

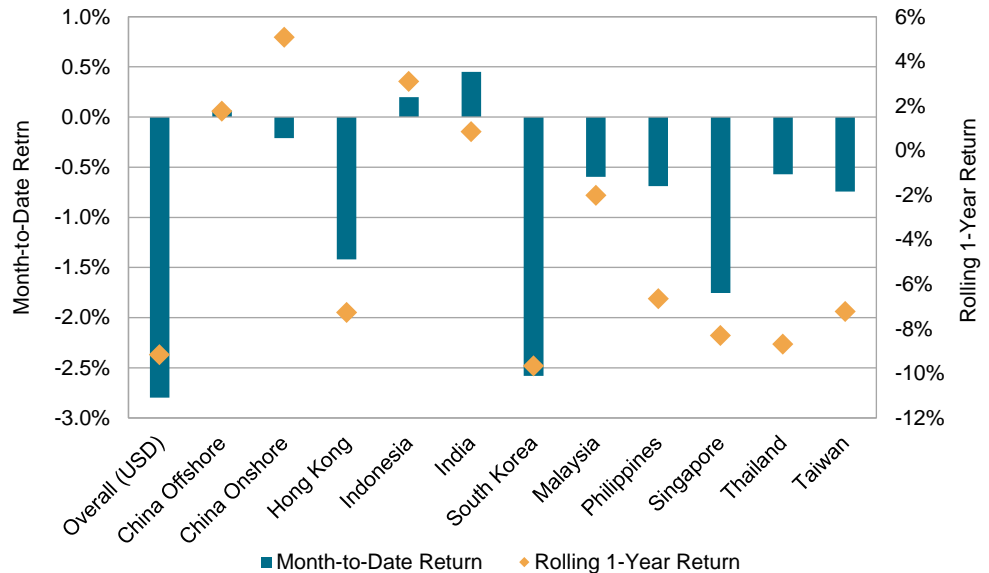
# iBoxx ALBI Monthly Commentary

## Contributor

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## June 2022 Commentary

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



Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Not since 1994 have we seen a rate hike of 75 bps by the FOMC as announced on June 15, 2022—its third hike this year. Many saw this rate hike as an affirmative and decisive move by the Fed to combat the highest inflation the U.S. economy has seen in decades. Through June, the 10-2 Year U.S treasury yield spread narrowed from 0.32% to 0.06%,<sup>1</sup> signaling continued flattening of the yield curve, which might indicate poor sentiments in the near-term economy outlook.

<sup>1</sup> Data sourced from Federal Reserve Bank of St. Louis.

The [S&P 500®](#) recovered slightly from losses in the first half of June but still ended the month with a 8.39% decline. U.S. Treasuries—proxied by the iBoxx USD Treasuries—were relatively flat, while U.S. TIPS—represented by the iBoxx TIPS Inflation-Linked Index—were up 0.97%.

In Asian fixed income, the iBoxx Asian Local Bond Index (ALBI) (unhedged in USD) lost 2.80%, with losses in 8 of the 11 sub-markets. South Korea (-2.58%), Singapore (-1.75%) and Hong Kong (-1.42%) were the bottom three performers, while only India (up 0.45%), Indonesia (up 0.20%) and China Offshore (up 0.06%) recorded gains in local currency terms in June.

Most parts of the yield curve across the individual markets saw red this month, with the largest losses concentrated in the long end. The South Korea 10+ Year (-5.01%), Singapore 10+ Year (-3.76%) and Hong Kong 10+ Year (-3.26%) were the hardest hit. India, on the other hand, was the only market that saw gains across maturity bands.

