

# Globally, Banks Look to Asian Fixed Income for Growth

2017 Greenwich Leaders: Asian Fixed Income

Q4 2017

The mood among fixed-income dealers in Asia has turned decidedly upbeat. Trading volumes are on the rise—fueled by strong flows in G3-denominated Asian bonds, new issuances and growth in flows in local currency markets, and a surge in business from China. Investors in the region remain hungry for fixed-income products originating in North America and Europe, and demand for Asian products continues to build around the world. Together, these trends are prompting banks to enter growth mode in Asia, pushing hiring for fixed-income professionals to the most active levels seen in years.

In this increasingly positive environment, Citi retains its role as the top overall bank for Asia (ex-Japan) fixed income. HSBC and Citi are statistically tied at No. 1 in Overall Asian Fixed-Income (excluding Japan and Australia/New Zealand), followed by J.P. Morgan and Bank of America Merrill Lynch, which are statistically tied for third place, and another tie for fifth between BNP Paribas and Standard Chartered Bank.

“The story of 2017 is that banks around the world are again looking to Asian fixed income as an important growth market,” says Greenwich Associates Managing Director James Borger. “This includes not only the U.S. and European names you’d expect, but also those European banks that retrenched in past years and are now eyeing expansion, Japanese banks like Nomura and Mizuho that are fully committed to the region, and relative newcomers like Wells Fargo.”

## Greenwich Share Leaders — 2017



### Overall Asia (ex-Japan)\* Fixed-Income Market Share (818)

Dealer	Statistical Rank
Citi	1
HSBC	2
J.P. Morgan	3
Bank of America Merrill Lynch	4T
Deutsche Bank	4T

### Overall Asian (ex-JANZ)\*\* Fixed-Income Market Share (749)

Dealer	Statistical Rank
HSBC	1T
Citi	1T
J.P. Morgan	3T
Bank of America Merrill Lynch	3T
BNP Paribas	5T
Standard Chartered Bank	5T

\*Excludes Japan but includes Australia/New Zealand-based accounts. \*\*Excludes Japan and Australia/New Zealand-based accounts. Note: Includes derivatives, local currency. Numbers in parentheses are number of responses. Share leaders are based on top 5 dealers including ties.  
Source: Greenwich Associates 2017 Asian Fixed-Income Investors Study

The top positions of Citi and HSBC reflect those banks' strength across the Asian fixed-income product set represented in the Greenwich Associates 2017 Share and Quality Leader Awards. In Asian Credit products—the area of strongest growth over the past 12 months—the firms are deadlocked atop the market, followed by a tie between Barclays and Bank of America Merrill Lynch and another tie between Standard Chartered Bank and UBS. In Asian Rates, HSBC edges out Citi for the top spot, followed by J.P. Morgan, and in fourth place, BNP Paribas and Bank of America Merrill Lynch.

“In 2017 Citi has continued to grow market share with its key clients across Asia Pacific and is the No. 1 dealer in fixed income across the region for the second straight year, reflecting the firm’s long-standing commitment to the region. The bank gained market share across all investors, and Citi was ranked first for G3-denominated Asian bonds, G10 investment grade credit and interest-rate derivatives,” says Borger.

## Greenwich Share Leaders — 2017



### Asian\* Fixed-Income Market Share — Credit (612)

Dealer	Statistical Rank
Citi	1T
HSBC	1T
Barclays	3T
Bank of America Merrill Lynch	3T
Standard Chartered Bank	5T
UBS	5T

### Asian\* Fixed-Income Market Share — Rates (503)

Dealer	Statistical Rank
HSBC	1
Citi	2
J.P. Morgan	3
BNP Paribas	4
Bank of America Merrill Lynch	5

### Asian\* Fixed-Income Market Share — G3-Denominated Asian Bonds (345)

Dealer	Statistical Rank
Citi	1T
HSBC	1T
Bank of America Merrill Lynch	3T
Barclays	3T
Standard Chartered Bank	3T

