

## ESG Matters - Global

## 2023 labeled bond issuance: in charts

Thematic Investing

**Looking for \$850bn in labeled issuance in 2024**

Labeled bond issuance (green, social, sustainability, and sustainability-linked bonds) was \$828bn in 2022, trailing only 2021 in volume terms. Sovereigns saw higher volumes compared to last year, and green bonds were 59% of the total. We forecast \$850bn in 2024 issuance, with higher proportional issuance Europe and parts of Asia offsetting fewer deals from US issuers.

**Green bonds 59% of the total in 2023 vs 53% in 2021**

Green bonds have been rising as a proportion of labeled issuance since dropping to 50% in 2020 (when social/pandemic bonds were 32% and sustainability bonds were 16%). In 2023, green bonds were 59% of the total (56% in 2022) as SLBs dropped to 7% (10% in 2021 and 9% in 2022). Social bonds were 15% in 2023 (they peaked at 19% in 2021), and sustainability bonds were 18% (vs a high of 19% in 2022). Volumes of green bonds are also rising as transition and green projects capture attention.

**\$33bn more sovereign issuance, +\$14.5bn from financials**

Labeled issuance increased by \$52.6bn from 2022 to 2023, with increases coming from sovereigns (\$33bn), financials (\$14.5bn), and local authorities (\$12.7bn). Supranational issuance was -\$7.6bn, and corporates and agencies were each +/- \$1bn. Seven issuers came with more than \$10bn each in 2023: IBRD (\$47bn equiv.), CADES (\$24bn equiv. in social bonds), EIB (\$14bn equiv.), Germany (EUR 11.75bn in green bonds), KfW (\$13bn equiv.), Hong Kong (\$11.9bn equiv.), and Italy (\$11.1bn equiv.).

**Biggest changes by country: Asia issuance rising, US down**

Asia saw meaningful increases in issuance in 2023, with +\$57bn issued from Japanese names (+\$20bn YoY), \$19.5bn from Hong Kong (+\$13bn), and \$51bn from Korea (+\$10bn). This more than offsets a drop of \$16bn in issuance from the US (to \$36bn) and -\$9.5bn from France (to \$80bn). China issuance was -\$4bn, to \$89bn.

**US sees less labeled issuance, but more green bonds**

Issuance from US names fell in 2023 to \$36bn from \$52bn in 2022. While issuance was down overall, the volume of green bonds rose from \$26bn in 2022 to \$29bn in 2023. Sustainability bond issuance was down by \$13bn, and SLBs and social bond issuance were lower by almost \$3bn each. By sector, financials issuance fell -\$9.7bn in 2023 (to \$8.1bn), and utilities issuance was -\$4.2bn YoY (to \$8.6bn).

**Euros now 41% of issuance, Asian currencies increasing**

Euros are still the currency of choice for labeled bonds, but the proportion of labeled bonds in euros was 41% in 2023 compared to 45% in 2022. USD is second, at 23% in 2023 (from 25%). But Asian currencies are rising steadily as a proportion of the total, with CNY at 10%, JPY at 6% (from 4%), KRW at 4% (from 3%) and GBP at 3% (from 2%). CAD was 2% in both years. JPY and KRW rose most among social bonds in 2023.

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**BofA Global Research Reports**

ESG in Fixed Income Quarterly: Kay Hope  
\$828bn in labeled bonds in 2023

[LatAm: Labeled bond issuance fell in FY23 on lower number of issuers](#) C. Assumpcao

[EM labeled issuance outpaced overall mkt growth thanks to EEMEA in FY23](#) C. Assumpcao

## 2023: \$828bn in labeled bond issuance

**We forecast \$850bn in labeled issuance in 2024.** This is only 2.7% higher than 2023 due to our expectation of muted issuance globally this year, although we do see room for higher proportional issuance of labeled bonds from markets in Europe and parts of Asia. The US saw \$36bn in 2023 labeled issuance compared to \$52bn in 2022, and we expect this to continue to fall. At the same time, issuance from Japan, Hong Kong and South Korea rose by \$20bn, \$13bn and \$10bn YoY, respectively. Issuance from China was down by \$4bn in 2023, to \$89bn.

