

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

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November 2023 Commentary

Various measures were introduced by China's central bank and government agencies in November to provide further support to lift the country's economy, especially in the private sector. One point to consider is whether this is another temporary boost, or if the new policies could be the start of a more systemic recovery.

Chinese stocks—as represented by [S&P China 500 \(USD\)](#)—gained 1.33% this month but lost 12.85% so far this year. In the wider Asian market, the S&P Pan Asia Ex-Japan LargeMidCap (USD) posted a larger gain of 7.44% in November, with an uptick of 1.20% YTD. In the U.S., the [S&P 500®](#) rebounded this month with a return of 8.92%,

In U.S. fixed income, U.S. Treasuries—as represented by the iBoxx \$ Treasuries—gained 3.59% in November. At the same time, the 10-2 Year Treasury Yield Spread widened from -0.19% at the end of October to -0.36%.¹ Year-to-date, the index inched up 0.62%.

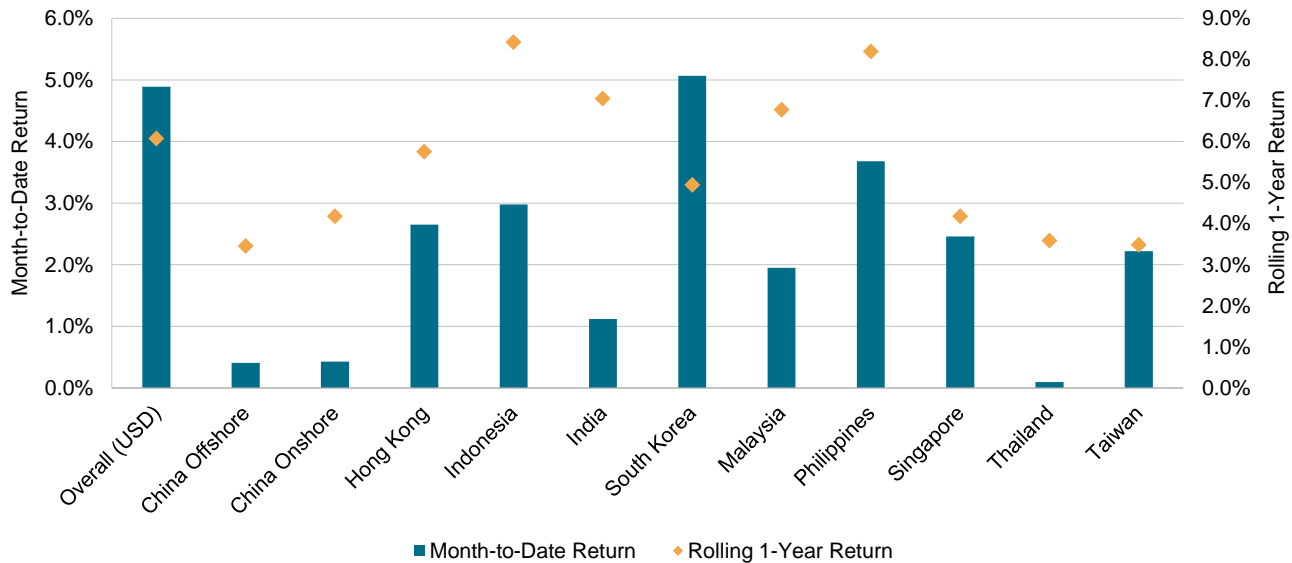
As we look ahead to a month of festivities, there is still one last U.S. FOMC meeting this year to be held on Dec.12-13, 2023, as investors anticipate the Fed's next move on interest rates.

¹ Source: Federal Reserve Bank of St. Louis

iBoxx Asian Local Bond Index (ALBI)

November 2023 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Asian local currency bonds had a good month as well, aided by FX gains against the U.S. dollar, as well as capital gains in most markets. As a result, the iBoxx Asian Local Bond Index (ALBI) (USD Unhedged) gained 4.89% in November and 3.08% YTD.