Yields (in semiannual terms) rose in every market in June. As a result, the average index yield rose 22 bps to 4.22%. The largest uptick came from Hong Kong (up 40 bps), which, as of June 30, 2022, offered an average yield of 3.82%, its highest month-end yield since the inception of the index. India remained the highest-yielding bond market in the index, offering 7.51%, while China Onshore (3.00%) replaced Singapore (3.18%) as the lowest-yielding market.<sup>2</sup>

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

Market	June 2022 Index Level	Returns (%)		
		Month-to-Date	YTD	Three-Year
Overall (USD)	112.08	-2.80	-9.08	-0.18
China Offshore	142.88	0.06	0.72	10.05
China Onshore	146.59	-0.21	1.42	13.51
Hong Kong	115.13	-1.42	-6.81	-0.56
India	207.52	0.45	-2.04	17.82
Indonesia	180.44	0.20	-1.23	25.97
South Korea	115.79	-2.58	-9.32	-10.59
Malaysia	138.75	-0.59	-2.66	6.43
Philippines	134.24	-0.69	-5.58	6.36
Singapore	113.08	-1.75	-7.55	-1.01
Taiwan	112.24	-0.74	-5.08	-3.45
Thailand	129.70	-0.57	-7.95	-1.94

Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. 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.

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

**Exhibit 3: iBoxx ALBI Returns Attribution – June 2022**

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-1.99%	0.31%	-1.13%
China Offshore	-0.43%	0.27%	-0.20%
China Onshore	-0.56%	0.26%	-0.47%
Hong Kong	0.03%	0.20%	-1.61%
India	-1.62%	0.60%	-0.15%
Indonesia	-2.04%	0.59%	-0.39%
Malaysia	-0.61%	0.34%	-0.93%
Philippines	-4.47%	0.32%	-1.01%
Singapore	-1.47%	0.21%	-1.97%
South Korea	-4.71%	0.19%	-2.78%
Taiwan	-2.38%	0.11%	-0.86%
Thailand	-3.09%	0.22%	-0.79%

Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

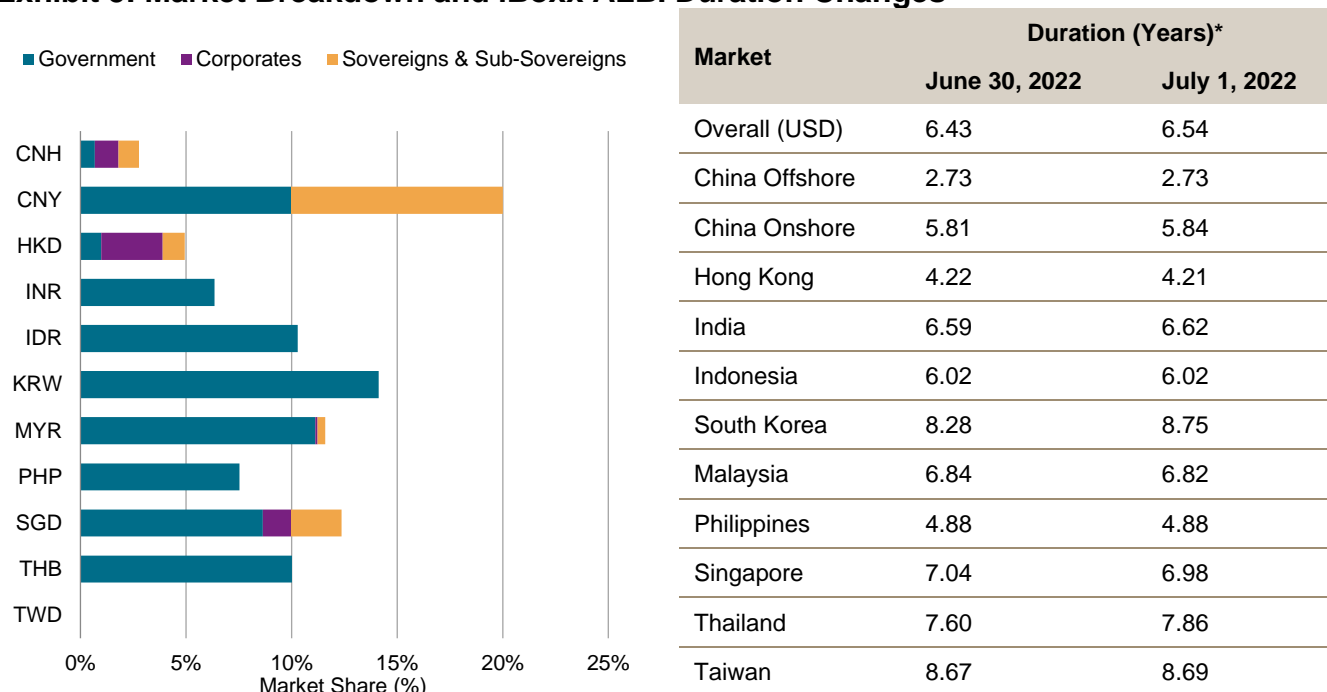
**Exhibit 4: iBoxx ALBI Countries Heatmap – June 2022**

