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Department	OTC Market Division / Bond Market Team
Contact	Han-Jo Kim, Deputy Director / FRM joekim1210@kofia.or.kr
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KTB Yields Fall Across All Maturities in October Amid Increased Foreign Buying of KTB Futures and Strong Safe-Haven Demand

- October 2026 OTC Bond Market Trends -

The Korea Financial Investment Association (KOFIA) released its "OTC Bond Market Trends for October 2026" on November 10.

1. Interest Rate Trends

In early October, **Korean Treasury Bond (KTB) yields generally declined** ahead of the holiday period, supported by **falling international oil prices and foreign investors' net purchases of KTB futures**. With WTI crude oil prices falling below USD 100 per barrel and the KRW/USD exchange rate stabilizing, upward pressure on yields eased, particularly at the long end. Following the holiday period, short- and medium-term KTB yields rose slightly in line with movements in global interest rates and international oil prices, while ultra-long-term KTBs remained strong as the auction of 30-year KTBs was well received.

During the month, **U.S. Treasury yields exhibited heightened volatility**, particularly at the long end, amid inflationary pressures in the services sector, fiscal concerns in Europe, and a heavy corporate bond issuance calendar. **The 30-year U.S. Treasury yield reached 5.70%, its highest level since 2002**. Subsequently, as U.S. long-term yields stabilized and foreign investors continued substantial net purchases of KTB futures, Korean government bonds strengthened further, pushing yields lower.

Toward the end of October, both the Bank of Korea's Monetary Policy Board and the U.S. Federal Reserve's Federal Open Market Committee (FOMC) **held their respective policy rates unchanged**, contributing to a broad decline in KTB yields. With the 10-year U.S. Treasury yield falling below 5% and safe-haven demand persisting amid weakness in global technology stocks, **KTB yields ended October lower across all maturities compared with the previous month-end**.

* Policy rates as of October 2026: Korea 3.00%; United States 3.75%–4.00%.

2. Bond Issuance

Total bond issuance in October increased by KRW 4.5 trillion from the previous month, from KRW 86.5 trillion to KRW 91.0 trillion. Although **issuance of KTBs and corporate bonds declined, issuance of special entity bonds and financial bonds increased substantially. Net issuance totaled KRW 33.1 trillion**, bringing the outstanding balance of bonds to KRW 3,219.1 trillion.

Corporate bond issuance decreased by KRW 3.4 trillion month on month to KRW 7.4 trillion. Credit spreads remained unchanged for AA− rated corporate bonds, while those for BBB− rated corporate bonds widened slightly from the previous month.

3. Corporate Bond Bookbuilding

Corporate bond bookbuilding in October totaled KRW 2.055 trillion across 29 deals, down KRW 1.556 trillion from KRW 3.611 trillion in the same month of the previous year.

Total investor orders amounted to KRW 11.450 trillion, down KRW 9.421 trillion from KRW 20.871 trillion a year earlier. **The participation rate (total investor orders divided by the bookbuilding amount) stood at 557.4%**, down 20.6 percentage points from 578.0% in the same month of the previous year.

By credit rating, participation rates were **623.2% for AA-rated or higher corporate bonds and 390.2% for A-rated corporate bonds**.

4. Secondary Market

Total OTC bond trading volume reached KRW 434.6 trillion in October, down KRW 14.1 trillion from the previous month. Average daily trading volume decreased by KRW 0.7 trillion to KRW 21.7 trillion.

Compared with September, **government bond trading decreased by KRW 34.5 trillion** and Monetary Stabilization Bond (MSB) trading by KRW 6.0 trillion, while **financial bond trading increased by KRW 18.1 trillion** and corporate bond trading by KRW 0.5 trillion. Total OTC bond trading volume was KRW 72.4 trillion higher than in the same month of the previous year.

5. Retail Investors

Individual investors recorded net purchases of KRW 826.6 billion in government bonds, KRW 242.8 billion in special entity bonds, and KRW 241.4 billion in corporate bonds during October. **Total net purchases amounted to KRW 2.7135 trillion**, down approximately KRW 1.3 trillion from the previous month.

