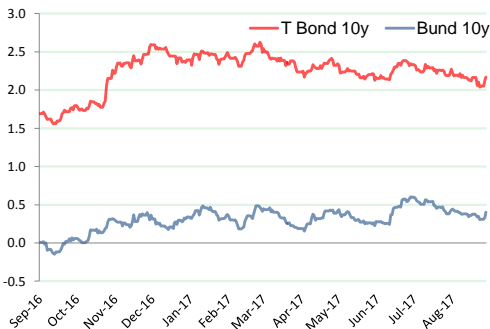
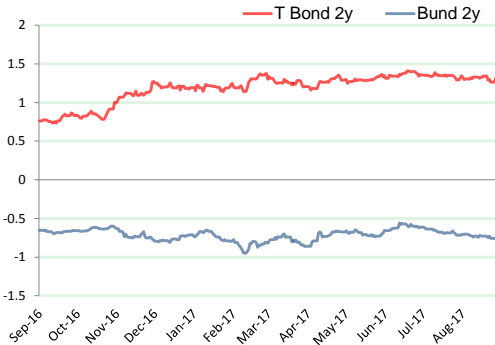


MORNING BOND UPDATE

Friday, September 15, 2017



	Last	Prev	02.janv
US 2y	1.36	1.36	0.70
US 10y	2.19	2.18	2.20
Germany 2y	-0.72	-0.72	-0.10
Germany 10y	0.41	0.41	0.54
France 2y	-0.50	-0.50	-0.05
France 10y	0.70	0.70	0.81
Swiss 2y	-0.81	-0.82	-0.28
Swiss 10y	-0.09	-0.09	0.32
Australia 2y	1.94	1.91	2.21
Australia 10y	2.74	2.73	2.87

T Bonds

** **U.S. Treasury yields** rose on Thursday, with the two-year yield hitting a seven-week peak as domestic consumer prices grew at their brisk pace in seven months, rekindling bets the Federal Reserve would raise interest rates for a third time in 2017.

Longer-dated yields rose less than their short-dated counterparts, reflecting the view that the Fed's pace of raising short-term rates would be faster than the underlying inflation trend.

"The number came in higher than expected. It gives the Fed a little more room to raise rates on the short end," said Justin Hoogendoorn, head of fixed income strategy and analytics at Piper Jaffray in Chicago.

The consumer price index, the government's broadest inflation gauge, rose 0.4 percent in August, faster than the 0.3 percent increase forecast among analysts polled by Reuters.

That lifted the CPI's year-over-year increase to 1.9 percent from 1.7 percent in July.

But the so-called core CPI, which excludes volatile energy and food prices, rose 1.7 percent on a 12-month basis and remained stuck below the Fed's 2 percent goal for underlying inflation.

"In the long term, we see slower business activities and inflation expectations coming down," Hoogendoorn said.

Still, the CPI data revived expectations the U.S. central bank may consider hiking interest rates at its Dec. 12-13 meeting if subsequent data support the case that inflation is accelerating.

Interest rates futures implied traders saw more than a 50 percent chance of rate increase in December, the highest since July, based on data from CME Group's FedWatch program.

The U.S. central bank raised short-term rates in March and June. Its current target range has been 1.00-1.25 percent. Fed policymakers will meet on Sept. 19-20 and are expected to leave rates unchanged and announce their plan to reduce the central bank's \$4.2 trillion holdings of Treasuries and mortgage-backed securities.

At 3:20 p.m. EDT (1820 GMT), the yield on two-year Treasury notes, which is sensitive to traders' view on Fed policy, was up 1 basis point at 1.368 percent. It touched 1.388 percent earlier on Thursday, which was its highest since July 26, Reuters data showed.

The benchmark 10-year yield hit a three-week peak at 2.225 percent before retreating to 2.197 percent, up 0.2 basis point from late on Wednesday. The yield spread between five-year and 30-year Treasuries shrank to 99 basis points, the tightest in about 2-1/2 weeks, according to Tradeweb.

European Union

** **Germany's 10-year bond yield** hit a 3-1/2 week high on Thursday as a rise in domestic consumer prices in the United States rekindled bets of a December interest rate hike in the world's biggest economy.

Government bond yields in Germany, the bloc's biggest economy and its benchmark bond issuer, have climbed more than 13 basis points from 2-1/2 month lows hit at the end of last week.

