Islamic Finance Monthly Bulletin

July 2010

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GCC Markets

Shariah compliant indices exclude industries whose lines of businesses incorporate forbidden goods or where debt/assets ratios exceed 33%. The increasing popularity of Islamic finance has led to the establishment of Shariah compliant stock indices in many stock markets across the world, even where local Muslim populations are relatively small, such as in China and Japan.

In June the GCC region’s markets showed some signs of recovery. Qatar recorded the highest gains with a 4.4% rise, closely followed by Saudi Arabia, up 3.5%. The Qatari market’s rise was partly influenced by a June report from ratings agency Moody’s that said the outlook for Qatari banks was stable (Reuters Africa, 14 June 2010). The Bahraini stock market remained relatively steady with gains of 0.02%. The UAE fell by 0.78%, followed by Oman, down 1.5%. The Kuwait stock market saw the biggest fall among all Islamic stock markets in June, down 7.9% - its worst month-to-month return in 2010. The market in Kuwait was affected by wider investor concerns regarding the state of the international economy, and local investors’ reluctance to commit capital into the market (Reuters Africa, 24 June 2010).

On risk measurement indicators, volatility and VaR in Qatar were at 1.3% and -1.1% respectively, while volatility and VaR for Saudi Arabia were 1.1% and -0.4% respectively. Volatility for Bahrain was 0.8% while VaR was -2.6%, for Oman 0.8% and -1.1%, and for Kuwait 2.2% and -3.4% respectively. Compared with the previous month volatility in the GCC stock markets increased by 42%, while four stock markets (UAE, Saudi Arabia, Qatar and Oman) had lower VaR in July than in June.
Far East Markets

A more favourable economic climate was evident during June for most Far East markets. Indonesia was the best performer, up 5.8%, closely followed by Thailand, up 5.6%. The Singapore stock market recorded gains of 3.5%, while the Malaysian stock market rose by 2.8%. Taiwan was up by 1.3%, while the Philippines was the only market recording a monthly fall, down 0.2%.

On risk performance indicators, Indonesia’s risk levels were at 1.5% and -2.1% for volatility and VaR respectively. Thailand was the least volatile market for June at 0.4% while its VaR was at -1.8%. Volatility and VaR for Singapore were 0.7% and -1.1%, and for Malaysia 0.6% and -0.5% respectively. These two markets are the most regulated and most liquid in the region, and as such they are consistently seen as safe investment options. Taiwan and the Philippines had volatilities of 1.1% and 1.2% respectively while they shared the same VaR at -1.3%. Compared with the previous month, volatility in the Far East stock markets was lower by 24% while VaR decreased by 49% on average.

Figure 2: Far East Stock Markets, June 2010. Malaysia: FTSE Bursa Malaysia Emas, FTSE Bursa Malaysia Hijrah; Indonesia: Jakarta SE Islamic; Philippines: SPGI BMI Philippines Shariah; Singapore: SPGI BMI Singapore Shariah; Taiwan: SPGI BMI Taiwan Shariah; Thailand: SPGI BMI Thailand Shariah. Source: Datastream
MENA Region Markets

Middle East and North Africa (MENA) region markets are less developed than GCC and some Far East markets. However, good investment opportunities do exist, particularly for investors willing to take extra risk.

In June, Morocco was the only stock market in the region to record gains, rising 0.5%. Lebanon and Jordan fell by 0.4% and 0.6% while Egypt and Tunisia experienced greater falls of 0.98% and 1.03% respectively.

On risk performance indicators, Morocco recorded volatility of 1.2% and VaR of -1.6%. Lebanon’s volatility was 0.4% and VaR -0.7% while Jordan recorded volatility of 1.5% and VaR of -2.2%. Tunisia’s volatility was 0.6% and VaR -1.3% while Egypt was the riskiest market in the region for June with volatility and VaR reaching 1.6% and -2.4% respectively. Compared with the previous month, volatility in the MENA region stock markets was down 7% while VaR increased in three of the five markets (Egypt, Lebanon and Jordan).

