





THE SENTINEL

Highlights from the week in Corporate Credit

SUMMARY: November 23 – 27th, 2015

A predictably subdued week in credit given the US Thanksgiving holiday. Only \$3Bn of new supply in US corporate bonds compared to \$37Bn the week before, and secondary trading was largely over by mid-day Wednesday. Spreads were broadly unchanged, with themes from this month continuing to play out (metals & mining underperforming, financials outperforming). In Canada, HSBC managed to raise \$1Bn in a 3 year deal that priced with a 10bp concession to secondary spreads and was generally well received despite the large size. Activity levels were more normal in Europe with a number of new deals pricing. Volkswagen spreads continue to recover, as much as 50bp tighter on the week in European markets.

NAMES IN THE NEWS

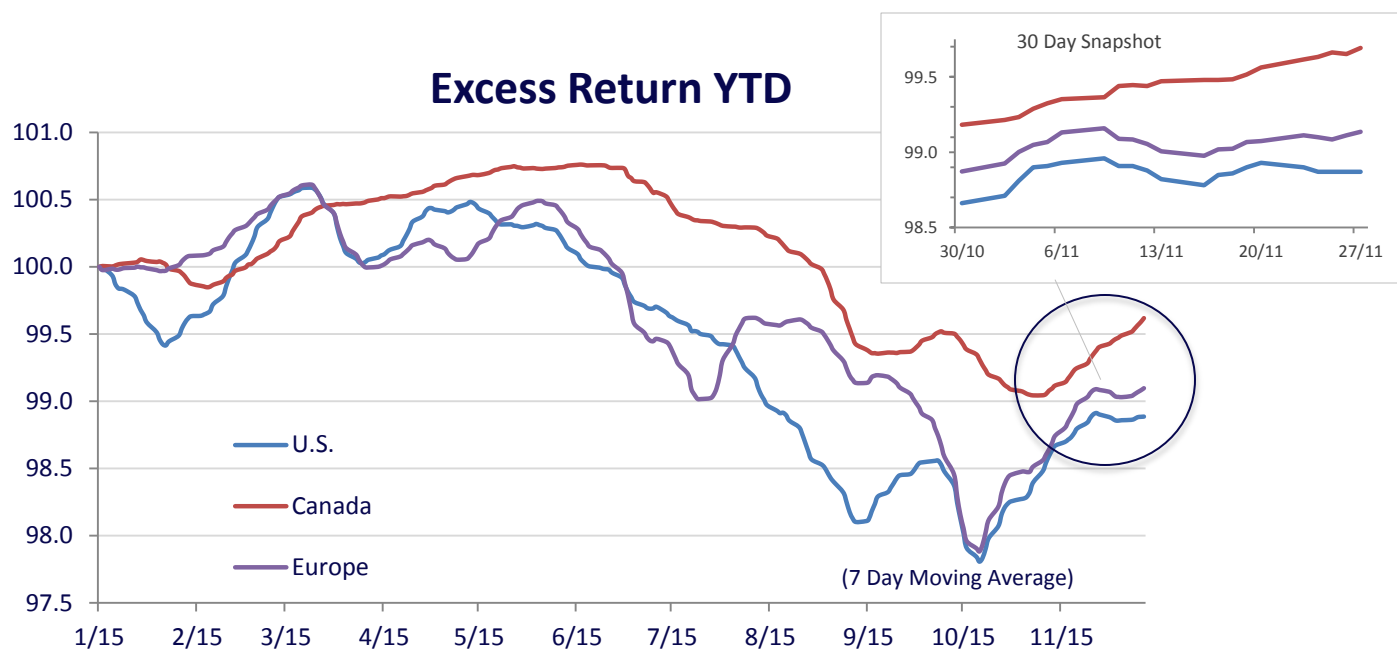
	<ul style="list-style-type: none"> Ford (\$F) was raised to Positive Outlook by Standard & Poor's. No significant spread movement on the news, but continues the positive trend in the sector. BCE (\$BCE) announced it would be raising \$750mm via a common share offering in order to "reduce financial leverage". Bonds traded up to 5bp tighter in the wake of the news. TransAlta (\$TA, Baa3/BBB-) debt was 2-3% higher after raising C\$350 million through asset sales and an equity raise. The company said it would use proceeds to "reduce indebtedness and strengthen its balance sheet." Manitoba Telecom (\$MBT) spreads were up to 10bp tighter after agreeing to sell its AllStream subsidiary to US carrier Zayo Group (\$ZAYO) for C\$465mm.
	<ul style="list-style-type: none"> Activist shareholder Carl Icahn announced he has built a 7% stake in Xerox (\$XRX) and will be seeking talks with management. Xerox (Baa2/BBB) bond spreads have widened over 150bp this year. Spanish green energy giant Abengoa (\$ABG) announced it would seek protection from creditors. Top lender Banco Santander (\$SAN, A3/A-) saw spreads widen +5-10bp on the news.

INDEX WATCH	1-WEEK	MTD	YTD
Canadian Credit (FOCO Index)	0.13%	0.51%	-0.31%
US Credit (LUCRER Index)	-0.06%	0.21%	-1.13%
European Credit (BECI Index)	0.06%	0.27%	-0.86%
Canadian Bond (CAN0 Index)	0.28%	0.21%	2.39%
Canadian High Yield (BCAH Index)	0.32%	-0.26%	-0.87%
US High Yield (H0A0 Index)	-0.13%	-2.41%	-2.28%
Canadian Preferred (TXPRAR Index)	-1.15%	-0.86%	-16.54%
US Preferred (SPTREFTR Index)	0.79%	0.94%	5.44%
Canadian Stocks (S&P/TSX Index)	-0.49%	-1.19%	-8.64%
US Stocks (S&P Index)	0.04%	0.52%	1.52%



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SELECTED NEW ISSUES

DATE	ISSUER	RATING	SIZE	MATURITY	LAUNCH SPREAD	CLOSING SPREAD	ADDITIONAL COMMENTS
11/23	HSBC Bank Canada	A (high)	C\$1Bn	3y	+139	+135	Priced with generous concession
11/23	Met Life	Aa3	\$1.25Bn	Multi-tranche	+83(5y)	+84	
11/23	HCP Inc (REIT)	Baa1	\$600mm	7y	+205	+199	
11/25	Solvay SA (Chemicals)	Baa2	€3.25Bn	Multi-tranche	+175(7y)	+156	Jumbo deal and top performer

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