Message

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Sent:	23/01/2018 5:30:32 PM
To:	LEE John -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d90f1615d4b447b88eb7f6ace866e2dc-LEE John -T]; HARTWICK Ken - FINANCE [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=78bfb008d47f44ffa1344207e5da97ce-HARTWICK Ke]; 'OPG - Treasury Group,' [mmanning@ofina.on.ca]; LIU Sheen -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=21da9a09c3dd433e9257aaddacb69968-LIU Sheen -]; 'Kevin.Shvarts@ofina.on.ca' [Kevin.Shvarts@ofina.on.ca]; 'Linda.Smith@ofina.on.ca' [Linda.Smith@ofina.on.ca]; RYFA Ken -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1e2b17c94c4c4cfb8755a2cf58a30b13-RYFA Ken -F]; 'brett.kichiy@ofina.on.ca' [brett.kichiy@ofina.on.ca]; HAHN PARKER Janet -TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=784999f1e8b24700bf672f61b3d3164f-HAHN PARKER]; GO Matthew - TREASURY [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2038ecf9f8794943b3c39c0dd7541f74-GO Matthew]; 'Ricky.Lai@ofina.on.ca' [Ricky.Lai@ofina.on.ca]; EL-NAHAS Aiman -FUNDMGMT [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=537b0aef53ed4313838bc08389bf588b-EL-NAHAS Ai]
CC:	Brown, Rob [rob.brown@rbccm.com]; Laham, Chris [chris.laham@rbccm.com]; Khan, Nur [nur.khan@rbccm.com]; Benaiah, Ian [ian.benaiah@rbccm.com]; Taylor, Brent R [brent.r.taylor@rbccm.com]
Subject:	EXTERNAL – RE: Fair Hydro Weekly Pricing
Attachments:	18-01-23 Fair Hydro Weekly Pricing - vRBC.xlsx

Please also find attached this week's Fair Hydro pricing indications.

Regards,

Adam

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From: Egberts, Adam
Sent: January 22, 18 8:06 PM
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Subject: OPG Weekly Pricing

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, January 22, 2018

The Canadian corporate primary market continued to be active last week with five issuers accessing the market for C$2.2 billion in aggregate proceeds. Last week's transactions were concentrated in the short-end and belly of the curve with the financial sector making up for the bulk of the volume, representing 88% of the total volume. To kick off the week, Laurentian Bank of Canada launched and priced a C$550 million 1.8-year floating rate note offering shortly after the highly anticipated Bank of Canada rate decision meeting on Wednesday. On Thursday, Toyota Credit Canada priced a C$600 million dual-tranche offering at the tight-end of guidance with RBC acting as Joint Bookrunner; both tranches generated strong investor interest to achieve attractive pricing versus secondary levels. On the same day, H&R Real Estate Investment Trust priced a C$250 million 5-year offering, while Lloyd's Banking Group returned to the Canadian market since its last issuance in 2011 with a C$750 million 7-year offering, marking the first Maple transaction of the year. Finally to end the week, Canadian Western Bank priced a C$250 million 1.5-year floating rate note. Looking ahead, primary market activity is expected to continue to be steady as market tone remains highly supportive of new issues, providing corporate issuers with attractive funding levels as they begin their 2018 funding programs.

The secondary market was active last week despite investors' focus turned towards the Bank of Canada rate decision. On the week, there was some good two-way trading activity in the short-end and the belly in financials while there was some sizeable flow in long-end telcos, utilities and infrastructure credits. Overall, corporate credit spreads closed the week generically 3bps tighter.

The Government market was busy last week with C$1.6 billion of domestic supply across four provincial offerings. There were two transactions earlier in the week prior to the Bank of Canada meeting with the Province of Alberta printing a C$700 million 2048 re-opening, including a C$200 million tranche that was privately placed, followed by the Province of Manitoba printing a C$300 million 10-year re-opening. Later in the week, Province of Quebec returned to the market with a C$500 million 2027 re-opening, and finally Saskatchewan printed an opportunistic C$100 million Jan 2021 FRN re-opening. Ontario will be releasing its Net Roadshow presentation early this week in conjunction with a potential upcoming Global SEC Registered 7-year CAD Green Bond with RBC acting as a bookrunner. In the offshore market, Alberta printed an A$50 million Apr 2028 re-opening and an A$55 million re-opening of its 3.10% Dec 14 2026 Kangaroo bond with RBC acting as Sole Lead on both deals. In secondaries, trading volumes picked up with net better selling that drove provincial spreads 2-3 bps wider across the curve with a steepening bias. In CMBs, spreads were better bid and tightened by 1-1.5bps as relative value dynamics improved.

EQUITY MARKET UPDATE

North American stock indices soared to new heights last week as accommodative policies, strong corporate earnings and evidence of economic growth spurred investor sentiment higher. Over the past year, since President Trump took office, the S&P 500 climbed more than 20% while the Dow Jones broke through the 26,000 level. Furthermore, U.S. equities indices edged further into the green despite a potential US government shutdown that became a reality over the weekend, leading to bipartisan talks continuing over the weekend on government spending and immigration to try to reach an agreement before the beginning of the week; the S&P500 rose 0.9% to 2,810 and the Dow Jones rose 1.0% to 26,072. In Canada, the S&P/TSX rose 0.3% to 16,353 as gains in the industrial and financial sectors to end the week helped offset the decline from the energy sector. In commodities, crude oil ended the week $0.93/bbl lower as surging U.S. oil production is expected to outweigh that of Russia and Saudi Arabia while gold fell $5.80 to $1,331.84/oz. On the week, the Canadian dollar depreciated 0.3% against the greenback to end at $1.2493 USDCAD.

