



OICU-IOSCO

Corporate Bond Markets

**Rohini Tendulkar
Economist**

IOSCO Research Department



Themes

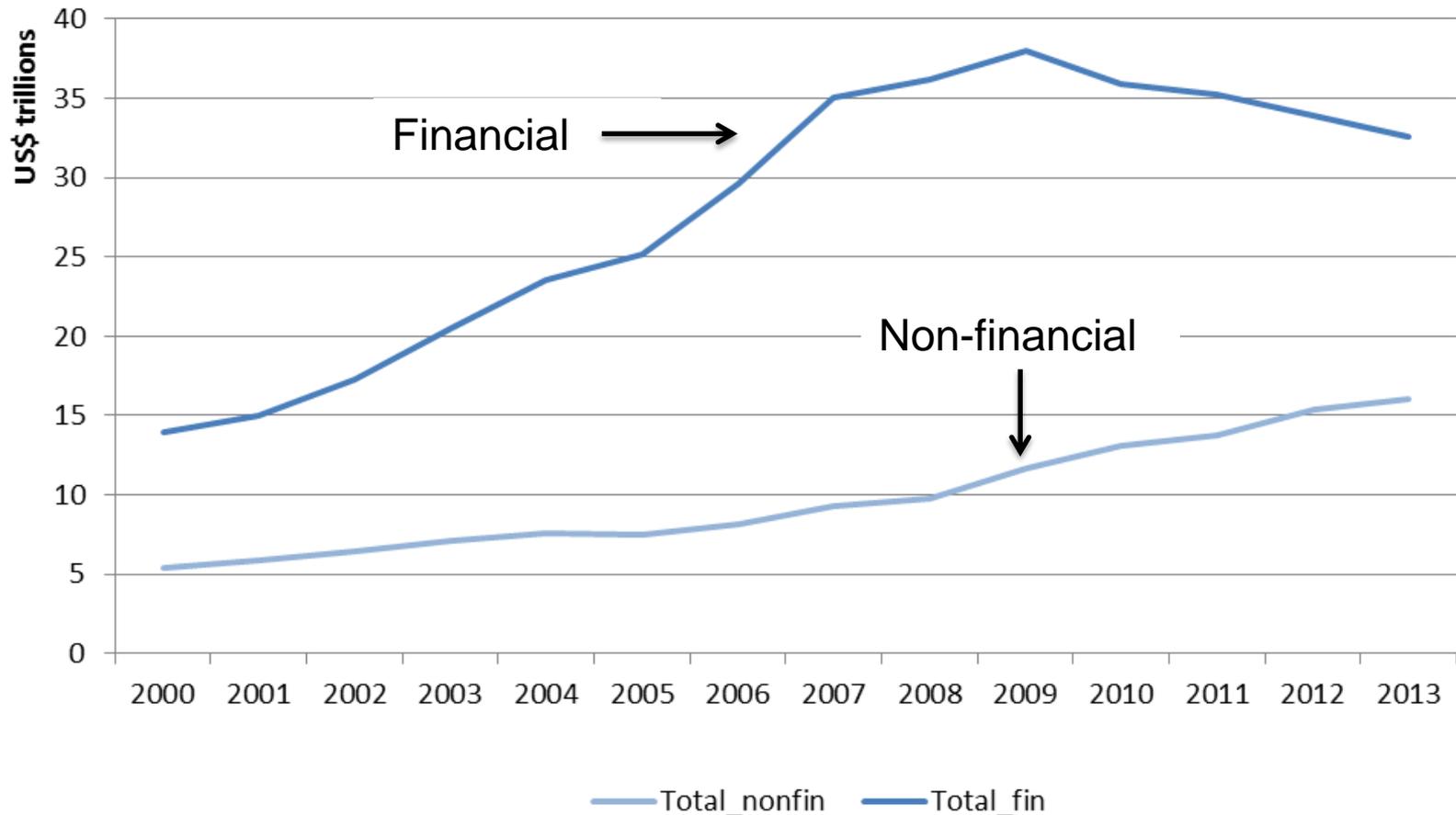
- **Growing in size and importance**
- **Increasingly international**
- **Searching for some yield**
- **The transformation of secondary markets**

