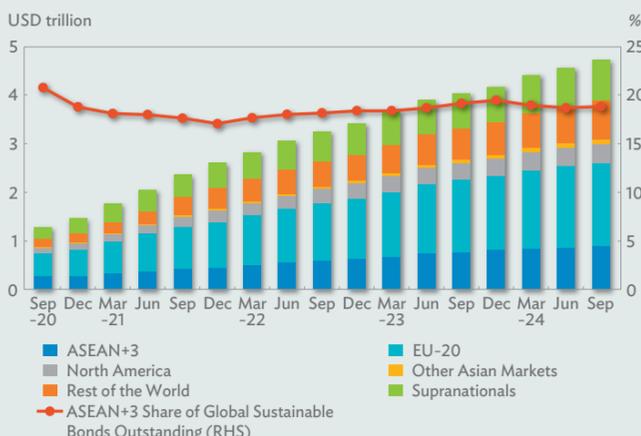


The ASEAN+3 sustainable bond market expanded faster than the EU-20 and global markets in Q3 2024 on robust issuance during the quarter. Sustainable bonds outstanding in ASEAN+3 markets tallied USD893.1 billion at the end of September, with q-o-q growth accelerating to 4.1% in Q3 2024 from 2.0% in Q2 2024. The pace of expansion in ASEAN+3 exceeded that of the EU-20 (1.9% q-o-q) and the global (3.4% q-o-q) markets. Within the ASEAN+3 region, Hong Kong, China and ASEAN recorded the fastest q-o-q growth rates at 11.6% and 9.2%, respectively. ASEAN+3 remained the world's second-largest regional sustainable bond market, with its global share of total outstanding bonds inching up from 18.7% in Q2 2024 to 18.9% at the end of Q3 2024, trailing only the EU-20's 36.4%.

Global Sustainable Bonds Outstanding



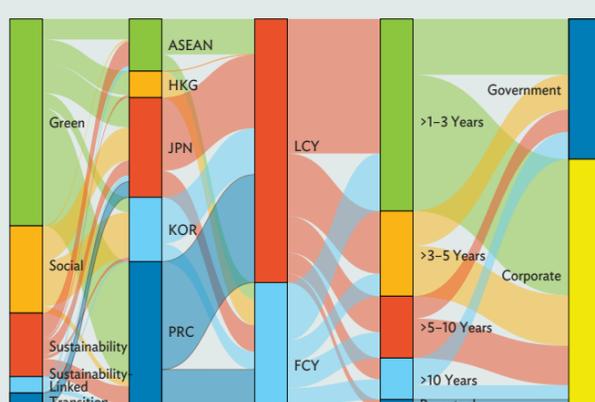
ASEAN+3 Sustainable Bond Issuance and Share of the Global Total



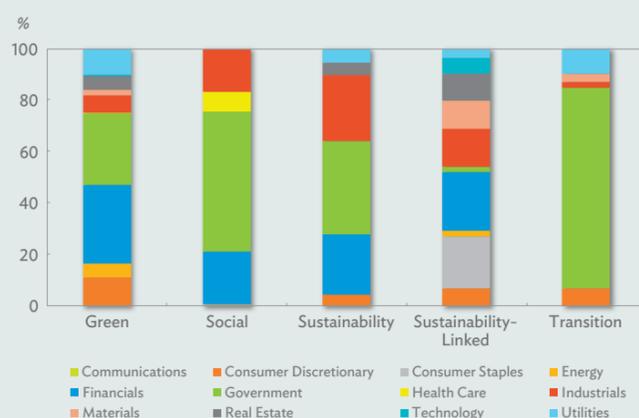
ASEAN+3 led global sustainable bond issuance in Q3 2024, supported by improved financial conditions. The aggregate sustainable bond issuance of ASEAN+3 markets totaled USD73.7 billion in Q3 2024, the region's highest quarterly volume to date, on growth of 42.0% q-o-q. ASEAN+3 accounted for 31.9% of global sustainable bond issuance during the quarter, higher than the EU-20's corresponding share of 20.4%. Within ASEAN+3, the PRC and Japan led issuance in Q3 2024 at USD27.8 billion (37.7% of the regional total) and USD18.9 billion (25.6%), respectively. The collective issuance of ASEAN markets tallied USD9.9 billion in Q3 2024, representing 13.4% of the ASEAN+3 total, higher than ASEAN's corresponding share of 2.8% in the region's general bond market.

