

# Bloomberg AusBond Indices

Month in Review - March 2019

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## Month in Review

### Australian Market Performance

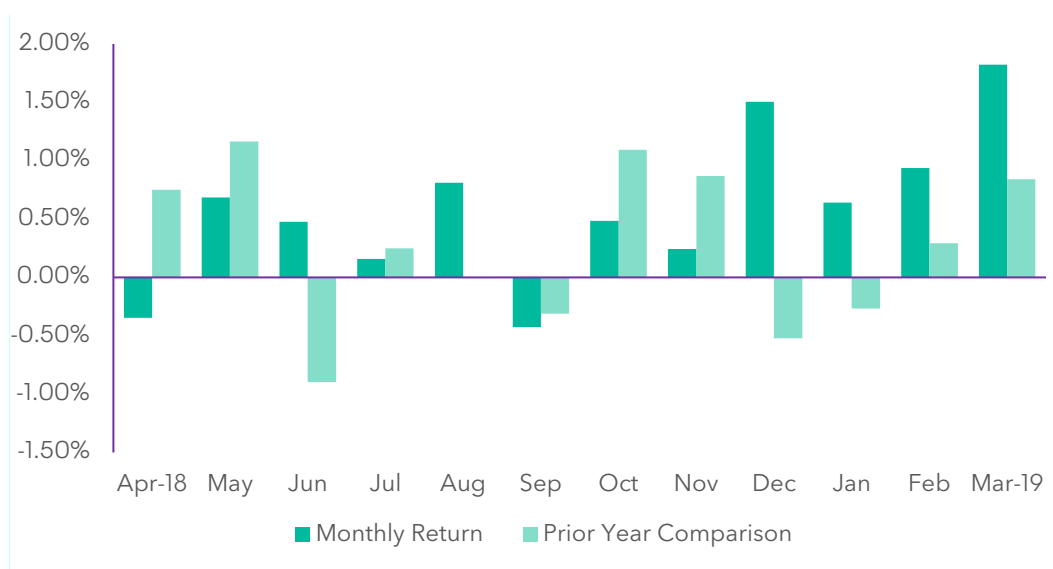
On March 5<sup>th</sup> 2019, the Reserve Bank of Australia (RBA) left the target cash rate unchanged at 1.5%. As shown in Table 1 below, the AusBond Composite Index's March return was positive (1.82%). The best performing component of the Index was the Treasury Index at 2.15%. The AusBond Semi-Govt Index and Credit Index returned 1.57% and 1.44%, respectively, followed by the Supra-Sovereign Index (1.31%). The Inflation Credit Index rose 1.03% during March and the AusBond Inflation Government Index rose 1.75% for the month. The Bank Bill Index returned 0.17%. Within equities, the S&P/ASX Accumulation 200 Index rose in March, sending its return up by 0.73%.

**Table 1. AusBond Total Return Performance: March 2019**

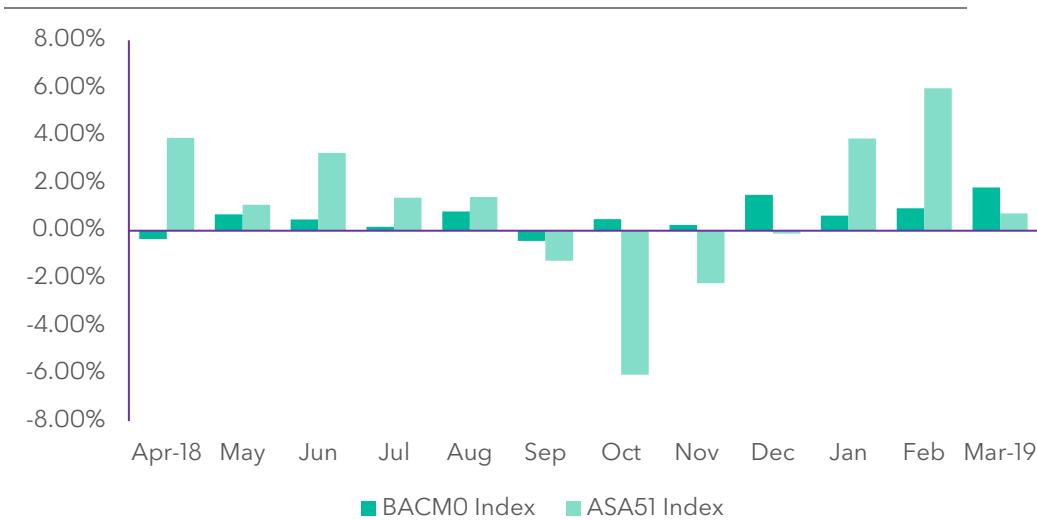
Index	MAR	FEB	JAN	QTD	YTD	2 YR	5 YR
Bloomberg AusBond Composite 0+ Yr Index	1.82%	0.94%	0.64%	3.43%	3.43%	5.22%	5.07%
Bloomberg AusBond Treasury 0+ Yr Index	2.15%	1.03%	0.71%	3.93%	3.93%	5.68%	5.26%
Bloomberg AusBond Semi-Govt 0+ Yr Index	1.57%	0.93%	0.62%	3.15%	3.15%	4.76%	5.06%
Bloomberg AusBond SupraSov 0+ Yr Index	1.31%	0.65%	0.49%	2.47%	2.47%	4.35%	4.53%
Bloomberg AusBond Credit 0+ Yr Index	1.44%	0.87%	0.52%	2.85%	2.85%	5.09%	5.04%
Bloomberg AusBond Bank Bill Index	0.17%	0.17%	0.18%	0.52%	0.52%	1.88%	2.13%
Bloomberg AusBond Credit FRN 0+ Yr Index	0.40%	0.43%	0.28%	1.12%	1.12%	2.84%	3.11%
Bloomberg AusBond Infl 0+ Yr Index	1.71%	0.50%	1.13%	3.37%	3.37%	4.89%	5.23%
Bloomberg AusBond Infl Govt 0+ Yr Index	1.75%	0.50%	1.15%	3.43%	3.43%	4.77%	5.10%
Bloomberg AusBond Infl Credit 0+ Yr Index	1.03%	0.45%	0.88%	2.38%	2.38%	6.90%	7.02%
S&P/ASX Accumulation 200 Index	0.73%	5.98%	3.87%	10.89%	10.89%	7.20%	7.40%

Note: 2 and 5 year returns are annualized.