South Korea and the Philippines, in local currency terms, were the standout performers, posting 5.07% and 3.68%, respectively. Despite posting positive returns, China Offshore (0.41%) and China Onshore (0.43%) ranked at the bottom of the chart. Year-to-date, Indonesia (7.27%), the Philippines (6.90%) and India (6.71%) were the best-performing markets.

Most gains were observed in the long-dated segment of the index, notably South Korea 10+ (9.54%), Hong Kong 10+ (9.52%) and the Philippines 10+ (7.96%). Investors clearly had a preference for long-dated exposures, across markets.

As of the end of November, the overall index yield decreased by 29 bps to 4.05%. India remained the highest-yielding bond market in the index, posting 7.40%, while China Onshore (2.77%) represented the lowest-yielding market.²

² Taiwan has 0% weight in the index.

Exhibit 2: iBoxx ALBI Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall (USD)	4.05	6.67	4.89	3.08	-5.94
China Offshore	3.31	2.53	0.41	3.40	8.63
China Onshore	2.77	5.81	0.43	3.67	14.41
Hong Kong	4.61	3.85	2.65	4.70	-4.52
India	7.40	6.65	1.12	6.71	12.94
Indonesia	6.80	6.04	2.98	7.27	19.11
South Korea	3.59	8.80	5.07	4.59	-7.87
Malaysia	4.06	7.32	1.95	5.59	6.86
Philippines	4.98	4.99	3.68	6.90	-0.11
Singapore	3.19	7.58	2.46	2.98	-7.35
Taiwan	1.35	8.13	0.10	1.40	-6.68
Thailand	3.27	8.33	2.22	1.23	-5.16

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Overall index performance based on total return in USD. All others based on total return in local currency. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 3: iBoxx ALBI Returns Attribution – November 2023

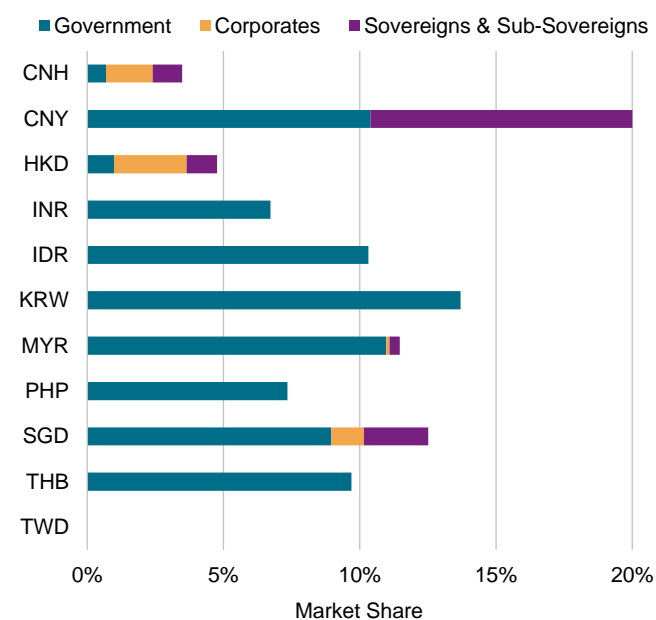
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	2.50	0.32	2.01
China Offshore	2.71	0.26	0.15
China Onshore	2.61	0.25	0.18
Hong Kong	0.20	0.27	2.38
India	-0.15	0.60	0.52
Indonesia	2.42	0.58	2.40
Malaysia	2.23	0.34	1.61
Philippines	2.25	0.38	3.30
Singapore	2.45	0.22	2.24
South Korea	4.68	0.25	4.82
Taiwan	3.83	0.11	-0.01
Thailand	2.52	0.24	1.98

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: iBoxx ALBI Returns by Maturity – November 2023

