Message

From: Egberts, Adam [adam.egberts@rbccm.com]
Sent: 27/02/2018 6:30:40 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]; Wetmore, Jamie [Jamie.Wetmore@rbccm.com]; Schoroth, Joseph [joseph.schoroth@rbccm.com]; Murray, Tim [tim.murray@rbccm.com]; Wallace, Daphne [daphne.wallace@rbccm.com]
Subject: EXTERNAL – Fair Hydro Weekly Pricing
Attachments: FHP_RBC_20180227.xlsx

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

From: Brown, Rob
Sent: February 26, 18 8:22 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 ; Wallace, Daphne
Subject: OPG Weekly Pricing

RBC Capital Markets

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, February 26, 2018

The Canadian corporate primary market resumed activity last week with C$1.6 billion pricing across 3 transactions in the auto and securitization sectors and RBC Capital Markets led both league table eligible corporate transactions on the week. Highlighting supply, GM Financial priced the first corporate transaction in 2 weeks, a C$500 million 3-year offering which was met with a strong orderbook that allowed it to upsize from the minimum C$350 million launch size and price at the tight end of guidance resulting in a negative concession of 1bp. The Ford name was also topical on the week with new issues priced by each of Ford Credit Canada and Ford Auto Securitization Trust entities amounting to ~C$1.1 billion in aggregate. The C$500 million Ford Credit Canada Company, which was upsized from launch, priced with just 1 bp new issue concession and demonstrated the continued demand for short-dated floating rate notes. From an overall market tone perspective, investor appetite for corporate product remains healthy despite recent volatility in broader markets, and issuers are encouraged to monitor the market for windows of stable tone as investors look to put cash balances to work after a prolonged absence of supply in recent weeks. The pipeline for coming weeks is healthy, and continued stability should drive additional issuance as issuers look to get ahead of the usual market slowdown around the March school holidays. On the marketing front, RBC hosted non-deal marketing on behalf of NuVista Energy and its annual Montreal Fixed Income Conference over the course of the week, both of which were well attended by investors, and additionally announced non-deal fixed income marketing on behalf of Russel Metals to take place in Montreal on Tuesday and Wednesday this week.

In the secondary market, utility and infrastructure credits were active over the course of the week as investors looked to position themselves for upcoming supply driven by refinancing needs in the sectors. Bank paper was also active with deposit notes and NVCC paper seeing healthy two-way flow across the curve. Spreads closed the week relatively flat and were well supported over the course of the week, while new issues priced performed well in the secondary market.

The Government market remained active with C$1.5 billion pricing across two Provincial and two Municipal transactions. In Provincials, Newfoundland and Labrador came to market with a C$675 million 5-year FRN, while Province of Quebec completed their second ever green bond with a C$500 million 5-year (RBC Joint-Lead). On the municipal front City of Montreal priced a C$250 million 20-year offering and City of London completed a C$55 million 1-10yr Serial. In the secondary market volumes were decent through the latter half of the week following a light start with overall better client selling of Provincial names. Spreads ended mostly unchanged in Provincials and were 0.5-1bp tighter in CMBs.

EQUITY MARKET UPDATE

North American equity markets ended the week higher on both sides of the border after fluctuating between gains and losses over the course of the week. US indices closed 0.4% to 1.4% higher, although elevated volatility persisted into Friday's session. Sentiment continued to be driven by speculation surrounding the monetary policy approach that will be taken by a Jerome Powell-led Federal Reserve in reaction to the FOMC meeting minutes release mid-week. North of the border, the TSX was up 1.2% on the week, rising above its 200-day moving average on Friday for the first time since the sell-off in early February. Energy stocks spearheaded gains as Western Canada Select narrowed its discount versus WTI towards the end of the week ($27.50) and strong earnings releases in the sector fueled outperformance. Also on the week, WTI rose $1.87 to $63.55/bbl while gold fell $18.25 to $1,328.71. In currencies, the US dollar gained 0.6% against the loonie.

Market Highlights

Index	Level		1 Week Δ
S&P/TSX	15,638	▲	1.2%
DJA	25,310	▲	0.4%
S&P 500	2,747	▲	0.6%
NASDAQ	7,337	▲	1.4%
Oil	$63.55	▲	$1.87
Gold	$1,328.71	▼	$18.25
USDCAD	1.2633	▲	0.6%

CANADIAN NEW ISSUES

Corporates

Wednesday, February 21 - General Motors Financial of Canada (BBB/Baa3/BBB) – C$500 million 3.00% 3-year senior note offering at GoC +107 bps

Wednesday, February 21 - Ford FAST (Ford Auto Securitization Trust) – C$632.89 million auto loan receivables ABS deal, Series 2018-A

Thursday, February 22 – Ford Credit Canada Company (BBB/Baa2/BBB) – C$500 million 2.75-year FRN at a spread of CDOR +68bps

