

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

May 2024 Commentary

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In the coming days, the European Central Bank (ECB) and U.S. FOMC will meet to discuss the next course of action for their respective key benchmark rates, with widespread expectations for the first rate cut by the ECB at their upcoming meeting on June 6, 2024. Against this backdrop, eurozone government bonds—as represented by the iBoxx € Eurozone—pulled back 0.12% in May, while U.S. Treasuries—as represented by the iBoxx \$ Treasuries—gained 1.51%.

At the end of May, the 10-2 Treasury Yield Spread, which measures the difference between the 10-year and 2-year U.S. Treasury yield, was -0.38%. This was the same figure as at the beginning of the year.¹

In the underlying markets represented in the iBoxx ALBI, iBoxx ABF and iBoxx SGD there were no movements in interest rates this month, after the surprise move by Bank Indonesia in April of increasing its seven-day reverse repo rate by 25 bps.

Over in the equities space, the U.S. market—as represented by the [S&P 500®](#)—gained 4.80% in May and 26.26% over the past 12 months. Stocks in the Asia-Pacific region were up as well this month but trailed the performance of U.S. equities. The S&P Pan Asia Ex-Japan LargeMidCap USD returned 1.64%, while the [S&P China 500 \(USD\)](#)—representing Chinese stocks—gained 0.64%.

¹ Source: Federal Reserve Bank of St. Louis.

iBoxx Asian Local Bond Index (ALBI)

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Exhibit 1: iBoxx ALBI Overall and Single Market Returns



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

The iBoxx Asian Local Bond Index (ALBI)—in USD unhedged terms—gained 1.07% in May as all underlying markets posted positive returns. Additionally, most local currencies (except the Philippine peso, South Korean won and Offshore RMB) appreciated against the U.S. dollar.

In local currency terms, India (up 1.58%), the Philippines (up 1.46%) and India (up 1.45%) were the standout performers, while Thailand (up 0.04%), China Onshore (up 0.40%) and China Offshore (up 0.52%) made up the bottom three, nevertheless delivering small gains.

Across the yield curve, the 10+ maturity segments drove most of the gains this month, especially the Philippines 10+ and Hong Kong 10+, returning 2.49% and 2.47%, respectively. China Offshore 10+ (down 0.85%) and Thailand 10+ (down 0.38%) were the only segments that saw negative returns. The other maturity segments across markets were either flat or saw some uptick in May.

As of the end of May, the overall index yield contracted by another 6 bps to 4.06%. India remained the highest-yielding bond market in the index, posting 7.12%, while China Onshore (2.35%) 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)	4.00	6.62	1.07	-2.91	-6.03
China Offshore	3.03	2.48	0.52	2.06	9.11
China Onshore	2.35	5.97	0.40	2.69	15.21
Hong Kong	4.55	3.66	0.85	-0.12	-2.38
India	7.12	6.77	1.58	4.35	18.36
Indonesia	6.96	5.84	1.45	1.24	19.39
South Korea	3.46	9.05	0.88	-1.65	-1.85
Malaysia	3.99	7.22	0.92	1.54	10.75
Philippines	5.31	4.71	1.46	-0.37	3.01
Singapore	3.38	7.09	0.97	-1.59	-4.27
Taiwan	1.67	8.16	0.29	-2.62	-6.58
Thailand	3.16	8.23	0.04	0.66	0.34

Source: S&P Dow Jones Indices LLC. Data as of May 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 – May 2024

