

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

October 2024 Commentary

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All eyes are on the upcoming U.S. elections on Nov. 5, 2024, as market analysts continue to predict the outcome and its potential impact on the trajectory of the U.S. dollar, fiscal policies and the broader financial markets.

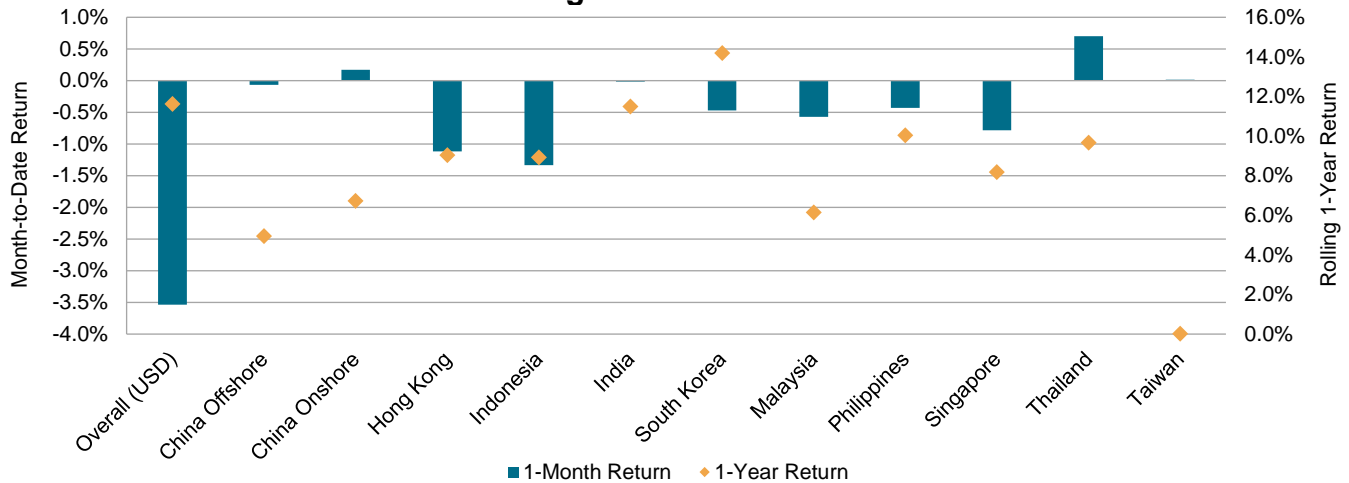
As we await the outcome, numerous Asian central banks have been busy reacting to the larger-than-expected rate cut (50 bps) by the U.S. Federal Reserve in September. Key markets in the iBoxx ABF and iBoxx ALBI—namely Thailand, Korea and the Philippines—responded with a 25 bps reduction in October to stimulate growth in their respective economies. The People’s Bank of China, as part of its stimulus package to spur its economy, also lowered its one-year and five-year loan prime rate (LPR) by 25 bps. Other major economies, including the Eurozone (down 25 bps), Canada (down 50 bps) and New Zealand (down 50 bps) also adjusted their policy rates in October.

Against that backdrop, U.S. Treasuries—as represented by the iBoxx \$ Treasuries—pulled back 2.47% in October. Likewise, U.S. corporate investment grade bonds—as represented by iBoxx \$ Corporates—retreated 2.24%. The upward run of the **S&P 500®** was also halted, as the key benchmark dropped 0.99% in October following a sell-off in the Information Technology sector toward the end of the month. As of the end of October, the S&P 500 returned 19.62% YTD. For Chinese stocks, the stimulus effect somewhat faded, as the **S&P China 500** (USD) pulled back 4.70% in October. Nevertheless, the benchmark was still in positive territory YTD, up 15.59% as of the end of October 2024.

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 Oct. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Momentum was halted in Asian local currency bonds as well, as the Asian Local Bond Index (ALBI), representing Asian local currency bonds, pulled back 3.53% in October in USD unhedged terms. This was largely due to the U.S. dollar’s appreciation against all Asian currencies represented in the index, with the Malaysian ringgit and the Korean won losing 6.20% and 5.24%, respectively, this month.

