

ASEAN FIXED INCOME SUMMIT
Kuala Lumpur, Malaysia
29th September 2014

Session 5:
The Policymakers' Perspective

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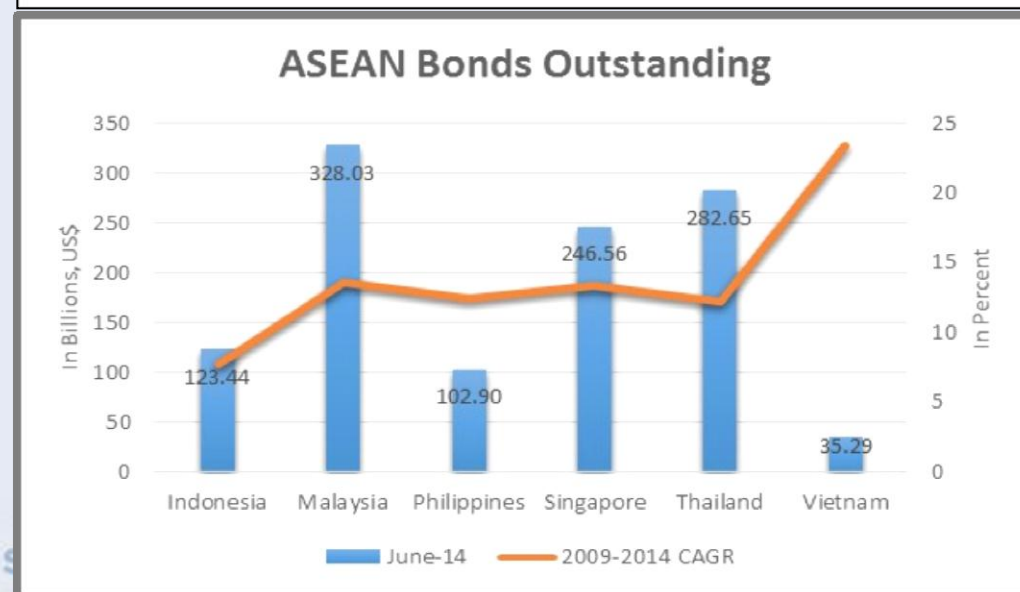
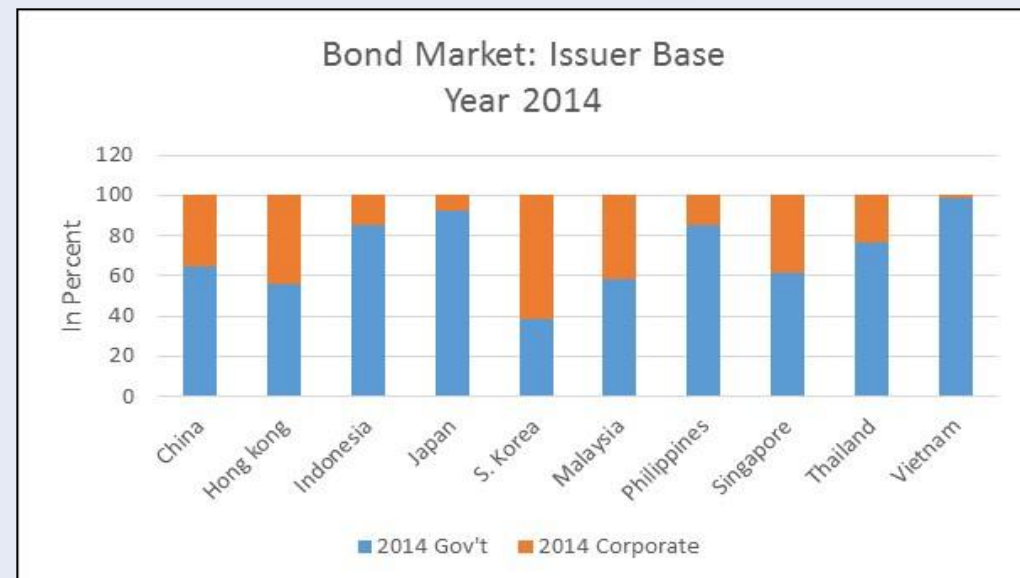
The Policymakers' Perspective

- Topic 1: The Regional Policymaking Agenda: Where do Bond Markets Sit?
 - Where does the ASEAN bond markets stand now?
 - What still needs to be done?
- Topic 2: Global Financial Regulation: FSB, Basel III and The Asian Dimension
 - What is the higher order agenda of international reforms?
 - How do regulatory authorities manage the reforms?



