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Islamic Indices

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.

The GCC region’s favourable market trends over the past two months appear to have receded. In April the UAE stock market fell by 6%, the largest monthly loss so far in 2010, Bahrain fell by 5%, and the Kuwait stock market suffered a 2% fall following a 30% rise since January. Despite the losses in neighbouring markets Qatar enjoyed a 2.8% rise in April, reflecting favourable domestic economic conditions. Meanwhile, markets in Saudi Arabia and Oman both recorded small gains of 0.4% and 0.2% respectively.

On risk measurement indicators, volatility and VaR in the UAE were at 1.6% and -2.5% respectively, approximately 33% up on the previous month. Volatility and VaR for Bahrain were 0.7% and -1.25% respectively. Bahrain’s volatility remained the same as the previous month, although VaR increased (in absolute terms) by 66% indicating high losses rather than a speculative and/or uncertain investment climate. Kuwait and Qatar’s volatilities (1.25% and 1.1%) and VaR (-1.9% and -1.5%) were similar to the previous month’s results. However, VaR for Qatar rose (in absolute terms) to around 60%. Saudi Arabia’s volatility rose to 1.2% and VaR was -2%. Finally risk in Oman rose significantly in April as volatility reached 0.75% and VaR was -2.1%.

We anticipate May’s results for the GCC will improve because most negative returns in April were not accompanied by a rise in risk, especially in terms of volatility.

Volatility is a measure of trading activity. Higher volatility is observed during periods of financial crisis. Higher volatility is also associated with speculative trading. Value at Risk (VaR) estimates the worst possible return that can happen tomorrow with a given confidence (here 95%). Source: Datastream
Favourable economic conditions during March continued in April for the majority of Far East markets. The Indonesian market recorded a rise of 5%, reflecting continued investor confidence, while the Malaysian market rose by a more modest 1%, due to a more regulated market structure deterring speculative investors seeking short-term profits. Singapore recorded a 1.9% gain continuing its positive trend for the year so far, and in Taiwan the market gained 2.1%. The Philippines market fell by 0.5% where interest in Islamic financial products is limited, reflected in an overall negative market in 2010. In Thailand domestic instability during April affected investor confidence, with a market fall of 6% denting an otherwise positive year thus far.

On risk performance indicators, Indonesia’s risk levels increased in April with volatility and VaR indicators of 1.1% and -1.55% respectively. Malaysia’s indicators remained unchanged from March with volatility of 0.4% and VaR of -0.8%. In Singapore, volatility rose to 1% and VaR was -1.4%. Taiwan’s risk also rose with volatility reaching 1% and VaR -1.5%. Despite continuing market losses the Philippines maintained stable risk indicators with volatility of 1% and VaR -2.4%, and Thailand’s VaR reached -3.5% whilst volatility remained around 1.25%.

Figure 2: Far East Stock Markets, April 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 April, Morocco experienced a 7% increase - the third highest monthly increase this year by an Islamic index (after Kuwait in February and the UAE in March). Egypt recorded a 2.1% gain in April maintaining its positive results since the beginning of 2010; while Tunisia made 1.8% gains marking a return of investor confidence following negative results earlier in the year. Jordan recorded a positive month for the first time in 2010 with a 0.5% rise, whereas Lebanon recorded a 0.5% fall following gains in March.

On risk performance indicators, Morocco’s volatility reached 1.5% and VaR -1.75%, figures consistent with previous months. Egypt’s volatility (1.5%) and VaR (-1.2%) show it to be one of the safest investment options in the region. Volatility in Tunisia reached 1% while VaR dropped (in absolute values) to -1.45% - a marked improvement on previous months. In February Tunisia’s VaR reached -17.5% and has declined ever since. Despite returning to profit, Jordan saw deterioration in volatility (0.95%) and VaR (-1.6%). The rise in risk indicates investor caution regarding the sustainability of Jordanian market increases. Volatility of 1% and VaR of -1.6% in Lebanon indicated an improvement on the previous month.
Rest of the World

The general climate elsewhere was negative with only two markets recording positive returns. South Korea had the highest returns in April at 2.5% continuing the positive trend of the two previous months. In Japan (-1.1%), South Africa (-1.25%) and Hong Kong (-3.1%) profitable patterns since January all came to an end. (Japan had a small correction in February but the market trend was otherwise upward). China again had a negative month falling 2%, while India fell 1.8%. The two global Islamic indices recorded very small returns, the DJ Islamic rose by 0.2% and the FTSE World fell by 0.2%.

