

# Fixed Income Monthly

## Central Banks to Play a Big Part Again in 2021

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In 2020 Central Banks around the globe kicked into action to try and offset the economic woes caused by COVID-19. The ongoing pandemic and the removal of supportive schemes, such as wage subsidies, is likely to see Central Banks continue to play a pivotal part in economies in 2021. New Zealand is no different with the Reserve Bank of New Zealand (RBNZ) providing plenty of liquidity and cheap funding, impacting interest rates.

### Latest round of Central Bank meetings ...

Over the past couple of weeks many of the world's major Central Banks have held their first policy meetings of 2021. With global transport and trade still severely impacted and emergency fiscal support coming to an end, ultra loose (or even looser) monetary policy is likely to feature again in 2021. This was evident just this week with The Reserve Bank of Australia announcing that it will print another A\$100bn to buy government debt (A\$5bn per week).

After a decade of trying to create inflation, there is a chance that as a result of Central Bank policies over the last year inflation may actually have been created. If so, this will make Central Bank decisions even more difficult given the reluctance to raise interest rates.

### Negative interest rates 'off the table' in 2021?

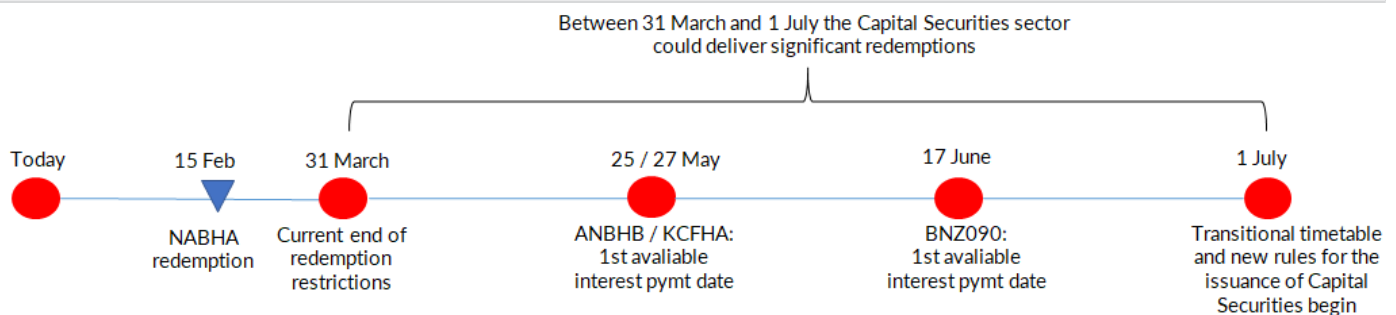
The RBNZ continually mentioned a negative Official Cash Rate (OCR) may occur in 2021, despite many warning against such a move. The RBNZ is likely provide some insight on 24 February when it releases its first Monetary Policy Statement of the year. This is a highly anticipated statement given the deadline the RBNZ placed on itself, around a March 2021 deadline for the market to be ready for negative interest rates.

In Denmark, where interest rates went negative back in 2012 and have remained there ever since then, banks are now offering 20 year fixed rate mortgages at 0%! Whilst this may seem extraordinary in New Zealand, in Denmark, negative short-term mortgage rates have existed for sometime now, illustrating how hard it is to unwind the negative interest rate scenario.

### Plenty to watch for in 1H21

2021 has the potential to be very interesting for New Zealand fixed income investors with a new regime around bank Capital Securities coming into force from 1 July. Will we see new issuance? Alongside the new regime is the beginning of the transitional timetable, which will negatively impact the existing crop of bank Capital Securities (ANBHB, KCFHA, ABB050 and BNZ090), incentivising banks to redeem prior to 1 July if the RBNZ permit.

**Figure 1. Fixed Income investors should be conscious of possible redemptions in Q2 of 2021**



Source: Forsyth Barr analysis

## A perfect storm is brewing

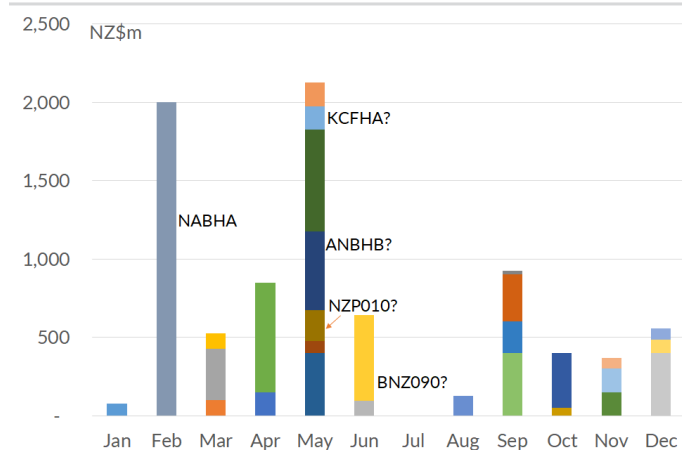
The influence of the RBNZ in the New Zealand bond market goes deeper than setting interest rates, buying New Zealand Government Bonds (NZGBs) and printing money. While the Central Bank has been busy trying to influence interest rates through its quantitative easing programme since the COVID-19 pandemic began in March 2020, it is its other policies around bank capital that may impact the retail bond market in 2021. There are a couple of key dates that could determine the state of the NZDX in the coming months. 31 March 2021 and 1 July 2021 (and everything in between – see Figure 1, previous page).