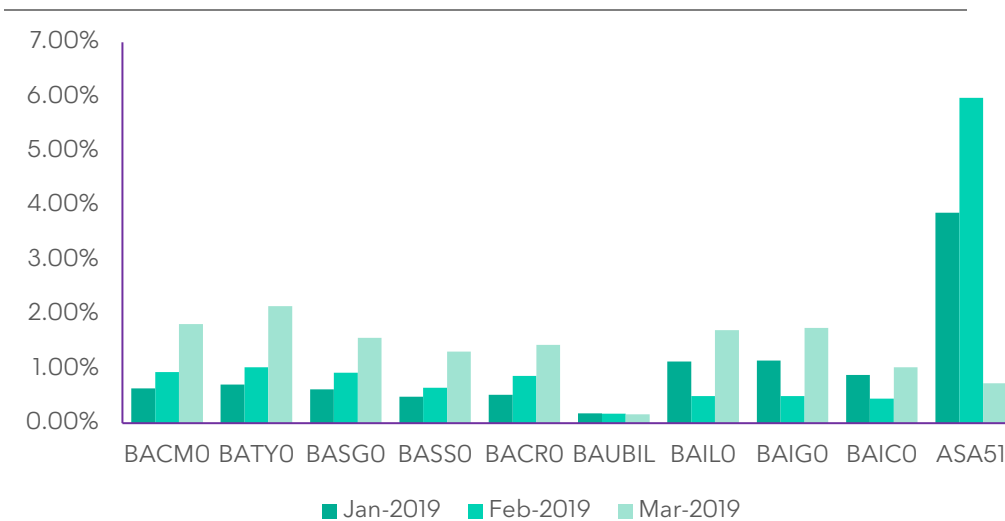
**Chart 1. Bloomberg AusBond Composite Index: Monthly Performance 2018 – 2019**



**Chart 2. S&P/ASX200 Accumulation Index vs. Bloomberg AusBond Composite Index: Monthly Return Performance 2018 – 2019<sup>1</sup>**



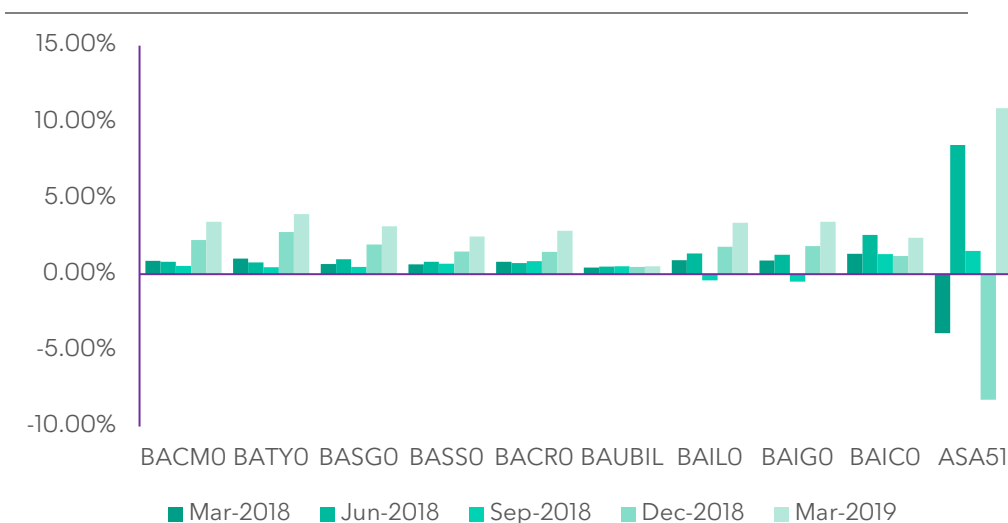
**Chart 3. Bloomberg AusBond Indices: Recent monthly returns<sup>2</sup>**



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

<sup>2</sup>The 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

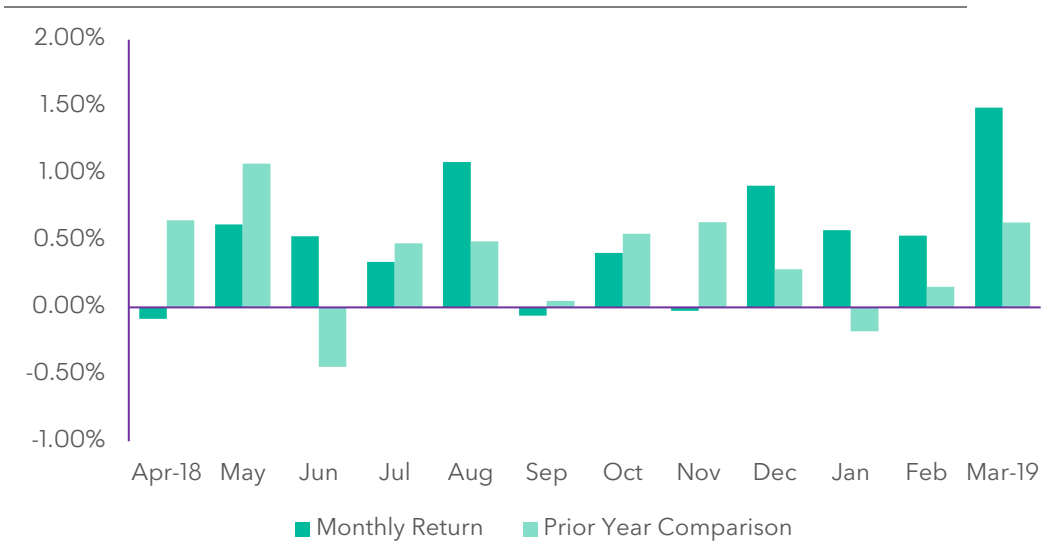
On March 27<sup>th</sup> 2019, The Reserve Bank of New Zealand (RBNZ) left target cash rate unchanged at 1.75%. As set out in the Table 2 below, monthly performance among NZBond indices were positive for the month of March. The Composite Index on aggregate rose 1.49% for the month. The best performing component of the Composite Index was the Treasury Index (1.88%) followed by the Local Govt Index (1.44%). The Credit Index increased 1.01% and the Supra-Sovereign Index was up by 0.91%. The Bank Bill Index gained 0.16% in March.

