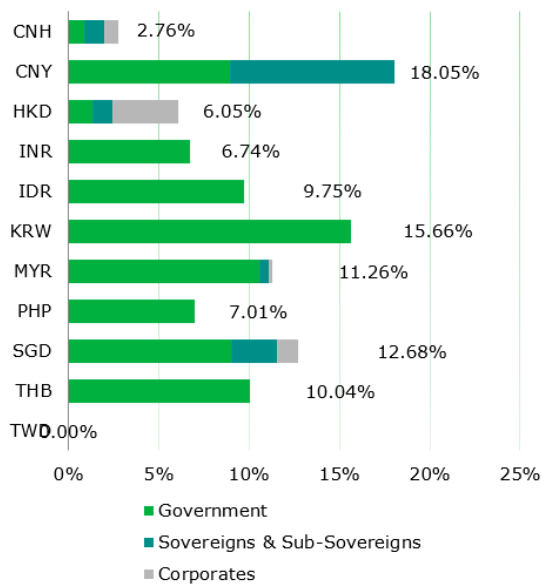


## iBoxx ALBI Monthly Commentary

### January 2021 Rebalance

#### Jan 2021 ALBI Breakdown



#### iBoxx ALBI Duration Changes

	31-Dec-20	1-Jan-21
Overall	6.97	7.06
China Offshore	3.26	3.34
China Onshore	5.65	5.69
Hong Kong	4.94	4.96
India	6.85	6.89
Indonesia	6.20	6.22
South Korea	8.93	9.15
Malaysia	6.93	7.02
Philippines	5.68	5.66
Singapore	7.98	8.00
Thailand	9.07	9.34
Taiwan	9.42	9.45

\*Semi-Annual Modified Duration

The latest rebalance saw 19 bonds entering and 17 bonds leaving the overall index. For a detailed breakdown of insertions and deletions, please refer to the Appendix.

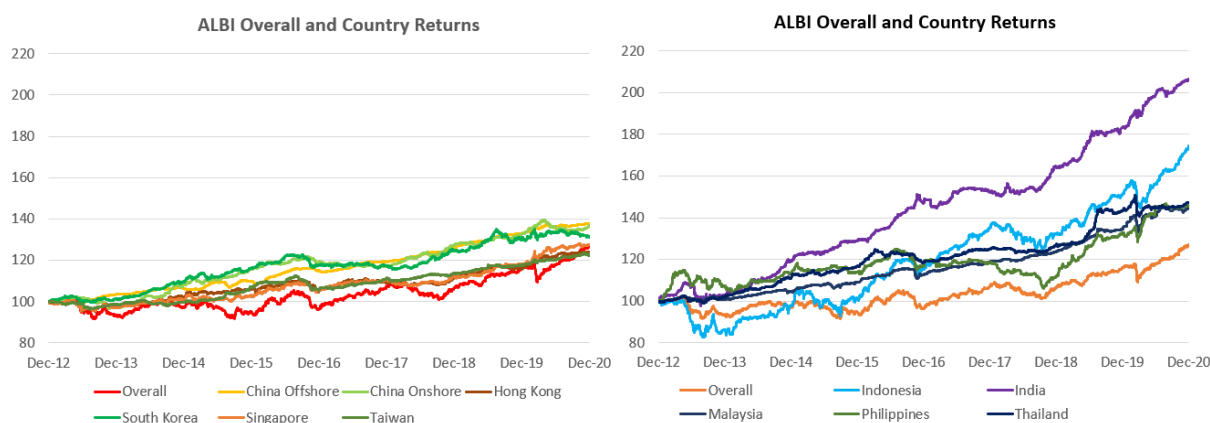
The individual market weights of iBoxx ALBI are reflected in the chart above and the next scheduled change will be on 28<sup>th</sup> February 2021 (the March rebalance).

Post rebalance, the index duration has extended by 0.09 to 7.06 years.

