

Bloomberg AusBond Indices

Month in Review - April 2019

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Month in Review

Australian Market Performance

On April 2nd 2019, the Reserve Bank of Australia (RBA) left the target cash rate unchanged at 1.5%. As shown in Table 1 below, the AusBond Composite Index's April return was positive (0.28%). The best performing component of the Index was the Credit Index at 0.57%. The AusBond Supra-Sovereign Index and Semi-Govt Index returned 0.38% and 0.3%, respectively, followed by the Treasury Index (0.19%). The Inflation Credit Index rose 0.83% during April and the AusBond Inflation Government Index rose 0.82% for the month. The Bank Bill Index returned 0.16%. Within equities, the S&P/ASX Accumulation 200 Index rose in April, sending its return up by 2.37%.

Table 1. AusBond Total Return Performance: April 2019

Index	APR	MAR	FEB	QTD	YTD	2 YR	5 YR
Bloomberg AusBond Composite 0+ Yr Index	0.28%	1.82%	0.94%	0.28%	3.73%	4.98%	4.94%
Bloomberg AusBond Treasury 0+ Yr Index	0.19%	2.15%	1.03%	0.19%	4.13%	5.33%	5.11%
Bloomberg AusBond Semi-Govt 0+ Yr Index	0.30%	1.57%	0.93%	0.30%	3.46%	4.59%	4.92%
Bloomberg AusBond SupraSov 0+ Yr Index	0.38%	1.31%	0.65%	0.38%	2.86%	4.20%	4.43%
Bloomberg AusBond Credit 0+ Yr Index	0.57%	1.44%	0.87%	0.57%	3.44%	5.07%	4.99%
Bloomberg AusBond Bank Bill Index	0.16%	0.17%	0.17%	0.16%	0.68%	1.88%	2.12%
Bloomberg AusBond Credit FRN 0+ Yr Index	0.35%	0.40%	0.43%	0.35%	1.47%	2.95%	3.11%
Bloomberg AusBond Infl 0+ Yr Index	0.82%	1.71%	0.50%	0.82%	4.22%	4.69%	5.14%
Bloomberg AusBond Infl Govt 0+ Yr Index	0.82%	1.75%	0.50%	0.82%	4.28%	4.56%	5.02%
Bloomberg AusBond Infl Credit 0+ Yr Index	0.83%	1.03%	0.45%	0.83%	3.24%	6.83%	6.91%
S&P/ASX Accumulation 200 Index	2.37%	0.73%	5.98%	2.37%	13.51%	7.90%	7.52%

Note: 2 and 5 year returns are annualized.

Chart 1. Bloomberg AusBond Composite Index: Monthly Performance 2018 – 2019

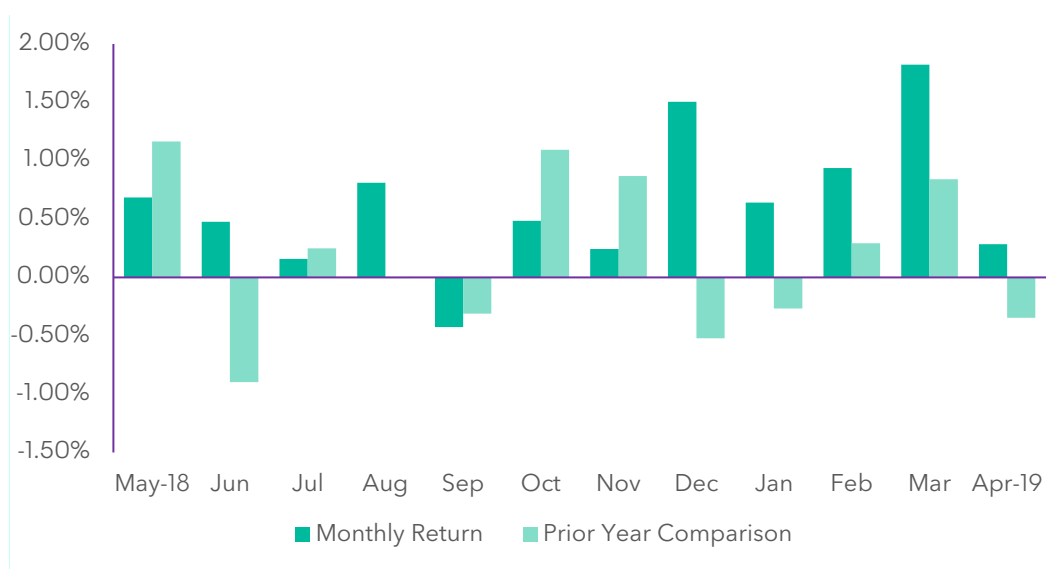


Chart 2. S&P/ASX200 Accumulation Index vs. Bloomberg AusBond Composite Index: Monthly Return Performance 2018 – 2019¹

