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The determinants of co-movement dynamics between *sukuk* and conventional bonds

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Highlights

- We analyze the conditional correlations and volatility linkages between *sukuk* (Islamic bonds) and conventional bond markets.
- We also investigate the elements affecting co-movement paths and the determinants of *sukuk*-corporate bond dynamic conditional correlation changes.
- We find lower dynamic conditional correlations between *sukuk* and the US and European bond markets, but increase volatility linkages during shocks.
- The benefits of international diversification across *sukuk* and bonds tend to decrease significantly during periods of high volatility.
- We unveil the strong impact on co-movement paths of oil prices, US credit event information, stock market uncertainty and liquidity shocks.

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