A bond market selloff that began on Friday after a report that European Central Bank rate-setters agreed last week to start reducing bond purchases, accelerated this week as markets absorbed more than 15 billion euros of bond issuance from the bloc.

This was given added impetus on Thursday afternoon as a stronger-than-forecast increase in domestic consumer prices in the United States revived bets that the Federal Reserve would raise interest rates for a third time in 2017.

This pushed two-year U.S. Treasury yields to a seven-week peak, and German Bunds, which often move in step with other major world economies, pushed higher to 0.42 percent, up a basis point on the day. They were also pushed higher after Bank of England policymakers said their first interest rate rise in more than a decade was likely to be needed in the "coming months" if the economy keeps growing and inflationary pressures build.

However, analysts were still focused on a string of bond sales as the main driver of yields.

"Supply may be easing today but it remains the theme of the week," said a fixed-income strategist

Ireland sold 1 billion euros of bonds on Thursday.

That followed an unexpected 3.5 billion euro sale of 100-year bonds from Austria earlier this week.

Germany, the Netherlands and Italy have also held bond auctions as supply from the region picks up after a summer lull. Investors often sell existing bonds to make way for new ones, putting upward pressure on bond yields. Analysts said sentiment remained bearish.

One reason for that is a weakening euro, which could encourage the ECB to bring forward plans for a withdrawal of its massive bond-buying stimulus.

The euro has weakened about 1.6 percent from 2-1/2 year highs hit against the dollar last week.

A slight weakening in the single currency helped lift a key market gauge of long-term euro zone inflation expectations to a four-month high at 1.63 percent.

"The weaker euro has amplified the headwinds facing the bond market," said a strategist. "With the euro off its highs, it is easier for the ECB to taper next year."

With the threat of euro zone deflation largely gone, the justification for the European Central Bank's massive asset purchase scheme is no longer there and policymakers should ease up on stimulus, Bundesbank President Jens Weidmann said on Thursday.

Other Markets :

** **Venezuela** will make all pending debt payments despite "a series of difficulties" that have arisen as a result of financial sanctions by the United States, Economy Vice President Ramon Lobo said on Thursday.

The United States in August prohibited dealings in new debt from Venezuela and state oil company PDVSA in response to the creation of a new legislative superbody that critics call the consolidation of a dictatorship.

The sanctions did not block banks from serving as intermediaries in debt payments, but the government of President Nicolas Maduro has said they are interfering with the country's finances and threatening to lead it toward default.

"We are going to meet our commitments. We have come across a series of difficulties, but that will not stop us," Lobo said in a news conference. "There is an order to impose a financial blockade so as to put us in a situation of insolvency, which is completely out of the question." He did not offer details.

Financial institutions have in recent years grown wary of doing business with Venezuela even before recent sanctions, due to concern that Venezuelan funds might be associated with money laundering and drug trafficking, and a growing risk of debt default.

