A Bloomberg Professional Services Offering

Bloomberg Terminal

Indices

Bloomberg AusBond Indices

Month in Review – September 2018

Bloomberg

Contents

Month in Review

Australian Market Performance

On September 4th 2018, 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 September return was negative (-0.42%). The best performing component of the Index was the Credit Index at -0.14%. The AusBond Supra-Sovereign Index returned -0.19%, followed by AusBond Semi-Govt Index (-0.35%) and Treasury Index (-0.58%). The Inflation Credit Index rose 0.19% during September and the AusBond Inflation Government Index was down (-0.70%) for the month. The Bank Bill returned 0.16%. Within equities, the S&P/ASX Accumulation 200 Index decreased in September, sending its return down by -1.26%.

Table 1. AusBond Total Return Performance: September 2018

Index	SEP	AUG	JUL	QTD	YTD	2 YR	5 YR
Bloomberg AusBond Composite 0+ Yr Index	-0.42%	0.81%	0.16%	0.54%	2.24%	1.46%	4.28%
Bloomberg AusBond Treasury 0+ Yr Index	-0.58%	0.94%	0.11%	0.46%	2.26%	0.89%	4.09%
Bloomberg AusBond Semi-Govt 0+ Yr Index	-0.35%	0.65%	0.19%	0.49%	2.15%	1.51%	4.52%
Bloomberg AusBond SupraSov 0+ Yr Index	-0.19%	0.65%	0.22%	0.68%	2.15%	2.07%	4.16%
Bloomberg AusBond Credit 0+ Yr Index	-0.14%	0.76%	0.24%	0.86%	2.42%	3.01%	4.63%
Bloomberg AusBond Bank Bill Index	0.16%	0.17%	0.19%	0.52%	1.44%	1.82%	2.19%
Bloomberg AusBond Credit FRN 0+ Yr Index	0.22%	0.28%	0.30%	0.79%	1.84%	2.91%	3.18%
Bloomberg AusBond Infl 0+ Yr Index	-0.65%	0.31%	-0.05%	-0.40%	1.88%	1.61%	4.73%
Bloomberg AusBond Infl Govt 0+ Yr Index	-0.70%	0.29%	-0.08%	-0.50%	1.68%	1.39%	4.54%
Bloomberg AusBond Infl Credit 0+ Yr Index	0.19%	0.61%	0.52%	1.32%	5.34%	5.27%	7.37%
S&P/ASX Accumulation 200 Index	-1.26%	1.42%	1.39%	1.53%	5.88%	11.58%	8.19%

Note: 2 and 5 year returns are annualized.

Chart 1. Bloomberg AusBond Composite Index: Monthly Performance 2017-2018

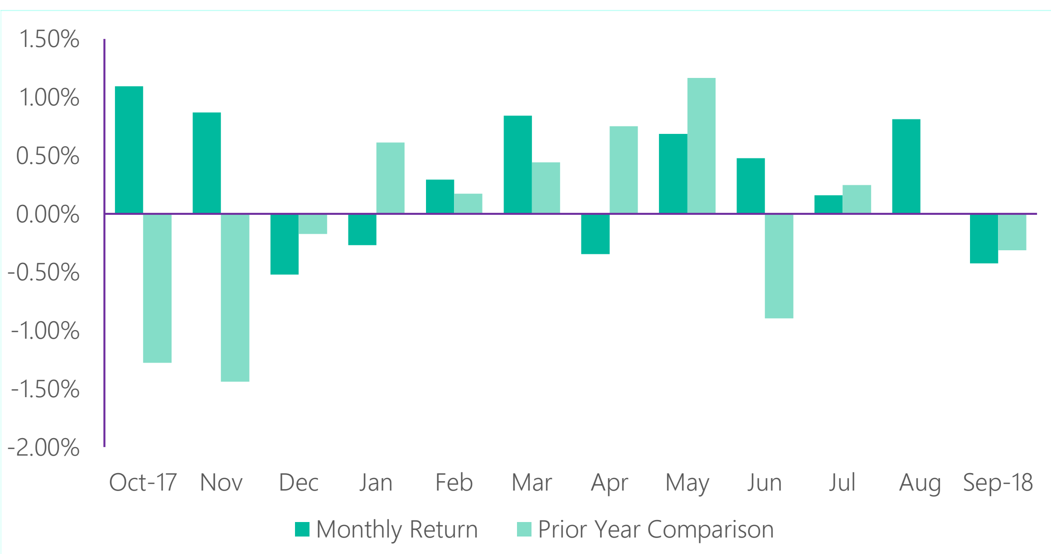


Chart 2. S&P/ASX200 Accumulation Index vs. Bloomberg AusBond Composite Index: Monthly Return Performance 2017 - 2018[1]

