

Australian bond market sets all-time issuance record

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Australian bond issuance hit A\$326.7 billion, surpassing record set over calendar 2024.

Kangaroo bond issuance rose 16.6% to A\$68.8 billion in the first 9 months of 2026, led by European and Asian borrowers.

The bond market's next growth phase will be defined by innovation, as new products and better infrastructure improve efficiency and attract more borrowers and investors.

Australia's bond market set an all-time record for issuance volume in October, as a wave of new borrowers and investors helped make the market deeper and more global.

Total bond issuance in the year through 12 October reached A\$326.7 billion, eclipsing the all-time high achieved over calendar 2024 when issuance reached A\$324.66 billion.

"Capital goes where markets are deep, liquid and reliable, and Australia is increasingly proving it can compete for that capital on the global stage," said Chris McLachlan, Executive General Manager global markets at CBA.

Both domestic and international issuers contributed to growth momentum, as European utilities, Asian insurance companies and U.S. technology firms raised Australian dollars alongside the banks and supranational institutions that have long dominated the market. In the first nine months of 2026, bond issuance totalled A\$323.6 billion, with domestic issuance up 28% compared with the same period of 2025, while Kangaroo bonds – Australian-dollar debt sold by foreign borrowers – increased 16.6% compared with the first three quarters of 2025.

"This growth momentum is accompanied by increasing maturity and sophistication. Over the past five years, the range of structured and hybrid products has expanded, volumes have grown across the board, and we've seen tenors set fresh records across both credit and government issuance. It shows that investors are increasingly willing to take on complexity and commit capital for longer periods, which is good for businesses and good for the economy," said McLachlan.

Deeper debt markets deliver economic dividends

A maturing debt market pays economic dividends well beyond the trading floor. Bond markets help set borrowing costs across the economy and give companies an alternative to bank loans and offshore funding. As Australia's market deepens and offers a wider range of structured products, it is becoming a bigger destination for global capital.

Australia's bond boom continues despite a tough backdrop for fixed income. Yields across most advanced economies have climbed to their highest levels in roughly two decades. Persistent inflation has forced central banks to raise interest rates. As governments and companies keep borrowing more, investors have more choices and more power to demand higher returns.

“There’s much more competition for capital than there was a decade ago,” says Adam Donaldson, CBA’s Head of Market Strategy and Rates Research. “Investors can afford to be more selective about where they put their money and what return they expect.”

Competition for global capital intensifies

In recent weeks, that competition has become more intense.

France’s fiscal problems have shaken European bond markets, tensions around Iran have lifted oil prices and US Treasury yields have reached multi-decade highs, sharpening concerns about inflation and interest rates. Against that backdrop, Australian issuance has continued, although investors have become more price-sensitive. Donaldson says that the relative resilience of local credit markets through the volatility provides another test of Australia’s ability to attract capital when global investors have more places to put their money.

As global investors become more selective, Australia has reasons to stand out. Donaldson points to the country’s comparatively strong fiscal position, the Reserve Bank’s willingness to act on inflation and a large pool of domestic savings through the superannuation system. Australia also offers global investors something scarce: highly rated debt in a large, freely traded currency. The country accounts for about 1% of advanced-economy sovereign bonds, but more than 10% of the AAA universe, according to RBA data.

“Australia stands out because the policy story is relatively clean,” Donaldson says. “When investors can go anywhere, that combination wins.”

Aussie dollarisation

Foreign ownership of Australian bonds is rising, while borrowers that once routinely raised money overseas are increasingly issuing at home—a trend Donaldson and his team call “Aussie Dollarisation.” Active investors in Australian corporate bonds have nearly doubled since 2021, with more than 430 taking part in corporate deals over the past 18 months, CBA data show.

Still, Australia’s bond market is not immune to headwinds. Higher rates mean higher borrowing costs, and volatile cross-currency markets can quickly change the economics of issuing in Australian dollars. Global issuance windows can also close quickly when investors retreat from risk.

As the market looks to its next phase of growth, McLachlan expects it will be defined by innovation aimed at broadening the products available to borrowers and investors and improving the way the market functions.

That agenda is already taking form. The RBA is advancing work on tokenised asset markets, and there are broader discussions underway on how to strengthen repo markets through central clearing and deepen trading in inflation-linked instruments.

“Australia has come a long way as a capital market,” McLachlan says. “We’re attracting global issuers, global investors and record amounts of capital. The next phase is about ensuring breadth of supply and better infrastructure we can build on top of that to make our market more efficient and resilient.”

For Australia, that evolution to our financial system would help connect capital with opportunity more efficiently and give both borrowers and investors more ways to manage and take risk through both good times and bad.

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