Message

From: Malhi, Harman [harman.malhi@rbccm.com]
Sent: 08/05/2018 3:45:04 PM
To: Kletinich, Jenny [jenny.kletinich@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]; Egberts, Adam [adam.egberts@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_20180508.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: Kletinich, Jenny
Sent: May 7, 18 7:29 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

RBC Capital Markets

DCM Weekly Market Update

Monday, May 7, 2018

The Canadian corporate primary market continued to be active last week with C$1.9 billion of new supply priced across 3 transactions primarily comprised of auto finance issuers. Highlighting the supply, BMW Canada Auto Trust started the week's activity with a C$500 million multi-tranche ABS offering which followed a mandate announcement the prior week; RBC acted as structuring lead on the offering. In addition, Ford Credit Canada priced a C$1.25 billion dual-tranche offering; both tranches were upsized and priced at the tight end of guidance. Lastly, the infrastructure space was active with a C$181 million dual-tranche offering from Mosaic Transit Partners, a special purpose entity formed to design, build, finance, maintain and rehabilitate a new light rail transit system in Toronto. Of note, 2018 total corporate volume is off to a strong start with more than C$44 billion of supply since the beginning of the year, a C$5.4 billion increase (+14%) versus the same period in 2017; the increase is largely attributable to the re-emergence of banks and other financials which are up C$4.9 billion YoY (+21%). Looking ahead, primary market activity is expected to continue as market tone remains constructive for new issue supply in the near term.

The secondary market was active last week with activity skewed toward deposit notes and energy names as new supply fueled trading activity. On the week, there was some front-end net buying in deposit notes while there was good two-way trading in energy, auto, P3s and telco names. On average, corporate credit spreads closed 2 bps wider.

The government market remained active with ~C$1.5 billion of supply. Province of Manitoba completed a C$450 million 10-year offering with C$150 million placed privately, and Province of Ontario printed a C$1 billion 30-year issue with C$400 million placed privately. Recent weeks have seen an increase in carve-out activity, with 7 orders completed year-to-date for C$2.1 billion in aggregate. In the secondary market volumes remained modest through the week with small net selling of 10-year provincial paper and net buying of front end CMBs. Provincial spreads closed the week 0.5bp wider in 10-years and 1.5bps wider in longs, while CMB spreads were 0.5bp tighter.

CANADIAN NEW ISSUES

Corporates

Tue, May 1 – BMW Canada Auto (AAA(sf)/Aaa(sf)/-) - C$500 million multi-tranche auto lease ABS Offering
Tue, May 1 – Ford Credit Canada Company (BBB/Baa2/BBB) – C$400 million re-opening of 1Dec20 FRN at 3-month CDOR+75bps and C$850 million 3.742% 5-year notes at GoC+155bps
Tue, May 1 – Mosaic Transit Partners (-/Baa2/-) – C$181 million dual-tranche offering comprised of senior secured 13.6 year and 27.7 year WAL bonds

Government

Wed, May 2 – Province of Manitoba (A(high)/Aa2/A+) – C$450 million 3% 10-year notes at GoC+75.5bps
Thu, May 3 – Province of Ontario (AA(L)/AA2/A+) – C$1 billion 2.90% 30-year Unsecured notes at GoC+79bps

EQUITY MARKET UPDATE

North American equities ended the week mixed, as a rally on Friday partially offset declines accumulated throughout the week. In the U.S., earnings season continued on a positive note as 75% of companies that reported earnings beat consensus, with the average beat at 7.2%. In addition, the impact of geopolitics was more tempered than in recent weeks, with the highlight being U.S. Treasury Secretary Mnuchin touching down in China on Thursday to discuss trade between the two countries; however, little was achieved in the way of deals. On the week, the S&P500 and the Dow Jones both fell 0.2%. North of the border, the TSX composite rose 0.4% supported by strong performance from all sectors to end the week. Also on the week, oil gained $1.62 to $69.72/bbl while gold fell $9.50 to $1,314.50/oz. In currencies, the Canadian dollar depreciated against the greenback to 1.2846 USDCAD.

