

M'sia to sell US\$1 bil in global sukuk bonds
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Malaysia plans to sell more than RM3 billion (US\$1 billion) in global Islamic bonds and will hold investor presentations at the end of June to market the offering, a source with direct knowledge of the matter said today.

Maybank, CIMB, Citi and HSBC are arranging the issue, said the source who declined to be identified as the sale has not been announced.

Maybank and CIMB declined to comment. Citi and HSBC were not immediately available for comment.

The issue is expected to draw a lot of interest due to a shortage of Islamic bonds and strong demand for government paper.

"I'm hearing that they are pushing for 10 years maturity," said an Islamic banker at a domestic bank. "Most sukuk are five-year paper and I'm not sure there's liquidity at the longer end."

Malaysia, which has the world's largest sukuk market, last tapped the global market in May 2010 when it sold RM3.8 billion (\$1.25 billion) of five-year sukuk ijara or Islamic leasing bonds at a yield of 3.928 percent.

IFR, a Thomson Reuters unit, had earlier reported that the government had picked four banks including CIMB, Citigroup and HSBC to arrange the issue.

The planned Malaysian issue comes as markets are anticipating a revival in global sukuk sales this year.

HSBC Middle East, Bahrain's Al Baraka Bank and Qatar Islamic Bank are all eyeing sukuk sales.

Islamic bond issuance fell 26 percent to RM42 billion (\$14 billion) in 2010 in the aftermath of Dubai's debt restructuring and high-profile sukuk defaults that exposed legal uncertainties surrounding these instruments, according to Thomson Reuters data.

A Reuters poll had forecast that global sukuk sales will rise nearly 60 percent this year to more than \$22 billion as economic recoveries and high crude oil prices revive the market.

- Reuters