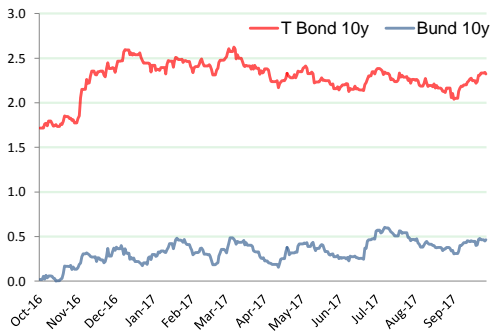
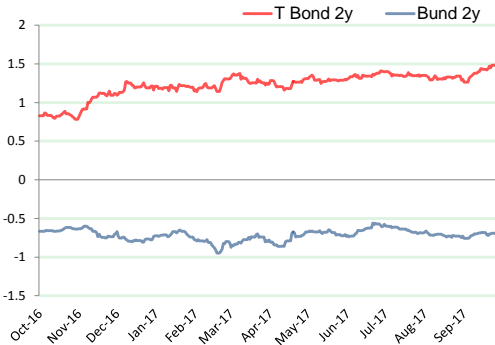


MORNING BOND UPDATE

Thursday, October 05, 2017



	Last	Prev	02.janv
US 2y	1.48	1.47	0.70
US 10y	2.33	2.32	2.20
Germany 2y	-0.70	-0.70	-0.10
Germany 10y	0.46	0.45	0.54
France 2y	-0.48	-0.49	-0.05
France 10y	0.76	0.75	0.81
Swiss 2y	-0.79	-0.79	-0.28
Swiss 10y	-0.01	-0.01	0.32
Australia 2y	1.90	1.94	2.21
Australia 10y	2.78	2.81	2.87

T Bonds

** U.S. Treasury debt yields drifted higher on Wednesday after a measure of U.S. services sector activity hit a 12-year high, offsetting some concerns about an upcoming payrolls report.

Yields took off after data showed that the U.S. non-manufacturing index as measured by the Institute for Supply Management rose to 59.8 last month from 55.3 in August. The consensus expectation was for a reading of 55.5.

U.S. long-dated yields, which move inversely to prices, hit session highs after the data. But by mid-afternoon, yields came off their peaks.

"This could just be a little bit of a clean-up," said an analyst. "My sense is that there are a lot of shorts out there, but there wasn't enough selling to push yields a lot higher, so some guys started to cover a little bit."

Yields were lower for most of the morning session prior to the ISM data, pulled down by uncertainty surrounding the upcoming U.S. non-farm payrolls report. That data was expected to reflect hurricanes that hit the United States last month.

"The level of uncertainty surrounding payrolls has been high," said an analyst. "Economists find it hard to understand the effects of the hurricane on payrolls."

Wall Street economists expect just 90,000 new U.S. jobs for September, down from 156,000 in August, according to a Reuters poll.

An analyst said many investors believed Friday's payrolls would be distorted in some way by the hurricanes. "So I don't know if there are many folks out there looking at this payrolls number for direction," he added.

A report by payrolls processor ADP on Wednesday showed that U.S. private employers added 135,000 jobs in September, exceeding economists' expectations despite Hurricanes Harvey and Irma significantly impacting smaller retailers.

The jobs gain reported by ADP though was the smallest monthly increase since October 2016.

An analyst pointed out that it is difficult to determine what the ADP number implies about Friday's jobs report. "The on-consensus (ADP) read leaves the market still expecting a soft non-farm payrolls due to hurricane effects," he said.

In late trading, the benchmark 10-year U.S. Treasury note yield was at 2.333 percent, up from 2.332 percent late on Tuesday, while the 30-year yield was at 2.877 percent, compared with Tuesday's 2.872 percent.

U.S. two-year note yields were up slightly at 1.479 percent.

European Union

** Spain's government borrowing costs rose to their highest since March on Wednesday, stretching the gap over German peers to the widest in over five months.

The moves came after Catalonia's secessionist leader said the region will declare independence in "days following the weekend referendum which was declared illegal by Spain's central government and marred by a violent police crackdown."

