

iBoxx Asian Local Currency Indices

iBoxx ALBI, iBoxx ABF and iBoxx SGD

April 2023 Commentary

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As markets recover from the short-term volatility caused by a few high-profile collapses of troubled banks in March, April saw the **S&P 500®** inch up 1.46%, its second consecutive positive month. The spread of investment grade corporate bonds—represented by the iBoxx \$ Corporates—was also relatively unchanged, a mere drop of 2 bps from the end of March, to 167 bps. At the same time, U.S. Treasuries, represented by the iBoxx \$ Treasuries, gained 0.56%.

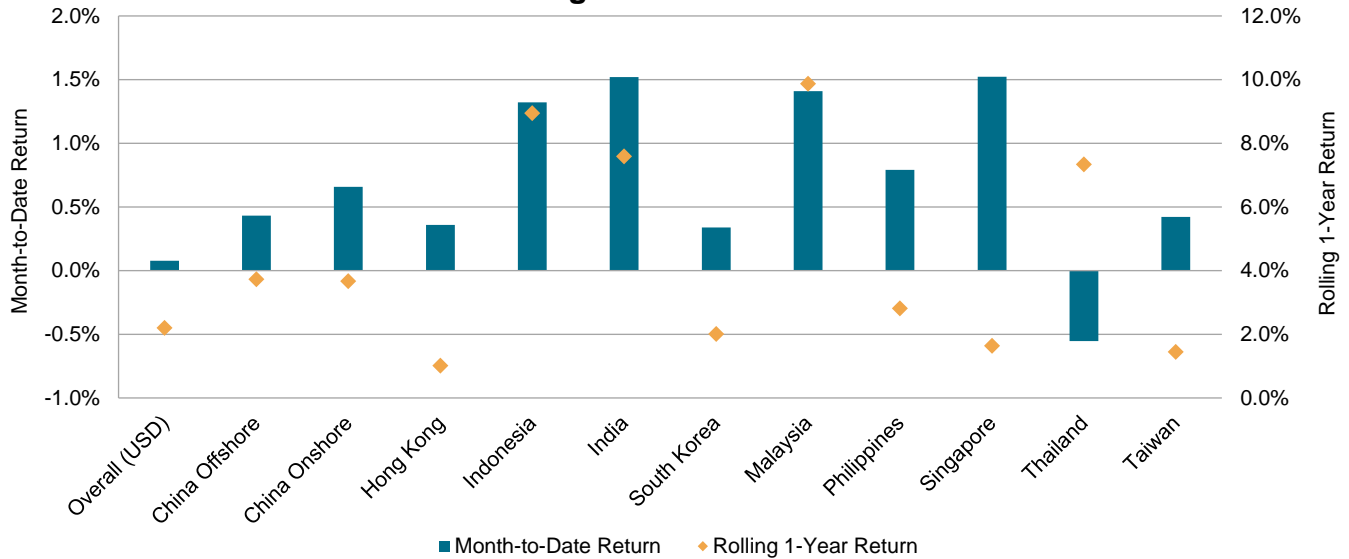
On May 1, the financial health of U.S. regional banks was questioned again, as regulators seized the assets of First Republic Bank—a commercial bank that also offered wealth management services, headquartered in San Francisco—which was then bought by JPMorgan Chase.

This announcement came a day ahead of the Federal Reserve meeting on May 2-3, as market participants anticipated its next move against signs of a slowing economy (at the time of publication, the Fed has announced a quarter-point increase of 25 bps, its 10th consecutive hike).

iBoxx ALBI

April 2023 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Capital gains in most local markets were offset by the depreciation of most currencies against the U.S. dollar, keeping the iBoxx Asian Local Bond Index (ALBI) (unhedged in USD) flat in April.

All but one local market posted gains in April, with India and Singapore at the top of the leaderboard, both registering returns of 1.52%. Thailand was the exception, losing 0.55% during the month. Year-to-date, all local markets in the index recorded gains, led by the Philippines (up 4.28%), while China Onshore (up 1.24%) posted the lowest return.

Except for Thailand, all other local markets saw a sea of green across the yield curve, with larger gains toward the longer maturities. The highest returns were concentrated in the 10+ segments, led by Singapore 10+ (up 3.09%) and Malaysia 10+ (up 2.47%).

