

THE SINGAPORE CORPORATE DEBT MARKET REVIEW 2013

Singapore's corporate debt¹ market continued its growth trend by registering 18% year-on-year growth to S\$272.4 billion as at end of 2013.

Key highlights

- *Singapore dollar ("SGD")-denominated corporate bonds outstanding in 2013 rose by 9% to S\$118.8 billion while non-SGD bonds outstanding increased by 26% to S\$153.6 billion for the year. Non-SGD corporate debt issuance accounted for 86% (S\$160.0 billion) of total debt issuance in 2013, with five offshore RMB bonds, totalling RMB 4.5 billion, successfully coming to market following the commencement of RMB clearing arrangements in May 2013.*
- *Singapore continued to attract a diverse range of local and foreign issuances in 2013, including debut SGD issuers such as RCI Bank and Unicredit. The local banks – UOB, DBS, and OCBC – were also active in issuing Basel III-compliant Tier 1 securities.*
- *Almost a quarter of SGD debt issued in 2013 was structured or securitised instruments. Of this, almost S\$1.1 billion was Islamic debt, which represented an almost seven-fold year-on-year increase from 2012 issuance volumes. Approximately S\$1.8 billion of non-SGD Structured and Securitised debt was derived from asset securitisation transactions, with approximately 60% comprising of trade finance securitisation products.*

OVERVIEW

1. The outstanding volume of Singapore corporate debt continued its growth trend, increasing 18% year-on-year to S\$272.4 billion as at end of 2013 (see Chart 1). Total debt issuance increased by 38% to S\$185.5 billion, driven mainly by an 82% increase in short-term debt issuance (<1 year tenor). Long-term debt issuance (>1 year tenor) declined moderately by 15%, as many issuers in Singapore had already front-loaded their long-term funding needs in 2012 to lock in low borrowing costs. Issuers also focused on issuing shorter tenor debt in 2013 amidst market uncertainty.

2. The commencement of RMB clearing arrangements in May 2013 has helped to catalyse Singapore's offshore RMB bond market. Five offshore RMB bonds, totalling RMB 4.5 billion, successfully came to market in 2013. These Lion City bonds were very well subscribed, and saw strong demand in Asia, including among Singapore investors.

3. The SGD share of corporate debt issuance was 14% (S\$25.5 billion) in 2013, compared to 24% (S\$32.8 billion) in 2012. Non-SGD corporate debt issuance accounted for 86% (S\$160.0 billion) of total debt issuance in 2013, rising from 76% (S\$101.3 billion) in 2012 (see Chart 2).

¹ Corporate debt refers to issuances by corporates, financial institutions, statutory boards/government agencies, supnationals, and special purpose vehicles.

Chart 1
Overview of Singapore Corporate Debt Market by Outstanding Volumes (2000 – 2013)

