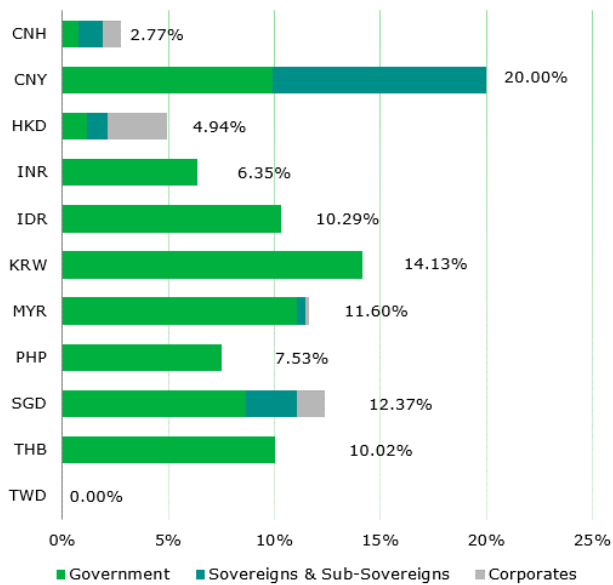


iBoxx ALBI Monthly Commentary

January 2022 Rebalance

Market Breakdown



iBoxx ALBI Duration Changes

	31-Dec-21	3-Jan-22
Overall (USD)	6.78	6.86
China Offshore	2.95	2.95
China Onshore	5.78	5.84
Hong Kong	4.52	4.54
India	6.80	6.88
Indonesia	6.15	6.14
South Korea	8.98	9.17
Malaysia	6.93	6.93
Philippines	5.02	5.19
Singapore	7.74	7.72
Thailand	8.51	8.71
Taiwan	9.08	9.20

*Semi-Annual Modified Duration

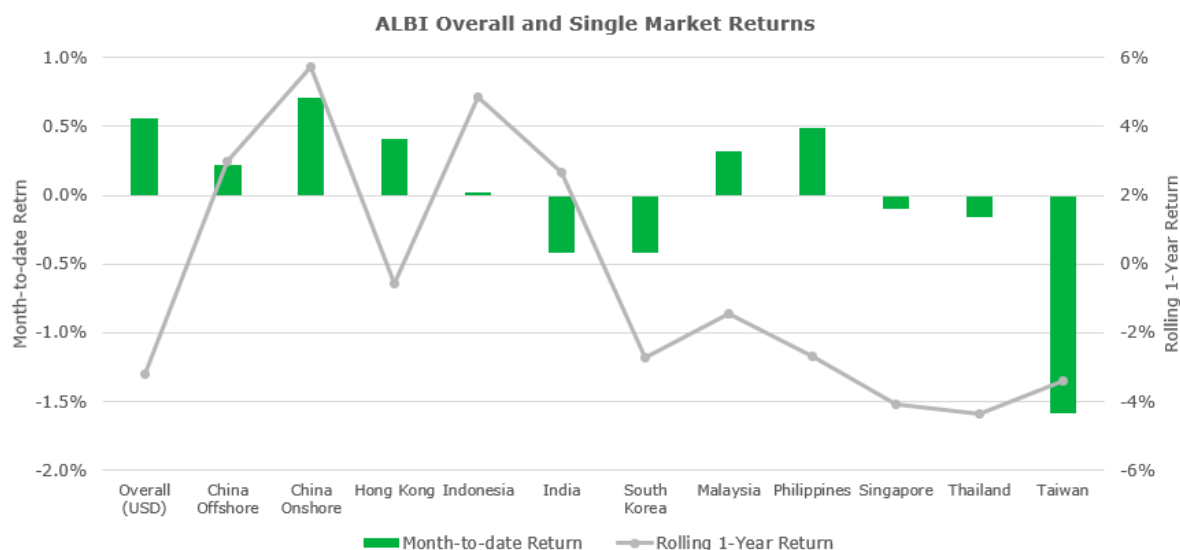
The latest rebalance saw 16 bonds entering and 22 bonds leaving the overall index. Please refer to the Appendix for a detailed breakdown of insertions and deletions.

As announced in the [2021 Asian Annual Index Review results](#), an annual weight change has been applied on the individual markets in the index on 30 November 2021. The latest weights are updated in the above chart.

The index duration lengthened by 0.08 to 6.86 years after the recent rebalance. All markets except Singapore (-0.02 years) and Indonesia (-0.01 years) saw their duration increase this month, with the largest increase coming from Thailand (+0.20 years). Effectively¹, South Korea currently has the longest duration (9.17 years) while China Offshore remains the least sensitive market to interest rates with a duration of 2.95 years.

