Message

From: Egberts, Adam [adam.egberts@rbccm.com]
Sent: 30/01/2018 8:07:13 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: FHP_RBC_20180130.xlsx

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

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

Regards,

Adam

Adam Egberts | Vice President | RBC Capital Markets | Debt Capital Markets
2nd Floor, North Tower, Royal Bank Plaza, 200 Bay Street, Toronto, ON M5J 2W7
T: (416) 842-2544 | Email: adam.egberts@rbccm.com

From: Egberts, Adam
Sent: January 29, 18 5:41 PM
To: 'john.s.lee@opg.com' <john.s.lee@opg.com>; 'ken.hartwick@opg.com' <ken.hartwick@opg.com>; 'OPG - Treasury Group,' <mmanning@ofina.on.ca>; 'Sheen.Liu@opg.com' <Sheen.Liu@opg.com>; 'Kevin.Shvarts@ofina.on.ca' <Kevin.Shvarts@ofina.on.ca>; 'Linda.Smith@ofina.on.ca' <Linda.Smith@ofina.on.ca>; 'ken.ryfa@opg.com' <ken.ryfa@opg.com>; 'brett.kichiy@ofina.on.ca' <brett.kichiy@ofina.on.ca>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'Ricky.Lai@ofina.on.ca' <Ricky.Lai@ofina.on.ca>; 'aiman.el-nahas@opg.com' <aiman.el-nahas@opg.com>
Cc: Brown, Rob <rob.brown@rbccm.com>; Egberts, Adam <adam.egberts@rbccm.com>; Wetmore, Jamie <Jamie.Wetmore@rbccm.com>; Schoroth, Joseph <joseph.schoroth@rbccm.com>; Murray, Tim <tim.murray@rbccm.com>
Subject: OPG Weekly Pricing

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, January 29, 2018

The Canadian corporate primary market was moderately active last week with 4 transactions priced for C$2 billion in gross proceeds. The offerings in the Canadian market this week well-diversified across sectors demonstrate the continued strong demand for corporate new issues with heavily oversubscribed orderbooks supporting tight pricing, negative new issue concessions and notable post-pricing secondary performance. Also notable on the week was the very strong demand for floating rate product, with three of the week's four offerings for C$1.8 billion printed as FRNs. Dollarama was in the market with a C$300 million 3-year FRN offering with RBC acting as Lead Left Bookrunner. The transaction also capitalized on the technical bid for credit and took advantage of recent non-deal investor marketing conducted towards the end of 2017. Also in FRN product, Bank of Montreal printed a C$1 billion 5-year floating rate Covered Bond – BMO' first Canadian dollar Covered Bond – and Morgan Stanley priced a self-led C$500 million 3.75NC2.75-year TLAC-eligible Maple FRN. The Morgan Stanley offering also marks the second Maple transaction of the year and continues the momentum from last year which saw near-record Maple supply. Of note, the bonds priced largely in line with recent US$ offerings, further highlighting the continued strength of the C$ market from a global perspective. From the real estate sector, CT Real Estate Investment Trust accessed the market with a C$200 million 10-year trade, which follows their last offering of C$175 million 10-years in June 2017. Away from the primary market, Fair Hydro Trust announced cross-country marketing efforts last week to take place in Toronto, Montreal, Winnipeg and Vancouver between January 29th and Feb 2nd in anticipation of an inaugural trade with RBC acting as Joint Bookrunner. Looking ahead, market tone continues to be very constructive for new issue supply as issuers evaluate the market for stable funding windows and as the roadshow calendar continues to build.

The secondary market started the week light but saw more activity over the course of the week with flows balanced and trading two-way. The week started with better buying of utilities while financial names saw good two-way flow in the belly of the curve over the next couple sessions. Short-dated deposit notes in particular traded actively through the week among financial names, while energy credits were better bid in the long end. To close the week, there was a net selling bias across select telcos and auto finance names in shorter-dated tenors. Corporate credit spreads generally closed the week 3 bps tighter.

