Message

From: Egberts, Adam [adam.egberts@rbccm.com]
Sent: 13/03/2018 5:50:21 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]; Schoroth, Joseph [joseph.schoroth@rbccm.com]; Murray, Tim [tim.murray@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 – Fair Hydro Weekly Pricing
Attachments: FHP_RBC_20180313.xlsx

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

From: Egberts, Adam
Sent: March 12, 18 7:28 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 ; Schoroth, Joseph ; Murray, Tim ; Wallace, Daphne
Subject: OPG Weekly Pricing

RBC Capital Markets

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, March 12, 2018

The Canadian corporate primary market was active last week with ~C$2.6 billion of aggregate supply priced across 4 transactions spanning a range of sectors, with RBC acting as joint bookrunner on 3 of the 4 trades. The highlight of the week was Choice Properties' C$1.3 billion dual-tranche senior offering to fund the REIT's previously announced acquisition of CREIT, marking the largest REIT debt deal on record in Canada. The deal followed a well-received fixed income investor roadshow earlier in the week, generating additional momentum to build a strong orderbook and allowing the notes to upsize. Also on the week, Bell Canada returned to the market with a successful C$500 million 7-year while the high yield sector was also active with Russel Metals pricing a C$150 million 8NC3 senior unsecured notes offering with RBC as Lead Left. Rounding out supply, Mondelez International priced a C$600 million 7-year to bring total Maple supply to C$2.75 billion year-to-date. On the marketing front, RBC announced a fixed income investor roadshow for BPCE Group, the second-largest banking group in France, to take place during the week of March 26th in Montreal and Toronto. From a tone perspective, the week's new issues were well received by the investor base despite headlines surrounding US President Trump's recently proposed tariffs on steel and aluminum imports and the looming risk of a trade war weighted negatively on markets through the week. However, there was some relief on Thursday with Trump's signing of tariff orders, which came with temporary exemptions for Canada and Mexico and possible exclusions for other countries; the "watering down" of measures helped to buoy sentiment into the close on Friday. Looking ahead, while tone remains constructive for new issuance, the pipeline is expected to be light heading into the historically quiet March school holiday period.

The corporate secondary market continued to experience solid volumes last week with better buying overall. Notable activity included some two-way trading in shorter-dated deposit notes, along with sizable flow in front-end financial and telecom credits. On the week, corporate credit spreads generally closed 2 bps wider.

The Government market remained active this week with ~C$370 million priced in new issue supply. On the municipal front, Regional Municipality of Halton completed a C$26.3 million serial offering, which was followed by a C$53.3 million 1-10 year serial from Regional Municipality of Peel. In the Provincial space, Newfoundland priced a C$300 million re-opening of their 2048 maturity. Issuance is expected to slow over the next week as issuers near their budget blackout periods and remain in strong funding position. Of note, the Province of Ontario announced this week that it would release its budget for the upcoming fiscal year on March 28th. The secondary market saw active flows in both the CMB and Provincial space with the majority of volume occurring in the front end of the curve. Spreads continued to push wider with Provincial levels ending ~3 bps wider in the front end and 1 bp wider in longs while 5-year CMBs traded 1 bp wider.

EQUITY MARKET UPDATE

North American equities rose last week despite experiencing another week of volatility as tariff gyrations continued and other political headlines including the departure of Trump's top economic advisor Gary Cohn soured market sentiment mid-week. Nonetheless, markets were able to find some relief to close the week after Trump's signing of tariff orders on Thursday set aside some imminent risks. In the US, the Dow Jones and S&P 500 indexes both closed higher by 3.3% and 3.5%, respectively, while the Canadian S&P/TSX also rose by 1.3%. Notwithstanding the rally, broad equity markets remain on a cautious footing given the upped stakes surrounding ongoing NAFTA negotiations and implications they may have on Trump's cross-border policies. The commodity sectors posted gains on the week as well with crude oil up $0.83 to $62.08/bbl, while gold rallied $0.84 to close the week at $1,323.59/oz. In currency markets, the Canadian dollar appreciated 0.5% against the US greenback to close the week at 1.2813 USDCAD.

