

Friday, 29 May 2009

Morning Insight

(European Edition – updated the previous European trading day at 16:00 GMT)

Fresh in the European Pipeline

Updated	Borrower	CCY	Notes
28-May	Austria	EUR	Reportedly considering min E2bn 12-17yr syndication
28-May	APRR	EUR	BNPP/HSBC/Nat/RBS/Sg mandated for inaugural bond.
27-May	Deutsche Bk	EUR	Inaugural HP mandated to CZ/DB/Natx/SG. 5yr-7yr exp.
27-May	Lithuania	EUR	Benchmark via Citi/CS/RBS. June investor meetings.
22-May	UK	GBP	Plans syndicated inflation-linker for launch in Sep.
22-May	UK	GBP	Plans 30yr-40yr linker in 2H of July. Aaa/AAA/AAA.
22-May	UK	GBP	Plans longer dated gilt in 25yr area for w/c 15-Jun
21-May	Qatar Tel	CCY	GMTN prog investor meetings via Barc/BNPP/DBS/JPM/RBS
19-May	Bord Gais	CCY	Barc/BNPP/Danske/HSBC/Lloyds mandated for new bond.
14-May	HSH Finanzfn	EUR	Debut issue planned via DB/DZ/MS/LBBW/Unic

Most Recent Deals

Date	Issuer	CCY	Amount	Coupon	Maturity	Spread	Mdy/S&P	Books
28-May	BES	EUR	1.75b	5.625	06/14	m/s +285	Aa3/A	Jt-leads
28-May	Rabobank +	NOK	250m	4	02/12		Aaa/AAA	DB/Rabo
28-May	FHLB	USD	3bn	1.875	06/12	t +43		BAS/JPM/UBS
28-May	Alpiq Holding	CHF	250m	3.25	07/15		Nr/Nr	ZKB/BCV
28-May	AlphaCdtGroup	EUR	500m	4.625	06/11	m/s +285	A2/BBB+	Jt-leads
28-May	EGW	CHF	45m	2.625	06/17		Aaa/AAA	ZKB
28-May	Bremen	EUR	300m	6mE+18	12/11			BayernLB
28-May	EIB +	HUF	4bn	6.5	01/15		Aaa/AAA	TD
27-May	EIB	USD	3.5bn	3.125	06/14	m/s+37.5	Aaa/AAA	Barc/Citi/DB
27-May	Erste Grp Bk	EUR	1bn	4.25	06/16	m/s +117	Aaa/Nr	Barc/Erste/CZ

Note: when applicable with the Issuer, '+' indicates increase to existing deal

Primary Market Report (previous trading day)
High yield reopens?

Following two days of solid benchmark issuance, the primary market felt eerily quiet on Thursday.

There were only two benchmarks that emerged on screens in the investment grade arena, a E500m 2yr from Alpha Credit Group and a E1.75bn 5yr from BES. **Alpha Credit group** priced a E500m senior 2yr via joint leads Barclays, DZ, HSBC, Societe Generale and Unicredit. Books opened at m/s +285 and the deal eventually priced in line at +285. Elsewhere, **BES** printed a E1.75bn senior 5yr at m/s +285. Banca IMI, BES, Calyon, Citi, HSBC and Morgan Stanley led the sale.

In other developments, **Societe des Autoroutes Paris-Rhin-Rhone** joined the pipeline with plans for an inaugural bond. BNP Paribas, HSBC, Natixis, RBS and Societe Generale were mandated as joint leads for the Baa3/BBB- credit.

