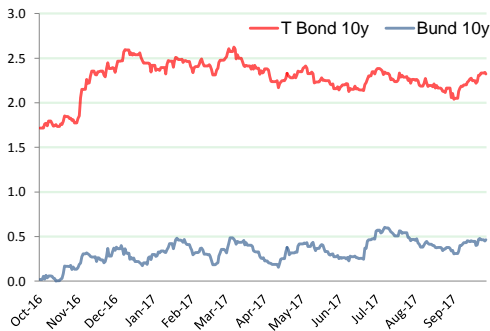
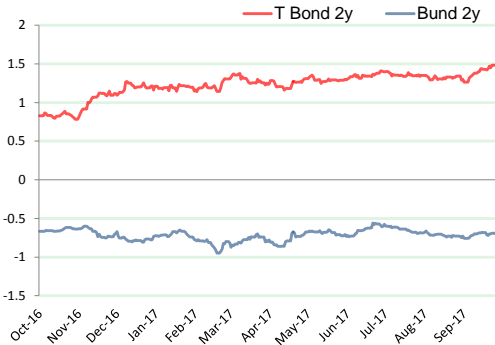


MORNING BOND UPDATE

Wednesday, October 04, 2017



	Last	Prev	02.janv
US 2y	1.46	1.47	0.70
US 10y	2.31	2.32	2.20
Germany 2y	-0.72	-0.70	-0.10
Germany 10y	0.44	0.46	0.54
France 2y	-0.50	-0.49	-0.05
France 10y	0.73	0.75	0.81
Swiss 2y	-0.80	-0.80	-0.28
Swiss 10y	-0.02	0.00	0.32
Australia 2y	1.94	1.96	2.21
Australia 10y	2.81	2.84	2.87

T Bonds

** U.S. Treasury debt yields fell on Tuesday in volatile trading as the market remained cautious two days after a mass shooting in Las Vegas, with investors also continuing to weigh the prospects of another interest rate hike this year.

The Las Vegas tragedy has remained on investors' radars, said an analyst. The Sunday night shooting spree from a 32nd-floor window of the Mandalay Bay hotel, on the Las Vegas Strip, killed at least 59 people before the gunman turned a weapon on himself. More than 500 people were injured, some trampled, in the deadliest mass shooting in modern U.S. history.

"That still represents a pall over the markets. People are not doing bold strategies right now, just small ones," an analyst said.

U.S. 30-year bond yields were higher though, with investors absorbing a mammoth sovereign bond deal from Abu Dhabi valued at \$10 billion, analysts said.

Abu Dhabi sold its first ever 30-year sovereign bond on Tuesday as part of a \$10 billion triple-tranche debt issue that drew heavy demand. Its issue of five-, 10- and 30-year maturities had attracted more than \$30 billion in demand.

Investors sold long-end Treasuries as a hedge to make way for the new bond issue, analysts said. In late trading, the benchmark 10-year U.S. Treasury note yield was 2.335 percent, down slightly from 2.337 percent late on Monday, while the 30-year yield was up at 2.876 percent, compared with Monday's 2.865 percent.

U.S. two-year notes were at 1.475 percent, down from 1.487 percent on Monday.

An analyst said the bond market was starting to turn its attention to the deliberations at the White House over who might lead the Federal Reserve starting next year.

Aside from Fed Chair Janet Yellen, whose current term expires in February, among those being considered are ex-Fed Governor Kevin Warsh and current Fed Governor Jerome Powell. Both Warsh and Powell were interviewed at the White House last week.

"Any Fed chair announcement that comes over the next two to three weeks will be viewed as a hawkish announcement just because Yellen is such a dove," said an analyst.

"And so I think the market is starting to support the theme that whoever becomes Fed chair will be raising rates faster than Yellen would be," he added.

Focus has also turned to this week's U.S. non-farm payrolls report, which could shed more light on the chances of a December rate increase.

European Union

** Spain's 10-year borrowing costs hit their highest level in nearly three months as tensions between Madrid and the Catalonia region spilled on to the streets on Tuesday after the weekend's illegal independence referendum.

