





Markets struck a bearish tone throughout the week as issues related to the passing of the Republican health care bill created uncertainty over President Trump's ability to deliver on his pro-growth campaign promises. Compared to the weakness in the equity markets, domestic credit was muted with weakness concentrated in the financial, auto and REIT sectors.

The much anticipated 2017 Canadian Federal Budget was largely a non-event for the Canadian markets with little information on the bank bail-in regime, no changes in capital gains taxes and no mention of airport privatization. The market traded flat on the news, suggesting business as usual until Canadians receive more clarity on Trump's cross-border policies. Despite the weaker market tone, the primary Canadian market was healthy with four issuers bringing new deals. YTD new issuance is just under \$25bn, 24% ahead of the \$20.1bn at this time last year, driven by a 45% y/y increase in non-bank issuance to start 2016.

	<ul style="list-style-type: none"> TransCanada (\$TRPCN) announced that the U.S. Department of State has signed and issued a Presidential Permit to construct the Keystone XL (KXL) project. In turn, \$TRPCN has discontinued its claim under Chapter 11 of NAFTA and will end its U.S. Constitutional challenge. Moody's and S&P announced ratings on Rogers Communications (\$RCICN)'s new US\$1bn commercial paper (CP) program. Moody's assigned a P-2 rating to the CP program. S&P affirmed \$RCICN's long-term rating at BBB+ and assigned an A-2 CP rating, reflecting the strength of \$RCICN's credit rating and strong liquidity. Volkswagen (\$VW) returned to the European credit markets with €8bn worth of bonds in its first new issuance since the emissions scandal. The new issue could spur new funding in other currencies in the near term.
	<ul style="list-style-type: none"> Ford Motors (\$F) provided its Q1/17 EPS outlook of \$0.30-\$0.35 which fell well below consensus of \$0.47. The company cited elevated costs, lower volumes and unfavourable FX compared to a tough y/y quarter. The update was in line with past management guidance but still took the market by surprise.

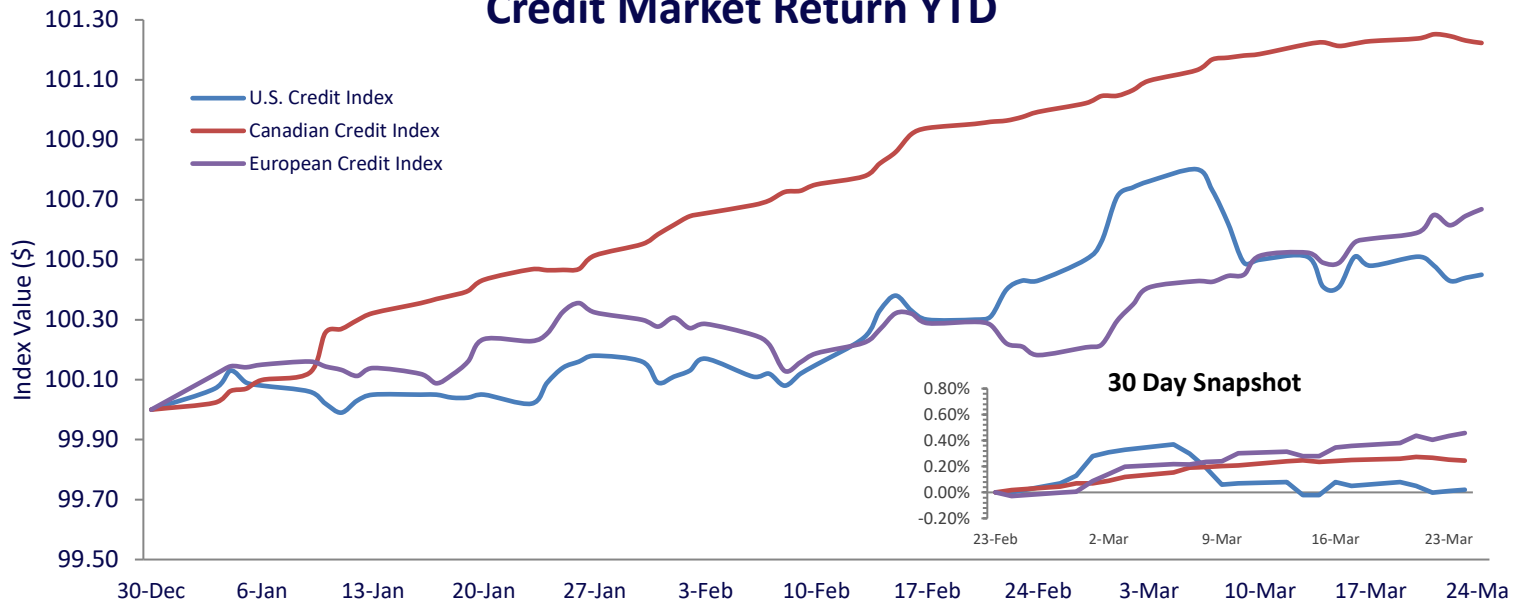
INDEX WATCH	1-WEEK	MTD	YTD	SOURCE
Investment Grade Credit (Excess Return)				
Canadian Credit	-0.01%	0.18%	1.22%	Merrill Lynch: FOCO
US Credit	-0.03%	-0.11%	0.45%	Barclays: LUCRER
European Credit	0.10%	0.45%	0.67%	Barclays: BECI
Barclays Global Credit Index	-0.02%	0.01%	0.51%	Barclays: BGCI
Fixed Income (Total Return)				
Canadian Bond Universe	0.78%	0.35%	1.19%	Merrill Lynch: CANO
Canadian High Yield	0.12%	0.18%	2.85%	Bloomberg: BCAH
US High Yield	-0.21%	-1.17%	1.76%	Merrill Lynch: HOAO
Preferred Shares (Total Return)				
Canadian Preferred	-0.58%	0.81%	6.46%	Bloomberg: TXPRAR
US Preferred	0.14%	-0.11%	4.50%	Bloomberg: SPTREFTR
Equities				
Canadian Stocks: S&P TSX	-0.29%	0.56%	1.56%	Bloomberg: SPTSX
US Stocks: S&P 500	-1.42%	-0.70%	5.20%	Bloomberg: SPX



THE SENTINEL

Highlights from the week in Corporate Credit

Credit Market Return YTD



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 (FOCO) 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
03/20	TD Bank	AA	1.5bn	5y	+80	+78	Less concession than prior CIBC deal but still performed well.
03/20	Heineken Holding NV	BBB+	1.75bn	11y & 30y	+110 (11y)	+108	
03/21	Glencore PLC	BBB	1bn	10y	+170	+174	Underperformed with equity market despite Moody's upgrade.
03/21	ING Groep NV	A-	4bn	5y & 10y	+155 (10y)	+157	
03/21	Deere Co.	A	250mm	4y	+77	+77	Regular issuer met solid demand.
03/21	407 International Inc	BBB+	250mm	16y	+122	+119	Unusual term but small size led to strong deal.
03/23	BCIMC	AA	750mm	5y & 10y	+122 (10y)	+116	Well telegraphed deal with 10y outperforming.

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