As of the end of April, the overall index yield declined marginally by 3 bps to 3.92%, while yields for most local markets declined. India remained the highest-yielding bond market in the index, offering 7.20%, while Thailand (2.86%) remained the lowest-yielding market.¹

¹ 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)	3.92	6.63	0.08	3.27	2.12
China Offshore	3.27	2.55	0.43	1.83	7.67
China Onshore	2.89	5.84	0.66	1.24	8.33
Hong Kong	4.18	3.75	0.36	3.67	-3.97
India	7.20	6.72	1.52	3.75	16.19
Indonesia	6.71	6.07	1.32	3.78	31.82
South Korea	3.37	8.76	0.34	4.21	-8.20
Malaysia	3.91	6.95	1.41	4.03	6.46
Philippines	4.89	5.19	0.79	4.28	1.62
Singapore	2.96	7.55	1.52	2.81	-5.26
Taiwan	1.26	8.68	0.42	1.25	-3.77
Thailand	2.86	8.22	-0.55	3.14	-2.92

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. 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 – April 2023

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.72	0.31	0.49
China Offshore	-0.91	0.27	0.16
China Onshore	-0.79	0.26	0.40
Hong Kong	-	0.24	0.12
India	0.45	0.59	0.93
Indonesia	2.23	0.57	0.75
Malaysia	-1.20	0.33	1.08
Philippines	-2.14	0.36	0.43
Singapore	-0.68	0.22	1.30
South Korea	-2.73	0.22	0.12
Taiwan	-0.96	0.11	0.31
Thailand	-0.30	0.21	-0.77

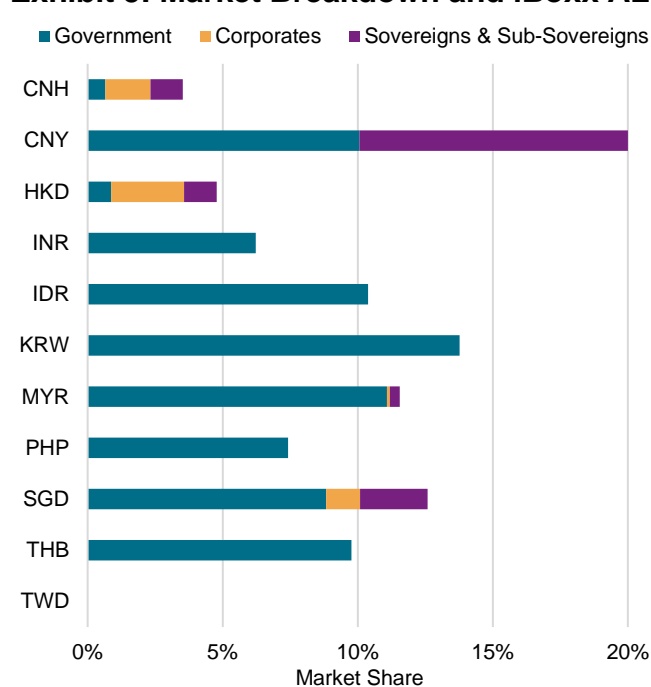
Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: iBoxx ALBI Returns by Maturity – April 2023

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-0.63	-0.23	0.03	0.29	0.81
Overall (Local Currency)	0.32	0.51	0.67	0.83	1.45
China Offshore	0.43	0.52	0.31	0.25	0.08
China Onshore	0.33	0.44	0.65	0.74	1.64
Hong Kong	0.25	0.33	0.40	0.48	1.14
India	0.88	1.16	1.31	1.45	1.88
Indonesia	0.68	0.92	1.16	1.22	1.79
Malaysia	0.37	0.53	1.02	1.28	2.47
Philippines	0.23	0.32	0.69	1.22	1.82
Singapore	0.38	0.84	1.06	1.44	3.09
South Korea	0.23	0.30	0.28	0.29	0.46
Taiwan	0.16	0.22	0.27	0.39	0.72
Thailand	0.01	-0.27	-0.44	-1.05	-0.86

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

April Month-End Rebalance

Exhibit 5: Market Breakdown and iBoxx ALBI Duration Changes

Market	Duration (Years)*	
	April 30, 2023	May 1, 2023
Overall (USD)	6.63	6.69
China Offshore	2.55	2.59
China Onshore	5.84	5.94
Hong Kong	3.75	3.85
India	6.72	6.73
Indonesia	6.07	6.09
South Korea	8.76	8.81
Malaysia	6.95	7.02
Philippines	5.19	5.23
Singapore	7.55	7.62
Thailand	8.68	8.68
Taiwan	8.22	8.24

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023 (and May 1, 2023, 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 31 bonds entering and 27 bonds leaving the overall index.