6. Foreign Investor Activity

Foreign investors recorded net purchases of KRW 8.5 trillion in Korean bonds in October, **an increase of KRW 9.6 trillion** from the previous month. Net purchases of government bonds and MSBs increased by KRW 7.4 trillion and KRW 1.4 trillion, respectively.

At the end of October, foreign holdings of Korean bonds stood at K**RW 344.4 trillion, up KRW 7.5 trillion** from KRW 336.9 trillion at the end of September, accounting for 10.7% of the total outstanding bond balance.

From early October, **cross-currency swap (CRS) rates declined rapidly, widening the swap basis and strengthening arbitrage incentives** for foreign investors. This contributed particularly to increased foreign purchases of KTB futures.

Through mid-October, CRS rates continued to decline and the swap basis widened further, sustaining favorable conditions for arbitrage transactions. Toward the end of the month, foreign buying interest remained strong, particularly in medium- and long-term bonds, supported in part by **capital inflows associated with Korea's inclusion in the World Government Bond Index (WGBI)**.

7. CD Market

The 91-day Certificate of Deposit (CD) yield **rose by 10 basis points from the previous month to 3.32%** in October. The increase reflected upward pressure on domestic and global interest rates, changes in banks' funding strategies—including a greater preference for issuing longer-term CDs—and rising yields in the secondary CD market.

8. Qualified Institutional Buyer (QIB) Market

During October, **four QIB bonds with a total KRW-equivalent value of KRW 1.7365 trillion were newly registered**.

※ Appendix: Detailed Review of the OTC Bond Market for October 2026.

※ This press release is also available on the Korea Financial Investment Association (KOFIA) website at www.kofia.or.kr.

<Appendix> Detailed Trends in the Korean OTC Bond Market October 2026

1 Interest Rate Trends

In early October, Korean Treasury Bond (KTB) yields generally declined ahead of the holiday period, supported by falling international oil prices and foreign investors' net purchases of KTB futures. With WTI crude oil prices falling below USD 100 per barrel and the KRW/USD exchange rate stabilizing, upward pressure on yields eased, particularly at the long end. Following the holiday period, short- and medium-term KTB yields rose slightly in line with movements in global interest rates and international oil prices, while ultra-long-term KTBs remained strong as the 30-year KTB auction was well received.

During the month, U.S. Treasury yields exhibited heightened volatility, particularly at the long end, amid inflationary pressures in the services sector, fiscal concerns in Europe, and a heavy corporate bond issuance calendar. The 30-year U.S. Treasury yield reached 5.70%, its highest level since 2002. Subsequently, as U.S. long-term yields stabilized and foreign investors continued substantial net purchases of KTB futures, Korean government bonds strengthened further, pushing yields lower.

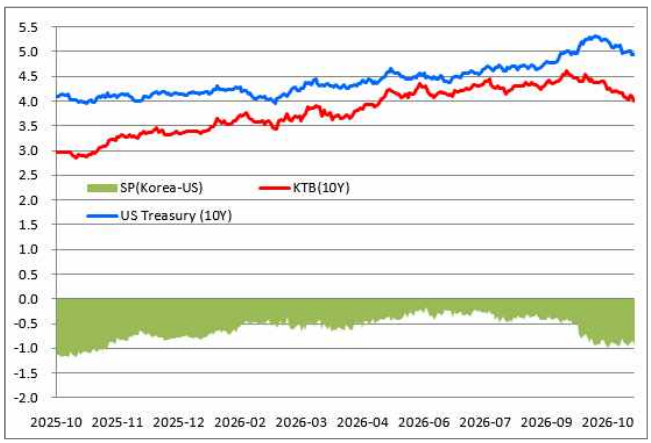
Toward the end of October, both the Bank of Korea's Monetary Policy Board and the U.S. Federal Reserve's Federal Open Market Committee (FOMC) held their respective policy rates unchanged, contributing to a broad decline in KTB yields. With the 10-year U.S. Treasury yield falling below 5% and safe-haven demand persisting amid weakness in global technology stocks, KTB yields ended October lower across all maturities compared with the previous month-end.

