

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

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January 2024 Commentary

Across the globe, 2024 will bring more than 50 elections and over a billion voters going to the polls, including in Taiwan (just ended), Indonesia, South Korea and India, as well as the U.S. toward the end of the calendar year. The outcome of the elections will no doubt have an impact on fiscal policies and the broader financial markets.

As January went on, expectations of the first U.S. interest rate cut in March were dampened after statements made from the Federal Reserve Chair at the FOMC meeting at the end of the month. Rates were unchanged after the meeting, which highlighted elevated inflation persisting despite slowing over the past year, as well as strong data on the economy and unemployment fronts.

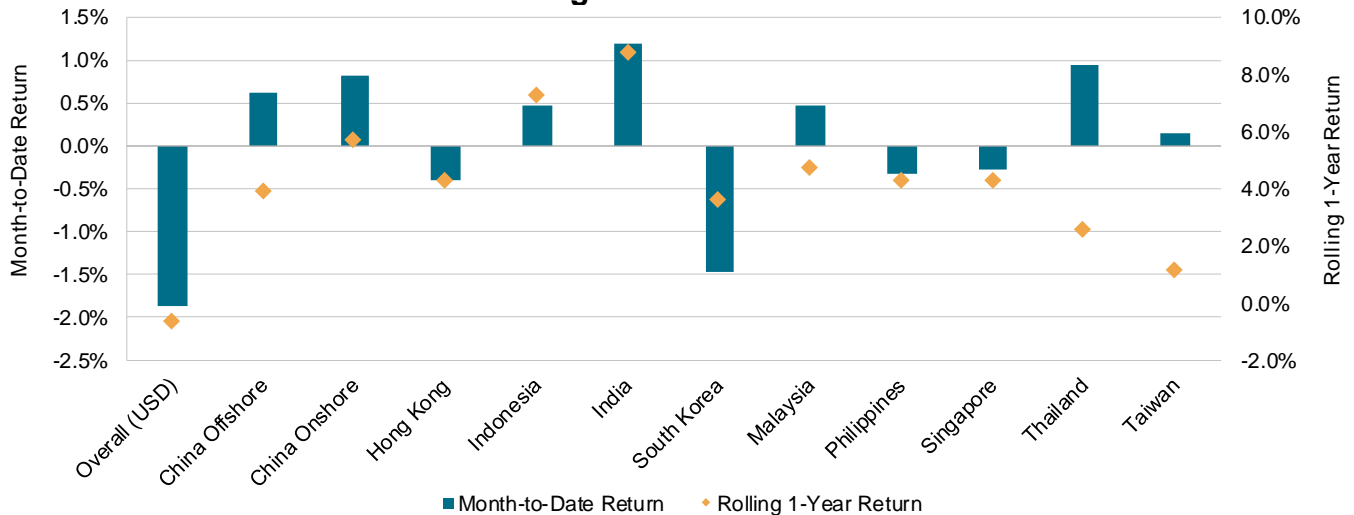
In the immediate aftermath, the [S&P 500®](#) erased some gains that were accumulated through the month, but still managed a 1.59% return in January. In contrast, Chinese stocks—as represented by the [S&P China 500 \(USD\)](#)—started the year on the wrong foot, losing 9.61%. Similarly, broader Asian markets—as represented by the S&P Pan Asia Ex-Japan LargeMidCap (USD)—lost ground by 4.47%.

U.S. Treasuries, usually thought of as a safe haven, lost 0.22% in January, as represented by the iBoxx \$ Treasuries.

iBoxx Asian Local Bond Index (ALBI)

January 2024 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

In Asian fixed income, Asian local currency bonds—as represented by the iBoxx Asian Local Bond Index (ALBI) (USD Unhedged)—pulled back 1.86%, owing to a combination of mixed performance in the local bond markets and the relative strength of the U.S. dollar against the local currencies as we start the year.

In local currency terms, India (up 1.19%) and Thailand (up 0.95%) were the best performers. China On- and Offshore bonds were not far behind, returning 0.82% and 0.63%, respectively. South Korea, the best-performing market in 2023, was bottom of the pile as we started 2024, losing 1.47% in January.

