

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

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February 2024 Commentary

Since the start of the year, the option-adjusted spreads (OAS) for investment grade U.S. corporate bonds—as represented by the iBoxx \$ Corporates—were range-bound between 104 to 120 bps. The last time bonds were trading in this range was toward the tail-end of 2021. As a result, corporate issuers may be looking take advantage of the current lower borrowing cost environment. However, from the perspective of the lender, they would be compensated less for the additional risk they undertake (over risk-free instruments) compared to the past two years.

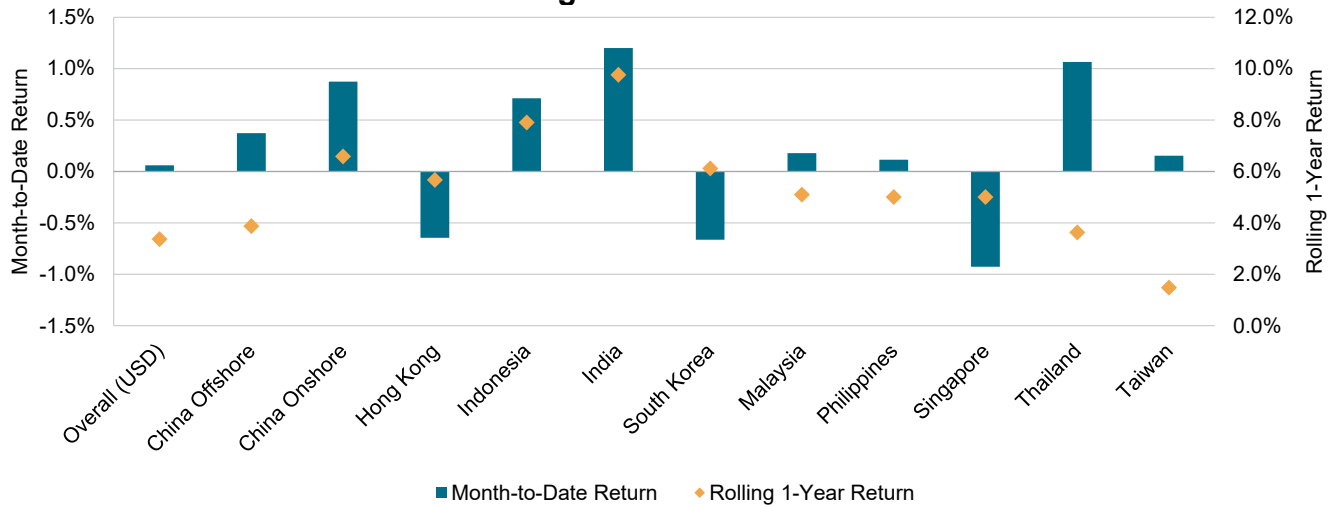
As the next U.S. FOMC meeting is drawing near in March, the **S&P 500[®]** was buoyant, up 5.17% in February and closing at an all-time high, led by gains in technology and AI. Chinese stocks—as represented by the **S&P China 500 (USD)**—also bounced back from losses in January and posted 9.08% in February. At the same time, the broader S&P Pan Asia Ex-Japan LargeMidCap (USD) gained 4.22%.

While the equity markets cheered, results were mixed in global bond markets. U.S. Treasuries—as represented by iBoxx \$ Treasuries—continued accumulating losses in 2024 and declined 1.38% in February. Asian local currency markets, however, provided some bright spots—to be discussed in the following sections.

iBoxx Asian Local Bond Index (ALBI)

February 2024 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 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)—gained a marginal 0.06% in February with mixed performance in the local markets (and local currencies against the U.S. dollar).

India and Thailand, in local currency terms, were the top-performing local markets as they continued their momentum into February, posting 1.20% and 1.07%, respectively. Both China On-and Offshore markets also recorded modest gains. At the bottom of the pack were Singapore and South Korea, down 0.93% and 0.66%, respectively.

For most local markets, gains or losses tended to extend across the whole term structure. China Onshore 10+ and India 10+ stood out this month, posting 2.75% and 1.87%, respectively. On the flipside, Hong Kong 10+ (down 2.20%) and Singapore 10+ (down 2.15%) were the worst-performing segments.