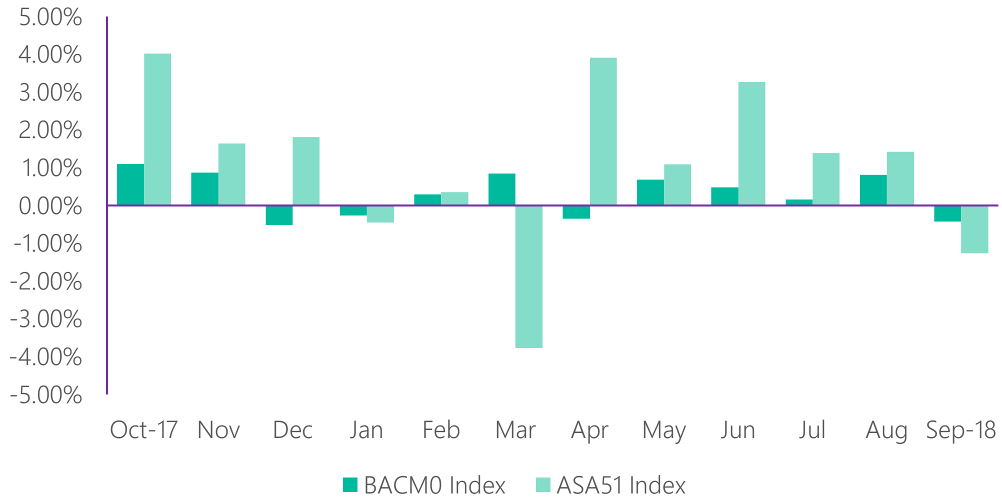
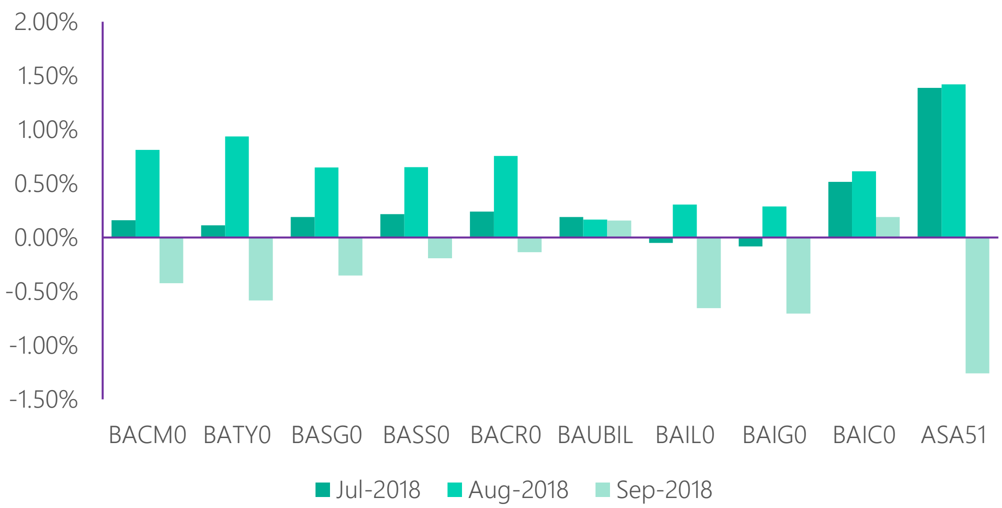


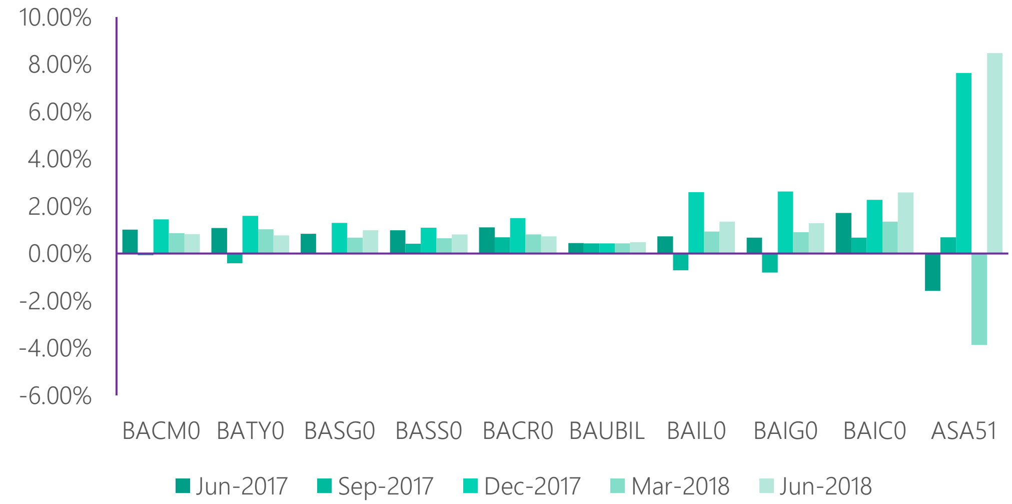
Chart 3. Bloomberg AusBond Indices: Recent monthly returns[2]



[1] The following indices are shown: AusBond Composite Index (BACM0) and S&P/ASX 200 Accumulation Index (ASA51).

[2] The following indices are shown: AusBond Composite Index (BACM0); AusBond Treasury Index (BATY0); AusBond Semi-Government Index (BASG0); AusBond Supra/Sovereign Index (BASS0); AusBond Credit Index (BACR0); AusBond Bank Bill Index (BAUBIL); AusBond Inflation Index (BAIL0); AusBond Inflation Government Index (BAIG0); AusBond Inflation Credit Index (BAIC0) and S&P/ASX 200 Accumulation Index (ASA51).

Chart 4. Bloomberg AusBond Indices: Recent quarterly returns



New Zealand Market Performance

On September 27th 2018, the Reserve Bank of New Zealand (RBNZ)'s target cash rate was unchanged at 1.75%. As set out in the Table 2 below, monthly performance among NZBond indices were mixed for the month of September. The Composite Index on aggregate was down -0.06% for the month. The best performing component of the Composite Index was the Credit Index (0.09%). The Supra-Sovereign index was up 0.04%. The Local Govt Index and the Treasury Index were down by 0.03% and 0.15%, respectively. The Bank Bill Index gained 0.16%.

