



## Press Release

December 7, 2009

### Foreign Investments in Bonds through November 2009

#### Trends in Bonds Trading

Foreign investors sustained their net purchases of bonds to total KRW49.0 trillion during the first eleven months of the year, up KRW26.2 trillion from the same period last year. Out of their total net purchases in the eleven month period of the year, KRW38.0 trillion was made on the Monetary Stabilization Bond (MSB).

There was net foreign capital inflow of KRW19.5 trillion in bonds through the end of November taking into account the KRW29.5 trillion in redemptions of foreign investor-held bonds that came due during the first eleven months.

#### Foreign Investors' Net Purchase of Listed Bonds

(In KRW, trillions)

	2008	2009												
		01-11	01	02	03	04	05	06	07	08	09	10	11	
Net purchases	22.3	22.8	49.0	1.1	1.8	1.8	0.9	3.0	9.5	5.0	3.9	6.7	9.7	5.6
Treasury bonds	2.8	2.9	11.2	-0.3	-0.0	0.6	-0.6	0.5	3.0	1.0	1.0	2.1	3.1	0.8
MSBs	19.1	19.5	38.0	1.5	1.9	1.2	1.5	2.4	6.5	4.1	2.9	4.5	6.6	4.9
Others	0.4	0.4	-0.2	-0.2	-0.0	-0.0	0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	0.0
Redemptions	22.6	20.4	29.5	1.5	1.1	3.5	1.6	1.8	4.8	2.6	2.4	3.2	3.5	3.4
Net inflows	-0.3	2.4	19.5	-0.4	0.7	-1.7	-0.7	1.2	4.7	2.4	1.5	3.5	6.2	2.2

Transactions pattern showed foreign investors selling Korean treasury bonds while buying MSB in the beginning of the year when treasury yields climbed on fears of an increase in issues, but the trend turned to buying MSB as well as treasuries from the second-half when signs of stability surfaced in both the financial markets and the economy. In October, foreign investors recorded the highest monthly record to date with net purchases of KRW9.7 trillion.

Investors from Asia accounted for KRW28.9 trillion or 59.0% of total net purchases, led by Thailand with KRW14.6 trillion. Meanwhile, the net selling of KRW0.5 trillion and KRW1.0 trillion by France and Ireland, the leading group of foreign investors from Europe, contracted the region's investment in the Korean bond market.



### Foreign Investors' Listed Bond Trading by Country

(In KRW, trillions)

	2008	2009	01	02	03	04	05	06	07	08	09	10	11
Europe	6.0	12.5	-0.6	-0.9	-0.3	0.2	1.0	5.4	-0.2	0.4	2.1	3.3	2.0
France	0.2	-0.5	-0.4	-1.0	-0.5	0.1	0.0	0.2	0.0	0.1	0.2	0.4	0.5
Swiss	0.1	2.5	-0.1	-	0.0	-	0.0	2.5	0.0	0.0	0.0	0.0	0.0
Germany	1.6	6.1	0.0	0.1	-0.2	0.2	0.0	1.8	0.0	0.5	1.1	1.5	1.1
Ireland	1.9	-1.0	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	-0.3	-0.1	0.0	-0.3
U.K.	1.9	2.4	0.0	0.0	0.1	-0.1	0.9	0.6	-0.5	-0.1	0.5	0.5	0.5
U.S.	0.9	5.4	0.0	1.0	0.9	0.0	0.1	0.0	0.5	0.5	0.4	1.7	0.3
Asia	13.6	28.9	1.4	1.5	1.2	0.4	1.9	4.1	4.6	3.0	3.7	4.2	3.1
Thailand	9.6	14.6	-0.1	0.1	0.6	0.2	1.2	2.6	3.3	1.4	2.0	1.6	1.6
Hong Kong	3.4	4.5	0.0	0.9	0.4	0.2	0.1	0.5	0.0	0.3	0.4	1.3	0.4
Others	1.9	2.2	0.2	0.2	0.0	0.3	0.0	0.1	0.1	0.0	0.5	0.4	0.3
<b>Total</b>	<b>22.3</b>	<b>49.0</b>	<b>1.1</b>	<b>1.8</b>	<b>1.8</b>	<b>0.9</b>	<b>3.0</b>	<b>9.5</b>	<b>5.0</b>	<b>3.9</b>	<b>6.7</b>	<b>9.7</b>	<b>5.6</b>

