

6. Bond Market

In 2024, the total volume of bond issuance reached NT\$1,679.5 billion, showing an increase of NT\$99.6 billion compared to the previous year. At the end of 2024, the total outstanding bonds amounted to NT\$17,354.3 billion, up by NT\$402.1 billion or 2.37% from the end of 2023.

Central government bond issuance for 2024 stood at NT\$538.0 billion, an increase of NT\$60.0 billion from a year ago. The issuance was primarily to support debt refinancing operations of the Central Government Debt Service Fund and to raise funds for the general and special budgets of the central government.

Issuance of corporate bonds in the year reached NT\$693.8 billion, decreasing by NT\$79.5 billion from a year before, mainly because rising market interest rates led corporations to reduce bond issuance.

Bank debenture issuance totaled NT\$98.1 billion, an increase of NT\$35.5 billion compared to the previous year. The rise was largely due to banks issuing more subordinated bank debentures to strengthen their capital bases and improve their capital adequacy ratios.

NT dollar-denominated foreign bonds issued in Taiwan by foreign institutions amounted to NT\$7.3 billion, up by NT\$3.3 billion from 2023. Meanwhile, foreign currency-denominated international bonds issued in Taiwan by foreign institutions rose by NT\$72.7 billion over the previous year to NT\$315.1 billion.

In the secondary market, following a rise in US bond yields in 2024, Taiwan's 10-year government bond yield also moved higher, averaging 1.43% for the year, an increase of 22 basis points from the previous year.

Furthermore, annual transactions reached NT\$38,136.5 billion, increasing by NT\$2,730.1 billion compared to the previous year. The growth was mainly attributable to rising government bond yields, which widened the yield spread of bond holdings and boosted demand for bonds.

Rise in Government Bond Issuance

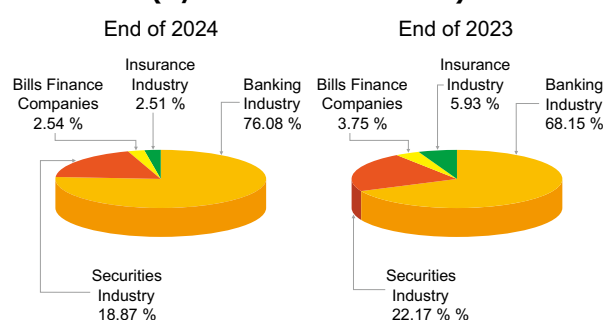
In order to support debt refinancing operations of the Central Government Debt Service Fund and to raise funds for the general and special budgets of the central government, central government bond issuance amounted to NT\$538.0 billion in 2024, up by NT\$60.0 billion from a year ago. Government bonds were available with various maturity periods from 2 years, 5 years, 10 years, 20 years, to 30 years.

Broken down by institutional investor, bonds held by the banking industry made up the lion's share at 76.08%. The securities industry came in second with a share of 18.87%, followed by bills finance companies with a share of 2.54%.

As of the end of 2024, the total outstanding amount of central government bond issuance stood at NT\$6,034.1 billion, representing an increase of NT\$121.6 billion or 2.06% compared to 2023.

Moreover, new bonds issued by the governments of all special municipalities in 2024 amounted to NT\$27.2 billion. At the end of the year, the outstanding amount of bonds issued by the governments of all special municipalities reached NT\$140.2 billion, a decrease of NT\$7.4 billion or 5.01% from the previous year end.

Shares of Government Bond Holdings (by Institutional Investor)



Source: Department of the Treasury, CBC.