Regional Policymaking Agenda: Where do Bond Markets Sit?

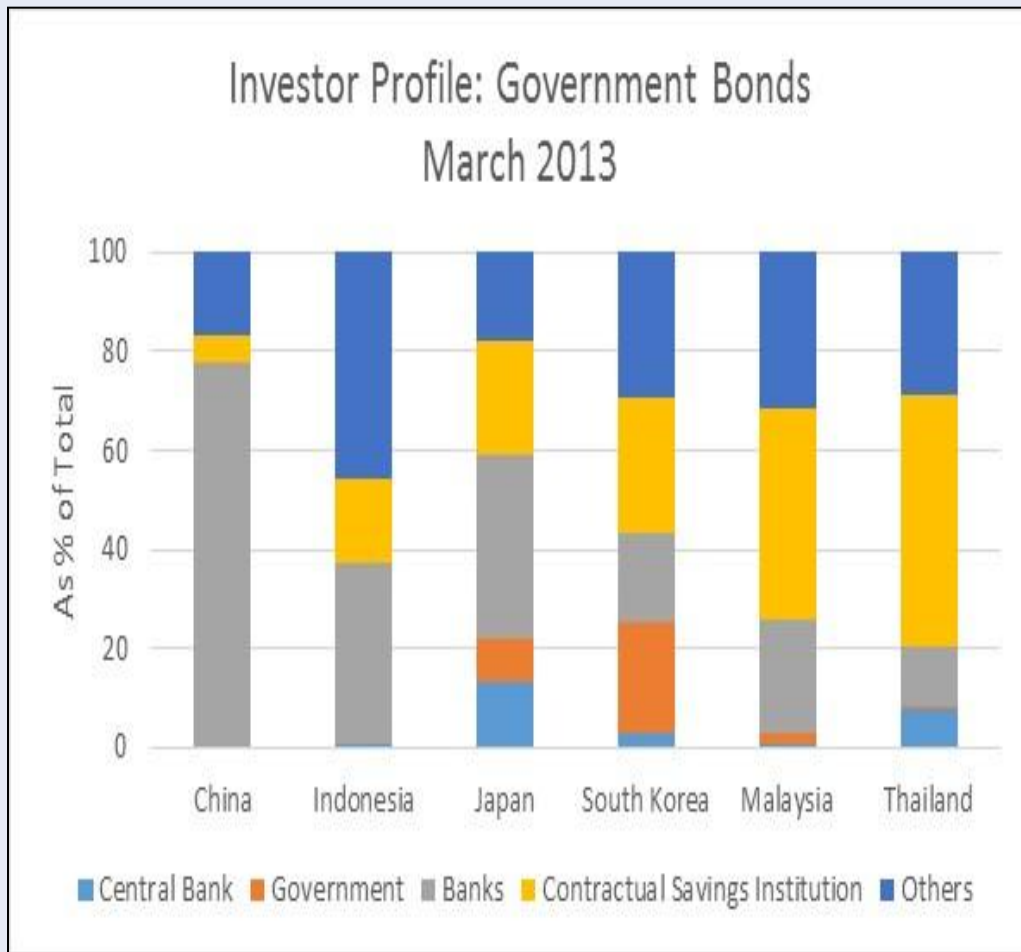
- Asian bond market still dominated by government bonds
- As of end-June 2014, over US\$ 1 trillion bonds outstanding held by six ASEAN countries
- ASEAN bonds outstanding average growth at 14% from 2009-2014 (June)



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Regional Policymaking Agenda: Where do Bond Markets Sit?