Local bond markets, measured in local currencies, predominantly fell, with the exception of Thailand, which rose by 0.70%, and China Onshore (up 0.17%).¹ Indonesia, Hong Kong and Singapore were the poorest-performing markets, losing 1.33%, 1.11%, and 0.78%, respectively.

Throughout the yield curve, minor gains were noted in the 1-3 year segment of some markets, while the majority of the 10+ year segments experienced more significant losses, except for Thailand, which recorded gains across all maturity sleeves. Hong Kong’s 10+ year segment stood out, albeit for the wrong reason, recording the highest loss of any market maturity segment in October (down 3.54%).

As of the end of October, the overall index yield increased by 10 bps to 3.70%. India continued its position as the highest-yielding bond market, posting 6.91% (Indonesia was close behind at 6.90%), while China Onshore (2.12%) remained the lowest-yielding market.

¹ 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)	3.70	6.89	-3.53	3.67	2.27
China Offshore	2.91	2.87	-0.06	4.15	10.40
China Onshore	2.12	6.22	0.17	5.13	15.77
Hong Kong	3.90	3.60	-1.11	3.80	2.25
India	6.91	7.02	-0.02	8.91	21.52
Indonesia	6.90	5.89	-1.33	4.52	18.30
South Korea	2.99	9.67	-0.47	4.02	6.10
Malaysia	4.01	7.32	-0.57	3.08	12.63
Philippines	4.70	5.00	-0.43	4.72	8.58
Singapore	2.84	7.56	-0.78	3.65	2.81
Taiwan	1.51	8.07	0.02	-0.76	-4.42
Thailand	2.80	8.60	0.70	5.26	5.60

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

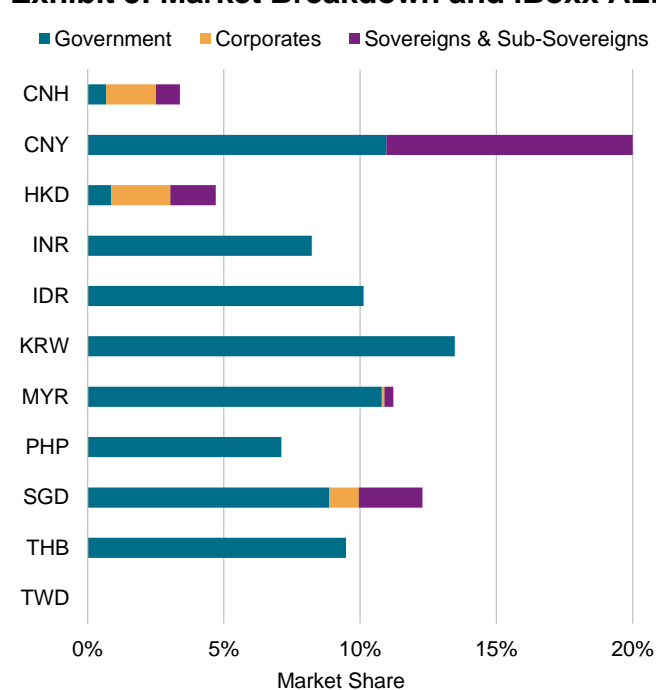
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-3.19	0.32	-0.67
China Offshore	-1.81	0.28	-0.35
China Onshore	-1.49	0.23	-0.06
Hong Kong	-0.05	0.27	-1.39
India	-0.36	0.58	-0.59
Indonesia	-3.47	0.57	-1.91
Malaysia	-6.20	0.34	-0.91
Philippines	-3.61	0.38	-0.81
Singapore	-3.11	0.22	-1.00
South Korea	-5.24	0.24	-0.71
Taiwan	-1.23	0.11	-0.10
Thailand	-4.43	0.24	0.46

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

Exhibit 4: iBoxx ALBI Returns by Maturity – October 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-2.81	-3.32	-3.31	-3.56	-4.38
Overall (Local Currency)	0.02	-0.17	-0.31	-0.52	-0.70
China Offshore	-0.01	-0.01	-0.21	-0.61	-0.86
China Onshore	0.13	0.22	0.40	0.27	-0.20
Hong Kong	-0.51	-1.27	-1.77	-2.28	-3.54
India	0.45	0.18	0.07	-0.08	-0.20
Indonesia	-0.04	-0.85	-1.24	-1.67	-1.92
Malaysia	0.03	-0.28	-0.61	-0.89	-0.82
Philippines	0.21	-0.13	-0.40	-0.75	-1.41
Singapore	-0.14	-0.45	-0.72	-1.08	-1.53
South Korea	0.07	-0.11	-0.28	-0.43	-0.92
Taiwan	0.12	0.12	0.11	0.07	-0.18
Thailand	0.27	0.33	0.35	0.56	1.18