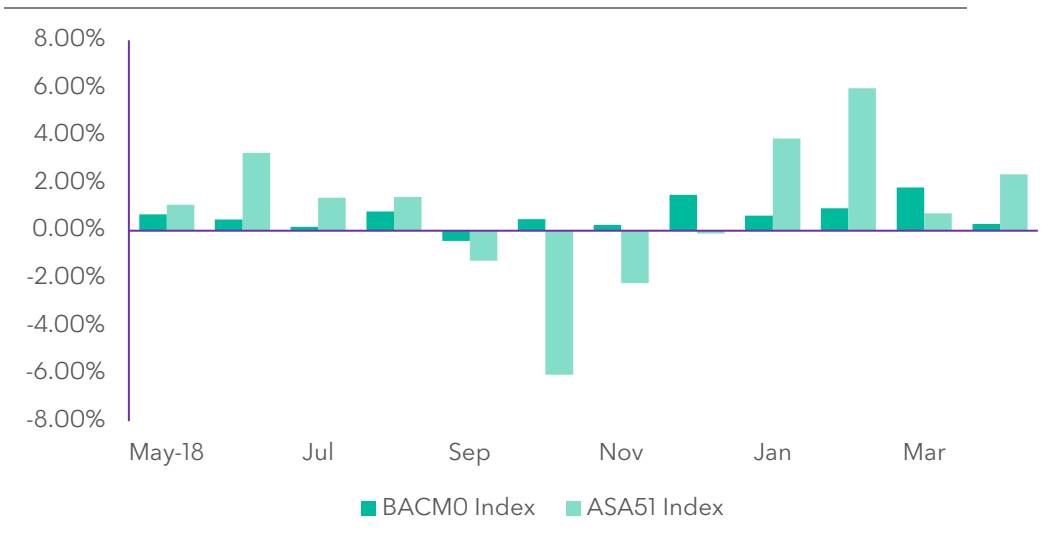
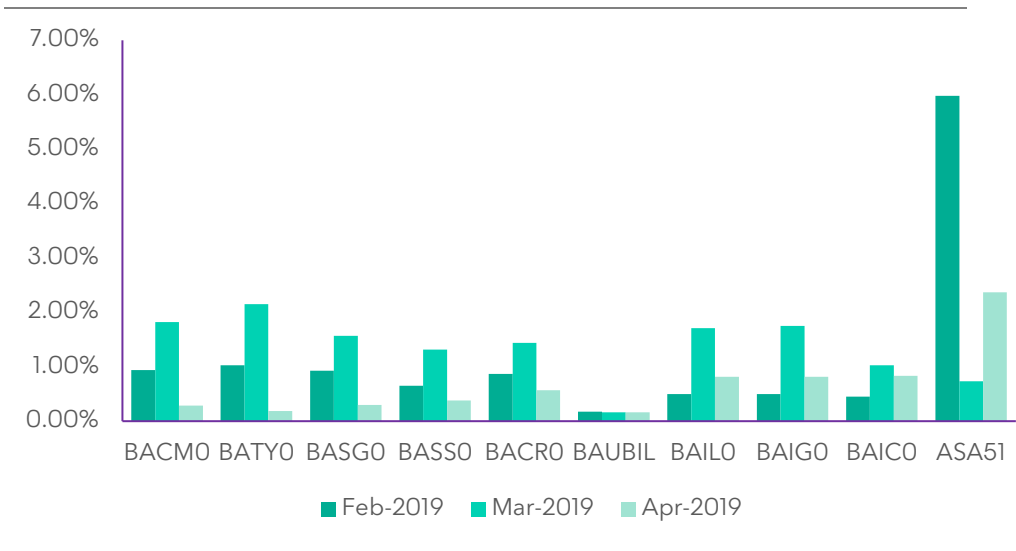


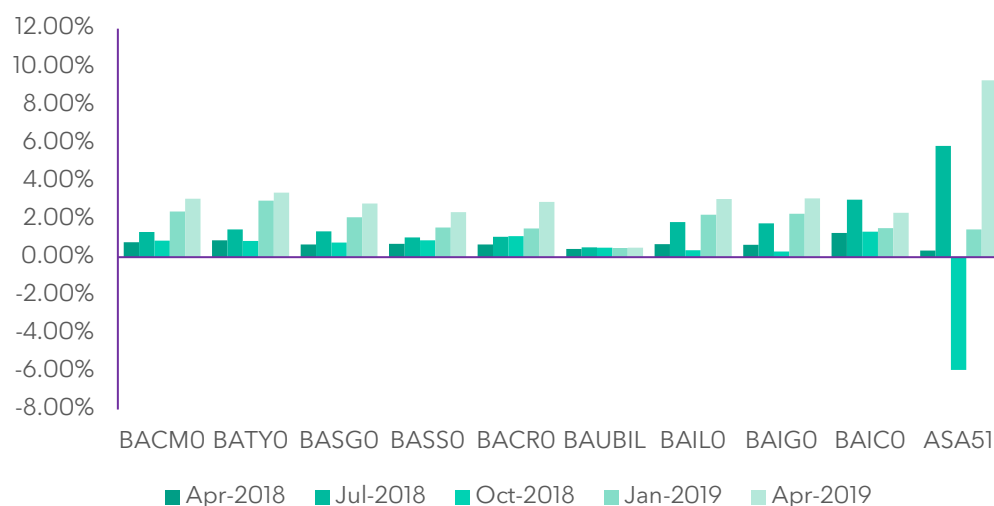
Chart 3. Bloomberg AusBond Indices: Recent monthly returns²



¹ The following indices are shown: AusBond Composite Index (BACMO) and S&P/ASX 200 Accumulation Index (ASA51).

²The following indices are shown: AusBond Composite Index (BACMO); AusBond Treasury Index (BATYO); AusBond Semi-Government Index (BASGO); AusBond Supra/Sovereign Index (BASSO); AusBond Credit Index (BACRO); AusBond Bank Bill Index (BAUBIL); AusBond Inflation Index (BAILO); AusBond Inflation Government Index (BAIGO); AusBond Inflation Credit Index (BAICO) and S&P/ASX 200 Accumulation Index (ASA51).

Chart 4. Bloomberg AusBond Indices: Recent quarterly returns



New Zealand Market Performance

The Reserve Bank of New Zealand (RBNZ)'s target cash rate was unchanged at 1.75% as no meeting was held in April 2019. As set out in the Table 2 below, monthly performance among NZBond indices were mixed for the month of April. The Composite Index on aggregate dipped 0.18% for the month. The best performing component of the Composite Index was the Credit Index (0.06%) followed by the Supra-Sovereign Index (0.01%). The Treasury Index was the worst performing component which decreased 0.31%. The Local Govt Index was down by 0.26%. The Bank Bill Index gained 0.15% in April.

