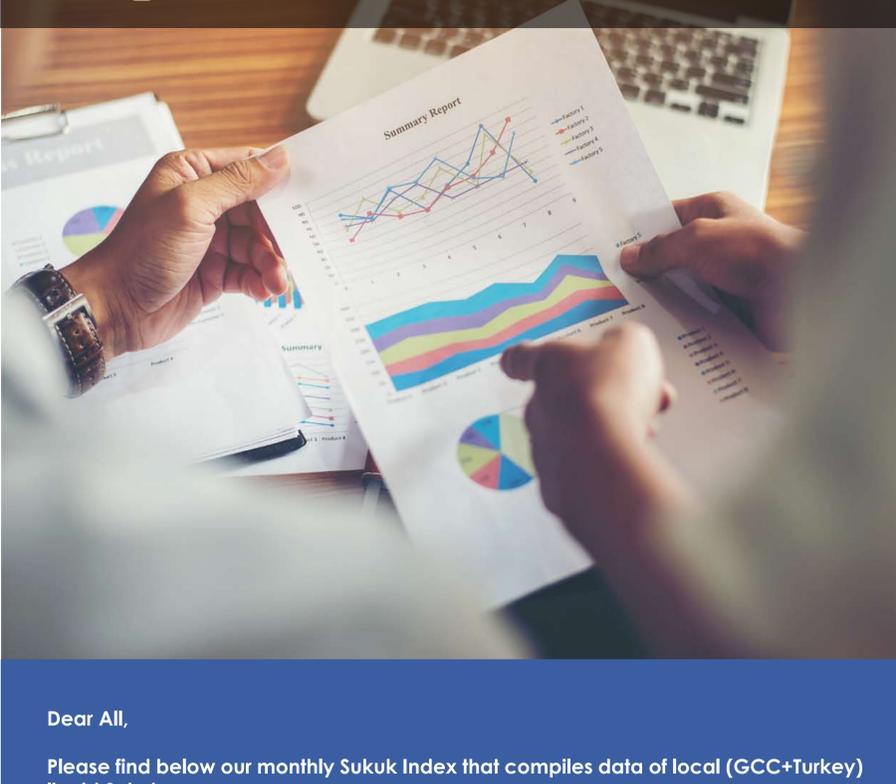


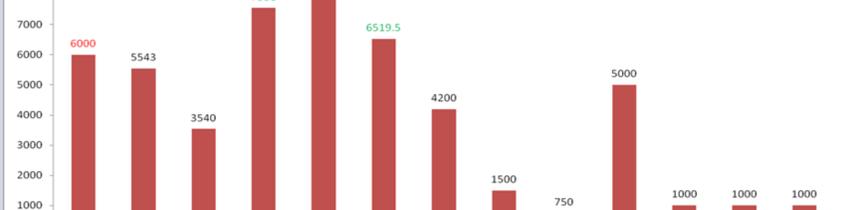
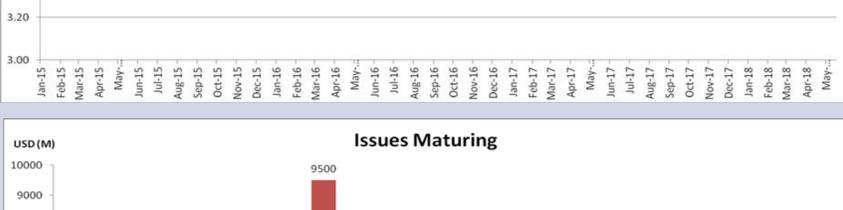
LMC Monthly Sukuk Index