¹ Taiwan has 0% weight in the index

December 2021 Commentary



Data as of 31 December 2021

2021 was another year of twists and turns as we marked the end of the second year of the Covid-19 pandemic. We witnessed the emergence of the Delta variant (followed now by Omicron), chaotic upswings and crashes of cryptocurrencies, inflationary pressures with world economies rebounding (as we increasingly learned to live with Covid), as well as the unfolding of the real estate crisis in China in the later stages of the year.

Equity markets rallied – the EMIX All World index returned 18.18% year-on-year as of 31 Dec 2021 – as the bulls took centre stage. To combat inflation amidst buoyant market sentiments, the Federal Reserve and central banks around the world began to draw up countermeasure plans, including expectations of rate hikes in 2022. The iBoxx TIPS Inflation-Linked Index ended the year with nominal returns of 5.91%, while the iBoxx US Treasuries index returned -2.47%.

In Asian fixed income, the iBoxx Asian Local Bond Index (unhedged in USD) ended the year on a positive note as it returned 0.55% over December, even though it recorded a loss of -3.18% for the full year. China Onshore and Indonesia were the standout performers for 2021 as they returned 5.72% and 4.83% year-on-year, respectively. Thailand (-4.35%) and Singapore (-4.06%), were the worst performers.

In local currency terms for December, both China Onshore and China Offshore saw gains across the yield curve. The highest gains, however, were seen in the 10+ maturity segments of Hong Kong (1.27%) and the Philippines (1.19%). India was the only market that saw declines across maturities, while the see-saw continues for South Korea 10+: the poorest segment for October, the best for November, and then the worst again for December (-1.28%)².

Through December, the overall index yield increased by 4 bps and closed the year at 3.29%. Over the course of 2021, the overall index yield gained 51 bps. The largest year-on-year uptick was observed in the Philippines (+102 bps) while the biggest fall was seen in China Onshore (-39 bps). Notably, only China Onshore and China Offshore saw yield declines in 2021. India remains the highest yielding bond market in the index offering 6.67%, while Hong Kong ended the year (1.98%) as the lowest yielding market² in the index.

² Taiwan has 0% weight in the index

iBoxx ALBI Overall and Single Market Returns

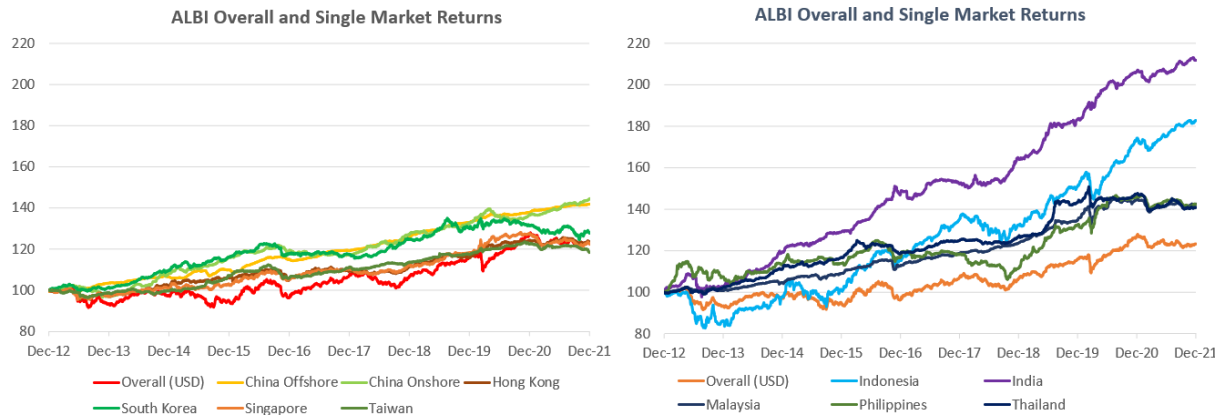
	Dec 21	MTD	YTD	3Y
Overall	123.26	0.55%	-3.18%	15.59%
China Offshore	141.87	0.22%	3.03%	12.96%
China Onshore	144.54	0.71%	5.72%	13.80%
Hong Kong	123.54	0.41%	-0.57%	10.75%
India	211.84	-0.42%	2.67%	28.77%
Indonesia	182.70	0.02%	4.83%	37.95%
South Korea	127.69	-0.42%	-2.74%	2.37%
Malaysia	142.53	0.32%	-1.46%	15.22%
Philippines	142.17	0.49%	-2.68%	27.39%
Singapore	122.32	-0.10%	-4.06%	8.64%
Taiwan	118.25	-1.59%	-3.38%	4.27%
Thailand	140.91	-0.16%	-4.35%	11.35%

