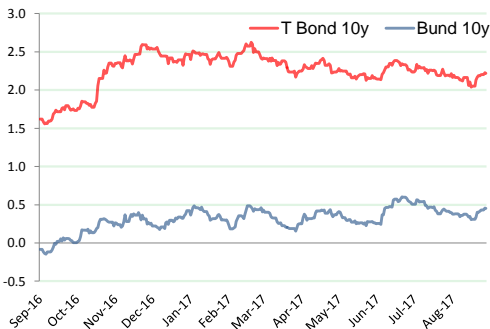
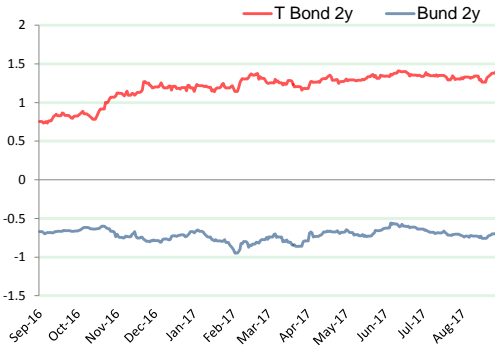


MORNING BOND UPDATE

Tuesday, September 19, 2017



	Last	Prev	02.janv
US 2y	1.38	1.39	0.70
US 10y	2.22	2.23	2.20
Germany 2y	-0.69	-0.69	-0.10
Germany 10y	0.45	0.46	0.54
France 2y	-0.48	-0.47	-0.05
France 10y	0.73	0.73	0.81
Swiss 2y	-0.78	-0.80	-0.28
Swiss 10y	-0.04	-0.03	0.32
Australia 2y	2.00	1.98	2.21
Australia 10y	2.81	2.80	2.87

T Bonds

** **U.S. Treasuries** sold off led by long end of the curve as stocks jumped to fresh record highs ahead of Wednesday's FOMC meeting. Late equity slide saw Treasuries just off session lows shortly after 3pm ET settlement.

Yields ended higher by 1bp-3bp, 5s30s curve steeper by 1.6bp at 97.9bp after flattening 4.7bp last week as CPI data bolstered case for another Fed rate increase in December. In early U.S. trading spread traded at 95.8bp, tightest since July 7.

Late equity dip backed by uptick in S&P 500 futures volumes underpinned Treasuries, which pared losses as 10Y yields topped out just ahead of 2.237% 100-DMA.

Early declines trailed steeper losses across core EGBs in broad risk-on move, while large block trade in bund futures also weighed.

Interest emerged in downside Treasury hedges via options market, with the 10-Year US Treasury Note Futures (TYZ7) 124 and 124.5 puts heavily traded.

Little impact from muted IG issuance slate which totaled \$5.8b from 9 issuers. Looking ahead, a multi-tranche Syngenta deal in pipeline after investor calls took place from Sept. 11.

European Union

** **Portugal's** 10-year bond yield hit its lowest level since January 2016 on Monday, driven by the country regaining an investment-grade credit rating after 5 1/2 years, effectively drawing a line under its debt crisis.

Standard & Poor's on Friday became the first of the big three credit-rating agencies to lift Portugal back to investment grade, citing its improving economy and public finances. It raised its rating to BBB-, the lowest investment grade, with a stable outlook, from BB+, with a stable outlook.

Portugal lost the investment-grade rating, which widens the investor base for a country's bonds, at the height of its debt crisis in January 2012.

With the exception of **Greece**, which is still in a bailout program, and **Cyprus**, all euro zone member states are now rated investment grade by at least one of the big three rating firms.

Since ratings agencies often change the outlook on a country before they change the ratings, S&P's move took markets by surprise. Investors reacted by pushing up stock and bond prices.

"The ratings upgrade is a move we agree with - it is clear that the economy has recovered significantly and progress made by policy makers has been beneficial to the recovery," said an analyst.

Portugal's 10-year bond yield slid as much as 35 basis points to 2.45, its lowest level since January 2016.