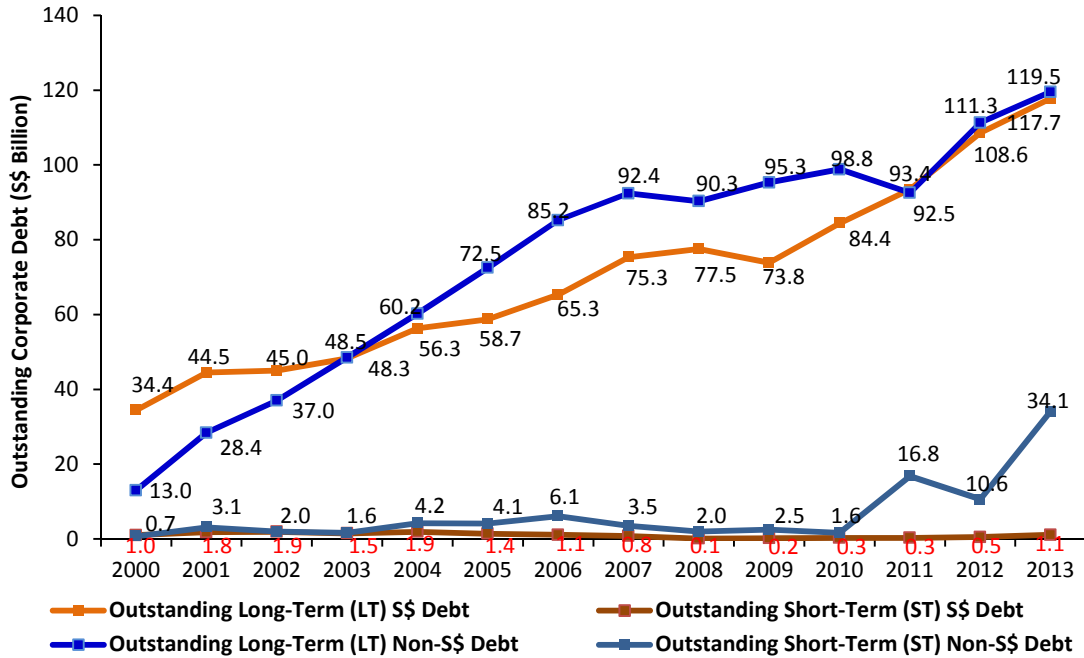
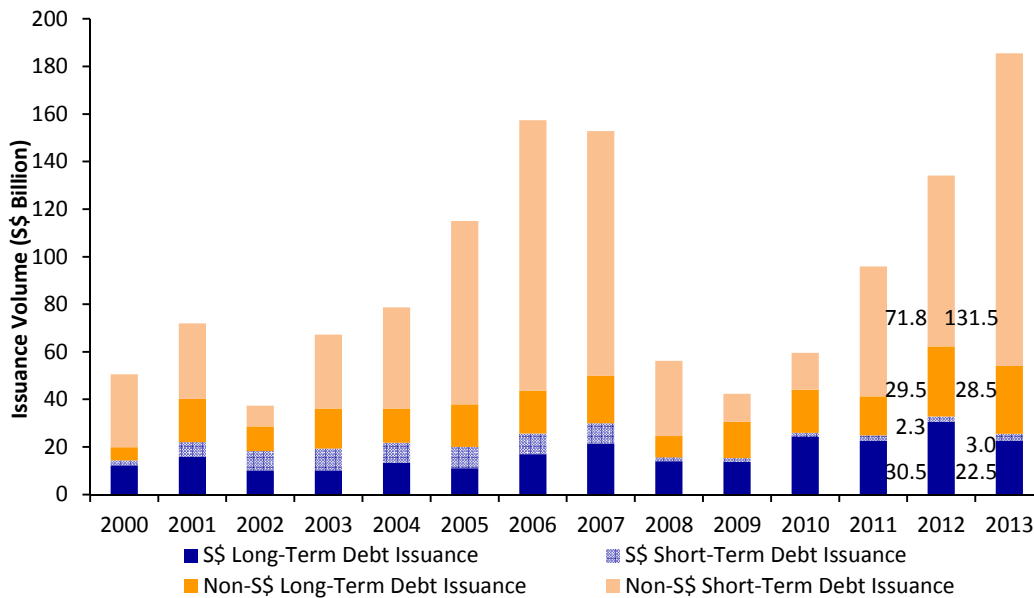


Chart 2
Overview of Singapore Corporate Debt Market by Issuance Volumes (2000 – 2013)

