



A quiet week given the US Thanksgiving holiday on Thursday. Credit markets have diverged somewhat since the US election, with US feeling moderately better, Europe weaker, while Canada has enjoyed a particularly strong month. Interest rate markets were relatively subdued, and the calm was a welcome relief from what has been a difficult month for government bond traders.

Minutes from the November Federal Reserve meeting were released on Thursday and only served to reinforce the likelihood of a rate hike before year-end. In fact, markets are now pricing in virtually a 100% chance of a 25bp hike at the next meeting on December 14th. Given the rate moves we have seen already in November, we believe the reaction to a hike will be somewhat muted, and we expect chair Janet Yellen will be cautious about signaling further hikes in 2017.

NAMES IN THE NEWS



- TransAlta (\$TA) and Capital Power (\$CPX) spreads both moved tighter this week after the Alberta government announced a compensation scheme for its shift away from coal-powered energy. Both companies are to receive multi-million dollar payments for 14 years under the terms of the agreement. Transalta benchmark 5y bonds (BBB-) rose almost 2% while Capital Power spreads (BBB-) were tighter by 15bp.



- Following similar action by Moody's last week, S&P revised its outlook for the Caterpillar Inc. (\$CAT) single-A credit rating to negative. The agency cites prolonged weakness in equipment sales across many of CAT's core markets, and an oversupply of industry inventory which will likely maintain pricing pressure through 2017.

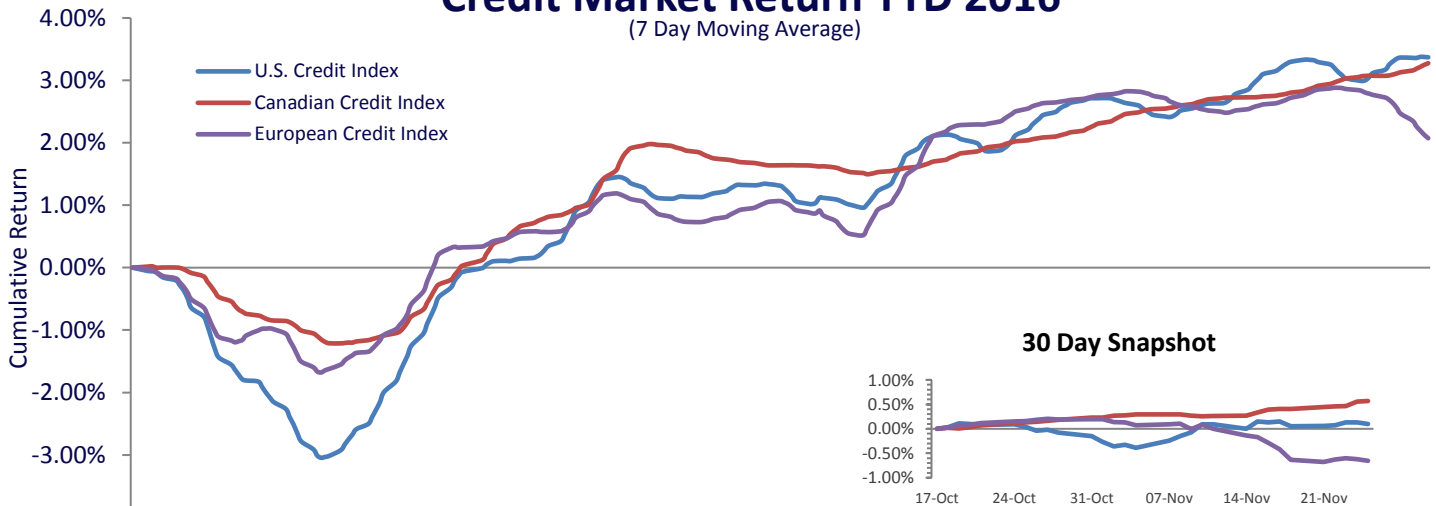
INDEX WATCH	1-WEEK	MTD	YTD	SOURCE
Investment Grade Credit (Excess Return)				
Canadian Credit	0.16%	0.34%	3.37%	Merrill Lynch: FOCO
US Credit	0.05%	0.25%	3.37%	Barclays: LUCRER
European Credit	-0.02%	-0.85%	2.03%	Barclays: BECI
Barclays Global Credit Index	0.03%	-0.01%	3.37%	Barclays: BGCI
Fixed Income (Total Return)				
Canadian Bond Universe	0.19%	-2.18%	2.13%	Merrill Lynch: CANO
Canadian High Yield	0.45%	0.70%	16.41%	Bloomberg: BCAAH
US High Yield	0.67%	-0.73%	14.95%	Merrill Lynch: HOAO
Preferred Shares (Total Return)				
Canadian Preferred	0.76%	-1.20%	2.70%	Bloomberg: TXPRAR
US Preferred	1.21%	-2.68%	2.12%	Bloomberg: SPTREFTR
Equities				
Canadian Stocks: S&P TSX	1.47%	2.20%	19.24%	Bloomberg: SPTSX
US Stocks: S&P 500	1.45%	4.33%	10.45%	Bloomberg: SPX



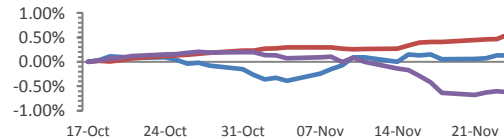
THE SENTINEL

Highlights from the week in Corporate Credit

Credit Market Return YTD 2016 (7 Day Moving Average)



30 Day Snapshot



US Credit Index: Barclays US Aggregate Corporate Index (LUCRER) measures the excess return of a broad-based index of US investment-grade corporate bonds over a comparable index of US Treasuries with similar duration. Return data in USD.
Canadian Credit Index: Bank of America Merrill Lynch Canada Corporate Index (FOC0) tracks the excess return of a broad basket of investment-grade corporate bonds issued in the Canadian domestic market, over a comparable index of Canadian government bonds with similar duration. Return data in CAD.
European Credit Index: Barclays Europe Corporate Bond Index (BECI) measures the excess return of a broad-based index of Euro denominated investment-grade corporate bonds over a comparable index of Euro denominated government bonds with similar duration. Return data in EUR.

SELECTED NEW ISSUES

DATE	ISSUER	RATING	SIZE	MATURITY	LAUNCH SPREAD	CLOSING SPREAD	ADDITIONAL COMMENTS
11/22	CI Financial	A-/A-low	200mm	5y	+180	+174	Well received reflecting positive sentiment for Canadian financials.
11/21	BP Plc	A2/A-	2bn	7y & 12y	+110 (7y)	+108	
11/21	Bank America Corp (sub debt)	Baa3/BBB	2bn	11y (10y call)	+185	+185	Priced aggressively, and with plenty of recent bank supply was only able to hold at launch spread.
11/21	Enbridge Inc.	Baa2/BBB+	1.5bn	10y & 30y	+200 (10y)	+185	Positive momentum for energy companies. This was not generally available to Canadian investors but still earns our deal of the week.

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