

Sukuk Ijarah vs. Sukuk Musyarakah: Investigating Post-Crisis Stock Market Reactions

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Abstract— The aim of this study is to investigate whether market reacts asymmetrically to the issuance of selected *sukuk* structures (*ijarah* and *musyarakah*) in Malaysia for the period 2008-2011. The estimation periods in this study are from 2004-2006. Data are collected from the Securities Commission Malaysia (SC) and Bloomberg database. The study employs event study methodology using cumulative average abnormal return (CAAR) on symmetric and asymmetric events based on the reaction of the FTSE Kuala Lumpur Composite Index (FTSEKLCI) to the announcement of *sukuk* issuance. The results indicate positive, significant and both symmetric and asymmetric market reactions to *sukuk* issuance. Hence, market reacts positively and asymmetrically to the announcements of *ijarah* and *musyarakah* after the recent crisis. The findings would be useful to issuers, investors and decision-makers to ensure the stability of Islamic capital market and sustainable economic growth.

Keywords- *sukuk*, event-study, asymmetric, symmetric, FTSEKLCI, *ijarah*, *musyarakah*

I. INTRODUCTION

The recent modernization in Islamic finance has changed the dynamics of the Islamic financial industry. The changes have caused the demand of *sukuk* to increase in the last few years and gained universal acceptance as an alternative to conventional financial products. It becomes an increasingly important component of the development of the global Islamic capital market. It has developed as one of the most significant mechanisms to raise finance through Islamic guidelines. Islamic financial instruments provide the possibility of increasing the original asset and the value of *sukuk* themselves will be appealed the conventional investors looking for them. Besides, the original debt in bonds cannot be increased [1]. There has been growing interest in the issuance of *sukuk* by corporations, sovereigns and multinational corporations where the demand exceeds the supply. The global *sukuk* market is denominated in international currencies and is estimated to exceed USD50 billion. *Sukuk* market is experiencing remarkable growth, increasing at an average rate of growth of 40% per annum [2].

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The main contribution of the paper is to examine post-crisis stock market reactions to the issuance of *ijarah* and *musyarakah* which are the most commonly issued *sukuk* structure in Malaysia after 2008 financial crisis. The study is motivated by three key factors affecting *sukuk* market. First, regain market confidence after restructuring of the high profile *sukuk* in Dubai after 2008. Second, investors are avoiding the riskier markets of United States and Europe. Third, positive economic growth and favourable debt dynamics in the two most important *sukuk* issuing regions of the GCC countries and the Asian region, including Malaysia, has attracted investors to the Islamic capital market. This paper adds to the literature since empirical work on the information content of *ijarah* and *musyarakah* issues is relatively few.

The remainder of the paper is organized as follows. Section II discusses the related literature. Section III highlights the research method. Section IV discusses the findings and the final section concludes the paper.

II. LITERATURE REVIEW

A. Definition of Sukuk

Sukuk is an Arabic name for financial certificates, which in economic terms are akin to conventional bonds. Unlike conventional bonds, *sukuk* need to have an underlying tangible asset transaction either in ownership or in a master lease agreement. It represents ownership of underlying assets, usufructs (benefits), services, or investment. The money that a *sukuk* holder gets represents a share in the profit of the underlying asset. The Securities Commission Malaysia (SC) defines *sukuk* as *a financial document or certificate which represents the value of an asset evidencing an undivided pro rata ownership of an underlying asset*. Islamic securities are securities issued pursuant to any Shari'ah principles and concepts approved by the SC's Shari'ah Advisory Council (SAC) [3]. The approved Shari'ah concepts and principles for the purpose of structuring, documenting and trading of Islamic securities are described below:

i. *Musyarakah Sukuk* (Profit and Loss-Sharing)

A partnership arrangement between two parties or more to finance a business venture, where all parties contribute capital either in the form of cash or in kind for the purpose of financing the business venture. Any profit derived from the venture will be distributed based on a pre-agreed profit-sharing ratio, but a loss will be shared on the basis of equity participation.

ii. *Ijarah Sukuk* (Leasing)

A *manfaah* (benefit) type of contract, where a lessor (owner) leases out an asset or equipment to its client at an agree rental fee and pre-determined lease period upon the '*aqad* (contract). The ownership of the leased equipment remains in the hands of the lessor.

iii. *Mudharabah* (Profit-sharing)

