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

*Source: BIS and ABO
Corporate bond markets are being tapped into for long-term financing, such as infrastructure financing...

*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

*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.

*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*
Credit Risk
Interest Rate Risk
Call Risk
Liquidity Risk
Yield
Bond Issue
Investor
Dealer
Structured Debt Issue
Financial System
Pre-crisis
Primary
Secondary
Structured
Systemic Risk
Post-crisis
Yield
Liquidity Risk
Adjustment
Yield
Investor Confidence Issues
Financing Issues
1. Does standardisation of bond issuances increase efficiency?

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