Message

From: Malhi, Harman [harman.malhi@rbccm.com]
Sent: 5/1/2018 6:57:12 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]; MAHMOOD Irma - FINANCE [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0b660df6cc2e41ad938dc1b596816e43-MAHMOOD Irm]
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]
Subject: EXTERNAL – RE: OPG Weekly Pricing
Attachments: FHP_RBC_20180501.xlsx

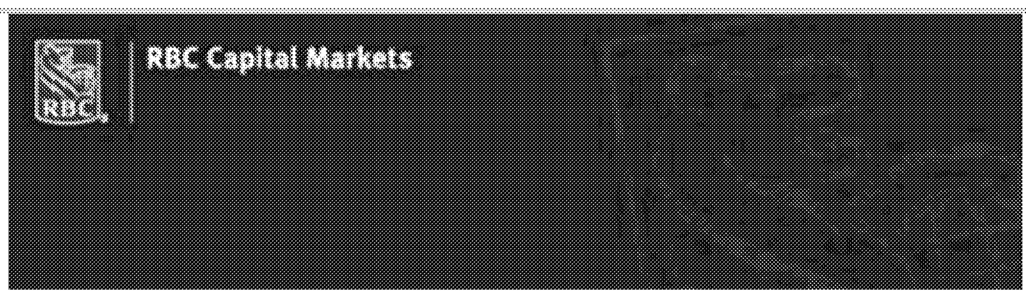
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi All,

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

Regards,
Harman

From: Egberts, Adam
Sent: April 30, 18 6:59 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'; 'Irma.mahmood@opg.com'
Cc: Brown, Rob; Egberts, Adam; Schoroth, Joseph; Murray, Tim; Benaiah, Ian; Wallace, Daphne
Subject: OPG Weekly Pricing



DCM Weekly Market Update

Monday, April 30, 2018

The Canadian corporate primary market was moderately active last week with ~C$2.8 billion of new issue supply priced across 5 transactions, primarily comprised of financial issuances. Among the banks, RBC issued its first deposit note of the year with a C$2 billion 5-year offering, while Canadian Western Bank printed a C$250 million reopening of its September 2021 maturity. Both transactions were well-received with oversubscribed orderbooks and competitive pricing at the tight-end of initial guidance. Coast Capital was also in the market with its inaugural debt offering of C$200 million 10NC5-year subordinated notes, with RBC acting as a bookrunner. The transaction came on the heels of an extensive cross-country roadshow, which allowed the company to generate strong momentum into the trade and upsize on the back of investor demand. On the real estate front, Chartwell Retirement Residences priced a C$150 million 7-year senior offering, representing the issuer's first offering since its inaugural print in June 2017, while in the securitization space, WTH Car Rental ULC priced a C$150 million ABS transaction with RBC acting as a bookrunner. Away from the primary market, RBC hosted non-deal fixed income investor roadshows for German real estate company Aroundtown SA as well as for Medavie, both of which were well-attended by the investor base. Looking ahead, a busy and growing roadshow calendar coupled with a constructive market backdrop should remain conducive for new issue supply in the near term.

The secondary market experienced another week of active trading characterized by relatively balanced flows over the course of the week before experiencing some selling flow on Thursday, particularly in deposit notes on the back of the new issue. Subordinated financials were also well traded last week on the back of the Coast Capital deal. Among corporate sectors, the CMT space, select long utilities and midstream names were the most active on the week trading two-way in size, while automotive financials saw heavier selling earlier in the week. On average, corporate credit spreads closed 2 bps wider.

The government market remained active with C$800 million priced across 2 provincial transactions from Quebec and New Brunswick. Of note, this April has marked the busiest month on record, with C$10.1 billion of government supply priced in the domestic market. On the whole, secondary volumes remained solid albeit with some chunky flows as large offshore and domestic pension investors accounted for a number of sizeable tickets. Directionally, there was small net selling of provincials and net buying of CMBs with the front end and belly accounting for the majority of flows. Spreads ended the week 1-2bps wider in CMBs and 1.5-2bps wider in Provincials.

CANADIAN NEW ISSUES

Corporates

Mon, Apr 23 – Canadian Western Bank (A(L)/-/-) – C$250 million re-opening of 2.788% senior deposit note due September 2021 at CAN 0.75% 1Sep21 +99bps
Tue, Apr 24 – WTH Car Rental ULC (AAA/-/-) – C$150 million 3.279% 5-year ABS offering at GoC+110bps
Wed, Apr 25 – Chartwell Retirement Residences (BBB(L)/-/-) – C$150 million 4.211% 7-year senior unsecured offering at GoC+190bps
Thu, Apr 26 – Coast Capital Savings Credit Union (BBB/-/-) – C$200 million 5.00% 10NC5 subordinated notes at GoC+282bps
Thu, Apr 26 – Royal Bank of Canada (AA/A1/AA-) – C$2 billion 2.949% 5-year deposit notes at GoC +77bps

Government

Mon, Apr 23 – Province of New Brunswick (A(H)/Aa2/A+) – C$300 million 3.10% 10-year benchmark due August 2028 at CAN 2% 1Jun28 +77bps
Thu, Apr 26 – Province of Quebec (A(H)/Aa2/AA-) – C$500 million 2.75% 10-year benchmark re-opening at CAN 2% 1Jun28 +63bps

EQUITY MARKET UPDATE

North American equities ended the week mixed with Canadian stocks finishing higher, while the ongoing run-up in government yields put a lid on US equity markets over the course of the week. The S&P 500 closed the week flat to the prior week, while the Dow Jones and NASDAQ indices finished 0.4-0.6% lower. Despite a continued, decent string of earnings overall with positive surprises running at ~80% (with a quarter of the S&P 500 having already reported), equity markets remain constrained by a slowing growth outlook in the face of rising borrowing costs and other macroeconomic and political uncertainties that remain at the forefront. In Canada, a strong domestic GDP reading (A: 0.3% vs. E: -0.1%) and improving tone through the NAFTA negotiations last week provided a tailwind to Canadian stocks with the S&P/TSX index closing 1.2% higher. In commodity markets, crude oil fell $0.28 to $68.10/bbl while gold prices ended the week $12.36 lower to finish at $1,324.00/oz. In currency markets, the Canadian dollar depreciated by 0.5% to close at 1.2828 CADUSD.

