

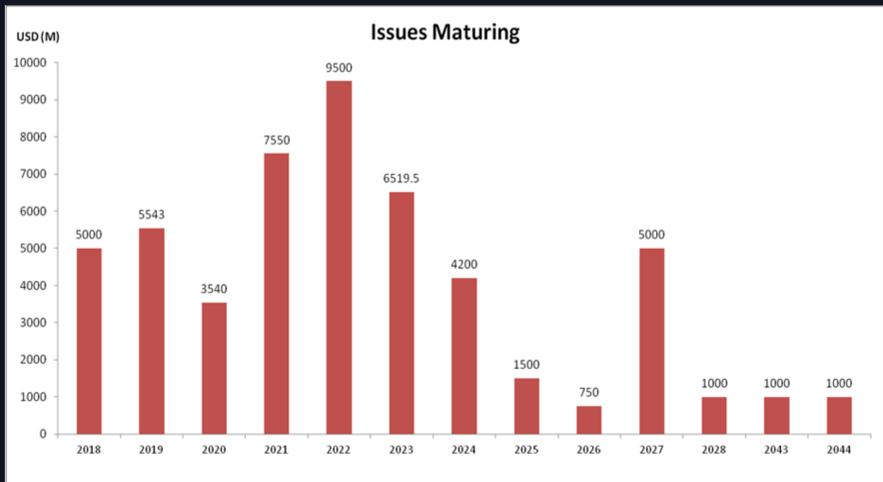
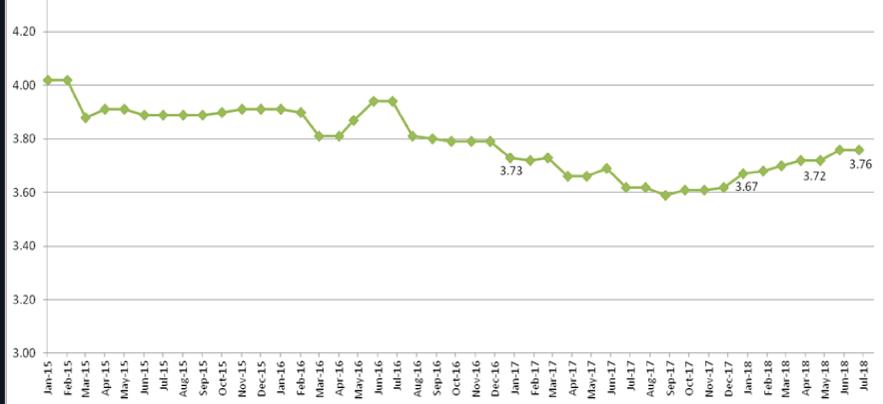
LMC Monthly Sukuk Index



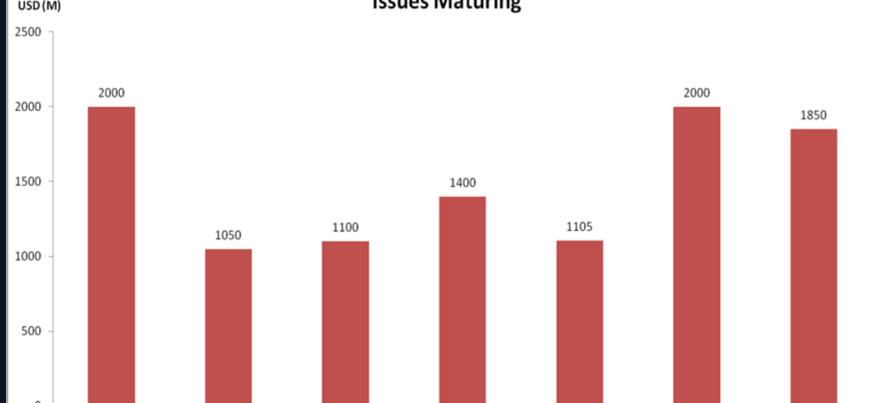
Dear All,

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 June 2018 – July 2018:



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



Index Update:

As illustrated above, both the investment and non-investment grade Sukuk performed fairly better this month, increasing by 0.32% and 1.05% respectively. The latter was mainly attributed to oil market recovery as well as reduced geopolitical jitters and political uncertainty in the region. Looking at the index's performance, the Non-investment grade names are rewarding around 196 bps higher than investment grades.

Market Update:

Federal Reserve officials left the benchmark interest rate unchanged while reiterating their plan to gradually lift borrowing costs to keep the economy expanding at a healthy pace. Economic activity has been "rising at a strong rate," and the unemployment rate "has stayed low," the Federal Open Market Committee said in a statement released in Washington. "Household spending and business fixed investment have grown strongly." The committee said it expects that "further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the committee's symmetric 2 percent objective," repeating language from its June statement. Federal Reserve Chairman Jerome Powell is trying to nurture the second longest U.S. expansion on record by further reducing the amount of support that monetary policy provides to growth. The economy is riding a tailwind from tax cuts and higher federal spending, though a trade war threatens to dent growth... (Bloomberg/Noor Bank)

Concerns over the recent escalation in global trade tensions were eased somewhat by the news that the US and EU had agreed to suspend further tariff hikes and discuss ways to reduce trade barriers in future. Markets were cautiously positive, with the deal still seen as fragile but also paving the way for both sides to exert greater pressure on perceived trade abuses by China... (NBK)

OPEC oil output has risen in July to 32.64m bpd, up 0.07m bpd from June's level, making it the highest monthly output this year. The increase was attributed to higher output from Gulf members (after a deal was made to ease supply curbs) and Congo Republic joining the group, although losses from Iran and Libya limited the increase. Kuwait and the United Arab Emirates raised output by 0.08m bpd and 0.04m bpd respectively in July. Saudi Arabia boosted supply in July by a further 0.05m bpd from June's revised level. Among countries with lower output, the biggest drop of 0.1m bpd was in Iran. Exports fell as returning U.S. sanctions discouraged companies from buying the country's oil. Output in Libya, which remains volatile due to unrest, edged down. Production also slipped in Venezuela, where the oil industry is starved of funds because of economic crisis, and in Angola due to lower output attributed to a backdoor of production decline at oilfields. The supply target of Congo Republic to OPEC in June has added about 0.3m bpd to production. OPEC's collective adherence with supply targets has slipped to 111% in July from a revised 116% in June, meaning it is still cutting more than agreed... (Reuters)

S&P Global Ratings has confirmed its long- and short-term foreign and local currency sovereign credit ratings on Sharjah a "BBB+" and "A-2", respectively. The rating agency added that Sharjah's outlook was affirmed as "Stable" and reflected its expectation that Sharjah's economy will grow steadily at about 2% over 2018-2021. S&P noted that the UAE government will continue to reduce its fiscal deficits... (Mubasher)

Moody's Investors Service ("Moody's") has downgraded the Government of Bahrain's long-term issuer ratings to B2 from B1 and maintained the negative outlook. The key driver for the rating downgrade is a further rise in Bahrain's external and government liquidity risks to particularly elevated levels, constraining access to market financing to a greater extent than Moody's previously envisaged. Despite higher oil prices over the past year, the government's gross borrowing needs remain very high and foreign exchange reserves very low. Meanwhile, heightened external and government liquidity pressures have not prompted the authorities to accelerate the implementation of fiscal reforms, which Moody's expects to remain very slow. The B2 rating assumes that the kingdom of the Cooperation Council (GCC) neighbors will provide some financial support, consistent with a broad statement issued on 27 June, of which without it makes Bahrain's creditworthiness significantly weaker... (Noor Bank)

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