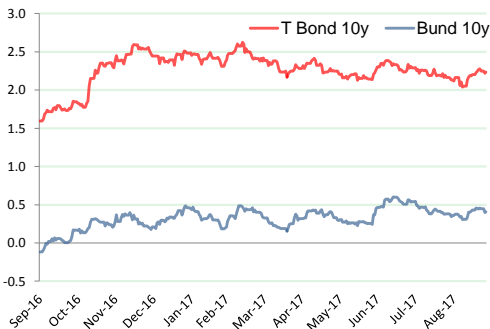
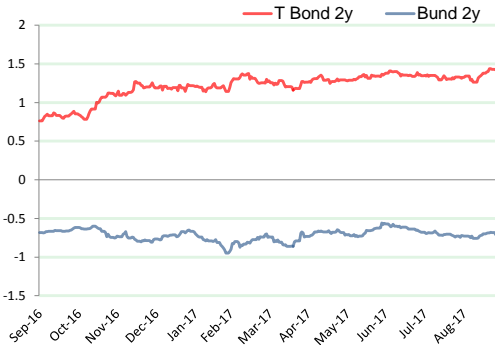


# MORNING BOND UPDATE

Thursday, September 28, 2017



	Last	Prev	02.janv
US 2y	1.49	1.47	0.70
US 10y	2.35	2.31	2.20
Germany 2y	-0.68	-0.70	-0.10
Germany 10y	0.51	0.47	0.54
France 2y	-0.47	-0.50	-0.05
France 10y	0.80	0.76	0.81
Swiss 2y	-0.79	-0.80	-0.28
Swiss 10y	0.02	-0.02	0.32
Australia 2y	1.97	1.95	2.21
Australia 10y	2.86	2.79	2.87

## T Bonds

\*\* **U.S. Treasury** yields rose on Thursday after President Donald Trump proposed the biggest U.S. tax overhaul in three decades and as strong U.S. economic data supported the case for a Federal Reserve rate hike later this year.

The dollar's strength pressured many emerging market currencies and bonds, helping drag down MSCI's broadest index of Asia-Pacific shares outside Japan 0.4 percent to one-month lows. South Korean 10-year yields hit a 2-year high.

In contrast, Japan's Nikkei rose 0.55 percent, taking cues from gains on Wall Street, where the Dow Jones Industrial Average rose 0.25 percent while the S&P 500 gained 0.41 percent.

Small-cap U.S. shares, seen as benefiting the most from the proposed tax cuts, soared, with the Russell 2000 small-cap index notching a record high, rising 1.9 percent for its biggest one-day gain in almost six months.

"The fact that Trump made the tax proposal was seen as a step forward," said an analyst.

Trump offered to lower corporate income tax rates, cut taxes for small businesses and reduce the top income tax rate for individuals.

Also helping to boost the dollar, the plan included lower one-time low tax rates for companies to repatriate profits accumulated overseas, which analysts say would lead to a temporary phase of sizable dollar buying.

Trump's tax proposal faces an uphill battle in Congress, however, with his own party divided, and the plan already prompting criticism that it favors companies and the rich and could add trillions of dollars to the national debt.

"It is hard to expect this proposal to pass the Congress smoothly. We have to pay attention to how the Republicans will view this," said an analyst.

"It is possible that the net fiscal spending will be smaller than what the stock markets expect," he added.

U.S. bond yields jumped with the yield on two-year notes rising to a nine-year high of 1.49 percent in anticipation of a rate rise in December.

Comments from Fed Chair Janet Yellen that the Fed needs to continue with gradual rate hikes have cemented expectations for policy tightening by year-end.

New orders for key U.S.-made capital goods grew more than expected in August, helping to boost optimism in the U.S. economy's outlook.

Yields on longer-dated bonds soared as Trump's tax proposal stoked worries about fiscal deterioration. U.S. municipal bonds were also sold for the same reason.

The 10-year yield rose to 2.357 percent, its highest in more than two months, compared to this week's low of 2.214 percent while the 30-year bond yield climbed to 2.901 percent after having risen 9 basis points on Wednesday - the biggest one-day rise in almost seven months.

## European Union

\*\* **European** government bonds dropped on Wednesday after hawkish Federal Reserve rhetoric and signs of increasing movement toward a U.S. tax-cut package boosted investor expectations of higher interest rates.

**German** bond yields climbed along with those of Treasuries to their highest level this week after Chair Janet Yellen on Tuesday signaled the Fed was on course to raise borrowing costs in December, and details of President Donald Trump's long-awaited tax reform plan were reported by media. Other core European bonds in **Austria, France and Belgium** followed suit, while those on the periphery in **Spain and Italy** lagged.

