

Fixed Income Monthly

April 2021 — Rates Take a Breather; What Next?

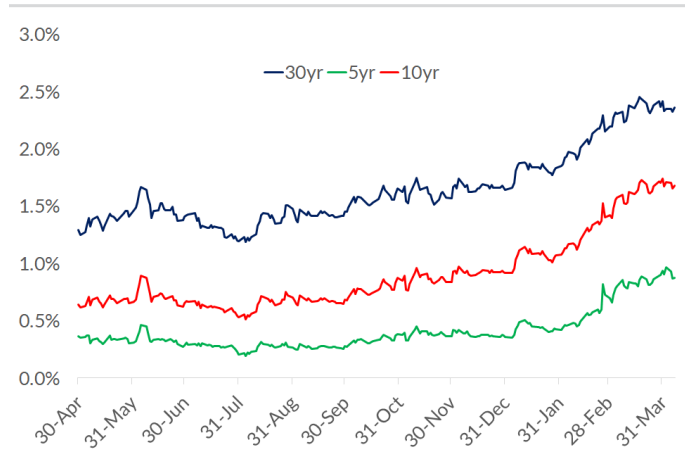
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After a sharp rise over the last few months, interest rates around the globe have taken on a quieter tone in recent weeks to the relief of bond investors. The yield on the US 10yr Treasury note has almost doubled in 2021, which has seen other countries' longer-term interest rates follow — including New Zealand. So, where to from here?

Figure 1. US interest rates


Source: Forsyth Barr analysis, Refinitiv

Figure 2. New Zealand Government Bond yields


Source: Forsyth Barr analysis, Refinitiv

Fiscal and monetary policy driving the moves

The reason for the sharp rise in longer-term interest rates is due to rising economic growth forecasts, primarily on the back of incredibly large fiscal support. In the US, the government has injected US\$5.3 trillion so far with discussions of an additional US\$1-3 trillion possible spend on infrastructure still to come.

There seems no reason why a steady move higher in interest rates won't continue based on current economic growth forecasts but with Central Banks still acting in unison over lower cash rates, the shape of the yield curve is one to watch. It's likely the steepening yield curve (longer-term interest rates rising higher than short-term rates) could become even steeper. This scenario raises questions about the value of longer dated bonds with many now trading below their face value. If longer-term interest rates were to head even higher, the market value of such bonds may also head lower. However, with a number of the longer term bonds being issued by the highest quality issuers such as the Local Government Funding Agency, Housing NZ, Auckland Council and the New Zealand Government, opportunities may already be present with heavily discounted bonds now available.

A positive month but not too much to smile about

After several consecutive months of negative returns, the New Zealand Fixed Interest market finally saw positive returns in March. The S&P/NZX Investment Grade Corporate Bond, S&P/NZX A-Grade Corporate Bond and S&P/NZX NZ Government Bond indices returned +0.22%, +0.24% and +0.71% respectively. Despite the uptick for New Zealand Government bonds over the month we are still in record territory with a rolling six month return of -6.17%, being the worst six month return for the index since it began.

Over a three year period, which is an accepted time frame to analyse returns, New Zealand corporate bonds have delivered +4% returns p.a. Alongside this there have been no corporate bond defaults, which is not the case for other markets such as the US and Australia. With interest rates creeping higher, will New Zealand corporate bonds deliver another 4% p.a. over the next three years?

Inflation — Is it here to stay or just popping in?

In recent weeks the talk of inflationary pressures has seen longer-term interest rates rise dramatically, forcing Central Banks onto the defensive. However, consensus about the sustainability of rising inflation is hard to find. Some side with the Central Banks' view that any inflationary pressures are only temporary, whilst others view inflation as more permanent in the post COVID-19 world.

Inflation is the number one enemy of fixed income investors as it erodes the purchasing power of a bond's future cashflows. Therefore, if inflation expectations are growing, investors will demand a higher yield to compensate for higher inflation risk. After years of trying to 'create' inflation, Central Banks seem quite happy for the current inflationary pressures and have indicated that most (if not all) will likely let inflation run well past their mandated targets.

