

Sovereign Sukuk: Middle Eastern power

It has been a relatively quiet period over the past week in the sovereign Sukuk market, save for Saudi Arabia's planned Sukuk issuance in the first quarter of 2017 and Bahrain's monthly Ijarah and Salam issuances. As the markets prepare themselves to embrace the challenges of the new year, DANIAL IDRAKI brings you the latest developments across the sovereign Sukuk market.

Saudi Arabia

Saudi Arabia is planning a Sukuk sale that could happen as early as February to plug its budget deficit, the Financial Times reported. The Islamic debt issuance will form part of a pipeline of bond sales as the Kingdom invests in economic diversification away from oil and it is likely to appeal to regional investors in the Gulf. However, the size of the Sukuk issuance is as yet unknown.

Bahrain

The Central Bank of Bahrain (CBB)'s BHD26 million (US\$68.34 million) monthly Sukuk Ijarah issue has been subscribed by 100%, according to a press release. The expected return of the issue, which matures on the 13th July 2017, is 2.3% compared to 2.25% for the previous issue on the 15th December 2016.

Furthermore, the monthly issue of the CBB's Sukuk Salam Islamic securities worth BHD43 million (US\$113.98 million) was also fully subscribed recently. The issue carries a maturity of 91 days and is expected to mature on the 19th April 2017 with an expected return of 2.16%. This is the 189th issue of the short-term Sukuk Salam series.

Malaysia

Over in Malaysia, the Sabah Credit Corporation (SCC), a statutory body fully

Upcoming sovereign Sukuk		
Country	Amount	Expected date
Saudi Arabia	TBA	First quarter 2017
Morocco	TBA	First half 2017
Bahrain	TBA	First quarter 2017
Oman	US\$2 billion	TBA
Iran	IRR60 trillion	2017
Nigeria	TBA	First quarter 2017
Egypt	TBA	2017
Kazakhstan	TBA	2017
Kenya	TBA	2017
South Africa	TBA	2017
Bangladesh	TBA	TBA
Hong Kong	US\$500 million to US\$1 billion	TBA
Ningxia Hui Autonomous Region	US\$1.5 billion	TBA
Niger	XOF150 billion	TBA
Luxembourg	TBA	TBA
Tunisia	US\$500 million	TBA
UAE	TBA	TBA
Shandong Province	CNY30 billion	TBA
Sindh Province	US\$200 million	TBA
Kuwait	KWD5 billion	TBA
Maldives	TBA	TBA
Sri Lanka	US\$1 billion	TBA
Germany	US\$1 billion	TBA

owned by the Sabah state government, launched its upsized RM3.5 billion (US\$781.99 million) Sukuk Musharakah recently. The Sukuk Musharakah program was upsized from RM1.5 billion

(US\$335.14 million) two years ago to its present size and the SCC's CEO, Vincent Pung, noted that the upsizing exercise would be a source of funding for the SCC to cater to the next few years of growth.☺



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