GCC Markets

Shariah compliant indices exclude industries whose lines of business 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 September the GCC region’s markets showed remarkable upward trends with only Bahrain recording negative returns (-1.9%). Most notable was the recovery of the UAE stock market (that had the worst performance in August), up 14%. Kuwait also had significant gains (8.1%) while Qatar (5.4%), Oman (3.9%) and Saudi Arabia (3.4%) recorded smaller increases.

On risk measurement indicators, Kuwait was the riskiest market with volatility at 1.3% and VaR at -1.3%. Volatility and VaR in UAE were 1.3% and -0.2% respectively. In Qatar and Saudi Arabia volatility was 0.7% and 0.6% while VaR was -0.9% and -0.8% respectively. Oman and Bahrain were the least volatile markets with volatility at 0.3% and 0.5% respectively. In terms of VaR Oman was at -0.2% and Bahrain at -1%.

![GCC Markets (MTM % Change)](image1)

![GCC Markets (Volatility)](image2)

![GCC Markets (VaR)](image3)

Figure 1: GCC Stock Markets, September 2010. Bahrain: S&P Bahrain Shariah; Kuwait: S&P Kuwait Shariah; Oman: S&P Oman Shariah; Qatar: FTSE Nasdaq Dubai Qatar 10 Shariah; Saudi Arabia: S&P Saudi Arabia Shariah; UAE: FTSE Nasdaq Dubai UAE 20 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
The unfavourable economic climate of August recovered in September for all Far East markets. The highest rise was recorded in the Philippines where the stock market surged by 14.8% closely followed by Indonesia at 10.6%. Taiwan recorded positive gains of 7.9% while Singapore and Thailand rose by 5.1% and 4.9% respectively. The Malaysian stock market was the most conservative with positive returns of about 2%.

On risk performance indicators, Indonesia, the Philippines and Thailand were the riskiest markets in September with volatilities being 1.2%, 1.1% and 1.1% while VaR figures were -0.5%, -0.7% and -1.4% respectively. Volatility and VaR in Taiwan’s stock market were 0.8% and -0.6% respectively. Malaysia’s volatility and VaR were 0.6% and -0.8% respectively. Singapore was the least risky market for the month with very low volatility (0.4%) and VaR (-0.2%).

Figure 2: Far East Stock Markets, September 2010. Malaysia: FTSE Bursa Malaysia Émas, 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 September the MENA region markets showed mostly signs of continuing recovery. Jordan recorded the highest gains at 5.6%, followed by Tunisia at 4.1%. Stock markets in Lebanon and Egypt went up by 1.4% and 1.2% respectively. Morocco was the only market to fall, down 2.3%.

On risk performance indicators, Lebanon was by far the riskiest stock market with volatility and VaR at 1.9% and -2.6%. Volatilities for the rest of the MENA region markets were 1%, 0.8%, 0.7% and 0.8% for Morocco, Tunisia, Egypt and Jordan respectively, while VaR figures were -1.2%, -1%, -1.3% and -0.8% at the same order.

Figure 3: MENA Region Stock Markets, September 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
Rest of the World

The general climate elsewhere was positive with all markets recording significant gains. India was the best performer in September, up 12.8% closely followed by China, up 10.7%. South Korea and Japan recorded positive gains of 8.6% and 7.3%. Stock markets in Hong Kong and South Africa rose by 7.3% and 5.3% respectively. In addition, the two worldwide Shariah compliant indices showed gains of 9.7%.

On risk performance indicators Japan was among the riskier markets with volatility at 1% and VaR at -1.1%. India and China were also highly volatile with volatility indicators at 0.9% and 1% while their VaR was -0.6% and -1.2% respectively. South Africa and Hong Kong recorded volatilities of 0.8% and 0.7% while their VaR was -1.1% and -0.5% at that order. Finally volatility and VaR in South Korea were recorded at 0.7% and -0.9% respectively. Last but not least, the two worldwide indices witnessed volatilities at about 0.7%) and VaR at about -0.8%.