Achieving inflation is harder than it looks

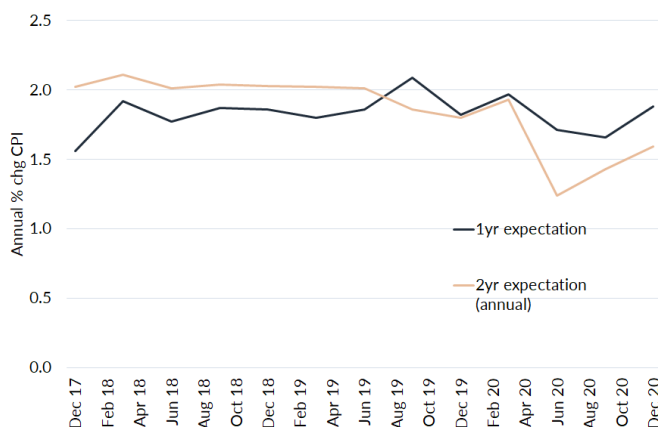
In Figure 4 below we can see just how difficult it has been for the Reserve Bank of New Zealand to maintain an inflation level of between 1 and 3%, although its own forecasts suggests it could be heading in the right direction.

The RBNZ is not alone in struggling to achieve the magical 2% sustainable inflation target. The Reserve Bank of Australia (RBA) has failed to meet its 2% inflation target every year since 2014 and based on current forecasts, it is not expected to anytime soon either.

Market pricing indicates the 2% target is likely

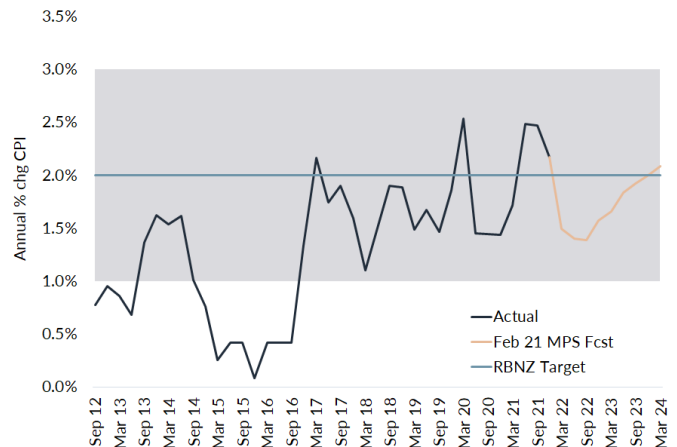
Currently, New Zealand Government Inflation-Linked bonds are suggesting that inflation will average around the 2% level over the next five years. If this is accurate then the RBNZ would be particularly happy, which begins the debate about higher inflation possibly leading to a higher Official Cash Rate. However, this scenario would take time to play out alongside the RBNZ's other focus, which is to maximise employment.

Figure 3. Inflation expectations



Source: Forsyth Barr analysis, RBNZ survey of expectations 9 Feb

Figure 4. Inflation (actual) and forecasts



Source: Forsyth Barr analysis, RBNZ. Shaded area represents the 'band' within which the RBNZ aims to keep inflation.

Data on its way

New Zealand's Q1 inflation data will be released on 21 April, which will no doubt be closely analysed by the market, however, it is the future level of inflation and not the past that will be the key driver of interest rates. The next survey of expectations from the RBNZ is not released until May.

Central Bank in no rush

Given the volatility in inflationary numbers and the unique circumstances that the world currently finds itself in, it would be a brave Central Bank to suggest higher cash rates are on the way due to higher inflation. The key term now used by Central Bank Governors is 'sustainable' inflation and that can only be achieved in time.

News

Kāinga Ora — announced it will borrow an additional NZ\$2bn to boost housing supply in response to the government's housing changes.