Importance of Corporate Bond Markets



For non-financial corp bonds outstanding, growth has been steady

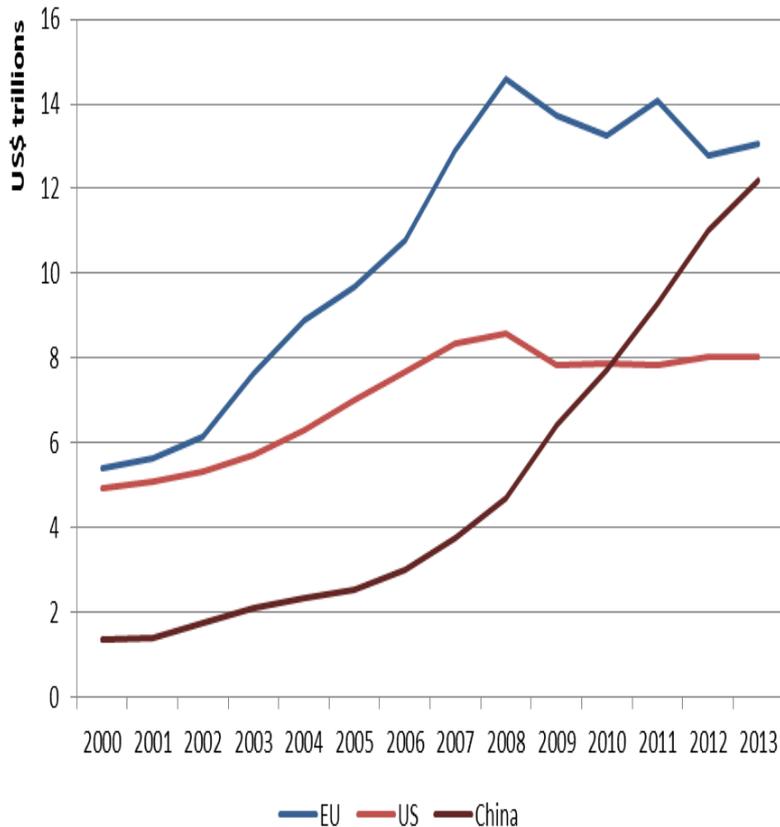
Amount Outstanding, US\$



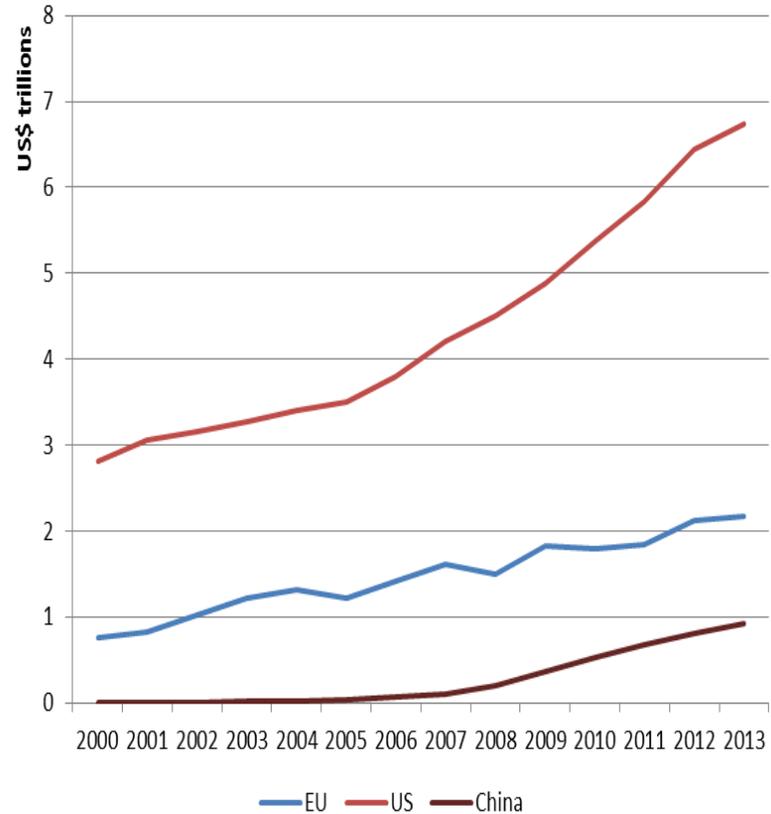
* Data source: BIS, AsianBondsOnline, IMF