Part of the RBNZ's COVID-19 response was to halt the redemption of bank Capital Securities until at least 31 March 2021. These subordinated securities make up part of a bank's capital structure and are commonly held by mum and dad investors. Up until Kiwibank's recent (December 2020) Tier 2 issue, there had been somewhat of a hiatus from issuance in this sector as the RBNZ conducted a Capital review. Banks that are impacted by the RBNZ's decision to halt redemptions are Kiwibank (KCSHA), Bank of New Zealand (BNZ090) and ANZ (ANBHB). All of these securities would have most likely been redeemed on their first available call date if allowed, however, the redemption restrictions forced a 'rollover'.

### Where to from here?

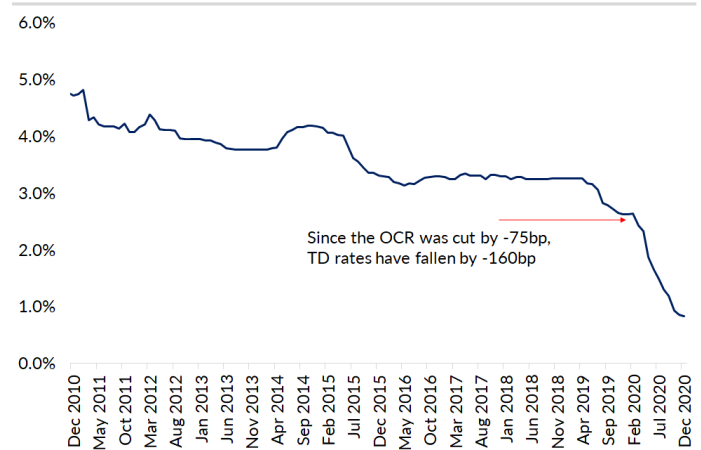
The key question for investors and the NZDX is what is likely to happen post 31 March 2021, and before the new Capital Securities regime begins on 1 July 2021. The reason that 1 July is an important date is twofold; firstly this is when banks will be able to issue Capital Securities under the new rules (RBNZ currently seeking feedback) and secondly, any existing Capital Securities on issue post 1 July 2021, will incur a -12.5% p.a. haircut in terms of its capital contribution. This is particularly harsh for the likes of BNZ090 (if still on issue) as it already has incurred a -20% haircut for not being redeemed in December 2020 (i.e. this means of the NZ\$550m on issue, only NZ\$440m of it contributes to BNZ's regulatory capital position).

**Figure 2. It could be a busy May 2021**



Source: Forsyth Barr analysis

**Figure 3. Six month term deposit rate**



Source: Forsyth Barr analysis, RBNZ

### NABHA to add further pressure

Another significant impact for New Zealand fixed income investors is the redemption of National Australia Bank's (NAB) long running Capital Security – NABHA. With NAB shareholders giving the bank the thumbs up to redeem and many New Zealand investors holders of NABHA, NAB wasted no time in announcing that it will redeem the A\$2bn issue on 15 February.

### Term deposits offer no parking spots (Figure 3)

In the past when bond redemptions outweighed supply, surplus funds often found a temporary home in a bank term deposit. However, with term deposits now offering a negative real return, this is not really a viable option.

There is of course no guarantee that all of the above will play out but it will only take a couple of redemptions of these large Capital Securities to place price pressure on an already expensive NZDX.

## News

**Arvida Group (ARV)** – announced it is undertaking an offer of up to NZ\$125m of secured unsubordinated bonds. The Bonds are to be quoted on the NZDX and have a term of seven years. The offer opens on 9 February.

**The Australian Office of Financial Management (AOFM)** lowered its planned borrowing programme for 2020/2021 by A\$10bn given solid economic data.

**Fonterra (FCG)** – raised its 2020/21 forecast Farmgate Milk Price from NZ\$6.70–\$7.30 per KgMS to NZ\$6.90–\$7.50 per kgMS after strong recent demand for dairy.

**Funding for Lending Programme (FLP)** – It didn't take too long for New Zealand banks to utilise the ultra cheap funding offered by the RBNZ via the FLP. To date, NZ\$1.04bn has been drawdown by banks despite the FLP receiving significant criticism from the banks that such a programme was not required. What is supposed to happen now is that lending rates (mortgage rates etc) are supposed to fall, which is the measure of success for the RBNZ.

**Infratil (IFT)** – announced the independent valuation of its key asset, CDC Data Centres (of which IFT owns 48.1%). The valuation increased from A\$1,597–A\$1,807m as at 30 September 2020, to A\$2,039–A\$2,334m.

**NABHA** – will be redeemed on 15 February 2021. NABHA was issued in 1999 and was the subject of new Bank Capital rules established by the Australian Prudential Regulation Authority (APRA) post the Global Financial Crisis (GFC).

**The New Zealand Debt Management Office (DMO)** lowered its borrowing programme for 2020/2021 by NZ\$5bn due to the economic landscape not being as bad as when the DMO made its earlier forecasts. The DMO has also lowered its borrowing requirement by NZ\$5bn per year in 2022, 2023 and 2024.

**NZX** – The monthly shareholders metrics released by the NZX illustrate the growth of the NZDX. The market capitalisation of the NZDX increased by +13.5% in the 12 months to 31 December 2020, with the total number of trades on the NZDX up +13.9%. In terms of new listings, however, the amount of new NZDX listings over 2020 fell by -17.3%.

**Trustpower (TPW)** – announced that it is considering a structural separation by selling off its retail business to concentrate on generation only.

**Westpac (Australia)** – printed the first Tier two issue of 2021. WBC raised A\$1.25bn via 5+5 subordinated issue. The issue margin was 155bp.

**New Zealand's unemployment rate** – for the December quarter was far better than forecast (5.3% to 5.6%) coming in at 4.9%. This places some pressure on the RBNZ which in the last couple of weeks has seen both its employment and inflation targets met (or almost).

