FW: Moody's commentary on New Brunswick

From: Gadi Mayman <gadi.mayman@ofina.on.ca>
To: "Thompson, Scott (MOF)" <scott.thompson@ontario.ca>, "Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>, "Lewis, Brian (MOF)" <brian.lewis@ontario.ca>, "LeBlanc, Jenna (MOF)" <jenna.leblanc@ontario.ca>
Cc: "Kobrinsky, Liza (MOF)" <liza.kobrinsky@ontario.ca>, "Strathy, Anna (OFA)" <anna.strathy@ofina.on.ca>, "Lemcke, Bonnie (OFA)" <bonnie.lemcke@ofina.on.ca>
Date: Fri, 02 Feb 2018 15:31:30 -0500
Attachments: Moody's New Brunswick Press release.pdf (113.21 kB)

Further to our discussion at the ADM Strategic Session this morning, attached is Moody's one-page review (followed by three pages of disclosures – you've got to love the lawyers) that came out the day after New Brunswick's Budget release. No change in their credit rating, but the headline does refer to the Budget as being "credit negative".

On a related front, we're expecting Moody's to send out an updated Credit Opinion for us in the next hour or so as a follow up to the release of their rating on the Fair Hydro Trust last week. As I'd written to you earlier in the week, while they indicate that they will be including debt issued by the FHT in their debt measures and ratios for the Province, there will be no change in the rating or the outlook with this Credit Opinion. They've told Bonnie that it's only going to their subscribers with no press release being issued. She will forward it to you as soon as it goes on their website.

Gadi

From: Bonnie Lemcke
Sent: Friday, February 02, 2018 3:19 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; David Cross <David.Cross@ofina.on.ca>
Subject: Moody's commentary on New Brunswick

Hi Gadi,

Attached is the Moody's press release following New Brunswick's Budget. They state that "The 2018-19 budget deficit is forecasted to be over 60% higher than the 2017-18 deficit and represents a slippage away from the province's prior plans. Furthermore, this increased deficit will lead to a delay in the return to balanced budgets, which is now forecast for 2021-22, one year later than previously expected. Although small, **the reversal** compared to previous plans **and inability of the province to end debt financing for operations is a credit negative**."

Please let me know if you have any questions.

Bonnie
