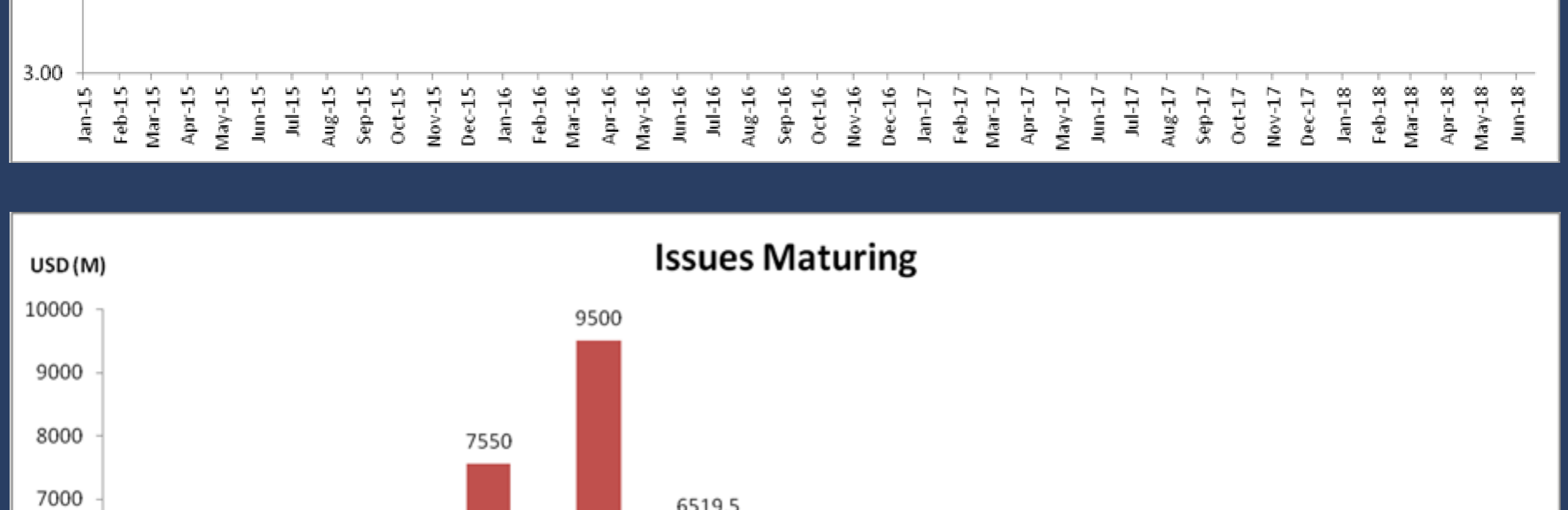
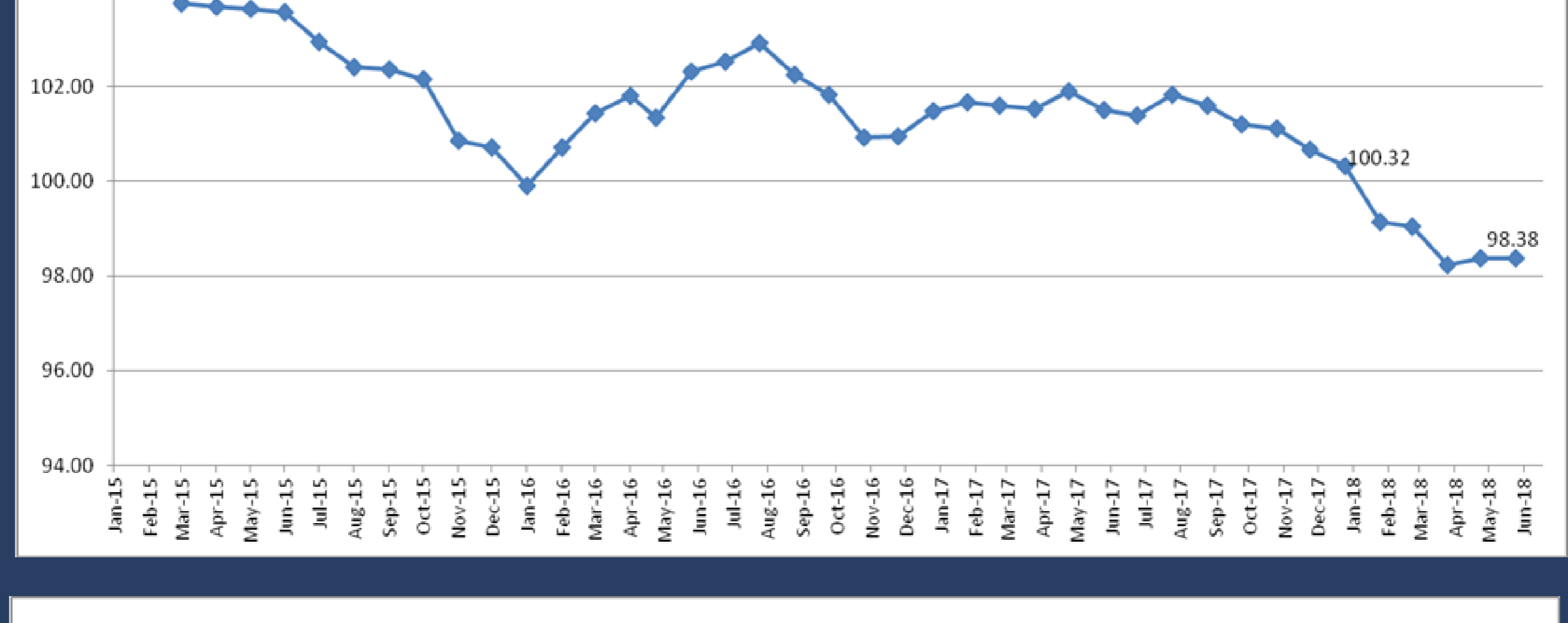