...while in some major economies, bank credit to non-financials is shrinking

Bank credit, Non-financial



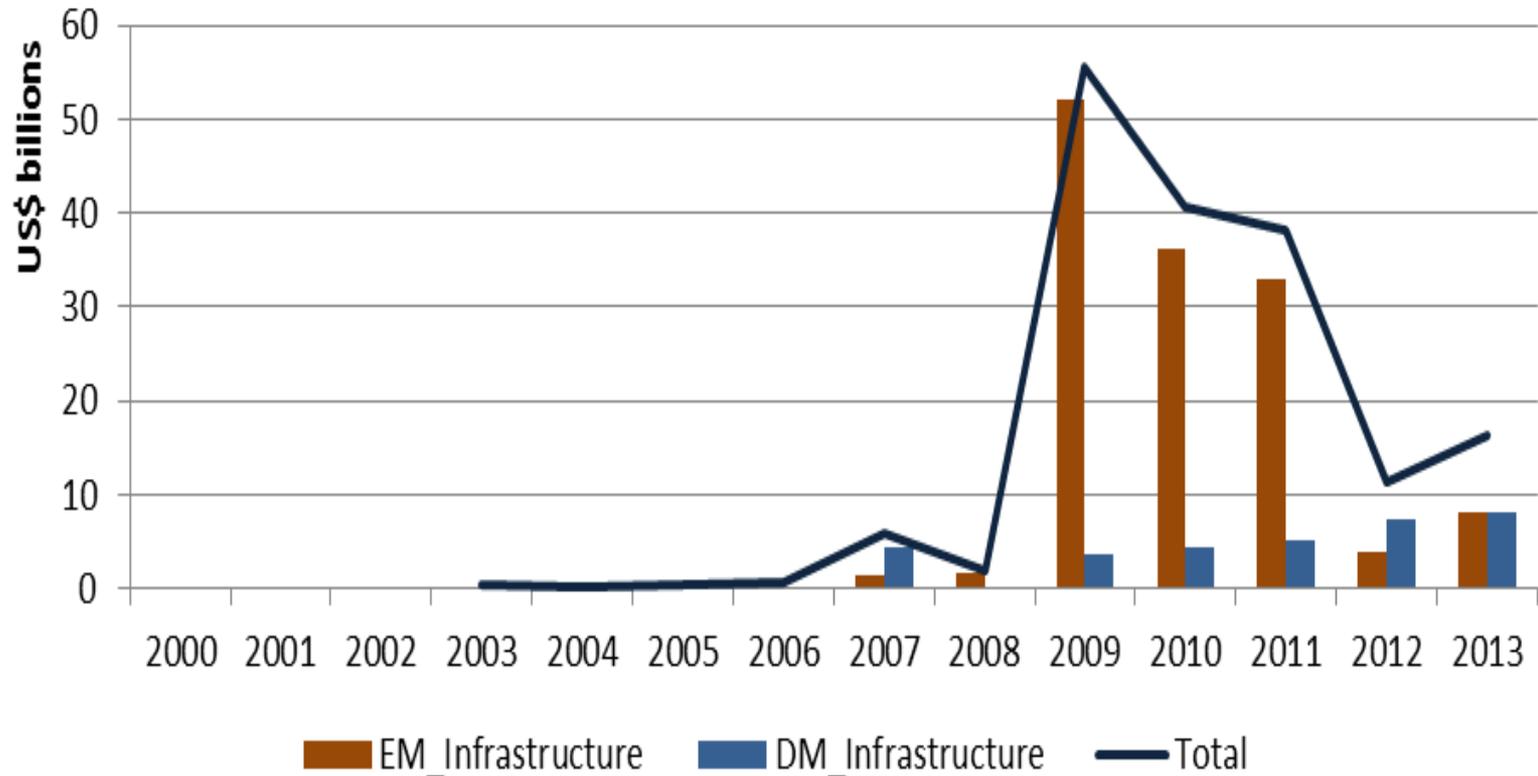
Corporate Bond, Non-financial



*Source: BIS and ABO

Corporate bond markets are being tapped into for long-term financing, such as infrastructure financing...

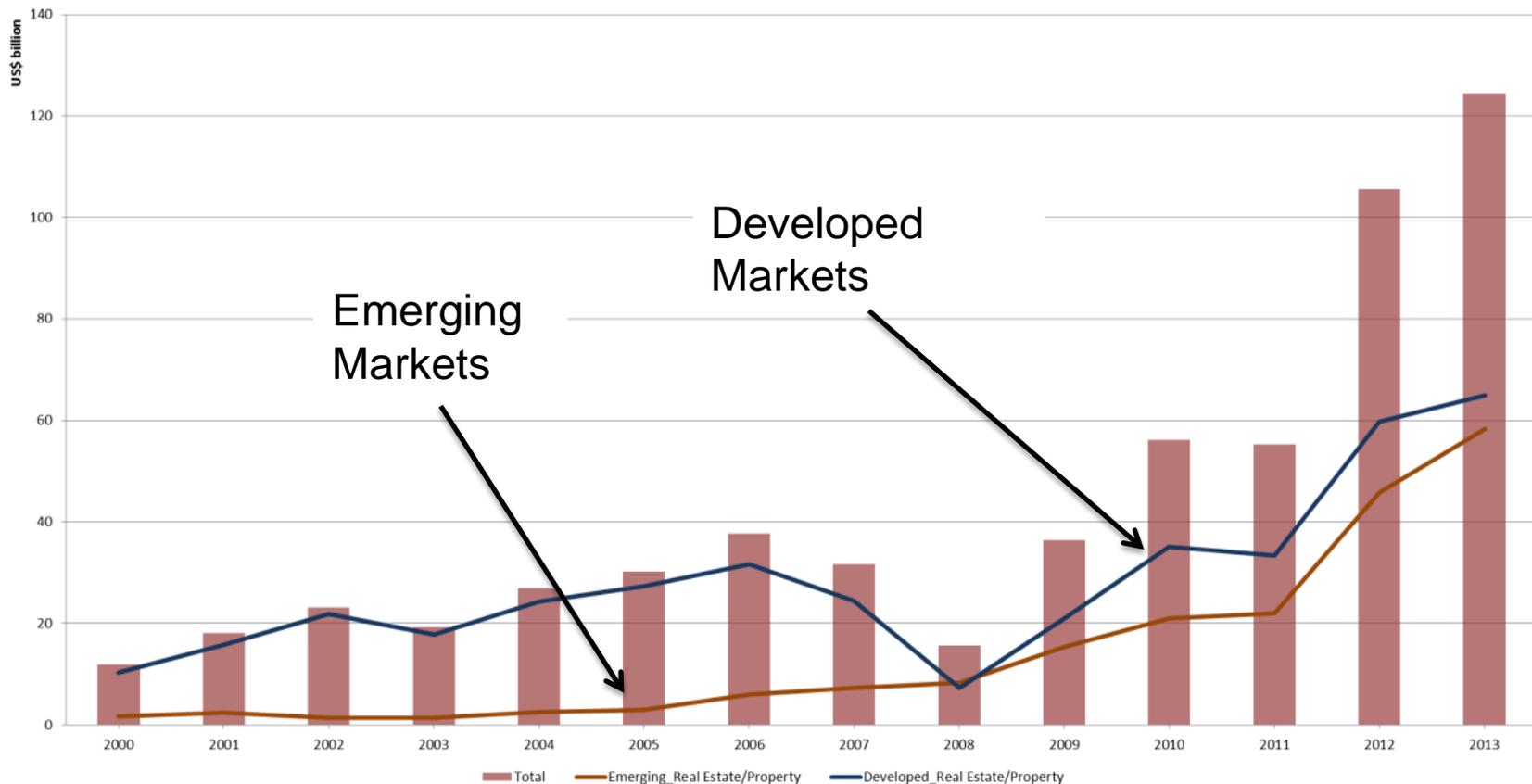
Infrastructure bond issuances



*Source: Dealogic

... also at the global level, real-estate and property developers (incl. REITs) are turning to corporate bond markets.

