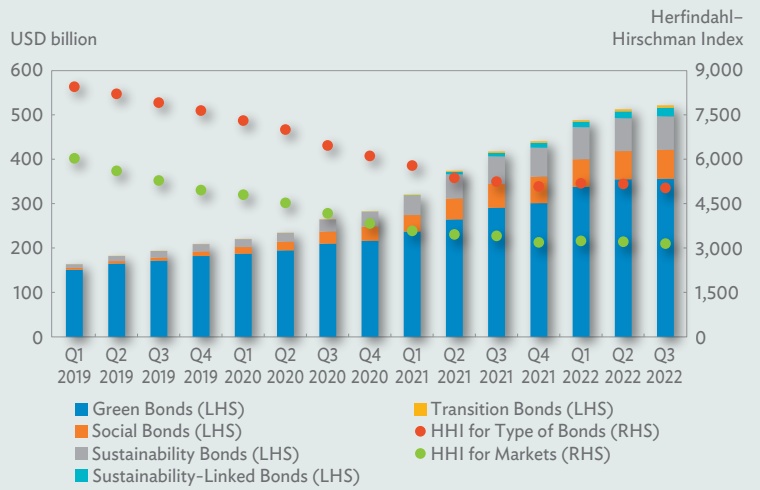
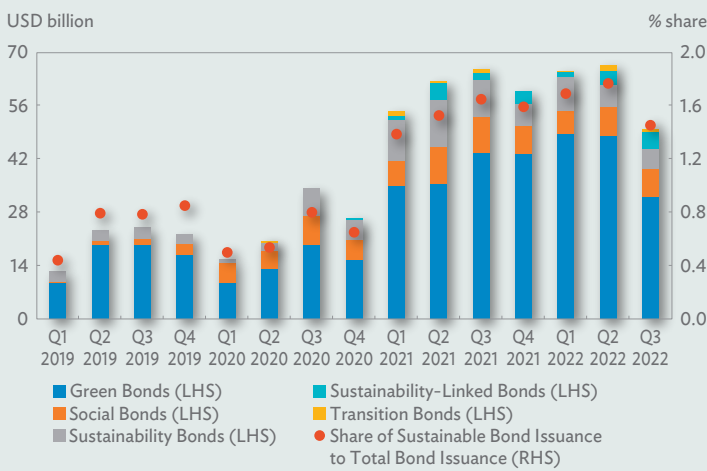


The outstanding amount of sustainable bonds in ASEAN+3 reached USD521.6 billion at the end of September. Growth in the ASEAN+3 sustainable bond market slowed in the third quarter (Q3) of 2022 to 1.7% quarter-on-quarter (q-o-q) and 24.9% year-on-year (y-o-y), from 5.0% q-o-q and 37.1% y-o-y in the second quarter (Q2) of 2022, due to a dimming economic outlook and tightening monetary conditions both worldwide and within the region. Nevertheless, during the past 3 years the ASEAN+3 sustainable bond market has witnessed rapid development, with outstanding bonds nearly tripling from USD193.4 billion in Q3 2019, and improved market and product diversification, as evidenced by the decline in the Herfindahl–Hirschman Index.

Sustainable Bond Market Development in ASEAN+3



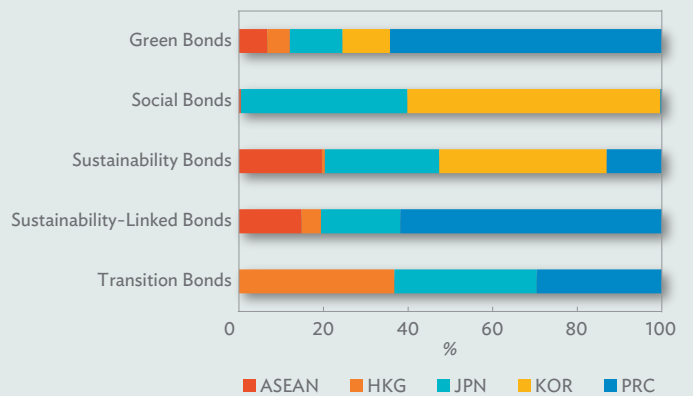
Sustainable Bond Issuance in ASEAN+3 Markets