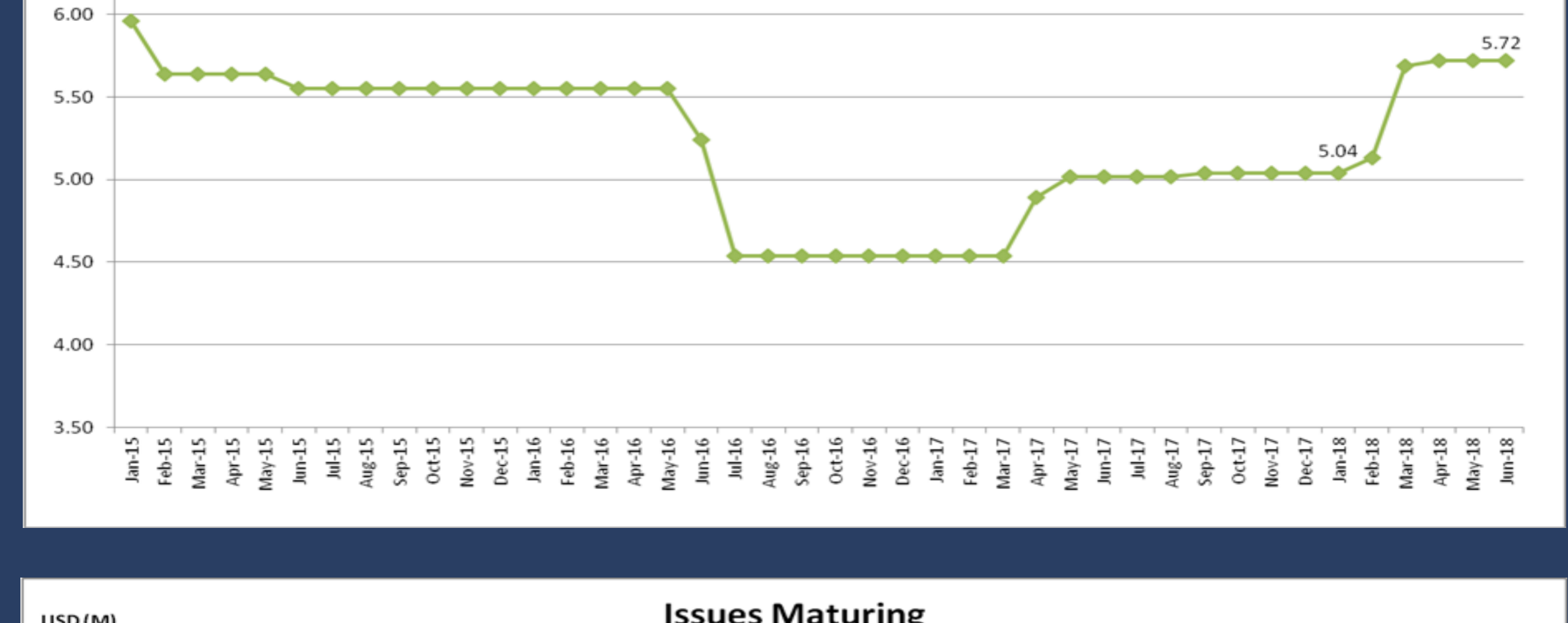