Figure 3: MENA Region Stock Markets, June 2010. Egypt: MSCI Egypt Islamic; Tunisia: S&P Tunisia Shariah; Morocco: S&P Morocco Shariah; Lebanon: S&P Lebanon Shariah; Jordan: S&P Jordan Shariah. Source: Datastream
The general climate elsewhere was positive with all markets recording gains. South Korea, China and Hong Kong were the best performers for June with gains of 5.6%, 5.5% and 5% respectively. The South African, Japanese and Indian stock markets rose respectively by 3.7%, 3.2% and 2.6%. In addition, the two worldwide Shariah compliant indices showed gains of 3%

On risk performance indicators South Korea’s volatility was 1.6% and VaR -4.3 %, China’s 1.9% and -1.1%, and Hong Kong’s 0.5% and -0.8% respectively. South Africa, Japan and India recorded volatilities of 1.5%, 1.6% and 1.7% respectively, while VaRs were -2.8%, -1.9% and -1.6%. The DJ Islamic index’s volatility was 1.3% and VaR -3.1%, while the FTSE World Index’s volatility was 1.3% and VaR -3%. Compared with the previous month, volatility in the Rest of the world markets was lower by 6%, while VaR decreased by 25% on average.
Sukuk Market

This index, launched by Dow Jones Indexes and Citigroup Index LLC in 2006, measures the performance of global bonds that comply with Islamic investment guidelines. The index is made up of investment-grade, US dollar-denominated Islamic bonds—also known as sukuk. The index was created as a benchmark for investors seeking exposure to Sharia’ah-compliant fixed-income investments. The index shares design criteria and calculation assumptions with the broader Citigroup fixed-income index family, and its screens for Sharia’ah compliance are consistent with the Dow Jones Islamic Market (DJIM) Indexes. Bond issues included in the index must comply with Sharia’ah Law and the Bahrain-based Auditing & Accounting Organization of Islamic Financial Institutions (AAOIFI) standards for tradable sukuk. It must also have a minimum maturity of one year, a minimum issue size of $200 million, and an explicit or implicit rating of at least BBB-/Baa3 by leading rating agencies.

The Dow Jones Citigroup Sukuk Index increased during June closing at 120.846, showing a 0.70 % month to month rise. The main impetus for the rise was increased investor demand for Gulf Sukuk following last month’s proposed restructuring of Dubai World’s $ 23.5 billion debt.

In terms of worldwide Sukuk-based activity, Malaysia was in the forefront of both corporate and sovereign issuance in June. The Ijara Sukuk announced by the Bank of Negara, Malaysia had the highest value at $1.25 billion.
Commodities

The BP oil spill dominated oil price news during June. Concerns that the projected path of a hurricane in the Gulf of Mexico could make cleaning operations more difficult pushed oil prices up to $79 a barrel in mid-June. As the hurricane’s path changed, oil prices fell to $77 by the end of the month (Marketwatch, June 2010).

Natural gas prices rose by 12% reaching 4.8$/MMBTU as rising temperatures boosted demand for electric power generation. Robust industrial production in the US as well as maintenance of several gas pipelines also helped raise prices (US EIA, June 2010).

Despite the initial euphoria over China’s stated willingness to relax the yuan, gold prices increased by 4% driven by worries over potential slowing in the Chinese economy brought to light by an error in an economic index. In addition, the G-20’s commitment to halve deficits by 2013 raised concerns that stimulus spending would come to an end. Meanwhile, Greek CDS[1] spreads rose to a record high as investors believed the Greek economy remained in a precarious condition (Reuters, June 2010).

Amid concerns slower Chinese growth would lead to less demand for goods, copper prices, a benchmark of industrial production, fell by 1% (goldalert.com).

Palm oil fell nearly 2% over the previous month amid intensifying competition from substitute soybean oil. Soybean production, particularly from Brazil and Argentina, has reached record levels in 2010 (Bloomberg, June 2010).

Sugar prices rose by 9.5% during June as traditionally food sales peak just before the month of Ramadan. Additional contributory factors included a rise in sugar-processing costs in Pakistan, one of the world’s largest sugar exporters (Dawn.com, June 2010), and reports that Thailand, the world’s second largest sugar exporter, may have to import sugar in 2010 for the first time ever due to domestic shortages (Reuters, 29 June 2010).