**New Zealand's Q4 inflation rate** was higher than expected at 0.5% q/q taking the annual inflation rate to 1.4%. The RBNZ's internal measure of inflation sits around 1.8%.

The above two data points has seen the market swing widely back into the "**OCR hike camp**". In September 2020 the market was forecasting the OCR to be -0.30% by Q4 of 2021, after both encouraging inflation and employment data the market now forecasts a 55% chance of an OCR hike by year's end.

## What to look for over the next month...

**RBNZ** – The first Monetary Policy Statement will be delivered on 24 February 2021 at 2pm.

## Credit Spreads

The yield on a fixed income security is made up of two components. Firstly, the underlying interest rate i.e. the swap rate or Government Bond rate, which matches the bond's maturity. Secondly, the yield also contains a credit spread. This credit spread is the measure (usually measured in basis points) of the credit risk of the corporate issuer. The higher the credit spread the riskier the corporate and therefore the higher the yield on the corporate bond. Each component can move independently of each other.

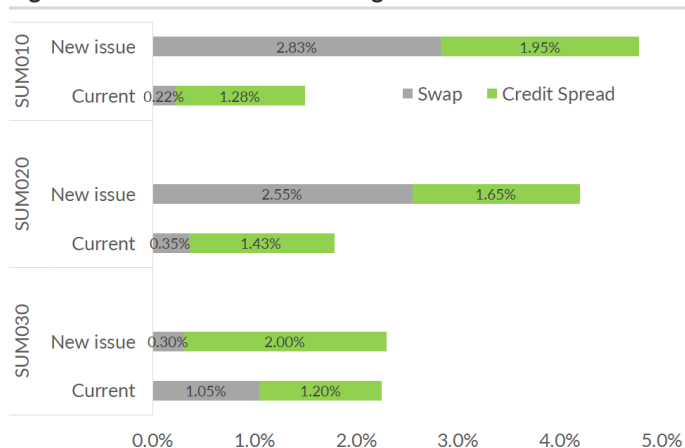
### An example...

Using Aged Care operator Summerset (SUM) as an example in the chart below we can see how interest rates (swap) and credit spreads have moved over time. In July 2017 SUM first came to the market issuing 7 years bonds at a credit spread of 1.95% (or 195bp) over the 7 year swap rate of 2.83%. SUM soon followed with a second identical bond in September 2018 at a credit spread of 1.65% (indicating a lower credit risk associated with SUM) on top of the 7 year swap rate of 2.55%, however, post the COVID-19 lockdown where credit spreads widened (indicating credit risk had increased) and interest rates fell, SUM's third bond saw its issue credit spread rise to 2.00% but the 7 year swap rate had fallen significantly to just 0.30%.

Therefore, in three years we have seen the credit spread on SUM (i.e. the credit risk the market attaches to SUM) remain fairly unchanged. However, interest rates have fallen from 2.83% to 0.30% over that period, delivering likely gains for fixed income investors.

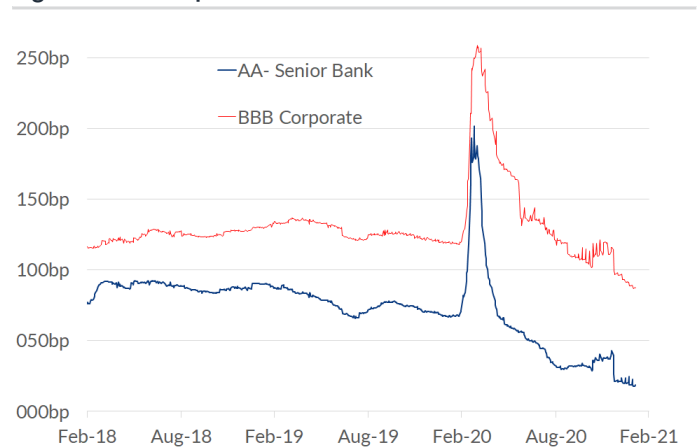
Looking specifically at SUM030 is a great example of how the two components work independently of each other. The yield on SUM030 is currently only -5bp lower than when the bond was issued in September 2020 because interest rates have risen (0.30% to 1.05%), whereas the credit spread has contracted (2.00% to 1.20%) indicating the market sees less risk in SUM than when it first issued SUM030.

**Figure 4. Summerset — a mixed bag**



Source: Forsyth Barr analysis, Refinitiv

**Figure 5. Credit Spreads**



Source: Forsyth Barr analysis, Bloomberg

### So what happens now?

Figure 5 highlights the impact of the March 2020 market meltdown on credit, however, it also illustrates the sharp tightening in credit spreads post March after the Central Banks stepped into the markets via various intervention programmes. Once the US Federal Reserve said it would buy corporate credit in the US (the first time it has done so), corporate risk was severely reduced and credit spreads have continued to tighten ever since.

### Any room to move lower?

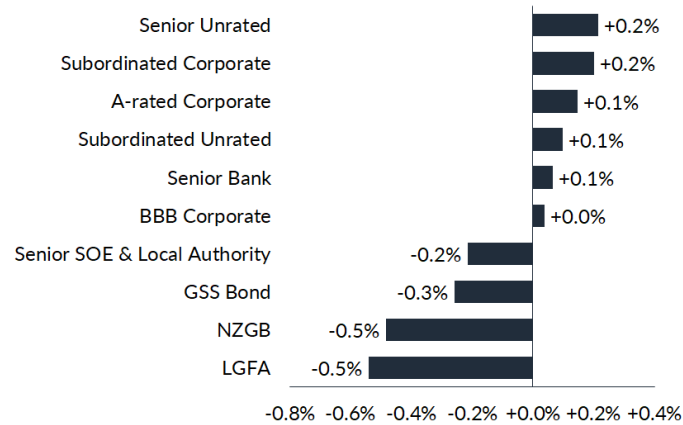
With some form of normality creeping back into the markets it would seem unlikely that a big move in credit spreads (either wider or tighter) would occur in the short term unless there is another major global shock). Even if a corporate was to default it may be largely ignored as being a "COVID casualty" and not seen as anything more systemic.

