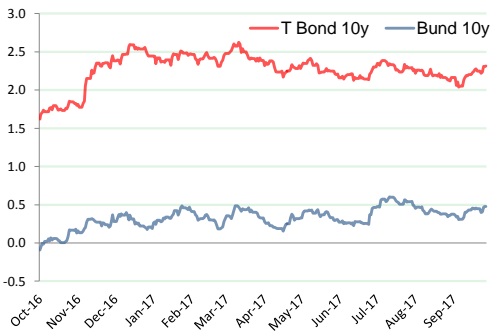


MORNING BOND UPDATE

Friday, September 29, 2017



	Last	Prev	02.janv
US 2y	1.46	1.45	0.70
US 10y	2.32	2.31	2.20
Germany 2y	-0.70	-0.70	-0.10
Germany 10y	0.48	0.48	0.54
France 2y	-0.49	-0.49	-0.05
France 10y	0.77	0.77	0.81
Swiss 2y	-0.79	-0.80	-0.28
Swiss 10y	0.00	-0.01	0.32
Australia 2y	1.95	1.97	2.21
Australia 10y	2.84	2.86	2.87

T Bonds

** The yield spread between shorter and longer-dated **U.S. Treasuries** grew on Thursday in the aftermath of a tax plan that raised concerns about faster growth in the federal deficit and borrowing.

The two-year Treasury yield reached a near nine-year high and the 10-year yield hit an 11-week peak before they retreated on bargain-hunting and strong demand at a \$28 billion auction of seven-year notes, which was the final part of this week's \$88 billion fixed-rate debt supply.

"Much of the move has been about the tax rollout," said an analyst. "Based on recent history like healthcare reform, it may be a disappointment."

On Wednesday, President Donald Trump proposed steep tax cuts for most Americans and businesses, but provided scant details on how to offset them without adding to the country's \$20 trillion in national debt.

The yield on 10-year Treasury notes was 2.309 percent, unchanged from Wednesday. It reached 2.359 percent earlier on Thursday, the highest since July 13, and traded above its 200-day moving average for the first time since Aug. 1, Reuters data showed.

The two-year yield retreated from near nine-year highs tied to bets the Federal Reserve would raise short-term interest rates in December. It ended at 1.455 percent, down 2.7 basis points after hitting 1.499 percent earlier on Thursday, which was the highest since November 2008.

On Tuesday, Fed Chair Janet Yellen said the U.S. central bank is on track to raise rates further even as inflation remains below its 2 percent goal.

Federal funds futures implied traders saw a 73 percent chance the Fed would raise rates at its Dec. 12-13 policy meeting, lower than 78 percent late Wednesday, according to CME Group's FedWatch program.

Proposed tax cuts from Washington in a bid to boost business activity and consumer spending is seen as one of the factors that could further steepen the U.S. yield curve in the coming months, analysts said.

The spread between two-year and 10-year yields widened to as much as 87 basis points, which was last seen in Aug. 23, before finishing at 85 basis points.

Possible rate increases or reduced bond purchases from other major foreign central banks may further stoke the rise in longer-dated bond yields faster than short-dated ones.

European Union

** **German** bond yields hit eight-week highs on Thursday, leading a rise in euro zone borrowing costs as U.S. President Donald Trump proposed the biggest U.S. tax overhaul in three decades and strong data boosted the case for another rate hike this year.

The rise was tempered by a lower-than-expected German inflation data in the afternoon, but most bond yields remained higher on the day.

Investors reacted by selling bonds in the United States and Europe, with yields on higher-rated euro zone countries up 1-2 basis points.

Germany's benchmark 10-year bond yield rose 5 bps to 0.518 percent at one stage, its highest level in eight weeks, before moving back down to 0.48 percent towards the end of the session. This is still up 2 bps on the day.

The partial reversal came after German consumer prices rose less than expected in September and inflation remained below the European Central Bank's target at 1.8 percent.

U.S. 10-year Treasury yields were up 2 bps on the day at 2.33 percent. At one point, the gap with German peers was at 185 bps - the widest since early July.

With Trump's tax reform plans boosting the dollar, the euro pulled back further from recent 2-1/2 year highs.

Analysts said a weakening in the single currency was another headwind for euro zone bond markets since this could encourage the European Central Bank to pursue plans to scale back the monetary stimulus that has long underpinned bond yields.

Strength in the single currency, which dampens inflation, has been seen as an obstacle in the path of ECB tapering.

Other Markets :

** **Japanese** government bond prices rebounded on Friday, following a big decline in the previous session, after the Bank of Japan's bond purchase showed limited selling interest and as U.S. bonds stabilised.

The 10-year JGB yield dropped 0.5 basis point to 0.060 percent, while the price of benchmark December futures rose 0.09 point to 150.35, a day after it posted the biggest loss in three months.

The market calmed down as many Japanese investors stayed on the sidelines on the last day of their financial half-year.

The BOJ's bond buying attracted limited selling despite the market's fall the previous day. The central bank's buying of 200 billion yen (\$1.77 billion) worth 10-25 year bonds drew offers at 2.5 times that amount, compared with 3.7 times on Wednesday.

Its buying of bonds with more than 25 years to maturity saw selling of 3.1 times the BOJ's 100 billion yen bids, a lower ratio than three previous occasions.

The 20-year yield rose 1.5 basis points to 0.580 percent, while the 30-year yield rose 1.5 basis points to 0.865 percent.