Table 2. NZBond Total Return Performance: September 2018

Index	SEP	AUG	JUL	QTD	YTD	2 YR	5 YR
Bloomberg NZBond Composite 0+ Yr Index	-0.06%	1.09%	0.34%	1.37%	3.08%	2.89%	5.16%
Bloomberg NZBond Treasury 0+ Yr Index	-0.15%	1.25%	0.41%	1.51%	3.05%	2.49%	5.13%
Bloomberg NZBond Local Govt 0+ Yr Index	-0.03%	1.17%	0.33%	1.47%	3.46%	3.20%	5.66%
Bloomberg NZBond Non-Govt 0+ Yr Index	0.06%	0.83%	0.25%	1.14%	3.03%	3.45%	5.06%
Bloomberg NZBond SupraSov 0+ Yr Index	0.04%	0.74%	0.22%	1.00%	2.81%	3.09%	4.70%
Bloomberg NZBond Credit 0+ Yr Index	0.09%	0.93%	0.27%	1.29%	3.27%	3.84%	5.47%
Bloomberg NZBond Bank Bill Index	0.16%	0.16%	0.18%	0.49%	1.46%	2.00%	2.66%
Bloomberg NZBond Infl 0+ Yr Index	0.01%	2.39%	0.24%	2.65%	4.37%	4.56%	6.45%
S&P/NZX 50 Gross Index	0.41%	4.38%	-0.24%	4.56%	11.35%	12.71%	14.57%

Note: 2 and 5 year returns are annualized.

Chart 5. Bloomberg NZBond Composite Index: Monthly Performance 2017-2018

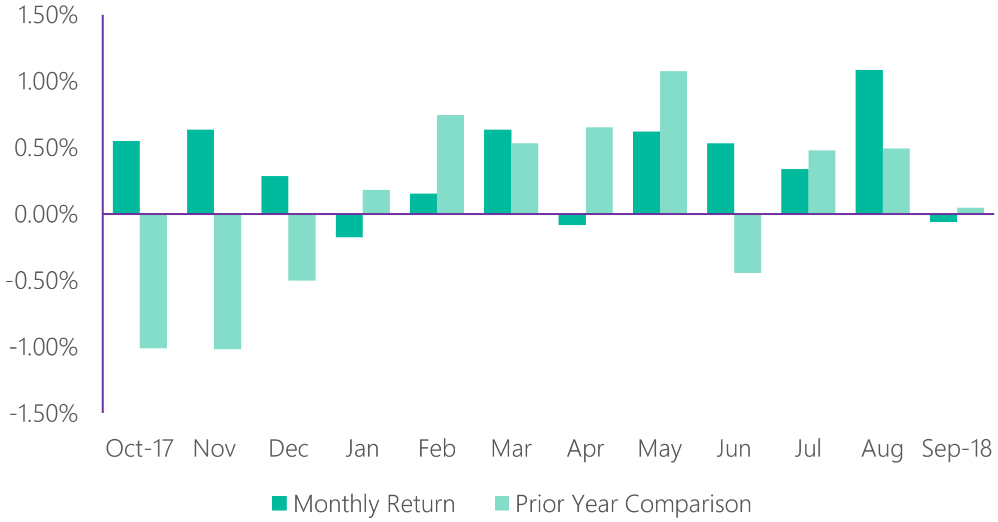
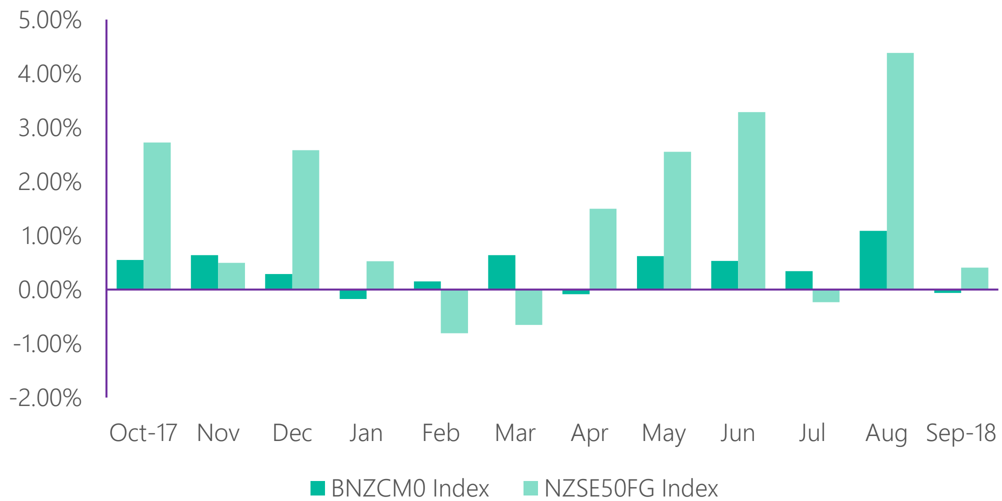


Chart 6. S&P/NZX50 Gross Index vs. Bloomberg NZBond Composite Index: Monthly Return Performance 2017-2018[3]



[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 returns[4]