There was a somewhat surprising flurry of activity in the high yield arena with both Pernod Ricard and Virgin Media in the market. **Pernod Ricard** made headlines and became the first high yield borrower to price a new public euro-denominated benchmark since the summer of 2007. The company priced a E800m 5yr (due 15-Jan-2015) via joint leads Deutsche, Natixis, RBS and Societe Generale. The deal priced at m/s +400, the tight end of revised +400/+425 talk, after initial +425/+400 guidance. Proceeds of the notes will be used to refinance existing short-term and medium term debt. Meanwhile, **Virgin Media** is preparing to unveil a USD650m equivalent senior note. The deal will comprise a USD tranche and a euro portion both due 2016. There are a number of banks involved with the sale: JP Morgan, Deutsche, Goldman Sachs, RBS, BNP Paribas, HSBC and Calyon. The company plans to use proceeds of the sale to prepay senior debt.



Informa Global Market's Bondwatch data tables use end of day CDS spreads supplied by CMA DataVision


BLOOMBERG: IIBW
www.informagm.com
REUTERS: WATCH

 London
 +44 20 7017 5402

 New York
 +1 212 907 5802

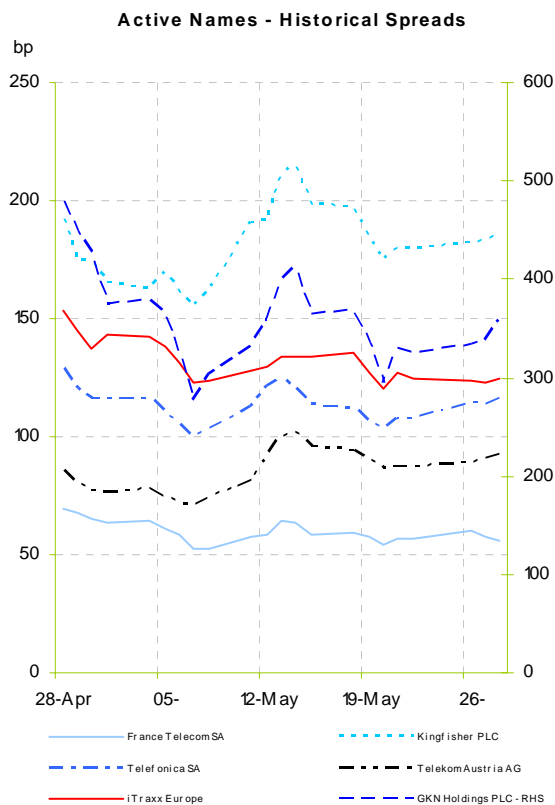
 Tokyo
 +81 3 5210 2468

 Hong Kong
 +852 2234 2000

 Singapore
 +65 6226 3068



European CDS Roundup



Source: CDS data supplied by CMA DataVision

iTraxx Europe 5Y - Series 11	Bid	Offer	Daily Change	Weekly Change	Monthly Change
Crossover	744.00	750.00	6.00	-19.00	-107.00
Hi Vol	241.50	246.50	-1.75	-8.50	-48.75
Europe	124.00	125.00	2.25	-2.75	-28.75
Financial Sen	121.00	123.00	2.50	2.50	-35.25
Financial Sub	217.50	220.50	5.00	11.00	-56.00
Europe 3Y	126.00	131.00	18.00	-3.00	-56.50
Hi Vol 3Y	260.00	266.00	2.50	-6.25	-71.25
Europe 7Y	118.25	120.75	2.25	-3.00	-38.00
Hi Vol 7Y	224.50	230.50	-2.00	-11.00	-21.00

Source: IGM

Credit Market Report (previous trading day)

Treasury sell off feeds fears

iTraxx Update - The CDS indices refused to budge from their recent range, despite a choppy afternoon session in equities. The hot topic for the whole day was the treasury sell off that gathered pace on Wednesday, feeding speculation of a fundamental reassessment of inflation and the implications of the US's escalating debt situation, and in turn a significant rise in the cost of borrowing. The reaction in CDS indices was limited, but the baskets backed away from recent tights. Away from this central story, the afternoon hosted stronger than expected US durable goods total orders up 1.9% m/m vs f/c 0.5%, though revisions put Mar at -2.1% vs a prior -0.8%. Initial jobless claims were also better than expected as new claims fell 13K to 623K vs. f/c of -3K, but continuing claims rose to another record of 6.788mln and new home sales disappointed.