Investors have had a decent wake-up call as to how things can go wrong and how quickly a corporate borrower may find itself in need of some debt/covenant relief. Risk still needs to be priced accordingly, regardless of any Central Bank perceived backstop.

## Performance

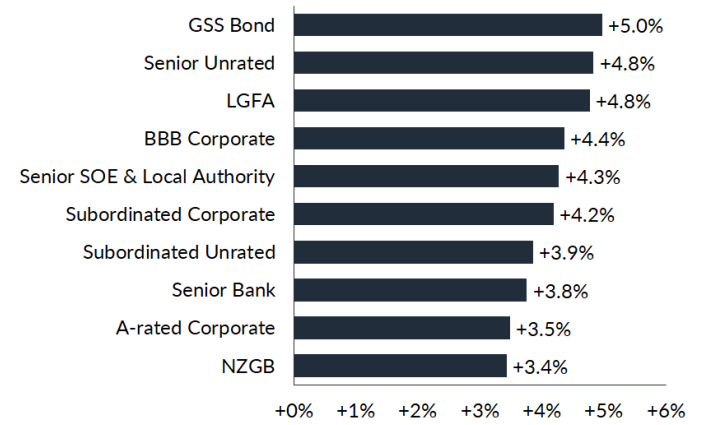
In Figures 6, 7 and 8 below we present the returns of select New Zealand bond sectors. The constituents of each sector are equally weighted and determined by us. The underlying total returns data is provided by Refinitiv Datastream.

**Figure 6. One month total return**



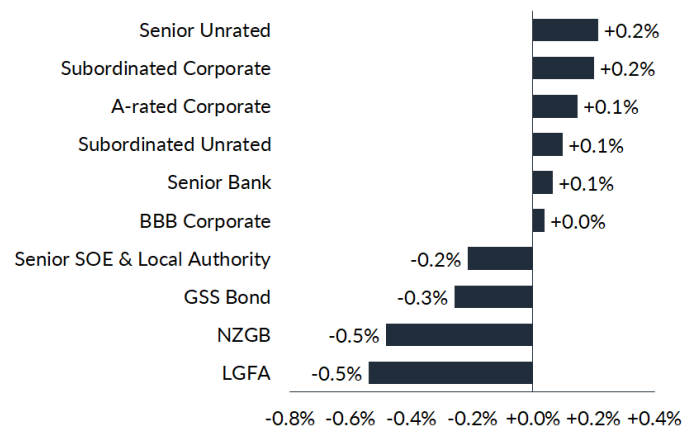
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds.

**Figure 7. One year total return**



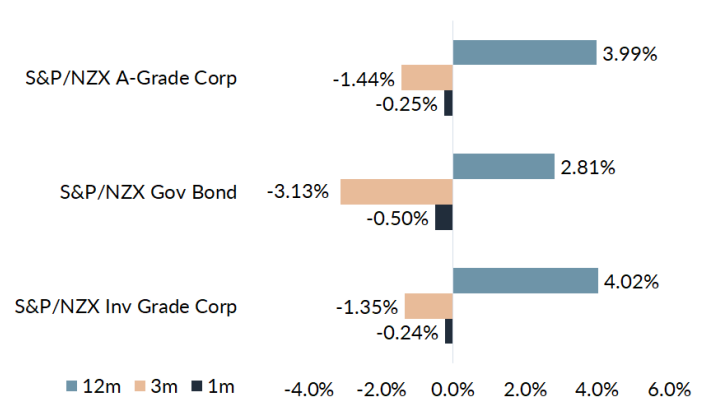
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds

**Figure 8. Calendar year to date total return**



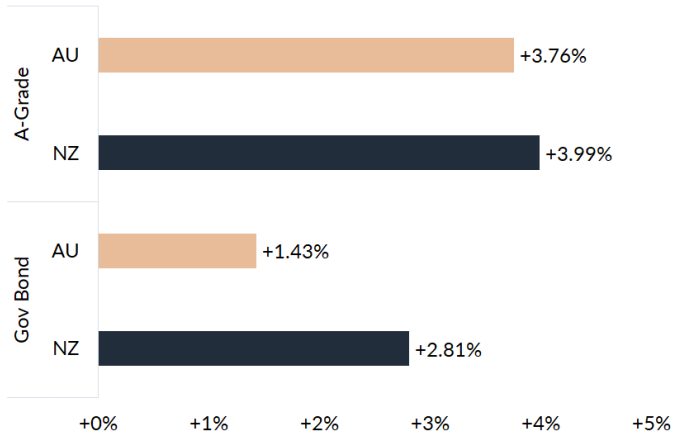
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds

**Figure 9. NZ benchmark performance**



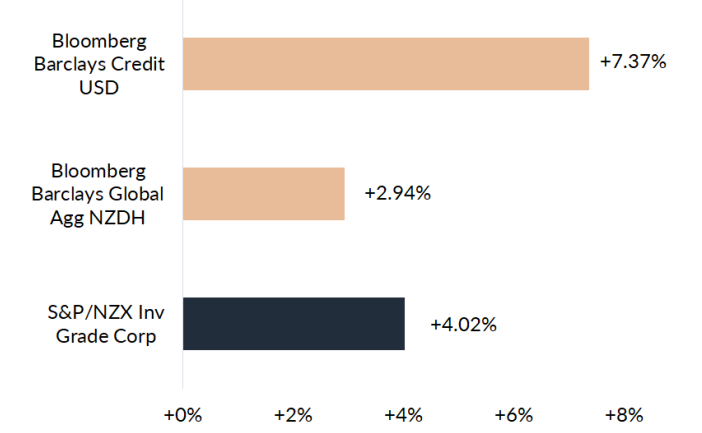
Source: Forsyth Barr analysis, Refinitiv

**Figure 10. Aus vs NZ benchmark performance (12mths)**



Source: Forsyth Barr analysis, Refinitiv

**Figure 11. Global benchmark performance (12mths)**



Source: Forsyth Barr analysis, Refinitiv, Bloomberg. NZDH= New Zealand dollar hedged.