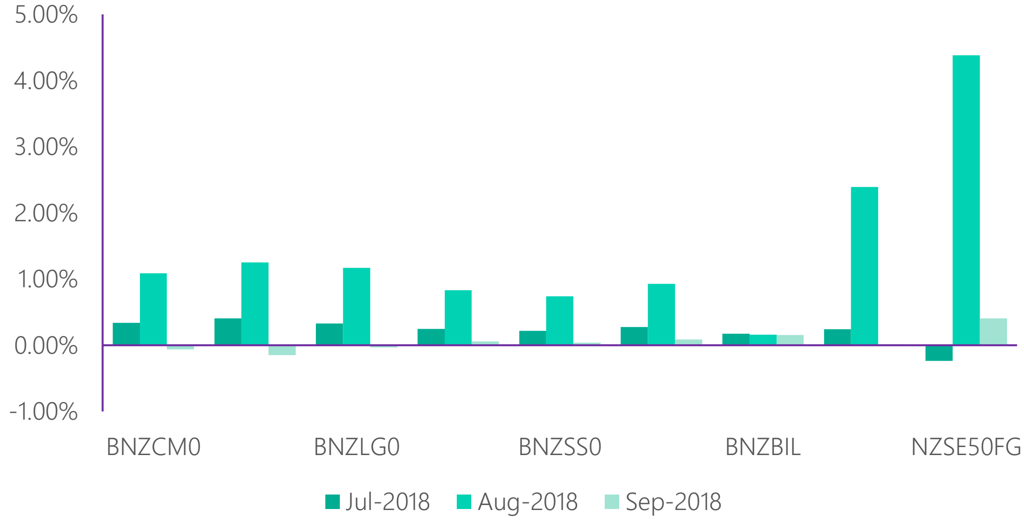
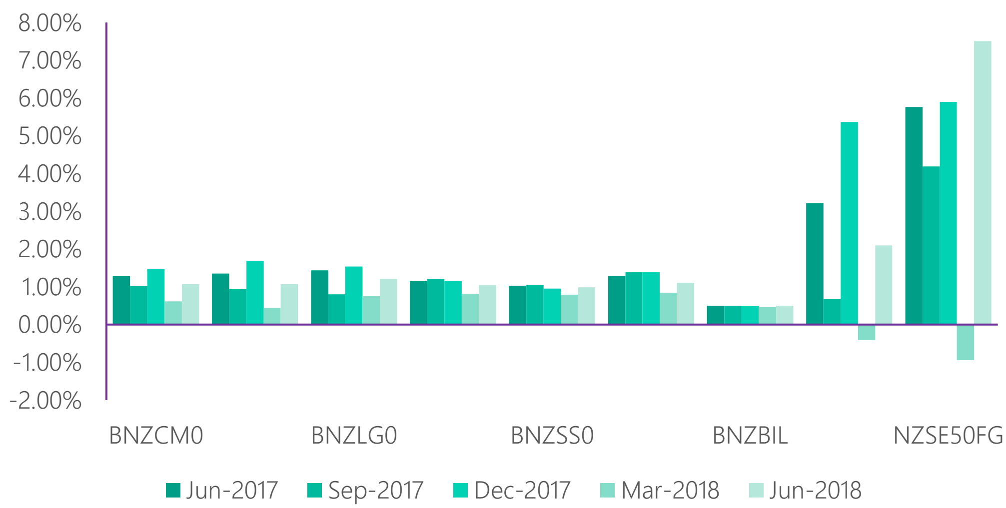


Chart 8. Bloomberg NZBond Indices: Recent quarterly returns



[4]The following indices are shown: NZBond Composite Index (BNZCM0); NZBond Treasury Index (BNZTY0); NZBond Local Govt Index (BNZLG0); NZBond Non-Govt Index (BNZNG0); NZBond SupraSov Index (BNZSS0); NZBond Credit Index (BNZCR0); NZBond Bank Bill Index (BNZBIL); NZBond Govt Inflation Index (BNZI0) 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, returned -1.63% in September. The US Aggregate Treasury Index was down -0.93%. On a twelve-month basis, as shown in Table 3, returns were mixed. Global Sovereign Indices returns were as follows: Canada (0.71%), US (-1.62%), UK (0.58%), Germany (0.80%), Euro (0.05%), Japan (-0.04%), Singapore (-0.15%), Hong Kong (-1.50%) and China (4.45%).

Chart 9. Bloomberg Indices Sovereign Debt Performance: September 2018[5]

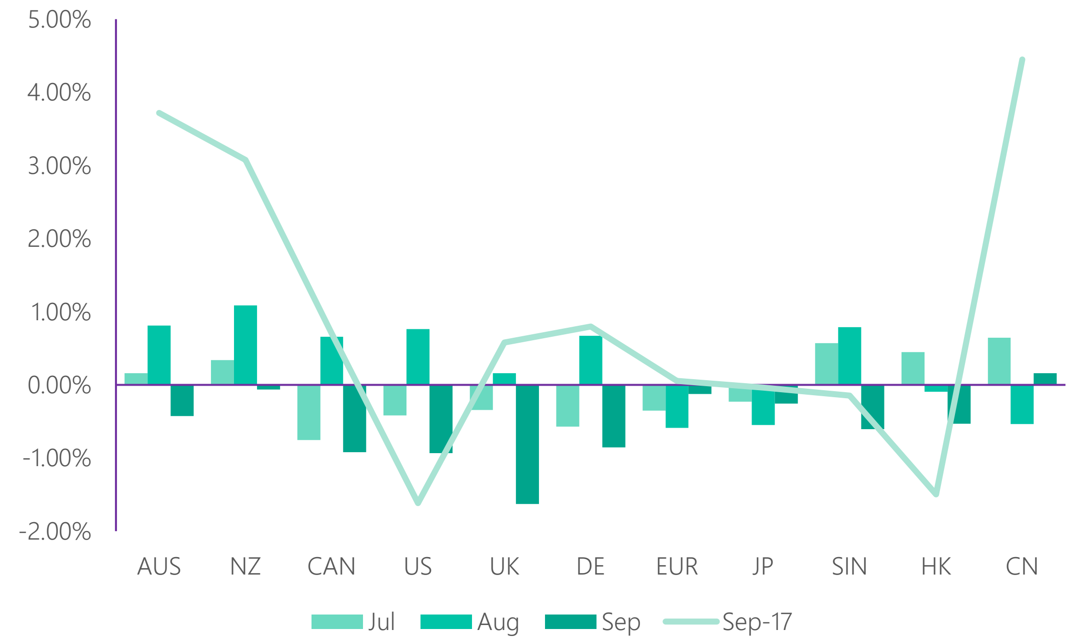


Table 3. Bloomberg Indices Sovereign Debt Performance: September 2018

Index	AUS	NZ	CAN	US	UK	DE	EUR	JP	SIN	HK	CN
Sep	-0.42%	-0.06%	-0.92%	-0.93%	-1.63%	-0.85%	-0.12%	-0.26%	-0.61%	-0.53%	0.16%
Aug	0.81%	1.09%	0.66%	0.76%	0.16%	0.67%	-0.59%	-0.55%	0.79%	-0.09%	-0.54%
Jul	0.16%	0.34%	-0.75%	-0.42%	-0.34%	-0.57%	-0.35%	-0.23%	0.57%	0.45%	0.65%
12-MTH	3.72%	3.08%	0.71%	-1.62%	0.58%	0.80%	0.05%	-0.04%	-0.15%	-1.50%	4.45%

In September, monthly performance among the global Investment Grade Corporate Indices was mixed. The Bloomberg Barclays UK benchmark dipped the most (-1.03%) while Bloomberg Barclays APAC (ex-JP) benchmark was up the most by 2.47%. The Bloomberg Barclays US Corporate Bond Index decreased by 0.36% for the month. On a twelve-month basis, as shown in Table 4, the return of the China (6.02%) and Japan (0.23%) were in positive territory.