Kiwi Property (KPG) — has joined the sustainable revolution. KPG announced it has established a sustainable debt framework that will be used to finance or refinance low carbon and energy efficient buildings.

Kiwibank (KIW) — became the first bank to tap the RBNZ's Funding for Lending Programme (FLP) for the second time. Kiwibank drew down its second NZ\$100m tranche in late March.

Lending growth — according to RBNZ data, credit growth remains negative in all sectors apart from housing. Contraction in the rural sector is slowing with annual credit growth now -1.0% after reaching -1.7% six months prior. Business lending also remains weak with -4.1% growth over the last year.

Mercury (MCY) — raised NZ\$200m via a 5.5 year "Green" Bond. The NZDX quoted bond was priced at 0.85% over the swap rate, which culminated in a coupon of 2.16%. The NZDX code is MCY040.

New Zealand Post (NZP) — announced the redemption of its Subordinated Note, NZP010. The NZDX quoted Note has been on issue since 2009 and had lost its "intermediate" equity credit in November 2019. The Notes will be redeemed at par (NZ\$1.00) on 15 May 2021.

Oceania Healthcare (OCA) — raised NZ\$100m via an equity raise to fund a couple of acquisitions totalling NZ\$77m. The balance sheet benefitted from the additional funds raised.

Precinct Properties (PCT) — is paying a net NZ\$145m to internalise its management. PCT has terminated its management contract with AMP Huami Management Ltd. The cost will be funded via bank debt and pushes up PCT's gearing to 36%, nearly the top of its target gearing range.

RBNZ — lifted its restrictions on New Zealand registered banks' ability to redeem their existing Capital Securities. NZDX instruments ANBHB, ABB050, BNZ090 and KCFHA may be redeemed if the RBNZ grants permission.

Synlait (SML) — released its six monthly financial results showing a -75% drop in Net Profit After Tax. SML has been hit by a number of 'temporary' issues, which has seen SML ask (and receive) some favourable bank covenant relief.

Transpower (TRP) — raised NZ\$150m via a five year senior bond issue. The margin was 44bp over the five year swap rate, setting a coupon of 1.52% for the AA rated bonds.

The Reserve Bank of Australia (RBA) — left its Cash Rate on hold at 0.10% when it met earlier in the week. The RBA reiterated that it is unlikely to move the Cash Rate until at least 2024.

Z Energy (ZEL) — has renegotiated its debt covenants allowing ZEL to restart its dividend programme. In a vote of confidence for ZEL, its debt providers are comfortable that a dividend can be paid in May 2021.

What to look for over the next month...

RBNZ — Official Cash Rate review will be delivered on **14 April** at 2pm.

Inflation — March quarter figures to be released on **21 April**.

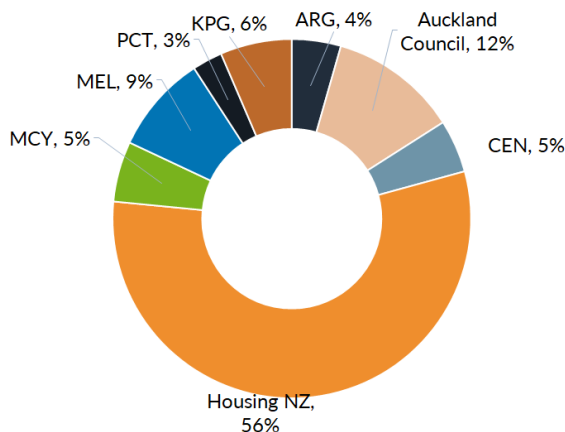
Both of the economic releases above will be very closely watched by the markets, given the recent housing changes announced by the government and the ongoing debate around the emergence of inflation: is it a problem?

Consensus inflation data is for a Q1 print of 1.1% with the RBNZ forecasting 1.0%, albeit that was from the end of February when it released its first Monetary Policy Statement of 2021.

