

# iBoxx Asian Local Currency Indices

## iBoxx ALBI, iBoxx ABF and iBoxx SGD

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## June 2024 Commentary

As widely expected, the ECB cut its key interest rate by 25 bps in June, while the U.S. Federal Reserve maintained its key rate, citing a lack of progress toward the objective of 2% inflation. Some other economies also introduced their first rate cuts, including Canada and Denmark, while Switzerland made its second rate cut in 2024.

The movement of the 10-2 Treasury Yield Spread also remained relatively rangebound in June and has been inverted since the second half of 2022. At the end of the month, it read -0.35%, up 3 bps from May.<sup>1</sup>

As we end the first half of 2024, eurozone government bonds—as represented by the iBoxx € Eurozone—inched up 0.08% in June but pulled back 2.13% YTD. Similarly, U.S. Treasuries—as represented by the iBoxx \$ Treasuries—gained 1.04% this month but declined 0.87% YTD.

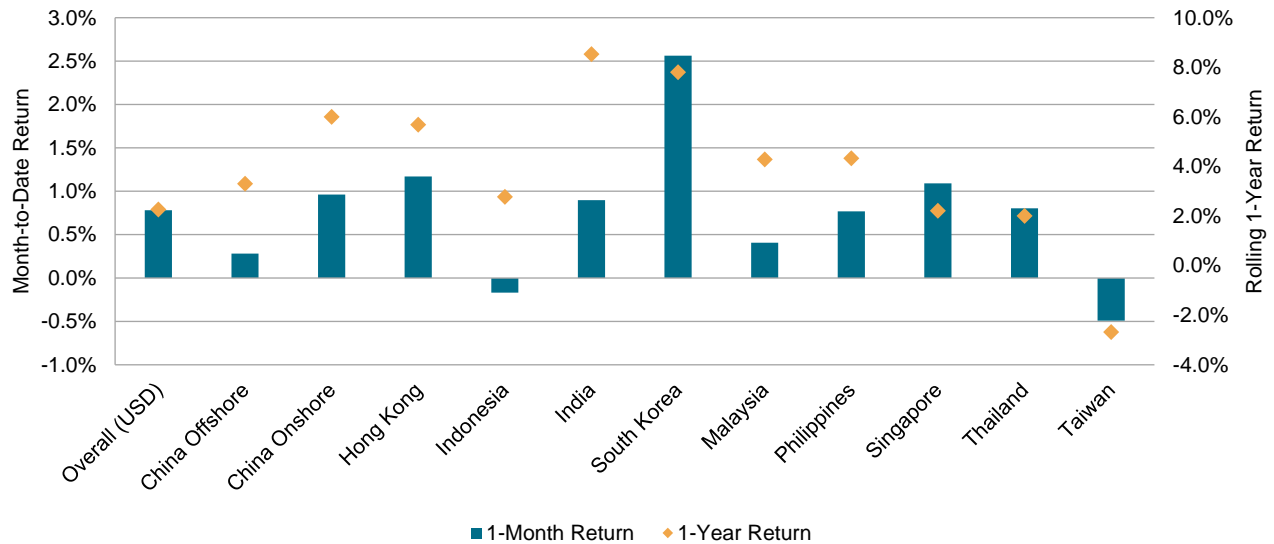
In the equities space, the U.S. market—as represented by the [S&P 500<sup>®</sup>](#)—gained 3.47% in June and 14.48% for the first half of the year. In Asia, the S&P Pan Asia Ex-Japan LargeMidCap (USD) managed a 3.28% gain for the month, but its YTD performance lagged the [S&P 500<sup>®</sup>](#), standing at 7.25%. Chinese stocks, as represented by [S&P China 500 \(USD\)](#), gave up some ground in June (-3.01%), though the index managed a slight YTD gain (up 0.75%).

<sup>1</sup> Source: Federal Reserve Bank of St. Louis.

# iBoxx Asian Local Bond Index (ALBI)

## June 2024 Commentary

### Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Similar to eurozone government bonds and U.S. Treasuries, the iBoxx Asian Local Bond Index (ALBI), which consists of 80% government bonds, also had a small uptick in June, gaining 0.78% in USD unhedged terms. This month, we saw decent performance in most markets, but the strength of the U.S. dollar against local currencies eroded most of the gains. Year-to-date, the index performance pulled back 2.15%.

