

Promoting Cross-Border Capital Activities

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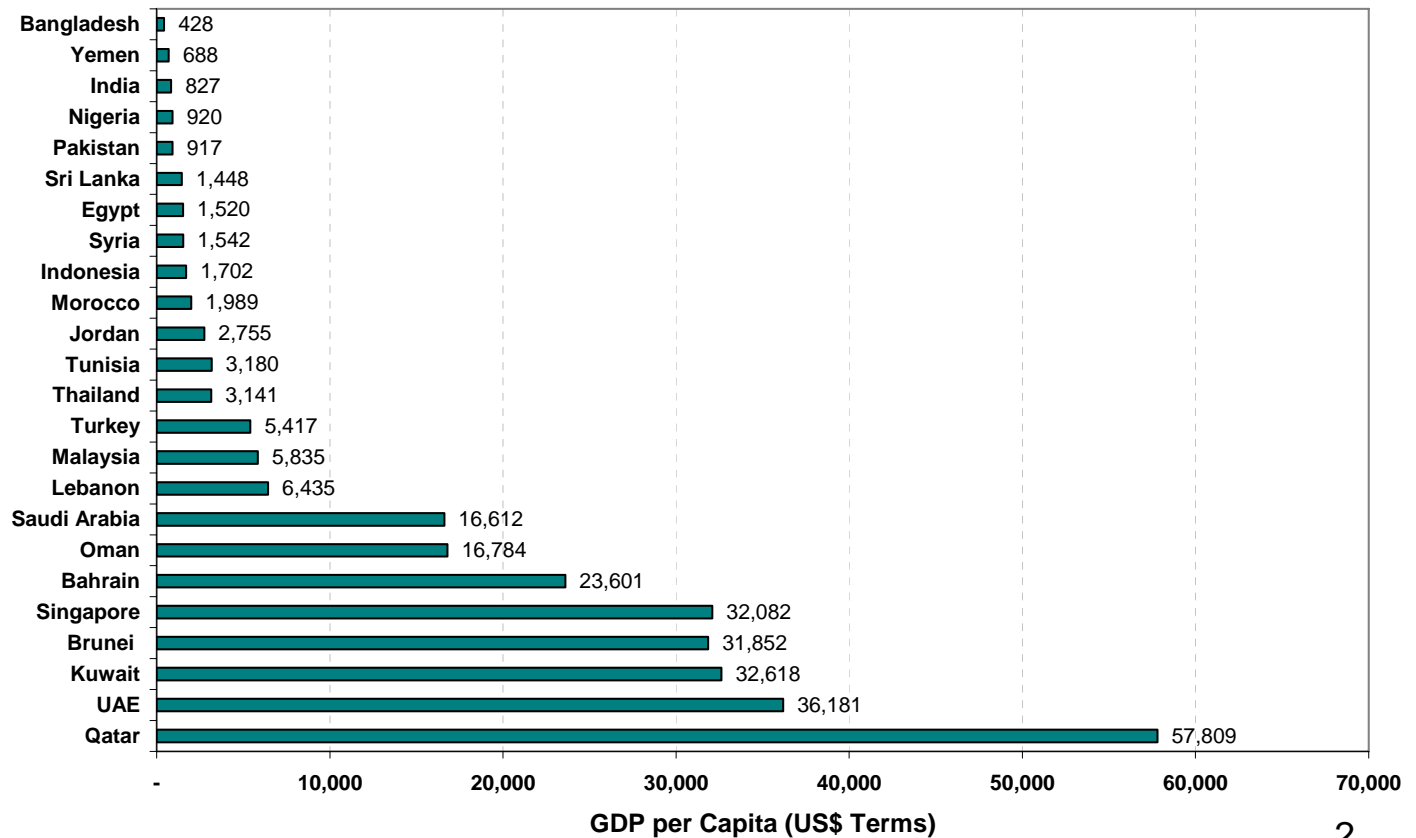




