



IHS Markit™

# iBoxx Asian Annual Index Review 2021 Results

30 September 2021

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## IHS Markit announces results of the 2021 iBoxx Asian Annual Index Review

Following consultations with clients and market participants, as well as the conclusion of the public consultation for methodology changes on iBoxx Asian indices, IHS Markit is pleased to announce the final results of the 2021 iBoxx Asian Annual Index Review.

All changes, including the 2021 market weight changes have been reviewed by the iBoxx Asian General Advisory Committee.

### iBoxx ABF Pan-Asia and iBoxx Asia ex-Japan Indices

#### Review of sub-sovereign issuer limit

The existing rule has a cap of 5 bonds per eligible sub-sovereign issuer, using a z-score to determine the relative liquidity of a bond compared to other bonds from the same issuer based on size, age, time to maturity and existing constituents.

The current rule is replaced with a maximum weight cap per sub-sovereign issuer. All eligible bonds from each sub-sovereign issuer are included in the index subject to a cap of 10% per issuer in each iBoxx ABF single market index, e.g. a single sub-sovereign issuer may not account for more than 10% of the iBoxx ABF China index, iBoxx ABF Hong Kong index, etc. The excess weight is distributed across all other issuers within the respective iBoxx ABF single market index.

As a result of the change, the number of sub-sovereign bonds in the index will increase. The following tables show the approximate changes in the iBoxx ABF and iBoxx Asia ex-Japan indices.

Market	# Sub-sov bonds	Sub-sov weight	Yield (%)	Duration (yrs)	Yield / Dur. (bps)
China	253 (↑228)	35.65% (↑17.16)	3.13 (↓0.03)	6.12 (↓1.02)	51 (↑7)
Hong Kong	53 (↑18)	37.52% (↑4.69)	1.16 (↑0.09)	4.28 (↑0.08)	27 (↑2)
Indonesia	8 (↑3)	0.33% (↑0.10)	6.38 (—)	6.07 (↑0.01)	105 (—)
South Korea	872 (↑802)	14.87% (↑12.78)	1.89 (—)	8.22 (↓0.42)	23 (↑1)
Malaysia	230 (↑179)	18.43% (↑11.99)	3.70 (↑0.05)	7.03 (↑0.14)	53 (—)
Philippines	0 (—)	0.00% (—)	4.07 (—)	5.93 (—)	69 (—)
Singapore	49 (↑32)	17.99% (↑7.70)	1.63 (↓0.03)	7.88 (↓0.47)	21 (↑1)
Thailand	92 (↑57)	7.91% (↑3.91)	2.01 (↓0.06)	8.42 (↓0.51)	24 (↑1)
Taiwan*	68 (↑58)	7.07% (↑5.53)	0.49 (—)	8.95 (↓0.29)	5 (—)
India*	0 (—)	0.00% (—)	6.66 (—)	6.52 (—)	102 (—)

As of 31 August 2021

\* Applicable for iBoxx Asia ex-Japan only

Index	# Sub-sov bonds	Sub-sov weight	Yield (%)	Duration (yrs)	Yield / Dur. (bps)
iBoxx ABF Pan-Asia (today)	754	10.47%	2.82	7.30	39
iBoxx ABF Pan -Asia (10% cap)	2073	20.04%	2.82	6.87	41
	↑1319	↑9.57%	—	↓0.43	↑2
iBoxx Asia ex-Japan (today)	951	9.73%	2.94	7.17	41
iBoxx Asia ex-Japan (10% cap)	2328	18.53%	2.94	6.89	43
	↑1377	↑8.80%	—	↓0.28	↑2

As of 31 August 2021

## New minimum amount outstanding cut-off for green bonds

Local currency green bonds are a new asset class, and therefore initial issuance sizes are likely to be smaller than for regular bonds. To properly represent emerging sub-sovereign green bonds in the index, a lower minimum outstanding notional cut-off for sub-sovereign green bonds is established, as described in the following table. The cut-off for other sub-sovereign bonds remains unchanged.