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

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

Market	Duration (Years)*	
	Oct. 31, 2024	Nov. 1, 2024
Overall (USD)	6.89	6.98
China Offshore	2.87	2.95
China Onshore	6.22	6.33
Hong Kong	3.60	3.61
India	7.02	7.07
Indonesia	5.89	5.90
South Korea	9.67	9.76
Malaysia	7.32	7.50
Philippines	5.00	5.00
Singapore	7.56	7.67
Thailand	8.60	8.59
Taiwan	8.07	8.08

*Semiannual modified duration.

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

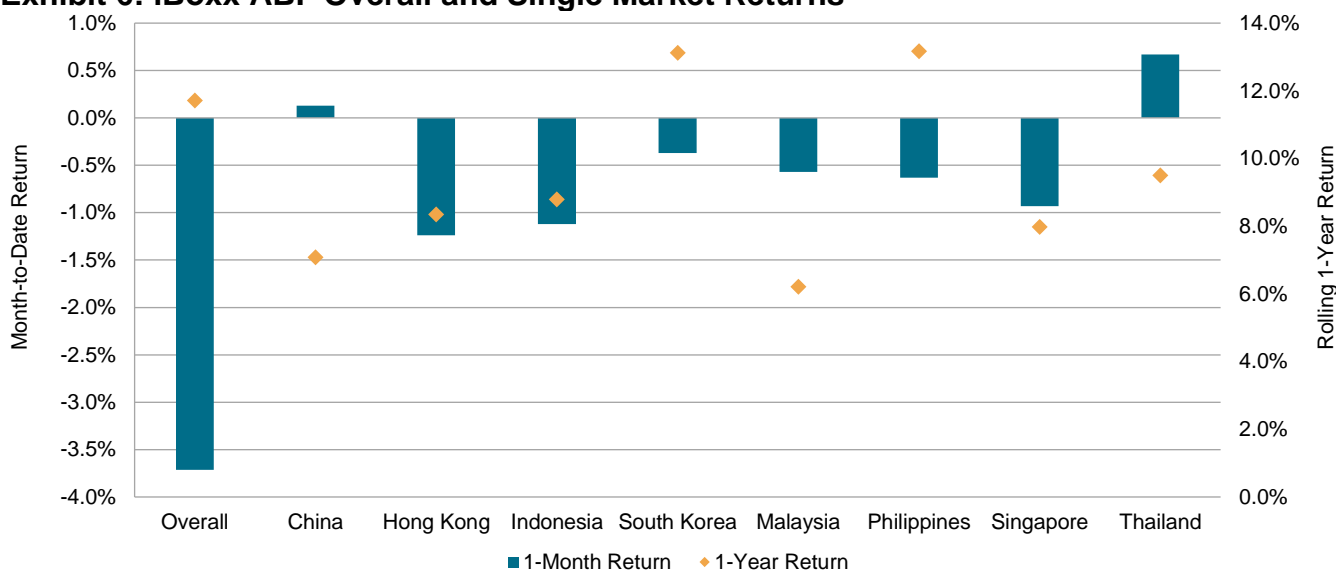
The latest rebalance saw 67 bonds entering and 28 bonds leaving the overall index. The existing underlying market weights are reflected in Exhibit 5. Note that the underlying market weights were updated at the August 2024 month-end index rebalance, and the next update will be at the November 2024 month-end 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 6.98 years. Most markets saw duration increases this month, except for Thailand and the Philippines. Among the eligible markets, South Korea continued to have the longest duration (9.76 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 Oct. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

In October, the iBoxx ABF demonstrated a performance similar to that of the iBoxx ALBI, declining 3.71% in USD unhedged terms. This decline was mainly attributed to the foreign exchange effects, as local currencies weakened against the U.S. dollar. Specifically, the Malaysian ringgit and the Korean won depreciated by 6.20% and 5.24%, respectively, against the dollar for the month.