As of the end of February, the overall index yield increased marginally by 2 bps to 3.90%. India remained the highest-yielding bond market in the index, posting 7.13%, while China Onshore (2.41%) 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)	3.90	6.70	0.06	-1.80	-4.47
China Offshore	3.13	2.54	0.37	1.00	8.88
China Onshore	2.41	5.92	0.87	1.70	16.49
Hong Kong	4.53	3.70	-0.65	-1.04	-1.97
India	7.13	6.88	1.20	2.41	18.88
Indonesia	6.67	5.94	0.71	1.19	22.25
South Korea	3.42	8.93	-0.66	-2.12	-3.78
Malaysia	3.97	7.22	0.18	0.64	9.45
Philippines	5.00	4.84	0.11	-0.22	1.70
Singapore	3.21	7.45	-0.93	-1.19	-3.93
Taiwan	1.27	8.34	0.15	0.31	-3.61
Thailand	2.92	8.63	1.07	2.03	0.72

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 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 – February 2024

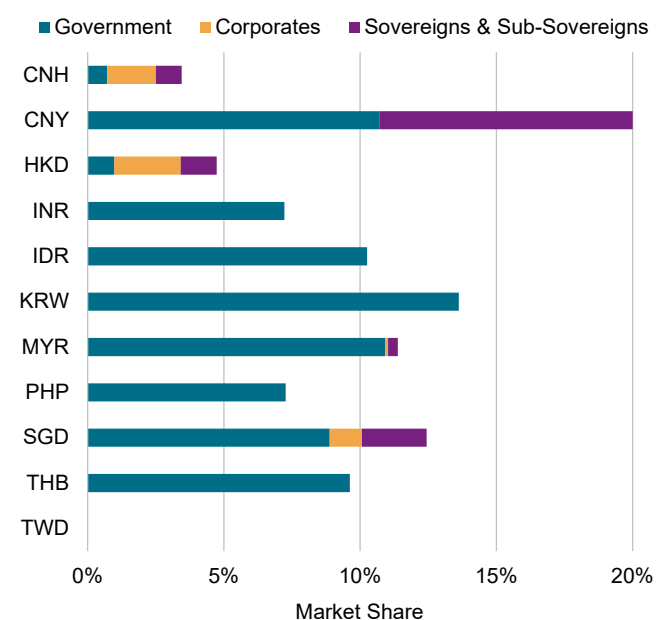
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.18	0.30	-0.07
China Offshore	-0.31	0.25	0.12
China Onshore	-0.18	0.23	0.64
Hong Kong	-0.10	0.25	-0.90
India	0.14	0.57	0.63
Indonesia	0.41	0.54	0.17
Malaysia	-0.68	0.32	-0.14
Philippines	0.14	0.35	-0.24
Singapore	-0.28	0.21	-1.13
South Korea	0.23	0.23	-0.89
Taiwan	-0.98	0.10	0.05
Thailand	-1.07	0.23	0.84

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: iBoxx ALBI Returns by Maturity – February 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	0.04	-0.02	0.08	0.15	0.08
Overall (Local Currency)	0.22	0.16	0.23	0.29	0.26
China Offshore	0.33	0.45	0.34	0.82	0.85
China Onshore	0.35	0.44	0.63	1.12	2.75
Hong Kong	-0.14	-0.73	-1.04	-1.33	-2.20
India	0.52	0.47	0.65	0.98	1.87
Indonesia	0.56	0.68	0.79	0.75	0.72
Malaysia	0.25	0.22	0.18	-0.04	0.20
Philippines	0.25	0.20	-0.10	-0.19	0.24
Singapore	-0.04	-0.44	-0.53	-1.09	-2.15
South Korea	0.05	-0.20	-0.47	-0.70	-1.35
Taiwan	0.13	0.12	0.14	0.10	0.22
Thailand	0.41	0.60	0.87	1.04	1.59

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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

Market	Duration (Years)*	
	Feb. 29, 2024	March 1, 2024
Overall (USD)	6.70	6.70
China Offshore	2.54	2.56
China Onshore	5.92	5.94
Hong Kong	3.70	3.76
India	6.88	6.89
Indonesia	5.94	5.95
South Korea	8.93	8.92
Malaysia	7.22	7.23
Philippines	4.84	4.81
Singapore	7.45	7.37
Thailand	8.63	8.63
Taiwan	8.34	8.48

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024 (and March 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

