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# Green, Social and Sustainability Bonds

## Fears of recession vanish after a set of positive macro surprises coming from the US

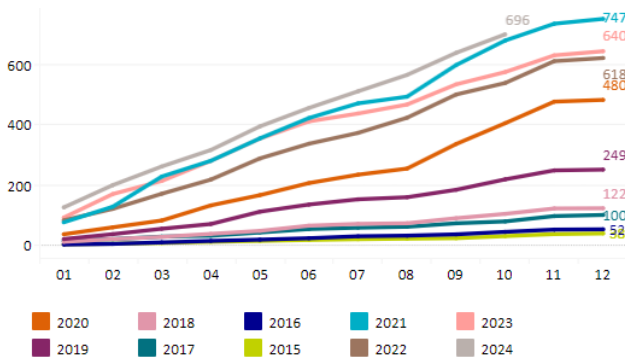
- Another dynamic primary market activity over October with \$61bn of GSS issuances.
- Strong US employment data, increasing odds of a Trump win, UK budget fears all drove rates higher while credit spreads continued to tighten as fundamentals remain favourable.
- The sustainable bond universe delivered -1.13% over the month and 1.65% YTD in EUR hedged terms.

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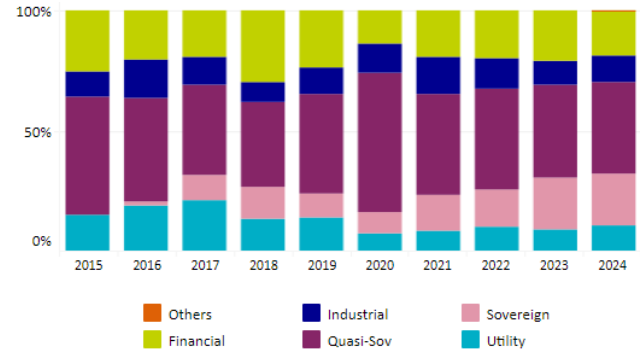
### What's happening?

	Key developments	Key figure
<b>Green Bonds</b>	October was a strong month with \$38bn of Green issuances. Issuances were broadly split across each asset class with a tilt towards credit accounting for 55% of total volume. On the credit side, banks and utilities were the leading sector respectively with 23% and 21% of issuances followed by industrials. In terms of currency, the month was dominated by EUR issuances at 54% but it is worth mentioning the 14% of GBP issuances.	<p>+\$38bn over October</p> <p>\$432bn YTD (+21% vs 2023)</p> <p>70 new issuers YTD</p> <p>\$1.86tn Market value</p>
<b>Social Bonds</b>	Social bond issuances over the month were split between quasi-gov (68%) and financials (27%). Euro issuances accounted for 36% while USD represented 26% of total volume, reflecting continued growing social issuances from Asian countries (45% of October volume).	<p>+\$7bn over October</p> <p>\$89bn YTD (+15% vs 2023)</p> <p>14 new issuers YTD</p> <p>\$499bn Market value</p>
<b>Sustainability Bonds</b>	Sustainability issuances was mostly driven by quasi-gov (90%) over the month. USD accounted for 50% of total issuances, followed by EUR (32%). Emerging markets accounted for 12% of issuances, below 2024 contribution at 18%	<p>+\$16bn over October</p> <p>\$175bn YTD (+21% vs 2023)</p> <p>25 new issuers YTD</p> <p>\$767bn Market value</p>

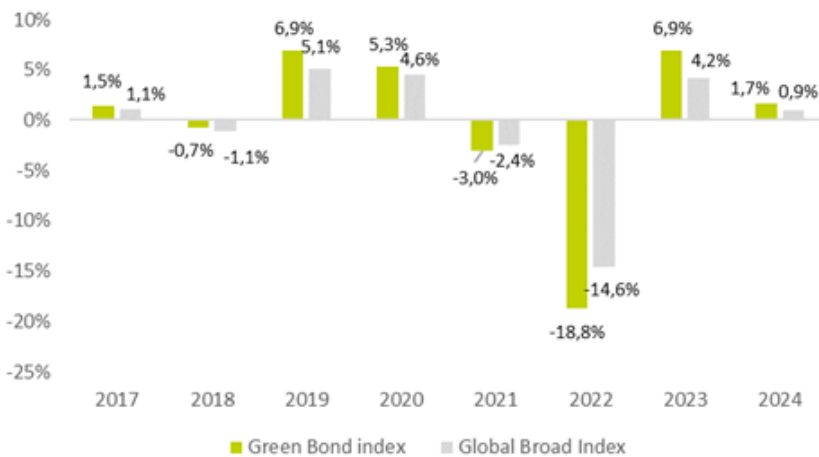
GSS bonds issuance evolution (in USD bn)



GSS Bonds issuance by Sector (in USD bn)



• Calendar Performance Comparison

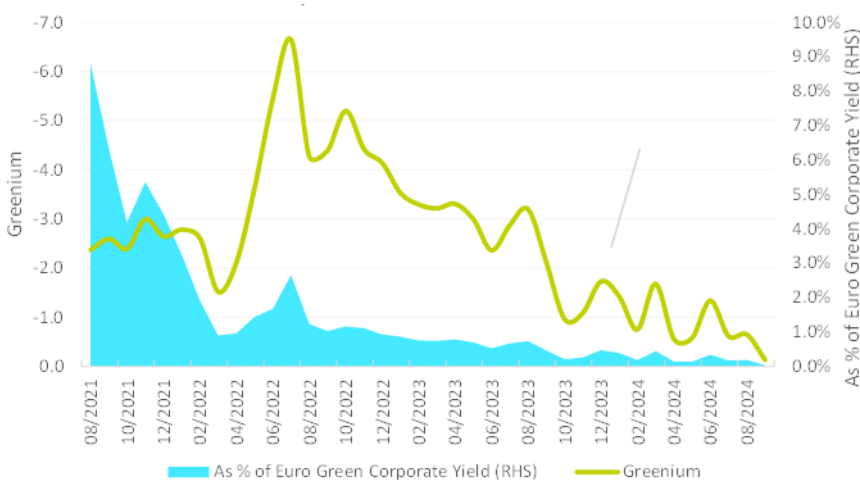


Green bonds universe  
 outperforming  
 conventional  
 universe for **6 years**  
 out of 8

Source : AXA IM, Bloomberg as of 31/10/2024

• What about the Greenium ?

Green bonds trade on average in line with their conventional bond



Greenium is becoming  
 irrelevant when  
 considering return  
 prospects yet should still  
 be **monitored** at bond /  
 sector level

Source : AXA IM, Bloomberg as of 31/10/2024

## Portfolio Positioning and Performance



## Outlook

Strong job data in the US has pared off recession fear. Uncertainty surrounding the impact of the US election results on the Fed's rate cuts trajectory pushed rates higher. In the eurozone, the macroeconomic outlook remains fragile and could be further impacted by renewed tariffs. Continued deceleration in inflation data is supporting the ECB to continue to deliver rate cuts.

Rates rose significantly during the month making valuations look attractive, especially in the EUR. Uncertainty remains high in the US and UK with fears of additional supply but the economic context in Europe should provide comfort to the ongoing ECB softening and support Euro rates.

Credit spreads rallied further, reflecting strong fundamentals and supportive monetary policy. Yet, heightened geopolitical uncertainty, weaker growth or an unexpected rebound in inflation could weigh on the asset class.

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