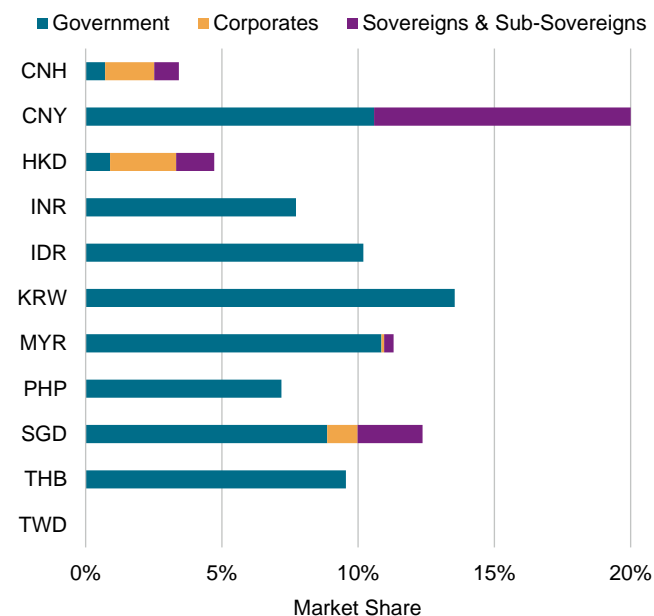
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	0.22	0.34	0.52
China Offshore	-0.03	0.54	-0.02
China Onshore	0.01	0.25	0.15
Hong Kong	0.07	0.28	0.57
India	0.25	0.59	0.99
Indonesia	0.15	0.59	0.86
Malaysia	1.30	0.34	0.57
Philippines	-1.52	0.38	1.07
Singapore	0.73	0.23	0.74
South Korea	-0.18	0.25	0.63
Taiwan	0.52	0.11	0.17
Thailand	0.75	0.24	-0.20

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

Exhibit 4: iBoxx ALBI Returns by Maturity – May 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	0.60	0.80	1.12	1.10	1.67
Overall (Local Currency)	0.44	0.69	0.87	0.94	1.31
China Offshore	0.48	0.72	1.05	0.48	-0.85
China Onshore	0.33	0.00	0.59	0.34	0.35
Hong Kong	0.48	0.88	1.32	1.39	2.47
India	0.76	1.01	1.23	1.49	2.13
Indonesia	0.78	1.03	1.35	1.48	2.01
Malaysia	0.40	0.57	0.79	0.88	1.35
Philippines	0.76	1.20	1.49	1.91	2.49
Singapore	0.37	0.54	0.69	0.91	2.10
South Korea	0.42	0.61	0.77	0.87	1.31
Taiwan	0.20	0.33	0.47	0.59	0.03
Thailand	0.21	0.40	0.57	0.31	-0.38

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

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

Market	Duration (Years)*	
	May 31, 2024	June 3, 2024
Overall (USD)	6.62	6.66
China Offshore	2.48	2.49
China Onshore	5.97	6.02
Hong Kong	3.66	3.68
India	6.77	6.87
Indonesia	5.84	5.83
South Korea	9.05	9.08
Malaysia	7.22	7.27
Philippines	4.71	4.73
Singapore	7.09	7.12
Thailand	8.23	8.30
Taiwan	8.16	8.15

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2024 (and June 3, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