## Reset Securities / Capital Bonds / Capital Securities

### Capital Bonds

Capital Bonds are fixed income securities that provide intermediate equity credits for their respective issuers. This means that the credit rating agencies only count 50% of the face value in their debt calculations. These securities are predominately used by companies that are unable to raise common equity.

**Figure 12. Capital bonds**

Issuer / Security	NZX Code	Closing Prices	Coupon	Freq	Next Reset	Yield to 1st reset	Reset Margin	Current Margin	Security Rating
Mercury NZ	MCY020	\$1.049	3.60%	Qtly	11/07/24	2.20%	2.35%	1.62%	BB+
NZ Post	NZP010	\$1.034	4.23%	Semi	15/11/24	3.55%	3.00%	2.92%	BB+
Genesis Energy	GNE040	\$1.056	5.70%	Qtly	09/06/22	2.19%	2.75%	1.88%	BB+
Insurance Aust. Group	IAGFB	\$1.046	5.15%	Qtly	15/06/22	2.27%	2.60%	1.96%	BBB
Vector Limited	VCT080	\$1.053	5.70%	Semi	15/06/22	2.38%	2.75%	2.07%	BB+
Genesis Energy	GNE050	\$1.060	4.65%	Qtly	16/07/23	2.25%	2.26%	1.82%	BB+

Source: Forsyth Barr analysis

### Bank Capital Securities

The Bank Capital Sector has been one of change with numerous changes in capital definitions etc post the GFC. We now find ourselves back to where we were prior to the GFC with plain vanilla Bank Capital securities expected to be back on the menu from 1 July.

The ongoing Bank Capital redemption restrictions and impending new Bank Capital rules mean it is an uncertain time for the sector when investors are trying to establish a maturity date for the 'old' securities.

**Figure 13. Bank Capital Securities**

Issuer / Security	NZX Code	Closing Prices	Coupon	Freq	Next Reset	Yield to reset	Current Margin	Security Rating	Type
ANZ	ANBHB	\$1.000	3.75%	Qtly	25/05/22	4.37%	4.06%	BBB-	Tier 1
KiwiBank	KCFHA	\$1.010	3.99%	Qtly	27/05/22	3.87%	3.56%	BB-	Tier 1
ASB Sub Notes #2	ABB050	\$1.037	5.25%	Qtly	15/12/21	1.75%	n/a	BBB+	Tier 2
BNZ Sub Notes	BNZ090	\$1.006	2.73%	Qtly	17/12/25	2.69%	1.89%	BBB+	Tier 2
KiwiBank	KWB010	\$1.014	2.36%	Qtly	11/12/25	2.15%	1.35%	Baa3	Tier 2
Westpac	WBC010	\$1.026	4.70%	Qtly	01/09/21	1.65%	n/a	BBB+	Tier 2

Source: Forsyth Barr analysis

### Reset Securities

The sector below is predominately securities that were issued pre Global financial Crisis (GFC) and hence low reset margins and prices well below par are common. Liquidity is also an issue for many of the securities below.

**Figure 14. Reset securities**

Security	NZX Code	Closing Prices	Coupon	Next Reset	Running Yield*	Reset Margin	Current Margin	Security Rating	Comment
Fonterra	FCGHA^	\$0.990	2.47%	10/07/21	2.49%	2.20%	2.24%	BBB+	Illiquid - FCG own majority
Infratil	IFTHA	\$0.665	1.71%	15/11/21	2.57%	1.50%	2.77%	n/r	Very low reset margin
Infratil	IFTHC	\$1.000	2.75%	15/12/21	2.75%	2.50%	2.51%	n/r	Low reset margin - 0% floor
Motor Trade Finance	MTFHC	\$0.510	2.52%	30/09/21	4.94%	2.40%	5.68%	n/r	Illiquid - Small issue (\$38m)
Nufarm Finance	NFFHA	\$0.860	4.01%	16/04/21	4.66%	3.90%	4.78%	B	Can be volatile - good reset margin (390bp)
Quayside Holdings	QLLHA	\$1.000	2.46%	12/03/23	2.46%	1.70%	1.73%	n/r	Good credit but low reset margin (3 yearly)
Works Infra. Finance	WKSFA	\$1.035	4.32%	15/06/21	4.17%	4.05%	3.91%	n/r	Attractive 405bp annual reset margin

Source: Forsyth Barr analysis, ^reset over the 1yr NZGB, \*running yield = current coupon / current price

