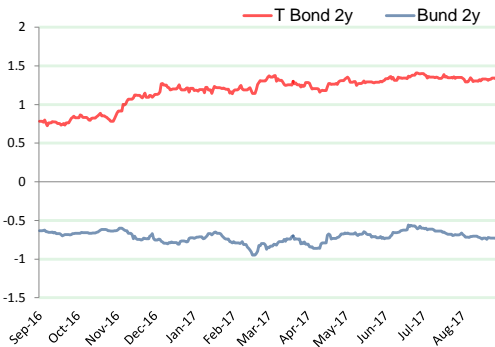


# MORNING BOND UPDATE

Wednesday, September 06, 2017



	Last	Prev	02.janv
US 2y	1.29	1.29	0.70
US 10y	2.07	2.06	2.20
Germany 2y	-0.76	-0.75	-0.10
Germany 10y	0.33	0.34	0.54
France 2y	-0.55	-0.54	-0.05
France 10y	0.64	0.65	0.81
Swiss 2y	-0.82	-0.84	-0.28
Swiss 10y	-0.15	-0.15	0.32
Australia 2y	1.84	1.88	2.21
Australia 10y	2.60	2.68	2.87

## T Bonds

\*\* The U.S. Treasuries market rallied on Tuesday, with the 10-year yield hitting a near 10-month low, as worries about further nuclear tests by North Korea and concerns about Irma, a powerful storm heading toward the southern United States, spurred safety bids.

Yields on Treasury bills due in October remained elevated as investors await developments on whether U.S. lawmakers would reach a deal to increase the federal debt ceiling in a bid to avert a default.

Irma, rated as a highly dangerous Category 5 hurricane, could reach the southern U.S. this weekend only days after Harvey caused damages estimated in the tens of billions of dollars in Texas and Louisiana.

The latest storm and possibly more on the way added to investors jitters after North Korea's nuclear test on Sunday, which the secretive country said was an advanced hydrogen bomb for a long-range missile, drawing global condemnation.

Traders and analysts said the decline in U.S. yields was partly offset by hedging activity tied to an expected \$35 billion to \$40 billion worth of investment-grade corporate bond supply to hit this week.

In other events affecting yields, Federal Reserve Governor Lael Brainard said the U.S. central bank should be cautious about raising interest rates further as inflation has been stuck below the Fed's 2 percent goal. Brainard's perceived dovish remarks pushed the two-year yield, which is most sensitive to traders' view on Fed policy, to 1.290 percent, the lowest level in over three weeks.

The yield on benchmark 10-year Treasury notes was down 9 basis points at 2.070 percent. Earlier on Tuesday the yield hit 2.065 percent, which was its lowest level since Nov. 10.

Treasury yields posted their biggest one-day decline since May 17, when former FBI chief Robert Mueller was named as the special counsel to investigate possible collusion between President Donald Trump's 2016 presidential campaign and Russia.

Concerns whether the federal debt ceiling would be raised in time to avert a default resulted in a lousy one-month bill auction and the highest interest rate on one-month T-bills in nine years at 1.300 percent.

Top Republicans and Democrats have hinted they would at least arrive at a temporary agreement to fund the government and increase the federal borrowing limit to prevent a shutdown and a default.

## European Union

\*\* Euro zone government bond yields dipped on Tuesday as attention shifted from tensions over North Korea to an approaching European Central Bank meeting that could shed light on the timing for an unwinding of massive monetary stimulus.

The latest worries over North Korea's nuclear programme have bolstered demand for safe bonds in recent weeks. Its sixth and most powerful nuclear test at the weekend lent further support to fixed income on Monday, but overall the impact has been limited..

That in part, say analysts, suggests markets see the chances of a military conflict as low. It also reflects some caution against piling into bonds heavily before Thursday's ECB meeting.

After shooting up in the wake of comments by ECB chief Mario Draghi in late June that were seen paving the way for "tapering", government bond yields have headed back down.

In Germany, 10-year bond yields were down 3 basis points on the day at 0.34 percent in late trade on Tuesday and about 25 bps below 18-month highs set in July.

Two-year German yields slipped 1.5 bps to -0.78 percent, their lowest in more than four months.

The pull-back in bond yields has been aided by the euro, which hit 2-1/2 year highs above \$1.20 a week ago. A stronger currency, which dampens inflation by lowering the cost of imported goods, complicates the ECB's exit from quantitative easing.

Minutes from the ECB's July meeting reflected concern about currency strength -- a worry voiced again by some policymakers last week -- raising the chances that asset purchases will be phased out only slowly.

The euro trade-weighted index is up almost 5 percent this year, and has added just over 1 percent since the ECB's July meeting.