Figure 4: Rest of the World Indices, September 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
Launched by Dow Jones Indexes and Citi-group Index LLC in 2006, the DJCSI 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. They 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 DJCSI, increased during September closing at 124.62 showing a 0.98 % monthly gain. Although the index surged during September, the pull was not as large as compared to the previous month’s change of 1.44%. This is attributed to sluggishness in new sukuk issuances. Although rating agencies such as S&P and Moody’s foresee an acceleration in Global Islamic bond offerings in the next 18 months, Global Sukuk sales in the current year to date fell 13 percent.

Source: Bloomberg.com, Sukuk.me
Commodities

Oil prices ranged between $70-$80 a barrel during September. A tendency for further price decrease was reverted after the US EIA reported that crude oil inventories in the US edged down by half a million barrels (September 29, EIA). Hence oil prices fell only by 2.3% compared to August.

Natural gas prices fell by 1.3% from August due to increasing gas supply from new sources like “shale gas” (September 29, Bloomberg). As a consequence gas bills in the US will go down by approximately 18%.

Gold prices gained a massive 5% in September driven mainly by the depreciating dollar against the euro. A new round of monetary easing by the Fed is expected as economic recession seems willing to stay; thus rendering gold the safest investment (September 29, CoinNews)

Copper rose by 7.6% in September due to sustained demand from China and the limitations of mine production. Only Codelco (the world’s top copper miner) expects its copper production to rise in the coming year. Moreover speculation exists as copper prices might benefit from gold price rises (September 29, Reuters).

Palm oil rose by 1.4% in September as speculators refreshed their positions after a rise in demand in the spot market due to the upcoming festivals and rain season in the Far East (September 29, Bloomberg).

Sugar prices rose by 9.4% in September as the Indian government lifted a ban in sugar trade, which effective since May 2010 when prices were rising. Now analysts expect demand to go up as India might need as much as 23 million tones (September 29, Newscenter).

Figure 7: Price evolution of Important Commodities April 2010 - September 2010 Source: Datastream
Recent Developments in the Islamic Finance Industry

GLOBAL DEVELOPMENTS

Standard Chartered Bank launches first Islamic US dollar Nostro account

Standard Chartered Bank has announced the launch of the first Islamic US Dollar Nostro1 Account in the United States. Islamic banks across the world will now be able to earn Shari'ah-compliant profits on their account balances at Standard Chartered Bank New York. The facility will operate on the Islamic finance principle of Commodity Murabahah and profits will be paid on a monthly basis. Al Baraka Banking Group is the first bank in the region to benefit from this product after signing an agreement with Standard Chartered Bank at the Thought Leadership MENA Bankers Conference in Lebanon. A “Nostro” account is established in a foreign country and usually in the currency of that country for the purpose of carrying out transactions.

Source: Zawya.com

The Securities House strengthens UK operations

The Securities House, a Shariah-compliant investment company listed on the Kuwait Stock Exchange is to bring together its London based subsidiary companies Gatehouse Bank plc and GSH (UK) into one organization under the Gatehouse Bank brand. A press release said that the combined organization will benefit from the strength of Gatehouse Bank in capital markets services and GSH UK’s skills in asset and fund management. The two organizations have already worked together closely on a number of projects in the real estate sector and claim that further opportunities have been identified in trade finance and liability risk management. The transaction will be completed via the acquisition of the assets and liabilities of GSH UK by Gatehouse Bank.

Source: Zawya.com

Shariah-compliant Australian equity fund approved by Bahrain authorities

The Central Bank of Bahrain has authorized the formation and marketing of the Hyperion Australian Equity Islamic Fund, the first Shariah-compliant offshore fund comprised of the country’s stocks. The investment manager for the fund is Hyperion Asset Management, a Brisbane-based, growth-style organisation whose award-winning core investment team has worked together since 1997. The fund is available for “expert” investors, defined by Bahrain authorities as individuals and institutions that have at least $100,000 in financial assets, as well as governments and related organizations. The fund is managed in Australian dollars and reported in US dollars. Hyperion uses a proprietary process to manage a high-conviction portfolio made up of a limited set of stocks that meet strict selection criteria, for Shariah-compliance and other business attributes.

