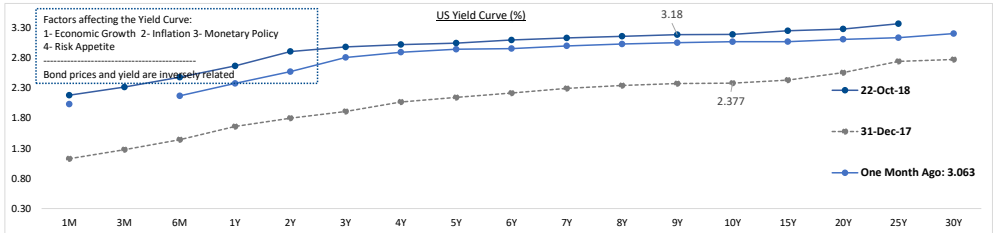
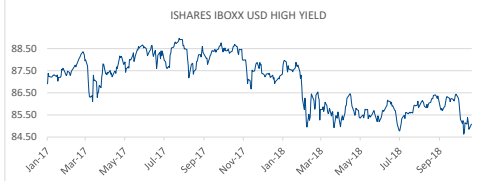
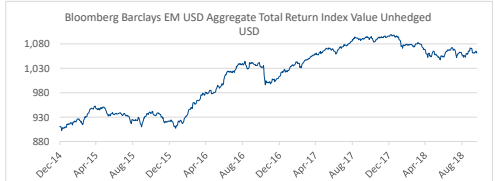
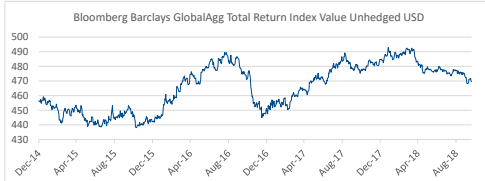


- During last week, the U.S. 10 year yield moved higher on hawkish FED minutes of meeting, increasing U.S. budget deficit, and strong job numbers, however, gains were capped by rising political fears and increasing volatility in global financial markets. The U.S. 10 year yield opened the week stable in anticipation of the FED minutes of meeting. On Tuesday, the 10 year yield jumped by 4bps as the FED reaffirmed gradual hiking of rates. Afterwards, the 10 year yield fluctuated to close the week higher by 4bps, at 3.19%. Germany's 10 year yield diverted from the U.S. 10 year yield, as the German yields drifted lower on Italy's issues, whereby, the 10 year yield closed the week lower by 5bps, at 0.45%. Japan's 10 year yield closed the week flat as a pancake, at 0.14%.
- The FED's minutes of meeting were tilted towards the hawkish side as the statement said "FED Funds rate might need to move beyond the long run level in order to avoid an overheated economy". Traders believe that the FED is so keen on rising rates despite the latest turbulence in global financial markets. Apart from the aforementioned sentence, the statement was more or less in line with Powell's recent comments that the FED would stick to its gradual approach in hiking rates. Nevertheless, the U.S. 10 year yield reacted positively to the statement by rising around 5bps right after the news hit the wire. On a separate note, the U.S. budget deficit widened to a six-year high of \$779bn (3.9% of GDP vs 3.5% in the last year). The U.S. budget deficit is expected to keep ballooning in the coming year, which in turn should provoke high yields. Nonetheless, these numbers urged President Trump to ask for a reduction in Government spending. Finally, the tightness in the U.S. labor market was further intensified as August's jobs opening data hit a new record high. Such data should feed into higher wages (inflation) as companies are so desperate to fill the empty vacancies.
- The soften stance on the Brexit talks had revived the hopes of a potential deal between the UK and the EU. Both parties introduced new ideas to cater for a better deal, for instance, both parties suggested extending the deadline horizon in order to work out the unresolved issues. The UK government provided even a better solution by compromising the Irish border issue. On the negative side, the EU rejected Italy's proposed budget, and asked Italy for explanations on why it wants to deviate from the EU's guidelines. Italy's spreads, relative to Germany, widened at the news to reach a four and a half year high, however, yields cooled down on news that the government might reconsider its fiscal deficit target and pledged not to leave the EU. In addition, traders were expecting a more aggressive move by Moody's, as the company downgraded Italy to negative, Baa, with a stable outlook. Unfortunately, such news will keep weighing on yields, as traders seek refuge during high systematic risk periods.
- The trade war narrative started to negatively affect the world's second largest economy, as China's latest economic data disappointed at almost all levels. China's 3Q GDP growth marked the weakest pace since the global financial crises, registering 6.5% vs a forecast of 6.6%. Chinese markets dropped substantially after the announcement, however, losses were erased after the government pledged to support the economy. Nevertheless, the weakness in China's economy, if persisted, should impact emerging markets and this would translate to wider spreads.
- Emerging market currencies and bond prices were stable to unchanged during the last week. The Turkish Lira, however, was the shining star during last week as the currency gained around 4%. Pompeo's statement that the U.S. would lift some sanctions against Turkey were the main trigger behind the strong gains in the Lira. Additionally, the Turkish government furnished a stable budget for 2019, with a deficit just under 2% of the total GDP and the Turkish Government managed to tap international markets by issuing a \$2bn 5-year international bond at 7.50% YTM. Finally, the Turkish Central Bank members will meet this week and the streets view another 2% hike in rates. In Brazil, traders are patiently waiting next week's elections. The missing Saudi journalist adversely affected Saudi's yields, as traders are anticipating negative ramifications. Tunisia's 2025 Euro Bond was under pressure as the government is planning to issue a new \$1bn bond. The EGP 3 month Egypt Government Treasury Bill kept rising as the yield increased by 4bps, at 19.89%, in yesterday's auction.
- Besides the ongoing political issues, the upcoming week has the U.S. GDP data and the ECB meeting. Meanwhile, we advise our investors to bet on the short and medium ends of the curve while avoiding the long end of the curve.