Gains were observed across local bond markets in the short-end 1-3 year maturity segment. However, performance became mixed as we look to longer maturity segments. China Onshore 10+ and China Offshore 10+ fared the best, returning 3.26% and 2.40%, respectively. On the other hand, South Korea 10+ (down 3.35%) and Hong Kong 10+ (down 2.72%) were the worst-performing segments.

As January ended, the overall index yield increased by a modest 3 bps to 3.88%. India remained the highest-yielding bond market in the index, posting 7.22%, while China Onshore (2.52%) represented the lowest-yielding market.¹

¹ 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)	3.88	6.72	-1.86	-1.86	-6.28
China Offshore	3.16	2.53	0.63	0.63	8.50
China Onshore	2.52	5.87	0.82	0.82	15.35
Hong Kong	4.28	3.79	-0.40	-0.40	-2.87
India	7.22	6.82	1.19	1.19	14.91
Indonesia	6.71	5.95	0.48	0.48	19.77
South Korea	3.32	9.01	-1.47	-1.47	-4.44
Malaysia	3.95	7.25	0.46	0.46	7.09
Philippines	4.94	4.91	-0.33	-0.33	0.20
Singapore	3.05	7.60	-0.27	-0.27	-5.21
Taiwan	1.28	8.31	0.16	0.16	-5.01
Thailand	3.01	8.67	0.95	0.95	-3.43

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. 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 – January 2024

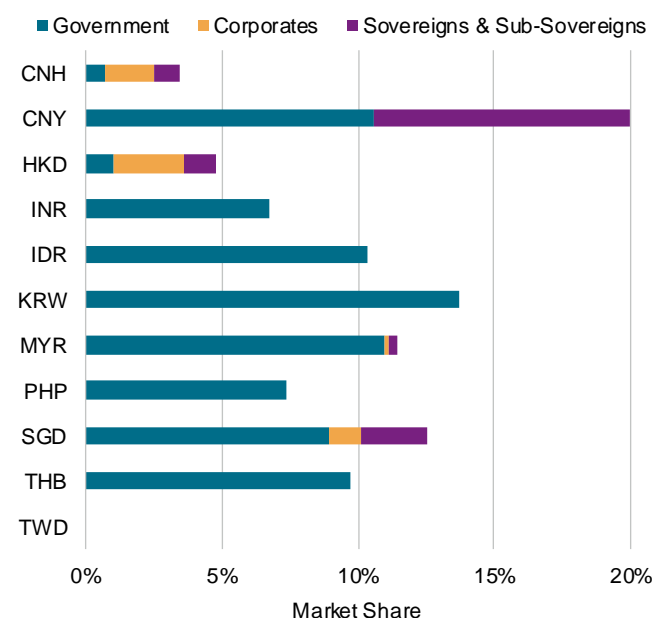
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-2.04	0.32	-0.14
China Offshore	-1.25	0.27	0.36
China Onshore	-1.20	0.25	0.57
Hong Kong	-0.07	0.27	-0.67
India	0.10	0.60	0.60
Indonesia	-2.43	0.58	-0.11
Malaysia	-2.97	0.34	0.12
Philippines	-1.63	0.36	-0.70
Singapore	-1.64	0.22	-0.49
South Korea	-3.50	0.24	-1.70
Taiwan	-1.95	0.11	0.04
Thailand	-3.81	0.24	0.71

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: iBoxx ALBI Returns by Maturity – January 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-1.55	-1.69	-1.57	-1.91	-2.37
Overall (Local Currency)	0.31	0.26	0.28	0.11	-0.04
China Offshore	0.52	0.78	1.20	1.27	2.40
China Onshore	0.13	0.30	0.72	0.92	3.26
Hong Kong	0.24	-0.20	-0.89	-1.46	-2.72
India	0.66	0.67	0.95	0.83	1.72
Indonesia	0.81	0.84	0.71	0.33	0.22
Malaysia	0.34	0.41	0.44	0.16	0.66
Philippines	0.28	-0.01	-0.24	-0.62	-1.39
Singapore	0.42	0.11	-0.26	-0.76	-0.88
South Korea	0.19	-0.19	-0.68	-0.99	-3.35
Taiwan	0.07	0.02	-0.09	0.02	0.45
Thailand	0.36	0.51	0.56	0.75	1.56

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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