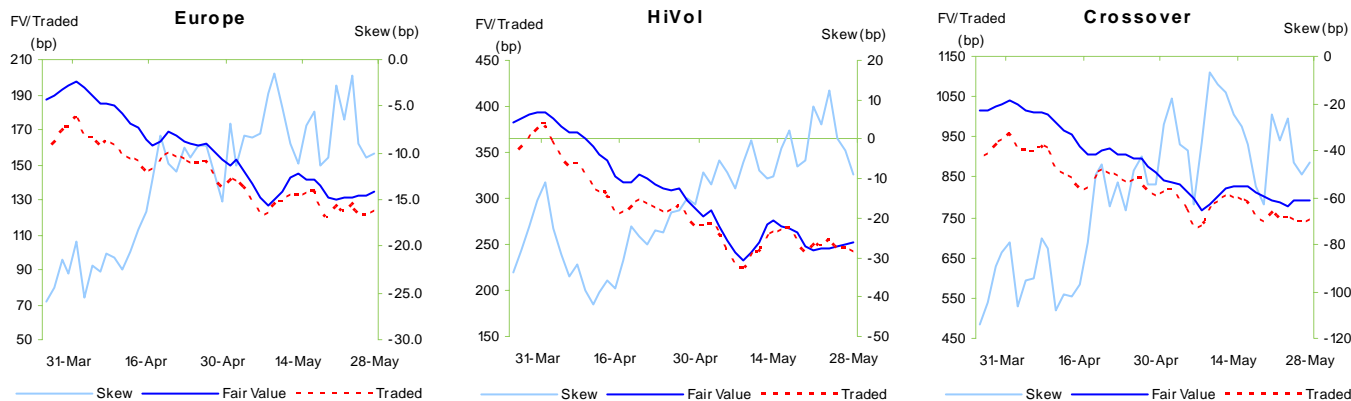
Crossover update - Virgin Media (540/560 -5bp D/D) outperformed on news of its two-part USD 650mln (equivalent) EUR and USD senior deal due 2016, which is a non-call 4Y, to prepay a portion of A and B tranches under its senior credit facility. Traders said that the new issue is credit positive as it will reduce subordination. Virgin Media 5Y CDS was initially marked 15bp tighter, but was pulled wider by the general market move. **Pernod** (328/357 -15bp) priced a EUR 800mln 7% long 5Y deal (due 15-Jan-2015) at mid-swaps +400bp from initial +425-440bp talk. Fitch commented that the company intends to use the proceeds to refinance existing short-term and medium-term debt.

Consumer Update - Tate & Lyle (147/157 +2) posted results in line with expectations with underlying pre-tax profit down 18% at constant currencies to GBP 247mln. The company said that uncertainty made an outlook difficult to predict, but added that the current year had started in line with expectations. **Ahold** (110/120 flat) also showed little reaction to earnings as Q1 EBIT of EUR 396mln (up 18% Y/Y) was broadly in line with expectations. Elsewhere **Tesco** (92.5/102.5 +2.5) crept a touch wider. Moody's changed the retailer's outlook to negative from stable.

Energy update - United Utilities (57/63 flat D/D) unchanged after the company reported a better than expected FY underlying operating profit of GBP 742mln (vs. GBP 726mln Reuters poll), up 10% Y/Y. The company also said its financing position remains robust with headroom to cover projected financing needs through to mid-2011. Despite ongoing pressures, United Utilities expects to deliver a sound underlying financial performance this year.



