ASEAN+3 Sustainable Bonds Highlights
August 2022

The outstanding amount of sustainable bonds in ASEAN+3 reached USD503.5 billion at the end of June. The market posted modest growth of 4.0% quarter-on-quarter (Q-o-Q) and 35-year-on-year (Y-o-Y) in Q2 2022, down from 10.8% Q-o-Q and 53.7% Y-o-Y in Q2 2021 and 17.1% Q-o-Q and 60.5% Y-o-Y in Q2 2021, due to increased uncertainty in global financial conditions. Green bonds’ share of the total sustainable bond market declined slightly to 69.7% at the end of Q2 2022 from 70.5% a year earlier, as the markets of sustainability-linked and transition bonds continued to expand.

Issuance of sustainable bonds in ASEAN+3 totaled USD41.0 billion in Q2 2022, which was 3.4% less than the USD63.1 billion issued in Q2 2021 and 5.2% lower than USD64.4 billion in Q2 2021, amid weakening global and regional financial conditions. ASEAN+3 markets’ sustainable bond issuance comprised 24.5% of the global total during the quarter, which was similar to 24.7% in Q1 2022 and well above the 19.2% share recorded in full year 2021. The region’s noteworthy share of global sustainable bond issuance indicates robust development of ASEAN+3 sustainable bond market.

ASEAN markets are active players in the region’s sustainability and sustainability-linked bond markets. In Q2 2022, ASEAN markets accounted for 16.7% and 22.9% of the region’s sustainable and sustainability-linked bond issuance, respectively, compared with ASEAN+3’s 11.0% share of all ASEAN+3 conventional bond issuance during the quarter. Overall, sustainable bond issuance in ASEAN markets accounted for 6.9% of the regional total in Q2 2022, compared to 10.2% in Q2 2021 and 6.2% in Q2 2022. The People’s Republic of China remained the largest green bond issuer in the region in Q2 2022, while Japan dominated the issuance of social bonds and transition bonds, and the Republic of Korea led the region in the issuance of sustainability bonds.

ASEAN+3 Sustainable Bond Issuance by Bond Type and Economy

Green bonds carried shorter tenors compared to other types of sustainable bonds issued in ASEAN+3 markets. During the quarter, the average (issuance-size-weighted) tenor in the region was 4.6 years, with the respective average weighted tenors of green, social, sustainability, sustainability-linked, and transition bond issuances being 3.7 years, 7.0 years, 8.1 years, 6.8 years, and 6.5 years. LCY-denominated bonds accounted for 67.9% of the region’s total sustainable bond issuance in Q2 2022, with green bonds reporting the quarter’s lowest LCY issuance share at 62.0%.

Private sector issuers accounted for 89% of total sustainable bond issuance in ASEAN+3. Green and sustainability-linked bonds had the most diversified issuer profiles during the quarter. The public sector’s share of total ASEAN+3 sustainable bond issuance rose to 11.0% in Q2 2022 from 4.3% in Q2 2021, mainly driven by ASEAN+3 governments’ increased issuance of green bonds during the period. The financial sector remained the largest issuer of ASEAN+3 sustainable bonds among all private sector issuers, accounting for 45.1% of non-government issuance.