

iBoxx SGD Monthly Commentary

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July 2022 Performance

Singapore's central bank tightened monetary settings in July to combat further upside inflation risk. The off-cycle decision followed the release of economic data, which showed zero economic growth in Q2,¹ but prices picked up in a broad range of goods and services.

The Monetary Authority of Singapore (MAS) announced it would recenter the mid-point of the Singapore dollar nominal effective exchange rate (S\$NEER)² policy band to its prevailing level while keeping the slope and width of the band unchanged. The move set the path to a stronger local dollar in the medium term and may help to slow rising prices in the city.

Meanwhile, the central bank raised the full-year core inflation projection from an earlier forecast of 2.5%-3.5% to 3.0%-4.0% for the year.

Against this backdrop, stocks and bonds recorded strong performances in July. The Straits Times Index rallied 3.5%, while the iBoxx Singapore Dollar (SGD) Overall Index returned 1.45%—the first monthly gain in 2022.

¹ On a seasonally adjusted basis to the prior quarter.

² The MAS manages monetary policy by adjusting the exchange rate of the Singapore dollar against a trade-weighted basket of currencies from Singapore's major trading partners.

Exhibit 1: iBoxx SGD Rating and Maturity Month-to-Date Returns

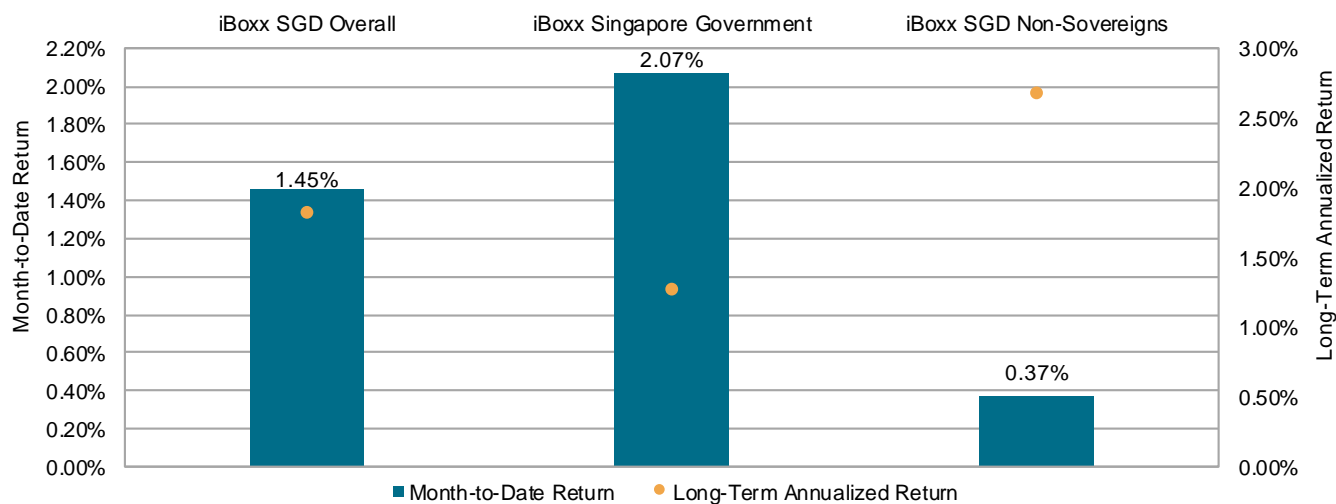
Index/Rating	Overall	1-3 Years	3-5 Years	5-7 Years	7-10 Years	10+ Years
iBoxx SGD Investment Grade	1.57%	0.19%	0.75%	1.09%	1.83%	3.83%
iBoxx SGD AAA	1.90%	0.25%	1.06%	1.60%	2.30%	4.00%
iBoxx SGD AA	1.65%	-0.01%	0.31%	1.16%	2.53%	3.04%
iBoxx SGD A	0.73%	-0.08%	-0.17%	1.32%	-1.52%	2.37%
iBoxx SGD BBB	-0.29%	0.01%	-0.31%	-0.55%	-1.14%	2.41%
iBoxx SGD High Yield	-1.06%	-	-	-	-	-

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

The investment grade subindex outperformed the high yield subindex by 263 bps this month. Returns from the 10+ year maturity buckets exceeded the returns from the short- and medium-end, and the AAA and AA segments of the overall index outshone other rating buckets.