2023 labeled bond issuance of \$828bn beats every year except 2021; it comes in about 7% higher than 2022. Fully 59% of issuance came in the form of green bonds, which increased by 12% YoY. The increase in social bond issuance was 6%, and sustainability bonds were less than 1% higher (only \$1bn in USD terms). Sustainability linked bond issuance fell by 14%, from \$69bn to \$60bn.

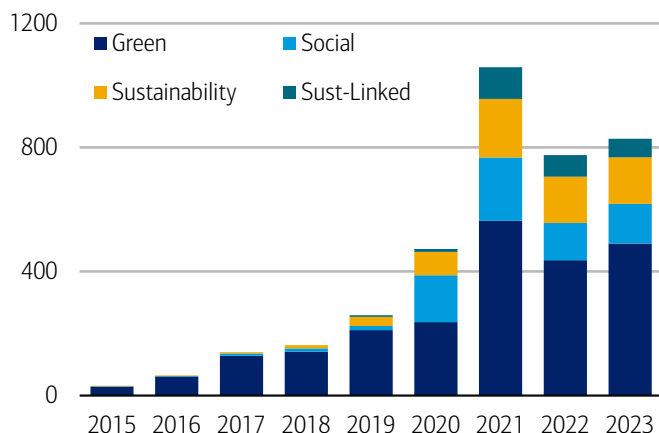
The proportion of green bonds has risen each year since 2020, when they were about half of the total labeled issuance by volume. 2023 saw a \$22bn increase in sovereign green bonds. Our view is that this is a combination of increasing focus on transition-related projects and decreasing focus on pandemic- and other socially-related financing.

The total number of issuers rose in 2023 compared to 2022, to 1,161 compared to 1,107. Total deals in our 2023 sample was 2,935 (vs 2,502 in 2022), and the number of deals increased for each label type (even SLBs, where total volumes fell). Average deal size was down slightly, to \$282mn from \$310mn – this was driven by smaller deal size among social, sustainability, and sustainability-linked bonds, however. Green bond average deal size rose from \$305mn to \$312mn. The average deal size for social and sustainability bonds was under \$250mn for both. SLBs saw an average deal size of \$342mn in 2023 compared to \$434mn in 2022.

Our issuance list includes sovereigns, supranationals, government agencies, local authorities, corporates and financials. Overall, \$33bn of the \$53bn total increase in 2023 labeled issuance came from higher sovereign issuance, mainly of green bonds (which was up \$22bn). Sovereigns also issued \$5.9bn in social bonds after zero issuance in 2022. Italy's EUR 10bn green bond in April 2023 was the largest single deal of the year, although there were seven issuers in 2023 who came with more than EUR10bn each: IBRD (\$47bn equiv.), CADES (\$24bn equiv. in social bonds), EIB (\$14bn equiv.), Germany (EUR 11.75bn in green bonds), KfW (\$13bn equiv.), Hong Kong, and Italy.

### Exhibit 1: \$828bn in 2023 issuance is the 2<sup>nd</sup> strongest year ever

The number of issuers was up vs 2022, but on smaller avg deal size

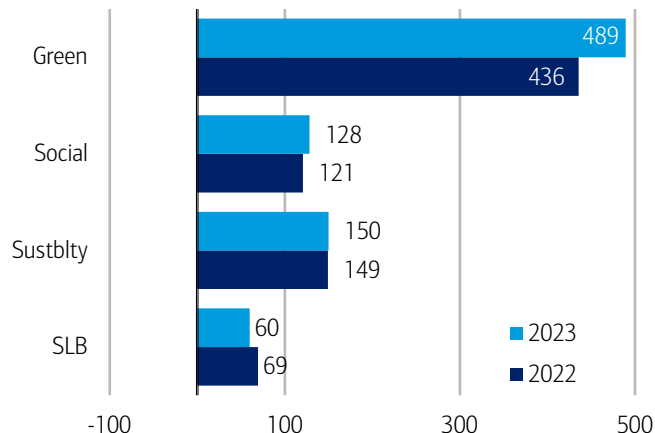


\*Figures include sovereigns, supranationals, govt agencies, local authorities, corporates, financials  
Source: BofA Global Research, Bloomberg