- Asian government bond market still faces a narrow investor profile

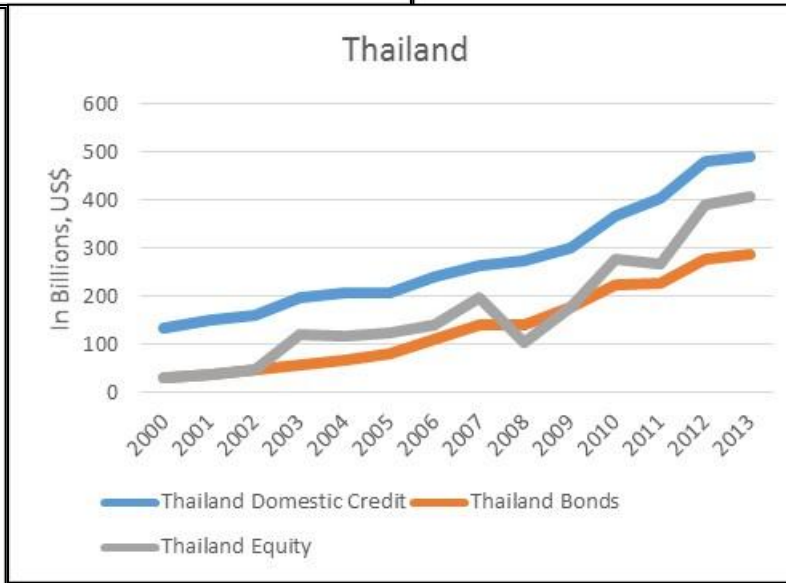
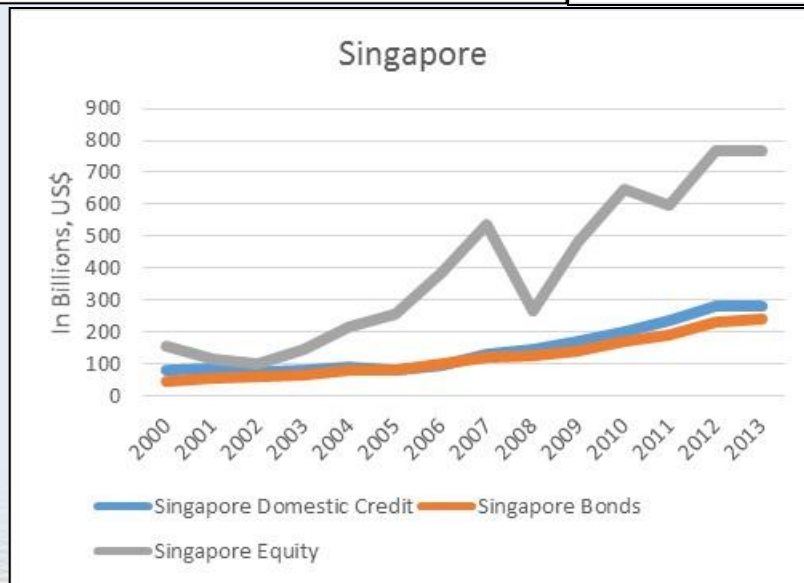
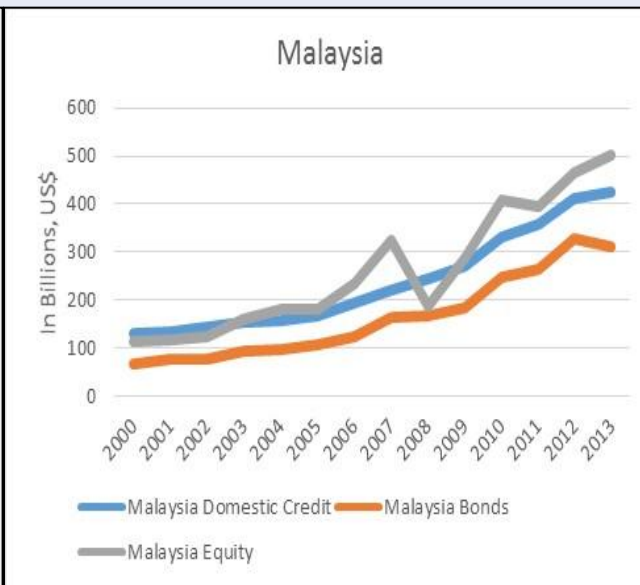


Source: ADB Asian Bonds Online



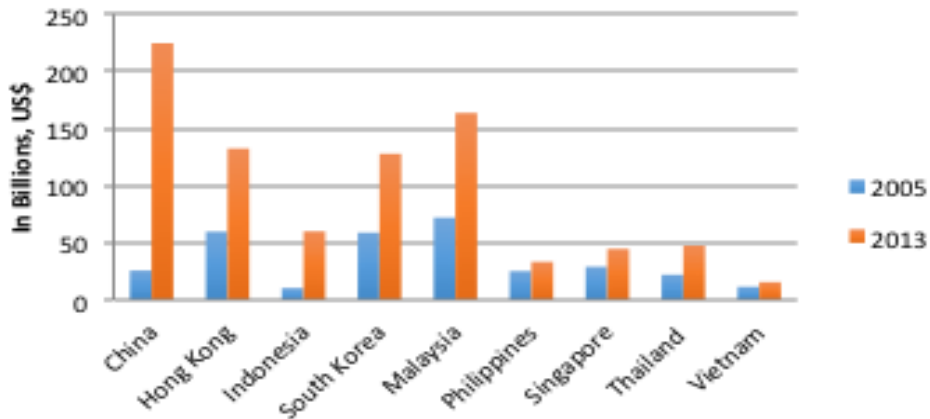
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Regional Policymaking Agenda: Where do Bond Markets Sit?