[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: September 2018[6]

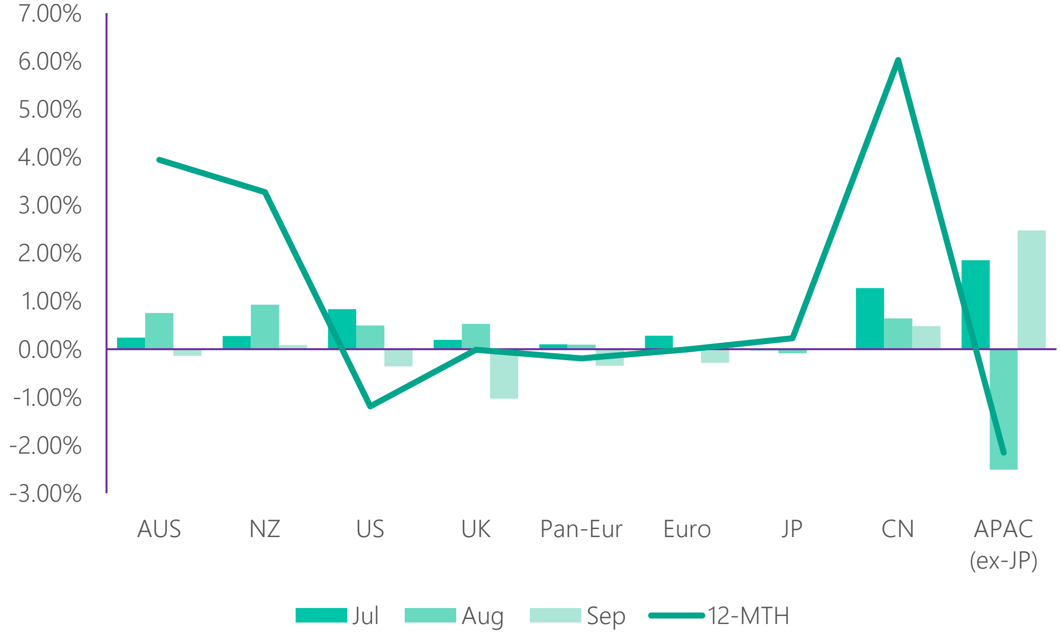


Table 4. Bloomberg Indices Investment Grade Corporate Indices: September 2018

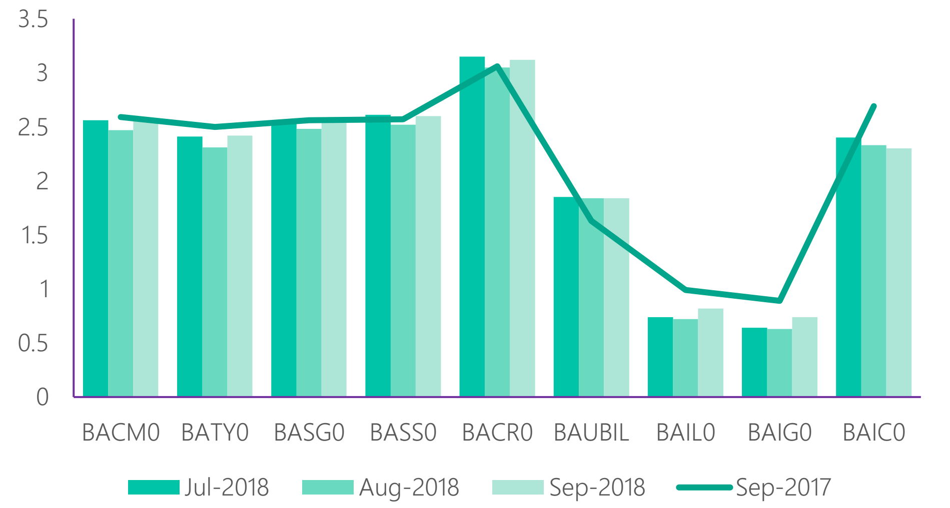
Index	AUS	NZ	US	UK	Pan-Eur	Euro	JP	CN	APAC (ex-JP)
Sep	-0.14%	0.09%	-0.36%	-1.03%	-0.34%	-0.29%	-0.01%	0.48%	2.47%
Aug	0.76%	0.93%	0.49%	0.53%	0.09%	0.01%	-0.08%	0.64%	-2.51%
Jul	0.24%	0.27%	0.83%	0.20%	0.10%	0.28%	-0.03%	1.27%	1.85%
12-MTH	3.94%	3.27%	-1.19%	-0.01%	-0.19%	0.00%	0.23%	6.02%	-2.15%

[6] The global benchmarks for investment-grade corporate bonds shown are: Bloomberg AusBond Credit Index (BACR0 Index); Bloomberg NZBond Credit Index (BNZCR0 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 (LECPTREU 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

