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ASIAN DEVELOPMENT BANK

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Note:
ADB recognizes “China” as the People’s Republic of China; “Hanoi” as Ha Noi; “Hong Kong” as Hong Kong, China; “Korea” and “South Korea” as the Republic of Korea; and “Vietnam” as Viet Nam.

Cover design by Erickson Mercado.

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Recent Developments in Financial Conditions in Emerging East Asia

Between 1 September and 31 October, financial conditions remained stable in emerging East Asia as better-than-expected economic growth in many regional markets, continued monetary easing in the United States (US), and trade deals between the US and several regional economies offset lingering global uncertainty.[1] Sound economic growth and the easing of trade tensions during the review period boosted regional equity markets, which gained 4.7% (market-weighted average), and reduced credit default swap spreads by 2.5 basis points (GDP-weighted average). Regional markets recorded net bond inflows of USD1.1 billion and net equity inflows of USD7.5 billion (excluding the People's Republic of China [PRC]). Meanwhile, the PRC witnessed outflows of USD13.0 billion from its equity market over weak economic data. Regional currencies marginally weakened by a GDP-weighted-average of 0.1% on uncertainty over future US monetary policy. Local currency (LCY) government bond yields inched up in most regional markets, partly due to the wait-and-see stance adopted by many regional central banks.

Risks to the outlook for regional financial conditions continued to be largely balanced. On the positive side, the easing of trade tensions resulting from trade deals between the US and several regional economies will help reduce near-term economic uncertainty. Expected US monetary easing will allow regional central banks to maintain an accommodative monetary stance. Nevertheless, uncertainty remains over (i) potential setbacks to the implementation of trade agreements with the US, (ii) the future path of US monetary policy amid persistently above-target inflation, (iii) headwinds in the PRC's property market, and (iv) lingering geopolitical risks.

Recent Developments in Local Currency Bond Markets in Emerging East Asia

Emerging East Asian LCY bonds outstanding reached USD29.5 trillion at the end of September. Amid reduced global uncertainty, the market's expansion accelerated to 3.2% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2025 from 3.0% q-o-q in the previous quarter. Corporate bonds outstanding rose 2.5% q-o-q to USD9.7 trillion, bolstered by increased issuance in most member economies of the Association of Southeast Asian Nations (ASEAN) amid continued monetary policy easing. The expansion of the government bond segment, which reached USD19.2 trillion at the end of September, was unchanged in Q3 2025 from the previous quarter at 3.7% q-o-q. The outstanding bond stock of ASEAN economies tallied USD2.6 trillion at the end of September, representing 8.9% of the emerging East Asian total. The PRC remained the region's main driver of bond market expansion, accounting for 85.9% of the increase in the regional LCY bond market during the quarter.

The size-weighted average tenor of outstanding Treasury bonds in the region lengthened to 9.1 years at the end of Q3 2025 from 8.7 years at the end of the second quarter, driven by the increased issuance of bonds with maturities of 20 years or longer in the PRC, Indonesia, the Philippines, and Viet Nam. Banking institutions, insurance companies, and pension funds remained the primary investors in emerging East Asian Treasury bonds, together holding 65.8% of outstanding Treasury bonds at the end of September.

LCY bond issuance edged up 3.5% q-o-q to USD3.2 trillion in Q3 2025, supported by growth in both government and corporate bond issuance. Government bond issuance (USD1.4 trillion) rose 1.2% q-o-q during the quarter, while corporate bond issuance (USD1.1 trillion) increased 5.1% q-o-q. Issuance growth in both bond segments moderated from the previous quarter, partly

[1] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

due to front-loaded issuance in the first half of the year by several governments and weaker demand for borrowing in the PRC. Aggregate issuance from ASEAN economies rebounded in Q3 2025, rising 7.9% q-o-q after a 2.2% q-o-q contraction in the previous quarter, underpinned by robust corporate bond issuance amid continued monetary easing.

Recent Developments in ASEAN+3 Sustainable Bond Markets

Accommodative monetary stances supported expansion in the sustainable bond markets of ASEAN+3 economies in Q3 2025.[2] ASEAN+3's sustainable bonds outstanding increased 3.9% q-o-q in Q3 2025, compared with 3.5% q-o-q in the prior quarter, to reach USD994.4 billion. The expansion outperformed those in the European Union-20 (EU-20) (1.8% q-o-q) and global (2.3% q-o-q) sustainable bond markets. This led to a slight uptick in ASEAN+3's share of the global total to 18.5% at the end of September from 18.2% at the end of June. ASEAN+3's sustainable bond market expansion during the quarter was led by ASEAN markets, whose bonds outstanding rose 8.6% q-o-q on robust issuance. At the end of September, ASEAN accounted for 11.0% of ASEAN+3's sustainable bond market, well exceeding its corresponding share of 5.9% in ASEAN+3's general bond market.

Sustainable bond issuance in ASEAN+3 in Q3 2025 reached USD76.7 billion, accounting for 35.2% of global sustainable bond issuance during the quarter. This exceeded the corresponding shares of the EU-20 (24.3%) and the US (0.4%). Global sustainable bond issuance fell in Q3 2025, led by contractions in the EU-20 (–37.0% q-o-q) and the US (–88.7%); ASEAN+3 posted a smaller decline (–5.7% q-o-q), supported by robust issuance in ASEAN economies. Sustainable bond issuance in ASEAN more than doubled to USD10.7 billion in Q3 2025, accounting for 13.9% of ASEAN+3's quarterly total. By comparison, ASEAN accounted for only 3.8% of issuance in ASEAN+3's general bond market during the quarter. In Q3 2025, 78.2% of ASEAN+3's sustainable bond issuance was LCY-denominated, although this share lagged the LCY financing share in the EU-20 sustainable bond market (93.7%) and the ASEAN+3 general bond market (91.3%). Across ASEAN+3, 82.8% of sustainable bond issuances in Q3 2025 carried maturities of 5 years or less, leading to a size-weighted average maturity of 4.7 years, compared with 8.5 years in the EU-20. In ASEAN economies, the size-weighted average maturity of sustainable bond issuances in Q3 2025 was 5.8 years, largely driven by public sector issuances, which averaged 9.7 years.

2 ASEAN+3 comprises the member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

Developments in Regional Financial Conditions

Emerging East Asian financial conditions were broadly stable between 1 September and 31 October.[1] Reduced trade tensions, ongoing monetary easing in the United States (US), and sound economic fundamentals balanced lingering global uncertainty (**Table A**). Bond yields in most regional markets rose on stronger-than-expected growth in many regional economies and a pause in rate cuts as most regional central banks adopted a wait-and-see stance. Regional equity markets gained and risk premiums narrowed on trade deals between several regional economies and the US. Excluding the People's Republic of China (PRC), regional equity markets recorded net equity inflows of USD7.5 billion during the review period. The PRC's equity market witnessed capital outflows following the release of weak economic data. Market-specific factors and progress on trade deals also drove inflows to regional bond markets during the review period. Meanwhile, regional currencies depreciated slightly against the US dollar on less-dovish-than-expected US monetary policy and uncertainty over its future path. Risks to the outlook for regional financial conditions appear broadly balanced amid easing global trade tensions, ongoing US monetary easing, and lingering downside risks, including potential setbacks in the implementation of trade agreements, uncertainty over the US Federal Reserve's (Fed) future monetary policy path, possible increased turbulence in the housing market in the PRC, and geopolitical risks.

During the review period, both the 2-year and 10-year yields declined in the US; the 10-year yield in the European Union-20 (EU-20) also fell. Yields rose marginally in Japan over persistent inflation and the likelihood of a policy rate hike before the end of 2025.

Table A: Changes in Financial Conditions in Major Advanced Economies and Select Emerging East Asian Markets from 1 September to 31 October 2025

	2-Year Government Bond Yield (bps)	10-Year Government Bond Yield (bps)	5-Year Credit Default Swap Spread (bps)	Equity Index (%)	FX Rate (%)
Major Advanced Economies					
Euro Area	1	(12)	–	5.5	(1.5)
Japan	4	4	0.3	8.6	(4.4)
United States	(4)	(15)	–	5.9	–
Select Emerging East Asian Markets					
People's Republic of China	0.3	2	(3.6)	2.0	0.3
Hong Kong, China	27	(10)	–	1.1	0.3
Indonesia	(44)	(34)	1.7	5.5	(1.3)
Republic of Korea	27	21	2.3	30.7	(2.6)
Malaysia	10	12	(1.0)	2.2	0.9
Philippines	(22)	(8)	(2.8)	(3.4)	(2.8)
Singapore	(8)	4	–	3.6	(1.3)
Thailand	17	43	0.8	5.2	(0.1)
Viet Nam	17	27	5.6	(2.5)	0.1

( ) = negative, – = not available, bps = basis points, FX = foreign exchange.

Note: FX rates are presented against the United States dollar. A positive (negative) value for the FX rate indicates the appreciation (depreciation) of the local currency against the United States dollar.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

[1] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

The 2-year and 10-year bond yields in the US continued to fall during the review period on expectations of another rate cut in December. The US economy recorded solid growth in the second quarter (Q2) of 2025, albeit with some indicators showing signs of softening. The Fed's latest Beige Book, published on 15 October, noted a challenging environment amid weakening demand and higher tariffs.

- Annualized US gross domestic product (GDP) growth in Q2 2025 was revised upward to 3.8% from a second estimate of 3.3%, reversing the 0.6% contraction in the first quarter. This brought GDP growth in the first half of 2025 up to 1.6%, which was still below the 2.2% expansion in the first half of 2024. In September, the Fed revised up its 2025 and 2026 GDP forecasts to 1.6% and 1.8%, respectively, from June forecasts of 1.4% and 1.6%. These estimates reflect moderation from 2024 GDP growth of 2.8%. The federal government shutdown, which started on 1 October over congressional disagreement on spending, could weaken growth if government expenditures remain curtailed.
- The government shutdown led to the delayed release of some key economic indicators, adding to the uncertainty. For example, September nonfarm payroll data, which was expected to be released in October, was released on 20 November.[2] The data showed an additional 119,000 jobs in September, following a decline of 4,000 in August, while the unemployment rate rose to 4.4% from 4.3% over the same period. The Fed's September unemployment rate forecast for 2025 was unchanged from its June forecast at 4.5%.
- S&P Global's Manufacturing Purchasing Managers Index (PMI) posted a reading of 52.0 in September and 52.5 in October, down from 53.0 in August. US consumer sentiment, as reflected in the University of Michigan's Survey of Consumers, also fell to 55.1 in September and 53.6 in October from 58.2 in August.
- Inflation remained persistently above the Fed's 2.0% target during the review period, partly driven by tariff-related price pressures. September consumer price inflation rose to 3.0% year-on-year (y-o-y) from 2.9% y-o-y in August and 2.7% y-o-y in July. Core consumer price inflation fell slightly to 3.0% y-o-y in September from 3.1% y-o-y in both August and July. The Fed's September 2025 Personal Consumption Expenditures inflation forecast was left unchanged from its June estimate at 3.0%, while the 2026 forecast was revised upward to 2.6% from 2.4%. Similarly, the core Personal Consumption Expenditures inflation projection for 2025 was maintained at 3.1% for 2025, with an upward revision for 2026 to 2.6% from 2.4%.

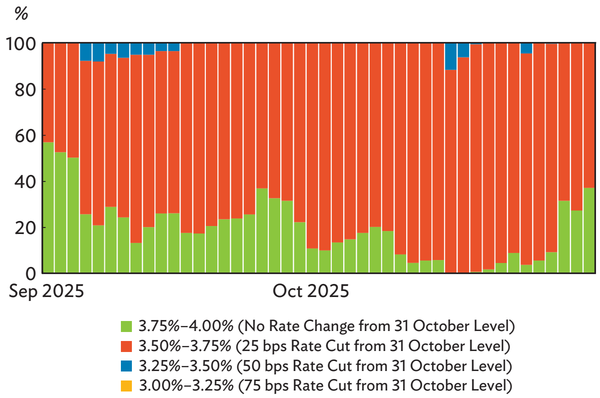
The Fed reduced the federal funds target rate range by 25 basis points (bps) to 4.00%–4.25% at its 16–17 September Federal Open Market Committee (FOMC) meeting. During its press conference, the Fed described the move as a "risk management cut" amid a mixed economic outlook, weakening labor markets, and elevated inflation. The updated federal funds target rate forecast (or "dot plot") reflected the increasingly divided opinions among Fed officials regarding additional rate cuts before the end of 2025. Fed officials noted that the balance of risks had shifted, with downside risks to employment rising as inflation risks continued to persist, resulting in mixed views on further rate cuts.[3] The Fed again cut the target rate by 25 bps as widely expected at the FOMC meeting on 28–29 October and also announced a halt to its balance sheet reduction program starting 1 December. However, divisions among Fed officials were evident in the voting, with one member voting for a 50 bps rate cut while another voted for no change in the policy rate. At a press conference on 29 October, Chair Jerome Powell stated that a December rate cut was not a "foregone conclusion."

The market still expected another rate cut in December, albeit with varying probabilities given the uncertainty (**Figure A**). After the September FOMC meeting, markets had largely expected two more rate cuts by the end of the year, with the likelihood at 78.6% on 19 September per CME FedWatch. The probability of two rate cuts by year's end fell to 60.5% on 25 September after an upward GDP growth revision for Q2 2025. This probability rose to 89.2% on 1 October after the release of Automated Data Processing, Inc.'s jobs report, which showed a decline of 32,000 jobs in September following a much smaller decline of 3,000 in August. Market participants

[2] The US Bureau of Labor and Statistics will not release October data as it was not able to gather all the data needed for payroll additions and the Consumer Price Index.

[3] Some Fed officials called for more caution, including Federal Reserve Bank of Chicago President Austan Goolsbee, Federal Reserve Bank of Dallas President Lorie Logan, Federal Reserve Bank of Kansas President Jeffrey Schmid, and Federal Reserve Governor Michael Barr. Some kept a wait-and-see approach such as Federal Reserve Bank of Minneapolis President Neel Kashkari. There were also some Fed officials advocating for further rate cuts, including Federal Reserve Bank of New York President John Williams, Federal Reserve Bank of St. Louis President Alberto Musalem, Federal Reserve Governor Christopher Waller, Federal Reserve Bank of Philadelphia President Anna Paulson, and Federal Reserve Bank of Boston President Susan Collins.

Figure A: Daily Probability of Year-End Federal Reserve Target Rate Range



bps = basis points.
Note: Data are as of 31 October 2025.
Source: CME FedWatch Tool.

relied on this report as an alternative data source given the delayed release of official jobs data amid the government shutdown. On 14 October, Fed Chair Jerome Powell reiterated that there are downside risks to labor markets, leading to the probability of two rate cuts before the end of the year to rise to 94.4% on the same day. The probability of two rate cuts stayed at around 90% until Fed Chair Jerome Powell pushed back against the certainty of another rate cut in December during the 29–30 October FOMC meeting. After the meeting, on 31 October, the probability of a December rate cut fell to 63.0% from 90.4% on 28 October, while the chance of no rate cut rose to 37.0%. Comments on 4 November from Fed Reserve Bank of San Francsico President Mary Daly that Fed officials should be open to a rate cut in December reduced this likelihood to 31.4%. Subsequent reporting from Automated Data Processing, Inc. released on 5 November showed that 42,000 jobs were gained in October, which raised the probability of no rate cut to 38.0%.

During the review period, the 2-year bond yield in the euro area rose marginally as the European Central Bank (ECB) remained in a wait-and-see stance regarding the impact of tariff-related uncertainty. Meanwhile, the 10-year bond yield fell on increased demand for European bonds driven by investor concerns over the US government shutdown.

- The euro area's economy remained resilient with healthy GDP growth and inflation hovering just above the ECB's target. GDP growth in the euro area slowed slightly to 1.4% y-o-y in the third quarter (Q3) of 2025 from 1.5% y-o-y in Q2 2025, but still exceeded the market forecast of 1.2% y-o-y. The HCOB Manufacturing PMI fell slightly from 50.7 in August to 49.8 in September and 50.0 in October. After holding steady at 2.0% y-o-y each month from June through August, inflation in the euro area inched up to 2.2% y-o-y and 2.1% y-o-y in September and October, respectively. The unemployment rate was unchanged at 6.3% in August, September, and October. In September, the ECB revised its 2025 GDP forecast upward to 1.2% from 0.9% in June, while lowering its 2026 GDP forecast to 1.0% from 1.1% in June. The ECB revised upward its inflation target for 2025 and 2026 to 2.1% and 1.7%, respectively, from June estimates of 2.0% and 1.6%.
- The ECB adopted a wait-and-see stance amid ongoing uncertainty over the impacts of trade tensions. At its September meeting, the ECB kept policy rates unchanged, noting that the euro area's economy continues to evolve as expected, with inflation staying around the target level, economic growth remaining resilient, and risks becoming more balanced. The ECB, however, noted that the inflation outlook remained uncertain over the volatile global trade policy environment. The ECB minutes released on 9 October and officials' statements confirmed the wait-and-see stance.[4] As expected, the ECB left its policy rates unchanged at its 30 October meeting, highlighting the uncertain outlook and global trade and geopolitical risks.

The 2-year and 10-year yields in Japan rose partly on expectations that the Bank of Japan (BOJ) would raise rates before the end of 2025, despite some weakening in the economy, to curb inflation.

- Japan's economic growth outlook remained modest, clouded by persistent inflation and a challenging external environment. The S&P Global's Japan Manufacturing PMI fell to 48.2 in October and 48.5 in September from 49.7 in August. Unemployment in September was unchanged from the prior month

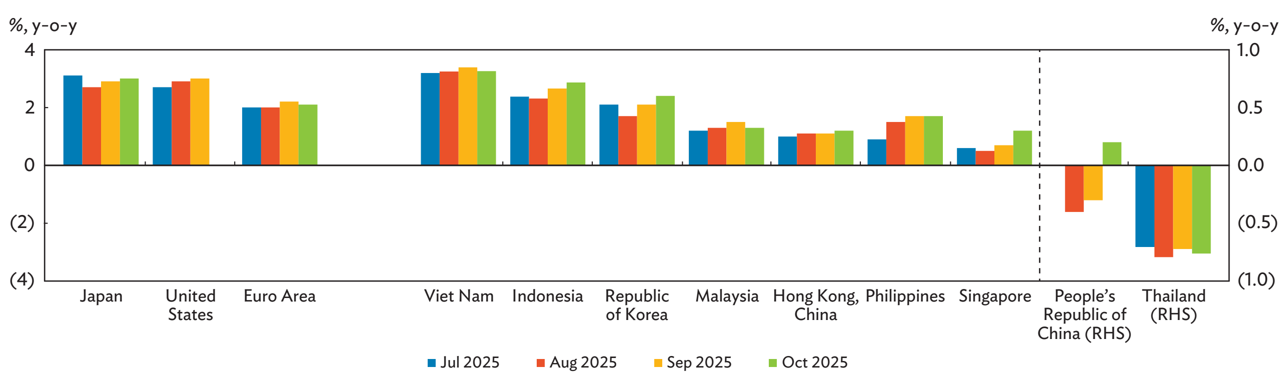
[4] Several ECB officials agreed that the ECB is in a good place, including ECB Vice President Luis de Guindos, Bank of Latvia Governor Martins Kazaks, National Bank of Belgium Governor Pierre Wunsch, Deutsche Bundesbank President Joachim Nagel, Bank of Spain Governor Jose Luis Escriva, Croatian National Bank Governor Boris Vujcic, and Central Bank of Ireland Governor Gabriel Makhlouf. On 3 October, ECB President Christine Lagarde stated that the ECB does not expect significant movements in inflation.

at 2.6%. Meanwhile, industrial production increased 3.8% y-o-y in September, following a contraction of 1.6% y-o-y in August, and retail sales also recorded a 0.5% y-o-y increase in September after a decline of 0.9% y-o-y in August. Inflationary pressure persisted during the review period. Consumer price inflation rose to 3.0% y-o-y in October and 2.9% y-o-y in September from 2.7% y-o-y in August. Producer price inflation inched up to 2.7% y-o-y in October and 2.8% y-o-y in September, compared with 2.6% y-o-y in August. In October, the BOJ raised its 2025 GDP forecast to 0.7% from a 0.6% forecast made in July. The central bank left the 2026 GDP forecast unchanged at 0.7%. While the BOJ's 2025 and 2026 consumer price inflation forecasts were maintained at 2.7% and 1.8%, respectively, the 2026 core inflation forecast was raised to 2.0% from 1.9% in July, and the 2025 forecast was kept at 2.8%.

- The BOJ proceeded with monetary policy normalization amid persistent inflationary pressure and global uncertainty. The BOJ held the policy rate unchanged at its September meeting, noting a rise in inflationary expectations, economic recovery in the medium term, and global uncertainty (especially in trade). At this meeting, two members voted for an interest rate hike. The BOJ's September meeting summary, released on 30 September, revealed a hawkish stance. Officials noted that if the economy continued to evolve as expected, it would be appropriate to continue with policy rate hikes, although global uncertainties made it necessary to maintain the current policy rate.[5] At its October meeting, the BOJ again left its policy rate unchanged. During the press conference, BOJ Governor Kazuo Ueda said that while trade policy uncertainty has slightly eased it yet remains, and they would therefore like more time to further assess its impact on the Japanese economy. In addition, the BOJ announced a plan to reduce its holdings of exchange-traded funds by JPY620 billion per year and of Japanese real estate investment trusts by JPY5.5 billion per year.[6] The announcement was not expected by the market and affirmed the central bank's move toward policy normalization. The amount of assets to be sold per year is relatively small so as not to disrupt market liquidity. Estimates show that it would take over 100 years to completely unload the BOJ's holdings at the proposed rate of reduction.[7]

Bond yields rose in most emerging East Asian economies during the review period amid strengthened GDP growth and a wait-and-see monetary policy stance by most regional central banks. While inflation in most regional markets remained within central bank targets, some markets such as Hong Kong, China; Indonesia; the Republic of Korea; and Singapore witnessed a rise in inflation during the review period (**Figure B**).

Figure B: Inflation in Major Advanced Economies and Select Emerging East Asian Markets



( ) = negative, RHS = right-hand side, y-o-y = year-on-year.
Note: For the People's Republic of China, inflation was at 0.0% year-on-year in July 2025.
Sources: Various local sources.

5 On 17 October, BOJ Governor Kazuo Ueda indicated that the central bank could continue to normalize monetary policy if confidence in the economic outlook increased. On 20 October, BOJ board member Hajime Takata noted that it was an opportune time to raise policy rates.

6 Amounts are based on market values.

7 K. Nishio, E. Eguchi, and C. Inagaki. 2025. BOJ's ETF Exit: A Century of Uncertainty Looms for Japan. *The Asahi Shimbun*. 20 September.

- Bond yields in Indonesia and the Philippines declined following continued rate cuts by Bank Indonesia and the Bangko Sentral ng Pilipinas (BSP) during the review period (**Table B**). Bank Indonesia reduced policy rates at its September meeting, the fifth time this year, citing the need to strengthen economic growth as domestic demand softened. The BSP unexpectedly lowered its policy rate by 25 bps for the fourth time this year on 9 October, noting the weakened domestic economic outlook due to a decline in business confidence amid corruption scandals involving public infrastructure spending. BSP Governor Eli Remolona Jr. disclosed on 9 October that there was room to cut rates further, viewing the "sweet spot" to be at 4.00%–5.00%. Other central banks left monetary policy unchanged during the review period.
- Bond yields rose in Malaysia and the Republic of Korea following an uptick in inflation in September while their respective central banks kept policy rates unchanged. Bank Negara Malaysia held the policy rate steady at its 4 September and 6 November meetings, citing that economic growth and inflation were both on track. The Bank of Korea left the policy rate unchanged at its 23 October meeting, citing uncertainty over the economic outlook and the need to assess the impact of recently passed property stabilization measures on housing markets and household debt. The 2-year and 10-year yields rose in Thailand during the review period after the monetary policy rate was unexpectedly kept unchanged on 8 October. Government stimulus policies to boost growth generated expectations of increased bond supply, which also pushed up yields. Bond yields rose in Viet Nam amid strong economic growth and a concerted government push to further accelerate economic expansion. In October, the Government of Viet Nam set an annual 10.0% growth target for 2026–2030, up from an 8.0% target for 2025. Prime Minister Pham Minh Chinh later met with various government officials to seek support for an 8.4% y-o-y growth target in the fourth quarter (up from 8.2% y-o-y in Q3 2025). This may increase the bond supply and accelerate credit expansion in the future.

Many regional economies posted stronger-than-expected GDP growth in Q3 2025 despite tariff-related pressures. Buoyed by strong domestic consumption, Viet Nam posted the region's highest GDP growth rate in Q3 2025 at 8.2% y-o-y, up from 8.0% y-o-y in Q2 2025 and the fastest pace since 2011 (**Table C**). Malaysia also posted

Table B: Changes in Monetary Stances in Major Advanced Economies and Select Emerging East Asian Markets

Economy	Policy Rate 1-Oct-2024 (%)	Rate Change (%) Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	May-2025	Jun-2025	Jul-2025	Aug-2025	Sep-2025	Oct-2025	Policy Rate 31-Oct-2025 (%)	Change in Policy Rates (basis points)
Euro Area	3.50	↓0.25		↓0.25		↓0.25	↓0.25	↓0.25		↓0.25					2.00	↓ 150
Japan	0.25				↑0.25										0.50	↑ 25
United Kingdom	5.00		↓0.25			↓0.25			↓0.25			↓0.25			4.00	↓ 100
United States	5.00		↓0.25	↓0.25									↓0.25	↓0.25	4.00	↓ 100
People's Republic of China	1.50								↓0.10						1.40	↓ 10
Indonesia	6.00				↓0.25				↓0.25		↓0.25	↓0.25	↓0.25		4.75	↓ 125
Republic of Korea	3.50	↓0.25	↓0.25			↓0.25			↓0.25						2.50	↓ 100
Malaysia	3.00										↓0.25				2.75	↓ 25
Philippines	6.25	↓0.25		↓0.25				↓0.25		↓0.25		↓0.25		↓0.25	4.75	↓ 150
Singapore	–				↓			↓							–	↓ –
Thailand	2.50	↓0.25				↓0.25		↓0.25				↓0.25			1.50	↓ 100
Viet Nam	4.50														4.50	◆ 0

– = no data.

Notes:
1. Data coverage is from 1 October 2024 to 31 October 2025.
2. For the People's Republic of China, the data used in the chart are for the 7-day reverse repurchase rate.
3. For the United States, the upper bound of the policy rate target range is reported on the table.
4. An arrow up (down) indicates a policy rate hike (cut). A diamond indicates no change in the policy rate.
5. For Singapore, the up (down) arrow signifies monetary policy tightening (loosening) by its central bank. The Monetary Authority of Singapore utilizes the Singapore dollar nominal effective exchange rate to guide its monetary policy.

Sources: Various central bank websites.

Table C: Gross Domestic Product Growth in Select Emerging East Asian Economies (y-o-y, %)

Economy	2025 Q1	2025 Q2	2025 Q3	Forecast for Q3 2025
PRC	5.40	5.20	4.80	4.60
HKG	3.00	3.10	3.80	2.40
INO	4.87	5.12	5.04	4.80
ROK	0.00	0.60	1.70	1.20
MAL	4.40	4.40	5.20	3.80
PHI	5.40	5.50	4.00	5.60
SIN	4.10	4.70	4.20	1.00
THA	3.20	2.80	1.20	1.30
VIE	6.93	7.96	8.23	6.20

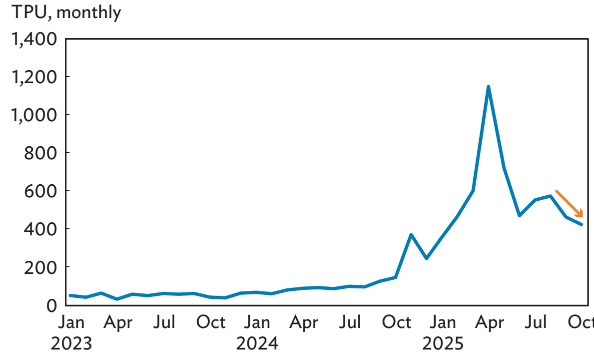
PRC = People's Republic of China; HKG = Hong Kong, China; INO = Indonesia; ROK = Republic of Korea; MAL = Malaysia; PHI = Philippines; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; SIN = Singapore; THA = Thailand; VIE = Viet Nam; y-o-y = year-on-year.