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	3.24	3.82	4.32	5.31	7.15
Overall (Local Currency)	0.68	1.36	1.92	2.77	4.48
China Offshore	0.37	0.53	0.76	0.51	0.10
China Onshore	0.18	0.20	0.44	0.78	0.87
Hong Kong	0.95	2.34	3.99	5.13	9.52
India	0.73	0.86	1.20	1.12	1.28
Indonesia	1.41	2.34	3.00	3.31	3.58
Malaysia	0.60	0.97	1.42	2.03	3.09
Philippines	1.28	2.22	3.39	5.29	7.96
Singapore	0.83	1.57	2.56	3.48	3.91
South Korea	1.02	2.34	3.63	4.72	9.54
Taiwan	0.08	0.28	0.46	0.37	-0.31
Thailand	0.41	1.03	1.57	2.30	3.84

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

November Month-End Rebalance**Exhibit 5: Market Breakdown and iBoxx ALBI Duration Changes**

Market	Duration (Years)*	
	Nov. 30, 2023	Dec. 1, 2023
Overall (USD)	6.67	6.68
China Offshore	2.53	2.65
China Onshore	5.81	5.83
Hong Kong	3.85	3.86
India	6.65	6.76
Indonesia	6.04	6.05
South Korea	8.80	8.78
Malaysia	7.32	7.35
Philippines	4.99	5.02
Singapore	7.58	7.62
Thailand	8.13	8.18
Taiwan	8.33	8.41

*Semiannual modified duration.

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023 (and Dec. 1, 2023, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

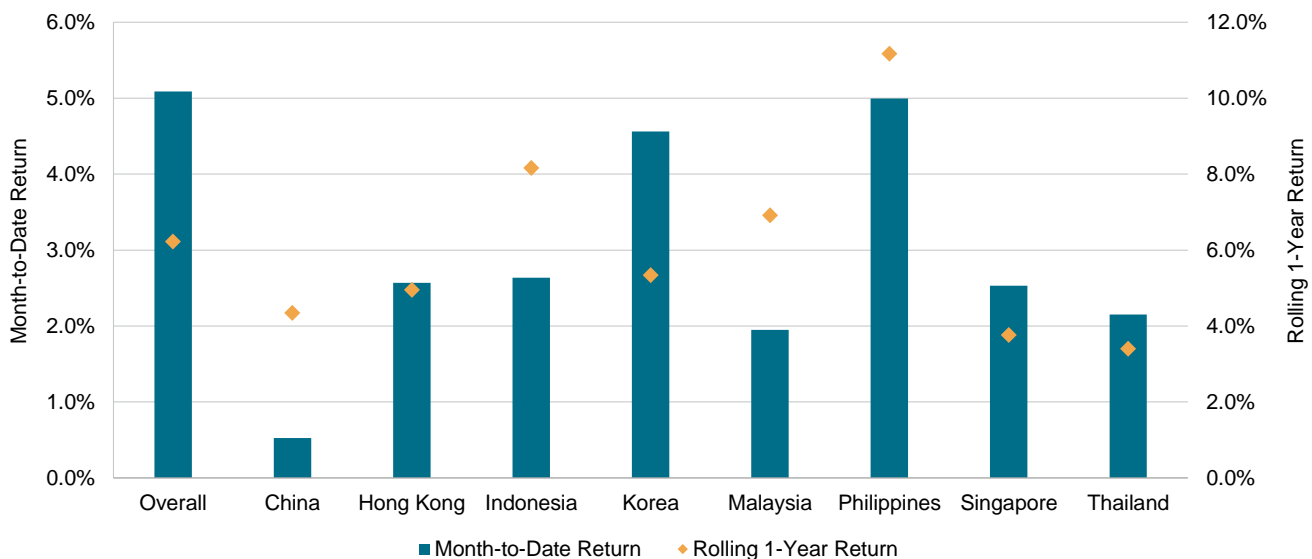
The latest rebalance saw 37 bonds entering and 36 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the November month-end index rebalance, and the next change would be at month-end February 2024. For more details, please refer to the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#).