In the local markets, South Korea was the standout performer, up 2.56%. Coming in second was Hong Kong, with a return of 1.17%. Indonesia was the only eligible market with a loss, declining 0.17%.

Across the yield curve, the longer-end maturity segments of the overall index drove most gains, namely 10+ (up 1.61%) and 7-10 (up 0.74%). Among local markets, South Korea 10+ and Hong Kong 10+ led the gains, up 4.46% and 3.92%, respectively.

As of the end of June, the overall index yield contracted by another 16 bps to 3.90%. Indonesia overtook India as the highest-yielding bond market in the index, posting 7.08%, while China Onshore (2.22%) represented the lowest-yielding market.<sup>2</sup>

<sup>2</sup> Taiwan has 0% weight in the index.

**Exhibit 2: iBoxx ALBI Overall and Single Market Returns**

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall (USD)	3.90	6.66	0.78	-2.15	-4.22
China Offshore	3.03	2.43	0.28	2.35	9.19
China Onshore	2.22	6.03	0.96	3.68	16.27
Hong Kong	4.33	3.64	1.17	1.04	-1.45
India	7.07	6.89	0.90	5.28	19.96
Indonesia	7.08	5.76	-0.17	1.07	18.69
South Korea	3.21	9.21	2.56	0.87	-0.05
Malaysia	3.98	7.20	0.41	1.96	10.80
Philippines	5.24	4.68	0.77	0.40	2.82
Singapore	3.26	7.12	1.09	-0.52	-3.10
Taiwan	1.74	8.07	-0.49	-3.10	-7.05
Thailand	3.09	8.35	0.80	1.47	0.56

Source: S&P Dow Jones Indices LLC. Data as of June 30, 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 – June 2024**

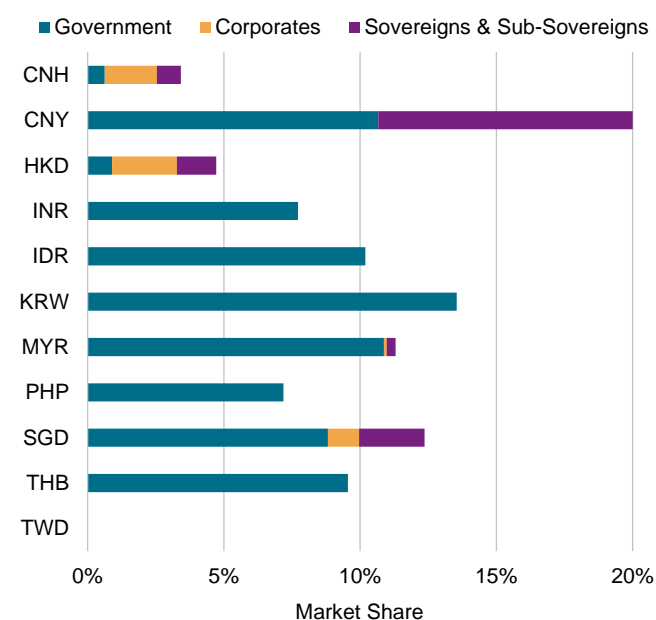
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.19	0.32	0.65
China Offshore	-0.51	0.26	0.02
China Onshore	-0.32	0.24	0.73
Hong Kong	0.12	0.27	0.89
India	-0.15	0.58	0.32
Indonesia	-0.83	0.57	-0.74
Malaysia	-0.28	0.33	0.08
Philippines	-0.09	0.38	0.39
Singapore	-0.41	0.22	0.87
South Korea	0.58	0.24	2.32
Taiwan	-0.15	0.11	-0.60
Thailand	-0.09	0.23	0.57

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 4: iBoxx ALBI Returns by Maturity – June 2024**

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	0.00	0.43	0.62	0.74	1.61
Overall (Local Currency)	0.46	0.65	0.85	0.97	1.75
China Offshore	0.29	0.20	0.27	0.36	1.02
China Onshore	0.39	0.64	0.89	1.09	2.65
Hong Kong	0.61	1.07	1.69	2.33	3.92
India	0.66	0.79	0.67	0.53	1.20
Indonesia	0.00	0.36	0.10	-0.48	-0.65
Malaysia	0.40	0.45	0.51	0.52	1.67
Philippines	0.48	0.73	0.93	1.12	0.84
Singapore	0.35	0.60	0.89	1.22	2.28
South Korea	0.64	1.27	1.91	2.44	4.46
Taiwan	0.05	-0.19	-0.60	-0.82	-0.67
Thailand	0.25	0.36	0.50	1.08	1.20