On risk performance indicators, South Korea’s volatility (1.1%) and VaR (-1%) were the same as the previous month. Japan (1.1% and -1.75%), South Africa (1.25% and -2.25%) and Hong Kong (0.75% and -1%) volatility and VaR respectively showed slight deteriorations, especially in volatility. China and India had risk increases during April with volatilities of 1.5% and 1.2% respectively, and VaR of -1.55% and -2%. The two global indices’ VaR (in absolute numbers) was -1.75% and -1.8% for DJ and FTSE respectively. Volatilities remained constant at 0.7% and 0.75%.

Figure 4: Rest of the World Indices, April 2010.
Korea: SPGI BMI Republic of Korea Shariah; Japan: S&P Japan 500 Shariah; South Africa: FTSE South Africa Shariah; Hong Kong: SPGI Hong Kong Shariah; India: FTSE Shariah India; China: FTSE Shariah China; Global: DJ Islamic Average; FTSE Shariah All World. Source: Datastream
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 Shariah-compliant fixed-income investments. The index shares design criteria and calculation assumptions with the broader Citigroup fixed-income index family, and its screens for Shariah compliance are consistent with the Dow Jones Islamic Market (DJIM) Indexes. Bond issues included in the index must comply with Shariah 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 in April by 0.38% closing at 118.56. The sukuk market has not picked up since the Dubai World crisis and there have been no major issuances except the $450 million Islamic bond by Saudi property developer Dar Al-Arkan. The Greek economic crisis has also impaired index performance. The GCC markets’ environment prior to the Dubai World crisis could be described as zero default rate. However, the past six months have witnessed lower trading volumes, adding to generally lack lustre sukuk indices. The fact that a significant proportion of Dubai World debt includes Islamic debt has resulted in thin trading and minimal sukuk movement.

Source: Djindexes.com
Market sentiment was affected by the prospect of civil fraud charges brought by the US Security and Exchange Commission against Goldman Sachs and possible effects on future commodities trade, especially if subsequent regulation curbed risky deals by banks. Questions were also raised about demand in China as the government took further steps to cool property speculation.

The prices of Brent oil and Dubai oil continued to rise in April and closed around 2.5% and 5% respectively, up from last month despite renewed fears of debt problems in Greece and other at-risk countries. An unexpectedly strong gain of 27% in US new housing sales in March – the strongest monthly gain in nearly five years – galvanized a market looking for signs of increased US oil demand. The West Texas Intermediate (WTI) maintained its March price level.

Gold gained almost 6% in April, its largest monthly rise since November, as the credit rating downgrades of Greece, Spain and Portugal unleashed a wave of risk aversion, channelling money into gold. Analysts said gold’s underlying strength was evident from its resistance to the dollar’s strength against the euro due to doubts regarding Greece’s ability to implement budget cuts. Meanwhile copper prices fell 5% during the month.

Sugar prices have fallen 47% since early February, when they hit 29-year highs on fears the major sugar-producing nations, India and Brazil, would deliver poor harvests. However, output in Brazil’s Centre South, the world’s largest growing region, jumped 77% in the first half of April as mills started processing a record cane crop. Expectations were raised that increased Brazilian supplies would erase a global production deficit and reduce sugar prices from February highs.

April crude palm oil prices rose on lingering concerns over low rainfall in Malaysia, the world’s second-largest supplier, potentially reducing global output and creating shortages.

Natural gas prices remained relatively constant, although a US government report highlighted a smaller-than-expected increase in American inventories causing a slight price rise.

Sources: Reuters, Bloomberg, Wallstreetjourna1, ft.com
Recent Developments in the Islamic Finance Industry

GLOBAL DEVELOPMENTS

Germany opens to Islamic finance

The EU’s largest economy is finally edging toward allowing Islamic finance within its borders. Germany has a Muslim population of 4.3 million, the second largest in the EU after France with 5.5 million.

The country’s banking regulator, the Federal Financial Services Authority (BaFin), has issued a limited banking license to Kuveyt Turk Participation Bank, one of Turkey’s four so-called participation (Islamic) banks. Kuveyt Turk is 62% controlled by Kuwait Finance House, one of the world’s largest Islamic banks in terms of capital and assets. The Islamic Development Bank (IDB) also has a 9% stake.