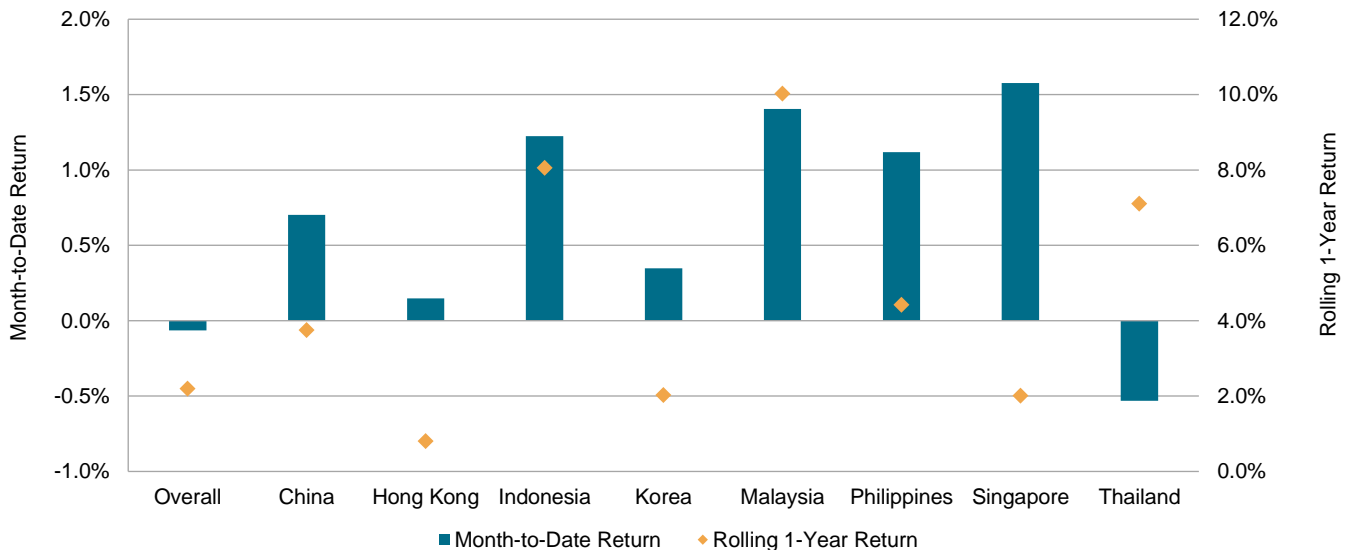
Following the [results of the iBoxx Asia-Pacific Annual Index Review](#), the second change in index weights was applied at the index rebalance on Feb. 28, 2023. The current weights are reflected in Exhibit 5 (following the final change on Feb. 28, 2023).

The index duration increased by 0.06 years to 6.69 years following the recent rebalance. All markets saw their duration increase last month, with the largest increase coming from the China onshore (up 0.10 years). Among the eligible markets, South Korea continued to have the longest duration (8.81 years), while China offshore remained the least sensitive to interest rates, with a duration of 2.59 years.

iBoxx ABF

April 2023 Commentary

Exhibit 6: iBoxx ABF Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Similar to the iBoxx ALBI, the iBoxx ABF Pan-Asia (unhedged in USD) ended the month almost where it started, as capital gains in most local markets were offset by FX losses against the U.S. dollar.

Thailand stood out as the only local market with losses, down 0.53% in April, while Singapore and Malaysia led the gains at 1.58% and 1.41%, respectively. Across the yield curve, longer-dated maturity segments generally outperformed shorter-dated ones, with the highest returns concentrated in the 10+ maturity buckets, namely Singapore 10+ (up 3.14%) and Malaysia 10+ (up 2.40%).

With capital gains in most local markets, the overall index yield declined. At the end of April, the iBoxx ABF Pan-Asia offered a yield of 3.68%. Indonesia was the highest-yielding bond market in the index, posting 6.76%, while Thailand (2.86%) remained the lowest-yielding market.