Source: Ameinfo.com

Home finance partnership for Islamic Bank of Britain, Legal & General

UK insurance giant Legal & General has signed a partnership with Islamic Bank of Britain (IBB) to make two Islamic home finance products available to financial intermediaries. The Home Purchase Plan (HPP) is IBB’s flagship Islamic mortgage product and is a mortgage alternative, which offers home finance without the use of interest. The Shariah-compliant product allows customers to...
purchase their home in partnership with the bank on a leasing (Ijara) and diminishing partnership (Musharaka) agreement. IBB offers full support to those intermediaries interested in developing their Islamic finance which includes a dedicated intermediary team, website and helpline.

*Source: IFIS*

**Shariah-compliant Guernsey PCC is launched**

Investment manager Argyll Investment Services Limited has launched the World Shariah Funds PCC Limited, a Guernsey-based suite of Islamic-compliant investments which will be listed on the Channel Islands Stock Exchange (CISX) and distributed globally.

The World Shariah Funds have brought together three major Islamic investment teams within a single fund structure: from Malaysia, Reliance Asset Management (Malaysia) with US$4.3 billion assets under management; the south-east Asian CIMB Principal Asset Management Berhad with US$6.85 billion assets under management; and Markaz of Kuwait with US$2.2 billion assets under management.

This is the first time these bodies have come together to make a single offering and strict criteria have been applied to the selection of the companies whose shares are held within the funds. These specifically exclude, amongst others, companies dealing in alcohol, pornography, tobacco or those with highly leveraged balance sheets. From a ‘basket’ of Shariah-compliant companies, a selection is made of those whose earnings are most likely to exceed the market average and the result is an actively-managed portfolio intended to outperform an Islamic equity index.

Shariah compliant products are extremely popular at the moment, not least of course to reach out to Islamic investors and this launch will enhance the knowledge and reputation of Guernsey in the Middle East.

*Source: IFIS*

**Allfunds Bank creates first Shariah compliant B2B fund platform**

Allfunds Bank SA, the leading European B2B platform has launched an Islamic Services Unit allowing it to fully serve Islamic investors around the world. The recently endorsed Fatwa, signed by the four member Shariah Board of Amanie Dubai, one of the leading Islamic consultancy firms, positions Allfunds Bank as the first and sole B2B fund platform fully compliant with Shariah principles. Allfunds Bank already offers more than 80 Shariah compliant funds, sourced from 15 fund promoters based in Luxembourg, Ireland, UAE and Saudi Arabia. This latest development establishes Allfunds Bank as the centre of excellence in the Islamic Open Architecture space and will create further opportunities to expand its service offer. Clients of Allfunds Bank will have direct access to the largest available range of Islamic funds through the fully automated platform, thus diversifying their choice for investments. Concurrent with this initiative Allfunds Bank is also extending its traditional research services to include Islamic Funds to help clients in their selection of funds, which will also involve the launching of a dedicated website offering thorough information on these funds.

*Source: Zawya.com*
**Javelin to shut Shariah-based Islamic Exchange Traded Fund (ETF)**

Dow Jones Islamic Market International Index Fund ceased trading on October 19, 2010. Launched on July 1, 2009, the fund failed to attract the level of investor interest that had been anticipated. Javelin Investment Management firm believed that Shariah-based investing had a promising future as over seven million Muslims reside in the United States. However, the firm found it difficult to reach target investors through the marketing channels typically used by ETFs.

*Source: Nasdaq.com*

**Bahrain, Qatar and Saudi Arabia**

**Al Baraka planning to launch $200m Sukuk sale**

Bahraini Islamic lender Al Baraka will launch a $200 million Islamic bond sale this year. The proceeds from the Sukuk will be used to set up branches in France. Deutsche Bank and Standard Chartered have been named advisors.