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### Exhibit 2: Only SLB volumes were lower in 2023 vs 2022

Green bonds were 59% of total labeled issuance in 2023



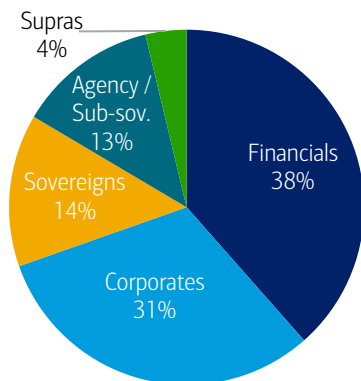
\*Figures include sovereigns, supranationals, govt agencies, local authorities, corporates, financials  
Source: BofA Global Research, Bloomberg

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# Green bonds: \$489bn in 2023

## Exhibit 3: 2023 overall green bond issuance (\$489bn)

Financials were 38% of green bonds, supras were smallest, at 4%

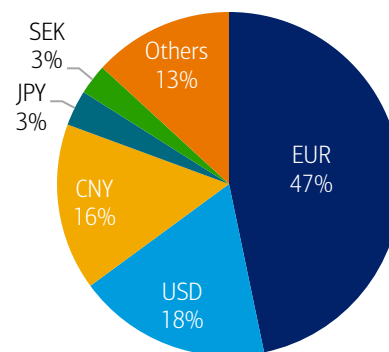


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 4: 2023 green bond issuance by currency

Euros (47%) and USD (18%) dominate issuance, but CNY was 16%

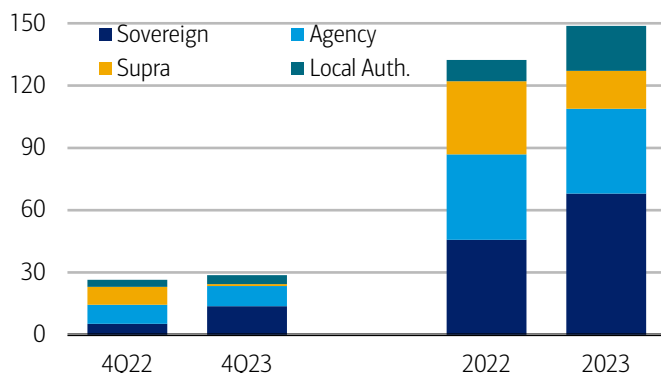


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 5: Green bonds from sovereign, supras & agencies (\$149bn)

Sovereign issuance rose from \$45bn in 2022 to \$68bn in 2023

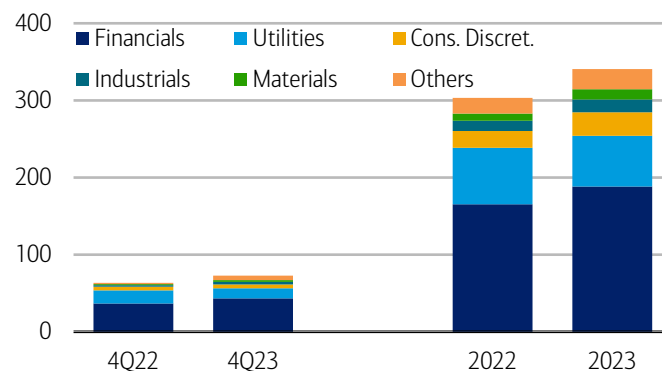


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 6: Corporate & financials green bonds (\$340bn)