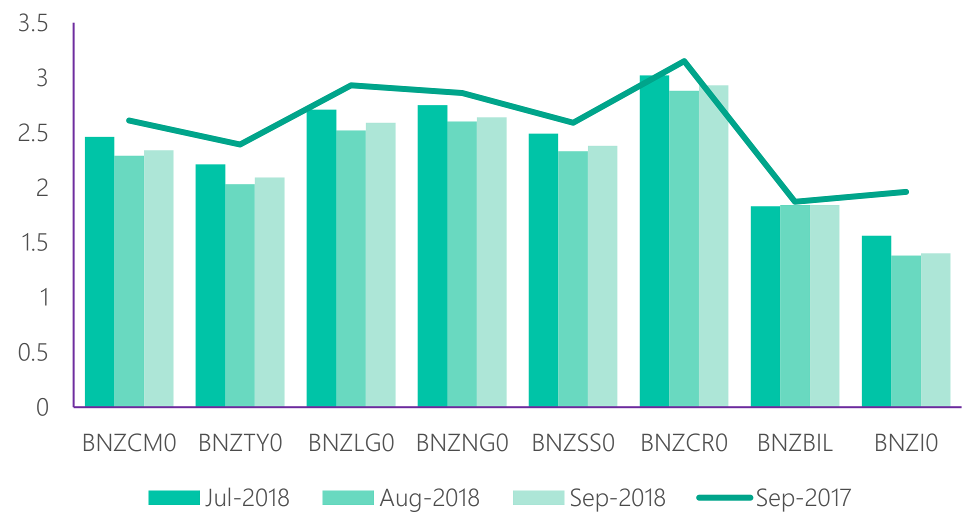
In August, the Yield to Worst (YTW) of the AusBond Composite Index ended the month at 2.57%, a 10 bps increase compared to previous month. The YTW of the Treasury Index was up 11 bps to 2.42%. The YTW of the Semi-Government Index increased 10 bps to 2.58% and the YTW of SupraSov Index was up 8 bps to 2.60%. The Bank Bill Yield was unchanged at 1.84%.

Chart 11. Bloomberg AusBond Indices: Bond Yields



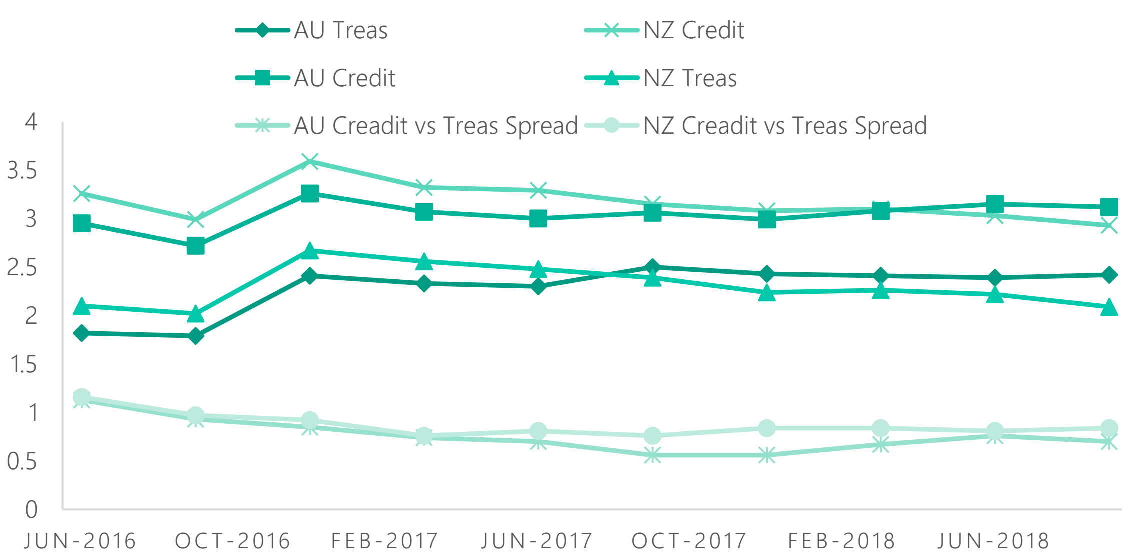
Yields for most NZBond Indices increased for the month. The yield of the composite Index increased to 2.34% from 2.29%. The yield on the Local Govt and SupraSov Index rose 7 bps to 2.59% and 5 bps to 2.38%, respectively. The New Zealand Bank Bill yield was unchanged at 1.84%.

Chart 12. Bloomberg NZBond Indices: Bond Yields



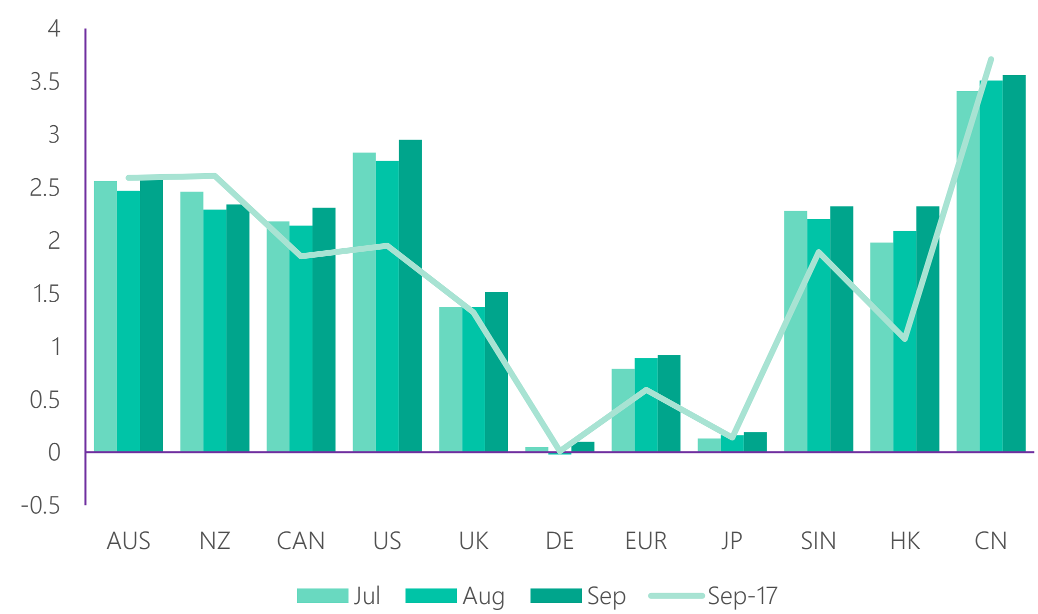
As illustrated in Chart 13, the YTW decreased for the Australian Credit Index and the New Zealand Credit Index for the past 3 months. There is also evidence of convergence for credit and treasury spread during the last 3 months for Australia.

