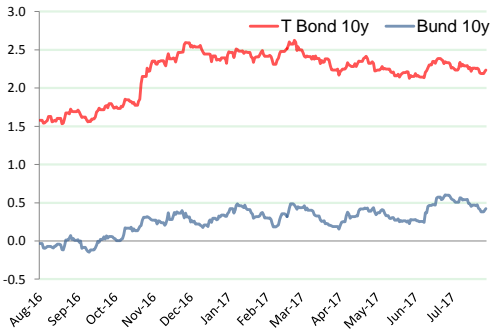
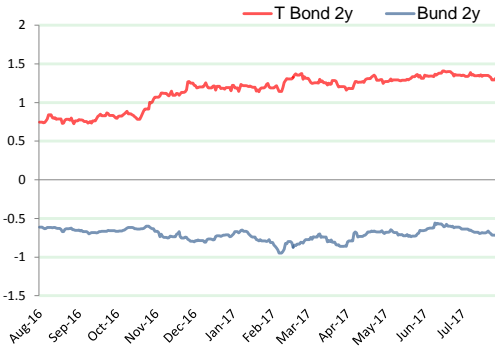


MORNING BOND UPDATE

Tuesday, August 15, 2017



	Last	Prev	02.janv
US 2y	1.33	1.32	0.70
US 10y	2.24	2.22	2.20
Germany 2y	-0.71	-0.72	-0.10
Germany 10y	0.42	0.41	0.54
France 2y	-0.48	-0.48	-0.05
France 10y	0.71	0.70	0.81
Swiss 2y	-0.81	-0.81	-0.28
Swiss 10y	-0.13	-0.14	0.32
Australia 2y	1.80	1.79	2.21
Australia 10y	2.65	2.62	2.87

T Bonds

** **U.S. Treasury** yields rose on Monday, with benchmark yields bouncing from six-week lows on signs of easing tensions between the United States and North Korea, driving investors to pare holdings of low-risk government debt.

Remarks from New York Federal Reserve President William Dudley to the Associated Press that he would support another interest rate hike if economic improvement meets his expectations also underpinned the rise in yields.

Last week, yields declined as investors bought up U.S. Treasuries amid fears of a military showdown between the two nations over Pyongyang's goal to target the U.S. mainland with nuclear weapons.

Since the weekend, South Korean President Moon Jae-in urged for a peaceful solution to the situation, while U.S. national security adviser H.R. McMaster downplayed a military conflict.

After those comments, some investors stepped back into buying equities and other risky assets, reducing the appeal of lower-yielding investments.

"Risk is back on. That's the trade of the day," said an analyst.

The S&P 500 and Nasdaq each gained about 1 percent while the Dow climbed 0.6 percent late Monday.

Most analysts remained wary about the state of affairs between the United States and North Korea, believing that the rhetoric from U.S. President Donald Trump and North Korean leader Kim Jon Un could heat up again, rekindling investor nervousness about a military showdown.

"Tensions might flare up again. This is not the last we are going to hear of this situation," an analyst said.

Trading volume was light in the absence of major domestic economic data, analysts said.

At 3:23 p.m. (1823 GMT), the yield on benchmark 10-year Treasury notes was 2.225 percent, up nearly 4 basis points from late on Friday, when it hit a six-week trough at 2.182 percent.

Two-year Treasury yields increased 3 basis points to 1.326 percent.

Two-year yields hit an eight-week low of 1.286 percent on Friday after softer-than-expected inflation data for July lowered expectations the Federal Reserve would raise interest rates by year-end.

Bond losses faded somewhat before the AP released its interview with the New York Fed's Dudley, who said: "I would expect — I would be in favor of doing another rate hike later this year."

Rates futures implied traders saw a 42 percent chance of a rate hike at the Fed's December policy meeting, up from 36 percent late Friday, CME Group's FedWatch program showed.

European Union

** Low-risk **euro zone** government bond yields rose 3 basis points on Monday, bouncing from recent lows on stronger-than-expected Japanese growth and as tensions over a nuclear standoff over North Korea eased slightly.

Japan's economy expanded at the fastest pace in more than two years in the second quarter as consumer and company spending picked up, highlighting a long-awaited bounce in domestic demand.

The data further supported expectations that the global economy is on the mend and that central banks can start to unwind extraordinary monetary stimulus put in place in the wake of a series of financial and debt crises.

"The question becomes how Japanese growth could impact the very expansionary stance of central banks," said an analyst.

The yield on top-rated **Germany's** 10-year government bond rose 3 bps to 0.41 percent.

The move also followed a reduction in tension between North Korea and the United States as U.S. officials played down the risk of conflict.

On Friday, after two days of bellicose rhetoric, the German 10-year yield fell to as low as 0.38 percent.

"We have had those comments by more cool-headed members of the administration, which have reassured the market," said an analyst.

The relative calm also reduced southern European government bond yield spreads over Germany's benchmark bond.

The gap between **Italian** and German 10-year borrowing costs, a key indicator of risk sentiment in the market, narrowed to 160 basis points on Monday as Italian yields fell, having widened to 166 bps last week.

The minutes of the July meetings of the U.S. Federal Reserve and the European Central Bank are due on Wednesday and Thursday respectively.

Expectations that the ECB will follow other major central banks in unwinding stimulus have pushed yields higher since the start of the year.

Other Markets :

** **Noble Group Ltd.** may default on its debt as soon as the next six months, according to S&P Global Ratings and Moody's Investors Service, which again cut their scores on the commodity trader while warning that planned asset sales may be insufficient to cover obligations.