### Asian\* Fixed-Income Market Share — G7 Secondary Investment-Grade Credit (172)

Dealer	Statistical Rank
Citi	1
HSBC	2
Barclays	3T
J.P. Morgan	3T

### Asian\* Fixed-Income Market Share — Domestic Currency Asian Bonds (367)

Dealer	Statistical Rank
HSBC	1
Citi	2
Standard Chartered Bank	3
Deutsche Bank	4

### Asian\* Fixed-Income Market Share — G10 Government Bonds (113)

Dealer	Statistical Rank
Citi	1T
HSBC	1T
Bank of America Merrill Lynch	3T
Deutsche Bank	3T
Barclays	3T
Nomura Securities	3T
J.P. Morgan	3T
Mizuho Securities	3T

### Asian\* Fixed-Income Market Share — Interest-Rate Derivatives (149)

Dealer	Statistical Rank
J.P. Morgan	1T
BNP Paribas	1T
HSBC	1T
Citi	1T
Bank of America Merrill Lynch	5T
Nomura Securities	5T

\*Excludes Japan and Australia/New Zealand-based accounts. Note: Includes derivatives, local currency. Numbers in parentheses are number of responses. Share leaders are based on top 5 dealers including ties. Source: Greenwich Associates 2017 Asian Fixed-Income Investors Study

HSBC claims the No. 2 position in G7 Secondary Investment-Grade Credit behind Citi, and ties Citi for the lead in both G10 Government Bonds and G3-Denominated Asian Bonds, where the duo is followed by a three-way tie among Bank of America Merrill Lynch, Barclays and Standard Chartered Bank. HSBC earns the top spot in Domestic Currency Asian Bonds, with Citi in second.

“When it comes to quality of service delivered to investors, HSBC is the leader in Asia,” says Greenwich Associates consultant Parijat Banerjee. HSBC claims the title of 2017 Greenwich Quality Leader<sup>SM</sup> in Overall Asian Fixed-Income Service, Sales and Trading. In Credit products, HSBC shares the title of 2017 Quality Leader with Citi, and is one of four Quality Leaders in Asian Rates, along with Bank of America Merrill Lynch, Citi and J.P. Morgan. Nomura Securities is the 2017 Greenwich Quality Leader in Asian Fixed-Income Research.

Offshore distribution of Asian bonds is becoming a significant business for global banks, which are finding strong demand for the product from investors in North America and Europe. Citi, HSBC, Barclays, and J.P. Morgan all have found success exporting G3-denominated Asian credit bonds and other products. Several banks, including J.P. Morgan, HSBC and Standard Chartered also stand out for their success in exporting Asian domestic currency government bonds to investors around the world.

“We’re seeing more of a bid for sell-side talent in Asia for sure,” says James Borger. “Much like we saw in the U.S. this year, the amount of bank-to-bank personnel movement is at a level we haven’t seen for several years.”

---

## Greenwich Quality Leaders – 2017



### Overall Asian\* Fixed-Income Service Quality (749)

**Dealer**

HSBC

### Asian\* Fixed-Income Sales Quality (749)

**Dealer**

HSBC

### Asian\* Fixed-Income Research Quality (749)

**Dealer**

Nomura Securities

### Asian\* Fixed-Income Trading Quality (749)

**Dealer**

HSBC

### Asian\* Fixed-Income Quality – Credit (612)

**Dealer**

Citi  
HSBC

### Asian\* Fixed-Income Quality – Rates (191)

**Dealer**

Bank of America Merrill Lynch  
Citi  
HSBC  
J.P. Morgan

\*Excludes Japan and Australia/New Zealand-based accounts. Note: Numbers in parentheses are number of responses. Leading dealers are displayed in alphabetical order.

Source: Greenwich Associates 2017 Asian Fixed-Income Investors Study

# China Fueling Asian Flows

China's new Bond Connect platform is gaining traction in opening up at least parts of the Chinese fixed-income market to the world, and this new access is helping to fuel the growth of Asian fixed income overall. This activity is giving a boost to firms like Citi, HSBC, Standard Chartered, BNP Paribas, and others with the established corporate banking relationships needed to participate in new issues that drive subsequent trading volume—but virtually all dealers active in the region are benefiting. “Some are more bullish, and some have more of a wait-and-see outlook, but everyone is paying attention,” says Banerjee.

## Electronic Trading

Although the fragmented nature of the Asian (ex-Japan) fixed-income market has slowed the uptake of electronic trading relative to that of markets in North America, Europe and Japan, the demand from buy-side clients and regulatory compulsions ensure there is steady, albeit gradual, growth in e-trading in some of the region's biggest financial centers. Across Asia, Citi leads in terms of its penetration of investors for electronic trading, with HSBC in second place. Those two banks are tied for the top spot in market penetration in e-trading of Asian Credit products. In Rates, Citi leads, followed by J.P. Morgan and Deutsche Bank.