[1] Credit Default Swaps are a type of insurance contracts.
Recent Developments in the Islamic Finance Industry

GLOBAL DEVELOPMENTS

Australian initiatives to boost Sharia’ah-compliant projects

The Australian government has launched a series of initiatives that, once implemented, will make the country one of the most proactive Islamic finance markets in the Asia-Pacific Region. The Australian fund manager LM Investment Management Ltd. was involved in the launch of the LM Australian Alif Fund in 2009, which sought to invest in selected diversified Australian realty portfolios. Sen. Nick Sherry, assistant treasurer of Australia, at the recent launch of a new book entitled “Demystifying Islamic Finance — Correcting Misconceptions, Advancing Value Propositions,’ confirmed the Australian Board of Taxation was undertaking a comprehensive review of Australia’s tax laws to ensure that, where possible, they do not impede the expansion of Islamic finance, banking and insurance products.

Source: IFIS

New Sharia’ah standards adopted by AAOIFI

The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has adopted three new Sharia’ah standards. These include standards for the disposal of rights, bankruptcy and the management of liquidity, collection and use. Announcing the number of new standards adopted since the beginning of 2009 had reached 14 bringing the overall total to more than 80, AAOIFI secretary general, Mohamad Nedal Alchaar, explained the standards were necessary because of the growth and increasing complexity of the Islamic finance industry. In addition, the aftermath of the global financial crisis had highlighted the need for AAOIFI to keep pace with subsequent changes.

Source: Gulf Daily News Business News

Sukuk sales seen strong in 2010: HSBC Amanah

Sukuk issuers in Asia are likely to sell at least 10-20% more Islamic paper in 2010, with the European debt crisis having only a limited impact on Asia’s growth prospects, according to HSBC Amanah. Malaysia and Indonesia are expected to remain the region’s main sukuk issuers, although centres such as Hong Kong, Japan, Singapore and South Korea may emerge as issuers in future. Global sukuk sales for 2009 totalled $23.3 billion (Dh85.51 billion), down from the record $34.3 billion in 2007, according to Standard & Poor’s. Malaysia, Pakistan and Indonesia together accounted for just over half of total global sukuk issuance in 2009, according to Thomson/Reuters data. A Reuters poll of Islamic finance practitioners in April predicted sukuk issuance would range between $26 billion and $28 billion in 2010.

Source: IFIS

Bahrain

Bahraini based Tharawat Investment House to set up an Islamic Private Equity Fund

Tharawat, an Islamic investment house, plans to launch a $50-$60 million private equity fund that will invest in a Saudi Arabia real estate project. By the end of 2010 Tharawat aims to set up three more funds investing in Saudi Arabia’s property market, reflecting the company’s view that although the high-end market is affected by the crisis, there is still a short supply in the low and mid-level housing market.

Source: Gulf Daily News
**Ithmaar Bank rolls out new products**

Ithmaar Bank, a Bahrain-based Islamic retail bank has announced the launch of several new products in line with its corporate strategy. Ithmaar became an Islamic retail bank in April after completing a comprehensive reorganization with its wholly-owned subsidiary Shamil Bank. Speaking at the launch of a unique auto financing product, Ithmaar Retail Banking assistant general manager Mohammed Janahi said the bank, which has recently introduced a first of its kind mobile online banking solution, will focus on expanding its product range and improving customer service offerings. The Ithmaar Mobile Online Banking service allows Ithmaar customers to use their smart mobile phones, including blackberries, to conduct, in real time, the full range of banking transactions from anywhere in the world.

*Source: Gulf Daily News*

**Debt troubles at Bahrain investment firm Gulf Finance House (GFH)**

Bahrain’s Gulf Finance House will sell its stake in Bahrain Financial Harbour to Emar Bahrain as it seeks to reduce its debt burden. In a statement to the Bahrain Stock Exchange, GFH said the sale of about 50% was valued at $262 million (Dh962.3 million), comprising $40 million in cash and land. GFH has been badly hit by a regional real estate crash and has struggled to reduce its debt as the repayment of a $100 million loan looms in August. In February the investment house narrowly escaped default by striking an eleventh-hour agreement with lenders to roll over a portion of a $300 million loan after massive write-downs on its property portfolio. GFH has deleveraged its balance sheet over the past months and shrunk liabilities from $2.6 billion in mid-2008 to $855 million in March 2010. This includes $169 million in placements from financial and other institutions and $397 million in financing liabilities. It also includes a $100 million loan arranged by German lender WestLB due in August, and a $50 million money market placement by First Energy Bank, due in 2011. In addition, GFH has an $80 million loan outstanding for which Bahrain’s Liquidity Management House (LMC) acted as lead arranger, maturing in several tranches until 2012. A GFH sukuk or Islamic bond, valued at around $137 million and maturing in 2012 was outstanding at the end of the first quarter.