Yields on debt issued by lower-rated euro zone members, seen as prime beneficiaries of the ECB's bond-purchase stimulus scheme, also fell. Italian 10-year yields slid below 2 percent for the first time since Aug. 8.

They were last down 5.3 bps at 1.993 percent.

The ECB is still expected to start winding down its stimulus early next year, given a stronger economic outlook and a scarcity of eligible bonds for the programme.

Data released on Monday showed the ECB bought fewer German bonds in August than in any month since the start of the stimulus programme, suggesting it was holding back to avoid running out of debt to buy.

Instead it has for several months been buying more French and Italian bonds than it is supposed to under the scheme.

## Other Markets :

\*\* Brazil's central bank is set to cut benchmark interest rates on Wednesday to their lowest since 2013, keeping a fast pace of monetary easing as inflation remains contained during a slow economic recovery.

The bank's monetary policy committee, known as Copom, is widely expected to slash its Selic rate by 100 basis points to 8.25 percent at its next meeting, according to a Reuters poll.

The decision is expected to be announced at 6 p.m. (2100 GMT) on Wednesday.

With inflation holding near 18-year lows and far below the bottom of the central bank's target range, policymakers have slashed borrowing costs since last October in hopes of pulling the economy off its worst recession on record.

Brazil has resumed growth in the first half of the year, but high unemployment and low usage of production capacity by most companies after the recession continue to keep prices under control. That has led economists to expect interest rates to drop to as low as 7.25 percent by year-end, according to a central bank poll.

Some economists expect the central bank to signal after Wednesday's decision that it is ready to slow down the pace of interest rate cuts at its following meeting in October.

Central Bank President Ilan Goldfajn told Reuters last month that the labor market was recovering faster than anticipated, but that should not keep the bank from cutting rates.

# DAILY BOND LIST

Wednesday, September 06, 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>													
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	100.04	2.74	#N/A N/A	Baa1
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.91	2.57	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.14	2.17	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	101.28	2.42	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	100.18	3.08	#N/A N/A	Baa1
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	102.06	2.82	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	101.63	2.96	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	101.74	3.19	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	101.59	3.37	BBB+	Baa2
USY3815NAZ43	USD	300	200	1	3.625	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2027	99.09	3.74	A-	Baa1
XS1645684827	USD	500	200	1	3.875	FIXED	CHINA GRT WALL INTL III	HK	31.08.2027	99.89	3.89	#N/A N/A	Baa1
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.82	3.98	BBB	Baa3
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.77	1.08	#N/A N/A	#N/A N/A
XS1664643746	EUR	1100	100	1	0.171	FLOATING	BAT CAPITAL CORP	GB	16.08.2021	100.43	0.06	BBB+	Baa2
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.24	0.83	BBB+	#N/A N/A
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.92	0.81	BBB+	Baa2
XS1678966935	EUR	650	100	1	1.75	FIXED	CNH INDUSTRIAL FIN EUR S	GB	12.09.2025	99.91	1.76	BBB-	Baa2
XS1673102734	EUR	600	100	1	1.5	FIXED	ISS GLOBAL A/S	DK	31.08.2027	100.26	1.47	BBB	Baa2
FR0013281755	EUR	600	100	100	1.5	FIXED	ICADE	FR	13.09.2027	99.94	1.51	#N/A N/A	#N/A N/A
<b>XS1681521081</b>	<b>EUR</b>	<b>1250</b>	<b>100</b>	<b>100</b>	<b>1.715</b>	<b>FIXED</b>	<b>TELEFONICA EMISIONES SAU</b>	<b>ES</b>	<b>12.01.2028</b>	<b>100.25</b>	<b>1.69</b>	<b>#N/A N/A</b>	<b>Baa3e</b>
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.57	1.90	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.60	1.79	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	103.09	1.97	BBB+	Baa2
AU3FN0037891	AUD	300	10	10	2.705	FLOATING	FBG FINANCE PTY LTD	BE	06.09.2022	100.19	3.19	#N/A N/A	A3
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	100.18	3.21	#N/A N/A	A3
XS1665510134	AUD	300	2	1	3.604	FIXED	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.67	3.47	A-	A1
XS1665510308	AUD	450	2	1	2.9378	FLOATING	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.10	3.49	A-	A1
AU3CB0246668	AUD	650	10	10	3.75	FIXED	FBG FINANCE PTY LTD	BE	06.09.2024	100.55	3.66	#N/A N/A	A3
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	100.12	2.23	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	103.31	2.18	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	101.07	1.98	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	100.10	4.09	#N/A N/A	A3
<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	102.18	4.25	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.97	2.53	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	100.82	4.81	(P)B	(P)B2
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	104.50	5.08	#N/A N/A	Ba3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	103.28	4.98	(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	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.86	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	101.34	5.89	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.60	4.42	BB+	Ba1

\*watchlist for downgrade

**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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