Notes:

1. Forecast for Q3 2025 are taken from Focus Economics Consensus Forecast published on 16 September 2025.
2. Q3 2025 data for the Republic of Korea is based on advanced estimates.

Sources: Various local sources.

Figure C: Trade Policy Uncertainty (monthly index)



Note: Data are as of October 2025.

Source: Trade Policy Uncertainty Index. https://www.matteoiacoviello.com/tpu.htm (accessed 10 November 2025); Caldara, D. et al. 2020. The Economic Effects of Trade Policy Uncertainty. *Journal of Monetary Economics*. 109: pp. 38–59.

strong growth in Q3 2025, with GDP rising 5.2% y-o-y after a gain of 4.4% y-o-y in the previous quarter, due to strong domestic demand buoyed by government stimulus measures. The Republic of Korea's GDP expanded 1.7% y-o-y in Q3 2025, up from 0.6% y-o-y growth in the previous quarter, driven by strong consumption and exports. Singapore's GDP growth moderated to 4.2% y-o-y in Q3 2025 from 4.7% y-o-y in the previous quarter, but still exceeded the market forecast of 1.0% y-o-y. Following the better-than-expected GDP growth in Q3 2025, the Ministry of Trade and Industry revised its full-year 2025 growth forecast from 1.5%–2.5% to around 4.0%. Dampened by weak demand, the PRC's economic growth moderated to 4.8% y-o-y in Q3 2025 from 5.2% y-o-y in Q2 2025, but remained higher than the market forecast. Both the Philippines and Thailand reported weaker-than-expected GDP growth in Q3 2025. In the Philippines, growth eased to 4.0% y-o-y from 5.5% y-o-y in the previous quarter. The expansion in Q3 2025 was well below the market estimate of 5.6% y-o-y due to a slowdown in domestic consumption and a contraction in government spending and investments. In Thailand, weakening in all sectors resulted in GDP growth slowing to 1.2% y-o-y in Q3 2025 from 2.8% y-o-y in Q2 2025, which was slightly lower than the market estimate of 1.3% y-o-y.

Regional financial markets rebounded toward the end of the review period as global trade uncertainties ebbed. The Trade Policy Uncertainty Index declined to 426 in October and 465 in September from 576 in August (**Figure C**). Trade tensions between the PRC and the US flared at the start of October over the PRC's announced export controls on rare earth metals. This was balanced by a slew of trade deals and agreements reached between the US and several regional economies ahead of and during President Donald Trump's attendance at the Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Council summits, leading to a reduction in trade policy uncertainty. On 26 October, the US released the bilateral memorandums it had signed with Cambodia, Malaysia, Thailand, and Viet Nam. On 29 October, the Republic of Korea and the US announced a trade and investment deal. On 30 October, the US announced that a trade agreement with the PRC had been reached, with the full details released on 1 November. Below is a summary of these trade agreements.

- **Cambodia.** The US will maintain a 19% tariff on Cambodian goods while continuing negotiations on a list of products for tax exemption. Cambodia will remove all tariffs on US food, agricultural, and industrial imports.
- **Malaysia.** The US will maintain a 19% tariff on Malaysian imports, excluding those products granted tariff exemption under the revised schedule. Malaysia is set to extend preferential market access to US agricultural, industrial, and fuel exports.
- **Thailand.** The US will keep a 19% tariff on Thai products while engaging in discussions on a list of products for tax exemption. Thailand is set to remove tariffs on 99% of US goods.

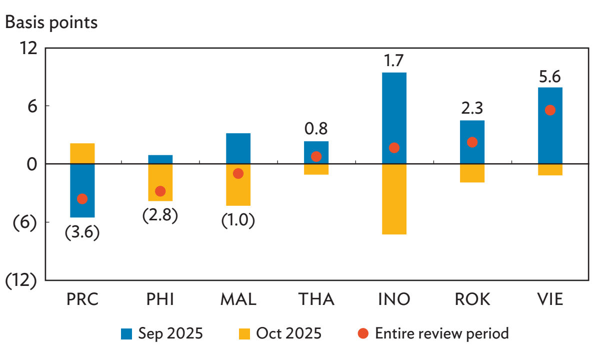
- **Viet Nam.** The US will keep a 20% tariff on imports from Viet Nam, while continuing negotiations on a list of products that will be granted tax exemption. Viet Nam is set to grant preferential market access for US agricultural and industrial exports.
- **PRC.** The US will postpone the imposition of some previously announced tariffs by 1 year, extending the existing trade pause that was set to expire in November. The US also agreed to lower the fentanyl tariff from 20% to 10% effective 10 November 2025. The PRC will suspend controls on rare earth exports, remove some retaliatory tariffs, and resume US soybean purchases.
- **Republic of Korea.** US tariffs will be maintained at 15% on imported goods, while tariffs on autos and auto parts will be lowered from 25% to 15%. The Republic of Korea agreed to establish a USD350 billion investment fund that includes cash payments in installments capped at USD20 billion per year and USD150 billion worth of investment in US shipbuilding.

Credit default swap (CDS) spreads narrowed in the region during the review period as investment sentiment improved after the US signed trade deals in October with the PRC, the Republic of Korea, and several ASEAN economies. Between 1 September and 31 October, the region's GDP-weighted average CDS spread narrowed by 2.5 bps. (**Figure D**). Most of the region saw a decline in the CDS spread, while in some cases economy-specific factors pushed up risk premiums.

The largest widening was observed in Viet Nam due to concerns that the government's growth target may lead to rapid credit expansion, risking financial stability. In the Republic of Korea, the CDS spread rose by 2.3 bps during the review period as concerns mounted over growing household debt. Indonesia saw its CDS spread widen in September amid both political unrest and fiscal deficit concerns following the replacement of the finance minister.

Regional equity markets posted gains during the review period on expectations of additional Fed rate cuts. Recent trade agreements between the US and regional economies further contributed to equity gains. Between 1 September and 31 October, the region's equity markets posted a return of 4.9% (simple-average) and 4.7% (market-weighted average) (**Figure E**). Equity market movements were also shaped by market-specific factors. For example, the continued boom in the AI sector fueled gains in several regional equity markets, most notably in the Republic of Korea (30.7%). The Philippines and Viet Nam were the only two markets that recorded losses during the review period. In the Philippines, the pullback was largely due to the recent investigation of corruption in public infrastructure projects. Finance Secretary Ralph Recto said the scandal has delayed the Philippines' credit rating upgrade from S&P Global. In Viet Nam, the market declined over concerns that meeting the government's economic growth targets could pose risks to financial stability.

Figure D: Changes in Credit Default Swap Spreads in Select Emerging East Asian Markets (senior 5-year)

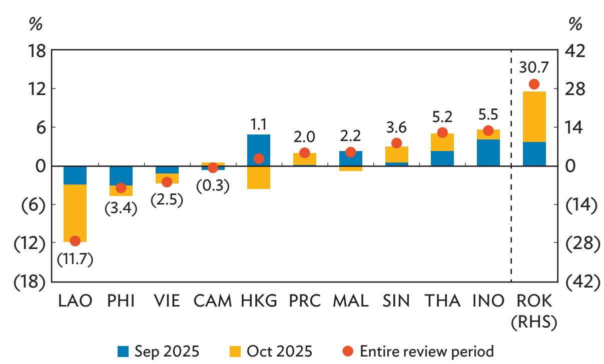


( ) = negative; PRC = People's Republic of China; INO = Indonesia; ROK = Republic of Korea; MAL = Malaysia; PHI = Philippines; THA = Thailand; VIE = Viet Nam.

Note: The numbers above (below) each bar refer to the change in spreads between 1 September 2025 and 31 October 2025.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure E: Changes in Equity Indexes in Select Emerging East Asian Markets



( ) = negative; CAM = Cambodia; PRC = People's Republic of China; HKG = Hong Kong, China; INO = Indonesia; ROK = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; PHI = Philippines; RHS = right-hand side; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Note: The numbers above (below) each bar refer to the percentage change between 1 September 2025 and 31 October 2025.

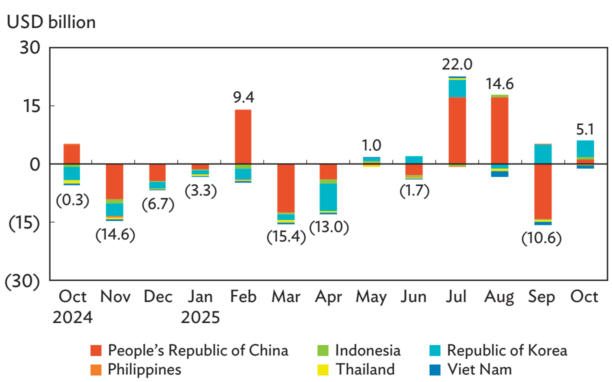
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Market-specific factors also shaped capital flows in regional equity markets during the review period, which saw net foreign equity inflows of USD7.5 billion (excluding the PRC). The PRC experienced net outflows of USD13.0 billion during the review period, with USD14.2 billion of outflows in September following the release of weak economic data (**Figure F**). Net equity inflows of USD1.1 billion were recorded in the PRC in October as trade tensions with the US eased toward the end of the month. The Republic of Korea recorded net equity inflows (USD9.3 billion) during the review period on positive investor sentiment in the semiconductors industry and continued AI investments. ASEAN markets recorded net outflows of USD1.79 billion, due almost entirely to outflows of USD1.78 billion from Viet Nam over heightened concerns that the government's growth push would negatively affect debt levels.

Regional bond markets recorded net portfolio inflows of USD1.1 billion during the review period amid improved sentiment over easing trade tensions and market-specific factors. In September, regional bond markets saw net portfolio outflows of USD4.6 billion on a combination of individual market conditions and a less-dovish-than-expected monetary stance from the Fed, which described its September rate cut as a "risk management cut." The planned weight rebalancing in JP Morgan's EM Global Diversified Index contributed to the September outflows in the bond markets of the PRC (USD0.8 billion), Malaysia (USD1.5 billion), and Indonesia (USD2.8 billion) (**Figure G**). The bond sell-off in Indonesia, which was the largest in the region, exacerbated by negative sentiment surrounding anti-government protests and fiscal concerns triggered by a widening deficit and the replacement of the finance minister in September.[8] Meanwhile, the Republic of Korea posted net inflows of USD0.6 billion in September on expectations of its inclusion in the FTSE Russell World Government Bond Index starting in April 2026.

In October, net inflows of USD5.7 billion were recorded in emerging East Asian bond markets amid progress on trade deals with the US in some regional markets. The PRC recorded inflows of USD5.4 billion in October following the extension of its trade truce with the US and the expansion of access for foreign institutional investors to the interbank repo market. Thailand and Malaysia recorded bond inflows of USD1.4 billion and USD0.8 billion, respectively, following announcement of their trade agreements with the US. On the other hand, Indonesia posted outflows of USD1.8 billion in October

Figure F: Foreign Capital Flows in Select Emerging East Asian Equity Markets

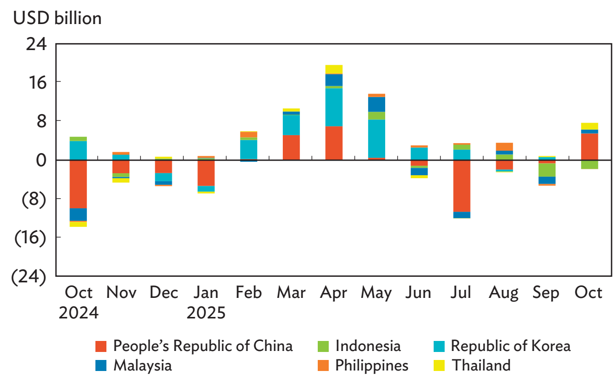


( ) = negative, USD = United States dollar.

Notes:
1. Data coverage is from 1 October 2024 to 31 October 2025.
2. The numbers above (below) each bar refer to net inflows (net outflows) for each month.
3. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Source: Institute of International Finance.

Figure G: Foreign Capital Flows in Select Emerging East Asian Local Currency Bond Markets



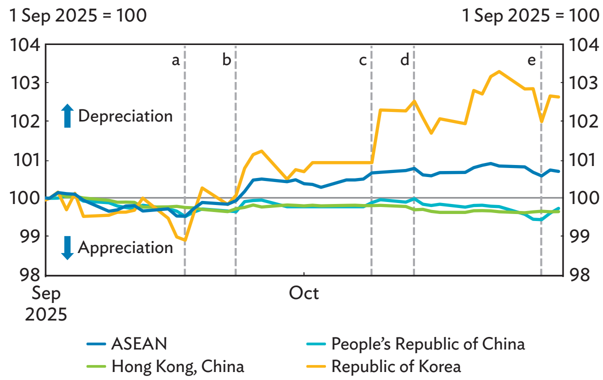
( ) = negative, USD = United States dollar.

Notes:
1. The Republic of Korea and Thailand provided data on bond flows. For the People's Republic of China, Indonesia, Malaysia, and the Philippines, month-on-month changes in foreign holdings of local currency government bonds were used as a proxy for bond flows.
2. Data are as of 31 October 2025.
3. Figures were computed based on 31 October 2025 exchange rates and do not include currency effects.

Sources: People's Republic of China (Bloomberg LP); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Financial Supervisory Service); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury); and Thailand (Thai Bond Market Association).

[8] G. Dogra. 2025. Asian Bond Outflows in September Hit 3-1/2-Year High on Slowdown Concerns. *Reuters*. 21 October.

Figure H: Currency Exchange Rates Against the United States Dollar in Select Emerging East Asian Markets



ASEAN = Association of Southeast Asian Nations, US = United States.

Notes:

1. Corresponding dates of the following events:
   - a Fed Chair Jerome Powell described the September rate cut as a "risk management cut."
   - b Fed Chair Jerome Powell employs a cautious tone over aggressive easing.
   - c Some Fed officials urge caution on cutting rates amid risks to the labor market.
   - d Fed Chair Jerome Powell signals another rate cut amid weak hiring data.
   - e Fed Chair Jerome Powell expressed uncertainty about further easing at the next meeting.
2. ASEAN comprises the markets of Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
3. Data are as of 31 October 2025.
4. An increase (decrease) in the value indicates depreciation (appreciation) of the currency against the US dollar.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

on continued concerns over public financing and the independence of Bank Indonesia.[9]

Regional currencies slightly weakened against the US dollar by 0.7% (simple average) and 0.1% (GDP-weighted average) during the review period amid uncertainty in the Fed's future monetary stance. As shown in **Figure H**, regional currencies mostly weakened in September on the Fed chair's less-dovish-than-expected comments on monetary policy. Among regional currencies, the Philippine peso declined the most (2.8%) amid a corruption scandal in public infrastructure projects, continued monetary easing, and expectations of further rate cuts. The Korean won weakened by 2.6% during the review period amid uncertainty over sources of funding for the Republic of Korea's USD350 billion investment commitment under its trade deal with the US.[10]

The risk outlook for regional financial conditions appears broadly balanced.

- The easing of global trade tensions and continued monetary easing in the US are supporting the regional financial outlook. The trade deals reached by the PRC and several regional economies with the US in late October reduced near-term economic uncertainty, bolstered investor confidence, and lowered the likelihood of renewed escalation that could disrupt supply chains and/or dampen manufacturing activity. These trade deals with the US strengthened regional trade prospects and investment flows, potentially also supporting credit growth. Nevertheless, any implementation delays or setbacks could undermine investor sentiment and reintroduce uncertainty into regional markets.
- Monetary easing by the Fed is providing a favorable backdrop for Asian markets. The Fed reduced its policy rate twice in 2025 and will halt its balance sheet reduction program starting 1 December. These actions are giving regional central banks greater flexibility to maintain accommodative monetary stances, thereby supporting domestic growth while inflation remains within target levels. However, uncertainty over the Fed's future policy path remains, and possible tariff-related inflation and persistent price pressures could delay further easing in 2026.
- The PRC's property market has shown signs of stabilization but remains fragile, with persistent weakness in prices, investment, and household demand despite recent policy easing. New home prices across 70 cities in the PRC fell 2.2% y-o-y in September 2025, marking the 27th consecutive month of declining prices, albeit at a slower pace than August's 2.5% y-o-y decline and the smallest dip since March 2024. Policy support measures—such as the easing of mortgage interest rates, lower minimum down-payment requirements for home purchases (e.g., reduction of first-home down payments to about 15%), and city-specific policies on property transaction restrictions—helped cushion the downturn. Despite policy easing, new and existing home prices continued to fall, declining 0.4% month-on-month and 0.6% month-on-month, respectively, in September, alongside declining residential property sales (–7.6% year-to-date) and property investment (–13.9%). A prolonged weakness in the property market could

9 P. Wirayani. 2025. Indonesian Bonds Hit by Foreign Fund Outflows on Policy Woes. Bloomberg LP. 4 November.

10 *The Straits Times*. 2025. How Trump is Extracting US$900 billion from Japan and South Korea. 29 October.

dampen sentiment, reduce domestic demand, and heighten financial stress among developers and related sectors. Such pressures could weaken investor confidence, increase risk premiums, and reduce bank credit availability, with potential spillovers to banking systems and capital markets across the region.

- Moreover, persistent geopolitical tensions pose a downside risk to the outlook for regional financial conditions by dampening investor sentiment and risk-taking activities. **Box 1** highlights how episodes of amplified geopolitical risks pose challenges to financial markets and exacerbate capital flow volatility.

Box 1: How Does Geopolitical Risk Affect Capital Flow Volatility and Global Asset Markets?

Geopolitical risk has emerged as a major factor affecting global financial markets and economic prospects. Episodes of amplified geopolitical tensions can raise global risk aversion, with spillovers to asset prices and capital flows. Recent work in this growing literature has highlighted investor sentiment (Banerjee et al. 2024) and market liquidity (Abdel-Latif and El-Gamal 2020) as key channels through which geopolitical risk impacts financial markets, with emerging markets particularly affected (Das et al. 2019).

While the literature has tended to focus on the macroeconomic consequences of geopolitical risk, less examined are the spillover effects on capital flow volatility and asset markets. Against this backdrop, Beirne and Renzhi (2025) employ a set of panel analyses and a panel structural vector autoregression model to estimate the impacts of geopolitical risk on capital flow volatility and asset markets in 29 advanced and emerging economies from 2000 to 2023. To explore whether the heterogeneity in economy-specific characteristics across the sample could affect domestic financial market responses to the impact of geopolitical risk, the panel regressions are conditioned on various structural and macroeconomic characteristics—such as financial development, central bank independence, public debt levels, and regional differences.

To measure economy-specific geopolitical risk, a monthly economy-specific Geopolitical Risk (GPR) Index is used (Caldara and Iacoviello 2022), which offer two advantages. First, the GPR Index provides monthly data dating back to 1985. Second, unlike many other uncertainty proxies, the index does not consistently rise during recessions or financial crises but spikes in response to events like wars or terrorist attacks. This makes the GPR Index particularly useful for isolating the effects of geopolitical risk from other forms of uncertainty, thereby addressing endogeneity concerns. The main results for the impacts of geopolitical risk on capital flow volatility and asset markets are shown in **Table B1**.

Table B1: Impacts of Geopolitical Risk on Capital Flow Volatility and Asset Markets

Panel Cohort	Capital Flow Volatility	Equity Prices	Bond Yields	Exchange Rates
Baseline (full sample)	0.87**	−0.04***	0.13***	0.01
Emerging economies	3.14*	−0.02***	0.09**	−0.01***
Advanced economies	4.47***	−0.03***	0.04*	−0.01*
High financial development	1.09**	−0.02***	0.08***	0.01***
Low financial development	0.21*	−0.25***	1.26***	−0.13***
High central bank independence	1.06	0.01	−0.07	−0.01**
Low central bank independence	3.60**	−0.16***	−0.14**	−0.16***
High public debt	10.03***	−0.09***	0.18***	−0.01***
Low public debt	0.22***	−0.03***	0.09	0.01

Notes: Panel ordinary least squares is used to regress capital flow volatility on geopolitical risk, domestic asset market prices, macroeconomic fundamentals, and global factors. Specifications reported also include economy-fixed effects. The selected economies include Belgium, Brazil, Canada, Chile, the People's Republic of China, Colombia, Germany, Denmark, Spain, Finland, France, Hungary, Indonesia, India, Italy, Japan, the Republic of Korea, Mexico, Malaysia, Netherlands, the Philippines, Poland, Portugal, Sweden, Thailand, Türkiye, Ukraine, the United States, and South Africa. Standard errors in parentheses. *** p<0.01, ** p<0.05, and * p<0.1.

Source: Beirne and Renzhi (2025).

This box was written by John Beirne (principal economist) at the Asian Development Bank in Manila, Philippines and Nuobu Renzhi (assistant professor and assistant dean) at the School of Economics of Capital University of Economics and Business in Beijing, People's Republic of China. It is based on the findings of J. Beirne and N. Renzhi. 2025. Geopolitical Risk, Capital Flow Volatility and Asset Market Spillovers. *ADB Economics Working Paper Series*. No. 820. Asian Development Bank.

continued on next page

Box 1 *continued*

Overall, geopolitical risk is associated with higher capital flow volatility, falling equity prices, and rising bond yields. In emerging economies, geopolitical risk has stronger impacts on bond yields and currency depreciation compared to advanced economies. For capital flow volatility, the average impact is slightly higher in advanced economies.

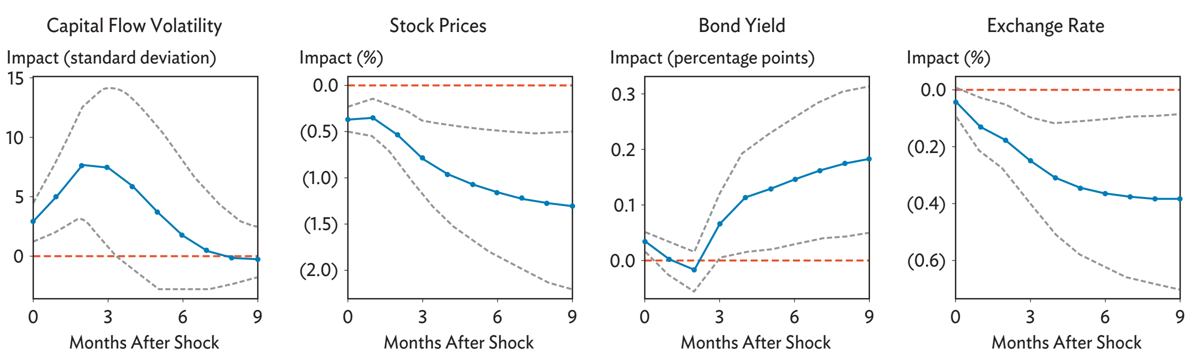
Empirical findings from the heterogeneity analysis further demonstrate that economy-specific characteristics—such as financial development, central bank independence, and public debt levels—play critical roles in moderating the effects of geopolitical risk. Specifically, economies with stronger financial systems and greater central bank independence are better equipped to buffer against the adverse impacts of geopolitical risk, experiencing less severe disruptions in financial markets. Conversely, economies with higher public debt and/or lower levels of financial development face exacerbated vulnerabilities, which can lead to sharper declines in stock prices and exchange rates, as well as increased capital flow volatility.

The dynamic effects of geopolitical risk were also examined, using a panel structural vector autoregression model. This approach allows both the duration and dynamics of the effects to be identified. The findings, illustrated in **Figure B1**, align with the first-stage results. Heightened geopolitical risk significantly increases capital flow volatility and long-term bond yields, while lowering stock prices. Currencies, meanwhile, depreciate relative to trading partners' in response to a positive geopolitical risk shock.

Figure B1 shows that a 1 standard deviation rise in geopolitical risk leads to increased capital flow volatility of around 7 standard deviations after 2 months, with the response no longer significant after 3 months. Bond yields gain around 0.1 percentage points at 3 months after the shock, rising gradually over the horizon until reaching 0.2 percentage points at 9 months after the shock. Significant negative responses are also found for stock prices, falling in the range of around 1.0%–1.5% as a result of a 1 standard deviation positive geopolitical risk shock, with the maximum impact occurring 6–9 months after the shock. Meanwhile, currencies depreciate by around 0.4% on average during this 9-month window.

The findings yield several key policy implications. While geopolitical risk poses significant challenges for financial markets and capital flow volatility, the ability to manage such risk is strongly influenced by the strength of an economy's financial and macroeconomic fundamentals, as well as its institutional structure. Strengthening financial development and promoting greater central bank independence can help to mitigate the effects of geopolitical risk on financial markets, while lower public debt burdens can also reduce its negative impacts. Policymakers should strengthen coordination between monetary and macroprudential policies, which can bolster the response of both monetary and financial authorities in stabilizing markets during episodes of elevated geopolitical risk.

Figure B1: Responses of Capital Flow Volatility and Asset Markets to a Geopolitical Risk Shock



( ) = negative.

Notes: The figure plots the impulse responses of capital flow volatility and financial market variables to a positive geopolitical risk shock. The grey dashed lines represent 95% confidence intervals generated by 500 Monte Carlo repetitions.

