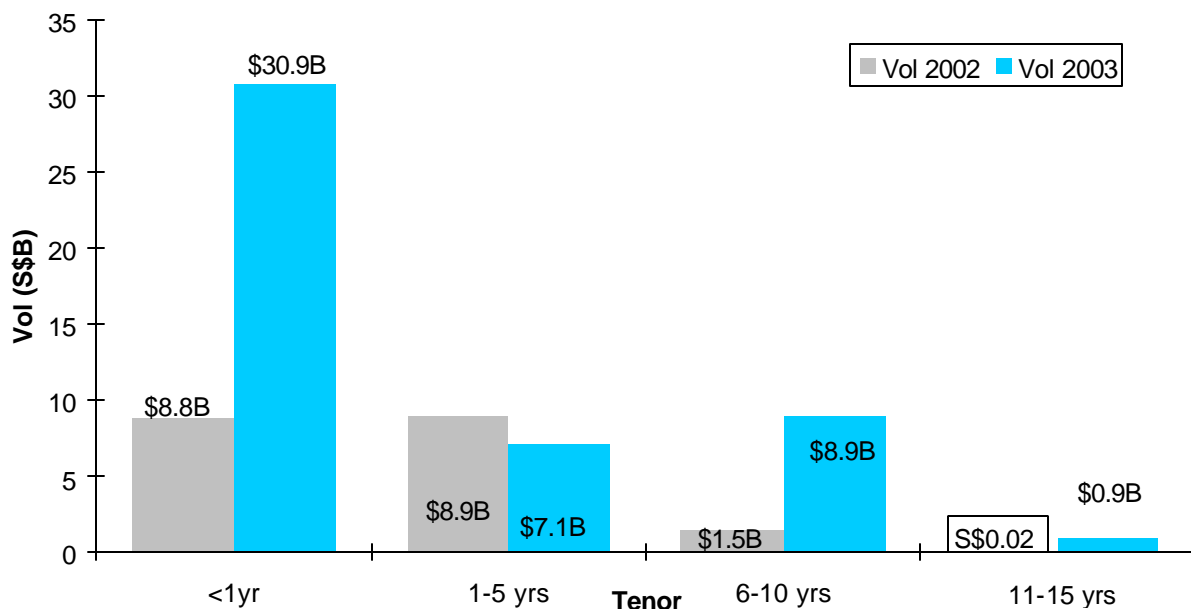
The volume of non-Singapore dollar denominated (non-S\$) issuance surged in 2003 over 2002. [See Chart 7] Total outstanding debt continued its upward trend, standing at S\$51.9bn in 2003.

Chart 7: 2003 Growth of Non-S\$ Corporate Debt Market



While short-term debt continued to dominate the market, longer term debt with maturities over 5 years has risen significantly over 2002. [See Chart 8]

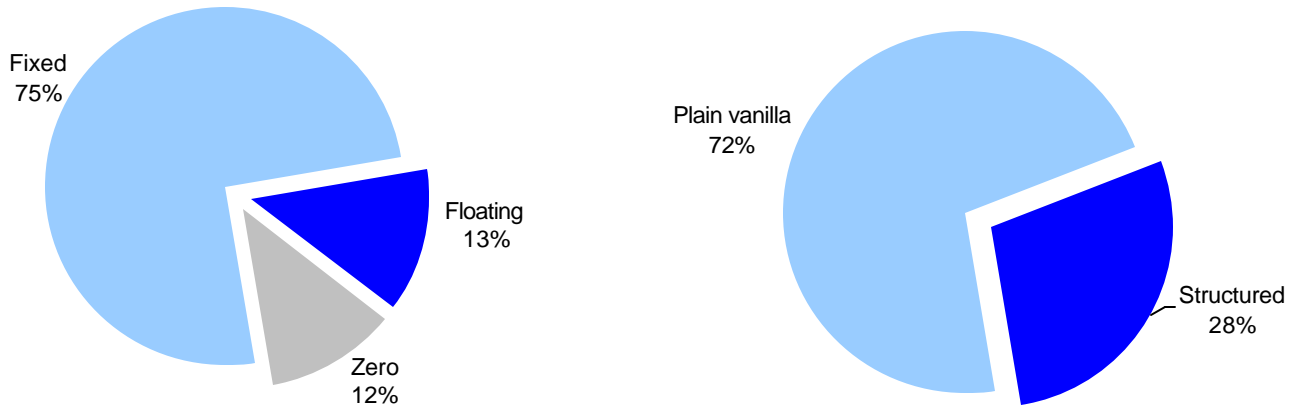
Chart 8: Maturity Profile of Non-S\$ Bond Issuance



Types of Non-S\$ Debt

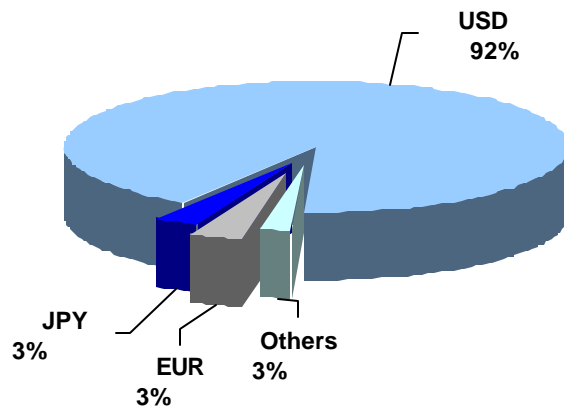
Like the S\$ market, fixed rate bonds accounted for the bulk of issuance. [See Chart 9]

Chart 9: Breakdown of Non-S\$ Debt Instruments



The non-S\$ debt market is dominated by USD issuance, with the proportion increasing to 92% from 76% in 2002. Other currencies included the JPY, Sterling, Hong Kong dollar, Australian Dollar in 2003. [See Chart 10]

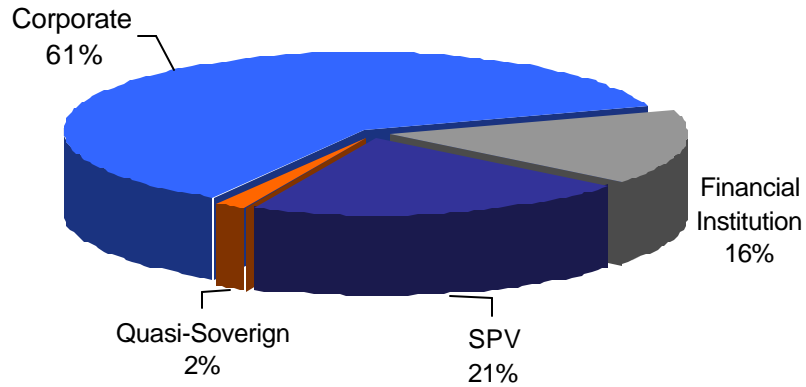
Chart 10: Currencies of Denomination



Non-S\$ Issuer Profile

The volume of non-S\$ debt issued by corporate borrowers as a proportion of total issuance has increased significantly from 38% in 2002 to 61% in 2003. [See Chart 11]

Chart 11: Profile of Non-S\$ Debt Issuer



Non-S\$ Investors

92% of non-S\$ debt was sold to offshore investors mainly through private placements, although there has been increased appetite amongst investors within Singapore for non-S\$ bonds.

Financial Centre Development Department
Monetary Authority of Singapore
9 June 2004