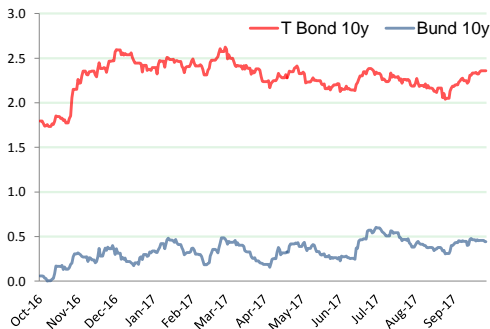
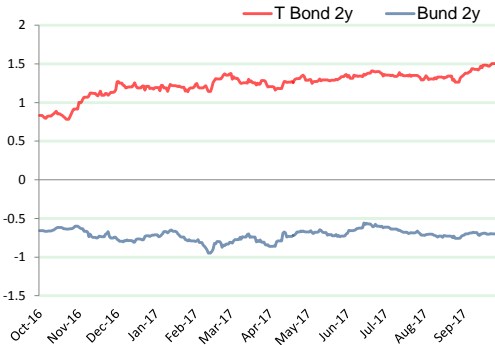


MORNING BOND UPDATE

Wednesday, October 11, 2017



	Last	Prev	02.janv
US 2y	1.51	1.51	0.70
US 10y	2.36	2.36	2.20
Germany 2y	-0.70	-0.70	-0.10
Germany 10y	0.46	0.44	0.54
France 2y	-0.48	-0.49	-0.05
France 10y	0.89	0.72	0.81
Swiss 2y	-0.81	-0.82	-0.28
Swiss 10y	-0.03	-0.04	0.32
Australia 2y	1.94	1.94	2.21
Australia 10y	2.82	2.83	2.87

T Bonds

** **U.S. Treasury** debt yields rose on Friday after data showed the world's largest economy lost jobs last month due to the impact of Hurricanes Harvey and Irma, but details of the report such as the unemployment rate and wage growth suggested an improving labor market.

The report did not shake expectations for a decision to raise interest rates at the Federal Reserve's monetary policy meeting in December.

U.S. benchmark 10-year yields, which move inversely to prices, climbed to five-month peaks, while those on 30-year bonds advanced to two-month highs.

U.S. two-year yields, meanwhile, soared to their highest in nine years.

The Labor Department said on Friday nonfarm payrolls fell by 33,000 jobs last month amid a record drop in employment in the leisure and hospitality sector. But the unemployment rate fell to 4.2 percent, the lowest since February 2001.

The average hourly earnings, meanwhile, increased 12 cents or 0.5 percent in September after rising 0.2 percent in August.

Following the U.S. jobs data, the rate futures market has priced in a more than 90 percent chance of a Fed tightening in December, according to CME's FedWatch.

Investors had already factored in the impact of the hurricanes on the U.S. economy, so they were not fazed by the loss of jobs last month. In addition, market participants have been focusing less and less on the headline payrolls number, and instead have turned their attention to wage growth.

In mid-morning trading, the benchmark 10-year U.S. Treasury note yield rose to its highest since May 11 and was last at 2.393 percent.

The 30-year yield also climbed to its strongest level since August 1, and last traded at 2.922 percent. U.S. two-year note yields surged to a nine-year peak and last changed hands at 1.520 percent.

European Union

** **Spanish** government bond yields held above one-week lows on Tuesday as investors awaited a speech from Catalonia's secessionist leader in which he could ask the regional government to declare independence from Spain.

Yields have fallen over the last couple of trading sessions on hopes that economic and political pressures may temper Carles Puigdemont's address to the Catalan parliament at 6 p.m.

Spanish bond yields were volatile on Tuesday, but held above lows hit the previous session as some investors prepared for a unilateral declaration which Madrid has vowed to respond to immediately.

In late trade, Spain's 10-year bond yield was 2.5 basis points higher at 1.70 percent, off Monday's low of 1.64 percent.