Table 2. NZBond Total Return Performance: April 2019

Index	APR	MAR	FEB	QTD	YTD	2 YR	5 YR
Bloomberg NZBond Composite 0+ Yr Index	-0.18%	1.49%	0.54%	-0.18%	2.44%	5.04%	5.41%
Bloomberg NZBond Treasury 0+ Yr Index	-0.31%	1.88%	0.58%	-0.31%	2.80%	5.33%	5.48%
Bloomberg NZBond Local Govt 0+ Yr Index	-0.26%	1.44%	0.68%	-0.26%	2.55%	5.20%	5.78%
Bloomberg NZBond Non-Govt 0+ Yr Index	0.04%	0.96%	0.43%	0.04%	1.91%	4.60%	5.17%
Bloomberg NZBond SupraSov 0+ Yr Index	0.01%	0.91%	0.41%	0.01%	1.76%	4.12%	4.83%
Bloomberg NZBond Credit 0+ Yr Index	0.06%	1.01%	0.45%	0.06%	2.05%	5.13%	5.56%
Bloomberg NZBond Bank Bill Index	0.15%	0.16%	0.15%	0.15%	0.63%	1.95%	2.56%
Bloomberg NZBond Infl 0+ Yr Index	-0.95%	3.88%	1.57%	-0.95%	5.81%	9.85%	7.40%
S&P/NZX 50 Gross Index	1.72%	5.58%	3.78%	1.72%	13.65%	16.50%	13.86%

Note: 2 and 5 year returns are annualized.

Chart 5. Bloomberg NZBond Composite Index: Monthly Performance 2018 – 2019

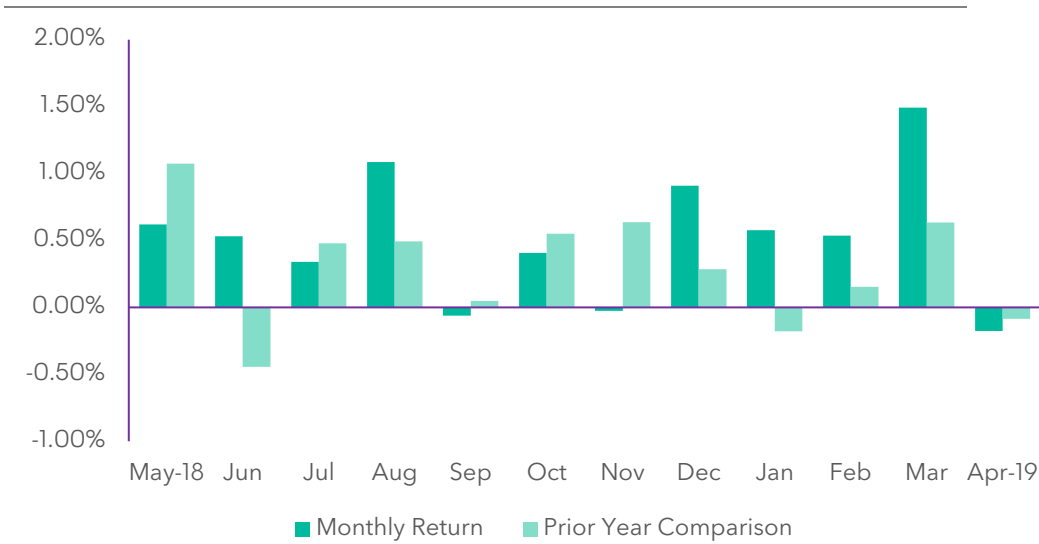
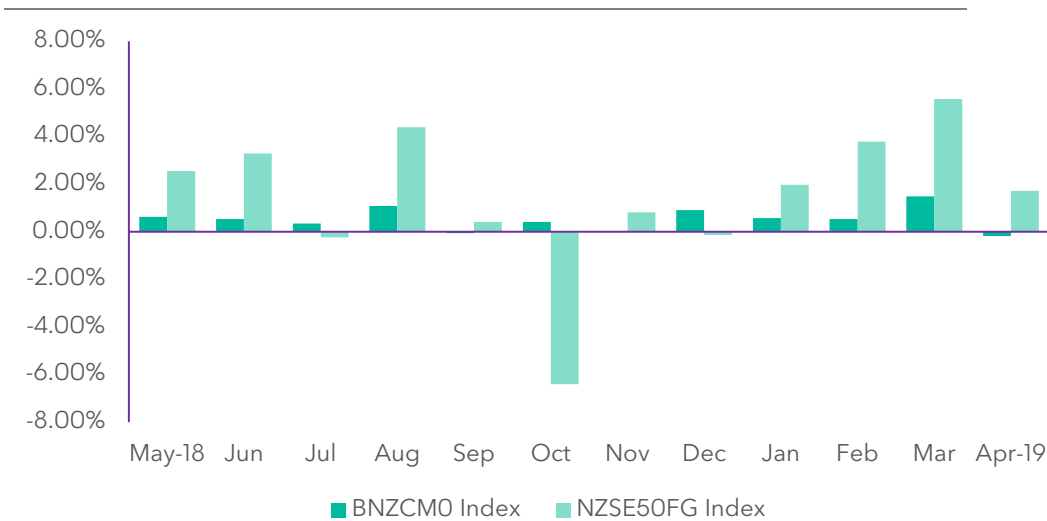


Chart 6. S&P/NZX50 Gross Index vs. Bloomberg NZBond Composite Index: Monthly Return Performance 2018 – 2019³



³ The following indices are shown: NZBond Composite Index (BNZCM0) and S&P/NZX 50 Gross Index (NZSE50FG).

