

iBoxx SGD Monthly Commentary

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August 2022 Performance

The latest Consumer Price Developments report¹ showed inflation continued to pick up in Singapore. The Monetary Authority of Singapore (MAS) Core Consumer Price Index (CPI) rose to 4.8% on a year-over-year basis in July, mainly driven by the rise in prices of food and energy, while the CPI-All Items inflation moved up 0.3 percentage points to 7.0% year-over-year for the same period.

With upward price pressure from imported goods and strong consumer spending, the central bank projects that inflation will persist and stay elevated for the next few months.

In other news, Singapore joined a growing list of countries to fund the battle against climate change. In early August, the MAS issued its first sovereign green bond, known as Green Singapore Government Securities (Infrastructure). Proceeds from the issuance will be used to finance eligible projects from the Singapore Green Plan 2030, including two new future mass rapid transit lines. The bond, which has an issuance size of SGD 2.4 billion and a tenor of 50 years, was priced at a yield of 3.04%.²

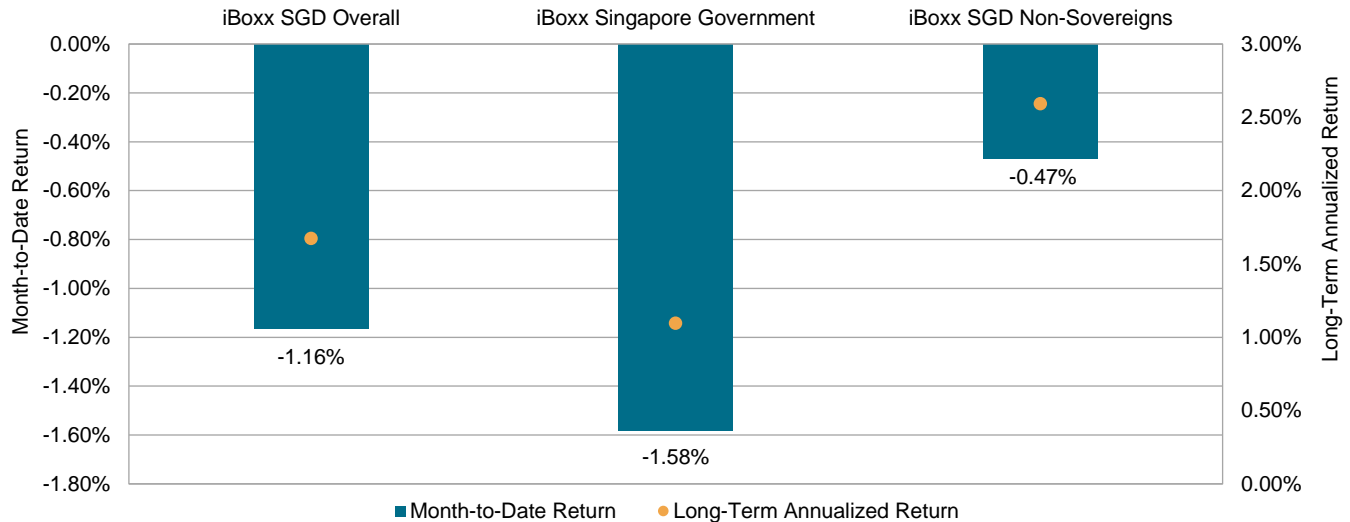
After a strong performance (up 1.45%) in July, the iBoxx SGD Overall Index resumed its downward trend, falling 1.16% in August. The index yield dropped 23 bps and finished the month at 3.28%.

¹ The [Consumer Price Developments in July 2022](#) report was published on Aug. 23, 2022.

² The sovereign green bond was added to the iBoxx Singapore Dollar Overall Index after the September rebalance.