**Table 2. NZBond Total Return Performance: March 2019**

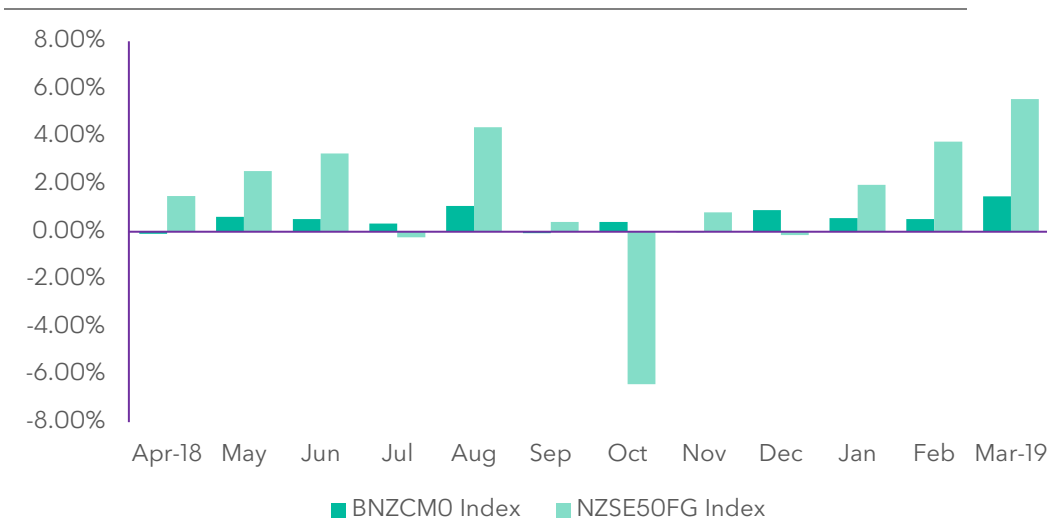
Index	MAR	FEB	JAN	QTD	YTD	2 YR	5 YR
Bloomberg NZBond Composite 0+ Yr Index	1.49%	0.54%	0.58%	2.62%	2.62%	5.48%	5.60%
Bloomberg NZBond Treasury 0+ Yr Index	1.88%	0.58%	0.63%	3.12%	3.12%	5.91%	5.72%
Bloomberg NZBond Local Govt 0+ Yr Index	1.44%	0.68%	0.66%	2.81%	2.81%	5.71%	6.01%
Bloomberg NZBond Non-Govt 0+ Yr Index	0.96%	0.43%	0.47%	1.87%	1.87%	4.82%	5.31%
Bloomberg NZBond SupraSov 0+ Yr Index	0.91%	0.41%	0.42%	1.75%	1.75%	4.32%	4.96%
Bloomberg NZBond Credit 0+ Yr Index	1.01%	0.45%	0.52%	1.99%	1.99%	5.37%	5.71%
Bloomberg NZBond Bank Bill Index	0.16%	0.15%	0.17%	0.48%	0.48%	1.96%	2.58%
Bloomberg NZBond Infl 0+ Yr Index	3.88%	1.57%	1.26%	6.83%	6.83%	11.25%	7.83%
S&P/NZX 50 Gross Index	5.58%	3.78%	1.98%	11.73%	11.73%	16.96%	13.88%

Note: 2 and 5 year returns are annualized.

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

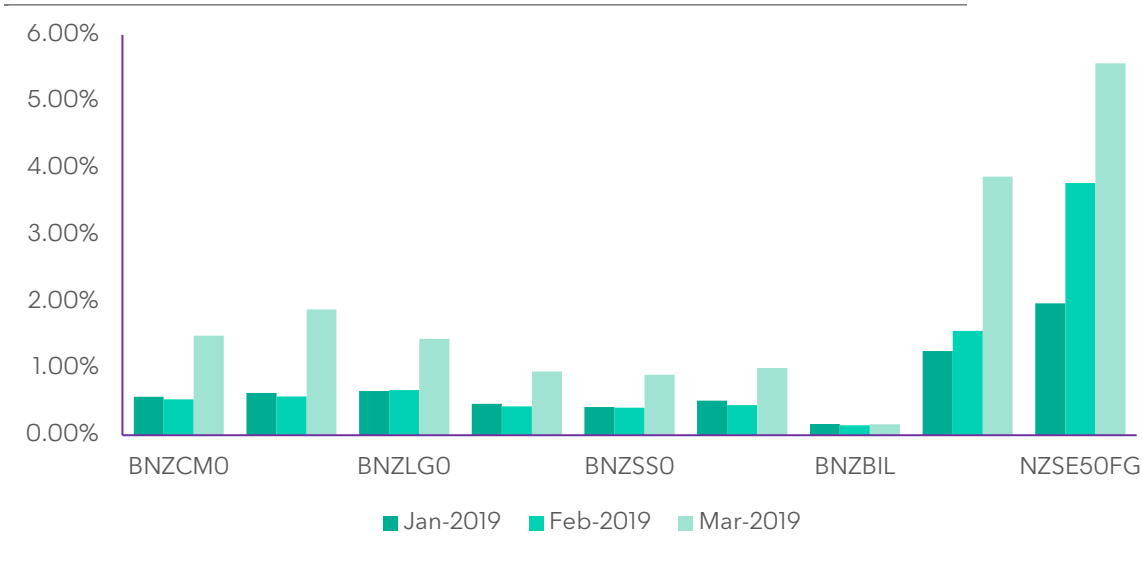


**Chart 6. S&P/NZX50 Gross Index vs. Bloomberg NZBond Composite Index: Monthly Return Performance 2018 – 2019<sup>3</sup>**

