The amount of outstanding bonds in ASEAN’s sustainable bond market expanded marginally by 0.7% q-o-q to reach USD76.9 billion at the end of Q4 2024. The market expansion, however, remained robust on a y-o-y basis at 21.6%, outpacing the 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 3.3% q-o-q and 36.6% y-o-y in Q4 2024. The ASEAN sustainable bond market remained the second largest regional market in the world, accounting for around 18.9% of the global bond at the end of March 2024, trailing only the EU-20’s global share of 37.6%.

ASEAN’s sustainable bond issuances recorded a 13.2% q-o-q contraction in Q4 2024 to USD65.7 billion amid expectations of higher-for-longer interest rates. Meanwhile, global sustainable bond issuance in Q4 2024 climbed to USD97.0 billion on growth of 54% q-o-q, which was largely driven by issuances in the EU-20 and from supranationals. Correspondingly, ASEAN’s share of global sustainable bond issuance retreated to 18.6% in Q4 2024 from 32.1% in the prior quarter. All sustainable bond types in the ASEAN market recorded issuance contractions in Q4 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.

ASEAN’s sustainable bond issuance in Q4 2024 was dominated by short-term tenors, in contrast with the pre-pandemic period. In ASEAN, about 77.4% of sustainable bonds issued in Q4 2024 had tenures of 5 years or less. In the global market, the comparable share was much lower at 34.2%. Most markets in ASEAN have a high share of bonds maturing in the next 5 years to 10 years, which was largely driven by issuances in the EU-20. ASEAN’s sustainable bond issuance in Q4 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’s general bond market.

Green bonds and social bonds were the most common sustainable bond instruments issued in ASEAN in Q4 2024. Green bonds issued in ASEAN’s sustainable bond market totalled USD21.5 billion, equal to 65.9% of the region’s total sustainable bond issuance during the quarter. Social bonds recorded USD10.4 billion, representing 25.9% of the regional total. All other sustainable bond types, such as transition-linked bonds, transition bonds, and sustainability-linked bonds had the smallest share, collectively accounting for only 3.8% of total sustainable bond issuance in ASEAN in Q4 2024.

ASEAN+3 Sustainable Bonds Highlights

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

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

Private sector were the majority issuers in the ASEAN sustainable bond market. Issuance of sustainable bonds by corporates in ASEAN reached USD17.4 billion in Q4 2024, which was more than the private sector’s issuance in the same period. Correspondingly, ASEAN’s share of corporate bond issuance in Q4 2024 was 38.8% in the ASEAN general bond market, compared to 46.7% for the region’s sustainable bond issuance. Meanwhile, issuance by public sector entities grew by 33.3% q-o-q to reach USD0.8 billion in Q4 2024, equivalent to 46.7% of the region’s sustainable bond issuance in the prior quarter. In Q4 2024, the public sector lagged the private sector in all types of sustainable bond issuance except for social bonds.

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

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