Market	Duration (Years)*	
	Jan. 31, 2024	Feb. 1, 2024
Overall (USD)	6.72	6.76
China Offshore	2.53	2.61
China Onshore	5.87	5.91
Hong Kong	3.79	3.80
India	6.82	6.88
Indonesia	5.95	5.97
South Korea	9.01	9.09
Malaysia	7.25	7.28
Philippines	4.91	4.91
Singapore	7.60	7.60
Thailand	8.67	8.65
Taiwan	8.31	8.39

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024 (and Feb. 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

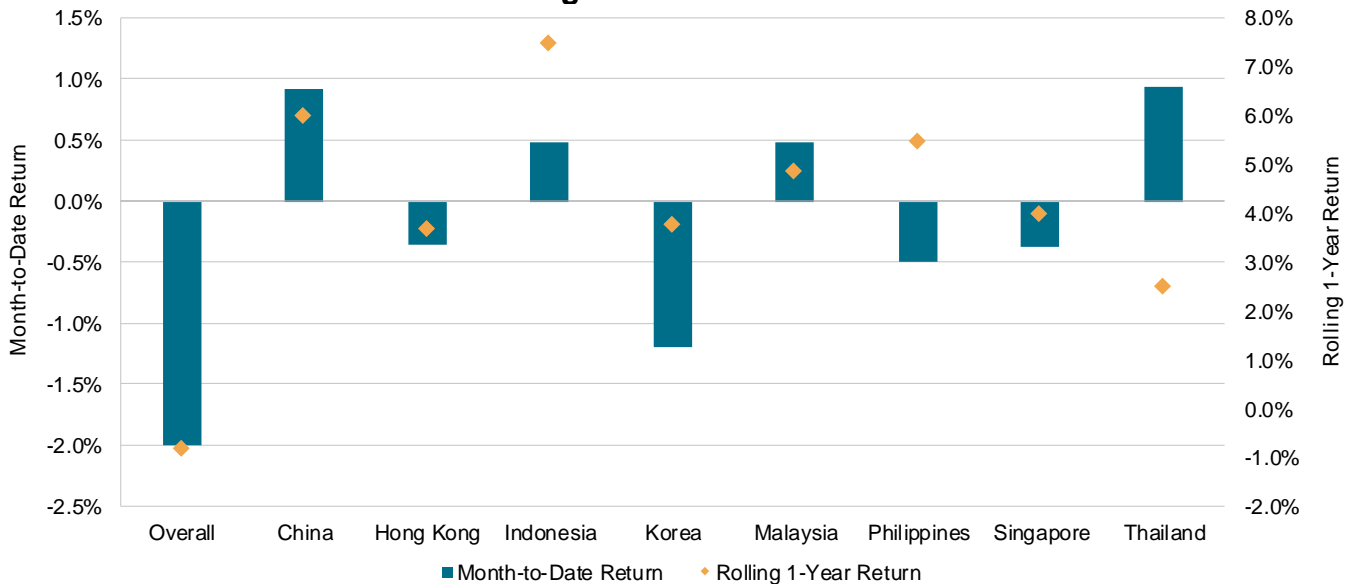
The latest rebalance saw 50 bonds entering and 19 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the November 2023 month-end index rebalance, and the next change will be at month-end February 2024. For more details, please refer to the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#).

Following the recent rebalance, the index duration increased by 0.04 years to 6.76 years. Most markets saw a small duration increase this month, with the largest increases coming from China Onshore, South Korea and Thailand, all up 0.08 years. Among the eligible markets, South Korea continued to have the longest duration (9.09 years), while China Offshore (2.61 years) remained the least sensitive to interest rates.

iBoxx Asian Bond Fund (ABF) Pan-Asia

January 2024 Commentary

Exhibit 6: iBoxx ABF Overall and Single Market Returns



Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Similarly, the iBoxx ABF Pan-Asia (USD Unhedged), which tracks sovereign and sub-sovereign bonds from eight Asian economies, retreated in January. The index lost 1.99%, primarily dragged down by depreciation of local currencies against the U.S. dollar, as well as capital losses in several local markets.

Performance in local markets was mixed, with Thailand (up 0.94%) and China (up 0.92%) being the top two markets, while South Korea (down 1.19%) and the Philippines (down 0.50%) were at the bottom of the chart.