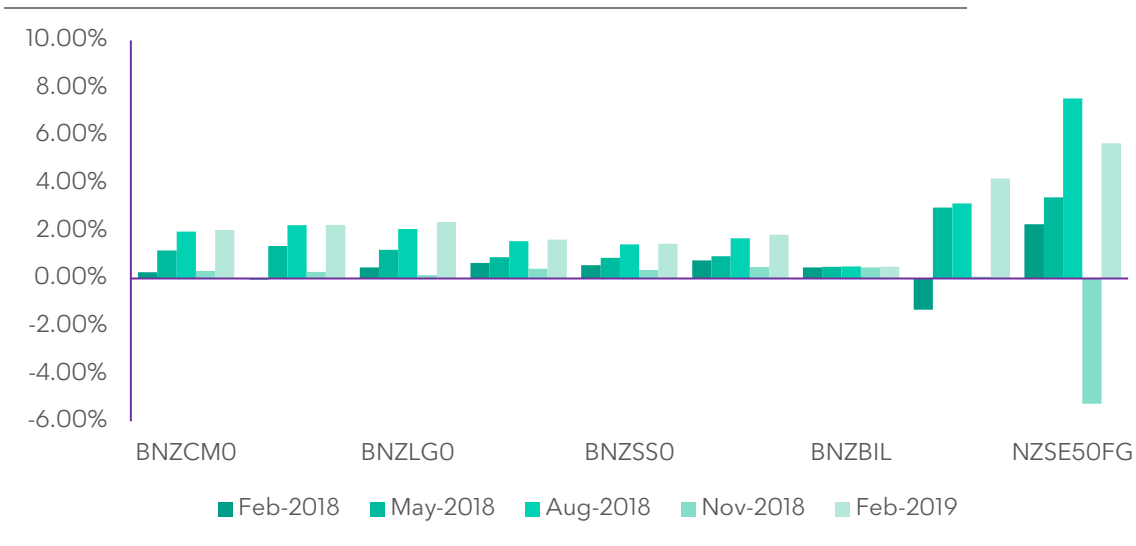


<sup>3</sup> The following indices are shown: NZBond Composite Index (BNZCM0) and S&P/NZX 50 Gross Index (NZSE50FG).

**Chart 7. Bloomberg NZBond Indices: Recent monthly returns<sup>4</sup>**



**Chart 8. Bloomberg NZBond Indices: Recent quarterly returns**

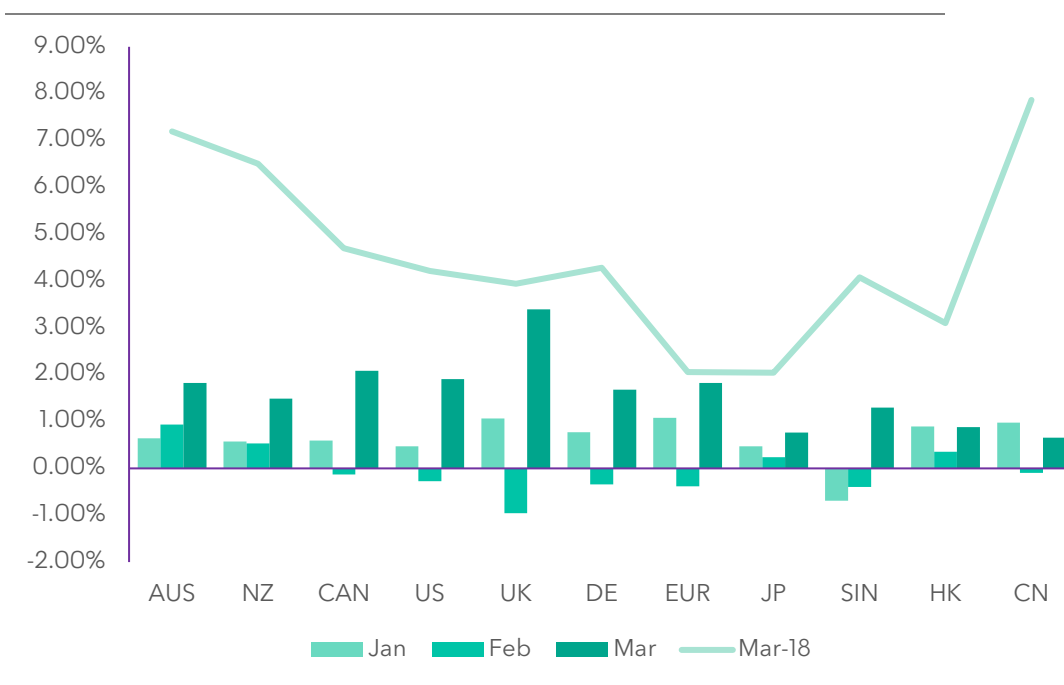


<sup>4</sup>The following indices are shown: NZBond Composite Index (BNZCMO); NZBond Treasury Index (BNZTY0); NZBond Local Govt Index (BNZLGO); NZBond Non-Govt Index (BNZNGO); NZBond SupraSov Index (BNZSSO); NZBond Credit Index (BNZCRO); NZBond Bank Bill Index (BNZBIL); NZBond Govt Inflation Index (BNZIO)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

## Global Market Performance

Chart 9 illustrates the recent monthly and yearly performance of global sovereign indices. The largest mover, UK, rose 3.39% in March and China returned the least at 0.66% for the month. The US Aggregate Treasury Index was up by 1.91%. On a twelve-month basis, as shown in Table 3, returns were all in positive territory. Global Sovereign Indices returns were as follows: Canada (4.7%), US (4.22%), UK (3.94%), Germany (4.28%), Euro (2.06%), Japan (2.04%), Singapore (4.07%), Hong Kong (3.1%) and China (7.86%).