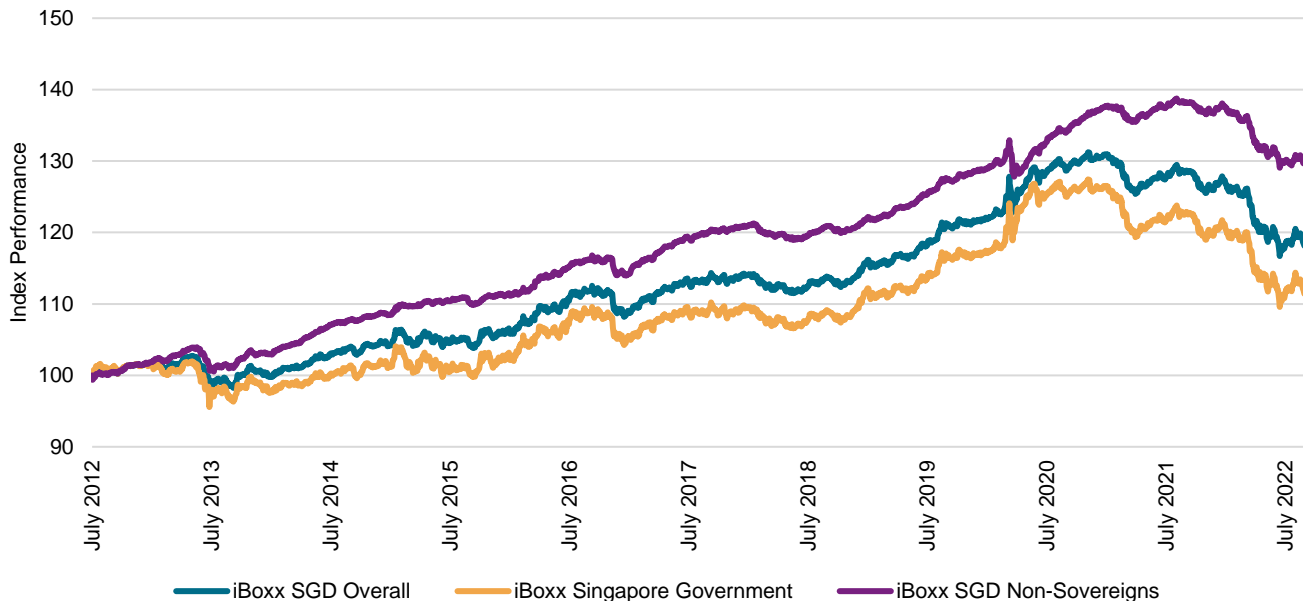
The sovereign and non-sovereign subindices both recorded losses in August. With a weight of around 35% by market value in the overall index, non-sovereign bonds outperformed sovereign bonds by 111 bps.

Exhibit 1: Recent and Long-Term Index Performance



Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022. Index performance based on total return in SGD. Long-term annualized return is based on index performance from June 30, 2012, to Aug.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 2: Total Index Level Returns



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

The investment grade (IG) subindex had negative performance this month. In general, rating segments A and above saw large losses in the medium- to long-dated maturity buckets. In contrast, rating segment BBB recorded the largest gain in the 10+ year maturity bucket. The high yield subindex outperformed the IG subindex by 213 bps but has only about 5% weight in the overall index.

Exhibit 3: 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	-1.27	-0.10	-0.73	-1.43	-1.85	-2.55
iBoxx SGD AAA	-1.56	-0.27	-1.05	-1.78	-2.23	-2.63
iBoxx SGD AA	-0.91	-0.07	0.30	-3.23	0.00	-2.03
iBoxx SGD A	-0.64	0.41	-0.16	-0.61	0.96	-2.21
iBoxx SGD BBB	0.33	0.45	0.36	0.56	-0.54	1.42
iBoxx SGD High Yield	0.86	-	-	-	-	-

Source: IHS Markit, part of S&P Global. Data as of Aug. 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 top five performers were all subordinated corporate bonds from the financial sector. The worst five performers included senior, short- to medium-dated corporate bonds, as well as ultra-long-dated sub-sovereign bonds from the Land Transport Authority of Singapore. No bonds in the index dropped more than 5% this month.

Exhibit 4: Best and Worst Bond Performers in the Index

Best Performers	Yield	Return (%)	Worst Performers	Yield	Return (%)
AIA 2.9% Perp	4.99	6.08	SUNSP 2.95% 2027-02-05	5.07	-4.72
MAGIC 3.5% Perp	6.33	4.47	NISSGP 3.15% 2031-12-03	4.31	-4.69
CS 5.625% Perp	9.46	4.17	HRINTH 3.8% 2025-11-07	9.04	-4.60
UOBSP 2.55% Perp	3.98	3.23	LTAZSP 3.38% 2059-01-30	4.12	-4.19
SINTEC 4.2% Perp	4.73	3.05	LTAZSP 3.45% 2058-07-30	4.10	-4.02