Green, Social and Sustainability Bonds

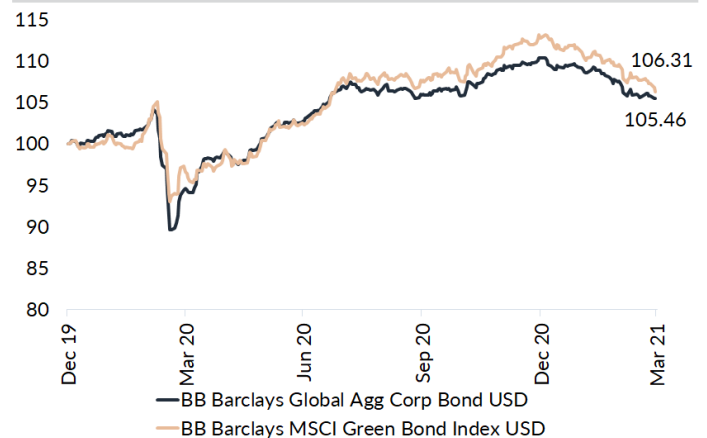
Attention to ESG (Environmental, Social & Governance) and Responsible Investing themes has become increasingly important for investors, and has been an important consideration for equity investors for quite some time. Increasingly, these issues are becoming relevant to fixed income investors as well, particularly with the recent rise of Green, Social and Sustainability (GSS) bonds in New Zealand. As of April 2021, there is an estimated NZ\$7.4 billion of GSS bonds on issue in New Zealand, an increase of circa +NZ\$5.9 billion since 2019.

Figure 5. NZ GSS bonds on issue, by \$ value issued



Source: Forsyth Barr analysis, Refinitiv

Figure 6. Global 'Green' bonds vs conv. bonds post COVID-19



Source: Forsyth Barr analysis, Bloomberg

Who determines whether a bond is a Green, Social, or Sustainability bond?

There is no official regulation around what constitutes a GSS bond. The International Capital Markets Association (ICMA) has published voluntary guidelines for the issuance of GSS bonds, which are generally accepted worldwide and are in use by GSS bond issuers in New Zealand. Usually the issuer will engage an independent auditor to provide an opinion on the issue.

Two broad types of GSS Bonds

There are two key concepts to be aware of when considering GSS bonds: use of proceeds bonds, and sustainability-linked bonds. All of the GSS bonds on issue in New Zealand currently are 'use of proceeds' bonds, where funds raised are directed towards specific new or existing projects which have dedicated positive social or environmental benefits. In contrast to use of proceeds bonds are sustainability-linked bonds which do not finance particular projects, but rather finance the general activities of an issuer. **Crucially, sustainability-linked bonds are structurally linked to the issuer's achievement of environmental or social goals.** Meeting these goals can result in an increase or decrease to the bond's coupon.

Jury still out on advantages to investors and issuers

Global research has shown that, on average, GSS bonds may trade at a premium, or "greenium" to non-GSS bonds. A 2020 study of the Hong Kong green bond market found an average premium of -1.2 bp (which is hardly compelling). In terms of performance, results are mixed with some studies finding GSS bonds may provide slightly better risk-adjusted returns while other studies find no difference in performance between GSS and non-GSS bonds. Anecdotally, we have not observed a premium or consistent outperformance for GSS bonds in New Zealand. As the domestic GSS bond market is still in its early stages it is difficult to undertake a formal study on the subject. Regardless of any premium or outperformance a GSS bond is an efficient way for an investor to increase the ESG or ethical credentials of their portfolios.

Increasing demand for GSS bonds could eventually lead to outperformance

As ESG mandates become more common among New Zealand fixed income investors it is possible that increased demand will create a premium for GSS bonds in this market – leading to outperformance for holders of those bonds as margins contract.