It had opened higher, fell briefly, then headed back up again, remaining some distance from six-month highs of 1.81 percent hit last week after the illegal referendum that was marred by a violent police crackdown.

German equivalents flatlined at 0.45 percent, while most other euro zone bond yields were little changed.

"It seems that the most likely path forward is one of escalation by the separatists with a declaration of independence this week," said an analyst.

One of the options at Madrid's disposal is to trigger Article 155 of the constitution, which allows central government to take control of devolved powers.

Analysts said such a move was a "nuclear option" that would inflame tensions and could further taint the reputation of Prime Minister Mariano Rajoy who leads a minority government.

An analyst said the risk premium on Spanish bonds could climb back to at least last week's level and the gap between German and Spanish yields could be "significantly higher".

Credit rating agency DBRS said that any declaration of independence by Catalonia would have no "practical implications" for Spain in the near-term and therefore not impact the country's rating.

In a sign of concerns on the ground, some Catalan savers were shifting their bank accounts to lenders and branches in other regions of Spain on Monday. A number of Catalan firms have also decided to relocate their offices out of the region.

Banks meanwhile borrowed more at the European Central Bank's weekly auction on Tuesday than at any point over the past six months, in a week marked by market concerns about a potential break away of Catalonia from Spain.

Elsewhere, National Bank of **Greece** is selling the country's first bank bond in the public market since 2014, another crucial step in the country's bid to re-establish financial independence.

Italy was also in focus after the government called on Tuesday for confidence votes in the lower house of parliament to try to force through an electoral law that is likely to penalise the anti-establishment 5-Star Movement.

Other Markets :

** **China** is moving forward with plans to issue its first sovereign bonds in dollars since 2004 in a deal that will put a symbolic seal of approval on the booming offshore Asian debt market.

The Ministry of Finance is scheduled to meet with bankers in Beijing Wednesday to discuss the sale, according to people familiar with the plans. The deal is aimed for as soon as this month, according to one of the people, who asked not to be named as the specifics aren't public. The MOF said in a statement it will sell \$2 billion worth of notes.

While China's government doesn't need to borrow offshore, with a domestic debt market that's now the world's third-largest, its bonds will provide a new benchmark for pricing the country's state-owned enterprises. A successful deal will pull down those borrowing costs, and may fuel further sales after what's been record issuance so far this year.

China's investors have been eager to snap up dollar securities, and with the country's borrowers obliging, the Asian dollar-bond market is effectively being transformed into a Chinese operation. Within as few as three years, some 80 percent of the Asian market outside Japan is likely to be Chinese, according to Goldman Sachs Asset Management. By then, its size will have surpassed \$1 trillion, strategists predict.

News on the plans comes little more than a week before a pivotal Communist Party leadership gathering, and underlines the government's confidence there will be strong demand despite China's two sovereign-rating downgrades this year. S&P Global Ratings cut China's credit rating by one notch, following on from Moody's Investors Service, which did the same thing in May.

