

# MORNING BOND UPDATE

Tuesday, October 10, 2017

## T Bonds

\*\* The U.S. bond market was closed for the Columbus Day holiday.

## European Union

\*\* **Spanish** borrowing costs fell to a one-week low on Monday, narrowing the gap over top-rated Germany on hopes that Catalonia would this week take a step back from a unilateral declaration of independence from Spain.

Bigger-than-expected demonstrations in Barcelona on Sunday called for Catalonia to remain part of Spain, raising pressure on the regional government to back away from a declaration it had been expected to make as early as Tuesday.

Moves by local companies to re-locate their headquarters and expressions of support from euro zone heavyweights France and Germany for Spanish unity were also increased pressure on the region's pro-independence leader Carles Puigdemont to back down.

Puigdemont will address the Catalan parliament at 6 p.m. on Tuesday on "the current political situation" amid speculation he could ask the assembly to declare independence.

The Catalan region's head of foreign affairs, Raul Romeva, told the BBC on Friday that the Catalan parliament intended to make a decision on independence, without specifying when.

Madrid on Friday meanwhile apologised for the first time for police use of violence in trying to hinder a weekend referendum it had declared illegal, soothing financial market jitters.

"Some of the uncertainty has been reduced -- the tone from Puigdemont has become more conciliatory and (Spain's Prime Minister Mariano) Rajoy has also stepped back," said an analyst.

"It is expected that Puigdemont will on Tuesday say an independence bid in the future will be considered, which is a dramatic step back from expectations last week that a declaration of independence is imminent."

Spain's 10-year bond yield fell as much as 8 basis points to a 1-week low of 1.64 percent, before edging back up slightly to 1.68 percent. But that is still 13 bps below the more than six-month highs hit last week.

The gap between Spain and **Germany's** 10-year bond yield shrank to around 118 basis points -- having stretched out to 136 bps last week at the height of worries about a conflict between Catalonia and the central government in Madrid.

Spanish stocks rebounded 0.5 percent on Monday, out-performing broader European share markets, while the euro was a tad firmer.

There was also some relief after DBRS ratings agency late on Friday confirmed Spain's rating at A (low), following concerns that the tensions in Catalonia could hurt Spain's ratings outlook.

"DBRS's central scenario is that Spain remains united. This reflects legal and institutional safeguards that make a unilateral secession highly unlikely," the agency said in a note.

"However, uncertainty over Catalonia will continue in the near to medium term. A period of prolonged and elevated tension in Catalonia or political uncertainty in Spain at large could weigh negatively on the economy and public finances."

The fall in Spanish bond yields dragged **Portuguese** and **Italian** yields 3-4 bps lower on the day as well, while benchmark German equivalents were 2 bps lower at 0.45 percent.

## Other Markets :

\*\* **Japanese** government bond prices dipped on Tuesday as Tokyo stocks hit a two-year high and reduced investor demand for safe-haven debt.

The benchmark 10-year JGB yield was half a basis point higher at 0.055 percent.

It rose to 0.065 percent earlier in the session in a reaction to Friday's surprisingly stronger U.S. September wages data, which enhanced already high expectations that the Fed would hike rates for a third time in 2017.

The Japanese financial markets were closed on Monday for a national holiday and had their first chance to react to the robust U.S. wages data on Tuesday, with the Nikkei climbing to its highest level since August 2015.

There were renewed worries that North Korea may be preparing another missile test.

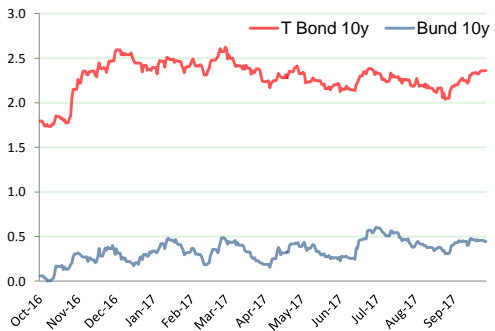
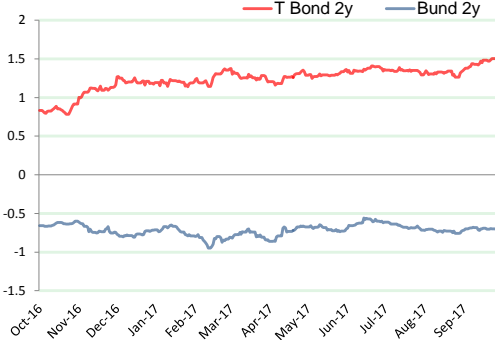
But geopolitical concerns were not enough to prevent Tokyo stocks from rising, albeit modestly, in turn nudging JGB yields up.

Campaigning began on Tuesday for an Oct. 22 election that pits Japan Prime Minister Shinzo Abe's Liberal Democratic Party against the fledgling Party of Hope led by Tokyo Governor Yuriko Koike and other smaller parties contesting seats in the country's more powerful lower house of parliament.

"JGB market players are likely seeing three potential outcomes for the elections. The first scenario is a resounding win for (prime minister) Abe, resulting in a monetary policy status quo and thus maintaining tight JGB supply conditions," wrote an analyst, referring to the large debt purchases the Bank of Japan currently conducts.

In the second scenario, Abe barely wins and loses grip on ruling party leadership, and in the third scenario, Abe loses the elections outright. Both scenarios are likely to lead to JGB selling as they could result in BOJ leadership that is less conducive to the very easy monetary policy currently in place, Inadome said.

BOJ Governor Haruhiko Kuroda's term expires in April 2018 and there was growing speculation that Abe will reappoint him for a second term.



