



BANK OF THAILAND NEWS

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EMEAP Press Statement

EMEAP Central Banks to Launch Asian Bond Fund

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The EMEAP Executives' Meeting of East Asia and Pacific Central Banks) Group, comprising 11 central banks and monetary authorities in the East Asia and Pacific region, is pleased to issue this joint announcement on the launch of the Asian Bond Fund (ABF). All EMEAP members have agreed in principle to invest in the Fund. The Fund, which will have an initial size of about US\$1 billion, will invest in a basket of US dollar denominated bonds issued by Asian sovereign and quasi-sovereign issuers in EMEAP economies (other than Japan, Australia and New Zealand). The Fund will be managed by the Bank for International Settlements in a passive style in accordance with a specific benchmark. The ABF is expected to start operation soon. The EMEAP Group will set up an Oversight Committee to monitor the performance of the Fund.

The launch of the US dollar ABF is an important step in regional co-operation aiming at promoting bond markets in the region. The EMEAP Group has been playing an active role in promoting the efficiency of financial intermediation in the region and the launch of the ABF will facilitate the channelling of a small portion of the very sizeable official reserves held by the Asian economies back into the region. The Fund will also provide a useful means for the Asian central banks to diversify their investments beyond the more traditional reserve assets and to enhance their returns.

After the launch of the US dollar ABF, the EMEAP Group will proceed to study the extension of the ABF concept to include bonds denominated in regional currencies, further strengthening the contribution of the initiative to the broadening and deepening of bond markets in the region.

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