Market	Currency	Existing sub-sovereign (grey) bonds cutoff (bn)	New sub-sovereign green bonds cutoff (bn)
China	CNY	10	1.5
Hong Kong	HKD	0.5	0.3
Indonesia	IDR	1,000	750
South Korea	KRW	100	100
Malaysia	MYR	0.5	0.25
Philippines	PHP	3	2.5
Singapore	SGD	0.2	0.15
Thailand	THB	2	1.5
Taiwan*	TWD	3	2.5
India*	INR	-	-

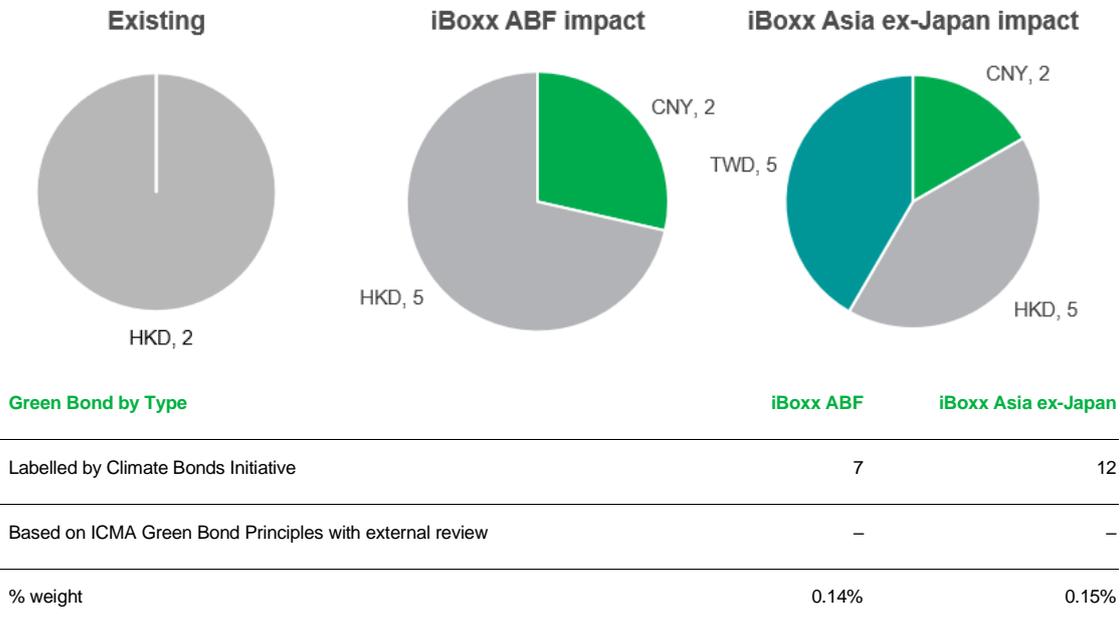
\* Applicable for iBoxx Asia ex-Japan only

The following criteria are used to identify and classify bonds as green:

- Bonds that are green labelled by Climate Bonds Initiative (CBI), or

- Externally reviewed self-labelled green bonds according to the International Capital Market Association (ICMA) Green Bonds Principles

Currently only a few sub-sovereign green bonds have been issued across the eligible markets for the iBodd ABF and iBodd Asia ex-Japan indices. Hence, the impact of the rule change on the current indices is very small. The following charts and table illustrate the approximate impact of sub-sovereign green bonds inclusion into the indices.



As of 31 August 2021

## Implementation timeline

The above-mentioned changes are implemented according to the following timeline.

Event	Date	Technical Specification
New rules for sub-sovereign issuer limits and green bonds become effective	31 Mar 22	–
Transition period for newly included bonds	31 Mar 22 – 31 Aug 22	Takes place over 6 rebalances, where 1/6 of the market value will be included at each rebalance

## iBodd ABF Pan-Asia 2021 market weights

IHS Markit has calculated the 2021 weights of the eight markets included in the iBodd ABF indices. The new weights are effective from 31 October 2021:

Results	2021 market weights	2020 market weights	Change
China	25.00%	25.00%	-
Hong Kong	8.15%	8.31%	-0.16%
Indonesia	8.24%	7.89%	+0.35%

Results	2021 market weights	2020 market weights	Change
Malaysia	11.49%	11.53%	-0.04%
Philippines	6.65%	6.60%	+0.05%
Singapore	15.76%	15.68%	+0.08%
South Korea	15.18%	15.32%	-0.14%
Thailand	9.53%	9.67%	-0.14%

The values for each of the factors used in the calculation of the market weights are:

Data	Bond market size (US\$ bn)	Credit Rating	GEMLOC Investability Indicator	1+ Government bond market size (US\$ bn)
China	16,507	A+	66	2,425
Hong Kong	313	AA+	91	11
Indonesia	339	BBB	70	221
Malaysia	408	A	82	203
Philippines	192	BBB+	49	134
Singapore	412	AAA	92	109
South Korea	2,447	AA	80	738
Thailand	443	A-	69	193