A contract between two parties to finance a business ventured. The parties are a *rabb al-mal* (investor), who solely provides the capital; and a *mudharib* (entrepreneur), who solely manages the project. If the venture is profitable, the profit will be distributed based on a pre-agreed ratio. In the event of a business loss, it shall be borne solely by the provider of the capital.

iv. *Bai' Bithaman Ajil* or *BBA* (Deferred-payment Sale)

A contract that refers to the sale and purchase transaction for the financing of an asset on a deferred and installment basis, with a pre-agree payment period. The sale price will include a profit margin.

v. *Murabahah* (Cost-plus Sale)

A contract that refers to the sale and purchase transaction for the financing of an asset, where the cost and profit margin (mark-up) are made known and agreed to by all parties involved. The settlement of the purchase price can be either on a deferred lump-sum basis or an installment basis, which will be specified in the agreement.

This paper only focuses on *ijarah* and *musyarakah* structure as the highest number of *sukuk* issuance in Malaysia nowadays. Malaysia is the largest *sukuk* market in the world by 68.3%, the highest percentage among other countries.

B. *Theoretical Framework and Literature Review*

Ibrahim and Minai report capital structure irrelevant theory was first introduced by Modigliani and Miller in 1958. They assume that under perfect market condition, the capital structure of the firm is irrelevant. However, later they propose that with corporate taxes, shareholders wealth would increase with the increase in debt usage due to the interest tax shield benefit of debt [4]. Under imperfect market, models based on the idea of an optimal structure emphasize trade-offs between debt and equity; the corporate tax advantage of debt versus the costs of financial distress. On the other hand, asymmetric information and cash flow effects model assumed that managers have better information than outsiders about the firm's value. Myers and Majluf [5] develop a model in which external financing has a negative effect on common stock prices. When external funds have risen, managers tend to issue securities in ascending order of risk (or in a 'pecking order') to preserve the wealth of shareholders. Summarizing the arguments, the effect of new financing may be positive, neutral or negative, depending on how the implied changes in cash flow interact with the changes in leverage implied by the type of security issued [6].

There are limited studies that examine the wealth effects of *sukuk*. Cakir and Raei [7] examine the risk-reduction advantages of issuing sovereign *sukuk*. Using a sample of sovereign *sukuk* and eurobonds from the same issuer, the authors estimate and compare value-at-risk (VaR) for a

portfolio that includes both instruments to a pure Eurobond portfolio. They find that the VaR is reduced when *sukuk* are added to the portfolio of fixed-income securities, demonstrating that these investment certificates create diversification benefits for investors. However, Godlewski, Turk-Ariss and Weill [8] take an opposing view, suggesting that there is no significant market reaction to conventional bond issues, but a significant negative stock market reaction to *sukuk* issues. The researchers explain the different stock markets reactions to two factors. First, investors expect that an adverse selection mechanism encourages less-healthy companies to prefer *sukuk* over conventional bond financing. Second, investors may take the view that even if companies issuing *sukuk* may have been shut out of the conventional bond market, they can still take advantage of excess demand for *sukuk* from Islamic banks.

C. *Stock Market Reactions*

The efficient markets hypothesis (EMH) is the application of rational expectations to the pricing of securities in financial markets. Ibrahim and Minai mentioned that the market reaction is significantly positive during event windows [-3, 0] and [-3, 3] during the announcements of Islamic debt issuance for the period 2000-2006 in Malaysia [4]. The positive reaction is not due to investors' preference for Islamic compliant activities, but it is due to similar factors found in studies on conventional bonds. Ameer and Othman find significant negative abnormal returns near the announcement days and the responses are asymmetrical to different types of bonds issuance announcements in Malaysia over the period 2001-2007[9]. Modirzadehbami and Mansourfar report a significant negative abnormal return occurs one day before announcement date in a sample of 45 listed companies on Bursa Malaysia involved in issuing of Islamic debts during 2005 to 2008[10]. There is a wealth effect on the announcement of Islamic bond issues for the period 2001 to 2006 in Malaysia. In short, empirical evidence shows that stock market reactions to *sukuk* issuance are mixed and inconclusive [11].

D. *Sukuk Development in Malaysia*

Sukuk contribute approximately 90 percent to the Islamic capital market. The Malaysian *sukuk* market took off in 1990, when the world's first *sukuk* was issued by Shell MDS worth RM125 million of *al-Bai' Bithaman Ajil* structure and spread out to the world rapidly [12]. However, the market faces liquidity crunch due to global financial crisis and the debate on the compliance of some of the *sukuk* structures with Shari'ah law. Despite the challenging market environment, Malaysia continues to be the top world issuer [13].

