

Documents

Bhuiyan, R.A.^a, Rahman, M.P.^a, Saiti, B.^b, Mat Ghani, G.^a

Co-movement dynamics between global sukuk and bond markets: New insights from a wavelet analysis
(2019) *International Journal of Emerging Markets*, 14 (4), pp. 550-581. Cited 1 time.

DOI: 10.1108/IJOEM-12-2017-0521

^a Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia

^b Department of Islamic Economics and Finance, Istanbul Sabahattin Zaim Universitesi, Istanbul, Turkey

Abstract

Purpose: Market links (and price discovery) between financial assets and lead-lag relationships are topics of interest for financial economists, financial managers and analysts. The lead-lag relationship analysis should consider both short and long-term investors. From a portfolio diversification perspective, the first type of investor is generally more interested in determining the co-movement of financial assets at higher frequencies, which are short-run fluctuations, while the latter concentrates on the relationship at lower frequencies, or long-run fluctuations. The paper aims to discuss these issues. Design/methodology/approach: For this study, a technique was employed known as the wavelet approach, which has recently been imported to finance from engineering sciences to study the co-movement dynamics between global sukuk and bond markets. Data cover the period from January 2010 to December 2015. Findings: The results indicate that: there is no unidirectional causality from developed market bond indices to Malaysia and Dow Jones indices, which is promising for fixed-income investors of a developed market; and in relation to emerging markets, the Malaysian sukuk market has a bidirectional causality with Indonesia, Malaysia, India and South Korea bond indices but not China bond indices, while in terms of the Dow Jones sukuk index, there is no unidirectional causality between the listed emerging markets and the sukuk index except Indonesia's market during the sample period. Research limitations/implications: This analysis provides evidence regarding the timely and appropriate measure of correlation changes and the behaviour of sukuk and bond indices globally, which is beneficial to the management of sukuk and bond portfolios. Originality/value: The evidence hitherto unexplored, which was produced by the application of a wavelet cross-correlation amongst the selected sukuk and bond indices, provides robust and useful information for international financial analysts as well as long and short-term investors. © 2019, Emerald Publishing Limited.

Author Keywords

Bond; Islamic finance; Sukuk

Correspondence Address

Saiti B.; Department of Islamic Economics and Finance, Istanbul Sabahattin Zaim Universitesi Turkey; email: borhanseti@gmail.com

Publisher: Emerald Group Publishing Ltd.

ISSN: 17468809

Language of Original Document: English

Abbreviated Source Title: Int. J. Emerg. Mark.

2-s2.0-85061184014

Document Type: Article

Publication Stage: Final

Source: Scopus