

PRESS RELEASE

July 3, 2013

KOFIA Releases the OTC Bond Market Trend Analysis for June 2013

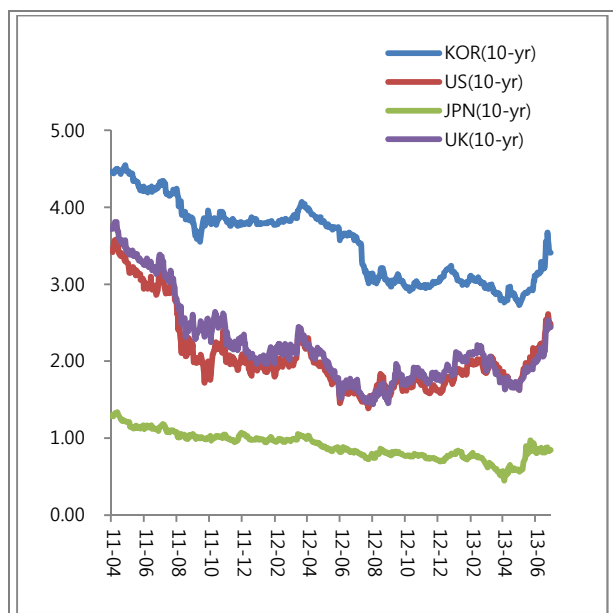
Interest rates increased sharply MoM due to clearer indications of an exit strategy from quantitative easing in the US and net selling of KTB futures by foreign investors.

A. (Interest Rates) Interest rates rose sharply MoM due to a steep increase in global bond interest rates and the net selling of KTB futures by foreign investors, driven by concerns over reduced quantitative easing in the US.

- Sluggish domestic indicators (industrial production index) were cause for a bull market in bonds, but Federal Reserve Chairman Ben Bernanke's comment on reducing quantitative easing and the net selling of KTB futures by foreign investors acted as factors for interest rates to soar.
- CD rates are impacted by the 3-month CD issuance by commercial banks (AAA), and as all five cases in June were issued at 2.69%, the CD rate recorded 2.69%, the same as the prior month.

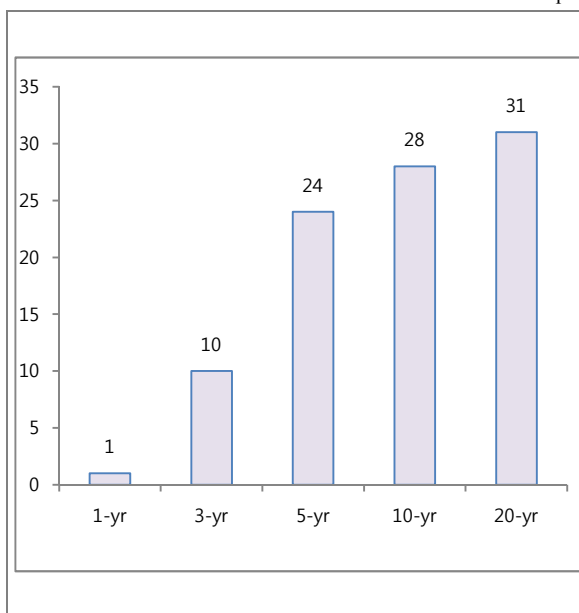
Domestic & Foreign Gov't Bond (10-yr) Rates
(as of end-June 2013)

