SINGAPORE CORPORATE DEBT MARKET DEVELOPMENT 2024

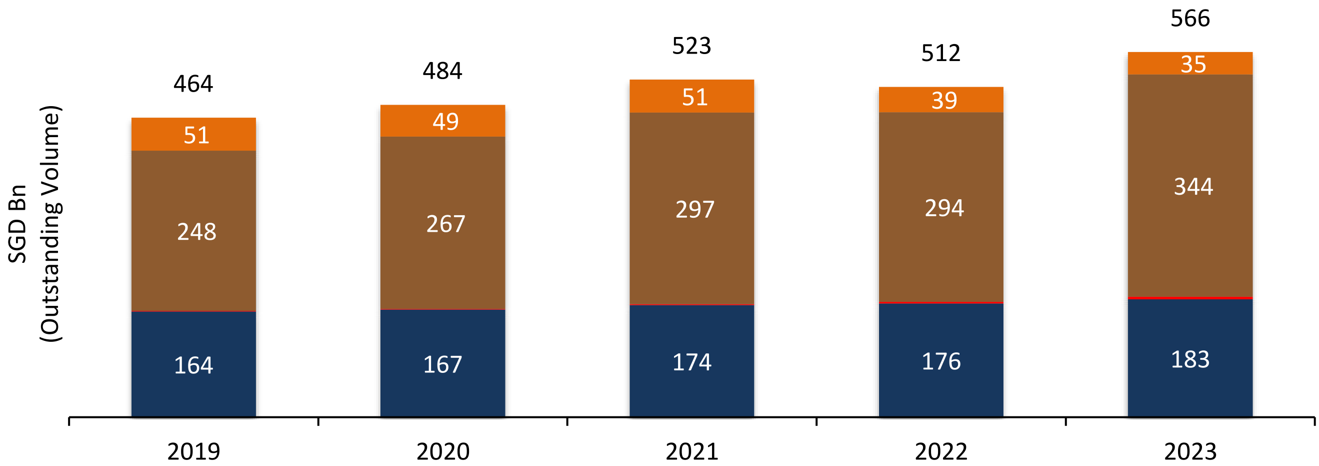
SINGAPORE – GLOBAL CITY, WORLD OF OPPORTUNITIES

Monetary Authority of Singapore

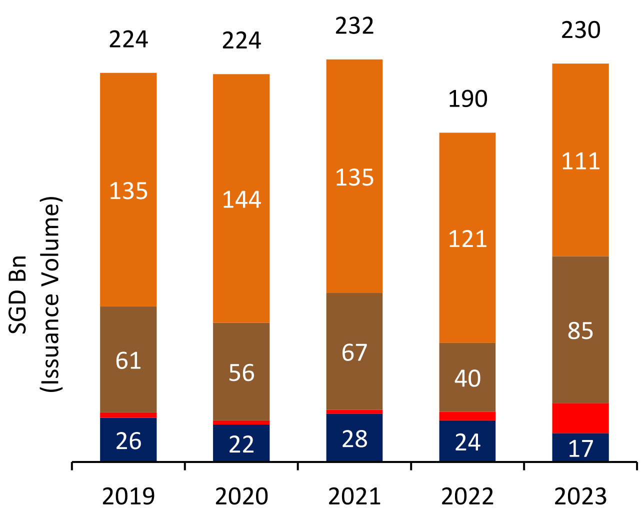
Global bond issuance volume remained flat at USD 6.6 trillion in 2023, amidst the peaking interest rates environment and an expectation of an economic slowdown.

- In Asia, issuance volume of Asia (Ex-Japan) G-3 bonds declined by 16.5% YoY to USD 160 billion[1], as Asian corporates rein in financing on the back of higher funding costs.
- Against this backdrop, Singapore's bond market fared well, with issuance volumes rebounding 59% in 2023 to reach USD 77 billion[2], driven by financing needs of global corporates based in Singapore to fund their operations and expansion in Asia.

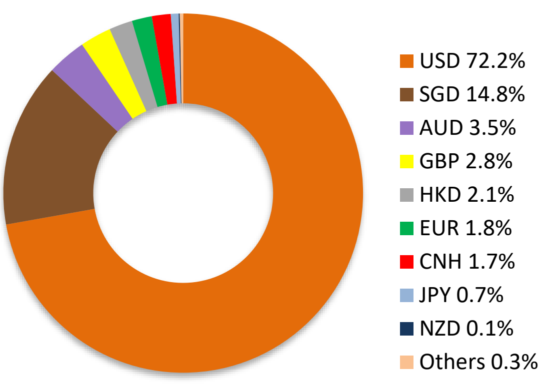
Total outstanding debt arranged by financial institutions in Singapore registered a 10.5% YoY increase to SGD 566 billion, driven by financing needs from MNEs in Singapore.