Following the recent rebalance, the index duration remained flat at 6.68%. Most markets saw a small duration increase this month, with the largest increase coming from China Offshore (up 0.12 years). Among the eligible markets, South Korea continued to have the longest duration (8.78 years), while China Offshore (2.65 years) remained the least sensitive to interest rates.

iBoxx Asian Bond Fund (ABF) Pan-Asia

November 2023 Commentary

Exhibit 6: iBoxx ABF Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Performance of Asian local currency bonds in the iBoxx ABF Pain-Asia (USD Unhedged) Index was similar to that of the ALBI, returning 5.09% in November, contributed to by both FX and capital gains across all ABF markets.

In local currency terms, standout markets in November were the Philippines (up 5.00%) and South Korea (up 4.56%). As we head into December, the clear winners YTD have been the Philippines (up 9.37%) and Indonesia (up 7.11%).

Across the yield curve, there was a clear preference for long-dated bonds, as the best performers were concentrated in the 10+ years segment, including South Korea (up 9.52%) and the Philippines (up 9.11%).

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall (USD)	3.82	6.81	5.09%	2.89%	-6.24%
China	2.78	6.26	0.52%	3.81%	15.01%
Hong Kong	4.01	3.92	2.57%	4.19%	-5.26%
Indonesia	6.82	6.06	2.64%	7.11%	19.20%
South Korea	3.62	7.84	4.56%	4.79%	-7.02%
Malaysia	4.08	7.40	1.95%	5.67%	7.00%
Philippines	6.23	5.29	5.00%	9.37%	-1.00%
Singapore	3.11	8.00	2.53%	2.37%	-8.90%
Thailand	3.28	7.94	2.15%	1.27%	-5.10%

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Overall index performance based on total return in USD. All others based on total return in local currency. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 8: iBoxx ABF Returns Attribution – November 2023

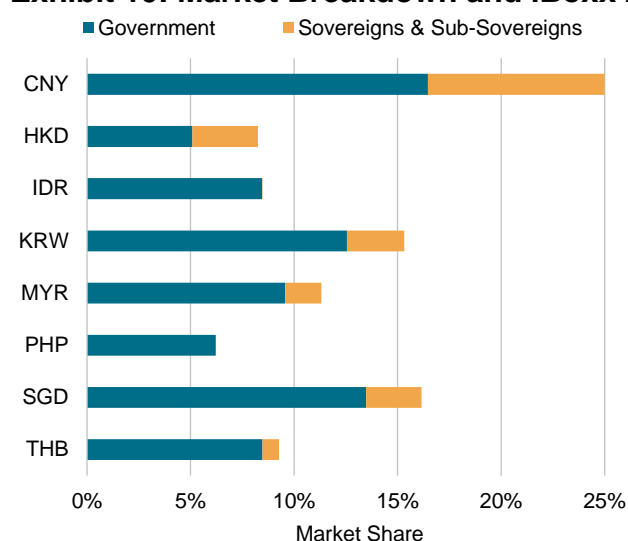
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	2.62	0.29	2.11
China	2.61	0.24	0.28
Hong Kong	0.20	0.23	2.34
Indonesia	2.42	0.57	2.06
South Korea	4.68	0.24	4.32
Malaysia	2.23	0.34	1.61
Philippines	2.25	0.50	4.50
Singapore	2.45	0.22	2.32
Thailand	2.52	0.24	1.92

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 9: iBoxx ABF Returns by Maturity – November 2023