* *Policy rates as of October 2026: Korea 3.00%; United States 3.75%–4.00%.*

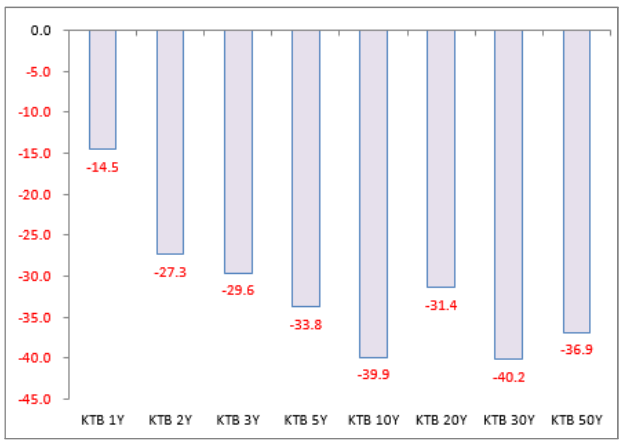
Korea Treasury Bond Yields (End-October 2026)

KTB	1Y	2Y	3Y	5Y	10Y	20Y	30Y	50Y
Yield(%)	3.588	3.705	3.715	3.865	4.008	4.106	4.124	4.149
Monthly Change(bp)	**-14.5**	**-27.3**	**-29.6**	**-33.8**	**-39.9**	**-31.4**	**-40.2**	**-36.9**

10-Year Government Bond (%)



Monthly Changes in KTB (bp)



Source: KOFIA BIS(www.kofiabond.or.kr), KOSCOM CHECK

2 Primary Market Trends

Total bond issuance in October increased by KRW 4.5 trillion from the previous month, from KRW 86.5 trillion to KRW 91.0 trillion, as issuance of special entity bonds and financial bonds increased substantially, despite declines in the issuance of Korean Treasury Bonds (KTBs) and corporate bonds. Net issuance totaled KRW 33.1 trillion, bringing the total outstanding bond balance to KRW 3,219.1 trillion.

Bond Issuance by Category (KRW billion)

Category	Issuance		MoM Change	Net Issuance	Outstanding Balance	Share (%)
	Sep. 2026	Oct. 2026				
KTB	19,767	19,273	-494	12,988	1,359,632	42.24
Local Gov't	366	308	-58	-42	29,733	0.92
Special Entity	8,437	11,817	3,380	3,766	478,721	14.87
MSB	7,300	6,330	-970	-320	96,120	2.99
Financial	38,134	43,657	5,523	18,225	756,749	23.51
Corporate	10,808	7,381	-3,427	-458	434,754	13.51
ABS	1,751	2,270	519	-1,022	63,362	1.97
Total	86,563	91,036	4,473	33,136	3,219,070	100.0

Source: KOFIA BIS, KOSCOM CHECK

Corporate bond issuance totaled KRW 7.4 trillion, down KRW 3.4 trillion from the previous month. Credit spreads remained unchanged for AA- rated corporate bonds, while those for BBB- rated corporate bonds widened slightly from the previous month.

Compared with the previous month:
- AAA-rated bond issuance increased by KRW 0.1 trillion
- AA-rated bond issuance increased by KRW 0.1 trillion
- A-rated bond issuance decreased by KRW 1.1 trillion
- Other-rated bond issuance decreased by KRW 2.5 trillion

Bond Issuance by Credit Rating (KRW billion)

Rating	Issuance Amount (Share)				MoM Change	
	Sep. 2026		Oct. 2026		Amount	Growth (%)
Guaranteed	-	(0.0)	-	(0.0)	0	-
AAA	1,232	(11.4)	1,332	(18.0)	100	8.1
AA	2,857	(26.4)	2,945	(39.9)	88	3.1
A	1,938	(17.9)	805	(10.9)	-1,133	-58.5
BBB	50	(0.5)	91	(1.2)	41	82.0
BB & Below	34	(0.3)	36	(0.5)	2	5.9
Other (Private Placement)	4,696	(43.4)	2,172	(29.4)	-2,524	-53.7
Total (Non-Guaranteed)	10,808	(100.0)	7,381	(100.0)	-3,427	-31.7
Total	10,808	(100.0)	7,381	(100.0)	-3,427	-31.7

Source: KOFIA BIS, KOSCOM CHECK

ESG Bond Issuance

ESG bond issuance decreased by KRW 0.1 trillion from the previous month, with approximately KRW 5.8 trillion issued in the form of Green Bonds and Social Bonds.