All markets saw their duration increase this month, except for the Philippines which shortened by 0.02 years. The largest change was observed for Thailand (+0.27 years) as a large THB 211 bn Thai Government Bond left the index as it approached its last year to maturity. After the rebalance, Thailand overtook South Korea to have the longest duration at 9.34 years<sup>1</sup> while China Offshore remained the least sensitive to interest rates with a duration of 3.34 years.

<sup>1</sup> Taiwan is not mentioned as it has 0% weight in the index

## December 2020 EOM Commentary



^Total Return Index Levels. Data as of 31 December 2020

2020 has been an unprecedented year and will go down as one of the most eventful years in history. Stock markets plunged in the early months of 2020 as Covid-19 struck but rebounded swiftly to reach new heights, with economies restarting after lockdowns in most parts of the world. Central bank rates were also cut across the board to spur ailing economies which brought about low yields in global fixed income assets. As a result, some investors have begun to look into the credit space as well as emerging markets for yield pick-up.

On this note, the overall ALBI index, which features several emerging markets, ended 2020 with a year-on-year gain of 9.55%. All markets covered in the index recorded gains for the year, with Indonesia (+15.10%) and India (+12.61%) leading the pack. South Korea was the most muted market, returning 1.01% in the same timeframe.

In December, gains were observed across the yield curve except for the 3-5 years segment of China Offshore and the 7+ years segment of South Korea. The best performing segment was the 10+ maturity bucket (+2.32%), led by Indonesia (+3.97%) and Malaysia (+3.05%). From the FX perspective, apart from HKD, all other local currencies appreciated against the US Dollar.

The overall index yield dropped 3 bps to 2.78% as we ended the year, dragged down by Indonesia (-26 bps) and Malaysia (-15 bps). Notably, the yield of Indonesia fell for the third straight month. Despite the decline, Indonesia remains the highest yielding bond market in the index offering 6.11%. Singapore is the lowest<sup>2</sup> at 1.23%.