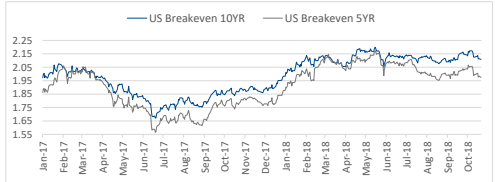
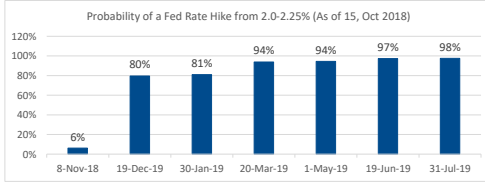
USA	Actual	Forecast	Previous
Industrial Production (MoM) (Sep)	0.30%	0.20%	0.40%
JOLTS Job Openings (Aus)	7.14M	6.95M	7.08M
Building Permits (Sep)	1.24M	1.27M	1.25M
Housing Starts (Sep)	1.2M	1.2M	1.3M
Crude Oil Inventories	6.5M	1.6M	6M
Initial Jobless Claims	210K	211K	215K
Philadelphia Fed Manufacturing Index	22.2	19.7	22.9
Existence Home Sales (Sep)	5.15M	5.3M	5.33M
U.S. Baker Hughes Oil Rig Count	873		869



Europe	Actual	Forecast	Previous
German ZEW Economic Sentiment	-24.7	-12.3	-10.6
Italian CPI (MoM) (Sep)	-0.50%	-0.40%	-0.50%
UK Retail Sales (MoM) (Sep)	-0.80%	-0.40%	0.40%
UK Average Earnings Index +Bonus	2.70%	2.60%	2.60%
UK Claimant Count Change (Sep)	18.5K	4.5K	14.2K
UK CPI (YoY) (Sep)	2.40%	2.60%	2.70%
UK PPI Input (MoM) (Sep)	1.30%	0.90%	1.20%
EU Trade Balance (Aug)	11.7B	15.1B	17.6B
EU ZEW Economic Sentiment	-19.4	-9.2	-7.2
EU CPI (YoY) (Sep)	2.10%	2.10%	2.10%



Asia	Actual	Forecast	Previous
China CPI (MoM) (Sep)	0.70%	0.70%	0.70%
China PPI (YoY) (Sep)	3.60%	3.70%	4.10%
China New Loans (Sep)	1,380B	1,350B	1,280B
China Fixed Asset Investment	5.40%	5.30%	5.30%
China GDP (YoY) (Q3)	6.50%	6.60%	6.70%
China Industrial Production	5.80%	6.00%	6.10%
Chinese Unemployment Rate	4.90%	5.00%	5.00%
Japan Exports (YoY) (Sep)	-1.20%	1.90%	6.60%
Japan Adjusted Trade Balance	(0.24T)	(0.34T)	(0.19T)



