Message

From: Malhi, Harman [harman.malhi@rbccm.com]
Sent: 03/04/2018 6:00:29 PM
To: Egberts, Adam [adam.egberts@rbccm.com]; 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]; Benaiah, Ian [ian.benaiah@rbccm.com]; Wallace, Daphne [daphne.wallace@rbccm.com]; Taylor, Brent R [brent.r.taylor@rbccm.com]
Subject: EXTERNAL – RE: OPG Weekly Pricing
Attachments: FHP_RBC_20180403.xlsx

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Hi All,

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

Regards,
Harman

From: Egberts, Adam
Sent: April 2, 18 6:18 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; Benaiah, Ian; Wallace, Daphne
Subject: OPG Weekly Pricing

RBC Capital Markets

Canadian Debt Capital Markets

DCM Weekly Market Update

Monday, April 2, 2018

The Canadian corporate primary market was active last week despite the Friday holiday, with five issuers accessing the Canadian dollar market for aggregate proceeds of ~C$3.5 billion. RBC acted as lead left bookrunner on the only Canadian league table eligible offering during the week, a C$500 million 19.2-year offering from Greater Toronto Airports Authority, of which net proceeds were used in part to fund the GTAA's previously announced redemption of its outstanding 2019 maturity. South of the border, Bell Canada priced its first US$ offering in over 20 years, capitalizing on attractive relative pricing dynamics in the US market with a US$750 million 30-year transaction, led by RBC. The remainder of the week's supply was concentrated in the financial space, with CIBC and Bank of Nova Scotia pricing C$2.5 billion in NVCC and deposit note offerings, while in the securitization space Laurentian Bank priced an NHA MBS transaction and MCAP priced an offering of mortgage pass-through securities. From an overall tone perspective, the week's new issuance was well received by investors despite persisting volatility globally, with encouraging levels of oversubscription allowing issuers to achieve target size objectives and tight pricing. Looking ahead to coming weeks, investor appetite for corporate product remains healthy despite ongoing geopolitical uncertainly and recent new issues continue to trade well in the secondary market.

In the secondary market, trading flows were healthy across the curve. Maple bonds were active in the belly, while utility and infrastructure names traded in the long end on the back of the week's new supply while telco names were also active two-way across the curve. Credit spreads fluctuated over the course of the week amidst elevated volatility, with IG spreads ending the week ~4 bps wider and the 10-year part of the curve outperforming.

The government market was quiet this week with no new issues. Of note, the Provinces of Newfoundland, Quebec, and Ontario released their FY2018/19 budgets this week with Quebec and Ontario noting borrowing needs of C$13.4 billion and C$31.7 billion respectively. With most Provinces having released their budgets, healthy issuance can be expected in the coming weeks as issuers look to have a strong start to the new fiscal year. In the secondary market flows were healthy given it was a shortened week, with good two-way flow in provincals with volumes concentrated in the 10-year sector. CMBs also had a decent week with two-way volumes spread evenly across the curve. Spreads ended 3-4.5bps wider in provincials and 1-1.5bps wider across the curve.

EQUITY MARKET UPDATE

North American equity markets ended the week higher after a series of choppy trading sessions. Trade war concerns remained a driver of market tone globally as Chinese representatives issued a warning to the US not to "open the Pandora's box" and spark a flurry of protectionist practices across the globe, despite statements by Treasury Secretary Steven Mnuchin indicating optimism that the US and China could avert a trade war. Away from trade, technology shares were topical over the course of the week including Facebook as the company continued to grapple with the aftermath of its involvement in the Cambridge Analytica incident, while Amazon also made headlines after President Trump accused the company, via Twitter, of not paying taxes. Despite volatility throughout the week, equity indices closed higher by 1% to 2.4% on either side of the border. Commodities underperformed, with oil down $0.93 to $64.95/bbl while gold fell $22.03 to $1325.30. Also on the week, the US dollar fell 0.1% against the loonie to 1.2885 USDCAD.

