

iBoxx EUR Index Monthly Commentary

Contributor

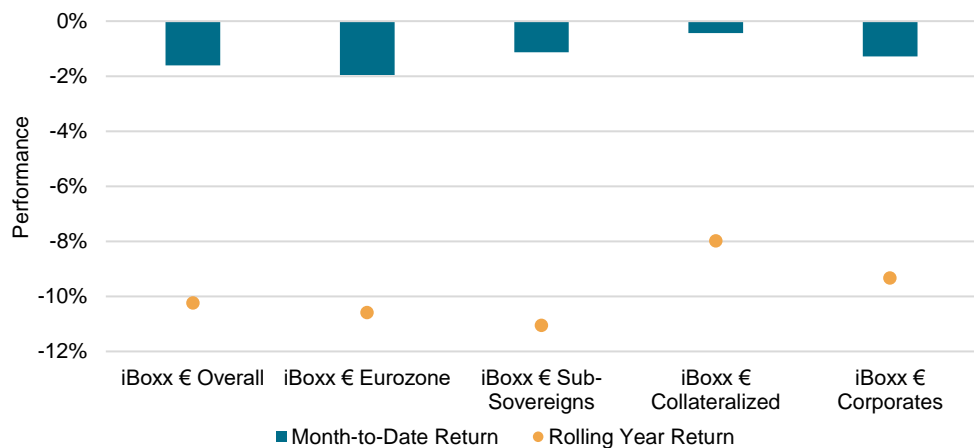
Paulina Lichwa-Garcia
Associate Director
European Fixed Income
Indices
paulina.lichwa-garcia@spglobal.com

May 2022 Commentary

Sovereign debt led the EUR-denominated debt losses in May, with inflation amid the energy crisis being heightened by the ongoing war in Ukraine.

Month-to-date returns on European debt were in negative territory across all the eurozone countries (see Exhibit 2). Debt issued by the Baltic states and Greece has seen the strongest declines not only over May, but over the past 12 months. In the iBoxx € Corporates Index, Real Estate and Utilities had the worst returns last month.