Why Cross-Border Flows Are Important

Accelerating such activity supports economic growth

Islamic Economies' Gross Domestic Product per Capita



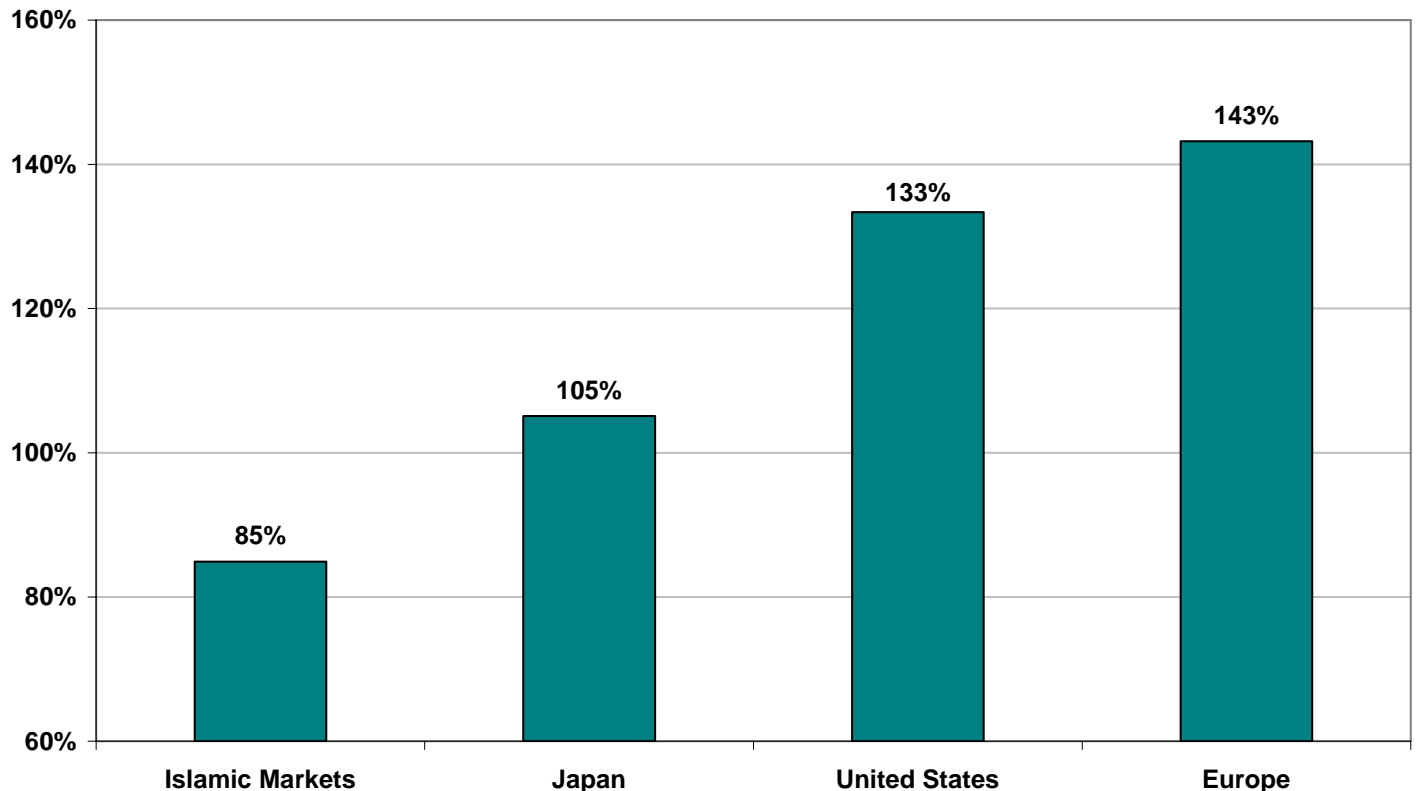
Data are 2007 forecasts. Source: International Monetary Fund, Calyx Financial.