Market	Yield (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-2.13	-2.24	-2.29	-2.92	-3.94
Overall (Local Currency)	-0.23	-0.34	-0.52	-0.93	-1.76
China Offshore	0.16	0.03	-0.15	-0.76	-0.55
China Onshore	0.06	-0.18	-0.28	-0.31	-0.59
Hong Kong	-0.88	-1.24	-1.63	-2.21	-3.26
India	0.42	0.51	0.49	0.57	0.38
Indonesia	0.48	0.57	0.20	-1.02	0.56
Malaysia	0.11	-0.21	-0.86	-0.95	-0.83
Philippines	-0.26	-0.05	0.12	-1.45	-2.74
Singapore	-0.41	-0.93	-1.31	-1.59	-3.76
South Korea	-0.84	-1.28	-1.59	-2.09	-5.01
Taiwan	0.22	0.02	-0.33	-0.32	-1.89
Thailand	-0.14	-0.31	-0.38	0.09	-1.29

Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

# July 2022 Rebalance

## Exhibit 5: Market Breakdown and iBoxx ALBI Duration Changes



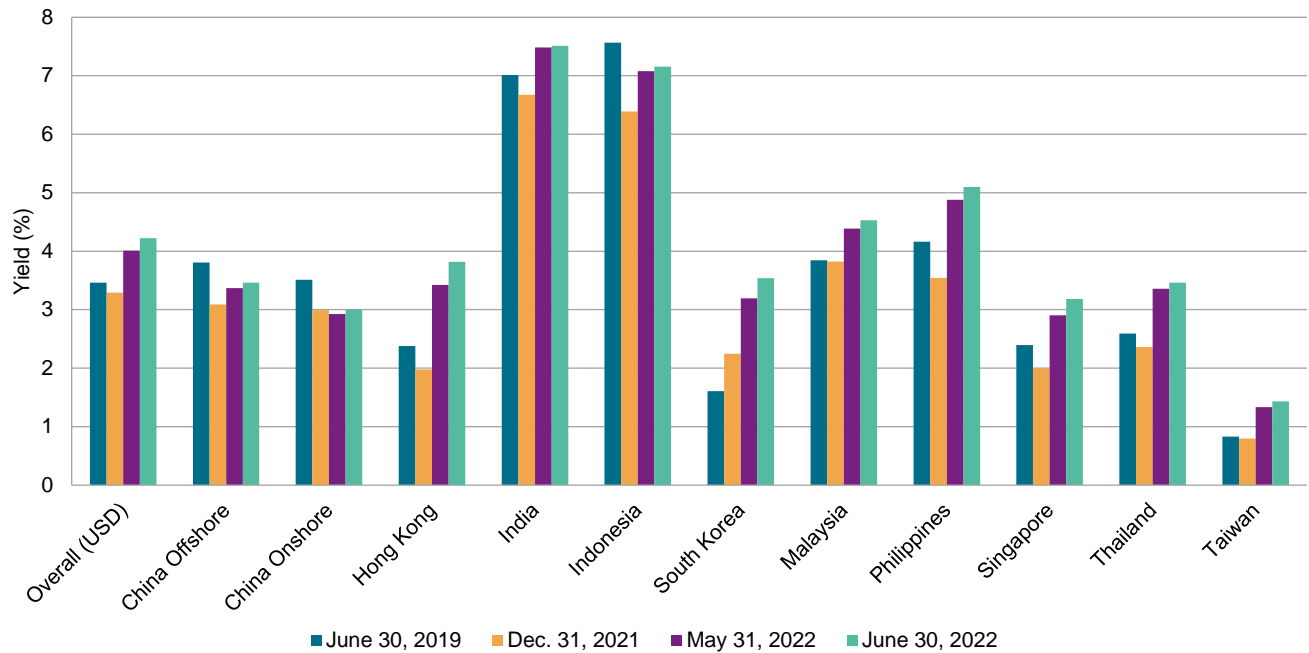
Source: IHS Markit, part of S&P Global. Data as of June 30, 2022 (and July 1, 2022, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes. \*Semiannual modified duration.