Market Highlights

Index	Level		1 Week Δ
S&P/TSX	15,387	▲	1.1%
DJA	24,103	▲	2.4%
S&P 500	2,645	▲	2.2%
NASDAQ	7,063	▲	1.0%
Oil	$64.95	▼	$0.93
Gold	$1,325.30	▼	$22.03
USDCAD	1.2885	▼	0.1%

CANADIAN NEW ISSUES

Corporates

Monday, March 26 – Bell Canada (BBB(high)/Baa1/BBB+) – US$750 million 4.464% 30-year senior

unsecured notes at UST +140bps
Monday, March 26 – Laurentian Bank of Canada (AAA/Aaa/AAA) – ~C$217.5 million 5-year NHA MBS (WAL 3.8 years) at GoC+48 bps
Tuesday, March 27 – Greater Toronto Airport Authority (-/Aa3/A+) – C$500 million 3.260% Series 2018-1 secured notes at GoC +100bps
Tuesday, March 27 – Canadian Imperial Bank of Commerce (A(low)/Baa2/BBB) – C$1.5 billion 3.45% 10NC5 NVCC sub-debt offering at GoC +140bps
Wednesday, March 28 – MCAP RMBS (AAA/Aaa/-) – C$237.6 million dual-tranche RMBS transaction
Wednesday, March 28 – Bank of Nova Scotia (AA/A1/A+) – C$1.0 billion 2-year floating rate deposit note at 3mCDOR +18bps

NORTH AMERICAN RATES UPDATE

North American bond yields ended the week sharply lower on both sides of the border. GoC yields ended the week 8-10 bps lower after a disappointing January GDP reading (-0.1% versus consensus expectation of 0.1% growth) on Thursday dominated an otherwise quiet week from an economic data perspective. Market implied odds of a BoC rate hike at the April 18th meeting declined over the course of the week, from ~32% to approximately 23% heading into the long weekend. In the US, Treasury yields from the 5-year outwards fell 4-9 bps after reaching mid-week levels which were the lowest since early February, on the back of risk-off tone in broader asset markets as selloffs in equities weighed on sentiment, with the market largely ignoring the third reading of Q4 GDP which came in at an annualized pace of 2.9%, ahead of consensus expectations for 2.7%.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	1.78%	▼ 8
5yr	1.97%	▼ 10
10yr	2.09%	▼ 10
30yr	2.23%	▼ 9

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	2.27%	▲ 1
5yr	2.56%	▼ 4
10yr	2.74%	▼ 7
30yr	2.97%	▼ 9

MARKET IMPLIED BOC RATES

Market Implied Rates

Meeting	Implied Rate
April 18, 2018	1.2830
May 30, 2018	1.3500
July 11, 2018	1.4550

SWAPS

Swaps

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	39.75	▲ 0.75
3yr	44.25	▲ 0.50
5yr	41.00	▲ 1.00
7yr	40.75	▲ 1.00
10yr	41.25	▲ 1.25
30yr	38.00	▲ 0.50

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic Data			
Mon, Apr 2	Markit Canada Manufacturing PMI	--	55.6
Fri, Apr 6	Net Change in Employment	20.0k	15.4k
Fri, Apr 6	Unemployment Rate	5.8%	5.8%
US Economic Data			
Mon, Apr 2	Markit US Manufacturing PMI	55.7	55.7
Mon, Apr 2	ISM Manufacturing	60.0	60.8
Wed, Apr 4	MBA Mortgage Applications	--	4.8%
Wed, Apr 4	ADP Employment Change	205k	235k
Wed, Apr 4	Factory Orders	1.7%	-1.4%
Wed, Apr 4	Durable Goods Orders	--	3.1%
Thu, Apr 5	Initial Jobless Claims	--	--
Thu, Apr 5	Continuing Claims	--	--
Thu, Apr 5	Trade Balance	-$56.5b	-$56.6b
Fri, Apr 6	Change in Nonfarm Payrolls	189k	313k
Fri, Apr 6	Unemployment Rate	4.0%	4.1%
International Economic Data			
Tue, Apr 3	RBA Cash Rate Target	1.5%	1.5%
Tue, Apr 3	Markit Eurozone Manufacturing PMI	56.6	56.6
Wed, Apr 4	Eurozone Unemployment Rate	8.5%	8.6%
Wed, Apr 4	Eurozone CPI Estimate YoY	1.4%	1.2%
Thu, Apr 5	Markit Eurozone Services PMI	55.0	55.0
Thu, Apr 5	Markit Eurozone Composite PMI	55.3	55.3
Thu, Apr 5	Eurozone Retail Sales MoM	0.6%	-0.1%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

Arizona Mining, Corus Entertainment, Novagold Resources, Richelieu Hardware

US

Alliance Data Systems, CarMax, Lennar, Monsanto

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