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CAPITAL RAISING IN THE ARAB WORLD

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Abstract

This paper provides a first documentation of how firms in Arab countries use equity, corporate bond, and syndicated loan markets to obtain finance. We compile a large dataset at the transaction-level of issuance in domestic and international markets over the 1991-2014 period. The analysis focuses on 12 Arab nations, but covers 719,242 transactions from 96 different countries. We find that while the total amounts raised, relative to GDP, in equity and syndicated loan markets stand relatively well with respect to other regions in the world, corporate bond issuance activity lags behind. Yet, corporate bond financing as a share of total debt has gained relative importance over time. Arab debt displays very long maturities at issuance, which is driven by larger shares of bonds and loans issued for infrastructure and long-term investment purposes than other regions in the world. Corporate bonds in Arab countries also involve large deal sizes and hold low levels of credit risk. Whereas equity issuances primarily take place in domestic markets, Arab bonds and loans are mostly issued internationally.

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Keywords: capital raising, corporate bonds, domestic and international debt markets, equity, firm financing, global financial crisis, issuance maturity, syndicated loans, Arab countries

ملخص

تقدم هذه الورقة أول توثيق لكيفية استخدام الشركات في البلدان العربية لحقوق الملكية وسندات الشركات وأسواق القروض المشتركة للحصول على التمويل. نقوم بتجميع مجموعة كبيرة من البيانات على مستوى المعاملات في الأسواق المحلية والدولية خلال الفترة 1991-2014. ويركز التحليل على 12 دولة عربية، ولكنه يغطي 719242 معاملة من 96 دولة مختلفة. ونجد أنه في حين أن إجمالي المبالغ التي تم جمعها، مقارنة بالناتج المحلي الإجمالي، في أسواق الأسهم وأسهم القروض المشتركة يقف بشكل جيد نسبيا فيما يتعلق بالمناطق الأخرى في العالم، فإن نشاط إصدار سندات الشركات متأخرة عن الركب. غير أن تمويل سندات الشركات كنسبة من إجمالي الدين اكتسب أهمية نسبية مع مرور الوقت. ويعرض الدين العربي آجال استحقاق طويلة جدا عند إصدارها، مدفوعا بنصيب أكبر من السندات والقروض الصادرة للبنية التحتية والأغراض الاستثمارية طويلة الأجل مقارنة بالمناطق الأخرى في العالم. كما أن سندات الشركات في البلدان العربية تنطوي أيضا على أحجام كبيرة من الصفقات وتحمل مستويات منخفضة من مخاطر الائتمان. وفي حني أن إصدارات الأسهم تتم أساسا في الأسواق المحلية، فإن السندات والقروض العربية تصدر في معظمها على الصعيد الدولي.

1. Introduction

Since the early 1990s, many countries in the Arab world have embarked on significant financial and economic reforms. Those involved efforts of internal and external financial liberalization, as well as efforts to increase the depth, scope, and efficiency of their financial systems. As a result, Arab financial systems have shown considerable improvements over the last two decades. Most countries in the region have realized the importance of expanding the breadth of their financial systems and of operating active capital markets. Nevertheless, Arab financial systems are often accused of being underdeveloped. In particular, financial markets are still highly bank-based, thin, tightly regulated, and dominated by government ownership. Moreover, it has been reported that financial systems in Arab states of the Gulf Cooperation Council (GCC) tend to be more developed and globally integrated than other countries in the region.[1]

This paper uses a unique dataset to provide a first documentation of the use of capital and syndicated loan markets by Arab firms since the early 1990s. We also investigate how the issuance activity of Arab firms compare to other regions in the world, and if there are considerable differences between countries within the Arab region. In particular, what is the total amount raised in equity, bonds, and syndicated loans by firms in the region? How much of this capital is raised in domestic markets, as opposed to international markets? At which maturities do firms issue debt and where do they obtain the longest maturities? What are the yields to maturity of debt instruments? How do the main patterns and trends in the region compare with other regions in the world?

To answer these questions, we assemble a comprehensive transaction-level dataset on equity, corporate bonds, and syndicated loans issued in domestic and international markets over the 1991-2014 period. The data includes 719,242 individual security issuances conducted by 138,091 (listed and non-listed) firms from 96 countries.

A number of findings emerge from the analysis. Over the two decades leading to 2014, there has been considerable increase in the issuance activity of equity and debt in Arab countries. The total amounts raised with equity, bonds, and syndicated loan issuances as a percentage of the region's GDP have grown almost 8-fold, 6-fold, and 2-fold, respectively, since the early 1990s. However, while equity and syndicated loan market activity stands well with respect to international standards, corporate bond markets lag behind in the Arab region. Syndicated loan markets are especially dynamic in the region, with the highest issuance activity, relative to GDP, in the developing world. Moreover, there is considerable heterogeneity in market activity across the different Arab countries. GCC countries capture most of the issuance activity in all three markets. Indeed, Gulf countries accounted for around 80 percent of the total amount raised in equity markets and around 90 percent of the amount raised in both corporate bond and syndicated loan markets in the region during 1991-2014.

In the aftermath of the global financial crisis of 2008-09, Arab countries seemed to shift debt financing from loan to bond markets. In particular, between 1999-2006 and 2007-2014, the total amount raised in syndicated loan markets dropped by almost 12 percent, while it increased by 54 percent in bond markets, compensating for part of the decline in loans. This pattern is consistent with recent literature highlighting a second wave of global liquidity (from banks and toward bonds) in developing countries after the global financial crisis (Shin, 2013; Acharya et al., 2015; IMF, 2015; Cortina et al., 2016).

Arab country firms issue very long-term debt compared to other regions in the world. The average maturity of corporate bonds and syndicated loans issued by Arab country firms is 7.7 and 7.8 years, respectively, though these vary across several dimensions. For instance, financial

[1] The Gulf Cooperation Council states include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

firms go shorter than non-financials. In particular, the average maturity of the debt issued by financial firms is almost half of that issued by non-financial firms. Moreover, corporate bonds tend to have longer maturities than syndicated loans. The average maturity of corporate bonds issued by non-financial (financial) firms is 2.6 (1.7) years longer than that of syndicate loans. The prominent use of bonds for the energy and transportation sector and of loans for project finance purposes in the Arab region might explain the long-term structure of their debt issuances with respect to international standards. Corporate bonds issued by non-financial firms in the Arab region during 1991-2014 had the longest average maturity in the world (11.5 years), while syndicated loans presented the second longest (8.9 years).

Moreover, corporate bond issuances in the Arab region entail a low level of credit risk compared to other developing regions. Standard and Poor's credit ratings for 1991-2014 show that almost 44 percent of corporate bonds in Arab countries were rated between A- and AAA, the two highest rating categories. Accordingly, the cost of borrowing—measured through the yield spreads—of US dollar-denominated bonds are fairly lower than most developing regions, possibly reflecting the low risk premiums. Countries such as Qatar, Saudi Arabia, UAE, and Tunisia stood out with the lowest yield spreads in the region, hovering an average spread of around 2 percent. While the level of risk for Arab bonds is still higher than those for developed countries, it stands very well within the ranges of other developing nations.

Finally, the increasing amounts of funds raised in debt markets throughout the period have come mostly from abroad. That is, the reported trends in the use of corporate bond and syndicated loan markets were not driven by firms issuing more debt in domestic markets, but by borrowing funds from other regions. While the use of international markets allows some big firms in Arab countries to issue very large long-term bonds, the illiquidity of their domestic markets arguably constrains the ability of relatively smaller firms to use debt markets to finance their operations.

The analysis in this paper relates to three strands of literature as follows. First, an important body of literature studies how financial systems have developed over time in the MENA and Arab region. By improving information and transaction costs, more developed financial systems can lead to a more efficient allocation of resources, promote the development of small and medium enterprises, and foster long-term investment and growth in developing countries.[2] However, although financial systems in the Arab region have evolved since the early 1990s, there is much heterogeneity across countries. For example, Creane et al. (2004) construct a financial development index for the MENA region and find that the degree of development significantly varies across countries. Their findings show that while banking systems tend to be more developed in the GCC states, they are more restricted by high government ownership and tight regulations in most of the Non-GCC Arab countries. Moreover, they argue that for most countries in the region, stock markets are highly concentrated, illiquid, and hindered by legal challenges, low investor confidence, and the absence of secondary markets for securities.

In addition, Elsafti (2007) indicates that the total market capitalization for Arab stock markets has increased 18-fold between 1994 and 2005, while the number of listed firms has increased only 1.5-fold. Similarly, looking at six Non-GCC countries, Finger and Gressani (2014) argue that although stock markets have considerably expanded in size, the number of stocks available for portfolio investment is still small compared to the international average. A recent report by the Arab Monetary Fund (2015) shows that the total Arab stock market capitalization was around $1,255 billion in the second quarter of 2015, with 1,503 listed firms. The GCC countries account for almost 87 percent of stock market size in the Arab region. Market capitalization in

[2] A large body of literature discusses the role of financial development (e.g. Beck and Demirgüç-Kunt, 2006; Beck et al., 2011; de la Torre et al., 2010), and in particular capital market development (e.g. Levine and Zervos, 1996, 1998; Demirguc-Kunt and Maksimovic, 1998; Henry, 2000; Beck and Levine, 2004; Bekaert et al., 2005) in fostering economic growth.

Saudi Arabia alone was reported at $537 billion for the second quarter of 2015, a figure that was more than 3-times the market size of all the non-GCC countries together.

So far, the literature has been mostly limited to the use of aggregate data to analyze the level of banking system and stock market development in the Arab region. Little attention has been given to where the Arab bond markets stand with respect to other nations. Moreover, no studies have investigated the real capital raising activity or how firms actually use these markets to raise funds. This paper contributes to the literature by using a large transaction-level dataset and an incremental approach to present a detailed analysis of how Arab firms have used not only stock markets, but also corporate bond and syndicated loan markets to raise funds over a long period of time (1991-2014). Given the unique length and breadth of our dataset, we are able to provide a first and comprehensive documentation of the evolution of capital and syndicated loan markets in the Arab region, and how Arab firms stand with respect to other regions in the world. It is thus of great interest to conduct a detailed and comprehensive study of capital market development in the Arab world.

A second strand of literature studies how firms around the world raise capital to fund investments, and the extent to which they rely on domestic versus international sources of capital. In a perfectly efficient market with zero frictions, the Modigliani and Miller (1958) theorem would imply that neither the type of instrument by which the firm chooses to raise capital nor the location in which it issues are relevant to the value of the firm. In the real world, however, asymmetric information, taxes, and other market frictions render the choice of capital structure and marketplace a central decision for the firm. A large body of corporate finance literature has discussed how firms optimally shape their capital structure in the presence of market frictions and agency costs. Most notably are those that discuss the agency, trade-off, and pecking order behavior theories of capital structure (see, for example, Jensen and Meckling, 1976; Myers, 1984; Myers and Majluf, 1984; Jensen, 1986; Fama and French, 2002, 2005; Frank and Goyal, 2003; Dang et al., 2014). Moreover, some studies have investigated how internationalization and the choice between domestic and international markets can affect the capital structure of the firm (Henderson et al., 2006; Schmukler and Vesperoni, 2006; Gozzi et al., 2010, 2015). While this study does not directly explain why firms choose one source of capital over the other, we address a number of questions about where firms in Arab countries choose to raise capital and which types of securities they issue to do so. This is a matter that has been mostly overlooked for firms in the Arab region despite its importance for policy implications and potential to provide a fertile framework for future research.

Third, this study relates to the literature on the evolution of capital structure over the business cycle and the substitution of financing over time. For instance, a group of studies look into how macroeconomic conditions affect the manner in which firms raise capital. For instance, Erel et al. (2012) argue that for investment-grade firms, while public equity issuances have no relation with the business cycle, public bond issuances play a greater role in these firms' capital structure during recessions, as investors lean more toward lower-risk instruments. Moreover, recent literature have highlighted a second wave of global liquidity in developing countries, as corporate borrowing has shifted to bond markets (and away from banks) in the aftermath of the global financial crisis (Shin, 2013; Becker and Ivashina, 2014; Acharya et al., 2015; IMF, 2015; McCauley et al., 2015; Lo Duca et al., 2016). The evidence in this paper suggests that this pattern indeed holds for firms in the Arab region. When lending in the syndicated market collapsed during the 2008-09 crisis, bond markets acted as substitutes, providing to some degree the "spare tire" function advocated for capital markets (Greenspan, 1999).

