

COVID-19 Impact on Asian Fixed Income - Turning Crisis into Opportunity

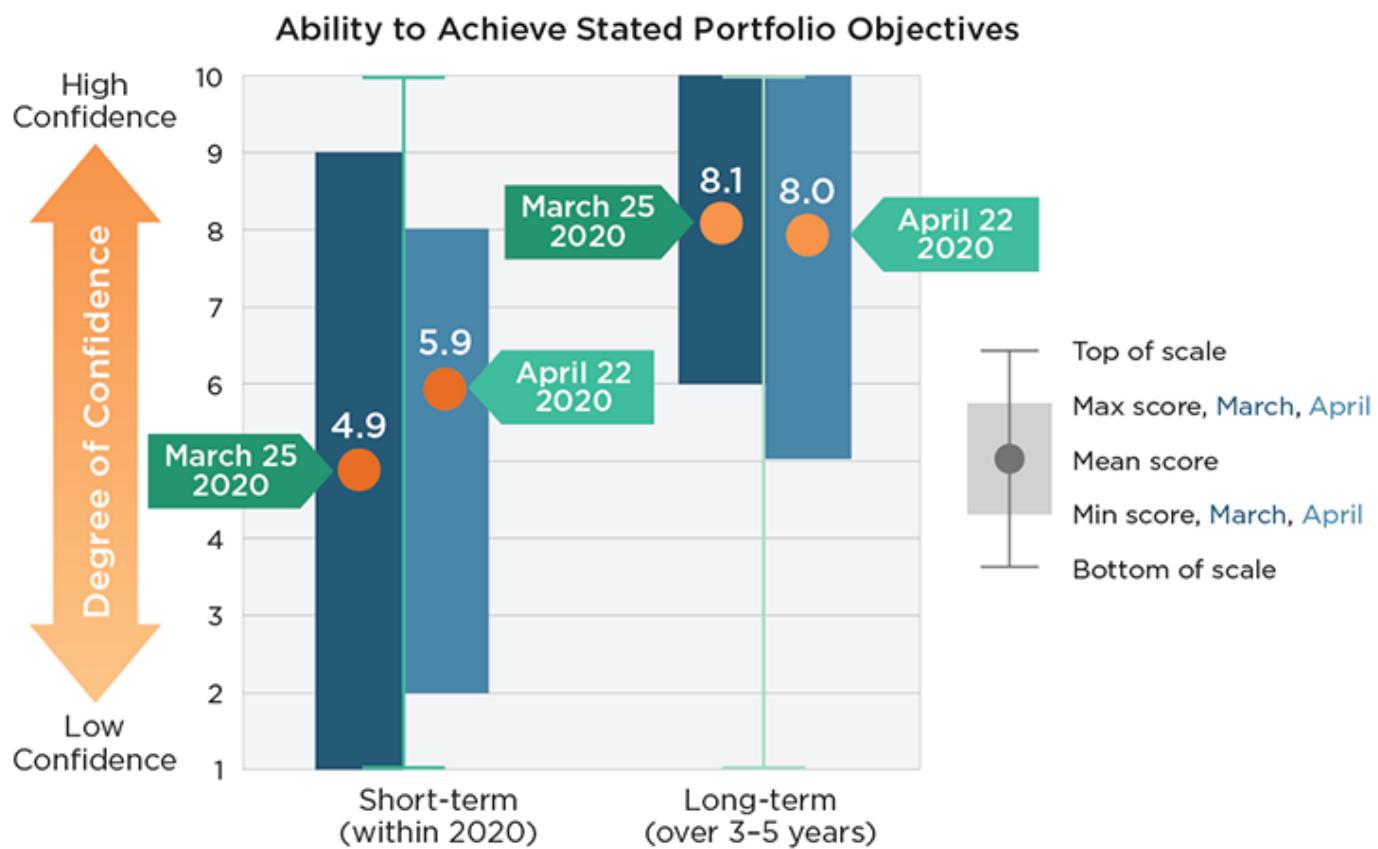
May 28, 2020

COVID-19 started in late December 2019 in Asia, but its effects on the global markets were truly felt two months later.

By late February, it was clear to investors all around the world that the pandemic would have a far-reaching impact on company earnings, credit profiles and, consequently, investor portfolios.

Investors globally have responded with varying strategies but generally believe that they will be able to meet their long-term portfolio objectives. The short-term view, however, is decidedly mixed.