Utilities saw less green bond issuance in 2023 compared to 2022

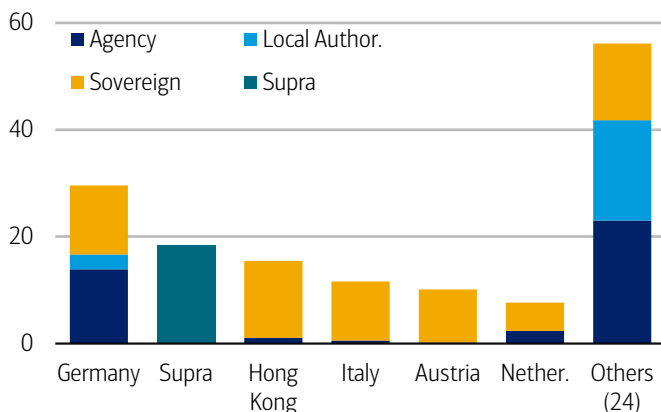


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 7: Sovereign, supra and agency issuance by country (\$bn)

Sovereigns were the largest issuers of green bonds among SSAs in 2023

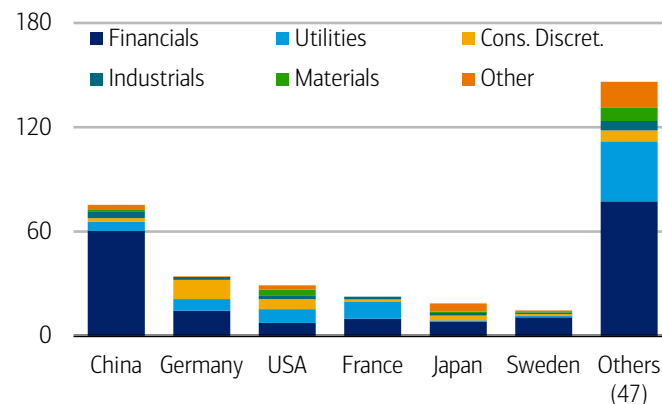


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 8: Corporate & financials issuance by country of risk (\$bn)

Financials are still major issuers of green bonds in the corporate space



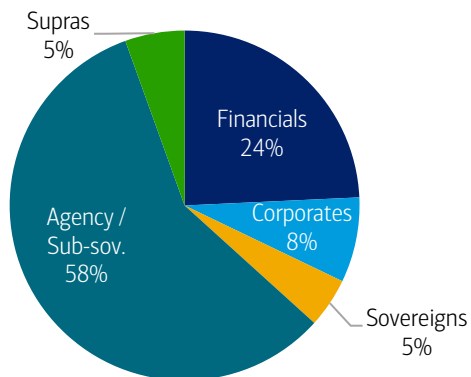
Source: Bloomberg, BofA Global Research estimates

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# Social bonds: \$128bn in 2023

## Exhibit 9: 2023 overall social bond issuance (\$128bn)

Agencies / sub-sovereigns remain the largest issuer of social bonds

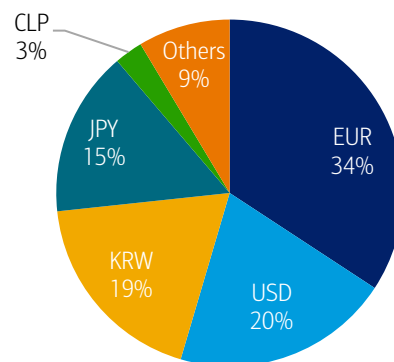


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 10: 2023 social bond issuance by currency

EUR has fallen well below 50% of social bonds as Asia grows

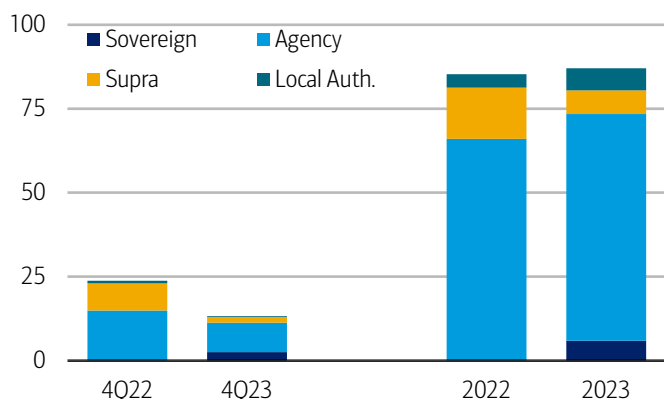


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 11: Social bonds from sovereign, supras & agencies (\$87bn)

