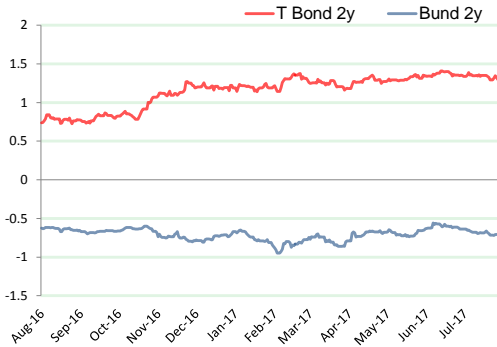


MORNING BOND UPDATE

Friday, August 18, 2017



	Last	Prev	02.janv
US 2y	1.31	1.30	0.70
US 10y	2.19	2.19	2.20
Germany 2y	-0.71	-0.70	-0.10
Germany 10y	0.41	0.43	0.54
France 2y	-0.47	-0.47	-0.05
France 10y	0.71	0.72	0.81
Swiss 2y	-0.80	-0.80	-0.28
Swiss 10y	-0.11	-0.09	0.32
Australia 2y	1.80	1.81	2.21
Australia 10y	2.62	2.64	2.87

T Bonds

** **U.S. Treasury** yields fell on Thursday as investors, unnerved by a deadly attack in Barcelona and speculation about a top White House economic adviser quitting, favored safe, low-yielding bonds over stocks and other risky assets.

Rumors that Gary Cohn, director of the National Economic Council, would resign began circulating on social media early Thursday, sparking a sell-off on Wall Street and kindling safe-haven demand for Treasuries, traders and analysts said.

Cohn is seen leading the White House's effort on tax reform and is a front-runner to possibly succeed Janet Yellen as head of the U.S. Federal Reserve. Speculation that Cohn would quit stoked concerns President Donald Trump would struggle to deliver on his tax plan and other economic changes promised during his campaign, they said.

A White House official said Cohn "intends to remain in his position."

The denial failed to soothe investors who were already jittery after Trump dismantled his two business advisory panels on Wednesday. Several chief executives quit those groups after Trump blamed weekend violence in Charlottesville, Virginia, on both the anti-racism activists as well as white nationalists.

"There's a lot of uncertainties. That's why we haven't retraced back to where we were," said an analyst.

Investor anxiety intensified on news that a van mowed down a crowd in Barcelona, in what police deemed a terrorist attack. Local media reported at least 13 people were killed.

On light summer trading volume, benchmark 10-year Treasury yield hit its lowest level in four sessions at 2.196 percent, down nearly 3 basis points from Wednesday. Investors shrugged off data on U.S. jobless claims, industrial output and regional business data from the Philadelphia Federal Reserve, which supported the notion the economy is expanding at a moderate pace in the third quarter.

"We continue to grind along that 2 percent growth, which we would expect to see going forward," said an analyst.

This pace of U.S. economic expansion is keeping the Fed on track to possibly announce next month it would shrink its \$4.2 trillion worth of Treasuries and mortgage-backed securities holdings, analysts said.

On Thursday, Dallas Fed President Robert Kaplan at an event in Lubbock, Texas, said the U.S. central bank would reduce its bond holdings "in (the) near future."

European Union

** **Euro zone** government bond yields fell across the board on Thursday after published remarks from policymakers in both Europe and the United States suggested they were cautious about withdrawing monetary stimulus too quickly.

European Central Bank policymakers worried about a possible overshoot in the euro when they met on July 20, minutes of the meeting showed on Thursday. They warned that easy financing conditions "could not be taken for granted" and depended on the ECB's easy policy.

The euro dropped to a three-week low of \$1.1662, and euro zone bond yields dipped 1-2 basis points across the board.

Portugal -- which has been a major beneficiary of ECB stimulus -- saw its 10-year borrowing costs drop to their lowest level in more than a year, down 6.5 bps to 2.76 percent.

"We have seen the periphery outperform today on this cautious note from policymakers," said an analyst.

Yields were already under downward pressure when details of the U.S. Fed July meeting, released late on Wednesday, showed concerns that soft inflation data may cool the pace of monetary tightening in the world's largest economy.

The Fed has raised its benchmark overnight lending rate twice this year and forecasts one more rise before the end of 2017. But money market pricing suggests investors see less than a 50 percent chance of a hike by December.

"Fed communications are cementing expectations of a very gradual approach to monetary tightening," an analyst said.

Central bankers are set to meet next week in an annual gathering of policymakers at Jackson Hole, Wyoming, though Reuters reported on Wednesday that ECB head Mario Draghi will not deliver a new policy message at the conference.

Signs of central bank caution came as President Donald Trump dissolved two business advisory groups, sowing further doubts over his ability to deliver growth-boosting spending plans he promised when elected.