GREENWICH INVESTOR RESILIENCE INDEX



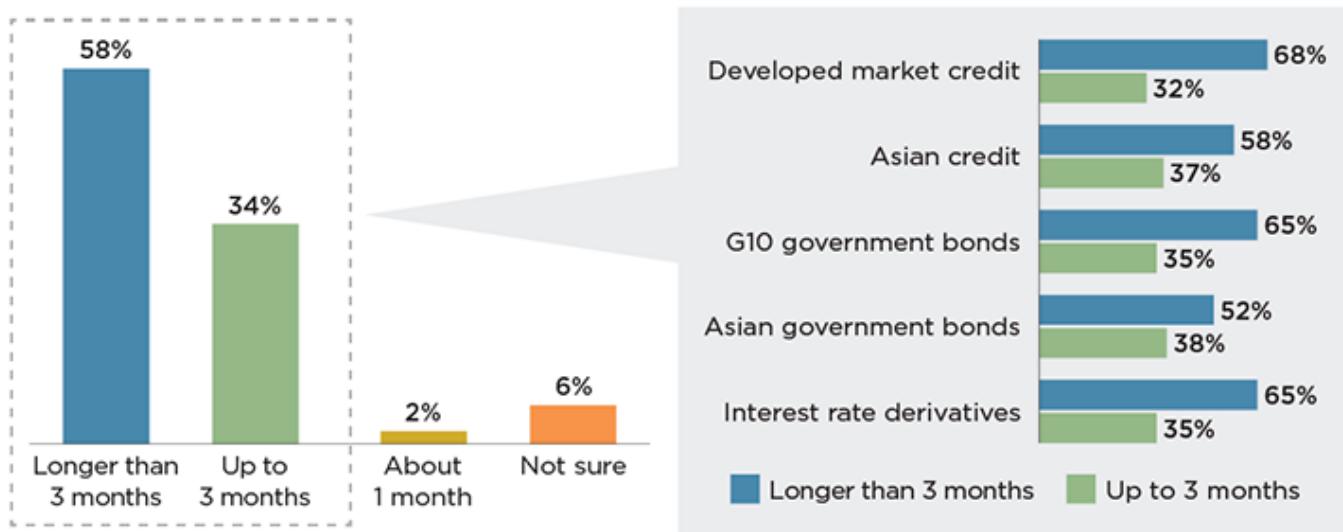
Source: Greenwich Associates Coronavirus Flash Study, March/April 2020

To further learn about the impact COVID-19 has had on trading activity and outlook, and how dealers have responded, Greenwich Associates gathered feedback from 93 Asia-based buy-side fixed-income investors.

Most Investors Expect Volatility to Continue

Most Asia-based investors believe that the current market conditions will result in continued volatility beyond the next three months, and nearly all the rest anticipate high volatility for up to three months.

BUY SIDE EXPECTATION OF HIGH MARKET VOLATILITY



Note: Based on 93 respondents.

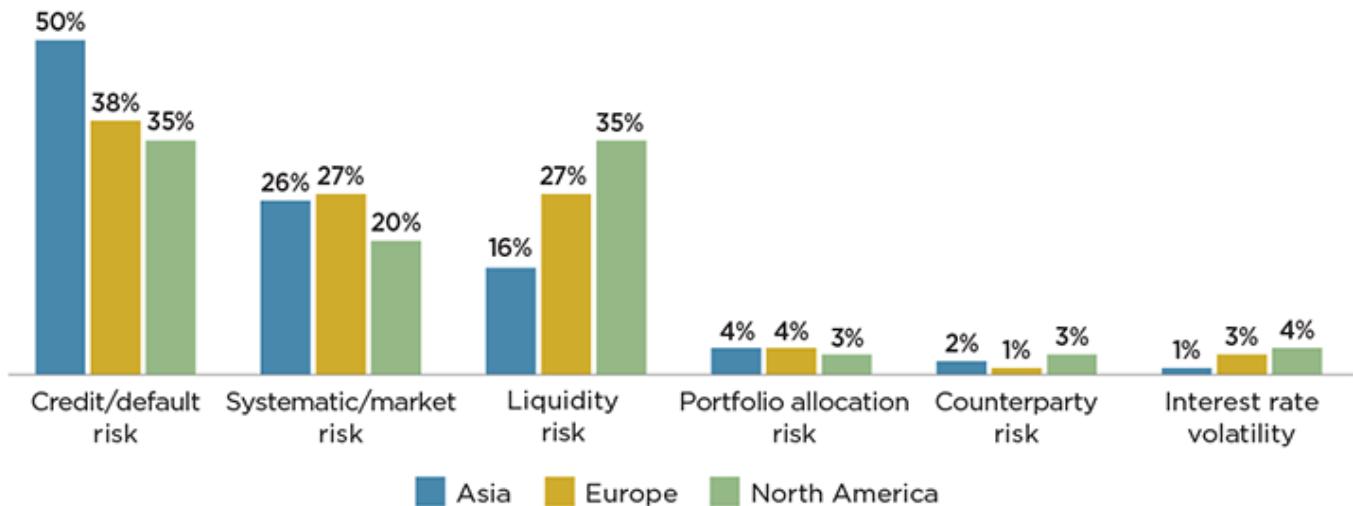
Source: Greenwich Associates 2019 Asian Fixed-Income Investors Study and COVID-19 Asian Fixed-Income Investors Flash Study, May 2020