All local markets experienced losses, with the notable exception of Thailand and China, which managed to achieve modest gains of 0.67% and 0.13%, respectively. This slight uptick in Thailand stands in contrast to the broader trend observed in the region. The most significant

declines were seen in Hong Kong, which fell by 1.24%, followed closely by Indonesia (down 1.12%) and Singapore (down 0.93%).

As of the end of October, Indonesia remained the highest-yielding local bond market (6.88%), while China remained the lowest-yielding at 2.14%. The overall index yield increased 10 bps for the month to 3.39%.

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall (USD)	3.39	6.99	-3.71	3.47	2.11
China	2.14	6.63	0.13	5.37	16.35
Hong Kong	3.46	3.75	-1.24	3.43	1.74
Indonesia	6.88	5.96	-1.12	4.71	18.44
South Korea	3.01	8.46	-0.37	4.08	6.20
Malaysia	4.02	7.40	-0.57	3.10	12.89
Philippines	5.88	5.30	-0.63	5.91	11.05
Singapore	2.81	7.95	-0.93	3.25	2.01
Thailand	2.80	8.46	0.67	5.20	5.48

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

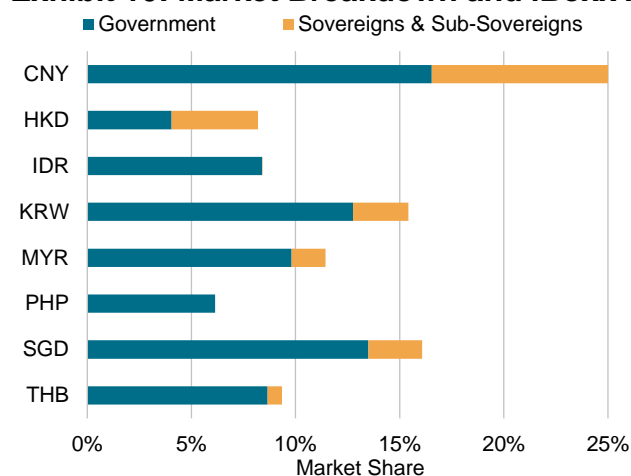
Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-3.31	0.29	-0.70
China	-1.49	0.23	-0.10
Hong Kong	-0.05	0.24	-1.48
Indonesia	-3.47	0.57	-1.69
South Korea	-5.24	0.24	-0.61
Malaysia	-6.20	0.34	-0.91
Philippines	-3.61	0.48	-1.11
Singapore	-3.11	0.21	-1.14
Thailand	-4.43	0.24	0.43

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

Exhibit 9: iBoxx ABF Returns by Maturity – October 2024

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-2.90	-3.39	-3.53	-3.76	-4.74
China	0.12	0.18	0.38	0.24	-0.24
Hong Kong	-0.57	-1.38	-1.96	-2.52	-3.99
Indonesia	0.04	-0.74	-1.22	-1.40	-1.60
South Korea	0.08	-0.10	-0.27	-0.42	-0.87
Malaysia	0.03	-0.27	-0.59	-0.89	-0.82
Philippines	0.28	-0.15	-0.46	-0.88	-1.59
Singapore	-0.21	-0.58	-0.92	-1.29	-1.62
Thailand	0.27	0.33	0.37	0.56	1.11

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

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

Market	Duration (Years)*	
	Oct. 31, 2024	Nov. 1, 2024
Overall	6.99	7.10
China	6.63	6.76
Hong Kong	3.75	3.73
Indonesia	5.96	6.05
South Korea	8.46	8.54
Malaysia	7.40	7.56
Philippines	5.30	5.29
Singapore	7.95	8.09
Thailand	8.46	8.45

*Semiannual modified duration.