Wednesday's moves marked a shift from earlier in the week when bunds rallied in the wake of a surprise German election result on Sunday. The vote left Chancellor Angela Merkel struggling to form a coalition government, and increased concern about European political risks after the right-wing populist Alternative for Germany party entered parliament for the first time. Strong Italian business confidence data also boosted sentiment, helping to weigh on bonds.

"The market was underpricing both the Fed and the prospect for fiscal policy and that the U.S. rates market needed to lead any sell-off," an analyst said in emailed comments. "We also thought the reaction to the German election was overdone."

German 10-year yields climbed six basis points to 0.47 percent. Those on their French counterparts also climbed six basis points to 0.76 percent, while those in Spain were up one basis point at 1.63 percent.

## Other Markets :

\*\* **Indonesian** bonds led losses in Asian emerging-market debt as a surge in U.S. Treasury yields diminished the allure of developing-nation assets.

Benchmark 10-year bonds in Indonesia, **South Korea** and **Thailand** all climbed at least five basis points after the yield on similar-maturity Treasuries climbed above its 200-day moving average for the first time in two months. The increase in Indonesian 10-year yields saw them erase a drop spurred by an unexpected interest-rate cut last week.

Treasuries have slumped this week as President Donald Trump and Republican leaders announced a plan to cut taxes in the world's biggest economy. They also fell as Federal Reserve Chair Janet Yellen said gradually raising rates is the most appropriate policy approach.

Asian currencies and bonds look to be on an "increasingly weak footing," said an analyst. The rupiah has been hit hard because of "deep-rooted speculation of further monetary easing in Indonesia," he said.

Indonesia's 10-year yield jumped nine basis points to 6.58 percent, having increased 29 basis points since its close on Monday. The rupiah slid as much as 0.8 percent, the most since November.

South Korea's bonds fell before markets close for a long holiday starting Sept. 30 through Oct. 9. The 10-year yield climbed seven basis points to 2.42 percent, set for the highest close since July 2015. Deputy Finance Minister Hwang Kun-il said the authorities will take steps to stabilize markets if currency volatility rises.