Source: Beirne and Renzhi (2025).

continued on next page

Box 1 *continued*

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Bond Market Developments in the Third Quarter of 2025

Section 1. Local Currency Bonds Outstanding

Emerging East Asian local currency (LCY) bonds outstanding expanded at an accelerated pace to reach USD29.5 trillion at the end of September, buoyed by increased issuance in the third quarter (Q3) of 2025.[11]

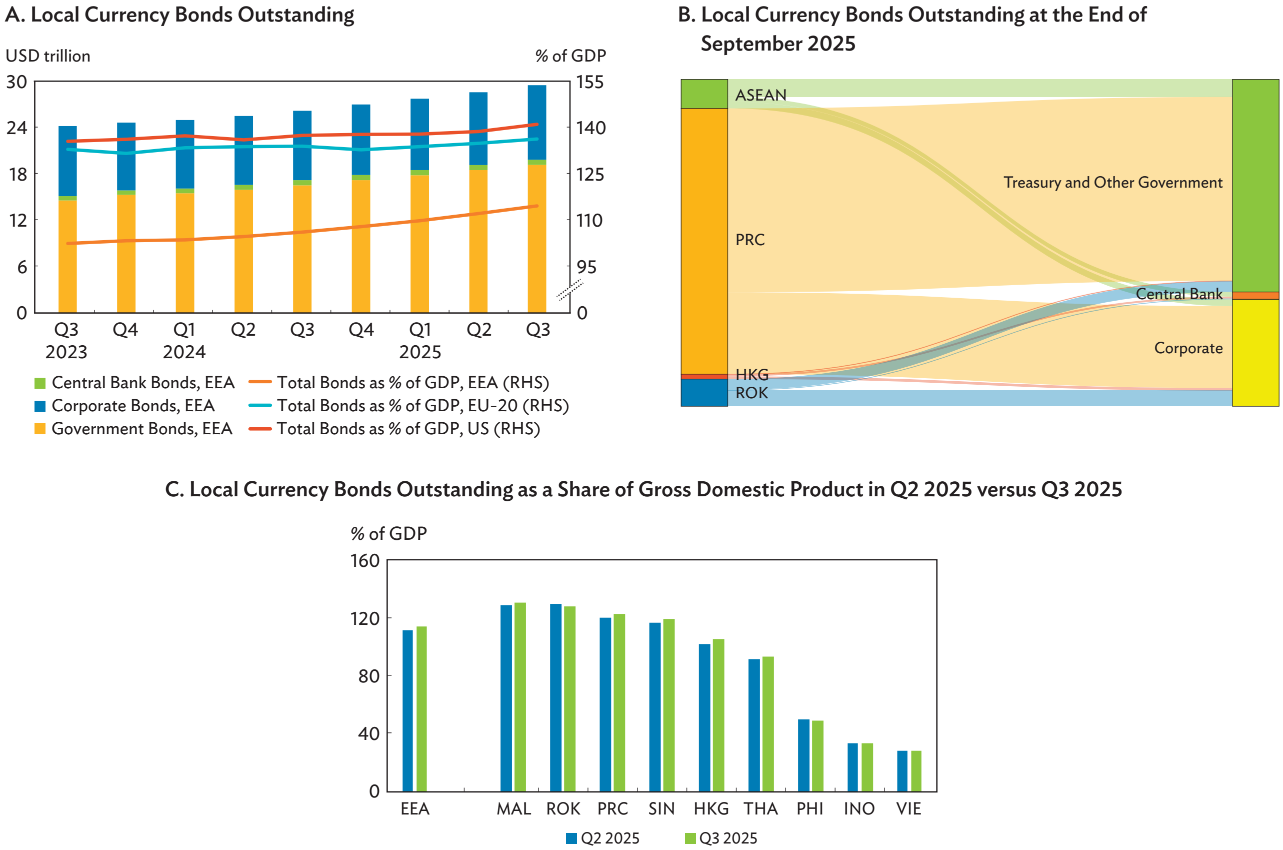
- LCY bonds outstanding in emerging East Asia rose 3.2% quarter-on-quarter (q-o-q) in Q3 2025, up from 3.0% q-o-q in the second quarter (Q2), bolstered by a steady gain in the government bond segment and accelerated expansion in the corporate bond segment (**Figure 1A**).
- The expansion of government bonds outstanding was unchanged from the previous quarter at 3.7% q-o-q, while corporate bonds outstanding gained 2.5% q-o-q in Q3 2025—faster than the 2.1% q-o-q rise in the previous quarter—supported by increased issuance in most Association of Southeast Asian Nations (ASEAN) member economies amid continued monetary easing. This lifted ASEAN's overall LCY bond market expansion to 2.1% q-o-q in Q3 2025 from 0.9% q-o-q in the prior quarter.
- At the end of Q3 2025, Treasury and other government bonds outstanding (USD19.2 trillion) accounted for 65.0% of emerging East Asia's total LCY bonds outstanding, while corporate bonds (USD9.7 trillion) and central bank bonds (USD0.7 trillion) comprised 32.7% and 2.3%, respectively.
- The PRC's LCY bonds outstanding represented 81.3% of the emerging East Asian total, followed by ASEAN markets with an aggregate 8.9%. LCY bond markets in the Republic of Korea and Hong Kong, China accounted for the remaining 8.3% and 1.5%, respectively (**Figure 1B**).
- Emerging East Asian LCY bonds outstanding at the end of September were equivalent to 114.6% of the region's gross domestic product (GDP), which was smaller than the relative size of bond markets in the European Union 20 (EU-20) (136.4% of GDP) and the United States (US) (141.1% of GDP). At the end of Q3 2025, Malaysia and the Republic of Korea had the region's largest bond markets in terms of LCY bonds outstanding as a share of GDP (**Figure 1C**).

The PRC was the main driver of the emerging East Asian bond market's expansion in Q3 2025, with ASEAN economies increasing their contribution during the quarter (Figure 2A). The PRC's market expanded 3.4% q-o-q (USD788.4 billion) to reach USD24.0 trillion at the end of Q3 2025, accounting for 85.9% of the increase in the region's LCY bonds outstanding. The expansion of the PRC's market was largely driven by government bond issuance from policy banks and local governments to strengthen the economy. Higher corporate debt sales also fueled the bond market's expansion as financial firms raised capital to support the government's new industrialization drive. The aggregate bond stock of members of ASEAN totaled USD2.6 trillion at the end of Q3 2025 on a gain of 2.1% q-o-q (USD54.4 billion), contributing 5.9% of the regional bond market's quarterly expansion versus 2.9% in Q2 2025. Meanwhile, the Republic of Korea's LCY bond stock rose 2.3% q-o-q to reach USD2.5 trillion at the end of September, accounting for 6.0% of the regional LCY bond market's quarterly expansion.

Long-term issuances lengthened the average tenor of Treasury bonds outstanding in Q3 2025. Around 54.2% of outstanding Treasury bonds in emerging East Asia at the end of September carried tenors of more than 5 years, up from 53.8% at the end of June. This was partly driven by increased bond issuances with maturities of 20 years or longer in the PRC, Indonesia, the Philippines, and Viet Nam during the quarter. The average tenor of outstanding Treasury bonds in the region lengthened to 9.1 years in Q3 2025 from 8.7 years in Q2 2025, exceeding the corresponding average in both

[11] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Figure 1: Local Currency Bonds Outstanding in Emerging East Asian Markets



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; EEA = emerging East Asia; EU-20 = European Union 20; GDP = gross domestic product; HKG = Hong Kong, China; INO = Indonesia; ROK = Republic of Korea; MAL = Malaysia; PHI = Philippines; RHS = right-hand side; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; SIN = Singapore; THA = Thailand; US = United States; USD = United States dollar; VIE = Viet Nam.

Notes:
1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. The EU-20 includes the member markets of Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
3. GDP data for Q3 2025 are carried over from Q2 2025 for the EU-20, the Republic of Korea, and the US.

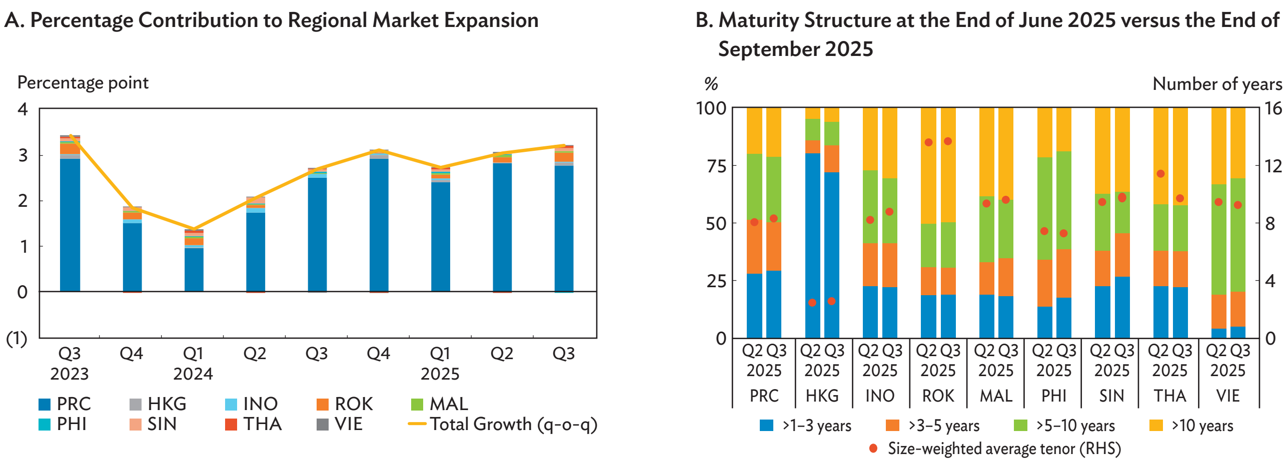
Source: *AsianBondsOnline* calculations based on various local market sources.

the US (7.4 years) and the EU-20 (8.2 years). The Republic of Korea had the region's longest size-weighted average tenor (13.6 years) at the end of September. Meanwhile, Treasuries outstanding in ASEAN markets recorded a size-weighted average tenor of 9.4 years—led by Thailand (9.7 years) and Singapore (9.7 years) (**Figure 2B**).

At the end of September, banking institutions, insurance companies, and pension funds had increased their LCY bond holdings from a year earlier, while central banks had reduced their share of holdings. Banking institutions were the largest investor group in the region's Treasury bond market at the end of September, holding 36.6% of total Treasuries outstanding, up from 35.2% a year earlier. Banks' holdings share increased the most in the Philippines (45.7% to 51.4%), followed by the PRC (68.1% to 69.9%) and Indonesia (19.5% to 21.3%) (**Figure 3**). The holdings share of insurance companies and pension funds in emerging East Asia rose to 29.1% at the end of Q3 2025 from 28.8% a year earlier. These domestic investors supported the market amid a market sell-off in September. Meanwhile, the region's central banks and foreign investors marginally reduced their holding shares from 5.5% and 11.2%, respectively, to 5.2% and 11.0%. The shares of other investors not categorized above also declined from 17.0% to 15.8% during the review period. As a result, the market concentration of investors in some emerging East Asian Treasury bond markets, such as the PRC and Philippines, increased.[12]

[12] The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the investor profile diversification of the region's local currency bond markets and is calculated by summing the squared share of each investor group in a bond market.

Figure 2: Local Currency Bonds Outstanding in Emerging East Asian Markets

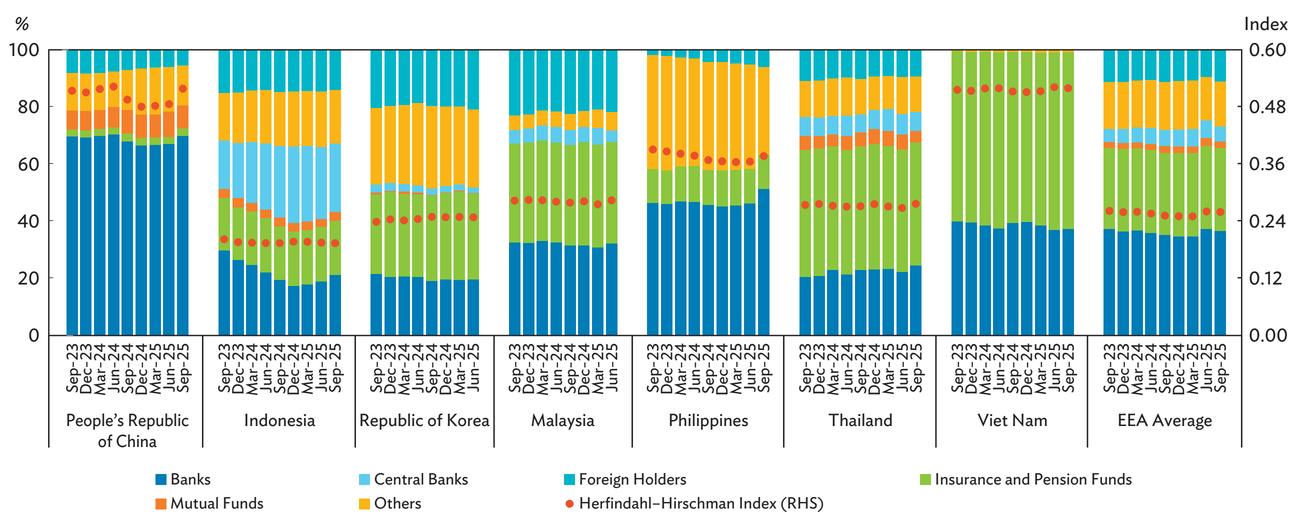


( ) = negative; PRC = People's Republic of China; HKG = Hong Kong, China; INO = Indonesia; ROK = Republic of Korea; MAL = Malaysia; PHI = Philippines; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 fourth quarter; q-o-q = quarter-on-quarter; RHS = right-hand side; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:
1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2025 currency exchange rates and do not include currency effects.
3. For Thailand, the contribution to growth in Q2 2025 was –0.02 percentage points.

Source: *AsianBondsOnline* calculations based on various local market sources.

Figure 3: Investor Profiles of Local Currency Treasury Bonds in Select Emerging East Asian Markets



EEA = emerging East Asia, RHS = right-hand side.

Notes:
1. Data for the Republic of Korea and Malaysia are up to June 2025.
2. "Others" include government institutions, individuals, securities companies, custodians, private corporations, and all other investors not elsewhere classified.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. In this case, the index was used to measure the investor profile diversification of local currency bond markets and is calculated by summing the squared share of each investor group in a bond market. A lower score indicates greater diversity.

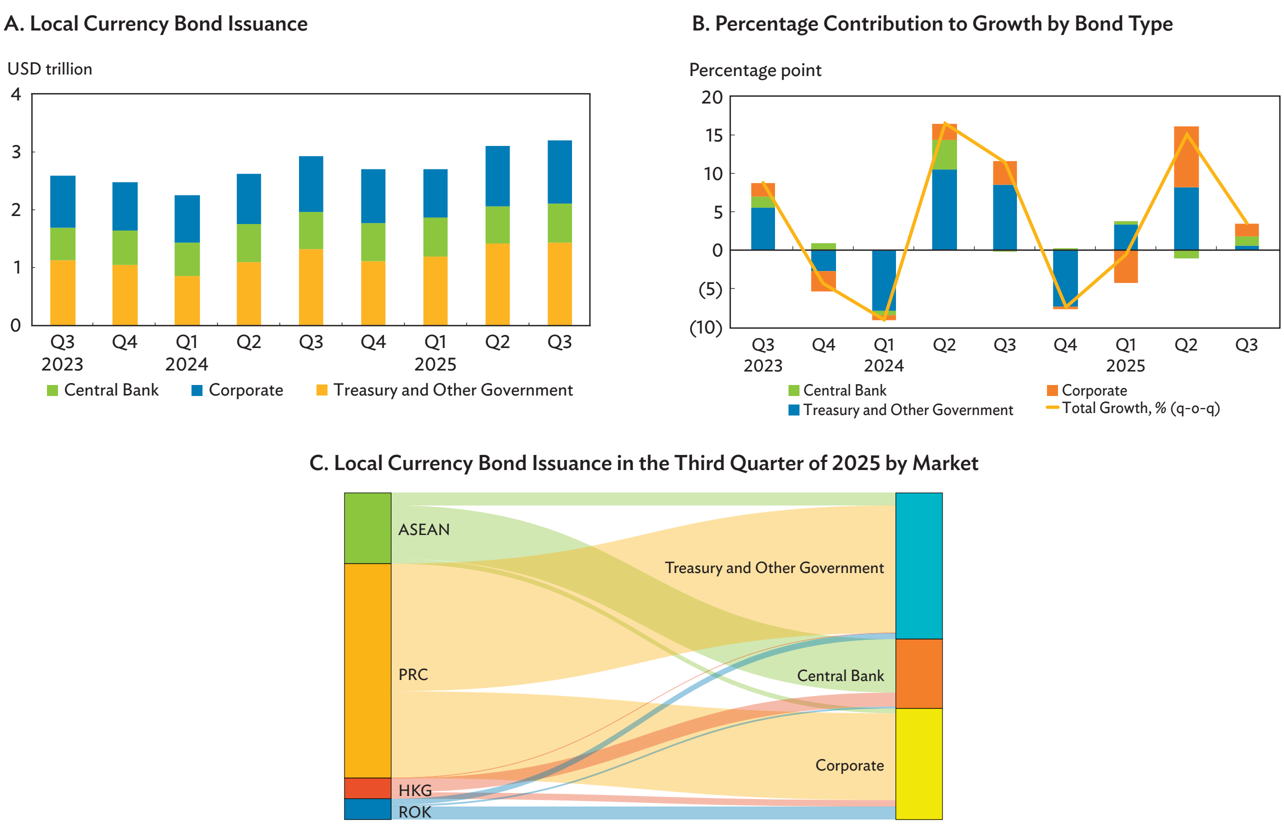
Sources: People's Republic of China (CEIC Data Company); Indonesia (Directorate General of Budget Financing and Risk Management, Ministry of Finance); Republic of Korea (Bank of Korea); Malaysia (Bank Negara Malaysia); Philippines (Bureau of the Treasury); Thailand (Bank of Thailand); and Viet Nam (Ministry of Finance).

Section 2. Local Currency Bond Issuance

LCY bond issuance in emerging East Asia rose 3.5% q-o-q in Q3 2025 to reach USD3.2 billion, supported by growth in all bond segments (Figure 4A). However, overall growth moderated from 14.9% q-o-q in Q2 2025.

- Government bond issuance in the region increased only 1.2% q-o-q in Q3 2025, a deceleration from the 18.4% q-o-q growth posted in Q2 2025, amid a slowdown in most regional markets (**Figure 4B**). Issuance of government bonds in the PRC in Q3 2025, which comprised 87.2% of the regional total, inched up 0.9% q-o-q. Increased issuance of local government bonds and policy banks bonds slightly outweighed the contraction in Treasury bond issuance (**Figure 4C**). Government bond issuance in ASEAN markets rose 4.7% q-o-q in Q3 2025, moderating from 9.2% q-o-q in the previous quarter on slower growth in the Philippines and Singapore—both of which had notable large-volume issuances in Q2 2025. Issuance in the Republic of Korea increased at a slower pace of 3.4% q-o-q from 10.2% q-o-q in Q2 2025 due to the government's front-loading policy in the first half of the year. Meanwhile, issuance in Hong Kong, China contracted 46.3% q-o-q due to a large volume of issuance in Q2 2025 in line with the auction schedule.
- Corporate bond issuance rose 5.1% q-o-q in Q3 2025, with increased issuance observed in almost all regional markets. However, regional growth fell sharply from the 25.3% q-o-q surge in Q2 2025, which was largely driven by corporate bond sales in the PRC. Growth in the PRC's corporate issuance slowed to 2.6% q-o-q in Q3 2025

Figure 4: Local Currency Bond Issuance in Select Emerging East Asian Markets



( ) = negative; ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; HKG = Hong Kong, China; ROK = Republic of Korea; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; q-o-q = quarter-on-quarter.

Notes:
1. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. Figures were computed based on 30 September 2025 currency exchange rates and do not include currency effects.

Source: *AsianBondsOnline* calculations based on various local market sources.

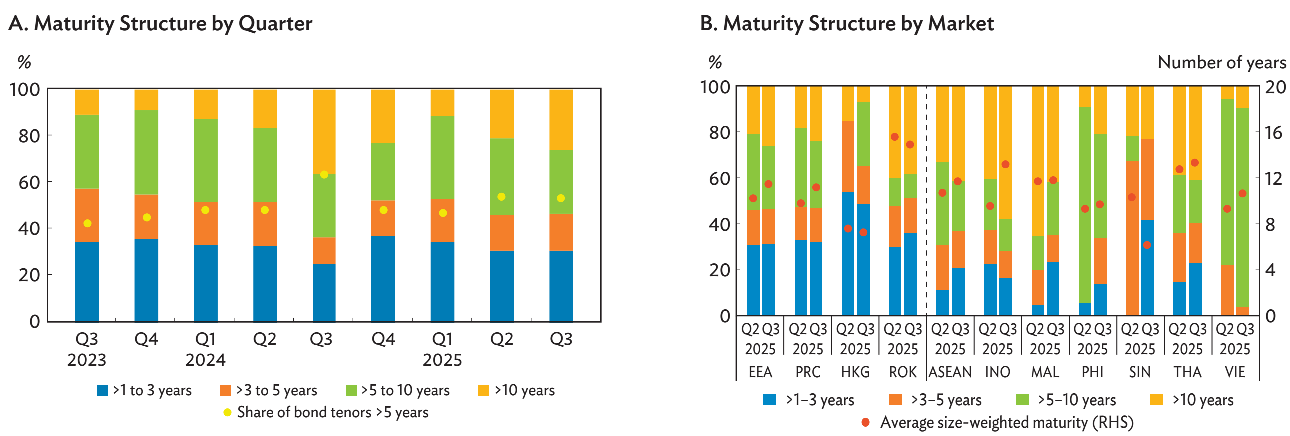
from 28.9% q-o-q in the previous quarter due to tepid demand for borrowing amid continued economic uncertainties. In ASEAN markets, corporate issuance surged 48.3% q-o-q amid continued monetary policy easing. Corporate bond issuance in the Republic of Korea was mostly unchanged from the previous quarter as bond yields remained elevated on declining expectations of a policy rate cut. **Box 2** examines how LCY bond market depth affects monetary policy transmission.

- Central bank bond issuance in the region rose 5.7% q-o-q, led by growth in Indonesia (59.9% q-o-q) and Viet Nam (129.5% q-o-q) following interventions to support their respective currencies.

Treasury bond issuances were concentrated in medium- to long-term maturities in Q3 2025, which raised the region's size-weighted average maturity for new issuances. Treasury bonds with maturities exceeding 5 years accounted for 53.6% of the region's total issuance during the quarter, slightly down from 54.2% in the previous quarter (**Figure 5A**). Despite this decline, the size-weighted average maturity of Treasury issuances lengthened to 11.4 years in Q3 2025 from 10.2 years in Q2 2025 due to several large-volume issuances with long maturities.

- In ASEAN markets, medium- to long-term issuances accounted for 63.1% of total Treasury bond issuance in Q3 2025 (**Figure 5B**). Viet Nam and Indonesia had the highest shares of medium- to long-term bond issuance in the region at 96.5% and 71.9%, respectively. The size-weighted average maturity of Treasury bonds issued in ASEAN rose to 11.6 years from 10.7 years in Q2 2025, driven by several large issuances of long-term bonds. Issuances in Thailand (13.3 years) and Indonesia (13.1 years) had ASEAN's longest size-weighted average maturities during the quarter. These two markets also issued ASEAN's longest-dated Treasury bonds at 47 years and 39 years, respectively.
- In the PRC, the share of bonds issued with maturities of more than 5 years slightly increased to 53.0% in Q3 2025 from 52.6% in Q2 2025, as the government continued to issue long-term special Treasury bonds with maturities of 20–50 years. These long-term Treasury bond issuances raised the size-weighted average maturity in the PRC to 11.1 years from 9.7 years in the previous quarter.
- In the Republic of Korea, the share of medium- to long-term issuances was 48.9% in Q3 2025, down from 52.4% in Q2 2025. However, the Republic of Korea had the longest size-weighted average maturity in emerging East Asia in Q3 2025 at 14.9 years due to notable issuances with maturities of 20–50 years.

Figure 5: Maturity Structure of Local Currency Treasury Bond Issuance in Emerging East Asian Markets



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; EEA = emerging East Asia; HKG = Hong Kong, China; INO = Indonesia; ROK = Republic of Korea; MAL = Malaysia; PHI = Philippines; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; RHS = right-hand side; SIN = Singapore; THA = Thailand; VIE = Viet Nam.

Notes:

1. Figures were computed based on 30 September 2025 currency exchange rates and do not include currency effects.
2. Treasury bonds are local-currency-denominated, fixed-income securities issued by a government with maturities longer than 1 year.

Source: *AsianBondsOnline* calculations based on various local market sources.

Box 2: When Depth Matters—Local Currency Bond Markets and the Effectiveness of Monetary Policy

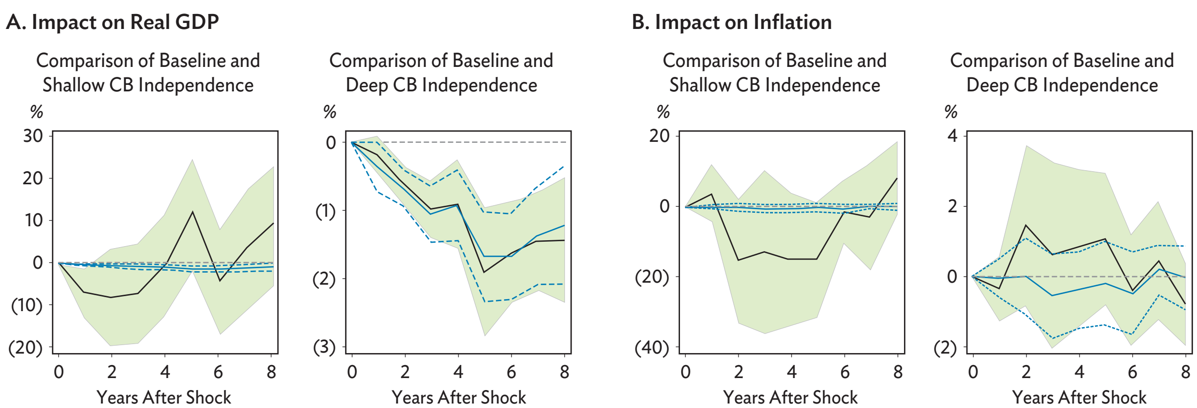
The development of local currency (LCY) bond markets has long been a strategic priority for deepening financial markets, improving access to finance, and enhancing macro-financial resilience. A well-developed LCY bond market is associated with reduced financial fragility, less exposure to disruptions in capital flows, and greater fiscal space (Burger and Warnock 2006, Eichengreen and Luengnaruemitchai 2008, Park and Shin 2025). Beyond providing stable domestic financing, a deep LCY bond market also improves the transmission of monetary policy to the broader economy (International Monetary Fund 2019, Turner 2014), especially in the context of reining in inflation and ensuring sustainable economic growth.

To empirically assess how deep LCY bond markets support monetary policy transmission, we examine how these dynamics vary with the size of LCY bond markets. In economies with deep LCY markets, policy-induced changes in short-term rates and term premiums can be more effectively transmitted to long-term yields, asset prices, and aggregate demand. In contrast, in economies with shallow LCY bond markets, these transmission channels are weaker; therefore, central bank actions may have limited traction.

Our analysis focuses on how monetary policy shocks are transmitted to real economic activities across economies with different levels of bond market development. Following Jalles, Qureshi, and Tian (forthcoming), monetary policy shocks are unexpected monetary policy interventions, measured by the aggregated residuals of policy rate changes that are unexplained by forecast errors in gross domestic product (GDP) growth and inflation. The depth of an economy's bond market is measured as the value of outstanding LCY bonds as a share of GDP. The analysis utilizes a basic linear local projection regression model to estimate the transmission of monetary policy shocks to real GDP growth and inflation. The analysis partitions the sample into two groups based on whether the size of an economy's LCY bond market is above or below the sample median.

The results reveal a striking asymmetry. As illustrated in **Figure B2**, in economies with a shallow LCY bond market (i.e., a low ratio of bonds outstanding to GDP), monetary policy shocks do not have a statistically significant impact on real GDP growth. This empirical result underscores the limited transmission of monetary policy in economies with underdeveloped LCY bond markets. In contrast, in

Figure B2: Impulse Responses of Real GDP Growth and Inflation to a Contractionary Monetary Policy Shock, Conditional on LCY Bond Market Depth (% of GDP)



CB = central bank, GDP = gross domestic product, LCY = local currency.

Notes: Impulse responses are estimated using an augmented smooth-transition autoregressive local projection model that conditions the transmission of monetary policy shocks on the size of LCY bond markets (measured as a share of GDP). The specification allows the dynamic responses of real economic activity and inflation to vary smoothly with LCY bond market depth rather than relying on a binary above- or below-median split. The solid black lines in the figure plot the impulse responses of shocks on the dependent variable. Year = 1 is the first year after a shock took place at year = 0. For example, the position of the line at year = 8 shows the change in real GDP 8 years after the shock. The solid blue line and corresponding dashed blue lines correspond to the baseline unconditional result for better comparison. Shaded areas denote 90% confidence bands.

Source: Authors' calculations based on Jalles, Qureshi, and Tian (forthcoming).

This box was written by Irfan Qureshi (senior public sector specialist) and Shu Tian (principal economist) of the Asian Development Bank in Manila, Philippines, and João Tovar Jalles (senior associate professor of economics) at the Lisbon School of Economics and Management, University of Lisbon in Portugal.

continued on next page

Box 2 *continued*

economies with high bonds-to-GDP ratios, a contractionary monetary policy shock generates a sharp and statistically significant decline in real GDP, with effects persisting for several quarters. However, the impacts of monetary policy shocks on inflation are muted across both groups, indicating that the size of an LCY bond market may not be a significant factor in influencing the transmission of monetary policy to inflation. This evidence is consistent with existing literature that finds global factors and structural rigidities weigh more heavily on price dynamics than domestic market financial depth (International Monetary Fund 2019, Turner 2014).