The yield was on track for its biggest one-day fall since February 2016 and was by far the biggest outperformer in euro zone bond markets. The drop dragged the gap over top-rated **German** Bund yields below 200 basis points for the first time since December 2015.

Spanish yields fell 2 basis points, dragged down by Portugal, and the **Italian** and **Irish** equivalents were flat higher-rated bond yields were 1-2 basis points higher on the day.

Portuguese stocks also outperformed their peers with the PSI 20 .PSI20 up 1.5 percent. Financials provided the biggest lift to the index, with Bank BCP Millenium up 6 percent.

The upgrade is likely to attract more portfolio investment and has sparked speculation about Portugal's inclusion in major investment grade bond indices.

"Now the markets are looking at a formal entry into bond market indices and some of these need two investment grade ratings," said an analyst.

"At this stage, we're getting close to pricing that reflects a return to these indices."

Portuguese government bonds have been among the euro zone's best performing markets this year, marking a turnaround from jitters about Portugal's rating outlook at the end of last year.

An economic recovery and efforts to lower the country's budget deficit have boosted sentiment - just as the positive impact of the European Central Bank's asset-buying program is subsiding.

Lisbon last year chalked up its smallest budget shortfall since 1975, and in June the European Council ended a disciplinary process against Portugal, which only emerged from a three-year international bailout in 2014, over its excessive deficit.

"There are investors who simply could not buy Portuguese debt before (the upgrade) due to investment rules, even when it behaved strongly in terms of returns," Portuguese Finance Minister Mario Centeno told Reuters.

"And now they will be able to buy it, which is very good as it will be a decisive help toward the ongoing government effort of diversifying the investor base."

Other Markets :

** **Japanese** government bond prices slipped on Tuesday, weighed down by a continuing retreat in U.S. Treasuries and as Tokyo's Nikkei rose to a 2-1/2-month high.

The five-year JGB yield rose 1.5 basis points to minus 0.110 percent and the 10-year yield was up 1 basis point at 0.025 percent.

The Bank of Japan conducted a regular debt-buying operation on Tuesday and helped slow the rise in JGB yields.

The JGB market showed little response to the possibility of Japanese Prime Minister Shinzo Abe calling a snap election as early as October.

Abe is considering calling the lower house poll when the legislature convenes on Sept. 28 to take advantage of his improved ratings and disarray in the opposition, ruling party and government sources have said.

Analysts expect limited market impact if Abe's ruling Liberal Democratic Party retains the majority at the election.

Japan's Nikkei share average rose to its highest since June 29 on Tuesday, as investor confidence was boosted by a weakening yen and strong U.S. shares.