Chart 7. Bloomberg NZBond Indices: Recent monthly returns⁴

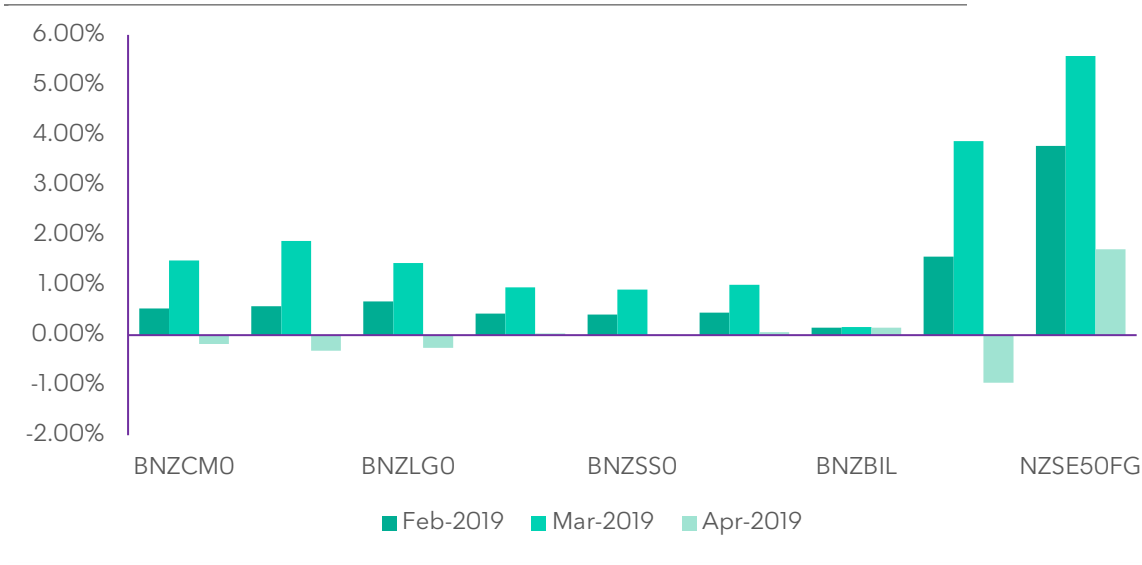
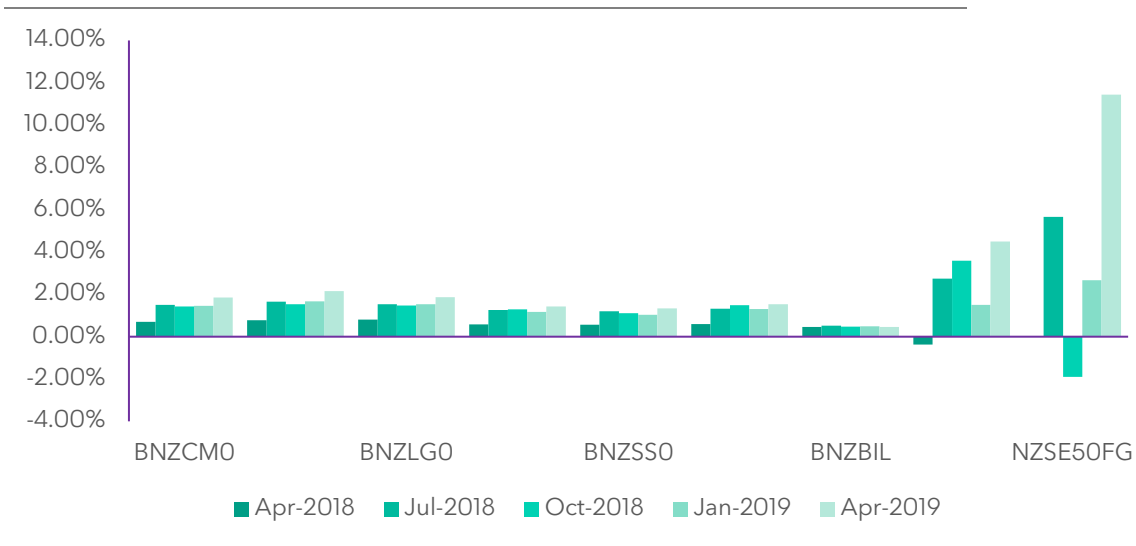


Chart 8. Bloomberg NZBond Indices: Recent quarterly returns



⁴The following indices are shown: NZBond Composite Index (BNZCMO); NZBond Treasury Index (BNZTY0); NZBond Local Govt Index (BNZLGO); NZBond Non-Govt Index (BNZNGO); NZBond SupraSov Index (BNZSSO); NZBond Credit Index (BNZCRO); NZBond Bank Bill Index (BNZBIL); NZBond Govt Inflation Index (BNZIO) and S&P/NZX 50 Gross Index (NZSE50FG).

G:\Sales-SharedGlobal Market Performance

Chart 9 illustrates the recent monthly and yearly performance of global sovereign indices. Global sovereign indices decreased across the board for the month of April. The largest mover, UK, decreased 1.64% in April followed by China (-1.42%) for the month. The US Aggregate Treasury Index was down by 0.28%. On a twelve-month basis, as shown in Table 3, returns were all in positive territory. Global Sovereign Indices returns were as follows: Canada (5.21%), US (4.77%), UK (3.31%), Germany (4.18%), Euro (2.4%), Japan (1.72%), Singapore (4.78%), Hong Kong (3.06%) and China (4.86%).