The vote has thrown the euro zone's fourth-largest economy into its worst constitutional crisis in decades. Thousands took to the streets to protest against Sunday's violence that injured 900 people and, in a rare intervention, Spain's king accused Catalan leaders of shattering democratic principles.

Investors worry the uncertainty could have repercussions for the economy and political stability in a country led by the minority government of Prime Minister Mariano Rajoy, a conservative who has taken a hard-line stance on the issue.

"Uncertainty on the next steps remains the key theme," said an analyst.

Spain's 10-year bond yield rose as much as 7 basis points to 1.80 percent, the highest since mid-March.

That stretched the spread over German equivalents, which fell 3 basis points to a one-week low of 0.42 percent, to 136 basis points - the widest since late April.

Rabobank said the "odds are tilted to further widening towards 150 basis points", which would be close to this year's peak.

Spain's benchmark IBEX equity index fell almost 3 percent and was set for its biggest daily fall since June 24 2016, when Britain's decision to leave European Union roiled financial markets.

Catalonian-based banks, Banco de Sabadell and CaixaBank, both fell over 5 percent on the day.

Spain's travails also hit debt markets in Italy, another low-rated southern European country. The spread between Italian and German 10-year bond yields hit its widest since June at 182 bps.

Demand for top-rated German bonds, which tend to benefit from times of stress was high, a trend that analysts said was also due to uncertainty over the likely successor to U.S. Federal Reserve Chair Janet Yellen.

Fed Governor Jerome Powell, viewed as dovish, has joined the race for the job alongside his predecessor Kevin Warsh to take over from Yellen whose term ends in February.

At an auction, there was firm demand for 2.4 billion euros of 10-year bonds sold by Germany.

Other Markets :

** Venezuela's state-run oil producer PDVSA has a lot of debt to pay in the coming weeks -- about \$3.5 billion worth of interest and principal. With no way of knowing the company's real cash position or how it will make the payments, investors can only cling to reassurances from President Nicolas Maduro that they'll get their money.

Some traders are trying to minimize any downside. Creditors are moving out of the unsecured PDVSA bonds coming due next month while piling into notes maturing in 2020 that are backed by a 51 percent stake in U.S. refining unit Citgo Holding and which pay a chunk of capital in the coming weeks.

"The problem with the PDVSA '17 is that it's trading at +97 dirty price so not great risk/reward on that bond," wrote an analyst. "The upside is like 3% on maturity and much greater downside risk if you're wrong."

Oil Minister Eulogio Del Pino, who was head of PDVSA until just a few weeks ago, told reporters Wednesday in Moscow that the Venezuelan company is negotiating with Russia's Rosneft to change the collateral it uses for a loan from a minority stake in Citgo to some other asset.

That's also helping to propel the secured notes, an analyst said.

Some long-term investors and locals have sold the 2017 notes on waning conviction they'll be paid and have been trying to get their hands on the 2020 bonds for weeks, according to a New York-based trader dealing in Venezuelan debt who isn't authorized to speak publicly.