Across the yield curve, slight gains were observed in the short-dated segments across all markets (in local currency terms), while performance was mixed as we extend the maturities. The best-performing market and maturity segment was China 10+ (up 3.45%), while the worst was South Korea 10+, losing 3.33%.

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall (USD)	3.61	6.83	-1.99	-1.99	-6.56
China	2.53	6.33	0.92	0.92	15.90
Hong Kong	3.69	3.81	-0.36	-0.36	-3.39
Indonesia	6.72	5.96	0.48	0.48	19.72
South Korea	3.35	7.86	-1.19	-1.19	-3.87
Malaysia	3.96	7.34	0.49	0.49	7.30
Philippines	6.18	5.22	-0.50	-0.50	-0.61
Singapore	2.98	8.02	-0.37	-0.37	-6.47
Thailand	3.01	8.45	0.94	0.94	-3.41

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. 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 – January 2024

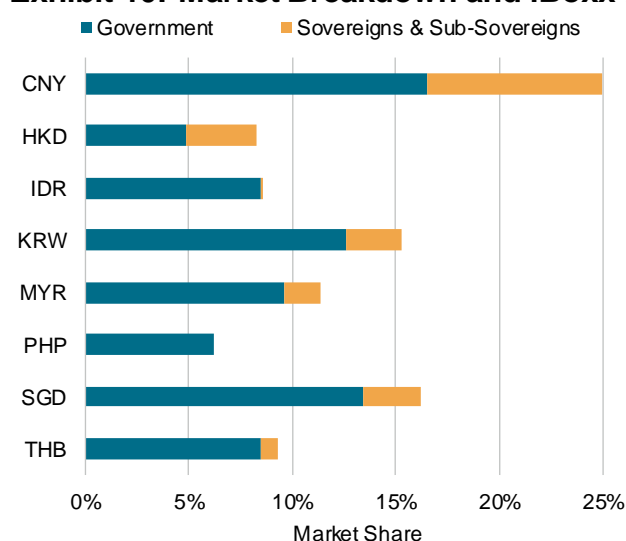
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-2.10	0.29	-0.18
China	-1.20	0.25	0.67
Hong Kong	-0.07	0.22	-0.57
Indonesia	-2.43	0.58	-0.09
South Korea	-3.50	0.24	-1.43
Malaysia	-2.97	0.34	0.15
Philippines	-1.63	0.47	-0.97
Singapore	-1.64	0.21	-0.59
Thailand	-3.81	0.24	0.70

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 9: iBoxx ABF Returns by Maturity – January 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-1.63	-1.80	-1.73	-2.11	-2.53
Overall (Local Currency)	0.27	0.21	0.17	0.02	-0.08
China	0.10	0.27	0.72	0.96	3.45
Hong Kong	0.28	0.01	-0.96	-1.63	-2.51
Indonesia	0.76	0.81	0.73	0.37	0.24
South Korea	0.22	-0.14	-0.66	-0.99	-3.33
Malaysia	0.34	0.43	0.45	0.18	0.70
Philippines	0.35	0.02	-0.27	-0.71	-1.56
Singapore	0.41	-0.01	-0.35	-0.99	-0.89
Thailand	0.36	0.52	0.59	0.76	1.57

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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

Market	Duration (Years)*	
	Jan. 31, 2024	Feb. 1, 2024
Overall	6.83	6.86
China	6.33	6.32
Hong Kong	3.81	3.81
Indonesia	5.96	5.98
South Korea	7.86	7.96
Malaysia	7.34	7.37
Philippines	5.22	5.22
Singapore	8.02	8.03
Thailand	8.45	8.46

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024 (and Feb. 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