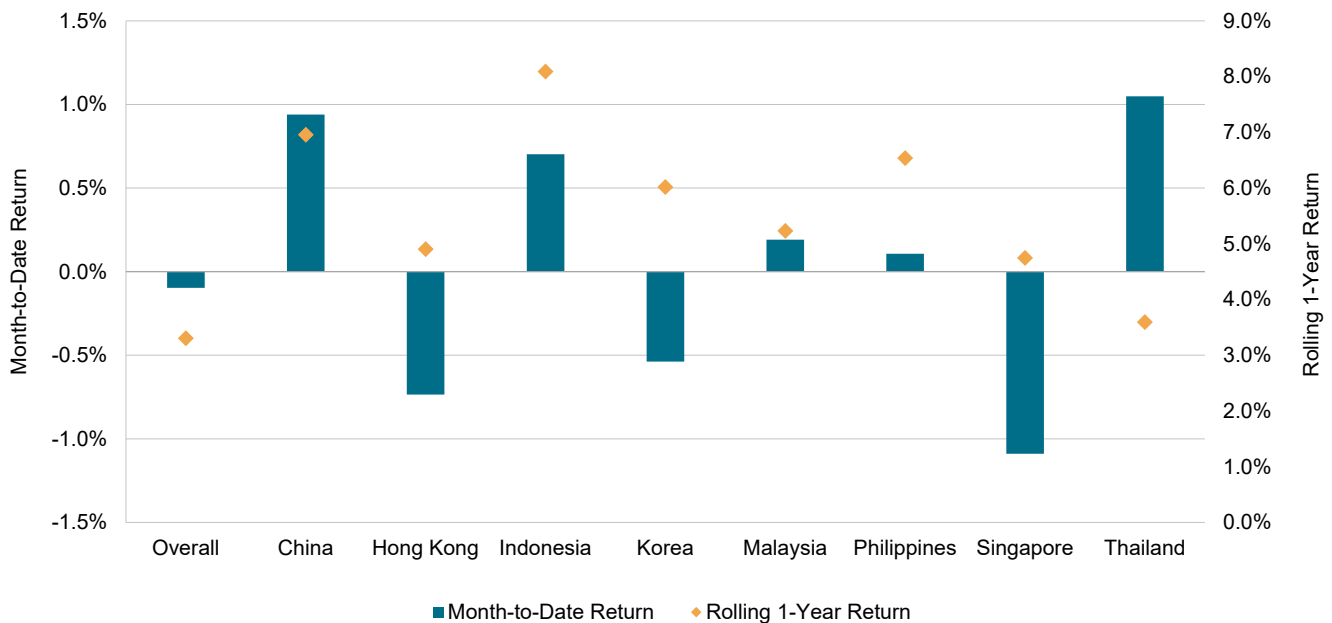
The latest rebalance saw 62 bonds entering and 37 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the February 2024 month-end index rebalance, and the next change will be at month-end May 2024. For more details, please refer to the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#).

Following the recent rebalance, the index duration remained unchanged at 6.70 years. Most markets saw a small duration increase this month, with the largest increase coming from Hong Kong, up 0.06 years. Among the eligible markets, South Korea continued to have the longest duration (8.92 years), while China Offshore (2.56 years) remained the least sensitive to interest rates.

iBoxx Asian Bond Fund (ABF) Pan-Asia

February 2024 Commentary

Exhibit 6: iBoxx ABF Overall and Single Market Returns



Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The iBoxx ABF Pan-Asia (USD Unhedged), which tracks sovereign and sub-sovereign bonds from eight Asian economies, lost 0.10% in February with mixed performance in local markets. Similar to the iBoxx ALBI, strength of underlying local currencies against the U.S. dollar was also a mixed bag.

In local currency terms, Thailand (up 1.05%) and China (up 0.94%) were the top two markets, while Singapore (down 1.09%) and Hong Kong (down 0.74%) fared the worst.

Across the yield curve, gains (and losses) were generally more pronounced as we move along the term structure. China 10+ (up 2.85%) and Thailand 10+ (up 1.58%) were the best-performing market and maturity segments, while Hong Kong 10+ (down 2.42%) and Singapore 10+ (down 2.17%) made up the bottom two.