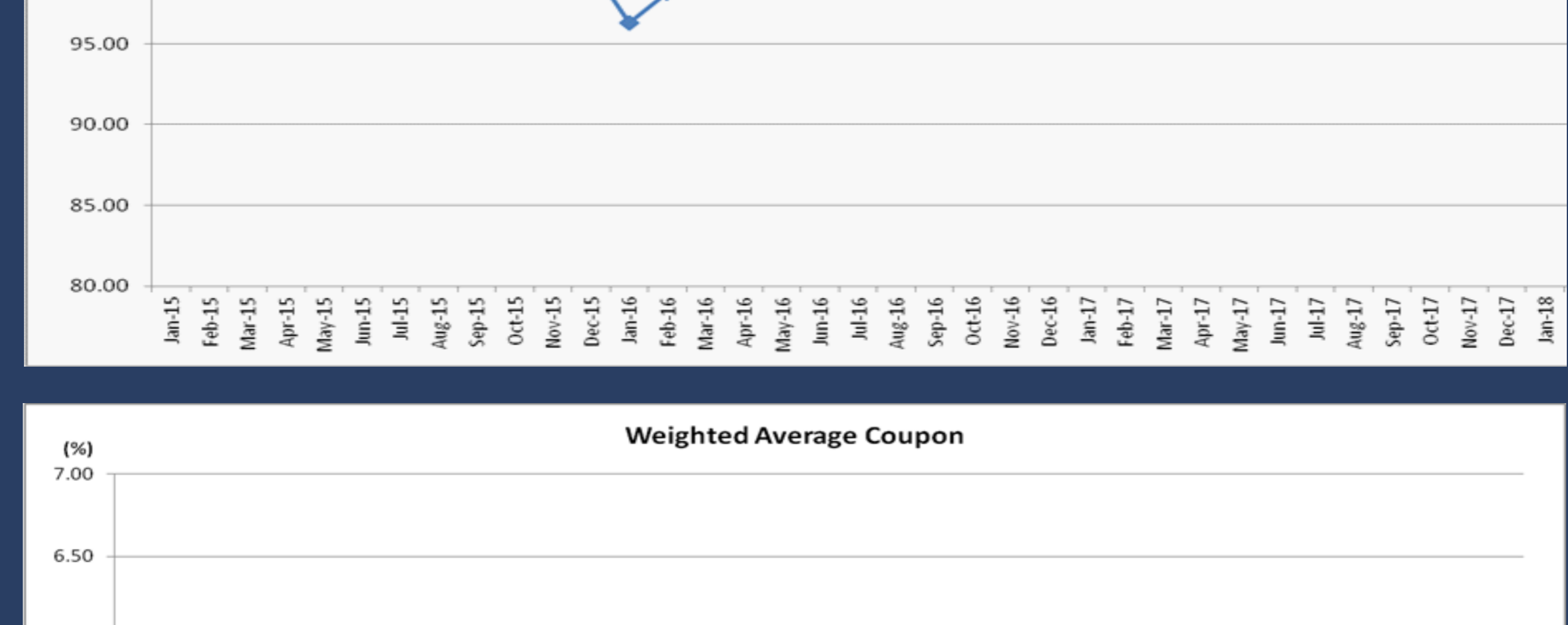
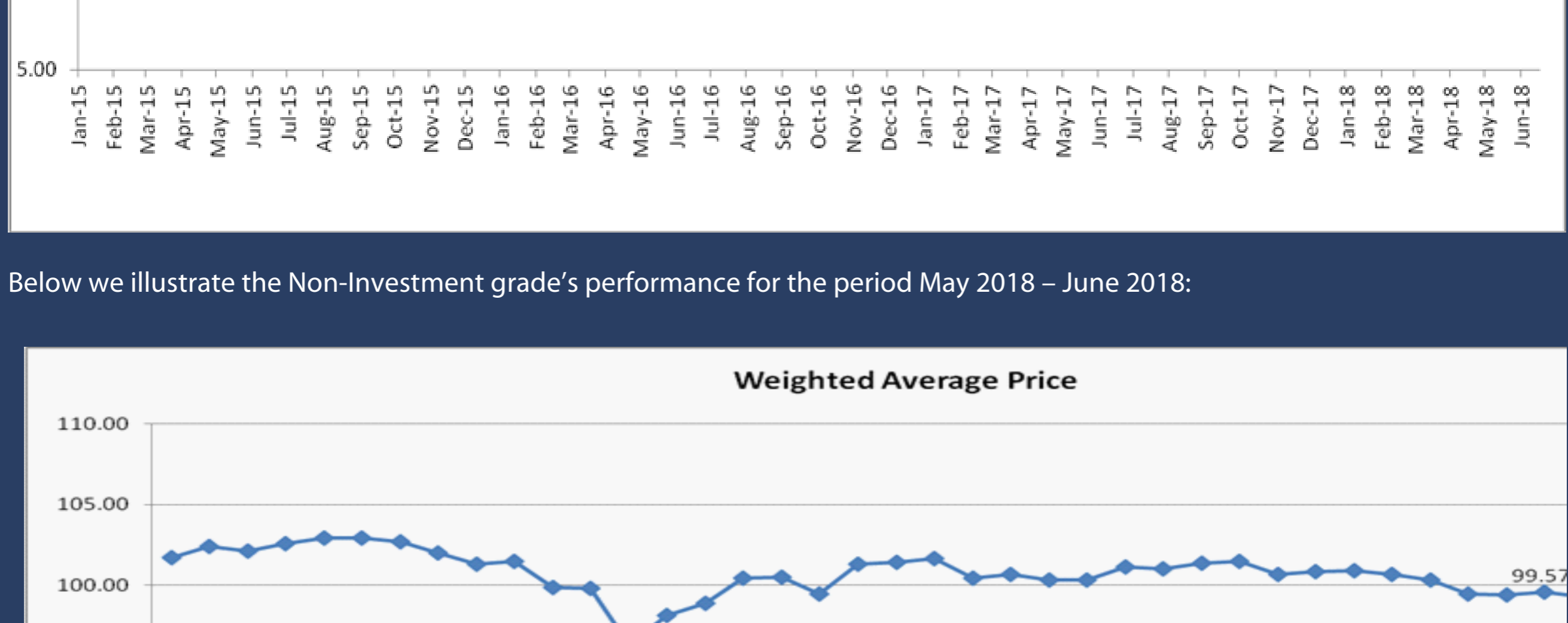