U.S. 10-year yields, which had climbed to one-week peaks earlier on Wednesday, edged lower on Thursday to 2.22 percent having fallen 4 bps the day before after the publication of the Fed minutes.

In an interview with Reuters on Wednesday, Cleveland Fed President Loretta Mester staked out the hawkish argument for carrying on with U.S. interest rate hikes even while weak inflation has split opinions among her colleagues.

She said that while some price readings have fallen this year, expectations are more stable, and that policy must anticipate changes in the data and not react to temporary aberrations.

Other Markets :

** **Japanese** government bond prices were steady to a touch firmer on Friday with the market underpinned after gains by U.S. Treasuries and a regular debt-buying operation by the Bank of Japan.

A drop in Tokyo shares, with the Nikkei hitting a three-month low on weaker Wall Street and stronger yen, also supported JGBs.

The five-year yield dipped half a basis point to minus 0.090 percent. The benchmark 10-year yield and the 40-year yield were unchanged at 0.040 percent and 1.070 percent respectively.

The BOJ on Friday bought a total of 1.05 trillion yen (\$9.60 billion) of one- to 10-year JGBs as part of its regular bond-purchasing operation.

U.S. Treasury prices rose on Thursday as investors, unnerved by a deadly attack in Barcelona and speculation about a top White House economic adviser quitting, favoured safe and low-yielding bonds over stocks and other risky assets.

DAILY BOND LIST

Friday, August 18, 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	100.28	2.20	BBB+	Baa2
USU05526AF26	USD	1000	2	1	1.905	FLOATING	BAT CAPITAL CORP	GB	14.08.2020	100.21	1.84	BBB+	Baa2
XS1648466016	USD	500	200	1	2.875	FIXED	CHINA RAILWAY XUNJIE	CN	25.07.2022	100.67	2.73	#N/A N/A	A3
XS1645113165	USD	300	200	1	3.125	FIXED	SINOCHEM INT DEV PTE LTD	CN	25.07.2022	100.19	3.08	BBB+	Baa1
XS1628031582	USD	400	200	1	3.25	FIXED	CANARA BANK LONDON	IN	10.08.2022	100.67	3.10	#N/A N/A	Baa3
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.38	2.68	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.22	2.15	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	100.87	2.51	BBB	Baa2
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	100.91	3.00	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	100.89	3.08	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	100.84	3.30	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	100.89	3.45	BBB+	Baa2
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	100.93	4.09	BBB	Baa3
XS1657899628	USD	400	200	1	3.95	FIXED	INCITEC PIVOT FIN LLC	AU	03.08.2027	101.38	3.78	BBB	Baa2
US00206REM07	USD	5000	2	1	3.9	FIXED	AT&T INC	US	14.08.2027	100.31	3.86	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	100.67	1.12	#N/A N/A	#N/A N/A
XS1664643746	EUR	1100	100	1	0.171	FLOATING	BAT CAPITAL CORP	GB	16.08.2021	100.40	0.07	BBB+	Baa2
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.58	0.86	BBB+	Baa2
XS1647481206	EUR	1000	100	1	2.15	FIXED	REPUBLIC OF INDONESIA	ID	18.07.2024	102.40	1.78	#N/A N/A	Baa3
XS1652512457	EUR	750	100	1	1.375	FIXED	DS SMITH PLC	GB	26.07.2024	100.89	1.24	BBB-	#N/A N/A
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.41	1.91	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.94	1.98	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	102.17	2.73	BBB	Baa2
AU3FN0036570	AUD	375	10	10	2.77	FLOATING	BK OF COMMUNICATIONS/SYD	CN	21.09.2020	100.20	3.04	A-	#N/A N/A
XS1640493299	GBP	300	100	1	1.7	FIXED	FIDELITY NATIONAL INFORM	US	30.06.2022	101.26	1.43	BBB	Baa2
XS1642733932	GBP	250	100	1	2.5	FIXED	GO-AHEAD GROUP PLC	GB	06.07.2024	101.00	2.34	BBB-	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.82	2.25	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.37	2.07	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	100.95	2.78	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	106.98	4.04	B+	B2
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.23	4.82	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	100.47	4.64	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.64	2.61	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	101.01	4.77	(P)B	B2e
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	103.00	5.43	#N/A N/A	Ba3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	102.96	5.06	(P)B	B2e
CH0370943562	CHF	335	5	5	3	FIXED	MSC CRUISES SA	CH	14.07.2023	102.08	2.61	#N/A N/A	#N/A N/A
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.24	5.21	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.63	1.87	#N/A N/A	#N/A N/A
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	101.05	5.94	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.17	4.48	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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