

M'sia to sell RM3.2b global sukuk
Malaysiakini.com
May 18, 2010

Malaysia is to sell around \$1 billion (RM3.2 billion) in a global sukuk offering on Wednesday, its first international debt sale since 2002, two sources familiar with the planned issue told Reuters on Tuesday.

The sources said the government was targeting about \$1 billion for the bond that would be entirely sukuk and would be launched at an Islamic economic forum.

Lead managers for the deal are Malaysia bank CIMB and HSBC. CIMB declined to comment while HSBC was not immediately available.

"(The government) is targeting about \$1 billion," one of the sources familiar with the deal told Reuters, adding that there would be a global roadshow for the paper.

The sale comes as global credit markets grapple with worries of another crisis after the recent sell-off sparked by credit worries in Europe.

Malaysia last tapped the global bond market in 2002 when it raised \$600 million through the sale of its first international sukuk.

Sukuk can have higher yields than conventional paper because of the relatively illiquid secondary Islamic bond market but a global sukuk offering would help reinforce Malaysia's ambitions to become an international sharia banking hub.

Prime Minister Najib Abdul Razak had said in April Malaysia would likely tap global bond markets by offering a US dollar Islamic bond to test investor appetite for its assets.

The country usually relies on domestic bond issuances to fund its expenditure. The government sold RM88.5 billion (\$27.66 billion) of bonds in the country last year with Islamic paper accounting for a third of that, according to central bank data.

Malaysia has only one outstanding conventional bond - due in 2011 and worth \$1.75 billion.

Malaysia ran a budget deficit of 7.4 percent in 2009, its highest in more than two decades. It aims to reduce that to 5.6 percent this year.

- Reuters

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