

# Bonds Daily

## ABGSC Daily Report - Bonds

### Marine Harvest: Trading update ahead of expectations

MHG reported Q3 operational EBIT of EUR 191m vs. cons. of EUR 189m (Inquiry; ABGSCe EUR 175m). Lower than expected volumes were offset by higher than expected margins. Versus our own estimates, Norway, Chile, Scotland and Ireland delivered better margins than expected while Canada and Faroe Islands performed worse than expected.

Please see ABGSC research web for complete comment.

### Bulk Industrier: Tap issue final after approved summons

The summons announced on 29 September regarding inter alia approval of increasing the max issued amount from NOK 400m to NOK 500m was approved on Friday. The NOK 100m tap issue is therefore successful and the new outstanding amount is now NOK 500m.

### Solstad Offshore: Contract extensions worth NOK ≈80m

Solstad Farstad has agreed contract extensions with clients for the following vessels: CSV 'Normand Pacific', present contract with Prysmian Powerlink Srl, the Prysmian Group's company responsible for the development of the most advanced "turnkey" submarine cable systems, has been extended with 1 year to November/2018. PSV 'Normand Naley', present contract has been extended with 6 months to May/2018 to support the clients operations in Norway.

### Media: Clashes between Iraqi and Kurdish forces as Iraq moves to retake Kirkuk

According to media Iraqi and Kurdish forces has been exchanging fire with heavy weaponry in the area south of the major oil field Kirkuk, as Iraqi forces reportedly is on a move to retake the field from the Kurds. The reactions from the Iraq government follows the 25 September Kurdish independence referendum, where 92.7% voted in favour of independence from Iraq. The oil price is up USD 1.0/bbl since Friday close, with rising geopolitical in Iraq as one of the main drivers. Iraq produced 4.5mill b/d in September. The Kurdish region of Iraq produces about 600kb/d, of about half from the Kirkuk field. DNO's Tawke field is located ~100km north west of DNO's Tawke field. We find the current risk of operating in Iraq is at a very high level, and given the risk DNO appears an unattractive investment currently. This morning DNO reported payment of the 3% override from August revenues from the Tawke field of USD 4.02m, this is the first payment under the new agreement between KRG and DNO. The override payment and the entitlement payment will be made separately.

Stock market	Today	1D	1M	3M	YTD
OSE	723.5	0.4%	5%	11%	16%
SBX	993.6	0.0%	4%	2%	12%
OSX	122.5	-0.1%	-8%	-9%	-35%
VIX	10.1	0.0%	-4%	2%	-15%

#### High Yield Indices (Spread)

Itraxx Xover 5Y	243	-3bp	17bp	7bp	-38bp
Itraxx Xover 3Y	164	-1bp	17bp	9bp	-42bp
BHYUEN	482	1bp	-57bp	-66bp	-13bp
HYG US	386	14bp	-6bp	16bp	-3bp
ABG HY index	416	-1bp	-7bp	-92bp	-346bp

#### Interest Rates Basis points

NIBOR 3M	84	2bp	3bp	-2bp	-29bp
NIBOR 3Y SWAP	123	-2bp	8bp	-3bp	-11bp
NIBOR 5Y SWAP	149	-3bp	11bp	-3bp	-7bp
US L3M	135	-1bp	3bp	5bp	35bp
US LIBOR 3Y SWAP	185	-3bp	17bp	16bp	18bp
US LIBOR 5Y SWAP	198	-4bp	14bp	11bp	4bp

#### Currencies

USD/NOK	7.89	0%	0%	-2%	-8%
EUR/NOK	9.32	0%	0%	0%	3%
SEK/NOK	0.97	0%	-1%	0%	3%

#### Commodities

Oil - Brent (USD/bl)	57.2	2%	4%	17%	1%
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#### Shipping Rates

Baltic Dry Bulk	1485.0	2%	11%	59%	53%
Baltic Tank (Dirty)	903.0	4%	23%	40%	-14%
Baltic Tank (Clean)	563.0	-2%	3%	3%	-35%

Source: Bloomberg

ABGSC HY Index



Source: ABG Sundal Collier

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### US rig count up down 8 from last week, now at 928

The Baker Hughes US rig count is down 8 from last week, now at 928. Oil rigs are down 5 to 743, gas rigs are down 2 to 185, and rigs categorized as miscellaneous is down 1 to 0. The horizontal rig count is down 6 to 786. Onshore rig count is down 6 to 908, while offshore rig count is down 2 to 20. Oil rig count is up 135% from the low point of 316 rigs end of May'16, but down ~54% since peak Oct'14. The Q4'17 average rig count is 1% lower than Q3'17.

### Corporate HY bonds traded in Oslo

Issuer	Ticker	Volume	Price		Time to maturity	Yield
			13/10/2017	Credit spread		
Aker ASA 13/18 FRN	AKER11	6.0m	101.61	100	0.6	1.8%
Aker ASA 15/20 FRN	AKER13	1.0m	103.85	199	2.6	2.8%
American Tanker Inc. 17/22 9,25% USD C	AMTI01	1.0m	99.50	745	4.4	9.6%
Bonheur ASA 14/21 FRN	BON06	8.0m	99.56	362	3.7	4.5%
Exmar Netherlands BV 14/17 FRN	EXMAR01	1.0m	94.88	1,392	1.7	14.8%
Golar LNG Partners LP 17/21 FRN USD	GOLP03	0.8m	99.63	637	3.6	7.7%
IGas Energy Plc 13/18 10,00% USD C	IGAS01	1.4m	100.63	591	3.7	8.0%
J. Lauritzen A/S 12/17 FRN	JLA02	1.0m	100.10	317	0.0	3.9%
ML 33 Holding AS 16/21 5,50%	ML33H01	5.0m	102.30	352	4.2	5.0%
Norwegian Air Shuttle ASA 15/19 7,25% EUR	NAS07	0.1m	100.00	741	2.2	7.4%
Norlandia Health & Care G AS 16/21 FRN C	NHC01	5.0m	100.88	424	4.2	5.1%
REC ASA 11/18 9,75%	REC03	5.5m	96.00	1,679	0.6	17.7%
Siem Offshore Inc. 14/19 FRN	SIOFF02	533.5m	73.00	1,210	4.2	12.9%
Stolt-Nielsen Limited 14/21 FRN	SNI05	18.0m	98.88	370	3.4	4.5%
Teekay Offshore Partners L.P. 12/17 FRN	TOP02	0.7m	102.12	446	1.1	5.3%

Source: ABG Sundal Collier, company data

## Analyst certification

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When evaluating the credit risk of the issuer, we look at credit ratios, management and corporate strategy, business risk, industry risk and management risk appetite. Further, we look at dividend and financial policies. From this analysis and after an assessment of the asset values as well as any potential structural subordination, ABG Sundal Collier also estimates the company's default probability and the bond's recovery rate.

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All prices are as of market close on 15 October, 2017 unless otherwise noted.

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