Chart 9. Bloomberg Indices Sovereign Debt Performance: April 2019⁵

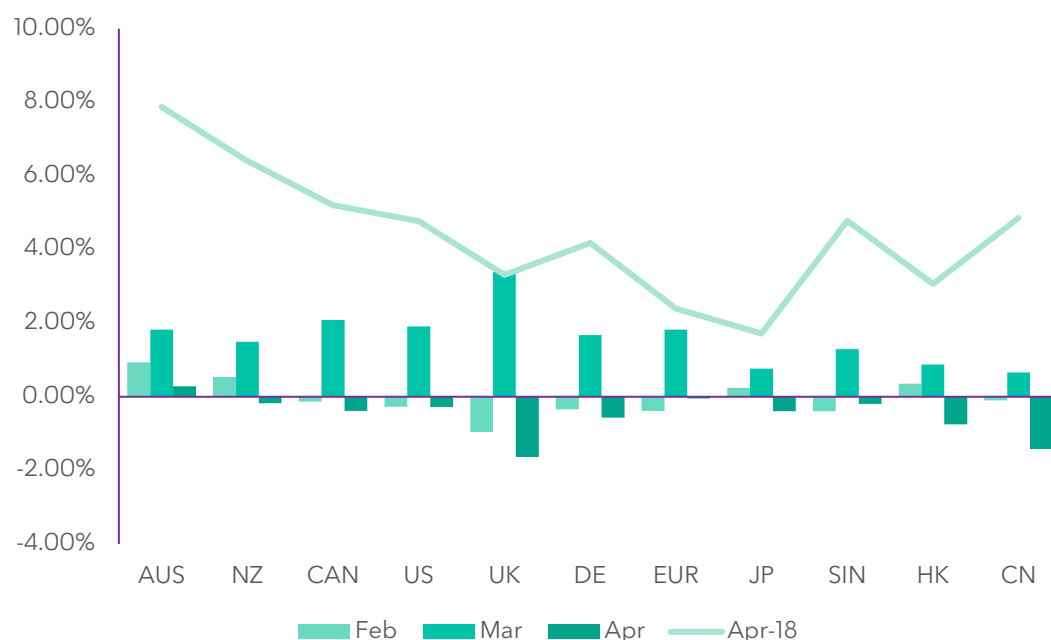


Table 3. Bloomberg Indices Sovereign Debt Performance: April 2019

Index	AUS	NZ	CAN	US	UK	DE	EUR	JP	SIN	HK	CN
Apr	0.28%	-0.18%	-0.38%	-0.28%	-1.64%	-0.57%	-0.04%	-0.39%	-0.19%	-0.75%	-1.42%
Mar	1.82%	1.49%	2.08%	1.91%	3.39%	1.68%	1.82%	0.76%	1.30%	0.88%	0.66%
Feb	0.94%	0.54%	-0.13%	-0.27%	-0.96%	-0.34%	-0.38%	0.24%	-0.39%	0.35%	-0.09%
12-MTH	7.87%	6.40%	5.21%	4.77%	3.31%	4.18%	2.40%	1.72%	4.78%	3.06%	4.86%

In April, monthly performances among the global Investment Grade Corporate Indices were mixed. The Bloomberg Barclays European Corporate Bond Index gained the most (0.72%) followed by Bloomberg Barclays Pan-European Corporate Bond Index (0.58%). Bloomberg Barclays US Corporate Bond Index returned 0.54% and Bloomberg Barclays China Corporate Bond Index dipped the most (-0.26%) for the month. On a twelve-month basis, as shown in Table 4, China Corporate Index gained the most at 6.83% and all Investment Grade Corporate Indices were in positive territory: US (6.5%), UK (3.78%), Pan-Euro (3.55%), Euro (3%), Japan (0.46%), China (6.83%), China (6.83%) and APAC (ex-JP) (1.16%).

⁵ The Sovereign Indices shown are: Bloomberg AusBond Treasury (BATY0 Index); Bloomberg NZBond Treasury (BNZTY0 Index); Bloomberg Barclays Global Treasury Bond Index country subsets for Canada, US, UK, Germany, Euro, Japan, Singapore, Hong Kong and the China Aggregate Treasury subset.

Chart 10. Bloomberg Indices Investment Grade Corporate Indices: April 2019⁶

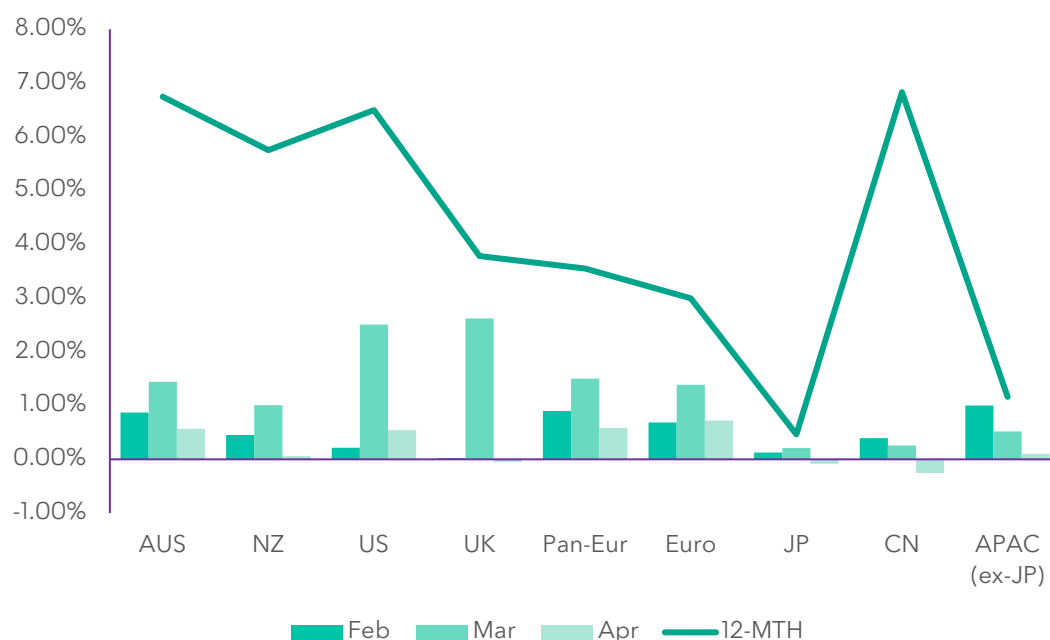


Table 4. Bloomberg Indices Investment Grade Corporate Indices: April 2019

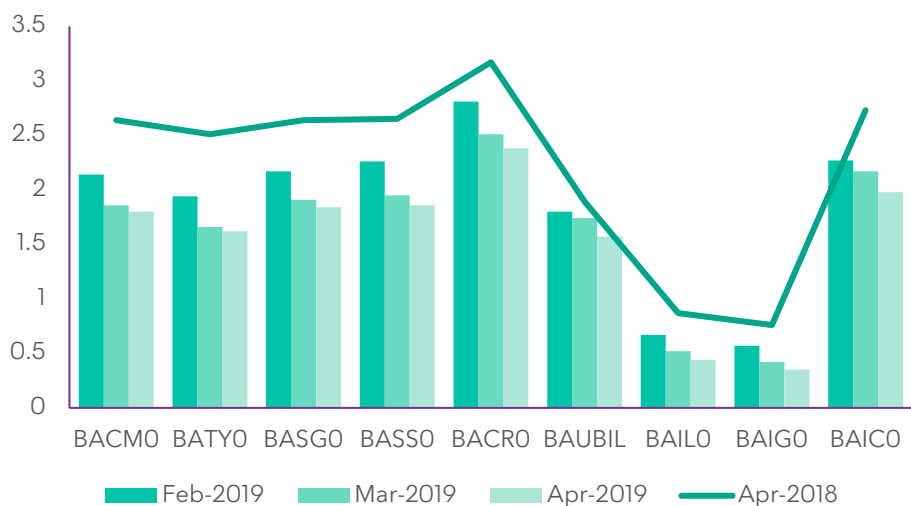
Index	AUS	NZ	US	UK	Pan-Eur	EUR	JP	CN	APAC (ex-JP)
Apr	0.57%	0.06%	0.54%	-0.05%	0.58%	0.72%	-0.08%	-0.26%	0.10%
Mar	1.44%	1.01%	2.51%	2.62%	1.50%	1.39%	0.21%	0.25%	0.52%
Feb	0.87%	0.45%	0.22%	0.02%	0.90%	0.69%	0.12%	0.39%	1.00%
12-MTH	6.75%	5.75%	6.50%	3.78%	3.55%	3.00%	0.46%	6.83%	1.16%