TABLE I shows the percentage of global *sukuk* new issuance for the second quarter of 2011. Malaysia is the largest *sukuk* market in the world with 68.3% of global issuance. The second largest *sukuk* issuance is Qatar with 19.7% and followed by Indonesia, Bahrain, Saudi Arabia and United Arab Emirates (UAE).

TABLE I
GLOBAL SUKUK NEW ISSUANCE FOR SECOND QUARTER IN 2011

Country	Q2:2011 (USD Billion)	Percentage (%)
Malaysia	31.50	68.3
Bahrain	0.90	2.0
Indonesia	1.70	3.7
Qatar	9.10	19.7
Saudi Arabia	0.30	0.7
UAE	0.00	0.0
Others	2.60	5.6
Total	46.10	100%

Source: BNM.

TABLE II shows the breakdown of *sukuk* issuance by country. Malaysia is the highest *sukuk* issuer for the period 1996 to 2010 and issued none in 1998 due to financial crisis. After the 2008 crisis, there is deterioration of *sukuk* issuance but recorded 9,863 issuances in 2008 to 22,124 issuances in 2009.

TABLE II
SUKUK ISSUANCE BY COUNTRY (USD MILLION, 1996-2010)

Year	BH	ID	MY	SA	UAE	Others
'96	0	0	771	0	0	0
'97	0	0	1,090	0	0	0
'98	0	0	0	0	0	0
'99	0	0	227	0	0	0
'00	0	0	1,037	0	0	0
'01	275	0	2,451	0	0	0
'02	500	19.3	3,459	0	0	0
'03	855	62.2	3,554	400	0	700
'04	729	91.8	3,220	26.1	1,165	129
'05	1,317	71.6	7,873	500	950	1,048
'06	828	22	10,747	818	8,755	2,121
'07	1,065	135	18,411	5,716	10,807.5	2,073
'08	700	696	9,863	1,873	5,300.2	1,141
'09	1,564	1,765	22,124	3,110	3,330.6	1,540
'10	700	3,081	39,813	3,003	1,075.4	3,612

*BH: Bahrain; ID: Indonesia; MY: Malaysia; SA: Saudi Arabia; UAE: United Arab Emirates. USD1 = RM3.05.
Source: Standard & Poor's (2010).

The data show that the demand for *sukuk* and its confidence are high. Demand for Malaysian *sukuk* has been largely driven by infrastructure and utilities, which account for more than half of Islamic debt market. Other significant issuers in the *sukuk* market include financial services, trading and services, diversified holding and property and real estate companies [13].

III. RESEARCH METHOD

A. Data

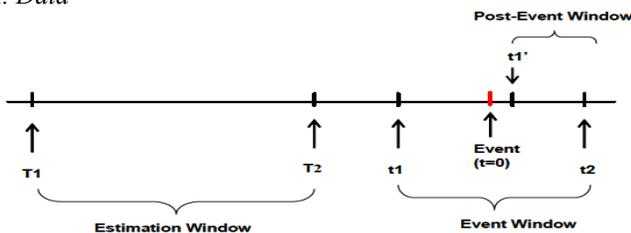


Fig. 1 Time line around event study

The study employs a standard event study methodology to estimate abnormal returns around the event date for the selected *sukuk* issues. The sample period (2008–2011) contains 478 events of *ijarah* and *musyarakah* issuances. The following data are collected from each company: date of issuance, date of maturity, issuers, issue size in million, and tenor in years. Daily data of closing prices from FTSEKLCI

are collected from DataStream. Estimation period for this event study in this research are from 2004-2006.

TABLE III
ISSUANCES OF SUKUK IJARAH (2008-2011)

Year	Total Amount (RM) Million	No. of Com.	No. of Issuance	Issue Size (RM) Million			Tenor (years)	
				Min	Max	Std. Dev.	Min	Max
'08	9,885	13	52	15	2,000	348.058	1	20
'09	12,907	13	65	5	1,500	347.053	1	17
'10	10,811	16	53	10	2,391	457.383	2	20
'11	16,797	22	110	5	1,594	225.055	1	18

Source: Authors' calculation.

