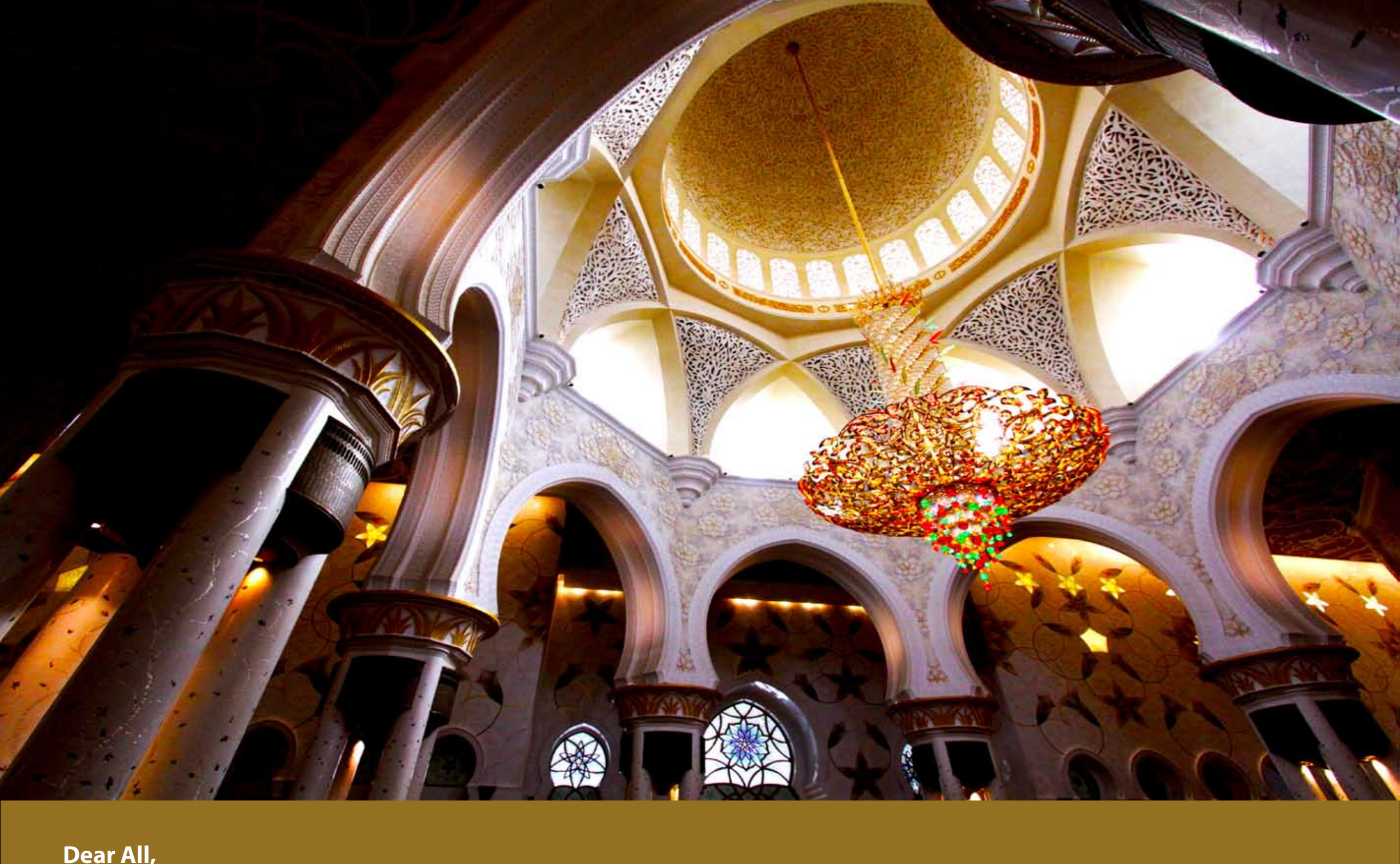


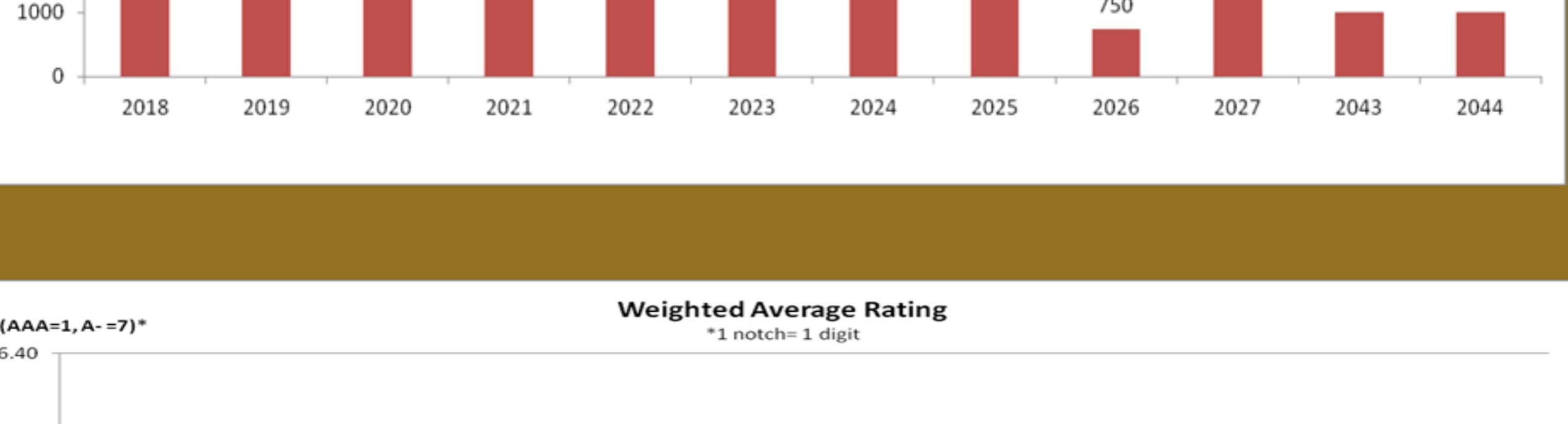
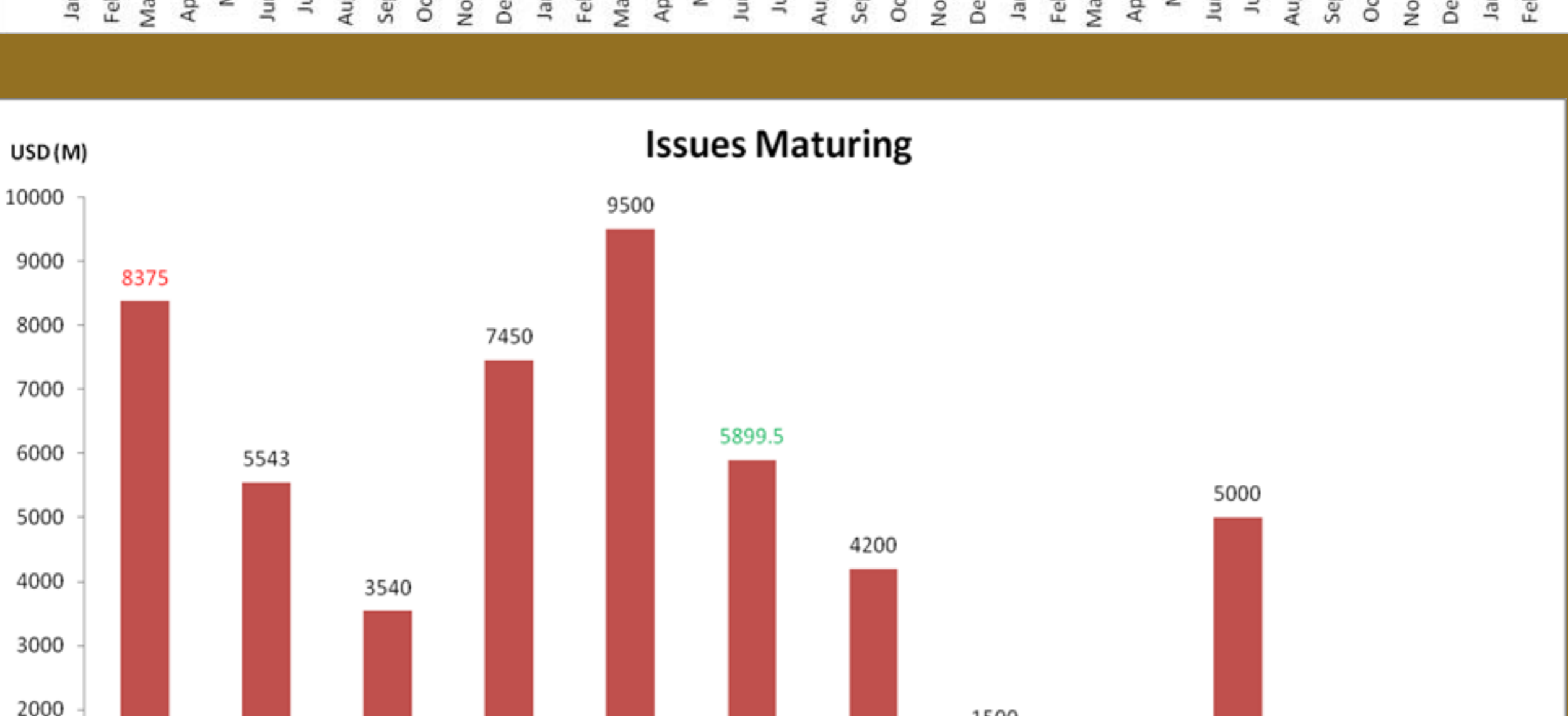
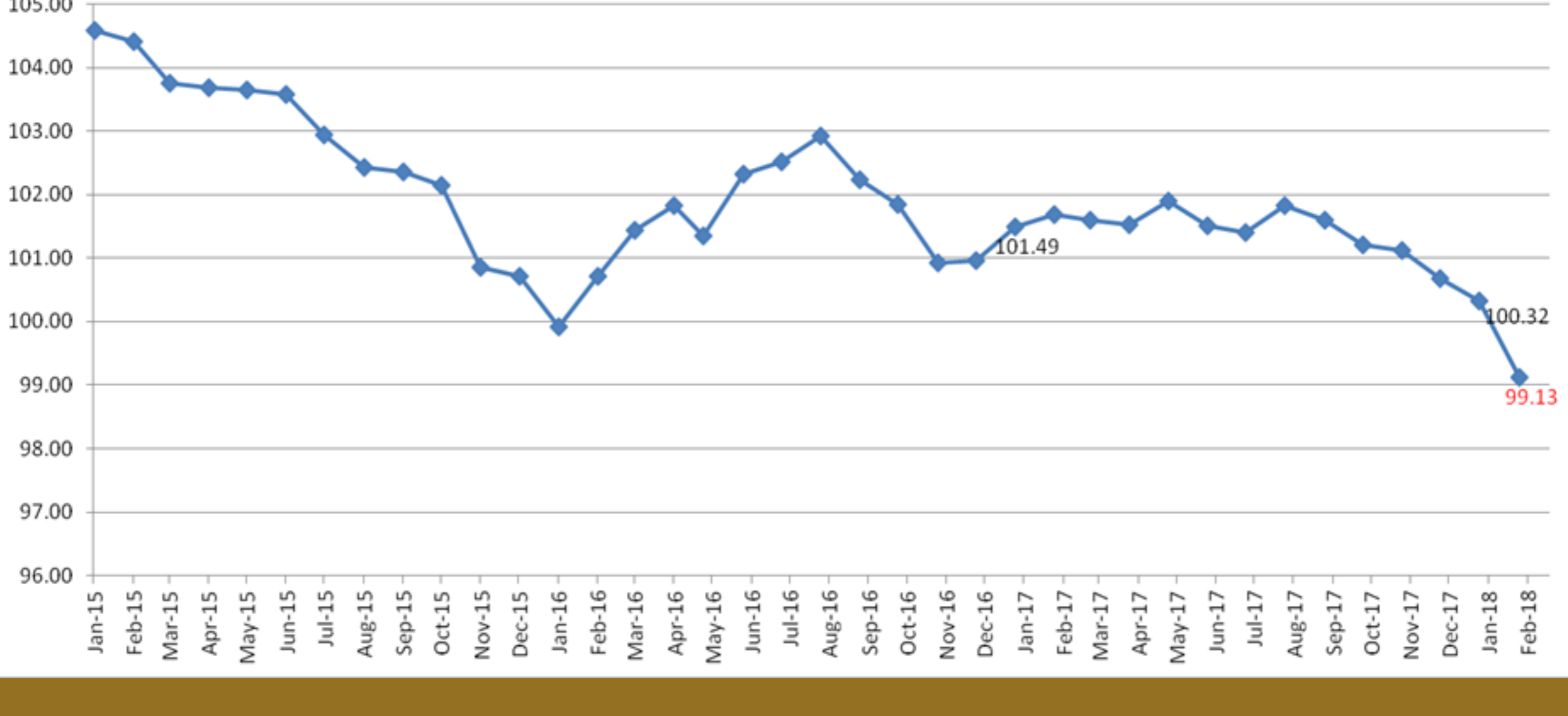
LMC Monthly Sukuk Index



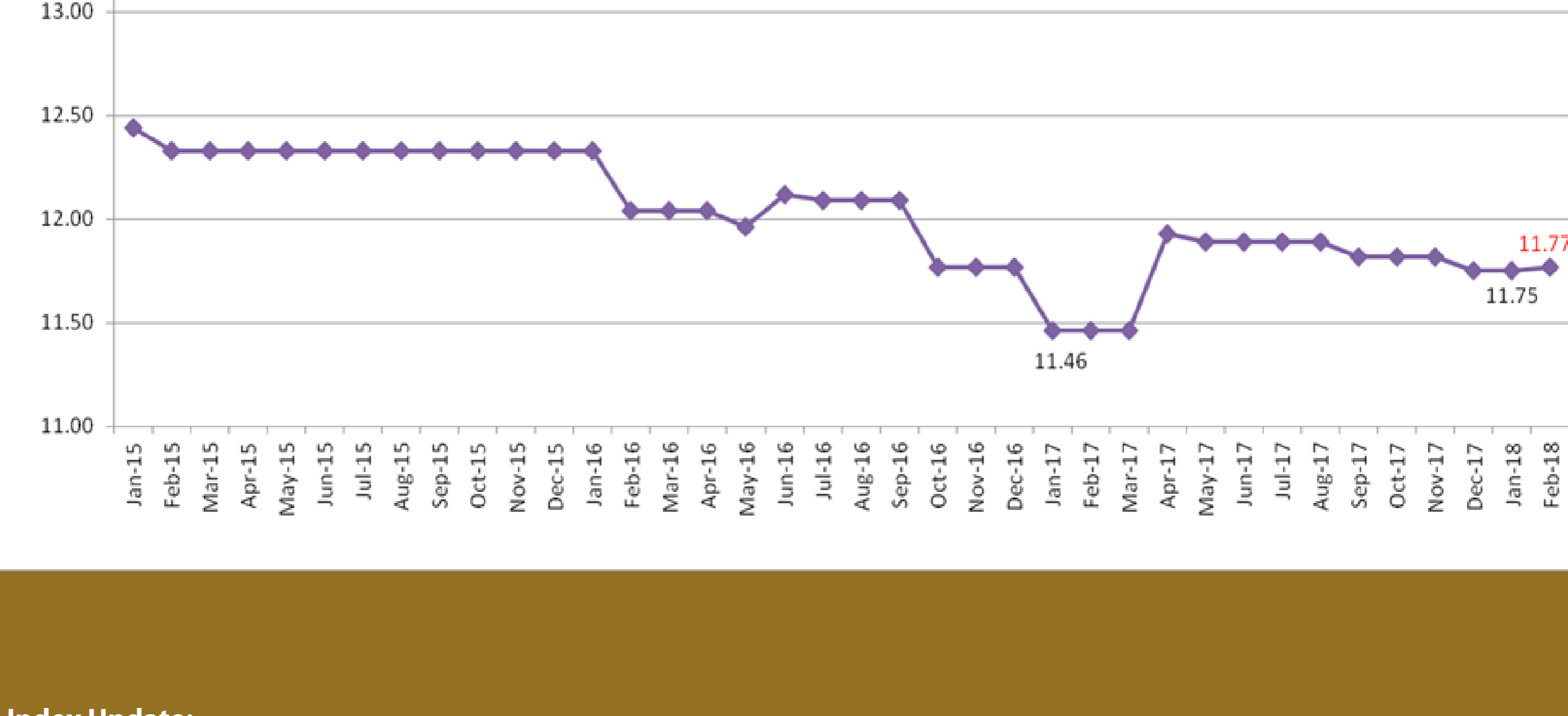
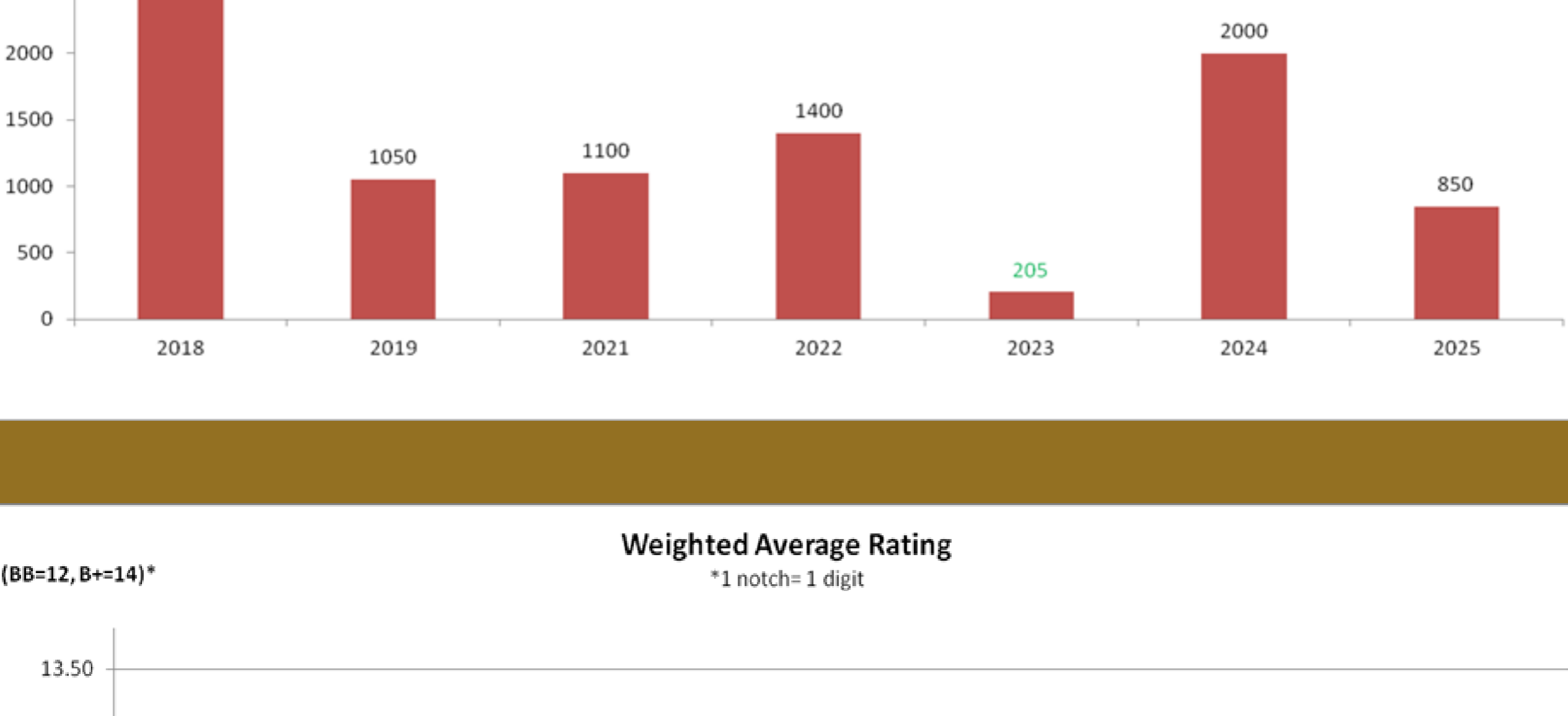
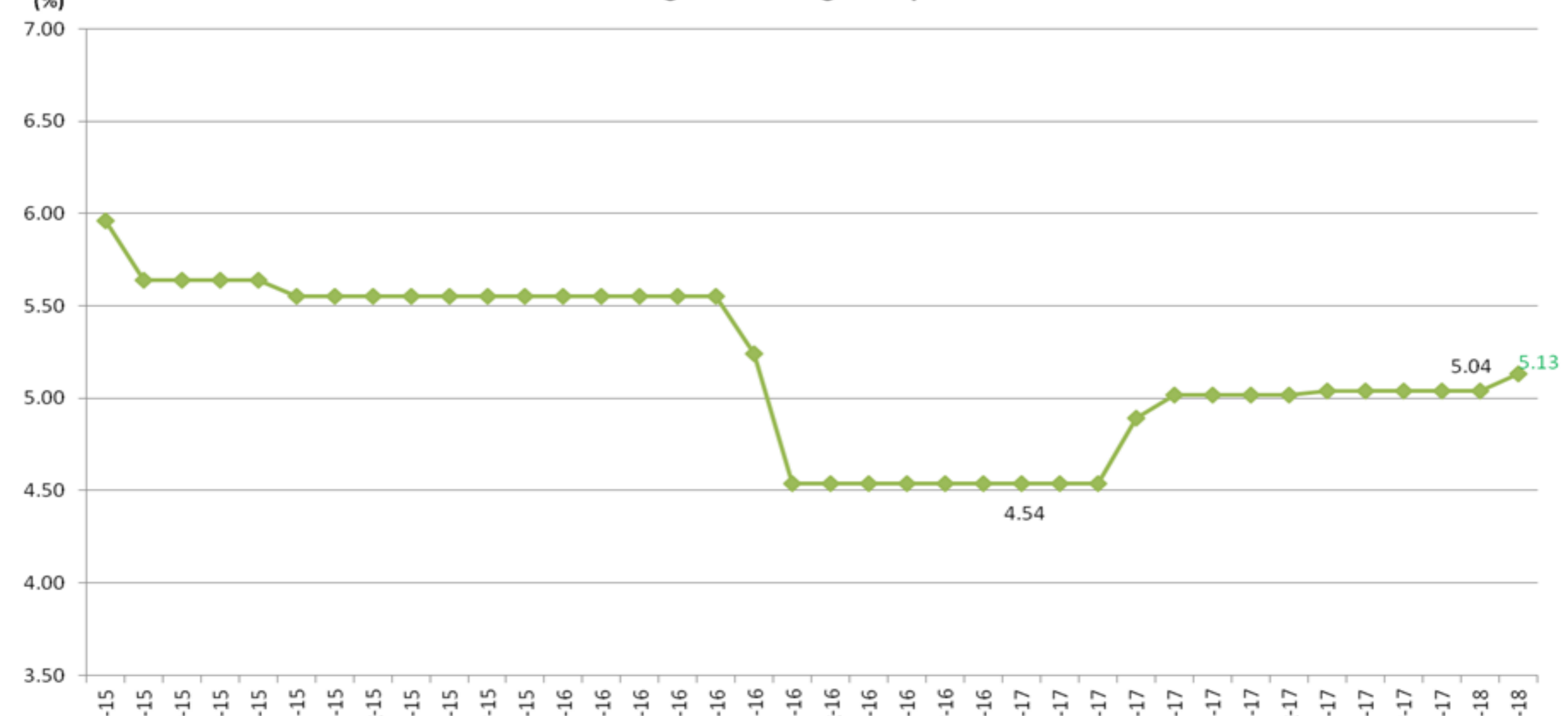
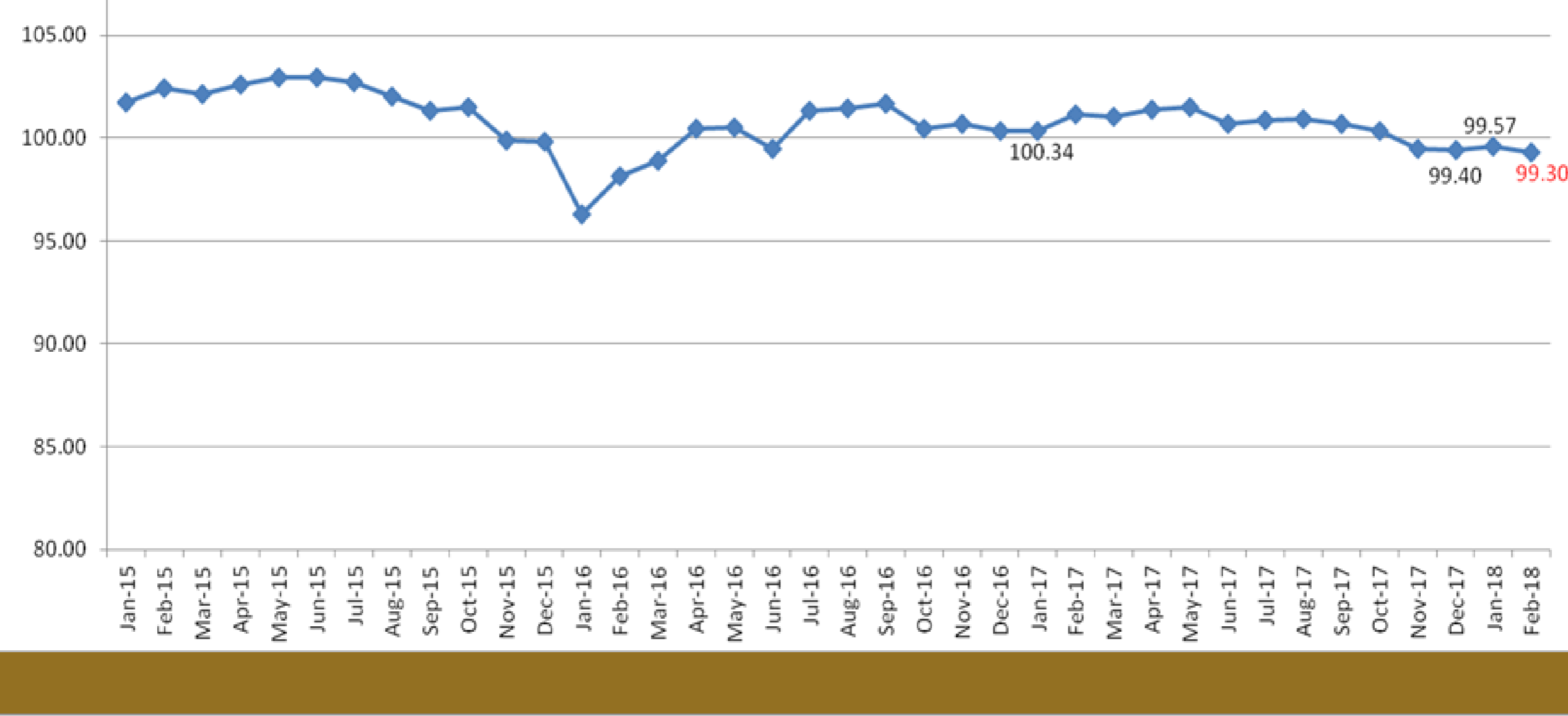
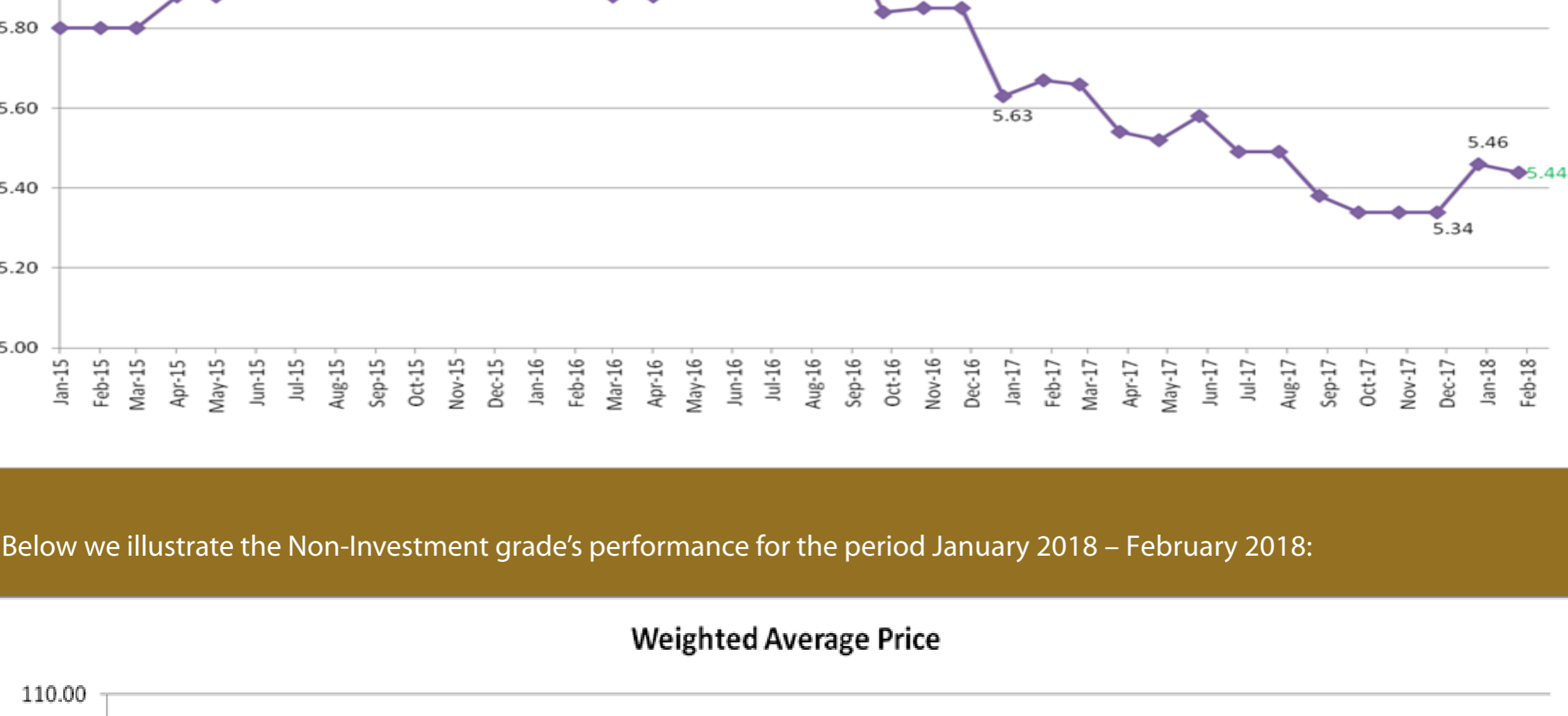
Dear All,

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 January 2018 – February 2018:



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