New debt issuance rebounded 21% YoY to SGD 230 billion in 2023



USD and SGD remained the main currencies of issuance



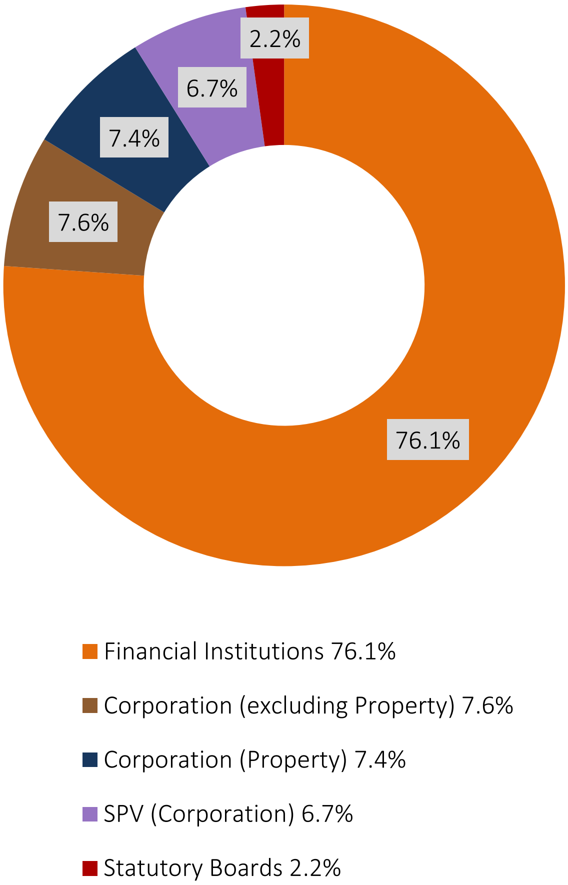
Short-Term Non-SGD Debt Long-Term Non-SGD Debt Short-Term SGD Debt Long-Term SGD Debt

[1] Dealogic
[2] This refers to long-term total SGD and non-SGD bond issuances, translated using the exchange rate as of 31 December 2023.

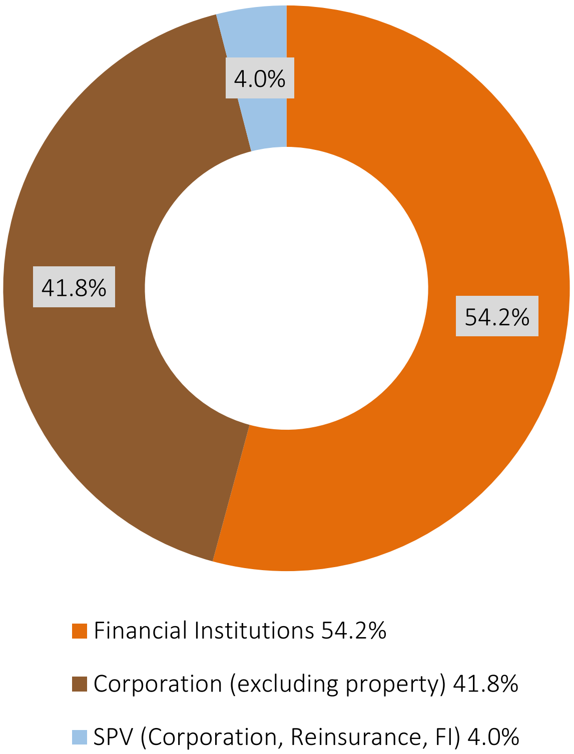
In 2023, financial institutions remained the most active issuers in both SGD and non-SGD bonds. In the SGD market, growth in the financial institutions' issuances was driven by the banks' need for capital amidst strong business fundamentals. In the non-SGD market, the proportion of corporate issuers increased by 31 percentage point in 2023, driven by the financing needs of global corporates for operational and business expansion.

Share of SGD issuances by Issuer (2023)

In 2023, financial institutions issued an additional SGD 13 billion bonds YoY, with a corresponding 31.8 percentage point increase in the proportion of SGD issuances by FIs compared to 2022. This is attributable in part to local banks' increased interest and capacity amidst stronger earnings from their lending businesses. This, together with issuance from corporations, offset the SGD 7.4 billion YoY decline in statutory board issuance.