Real-estate/property developers - issuances



*Data source: Dealogic

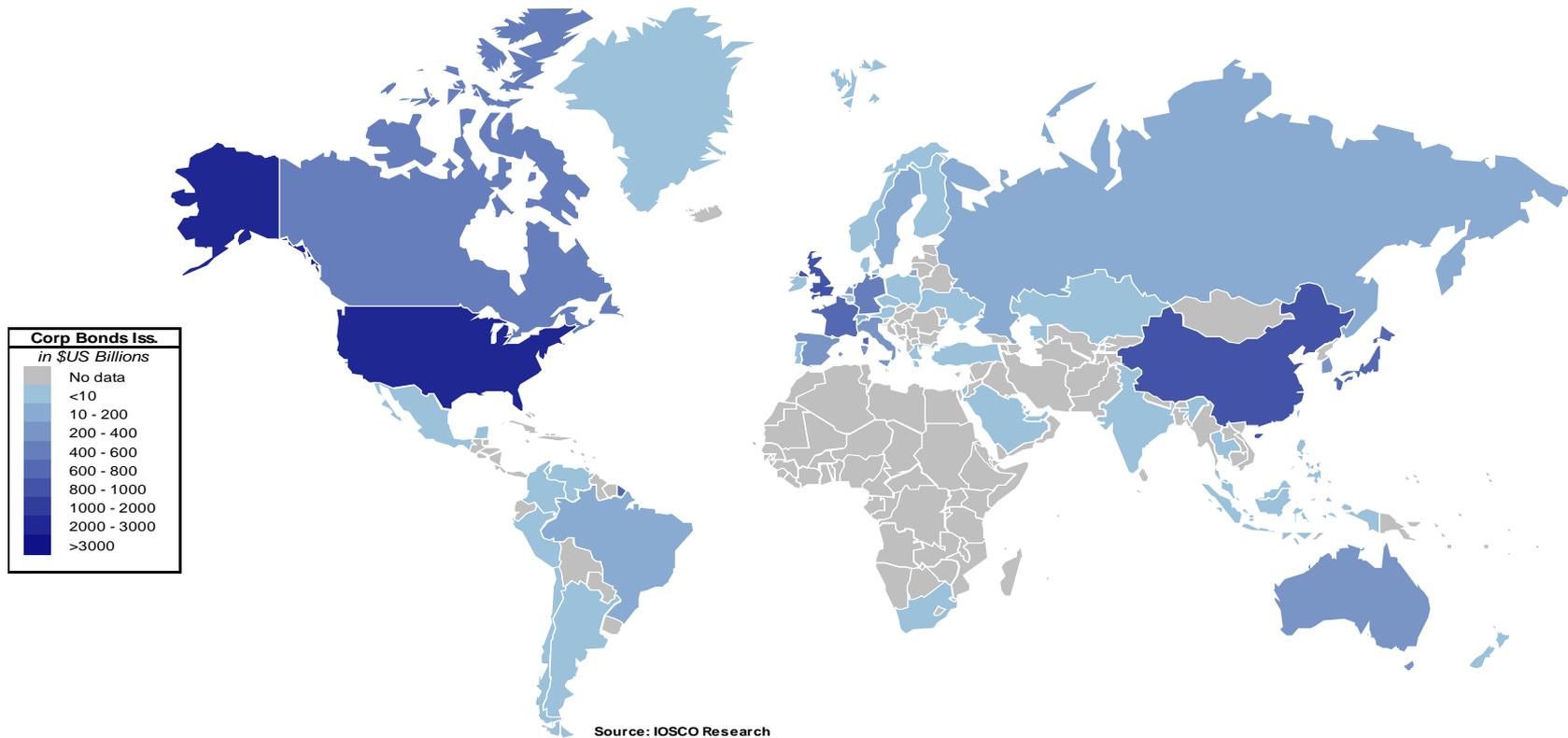


International nature



Corporate bond market activity is spreading globally, with emerging market issuances making up a growing proportion...