**Chart 9. Bloomberg Indices Sovereign Debt Performance: March 2019<sup>5</sup>**



**Table 3. Bloomberg Indices Sovereign Debt Performance: March 2019**

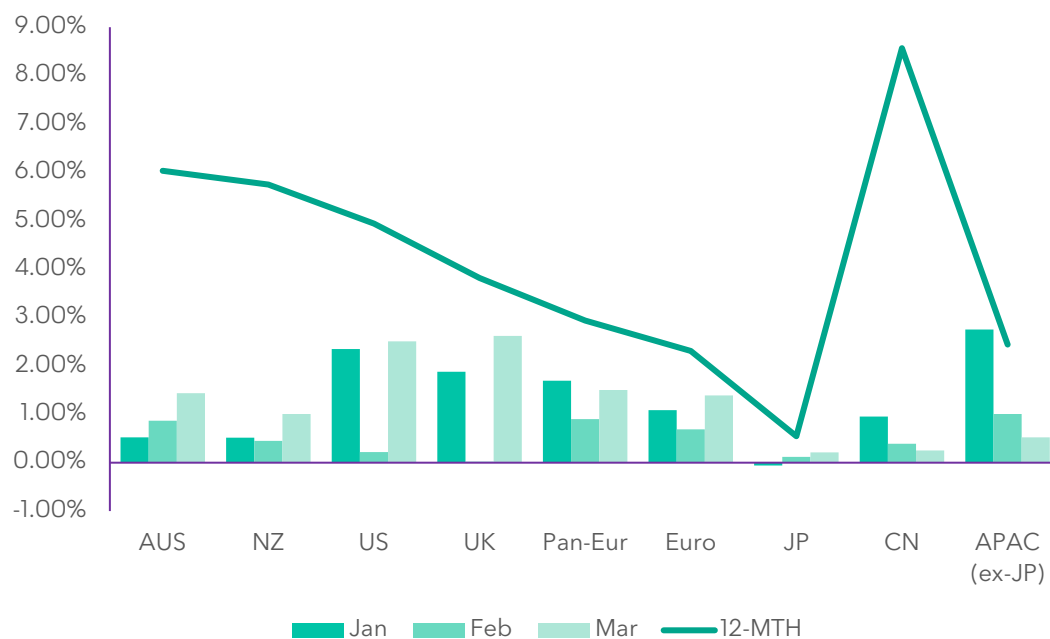
Index	AUS	NZ	CAN	US	UK	DE	EUR	JP	SIN	HK	CN
Mar	1.82%	1.49%	2.08%	1.91%	3.39%	1.68%	1.82%	0.76%	1.30%	0.88%	0.66%
Feb	0.94%	0.54%	-0.13%	-0.27%	-0.96%	-0.34%	-0.38%	0.24%	-0.39%	0.35%	-0.09%
Jan	0.64%	0.58%	0.59%	0.47%	1.06%	0.77%	1.08%	0.47%	-0.69%	0.90%	0.98%
12-MTH	7.20%	6.50%	4.70%	4.22%	3.94%	4.28%	2.06%	2.04%	4.07%	3.10%	7.86%

In March, monthly performances among the global Investment Grade Corporate Indices were positive across the board. The Bloomberg Barclays Sterling Corporate Bond Index gained the most (2.62%) followed by Bloomberg Barclays US Corporate Bond Index (2.51%). Bloomberg Barclays Euro Corporate Bond Index returned 1.39% and Bloomberg Barclays APAC (ex-JP) Corporate Bond Index gained 0.52% for the month. On a twelve-month basis, as shown in Table 4, China Corporate Index gained the most at 8.57% and all Investment Grade Corporate Indices were in positive territory: US (4.94%), UK (3.82%), Pan-Euro (2.94%), Euro (2.31%), Japan (0.55%), China (8.57%) and APAC (ex-JP) (2.44%).

<sup>5</sup> The Sovereign 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 the China Aggregate Treasury subset.



**Chart 10. Bloomberg Indices Investment Grade Corporate Indices: March 2019<sup>6</sup>**



**Table 4. Bloomberg Indices Investment Grade Corporate Indices: March 2019**

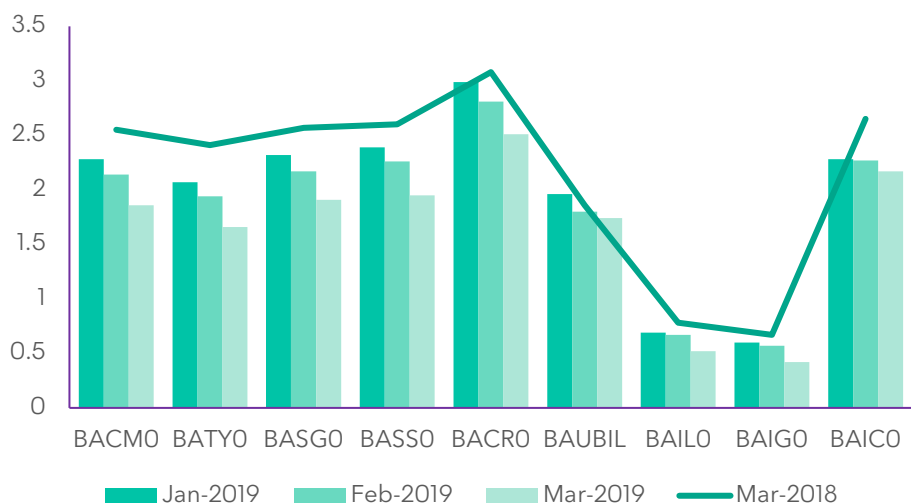
Index	AUS	NZ	CAN	US	UK	DE	EUR	JP	SIN
Mar	1.44%	1.01%	2.51%	2.62%	1.50%	1.39%	0.21%	0.25%	0.52%
Feb	0.87%	0.45%	0.22%	0.02%	0.90%	0.69%	0.12%	0.39%	1.00%
Jan	0.52%	0.52%	2.35%	1.88%	1.69%	1.09%	-0.06%	0.95%	2.75%
12-MTH	6.03%	5.75%	4.94%	3.82%	2.94%	2.31%	0.55%	8.57%	2.44%