The remainder of the paper is organized as follows. Section 2 describes the data. Section 3 describes the evolution and main characteristics of the equity, corporate bond, and syndicated loan markets in the Arab region. Section 4 examines the provision of finance by domestic and international markets. Section 5 concludes.

2. Data

To assess the capital raising activity of Arab countries in equity, corporate bond, and syndicated loan markets, we assemble a comprehensive dataset on firms' security issuances from 1991 through 2014. To benchmark the Arab region against other regions in the world we include firms' issuance activity from all over the world. Our data on firms' capital raising activity come from the Thomson Reuters Security Data Corporation (SDC) Platinum database, which provides transaction-level information on new issuances of common and preferred equity, publicly and privately placed bonds, and syndicated loans with an original maturity of one year or more. Given that the SDC Platinum database does not collect data on debt issuances with maturities shorter than one year, the dataset does not cover commercial paper. Because our analysis focuses on corporate financing, we exclude all public-sector issuances, comprising securities issued by national, local, and regional governments, government agencies, regional agencies, and multilateral organizations. We also exclude mortgage-backed securities and other asset-backed securities. The dataset includes 138,091 firms and 719,242 security issuances: 199,742 equity issuances, 294,159 bond issuances, and 225,341 syndicated loan issuances. The analysis focuses on 12 Arab nations, for which the dataset includes 1,630 firms and 4,372 security issuances: 1,398 equity issuances, 650 bond issuances, and 2,324 syndicated loan issuances.

To classify equities and corporate bonds as domestic or international, we compare the market location in which the securities are issued to the issuing firm's nationality. For offerings that take place simultaneously in more than one market, we consider tranches in each market as separate issues. The dataset includes 382,535 issuances in domestic markets and 105,916 issuances in international markets. For syndicated loans, the nationality of the banks that participate in the deal is used to distinguish between domestic or cross-border lending. Domestic loans are those in which only domestic banks participate in the syndication, whereas international loans entail the participation of at least one foreign bank. The dataset includes 108,016 domestic syndicated loans and 117,325 international syndicated loans.

We classify firms into financial and non-financial corporations according to their Standard Industry Classification (SIC) code. Firms with SIC codes between 6000-6800 are classified as financial corporations. The dataset includes 40,591 equity, 184,236 bond, and 45,403 syndicated loan issuances by financial firms (or 20, 63, and 20 percent of the total issuances of equity, bonds, and syndicated loans, respectively).

The final dataset comprises 96 economies from 7 different regions, of which 12 countries are from the Arab region. Appendix Table 1 reports the list of countries in each of these regions. Appendix Table 2 shows the number of issuances of equity, corporate bonds, and syndicated loans per country. All reported statistics are in U.S. dollars at 2011 constant prices.

3. Capital Raising Activity

The available literature has documented considerable progress in the development of the financial sector in the Arab world. Nonetheless, it is essential to analyze the extent to which such developments have translated into an increased use of capital financing by the Arab private sector. The data used here focuses on capital raising activity at the transaction level of equity, bonds, and syndicated loans.

3.1 Equity markets

Activity in Arab equity markets has rapidly expanded over the period. Starting from a low base (0.1 percent of GDP in 1991-1998), equity issuances by Arab firms increased more than 7-fold by 2007-2014. At 0.8 percent of the region's GDP, equity market activity in the Arab region seems to stand well according to international standards. For instance, the total proceeds raised in equity markets was 1.6 percent in Asia, 0.7 percent in Eastern Europe and Central Asia (ECA), 1.0 percent in Latin America and the Caribbean (LAC), and 1.4 percent in the G7 countries (Figure 1, Panel A).

However, there is considerable heterogeneity among the different Arab countries, with the GCC states accounting for almost 80 percent of the equity market activity. Countries such as Bahrain, Kuwait, and Qatar were in the lead with total raised equity of 1.6-2.2 percent of their GDPs in 2007-2014. Even though Saudi Arabia and United Arab Emirates (UAE) have the highest amounts of raised equity in absolute values (Table 1, Panel B), these constituted about 0.8 percent and 0.6 percent of their GDP in the last period. Looking at the Non-GCC countries, Jordan seems to be performing considerably well within the region, with equity issuances standing at 1.6 percent of its GDP. While Egypt has the largest number of equity issuances in the Arab region, and the highest absolute value of raised equity within the Non-GCC countries (Table 1, Panel B), those equity issuances constituted only 0.6 percent of its GDP in 2007-2014. Other countries such as Morocco and Tunisia have experienced considerable increases in their equity market activity, but they still lag behind most of the other Arab countries.

For the last two decades, secondary equity offerings (SEO) have grown at a faster rate than initial public offerings (IPO). The number of IPOs increased 8-fold between 1991-1998 and 2007-2014, compared to a 29-fold increase of SEOs. As a result, whereas 55 percent of the total equity was issued through IPOs during 1999-1998, this share went down to 26 percent by 2007-2014 (Figure 2, Panel A). This pattern might be explained by the fact that as more firms become active in equity markets over time, fewer IPOs are expected in relation to SEOs. Countries such as Kuwait, Egypt, and Qatar had the highest proportions of SEOs in the last period, standing at around 95 percent, 92 percent, and 88 percent, respectively. On the other hand, countries such as Morocco, Saudi Arabia, Tunisia, and UAE had less than 60 percent of their issuances as SEOs.

3.2 Debt markets

Firms in the Arab countries have also increased their use of debt instruments over the period. The total amount raised with corporate bonds has increased from 0.2 percent to 1.2 percent of GDP between 1991-1998 and 2007-2014 (Figure 3, Panel A). Although this 6-fold increase is substantial compared to other regions in the world, bond market activity remains low according to international standards. For instance, in 2007-2014 the total amount raised in corporate bonds to GDP was approximately 2.6 percent in Asia, 5.8 percent in the G7 countries, and 7.7 percent in other developed countries. Moreover, the bulk of the Arab bond market trading is concentrated in a limited number of countries. Most bond trading activity is captured by GCC countries, in particular Bahrain, Qatar, and UAE. In 2007-2014, both Bahrain and UAE had raised around 4 percent of their GDP in bonds, a value that is close to the international average. Qatar and Saudi Arabia came next with total amounts raised resting at around 1.2 percent and 0.6 percent of GDP. Among the other nations, Egypt and Tunisia have the highest amounts raised in absolute value, but still constitute relatively small portions of their respective GDP (0.2 and 0.5 percent during 2007-2014).[3]

Although syndicated loan market activity has decreased since the onset of the global crisis, they remain very active markets in the Arab region according to international standards. More precisely, while the Arab syndicated loan activity declined by 0.5 percentage points (p.p) between 1999-2006 and 2007-2014, down from 4.1 percent, it still stands out compared to all developing regions in the world (Figure 4, Panel A). For instance, the total amount raised with syndicated loans by firms in the Arab region was more than double the amount raised in Asia

[3] Tunisia and Lebanon initially showed optimistic prospects, with bond issuances over 1 percent of their GDP during 1991-2006, but their market activity collapsed during the last period of the sample.

and LAC during 2007-2014. Looking at the different countries in the region we observe, once more, that GCC countries account for most of the syndicated loan market activity. Nevertheless, they have experienced the largest collapse after the global crisis. Syndicated loan activity in Bahrain, Oman, and Qatar captured 14.1 percent, 10.3 percent, and 16.5 percent of their respective GDPs during 1999-2006 and experienced a decline of 6.7 p.p., 6.8 p.p., and 10.9 p.p. during 2007-2014. Among the Non-GCC countries, Egypt dominates the market both in relative and absolute terms, but has also experienced a decline in loan issuance activity during the last period. The total amount raised with syndicated loans in Egypt was around 3 percent of its GDP in 1999-2006 but has declined to 1.8 percent during 2007-2014.

The decline in loan market activity since the onset of the global financial crisis of 2008-09 seems to have had an effect on the nature of debt financing by Arab firms. Whereas the total amount raised in syndicated loans to GDP dropped by almost 12 percent during 2007-2014, it increased by 54 percent in bond markets, partially compensating for the decline in loans (Figures 3 and 4). As a result, loan debt as a share of the total debt issued per year has declined by 16 p.p between 2008 and 2009 in the Arab region, following a worldwide pattern (Figure 5, Panel A and B).

3.3 Debt maturity and risk

With the rapid growth of debt markets in Arab countries, one important question is how have firms used such markets for long-term as opposed to short-term financing? An analysis of the weighted average maturity at issuance of bonds and syndicated loans allows us to highlight three important patterns.

First, financial firms typically go shorter term than non-financial firms. This is the case for both corporate bonds and syndicated loans and is especially apparent in the Arab region, where financial firms issue debt with almost half the average maturity of non-financial firms. Financial firms from Arab countries issued bonds with a (weighted) average maturity of 6.0 years; the maturity of bonds issued by non-financial firms is much longer at 11.5 years (Table 2, Panel A). Likewise, the average maturity of the loans issued by financial firms is 4.3 years, compared to 8.9 years for non-financial firms.

Second, corporate bond issuances display longer maturities than syndicated loans. The average maturity of corporate bonds issued by non-financial (financial) firms is 2.6 (1.7) years longer than that of syndicate loans (Table 2, Panel A). The fact that we do not observe such differences when looking at the issuances by all types of firms together (column a of Table 2) is explained by the very large share of financial firms issuing corporate bonds in Arab countries, which is much larger than their share within the loan markets. Whereas financial firms, which tend to borrow at shorter maturities, account for almost 70 percent of the total amount raised in corporate bonds (Figure 7, Panel B), they capture only 25 percent of the total issued loans (Figure 7, Panel C).

Third, non-financial Arab firms issue very long-term corporate bonds and loans compared to the other regions in the world. In particular, the average maturity of corporate bond issuances by Arab countries is 11.5 years, the longest in the world, and 8.9 years for syndicated loan issuances, the second longest in the world (Table 2, Panel A). A leading factor behind this pattern seems to be the intensive use of debt financing for infrastructure financing. In corporate bond markets, there is a large share of issuing firms within the transportation, electric, gas, and sanitary sector. Borrowing within this utility sector usually entails infrastructure projects, for which funding involves large amounts and long maturities. This sector accounts for more than 70 percent of the total amount raised in bonds by non-financial firms, which is large compared to international standards (Figure 6, Panel B). Syndicated loans for the transportation, electric, gas, and sanitary sector also capture a larger share of the non-financial loan debt in the Arab region than the other regions in the sample (Figure 6, Panel C). Accordingly, project finance loans, a category that consists primarily of infrastructure projects, are used intensively in the Arab region (only exceeded by Asia). Loans for project finance have an average maturity of 13.3 years and account for about 31.6 percent of all syndicated loans contracted by Arab countries (Figure 7). On the other hand, the average maturity of loans extended for other projects is much lower at 5.2 years.[4]

The median deal size of debt issuances (proceeds raised per issuance) in the Arab region is also much larger than in other regions of the world. The typical bond and loan issuances stand at more than $200 million, which are very large compared to other regions in the world. For instance, the median bond (loan) size is $19 ($125) million in LAC, $44 ($70) million in Asia, and $117 ($97) million in G7 countries (Table 1, Panel A).

Some interesting patterns can also be found when examining the risk level of Arab countries' corporate bond issuances. Corporate bonds issued by Arab firms tend to have relatively low risk ratings compared to other developing regions. Almost 44 percent of the total capital raised in corporate bonds by firms in Arab countries is rated between A- and AAA, according to Standard and Poor's credit ratings (Figure 8, Panel A).