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

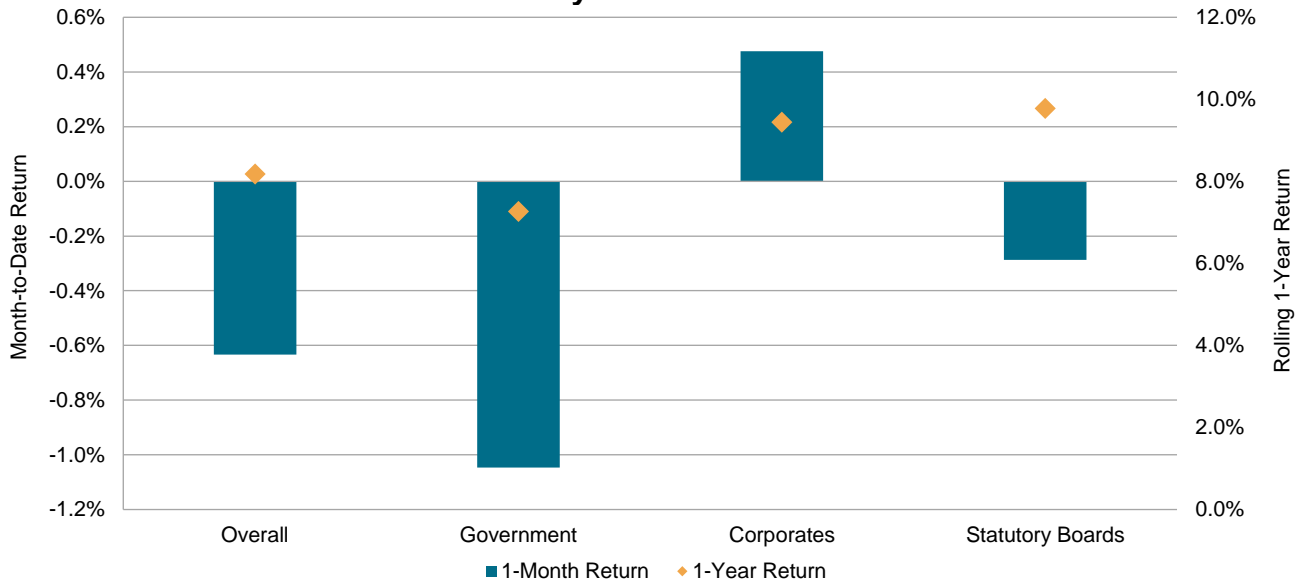
The latest rebalance saw 71 bonds entering and 45 bonds leaving the overall index. The annual weight change for the underlying markets was implemented at the October 2024 month-end rebalance as per the [iBoxx Asia-Pacific Annual Index Review 2024 Results](#). The latest weights are reflected in Exhibit 10.

The duration of the iBoxx ABF increased by 0.11 years to 7.10 years following the recent rebalance. The largest increase was Malaysia, up 0.16 years. After the index rebalance, South Korea remained the market with the longest duration (8.54 years), while Hong Kong remained the least sensitive to interest rates, with a duration of 3.73 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 Oct. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Singapore bonds, as represented by the iBoxx SGD, fell 0.63% in October. Corporate bonds (up 0.48%) outperformed both Singapore Government Securities (down 1.05%) and Statutory Boards (down 0.29%). Notably, among corporate bonds, non-financial bonds performed better than financial bonds, with gains of 0.52% and 0.47%, respectively.

Bonds with lower credit quality (rated A and below) generally outperformed those with higher ratings (AA and above). Furthermore, within the investment grade category, losses tended to increase with longer maturities. The AAA 10-year and above segment experienced the most significant loss, totaling 1.75%.

In October, credit spreads for SGD corporate bonds continued to tighten across the board, with investment grade bonds narrowing by 24 bps and high yield bonds tightening by 48 bps. As a result, the overall credit spread for SGD corporates contracted by 26 bps, reaching 96 bps by the end of October 2024.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			1-Month	YTD	3-Year
Overall	2.90	6.98	-0.63	3.90	3.33
Government	2.78	7.93	-1.05	2.40	1.89
Statutory Boards	2.90	6.10	-0.29	5.68	3.47
Corporates	3.68	3.80	0.48	6.98	8.30
Financials	3.75	3.66	0.47	6.59	8.36
Non-Financials	3.41	4.49	0.52	8.67	8.48