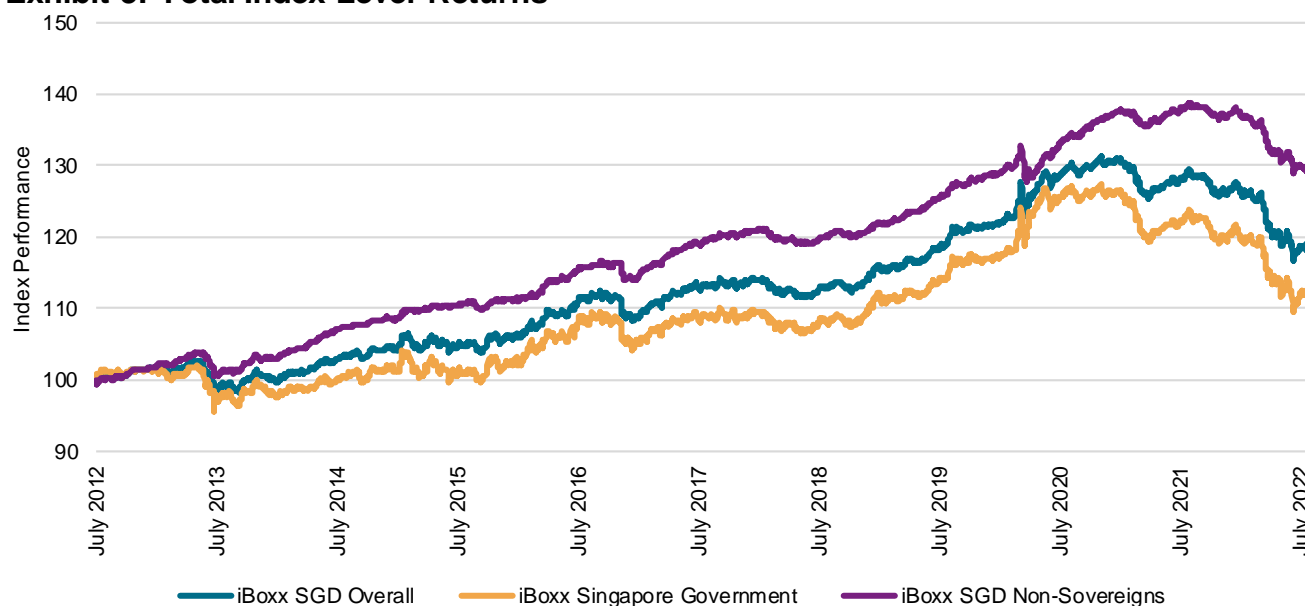
The sovereign and non-sovereign subindices recorded gains this month. The top performers included long-dated Singapore government bonds and one small corporate bond from the REIT sector. The standout worst-performing bond was the BB rated MAGIC 3.5% Perp bond, which lost 6.10% in July.

The overall index ended the month with a yield of 3.05% and a duration of 6.54 years.

Exhibit 2: Recent and Long-Term Index Performance

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Index performance based on total return in SGD. Long-term annualized return is based on index performance from June 30, 2012, to July 31, 2022. The iBoxx SGD Indices were launched June 25, 2013. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 3: Total Index Level Returns



Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Index performance based on total return in SGD. iBoxx Singapore Government level is rebased to 100 on June 30, 2012, to match the other two indices' levels. The iBoxx SGD Indices were launched June 25, 2013. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Exhibit 4: Best and Worst Bond Performers in the Index

Top Performers	Yield	Return (%)	Worst Performers	Yield	Return (%)
SIGB 2.75% 2042-04-01	2.83	4.95	MAGIC 3.5% Perp	7.44	-6.10
SIGB 2.375% 2039-07-01	2.79	4.85	AIA 2.9% Perp	5.72	-5.89
SIGB 2.75% 2046-03-01	2.89	4.84	CS 5.625% Perp	11.43	-4.44
OUECT 3.95% 2026-06-02	4.35	4.61	STSP 3.3% Perp	4.60	-4.26
SIGB 2.25% 2036-08-01	2.73	4.45	OLAMSP 4% 2026-02-24	6.09	-3.98

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 5: Key Index Analytics

iBoxx SGD Overall							
Category	July 2022	June 2022	Dec. 2021	July 2019	Δ MTD	Δ YTD	Δ 3-Year
Index Level	119.77	118.05	126.77	119.13	1.45	-5.52	0.54
Market Value (SGD Billions)	212	205	221	189	7.04	-8.86	22.80
Yield (%)	3.05	3.23	2.04	2.32	-0.18	1.01	0.73
Duration (Years)	6.54	6.57	7.18	5.98	-0.03	-0.64	0.56
Nominal (SGD Billions)	217	212	210	181	4.46	6.59	35.85
Number of Bonds	247	245	251	247	-	-	-
iBoxx SGD Government							
Category	July 2022	June 2022	Dec. 2021	July 2019	Δ MTD	Δ YTD	Δ 3-Year
Index Level	147.23	144.25	156.18	148.46	2.07	-5.73	-0.83
Market Value (SGD Billions)	136	132	142	118	4.52	-5.96	18.60
Yield (%)	2.73	2.99	1.81	2.05	-0.25	0.92	0.68
Duration (Years)	7.17	7.18	7.77	6.58	-0.01	-0.60	0.59
Nominal (SGD Billions)	138	136	134	112	2.10	4.00	26.70
Number of Bonds	19	19	20	20	-	-	-
iBoxx SGD Non-Sovereigns							
Category	July 2022	June 2022	Dec. 2021	July 2019	Δ MTD	Δ YTD	Δ 3-Year
Index Level	130.34	129.87	137.47	126.16	0.37	-5.18	3.31
Market Value (SGD Billions)	76	73	79	72	2.51	-2.90	4.20
Yield (%)	3.79	3.79	2.55	2.88	0.00	1.24	0.90
Duration (Years)	5.41	5.47	6.12	5.01	-0.05	-0.71	0.40
Nominal (SGD Billions)	79	76	76	69	2.36	2.59	9.15
Number of Bonds	228	226	231	227	-	-	-