Moreover, the analysis compares the borrowing costs of bonds between the different regions by studying the yield spread at issuance, defined as the difference between the yield to maturity on a given bond and the yield to maturity on a risk-free bond with a similar maturity on the issuance date.[5] We follow Gozzi et al. (2015) by restricting our sample to fixed rate as well as US dollar-denominated issuances.[6] In line with the low risk ratings, borrowing costs of bonds are relatively low in the Arab region compared to other developing regions. The median yield spread at issuance of bonds issued by firms in Arab countries is 2.4 percent, compared to 2.1 percent, 4.5 percent, and 3.8 percent in Asia, ECA, and LAC (Figure 9). Looking at the different Arab countries, Qatar, Saudi Arabia, UAE, and Tunisia seem to stand out with the lowest average yield spreads, hovering around 2 percent. Although Arab country ratings and borrowing costs stand at an acceptable position within developing countries, they are still far behind those in G7 and other developed nations. One possible explanation behind the low spreads and high ratings might be that, in line with the few bond issuances in the region, it is only the very large, low risk firms that are involved in their issuances.

4. Domestic and Foreign Markets

The distinction between domestic and international markets is important because they provide firms with different funding options, including different maturities, amounts, and currencies (Gozzi et al., 2015; Cortina et al., 2016). This is especially important for firms in the Arab world given that most of those countries have underdeveloped domestic markets, while the world's more developed financial centers are located in developed nations. In principle, the use of international markets would allow firms in the Arab region to access a wider set of investors and funds that are unavailable domestically.

When firms in Arab countries choose to issue equity to obtain finance, they typically do it in their home countries. In fact, the reported growth in equity activity during the 2000s took place

[4] Most of the project finance lending around the world finances infrastructure (Blanc-Brude and Ismail, 2013). Moreover, most financing for infrastructure projects comes from syndicated loans. Engel et al. (2014) provide evidence that in the United States and other developed countries the ratio of bonds to syndicated loans for infrastructure financing is 1:5 to 1:6, respectively. The ratio in Asia (excluding China) is 1:8 and in Latin America, 1:3.

[5] The yield to maturity on a risk-free bond is measured as the yield to maturity on the constant maturity Treasury securities published by the Federal Reserve.

[6] We only include fixed rate issuances as it is not straightforward to compare yields on fixed and floating rate bonds. Moreover, for a large part of our sample, data on yields for floating rate bonds is missing. Second, as explained by Gozzi et al. (2015), the different expectations across exchange rates might produce differences in yields to maturity for bonds denominated in different currencies. To avoid the problems that might arise from comparing yields of different currencies, we restrict our analysis to US dollar-denominated bonds, which is the most common currency of denomination in our dataset.

mostly domestically (Figure 10, Panel A). During 1991-1998 the share of equity issued in domestic markets by Arab firms was around 50 percent, which went up to 96 percent during 2007-2014.

On the other hand, most of debt market activity by Arab firms takes place abroad. The share of bonds issued in international markets was 100 percent during 1991-1998 and 90 percent during the two last periods (Figure 10, Panel B). Only African firms were as highly dependent on international bond markets as Arab firms during 2007-2014. For the rest of the regions, the use of domestic bond markets is more prominent or has substantially increased over time (as is the case for Asia and ECA). By the same token, syndicated loans for Arab firms typically involve foreign bank participation. Foreign syndicated loans captured more than 95 percent of the total amount raised by Arab firms during the whole sample period (Figure 10, Panel C). With the exception of Asia, where the issuance of purely domestic syndicated loans has grown very fast during the last years, the total share of syndicated lending with at least one foreign bank participating in the deal is above 50 percent in all regions. Moreover, almost all the funds raised with foreign bonds and loans (and a large share of the domestic issuances) by firms in Arab countries are denominated in foreign currency (Figure 11). Although the share of domestic debt denominated in foreign currency has declined during the last years, it is still among the highest in the world.

Most of the international issuances by Arab firms are conducted in a few, mostly developed, regions (Figure 11). The bulk of the international equity is issued in the United Kingdom (61 percent), Eurozone (11 percent), and United States (8 percent). International bond issuances take place mostly in the Eurozone (61 percent), the United States (16 percent), and the United Kingdom (8 percent). Similarly, the largest volumes of syndicated lending are originated within a few regions, mainly the Eurozone countries (25 percent), United States (23 percent), and Saudi Arabia (12 percent).

To meet the liquidity and size requirements of international buyers, the minimum deal size abroad is usually larger than in domestic markets. The international issuance of securities also includes high legal costs to meet international regulations and international rating fees (Zervos, 2004). Indeed, in most of the regions, the securities issued abroad raise more proceeds than domestic ones. Although this holds in Arab equity markets, it does not seem to be the case for domestic and international Arab bonds. In particular, the median amount of proceeds raised with a domestic bond is around \$590 million, compared to \$230 million for an international issuance (Table 3). While the size of foreign bonds seems to fall within the world range, the median domestic bond issuance by Arab firms is exceptionally large. The median size of a domestic bond issued by firms in the Arab region is almost 5, 16, and 63 times the size of one issued in G7 countries, Asia, and LAC, respectively. As previously explained, domestic bond markets in the Arab region are highly untapped and probably concentrated within a narrow set of large firms. Consequently, with such low liquidity one could expect a limited number of borrowers to capture the market through few, outsized issuances. Moreover, given the additional costs associated with international issuances, firms issuing in international markets are typically larger than domestic issuers (Didier et al., 2015; World Bank, 2015). For the Arab world, these results imply that relatively smaller firms are even more constrained from issuing securities in capital markets, given the higher costs of issuing internationally and the illiquidity of their domestic markets.

Regarding maturity, international bonds for Arab firms are, on average, longer term than domestic ones. The average maturity of internationally issued bonds by firms in the Arab region is 11.8 years, contrasting with an average maturity of 9.9 years for domestic bonds (Table 4). This pattern is more evident in other developing regions. For instance, in LAC countries, domestic bonds are issued with an average maturity of 6.4 years, while international issuances have an average maturity of 10.7 years. That is, firms in developing countries tap international markets to issue bonds at the longer end of the maturity spectrum. These results hold for issuances denominated in the same currency and also for issuances carried out by the same firm (Cortina et al., 2016). While G7 country firms seem to go shorter term in international markets—around 2 years shorter than in domestic markets, they issue bonds internationally with similar maturities as developing countries do.

Although most of the funds raised in syndicated loan markets by Arab firms entail foreign bank participation, they tend to have shorter maturity than purely domestic syndicated loans. Loans to Arab firms that involve only domestic lenders have an average maturity of 10 years, while loans with foreign bank participation have 8.8 years of average maturity (Table 4). Again, this pattern is more evident in other developing regions. For example, LAC firms borrowed domestic loans at an average maturity of 11.4 years and foreign at a maturity of 5.7 years. The differences in maturity between domestic and international syndicated loans are, in part, explained by the type of projects that those loans finance. A larger share of domestic loans to developing country firms finance infrastructure and long-term projects than foreign loans. In the Arab countries, 43.6 percent and 30.9 percent of the purely domestic syndicated loans and foreign participated loans are for project finance, respectively.

5. Conclusions

This paper presents a systematic and detailed evidence of where Arab countries stand with respect to equity, corporate bonds, and syndicated loans activity. The overall evidence suggests that while the level of activity in equity markets stands well with respect to other regions in the world, bond market activity lags behind. Syndicated loan markets in the Arab world have been very dynamic, with the highest amounts raised to GDP among all other developing regions in the 2000s. Nevertheless, in the aftermath of global financial crisis of 2008-09, the total amount raised in syndicated loan markets has plunged whereas the amount raised in bond markets has increased, indicating a shift in firms' nature of debt financing from loans to bonds. This pattern is in line with recent literature highlighting a second wave of global liquidity (from banks and toward bonds) in developing countries after the global crisis. Moreover, Capital and Syndicated loan market activity in the Arab region exhibit considerable heterogeneity across its member countries, with the GCC nations capturing 80-90 percent of the total amounts of new issuances.

Several patterns underlie the maturity structure of new debt issuances in the Arab world. Financial firms tend to go shorter than non-financial ones, with almost double the average maturity length for the latter. This holds for both types of debt issuances; bonds and loans. Moreover, corporate bonds tend to have longer maturities than syndicated loans. With 11.5 years of average maturity, corporate bonds issued by non-financial firms in the Arab region were the longest in the world, while syndicated loans presented the second longest, at 8.9 years. Behind this pattern is the prominent use of bonds for the energy and transportation sector and of loans for project finance purposes; both of which involve demanding infrastructure projects.

We find that corporate bond issuances by Arab countries display a low level of credit risk as per Standard and Poor's credit ratings. Moreover, yield spreads over risk-free rates of US-dollar dominated bonds are low with respect to international standards, especially in countries as Qatar, Saudi Arabia, Tunisia, and UAE. These low levels of bonds' credit risk suggest that it might be the very large and mature firms that are involved in their issuances. In fact, one interesting feature of bond markets in the Arab region is the exceptionally large size of its bond issuances. While the amounts raised in bond markets in the region are comparatively low with few issuances, the median proceeds per a new bond issue is large with respect to international standards. This pattern is especially evident in domestic markets, consistent with the fact that Arab domestic bond markets are highly dormant with very low firm competition.

Overall, we observe that the development of bond and syndicated loan financing in the Arab region has mostly been funded by international investors and banks. The reliance of Arab countries' firms on international markets to obtain debt financing makes their economies more prone to external shocks. Moreover, almost all the funds raised with bonds and loans by firms in Arab countries are denominated in foreign currency. Debt denominated in foreign currency can be risky if not properly hedged as capital flights and currency depreciations could severely affect the balance sheet of Arab firms and increase their credit repayment burdens. The overreliance of Arab countries firms on international markets suggests that they look for substitutes overseas to overcome the incompleteness of their domestic markets.

Consequently, Arab countries could highly benefit from further developed domestic bond markets. Well-developed bond markets would allow firms to access alternative sources of funds other than bank finance, promoting a more inclusive and broader use of long-term finance. Moreover, they would increase the competitive pressure on banking systems, improving efficiency and capital allocation in Arab economies. As a starter, well-developed government bond markets can be considered as a cornerstone for the development of domestic corporate bond markets, as they would act as benchmarks for bond pricing and to create the necessary infrastructure for trading. Furthermore, by boosting the development of domestic bond markets, less reliance can be placed on international markets, reducing the vulnerability of Arab nations to external shocks.