Global heat map of total issuances between 2007 and 2013 and 2013



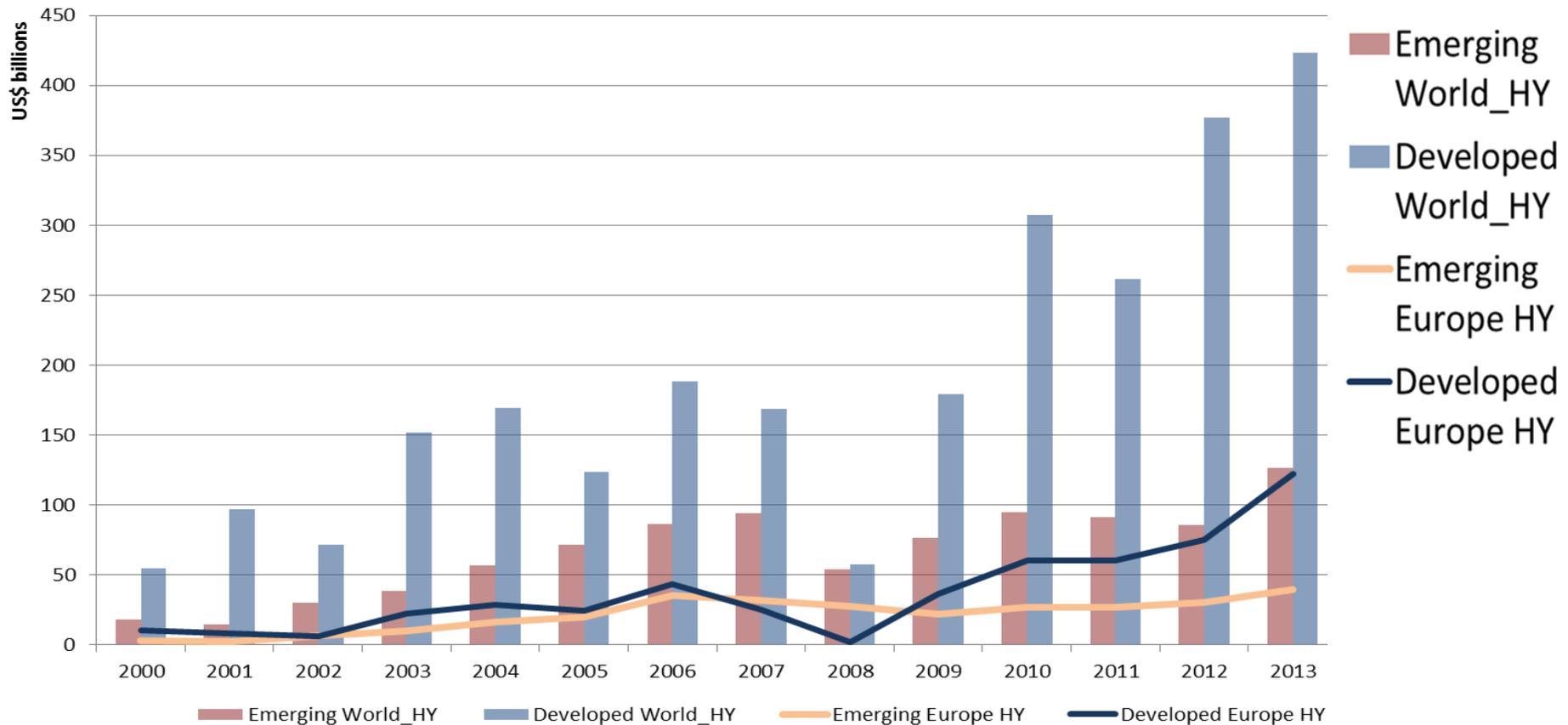
*Data source: IOSCO Research Department, data sourced from Dealogic

Changing interest rate environment



High yield bond issuances have increased in developed markets since the onset of the crisis but not so much in emerging markets.

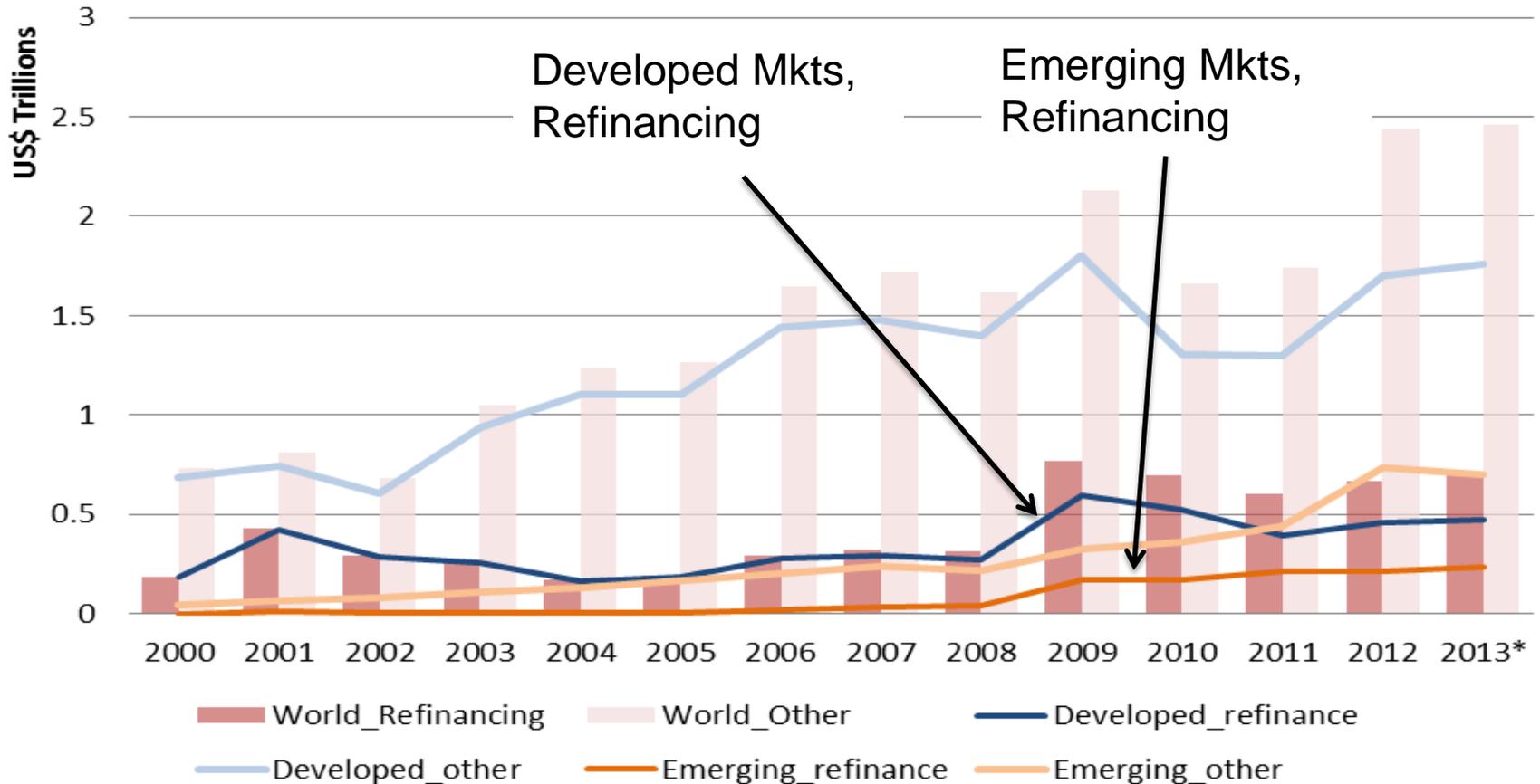
High Yield vs Investment Grade issuances, issuance volume



