



PRESS RELEASE

Malaysia Retained In FTSE Russell's World Government Bond Index

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Malaysia will be retained in FTSE Russell's World Government Bond Index (WGBI), as published in its Fixed Income Country Classification Announcement for March 2021. Prior to this latest announcement, Malaysia had been in the WGBI Watch List since April 2019.

FTSE Russell is a provider of stock market indices and associated data services, wholly owned by the London Stock Exchange. Meanwhile, the WGBI is a widely used benchmark that currently includes sovereign bonds from over 20 major countries, denominated in a variety of currencies.

Malaysia has been part of the WGBI since July 2007 and its reaffirmed position in WGBI is a testament to various effective policies and initiatives aimed at continuously improving market accessibility and liquidity. The Ministry of Finance (MOF) would like to recognise the efforts by all relevant parties, particularly Bank Negara Malaysia (BNM), the Financial Markets Committee (FMC), Securities Commission Malaysia (SC), Bursa Malaysia, and the Financial Markets Association Malaysia (FMAM) on their joint and continuous efforts in developing the Malaysian financial market in a structured manner.

The MOF has also actively participated in many stakeholder engagement sessions in collaboration with BNM and FMAM to shape policies on improving Malaysia's financial market competitiveness, underscored by enhanced governance and transparency through streamlined compliance, regulatory and operational requirements for both domestic and foreign investors.

The decision made by FTSE Russell is also a testament to the soundness of Malaysia's sovereign bond market, while reaffirming the country's strong macroeconomic fundamentals and resilience. Since end-April 2019, cumulative foreign flow into Malaysia's government bond market amounted to RM48.6 billion¹; of which RM22.7 billion was between end-April to December 2019, RM17.2 billion in 2020 and RM8.8 billion from January to end-February this year. Foreign holdings in Malaysia's government bonds also increased to 24.7% in February 2021, compared to 21.9% as at April 2019.

As at end 2020², more than half of the total foreign holdings in government bonds consists of long-term investors such as other central banks and governments at 31.5%, pension funds at 17.7% and insurance companies at 2.6%. In terms of domestic investors³, holdings in government bonds are supported by ample liquidity from banking institutions, as well as institutional investors.

The MOF will continue collaborating with BNM, the FMC, SC, Bursa Malaysia and FMAM to further develop Malaysia's financial market, as well as improve its standing within the global investment community

YB Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz

Minister of Finance

30 March 2021

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