

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

September 2024 Commentary

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As anticipated, the U.S. Fed started its rate cut cycle in September, starting off with a 50 bps cut. This buoyed U.S. financial markets, with key indices across U.S. equities and U.S. fixed income reporting decent gains. The **S&P 500[®]** continued its good run, inching up 2.02% in September. U.S. fixed income—as represented by the iBoxx \$ Overall—returned 1.38% for the same period, with corporate bonds (up 1.72% as represented by the iBoxx \$ Corporates) outperforming U.S. Treasuries (up 1.24% as represented by the iBoxx \$ Treasuries).

Monetary easing measures have also been implemented across other significant economies in September, such as those in the eurozone (down 60 bps) and Switzerland (down 25 bps), reflecting a broader trend in economic policy shifts. In Asia, there were also actions taken by the People's Bank of China, Hong Kong Monetary Authority and Bank Indonesia.

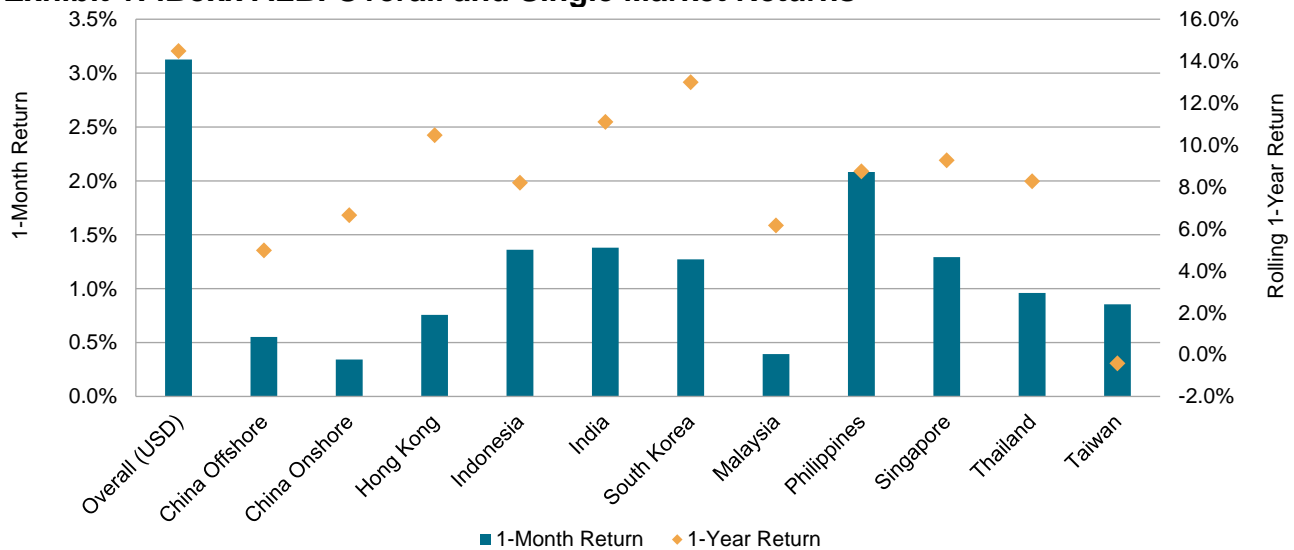
The People's Bank of China announced a 50 bps cut in the Reserve Requirement Ratio (RRR) for financial systems. Additionally, new measures pertaining to relaxed regulations on home purchases were introduced, including lowering the minimum-down-payment ratio from 25% to 15%, as well as a general reduction in interest rates on existing mortgages to ease the burden of repayments. Chinese equities—as represented S&P China 500 (USD)—responded positively to the stimulus with a large gain of 22.65% in September.

Bank Indonesia also executed its first rate cut in more than three years, reducing its key rate by 25 bps, with the goal of boosting the economy. Hong Kong followed suit with a 50 bps reduction after the move by the U.S. Fed.

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 Sept. 30, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

It was a good month across the board for Asian local currency bonds. The iBoxx Asian Local Bond Index (ALBI), representing Asian local currency bonds, maintained its momentum from the previous month and returned another 3.13% in September in USD unhedged terms. All local markets reported both capital and FX gains as the dollar weakened against the basket of ALBI local currencies. Notably, the Thai baht and Malaysian ringgit strengthened by 5.42% and 5.12%, respectively, against the greenback in September.

