

## **Asian Bonds Remain Resilient Despite Trade War (9 October 2018)**

**Ms. Pheona Tsang, Head of Fixed Income at BEA Union Investment, shares her views on why Asian bonds have been more resilient than the region's other asset classes and gives an investment outlook for the Asian bond market.**

Reasons for the resilience of Asian bonds:

- Sectors affected by the trade war account for only a small portion of the Asian bond index.
- Valuations of Asian bonds have become more attractive, with yields at around 7-8%.

We remain cautiously positive about Asian bonds due to the following factors:

- Emerging market currencies have not yet stabilised, and U.S. dollar denominated Asian bonds are still preferred because of their defensive nature.
- Chinese offshore bonds are less volatile as a result of their greater transparency.

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