These empirical findings underscore two key insights. First, the development of LCY bond markets significantly enhances the real activity channel of monetary policy, even if it does not affect the inflation channel. Second, deeper bond markets may intensify the output trade-offs faced by central banks, as monetary tightening induces more pronounced real effects without a commensurate impact on inflation. For policymakers, this empirical finding highlights the dual payoff of LCY bond market development: Not only does a deeper LCY bond market reduce fragilities associated with external debt, it also amplifies the effectiveness of monetary policy in steering real economic conditions through a more responsive and better-functioning transmission mechanism. At the same time, other important factors—including the credibility of monetary policy, independence in setting monetary policy, the clarity of communication, and the broader macroeconomic environment—also play critical roles in shaping the transmission mechanism.

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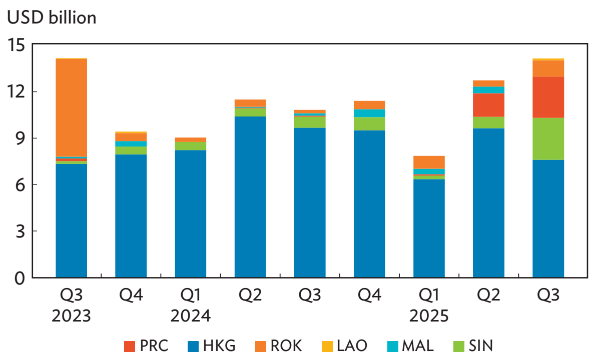
Section 3: Intra-Regional Bond Issuance

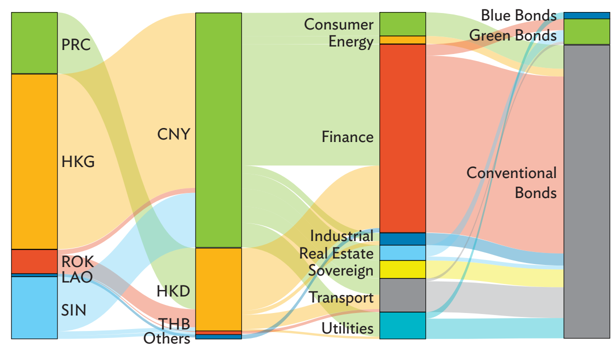
Emerging East Asia's intra-regional bond issuance tallied USD14.1 billion in Q3 2025 on moderating growth of 11.1% q-o-q due to weaker debt sales in Hong Kong, China.[13] Total intra-regional bond issuance expanded in Q3 2025, with increased debt sales in Singapore (USD2.7 billion), the PRC (USD2.7 billion), and the Republic of Korea (USD1.0 billion) amid a low-interest-rate environment across the region. However, quarterly growth was down from 61.9% q-o-q in the previous quarter (**Figure 6A**). Issuance from Hong Kong, China, which accounted for 53.8% of the intra-regional total in Q3 2025, declined 21.0% q-o-q to USD7.6 billion, following large issuances of green and infrastructure bonds by the Government of the Hong Kong Special Administrative Region of the PRC in the prior quarter.

Figure 6: Intra-Regional Bond Issuance in Emerging East Asian Markets

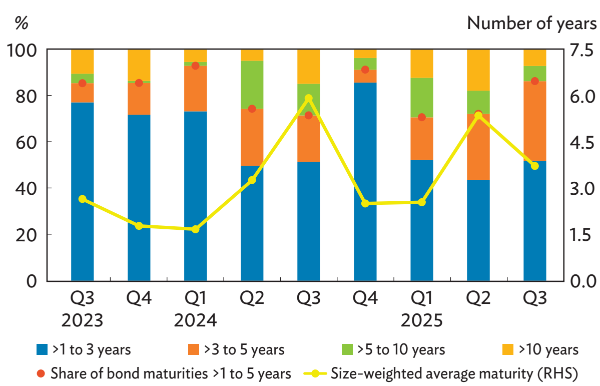
A. Quarterly Issuance



B. Market Structure in the Third Quarter of 2025



C. Maturity Structure and Size-Weighted Average Maturity by Quarter



PRC = People's Republic of China; CNY = Chinese yuan; HKD = Hong Kong dollar; HKG = Hong Kong, China; ROK = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; RHS = right-hand side; SIN = Singapore; THB = Thai baht; USD = United States dollar.

Notes:
1. Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.
3. Figures were computed based on 30 September 2025 currency exchange rates and do not include currency effects.
4. Data are based on domicile where the company's senior management is located.
5. Other currencies include Korean won, Malaysian ringgit, and Singapore dollar.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

[13] Intra-regional bond issuance is defined as emerging East Asian bond issuance denominated in a regional currency excluding the issuer's home currency.

- Emerging East Asia's intra-regional bond market saw an increase in sustainable bond issuance in Q3 2025. During the quarter, the Lao People's Democratic Republic returned to the intra-regional bond market for the first time since October 2023 with Xayaburi Power's green bond offering totaling THB4.0 billion in July. Hong Kong, China's Swire Properties and ICBC Singapore also issued green bonds worth CNY3.5 billion each in July and August. Additionally, Hong Kong, China's utilities company, China Power, issued blue bonds worth CNY2.0 billion in September.
- The Chinese yuan was the primary currency of intra-regional bond issuance in Q3 2025, accounting for 72.1% of the emerging East Asian total (**Figure 6B**). Meanwhile, the share of HKD-denominated intra-regional bond issuance rose to 25.6% from 17.7% in Q2 2025.
- Corporate bonds accounted for 94.5% of emerging East Asia's total intra-regional bond issuance in Q3 2025, about 61.3% of which was issued by the financial sector. The PRC's China Pacific Insurance was the region's leading issuer (HKD15.6 billion), representing 14.2% of the intra-regional total during the quarter.

Most intra-regional bond issuances in Q3 2025 carried short- to medium-term maturities, lowering the size-weighted average maturity of new issuances to 3.7 years from 5.4 years in the previous quarter. Issuances with maturities of 5 years or less accounted for 86.4% of the total in Q3 2025, up from the previous quarter's 72.2% (**Figure 6C**). Meanwhile, the share of bond issuances with maturities of over 10 years fell to 7.0% from 17.7% in Q2 2025. Singapore's Temasek Financial was the only issuer of a 30-year bond during the quarter.

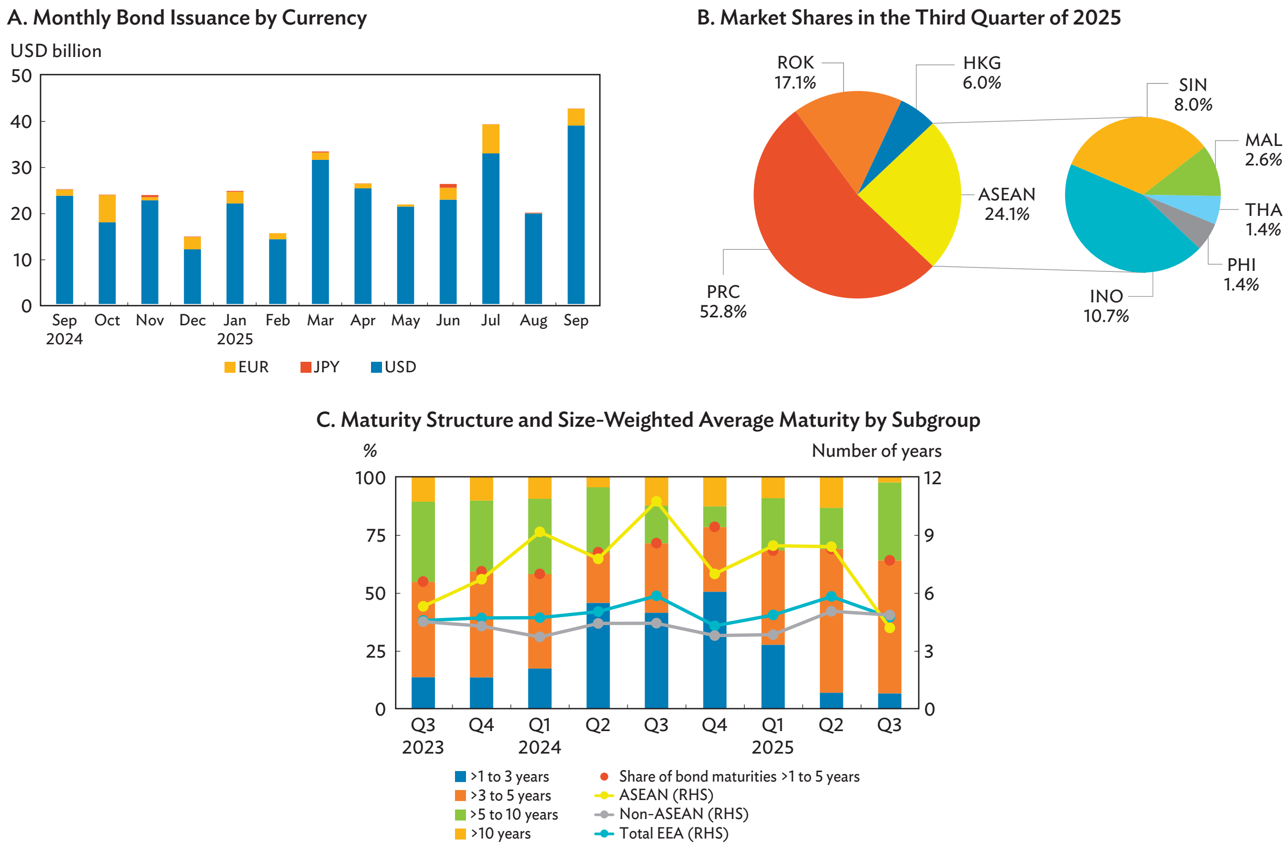
Section 4. G3 Currency Bond Issuance

Emerging East Asian G3 currency bond issuance rose 37.0% q-o-q to USD101.6 billion in Q3 2025, driven in part by continued monetary easing in the EU-20 and the US.[14] Growth in the region's G3 currency bond issuance surged from 1.2% q-o-q in the previous quarter as corporate issuers sought to finance capital investments amid reduced financing costs for EUR- and USD-denominated assets (**Figure 7A**).

- The PRC led G3 issuance in emerging East Asia in Q3 2025 with USD53.6 billion worth of bond sales, accounting for 52.8% of the regional total and nearly doubling its G3 issuance from the prior quarter (**Figure 7B**). The surge was largely driven by real estate companies seeking to refinance existing debt. The PRC's Kaisa Group and Shimao Group led issuers of G3-denominated securities—together comprising 24.7% of the region's quarterly total—as part of their respective debt-restructuring programs.
- G3 bond issuance from ASEAN economies tallied USD24.5 billion in Q3 2025, up 8.2% q-o-q, and accounting for 24.1% of the region's quarterly total. Several ASEAN economies recorded sizable quarterly increases in G3 bond issuance, including Singapore (43.5% q-o-q), Indonesia (34.1% q-o-q), and the Philippines (30.8% q-o-q). Bank Indonesia issued a total of USD7.8 billion worth of G3-denominated securities to support money market operations and stabilize the rupiah.
- Corporate issuances comprised a majority (95.3%) of G3-denominated issuance in Q3 2025, with only 4.7% of the total issued by public sector entities. G3-denominated corporate bond sales were led by the real estate (32.9%), financial (31.2%), and industrial (12.4%) sectors. The real estate sector's G3 bond issuance during the quarter was buoyed by increased issuances in the PRC.
- G3-denominated bond issuances in the region were dominated by shorter-term maturities, with 63.7% of issuances carrying maturities of 5 years or less (**Figure 7C**). As such, the size-weighted average maturity of regional G3 bond issuance shortened to 4.7 years in Q3 2025 from 5.8 years in Q2 2025.

[14] G3 currency bonds are bonds denominated in either euros, Japanese yen, or United States dollars.

Figure 7: G3 Currency Bond Issuance in Emerging East Asian Markets



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; EEA = emerging East Asia; EUR = euro; HKG = Hong Kong, China; INO = Indonesia; JPY = Japanese yen; ROK = Republic of Korea; MAL = Malaysia; PHI = Philippines; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; RHS = right-hand side; SIN = Singapore; THA = Thailand; USD = United States dollar.

Notes:

1. Emerging East Asia is defined to include the member states of ASEAN plus the People's Republic of China; Hong Kong, China; and the Republic of Korea. ASEAN comprises the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
2. G3 currency bonds are denominated in either euros, Japanese yen, or United States dollars.
3. Figures were computed based on 30 September 2025 currency exchange rates and do not include currency effects.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Appendix

Table A1: Size and Composition of Select Emerging East Asian Local Currency Bond Markets

	Q3 2024		Q2 2025		Q3 2025			Growth Rate (%)	
								Q3 2025	
	Amount (USD billion)	% of GDP	Amount (USD billion)	% of GDP	Amount (USD billion)	% share	% of GDP	q-o-q	y-o-y
People's Republic of China									
Total	21,326	112.3	23,072	120.1	23,995	100.0	123.1	3.4	14.2
Treasury and Other Government	14,366	75.7	15,882	82.7	16,604	69.2	85.2	3.9	17.3
Central Bank	2	0.01	0	0.0	0	0.0	0.0	–	(100.0)
Corporate	6,958	36.6	7,190	37.4	7,391	30.8	37.9	2.2	7.8
Hong Kong, China									
Total	384	95.2	422	102.3	445	100.0	105.8	4.7	16.2
Treasury and Other Government	29	7.1	37	9.1	33	7.4	7.9	(12.4)	15.9
Central Bank	167	41.3	169	41.0	171	38.4	40.6	0.5	2.8
Corporate	189	46.8	215	52.2	241	54.2	57.3	11.1	28.0
Indonesia									
Total	498	34.7	482	34.2	476	100.0	34.0	1.4	5.2
Treasury and Other Government	403	28.0	399	28.3	398	83.7	28.4	2.4	8.8
Central Bank	65	4.5	52	3.7	47	9.8	3.3	(7.9)	(20.8)
Corporate	30	2.1	31	2.2	31	6.5	2.2	3.7	13.4
Republic of Korea									
Total	2,504	130.5	2,490	130.0	2,456	100.0	128.2	2.3	4.7
Treasury and Other Government	954	49.7	978	51.1	972	39.6	50.7	3.0	8.8
Central Bank	87	4.5	78	4.1	75	3.0	3.9	(1.1)	(8.1)
Corporate	1,464	76.3	1,433	74.8	1,409	57.4	73.6	2.0	2.8
Malaysia									
Total	504	127.5	518	129.5	530	100.0	130.7	2.2	7.4
Treasury and Other Government	294	74.4	304	76.0	307	57.9	75.7	0.9	6.6
Central Bank	0	0.0	0	0.0	0	0.0	0.0	–	–
Corporate	210	53.1	214	53.5	223	42.1	55.0	4.1	8.5
Philippines									
Total	232	50.2	245	50.5	237	100.0	49.8	(0.1)	6.0
Treasury and Other Government	193	41.7	210	43.2	203	85.7	42.7	0.1	9.5
Central Bank	16	3.4	13	2.7	10	4.4	2.2	(17.4)	(31.8)
Corporate	24	5.1	22	4.6	23	9.9	4.9	7.8	3.1
Singapore									
Total	651	116.3	686	117.0	695	100.0	119.3	2.8	7.2
Treasury and Other Government	236	42.2	252	43.0	257	36.9	44.0	3.4	9.2
Central Bank	262	46.7	277	47.2	276	39.7	47.3	1.1	5.8
Corporate	153	27.4	157	26.8	163	23.4	27.9	5.0	6.5
Thailand									
Total	531	92.9	529	91.6	544	100.0	93.9	2.5	3.2
Treasury and Other Government	312	54.5	321	55.5	328	60.2	56.6	2.0	5.9
Central Bank	73	12.8	72	12.5	79	14.6	13.7	9.8	9.2
Corporate	146	25.5	137	23.6	137	25.2	23.6	0.1	(5.4)
Viet Nam									
Total	123	27.0	134	28.8	136	100.0	28.9	3.1	19.4
Treasury and Other Government	88	19.5	92	19.8	93	68.0	19.6	1.9	12.6
Central Bank	3	0.6	6	1.4	7	5.1	1.5	11.7	161.9
Corporate	31	6.9	35	7.6	37	26.8	7.8	4.7	25.4
Emerging East Asia									
Total	26,753	106.2	28,578	112.2	29,515	100.0	114.6	3.2	12.6
Treasury and Other Government	16,874	67.0	18,475	72.6	19,195	65.0	74.5	3.7	16.0
Central Bank	674	2.7	668	2.6	665	2.3	2.6	0.7	0.8
Corporate	9,205	36.5	9,435	37.1	9,655	32.7	37.5	2.5	7.3
Japan									
Total	9,636	230.1	9,763	225.8	9,536	100.0	224.3	0.3	1.9
Treasury and Other Government	8,876	211.9	8,990	207.9	8,771	92.0	206.3	0.2	1.8
Central Bank	25	0.6	21	0.5	20	0.2	0.5	(2.6)	(17.6)
Corporate	736	17.6	753	17.4	745	7.8	17.5	1.6	4.3

( ) = negative, – = not applicable, GDP = gross domestic product, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Emerging East Asia is defined to include the member states of ASEAN plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
2. For Singapore, corporate bonds outstanding are based on *AsianBondsOnline* estimates.
3. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2025 currency exchange rates and do not include currency effects.
4. GDP data are from CEIC Data Company. GDP data are as of end-June 2025 for the Republic of Korea.
5. Bloomberg LP end-of-period local currency–USD rates are used.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); European Union 20 (European Central Bank); Indonesia (Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bangko Sentral ng Pilipinas, Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority Singapore and Bloomberg LP); Thailand (Bank of Thailand and Thai Bond Market Association); United States (Securities Industry and Financial Markets Association and Bloomberg LP); and Viet Nam (Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP).

Table A2: Local-Currency-Denominated Bond Issuance

	Q3 2024		Q2 2025		Q3 2025		Growth Rate (%) Q3 2025	
	Amount (USD billion)	% share	Amount (USD billion)	% share	Amount (USD billion)	% share	q-o-q	y-o-y
People's Republic of China								
Total	1,974	100.0	2,062	100.0	2,106	100.0	1.6	8.3
Treasury and Other Government	1,190	60.3	1,235	59.9	1,253	59.5	0.9	6.8
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	784	39.7	827	40.1	853	40.5	2.6	10.4
Hong Kong, China								
Total	164	100.0	184	100.0	203	100.0	9.3	24.1
Treasury and Other Government	0.2	0.1	2	0.9	0.9	0.5	(46.3)	383.3
Central Bank	133	81.2	135	73.2	138	68.0	1.5	3.9
Corporate	31	18.7	48	26	64	31.6	33.5	110.1
Indonesia								
Total	51	100.0	39	100.0	55	100.0	45.6	19.0
Treasury and Other Government	16	31.8	16	40.9	19	34.0	21.1	27.4
Central Bank	33	64.2	21	53.4	32	58.6	59.9	8.7
Corporate	2	4.0	2	5.8	4	7.4	86.2	116.4
Republic of Korea								
Total	184	100.0	205	100.0	205	100.0	3.5	19.0
Treasury and Other Government	43	23.5	60	29.3	60	29.3	3.4	48.1
Central Bank	16	8.5	13	6.5	18	8.7	38.5	21.8
Corporate	125	68.0	132	64.2	127	62.0	(0.01)	8.6
Malaysia								
Total	26	100.0	21	100.0	31	100.0	48.1	22.2
Treasury and Other Government	14	52.9	10	46.1	13	43.6	40.0	0.6
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	12	47.1	11	53.9	17	56.4	55.0	46.6
Philippines								
Total	52	100.0	48	100.0	50	100.0	7.3	(0.9)
Treasury and Other Government	14	27.6	20	40.6	22	43.6	15.2	56.6
Central Bank	35	66.7	28	57.3	24	49.0	(8.3)	(27.2)
Corporate	3	5.7	1	2.1	4	7.4	280.9	29.0
Singapore								
Total	424	100.0	451	100.0	443	100.0	(0.3)	5.0
Treasury and Other Government	41	9.7	52	11.5	51	11.5	0.2	24.6
Central Bank	380	89.6	398	88.3	385	86.8	(2.0)	1.6
Corporate	3	0.7	1	0.2	8	1.7	622.2	171.8
Thailand								
Total	69	100.0	67	100.0	69	100.0	2.6	1.2
Treasury and Other Government	21	30.1	19	28.3	16	23.0	(16.5)	(22.8)
Central Bank	35	51.8	38	56.0	42	60.4	10.5	18.0
Corporate	12	18.1	10	15.7	11	16.6	8.7	(7.2)
Viet Nam								
Total	40	100.0	28	100.0	48	100.0	70.3	27.4
Treasury and Other Government	5	11.6	3	12.2	2	4.3	(40.3)	(52.9)
Central Bank	31	77.9	19	65.2	42	87.8	129.5	43.6
Corporate	4	10.5	6	22.6	4	7.9	(40.6)	(4.8)
Emerging East Asia								
Total	2,983	100.0	3,105	100.0	3,210	100.0	3.5	9.5
Treasury and Other Government	1,344	45.1	1,416	45.6	1,437	44.8	1.2	8.7
Central Bank	663	22.2	651	21.0	681	21.2	5.7	4.1
Corporate	976	32.7	1,038	33.4	1,092	34.0	5.1	14.3
Japan								
Total	379	100.0	370	100.0	349	100.0	(3.4)	(5.3)
Treasury and Other Government	343	90.4	333	90.0	315	90.3	(3.0)	(5.5)
Central Bank	0	0.0	0	0.0	0	0.0	–	–
Corporate	36	9.6	37	10.0	34	9.7	(6.8)	(4.2)

( ) = negative, – = not applicable, Q2 = second quarter, Q3 = third quarter, q-o-q = quarter-on-quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:
1. Data reflect gross bond issuance.
2. Bloomberg LP end-of-period local currency–USD rates are used.
3. Growth rates are calculated from a local currency base and do not include currency effects. For emerging East Asia, growth figures are based on 30 September 2025 currency exchange rates and do not include currency effects.

Sources: People's Republic of China (CEIC Data Company); Hong Kong, China (Hong Kong Monetary Authority); Indonesia (Bank Indonesia, Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange); Japan (Japan Securities Dealers Association); Republic of Korea (Bank of Korea and KG Zeroin Corporation); Malaysia (Bank Negara Malaysia); Philippines (Bangko Sentral ng Pilipinas, Bureau of the Treasury and Bloomberg LP); Singapore (Monetary Authority of Singapore and Bloomberg LP); Thailand (Bank of Thailand and Thai Bond Market Association); and Viet Nam (Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP).

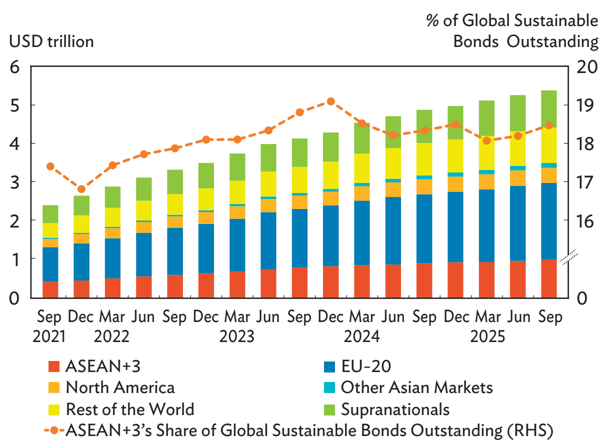
Recent Developments in the ASEAN+3 Sustainable Bond Market

Sustainable Bonds Outstanding

Favorable monetary conditions supported the expansion of ASEAN+3's sustainable bond market in the third quarter (Q3) of 2025, led by ASEAN.[15] Most central banks in ASEAN+3 maintained an easing monetary stance during the quarter amid benign inflation, which encouraged sustainable bond issuance, particularly in ASEAN economies. The region's overall sustainable bonds outstanding rose by 3.9% quarter-on-quarter (q-o-q) to reach USD994.4 billion at the end of September, supported by robust issuance of USD76.7 billion (**Figure 8**). The expansion in ASEAN+3's sustainable bond market outpaced that in other major global markets in Q3 2025, including the European Union 20 (EU-20), slightly raising ASEAN+3's share of global sustainable bonds outstanding to 18.5% from 18.2% in the second quarter (Q2). The expansion in ASEAN+3 was led by ASEAN markets amid continued rate cuts by regional central banks. ASEAN's outstanding sustainable bonds gained 8.6% q-o-q in Q3 2025, up from 3.6% q-o-q in the prior quarter. ASEAN's share of the ASEAN+3 sustainable bond market inched up to 11.0% at the end of Q3 2025, nearly double its 5.9% contribution to the ASEAN+3 general bond market.

The ASEAN+3 sustainable bond market has greater diversity in terms of instrument type than the EU-20 market (Table 1). While green bonds remain the predominant instrument in the ASEAN+3 sustainable bond market, accounting for 57.7% of bonds outstanding at the end of September, this was less than the corresponding share of 66.8% in the EU-20 market. ASEAN+3's sustainable bond market, however, had greater diversity across instrument types at the end of

Figure 8: Global Sustainable Bonds Outstanding



ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; RHS = right-hand side; USD = United States dollar.

Notes:
1. The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
2. Data include both local currency and foreign currency issues.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Table 1: Instrument Profiles of the ASEAN+3 and EU-20 Sustainable Bond Markets at the End of September 2025

Instrument Profile	ASEAN+3	EU-20
Green bonds	57.7%	66.8%
Social bonds	19.2%	16.5%
Sustainability bonds	15.3%	8.9%
SLBs (including transition-linked bonds)	4.3%	7.5%
Transition bonds	3.5%	0.2%
Herfindahl–Hirschman Index	0.40	0.49

ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; SLB = sustainability-linked bonds.

Notes:
1. Figures are based on the outstanding amount for each instrument type relative to the regional total of sustainable bonds outstanding.
2. The EU-20 includes European Union member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the instrument profile diversification of bond markets and is calculated by summing the squared share of each instrument type in the market. A lower HHI indicates greater diversification across different instrument types, while a higher HHI suggests a more concentrated market structure dominated by fewer instruments.

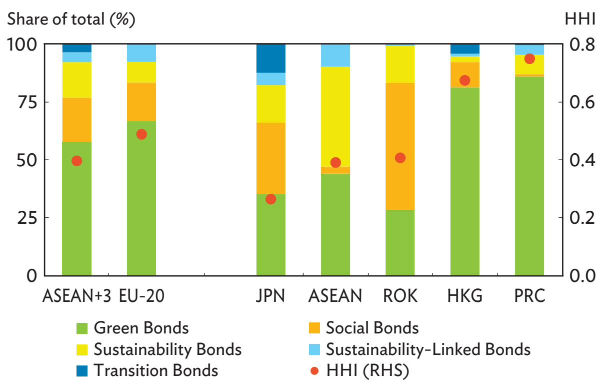
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

[15] ASEAN+3 comprises the member states of the Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

Q3 2025, as reflected by a Herfindahl–Hirschman Index (HHI) score of 0.40 versus 0.49 for the EU-20.[16] This diversity is evidenced by a broader distribution of issuance across a range of sustainable bond types including social bonds, sustainability bonds, and transition bonds. Within the region, the diversity of sustainable bond instruments was highest in Japan, ASEAN, and the Republic of Korea (**Figure 9**). Meanwhile, green bonds continued to dominate in the People's Republic of China (PRC) and Hong Kong, China, accounting for 86.1% and 81.3% of sustainable bonds outstanding, respectively.

