

# Script - Asian High Yield Bonds

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## Overview of Asian high yield bonds

The Asian high yield bond market is worth approximately USD 100 billion<sup>1</sup>, which is much smaller than the high yield bond markets in the US and Europe. The market has, however, grown tenfold over the past 10 years<sup>1</sup> and the asset class has become increasingly important to provide diversification and high yielding opportunities for investment portfolios.

The Asian high yield bond market is naturally biased towards countries with higher growth prospects, such as China, India and Indonesia. In recent years, China has been the largest issuer both in high yield and investment grade bonds. Asian high yield bonds issued by China property developers have exceeded USD40 billion<sup>2</sup>, and accounted for more than 40% of the total high yield bond market in the region. This was followed by industrial companies in China, which issued high yield bonds amounting to more than 10% of the total market<sup>2</sup>.

In terms of currencies, companies not only issue high yield bonds in local currencies, such as offshore RMB, Indian rupee, Indonesian rupiah, Singapore dollar and Malaysian ringgit, but also in US dollars, which is more popular due to higher liquidity and no need for currency hedging for US dollar based investors.

1. Source: JP Morgan, as at 31 December 2014. Based on the market capitalization of the JACI Index – Non-Investment Grade.
2. Source: Standard Chartered Bank Research, as at 17 June 2015.

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