When examining individual market performance in September, the Philippines (increasing by 2.08%), India (rising by 1.38%) and Indonesia (gaining 1.36%) stood out as the best-performing markets. Conversely, China Onshore, Malaysia and China Offshore performed the worst, despite posting gains of 0.34%, 0.39% and 0.55%, respectively.

Throughout the yield curve, a similar trend was observed, with gains noted across all maturity segments and local markets. The top local market segments for the month were the Philippines 10Y+ (up 3.40%), Singapore 10Y+ (up 2.84%) and the Philippines 7-10Y (up 2.56%). The shorter end of the curve generally underperformed this month compared to longer tenures.

As of the end of September, the overall index yield contracted by another 9 bps to 3.60%. India continued its position as the highest-yielding bond market, posting 6.83%, while China Onshore (2.12%) remained the lowest-yielding market.¹

Exhibit 2: iBoxx ALBI Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall (USD)	3.60	6.91	3.13	7.47	6.24
China Offshore	2.76	2.75	0.55	4.21	10.44
China Onshore	2.12	6.17	0.34	4.95	15.22
Hong Kong	3.51	3.62	0.76	4.97	2.48
India	6.83	7.02	1.38	8.93	21.15
Indonesia	6.57	5.94	1.36	5.93	20.83
South Korea	2.91	9.61	1.27	4.51	3.79
Malaysia	3.89	7.24	0.39	3.67	12.29
Philippines	4.53	4.95	2.08	5.17	8.01
Singapore	2.70	7.68	1.29	4.47	1.99
Taiwan	1.50	8.02	0.85	-0.78	-5.15
Thailand	2.85	8.62	0.96	4.53	3.73

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

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	2.12	0.32	0.67
China Offshore	1.26	0.43	0.12
China Onshore	1.10	0.23	0.11
Hong Kong	0.35	0.27	0.49
India	0.09	0.58	0.80
Indonesia	2.14	0.56	0.80
Malaysia	5.12	0.33	0.07
Philippines	0.29	0.38	1.70
Singapore	1.77	0.21	1.08
South Korea	2.15	0.23	1.04
Taiwan	1.09	0.11	0.74
Thailand	5.42	0.24	0.72

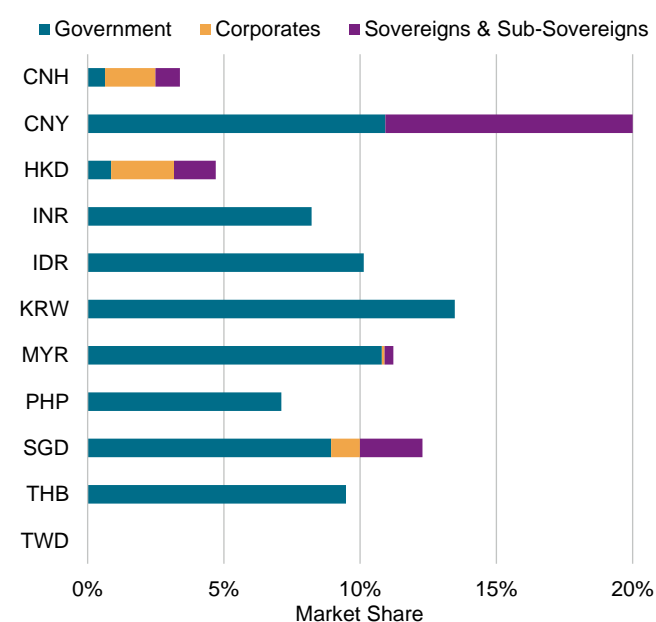
Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

¹ Taiwan has 0% weight in the index.