Private sector financing continued to dominate ASEAN+3's sustainable bond market (Figure 10). At the end of Q3 2025, private sector sustainable bonds comprised 69.5% of ASEAN+3's sustainable bond total, compared with only 23.9% in the region's general bond market (**Table 2**). This indicates that ASEAN+3 economies are effectively leveraging private capital through sustainable bond markets. However, although the private sector's share of bonds outstanding in the EU-20's sustainable bond market was smaller (50.6%) at the end of Q3 2025, the absolute amount of private capital mobilized in the EU-20's sustainable bond market (USD1,003.4 billion) exceeded that in ASEAN+3 (USD691.5 billion). Within ASEAN+3, the PRC (93.2%) and Japan (59.2%) had the highest shares of private sector financing in their sustainable bond markets due to their relatively large corporate bond

Figure 9: Market Profile of Sustainable Bonds Outstanding by Instrument Type

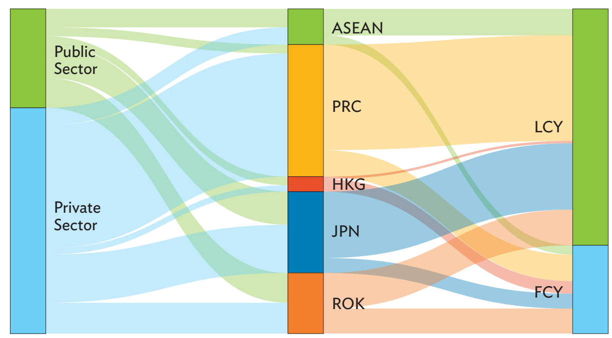


ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; EU-20 = European Union 20; HHI = Herfindahl–Hirschman Index; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea; RHS = right-hand side.

Notes:
1. The EU-20 includes European Union member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
2. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure the instrument profile diversification of bond markets and is calculated by summing the squared share of each instrument type in the market. A lower HHI indicates greater diversification across different instrument types, while a higher HHI suggests a more concentrated market structure dominated by a few instruments.
3. Data include both local currency and foreign currency issues.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 10: Market Profile of Outstanding ASEAN+3 Sustainable Bonds at the End of September 2025



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; FCY = foreign currency; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea; LCY = local currency.

Notes:
1. ASEAN+3 is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. ASEAN comprises the markets of Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Table 2: Issuer and Currency Profiles in the ASEAN+3 and EU-20 Sustainable Bond Markets at the End of September 2025

Issuer and Currency Profile	ASEAN+3	EU-20
Private sector's share of regional general bonds outstanding	23.9%	39.6%
Private sector's share of regional sustainable bonds outstanding	69.5%	50.6%
LCY financing's share of regional general bonds outstanding	95.4%	89.6%
LCY financing's share of regional sustainable bonds outstanding	72.8%	90.4%

ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union; LCY = local currency.

Note: The EU-20 includes European Union member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

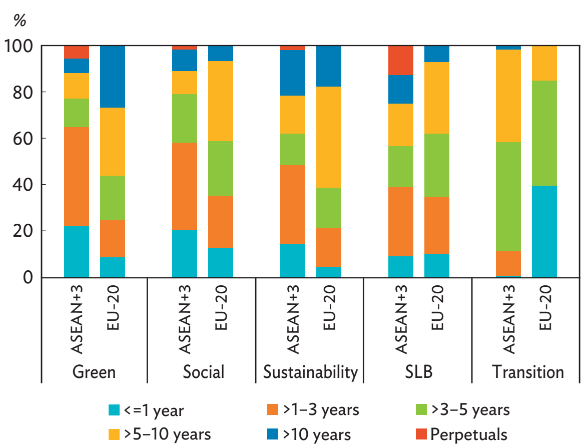
[16] The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration. The index is used to measure market diversification and is calculated by summing the squared share of each type of sustainable bond. A lower score indicates greater diversity.

markets. Meanwhile, the private sector's financing shares in the sustainable bond markets of ASEAN (48.3%) and the Republic of Korea (50.9%) were comparable to that in the EU-20's (50.9%). While local currency (LCY) financing is prevalent in ASEAN+3's sustainable bond market, accounting for 72.8% of total bonds outstanding, it is well below the corresponding 95.4% in the region's general bond market. In the EU-20, the LCY financing share was broadly similar for both its sustainable (90.4%) and general (89.6%) bond markets.

Sustainable bonds outstanding in ASEAN+3 have a shorter size-weighted average tenor compared to those in the EU-20, with ASEAN markets having the longest average tenor within ASEAN+3. At the end of Q3 2025, 73.8% of sustainable bonds outstanding in ASEAN+3 carried tenors of less than 5 years, while the corresponding share in the EU-20 was 47.5%. The size-weighted average tenor of ASEAN+3 sustainable bonds outstanding was 4.5 years compared with the EU-20's 7.9 years.

- By instrument type, social bonds and green bonds had the highest shares of short-term tenors (5 years or less) among total bonds outstanding at 79.3% and 77.2%, respectively (**Figure 11**). Sustainability-linked bonds had the highest share of tenors longer than 5 years at 43.1%. Longer-tenor bonds comprised a higher percentage of sustainable bonds outstanding in the EU-20 than in ASEAN-3 (52.5% versus 26.2%). However, for sustainability-linked bonds (37.9% versus 43.1%) and transition bonds (15.0% versus 41.5%), the opposite was observed.
- The size-weighted average tenor of public sector sustainable bonds outstanding in ASEAN+3 at the end of Q3 2025 was 6.9 years, compared with the private sector's average of 3.4 years (**Figure 12**).
- ASEAN sustainable bonds outstanding had a size-weighted average tenor that exceeded the ASEAN+3 average. ASEAN's public sector had a size-weighted average tenor of 15.2 years at the end of September, compared with the EU-20's 9.5 years. Sustainable bonds outstanding in ASEAN's private sector had a size-weighted average tenor of 5.2 years. Within ASEAN+3, this was second only to Japan's corresponding average of 5.6 years.

Figure 11: Tenor Profiles of ASEAN+3 and EU-20 Sustainable Bonds Outstanding by Type of Bond at the End of September 2025

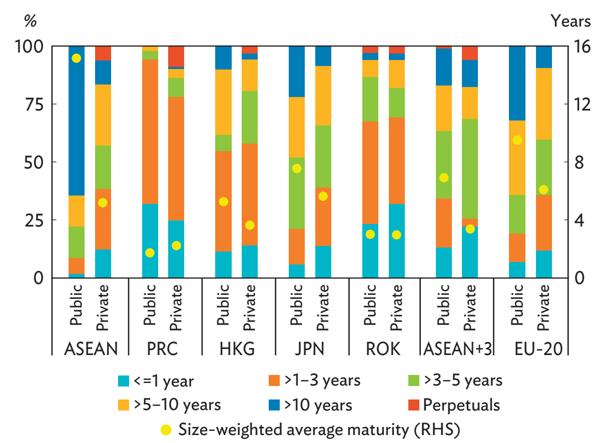


ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; SLB = sustainability-linked bond.

Notes:
1. The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
2. Data include both local currency and foreign currency issues.
3. SLBs include transition-linked bonds.

Source: *AsianBondsOnline* computations based on Bloomberg LP data.

Figure 12: Tenor Profiles of ASEAN+3 and EU-20 Sustainable Bonds Outstanding by Sector at the End of September 2025



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; HKG = Hong Kong, China; JPN = Japan; RHS = right-hand side; ROK = Republic of Korea; EU-20 = European Union 20.

Notes:
1. ASEAN+3 is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. ASEAN comprises the markets of Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
3. The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Source: *AsianBondsOnline* computations based on Bloomberg LP data.

Sustainable Bond Issuance

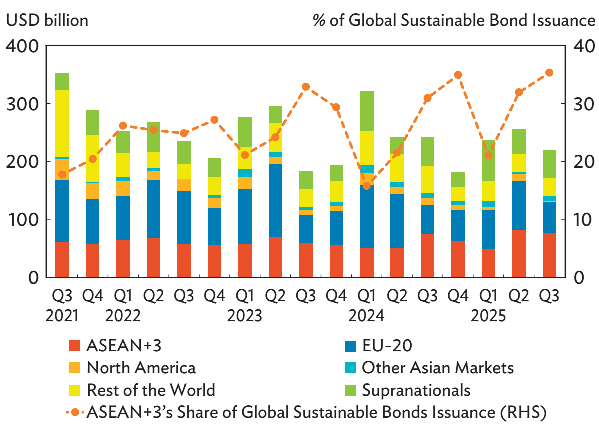
ASEAN+3 was the global leader in sustainable bond issuance in Q3 2025, reaching USD76.7 billion and accounting for 35.2% of the global total (Figure 13). ASEAN+3's sustainable bond issuance exceeded that of the EU-20 (USD53.0 billion) and the United States (USD0.9 billion), which had global issuance shares of 24.3% and 0.4%, respectively. ASEAN+3's issuance contracted by 5.7% q-o-q in Q3 2025 on reduced issuance in the large regional markets of the PRC and the Republic of Korea. Meanwhile, Q3 issuance totals in the EU-20 and the US contracted 37.0% q-o-q and 88.7% q-o-q, respectively, due to the rollback of US climate policy initiatives by the Trump administration and easing regulations in Europe that reduced the number of companies required to conduct environment, social, and governance disclosure.

ASEAN markets led the growth in ASEAN+3 sustainable bond issuance in Q3 2025. Supported by monetary easing, sustainable bond issuance in ASEAN markets more than doubled to USD10.7 billion in Q3 2025. Nearly all ASEAN economies saw expanded issuance, led by Malaysia (288.8% q-o-q), the Philippines (209.8% q-o-q), Singapore (125.6% q-o-q), and Indonesia (122.6% q-o-q). Consequently, ASEAN markets' sustainable bond issuance as a share of their total bond financing increased to 15.3% at the end of September from 9.1% at the end of June. This exceeded the corresponding share in the EU-20 (8.8%) as well as in the global bond market (4.3%).

Figure 14 captures the instrument, market, currency, maturity, and sector profiles of ASEAN+3 sustainable bond market issuance in Q3 2025:

- **Instrument profile.** In Q3 2025, green bond issuance accounted for 55.8% of ASEAN+3's sustainable bond issuance, down from 65.5% in Q2 2025. Excluding green bonds and social bonds, all other bond types recorded increases in their respective market shares.
- **Market profile.** The PRC accounted for nearly half (49.1%) of all sustainable bond issuance in ASEAN+3 in Q3 2025. The PRC led the region in the issuance of green bonds (69.6% of the regional total), sustainability bonds (45.8%), and sustainability-linked bonds (44.6%) during the quarter. The Republic of Korea led all regional markets in the issuance of social bonds (51.1%), while Japan was the sole market with transition bond issuance. ASEAN's sustainable bond issuance comprised 13.9% of the ASEAN+3 total in Q3 2025

Figure 13: Global Sustainable Bond Issuance and ASEAN+3 Share of Global Total Issuance

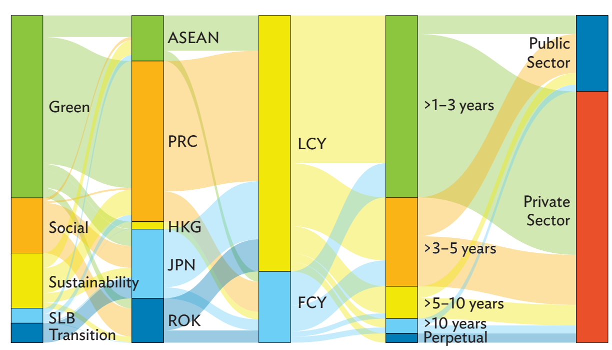


ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; RHS = right-hand side; USD = United States dollar.

Note: The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 14: Market Profile of ASEAN+3 Sustainable Bond Issuance in the Third Quarter of 2025



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; FCY = foreign currency; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea; LCY = local currency; SLB = sustainability-linked bond.

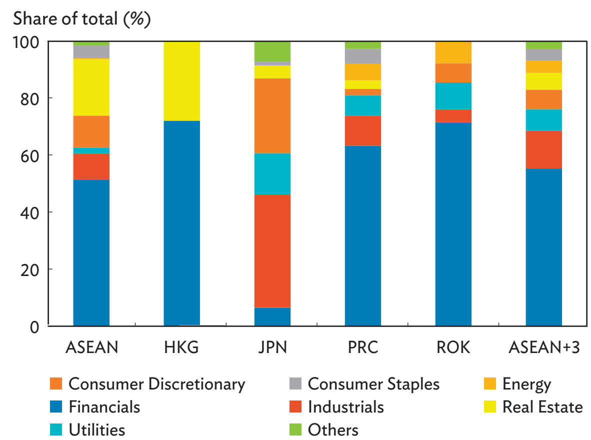
Notes:
1. ASEAN+3 is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. ASEAN comprises the markets of Cambodia, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
3. SLBs include transition-linked bonds.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

and included the region's second-highest issuance of sustainability-linked bonds (39.7%).

- **Currency profile.** In Q3 2025, 78.2% of ASEAN+3's sustainable bond issuance was denominated in a local currency. While substantial, this lagged the LCY financing share in the EU-20 sustainable bond market (93.7%) and the ASEAN+3 general bond market (91.3%) during the quarter. Within ASEAN+3, the LCY financing share of sustainable bond issuance was the highest in Japan (84.0%) and the PRC (81.2%). In contrast, all sustainable bond issuance in Hong Kong, China in Q3 2025 was denominated in a foreign currency.
- **Maturity profile.** Bonds with maturities of 5 years or less comprised 82.8% of total sustainable bond issuance in ASEAN+3 in Q3 2025. This differed sharply with the corresponding shares of 18.7% in the EU-20 sustainable bond market and 48.5% in the ASEAN+3 general bond market. In ASEAN markets, short-term (less than 5 years) maturities accounted for 60.1% of sustainable bond issuance during the quarter. The corresponding shares were over 90% in the PRC; Hong Kong, China; and the Republic of Korea. As a result, the size-weighted average maturity of sustainable bond issuance in Q3 2025 was longer in ASEAN (5.8 years) than in ASEAN+3 (4.7 years). The longer average maturity of ASEAN sustainable bond issuance was the result of relatively more public sector issuance, which had a size-weighted average maturity of 9.7 years compared to 4.2 years for private sector bond issuance.
- **Sector profile.** The private sector contributed 76.8% of ASEAN+3 sustainable bond issuance in Q3 2025, compared with 41.7% in the general bond market. Within the private sector, financial firms accounted for 55.5% of sustainable bond issuance, followed by industrials (13.3%) (**Figure 15**). In the EU-20, sustainable bond issuance in Q3 2025 was also led by the private sector (69.5%), with financials (46.2%) and utilities (29.7%) as the dominant private sector issuers. The sectoral diversity of sustainable bond issuance in ASEAN+3 and the EU-20 is broadly similar, as reflected in their comparable HHI scores of 0.34 and 0.32, respectively. **Box 3** provides an analysis of the effects of environmental, social, and governance investing on systemic risk in the banking system.

Figure 15: ASEAN+3 Sustainable Bond Issuance by Sector in the Third Quarter of 2025



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; HKG = Hong Kong, China; JPN = Japan; ROK = Republic of Korea.

Notes:

1. ASEAN+3 is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
2. Data include both local currency and foreign currency issues.

Source: *AsianBondsOnline* computations based on Bloomberg LP data.

Box 3: Does ESG Investing Affect Systemic Risk in the US Banking System?

The 2007–2008 global financial crisis and the collapse of Silicon Valley Bank in 2023—the second-largest bank failure in United States (US) history after the demise of Washington Mutual in 2008—and the acquisition of Credit Suisse by the Swiss investment bank UBS Group AG demonstrated the continued weakness of global banks in absorbing and managing major on- and off-balance sheet risk exposures. Responding to such challenges, the Basel Committee on Banking Supervision (2021) expanded its conventional regulatory capital and liquidity risk requirements by including environmental (E), social (S), and governance (G) considerations as important components of a bank's overall enterprise risk management framework. Following the "stakeholder theory" of the firm advanced by Freeman (1984) and Donaldson and Preston (1995), the ESG risk-reduction (or value-generating) opportunities for a bank can arise from three different, but related, sources. First, banks with high ESG scores can reduce adverse selection issues between managers and external investors by signaling their high quality transparently and with full disclosure. Second, banks with high ESG scores are typically exposed to a lower level of litigation and compliance risk. Finally, by systematically lending to environmentally and socially conscious borrowers, banks may become more attractive to green investors with a preference for banks with higher ESG scores. Depositors and borrowers may also gravitate to banks exhibiting positive social performance by moving their deposits and/or borrowing away from banks with poor social performance.

On the other hand, several recent studies question whether ESG investments are associated with either higher profitability or a lower cost of capital. Focusing on European banks, Di Tommaso and Thornton (2020) find only a modest reduction in risk-taking behavior among banks with high ESG scores. They argue that the potential risk-reducing effects of increased ESG investment are not necessarily aligned with creating bank value. Priem and Gabllone (2022) find that while banks with higher ESG scores tend to have a lower cost of capital, this relationship depends on the strength of the legal system in a bank's home country. Avramov et al. (2024) find that the lack of consistency in ESG disclosure and the ratings provided by different vendors and rating agencies tends to increase investors' uncertainty about ESG profiles, making them less likely to actively engage with high-scoring ESG firms than might be expected amid improved ratings consistency.

This study focuses on the joint and separate effects of ESG scores and their adjusted measures for observed controversies on banks' systemic risk in the US as measured by a battery of market and idiosyncratic risk indices, including the capital asset pricing model and the Fama-French equity return model, Merton's (1974) distance-to-default model, and levered and unlevered equity betas. As summarized in **Table B3**, using an instrumental variable approach on a sample of 245 US banks from 2016 to 2023, the results show that (i) investors demand a lower cost of capital from banks with higher overall ESG score; and (ii) banks with higher ESG scores are exposed to lower systemic risks, as captured by levered and unlevered betas. There is partial evidence of the risk-reducing effects of the environmental and governance components of ESG scores. The results further show that the idiosyncratic component of bank risk captured by the Merton distance-to-default

Table B3: ESG Investment and Systemic Risk Among US Banks, 2016–2023

	Cost of Capital	Beta (Levered/Unlevered)	Merton's Distance-to-Default
ESG (overall)	(–) Significant	(–) Significant	Not Significant
ESG (adjusted for controversies)	Not Significant	Not Significant	(-)Significant
Environmental	(–) Significant	(–) Significant	Not Significant
Social	Not Significant	Not Significant	(+) Significant
Governance	Not Significant	Not Significant	(–) Significant

ESG = environmental, social, and governance; US = United States.
Source: Author's calculations.

This box was written by Abol Jalilvand (professor of finance and director of the Center for Risk Management and Insurance) at Quinlan School of Business, Loyola University Chicago, United States. Anh Nguyen provided data collection, computational, and statistical support. An earlier version of the paper was presented at the 10th Multinational Energy and Value Conference in Izmir, Türkiye (May 2025); International Online Conference on Risk and Financial Management (June 2025); and Western Economic Association Annual Meeting in San Francisco, United States (June 2025). All remaining errors are the responsibility of the author.

continued on next page

Box 3 *continued*

index is not affected by a bank's overall ESG score, while its social component appears to be associated with a longer distance to default, thereby mitigating the bank's risk of default. On the other hand, the negative and significant effect of the governance component appears to be reducing the distance to default, thereby increasing the bank's risk of default.

Further, ESG scores are not generally significant when the combined scores adjusted for reported controversies are used. The negative and significant impact of adjusted ESG scores on the Merton distance to default is an exception that is likely resulting from the effect of the governance component highlighted earlier. Overall, the estimated coefficients on ESG are largely model-dependent and generated within a financial environment where ESG scores and firm riskiness are endogenously determined, necessitating the use of an instrumental econometric technique for avoiding the complications caused by omitted variables and measurement errors. The impact of ESG scores on bank risk is also largely dependent on bank size, leverage, and capital adequacy ratios. The results support the conjecture that barriers to sustainable investing and firms' risk-taking behavior may be due to investor uncertainty about the ESG profiles of firms. There is a need for regulatory policies to create standardized and objective measures of ESG investment to facilitate the channeling of resources to ESG-intensive firms.

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Policy and Regulatory Developments

People's Republic of China

Onshore Repo Bond Market Opened to Foreign Investors

On 29 September, the China Securities Regulatory Commission and the State Administration of Foreign Exchange jointly announced that foreign investors authorized to trade in the onshore bond market can now conduct bond repurchase transactions. Previously, only certain foreign investors (e.g., central banks) could conduct in repurchase agreements. The announcement extends the coverage to include other foreign investors such as fund managers and insurance companies.

Hong Kong, China

Hong Kong Monetary Authority Holds Consultations on Taxonomy for Sustainable Finance

From 8 September to 8 October, the Hong Kong Monetary Authority held public consultations on the proposed update to the Hong Kong Taxonomy for Sustainable Finance. Building on Phase 1, which was published in May 2024, the update (Phase 2A) includes the following key enhancements: (i) expanded sector coverage to include manufacturing and information and communications technology, (ii) addition of 13 new economic activities, (iii) inclusion of transition elements such as interim decarbonization target, and (iv) introduction of climate change adaptation as a new environmental objective to address the growing funding needs for managing physical risks and responding to extreme weather events.

Indonesia

House of Representatives Approves 2026 State Budget Bill

In September, the House of Representatives passed the 2026 state budget bill with revenues of IDR3,153.6 trillion and expenditures at IDR3,842.7 trillion. The budget deficit is estimated to reach IDR689.1 trillion, or the equivalent of 2.7% of gross domestic product (GDP), up from 2.5% in the initial budget plan. The 2026 budget aims to boost economic growth, promote job creation, and provide for inclusive resource distribution. The expanded budget is expected to lift economic growth in 2026 to 5.4%, compared with forecasted growth of 5.2% in the 2025 state budget. Other 2026 economic assumptions include full-year inflation of 2.5%, an exchange rate of IDR16,500 per USD1, a 10-year government bond yield of 6.9%, and an oil price of USD70 per barrel, among others.

Republic of Korea

Government Announces 2026 Budget Proposal

On 29 August, the Government of the Republic of Korea announced its KRW728 trillion 2026 budget proposal, an 8.1% increase from the 2025 budget. This 2026 budget is expected to generate a fiscal-deficit-to-GDP ratio of 2.0% in 2026, up from 0.8% based on the original 2025 budget, and a government-debt-to-GDP ratio of 51.6%, up from 48.1%. The 2026 budget includes investments in (i) artificial intelligence, which saw a threefold increase in its allocation from the previous year; (ii) research and development for core technologies in high-tech industries; and (iii) measures to address global challenges such as trade negotiations with the United States and climate change. The government will continue to invest in projects and initiatives to support local regions, education, social welfare, and tourism, among others.

FTSE Russell Reaffirms the Republic of Korea's Inclusion in the World Government Bond Index

On 7 October, FTSE Russell reaffirmed the inclusion of the Republic of Korea in the World Government Bond Index, as well as the inclusion methodology announced in April 2025. The inclusion will occur gradually over eight monthly phases during April—November 2026. FTSE Russell also stated that it will continue to work closely with the government, market participants, and market infrastructure institutions to ensure the inclusion process is smooth. This announcement is expected to boost market interest and confidence in the government bond market. FTSE Russell also announced the Republic of Korea's expected weight in the index as of October 2025 at 2.08%, making it the ninth-largest market in the index.

Malaysia

Malaysia Extends Tax Deduction for Sustainable Issuances

On 25 August, the Government of Malaysia extended the tax deduction rules for private companies issuing Sustainable and Responsible Investment Sukuk (SRI Sukuk). The Income Tax (SRI Sukuk) Rules, which were initially slated to expire at the end of 2023, effectively allow private companies to deduct the issuance expenses of SRI Sukuk from their taxable income. In August, these rules were extended to include issuances from 2024 to 2027, provided the eligible company allocates 90% of the bond's proceeds to funding an SRI project, among other qualifications.

Government Unveils 2026 Budget Spending Plan

On 10 October, the Government of Malaysia unveiled its 2026 budget spending plan totaling MYR470.0 billion. State revenue in 2026 is expected to sum to MYR343.1 billion, with the fiscal deficit estimated to decline from 3.8% of GDP in 2025 to 3.5% next year. State revenue will be supported by increased collections of individual income tax and sales and services tax, among others. The budget plan is in line with 2026 government targets of 4.0%–4.5% for economic growth and 1.3%–2.0% for inflation.

Philippines

Government Plans to Borrow PHP2.7 Trillion in 2026

On 13 August, the Department of Budget and Management released its 2026 borrowing plan totaling PHP2.7 trillion, which was up 3.2% from 2025 in order to cover the projected PHP 1.6 trillion annual fiscal deficit. The government is expected to follow a borrowing mix ratio of 77:23 in favor of domestic versus foreign lenders. Of the 2026 borrowing total, PHP2.1 trillion will be sourced domestically through fixed-rate Treasury bonds and bills, while PHP627.1 billion will be sourced externally through program loans, project loans, and bonds and other inflows. The total debt service bill for 2026 is set at PHP2.0 trillion, down 2.4% from PHP2.1 trillion in 2025. The Department of Budget and Management projects a debt-to-GDP ratio of 61.3% at the end of 2025, slightly higher than the previous projection of 60.4%. The ratio is projected to tick up to 61.8% by the end of 2026 due to expectations of slower economic growth.

Government Bonds Considered for Inclusion in Global Bond Index

On 12 September, JP Morgan Chase & Co. placed PHP-denominated government bonds on its positive watchlist, marking the final review phase for potential inclusion in its Government Bond Index for Emerging Markets (GBI-EM). The GBI-EM, the leading benchmark for emerging market local currency sovereign bonds, is widely followed by global fund managers and covers 19 markets. If included, the Philippines would hold an estimated 1.0% share of the GBI-EM Global Diversified Index. Inclusion is expected to broaden foreign investor participation in the economy's local currency bond market, which in turn could enhance market liquidity, reduce government borrowing costs, and unlock additional funding sources for public services and infrastructure. The review period spans around 6–9 months, with updates expected in the first quarter of 2026.

Singapore

Sovereign Green Bonds Allocated Toward Mass Transit

On 29 September, the annual Singapore Green Bond Report was released, outlining green bond market developments and initiatives in support of Singapore's sustainable development goals. Of the previously issued sovereign green bonds totaling SGD9.2 billion, only SGD3.6 billion are left to be allocated by the end of 2026. These distributions will be applied to support Singapore's mass rapid transit lines to reduce carbon emissions and improve Singapore's public transport system, thereby enhancing connectivity, mobility, and job creation.

Thailand

Government Conducts Bond Switching Transactions Totaling THB25.0 Billion

On 22 August, the Public Debt Management Office concluded bond switching transactions amounting to THB25.0 billion. The source bond for the transactions had a remaining maturity of 9.7 months, while the destination bonds had remaining maturities ranging from 4.6 years to 46.9 years. The bond switch reduced the bunching of government debt in tenors of 1–4 years, increased the liquidity of longer-term bonds, and helped lessen debt risk.

Viet Nam

Government Tightens Rules on Public Offering of Corporate Bonds

On 11 September, the Government of Viet Nam issued Decree 245 tightening rules for public corporate bond offerings. The decree mandates that public bond issuers have (i) credit ratings, (ii) a debt ceiling five times the issuer's charter capital, (iii) bondholder oversight, (iv) a minimum of 5-year bond terms for international issuers, and (v) stricter controls on the use of proceeds and prompt exchange listings. Decree 245 amends and supplements certain articles in Decree 155 to align with the Revised Securities Law, 2024 and aims to enhance transparency and investor protection in accordance with international standards.

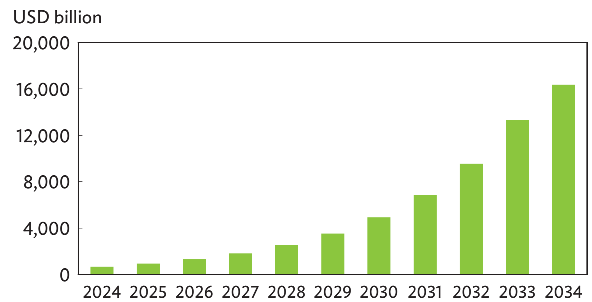
State Securities Commission Launches Green Bond Disclosure Handbook

On 13 October, the State Securities Commission of Viet Nam, in partnership with the British Embassy in Ha Noi, held a workshop to unveil the *Green Bond Disclosure Handbook*. The new handbook was built on the State Securities Commission's 2021 issuance guide for green, social, and sustainable bonds and was developed in collaboration with experts from the United Kingdom. The book provides practical guidance for green bond issuers on transparent and consistent disclosure practices. This includes (i) green bond concepts and legal frameworks, (ii) pre-issuance disclosure aligned with global best practices, (iii) post-issuance reporting standards, and (iv) case studies and comparative analyses. The handbook aims to boost investor confidence through transparency, reduce greenwashing risks, and attract both domestic and international investments.