Exhibit 1: Monthly Performance – May 2022

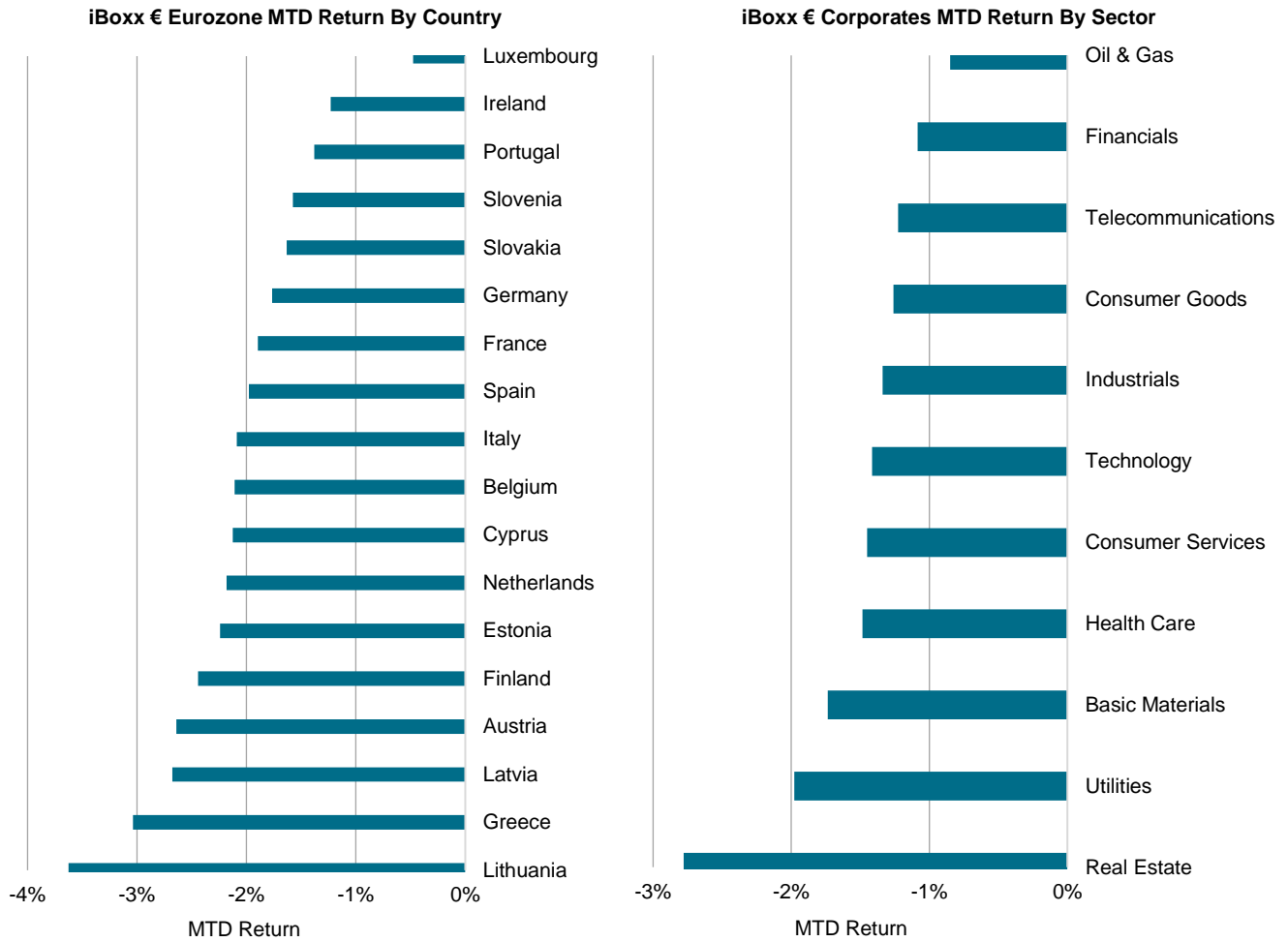


Source: IHS Markit, part of S&P Global. Data as of May 31, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The yield on the iBoxx € Overall Index, which incorporates both sovereign and corporate debt, rose about 25 bps, while duration fell by 0.13 to 6.98. Yields on corporate debt saw higher increases than those for sovereigns.

Annual yield on the iBoxx € Corporates Index rose by 30 bps to 2.69%, with duration slipping only 0.06. Expectations that the European Central Bank will taper its bond buying starting in the third quarter have been pushing yields higher, as this would withdraw an important buyer from this market.

