Message

From: Laham, Chris [chris.laham@rbccm.com]
Sent: 2/8/2018 10:46:40 AM
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]; MAHMOOD Irma - FINANCE [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0b660df6cc2e41ad938dc1b596816e43-MAHMOOD Irm]
CC: Brown, Rob [rob.brown@rbccm.com]; Khan, Nur [nur.khan@rbccm.com]; Benaiah, Ian [ian.benaiah@rbccm.com]; Taylor, Brent R [brent.r.taylor@rbccm.com]; Egberts, Adam [adam.egberts@rbccm.com]; Laham, Chris [chris.laham@rbccm.com]; Kletinich, Jenny [jenny.kletinich@rbccm.com]
Subject: EXTERNAL – RE: OPG Weekly Pricing
Attachments: FHP_RBC_20180208.xlsx

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Please find attached refreshed Fair Hydro pricing indications, which we have revised in light of Tuesday's pricing.

Please feel free to contact us if any questions

Regards,
Chris

Chris Laham, CFA
Director, Debt Syndication
RBC Capital Markets
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From: Laham, Chris
Sent: February 5, 18 3:05 PM
To: 'john.s.lee@opg.com' ; 'ken.hartwick@opg.com' ; 'OPG - Treasury Group,' ; 'Sheen.Liu@opg.com' ; 'Kevin.Shvarts@ofina.on.ca' ; 'Linda.Smith@ofina.on.ca' ; 'ken.ryfa@opg.com' ; 'brett.kichiy@ofina.on.ca' ; 'j.hahnparker@opg.com' ; 'matthew.go@opg.com' ; 'Ricky.Lai@ofina.on.ca' ; 'aiman.el-nahas@opg.com' ; MAHMOOD Irma -FINANCE
Cc: Brown, Rob ; Laham, Chris ; Khan, Nur ; Benaiah, Ian ; Taylor, Brent R ; Egberts, Adam ; Kletinich, Jenny
Subject: RE: OPG Weekly Pricing

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

Regards,

Chris

Chris Laham, CFA
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Telephone: (416) 842-6311
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From: Kletinich, Jenny
Sent: February 5, 18 3:00 PM
To: 'john.s.lee@opg.com' ; 'ken.hartwick@opg.com' ; 'OPG - Treasury Group,' ; 'Sheen.Liu@opg.com' ; 'Kevin.Shvarts@ofina.on.ca' ; 'Linda.Smith@ofina.on.ca' ; 'ken.ryfa@opg.com' ; 'brett.kichiy@ofina.on.ca' ; 'j.hahnparker@opg.com' ; 'matthew.go@opg.com' ; 'Ricky.Lai@ofina.on.ca' ; 'aiman.el-nahas@opg.com'
Cc: Brown, Rob ; Egberts, Adam ; Wetmore, Jamie ; Schoroth, Joseph ; Murray, Tim
Subject: OPG Weekly Pricing

RBC Capital Markets

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, February 5, 2018

The Canadian corporate primary market absorbed C$5.8 billion of supply last week across 9 issuers, with supply diversified across industry and credit rating spectrum. Of note, floating rate notes accounted for ~C$2.2 billion of the week's issuance, compared to C$6.7 billion of FRN issuance in all of 2017. Financials accounted for the lions' share of new issues ($4.7 billion) with Central1 Credit Union as well as 4 of the big 6 Canadian banks all accessing the market. Auto and REIT credits were also topical with BMW Canada pricing a dual-tranche offering while RioCan and Artis REIT both came to market in the shorter end of the curve. Superior Plus rounded out supply with the first high yield deal of the year via a C$220 million long 7-year. All of the week's transactions benefitted from healthy investor reception, allowing issuers to achieve size and pricing targets, with RBC leading 4 of the 5 non-bank offerings. Also notable on the week, Canadian National Railway accessed the US$ market with a $900 million dual-tranche offering consisting of a 2-year and a 30-year, with RBC acting as joint bookrunner on the transaction. On the marketing front, RBC announced non-deal fixed income investor marketing on behalf of Cameco Corporation to take place on February 12th and 14th in Toronto and Montreal, and will also be hosting its annual Montreal Fixed Income Symposium on February 22nd .