⁶ The global benchmarks for investment-grade corporate bonds shown are: Bloomberg AusBond Credit Index (BACRO Index); Bloomberg NZBond Credit Index (BNZCRO Index); Bloomberg Barclays US Corporate Bond Index (LUACTRUU Index); Bloomberg Barclays Sterling Corporate Bond Index (LC61TRGU Index); Bloomberg Barclays EURO Index; Bloomberg Barclays Pan-European Index; Corporates Bond Index (LECPTRU Index); Bloomberg Barclays Asian-Pacific Japan Corporate Index (LJC1TRJU Index); Bloomberg Barclays China Aggregate: Corporate Index and Bloomberg Barclays Asian-Pacific Non-Japan Corporate Index.

Market Yields

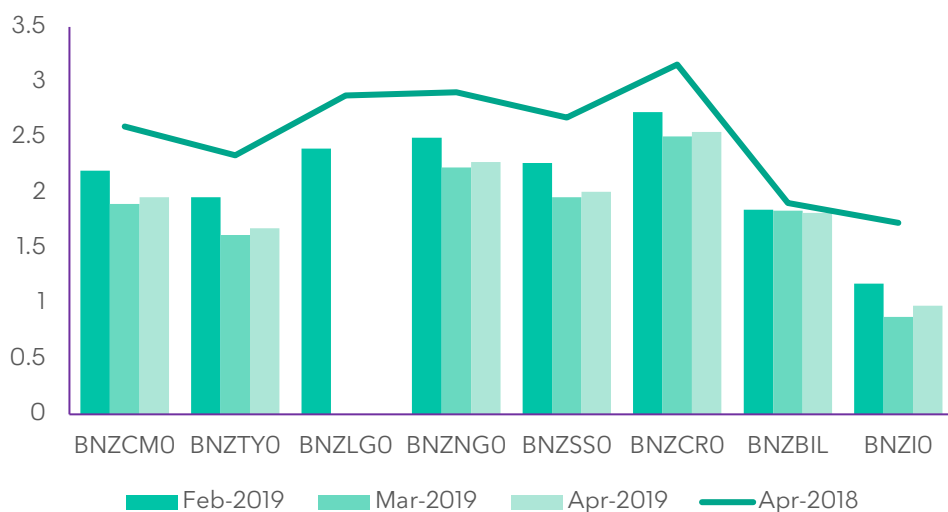
In April, the Yield to Worst (YTW) of the AusBond Composite Index ended the month at 1.8%, a 6 bps decrease compared to previous month. The YTW of the Treasury Index was down 4 bps at 1.62%. The YTW of the Semi-Government Index decreased 7 bps to 1.84% and SupraSov Index was down 9 bps to 1.86%. The Bank Bill Yield was down 17 bps to 1.57%.

Chart 11. Bloomberg AusBond Indices: Bond Yields



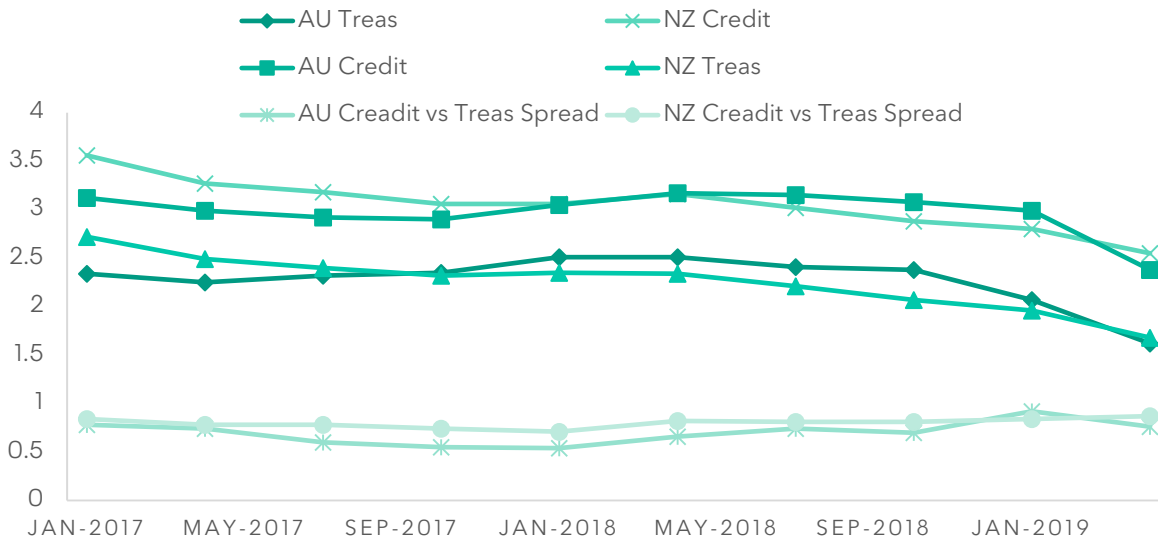
Yields for NZBond Indices increased across the board for the month of April except the Bank Bill Index. The yield of the composite Index rose to 1.96% from 1.9%. The yield on the Treasury Index was up to 1.68% from 1.62%. The yield on the Local Govt Index rose the most among NZBond Indices to 2.21% from 2.13% and the yield on the SupraSov Index was up by 5 bp to 2.01%. The yield on the Credit Index rose 4 bps to 2.55% from 2.51%. The New Zealand Bank Bill yield decreased 2 bp to 1.82%.