Date	Event
24-Oct-18	US New Home Sales (Sep)
25-Oct-18	ECB Interest Rate Decision
25-Oct-18	US Core Durable Goods Orders
26-Oct-18	US GDP (QoQ) (Q3)

The yield spread figure is the difference between two key interest rates. Spreads usually indicate the likelihood of a recession or a recovery. Spreads are also used to gauge the extent of market risk-taking and business confidence. For example, a narrowing spread between the 2 and 10 treasury yields indicates a flattening yield curve, while a widening one implies steepness in the curve. If the spread between a US treasury and a high yield bond is widening, it indicates that credit risk perception of lower quality bonds is increasing in the market. If the spread between an investment grade bond and a US treasury is declining, it indicates that the perception of credit risk is declining, and investors are positive on economic activity in general. US 5yr & 10yr Breakeven: The rates are United States breakeven inflation rates. They are calculated by subtracting the real yield of the inflation linked maturity curve from the yield of the closest nominal Treasury maturity. The result is the implied inflation rate for the term of the stated maturity.

General Fixed Income List

Security Name	Country of Risk	Industry Group	Maturity	Credit Rating	Ask YTM %	Ask Price	Price Change % WTD	Duration	Ask Z-Spread (bp)	Coupon %	Next Coupon Payment	Shari'ah Compliant	Min Piece
REPUBLIC OF ARGENTINA	ARGENTINA	Sovereign	4/22/2021	B	8.54	96.32	0.08	2.23	541.26	6.875	4/22/2019	N	150,000
CBB INTL SUKUK FIVE	BAHRAIN	Sovereign	2/12/2024	B+	5.73	99.50	0.04	4.47	254.13	5.624	2/12/2019	Y	200,000
KINGDOM OF SAUDI ARABIA	SAUDI ARABIA	Sovereign	10/12/2028	B+	6.98	100.16	-0.13	7.07	373.28	7.000	4/12/2019	N	200,000
KINGDOM OF SAUDI ARABIA	SAUDI ARABIA	Sovereign	1/26/2021	B+	5.64	100.48	0.06	2.06	251.61	5.875	1/26/2019	N	200,000
KINGDOM OF SAUDI ARABIA	SAUDI ARABIA	Sovereign	1/26/2026	B+	6.55	102.55	-0.04	5.55	334.06	7.000	1/26/2019	N	200,000
CENT ELET BRASILEIRAS SA	BRAZIL	Electric	10/27/2021	BB-	5.52	100.62	0.02	2.65	235.80	5.750	10/27/2018	N	200,000
HIKMA PHARMACEUTICALS PL	BRITAIN	Pharmaceuticals	4/10/2020	BB+	4.25	100.00	0.01	1.40	121.24	4.250	4/10/2019	N	200,000
DIB SUKUK LTD	CAYMAN ISLANDS	Banks	3/30/2021	A-	4.03	99.00	0.02	2.30	90.44	3.600	3/30/2019	Y	200,000
EIB SUKUK LTD	CAYMAN ISLANDS	Banks	3/31/2021	NR	3.75	99.48	0.03	2.42	60.74	3.542	11/30/2018	Y	200,000
ALPHA STAR HOLDING LTD	CAYMAN ISLANDS	Real Estate	4/9/2019	NR	4.53	100.19	-0.02	0.45	181.86	4.970	4/9/2019	Y	200,000