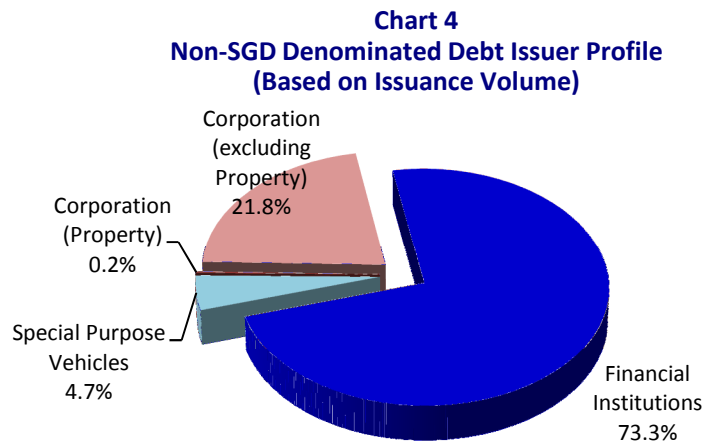
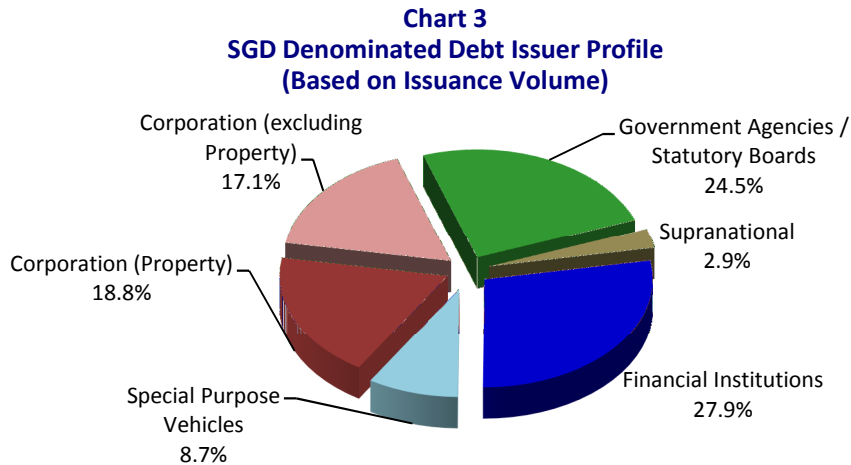


DIVERSITY OF ISSUERS

4. The corporate debt market continued to attract a diverse range of issuers in 2013. Financial institutions were the leading issuers in the SGD front (see Chart 3), which included foreign banks that made debut SGD issuances, such as RCI Banque and

UniCredit. Overall, there were 38 foreign entities which issued SGD bonds in 2013, compared to 28 in 2012. As a percentage of total SGD issuance volume, foreign issuers constituted 15% in 2013, a decline from 22% in 2012. Among the local issuers, UOB, DBS and OCBC were also the first Asian banks to price Basel III-compliant Tier 1 issuances.

5. Asian issuers accounted for 56% and 57% of foreign SGD and non-SGD issuance respectively. The largest group of non-SGD issuers was Financial Institutions, which mainly tapped the short-term debt market (see Chart 4). Other issuers in the non-SGD debt market included corporates such as United Kingdom-based Millennium & Copthorne Hotels Plc.



MATURITY PROFILE

6. The weighted average maturity² of SGD and non-SGD bond (>1 year tenor) issuance for 2013 stood at 8.8 years and 4.7 years respectively, down from 12.9 years and 6.7 years in 2012. SGD issuers raised most of their 2013 funding needs in the shorter-dated 1-5 years tenor range, unlike 2012 when issuance was concentrated in the >10 years maturity range (see Chart 5). A record volume of non-SGD short-term debt (<1 year tenor) was issued in 2013 (see Chart 6).

² The assumption of 40-years tenor is adopted for all perpetual capital securities issuances.

