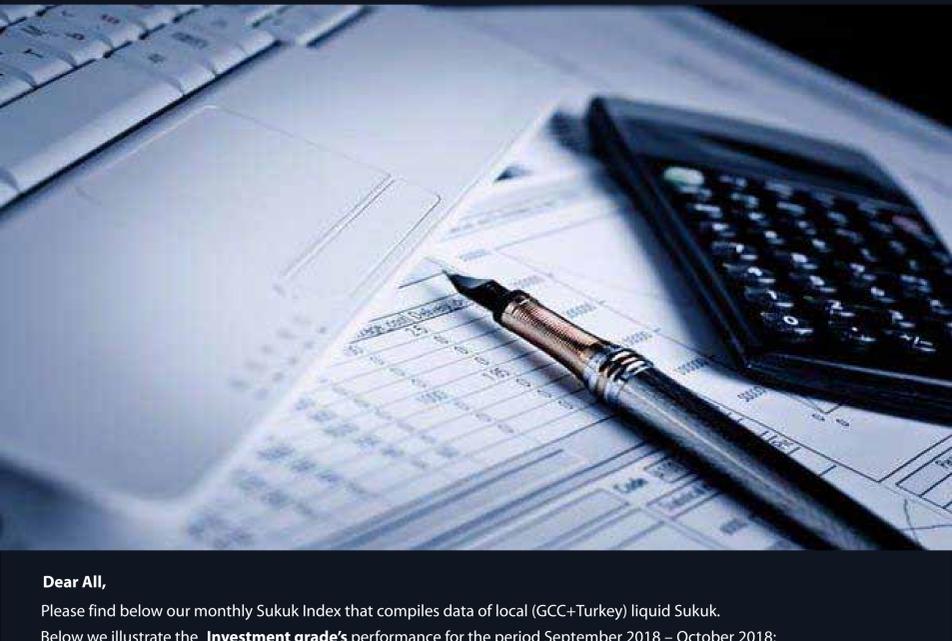


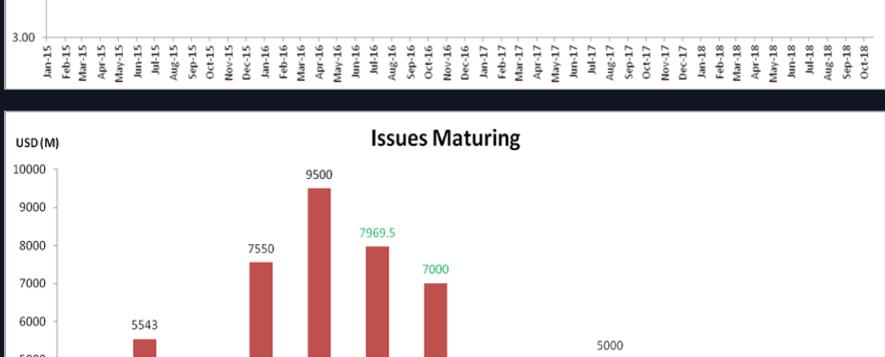
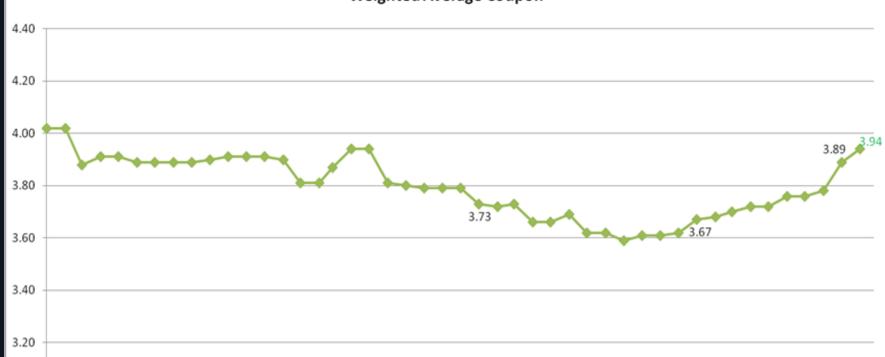
LMC Monthly Sukuk Index



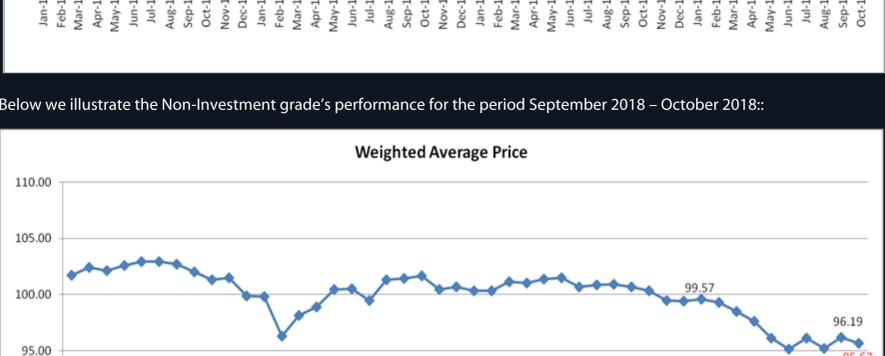
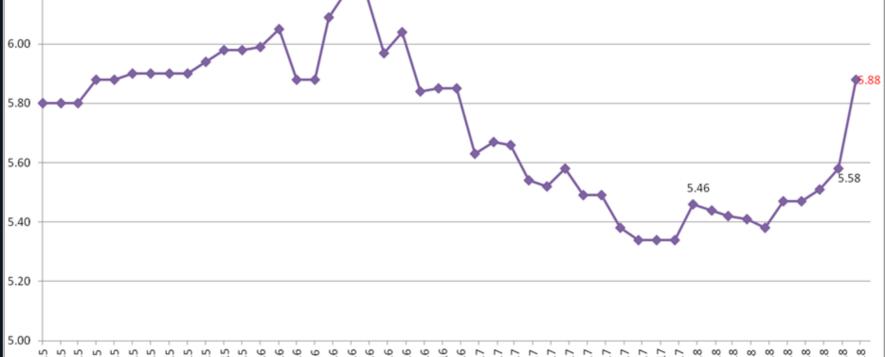
Dear All,