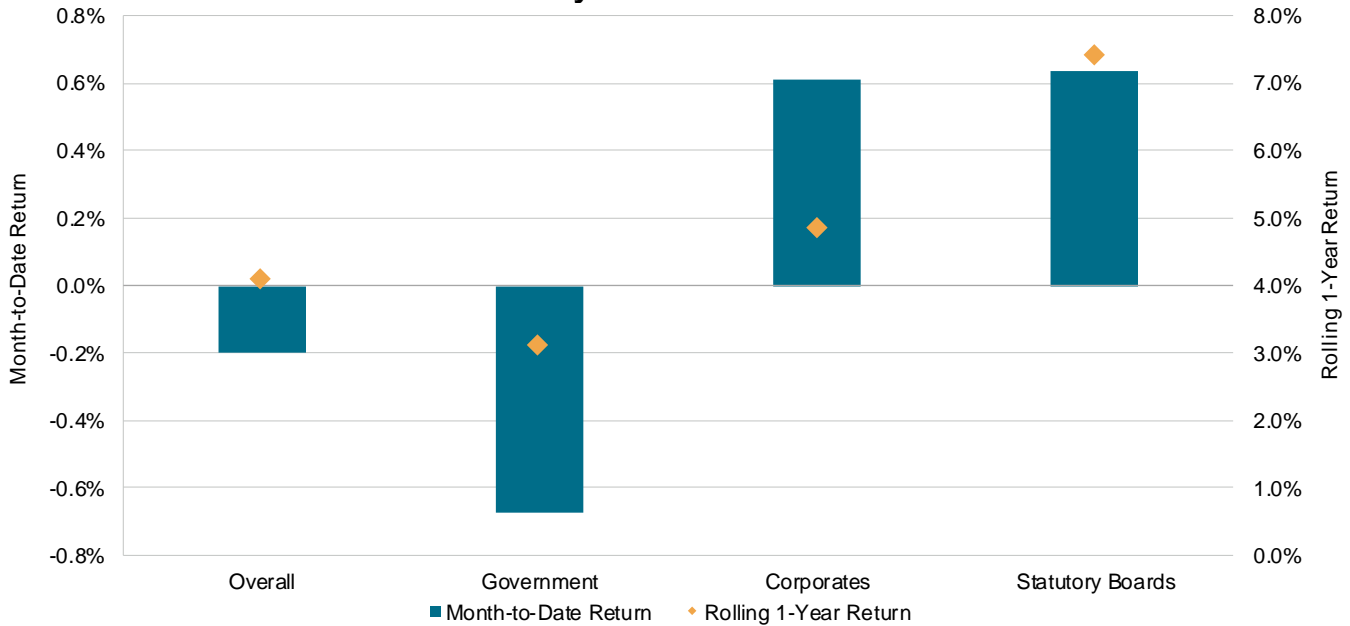
The latest rebalance saw 30 bonds entering and 27 bonds leaving the overall index. The annual weight change for the underlying markets was implemented at the October 2023 month-end rebalance as per the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#). The latest weights are reflected in Exhibit 10.

The overall [iBoxx ABF](#) duration increased by 0.03 years to 6.86 years following the recent rebalance, with South Korea having the largest increase, at 0.09 years. After the index rebalance, Thailand had the longest duration (8.46 years), while Hong Kong was the least sensitive to interest rates, with a duration of 3.81 years.

iBoxx SGD

January 2024 Commentary

Exhibit 11: iBoxx SGD Overall and Key Sector Returns



Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

2024 started off with part two of the GST rate change cycle, increasing from 8% to 9%, which could have an impact on inflation in Singapore, given the rise in cost of goods and services. Singapore bonds, as represented by the iBoxx SGD, ended January relatively flat, down 0.20%. Gains from non-sovereign bonds, especially non-financials (up 0.92%), did not fully compensate for losses in Singapore Government Securities (down 0.68%), which make up close to two-thirds of the index.

In January, gains were observed across investment grade ratings in the short to medium tenors (1-3 years and 3-5 years). For the other rating and maturity segments, performance was more varied, with larger deviations in the 10+ maturity segment. Additionally, credit spreads tightened marginally across both the investment grade and high yield segments, by 17 bps and 26 bps, respectively.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