In the secondary market, bank paper was active with deposit notes and NVCC paper garnering healthy two-way flow across the curve on the back of elevated bank supply over the course of the week. Also topical were long-dated utilities and pipeline credits in the belly of the curve, as well as FRNs with paper coming out against the new supply. Spreads ended the week unchanged to ~2bps softer as the market digested the week's new issuance.

The Government market absorbed C$1.1 billion of supply across 2 provincial offerings. The Province of Ontario completed a C$750 million 10-year offering in the middle of the week followed by Manitoba which printed a C$300 million 30-year re-opening. In the secondary market volumes were decent throughout the week with good two-way trading of provincials and activity concentrated in the front end. CMB volumes picked up versus the week prior with the majority of volumes occurring in the 5-year part of the curve. Spreads closed the week 0.5-1.5bps tighter in CMBs and 1-2bps tighter in provincials.

EQUITY MARKET UPDATE

North American stocks made headlines as indices plunged dramatically on both sides of the border, down 3.5% to 4.1% in line with global counterparts as stocks sold off globally amidst a stronger than expected jobs report and wage growth driving concern about inflation and rising rates.. On Friday the Dow experienced its worst daily performance since the Brexit turmoil in June 2016 (down 660+ points). North of the border, the TSX posted its worst week in 2 years with healthcare stocks spearheading losses amidst underperformance in marijuana stocks while energy shares also declined as the WCS/WTI differential widened to its largest level since 2013 ($30.55). Commodities also closed lower on the week, with WTI down 1.0% to $65.45/boe while gold fell 1.2% to $1,333.39/oz. The US dollar outperformed versus CAD, rising 1.0% to 1.2429 USDCAD fueled by strong employment data south of the border.

Market Highlights

Index	Level		1 Week Δ
S&P/TSX	15,606	▼	3.9%
DJA	25,521	▼	4.1%
S&P 500	2,762	▼	3.9%
NASDAQ	7,241	▼	3.5%
Oil	$65.45	▼	$0.69
Gold	$1,333.39	▼	$15.73
USDCAD	1.2429	▲	1.0%

CANADIAN NEW ISSUES

Corporates

Mon, Jan 29 – RioCan Real Estate Investment Trust (BBB(H)/-/BBB) – C$300 million senior unsecured 5.6-year GoC+105bps
Mon, Jan 29 – National Bank of Canada (BBB(H)/Baa3/BBB) – C$750 million NVCC subordinated 10NC5-year GoC+108bps
Mon, Jan 29 – Toronto-Dominion Bank (AA/Aa2/AA-) – C$1 billion 1.5-year FRN at CDOR+5 bps
Tue, Jan 30 – BMW Canada Inc. (-/A1/A+) – C$500 million dual-tranche offering consisting of a $200 million 2-year FRN 3mCDOR+10bps and a C$300 million 2.57% 3.5-year GoC+59bps
Tue, Jan 30 – Superior Plus LP (BB(L)/-/BB) – C$220 million 5.125% senior unsecured 7.6NC3
Wed, Jan 31 – Central 1 Credit Union (A(H)/-/A-) – C$350 million 3-year FRN at CDOR +35bps
Wed, Jan 31 – Bank of Nova Scotia (AA(neg)/A1/A+) – C$2.0 billion senior unsecured deposit notes due February 2028 at GoC+80bps
Thu, Feb 1 – Canadian Imperial Bank (AA/A1/A+) – C$600 million 2-year FRN at 3mCDOR +8bps
Thu, Feb 1 – Canadian National Railway Co (A/A2/A) – US$900 million dual-tranche senior note, comprised of a US$300 2.40% 2-year at T+25 bps and US$600 million 3.65% 30-year fixed rate note at T+70 bps
Fri, Feb 2 – Artis Real Estate Investment Trust (BBB(L)/-/-) – C$125 million 2-year FRN at 3mCDOR +107bps

