

Cagamas eyeing RM11 bln bond and sukuk issue this year

KUALA LUMPUR: National mortgage corporation of Malaysia, Cagamas Bhd, is eyeing to issue a mixture of RM11 billion worth of bonds and sukuk this year compared with RM5.7 billion last year.

Chief Executive Officer Datuk Chung Chee Leong said the higher projection was due to expectation of better demand from banks for the company's bond and sukuk to comply with the stringent Basel III requirements.

"One of the option (for banks) is to look at Cagamas in terms of providing them capital management, as well as, liquidity management solution," he told reporters during a briefing on the capital market here yesterday.

As of last month, Cagamas already issued RM4.2 billion in bonds and RM1.2 billion in sukuk.

He said the global economic condition was also more conducive for the local capital market this year compared with last year.

"In 2016, we had Brexit and the election in the United States which had ripple effects added to the volatility in the local market," Chung said.

He said in terms of the proportion between bond and sukuk, the company planned to issue 70 per cent bond and 30 per cent sukuk.

"But, the actual ratio depends on the needs of the financial institutions," he said.

He said Cagamas would issue bonds for non-Islamic loan facility while sukuk would be issued for Islamic loan.

He added that the company also did not set any target ratio between ringgit and non-ringgit denomination issuance as it would depend on which currency provided the cheapest option at the time of the exercise.

Meanwhile, on the development of the capital market, he said more awareness and educational programmes needed to be carried out in Malaysia to create awareness among retail investors of the bond market's benefits.

He added that in ASEAN, Thailand surpassed Malaysia in terms of bond issuance for two consecutive years since 2015 as the country has more retail participation which made the bond market more vibrant. --Bernama