Metro stations were closed in Barcelona, pickets blocked roads and state workers walked out in protests across Spain's wealthiest region over a Spanish police crackdown on Sunday's referendum.

Having already risen on Monday after the vote, the gap between Spanish and German 10-year borrowing costs was at its widest level since early June at 126 basis points.

"We don't believe the Catalan debacle is a flash in the pan, we think it will pose some threat to Spain's credit risk profile in the long term," said an analyst.

"At an extreme, it does raise questions about this government's longevity," he said.

On Friday, ratings agency S&P Global maintained Spain's rating at BBB+ but said the positive outlook could be revised lower if the tensions between Madrid and Catalonia escalated and started weighing on business confidence and investment.

Even on a day when most euro zone bond yields rose, Spain was a clear underperformer, its 10-year yields jumping 5 basis points to 1.74 percent, its highest since July 10.

The cost of insuring exposure to Spanish sovereign debt rose on Tuesday to a near five-month high.

Data from IHS Markit showed five-year credit default swaps for Spain rose 1 basis point from Monday's close to 70 bps, the highest level since June 8 and up 16 bps from a trough of 54 bps on Sept. 19.

But some were sanguine on the issue.

"We don't think tail risks from Catalonia will continue because this is a Spanish issue not a euro zone existential issue," said an analyst.

Most other euro zone bond yields edged higher 1-2 bps on the day as strong U.S. data reinforced expectations of another interest rate rise this year by the Federal Reserve.

The U.S. Institute for Supply Management index, released on Monday, rose to 60.8 in September, from 58.8 in August, exceeding analyst expectations.

The overall mood across government bond markets was bearish as investors took their cue from upbeat data to sell fixed income and buy risk assets such as stocks.

"People are still watching what the Fed is doing and in Europe, how the ECB will act," said an analyst.

Other Markets :

** With the Reserve Bank of India expected to keep interest rates at a seven-year low on Wednesday, investors will parse its commentary to assess the extent of the economy's slowdown.

The repurchase rate will stay at 6 percent, according to 31 of 32 economists in a Bloomberg survey, with one seeing a cut to 5.75 percent. The RBI will also probably lower its growth forecast and analysts want to know if that will change its inflation outlook, which had been predicting a rebound in price pressures.

Cracks have emerged within Governor Urjit Patel's six-member monetary policy committee over the recent months as slower growth and faster inflation complicate policy choices. Prime Minister Narendra Modi's clampdown on cash and uncertainty stemming from a newly introduced goods and services tax has hurt the economy, stoking speculation of a fiscal stimulus.

"The worsening of recent macroeconomic data has changed the narrative around India from positive to negative," analysts at Nomura Holdings Inc., including Sonal Varma, wrote in an Oct. 2 report. While the optimal solution includes cleaning up a pile of bad loans and kick starting investment, "this may sit uneasy given the 2019 election cycle which requires both sentiment and animal spirits to be buoyant within the next year," they said.

The monetary authority will announce its decision at 2:30 p.m. in Mumbai followed by a press conference 15 minutes later.