**Figure 15. NZDX bonds**

<b>Bank Senior</b>									
<b>Issuer</b>	<b>Code</b>	<b>Rating</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Bid</b>	<b>Offer</b>	<b>Last</b>	<b>Price</b>	<b>Last Traded</b>
ASB Bank	ABB040	AA-	26/05/2021	4.25%	No Bid	No Offer	0.34%	102.02	4/02/2021
ASB Bank	ABB060	AA-	24/02/2022	4.20%	No Bid	No Offer	0.38%	105.89	29/01/2021
ASB Bank	ABB070	AA-	7/09/2023	3.31%	No Bid	0.55%	0.59%	108.34	29/01/2021
ASB Bank	ABB080	AA-	19/08/2024	1.83%	No Bid	No Offer	0.60%	105.14	28/01/2021
ANZ Bank	ANB110	AA-	22/03/2021	4.00%	No Bid	No Offer	0.37%	101.95	3/02/2021
ANZ Bank	ANB120	AA-	2/09/2021	3.33%	No Bid	No Offer	0.34%	103.13	3/02/2021
ANZ Bank	ANB130	AA-	1/09/2023	3.71%	No Bid	No Offer	0.65%	109.39	4/02/2021
ANZ Bank	ANB140	AA-	1/09/2022	3.75%	No Bid	0.38%	0.39%	106.86	26/01/2021
ANZ Bank	ANB150	AA-	30/05/2023	3.70%	No Bid	No Offer	0.58%	107.86	4/02/2021
ANZ Bank	ANB160	AA-	20/03/2024	3.03%	No Bid	0.58%	0.65%	108.49	1/02/2021
BNZ Bank	BNZ110	AA-	15/06/2023	4.10%	No Bid	0.51%	0.62%	108.73	4/02/2021
BNZ Bank	BNZ120	AA-	27/07/2022	3.86%	No Bid	0.40%	0.39%	105.18	25/01/2021
BNZ Bank	BNZ130	AA-	16/11/2023	3.65%	No Bid	No Offer	0.67%	109.00	4/02/2021
BNZ Bank	BNZ140	AA-	29/01/2025	2.16%	No Bid	No Offer	0.98%	104.65	4/02/2021
Heartland Bank	HBL010	BBB	21/09/2022	4.50%	1.25%	No Offer	1.13%	107.12	4/02/2021
Heartland Bank	HBL020	BBB	12/04/2024	3.55%	1.24%	No Offer	1.24%	108.33	4/02/2021
<b>Local Authority</b>									
<b>Issuer</b>	<b>Code</b>	<b>Rating</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Bid</b>	<b>Offer</b>	<b>Last</b>	<b>Price</b>	<b>Last Traded</b>
Auckland Council	AKC100	AA	27/07/2026	3.34%	No Bid	1.00%	1.10%	111.93	29/01/2021
Auckland Council	AKC110	AA	27/06/2023	3.17%	No Bid	No Offer	1.17%	107.07	3/03/2020
Chch City Holdings	CCH010	AA-	6/12/2022	3.40%	No Bid	0.66%	0.85%	105.19	29/01/2021
Chch City Holdings	CCH020	AA-	27/11/2024	3.58%	No Bid	0.93%	0.93%	110.59	4/02/2021
Local Govt Funding	LGF040	AA+	15/05/2021	6.00%	No Bid	No Offer	0.32%	102.90	22/01/2021
Local Govt Funding	LGF090	AA+	14/04/2022	2.75%	No Bid	No Offer	0.37%	103.67	27/01/2021
Local Govt Funding	LGF050	AA+	15/04/2023	5.50%	0.49%	0.40%	0.49%	112.61	4/02/2021
Local Govt Funding	LGF100	AA+	15/04/2024	2.25%	No Bid	No Offer	0.50%	106.20	13/01/2021
Local Govt Funding	LGF070	AA+	15/04/2025	2.75%	No Bid	No Offer	0.72%	109.21	2/02/2021
Local Govt Funding	LGF120	AA+	15/04/2026	1.50%	No Bid	No Offer	0.91%	103.45	2/02/2021
Local Govt Funding	LGF060	AA+	15/04/2027	4.50%	No Bid	No Offer	1.03%	122.15	2/02/2021
Local Govt Funding	LGF110	AA+	20/04/2029	1.50%	No Bid	No Offer	1.50%	100.50	4/02/2021
Local Govt Funding	LGF080	AA+	14/04/2033	3.50%	No Bid	No Offer	1.94%	117.98	4/02/2021
<b>Corporate Senior (Energy)</b>									
<b>Issuer</b>	<b>Code</b>	<b>Rating</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Bid</b>	<b>Offer</b>	<b>Last</b>	<b>Price</b>	<b>Last Traded</b>
Contact Energy	CEN030	BBB	15/11/2021	4.40%	No Bid	0.60%	0.59%	103.93	3/02/2021
Contact Energy	CEN040	BBB	15/11/2022	4.63%	No Bid	No Offer	0.92%	106.42	4/02/2021
Contact Energy	CEN050	BBB	15/08/2024	3.55%	No Bid	1.20%	1.33%	108.43	3/02/2021
Genesis Energy	GNE030	BBB+	18/03/2022	4.14%	No Bid	No Offer	0.71%	105.41	4/02/2021
Mercury Energy	MCY030	BBB+	14/09/2027	1.56%	1.90%	1.60%	1.60%	100.37	3/02/2021
Meridian Energy	MEL030	BBB+	14/03/2023	4.53%	0.95%	No Offer	0.95%	109.23	3/02/2021
Meridian Energy	MEL040	BBB+	20/03/2024	4.88%	1.20%	1.10%	1.10%	113.41	29/01/2021
Meridian Energy	MEL050	BBB+	27/06/2025	4.21%	1.55%	1.35%	1.48%	112.02	3/02/2021
Trustpower	TPW140	n/r	15/12/2021	5.63%	No Bid	1.60%	1.48%	104.35	4/02/2021
Trustpower	TPW150	n/r	15/12/2022	4.01%	1.65%	1.50%	1.65%	104.89	3/02/2021
Trustpower	TPW170	n/r	22/02/2024	3.97%	2.30%	2.20%	2.20%	106.04	4/02/2021
Trustpower	TPW180	n/r	29/07/2026	3.35%	2.25%	2.14%	2.24%	105.80	4/02/2021
Transpower	TRP030	AA-	30/06/2022	4.30%	No Bid	0.34%	0.41%	105.85	28/01/2021
Transpower	TRP040	AA-	16/09/2022	4.07%	No Bid	No Offer	0.50%	107.29	25/01/2021
Transpower	TRP050	AA-	6/03/2025	3.82%	No Bid	No Offer	1.00%	112.86	3/02/2021
Transpower	TRP060	AA-	14/03/2024	2.73%	0.71%	No Offer	0.68%	107.34	19/01/2021
Transpower	TRP070	AA-	4/09/2025	1.74%	1.15%	No Offer	1.11%	103.53	4/02/2021
Vector	VCT090	BBB	27/05/2025	3.45%	1.60%	1.45%	1.52%	108.70	4/02/2021