### iBoxx Asia ex-Japan 2021 market weights

IHS Markit has calculated the 2021 weights of the ten markets included in the iBoxx Asia ex-Japan Indices. The new weights are effective from 31 October 2021:

Results	2021 market weights	2020 market weights	Total Annual change
China	20.00%	20.00%	-
Hong Kong	8.64%	8.79%	-0.15%
India	4.27%	4.22%	+0.05%
Indonesia	8.08%	7.73%	+0.35%
Malaysia	11.51%	11.55%	-0.04%
Philippines	6.57%	6.52%	+0.05%
Singapore	16.07%	16.00%	+0.07%

Results	2021 market weights	2020 market weights	Total Annual change
South Korea	15.37%	15.55%	-0.18%
Taiwan	0.00%	0.00%	-
Thailand	9.49%	9.64%	-0.15%

The values for each of the factors used in the calculation of the market weights are:

Data	Bond market size (US\$ bn)	Credit Rating	GEMLOC Investability Indicator	GEMLOC Securities Market Access	1+ Government bond market size (US\$ bn)
China	16,507	A+	66	87.5	2,425
Hong Kong	313	AA+	91	100	11
India	2,105	BBB-	62	50	1,002
Indonesia	339	BBB	70	87.5	221
Malaysia	408	A	82	87.5	203
Philippines	192	BBB+	49	75	134
Singapore	412	AAA	92	100	109
South Korea	2,447	AA	80	100	738
Thailand	443	A-	69	75	193

## iBoxx ALBI Indices

### 2021 market weights

IHS Markit has calculated the 2021 target weights of the eleven markets eligible for the iBoxx ALBI Indices. Effective 31 May 2021, quarterly market weight changes ceased as the 2020 target weight was achieved. Thereafter, the market weight change frequency is expected to be once a year – consistent with iBoxx ABF Pan-Asia and iBoxx Asia ex-Japan indices. The new weights are effective from 30 November 2021.

2021 market weights for the 11 markets are:

Results	2021 weights	2020 target weights	Annual change
China Onshore	20.00%	20.00%	-
China Offshore	2.77%	2.63%	+0.14%
Hong Kong	4.94%	5.10%	-0.16%
India	6.35%	6.48%	-0.13%

Results	2021 weights	2020 target weights	Annual change
Indonesia	10.29%	9.81%	+0.48%
Malaysia	11.60%	11.72%	-0.12%
Philippines	7.53%	7.48%	+0.05%
Singapore	12.37%	12.34%	+0.03%
South Korea	14.13%	14.23%	-0.10%
Taiwan	0.00%	0.00%	-
Thailand	10.02%	10.21%	-0.19%

The values for each of the factors used in the calculation of the market weights are:

Data	Index market cap (US\$ bn)	GEMLOC Investability Indicator	GEMLOC Securities Market Access	1+ Government bond market size (US\$ bn)
China Onshore	4,949	66	87.5	2,425
China Offshore	28	73	87.5	5
Hong Kong	54	91	100	11
India	1,002	62	50	1,002
Indonesia	221	70	87.5	221
Malaysia	214	82	87.5	203
Philippines	134	49	75	134
Singapore	152	92	100	109
South Korea	738	80	100	738
Thailand	193	69	75	193

## iBoxx USD Asia ex-Japan and iBoxx ADBI Indices

### Change of calculation time for Asian end-of-day publication

IHS Markit will move the Asian end-of-day calculation time for the iBoxx USD Asia ex-Japan, iBoxx ADBI and iBoxx AHBI indices from 1600 HKT/SGT to 1700 HKT/SGT. The change is made to reflect more closely the point in time when liquidity and trading activities on USD bonds move from Asia to Europe and thus is more representative of an Asian end-of-day index value.

The new calculation time will take effect from the 31 October 2021 index rebalance.

### **New sub-indices for iBoxx USD Asia ex-Japan**

As a result of customer feedback and internal analysis, the following new sub-indices will be created and included in the standard index publication. They include new rating and maturity breakdown sub-indices across multiple sectors on iBoxx USD Asia ex-Japan China. Both Asian end-of-day and US end-of-day calculations will be published.

These new sub-indices will go live on 01 November 2021.

### **iBoxx SGD Indices**

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No changes.

### **Hang Seng Markit iBoxx Offshore RMB Bond Indices**

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No changes.

### **iBoxx ChinaBond Government and Policy Bank Bond Indices**

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No changes

### **iBoxx AUD Large Cap Indices**

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No changes

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