### Greenwich Share Leaders — 2017



#### Overall Asian ex-Japan Fixed-Income E-Trading Market Penetration (299)

Dealer	Statistical Rank
Citi	1
HSBC	2
Bank of America Merrill Lynch	3T
J.P. Morgan	3T
Standard Chartered Bank	5T
Barclays	5T

#### Asian ex-Japan Fixed-Income E-Trading Market Penetration — Rates (299)

Dealer	Statistical Rank
Citi	1
J.P. Morgan	2T
Deutsche Bank	2T
HSBC	4T
UBS	4T
Bank of America Merrill Lynch	4T

#### Asian ex-Japan Fixed-Income E-Trading Market Penetration — Credit (171)

Dealer	Statistical Rank
HSBC	1T
Citi	1T
Bank of America Merrill Lynch	3T
J.P. Morgan	3T
Barclays	3T

\*Ex-JANZ. Note: Includes derivatives, local currency. Numbers in parentheses are number of responses. Share leaders are based on top 5 dealers including ties. Source: Greenwich Associates 2017 Asian Fixed-Income Investors Study

## MOST HELPFUL TRADERS AND ANALYSTS—2017

Study participants in our annual Asian Fixed-Income Investors Study are given the opportunity to name desks and/or individuals who have been particularly helpful to them in trading and research. Buy-side clients can name as many teams or individuals as they would like.



### G3-Denominated Asian Bonds<sup>1</sup>

#### Trading Desk

UBS

#### Trader

Kelvin Zhao  
(UBS)

### G3-Denominated Asian Bonds<sup>2</sup>

#### Research Desk

Citi

#### Trader

Annisa Lee  
(Nomura)

### Domestic Currencies<sup>1</sup>

#### Trading Desk

HSBC

#### Trader

Benedict Phua  
(DBS - now at Standard  
Chartered Bank)

### Domestic Currencies<sup>2</sup>

#### Research Desk

Nomura

#### Trader

Sonal Varma  
(Nomura)

Note: <sup>1</sup>Based on responses from 182 portfolio managers and traders. <sup>2</sup>Based on responses from 174 portfolio managers and traders.  
Source: Greenwich Associates 2017 Asian Fixed-Income Investors Study

If you are interested in this full report, please email [contactus@greenwich.com](mailto:contactus@greenwich.com) and we will get back to you.

**Note: A separate report covering [Overall Australian/New Zealand Fixed Income](#) accompanies this report.**

*Managing Director James Borger and Vice President Parijat Banerjee advise on the institutional fixed-income markets in Asia.*

## METHODOLOGY

Between May and July 2017, Greenwich Associates conducted 749 interviews with fixed-income investment professionals at domestic and foreign banks, private banks, investment managers, insurance companies, hedge funds, corporations, central banks, and other institutions throughout Asia (ex-Japan). Countries and regions where interviews were conducted include China, Hong Kong/Macau, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Sri Lanka, Taiwan, and Thailand. Interview topics included service provider assessments, trading practices, market trend analysis, and investor compensation.

© 2017 Greenwich Associates, LLC. All rights reserved. Javelin Strategy & Research is a subsidiary of Greenwich Associates. No portion of these materials may be copied, reproduced, distributed or transmitted, electronically or otherwise, to external parties or publicly without the permission of Greenwich Associates, LLC. Greenwich Associates; Competitive Challenges; Greenwich Quality Index; Greenwich ACCESS™, and Greenwich Reports are registered marks of Greenwich Associates, LLC. Greenwich Associates may also have rights in certain other marks used in these materials.

The Greenwich Quality Leader<sup>SM</sup> and Greenwich Share Leader<sup>SM</sup> designations are determined entirely by the results of the interviews described above and do not represent opinions or endorsements by Greenwich Associates or its staff. Such designations are a product of numerical scores in Greenwich Associates' proprietary studies that are generated from the study interviews and are based on a statistical significance confidence level of at least 80%. No advertising, promotional or other commercial use can be made of any name, mark or logo of Greenwich Associates without the express prior written consent of Greenwich Associates.