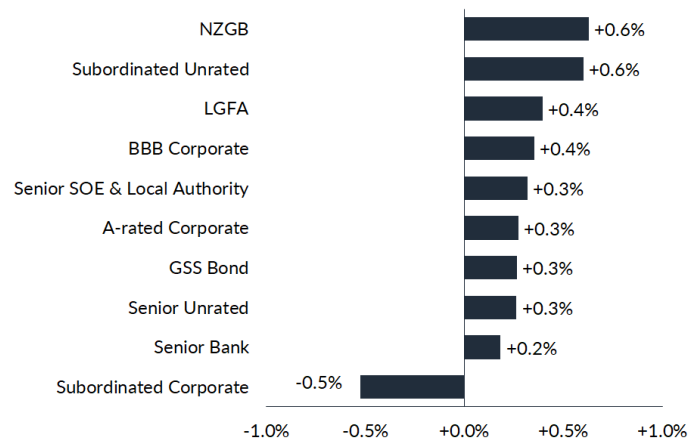
GSS bonds bring an extra risk to the table

It is possible that a GSS bond may cease to meet its green, social or sustainability criteria. This is particularly a risk for 'use of proceeds' bonds in New Zealand which have no explicit penalty for failure to adhere. This situation could see forced selling by bondholders with specific ESG mandates and therefore be detrimental to bond performance.

Performance

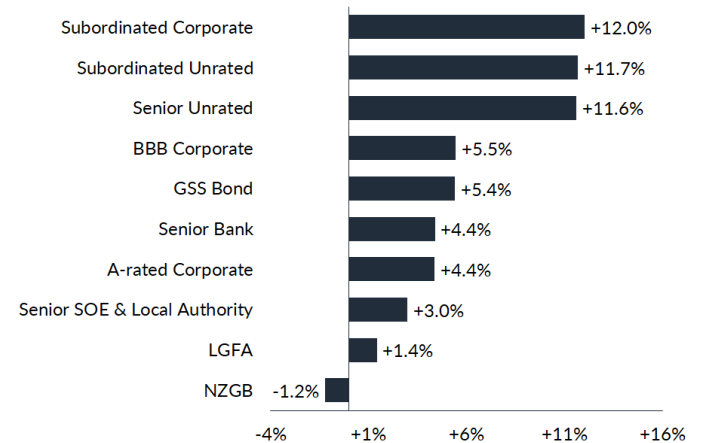
In Figures 7, 8 and 9 below we present the returns of select New Zealand bond sectors. The constituents of each sector are equally weighted and determined by us. The underlying total returns data is provided by Refinitiv Datastream.

Figure 7. One month total return



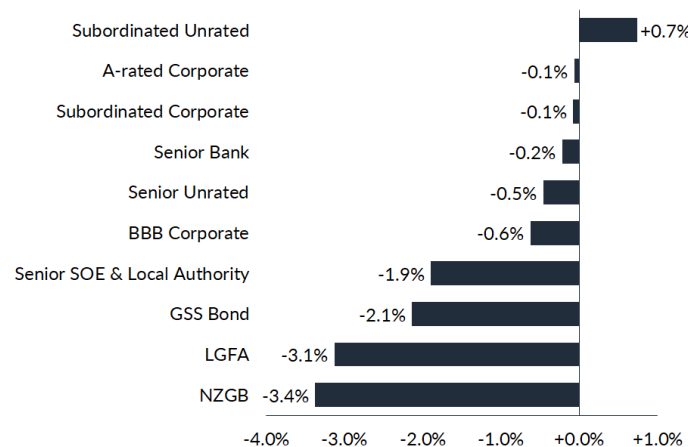
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds.