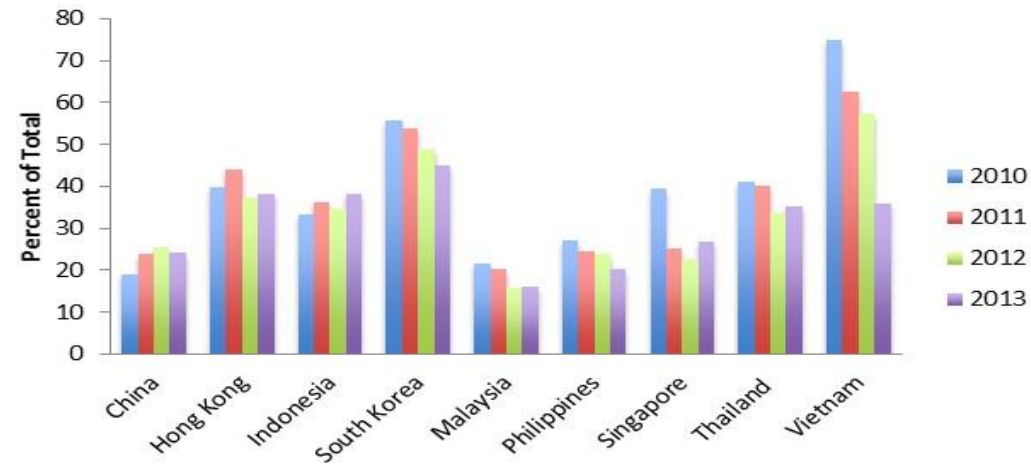


Regional Policymaking Agenda: What still needs to be done?

Foreign Currency Bonds Outstanding

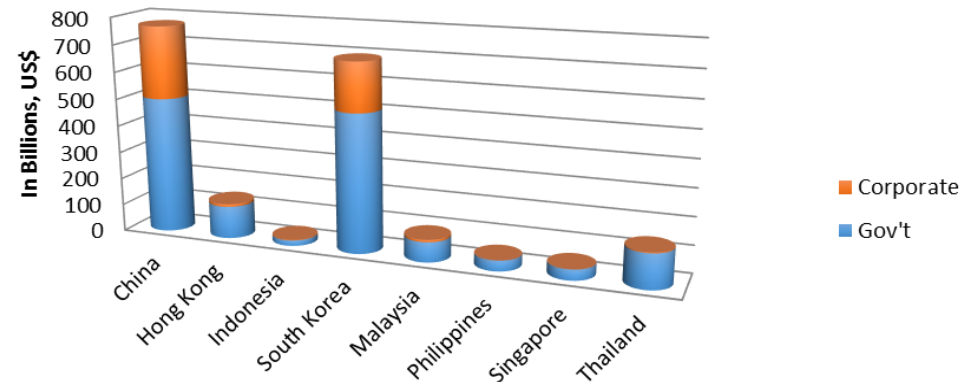


Corporate Securities: 1-3 years maturity bucket



- Foreign currency corporate issuances on the rise
- Short-term corporate maturities remain elevated
- Average issue size of corporate bonds relatively small

Trading Volume: Secondary Market



Regional Policymaking Agenda: What still needs to be done?

Drivers of bond market growth:

- Infrastructure financing
- Cross-border expansion
- General economic growth



Global Financial Regulation: What is the higher order agenda of international reforms?

- **A broader policy objective – to control and monitor systemic risks**
- **Nexus between monetary stability and financial stability**



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Source: ADB Asian Bonds Online

Global Financial Regulation: How do regulatory authorities manage the reforms?

A broader policy objective would impact on three facets of prudential oversight:

- 1. Information requirements**
- 2. Manpower requirements**
- 3. Coordination requirements**



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