Governments had a very active week with 5 transactions pricing for C$2.7 billion. Province of Ontario completed 2 transactions on the week, first pricing a C$600 million long-dated offering with RBC acting as Lead and then their fourth ever Green Bond with a C$1 billion new 7-year with RBC acting as Joint-Lead. This marked the first green offering of 2018 after a very active prior year in the C$ green space, which in total absorbed C$1.9 billion across 4 transactions. Montreal completed the first municipal offering of the year with a C$400 million 10-year and Province of BC completed a C$500 million 30-year re-opening with RBC acting as Lead. Province of Manitoba also completed the first issue of their new 2068 ultra-long bond for C$150 million. Secondary flows were healthy this week with good two-way trading of Provincials in the front-end and belly of the curve, while CMBs saw better selling activity in 5-years. Spreads ended the week 1bp tighter in 10-year provincials and 0.5bp wider through the rest of the curve, and CMBs closed 0.5-1bp wider.

EQUITY MARKET UPDATE

North American equity markets closed the week mixed as headlines originating from the World Economic Forum in Davos and, in particular, US President Trump's "America First" address rallied US stocks. The Dow Jones and S&P 500 indices significantly rose by 2.1% and 2.2%, respectively, to close the week at fresh all-time highs. Conversely, the Canadian stock market saw valuations decline as intense international trade negotiations continued in a sixth round in Montreal over the course of the week with investors shedding risk assets in the face of an overhanging threat of a US withdrawal from NAFTA negotiations. The S&P/TSX composite fell 0.7%

and touched the lowest point since December 2017 led by declines in commodity-linked sectors including energy and materials names. In commodity markets, crude oil futures rose $2.77 to close the week at $66.14/bbl, while gold prices also rose $17.28 to finish the week at $1,349.12/oz. In currency markets, the Canadian dollar appreciated 1.5% against the US greenback to close at 1.2308 USDCAD.

Index	Level		1 Week Δ
S&P/TSX	16,239	▼	0.7%
DJA	26,617	▲	2.1%
S&P 500	2,873	▲	2.2%
NASDAQ	7,506	▲	2.3%
Oil	$66.14	▲	$2.77
Gold	$1,349.12	▲	$17.28
USDCAD	1.2308	▼	1.5%

CANADIAN NEW ISSUES

Corporates

Tue, Jan 23 – Morgan Stanley (A(H)/A3/BBB+) – C$500 million 3.75NC2.75-year FRN at BA+37.5bps
Wed, Jan 24 – CT Real Estate Investment Trust (BBB(H)/-/BBB+) – C$200 million 3.865% 10-year senior unsecured notes at GoC +158bps
Thu, Jan 25 – Dollarama Inc. (BBB/-/-) – C$300 million 3-year FRN at BA+27bps
Fri, Jan 26 – Bank of Montreal (AAA/Aaa/AAA) – C$1 billion 5-year floating rate covered bond at BA+19bps

Governments

Mon, Jan 22 – Province of Manitoba (A(high)/Aa2/A+) – C$150 million 3.10% 50-year MTN offering
Tue, Jan 23 – Province of Ontario (AA(low)/Aa2/A+) – C$600 million 2.90% 30-year re-opening at GoC +68.0bps
Wed, Jan 24 – City of Montreal (-/Aa2/AA-) – C$400 million 3.00% 10-year re-opening at GoC +79.0bps
Wed, Jan 24 – Province of British Columbia (AA(H)/Aaa/AAA) – C$500 million 30-year re-opening +61.5bps
Thu, Jan 25 – Province of Ontario (A(L)/Aa2/A+) – C$1 billion 7-year Green Bond at GoC +53bps

NORTH AMERICAN RATES UPDATE

North American government yield curves bear flattened over the course of the week on both sides of the border as NAFTA negotiations continued and headlines surrounding a US government shutdown remained at the forefront with regard to market tone. In particular, the US government formally shutdown for two days after a failure to pass legislation to fund government operations mainly stemming from a dispute over immigration policy; however the situation was remedied when the Senate Democrats agreed to end the filibuster in exchange for continued dialogue on legislation. In the US, Treasury yields were 2-5 bps higher at the front-end of the curve, while the 10-year benchmark yield closed unchanged and the long-end of the curve fell 2bps. The Government of Canada curve shifted in sympathy with its US counterpart as the 2- to 10-year part of the curve rose 1-3bps while the 30-year benchmark yield finished 4bps lower. In international markets, the ECB left its benchmark rate unchanged during its meeting on January 25th citing uncertainties that continue to persist globally. In Canadian swap markets, the curve generally rose 0.25-0.5bps, while the 30-year rose 4.75bps.