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

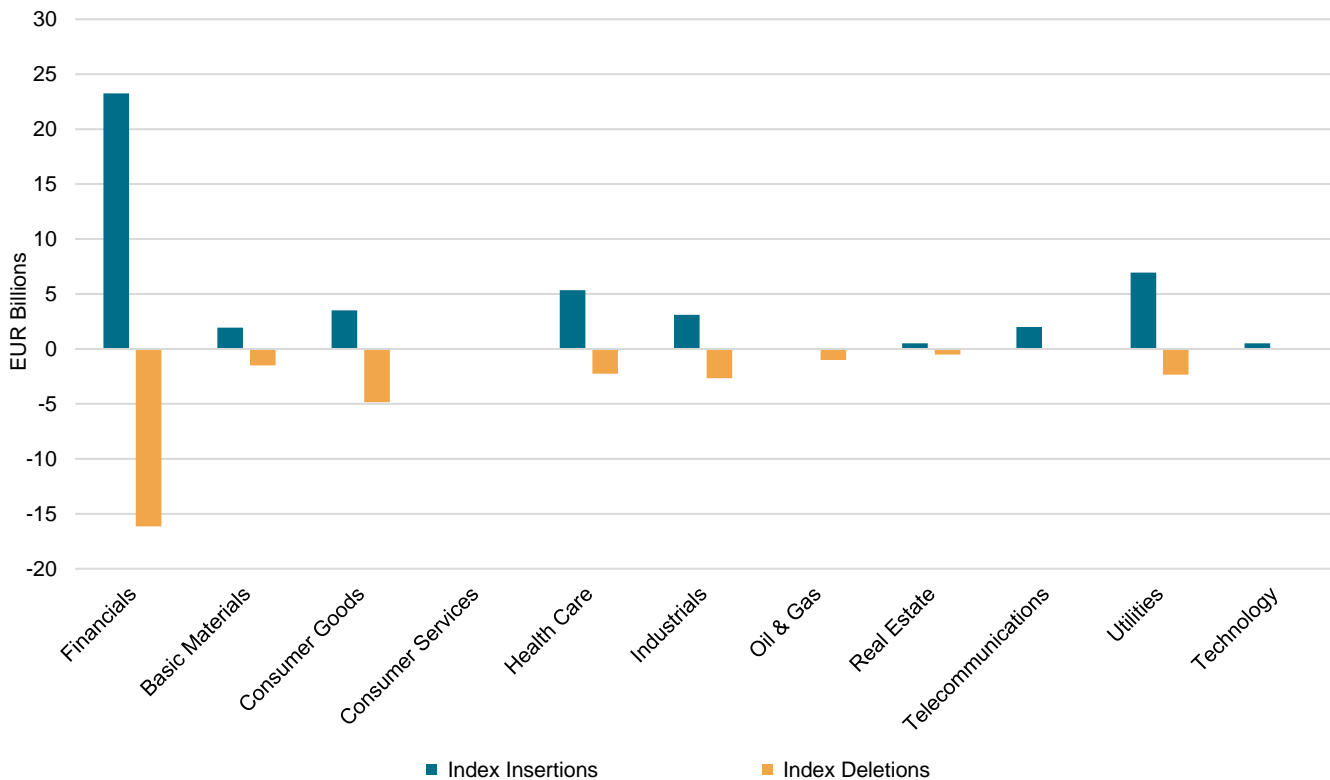


Source: IHS Markit, part of S&P Global. Data as of May 31, 2022. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

May 2022 Month-End Rebalance

The iBoxx € Overall Index had a sizable rebalance at the end of May, with 105 new issuances coming in and 64 deletions. Similar to the prior month, a number of larger sovereign bond exits outweighed new entrants, resulting in the iBoxx € Overall Index seeing net deletion of more than EUR 50.5 billion of the notional value. Although new corporate debt issuance is currently subdued, corporate insertions added net flows of almost EUR 13 billion in notional amount, with Financials dominating the new additions for a second month. The second-largest addition came from Utilities, which had a poor performance last month. The new bonds in this category came from France’s Suez SACA, Dutch TenneT Holding and Italy’s Hera SpA.

Exhibit 3: iBoxx € Corporates Index Insertions and Deletions by Sector



Source: IHS Markit, part of S&P Global. Data based on market value on last trading day of the month as of May 31, 2022. Chart is provided for illustrative purposes.

Key Index Analytics

Exhibit 4: Key Index Analytics by Rating and Maturity

Rating	Number of Bonds	Index (TRI) Level	Δ MTD	Market Value (EUR Billions)	Yield (%)	Δ Yield	Duration (Years)	Δ Duration
iBoxx € Overall	5,605	222	-3.6	11,981	2.00	0.25	6.98	-0.13
iBoxx € Overall AAA	1,125	208	-2.7	2,936	1.34	0.21	6.90	-0.10
iBoxx € Overall AA	925	203	-3.7	3,623	1.76	0.23	8.21	-0.16
iBoxx € Overall A	1,467	197	-3.1	2,305	2.22	0.27	6.42	-0.15
iBoxx € Overall BBB	2,088	277	-4.9	3,117	2.91	0.32	6.02	-0.12
iBoxx € Liquid High Yield Index	655	197	-2.3	337	5.97	0.45	3.63	-0.00
Maturity	Number of Bonds	Index (TRI) Level	Δ MTD	Market Value (EUR Billions)	Yield (%)	Δ Yield	Duration (Years)	Δ Duration
iBoxx € Overall 1-3	1,425	173	-0.4	2,770	1.01	0.20	1.88	0.00
iBoxx € Overall 3-5	1,369	205	-1.2	2,508	1.57	0.21	3.81	0.00
iBoxx € Overall 5+	2,811	261	-6.8	6,704	2.14	0.27	10.27	-0.15
iBoxx € Overall 5-7	1,035	234	-2.5	1,954	1.78	0.21	5.60	-0.02
iBoxx € Overall 7-10	967	254	-4.3	1,982	2.03	0.25	7.94	0.01
iBoxx € Overall 10+	809	300	-13.1	2,767	2.27	0.29	15.23	-0.29
iBoxx € Overall 15+	359	311	-17.3	1,578	2.29	0.31	18.55	-0.28
Sector	Number of Bonds	Index (TRI) Level	Δ MTD	Market Value (EUR Billions)	Yield (%)	Δ Yield	Duration (Years)	Δ Duration
iBoxx € Overall	1,425	173	-0.4	2,770	1.01	0.20	1.88	0.00
iBoxx € Sovereigns	1,369	205	-1.2	2,508	1.57	0.21	3.81	0.00
iBoxx € Sub-Sovereigns	2,811	261	-6.8	6,704	2.14	0.27	10.27	-0.15
iBoxx € Collateralized	1,035	234	-2.5	1,954	1.78	0.21	5.60	-0.02
iBoxx € Corporates	967	254	-4.3	1,982	2.03	0.25	7.94	0.01

