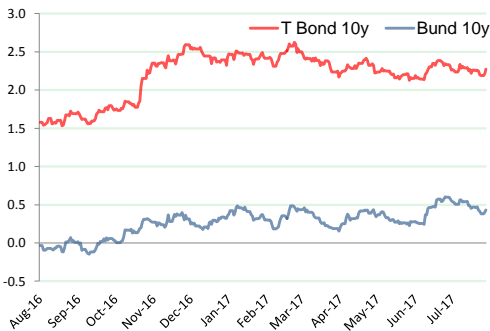
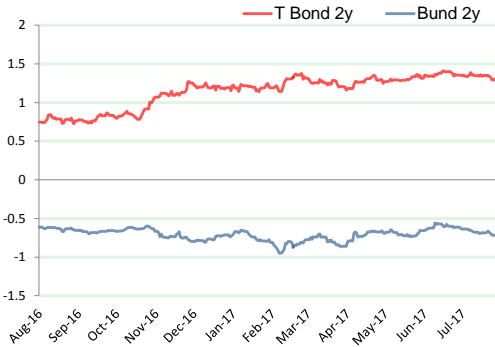


# MORNING BOND UPDATE

Wednesday, August 16, 2017



	Last	Prev	02.janv
US 2y	1.35	1.35	0.70
US 10y	2.26	2.27	2.20
Germany 2y	-0.70	-0.71	-0.10
Germany 10y	0.44	0.43	0.54
France 2y	-0.48	-0.48	-0.05
France 10y	0.73	0.73	0.81
Swiss 2y	-0.80	-0.80	-0.28
Swiss 10y	-0.09	-0.14	0.32
Australia 2y	1.82	1.80	2.21
Australia 10y	2.66	2.65	2.87

## T Bonds

\*\* **U.S. Treasury** yields rose to one-week highs on Tuesday as investors pared low-risk bond holdings on signs of easing U.S.-North Korean tensions and on strong domestic retail sales and regional factory activity data.

Since the weekend, Washington and Pyongyang have ratcheted down rhetoric that had ignited fears of an imminent military showdown between the nations. On Tuesday, state media said North Korean leader Kim Jong Un has postponed a missile strike toward the U.S. territory of Guam.

The latest development spurred more Treasuries selling overnight, causing longer-dated yields to rise further from the six-week lows reached last week.

"The (safe-haven) rally was really running out of steam. The move accelerated in the wake of the strong retail sales number," said an analyst.

U.S. retail sales gained 0.6 percent in July, the biggest monthly increase in seven months, the Commerce Department said.

Another encouraging sign was an unexpectedly strong rise in an index on manufacturing activity in New York state from the New York Federal Reserve. The index rose to 25.2 points in August, its highest level since September 2014.

Tuesday's upbeat economic data revived some bets that the Fed may raise interest rates at its December policy meeting, though doubts remain in the wake of a recent string of disappointing inflation readings.

"A December rate hike for the Fed is always on the table. That probability goes lower and lower with inflation being softer," said an analyst.

Minutes from the Fed's July meeting to be released on Wednesday will be watched for clues on when a rate hike is next likely and if the U.S. central bank is likely to announce a reduction in its balance sheet at its September meeting.

Interest rates futures implied that traders saw a 55 percent chance the Fed would raise rates in December, compared with about 42 percent late on Monday, CME Group's FedWatch program showed.

Benchmark U.S. 10-year Treasuries fell 12/32 in price to yield 2.26 percent, up from 2.2 percent on Monday.

## European Union

\*\* **Euro zone** government bond yields rose with other global benchmarks on Tuesday as North Korean tensions eased and expectations for a U.S. rate hike later this year rebounded.

Europe's benchmark **German** 10-year bond yield traded up 2 basis points to 0.43 percent on Tuesday, adding to Monday's 3 bps rise and moving further off Friday's six-week low of 0.38 percent.

That followed a similar move in U.S. equivalents -- up 4 bps at 2.25 percent -- while **British** bond yields rose as government ministers set out plans to try to smooth the UK's divorce from the European Union.

Across the euro area, yields were broadly higher. **Italian** 10-year yields at one stage rose as much as 7 bps to hit a two-week high of 2.07 percent, before settling at 2.05 percent.

## Other Markets :

\*\* **Brazil's** government loosened its budget targets for all years through 2020 on Tuesday, delaying prospects for a drop in the federal deficit after legislators repeatedly refused to raise taxes in the recession-hit economy.

Cost-cutting measures were announced along with the new targets, in a bid to demonstrate President Michel Temer's commitment to fiscal discipline even after his economic team cut forecasts for economic growth next year.

The revision, announced weeks earlier than expected, underscored the uphill battle for Temer to gather support for austerity measures as a corruption scandal simmers and next year's general elections approach.

Market reaction was muted as investors did not expect a surge in government spending despite the new targets. Ratings agency Standard & Poor's spared Brazil from a downgrade, saying after the announcement that it would maintain the country's debt rating at BB with a negative outlook.