The latest rebalance saw 59 bonds entering and 20 bonds leaving the overall index (please refer to the Appendix for a detailed breakdown of insertions and deletions).

Weight changes in the eligible markets are reviewed and applied annually, and the next change is expected on Nov. 30, 2022. The latest weights are reflected in Exhibit 5.

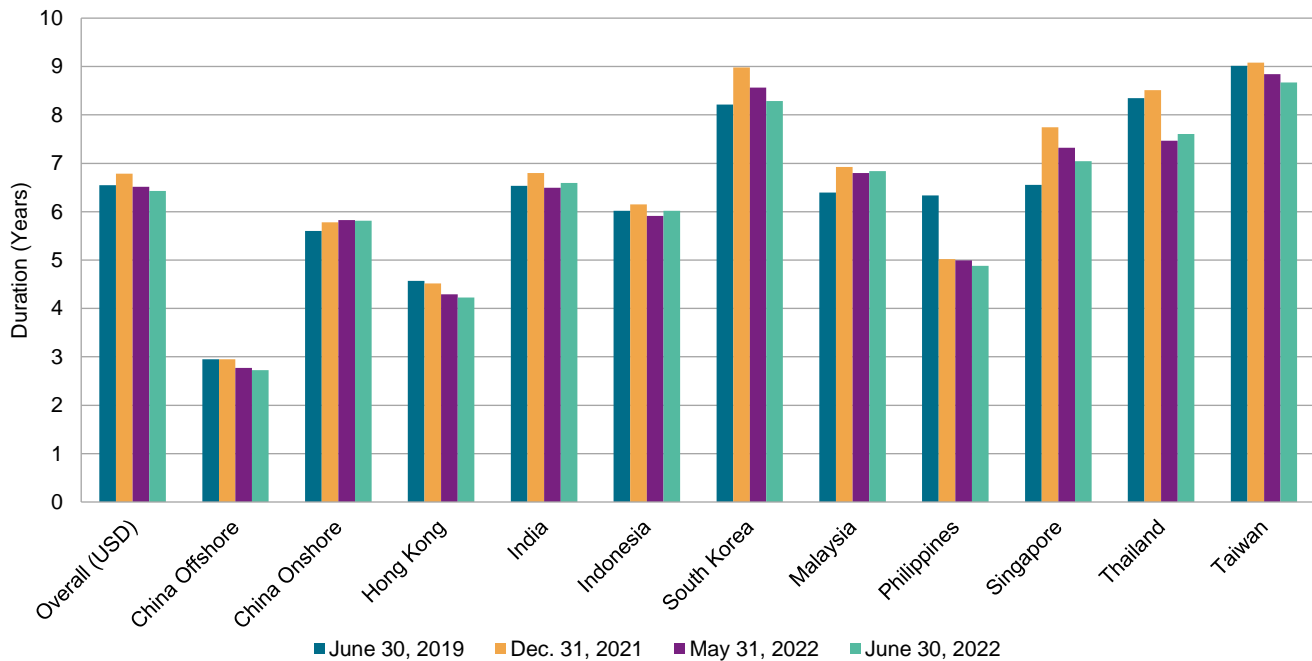
The index duration lengthened by 0.11 to 6.54 years after the recent rebalance. All markets except Singapore, Hong Kong and Malaysia saw their duration increase this month, with the largest increase coming from South Korea (up 0.47 years). Among the eligible markets, South Korea currently has the longest duration (8.75 years), while China Offshore remains the market least sensitive to interest rates, with a duration of 2.73 years.