*Source: Al Bawaba and Gulf Daily News*

**Dubai Islamic faces legal battle in Bahrain**

Dubai Islamic Bank, the emirate’s largest Shariah-compliant lender, faces a $650 million legal battle in Bahrain with four businessmen. The Bahrain civil case comes after prosecutors in Dubai charged the plaintiffs in the Bahrain claim with alleged fraud of $501 million.

*Source: IFIS*

**UAE**

**DIB launches three new types of bank accounts**

Dubai Islamic Bank (DIB) launched three new account variants to its product portfolio — Al Islami 2-in-1 Account, Al Islami Current Account Plus and Al Islami E-Savings Account. The Al Islami 2-in-1 Account offers the convenience of a cheque book and profits in one account, with profit rates credited on a quarterly basis.

*Source: IFIS*
Recent Developments

Takaful law issued in UAE to regulate industry

A new UAE law regulating the growing Islamic insurance industry will provide more transparency and oversight, but lawyers believe the extra costs of compliance may drive consolidation in a fragmented market. The Islamic insurance, or Takaful, law was issued in June, placing companies under the jurisdiction of the Insurance Authority of the United Arab Emirates and giving them a year to reorganise their processes. Under the law, every Takaful firm must have a Sharia’ah board consisting of three qualified scholars with experience in Islamic finance. The boards will be responsible for issuing an annual report and be subject to the oversight of a supreme committee within the authority charged with all Islamic legal opinions. The law also sets standards for financial and accounting issues as well as rules for paying out surpluses resulting from premiums and investments. While the law is the first of its kind in the region, Malaysia has similar rules in place to cover Takaful and Islamic banking. Market watchers hope the implementation of the UAE law may spread to other markets in the six-state Gulf Cooperation Council.

Source: The Daily Star Lebanon

National Bank of Abu Dhabi launches $155.9 million (RM 500 million) Sukuk

The National Bank of Abu Dhabi (NBAD) has issued its first Sukuk (Islamic bonds) and first issuance denominated in Malaysian ringgits. The issuance is worth RM500 million ($155.9 million) and was nearly four times oversubscribed. The five-year Sukuk has a coupon of 4.75%. HSBC Bank Middle East and Malaysia’s May bank were the joint lead managers and the book runners in this transaction.

Source: Gulf News

Abu Dhabi Investment House (ADIH) announced the closure of Wellpharma I.V. Solutions Islamic Fund

Abu Dhabi Investment House declared the successful closing of its first health care initiative, Wellpharma I.V. Solutions fund, with the objective of financing the development of an intravenous (I.V.) solutions production and distribution facility within the Industrial City of Abu Dhabi. ADIH obtained all necessary official approvals and permits including those for the identified land where the project will be developed.

Source: IFIS

Qatar First Investment Bank (QFIB) buys into UAE healthcare company

Qatar First Investment Bank (QFIB), along with a regional private equity firm Ithmar, has ventured into the Gulf region’s healthcare sector by picking up strategic stake in the UAE-based Al Noor Medical Company. The equity partake came as part of the newly launched healthcare platform, which will seek to capitalise on the extensive growth opportunities in the GCC healthcare service and pharmaceutical/life science sectors.

Source: IFIS

QATAR

Qatar issues $550m in 5-year local bonds

Qatar issued 2 billion Riyals ($ 549.7 million) in domestic bonds with a 5% coupon as it rolled over a prior issue of the same amount, attracting significant demand according to a source at the Central bank.

Source: Trade Arabia
Qatar Islamic Bank’s (QIB) Europe-based global Sukuk plus fund achieved outstanding first year performance

QIB’s Global Sukuk Plus fund, run by its subsidiary European Finance House (EFH), has given its investors a 10.63% return, outperforming its benchmark by a margin of 7.8%. Since its inception, the fund has expanded its portfolio to include 13 holdings across 9 jurisdictions.

Source: Gulf Times

Qatar Islamic Bank (QIB) invests $343 million in Sukuk for debt market

QIB invested 1.25 billion Qatari riyals ($343.2 million) in an Islamic lease Sukuk issued by Qatar central bank on behalf of the government to boost the domestic bond market.