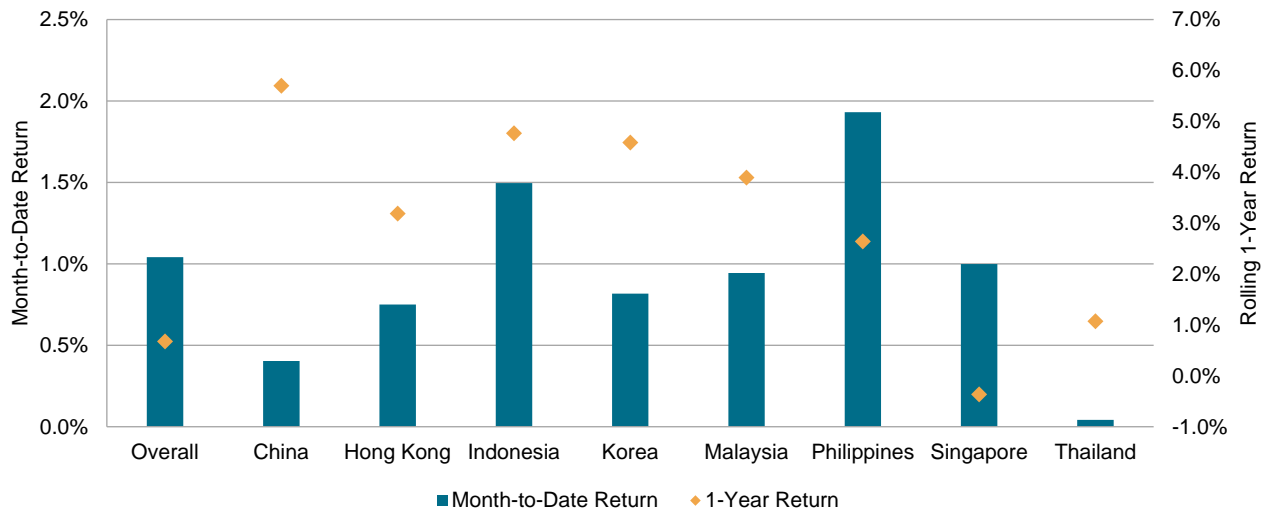
The latest rebalance saw 46 bonds entering and 24 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the May 2024 month-end index rebalance, and the next update will be at month-end August 2024. For 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 6.66 years. All eligible markets saw duration increases this month, with the largest increase coming from India, up 0.10 years. Among the eligible markets, South Korea continued to have the longest duration (9.08 years), while China Offshore (2.49 years) remained the least sensitive to interest rates.

iBoxx Asian Bond Fund (ABF) Pan-Asia

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Exhibit 6: iBoxx ABF Overall and Single Market Returns



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

The iBoxx ABF performed similarly to the iBoxx ALBI, returning 1.04% as all underlying markets posted positive returns in May. Even though South Korea and the Philippines suffered FX losses against the U.S. dollar, capital and accrual gains in these markets more than made up for the deficit.

The Philippines and Indonesia topped the charts this month, returning 1.93% and 1.50% in local currency terms, respectively. Thailand (up 0.04%) and China (up 0.40%) were ranked at the bottom despite both markets reporting gains this month. Year-to-date, China was the best-performing market with a return of 2.79%.

Diving deeper into performance by market and maturity sleeves (see Exhibit 9), it is not hard to spot that only one segment—Thailand 10+—posted losses. The largest gains this month were concentrated in the long end, led by the Philippines 10+ (up 2.89%) and the Philippines 7-10 (up 2.30%) segments.

As of the end of May, Indonesia remained the highest-yielding local bond market (6.92%), while China represented the lowest-yielding market (2.37%). The overall index yield was 3.75%, down 6 bps from April.

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall (USD)	3.75	6.72	1.04	-3.29	-6.55
China	2.37	6.38	0.40	2.79	15.58
Hong Kong	4.06	3.81	0.75	-0.46	-2.98
Indonesia	6.92	5.86	1.50	1.55	19.68
South Korea	3.48	7.90	0.82	-1.11	-1.23
Malaysia	4.00	7.32	0.94	1.58	11.03
Philippines	6.66	5.10	1.93	-0.79	3.37
Singapore	3.35	7.46	1.00	-2.21	-5.61
Thailand	3.16	8.09	0.04	0.67	0.31

Source: S&P Dow Jones Indices LLC. Data as of May 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 – May 2024