### Exhibit 6: iBoxx ALBI Yield



Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Semiannual yield. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

### Exhibit 7: iBoxx ALBI Duration



Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Semiannual yield. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# Appendix

## Exhibit 8: iBoxx ALBI Overall – July 2022 Insertions

Issue	Currency	Rating	Notional (USD Millions)	Issue	Currency	Rating	Notional (USD Millions)
CGB 2.75% 2027-6-17	CNH	A	2,500	MET 2.965% 2024-6-17	HKD	AA	500
CGB 2.44% 2024-6-17	CNH	A	2,500	STANLN 3.5% 2025-6-13	HKD	A	500
CGB 2.55% 2025-6-17	CNH	A	2,500	HKMTGC 2.605% 2023-12-1	HKD	AA	500
ICBCAS 3.2% 2024-6-1	CNH	A	2,000	HKAA 2.6% 2024-6-7	HKD	AA	500
MAYMK 3.55% 2025-6-9	CNH	A	1,070	HKMTGC 2.63% 2024-6-13	HKD	AA	460
BOCOM 3% 2024-6-27	CNH	A	1,000	RY 3.805% 2029-6-8	HKD	A	456
HKMTGC 3% 2023-12-20	CNH	AA	778	STANLN 4.23% 2025-6-29	HKD	A	400
ACAFCP 3.65% 2024-6-13	CNH	A	700	BNS 4.325% 2025-6-24	HKD	A	400
FABUH 4.05% 2025-6-28	CNH	AA	600	KDB 3.46% 2024-1-23	HKD	AA	390
JPM 3.6% 2024-6-1	CNH	A	574	KDB 2.675% 2024-1-8	HKD	AA	390
ASIA 3.09% 2024-6-24	CNH	AAA	550	KDB 4.2% 2032-6-17	HKD	AA	349
BMO 3.85% 2025-6-17	CNH	A	512	HKMTGC 2.51% 2023-12-15	HKD	AA	320
VNKRLE 3.55% 2025-6-8	CNH	BBB	510	WSTP 3.125% 2025-9-9	HKD	AA	320
RY 3.7% 2024-6-16	CNH	A	507	WSTP 3.14% 2025-9-8	HKD	AA	320
CGB 2.18% 2024-6-25	CNY	A	60,060	NIB 3.23% 2024-6-21	HKD	AAA	300
CGB 2.75% 2029-6-15	CNY	A	51,050	HKMTGC 2.78% 2024-5-31	HKD	AA	300
ADBCH 3.06% 2032-6-6	CNY	A	35,000	HKMTGC 2.495% 2023-12-13	HKD	AA	300
SDBC 2.69% 2027-6-16	CNY	A	16,000	HKMTGC 2.455% 2023-12-18	HKD	AA	300
EXIMCH 2.57% 2025-6-10	CNY	A	14,000	HKMTGC 2.865% 2024-6-20	HKD	AA	300
ADBCH 2.37% 2024-6-23	CNY	A	10,350	RY 3.29% 2024-6-16	HKD	A	300
EXIMCH 2.82% 2027-6-17	CNY	A	10,000	IGB 7.54% 2036-5-23	INR	BBB	300000
ICBCAS 2.95% 2024-6-1	HKD	A	2,000	IGB 7.38% 2027-6-20	INR	BBB	90000
HKAA 2.8% 2024-6-6	HKD	AA	1,000	KTB 2.875% 2024-6-10	KRW	AA	1614000
HKAA 2.8% 2024-6-6	HKD	AA	1,000	RPGB 5.8% 2032-6-23	PHP	BBB	34892
CM 4.5% 2032-6-10	HKD	A	835	HDBSP 2.627% 2025-6-9	SGD	AAA	900
STANLN 3.12% 2024-6-6	HKD	A	621	CCB 2.85% 2024-6-13	SGD	A	350
CBAAU 2.75% 2025-6-9	HKD	AA	600	TGB 0.875% 2032-6-30	TWD	AA	30000
BNS 4.1625% 2027-6-16	HKD	A	550				
NAB 2.716% 2023-12-14	HKD	AA	500				
HKMTGC 2.6% 2023-12-1	HKD	AA	500				
HKAA 2.6% 2024-6-8	HKD	AA	500				
UOBSP 2.767% 2024-1-16	HKD	AA	500				