Meanwhile, Cologne-based Meridio AG has recently launched the Meridio Global Islamic Multi Asset Fund, a Luxembourg-based mutual fund. Meridio describe it as the “first approved, actively managed, international, ethically compliant, balanced mutual fund under European investment laws”. It is aimed at retail and institutional investors in Germany and the euro zone countries initially, followed by the Middle East, Malaysia, Russia, India, Pakistan and East Asia. The investment pool comprises Shariah-compliant equities and sukuk. The fund is a dual currency (dollar and euro) open-ended multi-asset mutual fund with an issue price of $100 or 100 euros, targeting high end Shariah-compliant stocks in the real estate, energy, raw materials, infrastructure, pharmaceuticals, alternative energy, transportation, food or water sectors in the euro zone, United States, Canada, Brazil, India, Southeast Asia, Australia, the GCC countries, Turkey, North Africa and Russia.

These developments follow the first ever Islamic finance conference held by BaFin in October 2009 in Frankfurt, with speakers including Jochen Sanio, president of BaFin, Muhammad Al-Jasser, governor of the Saudi Arabian Monetary Agency (SAMA), and Nik Ramlah Mahmood, managing director of the Securities Commission of Malaysia.

Source: Arab News Newspaper

Islamic Corporation for Development (ICD) joins with Capitas to form management company for Islamic Finance

The Islamic Corporation for Development of the Private Sector (ICD), a private sector arm of the Islamic Development Bank (IDB), has entered into a joint venture agreement with Capitas Group, LLC, a US financial services firm specialising in developing and managing Shariah-compliant finance companies, to form a management company dedicated to the global development of the Shariah-compliant finance industry. The new company, Capitas Group International, will be based in Jeddah and will combine the experience of Capitas Group in developing Shariah-compliant financial services platforms with ICD’s comprehensive access to Islamic finance markets.

Formed to provide Islamic finance solutions to support the growing mortgage sector in Saudi Arabia as well as other OIC member countries, the firm will incubate and manage start-up mortgage companies and speciality finance firms in the region by assuming management and overseeing technical responsibilities.

Source: Business Islamica
Saudi-Luxembourg cooperation in Islamic finance

In April an alliance agreement was signed between Saudi Arabia’s Mohammed Hamad Al-Soaib Law Firm and the Luxembourg-based Lux Global Trust Services and Theisen Advocates. The impetus behind the agreement is to increase the Grand Duchy’s role as a trust and tax domicile for Saudi investment products; investment vehicles such as special purpose vehicles (SPVs) used in the issuance of sukuk for instance; and the registration of investment funds, especially for UCITs (Undertakings for Collective Investment Trusts) of which Luxembourg is the world leader.

The agreement specifically alludes to cooperation in Islamic finance, especially investment funds and sukuk, in addition to capitalizing on the Grand Duchy’s tax regime for international transactions. Luxembourg is also marketing itself as the location of choice for sukuk and investment fund listings on the Luxembourg Stock Exchange. According to Luxembourg for Finance to date there are 15 sukuk with a combined value of $5.5 billion listed at its stock exchange, including the $600 million Malaysia Global Sukuk, the first international sovereign sukuk to be issued in 2002, the Dubai Global Sukuk, the Pakistan International Sukuk, the Qatar Global Sukuk, and the Petronas EMAS Sukuk. At the same time, there are 42 Shariah-compliant funds currently listed on the Luxembourg Exchange.

Under the agreement, the parties established a taxation and Islamic finance practice in Al-Soaib’s Al-Khobar office to serve clients across Saudi Arabia and in Bahrain. The aim is to establish Luxembourg as a centre for Islamic finance expertise, especially in matters relating to Shariah-compliant investment vehicles and cross-border taxation.

Deutsche Bank forms Shariah-compliant home financing firm

Deutsche Bank has announced the formation of a joint venture (JV) Shariah-compliant home financing company with a group of Saudi-based investors, led by Fahad Abdullah Abdulaziz Al Rajhi. The 40-60% JV, Deutsche Gulf Finance, has an initial capitalization of approximately $110 million, and will provide Islamic home financing for properties located in Saudi Arabia, with future plans to expand operations into Bahrain, Qatar and Kuwait. Deutsche Bank predicts Saudi Arabia will need 1.2 million additional housing units by 2015.

Saudi Electricity plans $1.87 billion sukuk in May

State controlled Saudi Electricity Co is confident it can raise up to $1.87 billion from an Islamic bond next month to fund expansion, even without government guarantees. Saudi Electricity’s chief executive, Ali Saleh al Barrak, said the issue would take place next month and is projected to be for a minimum amount of $1.33 billion. Saudi Electricity plans to raise between $1.33 billion and $1.86 billion but has not fixed the exact amount.