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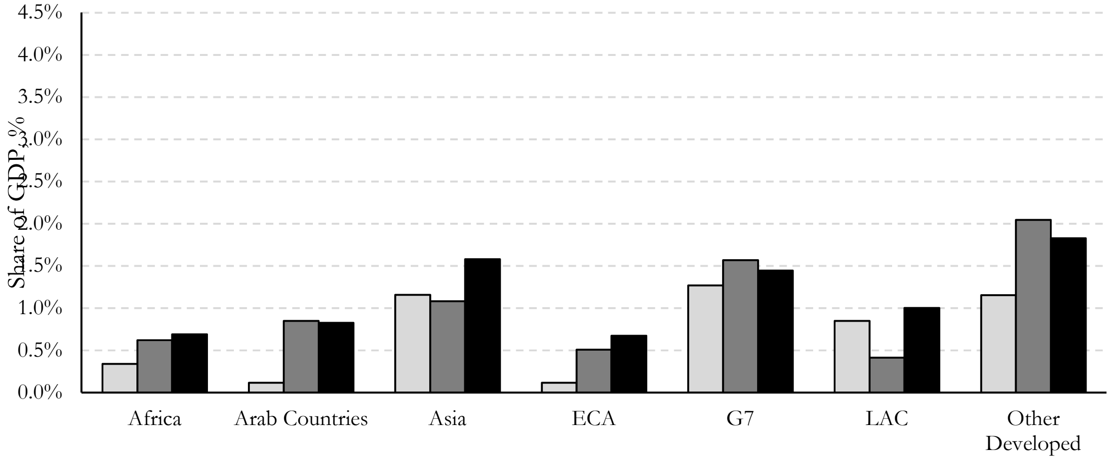
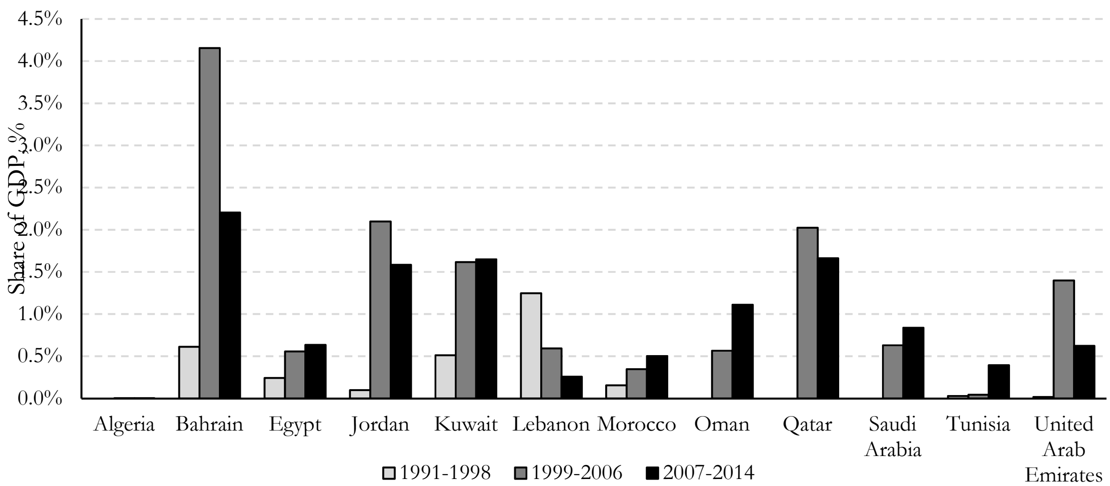
Figure 1: Total Amount Raised in Equity Markets

A. All Regions



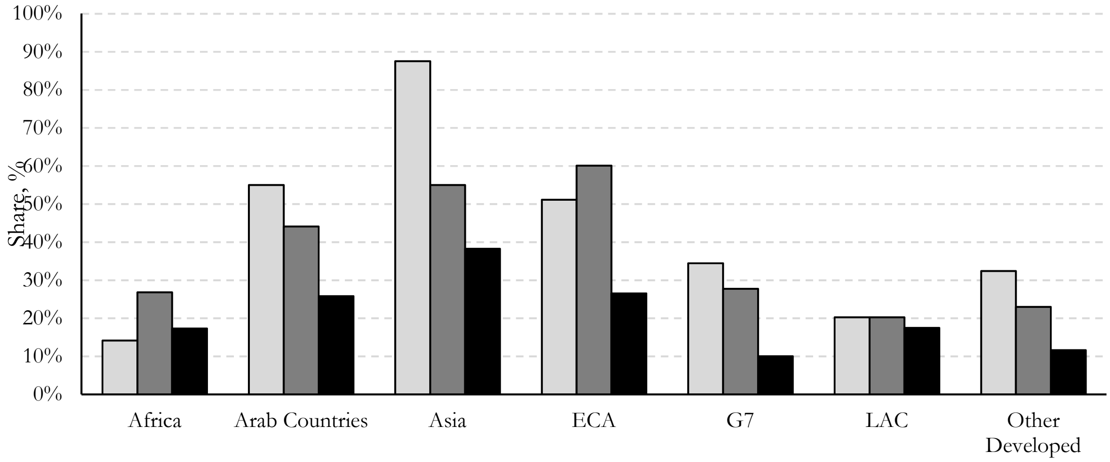
B. Arab Countries



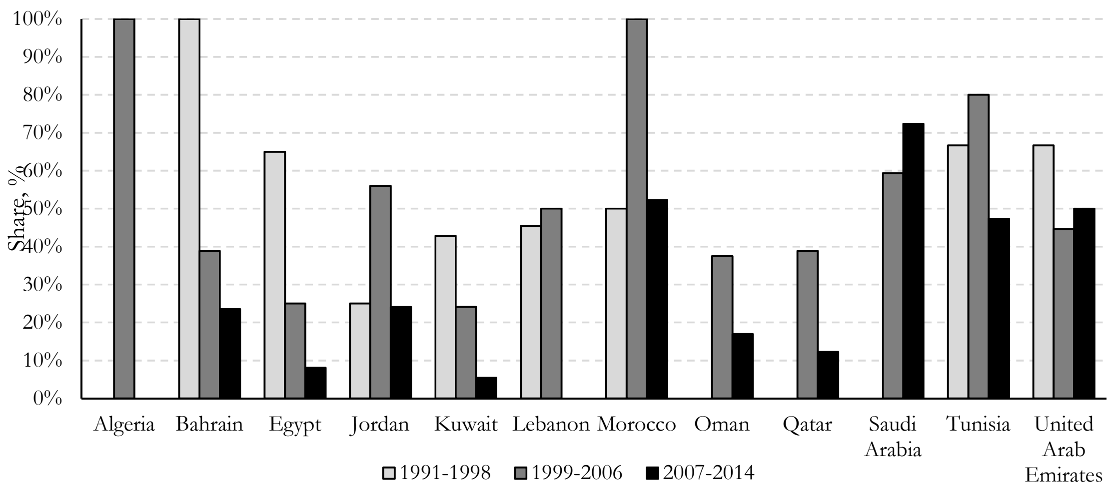
Notes: This figure presents the aggregate amount raised per period in equity markets as share of GDP by firms from different regions (Panel A) and by firms from the Arab countries (Panel B).

Figure 2: Share of Initial Public Offerings

A. All Regions



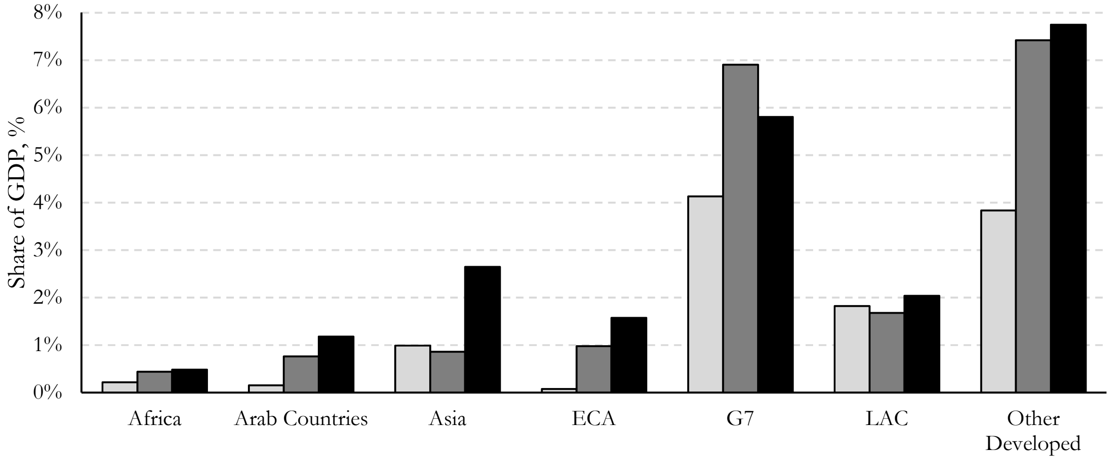
B. Arab Countries



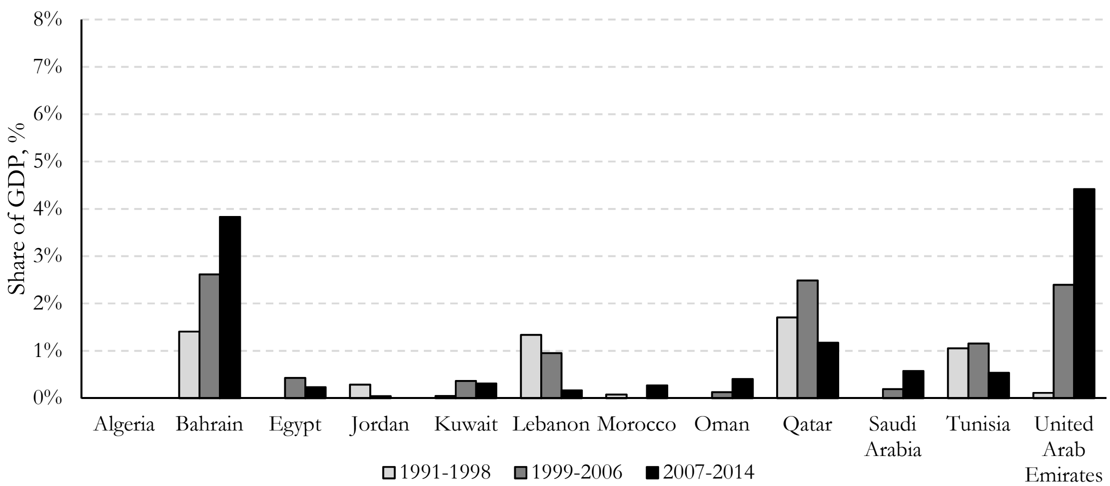
Notes: This figure presents the share of initial public offerings over the total number of equity issuances, by firms from different regions (Panel A) and by firms from the Arab countries (Panel B). Total equity issuances include both initial public offerings and secondary equity offerings.

Figure 3: Total Amount Raised in Corporate Bond Markets

A. All Regions



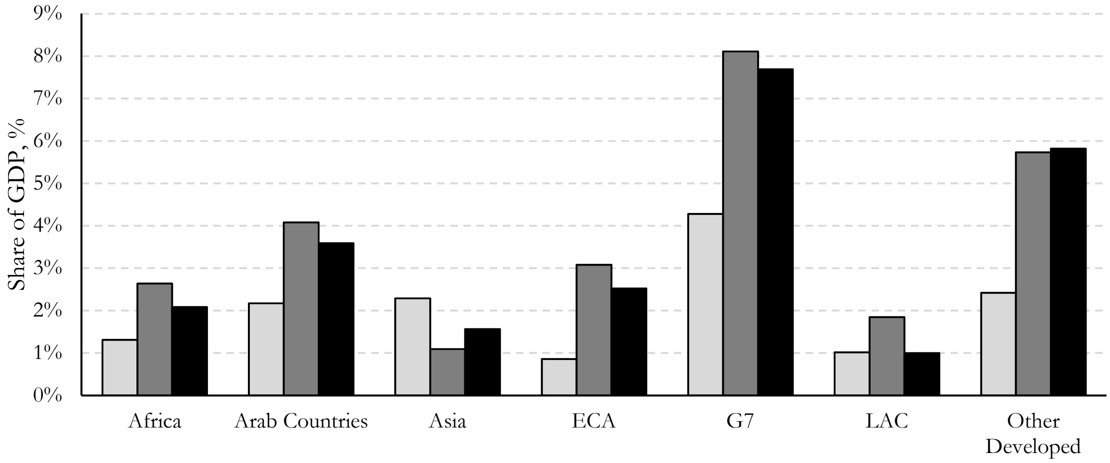
B. Arab Countries



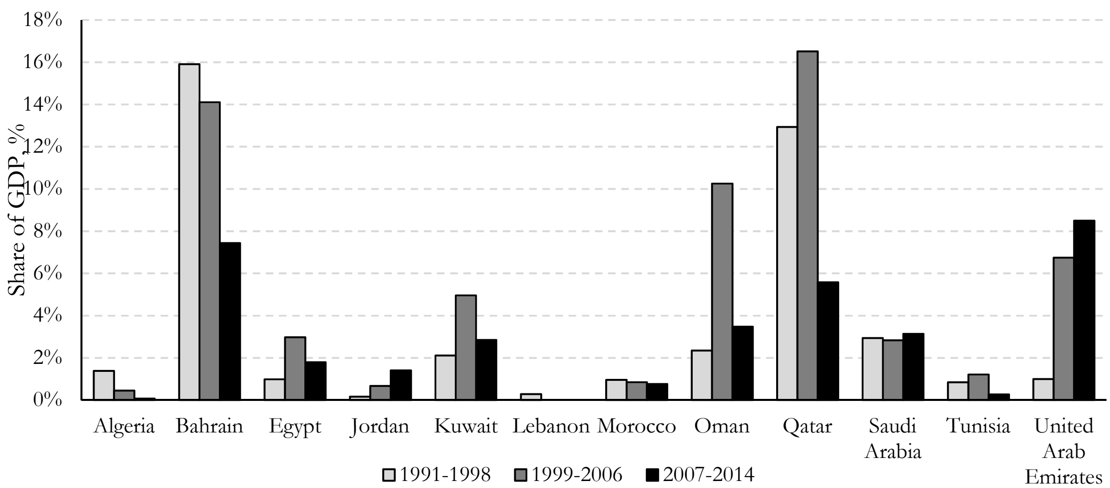
Notes: This figure presents the aggregate amount raised per period in corporate bond markets as share of GDP by firms from different regions (Panel A) and by firms from the Arab countries (Panel B).

