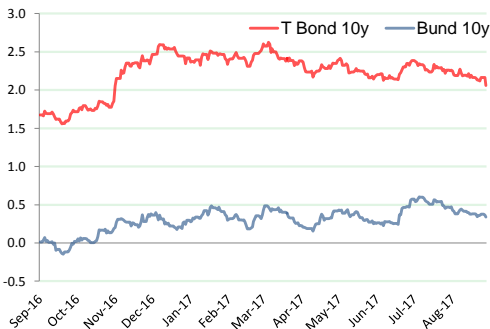


MORNING BOND UPDATE

Friday, September 08, 2017



	Last	Prev	02.janv
US 2y	1.26	1.26	0.70
US 10y	2.03	2.04	2.20
Germany 2y	-0.76	-0.76	-0.10
Germany 10y	0.30	0.31	0.54
France 2y	-0.56	-0.55	-0.05
France 10y	0.61	0.61	0.81
Swiss 2y	-0.84	-0.84	-0.28
Swiss 10y	-0.16	-0.15	0.32
Australia 2y	1.86	1.87	2.21
Australia 10y	2.58	2.64	2.87

T Bonds

** U.S. long-dated Treasury yields fell to 10-month lows on Thursday as U.S. jobless claims data and worries about the impact of hurricanes Irma and Harvey on the world's largest economy stoked safe-haven demand for government debt.

U.S. two-year yields were also lower, sliding to their lowest since mid-May. Rates were further pressured overall by declines in German government bonds after the European Central Bank lowered its inflation forecast to reflect a surging euro. Germany's benchmark 10-year bond yield fell almost 3 basis points to 0.31 percent, its lowest since late June.

"There has been bullish momentum in Treasuries, with yields declining all week," said Kim Rupert, managing director of global fixed income at Action Economics in San Francisco.

Rupert said there were several factors that led to the decline in yields, such as the ECB's comment and its accommodative posture.

"The hurricanes are also there and they have many divergent effects (so) that it's difficult to figure out what's going to happen. So far, they're pressuring the financial sector because of the insurers," she added.

Hurricane Irma, one of the most powerful storms to hit the Atlantic in a century, was on track to reach Florida on Saturday or Sunday, becoming the second major hurricane to hit the U.S. mainland in as many weeks.

Hurricane Harvey, which hit Texas and Louisiana more than a week ago, has claimed 60 lives and caused property damage estimated as high as \$180 billion.

Economists said Harvey could weigh on gross domestic product for the third quarter.

The storm caused U.S. initial jobless claims to spike to a two-year high. Initial claims for state unemployment benefits surged by 62,000 to a seasonally adjusted 298,000 for the week ended Sept. 2, the highest since April 2015.

The weekly increase was the largest since November 2012. A Labor Department official said the data had been impacted by Hurricane Harvey.

In late trading, benchmark 10-year Treasury yields fell to 2.05 percent, from 2.106 percent late on Wednesday. Ten-year yields dropped to 2.034 percent, the lowest since Nov. 10.

Yields had recovered from lows on Wednesday after a congressional fiscal plan that includes a three-month suspension of the debt ceiling gained support from President Donald Trump.

U.S. 30-year bond yields dropped to 2.651 percent, down from 2.723 percent the previous session and also the lowest since November. Thirty-year yields were last at 2.665 percent.

European Union

** Euro zone government bond yields were higher on Thursday, with investors bracing for the European Central Bank to start laying the groundwork for an exit from its 2.3 trillion euro bond-buying stimulus.

A fiscal agreement between U.S. President Donald Trump and congressional leaders that includes a three-month suspension of the debt ceiling on Wednesday took the shine off safe-haven bonds, pushing up yields in the U.S. and Europe.

But the spotlight turned to the ECB meeting a day after a surprise rate rise in Canada served as a reminder that an era of extraordinary monetary stimulus globally is nearing an end.

The ECB is expected to start scaling back its asset-purchase scheme early next year given stronger economic conditions. But with inflation subdued and the euro strong, the ECB is seen shifting its policy message only incrementally -- possibly starting on Thursday.

"Bond markets want to get a sense of when the ECB will make an announcement on exiting QE (quantitative easing) and most now expect that in October," said a senior European economist.

"It will be interesting to see what they do with their growth and inflation forecasts today."

ECB chief Mario Draghi is seen certain to ask the ECB's committees to prepare policy options for the coming meetings, a signal that has in the past preceded actions.

The ECB could also tweak the bank's long-standing guidance on asset buys, giving up a reference to the option of raising asset purchases, analysts say.

Draghi may also be questioned about the parameters of the bond-buying scheme since the central bank is pushing up against self-imposed limits in many countries including Germany where the bulk of purchases are made.

What the ECB says about the euro strength, however, could be the key driver for markets.

A sharp rally in the euro, which holds down the cost of imported goods and puts downward pressure on inflation, has cemented a view of a prolonged exit from monetary stimulus.

On a trade-weighted basis, the euro has gained nearly 6 percent in less than five months.

That strength has helped bond markets recover from heavy selling in the wake of Draghi's comments in Portugal in late June - viewed by markets as sign that tapering is on its way.