Al Rajhi launches capital protected funds

Al Rajhi Capital, the investment banking subsidiary of Saudi Arabia’s Al Rajhi Bank, has announced the launch of its capital protected funds. The newest additions to the group’s products, Al Rajhi Capital Protected Funds are a Shariah-compliant suite of...
Recent Developments

Three-year closed-end mutual funds offering quarterly redemption (not exceeding 10% of the fund’s net asset value). There are three funds in the Capital Protected Funds family providing varying levels of capital protection from 90 to 95% and exposure to local, regional and international markets offering investors greater choice in their overall asset allocation.

Source: Ameinfo

UAE, QATAR

Dubai opens its inaugural Shariah hedge fund

Dubai Multi Commodities Centre, an arm of the Dubai government, invested $150 million in three commodity-related hedge funds to trade commodity equities in compliance with Islamic religious principles. Two more funds are expected to join the first three for a total seed investment of $250 million.

Three separate funds – managed by Tocqueville Asset Management, Zweig-DiMenna International Managers and Lucas Capital Management – have each been given $50 million to make investments compliant with Shariah law. They will invest in commodity-related stocks ranging from oil to gold and are the first funds to become part of Dubai Shariah Asset Management (DSAM), a joint venture between Shariah Capital and Dubai Commodity Asset Management, a wholly owned division of Dubai Multi Commodities Centre (DMCC). The fund offers Islamic investors a disciplined exposure to gold and precious metal equities through one of the most experienced managers in this asset class.

Source: IFIS

Dubai World’s restructuring plan and Nakheel’s deal with its lenders

Dubai World, which is in talks to restructure $26 billion in debt, has made a revised offer to lenders although analysts have voiced doubts it would satisfy banks. The offer is for a 1% interest rate and 1% payment-in-kind, an upgrade from an opening 1% interest rate offer previously rejected as being too low. Dubai unveiled a $9.5 billion rescue plan for state-owned conglomerate Dubai World and its property unit Nakheel in March. A source, requesting anonymity, said Dubai World added the 1% payment-in-kind option, a lump sum interest payment when the loan matures, to sweeten the offer. Dubai World is in talks with a core panel of foreign and local banks representing more than 97 creditors. A 2% total rate may still be seen as low by local lenders whose borrowing costs are higher compared with some of the foreign banks on the panel. For local banks the difference between their cost of funding and the offered rate is still high, and creates a funding mismatch. Under Dubai’s debt deal, lenders would receive new debt covering the outstanding $14.2 billion over five to eight years at an undisclosed rate. The plan is to be partly funded by asset sales, with any shortfall guaranteed by the government. Nakheel’s trade creditors have been offered repayment through a mix of 40% cash and 60% in a sukuk, with a 10% annual return. Analysts and bankers say that despite some lender dissatisfaction, they may ultimately accept the offer. If lenders reject the proposal, the matter would be referred to a special tribunal – an untested process that would further delay repayment.

Source: IFIS

Dubai Islamic Bank launches online investor relations platform

Dubai Islamic Bank’s new online investor relations (IR) platform will provide in-depth, up-to-
date information for retail and institutional investors. Developed by Thomson Reuters, the platform will serve as the first point of contact for investors. The new IR micro-site is designed to be a one-stop shop for all investor needs, providing financial reports, credit ratings, dividend information, share price charts, an investment calculator, financial announcements and related information.

Source: IFIS

Dubai Islamic Bank (DIB) signs financing deal with Kuwaiti company Kharafi National in Abu Dhabi

DIB announced it has successfully arranged a multi-purpose financing deal of Dh 790 million ($215 million) for Kharafi National, a Kuwait-based construction group in the Middle East and Africa. Under the agreement, DIB will cover the banking requirements for Kharafi National’s sub-contract with the Japanese-Italian joint venture, JGC–Tecnimont, to construct an integrated gas development project in Abu Dhabi. The project, valued at $728 million aims to increase Abu Dhabi’s offshore gas production capacity by 1 billion cubic feet per day.

Source: IFIS

Emirates NBD launches sukuk fund

Emirates NBD launched the Emirates Global Sukuk Fund to be managed by Emirates NBD Asset Management Limited. The investment products and services provider and asset management arm of the Emirates NBD Group will be based on the Channel island of Jersey. The fund is dollar denominated, Shariah-compliant, and open ended investing in a portfolio of sukuk instruments issued by companies locally and globally. The fund aims to achieve a high income and capital growth over a complete market cycle, targeting investors seeking higher yields. The fund will distribute income on a semi-annual basis beginning in the middle of this year. Distributions will derive from income generated by the underlying sukuk, maturity proceeds of sukuk, and the un-invested portion of any funds generated by sales of securities.

