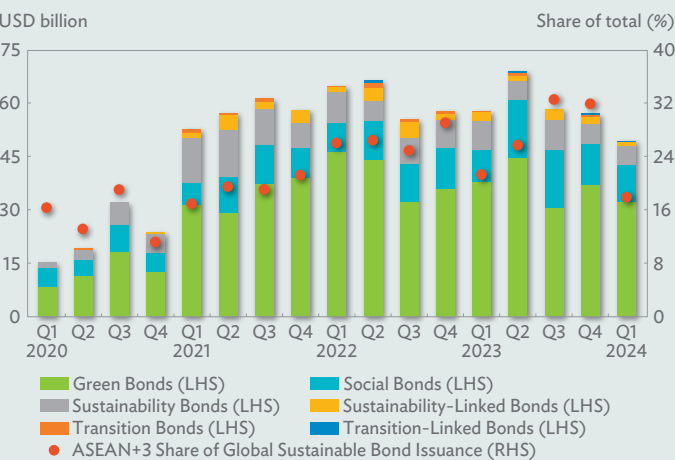


The amount of outstanding bonds in ASEAN+3’s sustainable bond market expanded marginally by 0.7% q-o-q to reach USD805.9 billion at the end of Q1 2024. The market’s expansion, however, remained robust on a y-o-y basis at 21.4%, outpacing y-o-y expansions in the EU-20 (20.4%) and the global market (17.7%) during the same period. The ASEAN sustainable bond market posted slightly slower growth, expanding 0.3% q-o-q and 16.6% y-o-y in Q1 2024. The ASEAN+3 sustainable bond market remained the second-largest regional market in the world, accounting for around 18.9% of the global total at the end of March 2024, trailing only the EU-20’s global share of 37.6%.



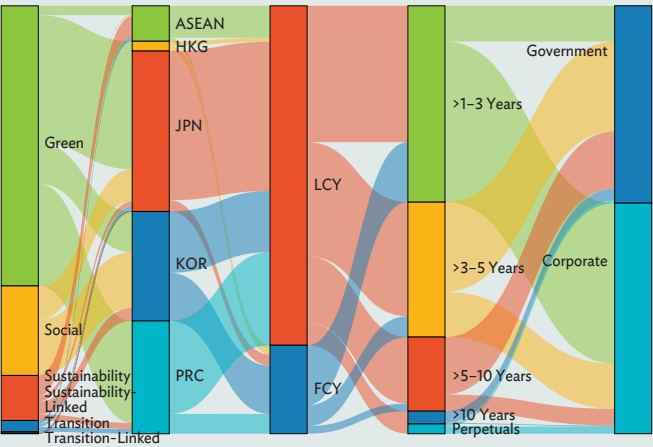
ASEAN+3 Sustainable Bond Issuance and Share of the Global Total



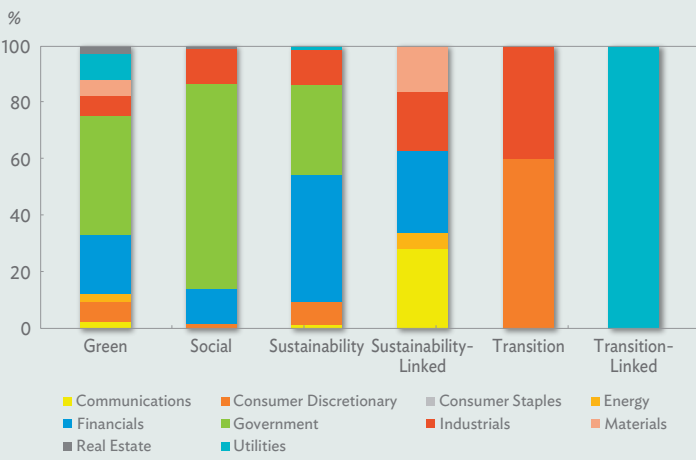
ASEAN+3 sustainable bond issuances recorded a 13.3% q-o-q contraction in Q1 2024 to USD49.7 billion amid expectations of higher-for-longer interest rates. Meanwhile, global sustainable bond issuance in Q1 2024 climbed to USD276.0 billion on growth of 54.6% q-o-q, which was largely driven by issuances in the EU-20 and from supranationals. Correspondingly, ASEAN+3’s share of global sustainable bond issuance retreated to 18.0% in Q1 2024 from 32.1% in the prior quarter. All sustainable bond types in the ASEAN+3 market recorded issuance contractions in Q1 2024 versus Q4 2023. Among the regional markets, only Japan and the Republic of Korea recorded q-o-q increases in issuance volume during the quarter.

Green bonds and social bonds were the most common sustainable bond instruments issued in ASEAN+3 in Q1 2024. Green bonds issued by ASEAN+3 economies totaled USD32.5 billion, equivalent to 65.5% of the region’s total sustainable bond issuance during the quarter. Social bond issuance tallied USD10.4 billion, representing 20.9% of the regional total. All other sustainable bond types totaled USD6.8 billion in issuance for a collective share of 13.6%. Sustainability-linked bonds, transition bonds, and transition-linked bonds had the smallest shares, collectively accounting for only 3.1% of total sustainable bond issuance in ASEAN+3 in Q1 2024.

