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[العربية المملكة في الصكوك لإصدارات العائد ومنحنى التسعير آلية] السعودية]

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Abstract

The study aims to examine the existence of a completed yield curve for the issued sukuk in the Kingdom of Saudi Arabia, which may then be considered as a benchmark for pricing new sukuk issuances. The existence of this curve is one of the main factors and conditions for the success of the targeted development process of the sukuk market in the Kingdom of Saudi Arabia in the light of vision 2030. This requires first to identify the mechanism used for pricing sukuk, as a new and emerging financial asset, globally as well as in Saudi Arabia, and how it differs from the bond pricing mechanism, and then to look into the possibility of relying on the same literature on how to build the yield curve for bonds to build the yield curve for sukuk in the Kingdom. The study used the analytical descriptive approach as it is the most appropriate for the subject matter. The study found that there are no

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differences between the mechanism used for sukuk pricing and the mechanism used for bonds pricing, due to its reliance on benchmarked interest rate indices. Also, there is no difference in the reliance on the LIBOR index for pricing internationally issued sukuk between the Kingdom and other countries, and the SIBOR index for pricing the locally issued sukuk. The study has also built a yield curve for Saudi sovereign sukuk due to the diversity of their maturity tenures, as well as the continuity and the sequence of sukuk issuances on a monthly basis. The study has concluded that there is a normally distributed yield curve which is a complete curve for tenures between two and 15 years. © 2021. Journal of King Abdulaziz University, Islamic Economics. All Rights Reserved

Author keywords

LIBOR; SAIBOR; Saudi Arabia; Sukuk; Sukuk pricing; yield curve

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