EMBRAER OVERSEAS LTD	CAYMAN ISLANDS	Aerospace/Defense	9/16/2023	BB-	4.47	105.35	0.03	4.24	128.00	5.696	3/16/2019	N	2,000
LAMAR FUNDING LTD	CAYMAN ISLANDS	Electric	5/7/2025	BB+	6.07	88.72	0.06	5.48	287.08	3.958	11/7/2018	N	200,000
SAUDI ELEC GLOBAL SUKUK	CAYMAN ISLANDS	Electric	4/8/2024	A-	4.33	98.39	-0.01	4.83	114.20	4.000	4/8/2019	Y	200,000
UNITY 1 SUKUK LIMITED	CAYMAN ISLANDS	Airlines	11/30/2021	NR	4.00	99.58	-0.05	2.85	83.26	3.860	11/30/2018	Y	200,000
ADCB FINANCE CAYMAN LTD	CAYMAN ISLANDS	Banks	3/6/2023	A-	4.30	100.79	-0.12	3.91	111.73	4.500	3/6/2019	N	200,000
CODELCO INC	CHILE	Mining	9/16/2025	A	4.46	100.23	0.06	5.84	125.23	4.500	3/16/2019	N	200,000
CODELCO INC	CHILE	Mining	7/17/2022	A	3.84	97.10	-0.02	3.46	66.39	3.000	1/17/2019	N	200,000
ARAB REPUBLIC OF EGYPT	EGYPT	Sovereign	1/31/2022	B-	5.83	100.86	0.16	2.88	265.70	6.125	1/31/2019	N	200,000
ARAB REPUBLIC OF EGYPT	EGYPT	Sovereign	1/31/2027	B-	7.39	100.63	0.32	5.98	417.23	7.500	1/31/2019	N	200,000
ARAB REPUBLIC OF EGYPT	EGYPT	Sovereign	1/31/2047	B-	8.64	98.51	0.32	10.30	535.80	8.500	1/31/2019	N	200,000
ADECODORO SA	LUXEMBOURG	Agriculture	9/21/2027	BB	7.67	89.33	0.07	6.59	444.29	6.000	3/21/2019	N	150,000
REPUBLIC OF IRAQ	IRAQ	Sovereign	3/9/2021	B-	6.94	99.28	0.32	3.70	376.30	6.752	3/9/2019	N	200,000
KINGDOM OF JORDAN	JORDAN	Sovereign	10/10/2047	B+	7.91	93.92	0.05	11.36	462.94	7.375	4/10/2019	N	200,000
KINGDOM OF JORDAN	JORDAN	Sovereign	1/29/2026	B+	6.52	97.75	-0.04	5.68	330.74	6.125	1/29/2019	N	200,000
KINGDOM OF JORDAN	JORDAN	Sovereign	1/31/2027	B+	6.65	94.35	-0.04	6.33	342.17	5.750	1/31/2019	N	200,000
PETROBRAS GLOBAL FINANCE	NETHERLANDS	Oil&Gas	5/20/2023	BB-	5.05	97.25	0.06	4.01	187.11	4.375	11/20/2018	N	2,000
BRASKEM NETHERLANDS	NETHERLANDS	Chemicals	1/10/2023	BBB+	4.75	95.29	0.00	3.81	156.11	3.500	1/10/2019	N	200,000
PETROBRAS GLOBAL FINANCE	NETHERLANDS	Oil&Gas	1/27/2025	BB-	6.08	95.99	-0.01	5.16	287.78	5.299	1/27/2019	N	2,000
PETROBRAS GLOBAL FINANCE	NETHERLANDS	Oil&Gas	1/27/2028	BB-	6.60	95.86	0.03	6.85	336.52	5.999	1/27/2019	N	2,000
EQUATE PETROCHEMICAL BV	NETHERLANDS	Chemicals	11/3/2026	BBB	4.57	97.89	0.06	6.57	134.35	4.250	11/3/2018	N	200,000
ELECTRICITE DE FRANCE SA	FRANCE	Electric	9/21/2028	A-	4.80	97.68	0.09	7.85	154.59	4.500	3/21/2019	N	200,000
EQUATE PETROCHEMICAL BV	NETHERLANDS	Chemicals	3/3/2022	BBB	4.15	96.41	0.04	3.14	98.22	3.000	3/3/2019	N	200,000
OMAN GOV INTERNTL BOND	OMAN	Sovereign	6/15/2026	BB+	5.83	93.39	-0.08	6.15	261.69	4.750	12/15/2018	N	200,000