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 11, 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	2.12667	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	99.72	2.56	AA	Aa2e
XS1691909177	USD	400	200	1	2.875	FIXED	IND & COMM BK CHINA/LUX	CN	12.10.2022	100.25	2.82	#N/A N/A	A1
USN15516AA01	USD	500	200	1	3.5	FIXED	BRASKEM NETHERLANDS	BR	10.01.2023	99.00	3.71	BBB-	#N/A N/A
XS1694216687	USD	3000	200	1	2.875	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2023	99.78	2.92	#N/A N/A	A1
USN30707AF53	USD	1250	200	1	2.75	FIXED	ENEL FINANCE INTL NV	IT	06.04.2023	99.47	2.86	BBB	Baa2
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	102.23	3.93	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	100.07	3.94	BBB	#N/A N/A
XS1696892295	USD	4000	200	1	3.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2027	99.14	3.23	AA	Aa2e
USN15516AB83	USD	1250	200	1	4.5	FIXED	BRASKEM NETHERLANDS	BR	10.01.2028	99.00	4.63	BBB-	#N/A N/A
XS1694217495	USD	5000	200	1	3.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.03.2028	99.30	3.71	#N/A N/A	A1
USP6629MAC66	USD	1000	200	1	3.875	FIXED	MEXICO CITY ARPT TRUST	MX	30.04.2028	99.68	3.91	BBB+	Baa1e
XS1694218469	USD	4500	200	1	4.625	FIXED	SAUDI INTERNATIONAL BOND	SA	04.10.2047	100.87	4.57	#N/A N/A	A1
XS1696899035	USD	3000	200	1	4.125	FIXED	ABU DHABI GOVT INT'L	AE	11.10.2047	99.87	4.13	AA	Aa2e
USP57908AH15	USD	500	200	1	5.5	FIXED	MEXICHEM SAB DE CV	MX	15.01.2048	98.38	5.61	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	99.93	1.14	#N/A N/A	Baa3
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	101.11	0.65	BBB+	#N/A N/A
XS1693959931	EUR	600	100	1	2.125	FIXED	CPI PROPERTY GROUP SA	CZ	04.10.2024	100.63	2.03	#N/A N/A	Baa3
XS1698714000	EUR	300	100	1	1.625	FIXED	BENI STABILI SPA	IT	17.10.2024	100.24	1.59	BBB-	#N/A N/A
XS1577951129	EUR	500	100	1	1.375	FIXED	GOODMAN AUSTRALIA FIN	AU	27.09.2025	100.25	1.34	BBB+	Baa1
XS1698523840	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	100.17	2.05	BBB-	#N/A N/A
XS1696445516	EUR	1000	1	1	1.75	FIXED	HUNGARY	HU	10.10.2027	100.37	1.71	#N/A N/A	Baa3
XS1681521081	EUR	1250	100	100	1.715	FIXED	TELEFONICA EMISIONES SAU	ES	12.01.2028	99.81	1.74	BBB	Baa3
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	98.17	2.54	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	101.24	2.47	BBB	#N/A N/A
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	98.98	4.23	A-	A3
AU3CB0247740	AUD	200	10	10	4.85	FIXED	EMIRATES NBD PJSC	AE	12.10.2027	102.19	4.58	#N/A N/A	A3e
Below Investment Grade New Issues													
XS1577948687	EUR	175	100	1	4.125	FLOATING	THREEAB OPTIQUE DV	FR	01.10.2023	101.55	3.84	B	B3e
XS1577949149	EUR	250	100	1	4	FIXED	THREEAB OPTIQUE DV	FR	01.10.2023	100.39	3.93	B	B3e
XS1696810669	USD	600	200	1	5.125	FIXED	PUMA INTERNATIONAL FINAN	SG	06.10.2024	101.84	4.81	#N/A N/A	Ba2e
USN6945AAJ62	USD	3759.866	2	1	5.299	FIXED	PETROBRAS GLOBAL FINANCE	BR	27.01.2025	100.13	5.28	BB-	B1
FR0013287273	EUR	650	100	100	1.5	FIXED	ILIAD SA	FR	14.10.2024	100.10	1.48	#N/A N/A	#N/A N/A
FI4000282629	EUR	250	100	1	2.75	FIXED	METSA BOARD OYJ	FI	29.09.2027	101.41	2.59	BB+	#N/A N/A
USG98149AD29	USD	750	200	1	5.5	FIXED	WYNN MACAU LTD	MO	01.10.2027	101.62	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	98.95	6.39	BB	#N/A N/A
XS1698218523	EUR	1250	100	1	2.375	FIXED	TELECOM ITALIA SPA	IT	12.10.2027	99.77	2.40	#N/A N/A	Ba1
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	100.74	4.66	B-	B3

Bold type : new entries of the day

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