Source: IHS Markit, part of S&P Global. Data as of May 31, 2022. Index performance based on total return in EUR, rebased 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

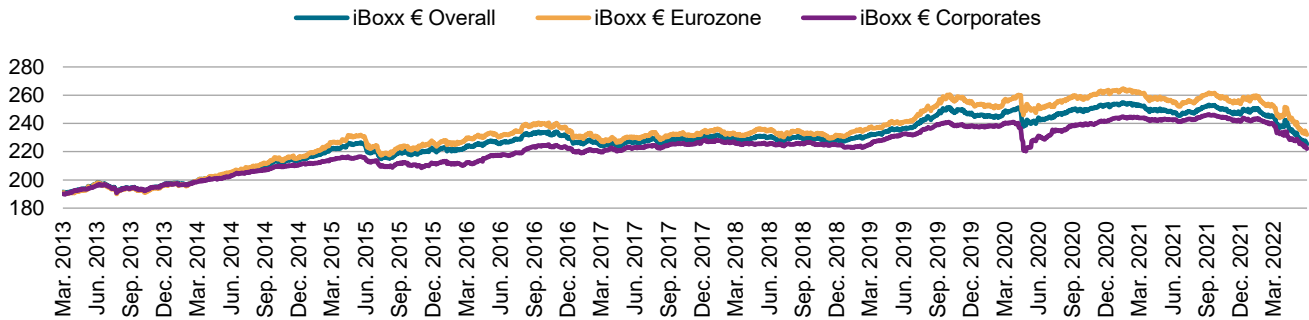
Rating	Overall (%)	Maturity (%)					
		1-3	3-5	5-7	7-10	10+ Years	15+ Years
iBoxx € Overall	-1.60	-0.23	-0.59	-1.04	-1.65	-4.16	-5.28
iBoxx € Overall AAA	-1.27	-0.12	-0.29	-0.60	-1.10	-4.04	-5.27
iBoxx € Overall AA	-1.81	-0.19	-0.48	-0.88	-1.32	-4.38	-5.65
iBoxx € Overall A	-1.54	-0.25	-0.60	-1.13	-1.75	-4.17	-5.20
iBoxx € Overall BBB	-1.72	-0.36	-0.92	-1.60	-2.39	-3.90	-4.48
iBoxx € High Yield Liquid Index	-1.14	-	-	-	-	-	-
Sector	Overall (%)	Maturity (%)					
		1-3	3-5	5-7	7-10	10+ Years	15+ Years
iBoxx € Overall	-1.60	-0.23	-0.59	-1.04	-1.65	-4.16	-5.28
iBoxx € Sovereigns	-1.96	-0.29	-0.65	-1.08	-1.68	-4.43	-5.43
iBoxx € Sub-Sovereigns	-1.13	-0.08	-0.22	-0.55	-0.99	-3.31	N/A
iBoxx € Collateralized	-0.43	-0.07	-0.13	-0.37	-0.83	-2.10	N/A
iBoxx € Corporates	-1.28	-0.25	-0.79	-1.42	-2.24	-3.83	-5.08