Exhibit 7: iBoxx ABF Overall and Single Market Returns

Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall (USD)	3.68	6.73	-0.06	2.94	0.75
China	2.91	6.23	0.70	1.28	8.15
Hong Kong	3.58	3.67	0.15	3.49	-5.14
Indonesia	6.76	6.01	1.22	3.38	31.18
South Korea	3.41	7.81	0.35	4.19	-7.48
Malaysia	3.94	7.08	1.41	4.07	6.51
Philippines	6.12	5.38	1.12	6.00	1.06
Singapore	2.82	8.01	1.58	2.71	-6.69
Thailand	2.86	7.99	-0.53	2.95	-2.92

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. 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 – April 2023

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.84	0.28	0.50
China	-0.79	0.25	0.45
Hong Kong	-	0.20	-0.06
Indonesia	2.23	0.57	0.66
South Korea	-2.73	0.22	0.13
Malaysia	-1.20	0.33	1.07
Philippines	-2.14	0.47	0.65
Singapore	-0.68	0.21	1.36
Thailand	-0.30	0.21	-0.74

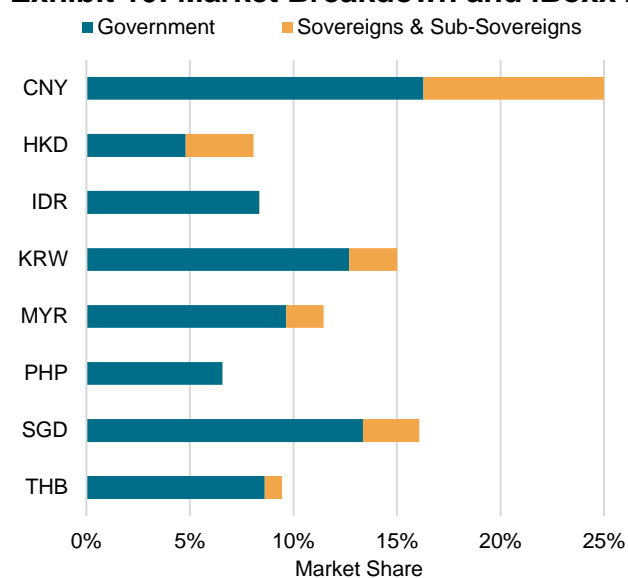
Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 9: iBoxx ABF Returns by Maturity – April 2023

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-0.67	-0.40	-0.18	0.04	0.74
Overall (Local Currency)	0.26	0.44	0.62	0.80	1.56
China	0.34	0.44	0.67	0.74	1.70
Hong Kong	0.12	0.10	-0.14	0.19	0.60
Indonesia	0.62	0.89	1.11	1.18	1.63
South Korea	0.24	0.29	0.29	0.30	0.52
Malaysia	0.38	0.56	1.00	1.27	2.40
Philippines	0.30	0.36	0.86	1.47	2.13
Singapore	0.31	0.73	1.01	1.39	3.14
Thailand	0.01	-0.24	-0.43	-0.97	-0.87

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

April Month-End Rebalance

Exhibit 10: Market Breakdown and iBoxx ABF Duration Changes

Market	Duration (Years)*	
	April 30, 2023	May 1, 2023
Overall	6.73	6.82
China	6.23	6.36
Hong Kong	3.67	3.87
Indonesia	6.01	6.03
South Korea	7.81	7.88
Malaysia	7.08	7.15
Philippines	5.38	5.44
Singapore	8.01	8.08
Thailand	7.99	8.01

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023 (and May 1, 2023, 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 45 bonds entering and 38 bonds leaving the overall index.

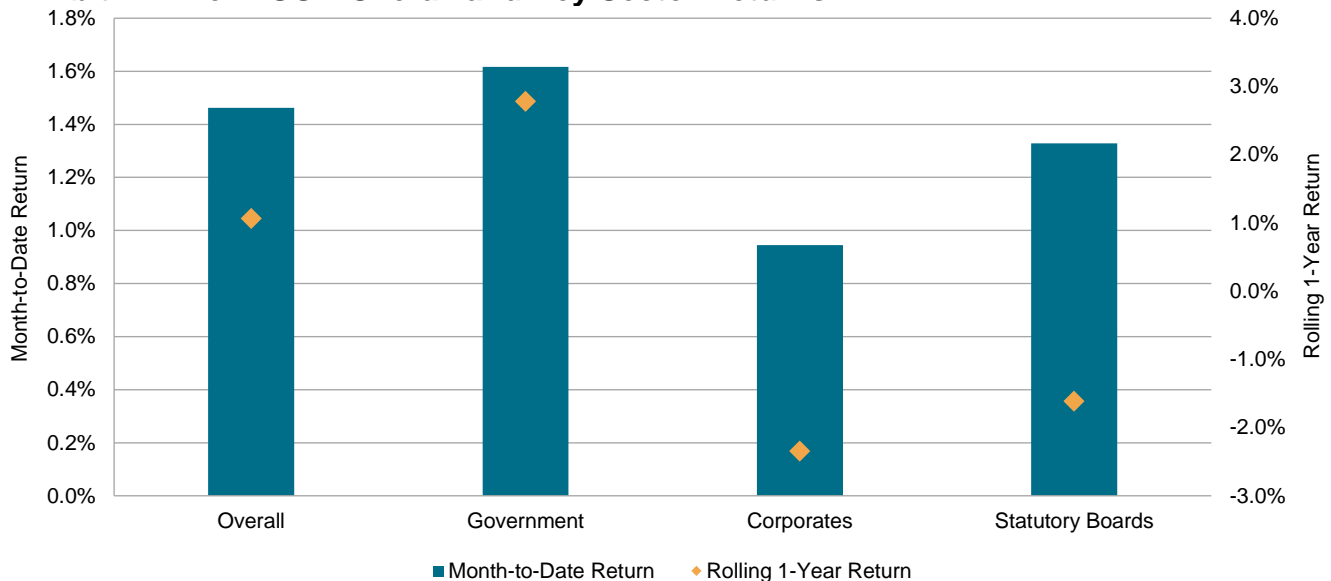
Following the [results of the iBoxx Asia-Pacific Annual Index Review](#), the latest change in index weights was applied at the index rebalance on Oct. 31, 2022.