Exhibit 4: iBoxx ALBI Returns by Maturity – September 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	2.35	2.86	2.70	2.99	4.24
Overall (Local Currency)	0.50	0.74	0.81	0.95	1.67
China Offshore	0.52	0.55	1.04	0.68	1.31
China Onshore	0.25	0.38	0.22	0.21	0.81
Hong Kong	0.66	0.76	0.85	0.94	1.29
India	0.74	0.96	1.20	1.38	1.72
Indonesia	0.95	1.52	1.51	1.66	1.18
Malaysia	0.25	0.26	0.39	0.44	0.51
Philippines	1.13	1.76	2.20	2.56	3.40
Singapore	0.50	0.66	0.71	0.87	2.84
South Korea	0.51	0.60	0.66	0.91	2.17
Taiwan	0.14	0.27	0.48	0.72	1.89
Thailand	0.26	0.39	0.58	0.85	1.64

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

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

Market	Duration (Years)*	
	Sept. 30, 2024	Oct. 1, 2024
Overall (USD)	6.91	7.00
China Offshore	2.75	2.95
China Onshore	6.17	6.30
Hong Kong	3.62	3.71
India	7.02	7.11
Indonesia	5.94	5.98
South Korea	9.61	9.80
Malaysia	7.24	7.40
Philippines	4.95	5.10
Singapore	7.68	7.68
Thailand	8.62	8.62
Taiwan	8.02	8.15

*Semiannual modified duration.

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

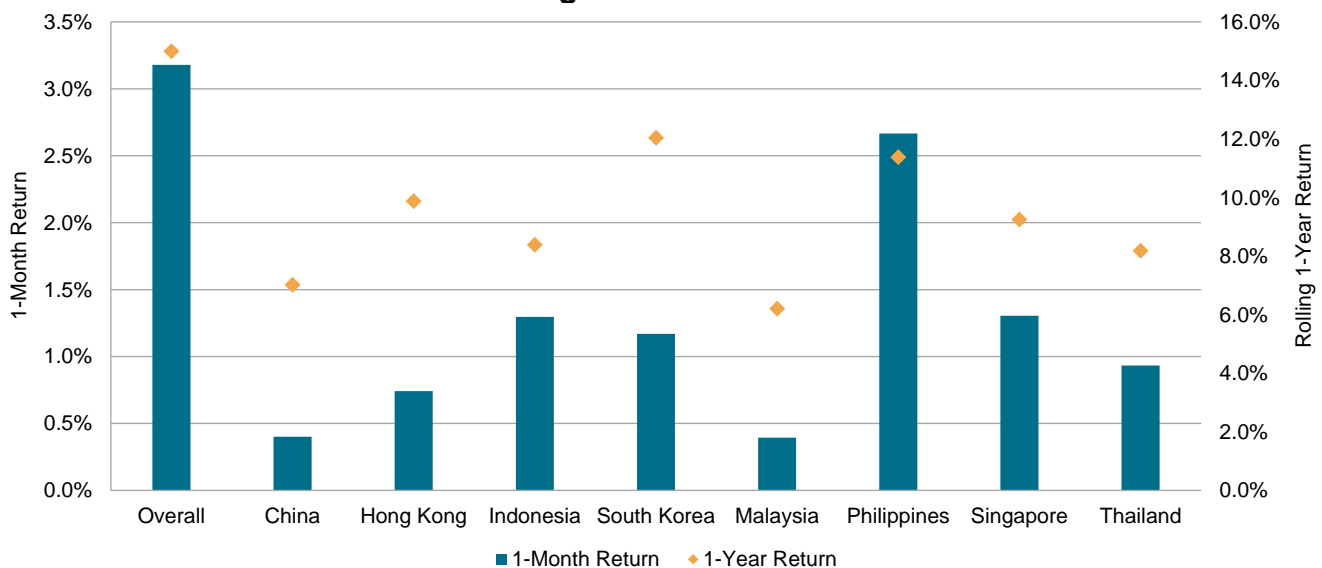
The latest rebalance saw 52 bonds entering and 54 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the August 2024 month-end index rebalance, and the next update will be at the November 2024 month-end rebalance. For more details, please refer to the [iBoxx Asia-Pacific Annual Index Review 2024 Results](#).

Following the recent rebalance, the index duration increased by 0.09 years to 7.00 years. Most markets saw duration increases this month, except for Singapore and Thailand. Among the eligible markets, South Korea continued to have the longest duration (9.80 years), while China Offshore (2.95 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 Sept. 30, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Similar to the iBoxx ALBI, the iBoxx ABF gained 3.18% in USD unhedged terms and 7.46% YTD. Currency gains against the U.S. dollar contributed to positive returns across all underlying markets for the second consecutive month.

