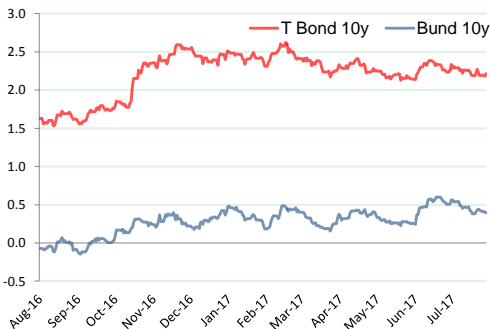
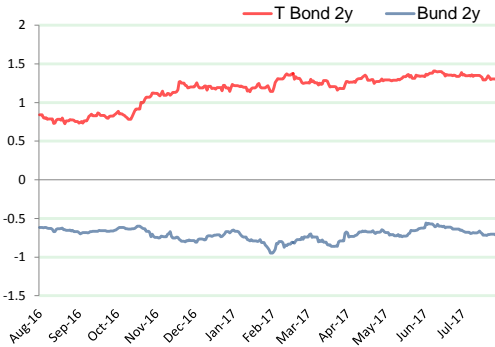


MORNING BOND UPDATE

Thursday, August 24, 2017



	Last	Prev	02.janv
US 2y	1.31	1.31	0.70
US 10y	2.18	2.17	2.20
Germany 2y	-0.73	-0.73	-0.10
Germany 10y	0.38	0.38	0.54
France 2y	-0.50	-0.50	-0.05
France 10y	0.69	0.68	0.81
Swiss 2y	-0.81	-0.81	-0.28
Swiss 10y	-0.14	-0.14	0.32
Australia 2y	1.82	1.85	2.21
Australia 10y	2.63	2.67	2.87

T Bonds

** **U.S. Treasury** yields fell on safety buying on Wednesday after President Donald Trump said that he would be willing to risk a government shutdown to secure funding for a border wall, raising fears that a battle to raise the debt ceiling could delay payments on some bonds.

Congress will have about 12 working days when it returns on Sept. 5 from its summer break to approve spending measures to keep the government from shutting down, and a deadline also is closing in for raising the cap on the amount the federal government may borrow.

"The Trump remarks day by day are adding to a sense of uncertainty," said an analyst. "

U.S. House Speaker Paul Ryan said on Wednesday that a shutdown is unnecessary and not wanted by lawmakers in Congress.

Fitch Ratings said on Wednesday that a failure by U.S. officials to raise the federal debt ceiling in a timely manner would prompt it to review the U.S. sovereign rating, "with potentially negative implications."

Benchmark 10-year notes gained 12/32 in price to yield 2.17 percent, down from 2.22 percent on Tuesday.

Yields on Treasury bills that are due near when the government is expected to run out of money also jumped. Yields on bills due Oct. 5 rose to 1.155 percent, the highest level since Aug. 10.

Benchmark yields have held in a tight range since falling to almost two-month lows on Friday on concerns about political discord in Washington and tensions between the United States and North Korea.

North Korean leader Kim Jong Un has ordered more solid-fuel rocket engines, state media reported on Wednesday.

Investors are next focused on a central banking conference in Jackson Hole, Wyoming, which begins on Thursday, where Federal Reserve Chair Janet Yellen and European Central Bank President Mario Draghi are both due to speak.

Market participants will be watching for any signals that the ECB is close to paring its bond purchases, though two sources have told Reuters that Draghi will not deliver any new policy message at the event.

The Fed is widely expected to announce a plan to reduce its balance sheet at its September meeting.

European Union

** **Germany's** 10-year government bond yield fell to an eight-week low on Wednesday, following U.S. Treasury yields lower on concerns over the debt ceiling in the United States.

The yield on Germany's 10-year bond, fell to 0.371 percent, down 3 basis points on the day.

An analyst said German yields were also being pushed lower by resurfacing concerns over Southern Europe in general and Italy in particular, with the European Central Bank expected to signal an end to its bond-buying scheme later this year.

"It feels like the summer of peripheral love is drawing to a close," an analyst said.

Earlier in the session, **Italian** yields hit 3-1/2-week highs, as data showing manufacturing firms in the bloc clocked up their best month of growth for over six years in August, fanning expectations of an unwinding of ECB stimulus.

Other Markets :

** **Venezuela** bond prices fell on Wednesday following a report that the U.S. government was considering a ban on trading in the country's debt, with some securities falling to their lowest in 18 months.

The yield on state-run oil company PDVSA's benchmark 2037 bond rose to its highest level since February 2016, with bond prices falling to 29.0 cents on the dollar. Venezuela's 2038 sovereign bond fell around 1.5 cents to 34.1 cents, according to Reuters data.

The Trump administration is considering additional sanctions against Venezuela's government, including a ban on trading the country's debt, a U.S. administration official with knowledge of discussions said on Wednesday, confirming an earlier Wall Street Journal report.

"My two cents is: we'll end up with a Russia-like ban on primary issues," one hedge fund manager told Thomson Reuters' IFR service. "I don't see it extending to secondary market transactions."