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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

Market	Duration (Years)*	
	June 30, 2024	July 1, 2024
Overall (USD)	6.66	6.84
China Offshore	2.43	2.56
China Onshore	6.03	6.14
Hong Kong	3.64	3.69
India	6.89	7.00
Indonesia	5.76	5.97
South Korea	9.21	9.42
Malaysia	7.20	7.25
Philippines	4.68	4.72
Singapore	7.12	7.58
Thailand	8.35	8.66
Taiwan	8.07	8.04

\*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024 (and July 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

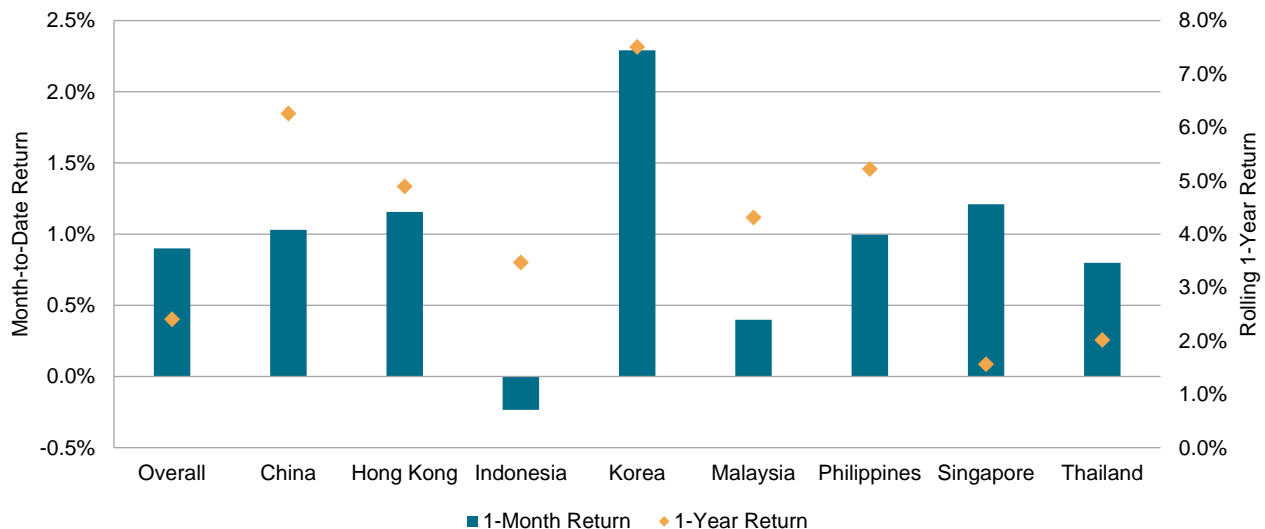
The latest rebalance saw 54 bonds entering and 42 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the May 2024 month-end index rebalance, and the next update will be at month-end August 2024. For more details, please refer to the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#).

Following the recent rebalance, the index duration increased by 0.18 years to 6.84 years. All eligible markets saw duration increases this month, with the largest increase coming from Singapore, up 0.46 years, largely due to a new 30-year Singapore Government bond. Among the eligible markets, South Korea continued to have the longest duration (9.42 years), while China Offshore (2.56 years) remained the least sensitive to interest rates.

## iBoxx Asian Bond Fund (ABF) Pan-Asia

### June 2024 Commentary

#### Exhibit 6: iBoxx ABF Overall and Single Market Returns



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The iBoxx ABF saw similar performance as iBoxx ALBI, gaining 0.90% in June (and down 2.42% YTD) in USD unhedged terms. Returns in June would have been higher if not for the strength of the U.S. dollar against most local currencies represented in the index.

In the local markets, South Korea (up 2.29%) and Singapore (up 1.21%) were the top two, while Indonesia was the only market with a pullback (-0.23%). Year-to-date, the best-performing local market was China, up 3.85%.

Market and maturity sleeves largely showed gains for the month (see Exhibit 9), except for Indonesia 7-10 (down 0.45%) and Indonesia 10+ (down 0.83%). In general, the gains increased moving from the short to long end of the yield curve, with South Korea 10+ and Hong Kong 10+ the best-performing sleeves, gaining 4.46% and 4.04%, respectively.