Chart 12. Bloomberg NZBond Indices: Bond Yields



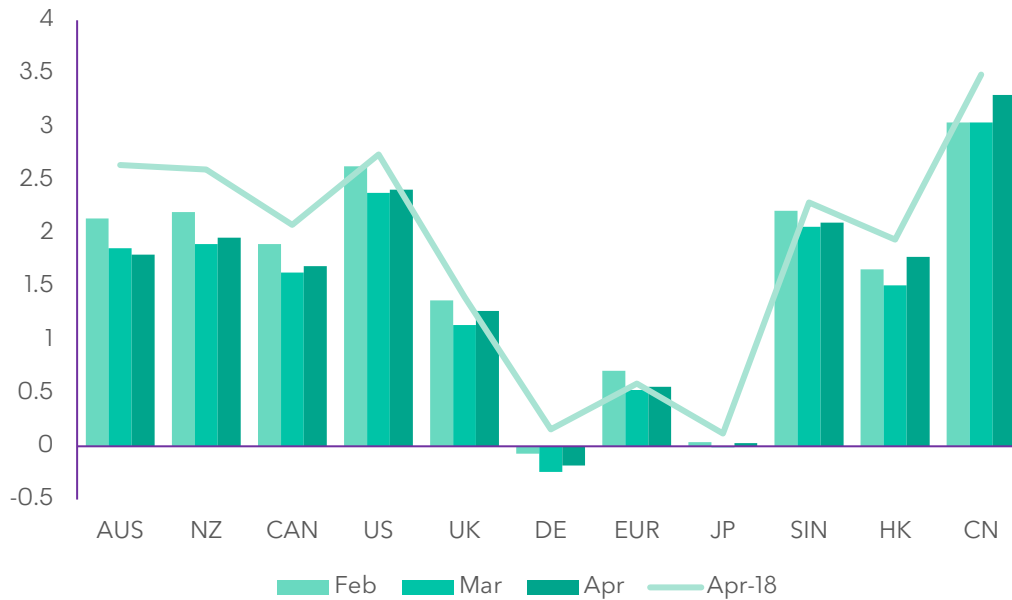
As illustrated in Chart 13, the YTW decreased for both the Australian Credit Index and the New Zealand Credit Index for the past 3 months. There is also evidence of convergence for credit and treasury spread during the last 3 months for Australia and divergence for New Zealand.

Chart 13. Bloomberg AusBond & NZBond Indices: Yields and Spreads



YTW figures for the Global Bloomberg Barclays Sovereign Indices increased across the board in April compared to previous month as shown below, Canada(1.69%), US(2.41%), UK(1.27%), Germany(-0.18%), Europe(0.56%), Japan(0.03%), Singapore(2.1%), HK(1.78%) and China(3.3%). The YTW for Hong Kong sovereign index rose the most (+27 bps).

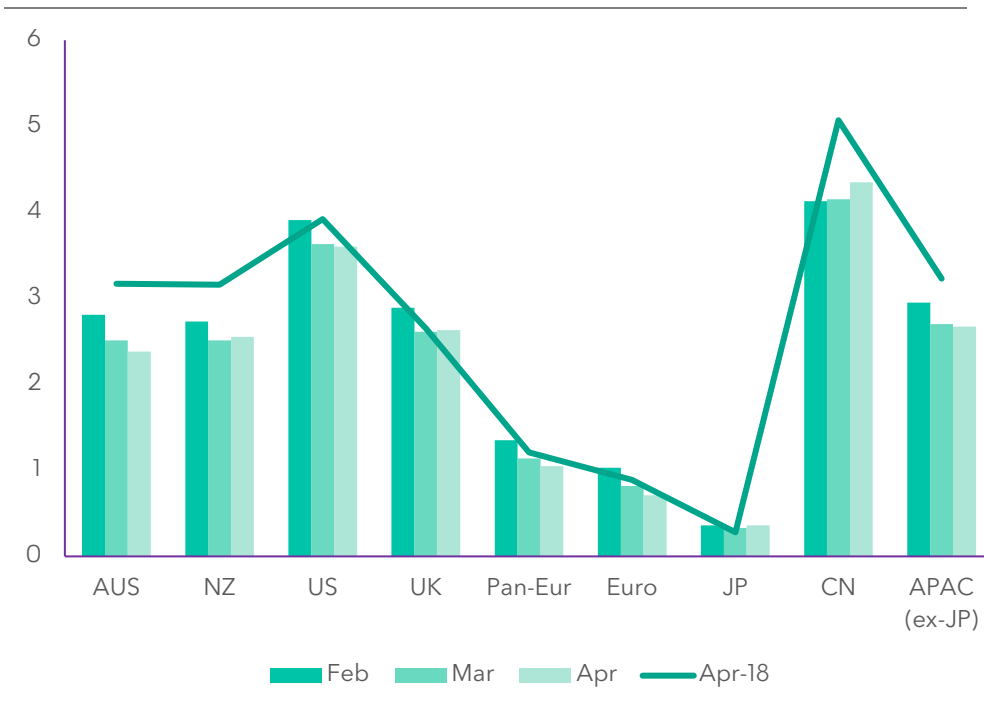
Chart 14. Bloomberg Indices Sovereign Bond Yields⁷



⁷The Sovereign Bond Indices shown are: Bloomberg AusBond Treasury (BATYO Index); Bloomberg NZBond Treasury (BNZTYO Index); Bloomberg Barclays Global Treasury Bond Index country subsets for Canada, US, UK, Germany, Euro, Japan, Singapore, Hong Kong and China.

In April 2019, YTW figures were mixed for corporate bond indices. The yield of Euro Investment-Grade Corporate Bond Index decreased the most (-11 bps) to 0.71% followed by Pan-Euro Investment-Grade Corporate Bond Index (-9 bps). The yield of the US Investment-Grade Corporate Bond Index decreased 3 bp to 3.6%. The YTW figure for APAC (ex-JP) Investment-Grade Corporate Bond Index was down by 3 bps to 2.67%.