Brazil's government set a new primary deficit target for this year and next of 159 billion reais (\$49.7 billion), up from 139 billion reais this year and 129 billion reais for 2018.

The country will target a deficit of 139 billion reais for 2019, up from 65 billion previously. For 2020, it will aim for a 65 billion reais deficit compared with a 10 billion reais surplus previously - raising prospects of a seven-year-long period of consecutive budget deficits, started in 2014.

Brazil lost its investment-grade credit rating in 2015 after missing the goals for years. Temer, who replaced impeached President Dilma Rousseff in 2016, pledged to set realistic targets and meet them to regain credibility with investors.

Members of Temer's economic team, including Finance Minister Henrique Meirelles, previously wanted to wait until September to consider a looser budget target, but agreed to move up talks under pressure from a fractious coalition in Congress.

Most cost-cutting measures announced by Meirelles and Planning Minister Dyogo Oliveira on Tuesday will need Congress' approval. They include postponing public sector salary hikes by one year and reducing the entry salary for incoming civil servants.

Despite strong opposition to tax hikes, Meirelles said the government would still seek to roll back payroll tax breaks and would raise taxes on some investment funds.

The government did not announce expected infrastructure concessions. It forecast 2 percent growth in 2018, down from a previous estimate of 2.5 percent.

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

Wednesday, August 16, 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>													
US37045VAM28	USD	500	2	1	2.1167	FLOATING	GENERAL MOTORS CO	US	07.08.2020	100.22	2.04	BBB	Baa3
USU05526AE50	USD	2250	2	1	2.297	FIXED	BAT CAPITAL CORP	GB	14.08.2020	100.08	2.27	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	100.39	2.79	#N/A N/A	A3
XS1645113165	USD	300	200	1	3.125	FIXED	SINOCHEM INT DEV PTE LTD	CN	25.07.2022	99.91	3.15	BBB+	Baa1
XS1628031582	USD	400	200	1	3.25	FIXED	CANARA BANK LONDON	IN	10.08.2022	100.28	3.19	#N/A N/A	Baa3
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.05	2.75	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.00	2.19	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	100.40	2.61	BBB	Baa2e
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	100.47	3.07	BBB	Baa2e
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	100.40	3.16	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	100.28	3.37	BBB	Baa2e
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	100.25	3.53	BBB+	Baa2
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	100.23	4.17	BBB	Baa3
XS1657899628	USD	400	200	1	3.95	FIXED	INCITEC PIVOT FIN LLC	AU	03.08.2027	100.75	3.86	BBB	Baa2
US00206REM07	USD	5000	2	1	3.9	FIXED	AT&T INC	US	14.08.2027	99.81	3.92	BBB+ /-	Baa1 /-
XS1651071521	EUR	500	100	1	0	FLOATING	THERMO FISHER SCIENTIFIC	US	24.07.2019	100.33	-0.17	BBB	Baa2
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.63	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	100.38	0.08	BBB+	Baa2
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.19	0.93	BBB+	Baa2
XS1647481206	EUR	1000	100	1	2.15	FIXED	REPUBLIC OF INDONESIA	ID	18.07.2024	102.34	1.79	#N/A N/A	Baa3
XS1652512457	EUR	750	100	1	1.375	FIXED	DS SMITH PLC	GB	26.07.2024	100.74	1.26	BBB-	#N/A N/A
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.29	1.92	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.21	2.05	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	102.04	2.74	BBB	Baa2
AU3FN0036570	AUD	375	10	10	2.77	FLOATING	BK OF COMMUNICATIONS/SYD	CN	21.09.2020	100.19	3.06	A-	#N/A N/A
XS1640493299	GBP	300	100	1	1.7	FIXED	FIDELITY NATIONAL INFORM	US	30.06.2022	101.27	1.43	BBB	Baa2
XS1642733932	GBP	250	100	1	2.5	FIXED	GO-AHEAD GROUP PLC	GB	06.07.2024	100.94	2.35	BBB-	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.73	2.27	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.17	2.10	BBB+	Baa2
XS1641479750	AUD	500	200	2	4.4	FIXED	CREDIT AGRICOLE LONDON	FR	06.07.2027	99.23	4.50	BBB+	Baa2
XS1652512705	GBP	250	100	1	2.875	FIXED	DS SMITH PLC	GB	26.07.2029	100.71	2.80	BBB-	#N/A N/A
<b>Below Investment Grade New Issues</b>													
DE000A19FW97	EUR	200	100	1	5.625	FIXED	SCHMOLZ+BICKEN LX FIN SA	LU	15.07.2022	106.54	4.14	B+	B2
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.14	4.84	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	100.35	4.67	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.60	2.62	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	101.32	4.70	(P)B	B2e
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	102.85	5.46	#N/A N/A	Ba3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	103.46	4.95	(P)B	B2e
CH0370943562	CHF	335	5	5	3	FIXED	MSC CRUISES SA	CH	14.07.2023	101.93	2.64	#N/A N/A	#N/A N/A
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.14	5.23	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.48	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	99.67	6.18	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.13	4.48	BB+	Ba1

## Expected New Issues

**Bold type** : new entries of the day

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