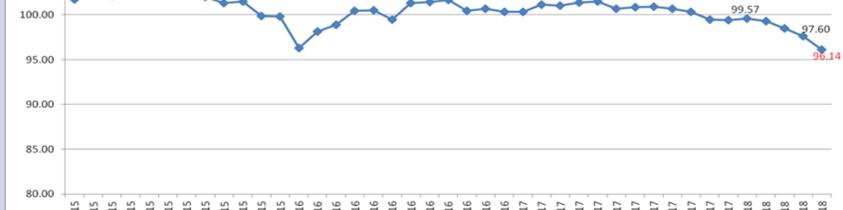
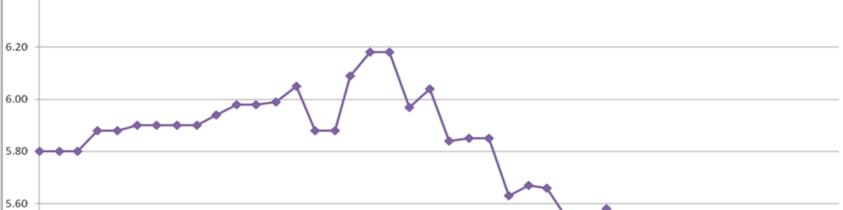
Dear All,

Please find below our monthly Sukuk Index that compiles data of local (GCC+Turkey) liquid Sukuk.

Below we illustrate the Investment grade's performance for the period April 2018 – May 2018:



Below we illustrate the Non-Investment grade's performance for the period February 2018 – March 2018:



Index Update:

As illustrated above, the investment grades on average inclined slightly by 0.13% while the non-investment grade Sukuk underperformed this month, declining by 1.50%, mainly attributed to geopolitical jitters, political uncertainty, and softening growth pressuring international benchmark yields lower. Looking at the index's performance, the Non-investment grade names are rewarding around 200 bps higher than investment grades.

Market Update:

The White House has taken aggressive new steps in its effort to reduce a USD 337bn trade deficit with China, announcing that it will impose a 25% tariff on USD 50bn of Chinese goods containing "industrially significant technology". The threat of new tariffs comes despite an apparent US decision, enunciated by the treasury secretary, Steve Mnuchin, last week, to put a threatened trade war "on hold" as talks with China continue. The new tariffs will cover goods related to the "Made in China 2025" program the administration claims "harm companies in the United States and around the world". The full list of imports that will be subject to the 25% tariffs will be announced by 15 June, the White House said...(Guardian)

President Donald Trump intends to impose steep import duties on steel and aluminum imports from Europe starting Friday, after weeks of talks failed to reach a compromise, The Wall Street Journal reported Wednesday. Trade officials from Washington and Brussels had continued discussions to find a solution, such as import quotas, that would convince Trump to extend the exemption for the European Union from the 25% tariff on steel and 10% on aluminum...(Gulf News)

In sukuk news, Turk Finans Bank has completed the repayment of (US\$ 500M) due in May 2018, while Dar Al Arkan had also successfully repaid its Sukuk-holders (US\$ 450M) in the same month. Qatar Islamic Bank successfully issued USD 100 million Sukuk with a floating rate of 170bps over 3 month Libor to mature in May 2021. The Bank had also successfully priced an additional USD 120mn Sukuk due 2023 with a floating rate of 181bps over 3 month US Libor.

Brent price averaged USD 77/bbl in May (+7.3% MoM and +50% YoY). The strength was post US withdrawal from the nuclear deal in Iran - concerns that they will re-introduce sanctions against Iran, which could remove c. 0.3mn-0.5mn bpd of Iranian oil production. A declining Venezuelan output and the resolution of a trade war between USA and China kept oil prices higher. However, Brent crude prices fell in the past one week after Saudi Arabia and Russia announced that they would raise production by c. 1 mn bpd to cover any production loss from Venezuela and Iran...(SICO)

Kuwait's decision to delay the implementation of VAT is "credit-negative" for the country as it signifies a slowing down of fiscal reform efforts amid rising oil prices, according to a Moody's report. The decision may cost Kuwait up 1.6% of its USD 114bn of gross domestic product in foregone revenues, although the net fiscal effect will be more than offset by the recent rise in oil prices, the rating agency said. Kuwait announced it would delay the introduction of a 5% VAT until 2021, three years after the original implementation date agreed with the other GCC countries to reduce their dependence on oil revenues...(The National)

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