The market showed no reaction to a barrage of Japanese economic data released in the morning. Core consumer inflation in August was 0.7 percent, in line with market expectations.

DAILY BOND LIST

Friday, September 29, 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													
XS1687735107	USD	300	200	1	2.28083	FLOATING	HANJIN INTERNATIONAL COR	KR	28.09.2020	100.19	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	A-	A3e
XS1692890343	USD	450	200	1	2.105	FLOATING	IND & COMM BK CHINA/LUX	CN	12.10.2020	100.18	2.04	#N/A N/A	A1e
XS1686463305	USD	400	200	1	3.375	FIXED	VOYAGE BONDS LTD	CN	28.09.2022	99.85	3.41	#N/A N/A	#N/A N/A
XS1691909177	USD	400	200	1	2.875	FIXED	IND & COMM BK CHINA/LUX	CN	12.10.2022	100.18	2.84	#N/A N/A	A1e
USG2178XAB85	USD	750	200	1	2.75	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.03.2023	99.67	2.81	A-	A3e
XS1694216687	USD	3000	200	1	2.875	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2023	99.75	2.93	#N/A N/A	A1e
XS1577950402	USD	500	200	1	4.215	FIXED	COCA-COLA ICECEK AS	TR	19.09.2024	101.25	4.01	#N/A N/A	Baa3
XS1688567251	USD	400	200	1	3.625	FIXED	MIRVAC GROUP FINANCE LTD	AU	18.03.2027	98.60	3.80	BBB+	A3
USG2178XAC68	USD	500	200	1	3.25	FIXED	CK HUTCHISON INTL 17 LTD	HK	29.09.2027	99.21	3.34	A-	A3e
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.74	3.99	BBB	Baa3
USP57908AG32	USD	500	200	1	4	FIXED	MEXICHEM SAB DE CV	MX	04.10.2027	99.55	4.06	BBB-	#N/A N/A
XS1694217495	USD	5000	200	1	3.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2028	99.84	3.64	#N/A N/A	A1e
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.49	3.93	BBB+	Baa1e
XS1694218469	USD	4500	200	1	4.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.10.2047	99.98	4.63	#N/A N/A	A1e
USP6629MAD40	USD	3000	200	1	5.5	FIXED	MEXICO CITY ARPT TRUST	MX	31.07.2047	101.00	5.43	BBB+	Baa1e
USP57908AH15	USD	500	200	1	5.5	FIXED	MEXICHEM SAB DE CV	MX	15.01.2048	98.53	5.60	BBB-	#N/A N/A
XS1691909334	EUR	1100	100	1	0.221	FLOATING	IND & COMM BK CHINA/LUX	ES	12.10.2020	100.11	0.19	#N/A N/A	#N/A N/A
XS1692378323	EUR	250	100	1	1.125	FIXED	HOIST KREDIT AB	ES	04.10.2021	99.94	1.14	#N/A N/A	Baa3
XS1691349796	EUR	550	100	1	0.918	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2022	100.37	0.84	BBB-	#N/A N/A
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.63	0.75	BBB+	#N/A N/A
XS1693959931	EUR	600	100	1	2.125	FIXED	CPI PROPERTY GROUP SA	DE	04.10.2024	100.56	2.04	#N/A N/A	Baa3e
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	99.57	1.68	#N/A N/A	Baa3
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.00	1.37	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENTAG FINANCE BV	DE	27.09.2025	99.32	1.22	#N/A N/A	Baa3
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	99.62	1.76	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.05	1.95	BBB	Baa2
CH0383104376	CHF	125	5	5	1.05	FIXED	COOPERATIVA PERSONAL U C	CL	15.10.2021	100.20	1.00	#N/A N/A	Baa2
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	97.75	2.61	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	100.92	2.51	(P)BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.13	4.33	A-	A3
AU3CB0247740	AUD	200	10	10	4.85	FIXED	EMIRATES NBD PJSC	AE	12.10.2027	101.36	4.68	#N/A N/A	A3e
Below Investment Grade New Issues													
US25470DAN93	USD	500	2	1	2.2	FIXED	DISCOVERY COMMUNICATIONS	US	20.09.2019	100.38	2.00	BBB-	Baa3
XS1691349010	USD	500	200	1	5.125	FIXED	TC ZIRAAT BANKASI AS	TR	29.09.2023	100.46	5.03	#N/A N/A	Ba1
FR0013284643	EUR	500	100	100	4.196	FIXED	ERAMET	FR	28.02.2024	100.31	4.14	#N/A N/A	#N/A N/A
USG25343AA52	USD	500	200	1	5.95	FIXED	COSAN LTD	BR	20.09.2024	102.24	5.56	BB	#N/A N/A
USN6945AAJ62	USD	3759.866	2	1	5.299	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	99.63	5.36	BB-	B1
AT0000A1Y3P7	EUR	500	0.5	0.5	1.375	FIXED	VOESTALPINE AG	AT	27.09.2024	99.44	1.46	#N/A N/A	#N/A N/A
USL5828LAB55	USD	500	200	1	4.875	FIXED	KLABIN FINANCE SA	BR	19.09.2027	99.40	4.95	BB+	#N/A N/A
US836205AW44	USD	1000	200	1	4.85	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2027	99.15	4.96	#N/A N/A	Baa3e
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.19	2.61	#N/A N/A	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.42	5.31	B+	B1
US836205AX27	USD	1500	200	1	5.65	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2047	99.19	5.71	#N/A N/A	Baa3e

*watchlist for downgrade

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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