Share of Non-SGD issuances by Issuer (2023)

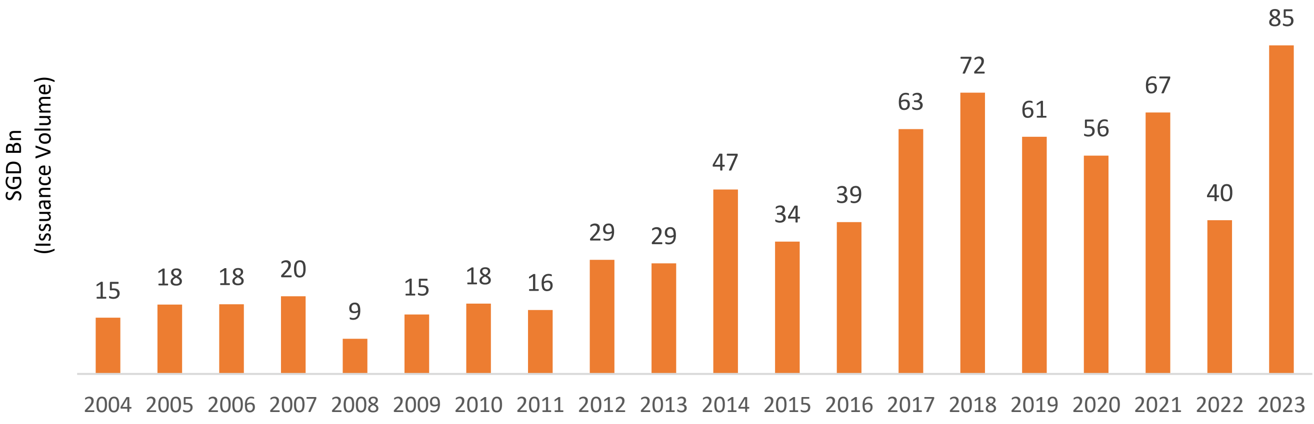


In 2023, corporation (excluding property)'s non-SGD issuance volume increased SGD 64 billion YoY, with a corresponding 31 percentage point increase in its share of total non-SGD issuance to 41.8%. This was driven by an increase in issuance volumes from global corporates based in Singapore, for example, Pfizer Investment Enterprises Pte Ltd's multi-tranche issuance of USD 31 billion issued in first half of 2023.

Financial institutions continued to tap onto our multicurrency bond market and raised funding in various currencies such as USD, AUD, GBP, HKD and EUR, to support their business needs.

The corporate bond market in Asia (Ex-Japan) has seen strong growth over the past two decades. Between 2004 and 2023, issuance volumes in Singapore's foreign currency bond market grew at a CAGR of about 10%, higher than the global bond market's growth of ~1%. Corporates, looking to regionalise and globalise, are increasingly tapping the international bond market in Asia to raise capital and to diversify funding sources. With our strong debt capital market ecosystem, Singapore has played a key role in serving Asia's financing needs.

Non-SGD bond issuances arranged by financial institutions in Singapore grew strongly over the past two decades



Singapore's strength as a fund-raising centre can be attributed to the following:

1. Singapore bond market is fully accessible to all issuers and investors. There are no capital controls, hedging restrictions or withholding taxes. This flexibility along with the increasing maturity of the debt market have allowed issuers in and outside Singapore to raise funds through our capital markets to support their operations and expansion.
2. Singapore serves as the global-Asian asset and wealth management hub. Many asset managers have set up regional HQs in Singapore to be closer to Asia's deal making opportunities. More than 77% of funds managed in Singapore are sourced from outside of Singapore, with S$5.4 trillion managed out of Singapore.
3. Singapore houses over 40 international and regional banks' debt capital markets teams. They are supported by professional services providers for e.g. international lawyers, accountants, rating agencies and ESG-related second party opinion providers that provide essential ancillary services and overall speed to issuance.

Recent transactions and trends that we have observed includes:

Chinese offshore issuances such as CNH-denominated issuances from Guangzhou Development District Holding Group Limited, Xi'an Kingfar International and AVIC International Leasing Co., Ltd., raised more than SGD 700 million in total. In 2024, we also welcomed the first sustainability-linked panda bond from CapitaLand Investment that raised RMB 1 billion from investors. This is the first sustainability-linked panda bond issued by a Singapore company and garnered strong demand from institutional investors.

Foreign issuers with presence in Singapore also tapped Singapore's corporate bond market to fund their business expansion in Singapore and globally. This includes the likes of Pfizer, which has an existing plant and factory presence in Singapore. Pfizer Investment Enterprises Pte Ltd issued a multi-tranche deal to fund their acquisition needs. At the start of 2024, we also saw other notable foreign issuers in the Technology as well as Consumer sectors tapping the Singapore's corporate bond market to raise capital.

In 2024, global financial conditions continue to be restrictive with interest rates having peaked, and the timing of rate cuts by the major central banks around the world remained uncertain.

Despite the higher interest rates and market volatility, Asia remains a bright spot driven by near term factors such as refinancing needs of corporate issuers to fund their international growth and over the medium term financing needs to support Asia's transition to a net zero future.

Singapore's ecosystem of banks, investors, and professional service firms, as well as the digitalisation of bond market infrastructure, will support fund raising efforts in the region and help channel international capital to support Asia's growth and net-zero transition needs.

About the Report

The Monetary Authority of Singapore (MAS) releases an annual update of the Singapore corporate debt market, which covers debt securities arranged or co-arranged by financial institutions in Singapore for the calendar year ending 31 December. Data presented in this report is collected from Return on Debt Securities ("RODS") filing to MAS.