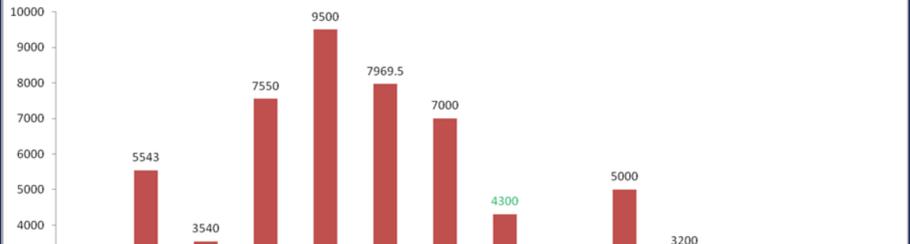
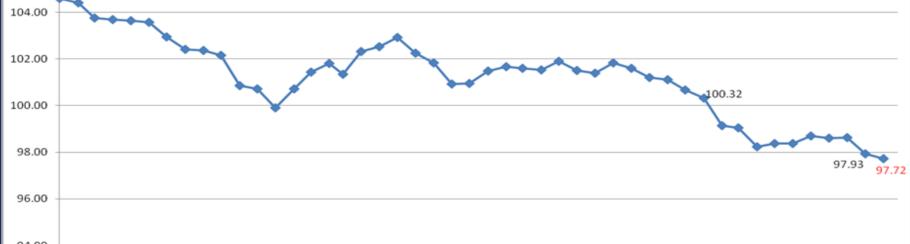


LMC Monthly Sukuk Index

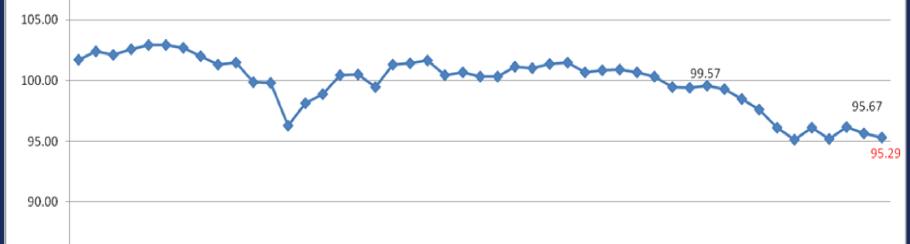
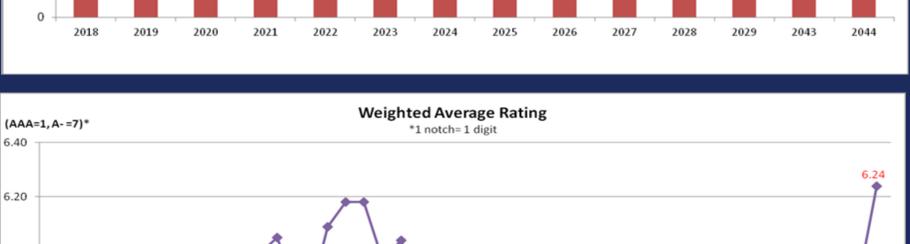


Dear All,

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 October 2018 – November 2018:



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



Index Update:

As illustrated above, both the investment and non-investment grade Sukuk underperformed this month, declining slightly by 0.21% and 0.40% respectively. The latter was mainly attributed to weaker oil prices as well as fears of a global slowdown which also triggered an equity sell-off. Looking at the index's performance, the Non-investment grade names are rewarding around 190 bps higher than investment grades.

-Jerome Powell, the Fed chairman conceding for the first time that US interest rates are now near their so-called neutral level, suggesting he may slow the pace of normalization in 2019. Mr. Powell said the Fed's benchmark rate is "just below" estimates of where it neither adds to nor detracts from growth. In a speech that focused on financial stability risks, Mr. Powell started by saying there was a "great deal" to like about the economic outlook, but warned that "we know that things often turn out to be quite different from even the most careful forecasts". The remarks are his first after weeks of turmoil on financial markets, which some investors have blamed on a speech the Fed chairman gave in early October when he declared the central bank is "a long way" from getting to neutral - spurring speculation of additional hikes. While he did nothing to dissuade expectations of another hike in December, Mr. Powell's revised position on the level of rates indicates they may not rise much above the current 2% to 2.25% range... (SICO)

