

iBoxx EUR Index Monthly Commentary

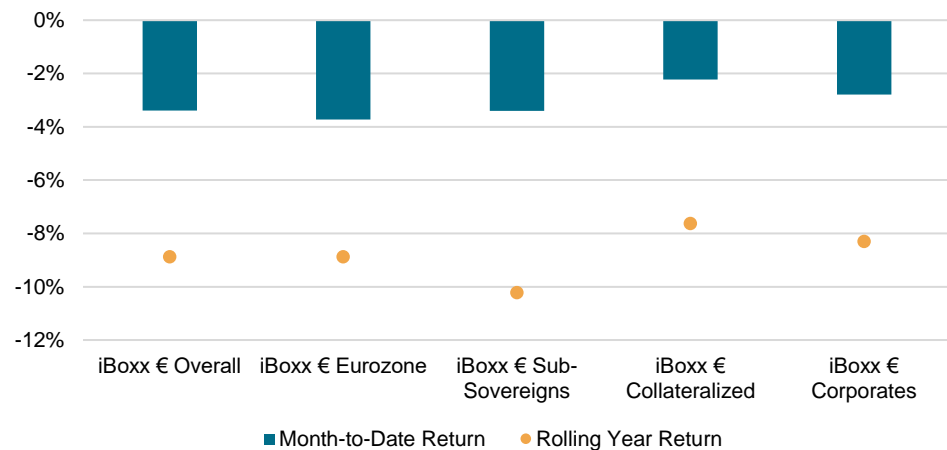
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April 2022 Commentary

In line with other markets globally, the yields of iBoxx EUR Overall Index rose by about 50 bps across the whole curve in April. By the end of April, the average yield of the iBoxx EUR Corporates Index had risen to a level last seen in 2014. The rise in yields also led to a corresponding shortening of duration—the duration of the iBoxx EUR Eurozone Index dipped below eight years for the first time since 2018.

Exhibit 1: Monthly Performance – April 2022



Source: IHS Markit, part of S&P Global

The upward shift in the yield curve led the iBoxx EUR Overall Index to another month of heavy declines. Losses extended across all maturity bands; long-dated bonds with a maturity of more than 10 years were hit especially hard, showing declines of more than 7% on average.

The longer average duration of sovereign debt saw the iBoxx EUR Eurozone Index down 3.79% month-over-month, compared with a loss of 2.79% for the iBoxx EUR Corporates Index.

Losses were observed across all rating categories and corporate sectors. This is in a contrast to equity indices, where Energy stocks showed positive performance in April. On the bond side, Utilities and Oil & Gas, the iBoxx sectors with the largest exposure to Energy were in the bottom half in terms of performance in April.

In other market news, European Central Bank’s President Christine Lagarde said in late April that the bank’s bond buying program would slow down toward early third quarter, with the eurozone interest rates increase also likely toward July.