As of the end of June, Indonesia remained the highest-yielding local bond market (7.06%), while China represented the lowest-yielding market (2.34%). The overall index yield was at 3.63%, down 12 bps from May.

### Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall (USD)	3.63	6.77	0.90	-2.42	-4.73
China	2.24	6.45	1.03	3.85	16.83
Hong Kong	3.84	3.82	1.16	0.69	-1.82
Indonesia	7.06	5.78	-0.23	1.31	18.75
South Korea	3.23	8.08	2.29	1.15	0.39
Malaysia	3.99	7.30	0.40	1.98	11.05
Philippines	6.57	5.07	0.99	0.20	3.02
Singapore	3.22	7.50	1.21	-1.02	-4.29
Thailand	3.09	8.20	0.80	1.47	0.51

Source: S&P Dow Jones Indices LLC. Data as of June 30, 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 – June 2024

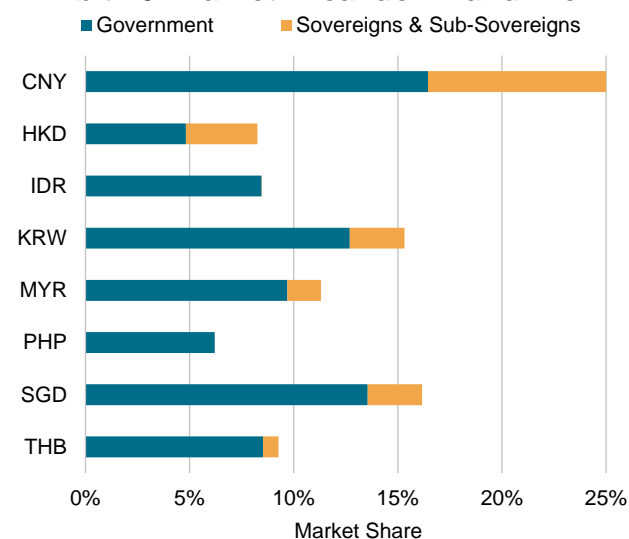
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.16	0.29	0.77
China	-0.32	0.23	0.80
Hong Kong	0.12	0.23	0.92
Indonesia	-0.83	0.56	-0.80
South Korea	0.58	0.24	2.05
Malaysia	-0.28	0.33	0.07
Philippines	-0.09	0.50	0.50
Singapore	-0.41	0.22	0.99
Thailand	-0.09	0.23	0.57

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 9: iBoxx ABF Returns by Maturity – June 2024**

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	0.35	0.53	0.70	0.92	1.80
Overall (Local Currency)	0.46	0.69	0.93	1.13	1.94
China	0.40	0.65	0.90	1.09	2.73
Hong Kong	0.57	0.84	1.57	2.35	4.04
Indonesia	0.36	0.35	0.08	-0.45	-0.83
South Korea	0.64	1.28	1.90	2.44	4.46
Malaysia	0.40	0.45	0.50	0.53	0.30
Philippines	0.60	0.87	1.13	1.35	0.99
Singapore	0.36	0.65	0.99	1.32	2.40
Thailand	0.24	0.36	0.50	1.06	1.22

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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

Market	Duration (Years)*	
	June 30, 2024	July 1, 2024
Overall	6.77	6.97
China	6.45	6.58
Hong Kong	3.82	3.86
Indonesia	5.78	5.96
South Korea	8.08	8.28
Malaysia	7.30	7.34
Philippines	5.07	5.11
Singapore	7.50	8.05
Thailand	8.20	8.49

\*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024 (and July 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

