HOW OIL PRICES, GOLD PRICES, EXCHANGE RATE AND UNCERTAINTY IMPACT ON ISLAMIC SUKUK INDEX PRICES

BY

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HoD's Signature: _____ Date: _____

Declaration of Authentication

I, hereby, declare that no portion of the work referred to in this thesis has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

Student's Signature: _____

Dedication

This Paper is devoted to my parents who upheld me at each stage and become the origin of my ethics, spiritual and monetary help. They generally urged me to push ahead and put my endeavors towards the work.

Besides, I would like to commit this work to my supervisor and also my ideal teacher "Dr. Liaqat Ali" who directed me and become accessible for me during the completion of the comprehensive research. Without him inspiration and backing, I would not be able to finish this venture. He generally gave me better idea that helped me improving my work with persistence and patience.

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Abstract

Purpose

The exhibition of Islamic bonds or sukuk can be impacted by numerous elements, interior and outside and highlights the importance of this instrument as investment point of view. This examination plans to analyze the long and short term impacts of macroeconomic factors, such as world oil prices, world gold prices, exchange rates (fluctuation dollar), economic policy uncertainty on the performance of sukuk index for the duration of 2011 to 2020.

Methodology & Design

This examination utilized the co-integration test to look at the drawn out relationship among factors. Auto Regressive Distributed Lag (ARDL) bound testing strategy is utilized to discover long run affiliations. Augmented Dickey Fullers (ADF) test is pertained to recognize the unit root issue. Measurable adequacy of the predetermined models and assessed coefficients is checked by remaining diagnostic tests and steadiness indicative tests.

Findings

After effects of all predefined models uncover powerful long run connection among reliant and illustrative factors, and changes of short deviations from in the long haul. Sensitivity examination affirms that underlying results are perfect. This results indicate that the dollar fluctuation exchange has significant and positive impact on Islamic sukuk price index in the short and also the long run significant whereas change of oil prices, gold prices and dollar rates has significant impact on sukuk index in the short run. Economic policy uncertainty has not significant effect on sukuk prices both in the short and long term

Limitations

This research paper considered the time series from 2011 to 2020 to identify the effect of macroeconomics on Islamic sukuk price index. This time series were restricted from 2011 because of unavailability of research data from several sources.

Recommendations

The outcome of this paper is significant for investor as this will provide a good image to portfolio managers with regard to Islamic market. The procedure with development and extension in the sukuk market has uplift the issue of whether these can anticipate the piece of even a mostly elective wellspring of financing and financing to regular bonds (conventional bonds)

Keywords

Sukuk, gold price, exchange rate, oil price, economic policy uncertainty, ARDL, ADF

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