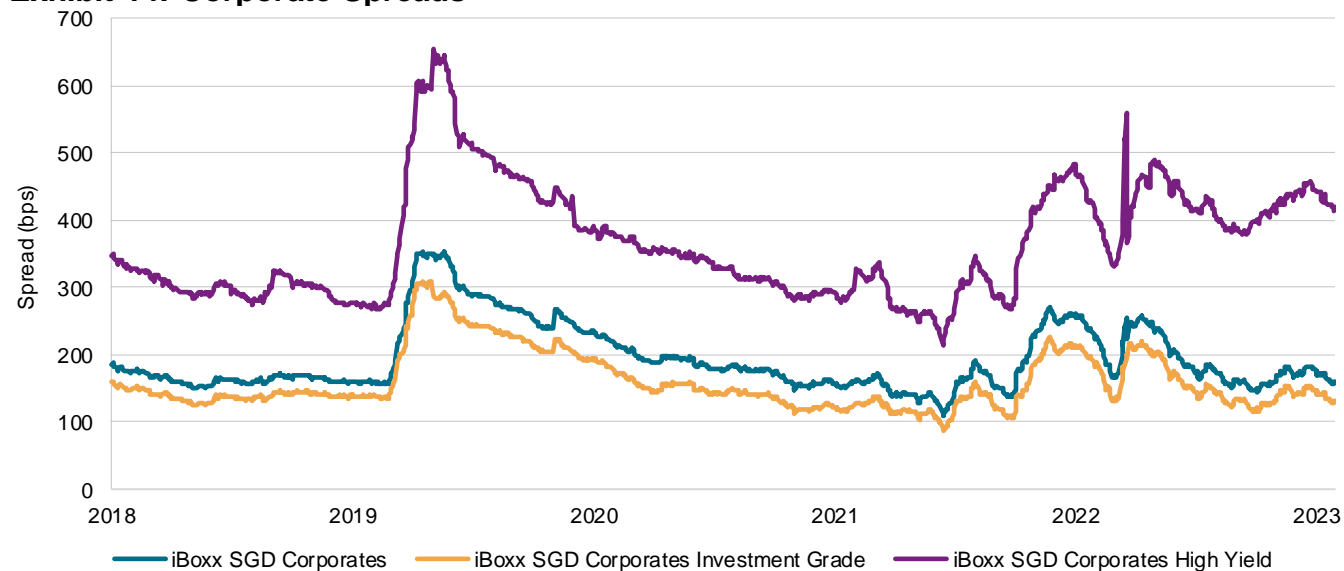
Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall	3.13	7.06	-0.20	-0.20	-4.15
Government	2.88	8.01	-0.68	-0.68	-6.04
Statutory Boards	3.34	6.33	0.63	0.63	-4.93
Corporates	4.48	3.76	0.61	0.61	3.21
Financials	4.53	3.47	0.54	0.54	3.50
Non-Financials	4.30	4.95	0.92	0.92	2.37

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. 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	-0.24	0.43	0.13	-0.21	-0.72	-0.96
iBoxx SGD AAA	-0.46	0.41	0.02	-0.32	-0.83	-1.35
iBoxx SGD AA	0.90	0.66	1.50	0.03	-0.04	0.00
iBoxx SGD A	1.16	0.36	0.08	0.21	0.02	3.45
iBoxx SGD BBB	0.36	0.54	0.35	0.35	0.18	-1.70
iBoxx SGD High Yield	1.17	-	-	-	-	-

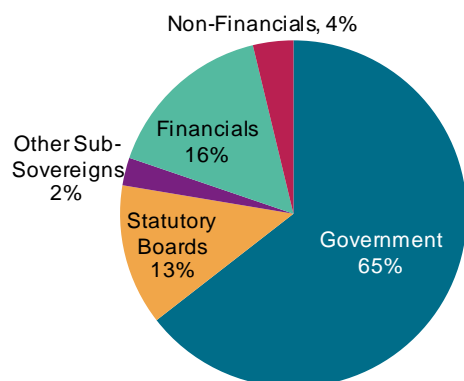
Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 14: Corporate Spreads

Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2018, to Jan. 31, 2024. 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.

January Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	Jan. 31, 2024	Feb. 1, 2024
Overall	7.06	7.06
Government	8.01	8.01
Corporates	6.33	6.29
Statutory Boards	3.76	3.80
Financials	3.47	3.52
Non-Financials	4.95	4.99

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024 (and Feb. 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

This rebalance, 4 bonds entered the index, adding over SGD 1.8 billion. Meanwhile, 3 bonds totaling more than SGD 300 million left the index. Additionally, the rating changes are shown in Exhibit 16.

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	Dec. 31, 2023	Jan. 31, 2024
PUBLSP 3.62% 2027-10-12	BBB*	A*
PUBLSP 3.663% 2025-11-28	BBB*	A*
PUBLSP 3.01% 2033-07-18	BBB*	A*
PUBLSP 3.433% 2052-08-30	BBB*	A*
KPLDSP 2% 2026-05-28	A*	BBB*

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Table is provided for illustrative purposes.

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