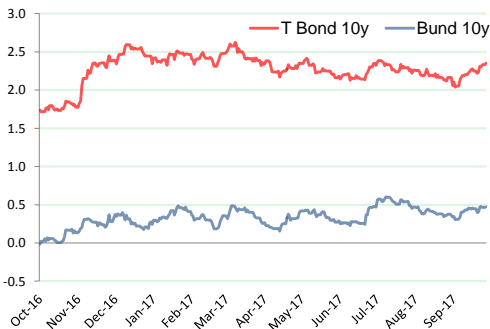


# MORNING BOND UPDATE

Monday, October 02, 2017



	Last	Prev	02.janv
US 2y	1.49	1.48	0.70
US 10y	2.35	2.33	2.20
Germany 2y	-0.69	-0.69	-0.10
Germany 10y	0.47	0.46	0.54
France 2y	-0.48	-0.48	-0.05
France 10y	0.76	0.74	0.81
Swiss 2y	-0.78	-0.80	-0.28
Swiss 10y	0.00	-0.02	0.32
Australia 2y	1.95	1.95	2.21
Australia 10y	2.84	2.84	2.87

## T Bonds

\*\* Most **U.S. Treasury** yields edged higher on Friday, marking the end of a choppy third quarter, as investors weighed the chances on the Federal Reserve raising interest rates in December and Washington's implementation of tax cuts and other fiscal changes.

Bond yields rose modestly on encouraging data about steady economic growth and reports U.S. President Donald Trump met with former Federal Reserve Governor Kevin Warsh about a potential nomination to head the U.S. central bank.

In light of his views on rates and past stance against expansion of the Fed's balance sheet, Warsh is seen as more hawkish than current Fed Chair Janet Yellen, whose term expires in February, analysts said.

Consumer spending nudged up 0.1 percent in August but a gauge of U.S. Midwest factory activity unexpectedly rose in September despite disruptions stemming from hurricanes Harvey and Irma.

Friday's data did not change traders' expectations, at about 73 percent, that the Fed would raise short-term rates again in December.

Longer-dated yields were supported by a deceleration in a measure of the core rate of personal consumption expenditure, the Fed's preferred inflation gauge. The annual rise in core PCE slowed to 1.3 percent in August, the weakest reading since November 2015.

The benchmark 10-year U.S. Treasury note yield was up 2 basis points at 2.325 percent, while the 30-year yield was down 0.9 basis point at 2.859 percent.

The two-year yield was up over 2 basis points at 1.479 percent, not too far from the near nine-year peak it reached this week.

For the month, Treasury yields were on track to post their biggest monthly increase since November during a global market sell-off following Trump's surprise presidential victory.

Due to the sharp rise in yields this month, Treasuries recorded a slim return of 0.06 percent for the third quarter, bringing their year-to-date gain to 2.31 percent.

The \$14 trillion sector has experienced a choppy quarter. Bond yields fell in July and August on soft economic data and anxiety about tensions between North Korea and the United States over Pyongyang's missiles and nuclear weapons programs.

They turned higher in September, with the 10-year yield hitting an 11-week high this week on hints the Fed may raise rates in December and Trump's roll-out of a tax plan that raised concerns it may increase the federal deficit and borrowing.

## European Union

\*\* The gap between **Spanish** and **German** government borrowing costs was its widest in nearly four months on Monday as investors were unsettled by a violent police crackdown on an illegal independence vote in Catalonia.

Regional officials said 90 percent of voters in Sunday's ballot favoured breaking away from Spain, opening the door to a unilateral declaration of independence in the industrial powerhouse which accounts for a fifth of Spain's economy.

Spanish government bond yields rose 7 basis points to 1.69 percent when trading began on Monday, according to Tradeweb data, their highest since mid-July and outstripping a 2 basis point rise in benchmark German equivalents.

The sharp rise in Spanish yields also pulled Italian peers to their highest in 2-1/2 months, up 5 bps at 2.22 percent. The euro lost about half a percent against the dollar.

## Other Markets :

\*\* **Japanese** government bonds slipped on Monday, tracking higher U.S. Treasury yields and undermined by indications that Japan's economy is improving.

The 10-year cash JGB yield added 1.5 basis points to 0.075 percent, while the 10-year JGB futures contract finished down 0.17 point at 150.18.

In the superlong zone, the 20-year JGB yield added 1.5 basis points to 0.590 percent, while the 30-year JGB yield also rose 1.5 basis points to 0.875 percent.

Weighing on bond market sentiment, the Bank of Japan's closely watched tankan survey showed that big manufacturers have more confidence in business conditions than they have had for a decade as a weak yen and robust global demand add momentum to the economic recovery.

Separately, the Markit/Nikkei Japan Manufacturing Purchasing Managers' Index showed that Japanese manufacturing activity in September expanded at the fastest pace in four months, according to revised figures released on Monday.

The 10-year U.S. Treasuries yield rose to 2.358 percent in Asian trading, compared to Friday's U.S. close of 2.326 percent.

The BOJ maintained the target amount for its government bond buying programme at its regular market operations in October from September, the central bank's bond buying plan released on Friday showed.

