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Muni Bond Deals Continue to Help Global Green Issuance.

(Bloomberg) — American cities borrowing to fund environmentally-friendly projects continue to help drive green bond issuance, data compiled by Bloomberg show.

Green muni bond sales — including deals from San Francisco's Public Utilities Commission, New York City's Metropolitan Transportation Authority and Maine's Governmental Facilities Authority — were about $1 billion in January 2020, up from $972 million in December. Issuance reached approximately $9.8 billion in 2019, the second-biggest annual issuance total in data going back to 2013.

That helped push the global tally of corporate and government green bonds issued during the month to about $18.8 billion, in line with the $18.4 billion raised in January last year, according to Bloomberg compiled data.

Companies — mostly European power utilities — issued about $4.5 billion in green debt, a drop from about $9.7 billion raised in the first month of 2019, according to data compiled by BloombergNEF. Germany's E.ON SE sold $1.1 billion in green bonds to help fund sustainable infrastructure and energy efficiency projects. Portugal's EDP, which aims to slash emissions by 40% by 2030, raised about $800 million.

Bringing More Buyers

For New York's MTA, which issued $924.8 million in green bonds in January, adding a green label brought more buyers to the table, said Patrick McCoy, the issuer's director of finance. "Strong interest resulted in great results for the MTA," he said in a telephone interview Monday.

While companies in the U.S. didn't issue green bonds in January, high-profile deals like Verizon Communications Inc.'s $1 billion 2019 sale will encourage others, according to Moody's Investors Service. The bond grader expects issuance to hit $300 billion in 2020.

"There's growing demand for responsible investment strategies broadly speaking and for a lot of them green bonds fit in," James Rich, senior portfolio manager and chair of the sustainable investment committee at Aegon Asset Management, said in an interview Monday. "They are kind of a natural place for investors to look."

More sovereign issuers are expected to issue green bonds in the wake of and Chile, which sold debt in euros and U.S. dollar last month. Insight Investment, with about $900 billion in assets, is contacting governments in both emerging and developed markets directly to express an interest in buying more green bonds, said Josh Kendall, senior environmental, social and governance analyst at the firm.

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