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



YTW figures for the Global Bloomberg Barclays Sovereign Indices rose in September as shown below. The YTW for Hong Kong sovereign index rose the most (+23 bps) while YTW for EUR and JP sovereign indices moved the least (+3 bps).

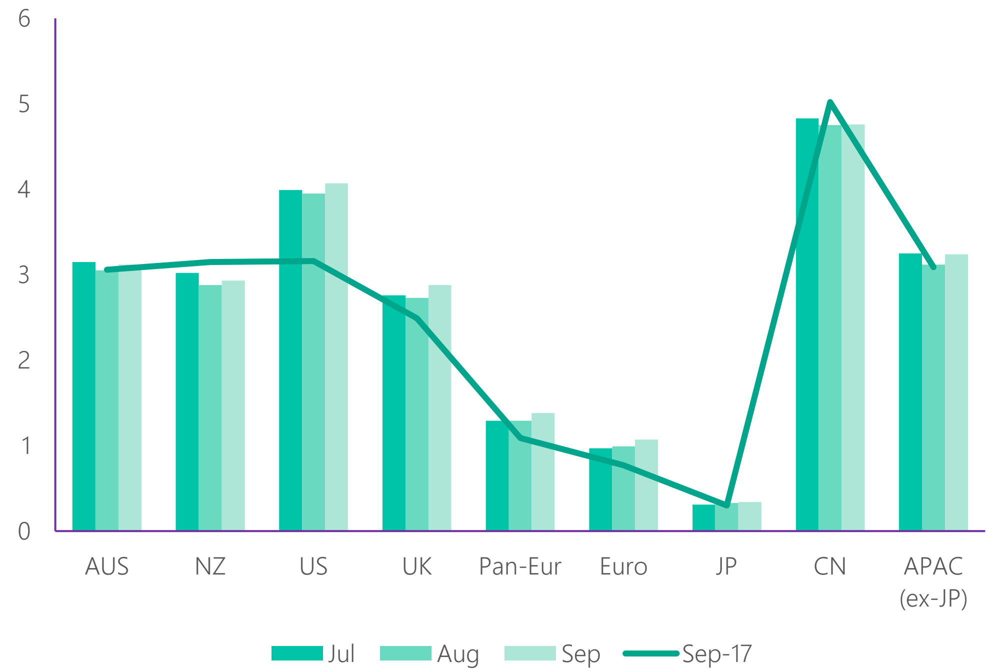
Chart 14. Bloomberg Indices Sovereign Bond Yields[7]



[7]The Sovereign Bond 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 China.

In September 2018, YTW figures rose across the board. UK Investment-Grade Corporate Bond Index increased the most (+15 bps) to 2.88%. US Investment-Grade Corporate Bond Index rose 12 bps to 4.07%.

Chart 15. Bloomberg Indices Investment Grade Corporate Bond Yields[8]



[8]The global benchmarks for investment-grade corporate bonds shown are: Bloomberg AusBond Credit Index (BACR0 Index); Bloomberg NZBond Credit Index (BNZCR0 Index); Bloomberg Barclays US Corporate Bond Index (LUACTRUU Index); Bloomberg Barclays Sterling Corporate Bond Index (LC61TRGU Index); Bloomberg Barclays Euro-Aggregate: Corporates Bond Index (LECPTREU 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$12.87bn of new supply (issuances and taps) in September. The new supply was 24.23% higher than the previous month and A$1.2bn higher than the 12 month average (A$11.67bn). The largest contributors were Treasuries at A$4.9bn followed by Semi-Government at A$4.33bn and Non-Government at A$3.64bn. Ten new issues were added to the Composite Index amounting to A$3.2bn, which leaves A$9.67bn in taps.

The new additions to the Composite Index were issued across six different sectors. SUNAU issued A$0.55bn fixed coupon bonds which is the largest amongst new additions in September. The largest tap was carried on the 2.5% May 2030 ACGB bond. Additionally, five Semi-Government issuers upsized in September: WATC (A$1.08bn), SAFA (A$1bn), TCV (A$0.95bn), QTC (A$0.66bn) and NSWTC (A$0.51bn). The month of September also saw approximately A$16.74bn of buybacks and maturities.

Table 5. Bloomberg AusBond Composite Index Net New Supply: September 2018

Sector	SEP-18 (A$bn)	AUG-18 (A$bn)	JUL-18 (A$bn)	QTD (A$bn)	12-mth AVG (A$bn)	% diff on prior mth	% diff on 12-mth AVG
Additions							
Treasury	4.9	5.9	4.7	15.5	5.94	-16.95%	-17.51%
Semi-Government	4.33	1.05	3.36	8.74	2.64	312.38%	64.02%
Non-Government	3.64	3.41	1.14	8.19	3.09	6.74%	17.80%
Total Composite	12.87	10.36	9.2	32.43	11.67	24.23%	10.28%
Removals							
Treasury	11.03	3.9	5.7	20.63	3.82	182.82%	188.74%
Semi-Government	4.19	1.03	0.87	6.09	2.09	306.80%	100.48%
Non-Government	1.52	0.21	1.68	3.41	2.38	623.81%	-36.13%
Total Composite	16.74	5.14	8.25	30.13	8.29	225.68%	101.93%
Net new supply							
Treasury	-6.13	2	-1	-5.13	2.12	-406.50%	-389.15%
Semi-Government	0.14	0.02	2.49	2.65	0.55	600.00%	-74.55%
Non-Government	2.12	3.2	-0.54	4.78	0.71	-33.75%	198.59%
Total Composite	-3.87	5.22	0.95	2.3	3.38	-174.14%	-214.50%