# DAILY BOND LIST

Monday, October 02, 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>													
XS1687735107	USD	300	200	1	2.2803	FLOATING	HANJIN INTERNATIONAL COR	KR	28.09.2020	100.19	2.22	#N/A N/A	Aa2
USG2178XAA03	USD	1000	200	1	2.25	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.09.2020	99.78	2.33	A-	A3e
XS1692890343	USD	450	200	1	2.10389	FLOATING	IND & COMM BK CHINA/LUX	CN	12.10.2020	100.18	2.04	#N/A N/A	A1e
XS1686463305	USD	400	200	1	3.375	FIXED	VOYAGE BONDS LTD	CN	28.09.2022	99.65	3.45	#N/A N/A	#N/A N/A
XS1691909177	USD	400	200	1	2.875	FIXED	IND & COMM BK CHINA/LUX	CN	12.10.2022	99.94	2.89	#N/A N/A	A1e
USG2178XAB85	USD	750	200	1	2.75	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.03.2023	99.70	2.81	A-	A3e
XS1694216687	USD	3000	200	1	2.875	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2023	99.78	2.92	#N/A N/A	A1
XS1577950402	USD	500	200	1	4.215	FIXED	COCA-COLA ICECEK AS	TR	19.09.2024	101.54	3.96	#N/A N/A	Baa3
XS1688567251	USD	400	200	1	3.625	FIXED	MIRVAC GROUP FINANCE LTD	AU	18.03.2027	98.27	3.85	BBB+	A3
USG2178XAC68	USD	500	200	1	3.25	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.09.2027	99.04	3.36	A-	A3e
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.65	4.00	BBB	Baa3
USP57908AG32	USD	500	200	1	4	FIXED	MEXICHEM SAB DE CV	MX	04.10.2027	100.15	3.98	BBB-	#N/A N/A
XS1694217495	USD	5000	200	1	3.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2028	99.84	3.64	#N/A N/A	A1
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.83	3.89	BBB+	Baa1e
XS1694218469	USD	4500	200	1	4.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.10.2047	100.58	4.59	#N/A N/A	A1
USP6629MAD40	USD	3000	200	1	5.5	FIXED	MEXICO CITY ARPT TRUST	MX	31.07.2047	101.74	5.38	BBB+	Baa1e
USP57908AH15	USD	500	200	1	5.5	FIXED	MEXICHEM SAB DE CV	MX	15.01.2048	99.49	5.54	BBB-	#N/A N/A
XS1691909334	EUR	1100	100	1	0.221	FLOATING	IND & COMM BK CHINA/LUX	ES	12.10.2020	100.16	0.17	#N/A N/A	A1e
XS1692378323	EUR	250	100	1	1.125	FIXED	HOIST KREDIT AB	ES	04.10.2021	99.95	1.14	#N/A N/A	Baa3
XS1691349796	EUR	550	100	1	0.918	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2022	100.37	0.84	BBB-	#N/A N/A
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.62	0.75	BBB+	#N/A N/A
XS1693959931	EUR	600	100	1	2.125	FIXED	CPI PROPERTY GROUP SA	DE	04.10.2024	100.65	2.03	#N/A N/A	Baa3e
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	99.71	1.66	#N/A N/A	Baa3
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.08	1.36	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENTAG FINANCE BV	DE	27.09.2025	99.35	1.21	#N/A N/A	Baa3
XS1691349952	EUR	750	100	1	2.065	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2027	100.58	2.00	BBB-	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.71	1.75	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.19	1.93	BBB	Baa2
CH0383104376	CHF	125	5	5	1.05	FIXED	COOPERATIVA PERSONAL U C	CL	15.10.2021	100.31	0.97	#N/A N/A	Baa2
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	97.84	2.59	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	100.98	2.51	(P)BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.13	4.33	A-	A3
AU3CB0247740	AUD	200	10	10	4.85	FIXED	EMIRATES NBD PJSC	AE	12.10.2027	101.44	4.67	#N/A N/A	A3e
<b>Below Investment Grade New Issues</b>													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.43	1.97	BBB-	Baa3
XS1691349010	USD	500	200	1	5.125	FIXED	TC ZIRAAT BANKASI AS	TR	29.09.2023	100.87	4.96	#N/A N/A	Ba1
FR0013284643	EUR	500	100	100	4.196	FIXED	ERAMET	FR	28.02.2024	100.60	4.09	#N/A N/A	#N/A N/A
USG25343AA52	USD	500	200	1	5.95	FIXED	COSAN LTD	BR	20.09.2024	102.75	5.47	BB	#N/A N/A
USN6945AAJ62	USD	3759.866	2	1	5.299	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	100.29	5.25	BB-	B1
AT0000A1Y3P7	EUR	500	0.5	0.5	1.375	FIXED	VOESTALPINE AG	AT	27.09.2024	99.43	1.46	#N/A N/A	#N/A N/A
US836205AW44	USD	1000	200	1	4.85	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2027	99.48	4.92	#N/A N/A	Baa3e
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.13	2.62	#N/A N/A	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.53	5.30	B+	B1
USP3R26HAA81	USD	330	200	1	6.25	FIXED	CYDSA SAB DE CV	MX	04.10.2027	99.00	6.39	#N/A N/A	#N/A N/A
US836205AX27	USD	1500	200	1	5.65	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2047	99.80	5.66	#N/A N/A	Baa3e

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

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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