<sup>6</sup> 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

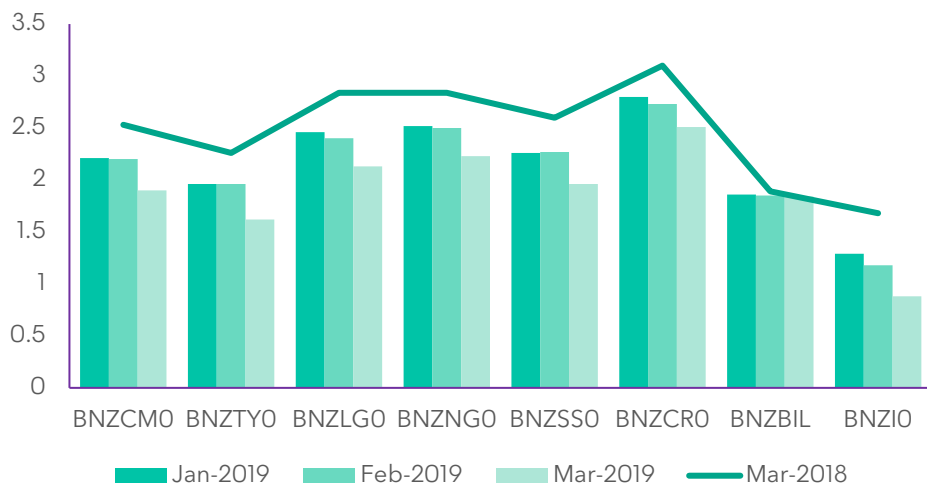
In March, the Yield to Worst (YTW) of the AusBond Composite Index ended the month at 1.86%, a 28 bps decrease compared to previous month. The YTW of the Treasury Index was down 28 bps at 1.66%. The YTW of the Semi-Government Index decreased 26 bps to 1.91% and SupraSov Index was down 31 bps to 1.95%. The Bank Bill Yield was down 6 bps to 1.74%.

**Chart 11. Bloomberg AusBond Indices: Bond Yields**



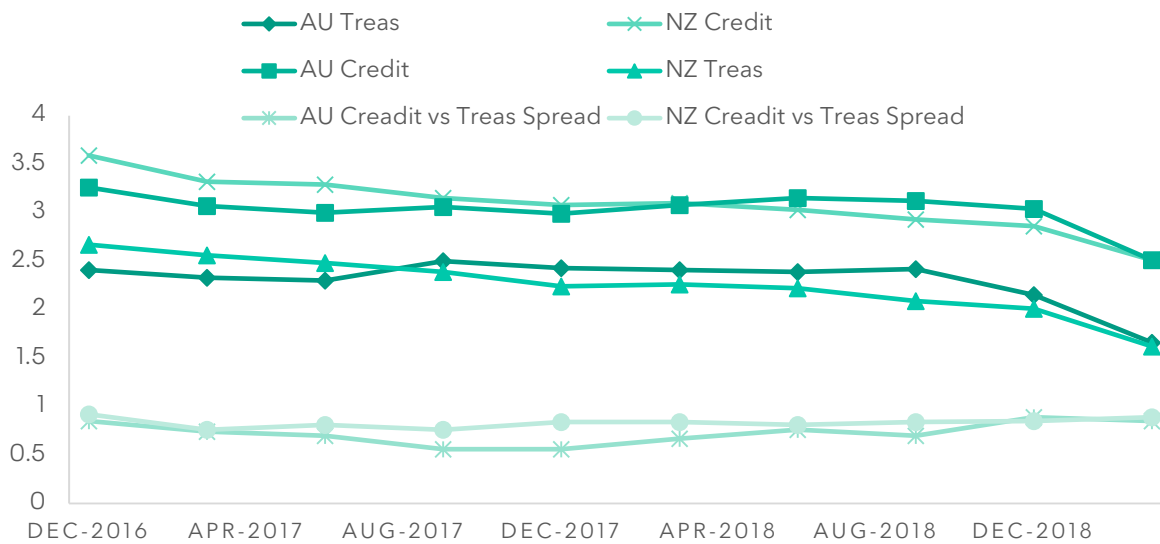
Yields for NZBond Indices decreased across the board for the month as well. The yield of the composite Index decreased to 1.9% from 2.2%. The yield on the Treasury Index dipped the most to 1.62% from 1.96%. The yield on the Local Govt Index was down 27 bps to 2.13% and the yield on the SupraSov Index was down 31 bp to 1.96%. The yield on the Credit Index was down 22 bps to 2.51%. The New Zealand Bank Bill yield decreased 1 bp to 1.84%.