Market Highlights

Index	Level		1 Week Δ
S&P/TSX	15,578	▲	1.3%
DJA	25,336	▲	3.3%
S&P 500	2,787	▲	3.5%
NASDAQ	7,561	▲	4.2%
Oil	$62.08	▲	$0.83
Gold	$1,323.59	▲	$0.84
USDCAD	1.2813	▼	0.5%

CANADIAN NEW ISSUES

Corporates

Mon, Mar 5 – Mondelez International (-/Baa1/BBB) – C$600 million 3.25% 7-year senior unsecured notes at GoC +120bps

Tue, Mar 6 – Choice Properties REIT (BBB/-/BBB) – C$1.3 billion dual-tranche senior unsecured notes

consisting of C$550 million 3.556% 6.5-years at GoC +145bps and C$750 million 4.178% 10-years at GoC+195bps
Wed, Mar 7 – Bell Canada (BBB(H)/Baa1/BBB+) – C$500 million 3.35% 7-year senior unsecured notes at GoC+120bps
Fri, Mar 9 – Russel Metals (-/Ba3/BB+) – C$150 million 6.00% 8NC3 senior unsecured notes

Governments
Mon, Mar 5 – Regional Municipality of Halton (-/Aaa/AAA) – C$26.3 million 1-15 year Serial Offering
Thu, Mar 8 – Province of Newfoundland & Labrador (A(L)/Aa3/A) – C$300 million 3.70% 30-year re-opening at GoC +105.5bps

NORTH AMERICAN RATES UPDATE

North American government bond yields rose across the board last week as headline risks surrounding tariffs seemed to subside in the near-term and as the attention of markets returned to fundamentals with labour market data on Friday showing steady improvements on both sides of the border. On the week, the GoC curve shifted higher by 6-8 bps with a slight steepening bias, while US Treasury yields were generally 2-3 bps higher. The Bank of Canada rate announcement mid-week was fairly benign and brought no change to the policy rate as widely predicted and continued to point to a data dependent path with the economy continuing to unfold as expected. On the data front, the focus was on US payrolls which saw a strong jobs gain of +313k (E: 205k). At this time, the March 21st FOMC is virtually fully priced in for a 25bp hike and three further hikes by the end of the year as implied by Fed futures markets. In Canadian swaps, the front-end of the curve ended the week 0.25-1bps higher, while 10 and 30-years closed 1-1.25bps higher.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	1.83%	▲ 6
5yr	2.08%	▲ 7
10yr	2.27%	▲ 7
30yr	2.44%	▲ 8

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	2.26%	▲ 2
5yr	2.65%	▲ 2
10yr	2.90%	▲ 3
30yr	3.16%	▲ 2

MARKET IMPLIED BOC RATES

Market Implied Rates

Meeting	Implied Rate
April 18, 2018	1.3485
May 30, 2018	1.4208
July 11, 2018	1.5242

SWAPS

Swaps

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	38.00	▲ 0.50
3yr	42.50	▲ 0.25
5yr	39.50	▲ 1.00
7yr	39.25	▲ 0.75
10yr	38.75	▲ 1.25
30yr	35.00	▲ 1.00

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Thu, Mar 15	Existing Home Sales MoM	--	-14.5%
Fri, Mar 16	Manufacturing Sales MoM	-0.9%	-0.3%
US Economic Data			
Tue, Mar 13	CPI MoM	0.2%	0.5%
Wed, Mar 14	MBA Mortgage Applications	--	0.3%
Wed, Mar 14	Retail Sales Advance MoM	0.3%	-0.3%
Wed, Mar 14	PPI Final Demand MoM	0.1%	0.4%
Thu, Mar 15	Initial Jobless Claims	225k	231k
Thu, Mar 15	Continuing Claims	1910k	1870k
Thu, Mar 15	Philadelphia Fed Business Outlook	23.0	25.8
Fri, Mar 16	Housing Starts	1288k	1326k
Fri, Mar 16	U. of Mich. Sentiment	99.0	99.7
International Economic Data			
Wed, Mar 14	Euro Area Industrial Production	-0.4%	0.4%
Wed, Mar 14	Germany CPI YoY	1.4%	1.4%
Thu, Mar 15	France CPI YoY	1.2%	1.2%
Fri, Mar 16	Euro Area CPI YoY	1.2%	1.3%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

CanniMed Therapeutics, Element Fleet Management, Empire Co, Fiera Capital, NuVista Energy, Premium Brands Holdings, Quebecor, Roots, Seven Generations Energy, Stella-Jones

US

Adobe Systems, Dick's Sporting Goods, Dollar General, Samsonite International, Tiffany & Co, Williams-Sonoma

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

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

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