TABLE III shows the number of *ijarah* issuances from 44 companies with a total of 198 issuances worth RM182,191 million. The minimum size of *ijarah* issuance is RM5 million and the maximum size is RM12,500 million. The minimum tenor is 3.6 months issued by BNM Sukuk Bhd in 2011 and the maximum tenor is 27.5 years by the Senai Desaru Express in 2010. The highest number of issuance is 70 which come from 2011.

TABLE IV
ISSUANCES OF SUKUK MUSYARAKAH (2008-2011)

Year	Total Amount (RM) Million	No. of Com.	No. of Issuance	Issue Size (RM) Million			Tenor (years)	
				Min	Max	Std. Dev.	Min	Max
'08	21,537	14	32	10	7,500	1,519.49	4.0	19.0
'09	38,338	7	28	5	6,000	2,068.90	1.0	20.0
'10	42,824	10	68	5	5,500	1,214.29	1.5	27.5
'11	79,492	13	70	5	12,500	2,647.14	0.3	20.0

Source: Authors' calculation.

TABLE IV shows the total amount of *musyarakah* issuances from 64 companies with 280 issuances worth RM50,400.28 million. The highest total amount is RM16,797 million in 2011. There are 22 companies issued *musyarakah* in 2011. The highest number of issuance is 110 which come from 2011. The minimum size of *musyarakah* issuance is RM5 million and the maximum is RM2,391 million. The minimum tenor from *musyarakah* issuances is 1 year and the maximum tenor is 20 years.

B. Measuring Returns

The study define returns as follows: $Return = [P(t)-P(t-1)]/P(t-1)$, where P is the stock market daily price at closing based on FTSEKLCI. We examine all symmetric and asymmetric events of 3-day, 4-day, 5-day, 11-day, 16-day, 21-day, 26-day, 31-day, 41-day, 46-day, 61-day and 91-day event windows and calculate average abnormal daily returns. The efficient market in Malaysia can be examined using different symmetric and asymmetric event windows. In an efficient market, the closing price of stock market fully reflects all available information. The stock prices should approximately follow a random walk, that is, future changes in stock prices should be unpredictable. The cumulative average abnormal returns (CAARs) are calculated by summing daily excess returns over the respective event windows. The announcement date is the issue date of *sukuk*.

For the purpose of the study, market is hypothesized to react positively to the announcement of *sukuk* issuance. This is due to firstly, cheaper financing costs since *sukuk* has higher liquidity due to wider investor base encompassing of both Muslims and conventional investors. Second, there is higher demand for Shari'ah compliant stocks since 85% of total securities listed in Bursa Malaysia are Shari'ah compliant. Third, funds raised from *sukuk* are used to finance new activities [4]. The performance of stock prices of firms on certain days is measured using Equation (1):

$$AR_{it} = R_{it} + [(\alpha_i + \beta_i R_{mt}) + \epsilon_{it}] \quad (1)$$

Where; AR_{it} = Abnormal returns for firm *i* at time period *t*

R_{it} = Actual returns for firm *i* at time period *t*

R_{mt} = Returns on market portfolio in period *t*

α_i = The constant average returns of stock *i*

β_i = Beta estimate of stock

ϵ_{it} = Error time

α and β are estimated using market model which relates the given *sukuk* to the return of market portfolio. The returns on the FTSE Kuala Lumpur Composite Index (FTSEKLCI) are used as a proxy of market returns. They are calculated by running regression of *sukuk* returns against the market returns of FTSEKLCI. After estimating the abnormal returns for each firm, the abnormal return for all of the firms on each day of the event window are then aggregated and averaged as (2); where *N* is equal to the number of firms in the sample:

$$AAR_t = \frac{1}{N} \sum_{i=1}^N AR_{it} \quad (2)$$

The t-test for AAR_t is estimated as Equation (3)

$$t\text{-test} = CAAR / \delta (CAAR) \quad (3)$$

where; AAR_t = Average abnormal return of period *t*

δ = Standard deviation of average abnormal return over the estimation window

To observe the cumulative effects, the cumulative abnormal returns ($CAAR_{t,t+2}$) are computed as Equation (4) below:

$$CAAR_{(-t1,+t2)} = \sum_{t=1}^{+t2} AAR \quad (4)$$

$CAAR_t$ is a more precise representative of the longer term effect on share prices from bond offering announcements. The z-test for the $CAAR_t$ is given as Equation (5):

$$z\text{-test} = CAAR / \delta (CAAR) \quad (5)$$

The standard deviation of $CAAR$ is defined as Equation (6); where *N* is the number of days in the $CAAR$ statistics:

$$\delta(CAAR) = \delta(AAR) \sqrt{N} \quad (6)$$

T-test and z-test are parametric tests. They refer to statistical tests in which assumptions are made about the underlying distribution of the observed data. Parametric tests are more robust and for the most part require less data to make a stronger conclusion than nonparametric tests.