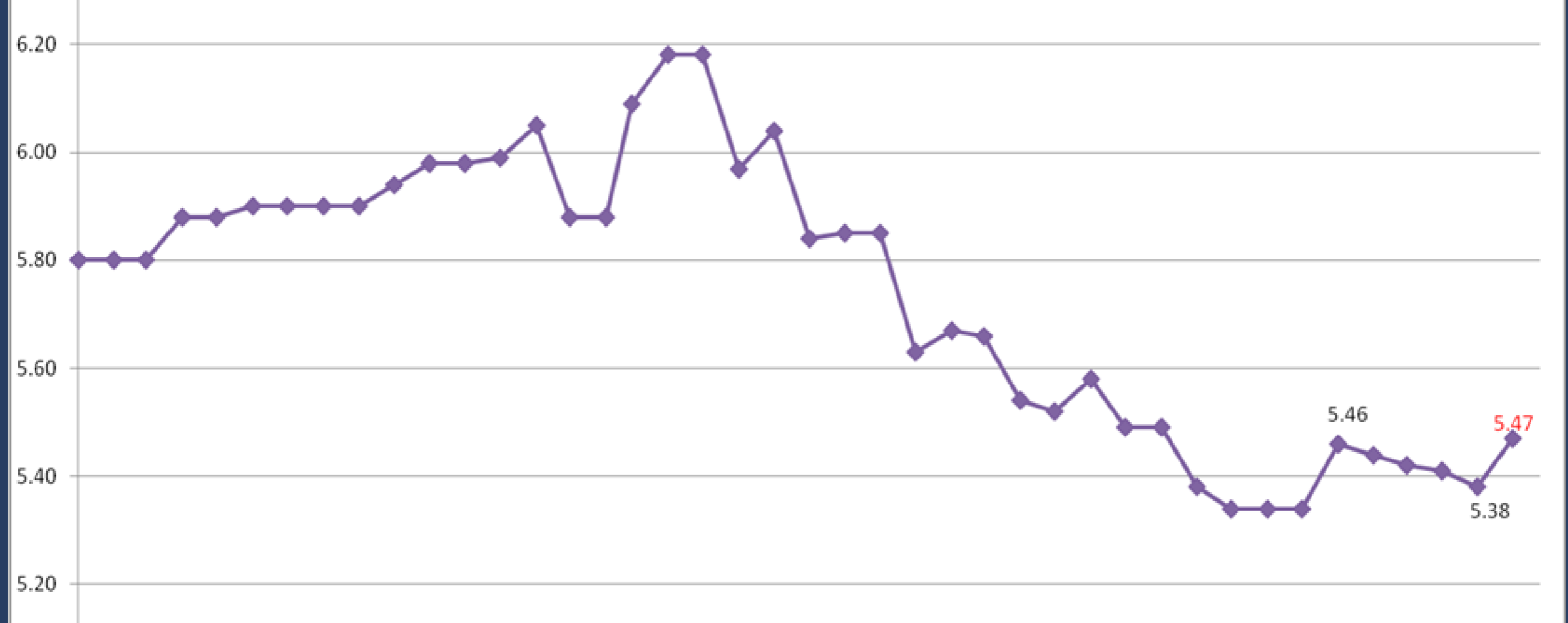