Immature Capital Markets

Islamic equity markets could achieve greater depth

Equity Market Capitalization as Percent of GDP



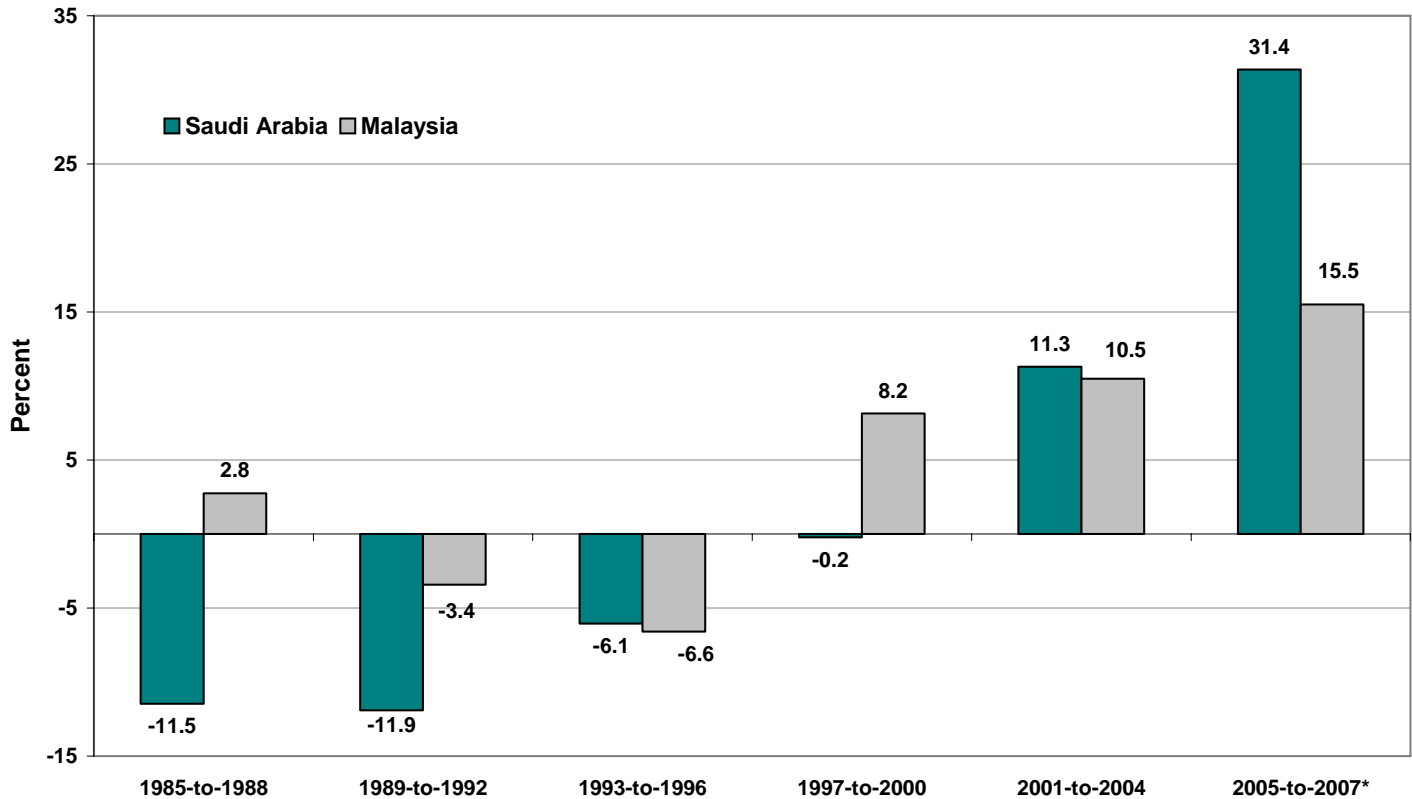
Data as of 31 December 2006. "Islamic Markets" is the aggregate sum of Bahrain, Egypt, India, Indonesia, Jordan, Kuwait, Lebanon, Malaysia, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Singapore, Thailand, Turkey, and UAE. Source: Arab Monetary Fund, International Monetary Fund estimates, MSCI Red Book, FactSet, Calyx Financial.