Source: Forsyth Barr analysis, Refinitiv

**Figure 16. NZDX Bonds**

<b>Corporate Senior (Property)</b>									
<b>Issuer</b>	<b>Code</b>	<b>Rating</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Bid</b>	<b>Offer</b>	<b>Last</b>	<b>Price</b>	<b>Last Traded</b>
Argosy Property	ARG010	n/r	27/03/2026	4.00%	2.35%	2.22%	2.21%	109.14	4/02/2021
Argosy Property	ARG020	n/r	29/10/2026	2.90%	2.50%	2.32%	2.32%	103.19	4/02/2021
Argosy Property	ARG030	n/r	27/10/2027	2.20%	No Bid	2.40%	2.40%	98.82	3/02/2021
Goodman Property	GMB030	BBB+	23/06/2022	5.00%	No Bid	1.05%	1.15%	105.86	3/02/2021
Goodman Property	GMB040	BBB+	31/05/2024	4.54%	1.35%	No Offer	1.35%	111.16	4/02/2021
Goodman Property	GMB050	BBB+	1/09/2023	4.00%	1.18%	No Offer	1.18%	108.84	3/02/2021
Investore Property	IPL010	n/r	18/04/2024	4.40%	2.05%	No Offer	2.00%	107.66	4/02/2021
Investore Property	IPL020	n/r	31/08/2027	2.40%	2.50%	2.25%	2.50%	99.87	4/02/2021
Kiwi Property Group	KPG010	BBB+	20/08/2021	6.15%	1.40%	1.26%	1.50%	105.31	29/01/2021
Kiwi Property Group	KPG020	BBB+	7/09/2023	4.00%	1.70%	1.60%	1.55%	107.85	3/02/2021
Kiwi Property Group	KPG030	BBB+	19/12/2024	4.33%	2.00%	1.78%	1.87%	109.73	4/02/2021
Kiwi Property Group	KPG040	BBB+	12/11/2025	4.06%	2.05%	No Offer	1.85%	111.01	4/02/2021
Precinct Property	PCT010	n/r	17/12/2021	5.54%	1.50%	No Offer	1.45%	104.25	3/02/2021
Precinct Property	PCT020	n/r	27/11/2024	4.42%	2.05%	1.95%	2.03%	109.59	4/02/2021
Property for Industry	PFI010	n/r	28/11/2024	4.59%	1.85%	1.70%	1.73%	111.40	2/02/2021
Property for Industry	PFI020	n/r	1/10/2025	4.25%	2.00%	No Offer	1.95%	110.62	3/02/2021
<b>Corporate Senior (Other - unrated)</b>									
<b>Issuer</b>	<b>Code</b>	<b>Rating</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Bid</b>	<b>Offer</b>	<b>Last</b>	<b>Price</b>	<b>Last Traded</b>
SKY Network TV	SKT020	n/r	31/03/2021	6.25%	No Bid	5.25%	5.34%	100.77	3/02/2021
Ryman Healthcare	RYM010	n/r	18/12/2026	2.55%	2.40%	2.18%	2.36%	101.41	4/02/2021
Summerset	SUM010	n/r	11/07/2023	4.78%	1.75%	1.60%	1.60%	107.92	4/02/2021
Summerset	SUM020	n/r	24/09/2025	4.20%	2.20%	2.00%	2.05%	109.98	3/02/2021
Summerset	SUM030	n/r	21/09/2027	2.30%	2.30%	2.25%	2.30%	100.32	4/02/2021
Oceania Healthcare	OCA010	n/r	19/10/2027	2.30%	2.45%	2.30%	2.45%	99.21	4/02/2021
Metlifecare	MET010	n/r	30/09/2026	3.00%	2.50%	2.35%	2.35%	103.76	4/02/2021
Z Energy	ZEL040	n/r	1/11/2021	4.01%	1.47%	1.40%	1.47%	101.92	4/02/2021
Z Energy	ZEL050	n/r	1/11/2023	4.32%	1.85%	1.60%	1.66%	107.18	4/02/2021
Z Energy	ZEL060	n/r	3/09/2024	4.00%	1.80%	1.70%	1.80%	108.33	4/02/2021
<b>Corporate Senior (Other - rated)</b>									
<b>Issuer</b>	<b>Code</b>	<b>Rating</b>	<b>Maturity</b>	<b>Coupon</b>	<b>Bid</b>	<b>Offer</b>	<b>Last</b>	<b>Price</b>	<b>Last Traded</b>
Auckland Int'l Airport	AIA130	A-	28/05/2021	5.52%	No Bid	No Offer	0.60%	102.57	3/02/2021
Auckland Int'l Airport	AIA200	A-	9/11/2022	4.28%	No Bid	0.90%	0.97%	106.79	2/02/2021
Auckland Int'l Airport	AIA210	A-	2/11/2023	3.97%	No Bid	No Offer	1.24%	108.38	4/02/2021
Auckland Int'l Airport	AIA220	A-	17/04/2023	3.64%	1.10%	No Offer	1.10%	106.60	3/02/2021
Auckland Int'l Airport	AIA230	A-	10/10/2024	3.51%	No Bid	1.26%	1.41%	108.65	4/02/2021
Air New Zealand	AIR020	n/r	28/10/2022	4.25%	2.90%	2.70%	2.85%	103.50	3/02/2021
Chch Int'l Airport	CHC010	BBB+	24/05/2024	4.13%	1.75%	1.62%	1.67%	108.69	3/02/2021
Chorus	CNU010	BBB	6/05/2021	4.12%	No Bid	0.75%	0.73%	100.86	4/02/2021
Chorus	CNU020	BBB	6/12/2028	4.35%	1.80%	1.66%	1.76%	107.89	4/02/2021
Chorus	CNU030	BBB	2/12/2027	1.98%	2.00%	1.88%	2.03%	100.09	4/02/2021
Chorus	CNU040	BBB	2/12/2030	2.51%	2.75%	2.51%	2.72%	98.72	4/02/2021
Fonterra	FCG030	A-	20/10/2021	4.33%	No Bid	No Offer	0.60%	103.90	3/02/2021
Fonterra	FCG040	A-	7/03/2023	4.42%	0.92%	No Offer	0.92%	109.06	4/02/2021
Fonterra	FCG050	A-	14/11/2025	4.15%	No Bid	1.10%	1.45%	113.37	4/02/2021
Spark Finance	SPF560	A-	10/03/2023	4.51%	No Bid	No Offer	0.81%	108.39	4/02/2021
Spark Finance	SPF570	A-	7/09/2026	3.94%	1.25%	1.15%	1.25%	115.16	4/02/2021
Spark Finance	SPF580	A-	25/03/2022	3.37%	No Bid	0.90%	0.98%	107.82	4/02/2021
Wgtn Int'l Airport	WIA020	n/r	15/05/2021	6.25%	No Bid	No Offer	1.63%	102.69	4/02/2021
Wgtn Int'l Airport	WIA030	n/r	12/05/2023	4.25%	1.85%	1.70%	1.85%	106.30	3/02/2021
Wgtn Int'l Airport	WIA040	n/r	5/08/2024	4.00%	2.05%	1.85%	1.85%	107.28	4/02/2021
Wgtn Int'l Airport	WIA050	BBB	16/06/2025	5.00%	2.09%	No Offer	1.90%	113.57	27/01/2021
Wgtn Int'l Airport	WIA060	n/r	1/04/2030	4.00%	2.60%	2.25%	2.37%	107.80	3/02/2021
Wgtn Int'l Airport	WIA070	n/r	14/08/2026	2.50%	2.50%	2.30%	2.50%	99.97	4/02/2021