Green Bonds

Green Bond issuance totaled KRW 805.1 billion during October.
Major issuers included:
- KB Kookmin Bank (KRW 150.0 billion)
- Shinhan Bank (KRW 150.0 billion)
- iM Bank (KRW 150.0 billion)
- Busan Bank (KRW 150.0 billion)
- Seoul Housing & Urban Development Corporation (KRW 90.0 billion)
- Lotte Card (KRW 60.0 billion)
- Incheon Transit Corporation (KRW 30.0 billion)
- KODIT Securitization (KRW 25.1 billion)

Social Bonds

- Social Bond issuance totaled KRW 5.0114 trillion during October.
- Major issuers included:
- Korea Housing Finance Corporation and MBS (KRW 2.4248 trillion)
- Industrial Bank of Korea (KRW 970.0 billion)
- KODIT Securitization (KRW 666.6 billion)
- Korea SMEs and Startups Agency (KRW 350.0 billion)
- Korea Asset Management Corporation (KAMCO) (KRW 240.0 billion)
- Korea Student Aid Foundation (KRW 190.0 billion)
- Incheon Urban Development Corporation (KRW 170.0 billion)

ESG Bond Issuance (KRW billion)

Category	Sep. 2026		Oct. 2026		End Oct. 2026	
	Issuance Amount	Number of Issues	Issuance Amount	Number of Issues	Outstanding Balance	Number of Issues
Green Bonds	1,172	14	805	10	26,860	330
Social Bonds	4,476	52	5,011	43	211,340	1,885
Sustainable Bonds	330	5			12,354	150
Sustainability-Linked Bonds					430	6
Total	5,978	71	5,816	53	250,984	2,371

Source: Yonhap Infomax

Corporate Bond Bookbuilding

Corporate bond bookbuilding in October totaled KRW 2.055 trillion across 29 deals, down KRW 1.556 trillion from KRW 3.611 trillion in the same month of the previous year.

Total investor orders amounted to KRW 11.450 trillion, down KRW 9.421 trillion from KRW 20.871 trillion in the same month of the previous year. The participation rate (total investor orders divided by the bookbuilding amount) stood at 557.4%, down 20.6 percentage points from 578.0% a year earlier.

By credit rating, participation rates were 623.2% for AA-rated or higher corporate bonds and 390.2% for A-rated corporate bonds.

Corporate Bond Bookbuilding Results (KRW billion, %)

Credit Rating	Number of Offerings		Book Building Amount		Total Orders		Subscription Ratio	
	Oct. 2025	Oct. 2026	Oct. 2025	Oct. 2026	Oct. 2025	Oct. 2026	Oct. 2025	Oct. 2026
AA and Above	26	**17**	28,200	**14,750**	160,050	**91,920**	567.6%	**623.2%**
A	22	**12**	7,710	**5,800**	48,210	**22,630**	625.3%	**390.2%**
BBB & Below	1	**0**	200	**0**	450	**0**	225.0%	-
Total	49	**29**	36,110	**20,550**	208,710	**114,500**	578.0%	**557.4%**

Source : KOFIA (K-Bond Bookbuilding System) and Financial Supervisory Service (DART)

Undersubscription

Meanwhile, no undersubscription occurred in corporate bond book-building during October.