Source: Arabian Business

QIB signs deal to offer funds for weddings

QIB has signed a memorandum of understanding (MoU) with the management of Royal Hall to provide financial support for weddings. The agreement will enhance QIB’s current portfolio of retail products and offer a spectrum of Shariah-compliant financing for its local and international clientele. QIB said it is meeting the demand for quality financial solutions by providing its Ijarah product-Zawaj (marriage) financing to better serve the growing and diverse needs of its clients.

Source: Gulf Times

Standard Chartered to sell Allianz Takaful’s insurance products

Standard Chartered Bank has entered into a five-year agreement with Allianz Takaful to cross sell the latter’s insurance products in Qatar.

Publication: Gulf Times

Saudi Arabia

ITFC and Saudi Export Program in $100m strategic linkup to finance Saudi exports to Egypt

The International Islamic Trade Finance Corporation (ITFC), an autonomous entity within the Islamic Development Bank (IDB) Group, has organized a series of trade finance operations for Egypt. Valued at $358 million, the operations will form part of its trade financing program to provide Egypt with its strategic energy requirements. This marks an increase of more than 138% over 2009 which saw a total of $150 million trade finance for Egypt.

Source: AME Info

Arkan Inks Swap Deal to Lower Sukuk Costs

Dar al-Arkan, Saudi Arabia’s biggest real estate developer by market value, has signed a profit rate swap agreement to lower the costs of Islamic bonds, or sukuk, worth $450 million. The firm had sold the sukuk, priced at 10.75% to fund its expansion. To lower the costs, Dar al-Arkan said it had signed a swap agreement, compliant with Islamic law, to cover 50% of the sukuk, or $225 million. The developer did not disclose the name of the agreement’s co-signatory.

Source: IFIS

Standard Chartered eyes Saudi Arabian Islamic banking market

Standard Chartered plans to enter the Saudi Islamic banking market to boost its Islamic banking revenues. The lender expects its to-
tal Middle East revenues to double within five years to $4 billion annually, and form 20% per cent of its total business. The bank is eyeing a presence in Saudi Arabia after being granted a capital markets license. The British lender also plans to enter the Libyan market by the end of 2010.

*Source: IFIS*

**ASB Group to raise $100 million through Sukuk**

Ahmed Salem Bugshan (ASB) Group is preparing to raise up to $100 million through the issuance of sukuk. Ground work for the biggest sale of Islamic bonds in Saudi Arabia is already complete. ASB Group is seeking the money to fund expansion of its existing projects including a mega-steel plant and a real estate project on the Corniche. The ASB sukuk is being structured as lease-to-own Shariah-compliant securities with a five-year-term maturing in 2016, and offering a semi-annual return on the sukuk of 125 basis points over US dollar 6 months LIBOR.

*Source: IFIS*

**Saudi Arabia: IDB plans $500 million fund to finance housing projects**

The Saudi Arabia-based Islamic Development Bank (IDB) plans to start a $500 million (Dh1.8 billion) fund to provide financing for developers of affordable houses in Muslim countries. The fund will invest only in the 56 member-countries of the Islamic Development Bank. In the early stages the fund will invest in 10 countries, and later it will expand into the rest of the bank’s membership. Islamic Corp., known as ICD, is the seed-investor of the fund and will contribute a small portion of its capital.

*Source: IFIS*

**Industrial group Sabic gets $1 billion credit facility from Alinma Bank**

Saudi Arabia-based Alinma Bank will grant a $1 billion Islamic credit facility to state-controlled industrial and petrochemicals group Saudi Basic Industries Corp (Sabic) to fund some of its ongoing petrochemical projects, the bank said in a statement. Sabic had raised SAR 2bn ($533.3 million) in December 2009 from a private bond placement and said earlier it had to repay SAR 5.5bn ($1.4 billion) in long-term loans in 2010 and SAR 11.3bn ($3 billion) in 2011. Alinma bank, established in 2006, is controlled by Saudi citi-zens holding 70% of its shares while government-owned pension funds hold the remaining 30%.

*Source: ISI - IntelliNews*

**Tharawat to set up $50-60 million Saudi equity fund**

Tharawat plans to invest in a Saudi Arabia real estate project in the third quarter of 2010 worth $50-$60 million. The company is also looking to set up 2-3 more funds investing in Saudi Arabia’s property market by the end of 2010, as it sees the Saudi property market as the least affected by the housing glut and the regional financial crisis. The Dubai and euro zone debt crises have affected its plan to raise $100 million in 2009 for its sukuk fund. Thus far it has managed to raise $10-20 million. Company sources attributed this to concerns regarding the fixed income market in general rather than the sukuk.