-U.S. President Donald Trump and Chinese President Xi Jinping agreed to keep their trade war from escalating with a promise to halt the imposition of new tariffs for 90 days as the world's two largest economies negotiate a lasting agreement. The truce between the U.S. and China emerged after between Trump and Xi on the sidelines of the Group of 20 summit in Argentina. The leaders agreed to pause the introduction of new tariffs and intensify their trade talks. U.S. will leave existing tariffs on USD 200bn of Chinese goods at 10% and refrain from raising that rate to 25% as planned on Jan. 1. After 90 days, if there's no progress on structural reform, the U.S. will raise those tariffs to 25% as per White House spokesperson. China also agreed to boost its purchases of agricultural and industrial goods to reduce its trade imbalance with the U.S... (Bloomberg)

-EU leaders have approved an agreement on the UK's withdrawal and future relations - insisting it is the "best and only possible". After 20 months of negotiations, the 27 leaders gave the deal their blessing after less than an hour's discussion. They said the deal - which needs to be approved by the UK Parliament - paved the way for an "orderly withdrawal". Rejecting the Brexit deal will be risky and lead to "division and uncertainty", Prime Minister Theresa May will say to MPs who oppose her plan. But cabinet ministers admit she faces an uphill struggle, with Labour, the Lib Dems, the SNP, the DUP and many Tory MPs set to vote against it... (BBC)

-Brent plunged 32% from the early October peak to its lowest in over a year at \$58.8/bbl. Investors, already concerned about increasing oil supplies amid weaker demand, took fright after President Trump thanked Saudi Arabia for lowering prices (OPEC output increased to a near 2-year high of 32.9 mb/d in Oct) and asked them to go even further. In view of the high political leverage of the US administration at this time, markets may believe there is less room to cut production at the 6 December OPEC meeting... (NBK)

-Following talks at a G20 summit with Saudi Crown Prince Mohammed bin Salman, President Putin stated that Russia and Saudi Arabia have agreed to renew a pact on oil production cuts. The amount of supply cut remains unclear, however it is said that KSA suggested a reduction of 1mn bpd from January 2019. Meanwhile, an OPEC advisory committee stated that a 1.3mn bpd cut from October levels would be sufficient to balance the market... (Reuters, Zawya, Baker Hughes)

-The United States has granted exemptions to 8 countries, allowing them to continue buying Iranian oil temporarily, US Secretary of State Mike Pompeo said, as Washington reimposed sanctions on Iran's banking, energy and shipping industries. China, India, South Korea, Italy, Greece, Japan, Taiwan and Turkey received a six-month waiver on the US' resumed sanctions on Iran, he added. "The US has reimposed its sanctions against Iran and will be relentless in exerting pressure on the regime until it meets the 12 conditions laid out by the Trump administration," Pompeo told... (Argaam)

-In Sukuk news, Abu Dhabi's Senaat has raised a 7 year Sukuk at 4.76% for a total size of USD 300mn. To many investor's surprise, the deal was priced and sized a lot differently than the market was led to believe with spread at MS+170bps. NMC Healthcare also issued a \$400m 5-year Sukuk at 5.95%. The Central Bank of Bahrain has successfully completed the repayment of its US\$ 750m Sukuk priced at 6.273% due in November 2018... (LMC)

-Standard and Poor's (S&P) Global Ratings has affirmed Abu Dhabi "AA/A-1+" credit ratings, with a stable outlook. Abu Dhabi government's substantial net asset position will shield it against almost all possible external shocks, thus the affirmation reflects Abu Dhabi's strong fiscal and external positions, the ratings agency said in a statement on Saturday... (Mubasher)

-S&P said the Bahrain government will use the window of opportunity provided by pledged financial support from any GCC country to accelerate the pace of fiscal consolidation against external risks, S&P Ratings said, as the agency affirmed its B+/B rating on long and short-term foreign and local currency sovereign credit for the nation. The agency said the outlook remains "stable". It expects real economic growth to average 2.5% over 2018-2021... (The National)

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