Undersubscription Results (KRW 100 million, %)

Credit Rating	Issuance Amount		Unsubscribed Amount		Undersubscription Ratio	
	Oct. 2025	Oct. 2026	Oct. 2025	Oct. 2026	Oct. 2025	Oct. 2026
AA and Above	45,450	**25,450**	-	-	-	-
Number of Issues	24	**19**	-	-		
A	9,450	**8,050**	50	-	0.5%	-
Number of Issues	15	**12**	1	-		
BBB & Below	-	**-**	-	-	-	-
Number of Issues	-	**-**	-	-		
Total	54,900	**33,500**	50	-	0.1%	-
Number of Issues	39	**31**	1	-		

Source : KOFIA (K-Bond Bookbuilding System) and Financial Supervisory Service (DART)

3 Secondary Market Trends

Total OTC bond trading volume decreased by KRW 14.1 trillion from the previous month to KRW 434.6 trillion, while average daily trading volume declined by KRW 0.7 trillion to KRW 21.7 trillion.

Compared with the previous month:
- Government bond trading volume decreased by KRW 34.5 trillion.
- Monetary Stabilization Bond (MSB) trading volume decreased by KRW 6.0 trillion.
- Financial bond trading volume increased by KRW 18.1 trillion.
- Corporate bond trading volume increased by KRW 0.5 trillion.

Compared with October of the previous year, total OTC bond trading volume increased by KRW 72.4 trillion.

OTC Bond Trading Volume by Bond Type (KRW billion, %)

Bond Type	Oct. 2025	Sep. 2026	Oct. 2026	Share (%)	MoM Change	YoY Change
KTB	192,941	239,221	204,769	47.1%	-34,452	11,829
Local Gov't	1,285	1,682	1,471	0.3%	-211	186
Special Entity	21,666	28,960	37,581	8.6%	8,621	15,915
MSB	25,363	31,794	25,740	5.9%	-6,054	376
Financial	101,315	122,760	140,819	32.4%	18,058	39,504
Corporate	16,108	18,009	18,491	4.3%	483	2,383
ABS	3,506	6,307	5,739	1.3%	-568	2,233
Total	362,183	448,733	434,610	100.0%	-14,124	72,427
Average Daily Trading Volume	20,121	22,453	21,731		-722	1,610

Source : KOFIA BIS (based on trading volume)

Total trading volume decreased by KRW 14.1 trillion from the previous month.

By investor type:
- Inter-dealer trading decreased by KRW 8.9 trillion.
- Banks' trading volume decreased by KRW 6.8 trillion.
- Asset management companies' trading volume increased by KRW 8.5 trillion.
- Insurance companies' trading volume increased by KRW 1.1 trillion.

OTC Bond Trading Volume by Investor Type (KRW billion, %)

Investor Type	Oct. 2025	Sep. 2026	Oct. 2026	Share (%)	MoM Change	YoY Change
Inter-Dealer (Securities)	188,348	230,983	222,065	51.09%	-8,918	33,718
Banks	52,001	58,051	51,296	11.80%	-6,755	-705
AMCs	51,063	66,219	74,763	17.20%	8,544	23,701
Insurances	11,192	15,742	16,868	3.88%	1,127	5,676
Pensions	13,727	23,912	19,014	4.37%	-4,898	5,287
Foreign	29,984	34,024	35,419	8.15%	1,396	5,436
Central&Local Gov't	4,670	5,640	4,932	1.13%	-708	262
Individual Investors	2,483	4,868	4,142	0.95%	-727	1,660
Other Corporations	8,716	9,294	6,121	1.41%	-3,174	-2,596
Total	362,183	448,733	434,621	100.00%	-14,113	72,438

Source : KOFIA BIS (based on trading volume)

During October, individual investors recorded net purchases of KRW 826.6 billion in government bonds, KRW 242.8 billion in special entity bonds, and KRW 241.4 billion in corporate bonds.

Total net purchases amounted to KRW 2.7135 trillion, down KRW 1.3 trillion from the previous month.

