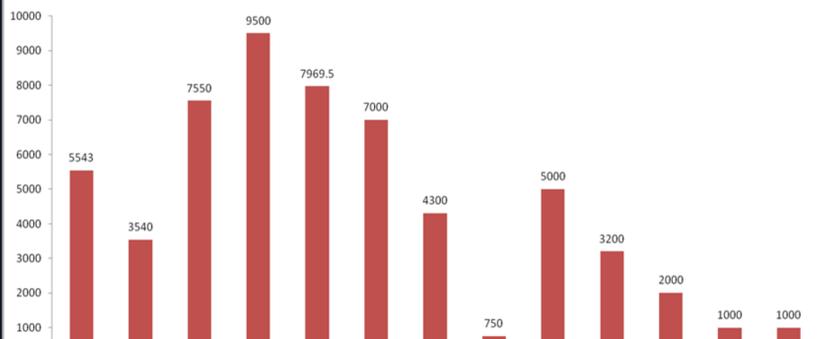
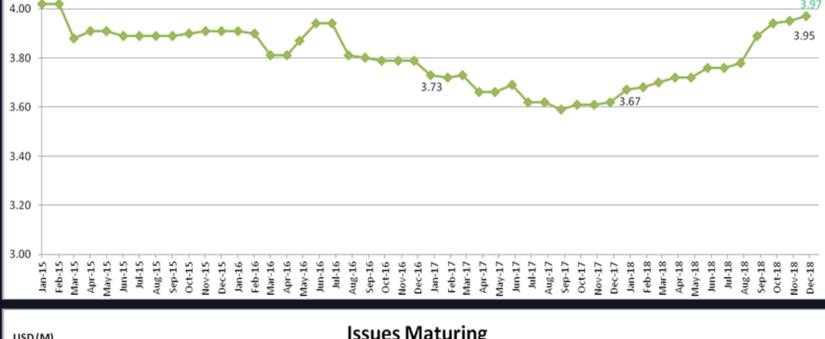
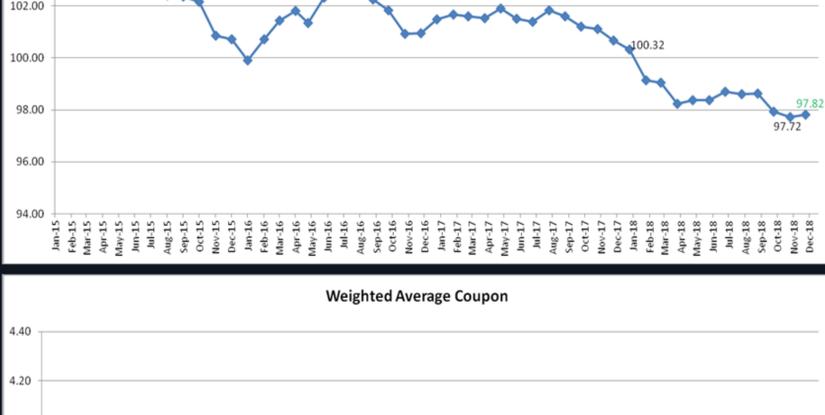


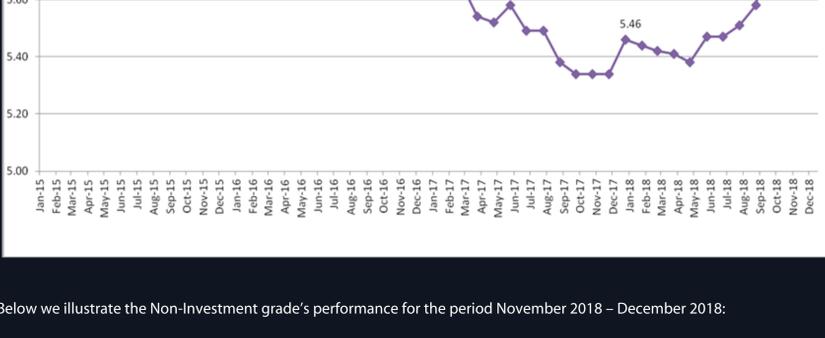
# LMC Monthly Sukuk Index

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 November 2018 – December 2018:



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



## Index Update:

As illustrated above, both the investment and non-investment grade Sukuk outperformed this month, inclining slightly by 0.10% and 0.13% respectively. The latter was mainly attributed to the US markets rally, with S&P 500 Index and Nasdaq also recording major gains after worst-ever Christmas Eve; The Dow added further 1,080 points (4.9%), its biggest points gain in history, the S&P rose 4.9% and the Nasdaq, which has suffered the most in recent falls, closed 5.8% up. Looking at the index's performance, the Non-investment grade names are rewarding around 190 bps higher than investment grades.