Exhibit 2: iBoxx EUR Month-to-Date Returns by Sector and by Country

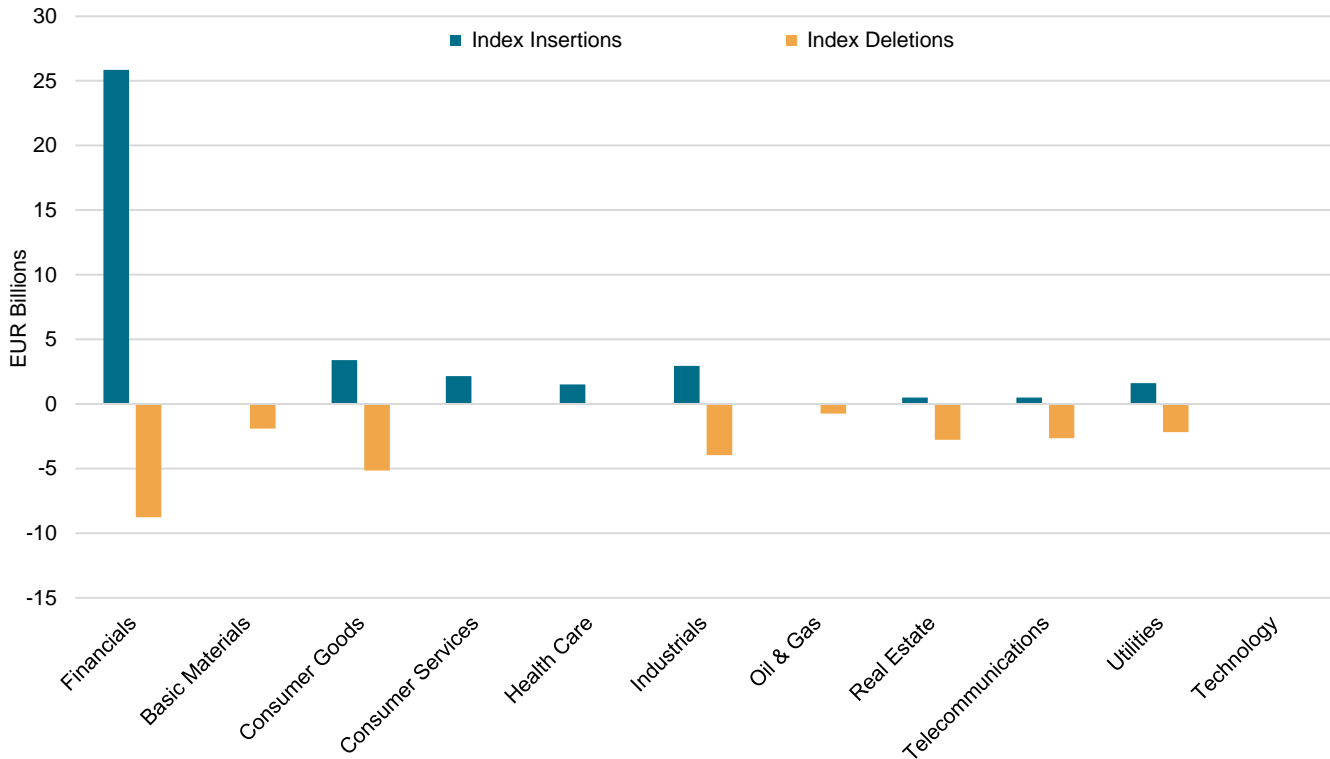


Source: IHS makrit, part of S&P Global. Data as of April 30, 2022. Charts are provided for illustrative purposes.

May 2022 Month-End Rebalance

The iBoxx EUR Overall Index saw a net decrease in notional outstanding of about EUR 10 billion in April. While more bonds entered the index than were being removed (79 new entrants versus 71 exclusions), the removal of several larger sovereign issues whose remaining time to maturity had dropped below one year led to the overall decrease in index notional. Within the Corporates sector, new financial issuances dominated.

Exhibit 3: iBoxx EUR Corporates Insertions and Deletions by Sector in EUR Billions



Source: S&P Global. Data based on market value on last trading day of the month as of April 30, 2022. Chart is provided for illustrative purposes.

Key Index Analytics

Exhibit 4: Key Index Analytics By Rating and Maturity

Index/Rating	Number of Bonds	Index (TR)	Market Value (in Billions)	Yield	Δ Yield	Duration	Δ Duration
iBoxx EUR Overall	5,597	225.39	12,535.5	1.7%	0.5%	7.17	-0.21
iBoxx EUR AAA	1,452	200.09	2,394.9	2.0%	0.5%	6.59	-0.20
iBoxx EUR AA	924	206.45	3,838.4	1.5%	0.4%	8.47	-0.24
iBoxx EUR A	1,452	200.09	2,394.9	2.0%	0.5%	6.59	-0.20
iBoxx EUR BBB	2,098	282.18	3,276.1	2.6%	0.6%	6.16	-0.21
iBoxx EUR High Yield Liquid Index	880	357.82	475.0	5.5%	0.9%	3.80	0.06

Maturity	Number of Bonds	Index (TR)	Market Value (in Billions)	Yield	Δ Yield	Duration	Δ Duration
1-3	1,401	173.66	2,773.1	0.8%	0.4%	1.95	0.00
3-5	1,377	206.34	2,589.1	1.4%	0.5%	3.88	0.01
5+	2,819	267.70	7,173.2	1.9%	0.5%	10.49	-0.22
5-7	1,054	236.20	2,004.5	1.6%	0.5%	5.67	-0.02
7-10	953	257.94	2,064.8	1.8%	0.5%	8.00	0.00
10+	812	313.51	3,103.9	2.0%	0.5%	15.52	-0.36
15+	356	328.59	1,850.5	2.0%	0.5%	18.89	-0.36

Source: S&P Dow Jones Indices LLC. Data as of April 30, 2022. Index performance based on total return in EUR based to 100 on Dec. 31, 1997. Yield reflects annual yield. Duration is weighted average duration to maturity of all constituents in the specific index, in years. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 5: Month-to-Date Performance