Issues and Outstanding Values in Bond Market by Category

Unit: NT\$billion

Year/ Month	Total		Central Government Bonds		Local Government Bonds*		Corporate Bonds		Bank Debentures		Beneficiary Securities**		Foreign Bonds		Int'l Bonds	
	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding	Issues	Outstanding
2022	1,652.7	16,319.1	520.1	5,799.5	-	150.7	473.1	3,125.2	148.9	1,255.4	5.9	11.2	10.9	55.1	493.9	5,921.9
2023	1,580.0	16,952.2	478.0	5,912.5	19.7	147.6	773.3	3,564.4	62.7	1,221.5	-	5.9	3.9	50.0	242.4	6,050.2
2024	1,679.5	17,354.3	538.0	6,034.1	27.2	140.2	693.8	3,836.9	98.1	1,160.9	-	5.9	7.3	45.9	315.1	6,130.4
2024/ 1	221.0	17,099.0	90.0	5,957.5	4.5	149.7	66.1	3,607.9	1.4	1,221.9	-	5.9	-	49.3	59.1	6,106.8
2	57.5	17,085.0	35.0	5,932.5	-	149.7	-	3,601.7	2.5	1,221.0	-	5.9	-	49.2	20.0	6,124.9
3	176.3	17,094.1	55.0	5,861.1	17.6	167.3	72.0	3,652.3	5.4	1,215.0	-	5.9	0.3	49.3	26.0	6,143.2
4	207.7	17,221.0	65.0	5,926.1	-	155.8	89.2	3,703.2	8.3	1,212.4	-	5.9	-	49.2	45.2	6,168.4
5	102.3	17,222.9	33.0	5,959.1	-	155.8	58.7	3,713.9	5.9	1,189.0	-	5.9	1.6	49.2	3.1	6,150.0
6	154.8	17,255.6	35.0	5,994.1	-	147.6	78.1	3,739.3	10.5	1,169.6	-	5.9	-	49.1	31.2	6,150.0
7	136.7	17,248.1	30.0	5,979.1	-	147.6	33.7	3,713.7	0.3	1,162.9	-	5.9	0.7	49.5	71.9	6,189.4
8	75.9	17,244.1	30.0	6,009.1	-	147.6	43.4	3,714.7	1.1	1,156.8	-	5.9	1.1	50.4	0.2	6,159.5
9	139.3	17,205.9	50.0	5,954.1	-	147.6	56.9	3,732.6	20.6	1,150.1	-	5.9	0.3	50.2	11.5	6,165.3
10	191.5	17,247.7	35.0	5,989.1	-	135.1	108.7	3,810.6	11.5	1,094.7	-	5.9	2.0	51.5	34.3	6,160.8
11	99.5	17,319.4	45.0	5,999.1	-	135.1	36.2	3,827.1	5.2	1,159.7	-	5.9	1.3	52.2	11.8	6,140.2
12	117.1	17,354.3	35.0	6,034.1	5.1	140.2	50.7	3,836.9	25.3	1,160.9	-	5.9	-	45.9	1.0	6,130.4

Notes: * Referring to bonds issued by governments of special municipalities.

** Including those purchased back by originators for credit enhancement.

Sources: 1. Financial Statistics Monthly (February 2025), CBC.

2. Banking Bureau, Financial Supervisory Commission.

3. Department of Foreign Exchange, CBC.

Decrease in Corporate Bond Issuance

Corporate bonds refer to NT dollar- or foreign currency-denominated bonds issued in Taiwan by domestic corporations. In 2024, the issuing amount of corporate bonds totaled NT\$693.8 billion, shrinking by NT\$79.5 billion from a year before, reflecting a reduction in corporate bond issuance amid rising market interest rates.

In terms of bond maturities, 5-year corporate bonds accounted for a dominant share of the issuance at 42.02%, followed by 10-year bonds with a share of 31.07%. At the end of 2024, the outstanding amount of corporate bonds rose by NT\$272.5 billion or 7.64% to NT\$3,836.9 billion over the previous year.

Growth in Bank Debenture Issuance

In 2024, domestic banks issued bank debentures with an amount of NT\$98.1 billion, up by NT\$35.5 billion compared to a year ago, primarily because banks increased the issuance of subordinated bank debentures to strengthen their capital bases and improve their capital adequacy ratios.

In respect of the maturity of new issues, 10-year debentures made up the largest share of total issuance at 46.83%, while 5-year bonds came in second with a share of 26.30%. At the end of the year, the outstanding amount of bank debentures stood at NT\$1,160.9 billion, a decrease of NT\$60.6 billion or 4.96% from a year before.

No Change in Asset Securitization Products

New issues of asset securitization products were nil in 2024 and no principal was repaid for existing asset securitization products. The outstanding amount of asset securitization remained at NT\$5.9 billion, same as the previous year end.

Uptick in Foreign Bond Issuance

Foreign bonds are defined as NT dollar-denominated corporate bonds issued in Taiwan by foreign institutions. The foreign bonds currently in circulation are mostly corporate bonds issued by offshore companies listed on the TWSE or the TPEX (the over-the-counter market).

For the year 2024, foreign bond issuance went up by NT\$3.3 billion from a year before to NT\$7.3 billion. At the end of the year, the outstanding amount of foreign bonds reached NT\$45.9 billion, dropping by NT\$4.1 billion or 8.15% over the previous year end.

Growth in International Bond Issuance

International bonds currently refer to foreign currency-denominated corporate bonds issued in