**Chart 12. Bloomberg NZBond Indices: Bond Yields**



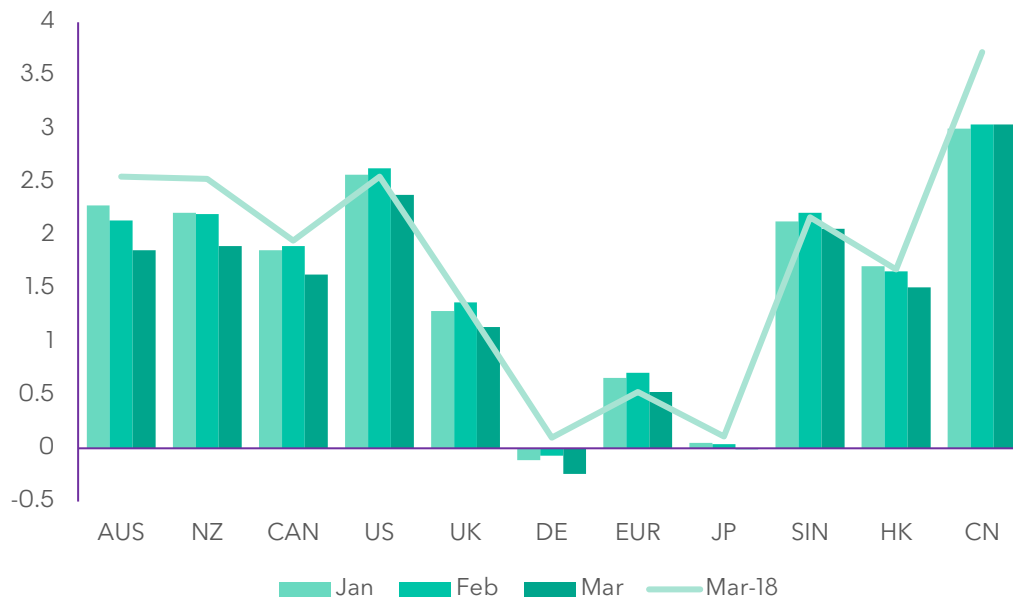
As illustrated in Chart 13, the YTW decreased for both the Australian Credit Index and the New Zealand Credit Index for the past 3 months. There is also evidence of convergence for credit and treasury spread during the last 3 months for Australia and divergence for New Zealand.

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



YTW figures for the Global Bloomberg Barclays Sovereign Indices mostly decreased in March compared to previous month except China as shown below, Canada(1.63%), US(2.38%), UK(1.14%), Germany(-0.24%), Europe(0.53%), Japan(-0.01%), Singapore(2.06%), HK(1.51%) and China(3.04%). The YTW for Canada sovereign index was down the most (-27 bps).

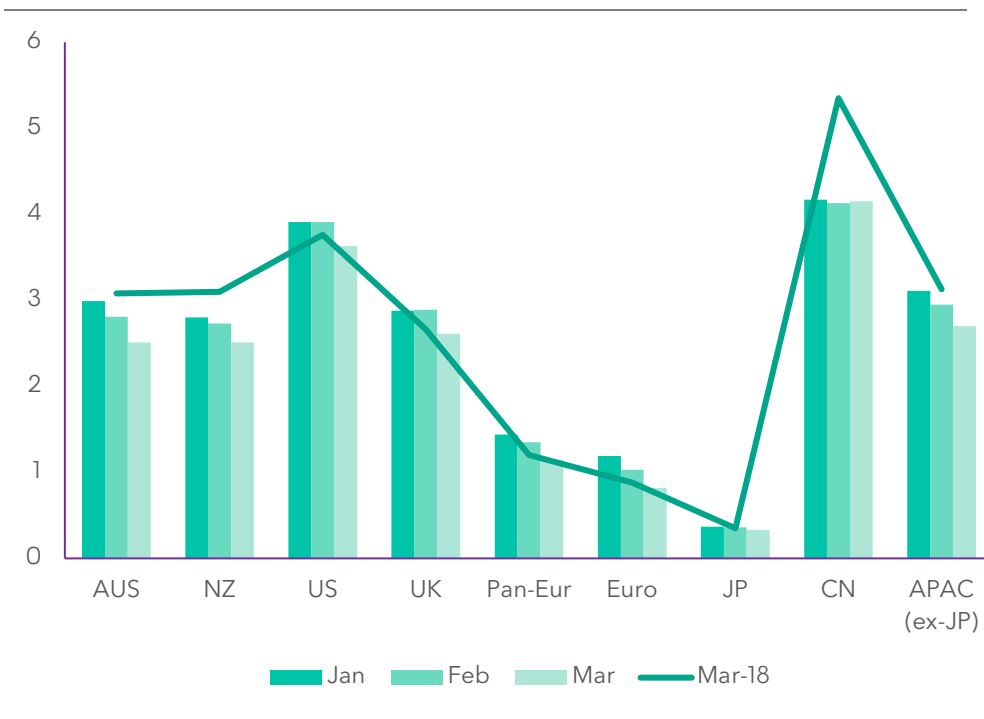
**Chart 14. Bloomberg Indices Sovereign Bond Yields<sup>7</sup>**



<sup>7</sup>The 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 March 2019, YTW figures were mostly down for corporate bond indices. The yield of US Investment-Grade Corporate Bond Index and UK Investment-Grade Corporate Bond Index decreased the most (-28 bps) to 3.63% and 2.61%, respectively and the yield of the China Investment-Grade Corporate Bond Index rose 2 bp to 4.15%. The YTW figure for APAC (ex-JP) Investment-Grade Corporate Bond Index was down 25 bps to 2.7%.

**Chart 15. Bloomberg Indices Investment Grade Corporate Bond Yields<sup>8</sup>**



<sup>8</sup>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-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\$12.01bn of new supply (issuances and taps) in March. The new supply was A\$1.56bn lower than the previous month and A\$1.62bn higher than the 12 month average (A\$10.39bn). The largest contributors were Treasuries at A\$4.2bn followed by Semi-Government at A\$4.05bn and Non-Government at A\$3.76bn. Six new issues were added to the Composite Index amounting to A\$5.02bn, which leaves A\$6.99 in taps.

The new additions to the Composite Index were issued across six different sectors. TCV issued A\$2.5bn fixed coupon bonds which is the largest amongst new issues in March. The largest tap was carried on the 2.5% May 2030 ACGB bond. Additionally, four Semi-Government issuers upsized in March: TCV (A\$0.51bn), QTC (A\$0.43bn), NSWTC (A\$0.4bn) and WATC (A\$0.21bn). The month of March also saw approximately A\$7.12bn of buybacks and maturities.

