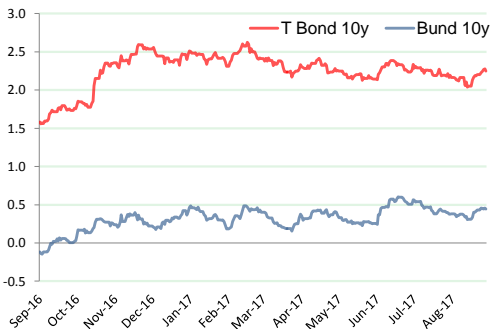


MORNING BOND UPDATE

Monday, September 25, 2017



	Last	Prev	02.janv
US 2y	1.44	1.43	0.70
US 10y	2.25	2.25	2.20
Germany 2y	-0.69	-0.68	-0.10
Germany 10y	0.45	0.45	0.54
France 2y	-0.48	-0.48	-0.05
France 10y	0.74	0.73	0.81
Swiss 2y	-0.80	-0.80	-0.28
Swiss 10y	-0.05	-0.04	0.32
Australia 2y	1.96	1.96	2.21
Australia 10y	2.80	2.79	2.87

T Bonds

** **U.S. Treasury** prices gained on Friday on global concerns about North Korea after it said it might test a hydrogen bomb over the Pacific Ocean, and as investors closed positions before the weekend.

North Korean leader Kim Jong Un promised on Friday to make U.S. President Donald Trump, whom he called "mentally deranged," pay dearly after Trump warned he would destroy the country if it threatened the United States and its allies.

Kim's statement halted a bond sell-off sparked by the U.S. Federal Reserve taking a more hawkish tone than investors had expected at its September meeting, which concluded on Wednesday.

"There's much less selling in advance of the weekend," said Jim Vogel, an interest rate strategist at FTN Financial in Memphis, Tennessee. "This has the initial appearance of not going home with any particular rate views when North Korea and the White House are in a bigger spat than they have been."

Benchmark 10-year notes gained 7/32 in price to yield 2.26 percent, down from 2.28 percent on Thursday. The U.S. Treasury yield curve flattened to its lowest levels since late 2007 overnight, before retracing in the U.S. session, as traders prepared for the likelihood that the U.S. central bank will raise rates in December.

New economic projections released after the Fed's meeting showed 11 of 16 officials see the "appropriate" level for the federal funds rate, the central bank's benchmark interest rate, at 1.25 percent to 1.50 percent by the end of 2017, one-quarter of a point above the current level.

That view comes despite still-sluggish inflation that many investors have viewed as likely to crimp the Fed's ability to tighten monetary conditions.

"There is not a lot of faith that yields can be sustainably higher," said an interest rate strategist

Intermediate-dated debt is highly sensitive to interest rate increases, while longer-dated bonds are influenced by inflation expectations.

"The problem comes from the long-term implications of their moves," he said. "What does that say about growth and inflation in the long run? The market's not very optimistic about that."

The yield curve between five-year notes and 30-year bonds flattened to 91.1 basis points, the lowest level since late 2007, before steepening back to 92.3 basis points.

Personal income data due next Friday will be the next major focus for signs of whether inflation is picking up.

European Union

** **German 10-year bond yields** steadied just below 0.5 percent on Friday, ahead of national elections this weekend that are set to return Angela Merkel to office as head of Europe's biggest economy.

Compared with France's elections earlier this year, Sunday's vote in Germany has passed largely unremarked by the market.

Merkel has been chancellor since 2005 and her re-election is seen bring continuity and stability, although there is uncertainty about the composition of a likely coalition and some concern about the strength of the far right.

An analyst said investors would probably use Friday's trading session to "fine-tune" positioning ahead of the election, while expectations of another coalition government between major parties could tighten German bond yield spreads against lower-rated southern European peers.

Merkel's conservative alliance currently governs in a 'grand coalition' with the center-left Social Democratic Party.

"The overall expectation is that we will get (another) grand coalition," he said. "In a scenario that doesn't include the liberal FDP becoming part of the government, we could also see speculation about further European integration tightening."

On Friday, Germany's 10-year government bond yield was about a basis point higher at 0.46 percent, down from a seven-week high hit on Thursday.

One source of potential market anxiety is the performance of the far-right Alternative for Germany (AfD) in Sunday's vote.

With many voters viewing a fourth term for Merkel as almost inevitable, pollsters say turnout may be low.

The AfD has been running at between nine and 12 percent in surveys. Two polls published on Thursday showed it chalking up gains that look set to make it the third largest bloc in parliament.

"A strong performance from AfD and other populist parties would reflect a protest vote from people unhappy with the direction things are going in Germany," said a fixed income analyst.

"And that, in turn, should serve as a signal to mainstream parties that they need to make adjustment to the economy. Otherwise, the chances are greater that more extremist parties could get a larger vote next time."

Most euro zone bond yields were a touch higher on Friday, facing some upward pressure after upbeat economic data.

IHS Markit's euro zone Flash Composite Purchasing Managers' Index for September, seen as a good guide to economic growth, bounced to 56.7 from August's 55.7.

Other Markets :

** **Japan's government** maintained its moderately optimistic view on the economy, signaling that a recovery is broadening and gathering strength even as inflation remains anemic.

In its monthly economic report for September released on Monday, the government also maintained its optimism on consumer spending and exports as domestic and external demand drive growth in the world's third-largest economy.

