

# Malaysian sukuk, bond marts attract more global issuers

From left: Thomson Reuters global head of Islamic Finance Rushdi Siddiqui, head of Islamic Finance Asia Rafiza Ghazali and BPA Malaysia CEO Meor Amri Meor Ayub at the re-branding of BPA Malaysia sukuk and bond ringgit indices yesterday.



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**KUALA LUMPUR:** The efficiency provided by Malaysian regulators when it comes to the sukuk origination process has attracted more global issuers, said Thomson Reuters global head of Islamic finance Rushdi Siddiqui.

He said the sukuk development and growth in Malaysia in recent years has been tremendous that the "world is looking to Asia with Malaysia being the pitstop."

"The Malaysian sukuk and bond markets are increasingly important for the Gulf Cooperation Council countries, European and US entities as investors and companies turn to investing and financing opportunities in Asia," he said.

The US\$1 trillion (RM3.17 trillion) Islamic finance industry is growing at more than 15 per cent annually and its attractiveness for raising asset backed/based funds is globally recognised by regulators, international lending agencies, bankers and asset man-

agers not just in the G20 countries but in the 57 Muslim nations, he said.

It is with this in mind that Thomson Reuters is partnering Malaysia's Bond Pricing Agency (BPA) to meet the needs of emerging markets' fund managers in the west who want to be informed on the opportunities in the sukuk and bond market in Malaysia.

He said this to reporters after announcing the re-branding of the BPA Malaysia sukuk and bond ringgit indices here yesterday. From now on, they can be retrieved by Thomson Reuters subscribers around the world.

"Thomson Reuters is providing the indices a global reach and a new global window to Malaysia's sukuk and bond markets," said BPA Malaysia chief executive officer Meor Amri Meor Ayub.

The new family of indices include 108 ringgit sukuk and bond indices covering a total of 778 issues and six bond classes, archived back to 2007. Their total market capitalisation is RM583.6 billion.

Meor Amri said BPA Malaysia delivers valuations for nearly 2,000 unlisted bonds daily, providing pricing database

faster than any other available source.

"This enables market players to facilitate finer price discovery, spur trading activity, enhance risk management and optimise capital allocation," he said.

Meor Amri said the growth rate of bond and sukuk from end 2005 to September 2011 stood at 104 per cent compared with the 68 per cent growth in the equity market.

The annual trade volume for bond and sukuk market in 2010 was RM1.09 trillion compared with RM1.4 trillion in the first nine months of 2011 while for the equity market, the trade volume was RM390.4 billion in 2010 and RM352.1 billion in the first 3 quarters of this year.

"Without such indices, you can't see the relationship between the two markets and that during the period of crisis (the US subprime and eurozone debt crisis), one can see how equity market collapsed but bond markets grew," Meor Amri pointed out.

He added that such "profitable information" is crucial for fund managers especially those interested in Malaysian assets.