Among the local markets, all of which posted gains, the Philippines stood out with a return of 2.67%, while Indonesia and Singapore shared a distant second place with returns of 1.30%. Malaysia and China occupied the lowest positions on the list, achieving modest gains of 0.39% and 0.40%, respectively.

Across the yield curve, it was a consistent picture of gains across local markets and maturity segments. Overall, more substantial gains were noted at the longer end of the curve, with the Philippines 10Y+ increasing 3.97% and the Philippines 7-10Y rising 3.08%, setting them apart from the other segments.

As of the end of September, Indonesia remained the highest-yielding local bond market (6.60%), while China remained the lowest-yielding, at 2.13%. The overall index yield contracted a further 11 bps this month to 3.29%.

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall (USD)	3.29	7.03	3.18	7.46	6.19
China	2.13	6.60	0.40	5.23	15.81
Hong Kong	3.06	3.83	0.74	4.73	2.03
Indonesia	6.60	6.01	1.30	5.89	20.73
South Korea	2.93	8.46	1.17	4.47	3.92
Malaysia	3.90	7.32	0.39	3.70	12.54
Philippines	5.68	5.20	2.67	6.58	10.34
Singapore	2.66	8.14	1.30	4.22	1.11
Thailand	2.85	8.46	0.93	4.51	3.66

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

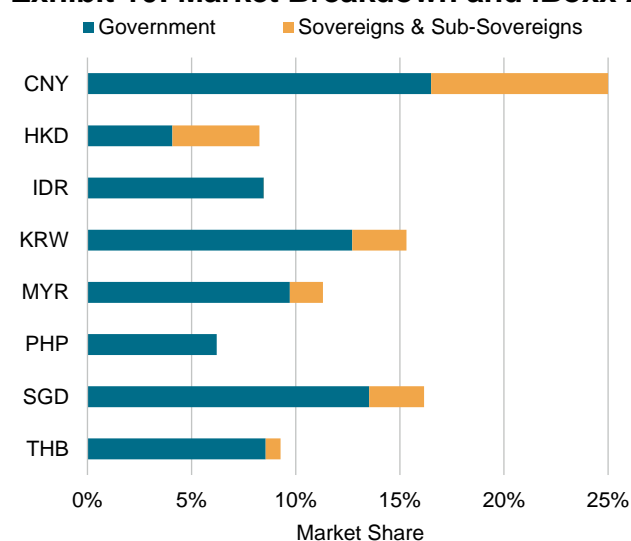
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	2.20	0.28	0.68
China	1.10	0.22	0.18
Hong Kong	0.35	0.23	0.51
Indonesia	2.14	0.56	0.74
South Korea	2.15	0.23	0.94
Malaysia	5.12	0.33	0.07
Philippines	0.29	0.49	2.18
Singapore	1.77	0.21	1.10
Thailand	5.42	0.23	0.70

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

Exhibit 9: iBoxx ABF Returns by Maturity – September 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	2.34	2.86	2.78	3.00	4.48
Overall (Local Currency)	0.49	0.67	0.78	0.87	1.73
China	0.26	0.40	0.25	0.26	0.93
Hong Kong	0.67	0.76	0.84	0.86	1.00
Indonesia	1.08	1.50	1.46	1.41	1.18
South Korea	0.51	0.62	0.66	0.90	2.18
Malaysia	0.26	0.26	0.38	0.42	0.51
Philippines	1.24	2.15	2.67	3.08	3.97
Singapore	0.46	0.56	0.56	0.73	2.85
Thailand	0.26	0.39	0.62	0.85	1.60

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

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

Market	Duration (Years)*	
	Sept. 30, 2024	Oct. 1, 2024
Overall	7.03	7.10
China	6.60	6.71
Hong Kong	3.83	3.88
Indonesia	6.01	6.05
South Korea	8.46	8.59
Malaysia	7.32	7.48
Philippines	5.20	5.40
Singapore	8.14	8.08
Thailand	8.46	8.48

*Semiannual modified duration.