Sources of Capital

Current account surplus needs to be recycled

Saudi Arabia and Malaysia Current Account Balance as % of GDP



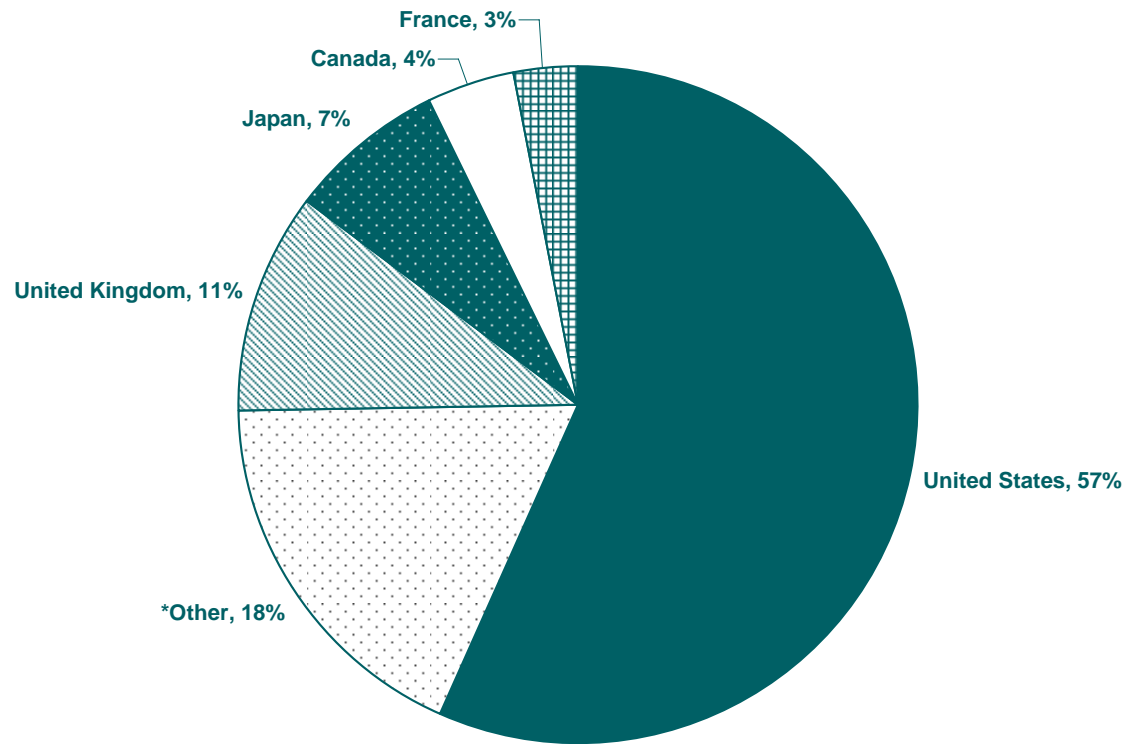
Data as of 28 February 2007. Data are 4-year averages except 2005-7 estimate. Source: International Monetary Fund, Calyx Financial.



Destination for Capital

Biggest Islamic market may be the United States

Regional Breakdown of Dow Jones Islamic Market World Index



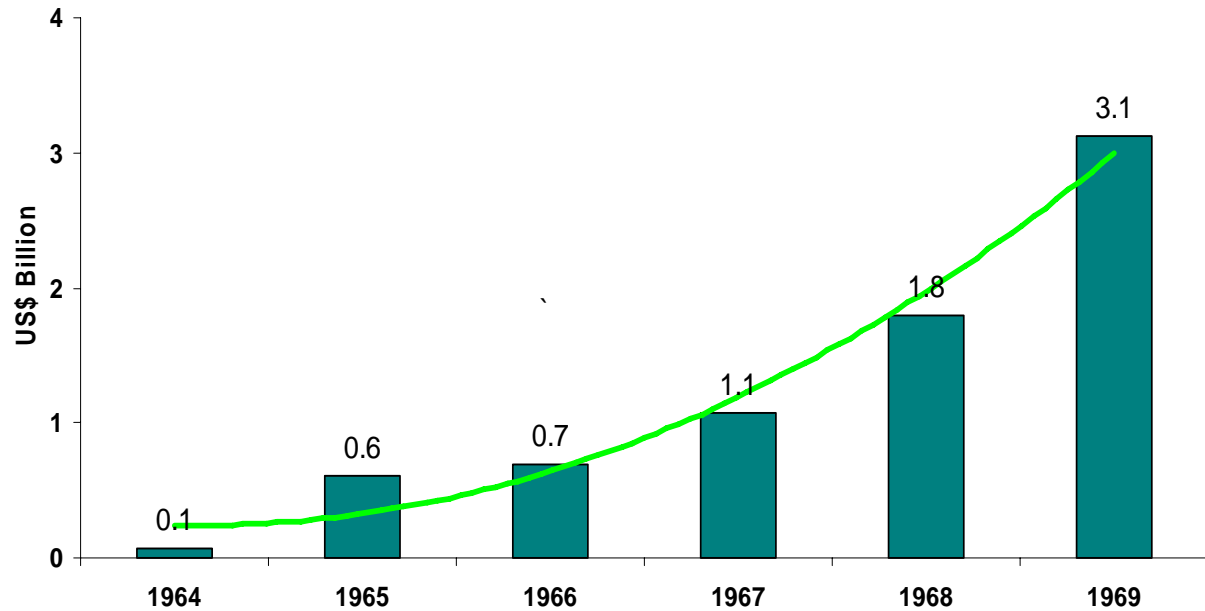
Data estimated as of 31 December 2006. *Other includes 34 nations with weights less than 3%. Source: Dow Jones, Calyx Financial.



