ASEAN+3 Sustainable Bonds Highlights

October 2023

ASEAN+3 sustainable bonds outstanding reached USD704.1 billion at the end of September 2023 on q-o-q growth of 5.2%. The growth was higher than ASEAN+3’s 5.0% q-o-q growth in Q2 2023 and also faster than the global sustainable bond market’s growth of 3.0% q-o-q in Q3 2022. ASEAN+3 was the only regional bond market that posted faster growth in Q3 2023 than during the previous quarter. ASEAN+3’s share of the global sustainable bond market rose to 19.8% at the end of September from 18.5% at the end of June. The EU-20 market remained the world’s largest sustainable bond market at a size of USD1.4 trillion, accounting for 37.1% of the global total.

ASEAN+3 sustainable bond issuance contracted 17.2% q-o-q in Q3 2023 to USD73.3 billion but remained robust as global issuance fell by 39.0% during the quarter. ASEAN+3 sustainable bond issuance accounted for 36.3% of the global total in Q3 2023, up from 26.7% in the prior quarter. In Q3 2022, ASEAN+3’s sustainable bond contraction was largely led by a decline in green bonds, which fell 33.9% q-o-q to USD29.6 billion, while sustainability and sustainability-linked bond issuance posted q-o-q growth rates of 53.2% (USD6.2 billion) and 124.1% (USD8.8 billion), respectively.

Green bond and private sector issuers were major players in the ASEAN+3 sustainable bond market in Q3 2023. In Q3 2023, green bond issuance accounted for 67.1% of the region’s total sustainable bond issuance at USD53.6 billion, followed by social bonds (24.7%) with issuance of USD16.4 billion. Issuances of all other sustainable bond types collectively accounted for 19.6% of the regional issuance total, with their aggregate issuance amounting to USD13.3 billion. The private sector dominated sustainable bond issuance during the quarter, accounting for 69.8% of total issuance at USD40.0 billion. This was the opposite of ASEAN+3’s general bond market, where the private sector accounted for only 39.0% of total issuance during the same period. This suggests that there is more room for public sector participation in the ASEAN+3 sustainable bond market. In Q3 2023, the ASEAN sustainable bond market was dominated by public sector issuance, which accounted for 81.5% of the ASEAN total.

ASEAN+3 Sustainable Bond Issuance Profile in the Third Quarter of 2023

ASEAN+3 sustainable bond issuance in Q3 2023 mainly comprised relatively short maturities, with tenors of 5 years or less accounting for 68.3% of regional issuance in Q3 2023. The size-weighted average tenor of ASEAN+3’s sustainable bond issuance in Q3 2023 was 7.2 years, which was comparable to 7.6 years in the EU-20 sustainable bond market but slightly lower than the 8.5 years in the ASEAN+3 general bond market. ASEAN markets had a relatively larger share of longer-tenor issuances, with 88.5% of sustainable bond issuance in Q3 2023 comprising tenors of 5 years or more.

ASEAN+3 Share of Global Sustainable Bond Issuance in the Third Quarter of 2023

ASEAN+3 sustainable bond issuance in Q3 2023 was lower than the corresponding share of 78.6% in ASEAN+3 in Q2 2023, and the corresponding share of 85.8% in the EU-20 sustainable bond market during the same period. The share was also much lower than the corresponding level in the ASEAN+3 general bond market, where local currency issuance accounted for 95.8% of total issuance in Q3 2023.

ASEAN+3 Sustainable Bond Issuance Profile as of September 2023

Local currency issuance accounted for 69.5% of ASEAN+3 sustainable bond issuance in Q3 2023. This was lower than the corresponding share of 78.6% in ASEAN+3 in Q2 2023, and the corresponding share of 85.8% in the EU-20 sustainable bond market during the same period. The share was also much lower than the corresponding level in the ASEAN+3 general bond market, where local currency issuance accounted for 95.8% of total issuance in Q3 2023.

ASEAN+3 Sustainable Bonds Outstanding as of 30 September 2023

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); EU-20 = European Union (EU) + foreign currency (FCY) + local currency (LCY); USD = United States dollar.

Notes:
1. Data for green, social, sustainability-linked, and transition bonds includes both local currency and foreign currency issues.
2. ASEAN+3 includes the members of Indonesia, Malaysia, the Lao People’s Democratic Republic, the Philippines, Singapore, Thailand, and Viet Nam.

Source: AsianBondsOnline computations based on Bloomberg LP data.

ASEAN+3 + Asia100 is a part of the Asian Bond Markets Initiative Funded by Japan’s Ministry of Finance, the World Bank, and regional financial institutions as a One Stop Shop for the creation, development, and promotion of Asian bond markets.