

PRESS RELEASE

August 5, 2013

KOFIA Releases the OTC Bond Market Trend Analysis for July 2013

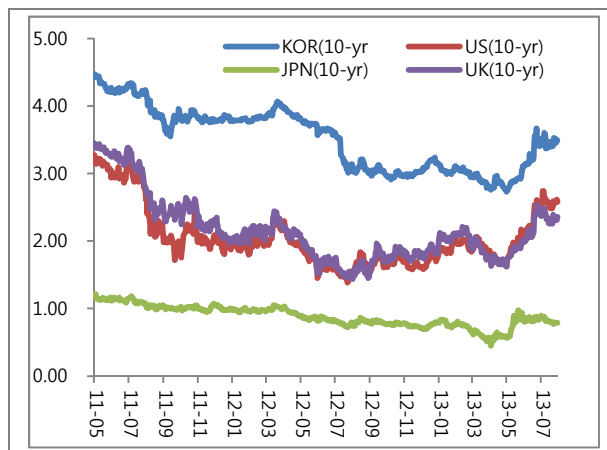
Interest rates increased slightly month-on-month amid continued uncertainty over tapering of quantitative easing in the US

A. (Interest Rates) Continued concerns over a winding down of quantitative easing resulted in a rise in interest rates at the start of July. Midway through the month, however, the bond market regained stability and interest rates edged down due to bargain hunting led by domestic institutions, and bond market interest rates thereby ended the month slightly higher than the previous month.

- The possibility of an end to quantitative easing in the US was a factor for interest rates to tread upwards, but Federal Reserve Chairman Ben Bernanke's market-stabilizing comments and sluggish economic indicators in China acted as causes for interest rates to decline.
- As 3-month CD issuance by commercial banks (AAA) were carried out at lower levels than the quoted yields from the prior day, CD rates fell gradually to record 2.66%, down 3 bp from a month ago.

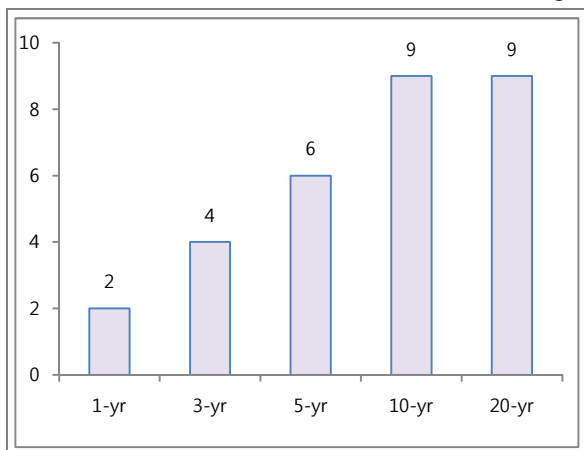
Domestic & Foreign Gov't Bond (10-yr) Rates
(as of end-July 2013)

<Unit: %>



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

<Unit: bps>



B. (Bond Issuance) The overall issuance of bonds decreased 5.92% month-on-month (KRW 3.08tn) due to the fall in the issuance of government bonds and corporate bonds (KRW 52.0tn → KRW 48.92tn).

- The issuance volume of corporate bonds (excluding ABS) dropped from the previous month to post KRW 3.89tn (KRW 5.15tn → KRW 3.89tn).

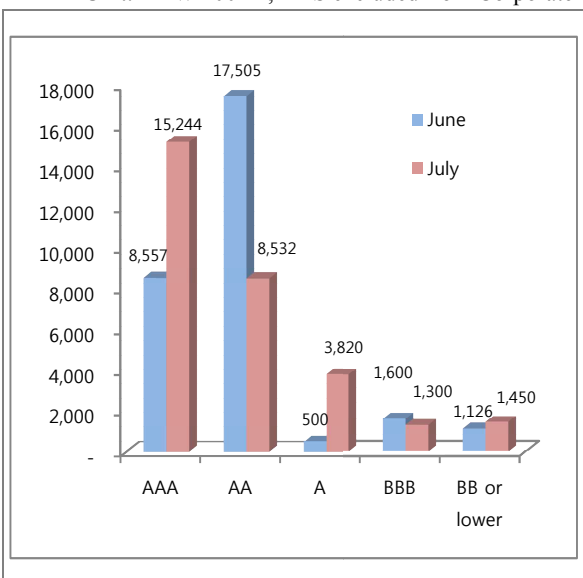
Issuance by Bond Type (as of end-July 2013)

<Unit: KRW 100mn, ABS excluded from Corporate>

Bond Type	New Issuance		MoM	Out-standing	%
	June	July			
Gov't	153,694	115,899	-37,795	4,531,394	30.3
Municipal	2,928	3,250	322	178,696	1.2
Special	58,232	92,874	34,642	3,426,687	22.9
MSB	139,100	148,300	9,200	1,661,700	11.1
Financial	90,477	81,037	-9,440	2,503,168	16.8
Corporate	51,486	38,867	-12,619	2,268,461	15.2
ABS	24,041	8,950	-15,091	365,896	2.5
Total	519,958	489,177	-30,781	14,936,002	100.0

Corporate Bond Issuance By Credit Rating (as of end-July 2013)

<Unit: KRW 100mn, ABS excluded from Corporate>



C. (Bond Distribution) The OTC trading volume decreased 12.89% from the previous month to KRW 478.1tn.

- Foreign trading of OTC bonds fell KRW 4.8tn month-on-month to record KRW 10.7tn.
 - The trading volume dropped, with foreign investors net selling KTB futures (-12,245 contracts), while easing their net buying stance in the bond spot market (June: KRW 9.8tn → July: KRW 3.5tn).
- The trading volume for individual investors came in at KRW 0.5tn, up by KRW 46.8bn from the previous month.

[Trading Volume by Investor Type]

(Unit: KRW 100mn, %)

	July 2012	June 2013	July 2013	Proportion	MoM	YoY
Securities Co.	3,409,972	3,228,101	2,864,380	59.9	-363,721	-545,592
Bank	834,143	761,104	603,544	12.6	-157,560	-230,599
Asset Manager	573,808	715,519	695,974	14.6	-19,545	122,166
Insurance Co.	295,732	314,757	244,281	5.1	-70,476	-51,451
Pension Fund	101,818	127,488	108,581	2.3	-18,907	6,763
Foreign	77,464	154,947	107,143	2.2	-47,804	29,679
Gov't (including local)	58,238	60,720	64,343	1.3	3,623	6,105
Individual	13,691	4,778	5,246	0.1	468	-8,445
Other (corporations, etc)	97,433	120,814	87,351	1.8	-33,463	-10,082
Daily Avg	248,443	288,855	207,863	-	-80,992	-40,580
Total	5,462,299	5,488,228	4,780,843	100.0	-707,385	-681,456