<sup>2</sup> Taiwan is not mentioned as it has 0% weight in the index

**iBoxx ALBI Overall and Single Market Returns**

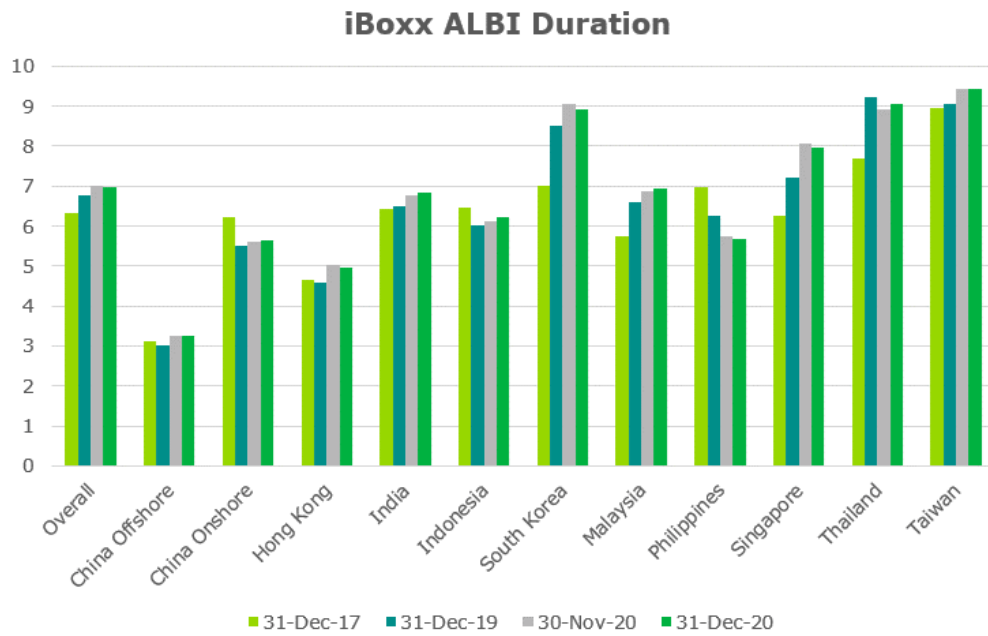
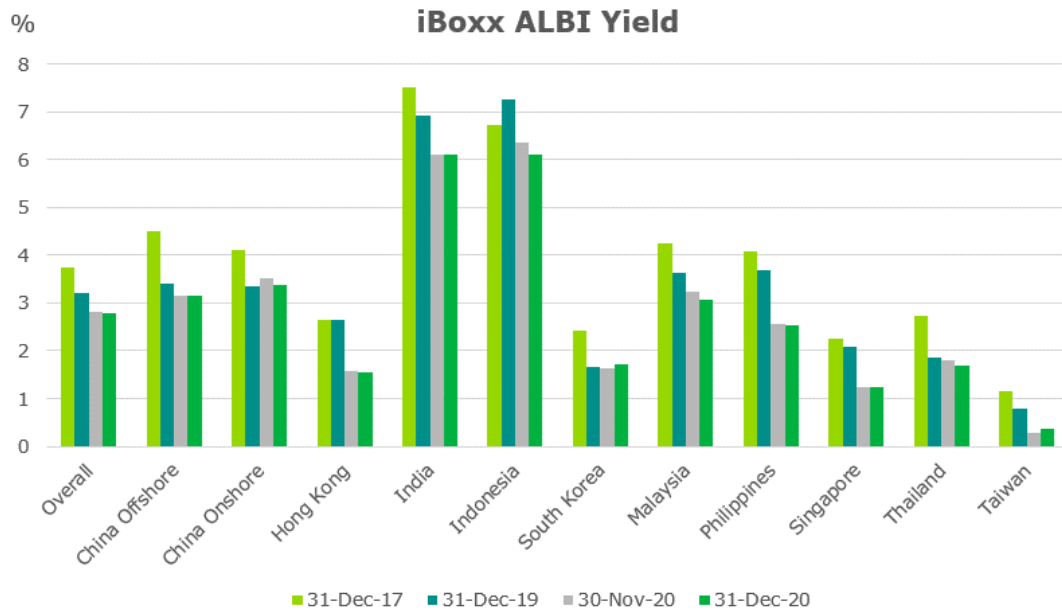
	Dec 20	MTD	YTD	3Y
Overall	127.32	1.76%	9.55%	18.84%
China Offshore	137.69	0.19%	3.57%	15.52%
China Onshore	136.71	1.05%	2.92%	16.67%
Hong Kong	124.25	0.25%	7.33%	13.35%
India	206.34	0.61%	12.61%	35.46%
Indonesia	174.29	2.21%	15.10%	28.78%
South Korea	131.29	-0.50%	1.01%	11.72%
Malaysia	144.65	1.46%	7.35%	21.78%
Philippines	146.08	0.41%	10.17%	23.51%
Singapore	127.50	0.17%	7.86%	15.66%
Thailand	147.32	1.15%	2.87%	17.83%
Taiwan	122.39	-0.91%	4.36%	10.16%

**iBoxx ALBI Returns Attribution - Dec 2020**

	FX Return	Accrual Return	Capital Return
Overall	1.05%	0.30%	0.40%
China Offshore	1.12%	0.28%	-0.09%
China Onshore	0.79%	0.29%	0.76%
Hong Kong	-0.01%	0.20%	0.05%
India	1.38%	0.56%	0.05%
Indonesia	0.50%	0.60%	1.62%
Malaysia	1.32%	0.32%	1.14%
Philippines	0.12%	0.30%	0.10%
Singapore	1.23%	0.20%	-0.04%
South Korea	1.86%	0.18%	-0.68%
Taiwan	1.44%	0.12%	-1.02%
Thailand	1.15%	0.22%	0.94%

