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J.P. Morgan Launches New Emerging Markets Fixed Income Index: The J.P. Morgan Middle East Composite Index (Mecism)

New York, October 23, 2013 - J.P. Morgan today announced the introduction of a new emerging markets fixed income index, the J.P. Morgan Middle East Composite Index (MECISM), that holistically captures the Middle Eastern U.S. dollar-denominated debt market covering sovereign, quasi-sovereign and corporate issuers. The MECI represents 73% of the Middle Eastern US dollar external debt asset class, tracking 61 issuers and 167 instruments spanning 10 countries. The new addition to the J.P. Morgan family of fixed income indices has a total market value of \$156.5 billion.

"The Middle East has become an increasingly important component of the emerging markets debt universe after a decade of prolific issuance. The MECI will be a comprehensive and versatile benchmarking tool for domestic and global investors in Middle Eastern bonds," said Stephen Dulake, J.P. Morgan's Head of International Credit Research.

MECI closely follows the methodology of J.P. Morgan's Emerging Markets Bond Index Global (EMBI) and Corporate Emerging Markets Bond Index Broad (CEMBI), which are the most widely used benchmarks for investors in U.S. dollar-denominated emerging markets sovereign and corporate bonds, respectively. MECI selects issuers that are domiciled in the Middle East region and contains the following countries: Bahrain, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and United Arab Emirates.

"The MECI vastly expands the J.P. Morgan fixed income index coverage of Middle Eastern debt by encapsulating several major sovereign, quasi-sovereign and corporate issuers in the region which are not captured in the flagship J.P. Morgan emerging markets indices such as the EMBI and the CEMBI," said Gloria Kim, J.P. Morgan's Head of Global Index Research. "It continues a legacy of premier index products developed by J.P. Morgan and underscores the firm's dedication to developing emerging markets."

The MECI consists of regularly traded, liquid fixed and floating rate instruments that have a minimum face amount outstanding of \$300 million and at least 5 years until maturity at issuance. Over 11 years of historical daily index levels and statistics are available for the aggregate, credit, country and sector subindices of MECI, beginning December 31, 2001. Clients and investors can access index levels and statistics for the MECI SM on www.jpmorganmarkets.com.

Table 1: J.P. Morgan MECI country and instrument rules

Inclusion Criteria	MECI
Country requirements	Middle East only*
Instrument requirements	
Minimum issue size:	US\$300 million
Maturity requirement for entry:	At least 5 years until maturity
Maturity requirement to maintain inclusion:	At least 1 year until maturity
Issuer type inclusion:	
Sovereign	Yes
Quasi-sovereign	Yes
Corporate	Yes
Sukuk	Yes

*Middle East as defined by the World Bank excluding North Africa

Table 2: J.P. Morgan MECI country and subindex overview (as of September 30, 2013)

MECI	S&P/Moody's	Mkt Val	MECI	Spread		Yield
		US\$ (bn)	WGT (%)	Dur	(bps)	(%)
MECI	A- / A2	156.5	-	5.3	238	4.67
By Issuer Type						
Corporate	A- / A3	74.7	47.6	4.9	245	6.03
Quasi-Sovereign	A+ / A1	24.3	15.5	5.1	183	4.06
Sovereign	BBB+ / Aa3	57.6	36.7	5.8	249	4.78
By Country						
Bahrain	BBB / Baa1	7.4	4.7	5.1	332	5.36
Iraq	NR	2.3	1.5	7.4	511	7.70
Israel	BBB+ / A3	16.2	10.3	6.7	191	4.35
Jordan	BB- / B1	0.8	0.5	1.9	331	3.68
Kuwait	BBB- / Baa3	1.6	1.0	4.3	382	5.44
Lebanon	B / B1	14.5	9.3	4.9	430	6.21
Oman	BBB- / A1	0.8	0.5	3.2	407	5.06
Qaar	AA- / Aa3	44.2	28.2	5.6	145	3.78
Saudi Arabia	A+ / A1	7.7	4.9	5.2	161	4.09
United Arab Emirates	A / A3	61.1	39.0	4.8	251	4.87
By Credit Bucket						
Investment Grade	A+ / A1	120.5	77.0	5.4	185	4.16
High Yield	B+ / Ba3	36.0	23.0	4.7	404	6.30

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