

Corporate debt expands 34% to RM153bil in 2022

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New issuance of bonds and sukuk continued its growth momentum from RM383.9 billion in 2021 to RM435.1 billion in 2022.

PETALING JAYA: The primary issuance of all corporate debt in Malaysia expanded 34% to RM153.05 billion in 2022 from RM114.28 billion a year ago, according to the newly released Malaysian Bond and Sukuk Almanac for 2022 by Bond Pricing Agency Malaysia (BPAM).

This increase was contributed by the significant 143% growth in the AAA space that saw the annual issuance size reaching RM57.3 billion, owing to the RM25.2 billion Projek Lebuhraya Usahasama Bhd issuance in December.

Other major issuances were Cagamas Bhd with RM20.4 billion, Maybank Islamic Bhd (RM16 billion), DanaInfra Nasional Bhd (RM9.8 billion), Tenaga Nasional Bhd (RM6.4 billion), Sunway Treasury Sukuk Sdn Bhd (RM6.4 billion), and Amanat Lebuhraya Rakyat Bhd (RM5.5 billion).

For 2022, the amount of issued bonds and sukuk for corporate comes up to RM103.2 billion, according to its BPAM almanac 2022.

For sovereign bonds, the total gross issuance for Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) grew 7.2% to RM171.5 billion in 2022 from RM160 billion a year ago, attributed to increase in the subsidies bill and debt service charges.

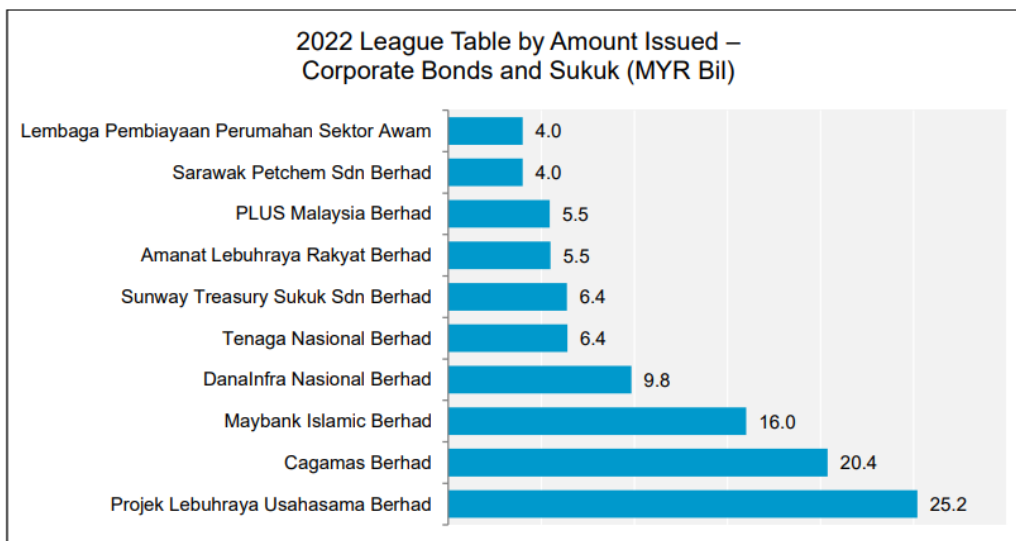


The rep substantially while sovereign bond yields have also increased in 2022.

Consequently, the overall debt-to-gross domestic product (GDP) ratio is projected to hover around 63% in 2022 from 63.4% the year before.

In terms of MGS foreign holdings, it began to slide from early 2022 but the drop worsened from the second quarter onwards. It decreased 35.5% in July before recovering in August.

The domestic bond market benchmark RF BPAM All Bond Index recovered from its negative return in 2021 to gain 1.51% to close at 190.105 points at end-2022 from 187.286 points previously, amid heightened volatility in the global financial market attributed to the hawkish monetary policy by the Fed.



Growing momentum for new bonds and sukuk

BPAM CEO Meor Amri Meor Ayob said new issuance of bonds and sukuk continued its growth momentum from RM383.9 billion in 2021 to RM435.1 billion in 2022.

“As businesses adapt to post-Covid realities, the uptick in issuance for new capital reflects the general level of confidence in the country which solidifies the Malaysian bond and sukuk market as a primary capital raising conduit for businesses,” he added.

With ongoing conflict in Europe, the weaponisation of global trade by belligerents and aligned countries will have an unintended consequence towards the global economy that can affect economies of neutral countries such as Malaysia, he added.

“However, this provides a window of opportunity to close any gap in terms of infrastructure so as to be able to stand on a stronger footing when the global economy normalises,” he said.

The almanac also listed the top market participants for the various categories: Amanat Lebuhraya Rakyat Bhd (Top issuance), Government of Malaysia (Top traded amount), CIMB Investment Bank Bhd (Top lead arranger), and Malaysian Trustees Bhd (Top trustee).

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