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall (USD)	3.65	6.79	-0.10	-2.09	-4.90
China	2.42	6.34	0.94	1.87	17.04
Hong Kong	3.98	3.69	-0.74	-1.09	-2.86
Indonesia	6.69	5.95	0.70	1.19	22.42
South Korea	3.46	7.81	-0.54	-1.72	-3.20
Malaysia	3.98	7.31	0.19	0.68	9.66
Philippines	6.25	5.15	0.11	-0.39	2.38
Singapore	3.15	7.88	-1.09	-1.46	-5.44
Thailand	2.92	8.44	1.05	2.00	0.83

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 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 – February 2024

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.20	0.27	-0.17
China	-0.18	0.23	0.71
Hong Kong	-0.10	0.21	-0.95
Indonesia	0.41	0.54	0.17
South Korea	0.23	0.23	-0.76
Malaysia	-0.68	0.32	-0.13
Philippines	0.14	0.46	-0.36
Singapore	-0.28	0.20	-1.29
Thailand	-1.07	0.22	0.83

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

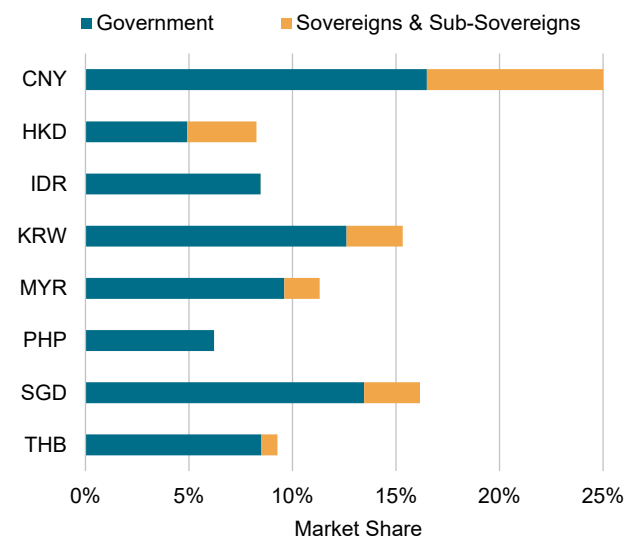
Exhibit 9: iBoxx ABF Returns by Maturity – February 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	0.00	-0.16	-0.08	-0.02	-0.20
Overall (Local Currency)	0.16	0.05	0.13	0.18	0.05
China	0.35	0.43	0.61	1.11	2.85
Hong Kong	-0.15	-0.79	-1.22	-1.60	-2.42
Indonesia	0.57	0.66	0.78	0.74	0.72
South Korea	0.08	-0.13	-0.43	-0.67	-1.36
Malaysia	0.25	0.22	0.19	-0.03	0.23
Philippines	0.31	0.19	-0.11	-0.20	0.33
Singapore	-0.15	-0.56	-0.78	-1.25	-2.17
Thailand	0.41	0.60	0.89	1.04	1.58

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

February Month-End Rebalance

Exhibit 10: Market Breakdown and iBoxx ABF Duration Changes



Market	Duration (Years)*	
	Feb. 29, 2024	March 1, 2024
Overall	6.79	6.79
China	6.34	6.34
Hong Kong	3.69	3.81
Indonesia	5.95	5.96
South Korea	7.81	7.83
Malaysia	7.31	7.33
Philippines	5.15	5.12
Singapore	7.88	7.77
Thailand	8.44	8.46

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024 (and March 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