Source: IHS Markit, part of S&P Global. Data as of Aug. 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	Aug. 2022	July 2022	Dec. 2021	Aug. 2019	Δ Month-to-Date	Δ YTD	Δ 3-Year
Index Level	118.38	119.77	126.77	120.87	-1.16%	-6.62%	-2.07%
Market Value (SGD Billions)	206	212	221	189	-6.38	-15.24	16.41
Yield (%)	3.28	3.05	2.04	2.12	0.23	1.24	1.16
Duration (Years)	6.58	6.54	7.18	6.35	0.04	-0.60	0.23
Nominal (SGD Billions)	213	217	210	179	-3.68	2.92	34.64
Number of Bonds	253	247	251	248	-	-	-
iBoxx SGD Government							
Category	Aug. 2022	July 2022	Dec. 2021	Aug. 2019	Δ Month-to-Date	Δ YTD	Δ 3-Year
Index Level	144.90	147.23	156.18	151.06	-1.58%	-7.22%	-4.08%
Market Value (SGD Billions)	128	136	142	116	-8.43	-14.39	11.85
Yield (%)	2.98	2.73	1.81	1.84	0.25	1.17	1.14
Duration (Years)	7.36	7.17	7.77	7.13	0.19	-0.41	0.23
Nominal (SGD Billions)	132	138	134	108	-6.20	-2.20	24.10
Number of Bonds	18	19	20	20	-	-	-
iBoxx SGD Non-Sovereigns							
Category	Aug. 2022	July 2022	Dec. 2021	Aug. 2019	Δ Month-to-Date	Δ YTD	Δ 3-Year
Index Level	129.73	130.34	137.47	127.45	-0.47%	-5.63%	1.79%
Market Value (SGD Billions)	78	76	79	73	2.04	-0.86	4.56
Yield (%)	3.96	3.79	2.55	2.73	0.17	1.41	1.23
Duration (Years)	5.30	5.41	6.12	5.10	-0.11	-0.82	0.20
Nominal (SGD Billions)	81	79	76	71	2.52	5.12	10.54
Number of Bonds	235	228	231	228	-	-	-

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

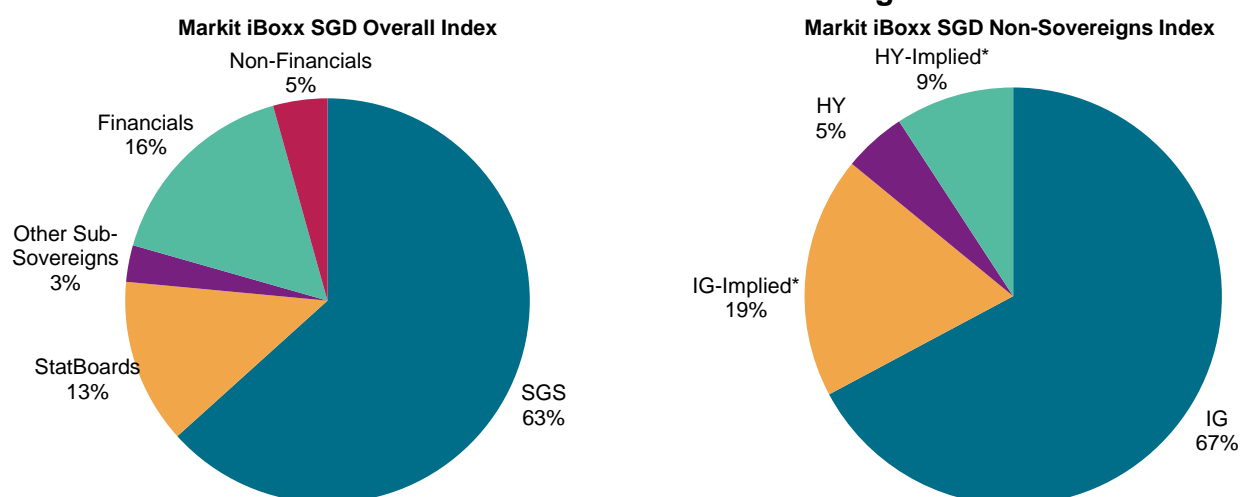
September 2022 Rebalance

This rebalance, close to SGD 6.20 billion of new notional was inserted into the iBoxx SGD Overall Index via four bonds.

Concurrently, three bonds left the index, removing about SGD 1.90 billion of notional. All departing bonds left the index due to their expected remaining lives falling below one year.

Additionally, there were four 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 Aug. 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	iBoxx Rating	Notional (SGD Millions)
SIGB 2.625% 2032-08-01	AAA	2,900
SIGB 3% 2072-08-01	AAA	2,400
MQGAU 4.5% 2026-08-18	A	500
PUBLSP 3.433% 2052-08-30	AA*	400

Source: IHS Markit, part of S&P Global. Data as of Aug. 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	iBoxx Rating	Notional (SGD Millions)
OCBCSP 4% Perp	BBB	1,000
HDBSP 1.91% 2023-08-10	AAA	700
AREIT 2.47% 2023-08-10	A	200

Source: IHS Markit, part of S&P Global. Data as of Aug. 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	July 2022	August 2022
KREITS 2.07% 2028-09-24	A*	AA*
NTUCFP 3.46% 2029-05-24	BBB*	A*
SPOST 2.53% 2030-11-19	BBB*	A*
VRTVEN 3.3% 2028-07-28	BBB*	BB*

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