Governments
Tuesday, February 20 – Province of Newfoundland (A(low)/Aa3/A) – C$675 million 5-year FRN at CDOR +14.5bps
Wednesday, February 21 - City of Montreal (-/Aa2/AA-) – C$250 million re-opening of 3.15% 20-year note at GoC+96.5bps
Wednesday, February 21 - City of London (-/Aaa/-) – C$55 million 1-10-year serial offering
Thursday, February 22 – Province of Quebec (A(high)/Aa2/AA-) – C$500 million 2.45% 5-year Green Bond at GoC+38bps

NORTH AMERICAN RATES UPDATE

North American bond yields posted mixed performance, with GoC bonds outperforming their US counterparts, closing the week 4-7 bps lower, compared to Treasuries which were anywhere from 1 bp lower to 5 bps higher. Canadian economic data over the course of the week was mixed, with softer wholesale and retail sales for December offset by January CPI data that came in stronger than expected, with an annualized increase of 1.7% (versus consensus expectation for a 1.5% increase, although lower than 1.9% increase in December). The market will now turn its attention to the 2018 Federal Budget to be presented on Tuesday, while the futures market is currently pricing in a ~13% probability of a rate hike at the Bank of Canada's March 7th meeting. In the US, markets were focused on the Fed meeting minutes released mid-week, Janet Yellen's last as Chairwoman, which were unsurprisingly hawkish in the context of the statement issued by the Fed following its last meeting. In its February 2018 Monetary Policy Report published in Washington on Friday, the Fed indicated that the "labour market in early 2018 appears to be near or a little beyond full employment" while noting the labour force participation rate has been mostly unchanged over the past four years. New Fed Chair Jerome Powell is scheduled to preside over his first FOMC meeting on March 21, for which the market is pricing in a ~99% probability of a rate hike.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	1.78%	▼ 4
5yr	2.05%	▼ 6
10yr	2.25%	▼ 7
30yr	2.40%	▼ 6

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	2.24%	▲ 5
5yr	2.62%	▼ 1
10yr	2.87%	▼ 1
30yr	3.16%	▲ 2

MARKET IMPLIED BOC RATES

Market Implied Rates

Meeting	Implied Rate
March 7, 2018	1.2592
April 18, 2018	1.3961
May 30, 2018	1.4687

SWAPS

Swaps

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	35.75	▲ 0.25
3yr	40.25	▲ 0.25
5yr	35.50	▲ 0.50
7yr	36.00	▲ 0.25
10yr	35.75	▲ 1.00
30yr	33.25	▲ 0.25

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Tue, Feb 27	Finance Minister Morneau Delivers Canada's Federal Budget	--	--
Thu, Mar 1	Current Account Balance	--	-$19.35b
Thu, Mar 1	Markit Canada Manufacturing PMI	--	55.9
Fri, Mar 2	Quarterly GDP Annualized	2.1%	1.7%
US Economic Data			
Tue, Feb 27	Conf. Board Consumer Confidence	126.0	125.4
Tue, Feb 27	Fed's Powell Testifies to House Financial Services Committee	--	--
Wed, Feb 28	GDP Annualized QoQ	2.5%	2.6%
Thu, Mar 1	Personal Income	0.3%	0.4%
Thu, Mar 1	Personal Spending	0.2%	0.4%
Thu, Mar 1	Initial Jobless Claims	226k	222k
Thu, Mar 1	Continuing Claims	1915k	1875k
Thu, Mar 1	Markit US Manufacturing PMI	55.8	55.9
International Economic Data			
Tue, Feb 27	Eurozone M3 Money Supply YoY	4.6%	4.6%
Tue, Feb 27	Germany CPI YoY	1.5%	1.6%
Wed, Feb 28	France GDP YoY	2.4%	2.4%
Wed, Feb 28	Germany Unemployment Change (000's)	-15k	-25k
Wed, Feb 28	Eurozone CPI Estimate YoY	1.2%	1.3%
Thu, Mar 1	Eurozone Unemployment Rate	8.6%	8.7%
Thu, Mar 1	Japan Jobless Rate	2.8%	2.8%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

Algonquin Power & Utilities, AltaGas, Bank of Montreal, Bank of Nova Scotia, Canadian Natural Resources, Cascades, Crescent Point Energy, First National Financial, George Weston, Granite REIT, Husky Energy, Kinaxis, Laurentian Bank of Canada, National Bank of Canada, PrairieSky Royalty, Ritchie Bros Auctioneers, Toronto-Dominion Bank, TransAlta, Valeant Pharmaceuticals International, Vermilion Energy, WSP Global

US

American Tower, AutoZone, Best Buy Co, Discovery Communications, Lowe's Cos, Macy's, Priceline Group, salesforce.com, Sempra Energy, Square, TJX, Universal Health Services, Valeant Pharmaceuticals International

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