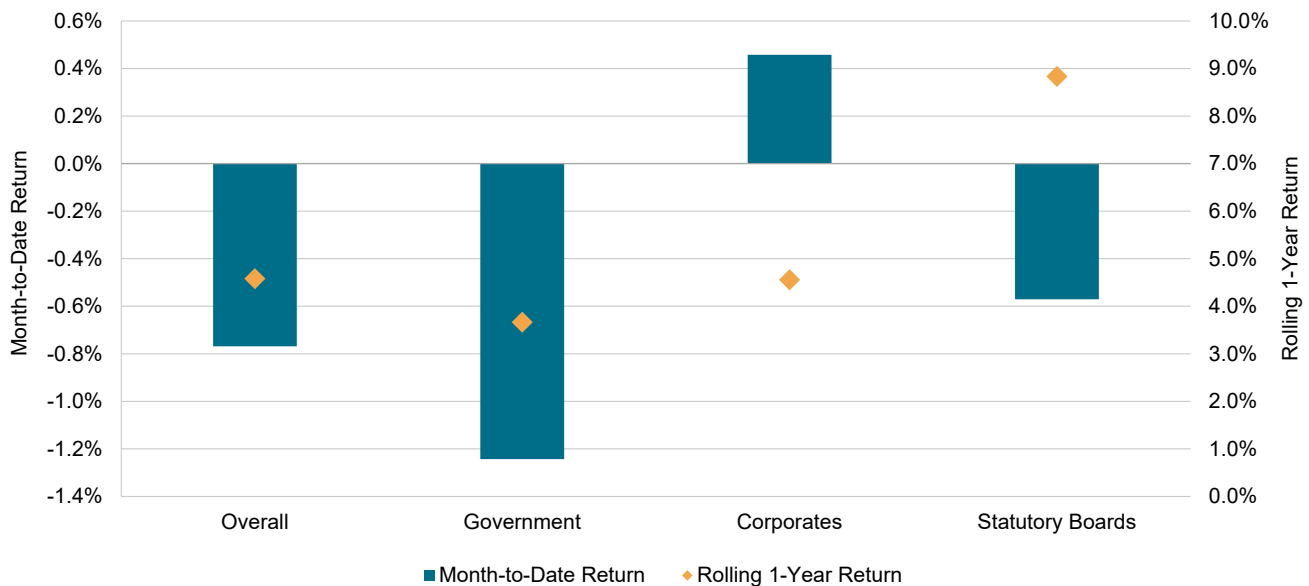
The latest rebalance saw 50 bonds entering and 36 bonds leaving the overall index. The annual weight change for the underlying markets was implemented at the October 2023 month-end rebalance as per the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#). The latest weights are reflected in Exhibit 10.

There was no change in the overall [iBoxx ABF](#) index duration following the recent rebalance, which remained at 6.79 years. The largest increase in February was Hong Kong, up 0.12 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

February 2024 Commentary

Exhibit 11: iBoxx SGD Overall and Key Sector Returns



Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Singapore bonds, as represented by iBoxx SGD, retreated 0.77% in February. Investors preferred corporate bonds (up 0.46%) over Singapore Government Securities (down 1.24%) and statutory boards (down 0.57%). Within the corporates segment, non-financials outperformed financials by 52 bps.

Gains were more generally higher as we move down the rating scale, with BBB 7-10 the best-performing rating and maturity segment, having gained 1.43%. High yield bonds (up 1.32%) also outperformed investment grade (down 0.82%). Additionally, credit spreads continued to tighten in February across both investment grade and high yield bonds, down 21 and 47 bps, respectively, signaling investors’ confidence in the SGD corporate bond market.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall	3.28	6.92	-0.77	-0.97	-3.25
Government	3.07	7.85	-1.24	-1.91	-5.22
Statutory Boards	3.47	6.19	-0.57	0.06	-3.51
Corporates	4.44	3.73	0.46	1.07	3.79
Financials	4.51	3.45	0.36	0.90	3.99
Non-Financials	4.24	4.91	0.88	1.81	3.36