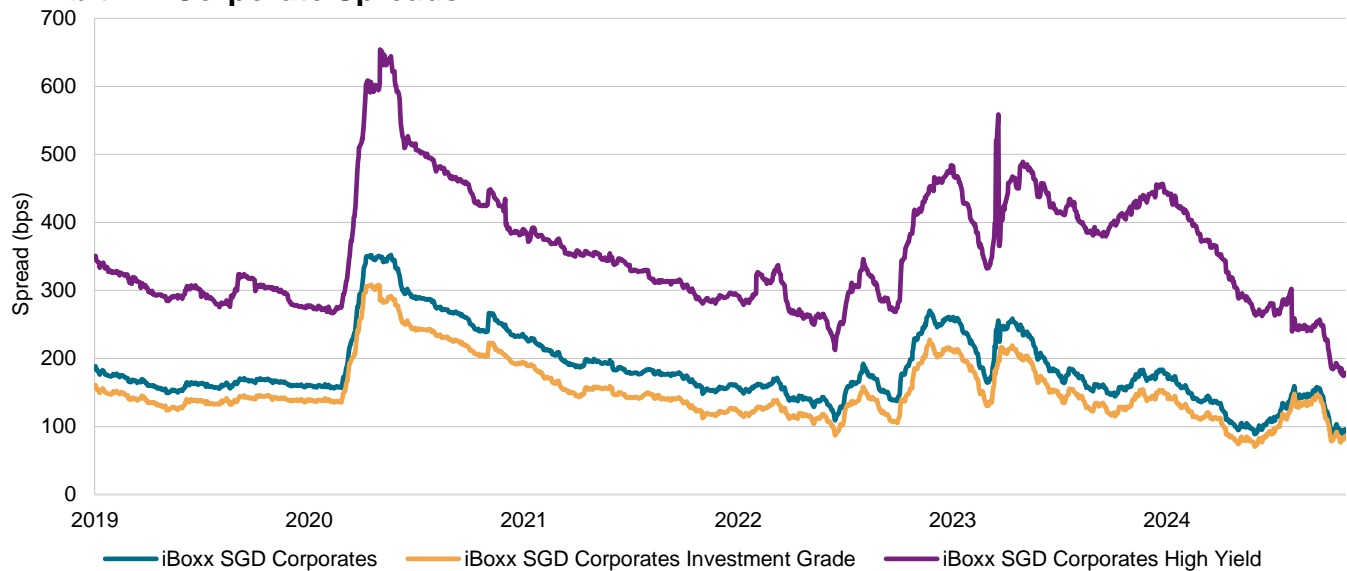
Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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	-0.68	-0.09	-0.27	-0.64	-0.96	-1.59
iBoxx SGD AAA	-0.93	-0.20	-0.55	-0.87	-1.29	-1.75
iBoxx SGD AA	-0.12	0.02	0.12	-0.52	-0.86	-0.11
iBoxx SGD A	0.49	0.68	0.34	0.79	0.62	0.12
iBoxx SGD BBB	0.37	0.33	0.27	0.40	1.30	0.00
iBoxx SGD High Yield	1.06	-	-	-	-	-

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

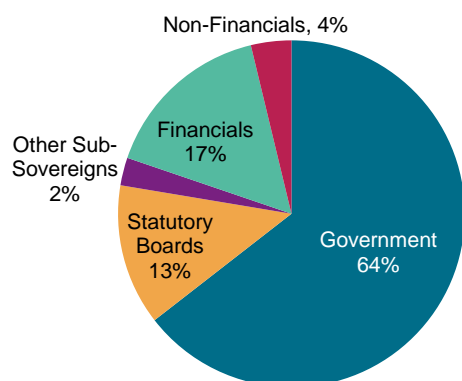
Exhibit 14: Corporate Spreads



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

October Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	Oct. 31, 2024	Nov. 1, 2024
Overall	6.98	7.08
Government	7.93	8.08
Corporates	6.10	6.08
Statutory Boards	3.80	3.87
Financials	3.66	3.71
Non-Financials	4.49	4.67

*Semiannual modified duration.

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

This rebalance, 10 bonds entered the index, adding a combined total of slightly more than SGD 3 billion notional. The largest inclusion was a SGD 900 million issuance from the Housing & Development Board. At the same time, five corporate bonds left the index, totaling SGD 820 million. Additionally, no rating change was observed this month (Exhibit 16).

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	Sep 30, 2024	Oct. 31, 2024
No changes observed this month	-	-

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

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