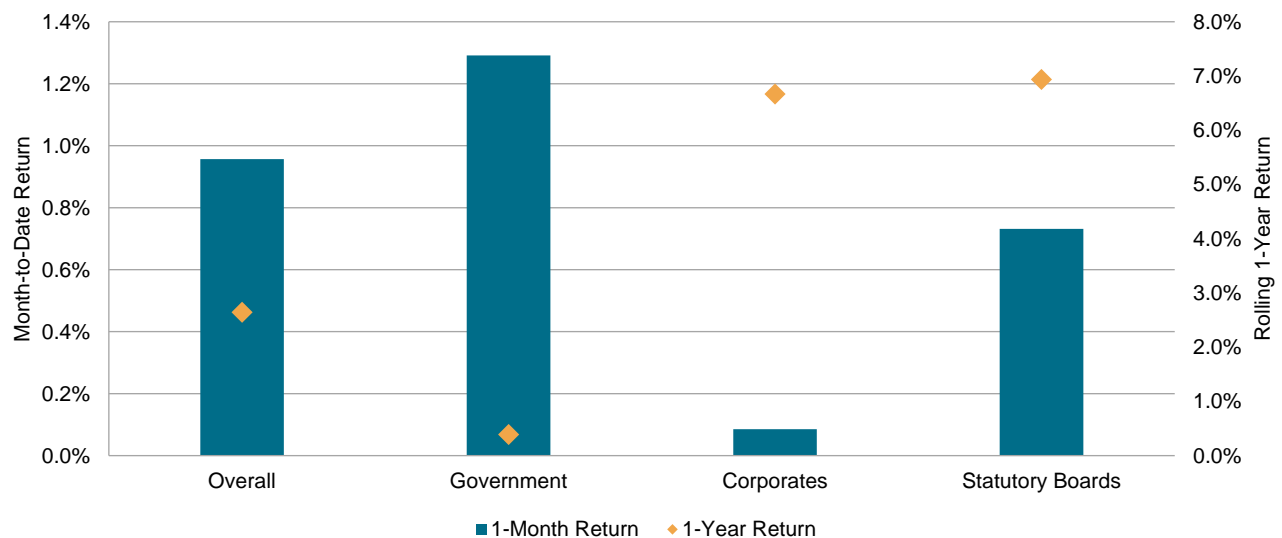
The latest rebalance saw 51 bonds entering and 59 bonds leaving the overall index. The annual weight change for the underlying markets was implemented at the October 2023 month-end rebalance as per the [iBoxx Asia-Pacific Annual Index Review 2023 Results](#). The latest weights are reflected in Exhibit 10.

The duration of the [iBoxx ABF](#) increased by 0.20 years to 6.97 years following the recent rebalance. The largest increase was Singapore, up 0.55 years. After the index rebalance, Thailand continued to have the longest duration (8.49 years), while Hong Kong remained the least sensitive to interest rates, with a duration of 3.86 years.

## iBoxx SGD

### June 2024 Commentary

#### Exhibit 11: iBoxx SGD Overall and Key Sector Returns



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The Singapore bond market, as represented by the iBoxx SGD, had another decent month, with a return of 0.96%. All main segments of the market reported gains, with investors generally preferring rates compared to credit. Singapore Government Bonds and Singapore Statutory Boards were up 1.29% and 0.73%, respectively, while Singapore corporate bonds lagged and only managed 0.09%.

The preference for higher quality was also evident when examining the rating and maturity buckets. Within investment grade, BBB bonds retreated by 0.02%, while gains were recorded against A (up 0.18%), AA (up 0.56%) and AAA (up 1.19%) bonds. SGD high yield bonds also managed a marginal return of 0.23%.

For the first time this year, credit spreads for SGD bonds widened, albeit slightly. SGD investment grade bonds widened by 18 bps to 89 bps, likewise for SGD high yield bonds, which increased 18 bps to 281 bps.



### Exhibit 12: iBoxx SGD Overall and Key Sector Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall	3.34	6.60	0.96	-0.21	-2.30
Government	3.18	7.43	1.29	-1.69	-4.23
Statutory Boards	3.39	5.90	0.73	1.61	-2.25
Corporates	4.32	3.68	0.09	2.97	4.56
Financials	4.42	3.46	0.04	2.63	4.73
Non-Financials	3.99	4.67	0.28	4.46	4.33