Source: IFIS

Abu Dhabi’s TNI seeks up to $1 billion for MENA fund

Abu Dhabi’s The National Investor (TNI) hopes to raise up to $1 billion for its new Middle East and North Africa equity fund, targeting an economic and corporate recovery in the region. The fund, which will close the first stage of fundraising on 17 June, is targeting institutional investors across the Middle East, Europe and Latin America, funded with $30 million of seed capital from TNI. TNI’s MENA fund has full access to Saudi Arabia and can invest up to 40% of its assets in the kingdom. Fund managers have been scrambling to increase their exposure to the region, which has a growing population and massive government-sponsored infrastructure projects.

Source: IFIS

Dubai repays Dubai Civil Aviation Ijara

Dubai’s Department of Finance repaid a Dh840 million ($228 million) Islamic bond instalment for Dubai Civil Aviation (DCA). DCA raised the ijara a year ago to repay $1 billion of its debt, and the payment is the first of three equal instalments of $635 million multi-currency ijara, or Islamic leasing instrument, set up in April 2009.

The facility pledged a profit rate of 300 basis points over benchmark interest rates. The Dubai government contributed $365 million to bridge the shortfall. The DCA ijara sought to raise $600 million last April. However, the DCA exercised a green shoe option to raise an additional $35 million. Regulatory authorities can grant a green shoe option allowing an ijara issuer to raise an additional amount above the required sum according to public demand.

Source: IFIS
Qatar Islamic Bank $500 million sukuk on hold

Qatar Islamic Bank (QIB), will delay selling sukuk worth at least $500 million due to a blip in market confidence in the wake of Dubai World’s restructuring. In February, Zawya Dow Jones reported QIB was mulling the launch of a sukuk worth at least $500 million in order to improve its debt-to-equity ratio and help achieve growth plans. Credit Suisse Group, HSBC Holding PLC and QInvest, the Doha-based investment bank, were appointed as advisors on the deal.

Source: IFIS

QIB introduces prepaid Visa card

Qatar Islamic Bank, Qatar’s largest Islamic bank, has announced the introduction of the QIB Hadiyati Visa prepaid card. The card, available in six value categories ranging from QR 100 ($27) to QR 5,000 ($1,373) allows the holder ease of use through Point of Sale anywhere Visa is accepted around the world. This move makes QIB the first Qatari bank and Islamic financial institution to offer the Shariah compliant prepaid Visa card, and is the first in a series of prepaid cards to be introduced in Qatar by the bank.

Source: IFIS

BAHRAIN

Al Baraka unit plans merger in Pakistan

Al Baraka Islamic Bank Bahrain and Emirates Global Islamic Bank plan to merge their branches in Pakistan to create a bank with total assets of $582 million. The bank, to be known as Al Baraka Bank Pakistan, will create 89 branches in towns and cities across the country. The merger reflects the group’s strategy of expanding in Pakistan in order to strengthen its presence and operations in promising Islamic markets.

Source: IFIS

Ithmaar becomes Islamic retail bank

Ithmaar Bank has become a retail-focused Islamic bank following approval from the Central Bank of Bahrain (CBB). The CBB’s formal approval allowed Ithmaar to immediately implement plans for a comprehensive reorganization with its wholly-owned subsidiary, Shamil Bank. The reorganisation involved both banks pooling their resources to create a single, more efficient and stronger retail-focused bank with an Islamic license under the Ithmaar brand. Ithmaar has appointed Shamil Bank’s Shariah Board to serve as Shariah Advisers until a new Shariah Board is elected by the shareholders at the next general assembly. Ithmaar Bank has adopted Accounting and Auditing Organisation for Islamic Financial Institutions standards with immediate effect.

Source: Al Bawaba News

Central Bank of Bahrain Sukuk Al-Ijara oversubscribed

The Central Bank of Bahrain (CBB) announced that the monthly issue of the short-term Islamic leasing bonds, sukuk al-ijara, was oversubscribed by 310%. Subscriptions worth BD 31 million ($82 million) were received for the BD 10 million ($26 million) issue, which carries a maturity of 182 days. The expected return on the issue, which began on 22 April and matures on 21 October, is 0.93%. The sukuk al-ijara are issued by the CBB on behalf of the Bahraini government.