Figure 4: Total Amount Raised in Syndicated Loan Markets

A. All Regions



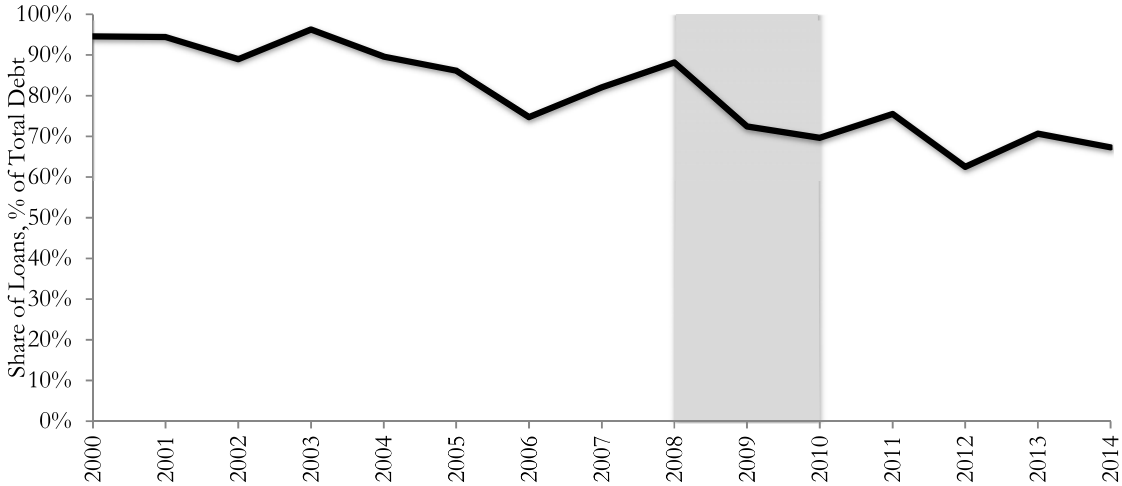
B. Arab Countries



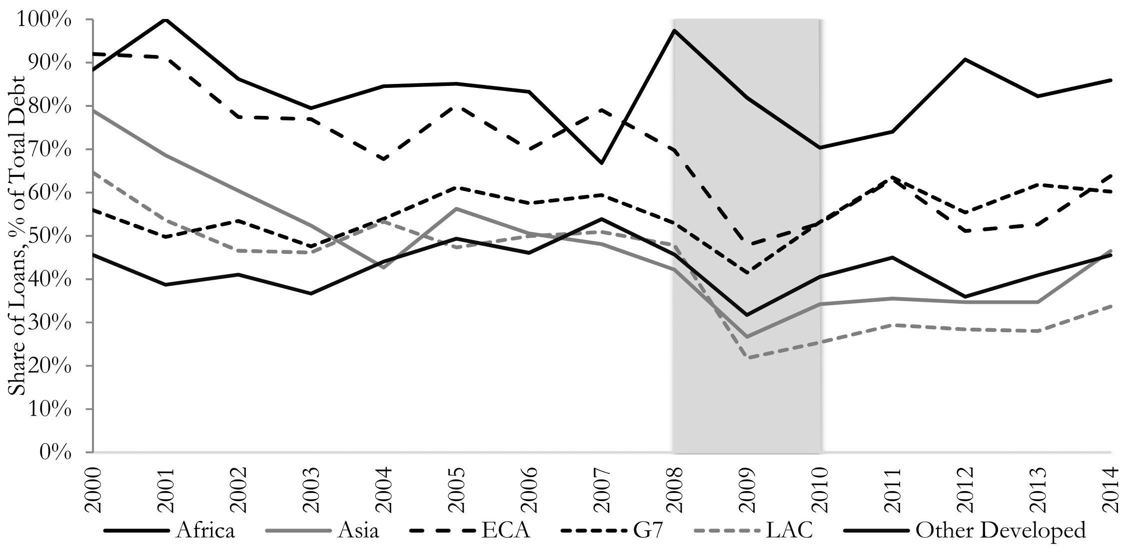
Notes: This figure presents the aggregate amount raised per period in syndicated loan markets as share of GDP by firms from different regions (Panel A) and by firms from the Arab countries (Panel B).

Figure 5: Share of Loans as a Percentage of Total New Corporate Debt Financing

A. Arab Countries



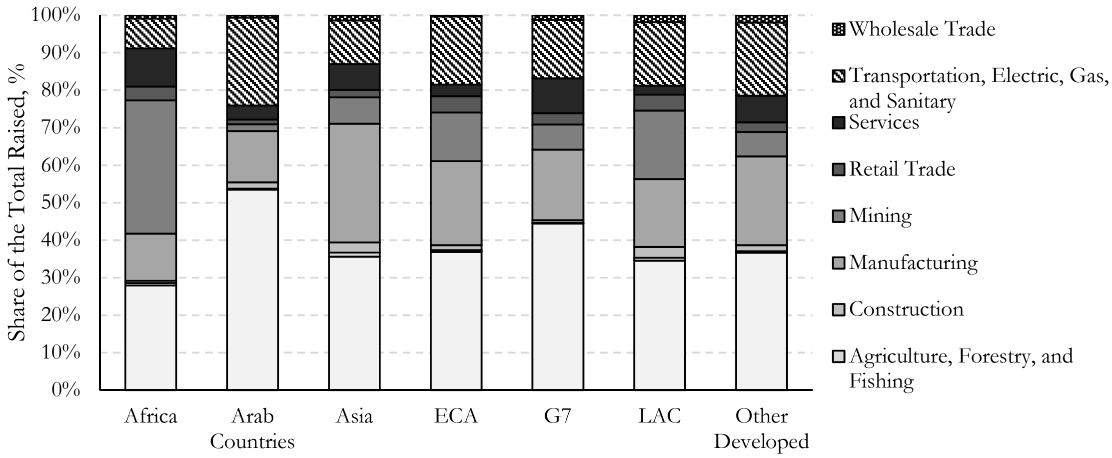
B. Other Regions



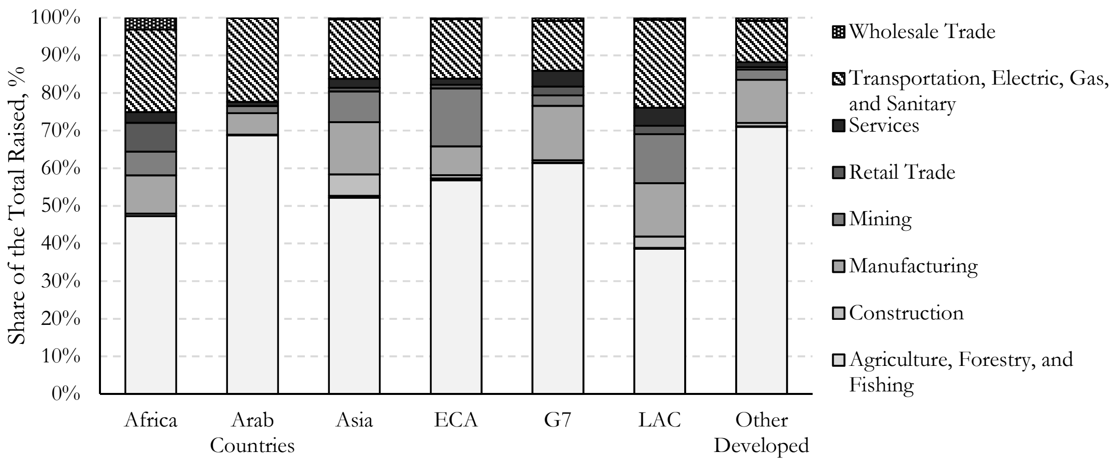
Notes: This figure presents the total amount raised with syndicated loans as a share of the total amount of debt raised per year by firms from the Arab countries (Panel A) and the other regions of the sample (Panel B).