Source: Forsyth Barr analysis, Refinitiv

**Figure 17. NZDX Bonds**

Corporate Subordinated									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
NZX Ltd	NZX010	n/r	20/06/2023	5.40%	2.60%	No Offer	2.60%	107.11	2/02/2021
Refining NZ	NZR010	n/r	1/03/2024	5.10%	6.50%	6.00%	6.50%	98.35	2/02/2021
Infratil	IFT220	n/r	15/06/2021	4.90%	3.25%	No Offer	3.25%	101.32	4/02/2021
Infratil	IFT190	n/r	15/06/2022	6.85%	3.10%	2.90%	3.10%	105.95	3/02/2021
Infratil	IFT240	n/r	15/12/2022	5.65%	3.25%	3.00%	3.10%	105.43	4/02/2021
Infratil	IFT230	n/r	15/06/2024	5.50%	3.10%	2.75%	3.15%	108.29	4/02/2021
Infratil	IFT260	n/r	15/12/2024	4.75%	3.05%	No Offer	3.05%	106.88	4/02/2021
Infratil	IFT250	n/r	15/06/2025	6.15%	3.25%	No Offer	3.20%	112.88	4/02/2021
Infratil	IFT300	n/r	15/03/2026	3.35%	No Bid	3.20%	3.20%	101.22	4/02/2021
Infratil	IFT280	n/r	15/12/2026	3.35%	3.35%	3.20%	3.20%	101.32	4/02/2021
Infratil	IFT270	n/r	15/12/2028	4.85%	3.99%	3.85%	3.98%	103.08	4/02/2021
Infratil	IFTHC	n/r	15/12/2029	2.75%	100.00%	1.007	1.000	100.00	3/02/2021
Fletcher Building	FBI150	n/r	15/03/2021	4.75%	No Bid	No Offer	4.00%	101.79	20/01/2021
Fletcher Building	FBI160	n/r	15/03/2022	5.00%	2.90%	2.70%	2.80%	104.35	3/02/2021
Fletcher Building	FBI170	n/r	15/03/2023	5.00%	2.85%	No Offer	2.79%	106.49	4/02/2021
Fletcher Building	FBI180	n/r	15/03/2024	4.90%	2.70%	2.52%	2.69%	108.51	4/02/2021
Fletcher Building	FBI190	n/r	15/03/2025	3.90%	2.85%	No Offer	2.84%	105.65	4/02/2021
WEL Networks	WEL010	n/r	2/08/2023	4.90%	1.97%	No Offer	1.97%	107.17	4/02/2021
Synlait	SML010	n/r	17/12/2024	3.83%	3.40%	3.35%	3.40%	102.12	4/02/2021

Source: Forsyth Barr analysis, Refinitiv

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