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ICE Launches Physical Climate Risk Municipal Indices.

Five new indices to track performance of securities of obligors exposed to climate risk, uses ICE Climate Risk Scores

Intercontinental Exchange, a leading global provider of technology and data, announced that it has launched a new suite of climate risk municipal indices, using the ICE Climate Risk Score, aimed at tracking the performance of securities selected based on exposure to acute climate risks.

The new suite of climate risk municipal indices is a collaboration between ICE's Climate and Index teams. The indices, using ICE Climate Risk data, track the performance of securities issued by obligors with different projected vulnerability to a range of climate risks, including hurricanes, wildfires and floods.

The new index family includes:

- ICE US High Physical Climate Risk Municipal Index (MUNIHICR)
- ICE US Low Physical Climate Risk Municipal Index (MUNILOCR)
- ICE US High Physical Wildfire Risk Municipal Index (MUNIWFCR
- ICE US High Physical Flood Risk Municipal Index (MUNIFLCR)
- ICE US High Physical Hurricane Risk Municipal Index (MUNIHRCR)

"ICE indices have helped market participants capture exposure to some of the most dynamic trends that shape the global economy, and climate risk has increasingly become an important factor in the investment decision-making process," said Preston Peacock, Head of ICE Data Indices, administrator of the new indices. "This new suite of climate indices will be an effective tool to track advancements in the repricing of climate risk in bond markets for researchers and investors."

The ICE Climate Risk Score serves as a singular assessment, ranging from 0.0 to 5.0, amalgamating all the ICE Sustainable Finance Platform's climate hazard models. It provides a comprehensive, relative measure of estimated total property risk stemming from physical climate hazards for a specific location, or a collection of locations related to the obligor.

"ICE research shows that, despite accelerating economic damages from severe weather, physical climate risk is not yet being priced into municipal bonds," said Evan Kodra, Head of Climate R&D at ICE. "That lack of pricing signal could obscure the true risk and perpetuate complacency around climate in the market. We are pleased to assist in the launch of new indices that can help address this, giving investors a consistent pulse on the climate-yield relationship and a benchmark for managing portfolio risk."

These new climate risk municipal indices join ICE's fixed income index offering, which includes approximately 6,000 standard indices tracking more than $100 trillion in debt spanning the global bond markets, with debt represented across 51 currencies.

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