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

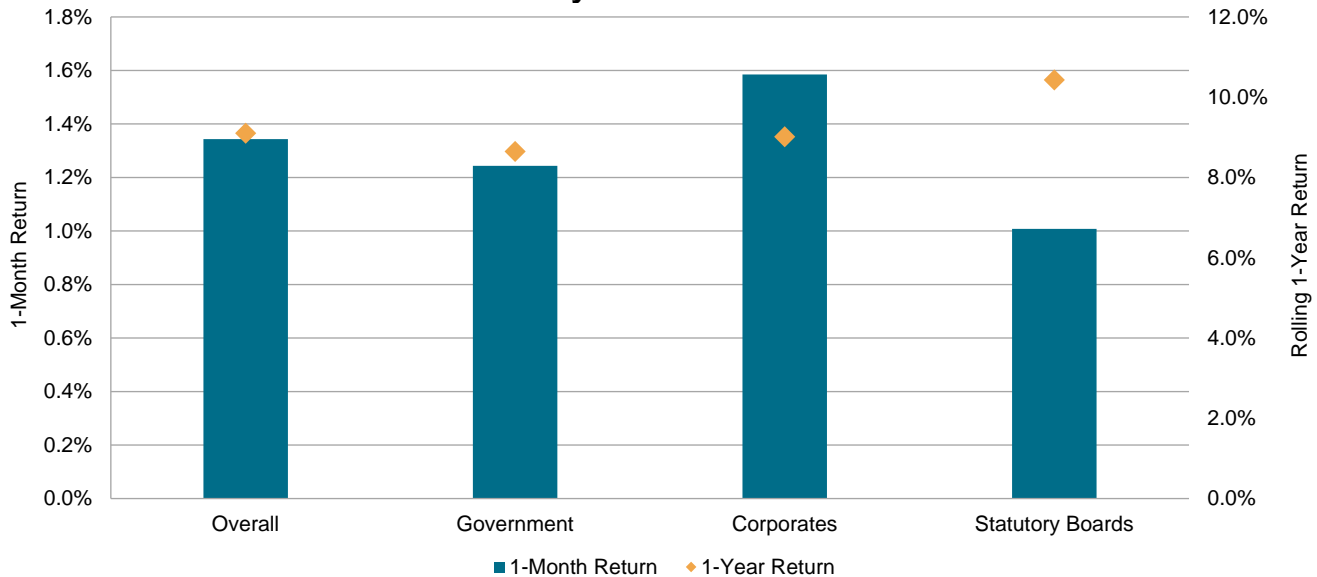
The latest rebalance saw 69 bonds entering and 64 bonds leaving the overall index. The annual weight change for the underlying markets was implemented at the October 2023 month-end rebalance as per the [iBoxx Asia-Pacific Annual Index Review 2024 Results](#). The latest weights are reflected in Exhibit 10.

The duration of the iBoxx ABF increased by 0.07 years to 7.10 years following the recent rebalance. The largest increase was Malaysia, up 0.16 years. After the index rebalance, South Korea took over Thailand as the market with the longest duration (8.59 years), while Hong Kong remained the least sensitive to interest rates, with a duration of 3.88 years.

iBoxx SGD

September 2024 Commentary

Exhibit 11: iBoxx SGD Overall and Key Sector Returns



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

Singapore bonds, as represented by the iBoxx SGD, returned 1.34% in September. Corporate bonds (up 1.59%) fared slightly better than Singapore Government Bonds (up 1.24%) and Singapore Statutory Boards (up 1.01%). Within corporate bonds, non-financials did slightly better than financials, returning 2.02% and 1.50%, respectively.

Gains were observed across SGD investment grade (up 1.35%) and high yield (up 1.18%) bonds this month, with the former outperforming by 17 bps. Consistent with the iBoxx ALBI and iBoxx ABF, longer-dated SGD securities showed better performance, with the AA 10Y+ segment topping the chart at 3.62%.

Credit spreads for SGD corporate bonds narrowed across the board in September, with investment grade bonds tightening 25 bps, while high yield bonds narrowed by 18 bps. The overall SGD Corporates credit spread thus contracted 24 bps to 122 bps as of the end of September 2024.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall	2.78	7.06	1.34	4.56	2.47
Government	2.62	8.15	1.24	3.49	0.98
Statutory Boards	2.81	5.94	1.01	5.99	2.85
Corporates	3.71	3.73	1.59	6.47	7.28
Financials	3.77	3.56	1.50	6.10	7.37
Non-Financials	3.46	4.58	2.02	8.10	7.34