Agencies issue the most social bonds, but sovereigns also issued in 2023

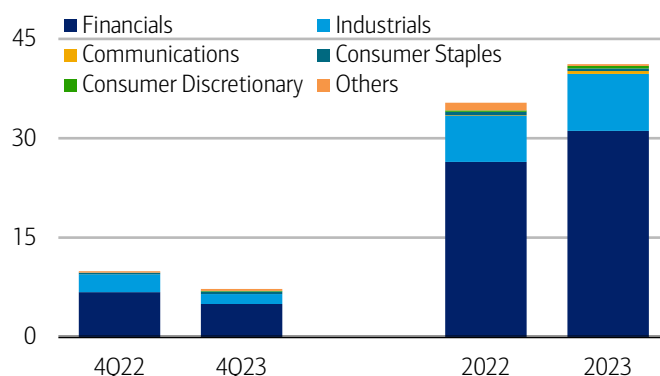


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 12: Corporate & financials social bonds (\$41bn)

All of the Industrials issuance in 2023 was from Japanese names

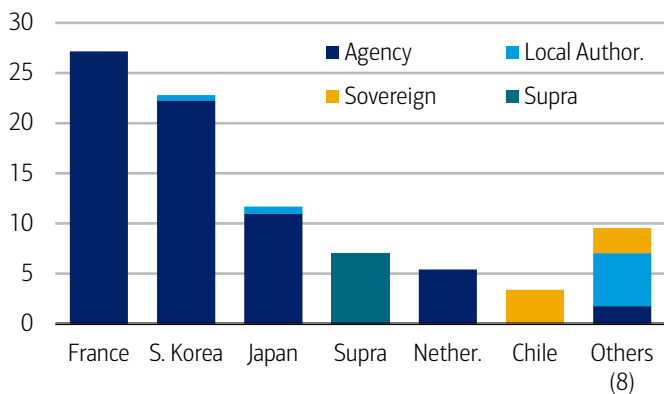


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 13: Sovereign, supra, and agency issuance by country (\$bn)

French agencies are the largest issuers of social bonds globally

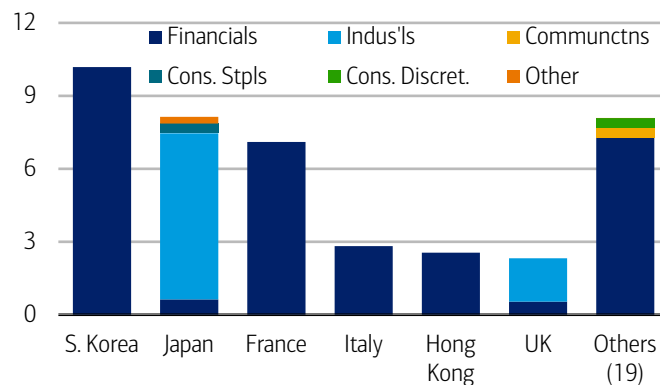


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## Exhibit 14: Corporate & financials issuance by country of risk (\$bn)

Financials are the key sector for social bond issuance across regions



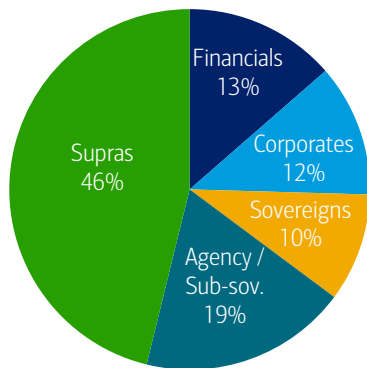
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# Sustainability bonds: \$150bn in 2023

## Exhibit 15: 2023 overall sustainability bond issuance (\$150bn)

Flat volumes in 2023 vs 2022, but a higher % from supras & agencies

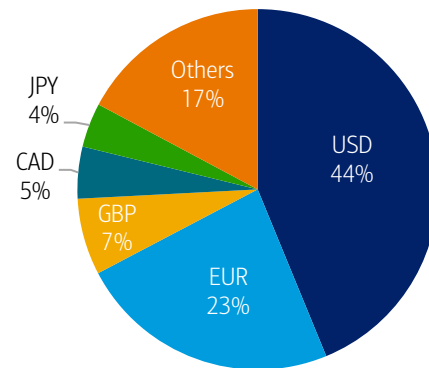


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 16: 2023 sustainability bond issuance by currency