Figure 6: Sector Composition

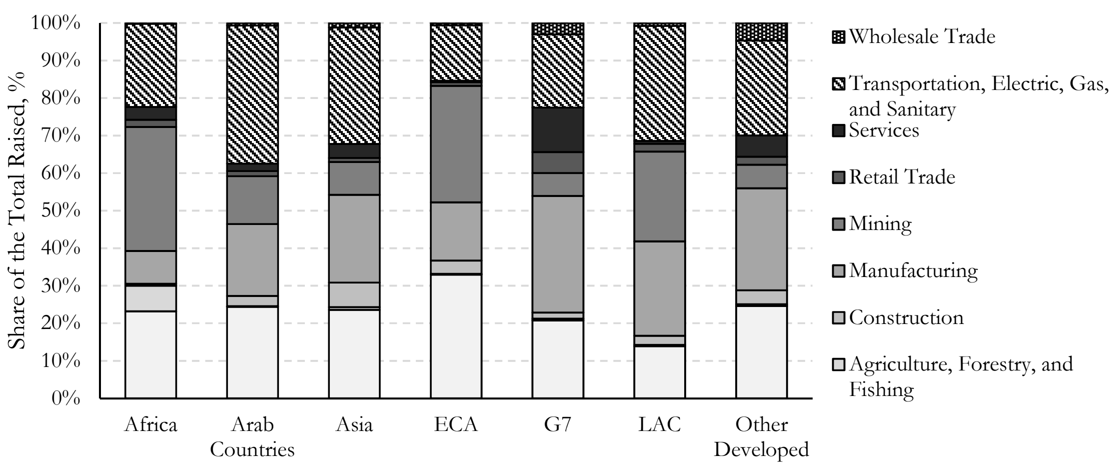
A. Equity Markets



B. Corporate Bond Markets



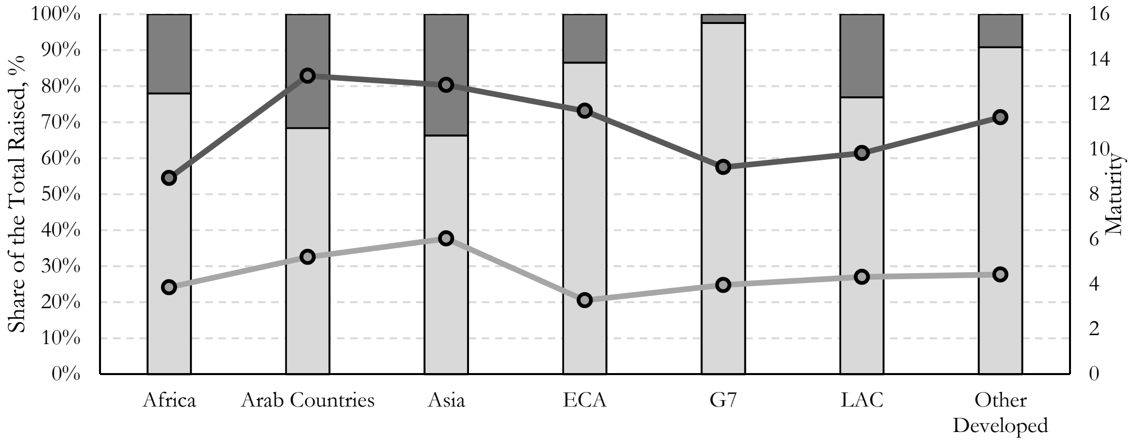
C. Syndicated Loan Markets



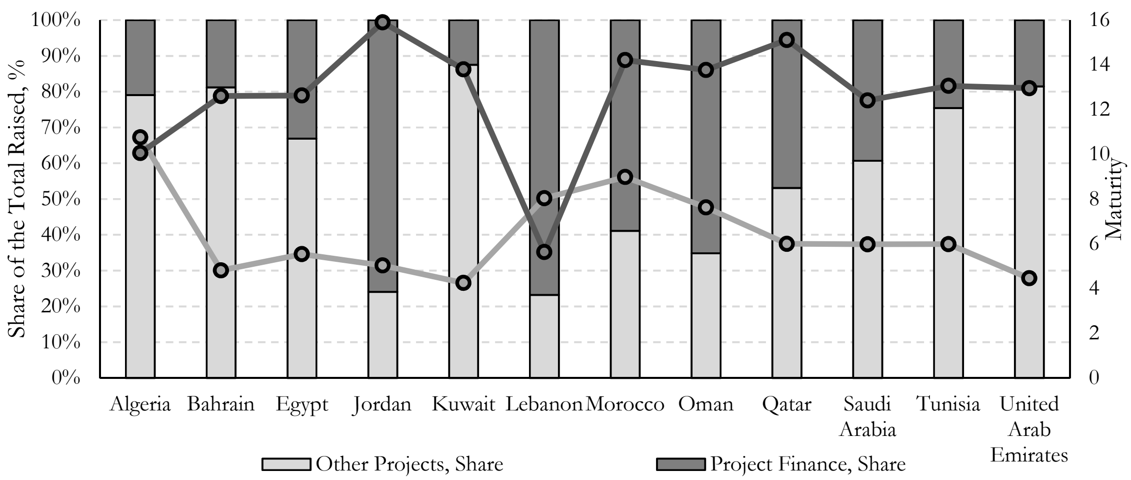
Notes: This figure presents each sector's share of total capital raised in equity (Panel A), corporate bond (Panel B), and syndicated loan markets (Panel C). The sample period is 1991-2014.

Figure 7: Syndicated Loans and Use of Proceeds

A. All Regions



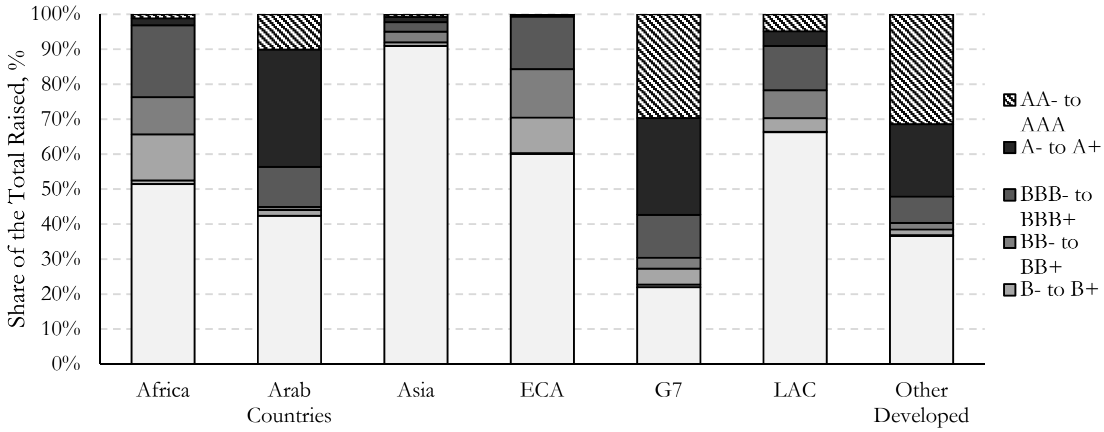
B. Arab Countries



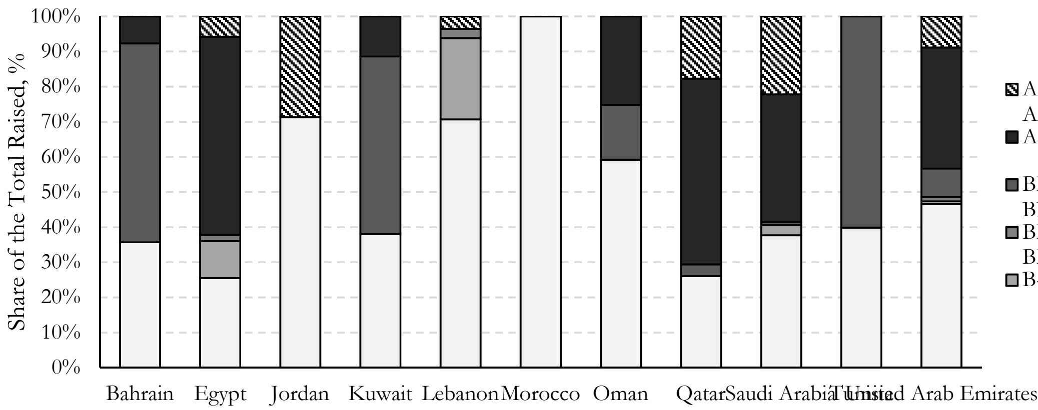
Notes: This figure presents the share of the total capital raised (left y-axis) and the weighted average maturity in years (right y-axis) of syndicated loans for different primary uses (project finance vs other purposes). The sample period is 1991-2014.

Figure 8: Credit Ratings

A. All Regions



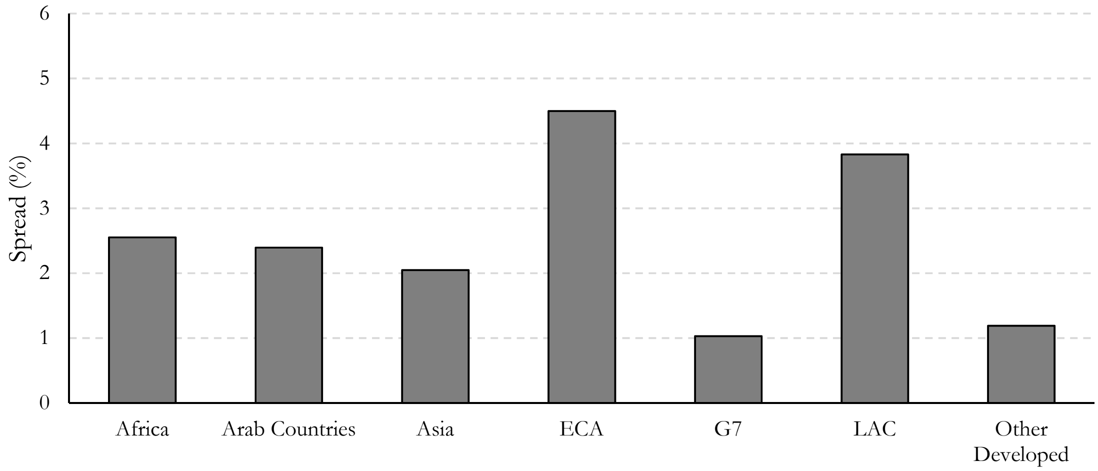
B. Arab Region



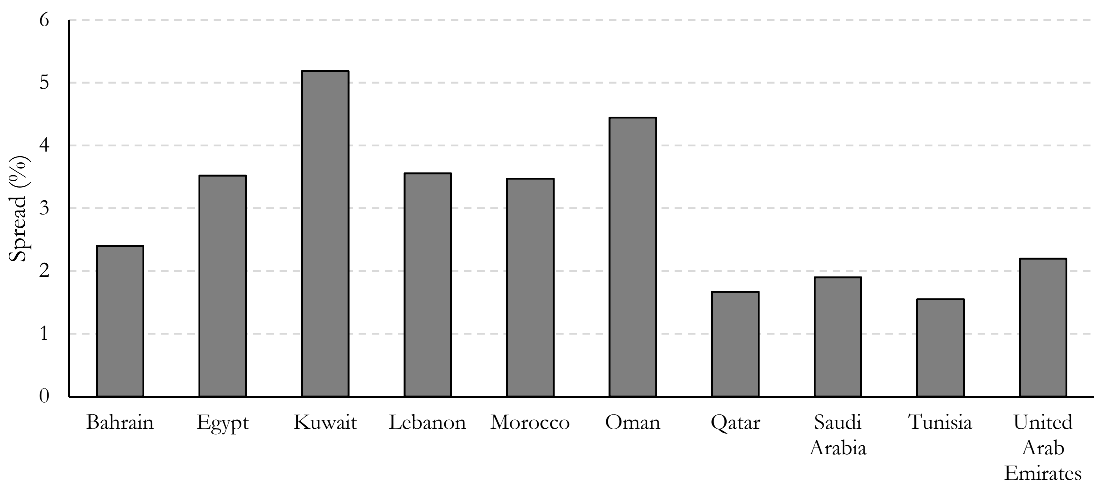
Notes: This figure presents the share of the total capital raised with corporate bonds with different credit ratings. Credit ratings are based on Standard and Poor's credit ratings. The sample period is 1991-2014.

Figure 9: Yield Spreads

A. All Regions



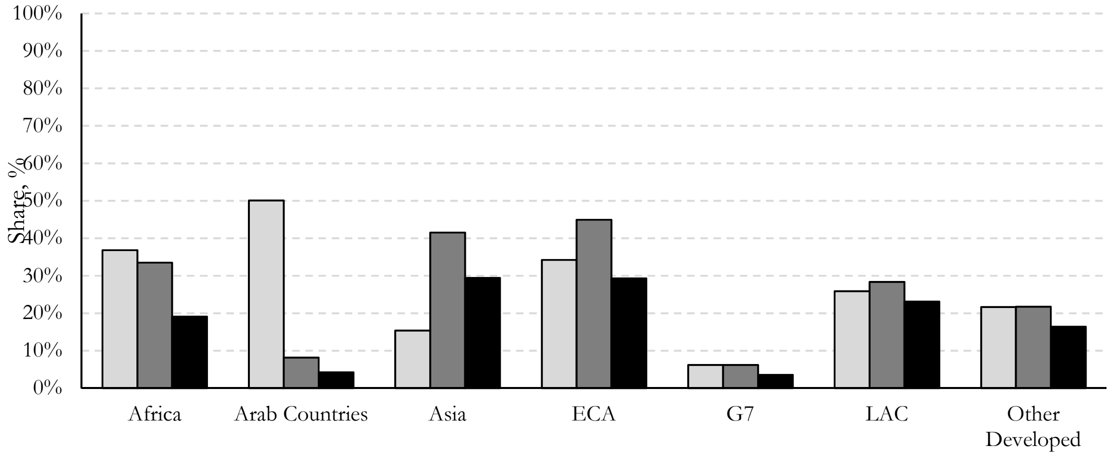
B. Arab Countries



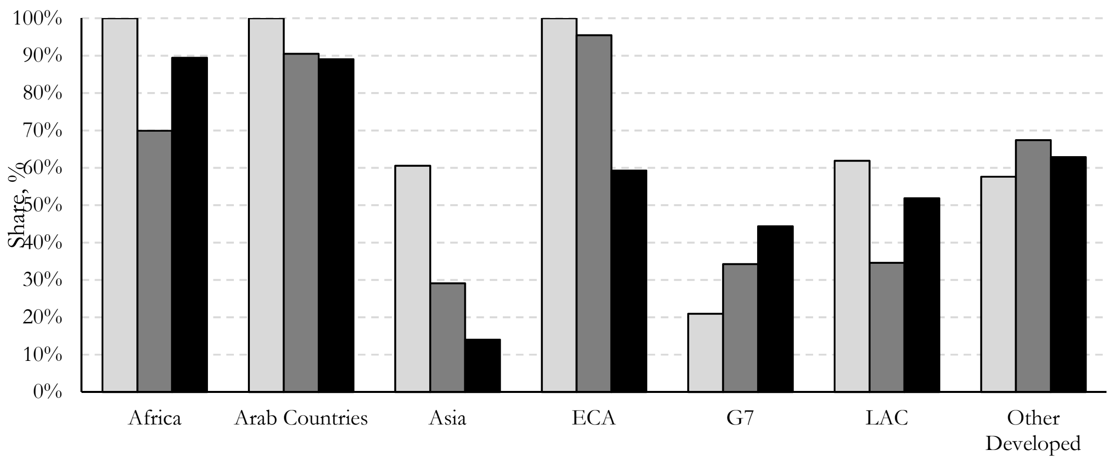
Notes: This figure presents the median yield spread at issuance of bonds issued during the 1991-2014 period. The sample includes only U.S. dollar-denominated fixed rate issuances The yield spread at issue is defined as the difference between the yield to maturity on a given bond and the yield to maturity on a risk-free bond with a similar maturity on the issuance date. The yield to maturity on a risk-free bond is measured as the yield to maturity on the constant maturity Treasury securities published by the Federal Reserve.