The index duration increased slightly to 6.82 years following the recent rebalance. Most markets saw their duration increase last month, with the largest increase coming from Hong Kong (up 0.20 years). Thailand had the longest duration (8.01 years), while Hong Kong was the least sensitive to interest rates, with a duration of 3.87 years.

iBoxx SGD

April 2023 Commentary

Exhibit 11: iBoxx SGD Overall and Key Sector Returns



Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

It was a positive month across most sectors in the Singapore bond market. The iBoxx SGD Overall returned 1.46% in April, led by Singapore Government Securities (up 1.62%) and Statutory Boards (up 1.33%). Corporate bonds were in the black as well but returned less than 1% across both Financials and Non-Financials.

Investment grade bonds (up 1.56%) outperformed the high yield segment (down 0.55%), and longer-dated high quality bonds generally fared better than shorter-dated ones. The segment with the best performance belonged to AAA 10+, with a return of 3.27%.

Spreads continued to widen for high yield bonds in Singapore (up 61 bps), reaching 485 bps in April as investors opted for higher quality bonds. The investment grade bond spread tightened by 12 bps over the same period.

Exhibit 12: iBoxx SGD Overall and Key Sector Returns

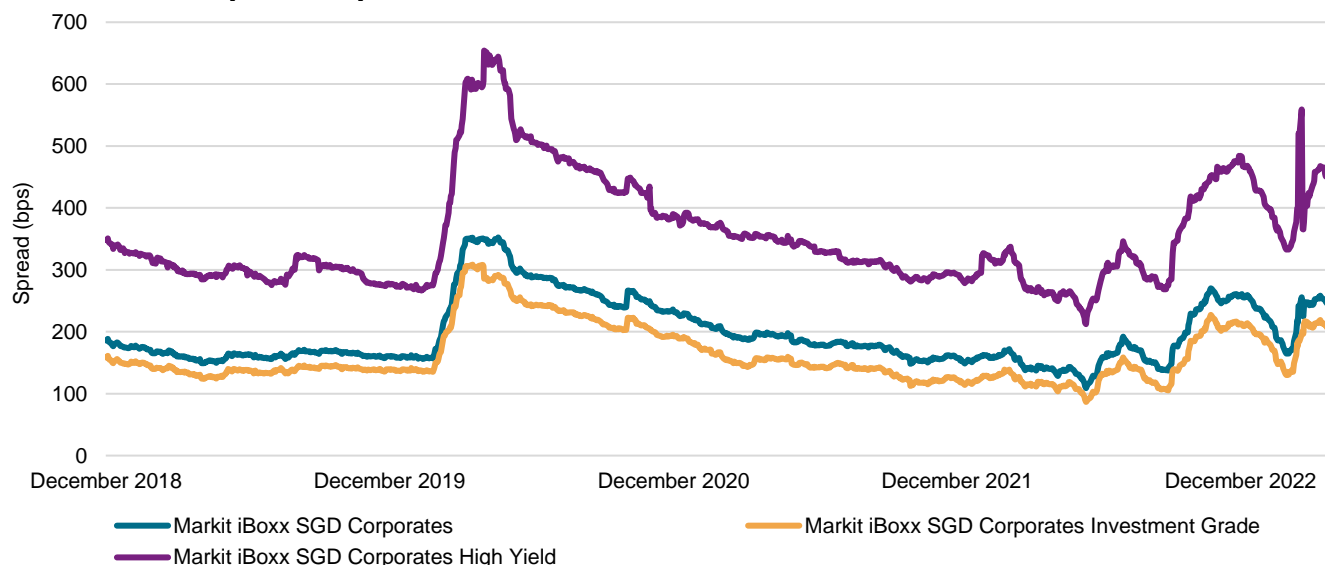
Market	Yield (%)	Duration (Years)	Returns (%)		
			Month-to-Date	YTD	Three-Year
Overall	3.09	7.01	1.46	2.26	-4.20
Government	2.62	8.02	1.62	2.40	-6.22
Statutory Boards	3.72	6.13	1.33	3.31	-6.83
Corporates	5.22	3.81	0.95	0.78	5.05
Financials	5.53	3.46	0.96	-0.04	5.24
Non-Financials	4.39	5.17	0.90	4.09	5.26