*Source: Arabian Business*
EGYPT, Jordan, Kuwait, Turkey

National Bank for Development eyes one third of Egypt’s Islamic banking

The National Bank for Development (NBD) is considering participation in a number of syndicated loans in the local market, especially in the petroleum, telecommunication and electricity sectors. The bank is studying a $50-100 million contribution to a $2 billion loan facility arranged by National Bank of Egypt (NBE) and JP Morgan for Egyptian General Petroleum Corporation (EGPC). The bank is also considering a $12.4 million (EGP 70 million) contribution to a $1.26 billion (EGP 7.2 billion) facility run by NBE, Banque Misr and National Bank of Abu Dhabi (NBAD) for Etisalat Misr. NBD has recently put forward $17.7 million (EGP 100 million) in the syndication led by NBE and Banque Misr to secure $300 million (EGP 1.8 billion) for Ezz Group. An NBD spokeswoman said the lender’s strategy was focused on financing vital projects and sectors to bolster the national economy, particularly infrastructure, power and petroleum. In addition, NBD aims to secure one third of Egypt’s Islamic banking market within four years.

Source: IFIS

Jordan seeks to speed up Sukuk issuance

Faced with rising local borrowing costs, Jordan is seeking to speed up the issuance of Islamic bonds or Eurobonds to tap more competitive sources of funding and contain its budget deficit, according to local officials and bankers.

The average yield for the most widely auctioned 18 month and 3 year maturity public debt instruments has risen by around 150 basis points since March. Bankers said this had prompted a hastening of preparations to launch dollar-denominated sovereign issuance either in Sukuk or a Eurobond.

Source: IFIS

National Bank of Kuwait launches Thahabi Islamic Ijara Fund VI

National Bank of Kuwait (NBK) has announced the launch of the “Thahabi Ijara Fund VI”, an Islamic Sharia’ah-compliant investment fund in US Dollars. The fund is designed specifically to meet the needs of its Thahabi customers for low risk investments generating a consistent monthly income and which satisfy the requirements of local and international Sharia’ah boards. The fund seeks to invest all of its assets in the purchase of equipment or purchase portfolios of equipment, and lease this equipment to a variety of tenants, including the largest 1000 companies in the USA and companies with high credit ratings. The equipment portfolios of the Fund in terms of type and tenants are diversified, thus reducing the risk rate. The entire portfolio is invested according to Islamic Sharia’ah principles and under the supervision of the Sharia’ah board.

Source: Trade Arabia - Banking & Finance

Turkish Albaraka Banking Group in talks to establish Islamic lender in France

Islamic lender Albaraka Turk’s largest shareholder Albaraka Banking Group is in talks to establish a lender in France. The group already has an investment financing firm in the UK, in addition to operations in the Malaysian and Indonesian Islamic banking sectors. Albaraka Turk aims to grow 25% and 20% in assets and loans in 2010.

Source: IFIS
Indonesia, Malaysia, Pakistan

Indonesia plans tax incentives for Islamic banking

Indonesia may provide tax incentives for sukuk issues and Sharia’ah bank deposits to make it more competitive with Malaysia, the world’s top sukuk market. Tax incentives under consideration include measures to help boost bank capital and provide tax holidays for sukuk issues. Indonesia has already removed double taxation on Islamic finance transactions to give the industry a level playing field with conventional banking. Islamic bank assets in Indonesia are just a fraction of total bank assets, while in Malaysia they are close to a fifth of the total. According to central bank figures, Indonesia’s Islamic bank assets were 66 trillion rupiah ($7.29 billion) as of December 2009, compared with 2,534 trillion rupiah ($280 billion) for the banking industry as a whole.

Source: Gulf News

Reliance Asset Management Malaysia to launch series of Shariah-compliant funds

Reliance Asset Management Malaysia (RAM-My), a subsidiary of Reliance Capital Asset Management (RCAM) the largest asset management company in India, plans to launch a series of innovative and differentiated Shariah-compliant funds. By January 2010, it managed over $33 billion in mutual funds, pension funds, managed accounts and hedge funds. Initially RAMMy plans to launch the Global Quantitative Fund and India Country Fund.