Sustainable bond issuance in ASEAN+3 was dominated by green bond instruments in Q3 2024. Green bonds represented 53.1% of ASEAN+3 sustainable bond issuance during the quarter, followed by social bonds (22.4%) and sustainability bonds (16.3%). The shares of SLB and transition bond issuance in Q3 2024 were relatively small at 4.2% and 4.0%, respectively, but these represented increases from their respective shares of 3.9% and 2.4% in ASEAN+3's cumulative sustainable bond issuance between Q1 2020 and Q3 2024. In Q3 2024, the PRC led ASEAN+3 green bond issuance (56.9% of regional green bond issuance), Japan led SLB issuance (39.4% of regional SLB issuance), while ASEAN markets led sustainability bond issuance (39.1% of regional sustainability bond issuance). Higher issuance volumes were recorded for all sustainable bond types except transition bonds in Q3 2024 versus the prior quarter.

Instrument Profile of ASEAN+3 Sustainable Bond Issuance in the Third Quarter of 2024



Sector Profile of ASEAN+3 Sustainable Bond Issuance in the Third Quarter of 2024



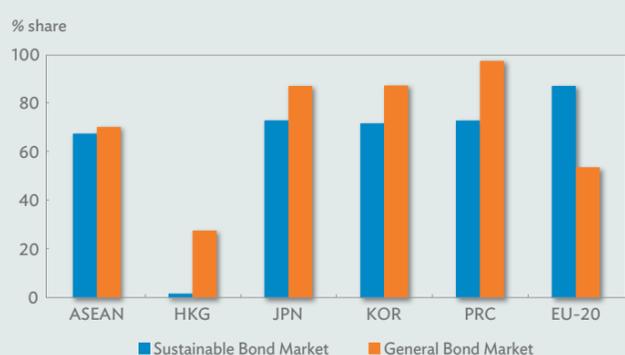
Public sector sustainable bond issuance lagged that of the private sector in Q3 2024. Private sector issuance reached USD47.2 billion in Q3 2024, accounting for about 64% of total sustainable bond issuance during the quarter. The public sector accounted for around 36% of ASEAN+3's total issuance, which was much lower than its corresponding share of 62.3% in the ASEAN+3 general bond market. The public sector led the region's issuance of transition bonds (78.0%) and social bonds (54.5%) in Q3 2024. Meanwhile, the private sector led ASEAN+3's issuance of SLBs (98.0%), green bonds (72.3%), and sustainability bonds (63.7%). Private sector sustainable bond issuance in Q3 2024 was led by the financial sector (40.1%), followed by the industrial (19.1%) and consumer discretionary (11.1%) sectors.

Public sector issuance lengthened the average tenor of ASEAN sustainable bond issuance in Q3 2024. Bonds with maturities of over 5 years accounted for 58.9% of ASEAN's sustainable bond issuance in Q3 2024, which was broadly similar to the corresponding share of 59.8% in the EU-20. This share, however, was substantially higher than the corresponding share of 28.8% in ASEAN+3. The prevalence of longer-tenor bonds in ASEAN is partly due to the active participation of the public sector. In Q3 2024, 83.9% of ASEAN public sector sustainable bond issuance carried maturities of over 5 years. As a result, ASEAN's sustainable bond issuance in Q3 2024 had a size-weighted average maturity of 14.1 years. This was roughly double the corresponding averages of 6.7 years for ASEAN+3 and 7.6 years for the EU-20 during the same period. The public sector accounted for over half (54.0%) of ASEAN+3's sustainable bond issuances with tenors of more than 10 years during the quarter.

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



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



LCY financing shares were similar for sustainable bond issuance and general bond issuance in ASEAN in Q3 2024. Around 67.7% of total sustainable bond issuance in ASEAN+3 in Q3 2024 was denominated in a local currency. This was lower than the corresponding shares of 74.6% in full-year 2023 and 79.5% in the first half of 2024, and well below the LCY issuance share of 94.6% in ASEAN+3's general bond market during the quarter. The PRC, Japan, and the Republic of Korea recorded LCY sustainable bond issuance shares of 72%–74% in Q3 2024, while in ASEAN markets, the LCY share of sustainable bond issuance was 68.1% during the quarter. The LCY financing share in the ASEAN sustainable bond market, while lower compared to the PRC, Japan, and the Republic of Korea, was close to the ASEAN general bond market's corresponding share of 70.8%.

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 20; LCY = local currency; q-o-q = quarter-on-quarter; Q1 = first quarter; Q2 = second quarter; Q3 = third quarter; Q4 = fourth quarter; RHS = right-hand side; SLB = sustainability-linked bond; USD = United States dollar.

Notes:

1. ASEAN includes the markets of Cambodia, Indonesia, Malaysia, the Lao People's Democratic Republic, the Philippines, Singapore, Thailand, and Viet Nam.
2. The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Source: AsianBondsOnline computations based on Bloomberg LP data.