The ratings were cut two notches by S&P and Moody's late on Monday, pulling them deeper into junk territory and closer to the likelihood of default. S&P sees non-repayment risk in the next six months, while Moody's said the prospect of a full recovery of principal and interest will be low for unsecured bondholders in the event of a default, according to statements.

Noble Group is fighting for its life more than two years into a crisis marked by accounting criticisms and a collapse in its securities. The Hong Kong-based company posted a \$1.75 billion loss for the second quarter, a surge in net debt, and it's selling its gas-and-power and oil liquids operations to shore up its finances. Moody's said the latest result was driven in part by a loss of confidence, and warned planned sales may not be enough.

"The increased losses reflect in part a loss of confidence among Noble's lenders, suppliers, customers and other counter-parties," Moody's said. It is uncertain whether the planned sales "will raise sufficient proceeds to meet its debt maturities and cash outflow over the next 12 months," it added.

Noble Group's shares declined as much as 4.7 percent to 41 Singapore cents on Tuesday after the twin downgrades, and traded at 42 cents at 2:32 p.m. The stock has still plunged 75 percent in 2017 after double-digit losses in the previous two years.

Noble Group has \$2.6 billion in bank debt and bonds due in the next 12 months, according to Moody's. It has two months to restore confidence among its banks, counter-parties and investors after securing a covenant waiver until Oct. 20 from lenders on its \$1.1 billion revolving credit facility due in May.

DAILY BOND LIST

Tuesday, August 15, 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													
US37045VAM28	USD	500	2	1	2.1167	FLOATING	GENERAL MOTORS CO	US	07.08.2020	100.18	2.05	BBB	Baa3
USU05526AE50	USD	2250	2	1	2.297	FIXED	BAT CAPITAL CORP	GB	14.08.2020	100.18	2.23	BBB+	Baa2
USU05526AF26	USD	1000	2	1	1.9007063	FLOATING	BAT CAPITAL CORP	GB	14.08.2020	100.13	1.86	BBB+	Baa2
XS1648466016	USD	500	200	1	2.875	FIXED	CHINA RAILWAY XUNJIE	CN	25.07.2022	100.52	2.76	#N/A N/A	A3
XS1645113165	USD	300	200	1	3.125	FIXED	SINOCHEM INT DEV PTE LTD	CN	25.07.2022	100.03	3.12	BBB+	Baa1
XS1628031582	USD	400	200	1	3.25	FIXED	CANARA BANK LONDON	IN	10.08.2022	100.31	3.18	#N/A N/A	Baa3
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.26	2.71	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.19	2.15	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	100.55	2.58	BBB	Baa2e
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	100.71	3.04	BBB	Baa2e
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	100.63	3.12	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	100.80	3.31	BBB	Baa2e
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	100.56	3.49	BBB+	Baa2
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	100.14	4.18	BBB	Baa3
XS1657899628	USD	400	200	1	3.95	FIXED	INCITEC PIVOT FIN LLC	AU	03.08.2027	100.91	3.84	BBB	Baa2
US00206REM07	USD	5000	2	1	3.9	FIXED	AT&T INC	US	14.08.2027	100.13	3.88	BBB+ /*-	Baa1 /*-
XS1651071521	EUR	500	100	1	0	FLOATING	THERMO FISHER SCIENTIFIC	US	24.07.2019	100.38	-0.19	BBB	Baa2
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.64	1.13	#N/A N/A	#N/A N/A
XS1664643746	EUR	1100	100	1	0.171	FLOATING	BAT CAPITAL CORP	GB	16.08.2021	100.39	0.07	BBB+	Baa2
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.09	0.94	BBB+	Baa2
XS1647481206	EUR	1000	100	1	2.15	FIXED	REPUBLIC OF INDONESIA	ID	18.07.2024	102.21	1.81	#N/A N/A	Baa3
XS1652512457	EUR	750	100	1	1.375	FIXED	DS SMITH PLC	GB	26.07.2024	100.81	1.25	BBB-	#N/A N/A
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.45	1.91	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	101.90	2.08	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	102.19	2.73	BBB	Baa2
AU3FN0036570	AUD	375	10	10	2.77	FLOATING	BK OF COMMUNICATIONS/SYD	CN	21.09.2020	100.19	3.04	A-	#N/A N/A
XS1640493299	GBP	300	100	1	1.7	FIXED	FIDELITY NATIONAL INFORM	US	30.06.2022	101.24	1.43	BBB	Baa2
XS1642733932	GBP	250	100	1	2.5	FIXED	GO-AHEAD GROUP PLC	GB	06.07.2024	100.88	2.36	BBB-	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.66	2.28	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.11	2.11	BBB+	Baa2
XS1641479750	AUD	500	200	2	4.4	FIXED	CREDIT AGRICOLE LONDON	FR	06.07.2027	99.47	4.47	BBB+	Baa2
XS1652512705	GBP	250	100	1	2.875	FIXED	DS SMITH PLC	GB	26.07.2029	100.69	2.81	BBB-	#N/A N/A
Below Investment Grade New Issues													
DE000A19FW97	EUR	200	100	1	5.625	FIXED	SCHMOLZ+BICKEN LX FIN SA	LU	15.07.2022	106.60	4.13	B+	B2
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.11	4.85	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	100.37	4.67	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.61	2.62	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	101.34	4.69	(P)B	B2e
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	102.92	5.45	#N/A N/A	Ba3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	103.19	5.01	(P)B	B2e
CH0370943562	CHF	335	5	5	3	FIXED	MSC CRUISES SA	CH	14.07.2023	102.02	2.63	#N/A N/A	#N/A N/A
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.12	5.23	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.54	1.89	#N/A N/A	#N/A N/A
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	99.71	6.18	B+	B3e
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.53	4.43	BB+	Ba1

*watchlist for downgrade

Expected New Issues

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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