iBoxx ALBI Returns Attribution - Dec 2021

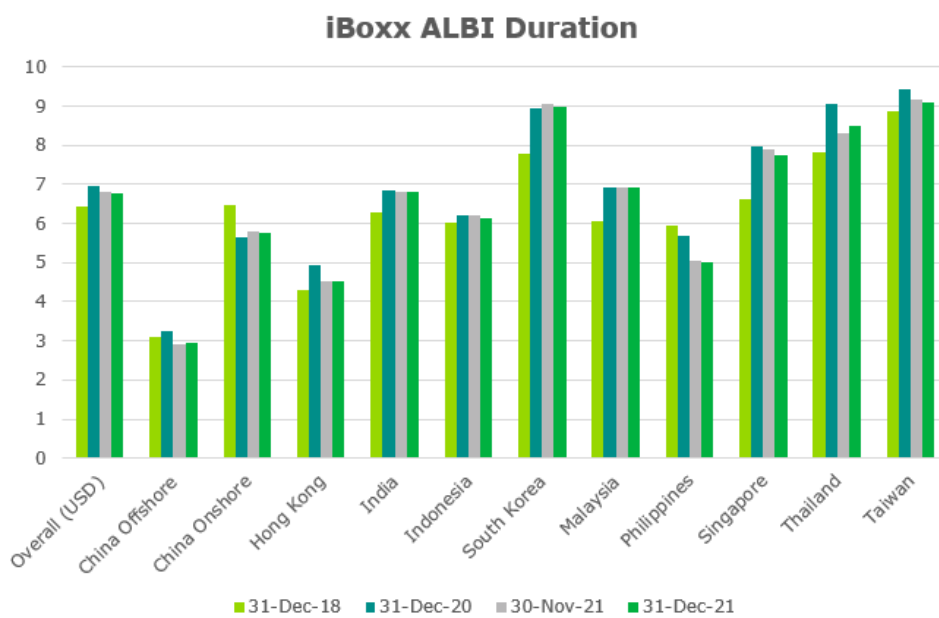
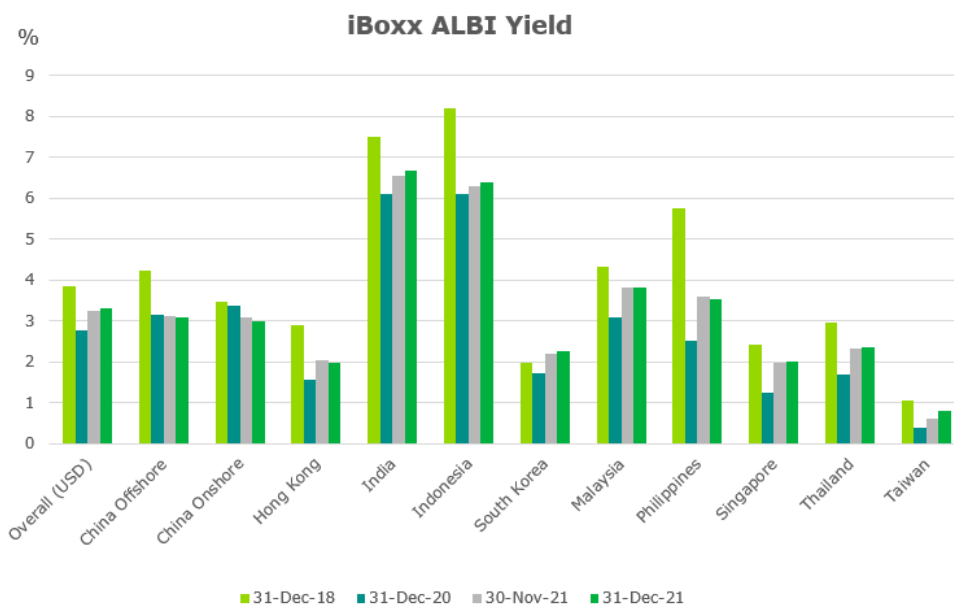
	FX Return	Accrual Return	Capital Return
Overall (USD)	0.42%	0.30%	-0.17%
China Offshore	0.02%	0.27%	-0.04%
China Onshore	-0.05%	0.28%	0.43%
Hong Kong	0.05%	0.18%	0.23%
India	1.18%	0.56%	-0.98%
Indonesia	0.49%	0.58%	-0.56%
Malaysia	1.16%	0.33%	-0.01%
Philippines	-1.19%	0.30%	0.19%
Singapore	1.37%	0.20%	-0.30%
South Korea	-0.07%	0.18%	-0.60%
Taiwan	0.50%	0.11%	-1.70%
Thailand	1.02%	0.21%	-0.37%