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	3.27	3.97	4.58	5.74	7.49
Overall (Local Currency)	0.70	1.37	2.05	3.01	4.58
China	0.21	0.23	0.55	1.05	0.88
Hong Kong	0.88	2.09	3.70	5.18	8.60
Indonesia	1.07	2.03	2.80	3.18	3.14
South Korea	1.06	2.44	3.69	4.76	9.52
Malaysia	0.60	0.98	1.41	1.99	3.05
Philippines	1.57	2.86	4.10	6.32	9.11
Singapore	0.79	1.63	2.69	3.62	3.79
Thailand	0.42	1.04	1.59	2.30	3.74

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

November Month-End Rebalance**Exhibit 10: Market Breakdown and iBoxx ABF Duration Changes**

Market	Duration (Years)*	
	Nov. 30, 2023	Dec. 1, 2023
Overall	6.81	6.77
China	6.26	6.24
Hong Kong	3.92	3.84
Indonesia	6.06	6.06
South Korea	7.84	7.68
Malaysia	7.40	7.44
Philippines	5.29	5.32
Singapore	8.00	8.03
Thailand	7.94	7.98

*Semiannual modified duration.

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023 (and Dec. 1, 2023, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

The latest rebalance saw 182 bonds entering and 46 bonds leaving the overall index. The high number of inclusions was largely due to the inclusion of Industrial Bank of Korea into the index due to a reclassification to “sub-sovereign,” therefore making it eligible for the index. The annual weight change for the underlying markets was implemented at the October month-end rebalance

as per the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#). The latest weights are reflected in Exhibit 10.

The iBoxx ABF Index duration decreased by 0.04 years to 6.77 years following the recent rebalance. After the index rebalance, Singapore took over from Thailand as the market with the longest duration (8.03 years), while Hong Kong was the least sensitive to interest rates, with a duration of 3.84 years.

iBoxx SGD

November 2023 Commentary

Exhibit 11: iBoxx SGD Overall and Key Sector Returns



Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Compared to other Asian local markets, the performance of SGD-denominated bonds was less stellar. That said, the iBoxx SGD Index—designed to measure the broad SGD market—was up 2.30%.

Gains were observed across government and non-government sectors. Singapore Government Securities gained 2.52%, while Singapore Statutory Boards posted 2.69%. In the corporate sector, non-financials (up 1.97%) outperformed financials (1.17%).

Again, investors generally had a preference for long-dated bonds. The BBB 10+ segment saw the largest gain this month, up 10.10%, while SGD AAA 10+ (up 3.93%) was the second-highest-performing segment.

Additionally, credit spreads in both investment grade (up 9 bps) and high yield (up 13 bps) continued to widen this month, albeit by a small margin.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

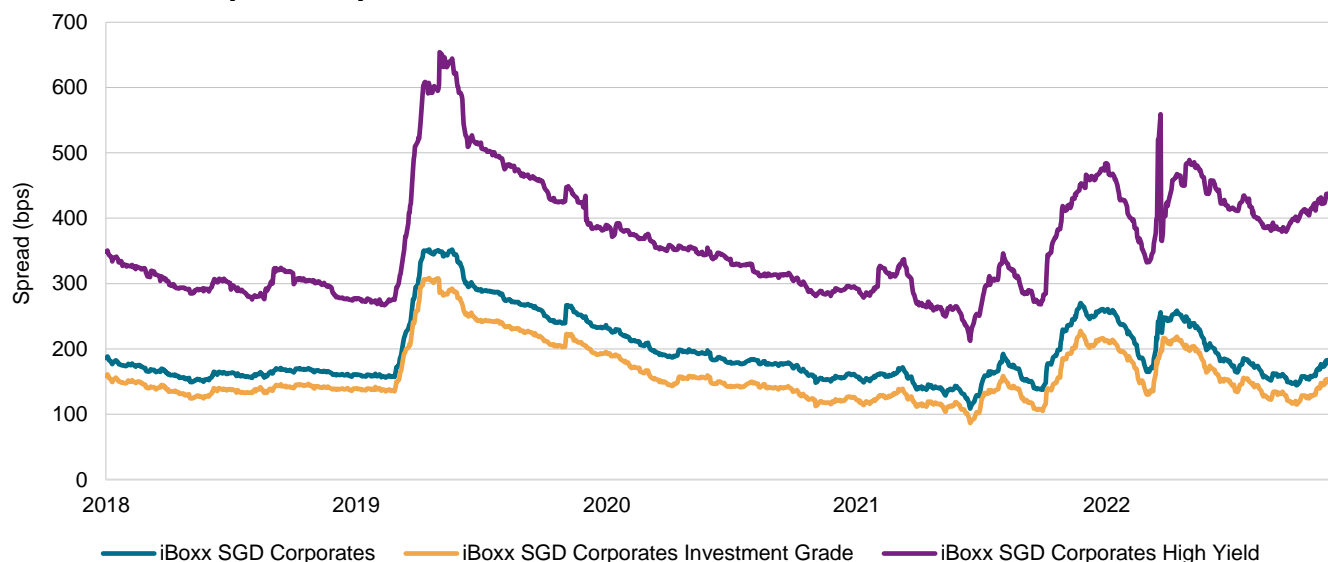
Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall	3.27	7.05	2.30	2.90	-6.05
Government	3.01	8.05	2.52	1.30	-8.29
Statutory Boards	3.53	6.10	2.69	6.86	-7.36
Corporates	4.68	3.85	1.32	5.10	2.87
Financials	4.78	3.55	1.17	4.70	3.00
Non-Financials	4.40	5.08	1.97	6.60	2.71

