

Currency moves hamper Cagamas' sukuk issue

BY KARIN STROHECKER

LONDON: Volatile currency markets could hamper Malaysian mortgage lender Cagamas Bhd's plans for its first foreign-currency sukuk, the state-backed firm's chief executive officer (CEO) Chung Chee Leong said.

In November, Cagamas set up a US\$2.5 billion programme to issue multi-currency sukuk, or syariah-compliant bonds, in an effort to broaden its investor base and

after issuing conventional bonds denominated in yuan, Hong Kong dollar and US dollar in 2014.

The lender provides liquidity to primary lenders of housing loans in Malaysia to promote home ownerships by issuing bonds and sukuk to make those purchases.

"At this moment, [the US] dollar is just not attractive," said Chung in an interview on the sidelines of an investment conference in London, adding that a US-dollar issue is still the most likely option.

"At this moment, there are not many currencies that are attractive for us to issue in. But rates move all the time, and when the time comes, we will issue," Chung said, adding that he hopes the issue could still come this year.

After the government, Cagamas is the second-largest issuer of debt instruments in Malaysia, and about 52% of its current portfolio is Islamic.

Chung said Cagamas is not working on opening subsidiaries in other countries. — *Reuters*