Source: Bernama Newswire

OSK-UOB Islamic Fund Management to launch equity-based and ASEAN-centric Islamic financial products

OSK-UOB Islamic Fund Management Bhd (OSK-UOB IFM) intends to launch equity-based and Asean-centric Islamic financial products before moving into more sophisticated unit trust funds. The company, which was recently granted the Capital Markets Services Licence by the Malaysian Securities Commission to carry out Islamic fund management business activities, will offer products like Sharia’ah-based equity funds, balanced funds, sukuk funds, money market funds, feeder funds and index funds.

Source: Bernama Newswire

Pakistan Developing Shariah-Compliant Products for Money Market

Pakistan’s central bank is developing Shariah-compliant products for its interbank money market as a shortage of investment options has reduced earnings for Islamic lenders. The products will provide a flexible and convenient mechanism for managing the surplus liquidity in the Islamic banking industry. It will also provide a platform for developing benchmarks for the pricing of Islamic finance products.

Source: IFIS

Pakistani Government plans domestic Sukuk bond worth Rs35 billion ($416 million)

The government plans to launch a domestic Sukuk bond soon by pledging assets of 2,200 acres land of Jinnah Terminal, Quaid-e-Azam International Airport, Karachi. The Sukuk will generate around Rs35 billion ($416 million) that will help cut the fiscal deficit. The bonds will be of one, two and three year maturity. Earlier, the government launched Sukuks against National Highway Authority land that generated Rs42 billion ($500 million). A Special Purpose Vehicle company would be established and 2,200 acres of the Jinnah Terminal would be transferred under the name of SPV. The Sukuk bond was expected to generate Rs35
billion ($416 million) when it was launched in local bourses.

Source: IFIS

**Seminar/Conference Watch**

**Synopsis of Seminar organized by The Dubai International Financial Centre (DIFC)**

DIFC hosted a seminar to discuss the opportunities and challenges confronting Islamic Finance in the current economic environment and measures required to mainstream the industry. The seminar, entitled ‘The Islamic Finance Growth Opportunity’ was the ninth event in DIFC’s Knowledge Series and discussed the critical regulatory, governance and standardisation required to help the sector realise its potential.

*Source: IFIS*

**Seminar organized by the Bahrain Association of Banks (BAB)**

A half-day seminar, entitled “Corporate Governance in Islamic Banking: Improving Performance and Managing Risk,” was part of BAB’s interactive programs for the banking and finance industry in Bahrain. Jassim Al-Ajmi, an academician and expert on corporate governance, addressed a session on the Bahrain Code of Corporate Governance and the Central Bank Regulations. He said the code would continue to serve as a vital pillar of the government’s commitment to implementing the best business model in the private sector.

*Source: IFIS*

**Islamic Financial Services Board (IFSB) seminar on Sukuk Markets**

A seminar in London entitled “Issues in Sukuk Development” was held by the Islamic Financial Services Board (IFSB), the prudential and supervisory standard setting organization for the global Islamic financial sector. The seminar was attended by representatives from Institutions such as the Islamic Research and Training Institute (IRTI), a member of the Jeddah-based Islamic Development Bank (IUDB) Group. Issues discussed included the effects of the global financial crisis, the issue of Shariah compliance relating to ownership of underlying assets and guarantees of principal by issuers of musharaka and mudaraba sukuk issued so far, the lack of standardization, and several sukuk defaults, including The Investment Dar, East Cameron Gas and Golden Belt issuances.
The Gulf One Lancaster Centre for Economic Research (GOLCER) was established in May 2008 by Lancaster University Management School and Gulf One Investment Bank. The centre is funded by a donation from Gulf One Bank.

The main purpose of the Centre is to conduct empirical research focused on key economic and financial developments in the Middle East and North Africa (MENA) region, with special emphasis on the Gulf region. This region includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates, countries that form the Gulf Cooperation Council.

GOLCER’s research agenda will include, as primary topics, energy economics, Islamic banking and finance, telecommunication and infrastructure economics. Recent developments in these fields will be assessed in the light of their impact on the economy of the Gulf region.

In addition to its research activities, GOLCER will provide tailored training courses in specialised areas, including quantitative methods and applications of state-of-the-art econometric and statistical software packages to economic and financial phenomena. GOLCER will also provide consultancy services.

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We would like to thank GR Steele for his comments and contribution.

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