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

<b>Sector</b>	<b>MAR-19 (A\$bn)</b>	<b>FEB-19 (A\$bn)</b>	<b>JAN-19 (A\$bn)</b>	<b>QTD (A\$bn)</b>	<b>12-mth AVG (A\$bn)</b>	<b>% diff on prior mth</b>	<b>% diff on 12-mth AVG</b>
<b>Additions</b>							
Treasury	4.2	4.8	2.6	11.6	4.73	-12.50%	-11.21%
Semi-Government	4.05	5.48	3.21	12.74	3.32	-26.09%	21.99%
Non-Government	3.76	3.29	4.23	11.28	2.34	14.29%	60.68%
<b>Total Composite</b>	<b>12.01</b>	<b>13.57</b>	<b>10.04</b>	<b>35.62</b>	<b>10.39</b>	<b>-11.50%</b>	<b>15.59%</b>
<b>Removals</b>							
Treasury	1.5	14.01	1.7	17.21	3.76	-89.29%	-60.11%
Semi-Government	2.53	2.66	0.63	5.82	1.66	-4.89%	52.41%
Non-Government	3.09	2.22	2.4	7.71	2.31	39.19%	33.77%
<b>Total Composite</b>	<b>7.12</b>	<b>18.89</b>	<b>4.73</b>	<b>30.74</b>	<b>7.73</b>	<b>-62.31%</b>	<b>-7.89%</b>
<b>Net new supply</b>							
Treasury	2.7	-9.21	0.9	-5.61	0.97	-129.32%	178.35%
Semi-Government	1.52	2.82	2.58	6.92	1.66	-46.10%	-8.43%
Non-Government	0.67	1.07	1.83	3.57	0.03	-37.38%	2133.33%
<b>Total Composite</b>	<b>4.89</b>	<b>-5.32</b>	<b>5.31</b>	<b>4.88</b>	<b>2.66</b>	<b>-191.92%</b>	<b>83.83%</b>

## Maturities

**Table 6. Maturities for AusBond Composite Index: March 2019**

ISSUER	ISIN	VALUE	MATURITY
NEW S WALES TREASURY CRP	AU3CB0071124	413,837,700	4/1/2019
FIRST GULF BANK	AU3CB0219863	250,000,000	4/1/2019
HOLCIM FINANCE AUSTRALIA	AU3CB0200111	200,000,000	4/4/2019
BARCLAYS BANK PLC	AU3CB0219939	338,120,000	4/4/2019
SVENSKA HANDELSBANKEN AB	AU3CB0220036	450,000,000	4/10/2019
DBNGP FINANCE CO PTY LTD	AU3CB0201697	300,000,000	4/16/2019
MET LIFE GLOB FUNDING I	AU3CB0220192	450,000,000	4/16/2019
EXPORT-IMPORT BANK KOREA	AU3CB0220184	300,000,000	4/17/2019
COMMONWEALTH BANK AUST	AU3CB0220408	500,000,000	4/24/2019
INTL BK RECON & DEVELOP	AU3CB0220424	300,000,000	4/29/2019

**Table 7. Upcoming 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 8. Maturities for NZBond Composite Index: March 2019**

ISSUER	ISIN	VALUE	MATURITY
(None)			

**Table 9. Upcoming 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

## Index Market Capitalisation

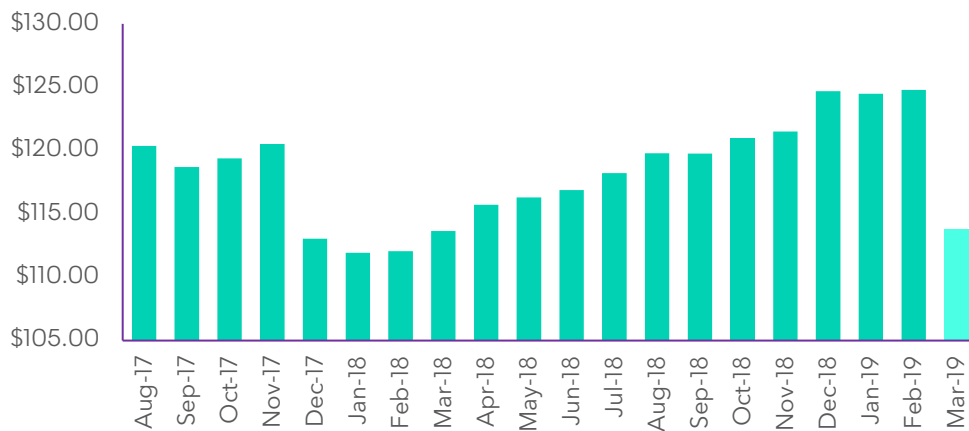
The AusBond Composite Index ended March 2019 at A\$1,067.98bn.

The NZBond Composite Index stood at NZ\$113.79bn at the end of March.

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



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



"Bloomberg", "Bloomberg AusBond Index<sup>SM</sup>" and the names of the other indices and subindices that are part of the Bloomberg AusBond and NZBond Index family (such indices and subindices collectively referred to as the "Bloomberg AusBond Indices") are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited, the administrator of the indices (collectively, "Bloomberg"). Bloomberg does not guarantee the timeliness, accuracy or completeness of any data or information relating to the Bloomberg AusBond Indices or make any warranty, express or implied, as to the Bloomberg AusBond Indices or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg and its licensors, and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with the Bloomberg AusBond Indices or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the Bloomberg AusBond Indices shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy," "sell," "hold" or enter into any other transaction involving a specific interest) by Bloomberg or its affiliates or licensors or a recommendation as to an investment or other strategy. Data and other information available via the Bloomberg AusBond Indices should not be considered as information sufficient upon which to base an investment decision. All information provided by the Bloomberg AusBond Indices is impersonal and not tailored to the needs of any specific person, entity or group of persons. Bloomberg and its affiliates express no opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. Customers should consider obtaining independent advice before making any financial decisions.

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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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