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, September 28, 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>													
XS1687735107	USD	300	200	1	2.28083	FLOATING	HANJIN INTERNATIONAL COR	KR	28.09.2020	100.20	2.22	#N/A N/A	Aa2
USG2178XAA03	USD	1000	200	1	2.25	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.09.2020	99.75	2.34	#N/A N/A	A3e
US09681MAD02	USD	500	200	1	2.75	FIXED	BOC AVIATION LTD	SG	18.09.2022	99.02	2.96	A-	#N/A N/A
XS1686463305	USD	400	200	1	3.375	FIXED	VOYAGE BONDS LTD	CN	28.09.2022	99.63	3.46	#N/A N/A	#N/A N/A
USG2178XAB85	USD	750	200	1	2.75	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.03.2023	99.62	2.83	#N/A N/A	A3e
<b>XS1694216687</b>	<b>USD</b>	<b>3000</b>	<b>200</b>	<b>1</b>	<b>2.875</b>	<b>FIXED</b>	<b>SAUDI INTERNATIONAL BOND</b>	<b>SA</b>	<b>04.03.2023</b>	<b>99.65</b>	<b>2.94</b>	<b>#N/A N/A</b>	<b>A1e</b>
XS1688390068	USD	300	200	1	3	FIXED	QBE INSURANCE GROUP LTD	AU	25.05.2023	98.74	3.25	#N/A N/A	#N/A N/A
XS1577950402	USD	500	200	1	4.215	FIXED	COCA-COLA ICECEK AS	TR	19.09.2024	101.00	4.05	#N/A N/A	Baa3
XS1688567251	USD	400	200	1	3.625	FIXED	MIRVAC GROUP FINANCE LTD	AU	18.03.2027	98.43	3.82	BBB+	A3
US09681MAE84	USD	500	200	1	3.5	FIXED	BOC AVIATION LTD	SG	18.09.2027	99.47	3.56	A-	#N/A N/A
USG2178XAC68	USD	500	200	1	3.25	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.09.2027	99.21	3.34	#N/A N/A	A3e
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.57	4.01	BBB	Baa3
<b>USP57908AG32</b>	<b>USD</b>	<b>500</b>	<b>200</b>	<b>1</b>	<b>4</b>	<b>FIXED</b>	<b>MEXICHEM SAB DE CV</b>	<b>MX</b>	<b>04.10.2027</b>	<b>99.95</b>	<b>4.00</b>	<b>BBB-</b>	<b>Baa3</b>
<b>XS1694217495</b>	<b>USD</b>	<b>5000</b>	<b>200</b>	<b>1</b>	<b>3.625</b>	<b>FIXED</b>	<b>SAUDI INTERNATIONAL BOND</b>	<b>SA</b>	<b>04.03.2028</b>	<b>99.35</b>	<b>3.70</b>	<b>#N/A N/A</b>	<b>A1e</b>
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.13	3.98	BBB+	Baa1e
<b>XS1694218469</b>	<b>USD</b>	<b>4500</b>	<b>200</b>	<b>1</b>	<b>4.625</b>	<b>FIXED</b>	<b>SAUDI INTERNATIONAL BOND</b>	<b>SA</b>	<b>04.10.2047</b>	<b>99.85</b>	<b>4.63</b>	<b>#N/A N/A</b>	<b>A1e</b>
USP6629MAD40	USD	3000	200	1	5.5	FIXED	MEXICO CITY ARPT TRUST	MX	31.07.2047	100.88	5.44	BBB+	Baa1e
<b>USP57908AH15</b>	<b>USD</b>	<b>500</b>	<b>200</b>	<b>1</b>	<b>5.5</b>	<b>FIXED</b>	<b>MEXICHEM SAB DE CV</b>	<b>MX</b>	<b>15.01.2048</b>	<b>98.75</b>	<b>5.58</b>	<b>BBB-</b>	<b>Baa3</b>
XS1692378323	EUR	250	100	1	1.125	FIXED	HOIST KREDIT AB	ES	04.10.2021	99.85	1.16	#N/A N/A	#N/A N/A
XS1691349796	EUR	550	100	1	0.918	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2022	100.19	0.88	BBB-	#N/A N/A
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.50	0.77	BBB+	#N/A N/A
<b>XS1693959931</b>	<b>EUR</b>	<b>600</b>	<b>100</b>	<b>1</b>	<b>2.125</b>	<b>FIXED</b>	<b>CPI PROPERTY GROUP SA</b>	<b>DE</b>	<b>04.10.2024</b>	<b>100.26</b>	<b>2.08</b>	<b>#N/A N/A</b>	<b>Baa3e</b>
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	99.31	1.72	#N/A N/A	Baa3
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	99.74	1.41	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENTAG FINANCE BV	DE	27.09.2025	99.09	1.25	#N/A N/A	Baa3
XS1691349952	EUR	750	100	1	2.065	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2027	100.20	2.04	BBB-	#N/A N/A
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.31	1.79	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	99.73	1.98	BBB	Baa2
<b>CH0383104376</b>	<b>CHF</b>	<b>125</b>	<b>5</b>	<b>5</b>	<b>1.05</b>	<b>FIXED</b>	<b>COOPERATIVA PERSONAL U C</b>	<b>CL</b>	<b>15.10.2021</b>	<b>100.40</b>	<b>0.94</b>	<b>#N/A N/A</b>	<b>Baa2</b>
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	97.45	2.66	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	100.55	2.57	(P)BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	97.92	4.36	A-	A3
<b>AU3CB0247740</b>	<b>AUD</b>	<b>200</b>	<b>10</b>	<b>10</b>	<b>4.85</b>	<b>FIXED</b>	<b>EMIRATES NBD PJSC</b>	<b>AE</b>	<b>12.10.2027</b>	<b>100.59</b>	<b>4.77</b>	<b>#N/A N/A</b>	<b>A3e</b>
<b>Below Investment Grade New Issues</b>													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.21	2.09	BBB-	Baa3
XS1691349010	USD	500	200	1	5.125	FIXED	TC ZIRAAT BANKASI AS	TR	29.09.2023	100.38	5.05	#N/A N/A	Ba1
FR0013284643	EUR	500	100	100	4.196	FIXED	ERAMET	FR	28.02.2024	100.02	4.20	#N/A N/A	#N/A N/A
USG25343AA52	USD	500	200	1	5.95	FIXED	COSAN LTD	BR	20.09.2024	103.65	5.32	BB	#N/A N/A
USN6945AAJ62	USD	1000	2	1	5.299	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	99.05	5.46	BB-	B1
AT0000A1Y3P7	EUR	500	0.5	0.5	1.375	FIXED	VOESTALPINE AG	AT	27.09.2024	99.24	1.49	#N/A N/A	#N/A N/A
USL5828LAB55	USD	500	200	1	4.875	FIXED	KLABIN FINANCE SA	BR	19.09.2027	99.29	4.97	BB+	#N/A N/A
US836205AW44	USD	1000	200	1	4.85	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2027	98.94	4.99	#N/A N/A	Baa3e
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.27	2.60	#N/A N/A	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.49	5.31	B+	B1
US836205AX27	USD	1500	200	1	5.65	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2047	98.42	5.76	#N/A N/A	Baa3e

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

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