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 September 2018 – October 2018:



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



Index Update:

As illustrated above, both the investment and non-investment grade Sukuk underperformed this month, declining by 0.72% and 0.54% respectively. The latter was mainly attributed to global risk off sentiment due to the US-China trade war tensions in addition to emerging markets uncertainty, amongst other things. Looking at the index's performance, the Non-investment grade names are rewarding around 193 bps higher than investment grades.

Market Update:

- IMF cut its global economic forecast for this year and the first downgrade since July 2016, due to strained trade ties, emerging markets and sluggish growth in the eurozone, which is facing the uncertainty of Brexit and American protectionism. The global economy will now grow 3.7% for 2018 and 2019, 0.2% lower than the fund's July forecast. Overall, world economic growth is still solid compared with earlier this decade, but it appears to have plateaued. Rising tensions and an escalating trade war between the United States and China, the world's two largest economies, threatens global growth. Trade growth estimates for 2018-19 have also been clipped by 0.6% and 0.5% to 4.2% and 4.0%....(The National/IMF)
- GCC markets were mixed, but most were able to withstand the emerging market sell-off thanks to credible US dollar pegs and the rise in oil prices. The MSCI GCC index was up a small 0.5% q/q. The increase was led by Qatar, Abu Dhabi, and Kuwait, but was mostly offset by a decline in Saudi equities, as investors sought to lock-in profits in the wake of emerging market uncertainty, and weakness in Dubai due to further declines in real-estate stocks. This was despite several government stimulus measures, which included spending packages in Saudi and Dubai and the introduction of long-term visas for expats in the UAE....(NBK)
- In Sukuk news, Abu Dhabi's National Central Cooling Company TABREED has raised a 7 year Sukuk at 5.5% for a total size of USD 500mn. Oman Government also issued a \$1.5B 7-year Sukuk at MS+280/5.932%. This sukuk came at a decent new issue premium when compared to Oman 24 (1 year 4 months shorter), with 232 Bps Z-spread. ADIB has completed the repayment of its US\$ 1bn Sukuk priced at 6.375% due in October 2018 while Turkey's Sovereign Sukuk (Hazine), Al Hilal Bank and Ras Al Khaima Government have also repaid its debt for US\$ 1.25bn at 4.557%, US\$ 500mn at 3.267%, and US\$ 500mn at 3.257% respectively.
- Moody's Investor Services maintained a negative outlook on Oman's banking system but said the economy is set to rebound this year. The outlook reflects Oman's softening credit quality and relatively tight funding, the credit rating agency said in a report. "Oman's economy will rebound from the sluggish growth rates experienced last year," Moody's said. "Moody's expects capital to remain sound, providing loss absorbency." The rating agency has also affirmed the long-term issuer and foreign-currency senior unsecured debt ratings for Qatar at Aa3, changing the outlook on long-term issuer ratings to stable from negative....(The National/Zawya)
- Standard & Poor's Global Ratings has affirmed Saudi Arabia's long- and short-term ratings at "A-/A-2" with a stable outlook. The Saudi economic growth is expected to stabilize at an average of 2% during 2019-2021, the firm said....(Argaam)
- Standard & Poor's have affirmed the issuer credit rating of Al Baraka Turk Participation Bank at "B" and have kept the bank's outlook as "stable"....(Company Announcement)
- Ezzan Holding Group on Monday announced that Moody's credit agency has withdrawn the group's credit rating and sukuk programme which was at "B1". The US-based credit ratings agency's decision came after Ezzan provided an insufficient information to support the maintenance of the ratings, according to a statement to the Qatar Stock Exchange (QSE)...(Mubasher)
- Bahrain's Gulf Arab allies are weighing plans for a five-year aid package to steady its finances and protect a currency peg seen as vital to regional economic stability, according to three people with knowledge of the matter. The assistance would help Bahrain meet its financing needs over the period while it carries out fiscal reforms. The amount under negotiation is \$10 billion (the package which may include deposits and low-interest loans), though a final agreement has yet to be reached. The deal is taking shape after months of negotiations over the measures Bahrain would take to receive support from Saudi Arabia, the United Arab Emirates and Kuwait. The funds would help avert a devaluation that investors fear could force other countries in the region to follow suit. They'll also allow Bahrain, a close Saudi and U.S. ally, to borrow from international debt markets at cheaper interest rates....(Bloomberg)

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