LMC Monthly Sukuk Index

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 May 2018 – June 2018:



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



Index Update:
As illustrated above, the investment grades on average remain unchanged while the non-investment grade Sukuk underperformed this month, declining by 1.04%, mainly attributed to ongoing 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 196 bps higher than investment grades.

Market Update:
In sukuk news, The Islamic Development Bank has completed the repayment of its US\$ 1bn Sukuk priced at 1.535% due in June 2018.

The yield on the benchmark 10-year Treasury note was higher around 2.90% during the first week of June, and the yield on the 30-year Treasury bond was also higher at 3.05%. The U.S. economy continued to add jobs at a brisk pace in May, with nonfarm payrolls up 223,000 and the unemployment rate falling to 3.8%, the Bureau of Labor Statistics reported this month. Economists had been expecting payroll growth of 188,000 and the jobless rate to hold steady at 3.9%... (CNBC)

The global trade war deepened with China this month, reiterating it will hit back if the latest tariff threats from Donald Trump materialize, while India followed the European Union in slapping retaliatory levies on U.S. goods. China is "fully prepared" to respond to any new list of U.S. tariffs, according to a commerce ministry spokesman, who said the nation will use a combination of quantitative and qualitative measures. Trump then ordered up identification of \$200 billion in Chinese imports for additional tariffs of 10 percent -- with another \$200 billion after that if Beijing retaliates... (Noor Bank)

Brent crude price gained USD 3/bbl during the week ending June 29, 2018 to settle at USD 79.44/bbl on Friday, up 5.2% week on week. Oil started the week lower, driven by news that OPEC and 10 other non-OPEC countries are looking to raise oil production, following pressure from various countries to stabilize oil prices. Brent crude prices have rallied since then, after the United States stated that it would impose sanctions against all importers of Iranian oil by November 2018. The comments also suggested that there can be no waivers for customers of oil. As a result, analysts are expecting c. 0.5mn bpd 1mn bpd to be removed from the markets. A report released by the API showing a 9mn bpd decline in crude supplies for the week ending June 22, 2018 also contributed to the rally in oil prices. Oil closed higher on Friday on supply disruptions in Canada, Libya and Venezuela. Brent crude prices averaged USD 76.7/bbl over the week ending June 29, 2018; reaching a weekly high of USD 79.7/bbl, and a weekly low of USD 73.74/bbl. The U.S. rig count stood at 1047 (June 29, 2018), lower by 5 rigs week on week, and higher by 107 rigs during the same period last year. Saudi Arabia's King Salman said that the country has c. 2mn bpd of spare capacity available and promised US President Donald Trump that he can boost oil production if needed. This came after a discussion wherein Trump told King Salman that the oil market could do with more supply... (Reuters/Baker Hughes)

A survey conducted by Reuters found that top oil exporter Saudi Arabia has boosted supply to 10.7mn bpd in June (up by 0.7mn bpd from May), close to a record high, a sign that the kingdom wants to make up shortfalls elsewhere in the group and moderate prices. This could mean that oil supply from OPEC will be higher in June despite a drop in Iranian exports and outages in Libya... (Zawya)

Saudi Arabia plans to pump up to 11mn bpd in July, the highest in its history, up from about 10.2mn bpd in May. This comes a few days after OPEC agreed with Russia and other oil-producing allies to raise output from July by about 1mn bpd to ensure stable prices. Whether the output will be exported or maintained as Saudi inventory is still unclear... (Zawya)

Bahrain pledged to implement steps to repair its strained finances widely seen as crucial to help the kingdom receive support from Gulf Arab allies. Prime Minister Khalifa Bin Salman Al Khalifa set up a committee to devise plans to balance the budget, the Bahrain News Agency reported on Thursday. The group, whose members include the finance minister and central bank chief, will present its plans to the premier, who will take a decision "at the earliest possible time." The announcement comes after Saudi Arabia, the United Arab Emirates and Kuwait said they were working with Bahrain on a program to stabilize its finances after the kingdom's bonds tumbled and its credit risk surged to a record-high. Investors fear that without help from its neighbors, Bahrain would be forced to abandon its currency peg, raising questions about the ability of other Gulf nations to sustain their own currency policies... (Noor Bank)

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