While there isn't much difference between the views of credit vs. rates investors, proportionally, more investors expect volatility to continue beyond three months in G10 products, as compared to Asian products. Some of this is an outcome of more favorable credit spreads seen in several developed market bonds, auguring opportunistic buying in Asia.

Anticipated Risks to Investors' Portfolios

Not surprisingly, Asian investors find credit risk to be one of the most significant concerns they have. In similar studies we conducted in [North America](#) and [Europe](#), investors echoed this concern.

INVESTORS LEADING CONCERNS



Note: Based on 93 respondents.

Source: Greenwich Associates 2019 Asian Fixed-Income Investors Study and COVID-19 Asian Fixed-Income Investors Flash Study, May 2020

While credit risk is the most unanimous concern across regions, North American investors also consider liquidity risk a major issue, in contrast to their Asian counterparts.

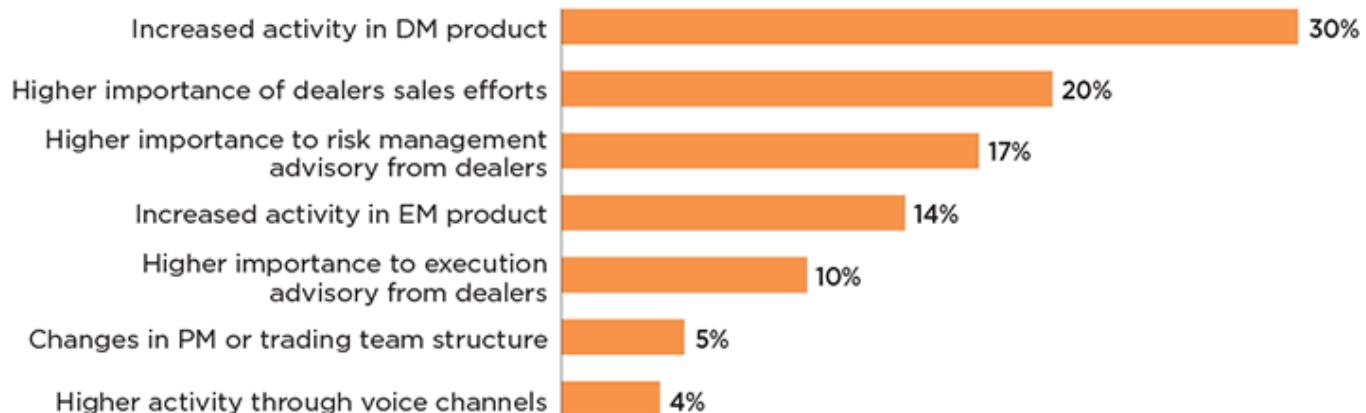
Asian central bank's proactive risk management stance and dovish policy measures may explain to some degree the reduced liquidity risk perception among Asian investors. On the other hand, the higher proportion of passively managed assets in North America may explain the higher liquidity risk concern there.

Most Asia-based investors found that e-trading was a benefit during the COVID-19 crisis, with 64% saying that e-trading helped their cause.

What We Expect the Buy Side to Change

In the medium term, buy-side investors in Asia anticipate higher activity in developed market products compared to emerging markets. They also attach increased importance to sales advisory from their fixed-income dealers.