Two-year German bonds yields, up marginally on Thursday at minus 0.76 percent, are near more than four-month lows hit this week.

Germany's 10-year bond yield, up 2 bps at 0.36 percent, is down 23 bps from 18-month highs hit in July.

The combination of euro strength and dovish comments from ECB policymakers has also sparked a pull back in rate-hike expectations.

Forward Eonia bank-to-bank rates, a closely followed gauge of the market's rate expectations, dated for the ECB meetings imply roughly a 50 percent chance of rate rise from the ECB by the end of 2018.

Other Markets :

** Japanese government bond prices gained on Friday, supported by weaker equities and a regular debt-purchasing operation by the Bank of Japan.

The benchmark 10-year JGB yield was down 1.5 basis points at minus 0.005 percent and the 30-year yield dropped 2 basis points to 0.810 percent.

Supporting safe-haven government debt, Japan's Nikkei was last down 0.7 percent, hurt by the yen's surge to a 10-month high versus the dollar.

Investors were also cautious towards risky assets ahead of Saturday when North Korea is due to commemorate the country's foundation.

JGBs also tracked their global counterparts, with U.S. and German bond yields having slid to multi-month lows after the European Central Bank lowered its inflation forecast on Thursday.

The BOJ bought 880 billion yen (\$8.17 billion) of one- to 40-year JGBs on Friday as a part of its regular debt-buying operations.

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 08, 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													
<i>*watchlist for downgrade</i>													
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	100.05	2.73	BBB+	Baa1
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	101.53	2.37	BBB	Baa2
USY3815NAY77	USD	600	200	1	3	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2022	100.07	2.98	A-	Baa1
XS1645684660	USD	1000	200	1	3.125	FIXED	CHINA GRT WALL INTL III	HK	31.08.2022	100.08	3.11	BBB+	Baa1
XS1679508504	USD	500	200	1	2.75	FIXED	HPHT FINANCE 17 LTD	HK	11.09.2022	100.12	2.72	#N/A N/A	Baa1e
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	102.41	2.76	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	101.58	2.97	BBB+	Baa2
USG0446NAM68	USD	650	200	1	3.625	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2024	100.70	3.51	#N/A N/A	Baa3e
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	102.17	3.14	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	102.20	3.30	BBB+	Baa2
XS1645684827	USD	500	200	1	3.875	FIXED	CHINA GRT WALL INTL III	HK	31.08.2027	99.64	3.92	#N/A N/A	Baa1
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	102.13	3.94	BBB	Baa3
USG0446NAN42	USD	650	200	1	4	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2027	100.71	3.91	#N/A N/A	Baa3e
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.81	1.07	#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
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.33	0.81	BBB+	#N/A N/A
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	102.03	0.79	BBB+	Baa2
XS1678966935	EUR	650	100	1	1.75	FIXED	CNH INDUSTRIAL FIN EUR S	GB	12.09.2025	100.11	1.74	BBB-	Ba2
FR0013281755	EUR	600	100	100	1.5	FIXED	ICADE	FR	13.09.2027	100.20	1.48	#N/A N/A	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	100.54	1.66	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.79	1.87	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.87	1.76	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	103.29	1.95	BBB+	Baa2
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	100.15	3.22	A-	A3
XS1665510308	AUD	450	2	1	2.94	FLOATING	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.01	3.51	A-	A1
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	100.25	2.21	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	103.53	2.15	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	101.28	1.95	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	100.13	4.08	A-	A3
Below Investment Grade New Issues													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	99.99	2.20	#N/A N/A	Baa3e
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.94	4.66	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	102.25	4.23	#N/A N/A	Ba1
US984121CQ49	USD	1000	2	1	3.625	FIXED	XEROX CORPORATION	US	15.03.2023	100.63	3.50	#N/A N/A	#N/A N/A
US25470DAQ25	USD	1200	2	1	2.95	FIXED	DISCOVERY COMMUNICATIONS	US	20.03.2023	100.14	2.92	#N/A N/A	Baa3e
XS1681017163	EUR	415	100	1	3.1646	FLOATING	GARFUNKELUX HOLDCO 3 SA	LU	01.09.2023	100.31	3.11	#N/A N/A	B2e
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.97	5.08	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.96	1.82	#N/A N/A	#N/A N/A
FR0013281946	EUR	600	100	100	1.625	FIXED	INGENICO GROUP SA	FR	13.09.2024	100.60	1.53	#N/A N/A	#N/A N/A
XS1679781424	EUR	1000	100	1	2.875	FIXED	EQUINIX INC	US	01.10.2025	100.40	2.82	BB+	B1
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	101.54	5.85	B+	B3
XS1681539539	USD	800	200	1	4.125	FIXED	SANTOS FINANCE LTD	AU	14.09.2027	100.95	4.00	#N/A N/A	#N/A N/A
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.97	4.38	BB+	Ba1
US25470DAR08	USD	1700	2	1	3.95	FIXED	DISCOVERY COMMUNICATIONS	US	20.03.2028	99.85	3.97	#N/A N/A	Baa3e

Bold type : new entries of the day

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