<Unit: %>



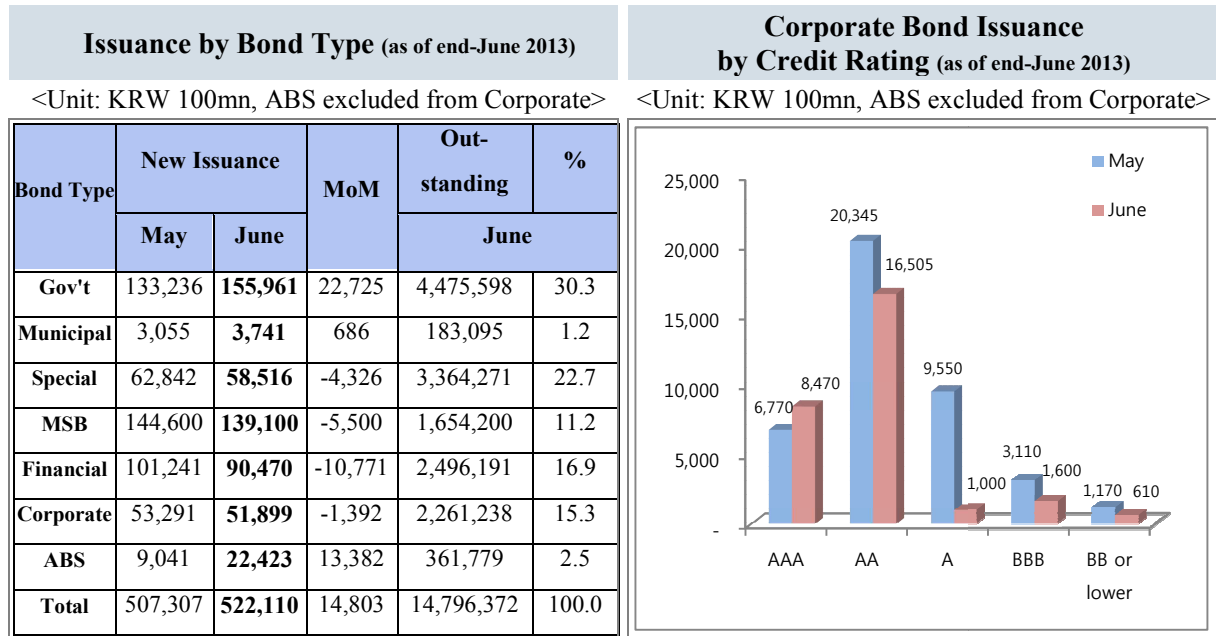
Monthly KTB Interest Rate Changes
(as of end-June 2013)

<Unit: bps>



B. (Bond Issuance) The overall issuance of bonds increased 2.92% MoM (KRW 1.48tn), prompted by a rise in the issuance of government bonds and ABS (KRW 50.73tn → KRW 52.21tn).

- The issuance volume of corporate bonds (excluding ABS) decreased slightly from the previous month to record KRW 5.19tn (KRW 5.33tn → KRW 5.19tn).



C. (Bond Distribution) The OTC trading volume decreased 7.25% MoM to KRW 548.8tn.

- Foreign trading of OTC bonds rose KRW 5.9tn MoM to record KRW 15.5tn.
 - The balance of bonds held by foreign investors maintained a level exceeding KRW 100tn in June, despite the net selling of KTB futures (-21,060 contracts), prompted by foreign investors taking a net buying stance in the bond spot market.
- The trading volume for individual investors in the OTC bond market posted KRW 0.5tn, down by KRW 244bn from the previous month.

[Trading Volume by Investor Type (as of end-June 2013)]

(Unit: KRW 100mn, %)

	June 2012	May 2013	June 2013	Proportion	MoM	YoY
Securities Co	3,061,538	3,811,816	3,228,101	58.8	-583,715	166,563
Bank	823,400	813,677	761,104	13.9	-52,573	-62,296
Asset Manager	484,620	643,652	715,519	13.0	71,867	230,899
Insurance Co	277,862	281,170	314,757	5.7	33,587	36,895
Pension Fund	90,015	105,461	127,488	2.3	22,027	37,473
Foreign	101,647	95,767	154,947	2.8	59,180	53,300
Gov't (including local)	59,406	52,678	60,720	1.1	8,042	1,314
Individual	10,756	7,218	4,778	0.1	-2,440	-5,978
Other (Corporations, etc)	90,146	105,798	120,814	2.2	15,016	30,668
Daily Avg	250,427	281,773	288,855	-	7,082	38,428
Total	4,999,388	5,917,238	5,488,227	100.0	-429,011	488,839