





News of a highly effective COVID vaccine sent risk assets off to a flying start early in the week while lingering national shutdown worries tempered markets into the weekend. US credit spreads finished the week only modestly tighter despite sharply rallying on Monday following news that Pfizer has a potentially successful COVID vaccine that could be authorized for use in 2020. The news sent Treasury yields to an 8-month high, and issuers clamoured to take advantage of the positive tone in credit and get ahead of any further rate rises before year-end. A total of \$44 billion in new corporate debt was priced in US dollars last week, which far exceeded expectations and included Verizon and JPMorgan's jumbo deals. The onslaught of new issuance undoubtedly contributed to the more cautious tone in spreads later in the week.

Issuance was lighter in Canadian dollars, and that allowed domestic spreads to outperform on the week. Corporate earnings season here is finally drawing to a close, with 69% of companies beating estimates and reinforcing investors' confidence in the Canadian economy. Domestic credit spreads tightened by an average of 7 basis points, with the REIT and Energy sectors outperforming. There were two notable deals in the primary market from Canadian Natural Resources and Saputo, printing 800mm CAD. Fund managers warmly welcomed both deals due to the scarcity of new issuance and the ongoing pace of inflows into corporate bond funds.

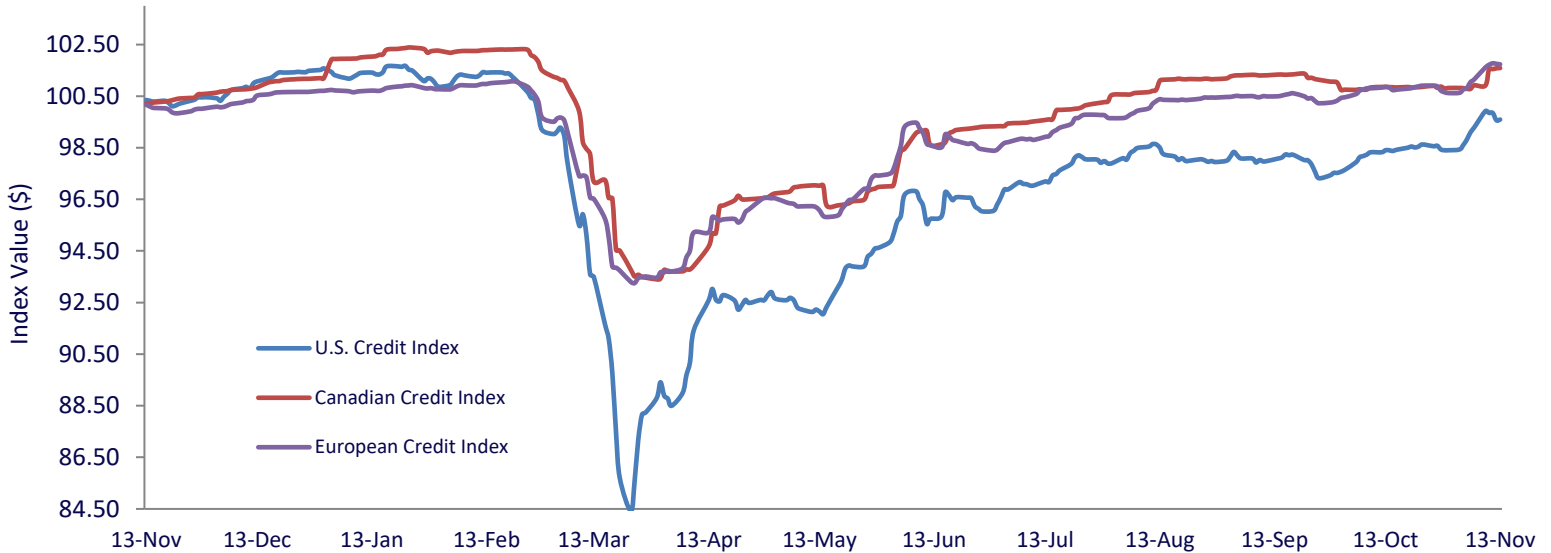
NAMES IN THE NEWS

	<ul style="list-style-type: none"> McDonald's (\$MCD) reported solid earnings with outperformance in the US as some international markets were restricted with continued COVID 19 lockdowns. Total third-quarter revenue of \$5.42bn and operating income of \$2.53bn both came in ahead of estimates. MCD credit spreads were 2 bp tighter, reflecting MCD's resilient business model. Pfizer (\$PFE) released vaccine data early this week indicating its most promising COVID vaccine trial prevented more than 90% of infections. The company could potentially file for emergency use authorization from the FDA later this month. The positive news allowed IG credit spreads to tighten by 5-30 bp on the day.
	<ul style="list-style-type: none"> The ratings of 407 International (\$ETRHWY) were placed on "CreditWatch Negative" by S&P as the agency noted traffic has failed to recover to expected levels. ETRHWY credit spreads moderately underperformed as investors assessed the chances of a ratings downgrade.

INDEX WATCH	1-WEEK	MTD	YTD	SOURCE
Investment Grade Credit (Excess Return)				
Canadian Credit	0.67%	0.78%	-0.31%	Merrill Lynch: FOCO
US Credit	0.31%	1.21%	-1.95%	Barclays: LUCRER
European Credit	0.58%	1.10%	1.07%	Barclays: BECI
Barclays Global Credit Index	0.42%	1.21%	-0.48%	Barclays: BGCI
Fixed Income (Total Return)				
Canadian Bond Universe	-0.26%	-0.03%	7.17%	Merrill Lynch: CANO
Canadian High Yield	0.34%	0.62%	4.50%	Bloomberg: BCAH
US High Yield	0.47%	2.57%	3.38%	Merrill Lynch: HOAO
Preferred Shares (Total Return)				
Canadian Preferred	1.66%	2.63%	1.14%	Bloomberg: TXPRAR
US Preferred	1.48%	2.92%	4.36%	Bloomberg: SPTREFTR
Equities				
Canadian Stocks: S&P TSX	2.26%	6.87%	0.72%	Bloomberg: SPTSX
US Stocks: S&P 500	2.21%	9.74%	12.77%	Bloomberg: SPX



Investment Grade Credit Benchmark Returns (1 Year)



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
11/10	Verizon Communications	BBB+	12bn	Multi-issue	+115 (30y)	+114	Spectrum financing demanded a 10 bp concession from secondaries.
11/09	Morgan Stanley	BBB+	4bn	3y & 10y	+85 (10y)	+90	Spreads struggled to hold due to a glut of financial issuance of late.
11/12	JPMorgan Chase	A-	5.75bn	Multi-issue	+90 (10y)	+92	
11/12	Saputo Inc	BBB-	350mm	5y	+95	+95	
11/12	Canadian Natural Resources	BBB-	800mm	3y & 7y	+198 (7y)	+194	Rare issuance provided a technical bid.

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