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Index performance based on total return in SGD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

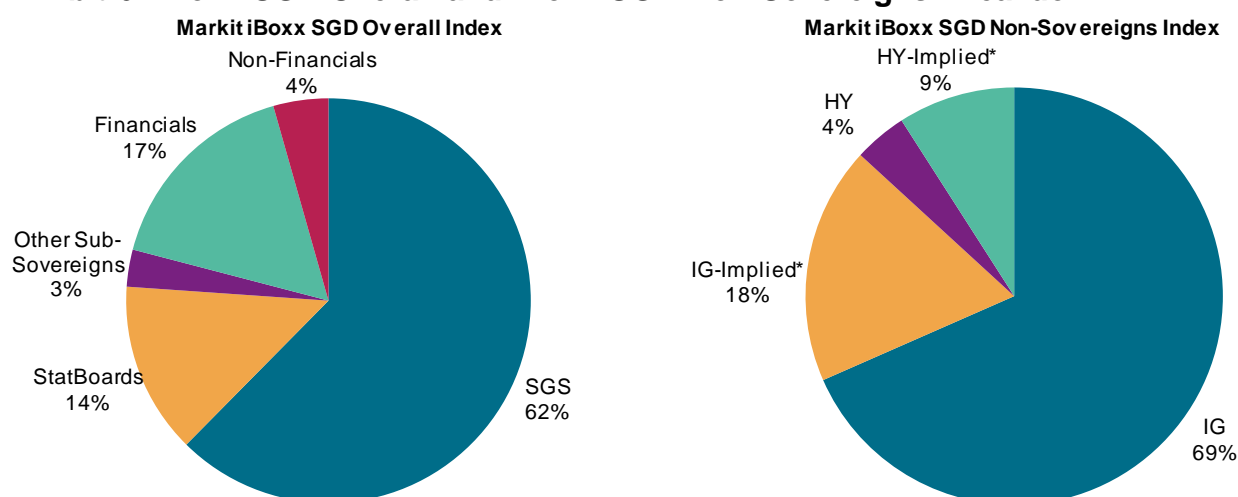
August 2022 Rebalance

This rebalance, close to SGD 3.23 billion of new notional was inserted into the iBoxx SGD Overall Index via eight bonds.

Concurrently, two bonds left the index, removing about SGD 9.50 billion of notional. All departing bonds left the index due to their expected remaining lives falling below one year.

Additionally, there were six bond rating changes in the index this month, all based on the iBoxx implied credit rating methodology.

Exhibit 6: iBoxx SGD Overall and iBoxx SGD Non-Sovereigns Breakdown



Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Implied rated bonds denoted by (*) are included in the index at 50% of their full market notional amounts. Charts are provided for illustrative purposes.

Exhibit 7a: iBoxx SGD Overall – Insertions

Issue	Rating	Notional (SGD Millions)
HDBSP 2.94% 2027-07-13	AAA	1,100
ABNANV 5.5% 2032-10-05	BBB	750
UOBSP 4.25% Perp	BBB	400
BNP 5.25% 2032-07-12	BBB	300
BACR 8.3% Perp	BB*	225
SOCGEN 8.25% Perp	BB	200
SMUSP 2.85% 2027-06-23	AAA	150
STHSP 3.95% Perp	A*	100

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Implied rated bonds denoted by (*) are included in the index at 50% of their full market notional amounts. Table is provided for illustrative purposes.

Exhibit 7b: iBoxx SGD Overall – Deletions

Issue	Rating	Notional (SGD Millions)
SIGB 2.75% 2023-07-01	AAA	8,800
HDBSP 2.42% 2023-07-24	AAA	700

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Implied rated bonds denoted by (*) are included in the index at 50% of their full market notional amounts. Table is provided for illustrative purposes.

Exhibit 7c: iBoxx SGD Overall – Rating Changes

Issue	June 2022	July 2022
KREITS 2.07% 2028-09-24	BBB*	A*
NEASP 1.67% 2031-09-15	AA*	A*
NEASP 2.5% 2051-09-15	AA*	A*
SLHSP 3.5% 2030-01-29	BBB*	BB*
SLHSP 4.1% 2027-06-10	BBB*	BB*
SLHSP 4.5% 2025-11-12	BBB*	BB*

Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Implied rated bonds denoted by (*) are included in the index at 50% of their full market notional amounts. Table is provided for illustrative purposes.

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The iBoxx SGD Indices were launched June 25, 2013. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Complete index methodology details are available at www.spglobal.com/spdji. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

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