Governments

Tue, Jan 30 – Province of Ontario (AA(L)/Aa2/A+) – C$750 million 2.60% 10-year re-opening at a spread of CAN 1.00% 1June27+57bps
Wed, Jan 31 – Province of Manitoba (A(H)/Aa2/A+) – C$300 million 3.40% 30-year re-opening at a spread of CAN 2.75% 1Dec48+77.5bps

NORTH AMERICAN RATES UPDATE

North American bond yields ended the week higher with both the US and Canadian yield curves steepening significantly, with yields up 3-11 bps in Canada and 3-18 bps in the US. The Federal Reserve unanimously opted to leave its target rate unchanged on Wednesday in what was Janet Yellen's last meeting as Fed Chair, although the tone of its release was noticeably more hawkish noting that growth in employment and business investment are "solid" and inflation is expected to move up this year, setting up expectations for a rate hike in March. Nonfarm payrolls rose 200k in January while the US unemployment rate remained at 4.1%, driving Treasury yields up further on Friday. In Canada, the November GDP release marked the week's primary data point, coming in at +0.4% following a flat reading in October, driven by a surge in the mining and manufacturing sectors and consistent with 1.9% annualized pace of growth in Q4. This week's data calendar sees a handful of housing reports as well as unemployment and the first formal speech by a BoC Governing Council member with Senior Deputy Governor Wilkins scheduled to speak on February 8th.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	1.85%	▲ 3
5yr	2.14%	▲ 8
10yr	2.36%	▲ 10
30yr	2.44%	▲ 11

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	2.14%	▲ 3
5yr	2.59%	▲ 12
10yr	2.84%	▲ 18
30yr	3.09%	▲ 18

MARKET IMPLIED BOC RATES

Market Implied Rates

Meeting	Implied Rate
March 7, 2018	1.2967
April 18, 2018	1.4316
May 30, 2018	1.5122

SWAPS

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	36.75	unch
3yr	41.75	▲ 0.75
5yr	37.75	▼ 0.25
7yr	36.75	unch
10yr	34.75	▲ 0.75
30yr	37.25	▲ 4.00

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Thu, Feb 8	Housing Starts	--	217.0k
Fri, Feb 9	Net Change in Employment	-9.0k	78.6k
Fri, Feb 9	Unemployment Rate	5.8%	5.7%
US Economic Data			
Tue, Feb 6	Trade Balance	-$52.1b	-$50.5b
Wed, Feb 7	MBA Mortgage Applications	--	-2.6%
Thu, Feb 8	Initial Jobless Claims	--	230k
Fri, Feb 9	Wholesale Inventories MoM	0.2%	0.2%
International Economic Data			
Mon, Feb 5	Australia Trade Balance	A$150m	-A$628m
Mon, Feb 5	Australia RBA Cash Rate Target	1.5%	1.5%
Tue, Feb 6	Germany Factory Orders MoM	0.5%	-0.4%
Wed, Feb 7	Germany Industrial Production SA MoM	-0.6%	3.4%
Thu, Feb 8	UK Bank of England Bank Rate	0.5%	0.5%
Fri, Feb 9	France Industrial Production MoM	--	-0.5%
Fri, Feb 9	UK Industrial Production MoM	-0.9%	0.4%
Fri, Feb 9	UK Manufacturing Production MoM	0.3%	0.4%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

Agrium, BCE, Brookfield Infrastructure Partners, Brookfield Renewable Partners, CAE, Cameco, Canada Goose Holdings, Emera, FirstService, Genworth MI Canada, Great-West Lifeco, IGM Financial, Intact Financial, Manulife Financial, Nutrien, Potash Corp of Saskatchewan, Suncor Energy, TELUS, Thomson Reuters, WestJet Airlines

US

Allstate, American International Group, Bristol-Myers Squibb, CVS Health, General Motors, Gilead Sciences, Kellogg, Moody's, Philip Morris International, Prudential Financial, Sysco, Tesla, Twenty-First Century Fox, Twitter, Walt Disney, Yum! Brands

Regards,

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