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 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													
<i>*watchlist for downgrade</i>													
XS1683356874	USD	500	200	1	2.5	FIXED	INVENTIVE GLOBAL INV LTD	CN	19.09.2020	99.99	2.50	#N/A N/A	#N/A N/A
XS1645684660	USD	1000	200	1	3.125	FIXED	CHINA GRT WALL INTL III	HK	31.08.2022	99.59	3.21	BBB+	Baa1
XS1679508504	USD	500	200	1	2.75	FIXED	HPHT FINANCE 17 LTD	HK	11.09.2022	99.56	2.85	#N/A N/A	Baa1
US09681MAD02	USD	500	200	1	2.75	FIXED	BOC AVIATION LTD	SG	18.09.2022	99.24	2.92	A-	#N/A N/A
USG0446NAM68	USD	650	200	1	3.625	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2024	101.10	3.45	BBB-	Baa3
XS1577950402	USD	500	200	1	4.215	FIXED	COCA-COLA ICECEK AS	TR	19.09.2024	101.73	3.93	#N/A N/A	Baa3
US09681MAE84	USD	500	200	1	3.5	FIXED	BOC AVIATION LTD	SG	18.09.2027	99.34	3.58	A-	#N/A N/A
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.85	3.97	BBB	Baa3
USG0446NAN42	USD	650	200	1	4	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2027	100.16	3.98	BBB-	Baa3
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.65	3.92	(P)BBB+	Baa1e
USP6629MAD40	USD	3000	200	1	5.5	FIXED	MEXICO CITY ARPT TRUST	MX	31.07.2047	101.45	5.40	(P)BBB+	Baa1e
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.18	0.84	BBB+	#N/A N/A
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.59	0.86	BBB+	Baa2
XS1678966935	EUR	650	100	1	1.75	FIXED	CNH INDUSTRIAL FIN EUR S	GB	12.09.2025	99.79	1.78	BBB-	Baa2
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	100.00	1.62	#N/A N/A	Baa3
FR0013281755	EUR	600	100	100	1.5	FIXED	ICADE	FR	13.09.2027	99.56	1.55	#N/A N/A	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.87	1.73	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.45	1.91	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	98.90	1.85	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.26	2.04	BBB+	Baa2
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	99.45	3.37	A-	A3
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	98.51	2.49	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	101.57	2.42	(P)BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.73	4.26	A-	A3
Below Investment Grade New Issues													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.24	2.08	BBB-	Baa3
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HDLGS	CN	25.07.2022	102.32	4.21	#N/A N/A	Ba1
XS1684378208	USD	500	200	1	4.25	FIXED	EXPORT CREDIT BANK OF TU	TR	18.09.2022	99.49	4.36	#N/A N/A	Ba1
US984121CQ49	USD	1000	2	1	3.625	FIXED	XEROX CORPORATION	US	15.03.2023	99.98	3.63	BBB-	Baa3
US25470DAQ25	USD	1200	2	1	2.95	FIXED	DISCOVERY COMMUNICATIONS	US	20.03.2023	99.90	2.97	BBB-	Baa3
XS1685702794	EUR	500	100	1	5.25	FIXED	INTRALOT CAPITAL LUX	GR	15.09.2024	100.90	5.10	B	(P)B1
XS1684384511	USD	1350	200	1	4.75	FIXED	SOFTBANK GROUP CORP	JP	19.09.2024	99.50	4.83	BB+	Ba1
USG25343AA52	USD	500	200	1	5.95	FIXED	COSAN LTD	BR	20.09.2024	102.75	5.47	#N/A N/A	#N/A N/A
USG98149AC46	USD	600	200	1	4.875	FIXED	WYNN MACAU LTD	MO	01.10.2024	101.76	4.58	#N/A N/A	B1e
XS1675855073	USD	850	200	1	5.25	FIXED	CBB INTERNATIONAL SUKUK	BH	20.03.2025	100.39	5.19	#N/A N/A	#N/A N/A
XS1684385161	EUR	1500	100	1	3.125	FIXED	SOFTBANK GROUP CORP	JP	19.09.2025	99.61	3.18	BB+	Ba1
DK0030403993	EUR	200	100	0.00001	1.75	FIXED	DSV AS	DK	20.09.2024	100.00	1.75	#N/A N/A	#N/A N/A
XS1684384867	USD	2000	200	1	5.125	FIXED	SOFTBANK GROUP CORP	JP	19.09.2027	99.18	5.23	BB+	Ba1
USL5828LAB55	USD	500	200	1	4.875	FIXED	KLABIN FINANCE SA	BR	19.09.2027	100.07	4.87	BB+	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.68	5.28	#N/A N/A	B1e
USL6388GAB60	USD	500	200	1	5.125	FIXED	MILLICOM INTL CELLULAR	LU	15.01.2028	101.13	4.98	#N/A N/A	Ba2e
US25470DAR08	USD	1700	2	1	3.95	FIXED	DISCOVERY COMMUNICATIONS	US	20.03.2028	99.75	3.98	BBB-	Baa3
XS1684385591	EUR	750	100	1	4	FIXED	SOFTBANK GROUP CORP	JP	19.09.2029	99.89	4.01	BB+	Ba1
XS1675862012	USD	1250	200	1	6.75	FIXED	KINGDOM OF BAHRAIN	BH	20.09.2029	100.23	6.72	#N/A N/A	#N/A N/A
XS1675862103	USD	900	200	1	7.5	FIXED	KINGDOM OF BAHRAIN	BH	20.09.2047	100.70	7.44	#N/A N/A	#N/A N/A

Bold type : new entries of the day

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