Source: IFIS

Malaysia

Deutsche Bank launches Islamic securities services in Malaysia

Deutsche Bank Malaysia Berhad (DBMB) launched
Islamic Securities Services (SS-i), the first Shari'ah-compliant product of its kind in Malaysia. SS-i is the latest product that complements DBMB’s Islamic banking products and targets domestic and foreign Islamic fund providers. Islamic banking business is conducted by Deutsche Bank in Malaysia through the Islamic Banking Window of DBMB and the recently-launched International Islamic Bank, a subsidiary of Deutsche Bank AG. SS-i, the first Shari'ah-compliant custody and fund services product available in Malaysia, provides value-added services to Islamic fund clients in their management of Shari'ah compliance and governance activities. These include provision of Shari'ah-tagging, income cleansing and financial statement preparation activities.

Source: Intellasia

Bank Simpanan Nasional (BSN) targets Islamic banking business

Bank Simpanan Nasional (BSN) aims to achieve more than RM500 million ($155 million) in Islamic banking businesses this year due to the substantial increase in the demand for Shari'ah-compliant products. BSN currently offers four Islamic banking products. Sales of each of the products were expected to increase between 10% and 20% from last year, with more Islamic products introduced later this year.

Source: The Edge Communications, Malaysia

Indonesia, Pakistan, Kuwait, Turkey

Sinar Mitra Sepadan Finance (SMS Finance) seeks Shari'ah financing

SMS Finance, based in Indonesia, aims to raise IDR 300-500 billion ($33-$55 million) this year to expand the Shari'ah-based business sector. The financing is carried out in cooperation with local Shariah banks’ joint financing. Shariah business penetration is conducted in regions deemed to have Shariah financing potential.

Source: IFIS

Dubai Islamic Bank Pakistan to offer branchless banking services

Dubai Islamic Bank Pakistan Limited (DIB-PL), a 100% owned subsidiary of Dubai Islamic Bank, has received approval from Pakistan’s central bank to provide branchless banking services in the country. State Bank of Pakistan has recently allowed Dubai Islamic Bank to offer branchless banking at convenient public locations in Pakistan.

Source: IFIS

Pakistan Plans Islamic Bonds to Tap Local Demand

Pakistan plans to sell sukuk in the local debt market in the next three months. The intention of the Central bank is to increase liquidity by issuing both short- and long-term sukuk. Pakistan may also sell notes that replicate conventional treasury bills. As South Asia’s second-largest economy, Pakistan is looking to raise funds to finance a widening budget deficit as the government boosts spending. The government has Rs42.2 billion ($503 million) of outstanding sukuk sold in the domestic market in 2008, six years after the country introduced Islamic financing.

Source: IFIS

Kuwait’s IIG Defaults on $200 million sukuk payment

International Investment Group (IIG), a Kuwaiti finance company, defaulted on a payment for its $200 million Islamic bond, the second Kuwait-based firm to miss a sukuk payment in a year. IIG announced it had informed sukuk holders of its inability to make the $3.35 million periodic distribution amount due on 12 April. IIG said it appointed an international firm to review its business, before commencing financial restructuring at a later date.
Education Watch

Promoting Islamic finance business between Malaysia and the UK

Malaysian and UK Islamic banks have agreed to undertake greater collaboration in cross-border Islamic liquidity management transactions. The decision was made at the end of the Malaysian-UK Islamic Treasurers Workshop in London on 12-13 April. The workshop, attended by over 40 senior treasury officials from both countries, sought to encourage greater interaction between and harmonising the business practices of Malaysian and UK Islamic banks. The workshop was hosted by UK Trade & Investment (UKTI), a UK government agency responsible for promoting international business. In February 2009, Bank Negara Malaysia (BNM) and the UKTI signed a memorandum of understanding to promote development of Islamic finance in both countries.

Source: IFIS

Amanie Islamic Finance Consultancy and Education joins DIFC Dubai International Financial Centre of Excellence

Amanie Islamic Finance Consultancy and Education announced the opening of its office at the DIFC Centre of Excellence. The new office will be the company’s base for providing Shariah endorsement and training services to clients in Europe and the Middle East and North Africa. Amanie’s Shariah endorsement services are focused on conducting reviews and providing certification for Islamic finance products based on internationally accepted Shariah principles and standards. The service is provided through Amanie’s Shariah Supervisory Board. The group also provides support throughout the product development process - from the creation of the product to its final endorse-

Source: GulfTimes, Qatar
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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