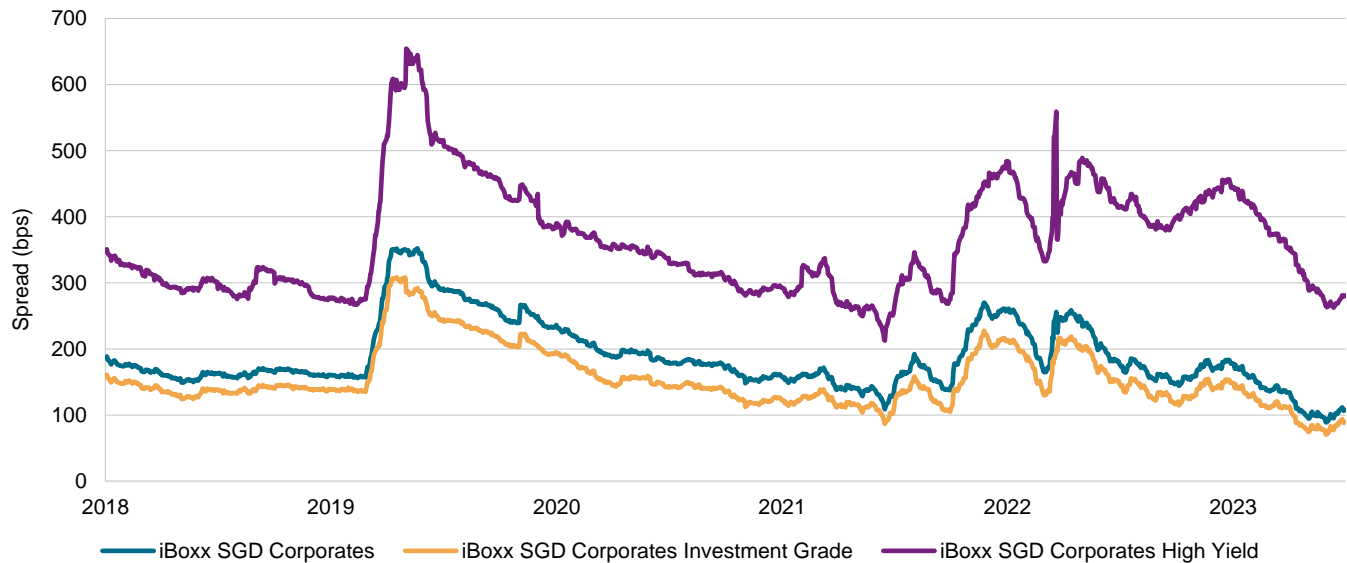
Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

### Exhibit 13: iBoxx SGD Rating and Maturity 1-Month Performance

Index/Rating	Overall (%)	1-3 Years (%)	3-5 Years (%)	5-7 Years (%)	7-10 Years (%)	10+ Years (%)
iBoxx SGD Investment Grade	0.98	0.35	0.34	0.81	1.17	2.30
iBoxx SGD AAA	1.19	0.36	0.66	0.99	1.31	2.50
iBoxx SGD AA	0.56	0.25	0.39	0.31	0.38	0.83
iBoxx SGD A	0.18	0.25	0.14	0.27	0.23	-0.01
iBoxx SGD BBB	-0.02	0.30	-0.24	-0.30	0.46	0.26
iBoxx SGD High Yield	0.23	-	-	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

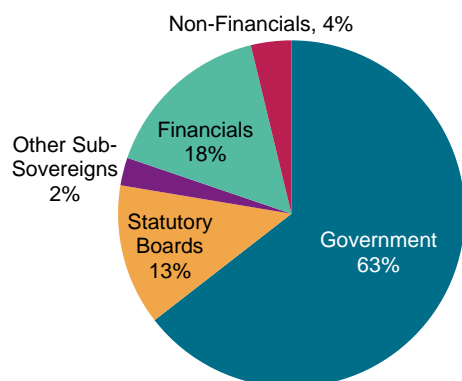
### Exhibit 14: Corporate Spreads



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2018, to June 30, 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.

## June Month-End Rebalance

### Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	June 30, 2024	July 1, 2024
Overall	6.60	6.96
Government	7.43	8.05
Corporates	5.90	6.03
Statutory Boards	3.68	3.73
Financials	3.46	3.54
Non-Financials	4.67	4.67

\*Semiannual modified duration.

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024 (and July 1, 2024, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes.

This rebalance, eight bonds entered the index, adding more than SGD 5.5 billion. Meanwhile, two bonds totaling more than SGD 12.5 billion left the index, including a Singapore Government Bond valued at SGD 11.7 billion. Additionally, the rating changes are shown in Exhibit 16.

### Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	May 31, 2024	June 30, 2024
KEPSP 3% 2026-10-01	BBB*	A*
KEPSP 3.66% 2029-05-07	BBB*	A*
KEPSP 4% 2042-09-07	BBB*	A*
KREITS 2.07% 2028-09-24	AA*	A*
SRBJNG 2.48% 2031-02-10	BBB*	A*

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2024. Table is provided for illustrative purposes.

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