Risk Spillovers Between Carbon and Green Bond Markets: Implications for the Republic of Korea's Carbon Market

A carbon emissions trading system (ETS) is recognized as an efficient tool for curbing carbon dioxide (CO_2) emissions, drawing substantial global attention in recent years. In 2024, the global carbon credit market was valued at USD669.4 billion and projected to grow at an impressive annual rate of 37.7% to reach USD16,379.5 billion by 2034 (**Figure 16**). The European Union (EU) dominates the global ETS market, accounting for a 79.5% share in 2023. The market in the United States is also poised for strong growth and is expected to reach USD326.2 billion by 2032. This burgeoning interest in emissions trading reflects ETS markets' success in promoting low-carbon technologies and supporting economies to achieve their net-zero targets (Lyu, Shi, and Wang 2020; Guo et al. 2021). For example, since its inception in 2005, the EU ETS has helped reduce emissions from the power and industrial sectors by 37%.

Figure 16: Global Carbon Credit Market Size



USD = United States dollar.
Source: Bloomberg LP.

Given the critical role of ETSs in reducing emissions from power generation, a growing body of literature has explored the pricing dynamics within carbon markets. Most existing research focuses on markets in the EU and the People's Republic of China (PRC). The Republic of Korea's ETS (KETS), launched in 2015, has also proven effective—reducing emissions by 676.6 metric tons of CO_2 equivalent in 2021 and significantly lowering compliance costs. Estimates suggest that emissions trading could help the Government of the Republic of Korea save 1.42% of gross domestic product (Wei, Li, and Wang 2022). This implies that without the emission trading system, the economy of the Republic of Korea could experience a larger downturn resulting from climate hazards due to its climate policies; however, using this cap-and-trade mechanism would allow the government to reduce such economic damage. Despite KETS' success, the carbon price behavior of market participants remains underexplored.

This study aims to address that gap by analyzing the volatility dynamics of carbon prices in the Republic of Korea. Specifically, we investigate the risk spillover effects between KETS and global green bond markets. As both ETSs and green bonds represent essential components of the sustainable finance ecosystem, understanding the risk transmission between them is crucial for facilitating a smooth energy transition.[17]

Recent studies—such as Mensah et al. (2018); McInnerney and Bunn (2019); Kim, Dong, and Yoon (2024); and Bouteska, Harasheh, and Marzo (2025)—highlight potential interlinkages between an ETS and a green bond market, arguing that while green bonds fund low-carbon technologies, carbon allowance prices influence associated costs. Additionally, an expanding green bond market can reduce demand for carbon allowances, reflecting a complementary relationship. These connections are important for assessing risks associated with sustainable finance. Other recent studies—including Jin et al. (2020); Rannou, Boutabba, and Barneto (2021); Tiwari et al. (2022); Ren et al. (2022); Li et al. (2022);

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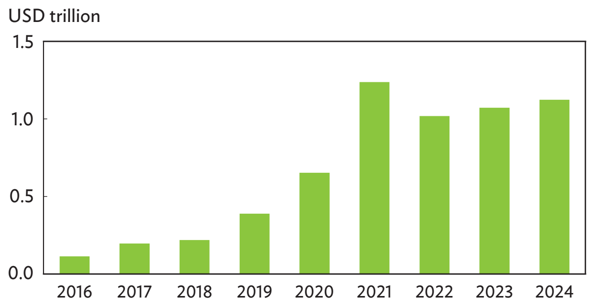
[17] A recent report, published by the World Bank, reveals a continuing growth trend in the global green bond market. For instance, annual issuance in 2024 reached USD1.1 trillion, reflecting a 5% increase compared to 2023 (Figure 17). The report also predicts that the volume of green bond issuance in 2025 will increase, despite macroeconomic and geopolitical conditions.

Figure 17: Global Green Bond Annual Issuance



USD = United States dollar.
Source: Bloomberg LP.

Zhang and Umair (2023); Zhang, Baloch, and Niu (2023); Zhang et al. (2023); Wang et al. (2023); Li et al. (2023); and Wu and Qin (2024)—explore risk transmission between carbon markets and green bonds. Jin et al. (2020) find green bonds to be an effective hedge for EU carbon markets, while Ren et al. (2022), using a wavelet quantile-on-quantile approach, show that EU carbon prices positively influence green bond prices. Similarly, Zhang et al. (2023) document a strong link between the PRC's carbon and green bond markets, shaped by global events such as COVID-19 and Russia's war in Ukraine. Applying a time-varying parameter, vector autoregression model, Li et al. (2023) find a negative correlation between green bonds and carbon prices in the PRC.

Importantly, these studies concentrate on the EU and PRC markets, leaving the risk transmission between green bonds and carbon prices in the Republic of Korea largely unexplored. This study seeks to fill that void and make several key contributions. First, we shift the focus from traditional volatility spillovers to jump-induced volatility between carbon and green bond markets. Jumps, representing abrupt and unforeseen shocks, are critical as they often trigger extreme market movements. Understanding these jumps is particularly useful during turbulent periods, helping market participants make better-informed investment decisions (Dutta and Das 2022). Second, we analyze spillover effects between carbon markets in the EU and the Republic of Korea. This is particularly relevant given the challenges KETS has faced, including limited market liquidity and uncertainty around carbon pricing. Despite additional government-issued allowances, trading volumes have remained low—highlighting that the issue extends beyond mere supply–demand adjustments. Linking with global markets could enhance KETS' efficiency and help the Republic of Korea meet its climate commitments cost-effectively. Understanding how global carbon markets interact is therefore essential. Third, we examine whether the correlation of jump intensities—either between green bonds and carbon markets, or between KETS and the EU ETS—is influenced by geopolitical risk. Rising geopolitical tensions can affect both green and carbon markets in various ways. For example, the shift toward energy independence under net-zero policies might buffer oil markets from geopolitical shocks, potentially increasing demand for green finance. At the same time, disruptions caused by geopolitical instability can ripple across financial markets, including carbon markets (Aysan et al. 2019). Yet, the impact of geopolitical risk on carbon markets remains underexplored (Lu et al. 2024, Dutta et al. 2025). Methodologically, we apply a generalized autoregressive conditional heteroskedasticity jump-model to estimate jump-induced volatility in carbon and green bond markets. We then employ a vector autoregressive model to assess jump spillover effects.

Our sample period spans from January 2015 to October 2024, yielding a total of 2,374 daily observations. We selected this period based on data availability. Specifically, we collected emissions trading data for the Republic of Korea from the website of the International Carbon Action Partnership.[18] Information on the S&P Green Bond Index was retrieved from the Bloomberg terminal (Bloomberg Finance L.P. 2024). All prices are considered in United States dollars.

The findings of this empirical research reveal the existence of volatility jumps in KETS, driven by events such as the COVID-19 pandemic and heightened geopolitical tensions. These jumps are influenced by shocks from the EU ETS and other global green bond markets. We also find that geopolitical risk significantly explains volatility jumps in both emissions and in green bond markets. Moreover, an additional analysis indicates that the jump-induced volatility of Shenzhen's carbon market can predict jump behavior for carbon prices in the Republic of Korea.

[18] International Carbon Action Partnership. Korea Emissions Trading System. https://icapcarbonaction.com/en/ets/korea-emissions-trading-system-k-ets.

Our results have several policy implications. First, policymakers can better assess the economic consequences of geopolitical risk and prepare responsive measures for CO_2 mitigation. For a major oil-importing economy like the Republic of Korea, geopolitical instability could hinder progress in clean technology deployment. Strategies such as implementing or increasing carbon taxes and promoting clean energy investments could help offset these adverse effects. An efficient carbon market is crucial for both policymakers and sustainable investors. A robust ETS can reduce emissions, enhance investor confidence, improve returns, and lower market volatility. Accurately identifying the factors that drive volatility—particularly jump-induced volatility—is key to strengthening market performance. Our findings can inform such efforts and support the development of a more effective ETS in the Republic of Korea. Further, we recommend that the Republic of Korea consider establishing a carbon futures market to stabilize price fluctuations. A well-designed futures market can enhance liquidity, attract environmentally conscious investors, and reduce overall market volatility.

For investors, our results suggest the importance of monitoring global carbon and green bond markets, as KETS is sensitive to developments in both. Additionally, during periods of geopolitical tension, investors should actively manage and hedge their portfolios. However, if emissions trading prices remain highly susceptible to geopolitical risks, even hedging strategies may prove insufficient. In such cases, proactive government intervention is essential to reassure investors and stabilize the market.

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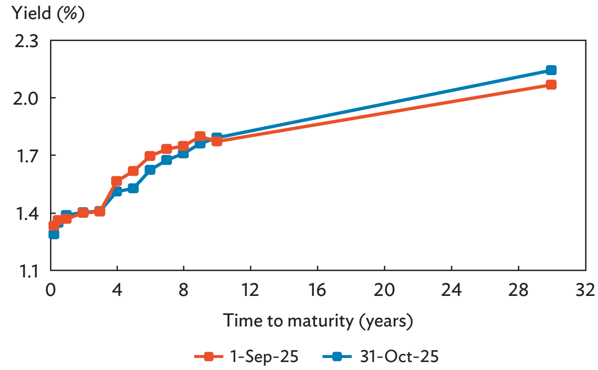
Market Summaries

People's Republic of China

Yield Movements

The People's Republic of China's (PRC) yield curve flattened between 1 September and 31 October. Weak economic data led to a decline in most PRC bond yields during the review period, particularly for longer-dated tenors, leading to its flattening (**Figure 1**). Yields fell an average of 2 basis points (bps), with most declines occurring at the middle to longer end of the curve (excluding the 10-year and 30-year tenors). Most economic indicators released during the review period showed a weakening economy. Third quarter (Q3) GDP growth softened to 4.8% year-on-year (y-o-y) from the second quarter's (Q2) 5.2% y-o-y gain. The PRC's economy continued to experience deflation, with producer and consumer prices declining 2.3% y-o-y and 0.3% y-o-y, respectively, in September. Bond yields faced downward pressure following the announcement by the People's Bank of China on 28 October that it will resume government bond purchases, which was interpreted by analysts as a sign of easing.

Figure 1: The People's Republic of China's Benchmark Yield Curve—Local Currency Government Bonds

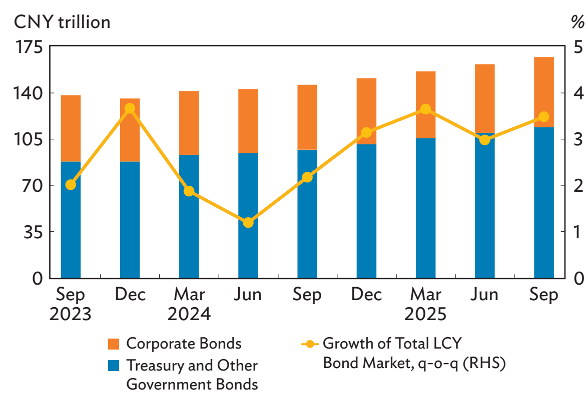


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The PRC's LCY bond market maintained its growth momentum in Q3 2025 with total bonds outstanding reaching CNY170.9 trillion. The market expanded 3.4% quarter-on-quarter (q-o-q), only slightly lower than the previous quarter's 3.5% q-o-q gain (**Figure 2**). The stock of government bonds continued to expand amid local government refinancing to manage debt levels and efforts to stimulate the domestic market through government expenditures. Corporate bond activity was evident in capital-raising via financial bonds amid the central government's efforts to boost industrialization by calling on banks to increase lending.

Figure 2: Composition of Local Currency Bonds Outstanding in the People's Republic of China



CNY = Chinese yuan, LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side.

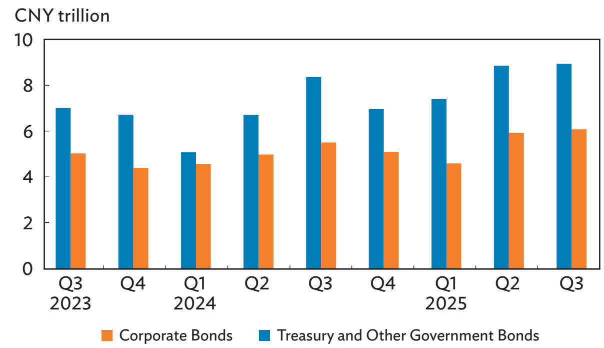
Source: CEIC Data Company.

The PRC's bond issuance growth moderated in Q3 2025, with bond sales totaling CNY15.0 trillion. While both the government and corporate bond segments posted issuance growth, the expansions were smaller than the growth rates posted in the previous quarter (**Figure 3**). The government sector's bond issuance only grew 0.9% q-o-q due to a decline in Treasury bond issuance as the government reduced fiscal spending in Q3 2025. Local government and policy bank bond issuance contributed much of the growth, rising 14.9% q-o-q and 14.6% q-o-q, respectively.

This market summary was written by Russ Jason Lo, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

In addition to regular issuance for policy support, policy banks accelerated their issuance ahead of the planned reimposition of value-added taxes on interest income. Local governments also continued to issue for refinancing purposes and for special projects to boost the economy. Meanwhile, corporate bond issuance growth slowed amid increased uncertainty following the release of weak economic indicators.

Figure 3: Composition of Local Currency Bond Issuance in the People's Republic of China

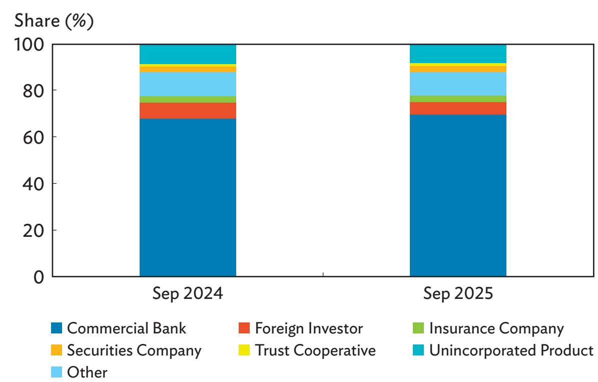


CNY = Chinese yuan, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.
Source: CEIC Data Company.

Investor Profile

Banks purchased more Treasury bonds during the past year, expanding their holdings share at the end of September. Investment by banks in the PRC's Treasury bond market increased as weaker loan growth and credit concerns led them to seek safer assets. As a result, the holdings share of commercial banks in the Treasury bond market rose to 69.9% at the end of September from 68.1% a year earlier (**Figure 4**). Meanwhile, foreign investors continued to exit the market amid concerns about the PRC's economy, leading to their collective share falling to 5.4% from 7.0% during the same period.

Figure 4: Investor Profile of Treasury Bonds

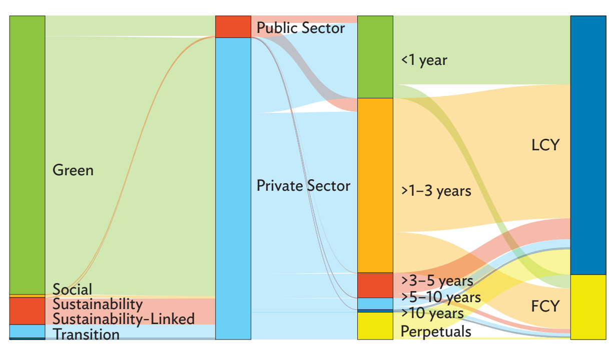


Source: CEIC Data Company.

Sustainable Bond Market

Driven by issuance to support ongoing decarbonization efforts, the PRC's sustainable bonds outstanding rose 4.5% q-o-q to USD404.4 billion at the end of September, of which green bonds comprised 86.1% (Figure 5). The large share of green bonds in the PRC's sustainable bond market is mostly due to government initiatives. At the PRC's Fourth Plenum in October, where the government discussed development plans for 2026–2030, sustainability remained a key consideration.[19] The government also reemphasized its plan to ensure that carbon emissions peak in 2030. The Shanghai Stock Exchange on 29 September launched the State-Owned Enterprises Green Bond Index. (In June 2017, the exchange, in partnership with the Luxembourg Stock Exchange, had previously launched the Green Bond Index.) The weak economic environment dampened issuance in Q3 2025, with the PRC's sustainable bond issuance declining 19.2% to CNY37.7 billion. Even though the government is promoting sustainable development, the public sector's share of the sustainable bond market is relatively small at 6.8%, compared with the private sector's share of 93.2%.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the People's Republic of China at the End of September 2025



FCY = foreign currency, LCY = local currency.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

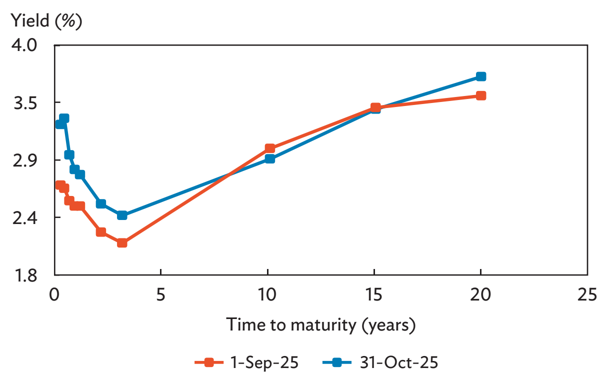
[19] Government of the People's Republic of China, Ministry of Foreign Affairs. 2025. Communique of the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China. 23 October.

Hong Kong, China

Yield Movements

Local currency (LCY) government bond yields in Hong Kong, China rose for most maturities between 1 September and 31 October. Yields gained an average of 38 basis points (bps) for all maturities except the 10-year and 15-year bonds, which edged down 10 bps and 2 bps, respectively (**Figure 1**). The rise in yields reflected tight funding conditions amid interventions by the Hong Kong Monetary Authority to defend the Hong Kong dollar's peg to the United States (US) dollar.[20] These interventions drained excess funds from the financial system and pushed up borrowing costs, including bond yields. Improved economic conditions also contributed to the uptrend in most bond yields. Hong Kong, China's gross domestic product expanded faster in the third quarter (Q3) of 2025, rising 3.8% year-on-year compared to 3.1% year-on-year in the second quarter (Q2), supported by sustained growth in exports and domestic demand.

Figure 1: Hong Kong, China's Benchmark Yield Curve—Local Currency Government Bonds

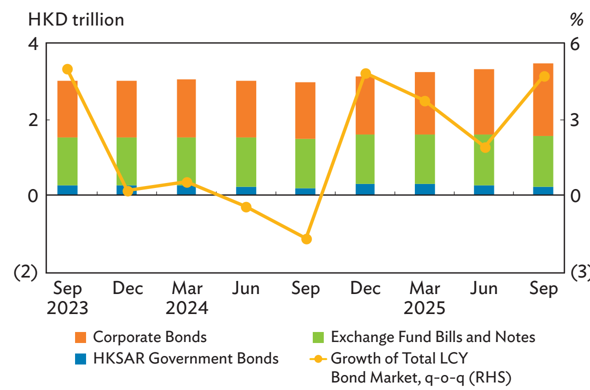


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Hong Kong, China's LCY bond market expanded 4.7% quarter-on-quarter (q-o-q) to reach HKD3,465.9 billion at the end of September. The expansion in Q3 2025 accelerated from 2.0% q-o-q in Q2 2025, led by the corporate bond segment (**Figure 2**). Corporate bonds outstanding reached HKD1,877.2 billion on a gain of 11.1% q-o-q, up from 4.4% q-o-q in the previous quarter, driven by increased issuance amid improving economic conditions. Meanwhile, Hong Kong Special Administrative Region (HKSAR) government bonds outstanding (HKD257.3 billion) declined 12.4% q-o-q on a slowdown in issuance. Corporate bonds continued to comprise most of the LCY bond market, accounting for 54.2% of total bonds outstanding at the end of September.

Figure 2: Composition of Local Currency Bonds Outstanding in Hong Kong, China



( ) = negative, HKD = Hong Kong dollar, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side.

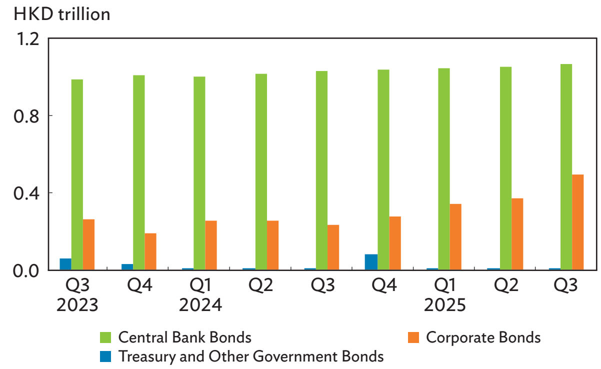
Source: Hong Kong Monetary Authority.

This market summary was written by Debbie Gundaya, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

[20] The Hong Kong Monetary Authority purchased HKD7.1 billion worth of Hong Kong dollars in the first week of October to defend its currency peg after the local currency touched the weak end of its trading band with the United States dollar. The Hong Kong dollar weakened amid an equities market sell-off triggered by renewed trade tensions between the United States and the People's Republic of China in early October.

Strong bond issuance from the private sector amid improved economic conditions drove up overall LCY bond sales in Q3 2025. Total LCY bond issuance reached HKD1,581.0 billion in Q3 2025, with growth jumping to 9.3% q-o-q from 3.2% q-o-q in the previous quarter (**Figure 3**). Corporate bond sales posted robust growth of 33.5% q-o-q in Q3 2025, up from 8.1% q-o-q in Q2 2025, as sustained economic growth bolstered investor sentiment. Financial and real estate firms dominated debt sales in Q3 2025 as the property market stabilized. Hong Kong Mortgage Corporation remained the largest nonbank corporate issuer—its debt sales amounting to HKD19.3 billion and accounting for 68.7% of total nonbank corporate bond issuance in Q3 2025. Meanwhile, HKSAR government bond issuance contracted 46.3% q-o-q to HKD7.3 billion, as the issuance plan for 2025 had reduced issuance scheduled for Q3 2025 compared to the previous quarter. HKSAR issuances in Q3 2025 solely comprised institutional bonds under the Government Infrastructure Bond Programme, with maturities ranging from 1 year to 20 years. Proceeds from these bond sales were credited to the Capital Works Reserve Fund to finance infrastructure projects.

Figure 3: Composition of Local Currency Bond Issuance in Hong Kong, China



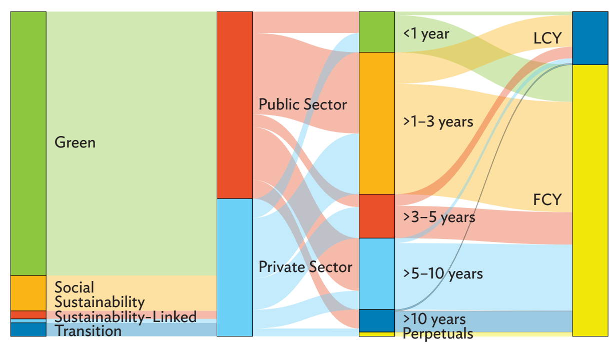
HKD = Hong Kong dollar, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Source: Hong Kong Monetary Authority.

Sustainable Bond Market

Sustainable bonds outstanding declined a marginal 0.1% q-o-q to USD45.9 billion at the end of Q3 2025 due to reduced issuance. Issuance in Q3 2025 was down 37.0% q-o-q to USD1.8 billion and was solely driven by the private sector. The largest issuer was CCB Shipping and Aviation Leasing, with a USD0.8 billion floating-rate note intended to finance green projects. In contrast, the government had no new sustainable bond issuance during the quarter, as it had already issued a multicurrency tranche of green bonds in the previous quarter. Green bonds continued to be the predominant bond type, comprising 81.3% of total sustainable bonds outstanding (**Figure 4**). Bonds issued by the public sector, all of which were green bonds, accounted for 57.6% of outstanding sustainable bonds at the end of September. Projects financed by proceeds from government sustainable bond issuances include green buildings, water and wastewater management, and climate change adaptation initiatives. About 83.6% of outstanding sustainable bonds in Hong Kong, China were denominated in foreign currency, primarily US dollars, in part due to multicurrency issuances under the Government Sustainable Bond Programme. Almost 90% of outstanding bonds issued under the program have been denominated in a foreign currency, in line with efforts to tap global investors' demand for sustainable bonds and enhance Hong Kong, China's position as a sustainable finance hub. Private sector sustainable bonds are also largely denominated in foreign currency, primarily US dollars and Chinese yuan. All private sector issuances in Q3 2025 were denominated in foreign currency, including CNY3.5 billion of dim sum bonds from Swire Properties earmarked for the financing of green buildings and related initiatives.

Figure 4: Market Profile of Outstanding Sustainable Bonds in Hong Kong, China at the End of September 2025



FCY = foreign currency, LCY = local currency.

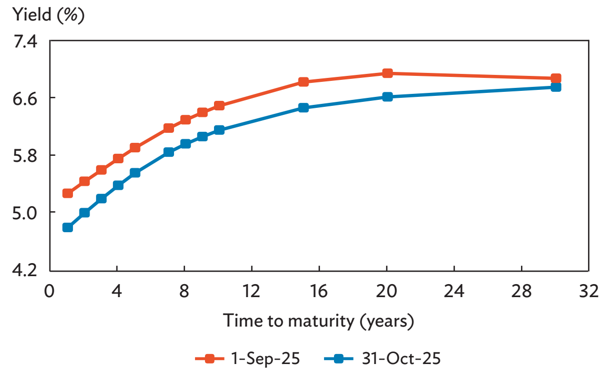
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Indonesia

Yield Movements

Bank Indonesia's accommodative monetary stance has driven bond yields down. Between 1 September and 31 October, local currency (LCY) government bond yields in Indonesia declined by an average of 35 basis points (bps) across the curve (**Figure 1**), the largest overall decline in emerging East Asia during the review period.[21] In September, Bank Indonesia reduced its policy rate by 25 bps for a third consecutive month, lowering the rate to 4.75%. In its October meeting, Bank Indonesia, however, decided to keep rates steady as it shifted focus toward strengthening the effectiveness of monetary policy transmission. Despite a 150 bps reduction in the policy rate since September 2024, the central bank noted that banks' lending rates had declined by only 15 bps and loan growth remained below target. Nonetheless, Bank Indonesia maintained its dovish stance, acknowledging that there remains scope for cutting rates amid low inflation expectations.

Figure 1: Indonesia's Benchmark Yield Curve—Local Currency Government Bonds

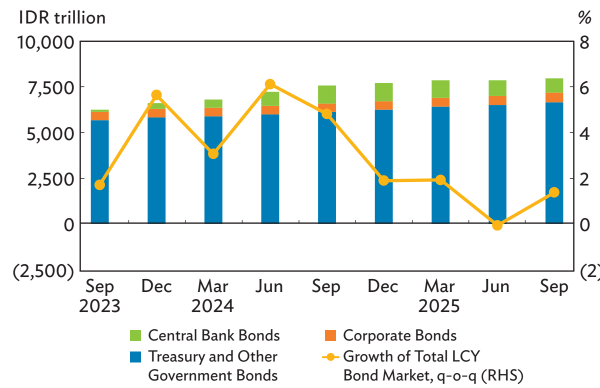


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Supported by monetary easing, LCY bond market expansion in Indonesia rebounded in the third quarter (Q3) of 2025. LCY bonds outstanding climbed to IDR7,938.0 trillion at the end of September, rising 1.4% quarter-on-quarter (q-o-q) in Q3 2025 after contracting 0.1% q-o-q in the previous quarter (**Figure 2**). Both the government (2.4% q-o-q) and corporate (3.7% q-o-q) bond segments contributed to the overall gain, as reduced borrowing costs buoyed robust issuance during Q3 2025. In contrast, the stock of central bank securities contracted 7.9% q-o-q as maturities outpaced issuance during the quarter. The contraction was in line with efforts by Bank Indonesia to reduce the amount of central bank securities and to increase funding availability in the financial system.