Figure 10: Foreign Issuances as % of Total Issuances

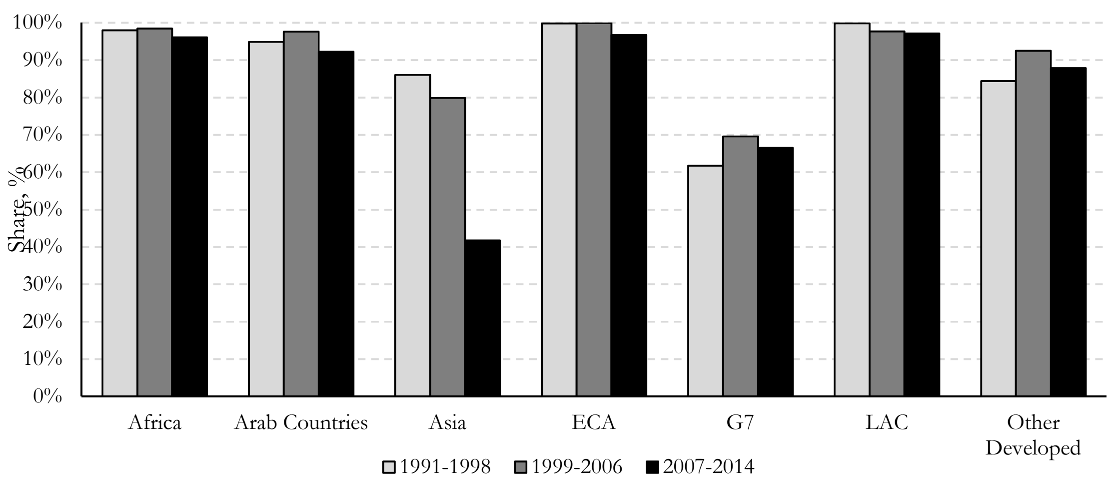
A. Equity Markets



B. Corporate Bond Markets



C. Syndicated Loan Markets

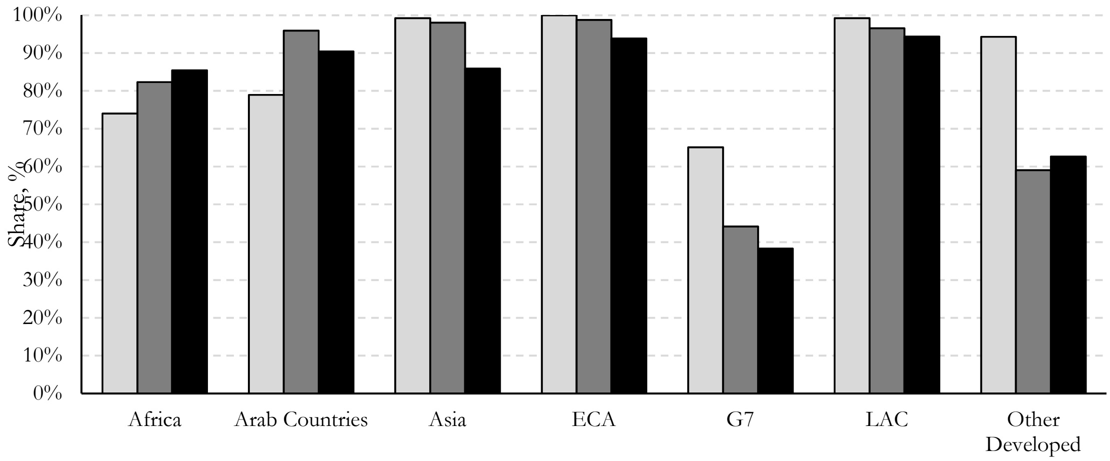


Notes: This figure presents the share of the total amount raised through the use of international markets per period. Panel A shows the share of international equity, Panel B shows the share of international bonds, Panel C shows the share of international loans.

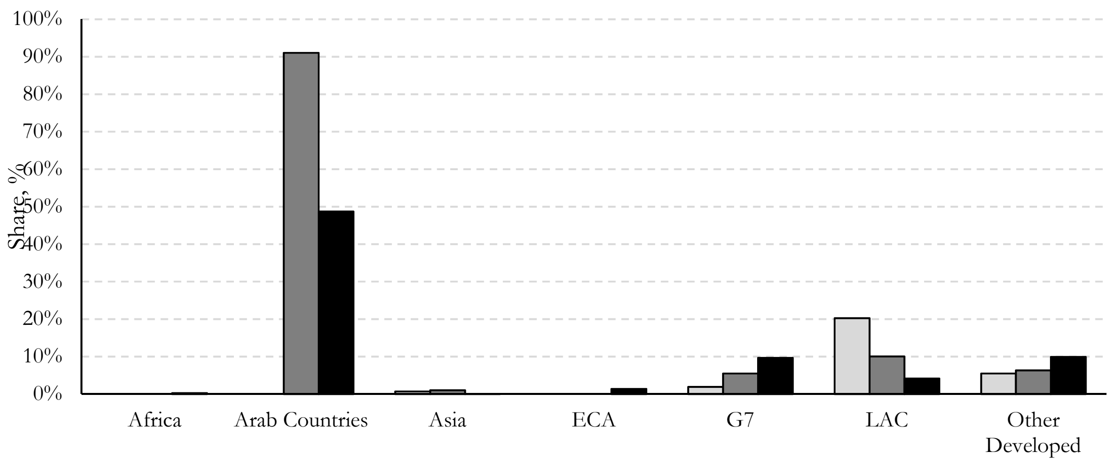
Figure 11: Foreign Currency Debt as % of Total Debt Issued

A. Corporate Bonds

Foreign Bonds

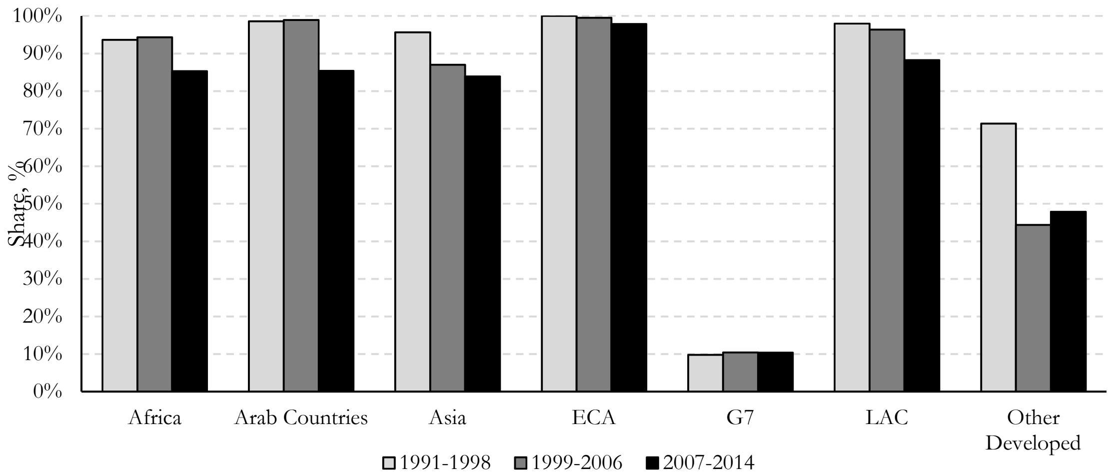


Domestic Bonds

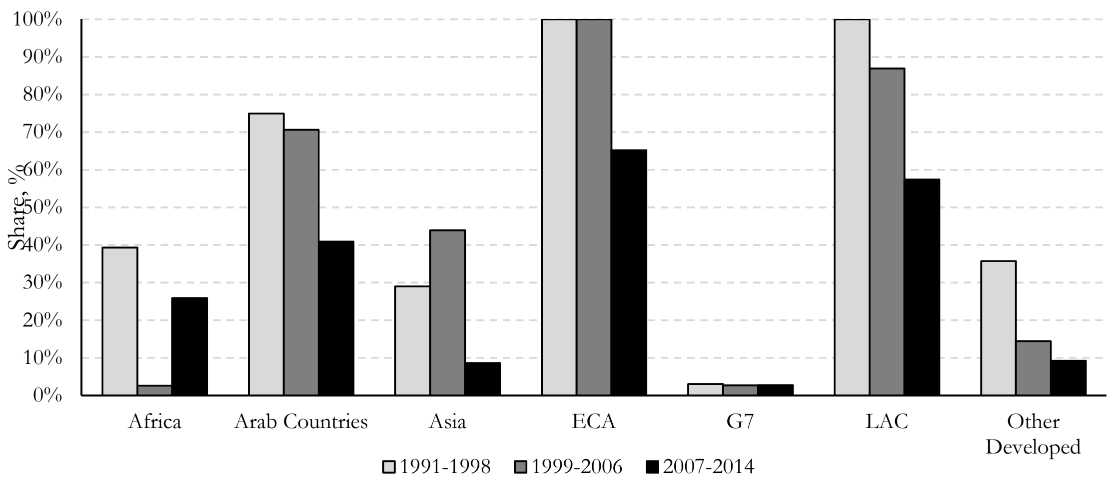


B. Syndicated Loans

Foreign Loans

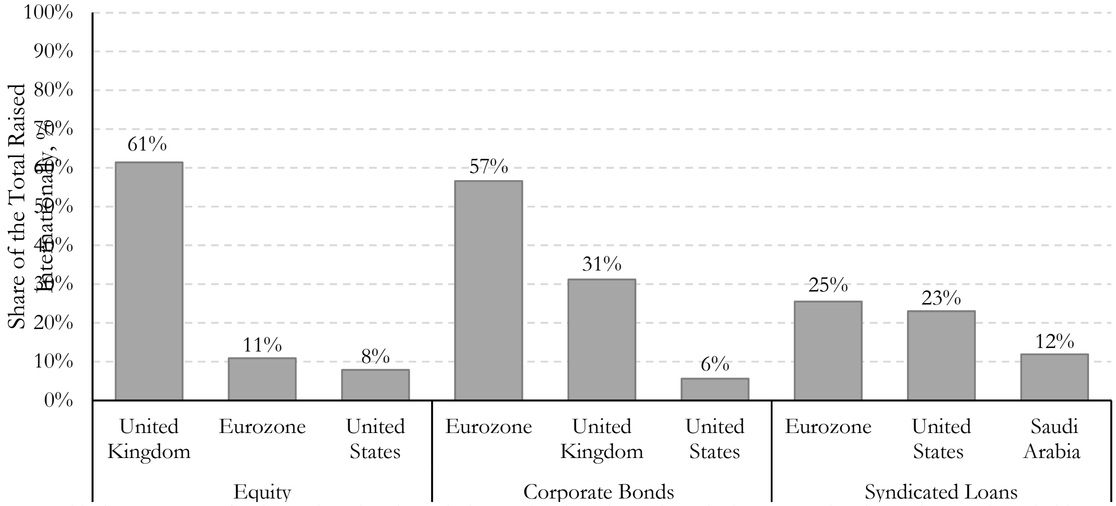


Domestic Loans



Notes: This figure presents, for each period, the share of the total amount raised in foreign currency through the use of domestic and international corporate bonds (Panel A) and through the use of domestic and international loans (Panel B).

Figure 12: Main International Markets for Arab International Issuers



Notes: This figure presents for the Arab region the main international markets where the issuances take place. The sample period is 1991-2014.

