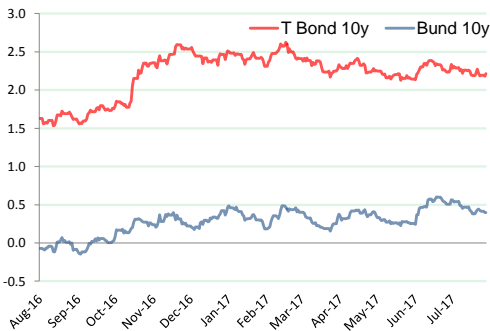


MORNING BOND UPDATE

Wednesday, August 23, 2017



	Last	Prev	02.janv
US 2y	1.32	1.32	0.70
US 10y	2.21	2.21	2.20
Germany 2y	-0.72	-0.72	-0.10
Germany 10y	0.40	0.40	0.54
France 2y	-0.49	-0.49	-0.05
France 10y	0.70	0.70	0.81
Swiss 2y	-0.81	-0.80	-0.28
Swiss 10y	-0.14	-0.13	0.32
Australia 2y	1.85	1.83	2.21
Australia 10y	2.67	2.65	2.87

T Bonds

** **U.S. Treasury** yields rose on Tuesday as investors awaited speeches by top central bankers later in the week for signals about monetary policy, and in the absence of major economic data.

Yields fell to almost two-month lows on Friday as political discord in Washington sparked safety buying and on continuing concern about tensions between the United States and North Korea.

Bonds have now retraced some of that rally as investors wait for a new catalyst to give the market direction. "I think it's a pattern of consolidation we've been falling into," said an analyst. "We've been looking for a bit of yield bounce here just because we've done nothing but rally on very little news in the last couple of days."

Benchmark 10-year notes were last down 10/32 in price to yield 2.22 percent, up from 2.18 percent on Monday. The yields fell to 2.16 percent on Friday, the lowest level since June 27.

Stronger stock markets on Tuesday also reduced safety buying of U.S. debt.

Investors were focused on this week's annual central banking conference in Jackson Hole, Wyoming, which begins on Thursday. Federal Reserve Chair Janet Yellen and European Central Bank President Mario Draghi are among the scheduled speakers.

Many analysts and investors, however, do not expect that much new information will emerge at the conference.

Two sources told Reuters last week that Draghi will not deliver any new policy message at Jackson Hole, tempering expectations for the ECB to start charting its course out of stimulus.

"You can get the market ready for tapering but you can do that in September, and it's widely expected anyway. Why add more fuel to the fire?" an analyst said.

Draghi will speak at an event in Germany on Wednesday ahead of Jackson Hole. The Fed is expected to announce a plan to reduce its balance sheet at its September policy meeting.

European Union

** **Italian** government bond yields jumped on Tuesday, stretching the gap with **German** peers to a five-week high, in the wake of proposals to introduce a parallel currency in Italy that have upped the ante for elections due next year.

Italy's 10-year bond yield climbed as much as 9 basis points to a three-week high at 2.13 percent. It closed up 7 bps, its biggest daily rise in a month.

As well as concern about the ECB's monetary policy and geopolitics, analysts said the sell-off was caused by reports at the weekend that former prime minister Silvio Berlusconi, who leads the centre-right Forza Italia party, has indicated his support for the introduction of a parallel currency.

The report highlights concerns about broader anti-euro sentiment in Italy, the bloc's third biggest economy, as it heads into elections due by May next year.

"People are referring to this story where Berlusconi outlines his idea of a parallel currency," said an analyst. "This is not a new idea but what you see is that as people start positioning for Italian elections, stories like these get more and more attention."

Earlier this year, comments by France's far-right leader Marine Le Pen about leaving the euro rattled markets heading into French presidential elections in April and May.

While those jitters faded with the election of Emmanuel Macron as French president, political uncertainty in Italy could unsettle financial markets once more.

The idea of a parallel currency in Italy is also significant because it could be a way for Berlusconi to find some common ground with other political parties such as the anti-immigrant Northern League and right-wing Brothers of Italy, said Lorenzo Codogno, a visiting professor at the London School of Economics and chief economist at LC Macro Advisors.

"In fact, over the next few days the three parties are due to sit together and decide a common programme," he said. "Politically, it would also be an important step towards preparing the centre-right for the next general election."

As Italian bonds underperformed their peers, the Italian/German 10-year yield gap reached 170 bps -- its widest in five weeks. That is up from a 2017 low of around 152 bps hit earlier this month.

Italian stocks also underperformed other European bourses.

Most other euro zone bond yields were flat or a touch higher on the day with investors largely side lined ahead of a gathering of top central bankers in Jackson Hole, Wyoming later this week.

Other Markets :

** **Indonesia's** central bank surprised most economists on Tuesday by lowering interest rates, reflecting its relative comfort with the currency and inflation outlook.

The benchmark rate was cut by a quarter point to 4.5 percent, with all but six of the 28 economists surveyed by Bloomberg predicting it would stay on hold. Bank Indonesia reduced borrowing costs six times last year, making it Asia's biggest rate cutter.

Governor Agus Martowardojo and his board had put policy easing on hold until now, concerned that tightening U.S. monetary policy may spur outflows from emerging markets and undermine the currency. With the Federal Reserve sticking to gradual rate hikes in the face of subdued inflation, the rupiah has been relatively stable this year, gaining about 1 percent against the dollar.

