

Cagamas said to offer biggest Islamic bond

CAGAMAS Bhd, Malaysia's state-owned mortgage provider, plans to sell RM3.8 billion of sukuk in the nation's biggest offering this year.

The company will close pricing today for Shariah-compliant debt with maturities of one to 20 years to yield 3.4% to 5%, said two people with knowledge of the matter who asked not to be named as the information is private.

Kuala Lumpur-based Cagamas hasn't sold 20-year Islamic notes since November 2009,

when it issued debt at a coupon rate of 5.5%, according to data compiled by *Bloomberg*, which shows the securities aren't traded.

The sale is part of an existing RM60 billion programme consisting of both Islamic and conventional bonds, with proceeds to be used for asset purchases, said the people. The Cagamas offering will overtake this year's current biggest issue of RM2 billion from state-owned power producer Tenaga Nasional Bhd in July, and help re-

invigorate issuance that's down 69% this year.

Cagamas' CEO Chung Chee Leong couldn't be immediately reached for comment by telephone last Thursday.

Total sales of Shariah-compliant debt in the world's biggest sukuk market dropped to RM25.6 billion in 2013, compared to RM82.9 billion in the same period a year earlier, data compiled by *Bloomberg* show. Issuance reached a record RM95.8 billion in 2012 after highway operator PLUS Bhd

sold RM31 billion in the largest offering to date.

The government sold 20-year Islamic debt for the first time in August at a coupon rate of 4.582%. The yield has since dropped to 4.41%, according to a Bank Negara Malaysia index.

The Bloomberg-AIBIM Bursa Malaysia Corporate Sukuk Index, which tracks Islamic notes listed in the South-East Asian nation, climbed 0.2% this month to 104.1895 and is up 1.9% in 2013. — *Bloomberg*