V. RESULTS

TABLE V shows abnormal returns of *ijarah* during announcement dates on FTSE Kuala Lumpur Composite Index, 2008-2011. This table indicates that positive results on cumulative average abnormal return in all event windows. These results are tested using equations (3) and (5). A total of 21 event windows show positive and significant results based on the results of t-test and only three events show positive and

insignificant results. There are 18 events show significant results at 1% level, and three events show significant results at 5% level.

TABLE V
ABNORMAL RETURNS OF IJARAH SUKUK DURING ANNOUNCEMENT DATES ON FTSE KUALA LUMPUR COMPOSITE INDEX (FTSE KLCI), 2008-2011

No.	Days	Events	CAAR	t-test	z-test
1	3-day	[-1,+1]	0.0089	4.500***	11.4728
2	5-day	[-2,+2]	0.0215	7.602***	13.5278
3	11-day	[-5,+5]	0.0303	8.881***	13.1178
4	21-day	[-10,+10]	0.0275	5.379***	5.3084
5	31-day	[-15,+15]	0.018	2.657***	1.9804**
6	41-day	[-20,+20]	0.0069	0.781	0.4446
7	61-day	[-30,+30]	0.0107	0.931	0.4104
8	91-day	[-45,+45]	0.0387	3.009***	1.1816
9	4-day	[-1,+2]	0.0172	7.396***	16.0749
10	4-day	[-2,+1]	0.0132	5.111***	9.9825
11	8-day	[-2,+5]	0.0327	9.671***	14.4586
12	8-day	[-5,+2]	0.0192	6.711***	11.8427
13	16-day	[-5,+10]	0.0261	6.509***	8.1902
14	16-day	[-10,+5]	0.0317	7.076***	7.9755
15	26-day	[-5,+20]	0.0135	2.376**	2.1135**
16	26-day	[-20,+5]	0.0234	3.534***	2.6991***
17	26-day	[-10,+15]	0.0229	3.972***	3.4883***
18	26-day	[-15,+10]	0.0226	3.786***	3.2067***
19	31-day	[-10,+20]	0.0149	2.281**	1.7654**
20	31-day	[-20,+10]	0.0193	2.623***	1.7970**
21	46-day	[-15,+30]	0.0048	0.506	0.2682
22	46-day	[-30,+15]	0.0237	2.664***	1.5111*
23	61-day	[-15,+45]	0.0227	2.253**	1.1299
24	61-day	[-45,+15]	0.0339	3.317***	1.6396*

Note: *, ** and *** denote significance at 10%, 5% and 1% levels.
Source: Authors' calculations.

The z-test of $CAAR_t$ of *sukuk* issuance on FTSEKLCI shows nine events with positive and significant results and 15 events with positive and insignificant results. Both t-test and z-test indicate that there are more significant results for asymmetric event windows compare to symmetric event windows. Asymmetric events show more significant results compare to symmetric events.

TABLE VI
ABNORMAL RETURNS OF MUSYARAKAH SUKUK DURING ANNOUNCEMENT DATES ON FTSE KUALA LUMPUR COMPOSITE INDEX (FTSE KLCI), 2008-2011.

Note: *, ** and *** denote significance at 10%, 5% and 1% levels.

