

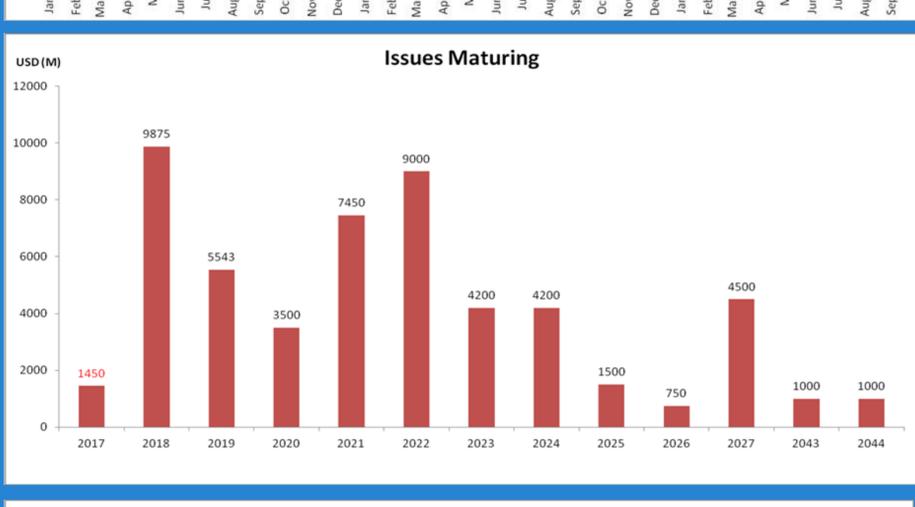
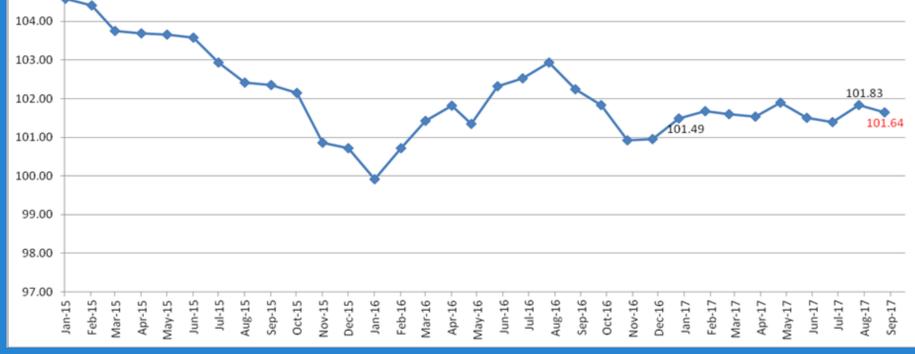
# LMC Monthly Sukuk Index



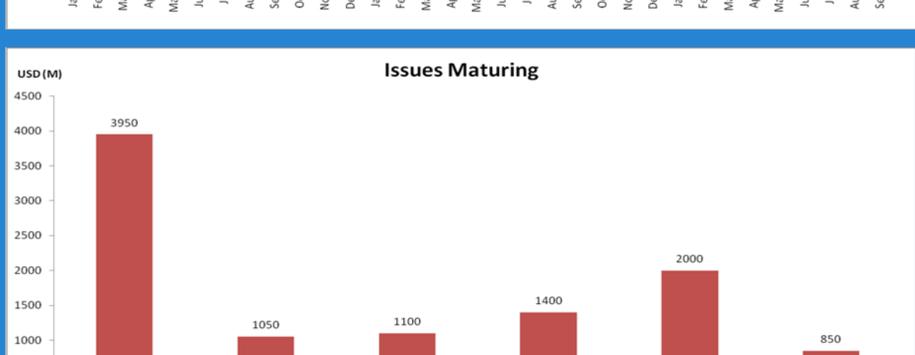
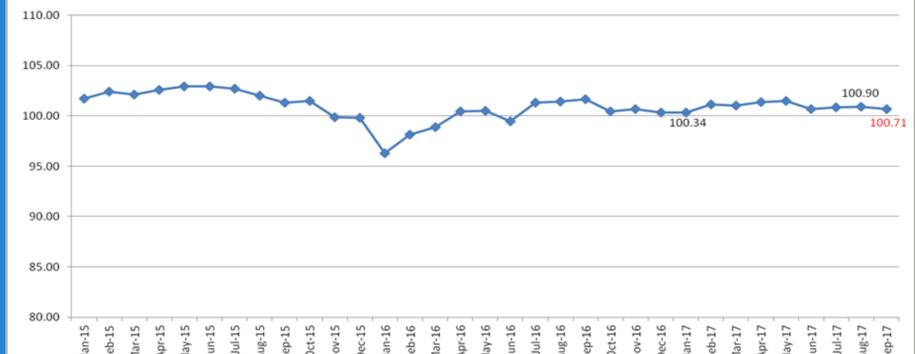
Dear All,

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 August 2017 – September 2017:



Below we illustrate the Non-Investment grade's performance for the period August 2017 – September 2017:



## Index Update:

As illustrated, both the investment grade and non-investment Sukuk underperformed this month, both declining slightly by 0.19%. In this index's performance, the Government of Bahrain priced a USD 3bn triple tranche issuance, with Tranche A being a USD 850mn 7.5-year Sukuk with a profit rate of 5.25% (UST+324.7bps), Tranche B being a USD 1.25bn 12-year bond with a coupon of 6.75% (UST+456.5bps), and Tranche C being a USD 900mn 30-year bond with a coupon of 7.50% (UST+472.1bps). The transaction marked Bahrain's largest international bond offering and the combined orderbook was in excess of USD 15bn. Moreover, The Islamic Development Bank priced a USD 1.25bn 5-year Sukuk at par with a profit rate of 2.261% (MS+37bps). The transaction, which was a drawdown under IDB's USD 25bn Sukuk programme, achieved a strong and diversified orderbook. IDB was last in the market in April 2017 with a USD 1.25bn 5-year Sukuk (priced at 2.393%, MS+40bps).

## Market Update:

- FOMC left rates unchanged at 1.00-1.25%, but the market perceived the meeting as hawkish. More specifically, the Fed said that it will commence balance sheet normalization in October, with USD 6bn in UST bonds and USD 4bn in MBS per month, rising every three months until the amounts reach USD 30bn and USD 20bn per month respectively. In the new set of rate projections, the Fed estimates three 0.25% rate hikes for 2018, but the long run rates moved down to a 2.8% from 3% previously, signifying that the Fed is aligning its policy terms of reference for the long run. The probability of a December rate hike increased to 63%. There was no real change in the Core PCE forecast with the Fed maintaining that it should tick higher again in the short term and the shortfall is merely transitory... (SCB)
- Brent crude price reached its highest level in 2017, at USD 59/bbl on 26/September, averaging USD 55/bbl MTD September, (+6.3% MoM and +17% YoY). This reflects the better than expected oil demand in 2017 and the lower OPEC & non-OPEC supply. The Joint OPEC-Non-OPEC Ministerial Monitoring Committee (JMCC) meeting held on the (22, Sep, 2017) declared improved commodity prices from OPEC & non-OPEC countries in August, with both meeting a 116% rate, according to OPEC press release. Crude prices further got a boost after a report threatened to shut down Kurdish crude shipments through its territory, which can ship up to 700k bpd... (Bloomberg)
- S&P Global Ratings said that it affirmed its ratings on QNB, CBQ, Doha Bank, and QIB, and removed them from CreditWatch. The outlook on the ratings is negative... (Bloomberg)
- Fitch affirmed Qatar's ratings at AA- with a negative outlook. The negative outlook reflects Fitch's view of the potential consequences of the boycott on Qatar's economic, fiscal, and external metrics, especially if the boycott is tightened or prolonged. Fitch also downgraded Ooredoo's rating to A from A+ (negative outlook) and removed it from Rating Watch Negative where it was placed in June 2017. This rating action follows that on Qatar's sovereign rating in August 2017. In addition, S&P affirmed Industries Qatar's rating at A+ with a negative outlook. S&P stated that it believes the Qatari blockade and diplomatic sanctions will have material repercussions on IQ's operations, noting that its core operations have continued unfettered. S&P affirmed Qatar Petroleum's ratings at AA- with a negative outlook. S&P equalized the ratings on QP with the ratings on Qatar, reflecting its opinion that there is an almost certain likelihood that the government of Qatar would provide timely and sufficient extraordinary support to QP in the event of financial distress... (SCB)
- Qatar expects the overall number of annual foreign visitors to the country to be below 2016 levels for the next three years if it remains cut off from some of its neighbors, a senior tourism official said on Wednesday. Saudi Arabia was Qatar's single largest source market in 2016, accounting for around a third of its 2.94 million visitors. Growth from other markets is expected to continue despite the crisis and an increase in Chinese, Indian, and Russian visitors will drive net visitor growth in 2020, said Qatar Tourism Authority Chief Tourism Development Officer Hassan al-Ibrahim... (Zawaya)

For more details please do not hesitate to contact us.

If you wish to unsubscribe, please reply by the word (unsubscribe) to [lmcweekly@lmc Bahrain.com](mailto:lmcweekly@lmc Bahrain.com)

This report does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for any securities. The information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness and are subject to change without notice. Investors must make their own investment decisions. Past performance is not necessarily a guide to future performance. Nothing in this report should be construed as investment or financial advice or as an advice to buy or sell the securities of the company referred to in this report. LMC and/or its clients may have positions in or options on the securities mentioned in this report or any related investments, may affect transactions or may buy, sell or offer to buy or sell such securities or any related investments. Additional information on the contents of this report is available on request.

PO Box 11567| Manama | Kingdom of Bahrain | Seef District

Tel:(973) 17-568-568 | Fax: (973) 17-568-569

[www.lmc Bahrain.com](http://www.lmc Bahrain.com)