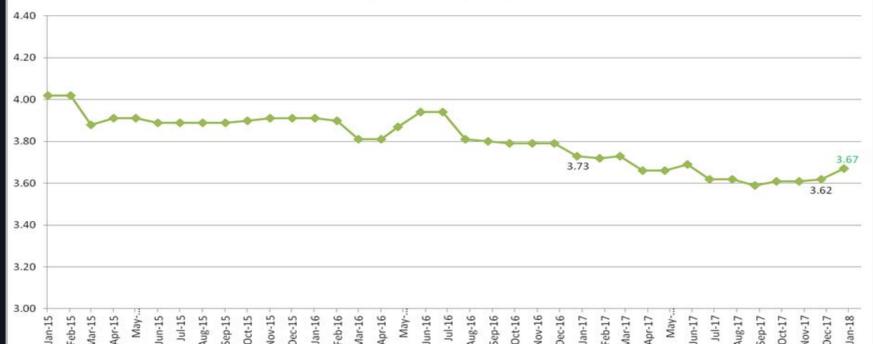


LMC Monthly Sukuk Index

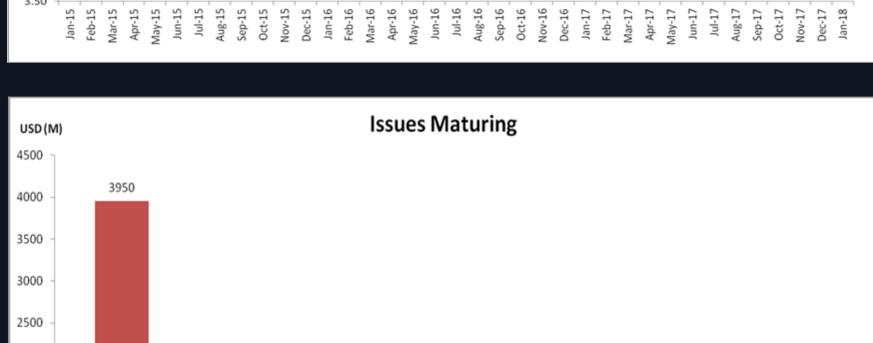
Dear All,

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 December 2017 – January 2018:



Below we illustrate the Non-Investment grade's performance for the period December 2017 – January 2018:



Index Update:

As illustrated above, the investment grade Sukuk underperformed this month declining slightly by 0.35% while the non-investment grade names inclined by 0.17%. Looking at the index's performance, the Non-investment grade names are rewarding around 137 bps higher than investment grades. MENA secondary markets performed a spread tightening since the start of the year, driven by both higher underlying benchmark rates and strong investor liquidity being deployed into the secondary markets. International and regional investors alike were happy to add duration in a continued search for yield, favoring high beta credits in the GCC space.

Market Update:

- At midnight on January 20, 2018, the federal government shut down for almost three days. The Senate couldn't get the 60 votes it needed to extend spending until the February 16 government. The Republican majority couldn't convince enough Democrats to vote for it. Democrats wanted the bill to protect immigrants eligible for Deferred Action for Childhood Arrivals. If Congress doesn't develop a permanent fix, Trump's immigration plan will end the program in February. Even some Republicans voted against the bill. They wanted to focus on passing the permanent budget instead another continuing resolution. On January 22, the Senate approved a continuing resolution that expires at midnight on February 8, 2018. The Senate bill was approved by the House and signed by President Trump. To get the Democrats' votes, Republicans agreed to work with them on DACA legislation... (The Balance)

- In sukuk news, the State of Qatar has completed the repayment of (US\$2bn) issued on 18th of July 2012 and due on 18th of January 2018, while Emirates Islamic Bank had also successfully repaid its Sukuk-holders (US\$ 500m) on the 11th of January 2018. Moreover, Dubai Islamic Bank (DIB) issued a USD 1bn sukuk (Islamic bond) with a 5-year tenor, maturing on February 6, 2023. The issuance emanating from DIB's USD 5bn sukuk programme carries a profit rate of 3.625% and is the first USD benchmark sukuk transaction from the GCC in 2018, once again reopening the regional FI and corporate Debt Capital Markets, as was done a year earlier... (Trade Arabia)

- Moody's Investors Service has maintained negative outlook for the GCC's sovereign ratings in 2018. The 2018 outlook reflected GCC members' muted economic growth, geopolitical disputes in the region and structural challenges, according to the international ratings agency's report. Moody's stated that "Although oil prices have risen significantly from their lows in early 2016, most sovereigns in the region will continue to run sizable fiscal deficits and record an increase in their debt burdens over the next 12 to 18 months". The GCC's GDP would rise slightly to 2% in the current year, Moody's forecast. On an aggregate basis the GCC will exhibit an average fiscal deficit of 5% of regional GDP this year and next. This will contribute to a rise in debt levels and a reduction in fiscal reserves for most sovereigns in 2018, according to Moody's... (Mubasher)

- S&P affirmed its 'AA' long-term and 'A-1+' short term foreign and local currency sovereign credit ratings on the Emirate of Abu Dhabi, with a stable outlook. The stable outlook reflects S&P's expectation that economic growth will gradually pick up and its fiscal position will remain extremely strong over the next two years, although structural and institutional weaknesses will likely persist... (Reuters)

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