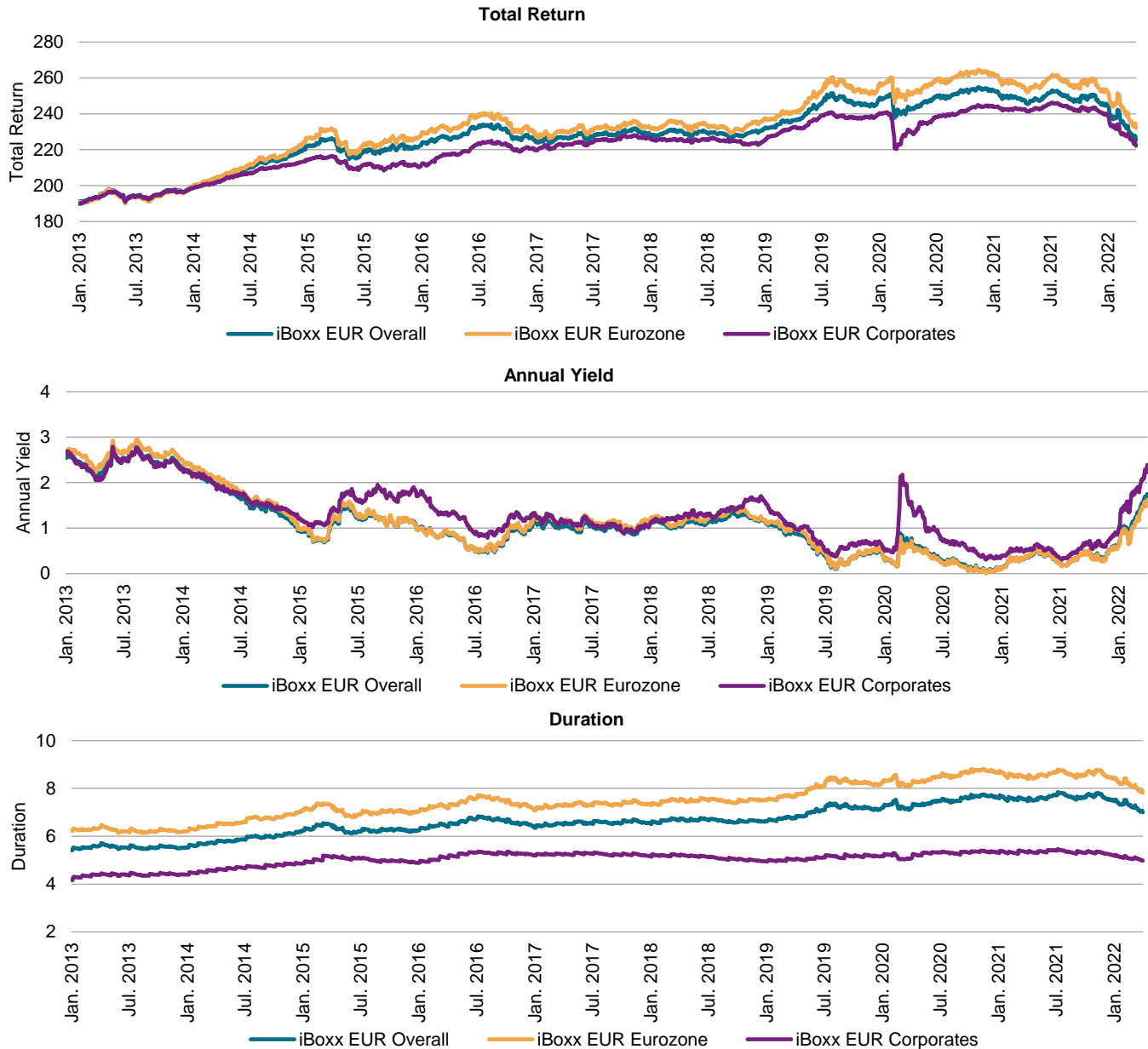
Index/Rating	Overall	Maturity					
		1-3	3-5	5-7	7-10	10+ Years	15+ Years
iBoxx EUR Overall	-3.39%	-0.68%	-1.58%	-2.47%	-3.89%	-7.58%	-8.93%
iBoxx EUR AAA	-3.20%	-0.59%	-1.33%	-2.10%	-3.32%	-6.77%	-7.87%
iBoxx EUR AA	-3.62%	-0.57%	-1.28%	-2.06%	-3.41%	-7.67%	-9.06%
iBoxx EUR A	-3.20%	-0.74%	-1.65%	-2.66%	-4.01%	-7.11%	-8.47%
iBoxx EUR BBB	-3.76%	-0.85%	-2.02%	-3.06%	-4.82%	-8.67%	-10.32%
iBoxx EUR High Yield Liquid Index	-2.64%						

Sector	Overall	Maturity					
		1-3	3-5	5-7	7-10	10+ Years	15+ Years
iBoxx EUR Overall	-3.39%	-0.68%	-1.58%	-2.47%	-3.89%	-7.58%	-8.93%
iBoxx EUR Eurozone	-3.72%	-0.64%	-1.44%	-2.25%	-3.74%	-7.59%	-8.77%
iBoxx EUR Sub-Sovereigns	-3.40%	-0.58%	-1.39%	-2.32%	-3.79%	-7.97%	N/A
iBoxx EUR Collateralized	-2.22%	-0.65%	-1.49%	-2.44%	-3.78%	-6.58%	N/A
iBoxx EUR Corporates	-2.79%	-0.85%	-1.86%	-2.95%	-4.45%	-7.03%	-9.62%

Source: S&P Dow Jones Indices LLC. Data as of April 30, 2022. Index performance based on total return in EUR. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Appendix

Exhibit 6: Total Return, Annual Yield and Duration of the iBoxx EUR Indices



Source: S&P Dow Jones Indices LLC. Data as of April 30, 2022. Index performance based on total return in EUR. Past performance is no guarantee of future results. Duration is weighted average duration to maturity of all constituents in the specific index, in years. Charts are provided for illustrative purposes.

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