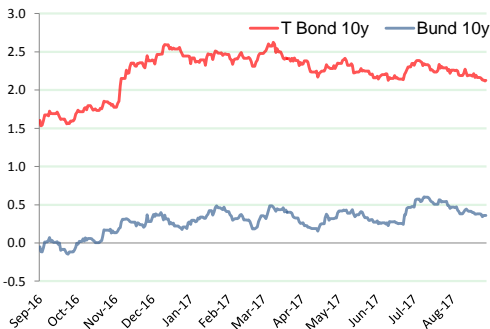
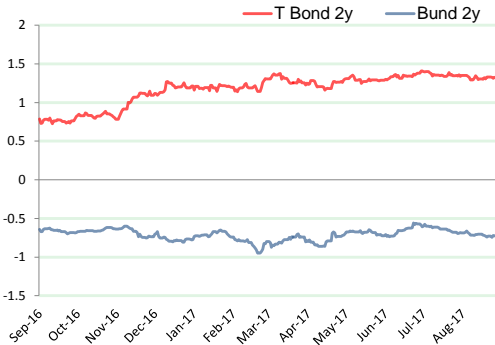


# MORNING BOND UPDATE

Friday, September 01, 2017



	Last	Prev	02.janv
US 2y	1.33	1.33	0.70
US 10y	2.13	2.12	2.20
Germany 2y	-0.73	-0.73	-0.10
Germany 10y	0.36	0.36	0.54
France 2y	-0.52	-0.52	-0.05
France 10y	0.66	0.66	0.81
Swiss 2y	-0.81	-0.80	-0.28
Swiss 10y	-0.14	-0.14	0.32
Australia 2y	1.86	1.89	2.21
Australia 10y	2.66	2.71	2.87

## T Bonds

\*\* U.S. Treasury yields prices gained on Thursday after consumer spending data showed continuing low inflation, and as tensions with North Korea kept up demand for the safe haven bonds.

The core personal consumption expenditures (PCE) price index increased 1.4 percent in the 12 months through July, the smallest year-on-year increase since December 2015.

"After a run of low numbers, and given that June was the last one that didn't disappoint to the downside, there were people thinking maybe we will get a small upside surprise," said an analyst. "Not this time."

Benchmark 10-year notes gained 7/32 in price to yield 2.121 percent, down from 2.145 percent on Wednesday.

Escalated tensions between the U.S. and North Korea also boosted demand for Treasuries.

South Korean and Japanese jets joined exercises with two U.S. nuclear-capable bombers above and near the Korean peninsula on Thursday, two days after North Korea fired a missile over Japan.

Trading volumes were relatively low, however, with some investors reluctant to buy Treasuries given that yields are near their lowest levels since November.

"People have been nervous about the levels for the last two weeks, which is one of the reasons you've seen volume really fall back," said an analyst.

Friday's employment report for August is the next major economic focus. Employers are expected to have added 180,000 jobs in the month, according to the median estimate of 93 economists.

Wage data will be watched by investors for further indications on inflation.

Central bank meetings next month are also in focus, with the European Central Bank under the most scrutiny for any indications that it is near a decision to pare its asset purchases.

Rapid gains by the euro against the dollar are worrying a growing number of policymakers at the ECB, raising the chance its asset purchases will be phased out only slowly, three sources familiar with discussions told Reuters.

Yields on Treasury bills due in early October rose on concerns about the debt ceiling.

U.S. Treasury Secretary Steven Mnuchin said on Thursday that Hurricane Harvey could bring forward the deadline by which the nation's debt ceiling needs to be raised.

The Treasury Department also said it would sell \$25 billion in cash management bills due next week.

Yields on bills due on Oct. 5 rose to 1.12 percent, from a session low of 1.06 percent.

## European Union

\*\* Germany's benchmark 10-year government bond yield was set to record its biggest monthly fall in six months on Thursday, reflecting increased demand for safe-haven assets on the back of rising geopolitical tensions in August.

Bond yields across the euro area were a touch higher early on Thursday ahead of inflation data that will provide the latest snapshot of price pressures in the bloc before a European Central Bank meeting in a week's time.

European and U.S. bond markets have been caught this week between a stronger tone to economic data globally, putting upward pressure on yields, and concern about rising tensions with North Korea which have boosted demand for safe-haven debt.

President Donald Trump on Wednesday said "talking is not the answer" to the tense standoff with North Korea over its nuclear missile development, but his defence chief swiftly asserted that the United States still has diplomatic options.

The flows back into safe-haven euro zone bonds this month came after a sharp selloff in July on concerns about a tapering or scaling back of ECB monetary stimulus.

German government bond yields, are down about 17 basis points this month - the biggest fall since February.

Germany's 10-year bond yield was up just 1 basis point at 0.37 percent early on Thursday, edging away from two-month lows hit earlier this week at 0.32 percent.

"The re-escalation of Korea tensions has sparked a pretty sharp move down in yields this month," said an analyst. "But the fall in yields should also be seen as a correction after the sharp move in July."

Preliminary numbers due later this session are expected to show euro zone inflation rose 1.4 percent in August, up from 1.3 percent last month.

Analysts said a higher-than-expected number is unlikely to surprise markets after data on Wednesday showed German and Spanish consumer prices rose more than expected in August.

While still well below the ECB's target, the upward trend in euro zone inflation could provide some comfort for policymakers looking to rein in their monetary stimulus.

Their meeting next Thursday is a key event for investors trying to assess just when the central bank is likely to start tapering.

## Other Markets :

\*\* The Bank of Japan cut back on purchases of debt for the third time in a month, as benchmark yields dropped to around its policy target rate.