GoC

Term	Yield (%)		1 Week Δ (bps)
2yr	1.82%	▲	1
5yr	2.06%	▲	3
10yr	2.26%	▲	2
30yr	2.33%	▼	4

UST

Term	Yield (%)		1 Week Δ (bps)
2yr	2.12%	▲	5
5yr	2.47%	▲	2
10yr	2.66%		unch
30yr	2.91%	▼	2

MARKET IMPLIED BOC RATES

Meeting	Implied Rate
March 7, 2018	1.3034
April 18, 2018	1.4235
May 30, 2018	1.5035

SWAPS

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	36.75	▲ 0.25
3yr	41.00	unch
5yr	38.00	▲ 0.50
7yr	36.75	▲ 0.50
10yr	34.00	▲ 0.50
30yr	33.25	▲ 4.75

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Wed, Jan 31	GDP MoM	4.0%	0.0%
US Economic Data			
Tue, Jan 30	Conf. Board Consumer Confidence	123.0	122.1
Wed, Jan 31	MBA Mortgage Applications	--	4.5%
Wed, Jan 31	FOMC Rate Decision	1.5%	1.5%
Wed, Jan 31	ADP Employment Change	185k	250k
Thu, Feb 1	Continuing Claims	1,925k	1,937k
Thu, Feb 1	Initial Jobless Claims	235k	233k
Thu, Feb 1	ISM Manufacturing	58.6	59.7
Fri, Feb 2	Change in Nonfarm Payrolls	180k	148k
Fri, Feb 2	Unemployment Rate	4.1%	4.1%
Fri, Feb 2	Durable Goods Orders	--	2.9%
Fri, Feb 2	Factory Orders	1.2%	1.3%
International Economic Data			
Tue, Jan 30	France GDP QoQ	0.6%	0.6%
Tue, Jan 30	Euro Area GDP QoQ	0.6%	0.6%
Tue, Jan 30	Australia CPI QoQ	0.7%	0.6%
Wed, Jan 31	Germany Unemployment Change	-17k	-29k
Wed, Jan 31	Euro Area Unemployment Rate	8.7%	8.7%
Thu, Feb 1	Markit Eurozone Manufacturing PMI	59.6	59.6

SELECTED COMPANIES REPORTING THIS WEEK

Canada

CGI Group, Imperial Oil, Methanex, Metro, Norbord, Open Text, Saputo

US

Ally Financial, Alphabet, Altria Group, Amazon.com, Amgen, Apple, AT&T, Blackstone Group, Boeing, Charter Communications, Chevron, ConocoPhillips, DowDuPont, eBay, Exxon Mobil, Facebook, Hershey, Lockheed Martin, Mastercard, McDonald's, Merck & Co, MetLife, Microsoft, Mondelez International, PayPal Holdings, Pfizer, Time Warner, United Parcel Service, Visa

Regards,

Rob Brown

Co-Head, Debt Capital Markets | RBC Capital Markets
(416) 842-5506
rob.brown@rbccm.com

Jamie Wetmore
Managing Director, Debt Capital Markets | RBC Capital Markets
(416) 842-6452
jamie.wetmore@rbccm.com

Adam Egberts
Vice President, Debt Capital Markets | RBC Capital Markets
(416) 842-2544
adam.egberts@rbccm.com

This email is intended only for the use of the individual(s) to whom it is addressed and may be privileged and confidential.
Unauthorised use or disclosure is prohibited. If you receive this e-mail in error, please advise immediately and delete the original message.
This message may have been altered without your or our knowledge and the sender does not accept any liability for any errors or omissions in the message.

Ce courriel est confidentiel et prot??g??. L'exp??diteur ne renonce pas aux droits et obligations qui s'y rapportent.
Toute diffusion, utilisation ou copie de ce message ou des renseignements qu'il contient par une personne autre que le (les) destinataire(s) d??sign??(s) est interdite.
Si vous recevez ce courriel par erreur, veuillez m'en aviser imm??diatement, par retour de courriel ou par un autre moyen.