Index Update:

As illustrated above, both the investment grade and non-investment grade Sukuk underperformed this month, declining slightly by 1.19% and 0.27% respectively. This was mainly driven by Fed chair Jerome Powell as he spoke with an optimistic view of the US economy expressing confidence that wage growth would pick up and that the recent shortfall in inflation is still transitory. As such, the Fed is likely to continue its gradual interest rate increases, while allowing the balance sheet to shrink to more normal levels. The US dollar received a modest boost after the comments while the US 10yr bond yield rose back to 2.9% indicating confidence for future hikes. Looking at the index's performance, the Non-investment grade names are rewarding around 145 bps higher than investment grades.

Market Update:

US officials have recommended that Trump administration impose a variety of tariffs of import quotas on all steel and aluminum imports as part of national security. In the case of steel, the commerce department has recommended that US impose a global tariff of 24% on all import of steel or levy a 50% tariff on imports from a list of 12 countries. A third option is for the US to limit imports via the suggestion are a) 7.7% global tariff, or b) 23.6% tariff on products from China, Russia, Venezuela and Vietnam accompanied by quotas equal to a maximum of 100% of 2017 exports to the US for all other countries, or c) a quota of 86.7% of 2017 exports for all countries that export aluminum to US. The president's decision is expected in April. LME aluminum prices rose by 2.5% on the back of this news... (Financial Times)