**iBoxx ALBI Countries Heatmap - Dec 2020**

	1-3	3-5	5-7	7-10	10+
Overall (USD)	1.31%	1.47%	1.72%	1.75%	2.32%
Overall (Local Currency)	0.29%	0.51%	0.72%	0.71%	1.14%
China Offshore	0.25%	-0.02%	0.25%	0.60%	0.52%
China Onshore	0.75%	0.86%	0.90%	0.92%	2.47%
Hong Kong	0.13%	0.29%	0.39%	0.20%	0.41%
India	0.37%	0.49%	0.77%	0.58%	0.66%
Indonesia	0.35%	0.45%	1.37%	1.64%	3.97%
Malaysia	0.14%	0.48%	0.96%	1.18%	3.05%
Philippines	0.28%	0.86%	0.56%	0.64%	0.04%
Singapore	0.01%	0.29%	0.20%	0.28%	0.14%
South Korea	0.06%	0.20%	0.04%	-0.25%	-1.33%
Taiwan	-0.06%	-0.06%	-0.28%	-0.51%	-1.77%
Thailand	0.31%	0.72%	1.34%	1.36%	1.66%



## Appendix

### iBoxx ALBI Overall – January 2021 Insertions

Issue	Ccy	Rating	Notional (MM)
CADES 2.6% 2023-11-27	CNH	AA	700
QNBK 3.82% 2025-2-6	CNH	A	1,155
VW 3.4% 2023-12-8	CNH	BBB	1,000
CGB 2.93% 2022-12-10	CNY	A	125,160
CGB 3.28% 2027-12-3	CNY	A	68,010
ASIA 0.15% 2022-12-16	HKD	AAA	300
ASIA 0.17% 2022-12-8	HKD	AAA	300
HKCGAS 0.88% 2023-12-7	HKD	A	710
IBRD 0.13% 2022-12-8	HKD	AAA	300
SDBC 0.7% 2022-12-9	HKD	A	800
IGB 3.96% 2022-11-9	INR	BBB	84,000
IGB 5.85% 2030-12-1	INR	BBB	170,000
KORMSB 0.89% 2022-12-2	KRW	AA	4,200,000
KTB 1.625% 2070-9-10	KRW	AA	1,114,000
HDBSP 1.3% 2035-12-3	SGD	AAA	600
SIASP 3.5% 2030-12-2	SGD	BBB*	500
THAIGB 2% 2042-6-17	THB	A	28,000
TGB 0.125% 2025-12-8	TWD	AA	35,000
TGB 0.375% 2040-12-29	TWD	AA	35,000

### iBoxx ALBI Overall – January 2021 Deletions

Issue	Ccy	Rating	Notional (MM)
CGB 3.55% 2021-12-12	CNH	A	3,000
HZHCOM 5.9% 2021-12-10	CNH	BBB	500
TONICI 4.6% 2021-12-18	CNH	A*	1,900
EXIMCH 2.9% 2021-12-23	CNY	A	27,000
EXIMCH 3.3% 2021-12-5	CNY	A	46,000
SDBC 3.43% 2021-12-8	CNY	A	76,500
ANVAU 3.23% 2021-12-13	HKD	A	400
BEIJHK 3.85% 2021-12-18	HKD	A	500
HKGB 1.19% 2021-12-6	HKD	AA	800
HKLSP 4.28% 2021-12-20	HKD	A	500
ICBCAS 3.25% 2021-12-11	HKD	A	500
TOYOTA 2.04% 2021-12-9	HKD	A	351
TOYOTA 3.02% 2021-12-20	HKD	A	340
KORMSB 1.4% 2021-12-2	KRW	AA	10,100,000
KTB 2% 2021-12-10	KRW	AA	9,943,000
MGS 3.62% 2021-11-30	MYR	A	10,000
THAIGB 3.65% 2021-12-17	THB	A	210,663

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