OMAN GOV INTERNTL BOND	OMAN	Sovereign	6/15/2021	BB+	4.46	97.93	0.07	2.45	131.83	3.625	12/15/2018	N	200,000
REPUBLIC OF PORTUGAL	PORTUGAL	Sovereign	10/15/2042	BBB+	4.25	104.55	0.13	10.13	405.72	5.125	4/15/2019	N	200,000
SAUDI INTERNATIONAL BOND	SAUDI ARABIA	Sovereign	10/26/2021	A+	3.94	95.61	0.14	2.82	76.99	2.375	10/26/2018	N	200,000
SAUDI INTERNATIONAL BOND	SAUDI ARABIA	Sovereign	10/26/2026	A+	4.38	92.46	0.28	6.80	115.27	3.250	10/26/2018	N	200,000
SAUDI INTERNATIONAL BOND	SAUDI ARABIA	Sovereign	10/26/2046	A+	5.19	89.91	0.62	14.73	189.53	4.500	10/26/2018	N	200,000
DAR AL-ARKAN SUKUK CO LT	SAUDI ARABIA	Real Estate	5/28/2019	NR	4.72	101.03	-0.04	0.56	195.41	6.500	11/28/2018	Y	200,000
TAJKISTAN INT BOND	TAJKISTAN	Sovereign	9/14/2027	B-	8.39	92.15	0.06	5.62	539.53	7.125	3/14/2019	N	200,000
BNQ CEN TUNISIA INT BOND	TUNISIA	Banks	1/30/2025	B	8.68	86.07	0.13	4.96	547.78	5.750	1/30/2019	N	200,000
ALBARAKA TURK KATILIM BA	TURKEY	Banks	6/30/2019	NR	11.70	96.50	-0.01	0.63	889.03	6.250	12/30/2018	Y	200,000
QNB FINANSBANK AS/TURKEY	TURKEY	Banks	4/30/2019	BB-	5.29	100.48	0.00	0.49	255.78	6.250	10/30/2018	N	200,000
KOC HOLDING AS	TURKEY	Holding Companies-Divers	3/15/2023	BB-	6.75	94.36	0.09	3.81	357.27	5.250	3/15/2019	N	200,000
TURKCELL ILETISIM HIZMET	TURKEY	Telecommunications	10/15/2025	BB	7.48	90.73	0.05	5.55	427.39	5.750	4/15/2019	N	200,000
REPUBLIC OF TURKEY	TURKEY	Sovereign	4/14/2026	BB-	7.29	82.72	0.18	6.12	407.51	4.250	4/14/2019	N	200,000
REPUBLIC OF TURKEY	TURKEY	Sovereign	3/30/2021	BB-	6.62	97.80	0.09	2.22	349.00	5.625	3/30/2019	N	100,000
TURKIYE IS BANKASI A.S	TURKEY	Banks	12/10/2023	CCC+	13.17	80.59	0.51	3.80	99.61	7.850	12/10/2018	N	200,000
KT KIRA SERT VARLIK	TURKEY	Banks	11/2/2021	NR	6.97	95.06	0.09	2.66	380.65	5.136	11/2/2018	Y	200,000
TURKIYE IS BANKASI A.S	TURKEY	Banks	6/25/2021	B	10.14	88.22	0.22	2.35	699.90	5.000	12/25/2018	N	200,000
EMIRATES AIRLINES	UAE	Airlines	2/6/2025	NR/A N/A	4.71	98.86	0.06	2.90	186.81	4.500	2/6/2019	N	200,000
ELECTRICITE DE FRANCE SA	FRANCE	Electric	9/21/2028	A-	4.80	97.68	0.09	7.85	154.59	4.500	3/21/2019	N	200,000
BURGAN SENIOR SPC LTD	UAE	Banks	9/14/2021	A	4.05	97.51	0.00	2.72	88.31	3.125	3/14/2019	N	200,000
ABU DHABI NATIONAL ENERGY	UAE	Electric	1/12/2023	A-	4.09	98.22	0.01	3.83	90.10	3.625	1/12/2019	N	200,000
ABU DHABI NATIONAL ENERGY	UAE	Electric	5/6/2024	A-	4.29	97.99	0.03	4.83	109.33	3.875	11/6/2018	N	200,000
ABU DHABI NATIONAL ENERGY	UAE	Electric	6/22/2026	A-	4.64	98.33	0.06	6.33	141.87	4.375	12/22/2018	N	200,000