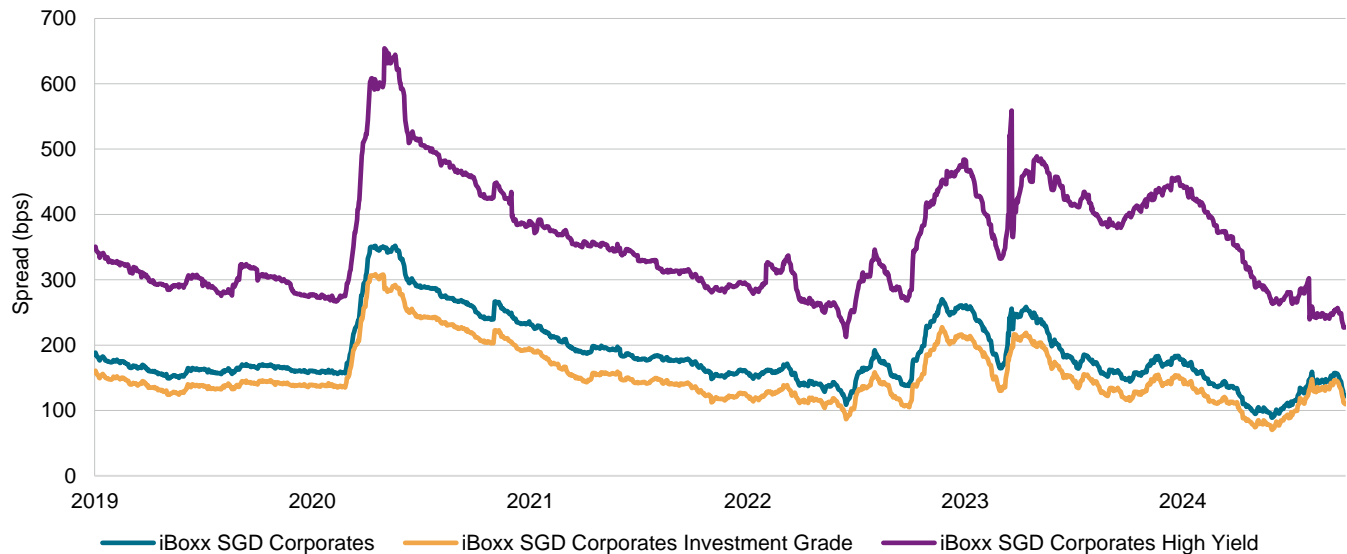
Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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	1.35	0.60	0.94	0.84	1.02	2.89
iBoxx SGD AAA	1.26	0.47	0.56	0.66	0.77	2.86
iBoxx SGD AA	2.23	0.50	1.13	0.94	1.86	3.62
iBoxx SGD A	1.39	0.53	1.46	1.22	1.83	1.69
iBoxx SGD BBB	1.64	1.20	1.81	1.94	2.91	-
iBoxx SGD High Yield	1.18	-	-	-	-	-

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

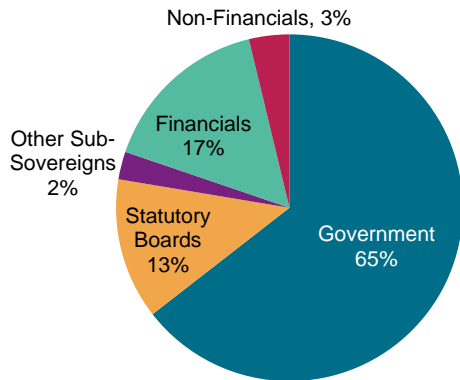
Exhibit 14: Corporate Spreads



Source: S&P Dow Jones Indices LLC. Data from Jan. 1, 2019, to Sept. 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.

September Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	Sept. 30, 2024	Oct. 1, 2024
Overall	7.06	7.11
Government	8.15	8.06
Corporates	5.94	6.18
Statutory Boards	3.73	3.88
Financials	3.56	3.73
Non-Financials	4.58	4.58

*Semiannual modified duration.

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

This rebalance, three corporate bonds entered the index, adding a combined total of slightly more than SGD 700 million. At the same time, nine corporate bonds left the index, totaling SGD 4 billion. Additionally, the rating changes are shown in Exhibit 16.

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	Aug. 31, 2024	Sept. 30, 2024
STHSP 3.55% 2026-06-08	BBB*	A*
STHSP 2.48% 2031-01-08	BBB*	A*

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

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