This is the only label where USD issuance is higher than EUR

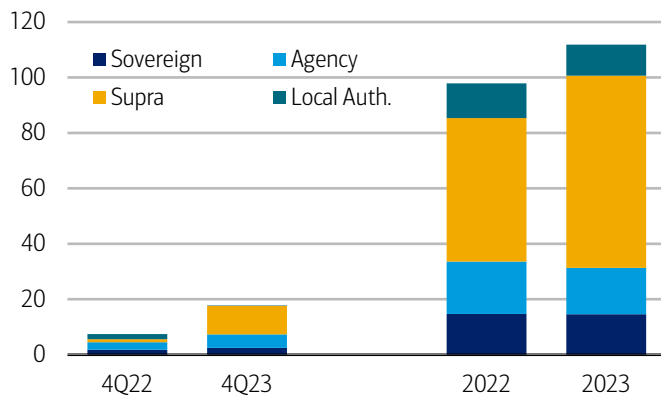


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 17: Sustainability bonds from sovs, supras & agencies (\$112bn)

Fully \$69bn in supranational sustainability bonds in 2023

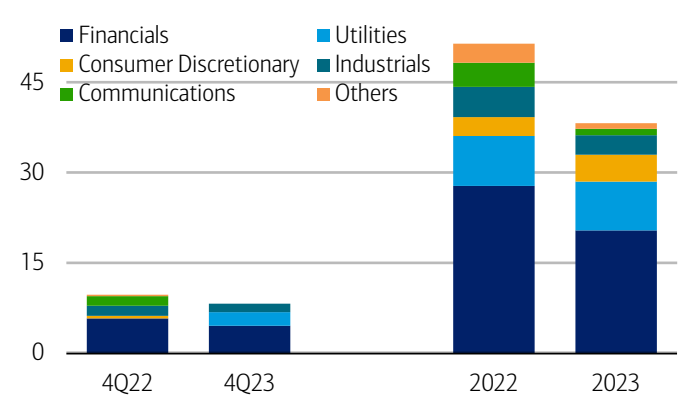


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 18: Sustainability bonds from corps & financials (\$38bn)

Fewer sustainability bonds from corporates/financials in 2023

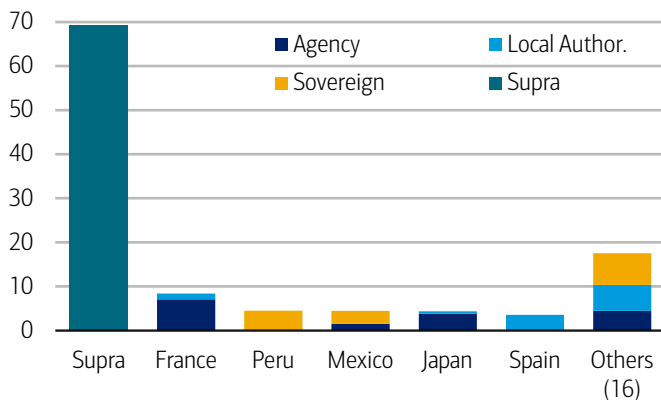


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 19: Sustainability bond issuance by country of risk (\$bn)

Aside from supras, modest issuance from other groups in 2023

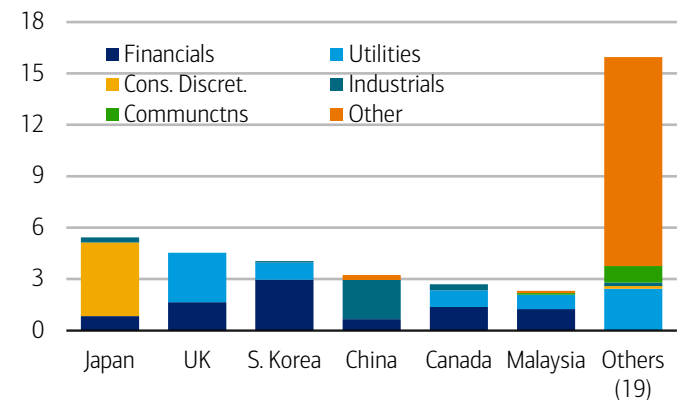


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 20: Corporate & financials by country of risk (\$bn)