Figure 2: Composition of Local Currency Bonds Outstanding in Indonesia



( ) = negative, IDR = Indonesian rupiah, LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side.

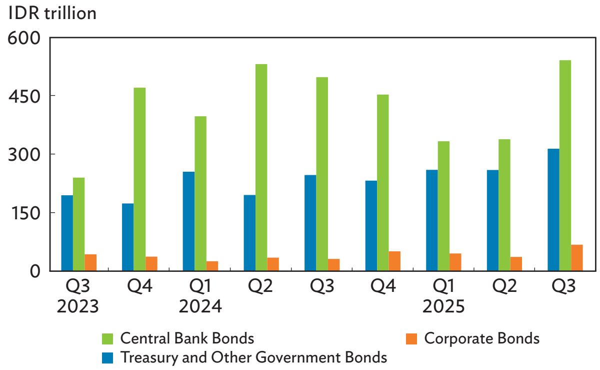
Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange.

Lower interest rates boosted LCY bond sales in Q3 2025, with growth recorded across all bond types. Aggregate issuance tallied IDR922.6 trillion in Q3 2025, gaining 45.6% q-o-q and reversing the 0.7% q-o-q contraction recorded in the previous quarter (**Figure 3**). Government bond issuance rose 21.1% q-o-q in Q3 2025, raising IDR314.0 trillion from the sale of Treasury instruments including retail *sukuk* (Islamic bonds) and retail savings bonds. Corporate bond issuance was also robust, recording an expansion of 86.2% q-o-q following a contraction of 19.9% q-o-q in the prior quarter. Bank Negara Indonesia was the largest corporate bond issuer in Q3 2025, accounting for 7.4% of Indonesia's quarterly total with issuances totaling IDR5.0 trillion in July.

This market summary was written by Roselyn Regalado, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

[21] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

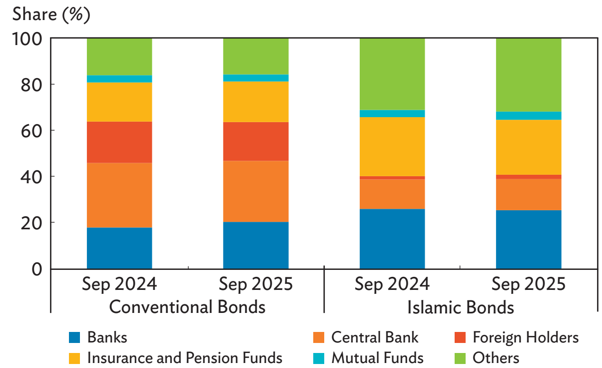
Figure 3: Composition of Local Currency Bond Issuance in Indonesia



IDR = Indonesian rupiah, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; and Indonesia Stock Exchange.

Figure 4: Investor Profile of Tradable Government Bonds



Source: Directorate General of Budget Financing and Risk Management, Ministry of Finance.

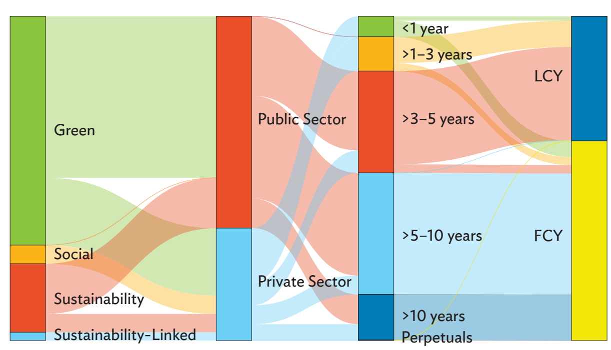
Investor Profile

At the end of September, the central bank remained the largest investor group in Indonesia's Treasury bond market. As part of its policy mix to support economic growth, the central bank continued to purchase Treasury bonds from the secondary market.[22] Bank Indonesia held 24.1% of total tradable government bonds at the end of September, the highest share among all investor types, but this was slightly down from 25.0% a year earlier. By type of bond, the central bank's holdings share was much higher for conventional bonds (26.5%) than for *sukuk* (13.5%) (**Figure 4**). Foreign investors also saw a slight decline in their share of holdings of Treasury bonds during the review period—from 14.7% to 14.1%—following anti-government protests in September 2025. On the other hand, long-term institutional investors provided support to the market, with banks as the largest buyers of Treasury bonds in September, leading to an increase in their holdings share from 19.5% to 21.3%.

Sustainable Bond Market

The sustainable bond market in Indonesia expanded 12.4% q-o-q in Q3 2025, with bonds outstanding reaching USD16.1 billion at the end of September. Amid continued monetary easing, sustainable bond issuance more than doubled to USD1.9 billion during the quarter. In Q3 2025, the largest issuance was the government's USD1.1 billion green bond issued in July, followed by Bank Negara Indonesia's LCY sustainability bonds (USD0.3 billion equivalent). About 65.3% of sustainable bonds outstanding at the end of September were from the public sector as the government regularly issues sustainable bonds (**Figure 5**). The active participation of the public sector contributes to the lengthened maturity profile in Indonesia's sustainable bond market. About 62.5% of public sector sustainable bonds outstanding carried tenors of over 5 years at the end of September, leading to a longer size-weighted average tenor of 9.1 years. On the other hand, private sector sustainable bonds carried more shorter-dated tenors (68.7% of bonds with tenors of less than 5 years), resulting in a shorter average of 4.7 years.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Indonesia at the End of September 2025



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

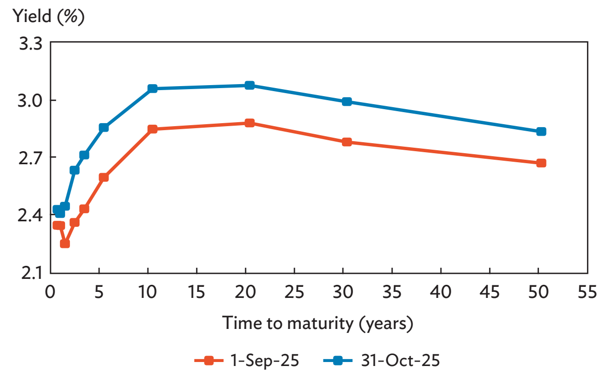
22 From 1 January to 21 October 2025, Treasury bond purchases by Bank Indonesia reached IDR268.4 trillion.

Republic of Korea

Yield Movements

Local currency (LCY) government bond yields in the Republic of Korea rose an average of 19 basis points for all tenors between 1 September and 31 October as the Bank of Korea (BOK) left the base rate unchanged (Figure 1). Yields rose amid the central bank keeping the policy rate steady in its last three meetings. On 23 October, the BOK maintained the base rate at 2.50%, as it deemed growth and inflation to be stable. The central bank said it would continue to monitor the possible impacts on financial stability of developments in the housing market and foreign exchange volatility brought about by trade negotiations with the United States.[23] Market participants expect further delays with the next rate cut given that the BOK may need more time to assess the effect of the government's market stabilization measures on housing prices.

Figure 1: The Republic of Korea's Benchmark Yield Curve—Local Currency Government Bonds

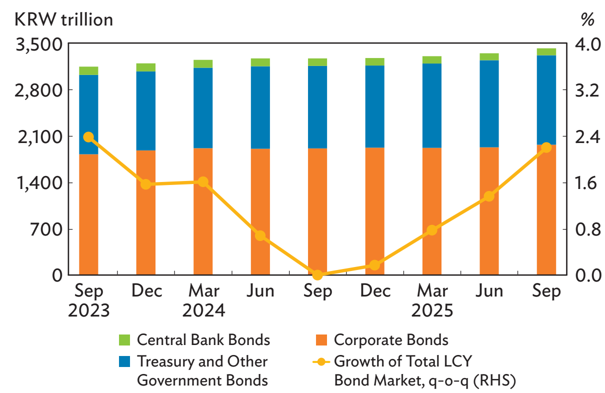


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The Republic of Korea's LCY bond market expanded 2.3% quarter-on-quarter (q-o-q) in the third quarter (Q3) of 2025 to KRW3,447.4 trillion, supported by expansion in both the government and corporate bond segments. Outstanding government bonds rose 3.0% q-o-q in Q3 2025 due to an increase in government borrowing to fund the second supplementary budget approved in July 2025 (**Figure 2**).[24] Corporate bonds outstanding rose 2.0% q-o-q, despite a marginal contraction in issuance, due to fewer maturities during the quarter.

Figure 2: Composition of Local Currency Bonds Outstanding in the Republic of Korea



KRW = Korean won, LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side.
Sources: Bank of Korea and KG Zeroin Corp.

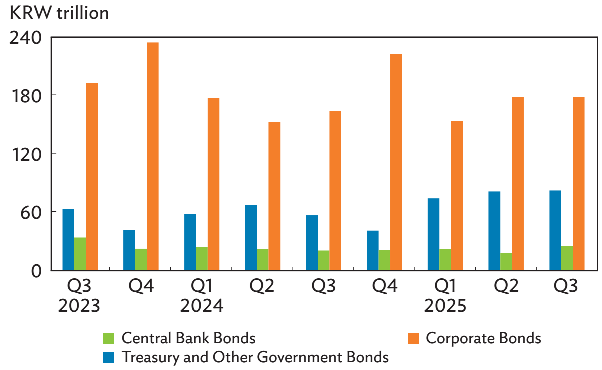
Total LCY bond issuance in the Republic of Korea gained 3.5% q-o-q to reach KRW287.2 trillion, driven by increased issuance of government and central bank bonds. Government bond issuance rose 3.4% q-o-q as the government sold additional bonds to help finance the second supplementary budget (**Figure 3**). Corporate bond issuance was almost at par with the previous quarter due to weak funding demand as bond yields remained elevated on reduced expectations of a policy rate cut during the quarter. Meanwhile, central bank bond issuance surged 38.5% q-o-q in Q3 2025 as the BOK stepped up efforts to manage liquidity in the market.

This market summary was written by Angelica Andrea Cruz, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

[23] On 29 October, the Republic of Korea released details of its recently concluded trade negotiations with the United States, including a USD350 billion fund for investment in the United States and the lowering of tariffs on Korean autos and auto parts from 25% to 15%, among others.

[24] On 6 July, the National Assembly approved the KRW31.8 trillion second supplementary budget, exceeding the first supplementary budget of KRW12.2 trillion.

Figure 3: Composition of Local Currency Bond Issuance in the Republic of Korea



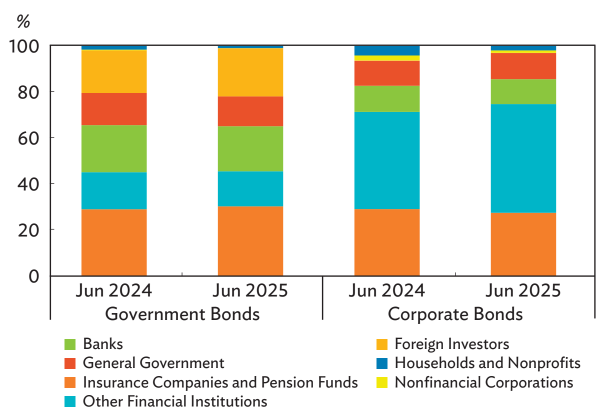
KRW = Korean won, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Sources: Bank of Korea and KG Zeroin Corp.

Investor Profile

The Republic of Korea's LCY government bond market maintained its diverse investor profile. LCY government bonds outstanding continued to be held by five major investor groups at the end of June, led by insurance companies and pension funds with a share of 30.2% (**Figure 4**). This was followed by foreign investors with a holdings share of 20.9%, up from 18.5% in the same period in 2024 due to net foreign bond inflows in the second quarter of 2025. Foreign inflows were driven by expectations of a policy rate cut and the April announcement of the inclusion of the Republic of Korea in the FTSE Russell World Government Bond Index in 2026. Other major investor groups in the LCY government bond market and their respective holdings shares include banks (19.6%), other financial institutions (15.2%), and the general government (13.0%). The LCY corporate bond market continued to be dominated by two major investor groups: Other financial institutions held almost half of the total at the end of June 2025, while insurance and pension funds accounted for 27.4%.

Figure 4: Local Currency Bonds Outstanding Investor Profile

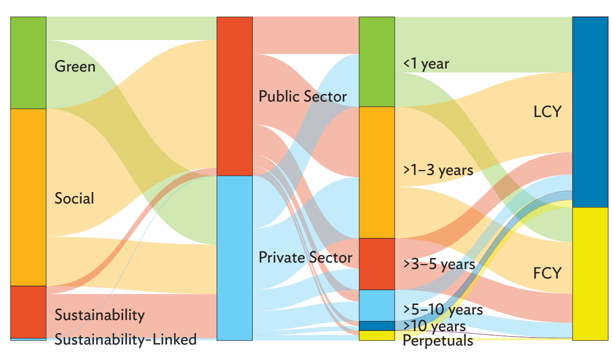


Sources: *AsianBondsOnline* and Bank of Korea.

Sustainable Bond Market

The Republic of Korea's sustainable bond market mostly comprised short-term social bonds and green bonds at the end of September. The Republic of Korea's sustainable bond market posted marginal growth of 0.3% q-o-q in Q3 2025 to reach a size of USD185.7 billion at the end of September. Overall growth was weighed down by a 30.4% q-o-q contraction in issuance during the quarter. Social bonds and green bonds continued to dominate the sustainable bond market with shares of 54.8% and 28.4%, respectively (**Figure 5**). Both public and private institutions are active issuers of sustainable bonds, with almost equal shares of the market. State-owned firm Industrial Bank of Korea was the largest issuer of sustainable bonds in Q3 2025, raising KRW1.8 trillion (USD1.3 billion) worth of multitenored (2–10 years) social bonds. Most sustainable bonds outstanding at the end of September had remaining tenors of less than 5 years, resulting in an average size-weighted tenor of 3.0 years. Nearly 60% of total sustainable bonds outstanding were denominated in Korean won, followed by the United States dollar with a share of 29.6% and the euro at 8.0%.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the Republic of Korea at the End of September 2025



FCY = foreign currency, LCY = local currency.

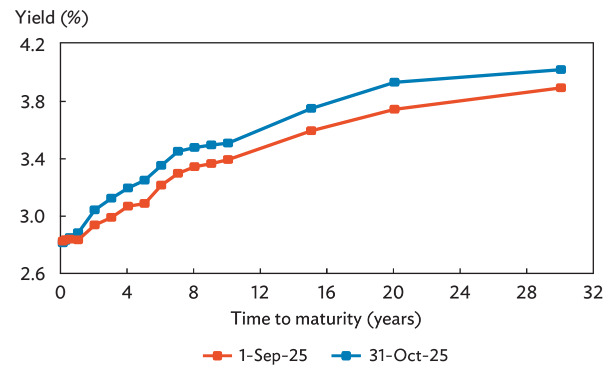
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Malaysia

Yield Movements

Malaysia's local currency (LCY) government bond yields rose for most maturities between 1 September and 31 October. Bond yields increased an average of 12 basis points for maturities of 6 months and longer, driven by robust economic growth in the third quarter (Q3) of 2025 (**Figure 1**). The economy expanded 5.2% year-on-year (y-o-y) in Q3 2025, outpacing both market expectations (3.8% y-o-y) and the previous quarter's growth (4.4% y-o-y). Gross domestic product growth was buoyed by rapid expansions in the manufacturing and services sectors, underpinned by government support through incentive programs and investments in digitalization. Inflation accelerated to 1.5% y-o-y in September from 1.3% y-o-y in August, partly driven by subsidy rollbacks implemented during the quarter.

Figure 1: Malaysia's Benchmark Yield Curve—Local Currency Government Bonds

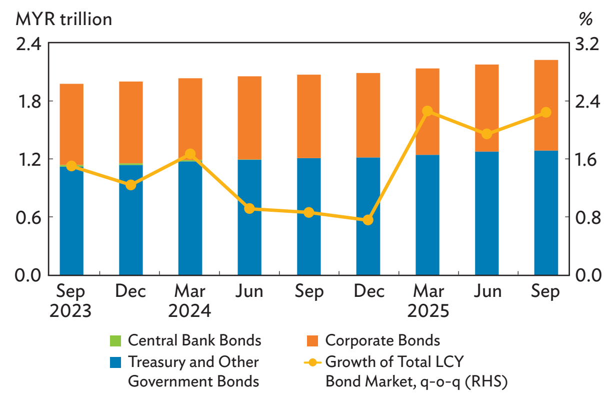


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Malaysia's LCY bond market expanded in Q3 2025 on increased issuance of Treasuries and corporate bonds. Total LCY bonds outstanding rose 2.2% quarter-on-quarter (q-o-q) to MYR2.2 trillion, following a 1.9% gain in the second quarter (Q2) of 2025 (**Figure 2**). Corporate bonds recorded the fastest expansion, rising 4.1% q-o-q in Q3 2025 after a 1.1% q-o-q gain in Q2 2025, buoyed by increased issuance during the quarter. On the other hand, Treasuries and other government bonds outstanding rose 0.9% q-o-q, moderating from a 2.6% q-o-q gain in Q2 2025 despite a large increase in issuance due to more maturities during the quarter. *Sukuk* (Islamic bonds) continued to dominate the LCY bond market, accounting for 64.3% of total outstanding bonds at the end of September.

Figure 2: Composition of Local Currency Bonds Outstanding in Malaysia

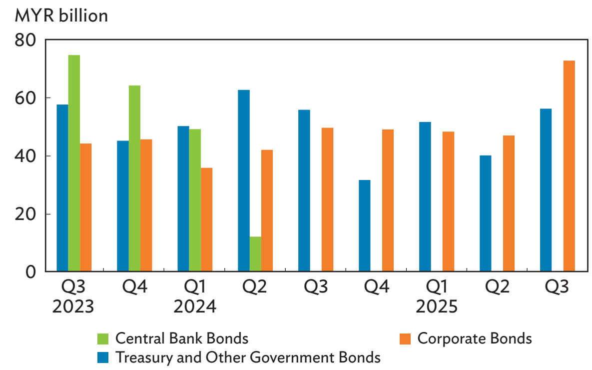


LCY = local currency, MYR = Malaysian ringgit, q-o-q = quarter-on-quarter, RHS = right-hand side.
Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

LCY bond issuance surged 48.1% q-o-q in Q3 2025, rebounding from a 12.9% q-o-q contraction in Q2 2025. The sharp recovery was supported by monetary policy easing by Bank Negara Malaysia, which reduced the overnight policy rate by 25 basis points to 2.75% on 9 July. Government bond issuance rose 40.0% q-o-q in Q3 2025, following a 22.3% decline in Q2 2025, partly driven by borrowing to finance infrastructure investments and ongoing subsidies (**Figure 3**). Corporate bond issuance likewise strengthened, climbing 55.0% q-o-q, aided in part by incentives such as tax deductions for *sukuk* offerings. Cagamas was the leading LCY corporate issuer, with MYR6.2 billion in sales that accounted for 8.5% of total LCY corporate issuance during the quarter.

This market summary was written by Justin Adrian Villas, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

Figure 3: Composition of Local Currency Bond Issuance in Malaysia



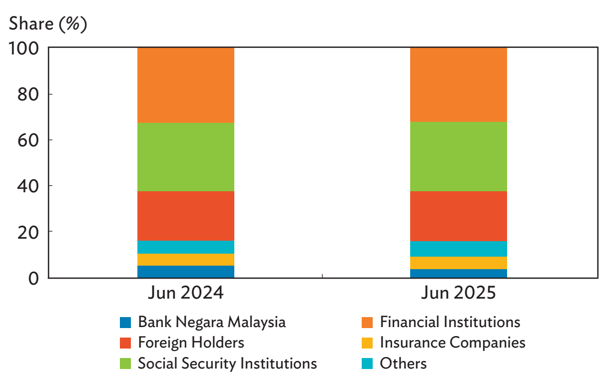
MYR = Malaysian ringgit, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Source: Bank Negara Malaysia Fully Automated System for Issuing/Tendering.

Investor Profile

At the end of June, domestic investors accounted for 78.3% of Malaysia's LCY government bonds outstanding. Financial institutions and social security funds remained the largest investor groups, collectively holding 62.3% of total bonds outstanding (**Figure 4**). Foreign holdings edged up to 21.7% from 21.4% a year earlier, supported by improved global sentiment and optimism over trade relations with the United States. Malaysia continued to post the highest share of foreign holdings among emerging East Asian economies.[25]

Figure 4: Local Currency Government Bonds Investor Profile



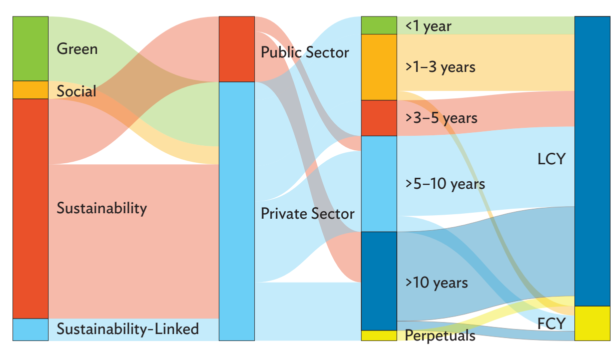
Note: "Others" include statutory bodies, nominees and trustee companies, and cooperatives and unclassified items.

Source: Bank Negara Malaysia.

Sustainable Bond Market

Malaysia's outstanding sustainable bonds expanded 8.3% q-o-q to reach USD17.3 billion at the end of September, driven by increased corporate bond issuance. Sustainability bonds dominated outstanding sustainable bonds, accounting for 67.8% of the total (**Figure 5**). Green, social, and sustainability-linked bonds, collectively comprising 32.2% of the total, have been issued solely by the private sector. Corporate issuers accounted for 79.8% of the sustainable bond total. More than half (53.8%) of all corporate sustainable bonds carried remaining maturities longer than 5 years, leading to a size-weighted average tenor of 6.5 years. Public sector sustainable bonds comprised the remaining 20.2% of outstanding sustainable bonds, all with tenors exceeding 5 years, resulting in a longer size-weighted average tenor of 12.8 years for the public sector. Most sustainable bonds (89.4%) were denominated in Malaysian ringgit. The Malaysia Rail Link led corporate sustainable bond sales in Q3 2025, issuing MYR2.6 billion worth of sustainability bonds.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Malaysia at the End of September 2025



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

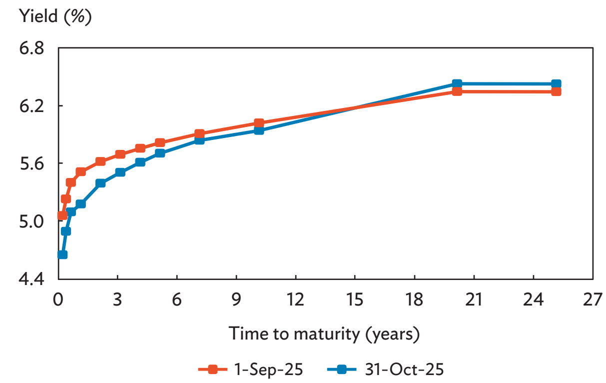
[25] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Philippines

Yield Movements

Philippine local currency (LCY) government bond yields fell for most maturities between 1 September and 31 October as the central bank maintained its dovish policy stance. Yields declined an average of 22 basis points (bps) for maturities of 10 years and less following the Bangko Sentral ng Pilipinas' (BSP) unexpected 25 bps rate cut on 9 October (**Figure 1**). Since April 2025, the BSP has cut policy rates at four consecutive meetings (for a cumulative reduction of 100 bps) to foster economic growth, lowering the overnight reverse repurchase rate to 4.75%. On 27 October, the BSP signaled further rate cuts in December and possibly into 2026 to support economic expansion.

Figure 1: The Philippines' Benchmark Yield Curve—Local Currency Government Bonds

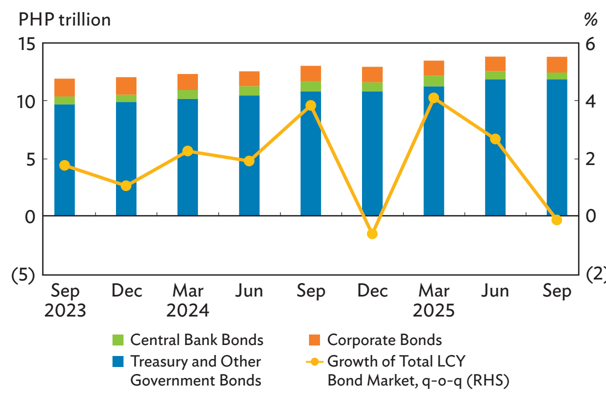


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Outstanding LCY bonds declined marginally in the third quarter (Q3) of 2025, weighed down by a moderating expansion of the stock of government bonds and a contraction in central bank securities. The total LCY debt stock reached PHP13.8 trillion at the end of September, down 0.1% quarter-on-quarter (q-o-q) from the previous quarter (**Figure 2**). The expansion of outstanding Treasury and other government bonds slowed to 0.1% q-o-q as maturities outpaced issuance, while the stock of central bank securities declined 17.4% q-o-q on reduced issuance during the quarter. Meanwhile, outstanding corporate bonds gained 7.8% q-o-q following the previous quarter's 4.0% q-o-q contraction, supported by increased issuance amid low borrowing costs.

Figure 2: Composition of Local Currency Bonds Outstanding in the Philippines



( ) = negative, LCY = local currency, PHP = Philippine peso, q-o-q = quarter-on-quarter, RHS = right-hand side.

Note: Treasury and other government bonds comprise Treasury bonds, Treasury bills, and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines.

Sources: Bangko Sentral ng Pilipinas, Bureau of the Treasury, and Bloomberg LP.

LCY bond issuance accelerated in Q3 2025, fueled by a favorable interest rate environment. During the quarter, LCY bond issuance rose 7.3% q-o-q to PHP2.9 trillion, with growth accelerating from the 0.5% q-o-q increase in the previous quarter (**Figure 3**). The expansion was largely driven by the corporate bond segment, where issuance increased almost fourfold (PHP213.3 billion) from the previous quarter as companies took advantage of cheap borrowing costs. Over 60% of corporate issuance in Q3 2025 came from the banking sector. Government bond issuance also grew 15.2% q-o-q, albeit at a slower pace than the 32.0% q-o-q growth in the previous quarter. This was because the government scaled back its Treasury bonds issuance in Q3 2025 to curb long-term debt and bolster the sale of Retail Treasury Bonds worth PHP507.2 billion in August.

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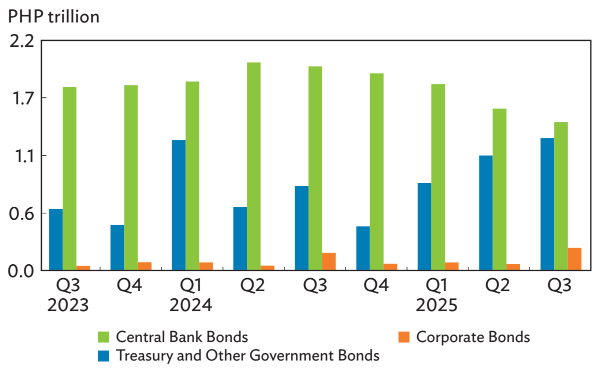
Figure 3: Composition of Local Currency Bond Issuance in the Philippines

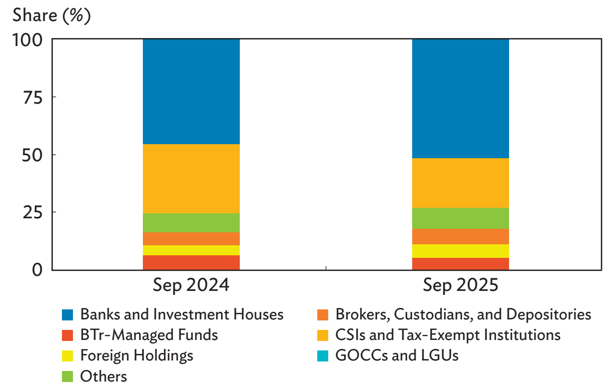


PHP = Philippine peso, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

Note: Treasury and other government bonds comprise Treasury bonds, Treasury bills, and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines.