Maturities

Table 6. Maturities for AusBond Composite Index: September 2018

ISSUER	ISIN	VALUE	MATURITY
INTER-AMERICAN DEVEL BK	AU0000IADHA3	1,000,000,000	10/9/2018
MET LIFE GLOB FUNDING I	AU3CB0214484	375,000,000	10/10/2018
AUSTRALIAN GOVERNMENT	AU3TB0000176	9,625,200,000	10/21/2018
WESTERN AUST TREAS CORP	AU3SG0001290	3,509,195,000	10/23/2018
MACQUARIE BANK LTD	AU3CB0233518	144,000,000	10/26/2018

Table 7. Upcoming maturities for AusBond Composite Index: October 2018

ISSUER	ISIN	VALUE	MATURITY
AUST & NZ BANKING GROUP	AU3CB0215663	300,000,000	11/6/2018
LENDLEASE FIN LTD	AU3CB0208494	250,000,000	11/13/2018
TELSTRA CORP LTD	AU3CB0215978	500,000,000	11/13/2018
TREASURY CORP VICTORIA	AU3SG0000060	3,059,610,000	11/15/2018
BP CAPITAL MARKETS PLC	AU0000BPBHB8	300,000,000	11/15/2018
CALTEX AUSTRALIA LTD	AU3CB0186385	150,000,000	11/23/2018
KOMMUNINVEST I SVERIGE	AU3CB0225514	125,000,000	11/25/2018
ANGLO AMERICAN CAPITAL	AU0000AQMHA7	500,000,000	11/27/2018
ING BANK NV/SYDNEY	AU3CB0216430	200,000,000	11/27/2018
DOWNER GROUP FINANCE PTY	AU3CB0209229	150,000,000	11/29/2018

Table 8.Maturities for NZBond Composite Index: September 2018

ISSUER	ISIN	VALUE	MATURITY
WATERCARE SERVICES LTD	NZ816D1018L1	125,000,000	10/26/2018

Table 9. Upcoming maturities for NZBond Composite Index: October 2018

ISSUER	ISIN	VALUE	MATURITY
TOYOTA FIN NEW ZEALAND	NZTFSDT498C3	100,000,000	11/21/2018
TRANSPOWER NEW ZEALAND L	NZ519D1118L9	325,000,000	11/30/2018

Index Market Capitalisation

The AusBond Composite Index ended September 2018 at A$1,020.06bn.

The NZBond Composite Index stood at NZ$119.75bn at the end of September.

Chart 16. Growth of Bloomberg AusBond Composite Index: 2017 – 2018

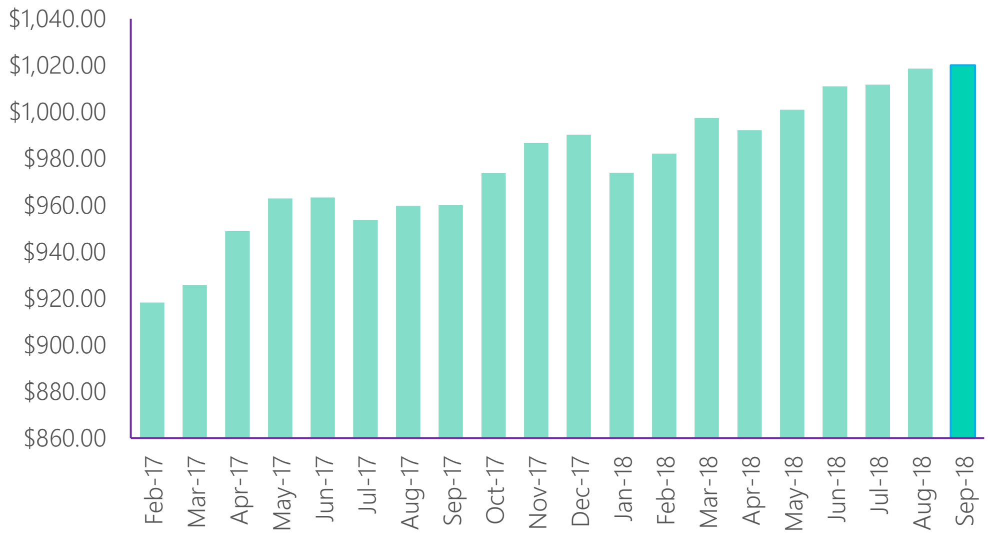


Chart 17. Growth of Bloomberg NZBond Composite Index: 2017 – 2018

"Bloomberg®," "Bloomberg AusBond Index℠" 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.
The data included in these materials are for illustrative purposes only. © 2018 Bloomberg. All rights reserved.
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.

Take the next step.

For additional information, press the <HELP> key twice on the Bloomberg Terminal®.

Beijing
+86 10 6649 7500

Dubai
+971 4 364 1000

Frankfurt
+49 69 9204 1210

Hong Kong
+852 2977 6000

London
+44 20 7330 7500

Mumbai
+91 22 6120 3600

New York
+1 212 318 2000

San Francisco
+1 415 912 2960

São Paulo
+55 11 2395 9000

Singapore
+65 6212 1000

Sydney
+61 2 9777 8600

Tokyo
+81 3 3201 8900

The data included in these materials are for illustrative purposes only. ©2018 Bloomberg L.P.