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

Tuesday, September 19, 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													
US44891CAQ69	USD	300	2	1	2.75	FIXED	HYUNDAI CAPITAL AMERICA	US	18.09.2020	100.09	2.72	#N/A N/A	Baa1e
US44891CAP86	USD	250	2	1	2.323148	FLOATING	HYUNDAI CAPITAL AMERICA	US	18.09.2020	100.06	2.31	#N/A N/A	Baa1e
XS1683356874	USD	500	200	1	2.5	FIXED	INVENTIVE GLOBAL INV LTD	CN	19.09.2020	100.01	2.50	#N/A N/A	#N/A N/A
XS1679508504	USD	500	200	1	2.75	FIXED	HPHT FINANCE 17 LTD	HK	11.09.2022	99.51	2.86	#N/A N/A	Baa1
US09681MAD02	USD	500	200	1	2.75	FIXED	BOC AVIATION LTD	SG	18.09.2022	99.21	2.92	A-	#N/A N/A
US44891CAR43	USD	450	2	1	3.25	FIXED	HYUNDAI CAPITAL AMERICA	US	18.09.2022	100.13	3.22	#N/A N/A	Baa1e
USG0446NAM68	USD	650	200	1	3.625	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2024	100.76	3.50	BBB-	Baa3
XS1577950402	USD	500	200	1	4.215	FIXED	COCA-COLA ICECEK AS	TR	19.09.2024	101.88	3.91	#N/A N/A	Baa3
XS1688567251	USD	400	200	1	3.625	FIXED	MIRVAC GROUP FINANCE LTD	AU	18.03.2027	99.43	3.70	#N/A N/A	A3e
US09681MAE84	USD	500	200	1	3.5	FIXED	BOC AVIATION LTD	SG	18.09.2027	99.28	3.59	A-	#N/A N/A
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	102.21	3.93	BBB	Baa3
USG0446NAN42	USD	650	200	1	4	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2027	99.76	4.03	BBB-	Baa3
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.70	3.91	(P)BBB+	Baa1e
USP6629MAD40	USD	3000	200	1	5.5	FIXED	MEXICO CITY ARPT TRUST	MX	31.07.2047	102.00	5.37	(P)BBB+	Baa1e
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	101.41	0.89	BBB+	Baa2
XS1678966935	EUR	650	100	1	1.75	FIXED	CNH INDUSTRIAL FIN EUR S	GB	12.09.2025	99.58	1.81	BBB-	Ba2
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	100.04	1.62	#N/A N/A	Baa3
FR0013281755	EUR	600	100	100	1.5	FIXED	ICADE	FR	13.09.2027	99.29	1.58	BBB+	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.59	1.76	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.39	1.91	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	98.55	1.89	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.17	2.05	BBB+	Baa2
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	99.10	3.45	A-	A3
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	98.01	2.57	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	101.12	2.49	(P)BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.12	4.33	A-	A3
Below Investment Grade New Issues													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.32	2.04	BBB-	Baa3
XS1684378208	USD	500	200	1	4.25	FIXED	EXPORT CREDIT BANK OF TU	TR	18.09.2022	99.58	4.34	#N/A N/A	Ba1
US984121CQ49	USD	1000	2	1	3.625	FIXED	XEROX CORPORATION	US	15.03.2023	99.64	3.70	BBB-	Baa3
XS1684384511	USD	1350	200	1	4.75	FIXED	SOFTBANK GROUP CORP	JP	19.09.2024	99.56	4.83	BB+	Ba1
USG25343AA52	USD	500	200	1	5.95	FIXED	COSAN LTD	BR	20.09.2024	102.00	5.60	#N/A N/A	#N/A N/A
USG98149AC46	USD	600	200	1	4.875	FIXED	WYNN MACAU LTD	MO	01.10.2024	102.17	4.51	B	B1e
USN6945AAJ62	USD	1000	2	1	5.3	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	100.18	5.27	#N/A N/A	#N/A N/A
XS1684385161	EUR	1500	100	1	3.125	FIXED	SOFTBANK GROUP CORP	JP	19.09.2025	99.44	3.21	BB+	Ba1
DK0030403993	EUR	200	100	0.00001	1.75	FIXED	DSV AS	DK	20.09.2024	100.18	1.72	#N/A N/A	#N/A N/A
XS1684384867	USD	2000	200	1	5.125	FIXED	SOFTBANK GROUP CORP	JP	19.09.2027	99.01	5.25	BB+	Ba1
USL5828LAB55	USD	500	200	1	4.875	FIXED	KLABIN FINANCE SA	BR	19.09.2027	99.78	4.90	BB+	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.84	5.26	B	B1e
USL6388GAB60	USD	500	200	1	5.125	FIXED	MILLICOM INTL CELLULAR	LU	15.01.2028	101.29	4.96	#N/A N/A	Ba2e
USN6945AAK36	USD	1000	2	1	6	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2028	100.25	5.96	#N/A N/A	#N/A N/A
XS1684385591	EUR	750	100	1	4	FIXED	SOFTBANK GROUP CORP	JP	19.09.2029	99.53	4.05	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	100.66	7.45	#N/A N/A	#N/A N/A

*watchlist for downgrade

Bold type : new entries of the day

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