*Source: Gulf Daily News*

**Al Salam Bank provides £38 million innovative Shariah compliant mezzanine facility**

Al Salam Bank-Bahrain, a leading Bahrain based Islamic financial institution, has recently provided £38 million in a unique Shariah compliant mezzanine facility to refinance a landmark commercial Property located in Canary Wharf, the financial district of London. The building, designed by Skidmore, Owings & Merill and completed in October 2002, comprises a high quality Grade A office building extending to 536,338 sq ft. The property is leased in its entirety to a leading, multinational financial institution with A+ long term rating with stable outlook from Standard & Poor’s. The lease, which carries an unexpired term of 17.5 years, is on a fully repairing and insurance basis.

*Source: Zawya.com*

**QFIB, Gulfmena to set up Islamic asset management firm**

Qatar First Investment Bank (QFIB) and specialist regional asset manager Gulfmena Alternative Investments plan to set up a Shariah-compliant asset management firm to tap into rising demand for Islamic investment products. The new company will be majority owned by QFIB, while Gulfmena will manage the investments. The firm is scheduled to launch in the fourth-quarter of 2010 and will provide a full range of Shariah compliant products and services across all asset classes. The asset management firm will cater to qualified investors such as Islamic banks, foundations and charitable organizations and will be regulated by the Qatar Financial Centre Regulatory Authority after an initial temporary offshore establishment. The firm will have its own Shariah supervisory board.

*Source: Reuters*

**Takaful Insurance - An Emerging Segment of Saudi Arabian Insurance Industry**

According to the research report by RNCOS (a market research and analytical consultancy), “Saudi Arabia Insurance Market to 2012”, Takaful insurance is one of the fastest growing segments of the Saudi Arabian insurance industry. The rising popularity of Takaful insurance in Saudi Arabia is based on its compliance with Islamic culture that encour-
ages consumers to make investments in it. The report stipulates that Saudi Arabia has emerged as the largest market for Takaful insurance followed by Malaysia. Takaful insurance is growing at an annual growth rate of 15–20% globally, but it will grow at a faster rate in Saudi Arabia because premium paid by the insured people is considered as donation and not premium. It has also been reported that protection and savings and health insurance are the fastest growing insurance lines in Saudi Arabia, with health insurance accounted for around 50 per cent of the overall insurance market at the end of 2009. The health insurance sector is expected to grow at a fast pace on the back of increasing involvement of private companies and the obligation for foreign nationals and foreign pilgrims to buy insurance covers. In addition, the most recent introduction of compulsory health insurance for private employees, irrespective of the size of the company they are working with, will further boost the health insurance market in the country. Moreover, the general insurance category has shown substantial growth despite being heavily hit by the financial crisis. It is expected to grow at a compound annual growth rate (CAGR) of more than 24 per cent between 2010 and 2012 owing to rising motor and energy insurance. Property and aviation insurance are expected to emerge as the fastest growing general insurance segments over the forecast period (2010–2012).

Source: IFIS

UAE

Tricor expands into Dubai

Tricor Group, a member of The Bank of East Asia Group, is expanding into Dubai and the Middle East through a new Joint Venture with Praesidium. JV with Praesidium will be based in the DIFC; will provide a range of outsourced services to both conventional and Islamic businesses, including global Shariah infrastructure support services, including bookkeeping services for Shariah-compliant businesses, fund administration and custody advisory services to Islamic funds.

Source: Ameinfo.com

Abu Dhabi Islamic Bank provides USD 100 million finance facility to National Petroleum Construction Company (NPCC)

Abu Dhabi Islamic Bank (ADIB), a leading regional Islamic bank, will provide AED 367 million (US $100 million) Istisna’a and forward Ijara facility to National Petroleum Construction Company (NPCC) to fund the construction of a new SEP 450 self-elevating accommodation and crane barge. This deal is a significant milestone for NPCC as it is the first Islamic finance facility in its corporate history. ADIB acted as mandated lead arranger and structured the deal while Waha Capital PJSC advised NPCC.

Source: Zawya.com

Abu Dhabi Islamic Bank (ADIB) launches wealth management services

ADIB has launched its wealth management service which will cater to the increasingly discerning needs of high net worth customers. The service will offer an innovative range of investment solutions that are tailor-made to meet the financial needs of their customers through dedicated and certified relationship managers who are supported by a team of investment professionals. ADIB Wealth management offers an innovative range of
Recent Developments

investment solutions such as Sukuks, Equities, Treasury Markets, Commodities, Mutual Funds, Real Estate Advisory, Trust, Private Equity and other Shari’a Compliant opportunities worldwide.