MEDIUM TERM CHANGES ASIAN INVESTORS EXPECT TO MAKE

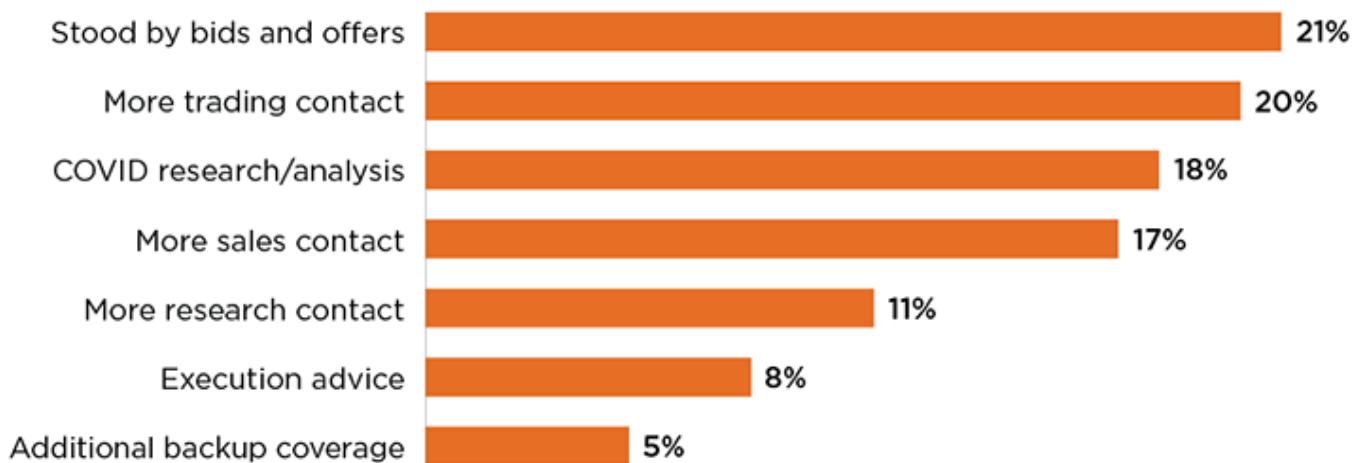


Note: Based on 93 respondents.

Source: Greenwich Associates 2019 Asian Fixed-Income Investors Study and COVID-19 Asian Fixed-Income Investors Flash Study, May 2020

Fixed-income dealers who stand steadfast with their clients in the current environment will further cement the trust of their clients and may emerge from this crisis stronger than before. For this, buy-side investors tell us dealers should be ready to honor their bids and offers and to provide clients with increased sales and execution advisory, as well as specific analyses on the impact of COVID-19.

MOST HELPFUL ACTIONS DEALERS HAVE TAKEN



Note: Based on 93 respondents.

Source: Greenwich Associates 2019 Asian Fixed-Income Investors Study and COVID-19 Asian Fixed-Income Investors Flash Study, May 2020

Dealers Turning Crisis into Opportunity

During this crisis, dealers have had to contend with providing advice and liquidity to clients in consistently choppy markets, while having their operating infrastructure transition to support remote working.

While years of preparation in BCP has ensured market infrastructure did not collapse, dealers' sales personnel and traders have had to make the sudden and hard adjustment to working remotely, initially with less than

ideal home infrastructure. Under these circumstances, we asked Asian fixed-income investors, "Which dealers have stood by you the best during the current turbulent market conditions?"

HSBC, Citi and Standard Chartered Bank are the most-mentioned dealers across Asian fixed income and are well ahead of all others.

DEALERS THAT BEST STOOD BY THEIR CLIENTS AMID CRISIS

| OVERALL ASIAN FIXED INCOME | |
|---|---|
| RATES | CREDIT |
| 1. HSBC 2. Citi, Standard Chartered Bank | 1. HSBC 2. Citi, Standard Chartered Bank |

Note: Based on 93 respondents.

Source: Greenwich Associates 2019 Asian Fixed-Income Investors Study and COVID-19 Asian Fixed-Income Investors Flash Study, May 2020

While most investors had at least a couple of their counterparties step up for them during the crisis, 15% of respondents said that they felt no dealers stood by them during this period.

What's Next for Dealers?

While the last few months have been manic, most sell-side banks have had a reasonable if not excellent Q1, driven by heightened volatility. In the short term, banks should expect volatility to continue to be in their favor.

In the medium to long run, dealers should anticipate a different set of client needs. Bank sales desks should be ready to provide higher levels of advisory than in the past, as clients navigate the rest of 2020 and beyond. In the context of a protracted economic recovery, banks should also prepare for more fundamental changes in client portfolios, such as a potentially different mix of DM versus EM activity and activity being concentrated in some sectors while reduced in others.

As with market and economic dislocations of the past, the banks which remain the most receptive to their clients evolving needs and take specific actions to address these, will come out of this one having turned the crisis into an opportunity.

[Navigating Turbulent Market Series](#)

[Partnering with Clients in a Time of Market Turmoil](#)

[COVID-19 Impact on FICC Markets](#)

[Recognizing Standout Dealers](#)

[COVID-19 Impact on Equity Markets](#)

[Uncharted Territory in European Fixed Income](#)

[European Fixed Income: Standout Dealers Amid Crisis](#)

[Recognizing Standout Equity Trading Brokers Amid Market Turmoil](#)

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., an S&P Global company. ©2026 Crisil Ltd. All rights reserved.