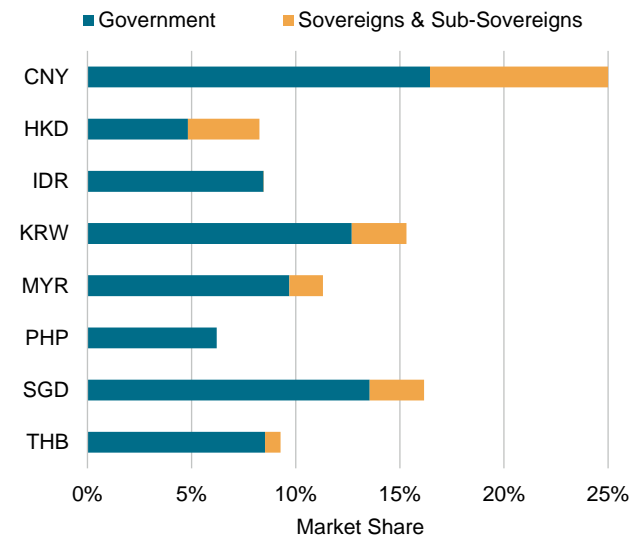
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	0.23	0.30	0.51
China	0.01	0.24	0.16
Hong Kong	0.07	0.24	0.51
Indonesia	0.15	0.59	0.91
South Korea	-0.18	0.25	0.57
Malaysia	1.30	0.34	0.60
Philippines	-1.52	0.50	1.43
Singapore	0.73	0.22	0.77
Thailand	0.75	0.24	-0.20

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

Exhibit 9: iBoxx ABF Returns by Maturity – May 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	0.61	0.82	1.05	1.08	1.61
Overall (Local Currency)	0.41	0.65	0.83	0.94	1.25
China	0.34	0.46	0.58	0.35	0.35
Hong Kong	0.40	0.75	1.10	1.30	1.98
Indonesia	0.85	1.06	1.39	1.58	2.04
South Korea	0.43	0.58	0.77	0.88	1.31
Malaysia	0.40	0.56	0.78	0.87	1.40
Philippines	0.89	1.45	1.81	2.30	2.89
Singapore	0.33	0.53	0.71	0.94	2.07
Thailand	0.21	0.40	0.54	0.30	-0.39

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

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

Market	Duration (Years)*	
	May 31, 2024	June 3, 2024
Overall	6.72	6.76
China	6.38	6.44
Hong Kong	3.81	3.86
Indonesia	5.86	5.86
South Korea	7.90	7.98
Malaysia	7.32	7.36
Philippines	5.10	5.12
Singapore	7.46	7.48
Thailand	8.09	8.16

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2024 (and June 3, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

The latest rebalance saw 56 bonds entering and 58 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 duration of the [iBoxx ABF](#) increased by 0.04 years to 6.76 years following the recent rebalance. The largest increase was South Korea, up 0.08 years. After the index rebalance, Thailand continued to have the longest duration (8.16 years), while Hong Kong remained the least sensitive to interest rates, with a duration of 3.86 years.

iBoxx SGD

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Exhibit 11: iBoxx SGD Overall and Key Sector Returns



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

It was a generally good month for the Singapore bond market, as represented by the iBoxx SGD. The index inched up by 0.95%, led by Singapore Government Securities (SGS; up 1.09%). This month, performance from corporate bonds lagged SGS, returning 0.79%. Year-to-date, the credit segment was still preferred by investors compared to rates, returning 2.88% against -2.94%, respectively.

Across the yield curve, it was all ratings and maturity segments were positive. Long-dated (10+) AAA rated bonds had the best performance, returning 2.21%. High yield bonds also rallied this month, up 1.41%. Credit spreads tightened again, continuing their downward trend since the year started. As of the end of May, the credit spread of SGD investment grade bonds narrowed by 5 bps to 71 bps, while SGD high yield bonds tightened another 38 bps to 263 bps.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall	3.45	6.56	0.95	-1.16	-3.33
Government	3.32	7.37	1.09	-2.94	-5.65
Statutory Boards	3.47	5.94	0.65	0.87	-3.16
Corporates	4.25	3.70	0.79	2.88	4.72
Financials	4.34	3.47	0.76	2.59	4.92
Non-Financials	3.98	4.75	0.91	4.17	4.36