*Data source: Dealogic

After 2008/2009 bonds issued for refinancing purposes jumped but growth has been flat since.

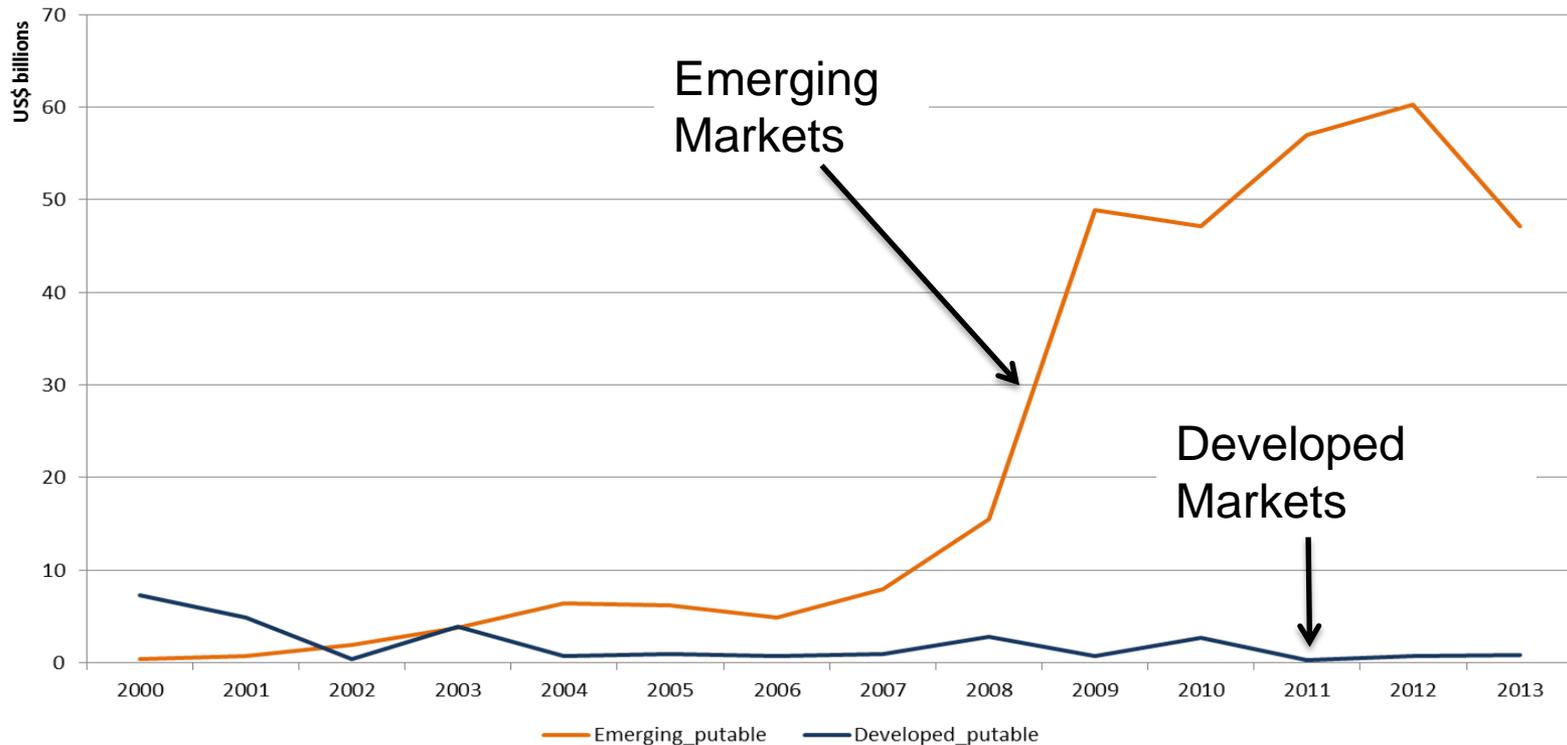
Issuances for refinancing purposes



*Data source: Dealogic

An increasing number of emerging market issuances are putable...