Chart 15. Bloomberg Indices Investment Grade Corporate Bond Yields⁸



⁸The global benchmarks for investment-grade corporate bonds shown are: Bloomberg AusBond Credit Index (BACRO Index); Bloomberg NZBond Credit Index (BNZCRO Index); Bloomberg Barclays US Corporate Bond Index (LUACTRUU Index); Bloomberg Barclays Sterling Corporate Bond Index (LC61TRGU Index); Bloomberg Barclays Euro-Aggregate: Corporates Bond Index (LECPTRU Index); Bloomberg Barclays Asian-Pacific Japan Corporate Index (LJC1TRJU Index); Bloomberg Barclays China Aggregate: Corporate Index and Bloomberg Barclays Asian-Pacific Non-Japan Corporate Index.

Supply

Table 5 shows that the AusBond Composite Index added A\$7.95bn of new supply (issuances and taps) in April. The new supply was A\$3.91bn lower than the previous month and A\$2.21bn lower than the 12 month average (A\$10.16bn). The largest contributors were Treasuries at A\$4bn followed by Non-Government at A\$2.87bn and Semi-Government at A\$1.08bn. Seven new issues were added to the Composite Index amounting to A\$2.02bn, which leaves A\$5.93 in taps.

The new additions to the Composite Index were issued across nine different sectors. VW and IADB both issued A\$0.5bn fixed coupon bonds which are the largest amongst new issues in April. The largest tap was carried on the 2.5% May 2030 ACGB bond. Additionally, five Semi-Government issuers upsized in April: QTC (A\$0.5bn), WATC (A\$0.4bn), TCV (A\$0.11bn), NSWTC (A\$53mn) and TASCOR (A\$24.5mn). The month of April also saw approximately A\$6.62bn of buybacks and maturities.

Table 5. Bloomberg AusBond Composite Index Net New Supply: April 2019

Sector	APR-19 (A\$bn)	MAR-19 (A\$bn)	FEB-19 (A\$bn)	QTD (A\$bn)	12-mth AVG (A\$bn)	% diff on prior mth	% diff on 12-mth AVG
Additions							
Treasury	4	4.2	4.8	13	4.68	-4.76%	-14.53%
Semi-Government	1.08	4.05	5.48	10.61	3.11	-73.33%	-65.27%
Non-Government	2.87	3.61	3.29	9.77	2.37	-20.50%	21.10%
Total Composite	7.95	11.86	13.57	33.38	10.16	-32.97%	-21.75%
Removals							
Treasury	2.7	1.5	14.01	18.21	3.89	80.00%	-30.59%
Semi-Government	0.92	2.53	2.66	6.11	1.64	-63.64%	-43.90%
Non-Government	3	3.09	2.22	8.31	2.29	-2.91%	31.00%
Total Composite	6.62	7.12	18.89	32.63	7.82	-7.02%	-15.35%
Net new supply							
Treasury	1.3	2.7	-9.21	-5.21	0.79	-51.85%	64.56%
Semi-Government	0.16	1.52	2.82	4.5	1.47	-89.47%	-89.12%
Non-Government	-0.13	0.52	1.07	1.46	0.08	-125.00%	-262.50%
Total Composite	1.33	4.74	-5.32	0.75	2.34	-71.94%	-43.16%

Maturities

Table 6. Maturities for AusBond Composite Index: April 2019

ISSUER	ISIN	VALUE	MATURITY
EMIRATES NBD BANK PJSC	AU3CB0220861	400,000,000	5/8/2019
FMS WERTMANAGEMENT	AU3CB0229490	300,000,000	5/8/2019
TOYOTA FINANCE AUSTRALIA	AU3CB0221133	350,000,000	5/15/2019
NATIONAL AUSTRALIA BANK	AU3CB0221117	500,000,000	5/20/2019
ASIAN DEVELOPMENT BANK	AU3CB0221240	1,000,000,000	5/22/2019
BWP TRUST	AU3CB0221257	200,000,000	5/27/2019
ADCB FINANCE CAYMAN LTD	AU3CB0221414	250,000,000	5/28/2019

Table 7. Upcoming maturities for AusBond Composite Index: May 2019

ISSUER	ISIN	VALUE	MATURITY
EXPORT DEVELOPMNT CANADA	AU3CB0221448	1,050,000,000	6/5/2019
QUEENSLAND TREASURY CORP	AU0000XQLQK1	1,118,436,000	6/14/2019
QUEENSLAND TREASURY CORP	AU0000XQLQW6	5,357,425,000	6/21/2019

Table 8. Maturities for NZBond Composite Index: April 2019

ISSUER	ISIN	VALUE	MATURITY
CONTACT ENERGY LTD	NZCEND0020L3	222,000,000	5/15/2019
L-BANK BW FOERDERBANK	NZLBKDT001C5	250,000,000	5/29/2019

Table 9. Upcoming maturities for NZBond Composite Index: May 2019

ISSUER	ISIN	VALUE	MATURITY
BANK OF NEW ZEALAND	NZBNZDT353C1	700,000,000	6/25/2019

Index Market Capitalisation

The AusBond Composite Index ended April 2019 at A\$1,070.74bn.

The NZBond Composite Index stood at NZ\$115.68bn at the end of April.

Chart 16. Growth of Bloomberg AusBond Composite Index: 2017 - 2019



Chart 17. Growth of Bloomberg NZBond Composite Index: 2017 - 2019



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The Bloomberg AusBond Indices are compared to the S&P/ASX 200 Index and S&P/NZX 50 Gross Index, respectively (collectively, the "S&P Indices"). The S&P/ASX 200 measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization, covering approximately 80% of Australian equity market capitalization. The S&P/NZX 50 Gross Index is designed to measure the performance of the 50 largest, eligible stocks listed on the Main Board (NZSX) of the NZX by float-adjusted market capitalization, covering approximately 90% of New Zealand equity market capitalization. The volatility of the S&P Indices may be materially different from that of the Bloomberg AusBond Indices. In addition, the membership in Bloomberg AusBond Indices differs significantly from the securities that comprise the S&P Indices. The S&P Indices have not been selected to represent appropriate benchmarks to compare the performance of Bloomberg AusBond Indices, but rather are disclosed to allow for comparison of Bloomberg AusBond Indices to well-known and widely recognized indices. Standard & Poor's, S&P, S&P/NZX 50 Gross Index and S&P/ASX 200 are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"), a part of McGraw Hill Financial.

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