Net Purchases by individual Investors (KRW 100 million)

Bond Type		2025 (Full Year)	2026 (~Oct.)	Sep. 2026	Oct. 2026
Total Net Purchase		316,692	297,173	40,225	27,135
	KTB	108,530	96,662	13,342	8,266
	Local Gov't	5,886	8,457	1,337	1,904
	Special Entity	39,255	55,515	7,693	2,428
	MSB	1,767	101	65	0
	Financial	41,695	52,642	8,014	7,429
	Other Financial	51,420	39,175	4,872	4,524
	Corporate	66,522	46,605	4,993	2,414
	ABS	1,615	-1,985	-91	169

Source : KOFIA BIS (based on trading value)

* Excludes KTBs for Individual Investors

Foreign investors' net purchases of Korean bonds increased by KRW 9.6 trillion from the previous month, with net purchases of government bonds and Monetary Stabilization Bonds (MSBs) increasing by KRW 7.4 trillion and KRW 1.4 trillion, respectively. Total net purchases of Korean bonds amounted to KRW 8.5 trillion in October.

At the end of October, foreign holdings of Korean bonds stood at KRW 344.4 trillion, up KRW 7.5 trillion from KRW 336.9 trillion at the end of the previous month, accounting for 10.7% of the total outstanding bond balance.

Net Purchases by Foreign Investors (KRW billion)

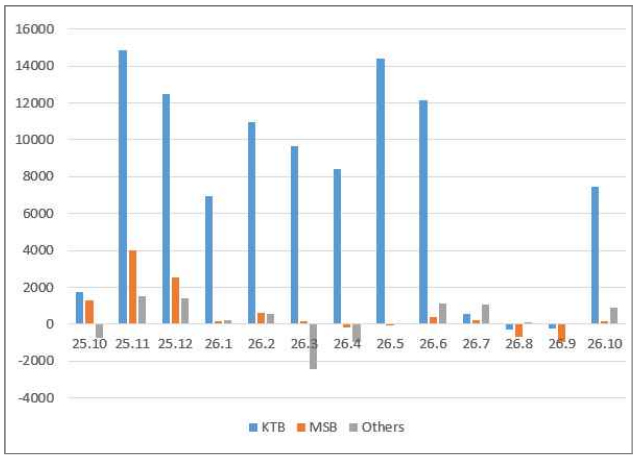
Bond Type	2025 (Full Year)	2026 (~Oct.)	Sep. 2026	Oct. 2026
Total Net Purchase	147,108	70,226	-1,158	8,452
KTB	121,096	69,850	-249	7,447
MSB	19,334	-144	-979	137
Others	6,676	520	69	868

Source : KOFIA BIS (based on trading value)

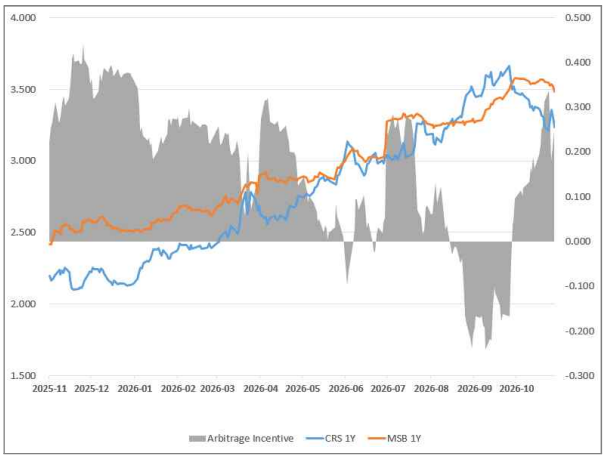
In early October, cross-currency swap (CRS) rates declined rapidly, widening the swap basis and strengthening arbitrage incentives for foreign investors. In particular, foreign investors increased their purchases of KTB futures.

From mid-October onward, CRS rates continued to decline and the swap basis widened further, sustaining strong incentives for arbitrage transactions. Toward the end of the month, foreign buying interest in Korean bonds remained strong, particularly in medium- and long-term bonds, supported in part by capital inflows associated with Korea's inclusion in the World Government Bond Index (WGBI).

Net Purchases by Foreign Investors (KRW billion)



MSB 1Y – CRS 1Y Spread (%)



Source : KOFIA BIS (based on trading value), KOSCOM

4 CD Market

The 91-day Certificate of Deposit (CD) yield closed at 3.32% at the end of October, up 10bp from the previous month.