Index	Level		1 Week Δ
S&P/TSX	16,353	▲	0.3%
DJA	26,072	▲	1.0%
S&P 500	2,810	▲	0.9%
NASDAQ	7,336	▲	1.0%
Oil	$63.37	▼	$0.93
Gold	$1,331.84	▼	$5.80
USDCAD	1.2493	▲	0.3%

CANADIAN NEW ISSUES

Corporates

Wed, Jan 17 – Laurentian Bank of Canada (A(L)/-/BBB) – C$550 million 1.8-year FRN at 3mCDOR+65bps
Thur, Jan 18 – Toyota Credit Canada Inc. (-/Aa3/AA-) – C$600 million dual-tranche senior offering consisting of a C$200 million 2.5-year FRN at 3mCDOR+11bps and a C$400 million 5-year 2.70% at GoC+68bps
Thur, Jan 18 – Lloyd's Banking Group PLC (A/A3/BBB+) – C$500 million 7-year maple 3.50% offering at GoC+135bps
Thur, Jan 18 – H&R Real Estate Investment Trust (BBB(H)/-/-) – C$250 million 5-year 3.416% offering at GoC+137bps
Fri, Jan 19 – Canadian Western Bank (A(L)/-/-) – C$250 million 1.5-year FRN at 3m CDOR+38bps

Governments

Tue, Jan 16 – Province of Alberta (AA/Aa1/A+) – C$700 million 3.05% 30-year re-opening at GoC+74.5bps
Tue, Jan 16 – Province of Manitoba (A(H)/Aa2/A+) – C$300 million 2.60% 9-year re-opening at GoC+63bps
Thur, Jan 18 – Province of Quebec (A(H)/Aa2/AA-) – C$500 million 2.75% Sep-2027 re-opening at GoC+54bps
Thur, Jan 18 – Province of Saskatchewan (AA/Aaa/AA) – C$100 million Jan 2021 re-opening

NORTH AMERICAN RATES UPDATE

North American bond yields rose on both sides of the border last week, signaling optimism around inflation and global growth. In Canada, market participants' focus was turned towards the Bank of Canada rate decision meeting where Governor Poloz increased its benchmark rate to 1.25% following strong employment reports and optimistic business spending out of the Business Outlook Survey. However, NAFTA negotiation concerns were highlighted by the Bank of Canada and focus will turn to the January 23rd negotiation round in Montreal. On the week, the government yields increased 5-7bps in tenors below 10-year while the long-end was unchanged. South of the border, market participants did not appear too overly concerned with threats of a government shutdown as U.S. Treasury yields ended the week 7-11bps higher across all tenors; notably, the 10-year Treasury yields surpassed 2.65% for the first time since 2014. Looking ahead to the next FOMC meeting, markets are currently discarding a rate hike at the end of January but are pricing an 88% probability of a March hike.

GoC

Term	Yield (%)		1 Week Δ (bps)
2yr	1.81%	▲	5
5yr	2.03%	▲	6
10yr	2.24%	▲	7
30yr	2.38%		unch

UST

Term	Yield (%)		1 Week Δ (bps)
2yr	2.06%	▲	7
5yr	2.45%	▲	10
10yr	2.66%	▲	11
30yr	2.93%	▲	8

MARKET IMPLIED BOC RATES

Meeting	Implied Rate
March 7, 2018	1.2984
April 18, 2018	1.4215
May 30, 2018	1.4975

SWAPS

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	36.50	▼ 0.25
3yr	41.00	▲ 0.50
5yr	37.50	▲ 0.50
7yr	36.25	▲ 1.00
10yr	33.50	▲ 0.50
30yr	28.50	▲ 2.75

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Mon, Jan 22	Wholesale Trade Sales MoM	1.2%	1.5%
Thu, Jan 25	Retail Sales MoM	0.8%	1.5%
Fri, Jan 26	CPI NSA MoM	-0.3%	0.3%
US Economic Data			
Wed, Jan 24	MBA Mortgage Applications	--	4.1%
Wed, Jan 24	Existing Home Sales	5.69m	5.81m
Thu, Jan 25	Initial Jobless Claims	235k	220k
Thu, Jan 25	New Home Sales	675k	733k
Fri, Jan 26	GDP Annualized QoQ	2.9%	3.2%
Fri, Jan 26	Durable Goods Orders	0.9%	1.3%
International Economic Data			
Mon, Jan 22	Eurogroup Meeting		
Mon, Jan 22	BOJ Policy Balance Rate	-0.1%	-0.1%
Wed, Jan 24	Euro Area Flash PMIs		
Wed, Jan 24	UK Unemployment Rate	4.3%	4.3%
Thu, Jan 25	ECB Rate Decision	0.0%	0.0%
Fri, Jan 26	UK GDP QoQ	0.4%	0.4%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

AGF Management, Canadian National Railway, Celestica, Novagold Resources, Rogers Communications

US

3M, Abbott Laboratories, AbbVie, American Airlines Group, Biogen, Caterpillar, Celgene, Colgate-Palmolive, Comcast, Ford Motor, Freeport-McMoRan, General Electric, Halliburton, Honeywell International, Intel, Johnson & Johnson, Netflix, Procter & Gamble, Raytheon, Starbucks, Texas Instruments, Union Pacific, United Technologies, Verizon Communications

Regards,

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