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. 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	1.56	0.49	1.03	1.07	1.42	3.19
iBoxx SGD AAA	1.59	0.34	0.79	1.05	1.46	3.27
iBoxx SGD AA	1.17	0.54	1.47	0.74	0.53	2.10
iBoxx SGD A	1.56	0.67	1.14	1.35	1.73	2.50
iBoxx SGD BBB	1.39	1.17	1.69	1.20	0.73	0.10
iBoxx SGD High Yield	-0.55	-	-	-	-	-

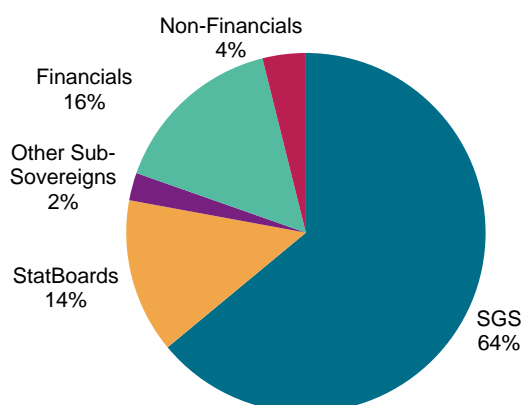
Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 14: Corporate Spreads

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Spread refers to semiannual spread to benchmark curve in basis points. The data shown is from Dec. 31, 2018, to April 30, 2023. Past performance is no guarantee of future results.

April Month-End Rebalance

Exhibit 15: Sector Breakdown, Duration and Rating Changes



Sector	Duration (Years)*	
	April 30, 2023	May 1, 2023
Overall	7.01	7.10
Government	8.02	8.12
Corporates	6.13	6.13
Statutory Boards	3.81	3.89
Financials	3.46	3.55
Non-Financials	5.17	5.30

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023 (and May 1, 2023, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes. *Semiannual modified duration. Implied rated bonds denoted by (^) are included in the index at 50% of their full market notional amounts.

This rebalance, SGD 600 million of new notional was inserted into the iBoxx SGD Overall via three bonds. All were new issuances from the Financials sector.

Concurrently, six bonds left the index, removing more than SGD 1.4 billion of notional, including a Societe Generale AT1 bond that fell below one year from its workout date.

Exhibit 16: iBoxx SGD Overall – Rating Changes

Issue	March 31, 2023	April 30, 2023
FPLSP 3% 2028-10-09	BB*	BBB*
FPLSP 4.15% 2027-02-23	BB*	BBB*
FPLSP 4.25% 2026-04-21	BB*	BBB*
FPLSP 4.49% 2027-09-16	BB*	BBB*
GUOLSP 3.29% 2026-10-26	BB*	BBB*
GUOLSP 3.4% 2025-08-10	BB*	BBB*
HPLSP 3.8% 2025-06-02	BB*	BBB*
HPLSP 4.2% 2027-03-30	BB*	BBB*
KITSP 3% 2026-12-01	BB*	BBB*
KITSP 4.11% 2027-05-05	BB*	BBB*
SIASP 3.035% 2025-04-11	BBB*	A*
SIASP 3.13% 2026-11-17	BBB*	A*
SIASP 3.13% 2027-08-23	BBB*	A*
SIASP 3.5% 2030-12-02	BBB*	A*

Source: IHS Markit, part of S&P Global. Data as of April 30, 2023. Table is provided for illustrative purposes. *Implied rated bonds.

Additionally, there were 14 bond rating changes in the index at the March month-end rebalance.

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