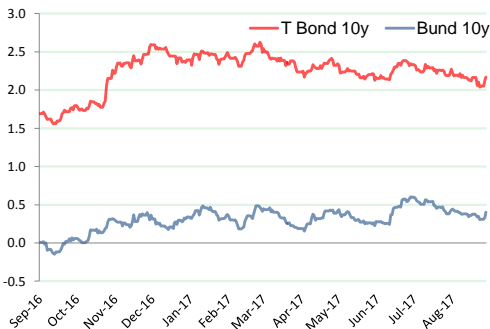
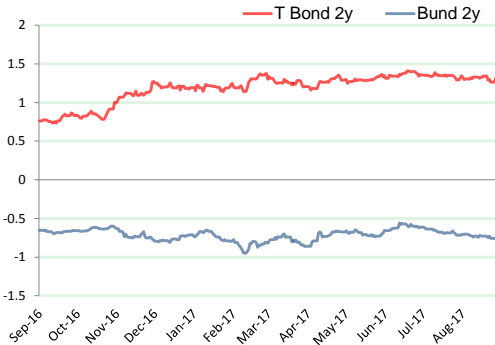


# MORNING BOND UPDATE

Wednesday, September 13, 2017



	Last	Prev	02.janv
US 2y	1.33	1.33	0.70
US 10y	2.16	2.17	2.20
Germany 2y	-0.73	-0.73	-0.10
Germany 10y	0.40	0.40	0.54
France 2y	-0.51	-0.51	-0.05
France 10y	0.70	0.70	0.81
Swiss 2y	-0.82	-0.82	-0.28
Swiss 10y	-0.11	-0.11	0.32
Australia 2y	1.89	1.87	2.21
Australia 10y	2.67	2.64	2.87

## T Bonds

\*\* U.S. long-dated Treasury yields rose for a third straight session as tepid demand for benchmark 10-year notes pressured overall bond prices.

Investors typically sell Treasuries ahead of an auction to push the yield higher so they can buy them at a lower price in a practice called concession.

The Treasury's \$20 billion sale of 10-year notes showed weak demand from investors despite being sold off sharply going into the auction. The yield was 2.18 percent, which was higher than that expected at the bid deadline but the lowest since November.

Bids totaled nearly \$45.7 billion for a 2.28 bid-to-cover ratio, slightly better than last month's 2.23 but below the average of 2.42. Indirect bidders, which include foreign central banks, took 55.3 percent, below the 57.9 percent last month.

After the auction, U.S. 10-year yields, which move inversely to prices, matched a high hit two weeks ago, while 30-year bonds touched three-week peaks.

The 10-year note auction's lukewarm result was expected, analysts said, given how much rates have declined in the past week. Over the last two weeks, 10-year yields have fallen about 10 basis points.

The Treasury will next sell \$12 billion in 30-year bonds on Wednesday.

Meanwhile, the market has unwound safe-haven trades that saw U.S. 10-year note yields nearly take out the 2 percent technical level last week.

"We've had short-term situations that have induced investors to seek more safe-haven assets," said an analyst.

"We had North Korea, the hurricanes, natural disasters, and issues on the debt ceiling. That reached relative extreme last week and we're seeing a bit of an unwind to that and rightfully so," he added.

In late trading, benchmark 10-year Treasury yields rose to 2.17 percent, from 2.125 percent late on Monday. Ten-year yields had hit 2.18 percent, a three-week high, following the 10-year auction.

U.S. 30-year bond yields rose to 2.775 percent, up from 2.739 percent in the previous session. Thirty-year yields also climbed to three-week peaks of 2.788 percent.

Yields also benefited from U.S. Treasury Secretary Steven Mnuchin's comments on Tuesday reaffirming the Trump administration's commitment to tax reform, analysts said.

Mnuchin told a conference hosted by CNBC that lowering the corporate tax rate to 15 percent, an idea backed by President Donald Trump, may not be possible, but that businesses will see a "competitive" rate as Republicans push their plan through Congress.

## European Union

\*\* Germany's benchmark 10-year bond yield rose sharply on Tuesday and was set for its biggest daily rise since early July as a sell-off in global bond markets gathered pace.

Hefty bond supply from across the bloc was seen as the main culprit for the selling in euro zone bonds. Austria launched the sale of a 100-year bond, while the Netherlands and Germany issued new debt.

Safe-haven debt such as Germany's meanwhile faced pressure from a respite in North Korea tensions.

Lingering concerns about potential tapering in the European Central Bank's bond-buying stimulus also cast a shadow over bond markets after a report on Friday that rate-setters agreed last week to start reducing the bond purchases, with a decision likely at their next policy meeting on Oct. 26.