No.	Days	Events	CAAR	t-test	z-test
1	3-day	[-1,+1]	0.0058	3.808***	8.84
2	5-day	[-2,+2]	0.0074	3.945***	7.51
3	11-day	[-5,+5]	0.0055	1.403	1.29*
4	21-day	[-10,+10]	0.0057	1.067	0.72
5	31-day	[-15,+15]	0.0181	3.254***	2.08**
6	41-day	[-20,+20]	0.0351	5.425***	3.00***
7	61-day	[-30,+30]	0.0448	5.046***	2.03**
8	91-day	[-45,+45]	0.0544	4.240***	1.18
9	4-day	[-1,+2]	0.0062	3.424***	6.76
10	4-day	[-2,+1]	0.0071	4.478***	10.17
11	8-day	[-2,+5]	0.0068	2.453**	3.16***
12	8-day	[-5,+2]	0.006	2.123**	2.69***
13	16-day	[-5,+10]	0.0066	1.385	1.03
14	16-day	[-10,+5]	0.0044	1.019	0.83
15	26-day	[-5,+20]	0.0174	3.525***	2.54***
16	26-day	[-20,+5]	0.0231	3.965***	2.43***
17	26-day	[-10,+15]	0.01	2.010**	1.44*
18	26-day	[-15,+10]	0.0138	2.310**	1.38*
19	31-day	[-10,+20]	0.0164	3.135***	2.14**
20	31-day	[-20,+10]	0.0244	3.607***	1.90**
21	46-day	[-15,+30]	0.0379	5.548***	2.90***
22	46-day	[-30,+15]	0.025	3.184***	1.45*
23	61-day	[-15,+45]	0.0394	4.182***	1.58*
24	61-day	[-45,+15]	0.0323	3.527***	1.38*

Source: Authors' calculations.

TABLE VI shows the results of $CAAR_t$ for each event window using FTSEKLCI for *musyarakah* issuances in Malaysia. The results indicate that positive results on cumulative average abnormal return in all event windows. A total of 20 event windows show positive and significant

results based on *t*-test results and only four events show positive and insignificant results. Meanwhile, the *z*-tests of conducted on *musyarakah* show 16 events with positive and significant results and eight events with positive and insignificant results. Asymmetric events show more significant results compare to symmetric events. Regardless of the positive reactions, possible reason for early response could be the fact that information of Islamic bond offering often leaks out to the market before the announcements [10].

Although the number of companies and issuances by *musyarakah* more than *ijarah*, the total amount of *ijarah* are higher than *musyarakah* along the years after the 2008 crisis. However, they have recovered after crisis. Then, 21 event windows for *ijarah* and 20 event windows for *musyarakah* show positive and significant results after testing by *t*-test. Nine events for *ijarah* and 16 events for *musyarakah* show positive and significant results after testing by *z*-test. The statistical data show that *Ijarah* is better than *musyarakah*.

In 2008, *ijarah* was the most favorable structure of *sukuk* in terms of dollar amount and number of issues [14]. There were 53 *ijarah* issued amounting to USD7.2billion, or 47.6% of total amount issued. A total of 32 number of issuance out of these 53 *sukuk* issuance (60.3%) were *sukuk* corporate. *Ijarah* is gaining popularity in the industry because the structure proved to be profitable while being compliant by Shari'ah. Thus, the results indicate positive market reactions on both *ijarah* and *musyarakah* announcement after 2008 financial crisis in Malaysia. However, not all events show positive and significant results which can be attributed to two reasons. First, there is leakage of information to the market before *ijarah* and *musyarakah* announcements. Second, there is increase awareness among investors regarding *sukuk* having common features with equity instead of conventional bond. These results also suggest that stock market will react positive and significant on the longer event period which many days after *sukuk* announcements. This is because *sukuk* investors and conventional investors show their awareness to the information of *ijarah* and *musyarakah* announcements. Islamic bond carries specific features that differentiate it from conventional bonds and have approved by Shari'ah Advisory Council (SAC) of the Securities Commission Malaysia. *Sukuk* does not pay interest, but generate returns through commoditization of capital gain. It cannot be classified exclusively in debt category because it also shares some stock features. These are considering the similar characteristics of *sukuk* and equity [10].

In short, financial markets in emerging economies are not expected to be as efficient as those in more advanced economies, so there could be a leakage of information when new *ijarah* and *musyarakah* are issued. As such, it is possible that abnormal returns are realized prior to the announcement date. However, the increasing trend of $CAAR_t$ is a good early indication that the recent *ijarah* and *musyarakah* announcement is perceived to be non-negative by investors after the 2008 financial crisis.

IV. CONCLUSION

The positive market reactions can be interpreted in two ways. First, market can readily distinguish the news. Second,

there are confidence effects that shareholders wealth will be increased through the issuance of *ijarah* and *musyarakah sukuk*. Thus, the results approve our hypothesis of positive market reaction on FTSEKLCI index after *ijarah* and *musyarakah* issuance in Malaysia. Future research might want to distinguish the reaction of stock markets on the issuance of other *sukuk* structures, for example distinguishing between asset-based and asset-backed *sukuk*. In addition, macroeconomic factors that move *sukuk* markets can also be incorporated in the estimations of $CAAR_t$ to get a more accurate and robust values of beta in the future.

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