Bank Indonesia said the move was motivated by an improving inflation outlook and expectations of only one more U.S. rate increase, delayed to later this year. Officials also cited the rupiah and current-account deficit remaining "manageable."

Indonesia follows central banks in **India** and **Vietnam** in easing monetary policy in recent months as low inflation gives policy makers in Asia room to provide stimulus to their economies. Six rate cuts last year in Indonesia had failed to spur economic growth above 5 percent, while credit demand is still lackluster, enabling the central bank to restart its easing cycle.

"The rate cut from BI is a measured move, as it is coming on expectations of lower inflation, and reasonable growth," said an analyst. "We believe the central bank remains focused on maintaining financial stability, and any further easing will be done keeping that in mind."

The rate cut may spur consumer spending and help to boost sentiment for property and automotive stocks, said an analyst. The Jakarta Composite Index, the nation's benchmark stock index, rose as much as 0.5 percent on Wednesday, taking its gain this year to 11 percent.

The rupiah was little changed at 13,342 per dollar as of 9:20 a.m. in Jakarta.

The yield on 10-year government bonds fell two basis points to 6.85 percent, its lowest level since July 6.

For a complete bond selection please check the weekly bond list on intranet. For further informations please call the Transactions Desk at +41 58 321 96 44

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DAILY BOND LIST

Wednesday, August 23, 2017

ISIN	Ccy	Issue Size M.	Min. Unit K	Incr. Unit K	Coupon %	Coupon Type	Name	Country of Risk	Maturity	Ind. Ask Price	Yield %	Rating S&P	Rating Moody's
Investment Grade New Issues													
US37045VAM28	USD	500	2	1	2.1167	FLOATING	GENERAL MOTORS CO	US	07.08.2020	100.17	2.06	BBB	Baa3
USU05526AE50	USD	2250	2	1	2.297	FIXED	BAT CAPITAL CORP	GB	14.08.2020	100.26	2.20	BBB+	Baa2
USU05526AF26	USD	1000	2	1	1.905	FLOATING	BAT CAPITAL CORP	GB	14.08.2020	100.21	1.84	BBB+	Baa2
XS1628031582	USD	400	200	1	3.25	FIXED	CANARA BANK LONDON	IN	10.08.2022	100.56	3.13	#N/A N/A	Baa3
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.21	2.72	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.11	2.17	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	100.62	2.57	BBB	Baa2
USY3815NAY77	USD	600	200	1	3	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2022	99.69	3.07	#N/A N/A	Baa1
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	100.78	3.02	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	100.63	3.12	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	100.82	3.30	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	100.40	3.51	BBB+	Baa2
USY3815NAZ43	USD	300	200	1	3.625	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2027	99.19	3.72	#N/A N/A	Baa1
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	100.67	4.12	BBB	Baa3
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.66	1.12	#N/A N/A	#N/A N/A
XS1664643746	EUR	1100	100	1	0.171	FLOATING	BAT CAPITAL CORP	GB	16.08.2021	100.39	0.07	BBB+	Baa2
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.64	0.85	BBB+	Baa2
XS1647481206	EUR	1000	100	1	2.15	FIXED	REPUBLIC OF INDONESIA	ID	18.07.2024	102.46	1.77	#N/A N/A	Baa3
XS1652512457	EUR	750	100	1	1.375	FIXED	DS SMITH PLC	GB	26.07.2024	100.95	1.23	BBB-	#N/A N/A
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.30	1.92	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.28	1.81	#N/A N/A	Baa2e
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.88	1.99	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	101.76	2.76	BBB	Baa2
XS1640493299	GBP	300	100	1	1.7	FIXED	FIDELITY NATIONAL INFORM	US	30.06.2022	101.26	1.43	BBB	Baa2
AU3FN0037891	AUD	300	10	10	2.6945455	FLOATING	FBG FINANCE PTY LTD	BE	06.09.2022	100.40	2.31	#N/A N/A	A3e
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	100.16	3.21	#N/A N/A	A3e
XS1642733932	GBP	250	100	1	2.5	FIXED	GO-AHEAD GROUP PLC	GB	06.07.2024	101.02	2.34	BBB-	Baa3
AU3CB0246668	AUD	650	10	10	3.75	FIXED	FBG FINANCE PTY LTD	BE	06.09.2024	100.40	3.68	#N/A N/A	A3e
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.74	2.26	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.36	2.07	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	99.80	4.12	#N/A N/A	A3e
XS1652512705	GBP	250	100	1	2.875	FIXED	DS SMITH PLC	GB	26.07.2029	100.66	2.81	BBB-	#N/A N/A
Below Investment Grade New Issues													
DE000A19FW97	EUR	200	100	1	5.625	FIXED	SCHMOLZ+BICKEN LX FIN SA	LU	15.07.2022	106.87	4.06	B+	B2
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.30	4.80	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	100.53	4.63	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.77	2.58	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	100.97	4.78	(P)B	B2e
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	102.88	5.45	#N/A N/A	Ba3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	103.00	5.05	(P)B	B2e
CH0370943562	CHF	335	5	5	3	FIXED	MSC CRUISES SA	CH	14.07.2023	102.15	2.60	#N/A N/A	#N/A N/A
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.34	5.19	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.70	1.86	#N/A N/A	#N/A N/A
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	99.94	6.13	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	99.95	4.51	BB+	Ba1

*watchlist for downgrade

Bold type : new entries of the day

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