The central bank offered to buy 300 billion yen (\$2.7 billion) of debt maturing in three-to-five years on Friday, down from 330 billion yen at its previous operation, according to its statement. This was the first reduction in purchases for the sector since May, and follows on other cutbacks in the five-to-10 year zone earlier.

The benchmark 10-year yield fell on Tuesday to the zero percent level the BOJ targets, following North Korea's launch of a missile over Japan. Global yields have eased since June as traders pared back expectations of the pace of policy tightening from major central banks.

The BOJ has gone from buying an unlimited amount of debt earlier this year to cap rising yields, to cutting bond purchases. On Thursday, it lowered the range of its planned bond purchases for September, saying it will buy less of the securities due in five-to-10 years. The five-year yield was at -0.145 percent Friday, matching the lowest level since May 9 which it reached on Tuesday.

The declines "in yields on short-and-medium-term notes have been standing out," said an analyst.

"Considering the current market environment, the BOJ could have reduced purchases in all sectors at today's operation, but probably the bank wants to reduce them one at a time to conduct operations in a careful manner."

Investors turned risk averse as North Korea fired an unidentified ballistic missile over Japan on Tuesday, the regime's first projectile to fly over Japanese airspace since the launch of a rocket over Okinawa in 2016. The BOJ cut actual buying amounts of five-to-10 year bonds by 30 billion yen twice during its operations in August.

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

Friday, September 01, 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
<b>Investment Grade New Issues</b>													
<i>*watchlist for downgrade</i>													
USU05526AE50	USD	2250	2	1	2.297	FIXED	BAT CAPITAL CORP	GB	14.08.2020	100.58	2.09	BBB+	Baa2
USU05526AF26	USD	1000	2	1	1.905	FLOATING	BAT CAPITAL CORP	GB	14.08.2020	100.12	1.87	BBB+	Baa2
XS1645684587	USD	500	200	1	2.75	FIXED	CHINA GRT WALL INTL III	HK	31.08.2020	99.96	2.76	#N/A N/A	Baa1
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.85	2.58	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.05	2.19	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	101.03	2.48	BBB	Baa2
USY3815NAY77	USD	600	200	1	3	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2022	99.95	3.01	A-	Baa1
XS1645684660	USD	1000	200	1	3.125	FIXED	CHINA GRT WALL INTL III	HK	31.08.2022	99.99	3.13	#N/A N/A	Baa1
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	101.85	2.85	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	101.25	3.02	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	101.60	3.21	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	101.69	3.35	BBB+	Baa2
USY3815NAZ43	USD	300	200	1	3.625	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2027	99.66	3.67	A-	Baa1
XS1645684827	USD	500	200	1	3.875	FIXED	CHINA GRT WALL INTL III	HK	31.08.2027	99.50	3.94	#N/A N/A	Baa1
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.68	3.99	BBB	Baa3
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.72	1.10	#N/A N/A	#N/A N/A
XS1664643746	EUR	1100	100	1	0.171	FLOATING	BAT CAPITAL CORP	GB	16.08.2021	100.41	0.07	BBB+	Baa2
<b>XS1678629186</b>	<b>EUR</b>	<b>200</b>	<b>1</b>	<b>1</b>	<b>0.875</b>	<b>FIXED</b>	<b>GRENKE FINANCE PLC</b>	<b>DE</b>	<b>07.10.2022</b>	<b>100.15</b>	<b>0.84</b>	<b>#N/A N/A</b>	<b>#N/A N/A</b>
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.79	0.83	BBB+	Baa2
<b>XS1678966935</b>	<b>EUR</b>	<b>650</b>	<b>100</b>	<b>1</b>	<b>1.75</b>	<b>FIXED</b>	<b>CNH INDUSTRIAL FIN EUR S</b>	<b>GB</b>	<b>12.09.2025</b>	<b>99.52</b>	<b>1.81</b>	<b>BBB-</b>	<b>Ba2</b>
XS1673102734	EUR	600	100	1	1.5	FIXED	ISS GLOBAL A/S	DK	31.08.2027	99.85	1.52	BBB	Baa2
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.37	1.92	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.34	1.81	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.94	1.98	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	101.46	2.78	BBB	Baa2
AU3FN0037891	AUD	300	10	10	2.7120194	FLOATING	FBG FINANCE PTY LTD	BE	06.09.2022	100.22	3.23	#N/A N/A	A3e
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	100.11	3.23	#N/A N/A	A3e
XS1665510134	AUD	300	2	1	3.604	FIXED	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.47	3.51	#N/A N/A	A1
XS1665510308	AUD	450	2	1	2.943329	FLOATING	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.11	3.53	#N/A N/A	A1
AU3CB0246668	AUD	650	10	10	3.75	FIXED	FBG FINANCE PTY LTD	BE	06.09.2024	100.31	3.70	#N/A N/A	A3e
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	99.98	2.25	#N/A N/A	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	103.15	2.21	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.85	2.01	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	99.81	4.12	#N/A N/A	A3e
<b>Below Investment Grade New Issues</b>													
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.45	4.77	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	101.81	4.33	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.84	2.56	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	100.53	4.88	(P)B	(P)B2
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	103.55	5.30	#N/A N/A	Ba3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	103.28	4.99	(P)B	(P)B2
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.00	5.25	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUOFINS SCIENTIFIC SE	LU	25.07.2024	101.80	1.84	#N/A N/A	#N/A N/A
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	101.24	5.90	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.70	4.41	BB+	Ba1

## Expected New Issues

**Bold type** : new entries of the day

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