Historical Context

Early years of the Eurobond market offer perspective

Eurobond Issuance, 1964-1969

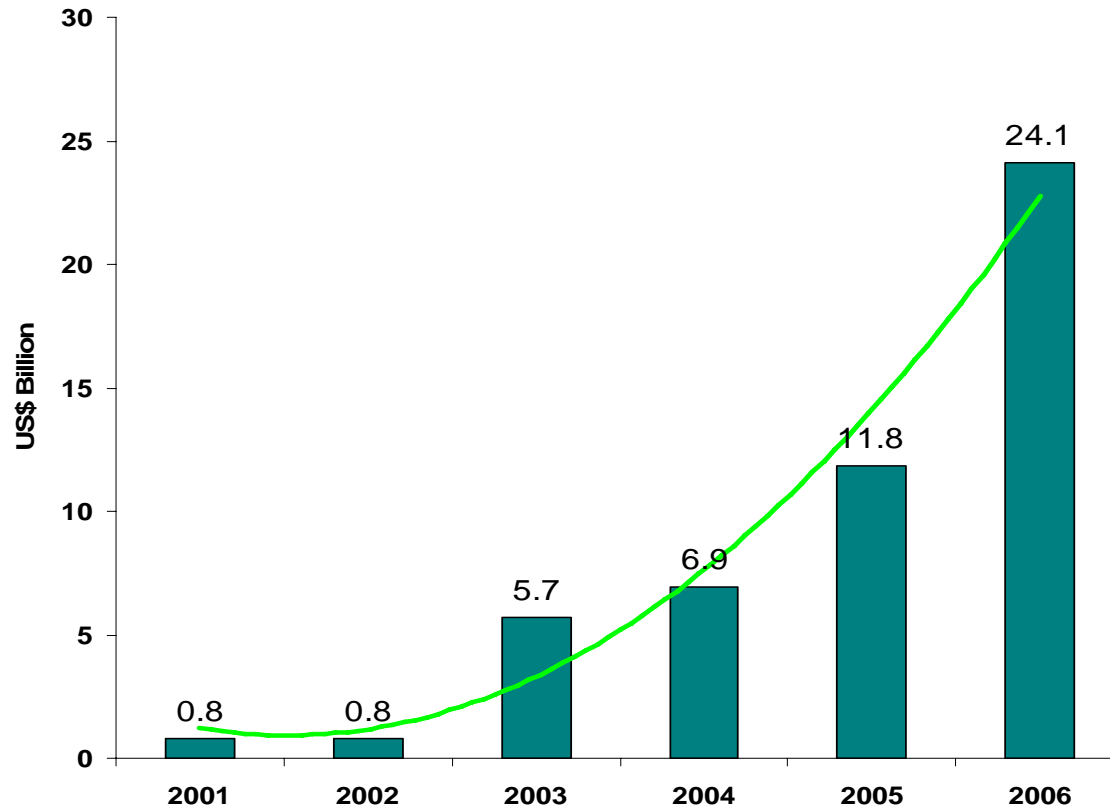


Source: Frank J. Fabozzi, *Handbook of Fixed Income Securities* (1991).

Islamic Parallels?

Early years of the *sukuk* market suggest growth prospects

Sukuk Issuance, 2001-2006



Data as of December 2006. Source: International Islamic Financial Markets.



Cross-Border Activity in an “Islamic Era”

Islamic finance is the industry’s fastest-growing segment

Types of Shari’ah-Compliant Funds

1990	1995	2000	2006
Equity	Equity	Equity	Equity
Murabaha	Murabaha	Murabaha	Murabaha
	Leasing	Leasing	Leasing
		Balanced and Secured	Balanced and Secured
		Sukuk	Sukuk
		Child Trust Funds	Child Trust Funds
			Private Equity
			Real Estate
			Funds of Funds
			Hedge Funds

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