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 13: iBoxx SGD Rating and Maturity Month-to-Date Performance

Index/Rating	Overall (%)	1-3 Years (%)	3-5 Years (%)	5-7 Years (%)	7-10 Years (%)	10+ Years (%)
iBoxx SGD Investment Grade	2.34	0.81	1.56	2.47	3.41	3.90
iBoxx SGD AAA	2.54	0.79	1.63	2.72	3.67	3.93
iBoxx SGD AA	0.83	0.40	0.72	3.31	0.54	0.00
iBoxx SGD A	1.71	0.69	1.54	1.32	1.87	2.86
iBoxx SGD BBB	1.46	0.96	1.41	1.22	2.02	10.10
iBoxx SGD High Yield	0.92	-	-	-	-	-

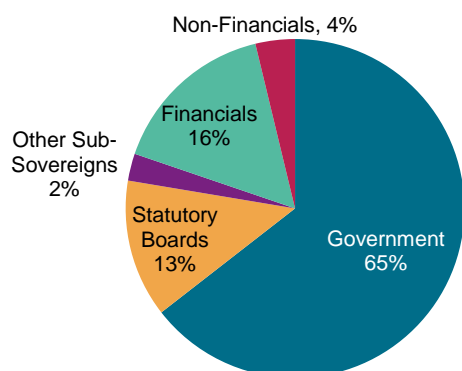
Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 14: Corporate Spreads

Source: IHS Markit, part of S&P Global. Data from Dec. 31, 2018, to Nov. 30, 2023. Spread refers to semiannual spread to benchmark curve in basis points. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

November Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	Nov. 30, 2023	Dec. 1, 2023
Overall	7.05	7.10
Government	8.05	8.04
Corporates	6.10	6.32
Statutory Boards	3.85	3.87
Financials	3.55	3.59
Non-Financials	5.08	5.07

*Semiannual modified duration.

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023 (and Dec. 1, 2023, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

This rebalance, two non-sovereign bonds entered the index, totaling more than SGD 800 million. Meanwhile, five bonds left the index, removing close to SGD 2.5 billion of notional.

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	Oct. 31, 2023	Nov. 30, 2023
OUECT 3.95% 2026-06-02	BB*	BBB
OUECT 4.2% 2027-05-05	BB*	BBB

*Implied rated bonds.

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2023. Table is provided for illustrative purposes.

Additionally, there were two implied bond rating change in the index at the October month-end rebalance.

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