The ECB's unconventional policy tools have successfully fought off the threat of deflation and will eventually raise inflation back to target, ECB Vice President Vitor Constancio said on Tuesday.

"The market has been weakened by the ECB leak we had on Friday as the options discussed were a bit more hawkish than expected," said an analyst.

"The bond market started the week on a bad foot and that has continued, although I think it's mostly supply driven today."

Across the single-currency bloc, bond yields were 3-7 basis points higher on the day.

Germany's 10-year bond yield rose almost 7 bps to 0.40 percent, its highest level in around 1-1/2 weeks.

It was on track for its biggest daily rise since early July.

Austria launched the sale of a 100-year bond after overwhelming investor interest gave its debt officials confidence it could become the first euro zone country to sell a "century" bond publicly through a group of banks.

The Netherlands sold 2.2 billion euros of 10-year government bonds and Germany auctioned inflation-linked debt.

Investors often push bond yields higher ahead of an auction to make way for new supply. More bond sales follow on Wednesday, with Germany to sell 10-year debt.

Britain's 10-year gilt meanwhile shot up 10 bps to 1.145 percent after data showed British inflation hit its joint highest in more than five years in August, adding to selling pressure in euro zone bond markets.

## Other Markets :

\*\* Indian government bonds slide after gains in consumer prices exceed economists' estimates, paring bets of an interest-rate cut by the central bank at its meeting next month.

CPI inflation quickened to 3.36% in August, according to an official report released after close of markets Tuesday; that was faster than the 3.24% median estimate in a Bloomberg survey and July's 2.36% pace.

Industrial production grew at 1.2% y/y in July.

Expect headline CPI inflation to inch higher toward 4.7% by March, as adverse base effect, mean reversion of food prices and impact of pay hike for federal employees begin to seep in, according to a Kotak Mahindra Bank report dated Sept. 12. Reiterates call that the RBI will pause on rates for the rest of FY18.

Yield on 6.79% govt bonds due May 2027 up 2bps to 6.58%; rose to as high as 6.59% soon after open.

USD/INR down 0.1% to 63.9950, halting two-day gain.

Foreign investors sold net \$65m of local shares on Sept. 11, taking outflows for this month to \$616.7m; that follows withdrawal of \$1.73b in August, biggest since November.

Overseas holdings of rupee-denominated government and corporate bonds fell by 900m rupees Tuesday, halting a five-day increase.

Private banks were biggest buyers of govt bonds on Tuesday, with net purchases of 21.1b rupees: Foreign banks were biggest sellers, with 17.7b rupees.