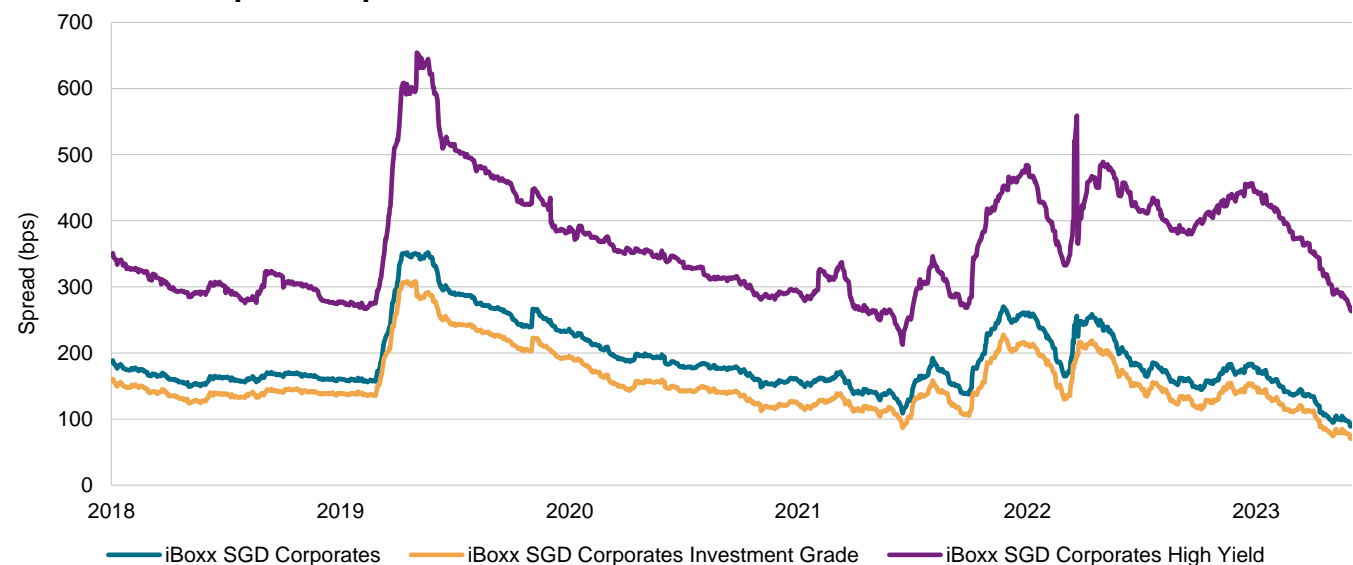
Source: S&P Dow Jones Indices LLC. Data as of May 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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	0.93	0.35	0.64	0.72	0.90	2.09
iBoxx SGD AAA	0.99	0.33	0.52	0.68	0.92	2.21
iBoxx SGD AA	0.66	0.09	0.68	0.94	0.80	0.88
iBoxx SGD A	0.68	0.53	0.54	0.56	0.68	1.39
iBoxx SGD BBB	0.77	0.46	0.92	0.98	0.96	0.92
iBoxx SGD High Yield	1.41	-	-	-	-	-

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

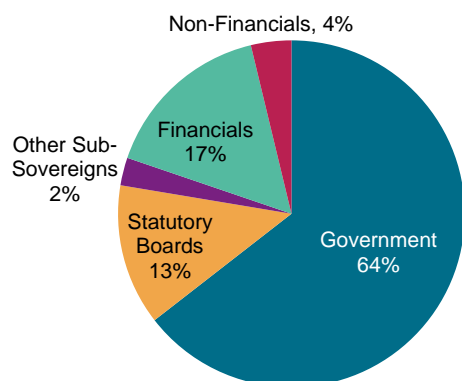
Exhibit 14: Corporate Spreads



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

May Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	May 31, 2024	June 3, 2024
Overall	6.60	6.57
Government	7.41	7.36
Corporates	6.08	6.00
Statutory Boards	3.69	3.77
Financials	3.47	3.54
Non-Financials	4.68	4.83

*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2024 (and June 3, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

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

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	April 30, 2024	May 31, 2024
SPOST 2.53% 2030-11-19	BBB*	A*
NEASP 1.67% 2031-09-15	A*	AA*
NEASP 2.5% 2051-09-15	A*	AA*

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

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