During the month, CD yields rose, reflecting upward pressure on domestic and global interest rates, changes in banks' funding strategies, including a greater preference for issuing longer-term CDs, and rising yields in the secondary CD market. Total CD issuance during October amounted to KRW 7.8 trillion, up KRW 2.5 trillion from the previous month.

Commercial banks issued KRW 4.9 trillion, up KRW 1.3 trillion from the previous month. Issuance of three-month CDs totaled KRW 0.8 trillion, down KRW 1.4 trillion from the previous month. For CDs with maturities of four months or longer, commercial banks issued KRW 4.1 trillion, while regional and specialized banks issued KRW 2.7 trillion.

CD Issuance by Banks (KRW trillion)

Item		2025	2026			
			Oct.	(~Oct.)	Sep.	Oct.	MoM
CD Yield**		2.81	2.55	3.32	3.22	3.32	+ 0.10
Total Issuance		66.9	2.6	39.9	5.3	7.8	+ 2.5
	Commercial Banks	46.3	1.6	25.3	3.6	4.9	+ 1.3
	3-Month CDs	16.9 (36.5%)	0.4 (25%)	15.8 (62.5%)	2.2 (61.1%)	0.8 (16.3%)	- 1.4

Source : KOFIA BIS

※ **CD Issuance by Bank (October)**

Commercial Banks

Hana Bank: KRW 1,855.0 billion (28 issues), iM Bank: KRW 960.0 billion (19 issues), KB Kookmin Bank: KRW 820.0 billion (7 issues), Shinhan Bank: KRW 655.0 billion (4 issues), Woori Bank: KRW 635.0 billion (18 issues)

Regional and Specialized Banks

Kyongnam Bank: KRW 1,290.0 billion (35 issues), NH NongHyup Bank: KRW 805.0 billion (8 issues), Busan Bank: KRW 200.0 billion (1 issue), Jeju Bank: KRW 140.0 billion (2 issues), Suhyup Bank: KRW 120.0 billion (3 issues), Industrial Bank of Korea (IBK): KRW 100.0 billion (2 issues), Gwangju Bank: KRW 100.0 billion (4 issues), Jeonbuk Bank: KRW 95.0 billion (6 issues)

5 QIB Market

During October, four QIB bonds with a total KRW-equivalent value of KRW 1.7365 trillion were newly registered.

** Bonds issued by domestic or foreign issuers may be registered in the Qualified Institutional Buyers (QIB) market when they are intended to be traded exclusively among qualified institutional investors in Korea. Registration in the QIB market allows issuers to offer bonds under less stringent requirements than those applicable to public offerings. In addition, foreign-issued bonds entering the Korean market may be registered in the QIB market as one means of satisfying transfer restriction requirements.*

QIB Bond Registration (October 2026)

Date	Issuer	Amount (100Million)	Currency	Coupon (%)	Issue Date	Maturity Date
2026-10-19	Hanwha Energy USA Holdings Corporation	4	USD	5.5	2026-10-20	2029-10-20
2026-10-19	Hana Bank	3	USD	5.25	2026-10-20	2029-10-20
2026-10-19	Hana Bank	3	USD	5.5	2026-10-20	2031-10-20
2026-10-26	Korean Air	3	USD	5.5	2026-10-27	2031-10-27

Source : KOFIA BIS

Since the introduction of the QIB system in July 2012, a total of 537 QIB bonds with an aggregate value of approximately KRW 228.9 trillion had been registered as of the end of October 2026.

Cumulative QIB Bond Registrations

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of Issues	25	43	22	23	19	33	41	35	27
Amounts	5,800	10,864	7,804	13,654	7,989	12,163	13,879	14,610	10,868
Year	**2021**	**2022**	**2023**	**2024**	**2025**	**~Sep. 2026**	**Oct. 2026**	**Total**	
Number of Issues	38	36	40	42	57	52	4	537	
Amounts	18,444	16,632	19,511	22,973	24,269	27,730	1,737	228,922	

Source : KOFIA BIS