Chart 5
Maturity Profile of SGD Debt Issued

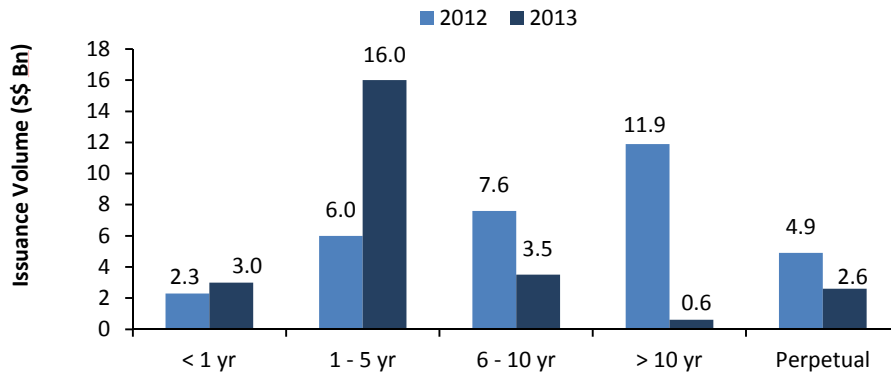
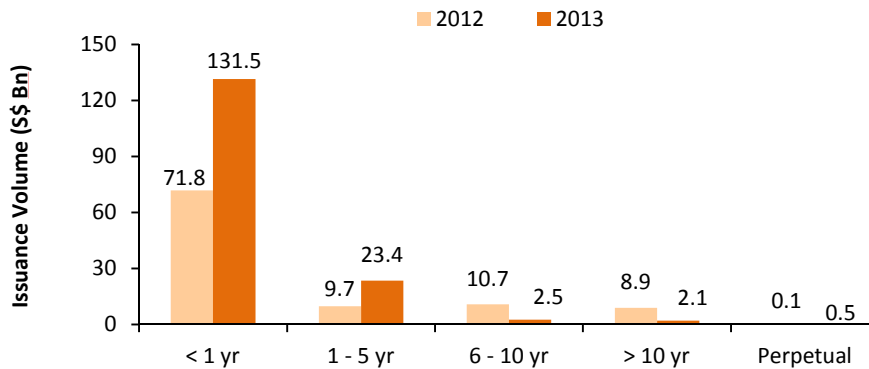


Chart 6
Maturity Profile of non-SGD Debt Issued



STRUCTURED AND SECURITISED DEBT ISSUANCE

7. SGD Structured and Securitised debt registered S\$6.3 billion in issuance volume, accounting for 24% of total SGD issuance in 2013. Of this, almost S\$1.1 billion of SGD-denominated Islamic debt was issued, representing an almost seven-fold year-on-year increase from 2012. Issuers of Islamic debt included Citydev Nahdah Pte Ltd, First Resources Ltd, and Swiber Capital Pte Ltd. Additionally, approximately S\$345 million of asset securitisation transactions came to market in 2013 (see Chart 7).

8. Non-SGD Structured and Securitised debt issuance combined accounted for 10% (S\$15.3 billion) of all non-SGD debt issuance in 2013, with equity-linked and credit-linked notes continuing to account for a significant proportion of Structured and Securitised instruments issued (see Chart 8). Approximately S\$1.8 billion of non-SGD Structured and Securitised debt was derived from asset securitisation transactions of which almost 60% comprised trade finance securitisation products issued by Trade MAPS 1 Ltd.

Chart 7
Profile of SGD Structured and Securitised
Debt Issued
(Based on Issuance Volume)

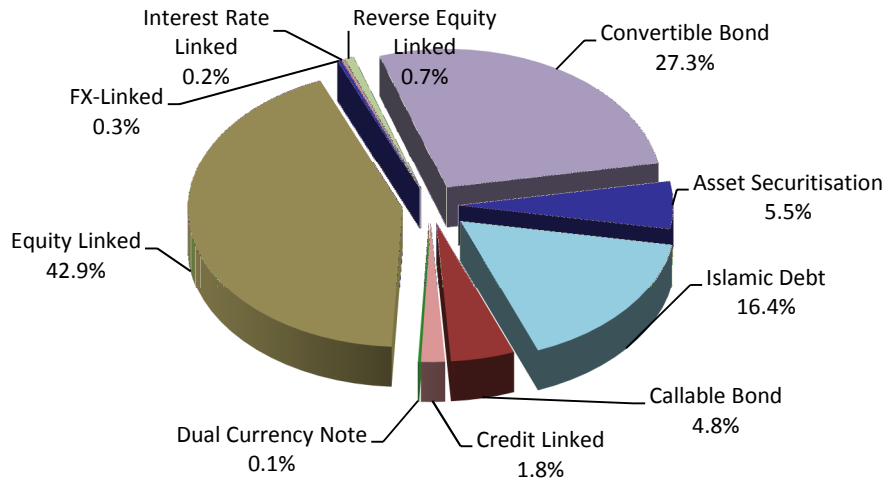


Chart 8
Profile of Non-SGD Structured and Securitised
Debt Issued
(Based on Issuance Volume)

