



BOND MARKET DEVELOPMENT IN THE ASIA-PACIFIC: Broadening Regional Business and Cooperation Opportunities

**Report of a PECC Symposium jointly organized by
the Chinese Taipei Pacific Economic Cooperation
Committee (CTPECC) and the United States Asia-
Pacific Council (USAPC)**

**29 November 2006
Washington, D.C.**

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Symposium Agenda

1. Current state of domestic bond markets in Asia/Latin America and regional initiatives
2. Emerging business opportunities
3. Trans-Pacific public-private sector cooperation to accelerate bond market development/support ongoing initiatives



Conclusions

1. Liquidity (Asia)

- Outperforming the rest of the world in deepening of banking/equity markets, but deepening of bond markets below global average
- Market liquidity: increasing, but way below OECD levels (very low for corporate bonds)
- Issuer base has expanded
- Narrow investor base



Conclusions

1. Liquidity (Latin America)

- Small financial markets, large share of bonds
- Low savings
- Institutional investors do not provide much liquidity



Conclusions

2. Addressing challenges: legal frameworks/enforcement

- Creditor rights, transparency
- Improvements to domestic and cross-border insolvency
- Capacity-building for legal infrastructure



Conclusions

3. Addressing challenges: diversity of investors, issuers, instruments

- ABF-2
 - Pan-Asia Bond Index Fund
- Measures to make markets more attractive and accessible to domestic, foreign investors
- Develop institutional investor base: pensions, insurance, mutual funds



Conclusions

3. Addressing challenges: diversity of investors, issuers, instruments

- Development of bond ETFs (e.g., PAIF)
- Role of multilateral institutions
 - E.g., ADB – Asian currency note program
 - E.g., IDB – issuance in non-G3 currencies



Conclusions

4. Asian bonds emerging as core asset class

- Strong market growth, longer yield curves, improved infrastructure
- Diverse range of currencies, low correlations with developed markets
- Factors: strong economic growth, high saving rates, growing demographic requirements for pensions, shift from bank deposits to other asset classes



Conclusions

5. Prospects for trans-Pacific cooperation

- Potential benefits
- Need for more regular dialogues among officials, private sector from both sides of the Pacific
 - APEC Bond Market Forum
- Need to promote synergy among institutions and private sector participation
 - Role of Advisory Group