A new development in the Brexit situation escalated yesterday after EU officials published their draft on the Brexit deal to the UK. Prime Minister May said that she will never accept the drafted Brexit agreement, fueling the prospect that the negotiations are heading for a tougher period. As a result the Sterling pound fell to a two-week low of 1.3743... (NBK)

A number of Sukuk issuances have entered the market during this month. First Abu Dhabi Bank concluded the issuance of a USD 650mn 5-year sukuk, registering a final price of 95bps above midswaps. The bonds from the United Arab Emirates' largest bank were listed in London with a coupon of 3.625%. Total demand from investors exceeded USD 1.3bn... (Reuters)

Albaraka Turk Participation Bank (a subsidiary banking unit of Al Baraka Banking Group B.S.C.) announced it has successfully issued Turkey's first-ever Tier 1 perpetual sukuk and the country's first Basel 3 compliant publically listed Tier 1 instrument. The USD 205 million sukuk was priced at a profit rate of 10% and was privately placed amongst several regional and international banks... (Albaraka Turk)

Fitch Ratings has downgraded Bahrain's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BB-' (Stable Outlook) from 'BB+'. This is mainly because the Government has yet to identify a clear medium-term strategy to tackle high deficits and there is no clarity on a timeline towards the development of such a strategy. The government has continued to implement a number of measures to raise revenue and trim spending, including excise taxes at end-2017 and fuel price increases in January 2018. However, the revenue effort is not closing to stabilizing government debt/GDP, which increased to 81.5% in 2017 from 73.3% in 2016 and from less than 40% in 2012. It is projected government debt/GDP is to rise above 100% in the medium term. The fiscal break-even oil price remains close to USD100/barrel, according to Fitch's estimates... (Fitch)

If you wish to unsubscribe, please reply by the word (unsubscribe) to lmcweekly@lmcbahrain.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 in good faith, but no representation or warranty, in respect of the 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.