



# THE SENTINEL

## Highlights from the week in Corporate Credit

SUMMARY: NOVEMBER 2-6<sup>TH</sup> 2015

Credit markets continued to trade with a positive tone throughout the week despite equities fading after Tuesday. A solid employment report on Friday has pushed the likelihood of a December Fed hike up to 70% according to futures markets, with many pundits suggesting it's now a virtual certainty. US 5y yields have moved up 45bp in the past 3 weeks driving Treasury prices down 2%. Corporate new issue supply was solid in the US with 43Bn priced. Halliburton's jumbo deal (A2/A) was long anticipated and well received despite pricing 35bp through initial guidance, reflecting strong demand for investment grade bonds. Canada supply continues to be very light, suggesting the technical rally could continue into next week.

### NAMES IN THE NEWS

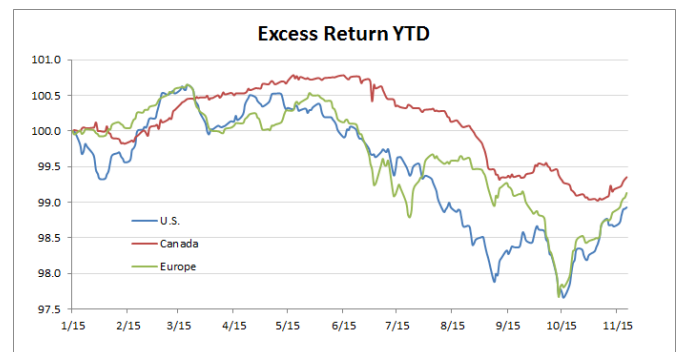


- Conagra announces sell its Private Brands division to Treehouse Foods, using estimated 2.7Bn proceeds to pay down debt. Bonds initially 15bp tighter on the news.
- US Regulator releases new capital requirements for large banks (TLAC = "Total Loss Absorbing Capital"), to be phased in by 2022.



- Moody's places Scotiabank (Aa2) on review for downgrade, suggesting a drive for profitability is attracting the bank to riskier businesses and assets.
- Standard Chartered Bank announces it will temporarily suspend its dividend and raise \$5.1Bn of capital after posting a quarterly loss.

INDEX WATCH	1-WEEK	MTD	YTD
Canadian Credit (FOCO Index)	0.17%	0.17%	-0.65%
US Credit (LUCRER Index)	0.27%	0.27%	-1.07%
European Credit (BECI Index)	0.26%	0.26%	-0.87%
Canadian Bond (XBB ETF)	-1.02%	-1.02%	0.96%
Canadian High Yield (BCAH Index)	0.02%	0.02%	-0.60%
US High Yield (HOAO Index)	-0.35%	-0.35%	-0.22%
Canadian Preferred (CPD ETF)	3.50%	3.50%	-12.38%
US Preferred (PFF ETF)	-0.31%	-0.31%	3.37%
Canadian Stocks (S&PTSX ETF)	0.18%	0.18%	-7.37%
US Stocks (S&P ETF)	0.95%	0.95%	1.96%



### SELECTED NEW ISSUES

DATE	ISSUER	SIZE	MATURITY	LAUNCH SPREAD	CLOSING SPREAD
11/2	Bank of Nova Scotia	C\$400mm	18mo (FRN)	BA+45	BA+45
11/3	Teranet Holdings	C\$200mm	7y	+241	+232
11/4	Ford Motor Credit	\$1.3Bn	5y	+158	+158
11/4	Transcanada Pipeline	\$1.0Bn	2y	+83	+82
11/5	Halliburton Company	\$7.5Bn	Multi-tranche	+160 (10y)	+149
11/5	Royal Dutch Shell	\$4.5Bn	Multi-tranche	+73(10y)	+65
11/3	Barclays PLC (sub debt)	\$1.25Bn	10y (5y call)	+279	+275

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