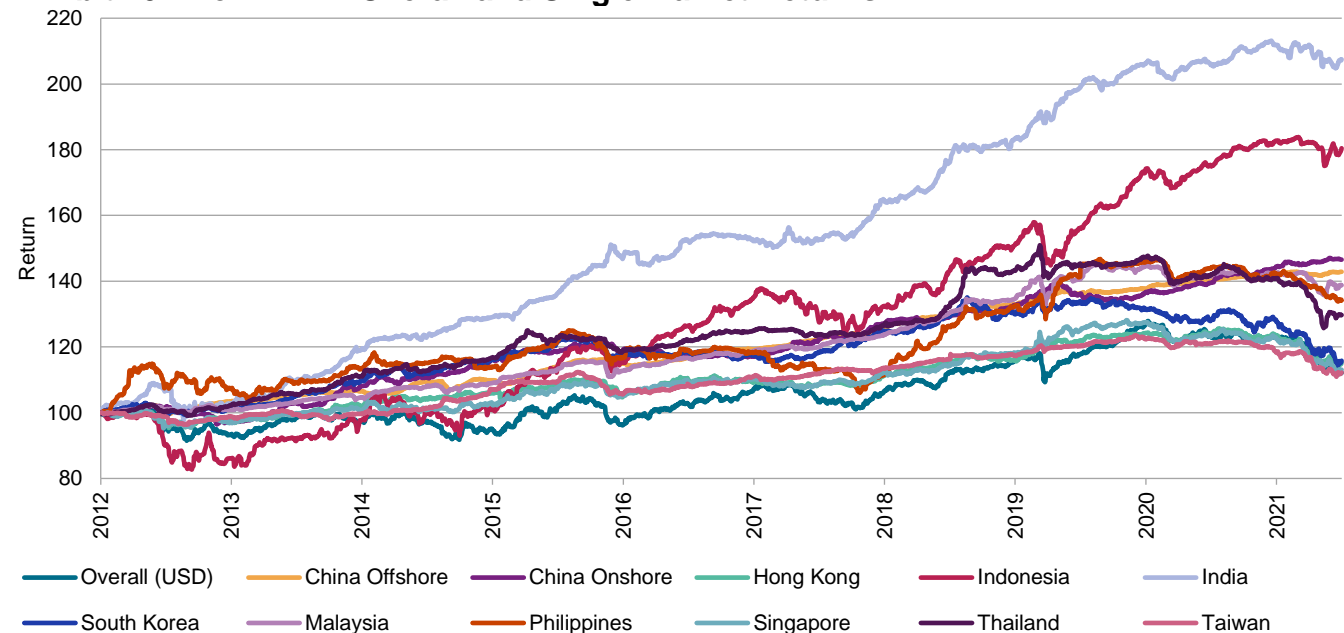
Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Table is provided for illustrative purposes.

### Exhibit 9: iBoxx ALBI Overall – July 2022 Deletions

Issue	Currency	Rating	Notional (USD Millions)
THAIGB 3.625% 2023-6-16	THB	A	179,163
UBS 3.4% 2023-6-1	HKD	A	450
AGRBK 0.5% 2023-6-17	HKD	A	2,500
EIBKOR 0.2725% 2023-6-1	HKD	AA	380
LBBW 3.12% 2023-6-21	HKD	A	418
HKGB 1.09% 2023-6-5	HKD	AA	800
RCSTRU 2.6% 2023-6-5	SGD	A	300
HKMTGC 0.36% 2023-6-8	HKD	AA	350
CGB 2.95% 2023-6-16	CNY	A	113,470
EXIMCH 4.37% 2023-6-19	CNY	A	83,720
CGB 3.16% 2023-6-27	CNH	A	1,100
KTB 1% 2023-6-10	KRW	AA	19,071,000
IGB 6.17% 2023-6-12	INR	BBB	120,000
EXIMCH 4.15% 2023-6-21	CNY	A	18,000
KTB 0.875% 2023-6-10	KRW	AA	4,214,000
EDC 2.25% 2023-6-1	CNH	AAA	632
IFC 2.75% 2023-6-15	CNH	AAA	633
KORAIL 3.375% 2023-6-7	HKD	AA	631
KORMSB 1.03% 2023-6-2	KRW	AA	10,570,000
C 1.32% 2023-6-23	HKD	A	522

Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Table is provided for illustrative purposes.

### Exhibit 10: iBoxx ALBI Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Total return index levels since index inception. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

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