Market Profile of ASEAN+3 Sustainable Bond Issuance in the First Quarter of 2024



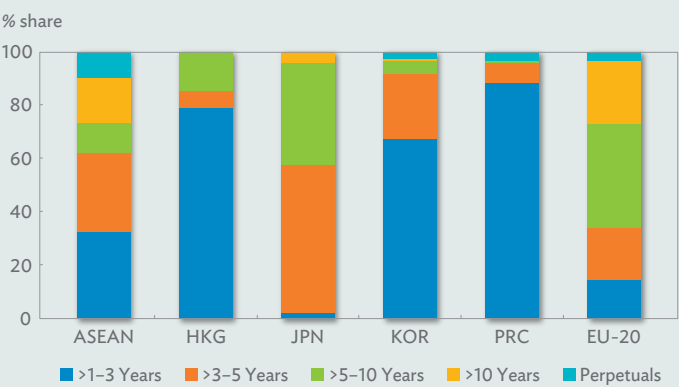
ASEAN+3 Sustainable Bond Issuance by Industry Sector in the First Quarter of 2024



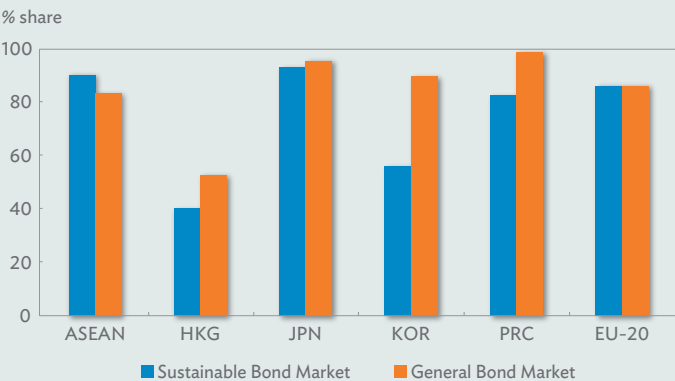
Private sector were the majority issuers in the ASEAN+3 sustainable bond market. Issuance of sustainable bonds by corporates reached USD26.8 billion in Q1 2024, or 53.9% of total regional sustainable bond issuance, which was more than the private sector’s corresponding share of 36.8% in the ASEAN+3 general bond market. Meanwhile, issuance by public sector entities reached USD22.9 billion in Q1 2024, equivalent to 46.1% of the regional sustainable bond issuance total during the quarter. In Q1 2024, the public sector lagged the private sector in all types of sustainable bond issuance except for social bonds.

ASEAN+3 sustainable bond issuance in Q1 2024 was dominated by short-term tenors, in contrast with the EU-20, which had a higher share of long-term issuance. In Q1 2024, about 77.4% of sustainable bonds issued in ASEAN+3 carried maturities of 5 years or less, while the EU-20’s corresponding share was much lower at 34.2%. Most markets in ASEAN+3 have a high share of bonds (85%–95%) with maturities of 5 years or less. ASEAN+3’s sustainable bond issuance in Q1 2024 had a size-weighted average tenor of 5.0 years, which was about half of the EU-20’s average of 9.7 years and also lower than the average of 6.4 years for ASEAN+3’s general bond market.

Maturity Profiles of ASEAN+3 and EU-20 Sustainable Bond Issuances in the First Quarter of 2024



Share of Local Currency Bond Issuance in ASEAN+3 and EU-20 Sustainable Bond and General Bond Markets in the First Quarter of 2024



LCY-denominated issuance in Q1 2024 accounted for a smaller share in the region’s sustainable bond versus general bond market. In Q1 2024, 79.3% of ASEAN+3 sustainable bond issuance was LCY-denominated, which was still well below the 96.4% share for LCY bonds in ASEAN+3’s general bond market. In the EU-20, around 86.1% of sustainable bond issuance in Q1 2024 was LCY-denominated, which was similar to the corresponding LCY bond share of 86.1% in the EU-20’s general bond market. It was only in ASEAN where the LCY share of sustainable bonds (90.3%) was higher compared with the LCY share in its general bond market (83.4%).

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 = European Union; LCY = local currency; LHS = left-hand side; q-o-q = quarter-on-quarter; RHS = right-hand side; USD = United States dollar; y-o-y = year-on-year.

Notes:

- Data for green, social, sustainability, sustainability-linked, transition, and transition-linked bonds include both local currency and foreign currency issues.
- ASEAN includes the markets of Cambodia, Indonesia, Malaysia, the Lao People’s Democratic Republic, the Philippines, Singapore, Thailand, and Viet Nam.

Source: AsianBondsOnline computations based on Bloomberg LP data.