Putable bond issuances, volume



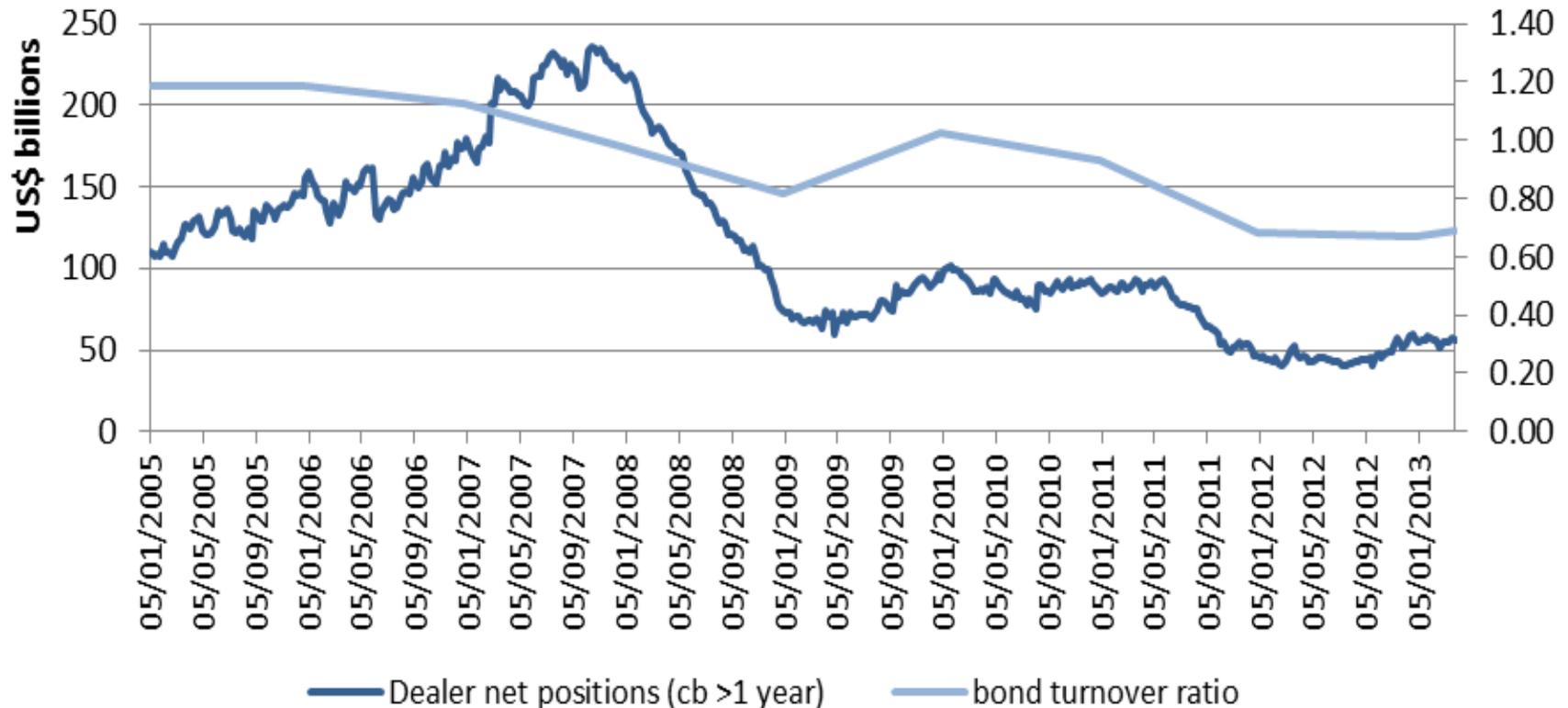
*Data source: Dealogic

Secondary Markets Transformation



Shrinking dealer inventories...