Table 1: Total Amount Raised and Number of Issuances

A. All Regions

Region	Equity: Amount Raised	Equity: Issuance Size (Proceeds Raised per Issuance)	Equity: No. of Issuances	Corporate Bonds: Amount Raised	Corporate Bonds: Issuance Size (Proceeds Raised per Issuance)	Corporate Bonds: No. of Issuances	Syndicated Loans: Amount Raised	Syndicated Loans: Issuance Size (Proceeds Raised per Issuance)	Syndicated Loans: No. of Issuances
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Africa	83,092	30.3	748	57,884	58.8	368	283,240	125.5	1,048
Arab Countries	196,034	25.9	1,398	246,043	212.3	650	966,902	201.2	2,324
Asia	1,866,206	12.1	23,879	2,657,720	44.0	20,513	2,072,692	70.1	12,500
ECA	237,261	42.0	1,179	514,979	166.6	1,908	1,049,168	108.5	3,862
G7	10,500,000	12.3	106,774	41,500,000	117.4	168,013	49,900,000	97.2	164,333
LAC	664,254	33.0	3,848	1,550,681	19.3	15,889	1,005,791	125.4	4,340
Other Developed	3,484,221	4.8	61,916	13,500,000	43.2	86,818	9,954,587	96.9	36,934
B. Arab Countries									
Country	**(a)**	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**
Algeria	13	3.4	3	0		0	11,912	126.7	51
Bahrain	10,021	66.0	54	12,462	217.0	47	43,133	162.8	168
Egypt	17,929	9.1	376	8,002	302.2	24	65,343	175.2	237
Jordan	5,705	6.0	199	258	73.8	3	3,906	70.1	42
Kuwait	29,093	76.7	128	5,633	198.8	24	64,997	185.2	160
Lebanon	3,478	38.9	33	4,002	100.0	37	362	35.0	7
Morocco	6,105	29.6	68	2,382	267.9	7	13,873	113.5	69
Oman	7,043	13.2	122	2,395	36.6	18	45,320	135.1	170
Qatar	25,309	185.1	67	22,425	239.4	48	124,485	313.4	233
Saudi Arabia	54,861	96.4	155	32,030	557.9	47	266,816	350.1	421
Tunisia	1,603	7.6	70	7,141	371.8	19	5,904	60.4	64
United Arab Emirates	34,875	133.7	123	149,313	197.1	376	320,852	232.7	702

Notes: This table reports the total amount raised, the median amount raised per issuance, and number of issuances in equity, corporate bond, and syndicated loan markets by firms from different regions (Panel A) and BY firms from the Arab countries (Panel B). The sample period is 1991-2014. Data on the amount raised are in millions of US dollars at 2011 prices.

Table 2: Weighted Average Maturity

A. All Regions						
	Corporate Bonds			Syndicated Loans		
Region	All Firms	Non-Financials	Financials	All Firms	Non-Financials	Financials
	(a)	(b)	(c)	(d)	(e)	(f)
Africa	7.3	7.6	7.1	4.9	5.4	3.6
Arab Countries	7.7	11.5	6.0	7.8	8.9	4.3
Asia	7.2	6.5	7.9	8.3	9.0	6.0
ECA	7.2	8.3	6.4	4.4	5.6	1.9
G7	7.6	10.4	5.8	4.1	4.3	3.2
LAC	8.4	9.1	7.2	5.5	5.8	3.6
Other Developed	6.2	7.2	5.8	5.1	5.4	3.9
B. Arab Countries						
Country	**(a)**	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**
Algeria	-	-	-	10.5	11.3	2.0
Bahrain	5.7	10.7	5.5	6.3	10.0	4.1
Egypt	4.6	7.3	3.8	7.8	8.2	4.6
Jordan	5.3	5.3	-	13.2	14.8	4.9
Kuwait	5.6	5.1	5.6	5.5	5.9	3.7
Lebanon	5.2	7.0	5.1	6.1	6.9	5.0
Morocco	13.0	15.0	4.8	12.2	13.3	4.6
Oman	5.1	5.1	5.2	11.6	12.3	5.6
Qatar	9.1	13.1	7.3	10.3	12.4	4.1
Saudi Arabia	12.9	16.9	8.5	8.6	9.2	5.3
Tunisia	10.6	-	10.6	7.7	7.9	5.0
United Arab Emirates	6.7	9.6	5.5	6.1	7.0	4.0

Notes: This table reports the weighted average maturity (in years) of all the debt issued by firms from different regions (Panel A) and by firms from the Arab countries (Panel B) during the 1991-2014 period.

Table 3: Domestic and International Markets, Proceeds Raised per Issuance

Region	Equity		Corporate Bonds		Syndicated Loans	
	Domestic Market	International Market	Domestic Market	International Market	Only Domestic Banks	Foreign Bank Participation
	(a)	(b)	(c)	(d)	(e)	(f)
Africa	28.0	33.4	107.9	48.3	83.7	130.6
Arab Countries	23.1	74.8	589.2	233.8	160.7	206.3
Asia	9.0	45.1	35.7	154.6	73.3	69.0
ECA	32.5	103.9	106.0	271.2	113.8	108.5
G7	13.6	4.2	111.9	132.8	62.3	176.3
LAC	28.2	73.0	9.3	155.5	62.5	127.0
Other Developed	4.3	34.0	24.0	99.3	44.3	125.8

Notes: This figure presents the median amount raised per issuance in domestic and international equity, corporate bond, and syndicated loan markets. The sample period is 1991-2014. Figures are reported in millions of 2011 US dollars.

Table 4: Domestic and International Markets, Average Maturity

A. All Regions				
	Corporate Bonds		**Syndicated Loans**	
Region	**Domestic Market**	**International Market**	**Only Domestic Banks**	**Foreign Bank Participation**
	(a)	**(b)**	**(c)**	**(d)**
Africa	6.3	7.7	11.1	5.2
Arab Countries	9.9	11.8	10.0	8.8
Asia	6.1	8.4	11.5	6.8
ECA	8.4	8.2	9.7	5.5
G7	11.1	9.1	3.9	4.5
LAC	7.4	10.7	11.4	5.7
Other Developed	5.7	8.0	6.9	5.3
B. Arab Countries				
Country	**(a)**	**(b)**	**(c)**	**(d)**
Algeria	-	-	-	11.5
Bahrain	-	11.0	8.0	10.3
Egypt	6.3	8.5	9.7	8.6
Jordan	-	5.9	12.2	15.2
Kuwait	-	5.7	9.4	6.2
Lebanon	-	7.4	-	7.3
Morocco	-	15.1	17.8	13.3
Oman	4.0	5.4	4.8	12.7
Qatar	-	14.3	11.8	12.9
Saudi Arabia	17.0	17.8	10.3	9.5
Tunisia	-	-	-	8.3
United Arab Emirates	5.7	10.6	8.7	7.4

Notes: This table reports the weighted average maturity (in years) of domestic and international corporate bonds and syndicated loans issued by firms from different regions (Panel A) and by firms from the Arab countries (Panel B). The sample period is 1991-2014. Financial sector issuances are excluded.

Appendix Table 1: Country Classification

Africa	Asia	Arab	Eastern Europe and Central Asia	G7	Latin America and the Caribbean	Other Developed	
Angola	Bangladesh	Algeria	Azerbaijan	Canada	Argentina	Australia	Singapore
Ghana	China	Bahrain	Belarus	France	Bolivia	Austria	Slovakia
Ivory Coast	India	Egypt	Bulgaria	Germany	Brazil	Belgium	South Korea
Kenya	Indonesia	Jordan	Kazakhstan	Italy	Chile	Cyprus	Spain
Liberia	Laos	Kuwait	Latvia	Japan	Colombia	Czech Republic	Sweden
Nigeria	Malaysia	Lebanon	Lithuania	United Kingdom	Costa Rica	Denmark	Switzerland
South Africa	Pakistan	Morocco	Romania	United States	Dominican Rep	Finland	Taiwan
Tanzania	Papua New Guinea	Oman	Russia		Ecuador	Greece	
Zambia	Philippines	Qatar	Turkey		El Salvador	Hong Kong	
Zimbabwe	Sri Lanka	Saudi Arabia	Ukraine		Guatemala	Hungary	
	Thailand	Tunisia	Uzbekistan		Jamaica	Iceland	
	Vietnam	United Arab Emirates			Mexico	Ireland	
					Panama	Israel	
					Peru	Luxembourg	
					Trinidad and Tobago	Malta	
					Uruguay	Netherlands	
					Venezuela	New Zealand	
						Norway	
						Poland	
						Portugal	

Notes: This table presents the list of countries that constitute the different regions.

Appendix Table 2: Total Number of Issuances per Country

(i)

Country	Equity	Corporate Bond	Syndicated Loan
Algeria	3	0	51
Angola	1	0	52
Argentina	286	1,305	477
Australia	29,087	9,119	5,453
Austria	385	2,024	244
Azerbaijan	0	5	70
Bahrain	54	47	168
Bangladesh	43	4	54
Belarus	1	4	44
Belgium	497	873	779
Bolivia	89	187	24
Brazil	1,361	3,754	1,119
Bulgaria	44	16	115
Canada	38,427	9,637	7,404
Chile	680	1,033	541
China	7,741	4,499	3,629
Colombia	244	1,311	205
Costa Rica	9	299	33
Cyprus	102	45	96
Czech Republic	24	85	332
Denmark	656	1,356	370
Dominican Rep	6	14	29
Ecuador	12	240	18
Egypt	376	24	237
El Salvador	10	463	41
Finland	537	1,671	638
France	3,150	9,979	6,865
Germany	3,063	16,519	4,968
Ghana	11	2	106
Greece	633	234	500
Guatemala	1	2,841	32
Hong Kong	7,235	8,152	3,055
Hungary	101	133	393
Iceland	18	264	183
India	8,065	8,227	3,132
Indonesia	1,058	1,227	1,897
Ireland	540	2,507	666
Israel	679	317	118
Italy	1,378	3,270	3,154
Ivory Coast	1	0	40
Jamaica	0	28	56

(ii)

Country	Equity	Corporate Bond	Syndicated Loan
Japan	7,897	14,487	26,046
Jordan	199	3	42
Kazakhstan	28	129	227
Kenya	18	1	33
Kuwait	128	24	160
Laos	2	3	41
Latvia	13	6	57
Lebanon	33	37	7
Liberia	0	6	43
Lithuania	31	4	36
Luxembourg	192	2,323	584
Malaysia	3,134	3,898	1,103
Malta	22	6	25
Mexico	667	2,640	1,097
Morocco	68	7	69
Netherlands	972	9,129	2,834
New Zealand	766	675	1,287
Nigeria	103	16	143
Norway	1,206	1,475	1,257
Oman	122	18	170
Pakistan	343	41	232
Panama	25	214	267
Papua New Guinea	36	0	34
Peru	187	1,265	196
Philippines	739	542	519
Poland	774	108	508
Portugal	358	1,367	694
Qatar	67	48	233
Romania	37	17	221
Russia	538	1,468	1,482
Saudi Arabia	155	47	421
Singapore	2,761	2,198	1,742
Slovakia	5	16	117
South Africa	564	335	535
South Korea	7,022	27,424	3,013
Spain	855	2,247	4,677
Sri Lanka	180	12	47
Sweden	1,917	3,287	1,175
Switzerland	792	3,005	1,133
Taiwan	3,780	6,778	5,061
Tanzania	17	7	27

(iii)

Country	Equity	Corporate Bond	Syndicated Loan
Thailand	1,718	1,987	1,569
Trinidad and Tobago	6	19	36
Tunisia	70	19	64
Turkey	456	173	1,355
Ukraine	30	86	206
United Arab Emirates	123	376	702
United Kingdom	13,446	15,805	12,565
United States	39,413	98,316	103,331
Uruguay	7	29	35
Uzbekistan	1	0	49
Venezuela	258	247	134
Vietnam	820	73	243
Zambia	17	0	44
Zimbabwe	16	1	25
Total	**199,742**	**294,221**	**225,845**