Sources: Bangko Sentral ng Pilipinas, Bureau of the Treasury, and Bloomberg LP.

Figure 4: Investor Profile of Local Currency Government Bonds



BTr = Bureau of the Treasury, CSI = contractual savings institution, GOCC = government-owned or -controlled corporation, LGU = local government unit.

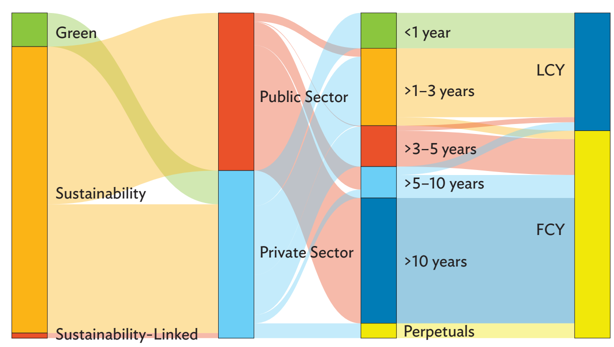
Note: At the end of September 2025, the aggregate holdings share for GOCCs and LGUs was 0.001%, amounting to PHP0.2 billion.

Source: Bureau of the Treasury.

Investor Profile

More than half of outstanding government bonds were held by banks and investment houses. This investor group's holdings share increased to 51.8% at the end of September, up from 45.7% a year earlier, driven by banks' shift toward risk-free investments amid weak lending activity in Q3 2025 (**Figure 4**). Brokers, custodians, and depositories also increased their investment share to 6.7% from 5.5%, while foreign holdings rose to 5.9% from 4.2% during the same period. These expansions were boosted by the Philippine LCY bond market's potential inclusion in JP Morgan's Government Bond Index for Emerging Markets. In contrast, the bond holdings of contractual savings institutions and tax-exempt institutions declined to 21.5% from 29.8%, partly driven by the Social Security System's significant cash requirement amid increased payouts resulting from the recent hike in pension benefits.

Figure 5: Market Profile of Outstanding Sustainable Bonds in the Philippines at the End of September 2025



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Sustainable Bond Market

Outstanding sustainable bonds rose 7.6% q-o-q in Q3 2025, supported by robust issuance amid strong investor demand. The total sustainable debt stock reached USD15.4 billion at the end of September, mostly comprising sustainability instruments (88.1%) (**Figure 5**). Due to strong investor demand, issuers increased their bond offerings during the quarter, lifting the total issuance amount to USD2.2 billion—more than thrice the previous quarter's level. The largest issuance came from BDO Unibank with the sale of its Association of Southeast Asian Nations sustainability bond worth PHP115.0 billion (USD2.0 billion), which was 23 times oversubscribed against the original offer of PHP5.0 billion. The Philippines' sustainable bond market accounted for 2.1% of emerging East Asia's total sustainable debt stock at the end of Q3 2025.[26] More than 90% of sustainable bonds from the public sector carried tenors of over 5 years, resulting in an overall size-weighted average tenor of 10.9 years.

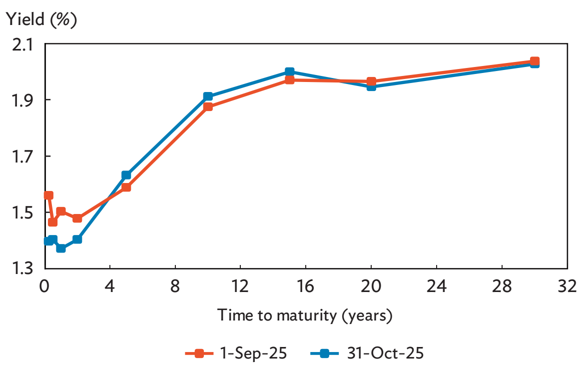
[26] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Singapore

Yield Movements

Between 1 September and 31 October, local currency (LCY) government bond yields in Singapore declined for most maturities. Yields at the short end (3 months to 2 years) and long end (20 years and above) of the curve fell an average of 8 basis points, largely driven by expectations of slower economic growth (**Figure 1**). Singapore's gross domestic product expanded by 4.2% year-on-year (y-o-y) in the third quarter (Q3) of 2025, easing from 4.7% y-o-y growth in the previous quarter amid weaker activity in the wholesale trade and construction sectors. Growth prospects were tilted to the downside as trade-related sectors continued to normalize. Meanwhile, consumer price inflation remained subdued at 1.2% y-o-y in September, well within Monetary Authority of Singapore's (MAS) target range of 0.5%–2.5%.

Figure 1: Singapore's Benchmark Yield Curve—Local Currency Government Bonds

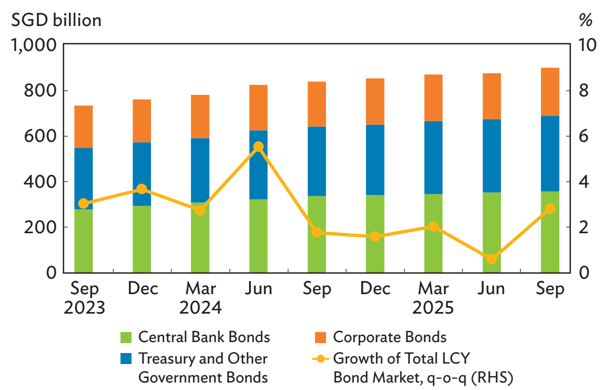


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

Singapore's LCY bonds outstanding reached SGD896.6 billion at the end of September, supported by expansion across all bond segments. The LCY bond market expanded 2.8% quarter-on-quarter (q-o-q) in Q3 2025, following a 0.6% q-o-q increase in the second quarter (Q2) of 2025 (**Figure 2**). Outstanding corporate bonds posted a strong gain of 5.0% q-o-q, largely driven by increased issuance during the quarter. Treasuries and other government securities climbed 3.4% q-o-q amid reduced maturities. Growth in MAS bills also added to the LCY bond market's overall expansion, although it moderated to 1.1% q-o-q from 1.9% q-o-q in Q2 2025.

Figure 2: Composition of Local Currency Bonds Outstanding in Singapore



LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side, SGD = Singapore dollar.

Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

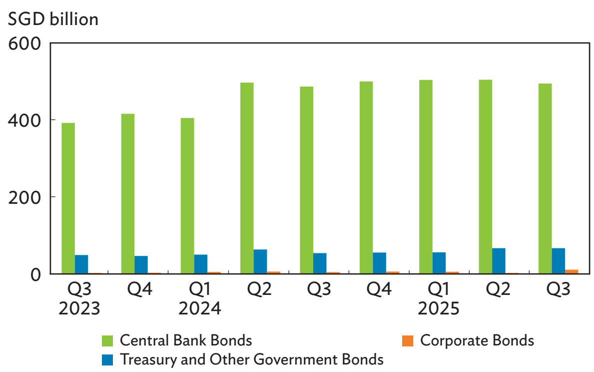
This market summary was written by Justin Adrian Villas, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

Total LCY bond issuance posted a slight decline in Q3 2025, weighed down by reduced sales of MAS bills. Aggregate issuance reached SGD571.7 billion, contracting 0.3% q-o-q, and reversing the 1.4% q-o-q expansion recorded in the previous quarter (**Figure 3**). MAS bills, which comprised 86.8% of total issuance, fell 2.0% q-o-q. In contrast, issuance of Treasuries and other government securities edged up marginally by 0.2% q-o-q on the back of increased Treasury bill offerings. Corporate bond issuance recorded the fastest growth, surging 622.2% q-o-q to SGD9.7 billion in Q3 2025. Around half of the corporate issuance total came from the real estate sector, supported by stronger property investment activity during the period. The state-owned Housing and Development Board led all private sector issuers, raising SGD2.6 billion, or 26.4% of Singapore's total corporate issuance in Q3 2025.

Sustainable Bond Market

Singapore's sustainable bond market expanded in Q3 2025 on new issuance in the real estate, government, and financial sectors. The overall sustainable bond stock expanded 11.4% q-o-q to USD31.2 billion at the end of Q3 2025, accelerating from a 5.4% q-o-q gain in Q2 2025 (**Figure 4**). A majority (85.3%) of outstanding sustainable bonds were green bonds. Most outstanding sustainable bonds (82.6%) were denominated in Singapore dollars. Issues with remaining maturities of over 5 years comprised 59.0% of the total. CapitaLand was the largest issuer during the quarter, raising SGD1.0 billion through green securities to fund eligible sustainability projects. Consequently, the size-weighted average tenor stood at 15.3 years—the longest among emerging East Asian markets.[27]

Figure 3: Composition of Local Currency Bond Issuance in Singapore

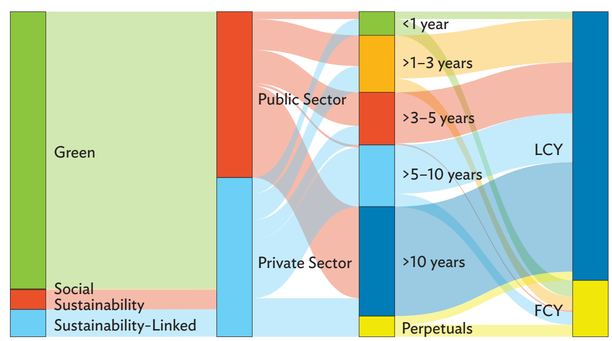


Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, SGD = Singapore dollar.

Note: Corporate bonds are based on *AsianBondsOnline* estimates.

Sources: Monetary Authority of Singapore and Bloomberg LP.

Figure 4: Market Profile of Outstanding Sustainable Bonds in Singapore at the End of September 2025



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

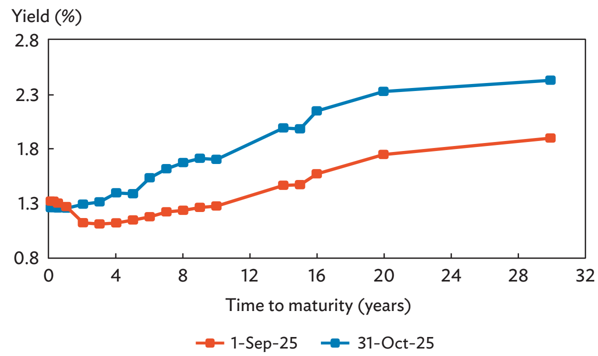
[27] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

Thailand

Yield Movements

Thailand's local currency (LCY) government bond yield curve steepened between 1 September and 31 October. Yields edged downward an average of 4 basis points (bps) at the short end of the curve but increased an average of 40 bps for maturities of 2 years and longer (**Figure 1**). The decline in short-term yields indicated market expectations that the Bank of Thailand (BOT) will resume monetary policy easing at its next policy meeting in December. While the BOT held its policy rate steady at its October meeting, the monetary policy statement noted that the central bank stands ready to adjust monetary policy in response to changes in the economic and inflation outlooks. Meanwhile, longer-term bond yields rose due to elevated risks. In September, Fitch Ratings revised the outlook for Thailand's long-term foreign currency issuer default rating to "negative" on heightened risks from political uncertainty and a slow recovery in tourism. Expectations of an increase in the supply of bonds to help finance the government's new stimulus programs also pushed up longer-term bond yields.

Figure 1: Thailand's Benchmark Yield Curve—Local Currency Government Bonds

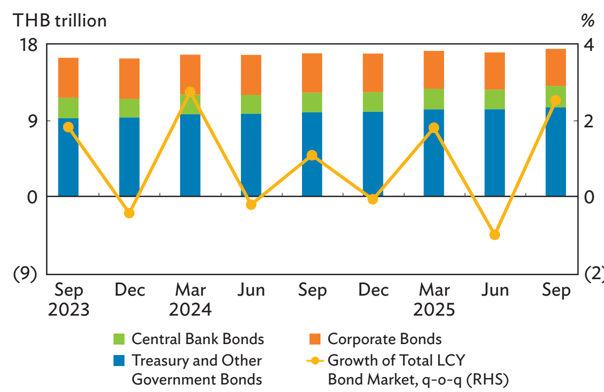


Sources: Based on data from Bloomberg LP and Thai Bond Market Association.

Local Currency Bond Market Size and Issuance

Thailand's LCY bond market rebounded in the third quarter (Q3) of 2025, reaching a size of THB17.6 trillion at the end of September. LCY bonds outstanding gained 2.5% quarter-on-quarter (q-o-q), reversing the 1.0% q-o-q decline in the second quarter (Q2) of 2025 (**Figure 2**). The recovery was underpinned by increased issuance from the corporate bond segment. Corporate bonds outstanding edged up 0.1% q-o-q in Q3 2025 following a decline of 2.0% q-o-q in the previous quarter, buoyed by increased debt sales as several companies issued new bonds to refinance maturing debt. Meanwhile, the expansion of government bonds outstanding accelerated to 2.0% q-o-q in Q3 2025 from 0.4% q-o-q in Q2 2025, largely due to a smaller volume of maturities that offset the decline in issuance.

Figure 2: Composition of Local Currency Bonds Outstanding in Thailand



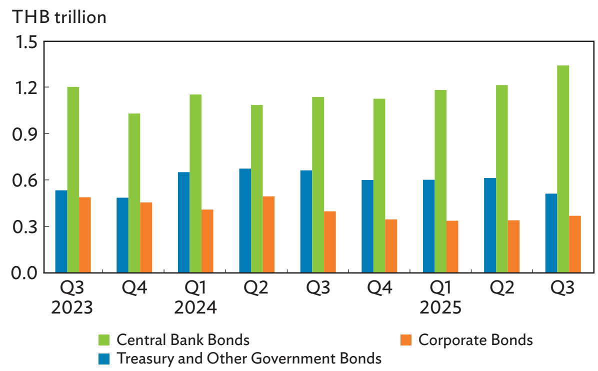
( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

The private sector drove accelerated LCY bond issuance in Q3 2025. LCY bond issuance rose 2.6% q-o-q to THB2.2 trillion in Q3 2025, up from 2.2% q-o-q in the previous quarter (**Figure 3**). The increased issuance of corporate bonds supported overall growth during the quarter. Growth in corporate bond issuance jumped to 8.7% q-o-q in Q3 2025 from 0.8% q-o-q in Q2 2025, as several firms issued new bonds to refinance maturing debt. A total of THB414.0 billion worth of corporate bonds are due to mature in the second half of 2025, while lower interest rates following the BOT's rate cut in August encouraged new bond issuance in Q3 2025. The largest corporate issuer was Thai Beverage, with a triple-tranche issuance totaling THB37.4 billion that accounted for 10.1% of total corporate issuance in Q3 2025. Meanwhile,

This market summary was written by Debbie Gundaya, consultant, Economic Research and Development Impact Department, Asian Development Bank, Manila.

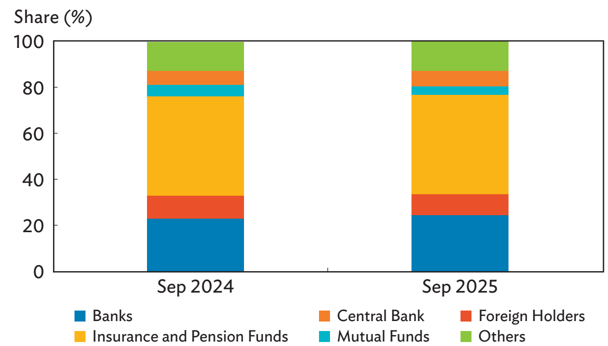
Figure 3: Composition of Local Currency Bond Issuance in Thailand



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

Figure 4: Investor Profile of Government Bonds in Thailand



Source: Bank of Thailand.

government bond issuance decreased 16.5% q-o-q to THB513.7 billion, following a relatively large volume of issuance in the previous quarter.

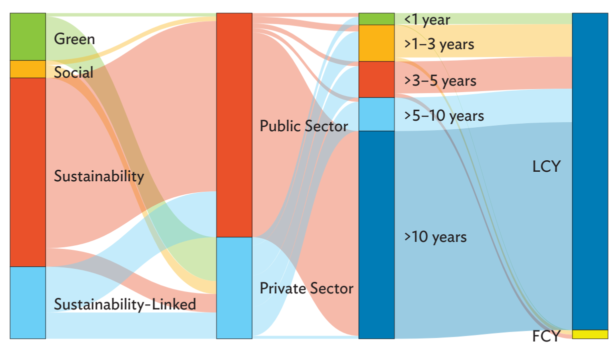
Investor Profile

Foreign holdings of Thai Treasury bonds decreased over the past year amid domestic and international uncertainties. At the end of September, the holdings share of foreign investors in Thai Treasury bonds edged down to 9.2% from 10.1% a year earlier amid heightened risks from domestic political conditions and global trade (**Figure 4**). Meanwhile, the BOT's holdings share increased to 6.6% from 6.2% during the same period, as the central bank purchased THB67.0 billion of Thai Treasury bonds to help stabilize the bond market.

Sustainable Bond Market

Sustainability-linked instruments led issuance growth in Thailand's sustainable bond market in Q3 2025. Thailand's sustainable bond market reached USD27.6 billion at the end of September on robust expansion of 4.7% q-o-q. Sustainability bonds remained the most dominant bond type, accounting for 58.0% of outstanding sustainable bonds, followed by sustainability-linked bonds (SLBs) at 22.1% (**Figure 5**).

Figure 5: Market Profile of Outstanding Sustainable Bonds in Thailand at the End of September 2025



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

About 70.7% of new issuances in Q3 2025 were SLBs from both public and private sector issuers. Public sector issuances included THB30.0 billion from two reopenings of a 15-year government SLB.[28] The quarter also saw the first issuance of a state-owned enterprise SLB: a THB2.0 billion 5-year bond from the Electric Generating Authority of Thailand. Meanwhile, Thai Union, a food and beverage firm specializing in seafood, issued THB7.0 billion of SLBs in September, along with THB2.0 billion of blue bonds, as part of a fund-raising drive to meet its sustainability commitments. The increasing popularity of SLBs can be attributed to the flexibility of these instruments, as proceeds may be used for general purposes.

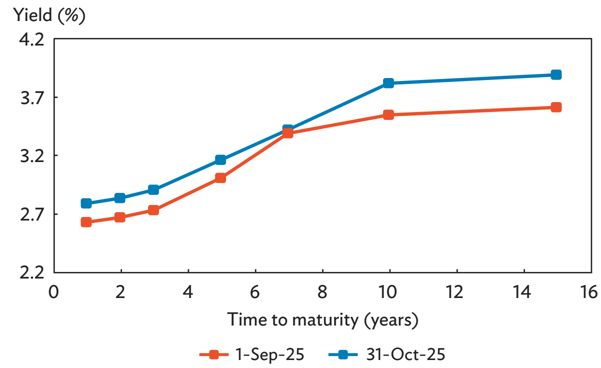
[28] The 15-year government sustainability-linked bond was launched on 25 November 2024 and was the first sovereign sustainability-linked instrument issued in Asia. The bond aims to reduce Thailand's greenhouse gas emissions by 30% by 2030 and increase zero-emission vehicles by 440,000 passenger cars and pickup trucks by 2030. At the end of September 2025, the bond had an outstanding amount of THB128.0 billion from six reopenings following its initial issuance.

Viet Nam

Yield Movements

Between 1 September and 31 October, Viet Nam's local currency (LCY) government bond yields rose for all maturities, fueled by strong economic growth. Yields climbed an average of 18 basis points, with the 15-year bond showing the largest increase (28 basis points) (**Figure 1**). In the third quarter (Q3) of 2025, Viet Nam posted the fastest economic growth among all emerging East Asian economies at 8.2% year-on-year (y-o-y), up from 8.0% y-o-y in the previous quarter.[29] This was largely driven by a 7.8% y-o-y increase in domestic consumption, which accounted for about 60% of overall growth. To sustain the economic expansion, the government set targets of 16% credit growth in 2025 and 10% economic growth for 2026–2030.

Figure 1: Viet Nam's Benchmark Yield Curve—Local Currency Government Bonds

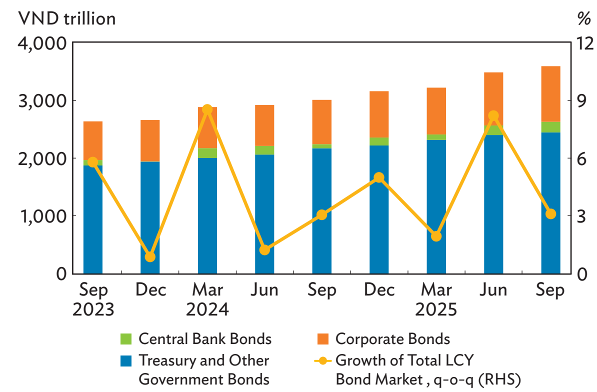


Source: Based on data from Bloomberg LP.

Local Currency Bond Market Size and Issuance

The expansion of LCY bonds outstanding moderated in Q3 2025, totaling VND3,595.1 trillion as issuance from both the government and corporates declined. The total LCY debt stock grew at a slower pace of 3.1% quarter-on-quarter (q-o-q), compared to 8.2% q-o-q in the previous quarter (**Figure 2**). Both the government and corporate bond segments recorded moderated q-o-q expansions of 1.9% and 4.7%, respectively, on reduced issuance. By bond type, central bank securities posted the fastest q-o-q gain at 11.7%. This was a sharp deceleration from the previous quarter's 77.2% q-o-q expansion, despite a surge in issuance, due to a large volume of maturities.

Figure 2: Composition of Local Currency Bonds Outstanding in Viet Nam



LCY = local currency, q-o-q = quarter-on-quarter, RHS = right-hand side, VND = Vietnamese dong.

Note: Other government bonds comprise government-guaranteed and municipal bonds.

Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

LCY bond issuance recovered in Q3 2025, rising 70.3% q-o-q to VND1,264.3 trillion. Overall growth was mainly driven by a sharp increase in central bank securities, which jumped more than twofold to VND1,110.4 trillion as the State Bank of Vietnam sought to support the Vietnamese dong (**Figure 3**). Meanwhile, issuance of Treasury and other government bonds fell 40.3% q-o-q as investors' demand for higher yields led to weak auction results, meeting only 45.2% of the Q3 2025 auction plan. Corporate bond issuance also contracted 40.6% q-o-q amid the government's implementation of Decree 245 in September, which tightened rules on public bond offerings.[30] Nearly 90% of corporate issuance came from the banking (66.4%) and property sectors (23.4%). The two largest corporate issuers during the quarter were Vinhomes (VND15.0 trillion) and Military Commercial Joint Stock Bank (VND11.3 trillion), representing 15.1% and 11.4%, respectively, of the corporate issuance total.

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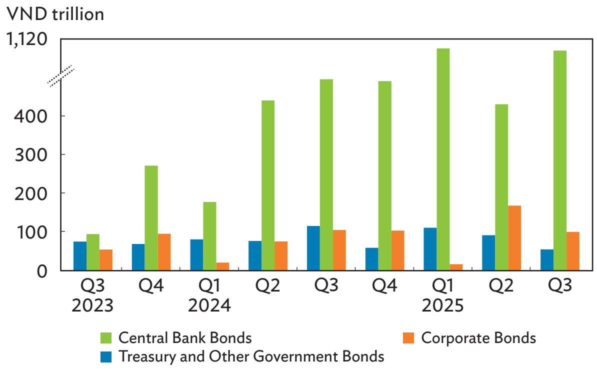
[29] Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

[30] On 11 September, the Government of Viet Nam issued Decree 245 mandating that public bond issuers have (i) credit ratings, (ii) a debt cap five times their charter capital, (iii) bondholder oversight, (iv) a minimum of 5-year bond terms for international issuers, and (v) stricter controls on the use of proceeds and faster exchange listings.

Figure 3: Composition of Local Currency Bond Issuance in Viet Nam



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, VND = Vietnamese dong.

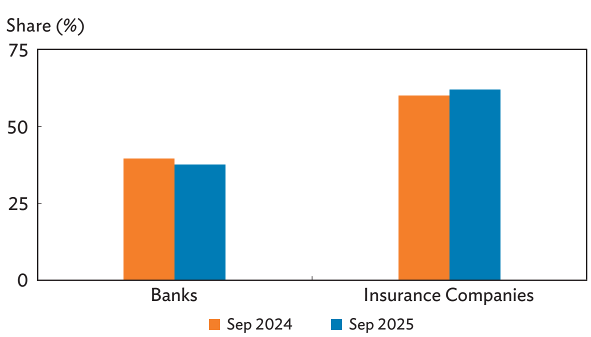
Note: Other government bonds comprise government-guaranteed and municipal bonds.

Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

Investor Profile

Insurance companies remained the largest investor group in the economy's LCY bond market. Insurance companies held 61.6% of LCY government bonds at the end of September, up from 59.8% a year earlier (**Figure 4**). Meanwhile, banks' holdings as a share of the total declined to 37.4% from 39.4% in the previous year as they prioritized lending to align with the government's credit expansion strategy. The LCY government bond market remained dominated by these two investor groups with a combined holdings share of 99.0% at the end of Q3 2025.

Figure 4: Market Profile of the Two Dominant Investors for Local Currency Government Bonds



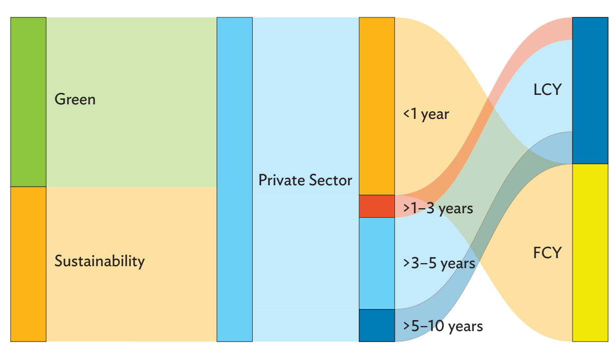
Source: Ministry of Finance, Viet Nam.

This lack of investor diversity in the economy's bond market led to Viet Nam once again recording the highest Herfindahl–Hirschman Index score in the region.[31]

Sustainable Bond Market

In Q3 2025, private placements remained the preferred mode of issuance in Viet Nam's sustainable bond market. Private placements, which limit investor participation and the dissemination of public information, continued to account for the majority of Viet Nam's sustainable bonds outstanding. Therefore, to boost investor confidence, enhance transparency, and attract both domestic and international investors, the State Securities Commission launched the *Green Bond Disclosure Handbook* in October. Viet Nam has one of the smallest sustainable bond markets in emerging East Asia with a sustainable debt stock totaling USD1.1 billion at the end of Q3 2025, comprising only 0.2% of the region's total. Green and sustainability bonds accounted for nearly equal shares of the market, with all issuances coming solely from the private sector (**Figure 5**). Viet Nam's sustainable bond market also has one of the shortest size-weighted average tenors (2.2 years) in the region, with more than 60% of the economy's sustainable debt stock carrying tenors of 3 years or less at the end of September. In terms of currency composition, about 55% of outstanding sustainable bonds were denominated in United States dollars, while the remaining 45% were denominated in Vietnamese dong.

Figure 5: Market Profile of Outstanding Sustainable Bonds in Viet Nam at the End of September 2025



FCY = foreign currency, LCY = local currency.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

[31] The Herfindahl–Hirschman Index is a common measure of market concentration. The index is used to measure the investor profile diversification of the LCY bond market by summing the squared share of each investor group in the bond market.

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This publication reviews recent developments in emerging East Asian local currency bond markets along with the outlook, risks, and policy options. It covers the 10 members of the Association of Southeast Asian Nations and the People's Republic of China; Hong Kong, China; and the Republic of Korea.

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