Source: Bloomberg. All Prices are Indicative

MENA New Issues Update

Security Name	Country of Risk	Industry Group	Maturity	Credit Rating	Ask YTM %	Ask Price	Price Change % WTD	Duration	Amount Issued	Coupon %	Next Coupon Payment	Shari'ah Compliant	Min Piece
REPUBLIC OF TURKEY	TURKEY	Sovereign	12/23/2023	BB-	7.34	99.58	0.11	4.24	2,000,000,000	7.250	6/23/2019	N	200,000
SABIC CAPITAL II BV	NETHERLANDS	Chemicals	10/10/2028	A	4.73	98.21	0.29	7.91	1,000,000,000	4.500	4/10/2019	N	200,000
SABIC CAPITAL II BV	NETHERLANDS	Chemicals	10/10/2023	A	4.21	99.07	0.43	4.44	1,000,000,000	4.000	4/10/2019	N	200,000
AKCB FINANCE LTD	CAYMAN ISLANDS	Banks	10/9/2023	A-	4.83	99.65	0.01	4.36	500,000,000	4.750	4/9/2019	N	200,000
ALDAR SUKUK LTD	CAYMAN ISLANDS	Real Estate	9/29/2025	NR	4.74	100.03	0.02	5.83	500,000,000	4.750	3/29/2019	Y	200,000
SAUDI ELEC GLB SUKUK	CAYMAN ISLANDS	Electric	9/27/2028	A	4.94	98.33	0.16	7.79	1,200,000,000	4.723	3/27/2019	Y	200,000
SAUDI ELEC GLB SUKUK	CAYMAN ISLANDS	Electric	1/27/2024	A	4.40	99.16	0.10	4.65	800,000,000	4.222	1/27/2019	Y	200,000
AMB SUKUK CO	CAYMAN ISLANDS	Banks	9/15/2023	A	4.26	100.51	0.06	4.35	500,000,000	4.375	3/15/2019	Y	200,000
ADIB CAPITAL INVEST TWO	CAYMAN ISLANDS	Holding Companies-Divers	Perp	B	7.00	103.71	0.14	4.08	750,000,000	7.125	3/20/2019	Y	200,000
KSA SUKUK LTD	CAYMAN ISLANDS	Sovereign	1/19/2029	A+	4.55	98.03	0.11	8.14	2,000,000,000	4.303	1/19/2019	Y	200,000
ARAB PETROLEUM INVST	SNAT	Multi-National	9/18/2023	NR	4.06	100.30	-0.02	4.38	750,000,000	4.125	3/18/2019	N	200,000
CBQ FINANCE LTD	BERMUDA	Banks	5/24/2023	BBB+	4.82	100.74	0.02	3.97	500,000,000	5.000	11/24/2018	N	200,000
QNB FINANCE LTD	CAYMAN ISLANDS	Banks	5/31/2021	A+	3.36	101.18	0.07	0.10	1,500,000,000	3.663	11/30/2018	N	200,000
REPUBLIC OF INDONESIA	INDONESIA	Sovereign	4/24/2025	BBB+	2.20	97.31	-0.17	6.01	1,000,000,000	1.750	4/24/2019	N	100,000
REPUBLIC OF INDONESIA	INDONESIA	Sovereign	4/24/2028	BBB+	4.85	94.35	-0.30	7.72	1,000,000,000	4.100	4/24/2019	N	100,000
REPUBLIC OF TURKEY	TURKEY	Sovereign	10/24/2028	BB-	7.60	89.78	0.09	7.19	2,000,000,000	6.125	4/24/2019	N	200,000
OZTEL HLDG SPC LTD	UAE	Telecommunications	4/24/2028	BBB-	6.75	99.14	0.16	6.95	900,000,000	6.625	4/24/2019	N	200,000
OZTEL HLDG SPC LTD	UAE	Telecommunications	10/24/2023	BBB-	5.45	100.77	0.13	4.31	600,000,000	5.625	4/24/2019	N	200,000
NOOR SUKUK CO LTD	CAYMAN ISLANDS	Banks	4/24/2023	NR	4.52	99.82	0.02	4.					

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