iBoxx ALBI Countries Heatmap - Dec 2021

	1-3	3-5	5-7	7-10	10+
Overall (USD)	0.49%	0.64%	0.68%	0.61%	0.48%
Overall (Local Currency)	0.19%	0.27%	0.24%	0.16%	-0.18%
China Offshore	0.23%	0.20%	0.24%	0.41%	0.17%
China Onshore	0.39%	0.72%	0.91%	0.87%	0.87%
Hong Kong	-0.02%	0.29%	0.66%	0.96%	1.27%
India	-0.01%	-0.41%	-0.61%	-0.31%	-0.54%
Indonesia	0.29%	0.23%	0.14%	-0.24%	-0.02%
Malaysia	0.02%	-0.05%	0.30%	0.01%	0.79%
Philippines	0.44%	0.54%	-0.35%	0.29%	1.19%
Singapore	0.02%	0.09%	0.01%	0.17%	-0.49%
South Korea	0.21%	0.24%	0.08%	-0.21%	-1.28%
Taiwan	-0.24%	-0.55%	-0.86%	-1.19%	-2.89%
Thailand	0.11%	-0.02%	-0.44%	-0.31%	-0.24%



Total Return Index Levels. Data as of 31 December 2021



Semi-annual yield and semi-annual duration. Data as of 30 November 2021.

Appendix

iBoxx ALBI Overall – January 2022 Insertions

Issue	Ccy	Rating	Notional (MM)
BOCOM 3.15% 2024-12-13	CNH	A	1,000
WZLCSO 4.1% 2024-12-16	CNH	BBB*	972
TLPUBL 9.1% 2024-12-6	CNH	BB*	930
IFC 2.75% 2023-6-15	CNH	AAA	633
BOCOM 0% 2023-11-24	CNH	A	500
SDBC 2.19% 2024-12-14	CNY	A	15,000
BOCOM 0.95% 2023-12-13	HKD	A	1,200
MIZUHO 1.5% 2024-12-16	HKD	A	1,100
SDBC 1.5% 2026-12-16	HKD	A	770
BEIJHK 1.6% 2024-12-21	HKD	A	500
ASIA 0.6% 2023-12-14	HKD	AAA	300
WHEELK 2% 2026-12-15	HKD	A	300
ASIA 0.58% 2023-12-13	HKD	AAA	300
IGB 4.56% 2023-11-29	INR	BBB	60,000
RPGB 3.7% 2027-6-2	PHP	BBB	360,025
TGB 1.125% 2051-12-23	TWD	AA	30,000

iBoxx ALBI Overall – January 2022 Deletions

Issue	Ccy	Rating	Notional (MM)
CGB 4.1% 2022-12-4	CNH	A	2,200
KFW 2.7% 2024-3-25	CNH	AAA	500
CGB 2.93% 2022-12-10	CNY	A	346,920
CGB 3.55% 2022-12-13	CNY	A	29,010
SDBC 0.7% 2022-12-9	HKD	A	800
HKGB 0.55% 2022-12-5	HKD	AA	795
LINREI 2.8% 2022-12-27	HKD	A	700
NACN 2.475% 2022-12-5	HKD	A	688
NAB 2.38% 2022-11-30	HKD	AA	503
SUNHUN 3.25% 2022-12-3	HKD	A	450
BOCOM 0.8% 2022-11-30	HKD	A	450
WSTP 2.5% 2022-12-14	HKD	AA	300
ASIA 0.17% 2022-12-8	HKD	AAA	300
ASIA 0.15% 2022-12-16	HKD	AAA	300
IBRD 0.13% 2022-12-8	HKD	AAA	300
IGB 6.84% 2022-12-19	INR	BBB	859,768
KTB 1.25% 2022-12-10	KRW	AA	13,507,000
KORMSB 0.89% 2022-12-2	KRW	AA	11,100,000
MAHBMK 4.68% 2022-12-16	MYR	AAA	1,500
RPGB 3.7% 2022-12-4	PHP	BBB	255,359
RPGB 3.2% 2022-12-6	PHP	BBB	56,941
THAIGB 2% 2022-12-17	THB	A	169,890

*Implied Rating

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