Market Highlights

Index	Level		1 Week Δ
S&P/TSX	15,669	▲	1.2%
DJA	24,311	▼	0.6%
S&P 500	2,670	▼	0.0%
NASDAQ	7,120	▼	0.4%
Oil	$68.10	▼	$0.28
Gold	$1,324.00	▼	$12.36
USDCAD	1.2828	▲	0.5%

NORTH AMERICAN RATES UPDATE

North American government bond yields ended the week mixed on both sides of the border as BoC dialogue around the pace of monetary policy drove tone in Canada, while broader markets benefited from some positive trade and political headlines, including a historic meeting between leaders on the Korean peninsula. In Canada, GoC yields ended 1-4 bps lower across the curve as BoC Governor Poloz and Senior Deputy Governor Wilkins made their way to Parliament Hill to testify to the House Finance Committee, where they re-emphasized that current monetary conditions are “roughly where they should be” and that there is essentially no hurry to move in the near term; however they did reinforce the need for higher rates in the medium term. The odds of a near-term 25bps rate hike have continued to drift lower over the last few weeks (~36% for May and ~65% for July) but interestingly the odds for two full rate increases by the end of the year still remain high at 70%+. The US market was fairly muted with the US Treasury curve closing the week slightly flatter with the belly of the curve remaining unchanged week-over-week, while the 2-year benchmark yield closed 3bps higher and 30-years ended 2bps lower.

GoC

Term	Yield (%)		1 Week Δ (bps)
2yr	1.90%	▼	3
5yr	2.13%	▼	4
10yr	2.32%	▼	1
30yr	2.41%	▼	3

UST

Term	Yield (%)		1 Week Δ (bps)
2yr	2.48%	▲	3
5yr	2.80%		unch
10yr	2.96%		unch
30yr	3.12%	▼	2

MARKET IMPLIED BOC RATES

Meeting	Implied Rate
May 30, 2018	1.3050
July 11, 2018	1.4394
September 5, 2018	1.5280

SWAPS

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	35.75	▲ 0.50
3yr	42.00	▲ 1.50
5yr	39.50	▲ 0.75
7yr	39.00	▲ 0.50
10yr	36.75	▼ 0.50
30yr	37.25	▲ 1.00

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic			
Mon, Apr 30	Industrial Product Price MoM	0.7%	0.1%
Tue, May 1	GDP YoY	2.8%	2.7%
US Economic Data			
Mon, Apr 30	Personal Income	0.4%	0.4%
Mon, Apr 30	Personal Spending	0.4%	0.2%
Tue, May 1	Construction Spending MoM	0.5%	0.1%
Wed, May 2	MBA Mortgage Applications	--	-0.2%
Wed, May 2	ADP Employment Changes	195k	241k
Wed, May 2	FOMC Rate Decision	1.75%	1.75%
Thur, May 3	Initial Jobless Claims	220k	209k
Thur, May 3	Continuing Claims	1838k	1837k
Thur, May 3	Trade Balance	-$50.0b	-$57.6b
Thur, May 3	Durable Goods Orders	--	2.6%
Fri, May 4	Change in Nonfarm Payrolls	190k	103k
Fri, May 4	Unemployment Rate	4.0%	4.1%
International Economic Data			
Mon, Apr 30	EUR M3 Money Supply YoY	4.1%	4.2%
Mon, Apr 30	GER CPI YoY	1.5%	1.6%
Tue, May 1	RBA Cash Rate Target	1.5%	1.5%
Wed, May 2	EUR GDP SA YoY	2.5%	2.7%
Thur, May 3	EUR Unemployment Rate	8.5%	8.5%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

Air Canada, Capital Power, Encana, FortisBC, Colliers International Group, First National Financial, goeasy, Genworth MI Canada, Pengrowth Energy, Gran Tierra Energy, Russel Metals, Suncor Energy, Kirkland Lake Gold, Maple Leaf Foods, Cineplex, Loblaw Cos, Source Energy Services, Great-West Lifeco, Parkland Fuel, Manulife Financial, Seven Generations Energy, Athabasca Oil, SNC-Lavalin Group, Canadian Natural Resources, Mitel Networks, Crescent Point Energy, BCE, Bombardier, Baytex Energy, Pembina Pipeline, AutoCanada, Painted Pony Energy, Fairfax Financial Holdings, Advantage Oil & Gas, IGM Financial, Obsidian Energy, STEP Energy Services

US

Apple, Berkshire Hathaway, Pfizer, Mastercard, Merck & Co, DowDuPont, McDonald's, Gilead Sciences, CVS Health, Kraft Heinz, Celgene, American Tower, Mondelez International, Allergan PLC, T-Mobile US, Tesla, Activision Blizzard, MetLife, Ecolab, Sprint, PG&E, GGP, CBS, Square, Snap, KKR

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