### Bond Holdings

As of end-November, foreign investors held KRW57.5 trillion in listed bonds, up KRW20.0 trillion from end-2008. Although a total of KRW29.5 trillion was redeemed at maturity in the first eleven months, foreign investor holdings of listed bonds were the highest on record since 1994 following their sustained net purchases.

### Foreign Investors' Listed Bond Holdings

(End of period)

(In KRW, trillions)

	2007	2008	01/09	02	03	04	05	06	07	08	09	10	11
Bond-held	38.4	37.5	37.0	37.8	36.0	35.3	36.5	41.2	43.9	45.4	48.9	55.3	57.5
	4.63%	4.33%	4.21%	4.15%	3.90%	3.73%	3.78%	4.20%	4.44%	4.57%	4.85%	5.46%	5.63%
Treasury Bonds	25.4	20.1	19.8	19.8	19.8	19.3	19.8	20.2	21.4	22.4	24.6	27.8	28.7
MSBs	11.9	16.2	16.2	17.0	15.2	15.1	15.8	20.1	21.5	22.1	23.4	26.7	28.2
Others	1.1	1.2	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.7

Sustained net purchases by investors from Thailand raised the percentage of Korean bonds held by Asian investors to KRW27.2 trillion, up KRW13.9 trillion from the end of last year, and the highest among foreign investor holdings at 47.3%.

European investors continued net purchases of Korean bonds, but the total amount of Korean bonds held by them was little changed at KRW18.8 billion from the year end of 2008 after redemptions at maturity.



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Foreign Investors' Listed Bond Holdings by Country  
(End of period)

(In KRW, trillions)

	2007	2008	01/09	02	03	04	05	06	07	08	09	10	11
Europe	28.1	18.3	17.0	15.7	14.6	14.6	15.3	18.0	17.2	19.3	17.4	19.0	18.8
France	13.9	8.3	7.9	6.8	5.7	5.8	5.9	3.9	3.9	4.0	4.2	4.3	4.5
Swiss	0.6	0.6	0.5	0.5	0.5	0.5	0.5	3.0	3.0	2.9	2.9	2.9	2.9
Germany	1.8	1.7	1.7	1.7	1.5	1.7	1.5	2.9	2.1	2.5	2.4	2.9	3.0
Ireland	3.5	3.0	2.8	2.6	2.6	2.6	2.6	2.5	2.5	2.1	2.1	2.0	1.6
U.K.	5.1	2.4	1.8	1.6	1.5	1.2	2.2	2.6	2.3	2.1	2.1	2.0	1.9
U.S.	3.1	3.6	3.6	4.6	5.5	5.5	5.5	5.3	5.7	6.1	6.5	8.1	8.4
Asia	6.6	13.3	14.0	15.1	13.5	12.9	13.2	15.4	18.8	18.0	22.6	25.5	27.2
Thailand	0.9	9.0	8.9	8.7	7.4	6.9	7.3	8.6	11.5	12.6	14.2	15.5	17.0
Hong Kong	1.4	1.6	1.6	2.5	2.5	2.7	2.6	3.1	3.1	2.9	2.6	3.4	3.4
Others	0.7	2.2	2.4	2.3	2.3	2.3	2.5	2.5	2.2	2.0	2.4	2.7	3.1
<b>Total</b>	<b>38.4</b>	<b>37.5</b>	<b>37.0</b>	<b>37.8</b>	<b>36.0</b>	<b>35.3</b>	<b>36.5</b>	<b>41.2</b>	<b>43.9</b>	<b>45.4</b>	<b>48.9</b>	<b>55.3</b>	<b>57.5</b>

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