Bonds are initially purchased by large financial institutions in the primary market and are then traded in the so-called secondary market where the bonds' prices can increase or decrease depending on the likelihood of default.

Such a ban could have an impact on the banks and large institutional investors that hold and trade some of the \$60 billion in outstanding Venezuelan government and PDVSA bonds.

For participants in compliance with U.S. regulations, counsel would likely suggest they shed these bonds, perhaps as the best way to deal with this matter," said an analyst.

Some argue that a ban on secondary trading could actually provide Venezuela with a further excuse to blame the United States for its financial woes.

"The government could take it as an excuse to default, which provides it with more resources as they no longer have to service their debt," said an analyst. "In a weird counterintuitive way, it could help rather than hurt."

Credit Suisse already has prohibited staff from trading in certain Venezuelan bonds due to reputational risk, according to an internal memo seen by Reuters, saying the bank does not want to be involved in any transaction with a government that violates human rights.

The U.S. government recently slapped additional sanctions on Venezuela due to the creation of a legislative superbody, known as the constituent assembly, which has been labeled an undemocratic power grab by Maduro's opponents.

"The United States has already issued three rounds of targeted sanctions against Maduro and his inner circle, and there is more to come," U.S. Vice President Mike Pence said, speaking in Miami.

Some analysts think the proposal to limit or halt trading of Venezuelan bonds would disproportionately hurt bondholders, while doing little if any harm to PDVSA or Venezuela, which are effectively cut off from bond market access anyway.

"It would cause more damage than good. I don't know how it harms PDVSA or Venezuela," said an analyst. "The market is trading lower, but I think that passes once we realize that it is not a logical approach."

Goldman Sachs was widely criticized in June for its role in buying \$2.8 billion of PDVSA bonds, which the country's opposition said would help the Maduro government raise capital.

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

Thursday, August 24, 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>													
US37045VAM28	USD	500	2	1	2.1167	FLOATING	GENERAL MOTORS CO	US	07.08.2020	100.15	2.07	BBB	Baa3
USU05526AE50	USD	2250	2	1	2.297	FIXED	BAT CAPITAL CORP	GB	14.08.2020	100.31	2.19	BBB+	Baa2
USU05526AF26	USD	1000	2	1	1.905	FLOATING	BAT CAPITAL CORP	GB	14.08.2020	100.12	1.87	BBB+	Baa2
XS1628031582	USD	400	200	1	3.25	FIXED	CANARA BANK LONDON	IN	10.08.2022	100.61	3.12	#N/A N/A	Baa3
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.65	2.62	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	100.10	2.18	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	101.01	2.48	BBB	Baa2
USY3815NAY77	USD	600	200	1	3	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2022	99.80	3.04	A-	Baa1
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	101.11	2.97	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	100.68	3.11	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	100.78	3.31	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	100.23	3.53	BBB+	Baa2
USY3815NAZ43	USD	300	200	1	3.625	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2027	99.45	3.69	A-	Baa1
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.59	4.01	BBB	Baa3
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.69	1.11	#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	101.75	0.84	BBB+	Baa2
XS1647481206	EUR	1000	100	1	2.15	FIXED	REPUBLIC OF INDONESIA	ID	18.07.2024	102.48	1.76	#N/A N/A	Baa3
XS1673102734	EUR	600	100	1	1.5	FIXED	ISS GLOBAL A/S	DK	31.08.2027	99.84	1.52	#N/A N/A	Baa2e
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.52	1.90	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.13	1.83	#N/A N/A	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	103.12	1.96	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	102.10	2.74	BBB	Baa2
XS1640493299	GBP	300	100	1	1.7	FIXED	FIDELITY NATIONAL INFORM	US	30.06.2022	101.34	1.41	BBB	Baa2
AU3FN0037891	AUD	300	10	10	2.6955	FLOATING	FBG FINANCE PTY LTD	BE	06.09.2022	100.20	3.21	#N/A N/A	A3e
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	100.23	3.20	#N/A N/A	A3e
XS1642733932	GBP	250	100	1	2.5	FIXED	GO-AHEAD GROUP PLC	GB	06.07.2024	101.20	2.31	BBB-	Baa3
AU3CB0246668	AUD	650	10	10	3.75	FIXED	FBG FINANCE PTY LTD	BE	06.09.2024	100.51	3.67	#N/A N/A	A3e
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.94	2.24	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.57	2.05	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	100.10	4.09	#N/A N/A	A3e
XS1652512705	GBP	250	100	1	2.875	FIXED	DS SMITH PLC	GB	26.07.2029	101.06	2.77	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	106.91	4.05	B+	B2
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	99.95	4.89	#N/A N/A	Ba2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	100.62	4.61	#N/A N/A	Ba1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	104.82	2.57	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	100.90	4.79	(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	103.64	4.91	(P)B	B2e
CH0370943562	CHF	335	5	5	3	FIXED	MSC CRUISES SA	CH	14.07.2023	102.18	2.59	#N/A N/A	#N/A N/A
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.00	5.25	#N/A N/A	Ba2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.82	1.84	#N/A N/A	#N/A N/A
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	100.00	6.12	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.00	4.50	BB+	Ba1

Expected New Issues

Bold type : new entries of the day

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