	Last	Prev	02.janv
US 2y	1.50	1.50	0.70
US 10y	2.36	2.36	2.20
Germany 2y	-0.70	-0.70	-0.10
Germany 10y	0.45	0.44	0.54
France 2y	-0.49	-0.49	-0.05
France 10y	0.72	0.72	0.81
Swiss 2y	-0.81	-0.81	-0.28
Swiss 10y	-0.04	-0.04	0.32
Australia 2y	1.94	1.91	2.21
Australia 10y	2.83	2.82	2.87

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

Tuesday, October 10, 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>													
XS1692890343	USD	450	200	1	2.12639	FLOATING	IND & COMM BK CHINA/LUX	CN	12.10.2020	100.15	2.08	#N/A N/A	A1
XS1696908471	USD	3000	200	1	2.5	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2022	99.73	2.56	AA	Aa2e
XS1691909177	USD	400	200	1	2.875	FIXED	IND & COMM BK CHINA/LUX	CN	12.10.2022	100.15	2.84	#N/A N/A	A1
USN15516AA01	USD	500	200	1	3.5	FIXED	BRASKEM NETHERLANDS	BR	10.01.2023	99.60	3.59	#N/A N/A	#N/A N/A
XS1694216687	USD	3000	200	1	2.875	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2023	99.88	2.90	#N/A N/A	A1
USN30707AF53	USD	1250	200	1	2.75	FIXED	ENEL FINANCE INTL NV	IT	06.04.2023	99.37	2.88	BBB	Baa2
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	104.16	3.70	BBB	Baa3
USP57908AG32	USD	500	200	1	4	FIXED	MEXICHEM SAB DE CV	MX	04.10.2027	100.05	3.99	BBB-	#N/A N/A
USP2867KAG15	USD	500	200	1	3.95	FIXED	COLBUN SA	CL	11.10.2027	99.95	3.96	BBB	#N/A N/A
XS1696892295	USD	4000	200	1	3.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2027	99.26	3.21	AA	Aa2e
USN15516AB83	USD	1250	200	1	4.5	FIXED	BRASKEM NETHERLANDS	BR	10.01.2028	99.65	4.54	#N/A N/A	#N/A N/A
XS1694217495	USD	5000	200	1	3.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2028	99.62	3.67	#N/A N/A	A1
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.50	3.93	BBB+	Baa1e
XS1694218469	USD	4500	200	1	4.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.10.2047	101.00	4.56	#N/A N/A	A1
XS1696899035	USD	3000	200	1	4.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2047	99.74	4.14	AA	Aa2e
USP57908AH15	USD	500	200	1	5.5	FIXED	MEXICHEM SAB DE CV	MX	15.01.2048	98.65	5.59	BBB-	#N/A N/A
XS1691909334	EUR	1100	100	1	0.221	FLOATING	IND & COMM BK CHINA/LUX	ES	12.10.2020	100.25	0.14	#N/A N/A	A1
XS1692378323	EUR	250	100	1	1.125	FIXED	HOIST KREDIT AB	ES	04.10.2021	99.96	1.14	#N/A N/A	Baa3
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	101.09	0.65	BBB+	#N/A N/A
XS1693959931	EUR	600	100	1	2.125	FIXED	CPI PROPERTY GROUP SA	DE	04.10.2024	100.60	2.03	#N/A N/A	Baa3
XS1698714000	EUR	300	100	1	1.625	FIXED	BENI STABILI SPA	IT	17.10.2024	100.30	1.58	BBB-	#N/A N/A
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.24	1.34	BBB+	Baa1
XS1689523840	EUR	600	100	1	1.125	FIXED	BRENTAG FINANCE BV	DE	27.09.2025	99.52	1.19	BBB	Baa3
XS1691349952	EUR	750	100	1	2.065	FIXED	NORTEGAS ENERGIA DISTRI	ES	28.09.2027	100.26	2.04	BBB-	#N/A N/A
XS1696445516	EUR	1000	1	1	1.75	FIXED	HUNGARY	HU	10.10.2027	100.40	1.71	#N/A N/A	Baa3
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.85	1.73	BBB	Baa3
CH0383104376	CHF	125	5	5	1.05	FIXED	COOPERATIVA PERSONAL U C	CL	15.10.2021	100.36	0.96	#N/A N/A	Baa2
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	98.22	2.53	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	98.63	4.27	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
<b>Below Investment Grade New Issues</b>													
XS1577948687	EUR	175	100	1	4.125	FLOATING	THREEAB OPTIQUE DV	FR	01.10.2023	101.42	3.86	B	B3e
XS1577949149	EUR	250	100	1	4	FIXED	THREEAB OPTIQUE DV	FR	01.10.2023	100.38	3.93	B	B3e
XS1696810669	USD	600	200	1	5.125	FIXED	PUMA INTERNATIONAL FINAN	SG	06.10.2024	101.29	4.90	#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
FR0013287273	EUR	650	100	100	1.5	FIXED	ILIAD SA	FR	14.10.2024	100.17	1.47	#N/A N/A	#N/A N/A
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.47	2.58	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	100.00	4.50	BB+	Ba1e
USP3R26HAA81	USD	330	200	1	6.25	FIXED	CYDSA SAB DE CV	MX	04.10.2027	98.45	6.46	BB	#N/A N/A
XS1698218523	EUR	1250	100	1	2.375	FIXED	TELECOM ITALIA SPA	IT	12.10.2027	99.93	2.38	#N/A N/A	Ba1e
US105756BZ27	USD	3000	200	1	4.625	FIXED	FED REPUBLIC OF BRAZIL	BR	13.01.2028	99.49	4.69	BB	Ba2e
XS1577952440	EUR	675	100	1	4.75	FIXED	ALTICE FINCO SA	LU	15.01.2028	101.13	4.61	#N/A N/A	B3

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

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