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

Wednesday, October 04, 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													
USG2178XAA03	USD	1000	200	1	2.25	FIXED	CK HUTCH INTL 17 II LTD	HK	29.09.2020	99.80	2.32	A-	A3e
XS1692890343	USD	450	200	1	2.1125	FLOATING	IND & COMM BK CHINA/LUX	CN	12.10.2020	100.15	2.06	#N/A N/A	A1
XS1686463305	USD	400	200	1	3.375	FIXED	VOYAGE BONDS LTD	CN	28.09.2022	100.04	3.37	#N/A N/A	#N/A N/A
XS1696908471	USD	3000	200	1	2.5	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2022	99.94	2.51	#N/A N/A	Aa2e
XS1691909177	USD	400	200	1	2.875	FIXED	IND & COMM BK CHINA/LUX	CN	12.10.2022	100.22	2.83	#N/A N/A	A1
XS1694216687	USD	3000	200	1	2.875	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2023	99.92	2.89	#N/A N/A	A1
USN30707AF53	USD	1250	200	1	2.75	FIXED	ENEL FINANCE INTL NV	IT	06.04.2023	99.82	2.79	#N/A N/A	Baa2e
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	102.22	3.93	BBB	Baa3
USP57908AG32	USD	500	200	1	4	FIXED	MEXICHEM SAB DE CV	MX	04.10.2027	100.15	3.98	BBB-	#N/A N/A
XS1696892295	USD	4000	200	1	3.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2027	99.80	3.15	#N/A N/A	Aa2e
XS1694217495	USD	5000	200	1	3.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2028	99.90	3.64	#N/A N/A	A1
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	100.00	3.87	BBB+	Baa1e
USN30707AG37	USD	1250	200	1	3.5	FIXED	ENEL FINANCE INTL NV	IT	06.04.2028	99.27	3.58	#N/A N/A	Baa2e
XS1694218469	USD	4500	200	1	4.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.10.2047	101.38	4.54	#N/A N/A	A1
XS1696899035	USD	3000	200	1	4.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2047	100.95	4.07	#N/A N/A	Aa2e
USP57908AH15	USD	500	200	1	5.5	FIXED	MEXICHEM SAB DE CV	MX	15.01.2048	98.85	5.58	BBB-	#N/A N/A
XS1691909334	EUR	1100	100	1	0.22	FLOATING	IND & COMM BK CHINA/LUX	ES	12.10.2020	100.22	0.15	#N/A N/A	A1
XS1692378323	EUR	250	100	1	1.125	FIXED	HOIST KREDIT AB	ES	04.10.2021	100.04	1.12	#N/A N/A	Baa3
XS1691349796	EUR	550	100	1	0.918	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2022	100.53	0.81	BBB-	#N/A N/A
XS1678629186	EUR	200	1	1	0.875	FIXED	GRNKEZ FINANCE PLC	DE	07.10.2022	100.82	0.71	BBB+	#N/A N/A
XS1693959931	EUR	600	100	1	2.125	FIXED	CPI PROPERTY GROUP SA	DE	04.10.2024	100.74	2.01	#N/A N/A	Baa3
XS1686846061	EUR	600	100	1	1.625	FIXED	ANGLO AMERICAN CAPITAL	GB	18.09.2025	99.94	1.63	#N/A N/A	Baa3
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.12	1.36	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENNTAG FINANCE BV	DE	27.09.2025	99.63	1.17	BBB	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	100.02	1.71	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.53	1.90	BBB	Baa2
CH0383104376	CHF	125	5	5	1.05	FIXED	COOPERATIVA PERSONAL U C	CL	15.10.2021	100.35	0.96	#N/A N/A	Baa2
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	98.11	2.55	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	101.29	2.46	BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.49	4.29	A-	A3
AU3CB0247740	AUD	200	10	10	4.85	FIXED	EMIRATES NBD PJSC	AE	12.10.2027	101.96	4.60	#N/A N/A	A3e
Below Investment Grade New Issues													
XS1691349010	USD	500	200	1	5.125	FIXED	TC ZIRAAT BANKASI AS	TR	29.09.2023	100.88	4.95	#N/A N/A	Ba1
FR0013284643	EUR	500	100	100	4.196	FIXED	ERAMET	FR	28.02.2024	100.79	4.06	#N/A N/A	#N/A N/A
XS1696810669	USD	600	200	1	5.125	FIXED	PUMA INTERNATIONAL FINAN	SG	06.10.2024	100.50	5.01	#N/A N/A	Ba2e
USN6945AAJ62	USD	3759.866	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	99.65	1.43	#N/A N/A	#N/A N/A
US836205AW44	USD	1000	200	1	4.85	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2027	99.84	4.87	#N/A N/A	Baa3e
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.29	2.60	BB+	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.60	5.29	B+	B1
USP3R26HAA81	USD	330	200	1	6.25	FIXED	CYDSA SAB DE CV	MX	04.10.2027	100.70	6.16	BB	#N/A N/A
US105756BZ27	USD	3000	200	1	4.625	FIXED	FED REPUBLIC OF BRAZIL	BR	13.01.2028	100.25	4.59	#N/A N/A	Ba2e
US836205AX27	USD	1500	200	1	5.65	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2047	100.26	5.63	#N/A N/A	Baa3e

*watchlist for downgrade

Bold type : new entries of the day

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