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Barclays Sees Municipal ESG Bond Sales Climbing 20% in 2023.

- **Such borrowings will reach $45 billion to $50 billion: bank**
- **Influx of new money is bolstering the ESG supply outlook**

While US state and local government borrowings have slumped this year, a growing share of the deals are labeled as environmental, social and governance debt, and such issuance will climb roughly 20% next year, according to Bloomberg data tallied by Barclays.

ESG muni-bond issuance will likely reach $45 billion to $50 billion in 2023, the bank forecast. New money deals are expected to rise as some governments struggle with higher costs amid inflation and federal Covid funds near exhaustion. Plus the Inflation Reduction Act of 2022 allocated funds for climate and energy. If the total amount of new money deals and the ESG share both rise, the amount of ESG bonds will also “likely increase,” according to Barclays.

“We believe that the trend of increasing ESG issuance is firmly entrenched for the foreseeable future,” Barclays municipal strategists led by Mikhail Foux wrote in a research note published Monday.

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Bloomberg Markets

By Skylar Woodhouse

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