Source: Gulfbase.com

Al-Hilal bank appointed term arranger in Emirates Steel $1.1bn project finance

Al-Hilal bank, a UAE based bank, has been appointed as an Islamic term arranger for Emirates Steel Industries (ESI) Islamic Tranche of its $1.1 billion project financing deal. The financing deal comprised of a $733 million limited-recourse facility from seven conventional banks and a $367 million Ijara (lease) facility from two Islamic banks, Al-hilal bank’s participation in the deal is of $117 Million.

Source: Meed.com

Alawwal launches SR375m ($100 million) real estate fund

Alawwal Financial Services Co. launched a SR375 million ($100 million) real estate development fund in Jeddah, Saudi Arabia in the month of September. The Saudi joint stock company’s focus on the real estate sector stems from the fact that this sector is among the most promising ones in the Kingdom. The real estate sector is capable of absorbing more capital injections locally and from overseas. Market studies reveal that the Kingdom requires over 200,000 housing units annually. Real estate transactions exceed a trillion riays annually. The fund launch follows its recent approval by the Capital Markets Authority for developing a 1,682,000 square metre plot of land that is divided into 1,702 smaller units in the Taiba District 6 in the south of Riyadh.

Source: Arabnews.com

Turkey, Indonesia and Malaysia

Al Baraka Turk Participation obtains $240 million Islamic financing

Turkish bank, Albaraka Türk Katilim Bankasi A.S. (Al Baraka Turk), a subsidiary-banking unit of Al Baraka Banking Group BSC (ABG), signed a $240 million syndicated Islamic financing in Istanbul. Through the Shariah-compliant dual-currency syndication, Al Baraka Turk raised $98 million and EUR 108.5 million ($140.9 million). The funding sought was oversubscribed by about two and a half time. Twenty two GCC, European and international banks (both Islamic and conventional) participated in the syndication. The syndication was arranged and managed by Standard Chartered Bank, ABC Islamic Bank (Bahrain) and Noor Islamic Bank (Dubai).

The funding deal comes as part of Al Baraka Turk’s strategy to further expand and diversify its financial resources and further strengthen its name in the domestic, regional and global financial markets. Al Baraka Turk will use the proceeds of the deal towards the ongoing implementation process of a range of existing and newer products and services offered by it.

Source: Zawya.com

HSBC Amanah arranged $33 million Murabaha for Krakatau Steel

HSBC Amanah, Indonesia has arranged a Murabaha financing (cost plus financing) facility for PT Krakatau Steel, the Indonesian state owned company and the largest integrated steel manufacturer in Indonesia. The facility has been designed to finance Krakatau Steel’s raw material purchasing.

Source: Gulfbase.com
AmIslamic Bank issues RM 550 million senior Sukuk under RM 3 billion programme

Malaysian based AmIslamic Bank Bhd successfully issued RM550 million ($177 million) senior Sukuk under its newly established 30-Year RM 3 billion ($970 million) senior Sukuk Musyarakah programme. The programme will enable it to tap the capital markets for long-dated funding and improve its asset-liability management, thereby mitigating liquidity and interest rate risks. The senior Sukuk issuance has tenure of seven years and carries a semi-annual profit rate of 4.30% per annum. The new issue was placed out to a broad range of investors including fund managers, insurance companies, financial institutions and government agencies. RAM Rating Services Bhd (a Malaysian based rating service) has assigned a long-term rating of AA3.

Source: IFIS

Academia watch

Islamic Banks showed more resilience during financial crises

Ever since the financial crises started to unfold in 2007-2008, several articles and news sources claimed to support the notion that Islamic banks have been more stable than its conventional counterparts. However, no thorough or extensive research had been undertaken to examine the performance and analyze the key factors determining the performance of Islamic banks in comparison to its conventional counterparts before and after the recent financial crises.