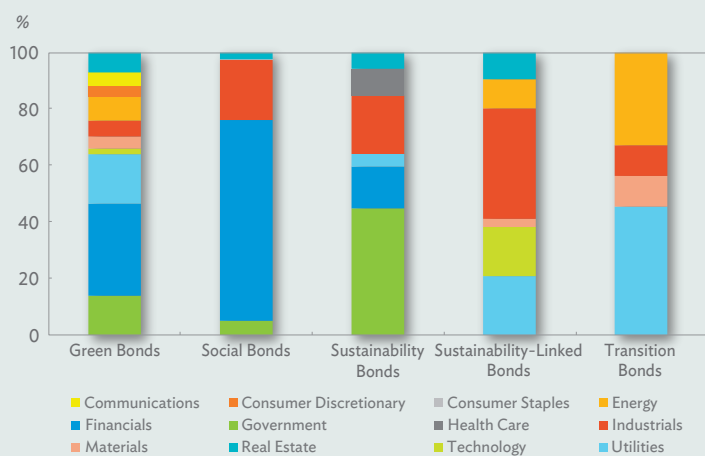
Issuance of sustainable bonds in ASEAN+3 contracted 25.3% q-o-q to USD49.8 billion in Q3 2022 from USD66.7 billion in Q2 2022. Sustainable bond issuance as a share of total bond issuance in the region fell to 1.5% in Q3 2022, the lowest level at any time in the previous 5 quarters, over subdued investment sentiment.

ASEAN markets have a strong presence within the ASEAN+3 sustainable bond market, especially in terms of sustainability and sustainability-linked bonds outstanding. At the end of Q3 2022, ASEAN markets accounted for 8.0% of the ASEAN+3 sustainable bond market, outpacing their comparable share of 5.5% in the region's overall bond market. ASEAN markets are particularly visible in terms of sustainability and sustainability-linked bonds outstanding, accounting for 19.6% and 14.8% of the region's respective totals. The People's Republic of China leads regional green and sustainability-linked bond markets with shares of 64.3% and 61.9%, respectively. Japan and the Republic of Korea accounted for 18.4% and 20.9% of the ASEAN+3 sustainable bond market, respectively, compared to their shares of 4.7% and 46.1% of the region's overall bond market. Japan and the Republic of Korea together dominate the social bond segment of the region's sustainable bond market.

ASEAN+3 Sustainable Bonds Outstanding in Q3 2022 by Bond Type and Economy



ASEAN+3 Sustainable Bond Issuance by Sector in Q3 2022



The share of private sector issuance in the ASEAN+3 sustainable bond market declined slightly to 85.5% in Q3 2022 from 89.8% in Q2 2022. By comparison, the public sector accounted for 78.2% of issuance in the region's overall bond market in Q3 2022. Unlike in the overall ASEAN+3 bond market where corporate bonds account for 24.1% of total bonds outstanding, private sector issuers dominate the sustainable bond market in ASEAN+3, accounting for 88.7% of bonds outstanding at the end of Q3 2022. In terms of issuance, the public sector's share of ASEAN+3 sustainable bond issuance rose slightly from 10.2% in Q2 2022 to 14.5% in Q3 2022. The rise of the region's public sector issuance share in Q3 2022 was driven by three sovereign issuances: (i) an SGD2.4 billion sovereign green bond issuance in Singapore, (ii) an IDR4.4 trillion sovereign green bond issuance in Indonesia, and (iii) a THB35.0 billion sovereign sustainability bond issuance in Thailand.

Maturity and Currency Profiles of ASEAN+3 Sustainable Bond Issuance in Q3 2022

In Q3 2022, the average size-weighted tenor of sustainable bond issuances in ASEAN+3 was 6.5 years, with 80.3% of new issuances denominated in local currency. In Q3 2022, 40.1% of sustainable bond issuance in ASEAN+3 carried a tenor of more than 5 years, which was lower than the comparable 66.7% share of quarterly issuance in the region's overall bond market. The ASEAN+3 sustainable bond market is dominated by local currency (LCY) bonds, which accounted for 80.3% of quarterly issuance in Q3 2022 and 61.0% of bonds outstanding at the end of September. However, these shares were lower than LCY bonds' respective shares of 97.6% and 95.0% in the overall ASEAN+3 bond market.



ASEAN+3 = Association of Southeast Asian Nations (ASEAN) plus the People's Republic of China (PRC), Hong Kong, China (HKG); Japan (JPN), and the Republic of Korea (KOR); LCY = local currency; LHS = left-hand side; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; RHS = right-hand side; USD = United States dollar.

Notes:

1. Data for green, social, sustainability, sustainability-linked, and transition bonds include both local currency and foreign currency issues.
2. ASEAN includes the markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
3. The Herfindahl–Hirschman Index is a commonly accepted measure of market concentration and is calculated by summing the squared market share of each bond type competing in the market.

Source: AsianBondsOnline computations based on Bloomberg LP data.