iTraxx 5Y Fair Value & Skew Charts



Source: IGM

Active Names & Movers

Active Names	Bid	Offer	% D/D	BP D/D	BP W/W	BP M/M	Mean
France Telecom SA	53.3	58.3	-3.0	-1.8	-0.8	-9.3	83.9
GKN Holdings PLC	344.4	372.9	6.5	21.8	29.4	-68.8	699.5
Kingfisher PLC	180.0	191.8	1.8	3.3	5.9	10.9	368.0
Telefonica SA	112.6	119.9	2.4	2.7	8.8	0.2	127.0
Telekom Austria AG	88.0	97.2	1.9	1.8	5.5	15.6	107.5
Large Movers	Bid	Offer	% D/D	BP D/D	BP W/W	BP M/M	Mean
Banco Espirito Santo	127.3	132.3	24.4	25.5	26.9	-8.1	134.0
Michelin	188.8	207.1	12.0	21.2	17.9	-26.2	364.6
Intesa Sanpaolo SpA (sub)	140.3	150.3	11.8	15.3	17.7	-35.8	195.6
Bco Com Portugues	102.9	108.6	11.6	11.0	12.5	-22.8	123.2
Bca Monte Paschi	85.0	90.0	10.9	8.6	13.0	-7.5	116.5
iTraxx	Bid	Offer	% D/D	BP D/D	BP W/W	BP M/M	Mean
iTraxx Europe 5Y	124.1	124.6	1.5	1.8	-3.1	-12.9	166.1

Data from trading on 28-May.

Source: CDS data supplied by CMA DataVision - Mean calculated from data since 01-Sep-08.

Ratings Actions

Date	Entity	Agency	Rating	Action	Comparison	Date
27-May	Grohe Holding	S&P	B-	D/gr fm B, o/l stb	MDY Caa1 neg	31-Mar
27-May	Severstal	S&P	BB	CreditWatch negative	MDY Ba3 neg	27-May
27-May	Severstal	MDY	Ba3	D/gr fm Ba2, o/l neg	S&P BB CW-	27-May
27-May	Tesco Plc	MDY	A3	O/l negative fm stb	S&P A- stb	29-Jul
27-May	ThyssenKrupp	MDY	Baa3	D/gr fm Baa2, o/l neg	S&P BBB RD	20-Mar



Corporate Events Calendar

Date	Time (GMT)	Event Information	5Y CDS Levels	
			Bid	Offer
		Last Updated 16:17 GMT 28-May-09		
29-May	1230	Alcatel-Lucent Q4/FY AGM	755	808
29-May		GlaxoSmithKline PLC Shareholder meeting	61	69
29-May		Intercontinental Q4/FY AGM		
29-May		Severn Trent PLC Earnings release		
01-Jun	1000	Tomkins Plc Q4/FY AGM	228	248
01-Jun		Electricite de France Shareholder meeting	68	74
02-Jun	1000	WPP Group PLC Q4/FY AGM		
02-Jun	1100	Sol Melia SA Shareholder meeting	612	653
02-Jun	1545	Bouygues Q1 Earnings release	126	140
02-Jun	1600	Bayer AG Shareholder meeting	62	68
02-Jun	1630	Bouygues Q1 Conference call	126	140
02-Jun	1700	Ford Motor Co May Sales update		
02-Jun	1800	General Motors Corp May Sales update		
02-Jun		Kingfisher PLC Q1 Trading update	180	192
03-Jun	0700	Havas SA Q4/FY AGM	364	398
03-Jun	1000	Kingfisher PLC Q4/FY AGM	180	192
03-Jun		British Airways PLC May Traffic update	633	667
03-Jun		IKB Q4/FY Guidance	629	679
03-Jun		Peugeot SA Q4/FY AGM	290	313
03-Jun		Rallye SA Shareholder meeting	1350	1514
03-Jun		Vivendi Shareholder meeting	126	139
04-Jun	0700	Wm Morrison Q1 Sales update	47	54
04-Jun	1000	Wm Morrison Q4/FY AGM	47	54
04-Jun	1300	Cie de Saint-Gobain Q4/FY AGM	179	188
04-Jun	1300	Wendel Q4/FY AGM	753	894
04-Jun		ProSiebenSat.1 Media AG Q4/FY AGM	1220	1332
04-Jun		Wal-Mart Stores Inc May Sales update		
05-Jun	0900	SAS AB May Traffic update	798	876
05-Jun	1000	Lloyds TSB Group PLC Q4/FY AGM	161	171
05-Jun	1200	Wal-Mart Stores Inc AGM		
08-Jun		McDonald's Corp May Sales update		
09-Jun	0800	LB Berlin Holding Q4/FY AGM		
09-Jun	0800	Publicis Groupe Shareholder meeting	110	120
09-Jun	1230	Valeo SA Q4/FY AGM	245	260
09-Jun		Electricite de France Shareholder meeting	68	74
09-Jun		Michelin Shareholder meeting	189	207
10-Jun	1000	Iberdrola SA Shareholder meeting	111	125
10-Jun	1230	Home Depot Inc Shareholder meeting		
10-Jun	1830	Caterpillar Inc Q4/FY AGM		