Dealer inventories, bond turnover ratio

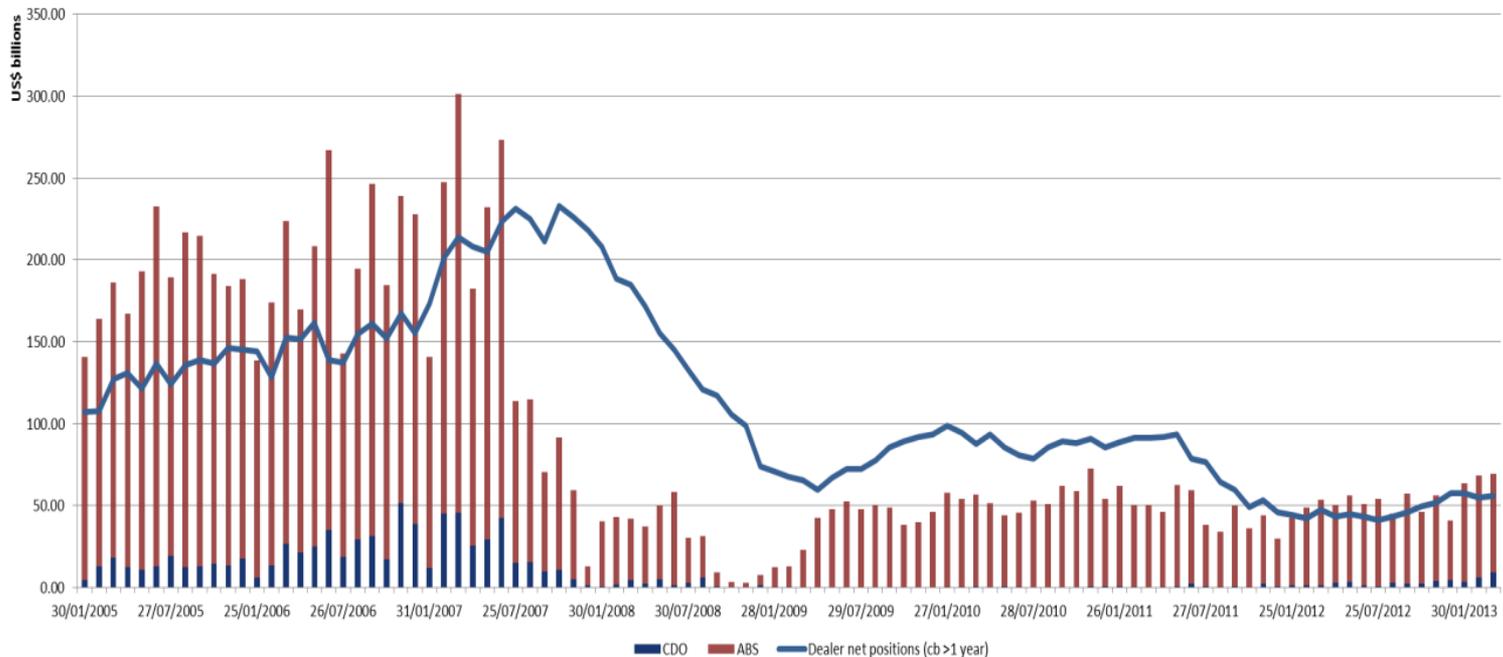


*Source: SIFMA, NYFR

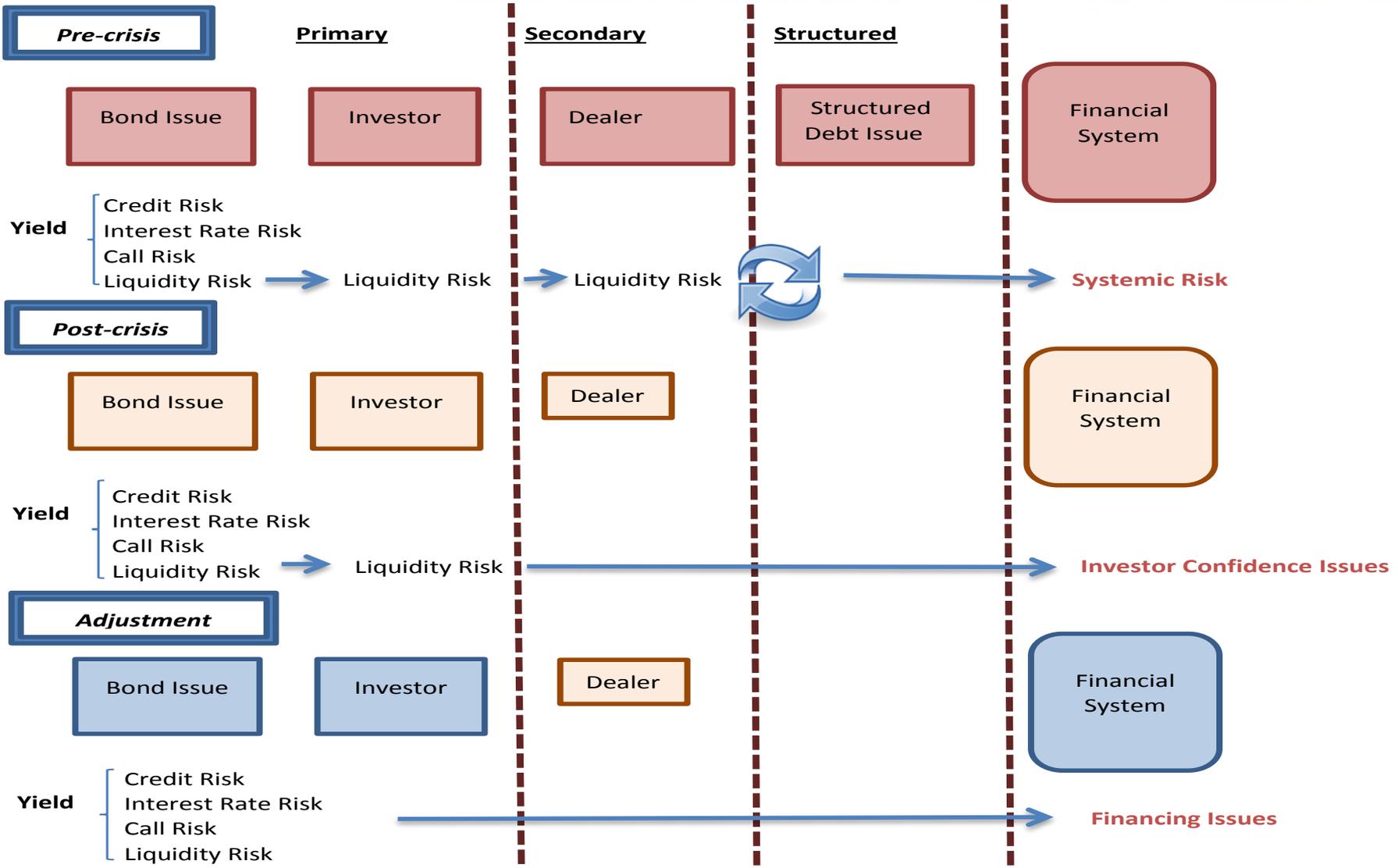
Disentangling phantom liquidity

Phantom liquidity: *liquidity provided to the market on the back of potentially systemically risk practices.*

CDO, ABS issuances and dealer inventories



*Source: Dealogic, NYFRB



1. Does standardisation of bond issuances increase efficiency?

2. How can and should technology transform corporate bond markets?



OICU-IOSCO

**Rohini Tendulkar
Economist
IOSCO Research Department**