# DAILY BOND LIST

Wednesday, September 13, 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>													
XS1645684587	USD	500	200	1	2.75	FIXED	CHINA GRT WALL INTL III	HK	31.08.2020	99.90	2.78	BBB+	Baa1
<b>XS1683356874</b>	<b>USD</b>	<b>500</b>	<b>200</b>	<b>1</b>	<b>2.5</b>	<b>FIXED</b>	<b>INVENTIVE GLOBAL INV LTD</b>	<b>CN</b>	<b>19.09.2020</b>	<b>100.20</b>	<b>2.42</b>	<b>#N/A N/A</b>	<b>#N/A N/A</b>
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	101.15	2.45	BBB	Baa2
USY3815NAY77	USD	600	200	1	3	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2022	99.56	3.10	A-	Baa1
XS1645684660	USD	1000	200	1	3.125	FIXED	CHINA GRT WALL INTL III	HK	31.08.2022	99.65	3.20	BBB+	Baa1
XS1679508504	USD	500	200	1	2.75	FIXED	HPHT FINANCE 17 LTD	HK	11.09.2022	99.71	2.81	#N/A N/A	Baa1
US09681MAD02	USD	500	200	1	2.75	FIXED	BOC AVIATION LTD	SG	18.09.2022	99.59	2.84	#N/A N/A	#N/A N/A
USG0446NAM68	USD	650	200	1	3.625	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2024	100.05	3.62	#N/A N/A	Baa3
<b>XS1577950402</b>	<b>USD</b>	<b>500</b>	<b>200</b>	<b>1</b>	<b>4.215</b>	<b>FIXED</b>	<b>COCA-COLA ICECEK AS</b>	<b>TR</b>	<b>19.09.2024</b>	<b>100.85</b>	<b>4.07</b>	<b>#N/A N/A</b>	<b>Baa3e</b>
XS1645684827	USD	500	200	1	3.875	FIXED	CHINA GRT WALL INTL III	HK	31.08.2027	99.08	3.99	#N/A N/A	Baa1
US09681MAE84	USD	500	200	1	3.5	FIXED	BOC AVIATION LTD	SG	18.09.2027	99.43	3.57	#N/A N/A	#N/A N/A
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.47	4.02	BBB	Baa3
USG0446NAN42	USD	650	200	1	4	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2027	100.12	3.98	#N/A N/A	Baa3
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.79	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	100.52	0.04	BBB+	Baa2
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.16	0.84	BBB+	#N/A N/A
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.64	0.85	BBB+	Baa2
XS1678966935	EUR	650	100	1	1.75	FIXED	CNH INDUSTRIAL FIN EUR S	GB	12.09.2025	99.85	1.77	BBB-	Ba2
FR0013281755	EUR	600	100	100	1.5	FIXED	ICADE	FR	13.09.2027	99.47	1.56	#N/A N/A	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.94	1.72	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.32	1.92	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.05	1.84	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.27	2.04	BBB+	Baa2
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	99.79	3.30	A-	A3
XS1665510308	AUD	450	2	1	2.94	FLOATING	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.00	3.57	A-	A1
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	99.20	2.38	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.35	2.32	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.12	2.11	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	99.35	4.18	A-	A3
<b>Below Investment Grade New Issues</b>													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.23	2.08	BBB-	Baa3e
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	102.38	4.20	#N/A N/A	Ba1
XS1684378208	USD	500	200	1	4.25	FIXED	EXPORT CREDIT BANK OF TU	TR	18.09.2022	99.40	4.39	#N/A N/A	Ba1e
US984121CQ49	USD	1000	2	1	3.625	FIXED	XEROX CORPORATION	US	15.03.2023	100.05	3.62	#N/A N/A	Baa3e
US25470DAQ25	USD	1200	2	1	2.95	FIXED	DISCOVERY COMMUNICATIONS	US	20.03.2023	99.80	2.99	BBB-	Baa3
FR0013281946	EUR	600	100	100	1.625	FIXED	INGENICO GROUP SA	FR	13.09.2024	100.31	1.58	#N/A N/A	#N/A N/A
<b>XS1684384511</b>	<b>USD</b>	<b>1350</b>	<b>200</b>	<b>1</b>	<b>4.75</b>	<b>FIXED</b>	<b>SOFTBANK GROUP CORP</b>	<b>JP</b>	<b>19.09.2024</b>	<b>99.85</b>	<b>4.77</b>	<b>#N/A N/A</b>	<b>Ba1e</b>
<b>XS1684385161</b>	<b>EUR</b>	<b>1500</b>	<b>100</b>	<b>1</b>	<b>3.125</b>	<b>FIXED</b>	<b>SOFTBANK GROUP CORP</b>	<b>JP</b>	<b>19.09.2025</b>	<b>100.25</b>	<b>3.08</b>	<b>#N/A N/A</b>	<b>Ba1e</b>
XS1679781424	EUR	1000	100	1	2.875	FIXED	EQUINIX INC	US	01.10.2025	100.30	2.83	BB+	B1
XS1681539539	USD	800	200	1	4.125	FIXED	SANTOS FINANCE LTD	AU	14.09.2027	100.05	4.12	BBB-	#N/A N/A
<b>XS1684384867</b>	<b>USD</b>	<b>2000</b>	<b>200</b>	<b>1</b>	<b>5.125</b>	<b>FIXED</b>	<b>SOFTBANK GROUP CORP</b>	<b>JP</b>	<b>19.09.2027</b>	<b>99.70</b>	<b>5.16</b>	<b>#N/A N/A</b>	<b>Ba1e</b>
<b>USL5828LAB55</b>	<b>USD</b>	<b>500</b>	<b>200</b>	<b>1</b>	<b>4.875</b>	<b>FIXED</b>	<b>KLABIN FINANCE SA</b>	<b>BR</b>	<b>19.09.2027</b>	<b>99.46</b>	<b>4.94</b>	<b>BB+</b>	<b>#N/A N/A</b>
US25470DAR08	USD	1700	2	1	3.95	FIXED	DISCOVERY COMMUNICATIONS	US	20.03.2028	99.62	4.00	BBB-	Baa3
<b>XS1684385591</b>	<b>EUR</b>	<b>750</b>	<b>100</b>	<b>1</b>	<b>4</b>	<b>FIXED</b>	<b>SOFTBANK GROUP CORP</b>	<b>JP</b>	<b>19.09.2029</b>	<b>100.20</b>	<b>3.97</b>	<b>#N/A N/A</b>	<b>Baa1e</b>

**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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