Japan's economy continues to recover moderately as a trend," the Cabinet Office said in the report, maintaining the assessment for the fourth straight month.

The government kept intact its view that capital expenditure, exports and output were "picking up," as well as its assessment that consumption was "picking up moderately."

The Cabinet Office report comes after Bank of Japan Governor Haruhiko Kuroda last week expressed confidence in the economy following the central bank's decision to keep monetary policy unchanged.

Recent data on exports, consumer spending, and the labor market have pointed to an economy growing at a healthy clip.

Analysts expect growth to continue in coming quarters, although inflation has remained stubbornly low, causing some economists to lose faith in the central bank's monetary policy.

Consumer inflation has remained well below the BOJ's 2 percent target despite over four years of massive stimulus.

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

Monday, September 25, 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>													
US44891CAQ69	USD	300	2	1	2.75	FIXED	HYUNDAI CAPITAL AMERICA	US	18.09.2020	100.00	2.75	A-	Baa1
US44891CAP86	USD	250	2	1	2.325	FLOATING	HYUNDAI CAPITAL AMERICA	US	18.09.2020	100.05	2.31	A-	Baa1
XS1683356874	USD	500	200	1	2.5	FIXED	INVENTIVE GLOBAL INV LTD	CN	19.09.2020	99.96	2.51	#N/A N/A	#N/A N/A
XS1679508504	USD	500	200	1	2.75	FIXED	HPHT FINANCE 17 LTD	HK	11.09.2022	99.40	2.88	#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	20.09.2022	100.16	3.21	A-	Baa1
XS1688390068	USD	300	200	1	3	FIXED	QBE INSURANCE GROUP LTD	AU	25.05.2023	99.16	3.16	#N/A N/A	#N/A N/A
USG0446NAM68	USD	650	200	1	3.625	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2024	100.21	3.59	BBB-	Baa3
XS1577950402	USD	500	200	1	4.215	FIXED	COCA-COLA ICECEK AS	TR	19.09.2024	101.60	3.95	#N/A N/A	Baa3
XS1688567251	USD	400	200	1	3.625	FIXED	MIRVAC GROUP FINANCE LTD	AU	18.03.2027	99.21	3.72	BBB+	A3
US09681MAE84	USD	500	200	1	3.5	FIXED	BOC AVIATION LTD	SG	18.09.2027	99.69	3.54	A-	#N/A N/A
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.55	4.01	BBB	Baa3
USG0446NAN42	USD	650	200	1	4	FIXED	ANGLO AMERICAN CAPITAL	GB	11.09.2027	98.95	4.13	BBB-	Baa3
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.50	3.93	(P)BBB+	Baa1e
USP6629MAD40	USD	3000	200	1	5.5	FIXED	MEXICO CITY ARPT TRUST	MX	31.07.2047	101.50	5.40	(P)BBB+	Baa1e
XS1691349796	EUR	550	100	1	0.918	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2022	100.28	0.86	BBB-	#N/A N/A
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.29	0.82	BBB+	#N/A N/A
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.56	0.86	BBB+	Baa2
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	99.86	1.64	#N/A N/A	Baa3
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.11	1.36	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENNTAG FINANCE BV	DE	27.09.2025	99.59	1.18	#N/A N/A	Baa3
FR0013281755	EUR	600	100	100	1.5	FIXED	ICADE	FR	13.09.2027	99.64	1.54	BBB+	#N/A N/A
XS1691349952	EUR	750	100	1	2.065	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2027	100.57	2.00	BBB-	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.86	1.73	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.47	1.90	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.73	2.00	BBB+	Baa2
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	99.20	3.43	A-	A3
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	97.83	2.60	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	100.98	2.51	(P)BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.33	4.31	A-	A3
Below Investment Grade New Issues													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.25	2.07	BBB-	Baa3
FR0013284643	EUR	500	100	100	4.196	FIXED	ERAMET	FR	28.02.2024	100.11	4.18	#N/A N/A	#N/A N/A
USG25343AA52	USD	500	200	1	5.95	FIXED	COSAN LTD	BR	20.09.2024	102.80	5.46	BB	#N/A N/A
USN6945AAJ62	USD	1000	2	1	5.299	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	100.50	5.22	BB-	B1
AT0000A1Y3P7	EUR	500	0.5	0.5	1.375	FIXED	VOESTALPINE AG	AT	27.09.2024	99.62	1.43	#N/A N/A	#N/A N/A
USL5828LAB55	USD	500	200	1	4.875	FIXED	KLABIN FINANCE SA	BR	19.09.2027	99.37	4.96	BB+	#N/A N/A
US836205AW44	USD	1000	200	1	4.85	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2027	100.33	4.81	#N/A N/A	Baa3e
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.39	2.59	#N/A N/A	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.62	5.29	B	B1e
USN6945AAK36	USD	1000	2	1	5.999	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2028	100.25	5.97	BB-	B1
XS1675862012	USD	1250	200	1	6.75	FIXED	KINGDOM OF BAHRAIN	BH	20.09.2029	99.42	6.82	#N/A N/A	#N/A N/A
XS1675862103	USD	900	200	1	7.5	FIXED	KINGDOM OF BAHRAIN	BH	20.09.2047	99.20	7.57	#N/A N/A	#N/A N/A
US836205AX27	USD	1500	200	1	5.65	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2047	100.86	5.59	#N/A N/A	Baa3e

Bold type : new entries of the day

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