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

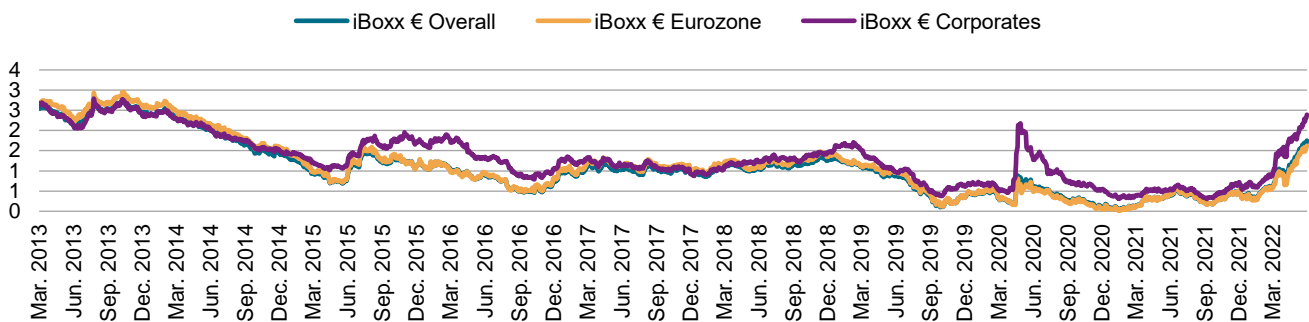
Appendix

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

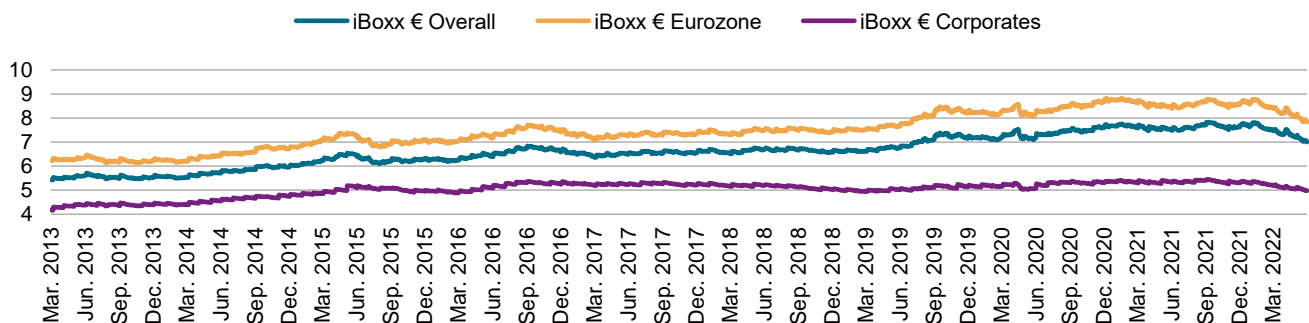
Total Return Index



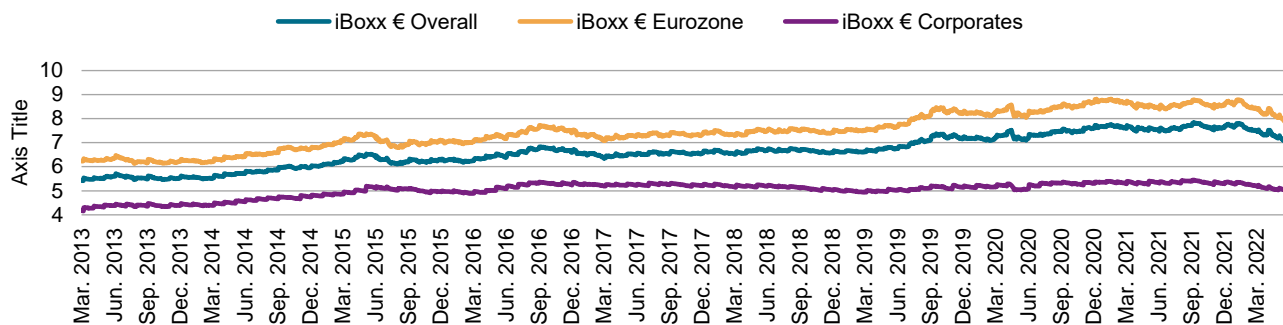
Annual Yield



Duration



Duration



Source: IHS Markit, part of S&P Global. Data as of May 31, 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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