Market Highlights

Index	Level	1 Week Δ
S&P/TSX	15,729	▲ 0.4%
DJA	24,263	▼ 0.2%
S&P 500	2,663	▼ 0.2%
NASDAQ	7,210	▲ 1.3%
Oil	$69.72	▲ $1.62
Gold	$1,314.50	▼ $9.50
USDCAD	1.2846	▲ 0.1%

NORTH AMERICAN RATES UPDATE

North American government bond yields ended the week relatively unchanged in an economic data packed week that saw an FOMC rate decision, U.S. payrolls and Canada's GDP. In the US, as expected, the Fed kept its benchmark rate unchanged and signaled greater confidence on inflation. The initial market reaction was dovish, but Treasury yields and the U.S. dollar quickly rebounded; markets are currently pricing a 100% probability of a rate hike at the June meeting. On the back-end of the week, U.S. payrolls were softer than expected; however, including the upward revision to the prior month, payrolls additions were relatively in-line with expectations. In Canada, GDP rebounded in February helped by strong contributions from oil & gas and manufacturing which was largely expected. On the monetary policy front last week, BOC Governor Poloz reiterated that high levels of household debt increases the downside risks of hiking rates; however he did make a more rare acknowledgment concerning prolonged policy accommodation and the related risks of encouraging more household debt. On the week, government yields were 1bp higher across the curve while the long-end was unchanged.

GoC

Term	Yield (%)	1 Week Δ (bps)
2yr	1.91%	▲ 1
5yr	2.15%	▲ 1
10yr	2.33%	▲ 1
30yr	2.41%	unch

UST

Term	Yield (%)	1 Week Δ (bps)
2yr	2.50%	▲ 1
5yr	2.78%	▼ 2
10yr	2.95%	▼ 1
30yr	3.12%	unch

MARKET IMPLIED BOC RATES

Meeting	Implied Rate
May 30, 2018	1.3343
July 11, 2018	1.4752
September 5, 2018	1.5695

SWAPS

Swaps	Spread (bps)	1 Week Δ(bps)
2yr	36.00	▲ 0.25
3yr	41.75	▼ 0.25
5yr	39.00	▼ 0.50
7yr	38.25	▼ 0.75
10yr	35.75	▼ 1.00
30yr	36.00	▼ 1.25

LOOKING AHEAD

Date	Release	Survey	Prior
Canadian Economic			
Tue, May 8	Housing Starts	220.0k	225.2k
Fri, May 11	Net Change in Employment	20.5k	32.3k
Fri, May 11	Unemployment Rate	5.8%	5.8%
US Economic Data			
Wed, May 9	MBA Mortgage Applications	--	-2.50%
Wed, May 9	PPI Final Demand MoM	0.2%	0.3%
Thur, May 10	CPI MoM	0.3%	-0.1%
Thur, May 10	CPI YoY	2.5k	2.4k
Fri, May 11	U. of Mich. Sentiment	98.4	98.8
International Economic Data			
Mon, May 7	Germany Factory orders MoM	0.5%	0.3%
Wed, May 9	China CPI YoY	1.9%	2.1%
Wed, May 9	France Industrial Production YoY	1.5%	1.6%
Thur, May 10	Bank of England Bank Rate	0.5%	0.5%
Thur, May 10	Industrial Production MoM	0.2%	0.1%

SELECTED COMPANIES REPORTING THIS WEEK

Canada

Algonquin Power & Utilities, Brookfield Asset Management, Canadian Apartment REIT, Canadian Tire, CCL Industries, Chartwell Retirement Residence, CI Financial, E-L Financial, Emera, Enbridge, Finning International, First Capital Realty, George Weston, H&R REIT, IAMGOLD, Industrial Alliance Insurance, Intact Financial, Inter Pipeline, Jean Coutu Group PJC, Kinross Gold, Magna International, Northland Power, Nutrien, Onex, Open Text, Pan American Silver, Power Corp of Canada, Power Financial, Quebecor, RioCan REIT, SmartCentres REIT, Spin Master, Stantec, Thomson Reuters, TMX Group, TransAlta Renewables, WestJet Airlines, WSP Global

US

Andeavor, Broadridge Financial Solutions, CA Inc, Diamondback Energy, Discovery, Electronic Arts, Martin Marietta Materials, Microchip Technology, Occidental Petroleum, Plains All American Pipeline, Realty Income, Sempra Energy, Sysco, Tyson Foods, Walt Disney

Regards,

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