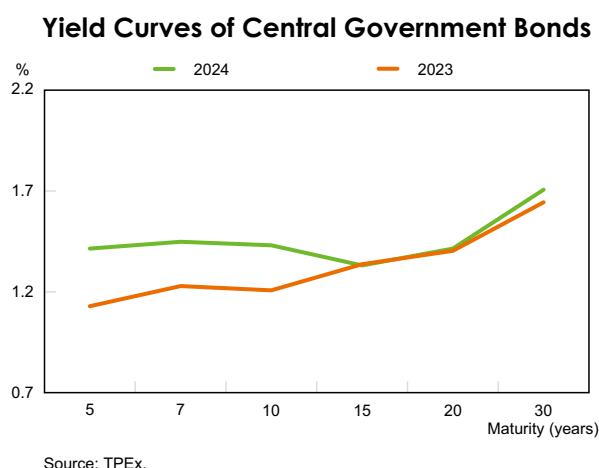
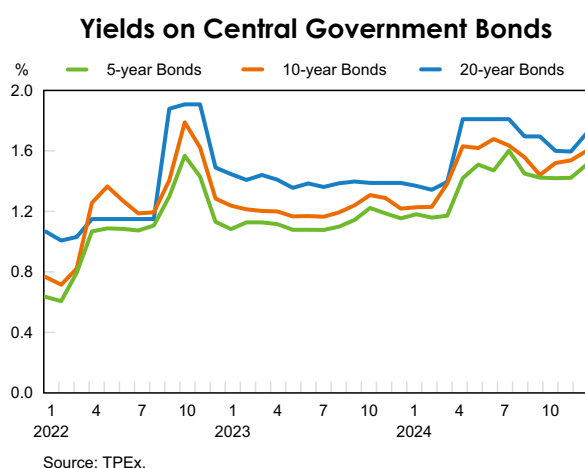
Taiwan by foreign institutions. During 2024, issuance of international bonds climbed by NT\$72.7 billion from a year before to NT\$315.1 billion. The rise reflected that foreign institutions increased international bond issuance on account of a downswing in US dollar-denominated interest rates.

With regard to currency composition, the majority of total international bond issuance went for US dollar-denominated bonds with a share of 99.17%, followed by Australian dollar-denominated bonds at 0.45%. At the end of the year, the outstanding amount of international bonds stood at NT\$6,130.4 billion, representing a year-on-year increase of NT\$80.1 billion or 1.32%.

Uptrend in Average Government Bond Yields and Slight Increase in Transactions

With US bond yields rising and the Bank raising the policy rates in the first quarter of 2024, yields on Taiwan government bonds also trended upward. However, owing to ample domestic liquidity, Taiwan government bond yields recorded a smaller increase than US bond yields. The average 10-year bond yield rose to 1.43% in 2024, 22 basis points higher than the 1.21% registered in the previous year.

Among government bonds of the other maturity ranges, average yields on 5-year, 20-year, and 30-year bonds went up by 28, 1, and 7 basis points, respectively, over the previous year.



In respect of transaction volume, annual transactions rose by NT\$2,730.1 billion or 7.71% to NT\$38,136.5 billion. The growth was mainly attributable to rising government bond yields, which widened the yield spread of bond holdings and boosted demand for bonds.

Of the components, outright transactions of government bonds fell by NT\$908.4 billion or 18.27%, whereas repurchase agreement (repo) transactions of government bonds increased by NT\$3,638.5 billion or 11.96% from a year before.

By type of bonds, the majority of total bond transactions went for corporate bonds with a share of 62.00% and an annual trading volume of NT\$23,645.0 billion. The second most actively traded were government bonds, contributing to 31.77% of total transactions with an annual trading volume of NT\$12,115.3 billion. Bank debentures ranked third, accounting for a share of 3.14% with an annual trading volume of NT\$1,197.1 billion.

Meanwhile, international bonds, foreign bonds, and asset securitization products made up marginal shares of 1.80%, 1.28%, and 0.01% in total transactions, with their respective annual trading registering NT\$687.6 billion, NT\$486.8 billion, and NT\$4.7 billion.

Turnover in Bond Market by Category

Unit: NT\$billion

Year/ Month	Total	Government Bonds	Corporate Bonds		Bank Debentures	Beneficiary Securities	Foreign Bonds	Int'l Bonds
			Nonconvertible	Convertible				
2022	35,404.9	13,137.8	17,473.1	1,502.5	1,980.0	26.7	537.3	747.5
2023	35,406.4	12,916.4	18,011.0	2,014.3	1,312.3	5.5	578.5	568.3
2024	38,136.5	12,115.3	21,057.8	2,587.2	1,197.1	4.7	486.8	687.6
2024/ 1	3,443.6	1,173.1	1,856.7	195.3	98.9	-	54.9	64.7
2	2,368.7	816.1	1,261.2	143.0	67.3	-	40.2	40.9
3	3,447.9	1,217.1	1,795.2	227.3	91.7	-	62.0	54.6
4	3,095.7	913.4	1,793.1	186.6	83.5	-	60.1	59.0
5	3,199.6	960.3	1,807.9	219.5	105.4	-	53.8	52.6
6	2,987.1	903.8	1,676.9	198.2	114.0	0.5	39.2	54.5
7	3,107.0	869.1	1,810.0	238.9	88.8	3.5	33.8	62.9
8	3,295.4	1,109.0	1,762.9	256.9	95.2	-	31.7	39.7
9	3,287.2	1,103.9	1,775.0	218.0	107.0	-	23.9	59.5
10	3,344.1	976.5	1,938.5	215.2	114.7	0.5	31.2	67.5
11	3,267.4	1,037.8	1,769.5	241.5	108.9	0.1	34.5	75.1
12	3,292.9	1,035.3	1,811.0	246.8	121.8	-	21.4	56.5

Source: TPEx.