## Market Update:

US Fed yesterday raised the 'Fed Funds' rate by 25bps – taking up the target range between 2.25%-2.5%. That said the Fed has scaled back its guidance of rates hike next year from 3 (announced in Sep'18) to 2 with the Fed chairman stating "There's significant uncertainty about both the path and the ultimate destination of any further rate increases". US Fed has also pared US GDP growth estimates for 2019 from 2.5% to 2.3%. Global equities reacted negatively to the announcement with the S&P 500 closing down 1.54% while Asian markets are also mostly red today with Japan (Nikkei) leading the decline (down 3.3%). Across in the GCC, Saudi, Bahrain and UAE have raised their benchmark rates by 25bps each following the overnight decision by US Fed, Kuwait central bank has said that it will keep its discount rate at 3%... (Bloomberg)

Crude prices steadied on Friday after a week of volatile trading, both benchmarks posted third straight weekly declines, with Brent losing about 3% and WTI nearly 0.4%. Imports of Iranian crude oil by major buyers in Asia hit their lowest in more than five years in November as U.S. sanctions on Iran's oil exports took effect last month, government and ship-tracking data showed. China, India, Japan and South Korea last month imported about 664,800 bpd from Iran, according to the data, down 12.7% from the same month a year earlier. Asia's Iranian oil imports are set to rise from December after the United States granted eight countries waivers from sanctions against Iran's oil exports for 180 days... (Zawya)

Treasury Secretary Steven Mnuchin could be in "serious jeopardy" with President Donald Trump, CNN reported last Wednesday, citing a source close to the White House. That comes after Mnuchin's tweet saying he had convened a meeting of chief executive officers of the largest U.S. banks, such as Goldman Sachs Group Inc. GS, -1.44% and J.P. Morgan Chase & Co. JPM, -0.22% which was blamed in part for the worst-ever Christmas Eve session of trading on Wall Street. The source told Mnuchin is "under the gun," though Trump said Tuesday that he remains confident in Mnuchin and a White House source told CNN that speculation about the treasury secretary's future was "nonsense." CNN has previously reported that Trump was frustrated with Mnuchin because he pushed for Federal Reserve Chairman Jerome Powell's appointment. The Fed chief has come under steady criticism by Trump, who has made no secret of his displeasure at the central bank's current policy and blamed it for Monday's sharp losses in a tweet. Trump again lashed out at the Fed in his Christmas message last Tuesday, saying the Fed is raising rates because "they think the economy is so good. But I think they will get it pretty soon..." (CNN)

The chances of Britain leaving the European Union will be little more than "50-50" if Theresa May's Withdrawal Agreement is rejected by MPs, Cabinet Brexiteer Liam Fox has said. Dr Fox told the Sunday Times that Brexit will only be "100% certain" if the House of Commons backs the Prime Minister's deal in a crunch vote next month. The International Trade Secretary warned fellow MPs that failure to pass Mrs. May's deal would be "incendiary" and said it was "a matter of honor" for them to support the PM... (The Telegraph)

In Sukuk news, Qatar's leading telecommunication provider Ooredoo has successfully completed its repayment of its US\$ 1.25bn Sukuk priced at US\$ 3.039%, while Abu Dhabi's Aldar Properties also completed the repayment of its US\$ 750m Sukuk, priced at 4.348%, both due in December 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... (Mubasher)

Moody's Investors Service changed the outlook to stable from negative on the Government of Bahrain's issuer ratings and affirmed the ratings at B2. The key driver of the outlook change to stable is Moody's assessment that Bahrain's government and external liquidity risks have materially reduced, the rating agency said. Financial support and the fiscal consolidation measures including the Fiscal Balance Programme (FBP) will support investors' confidence and help to reduce the government's financing needs, it pointed out. Bahrain's long-term foreign-currency bond ceiling is unchanged at Ba3. Its long-term foreign-currency bank deposit ceiling is unchanged at B3. The short-term foreign-currency bond and bank deposits ceiling remain unchanged at Not Prime, while the long-term local currency country risk ceilings are set to rise from December after the United States granted eight countries waivers from sanctions against Iran's oil exports for 180 days... (Bahrain Daily Tribune)

If you wish to unsubscribe, please reply by the word (unsubscribe) to 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 offer 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.