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, October 05, 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>													
XS1692890343	USD	450	200	1	2.11667	FLOATING	IND & COMM BK CHINA/LUX	CN	12.10.2020	100.18	2.06	#N/A N/A	A1
XS1696908471	USD	3000	200	1	2.5	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2022	99.89	2.52	#N/A N/A	Aa2e
XS1691909177	USD	400	200	1	2.875	FIXED	IND & COMM BK CHINA/LUX	CN	12.10.2022	100.17	2.84	#N/A N/A	A1
USN15516AA01	USD	500	200	1	3.5	FIXED	BRASKEM NETHERLANDS	BR	10.01.2023	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A
XS1694216687	USD	3000	200	1	2.875	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2023	99.97	2.88	#N/A N/A	A1
USN30707AF53	USD	1250	200	1	2.75	FIXED	ENEL FINANCE INTL NV	IT	06.04.2023	99.71	2.81	BBB	Baa2e
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	102.21	3.93	BBB	Baa3
USP57908AG32	USD	500	200	1	4	FIXED	MEXICHEM SAB DE CV	MX	04.10.2027	100.59	3.93	BBB-	#N/A N/A
USP2867KAG15	USD	500	200	1	3.95	FIXED	COLBUN SA	CL	11.10.2027	100.50	3.88	#N/A N/A	#N/A N/A
XS1696892295	USD	4000	200	1	3.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2027	99.43	3.19	#N/A N/A	Aa2e
USN15516AB83	USD	1250	200	1	4.5	FIXED	BRASKEM NETHERLANDS	BR	10.01.2028	99.46	4.57	#N/A N/A	#N/A N/A
XS1694217495	USD	5000	200	1	3.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2028	99.81	3.65	#N/A N/A	A1
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	100.10	3.86	BBB+	Baa1e
USN30707AG37	USD	1250	200	1	3.5	FIXED	ENEL FINANCE INTL NV	IT	06.04.2028	98.87	3.63	BBB	Baa2e
XS1694218469	USD	4500	200	1	4.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.10.2047	100.69	4.58	#N/A N/A	A1
XS1696899035	USD	3000	200	1	4.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2047	100.20	4.11	#N/A N/A	Aa2e
USP57908AH15	USD	500	200	1	5.5	FIXED	MEXICHEM SAB DE CV	MX	15.01.2048	99.70	5.52	BBB-	#N/A N/A
XS1691909334	EUR	1100	100	1	0.221	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	99.94	1.14	#N/A N/A	Baa3
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.88	0.70	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	Baa3
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.18	1.35	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENTAG FINANCE BV	DE	27.09.2025	99.41	1.20	BBB	Baa3
XS1691349952	EUR	750	100	1	2.065	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2027	99.95	2.07	BBB-	#N/A N/A
XS1696445516	EUR	1000	1	1	1.75	FIXED	HUNGARY	HU	10.10.2027	99.25	1.83	#N/A N/A	Baa3e
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.34	1.79	BBB	Baa3
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.40	1.91	BBB	Baa2
CH0383104376	CHF	125	5	5	1.05	FIXED	COOPERATIVA PERSONAL U C	CL	15.10.2021	100.32	0.97	#N/A N/A	Baa2
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	97.93	2.58	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	101.05	2.50	BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.73	4.26	A-	A3
AU3CB0247740	AUD	200	10	10	4.85	FIXED	EMIRATES NBD PJSC	AE	12.10.2027	102.26	4.57	#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	101.48	4.84	#N/A N/A	Ba1
XS1696810669	USD	600	200	1	5.125	FIXED	PUMA INTERNATIONAL FINAN	SG	06.10.2024	100.85	4.98	#N/A N/A	Ba2e
USN6945AAJ62	USD	3759.866	2	1	5.299	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	100.90	5.15	BB-	B1
AT0000A1Y3P7	EUR	500	0.5	0.5	1.375	FIXED	VOESTALPINE AG	AT	27.09.2024	99.47	1.45	#N/A N/A	#N/A N/A
US836205AW44	USD	1000	200	1	4.85	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2027	99.97	4.85	#N/A N/A	Baa3e
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.38	2.59	BB+	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.58	5.29	B+	B1
USG5002FAM89	USD	500	200	1	4.5	FIXED	JAGUAR LAND ROVER AUTOMO	GB	01.10.2027	100.01	4.50	#N/A N/A	Ba1e
USP3R26HAA81	USD	330	200	1	6.25	FIXED	CYDSA SAB DE CV	MX	04.10.2027	99.26	6.35	BB	#N/A N/A
US105756BZ27	USD	3000	200	1	4.625	FIXED	FED REPUBLIC OF BRAZIL	BR	13.01.2028	99.49	4.69	#N/A N/A	Ba2e
US836205AX27	USD	1500	200	1	5.65	FIXED	REPUBLIC OF SOUTH AFRICA	ZA	27.09.2047	100.11	5.64	#N/A N/A	Baa3e

Bold type : new entries of the day

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