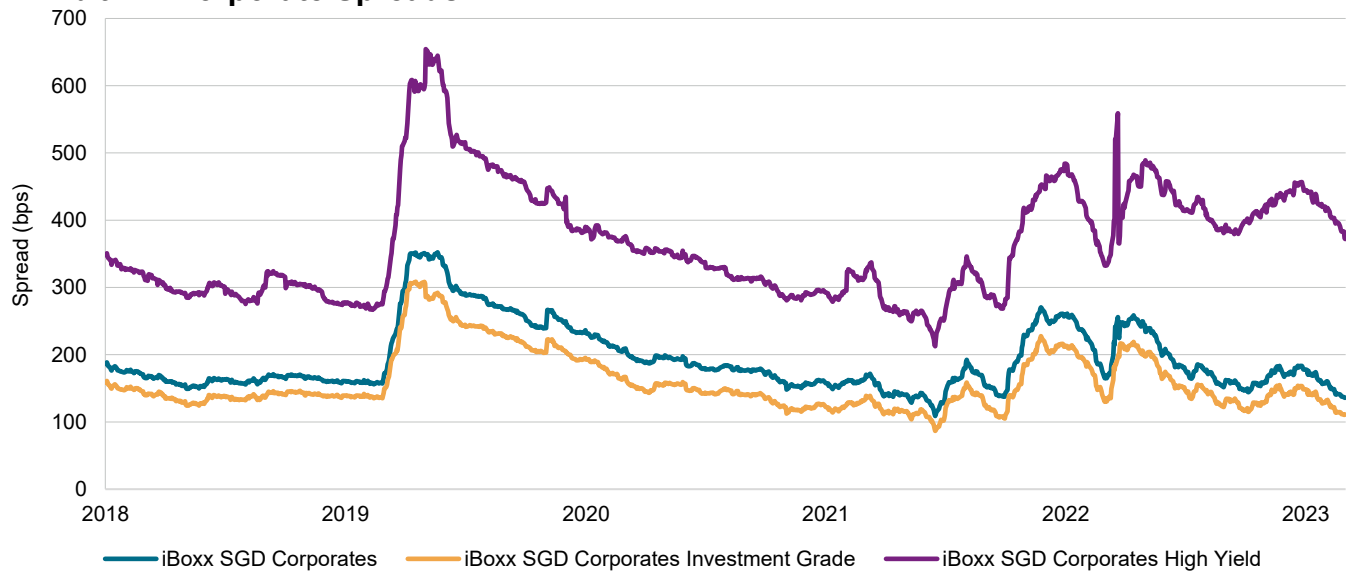
Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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	-0.82	-0.06	-0.28	-0.51	-0.98	-2.14
iBoxx SGD AAA	-1.09	-0.15	-0.56	-0.79	-1.21	-2.34
iBoxx SGD AA	0.60	0.16	1.34	0.34	-0.84	0.00
iBoxx SGD A	0.05	0.12	0.13	0.41	0.13	-0.27
iBoxx SGD BBB	0.39	0.28	0.28	0.52	1.43	1.04
iBoxx SGD High Yield	1.32	-	-	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

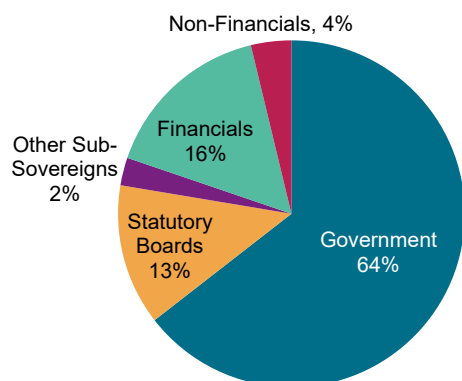
Exhibit 14: Corporate Spreads



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2018, to Feb. 29, 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.

February Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	Feb. 29, 2024	March 1, 2024
Overall	6.92	6.83
Government	7.85	7.72
Corporates	6.19	6.20
Statutory Boards	3.73	3.76
Financials	3.45	3.49
Non-Financials	4.91	4.92

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024 (and March. 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

This rebalance, four corporate bonds entered the index, adding over SGD 1.6 billion. Meanwhile, one implied-rated bond worth slightly more than SGD 100 million left the index. Additionally, the rating changes are shown in Exhibit 16.

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	Jan. 31, 2023	Feb. 29, 2024
HRINTH 3.8% 2025-11-07	BBB	BB
LTAZSP 2.75% 2028-03-19	A*	AA*
LTAZSP 3.09% 2027-08-31	A*	AA*
LTAZSP 3.275% 2025-10-29	A*	AA*
LTAZSP 3.3% 2054-06-03	A*	AA*
LTAZSP 3.35% 2048-03-19	A*	AA*
LTAZSP 3.38% 2059-01-30	A*	AA*
LTAZSP 3.43% 2053-10-30	A*	AA*
LTAZSP 3.45% 2058-07-30	A*	AA*
LTAZSP 3.51% 2030-09-18	A*	AA*
PUBLSP 3.01% 2033-07-18	A*	AA*
PUBLSP 3.433% 2052-08-30	A*	AA*
PUBLSP 3.62% 2027-10-12	A*	AA*
PUBLSP 3.663% 2025-11-28	A*	AA*
STANLN 4% 2030-01-19	BBB	A

Source: S&P Dow Jones Indices LLC. Data as of Feb. 29, 2024. Table is provided for illustrative purposes.

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