Source: CDS data supplied by CMA DataVision.

BLOOMBERG: IIBW

www.informagm.com

REUTERS: WATCH

London
+44 20 7017 5402

New York
+1 212 907 5802

Tokyo
+81 3 5210 2468

Hong Kong
+852 2234 2000

Singapore
+65 6226 3068



Economic Calendar

Date	Time	Country	Release	Period
(GMT)				
29-May	0600	GER	Retail Sales SA M/M	APR
29-May	0600	GER	Retail Sales NSA Y/Y	APR
29-May	0600	UK	Nationwide Prices M/M	MAY
29-May	0600	UK	Nationwide Prices Y/Y	MAY
29-May	0800	EMU	M3 Y/Y	APR
29-May	0800	EMU	M3 3M MA Y/Y	APR
29-May	0900	EMU	Flash CPI Y/Y	MAY
29-May	1230	US	GDP Prelim Y/Y	Q1
29-May	1230	US	GDP Prel Q/Q	Q1
29-May	1230	US	GDP Impl Deflator Pre	Q1
29-May	1345	US	Chicago PMI	MAY
29-May	1400	US	Final Mich Sentiment	MAY

Disclaimer:

Informa Global Markets obtains information for its analysis from sources it considers reliable, but does not guarantee the accuracy or completeness of its analysis or any information contained therein. Informa Global Markets and its affiliates make no representation or warranty, either express or implied, with respect to the information or analysis supplied herein, including without limitation the implied warranties of fitness for a particular purpose and merchantability, and each specifically disclaims any such warranty. In no event shall Informa Global Markets or its affiliates be liable to clients for any decision made or action taken by the client in reliance upon the information or analyses contained herein, for delays or interruptions in delivery for any reason, or loss of business revenues, lost profits or any indirect, consequential, special or incidental damages, whether in contract, tort or otherwise, even if advised of the possibility of such damages. This material is intended solely for the private use of Informa Global Markets clients, and any unauthorised use, duplication or disclosure is prohibited. This material is not a comprehensive evaluation of the industry, the companies or the securities mentioned, and does not constitute an offer or a solicitation of an offer or a recommendation to buy or sell securities. All expressions of opinion are subject to change without notice.

Bondwatch is *the* one-stop location for real-time analysis of the European investment grade sector, delivering prompt and independent commentary on new issues and market rumours, alongside in-depth CDS and secondary market coverage. Easy-to-navigate pipelines, viewpoints and priced deal information are accompanied by news and analysis of single-name CDS, secondary bonds, indices and standardised basket structures. For more information please contact European Sales - Phone +44 207 017 5402 - Email sales@informagm.com

BLOOMBERG: IIBW

www.informagm.com

REUTERS: WATCH

London
+44 20 7017 5402

New York
+1 212 907 5802

Tokyo
+81 3 5210 2468

Hong Kong
+852 2234 2000

Singapore
+65 6226 3068