In September 2010, the International Monetary Fund (IMF) published a working paper titled “The Effects of the Global Crisis on Islamic and Conventional Banks: A Comparative Study” in which the authors Maher Hasan and Jemma Dridi conclude and confirm that, in general, Islamic banks fared better than conventional banks during the global financial crisis, although they warn that such comparisons are subject to a motley of caveats and should not be over-simplified.

To assess the impact of the crisis, the paper uses bank-level data covering 2007-10 for about 120 Islamic banks and conventional banks in eight countries, namely, Bahrain (including offshore), Jordan, Kuwait, Malaysia, Qatar, Saudi Arabia, Turkey, and the UAE. These countries host most Islamic banks (more than 80 percent of the industry, excluding Iran) and have a large conventional banking sector. The key variables used to assess the impact are changes in profitability, bank lending, bank assets, and external bank ratings. The countries of the Gulf Cooperation Council (GCC) have the largest Islamic banks. The market share of Islamic finance in the banking systems of the GCC countries at end-2008 was in the range of 11-35 percent, compared with 5-24 percent in 2004, it added.

While conventional intermediation is largely debt-based and allows for risk transfer, Islamic intermediation, in contrast, is asset-based, and centres on risk sharing. In addition to providing Islamic banks with additional buffers, these features make their activities more closely related to the real economy and tend to reduce their contribution to excesses and bubbles.

The evidence shows that, in terms of profitability, Islamic banks fared better than conventional banks in 2008. However, this was reversed in 2009 as the crisis hit the real economy. Islamic banks growth in credit and assets continued to be higher than that of conventional banks in all countries, except the UAE, the paper reported.
Further, with the exception of the UAE, the change in Islamic banks’ risk assessment, as reflected in the rating of banks by various rating agencies, has been better than, or similar to, that of conventional banks. Hence, Islamic banks showed stronger resilience, on average, during the global financial crisis. Factors related to the Islamic banks’ business model helped contain the adverse impact on profitability in 2008, while weaknesses in risk-management practices in some Islamic banks led to larger declines in profitability compared to conventional banks in 2009. Also, Islamic banks were able to meet a relatively stronger demand for credit and maintain stable external ratings, because of their lower leverage and higher solvency.

While the global crisis gave Islamic Banks an opportunity to prove their resilience, it also highlighted the need to address important challenges. The crisis has led to greater recognition of the importance of liquidity risks, and the need for efficient bank resolution framework. Hence, building a well-functioning liquidity management infrastructure is a key priority. Moreover, regulators and standard-setters for IBs should ensure that the supervisory and legal infrastructure, including for bank resolution, remain relevant to the rapidly changing Islamic financial landscape and global developments. Reform efforts in this regard should interface with the global reform agenda. Greater convergence and harmonization of regulations and products is needed to facilitate an efficient and sustainable growth of the industry. Addressing the above challenges will require that IBs and supervisors work together to develop the needed human capital.
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.

**Professor David Peel**  
*General Director, GOLCER*  
d.peel@lancaster.ac.uk

**Dr Marwan Izzeldin**  
*Executive Director, GOLCER*  
m.izzardin@lancaster.ac.uk

**Research Team**  
**Mr Vasileios Pappas**  
*PhD Student (GOLCER)*  
v.pappas@lancaster.ac.uk

**Ms Momna Saeed**  
*PhD Student (GOLCER)*  
saeedm@exchange.lancs.ac.uk

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

**DISCLAIMER**

This report was prepared by Gulf One Lancaster Centre for Economic Research (GOLCER) and is of a general nature and is not intended to provide specific advice on any matter, nor is it intended to be comprehensive or to address the circumstances of any particular individual or entity. This material is based on current public information that we consider reliable at the time of publication, but it does not provide tailored investment advice or recommendations. It has been prepared without regard to the financial circumstances and objectives of persons and/or organisations who receive it. The GOLCER and/or its members shall not be liable for any losses or damages incurred or suffered in connection with this report including, without limitation, any direct, indirect, incidental, special, or consequential damages. The views expressed in this report do not necessarily represent the views of Gulf One or Lancaster University. Redistribution, reprinting or sale of this report without the prior consent of GOLCER is strictly forbidden.