Financials are still the most likely to issue sustainability bonds in 2023



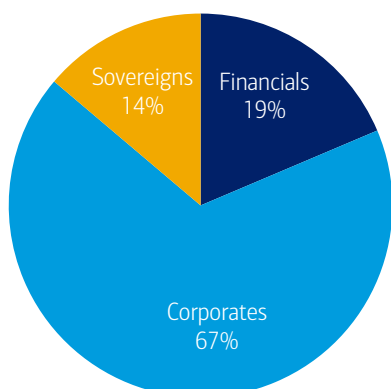
Source: Bloomberg, BofA Global Research estimates

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# Sustainability-linked: \$60bn in 2023

## Exhibit 21: 2023 sustainability-linked bond issuance (\$60bn)

A few more sovereigns and financials have started issuing SLBs

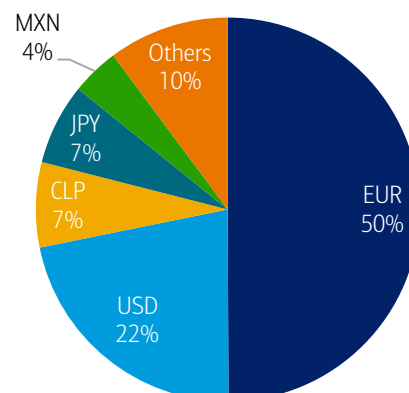


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 22: 2023 sustainability-linked bond issuance by currency

USD issuance dropped from 38% (2022) to 22% in 2023; EUR rose

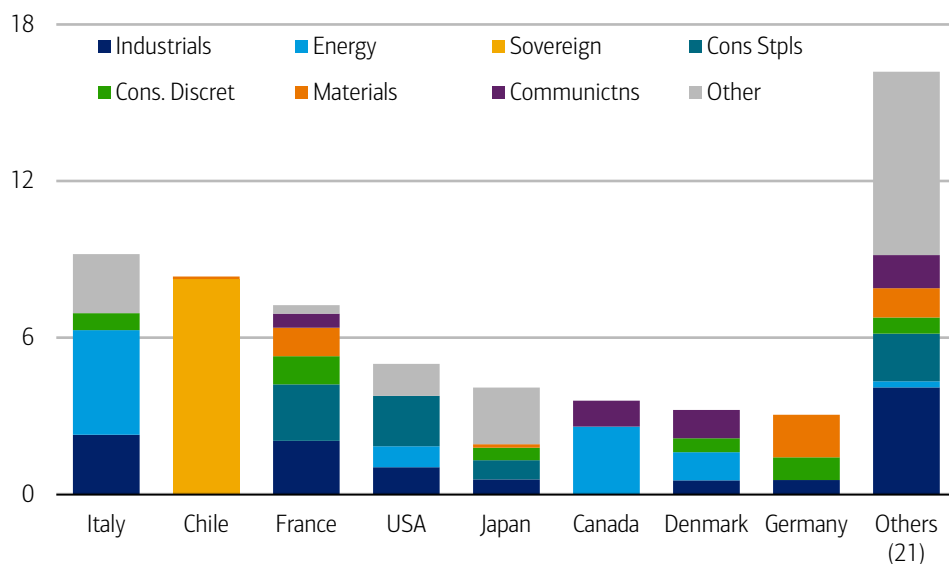


Source: Bloomberg, BofA Global Research estimates

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## Exhibit 23: SLB issuance, 2023 corporate & financials by country of risk (\$60bn)

SLBs appeal to a wider variety of corporate sectors than other types of labels



Source: Bloomberg, BofA Global Research estimates

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