Figure 8. One year total return



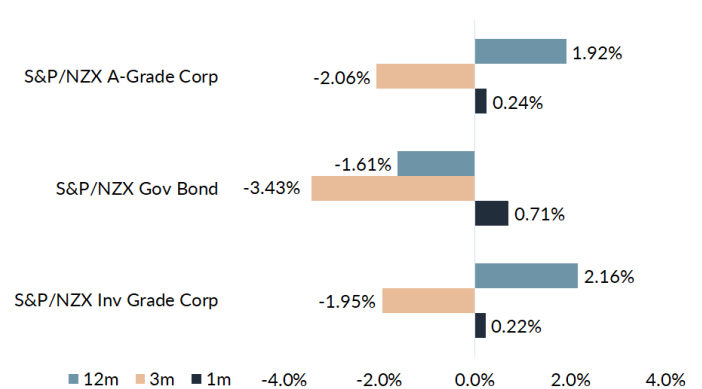
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds

Figure 9. Calendar year to date total return



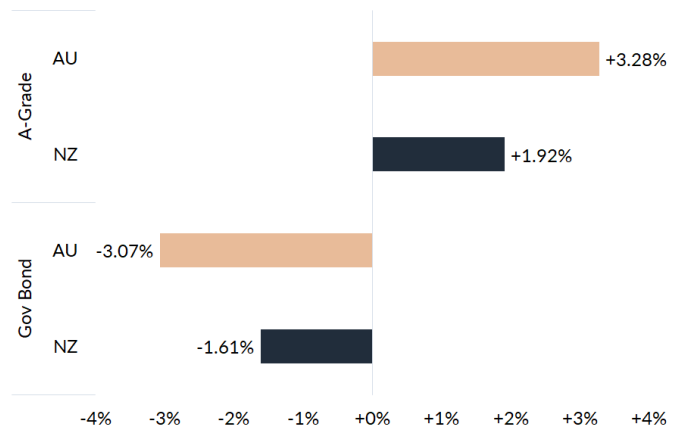
Source: Forsyth Barr analysis, Refinitiv. GSS= Green, Social and Sustainability bonds

Figure 10. NZ benchmark performance



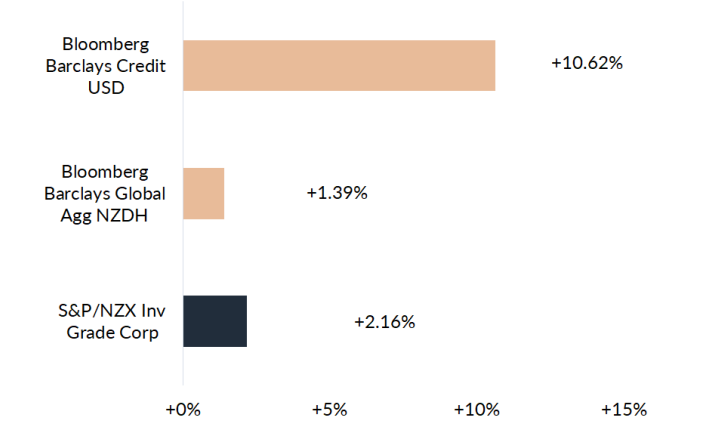
Source: Forsyth Barr analysis, Refinitiv

Figure 11. Aus vs NZ benchmark performance (12mths)



Source: Forsyth Barr analysis, Refinitiv

Figure 12. 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 13. 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	\$1.033	3.60%	Qtly	11/07/24	2.55%	2.35%	1.92%	BB+
Genesis Energy	GNE040	\$1.042	5.70%	Qtly	09/06/22	2.50%	2.75%	2.19%	BB+
Insurance Aust. Group	IAGFB	\$1.033	5.15%	Qtly	15/06/22	2.64%	2.60%	2.32%	BBB
Vector Limited	VCT080	\$1.057	5.70%	Semi	15/06/22	2.40%	2.75%	2.08%	BB+
Genesis Energy	GNE050	\$1.048	4.65%	Qtly	16/07/23	2.45%	2.26%	2.01%	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 Bank Capital redemption restrictions have now been lifted, presenting issuers the opportunity to redeem early. New Bank Capital rules will begin from 1 July 2021, however, establishing a specific maturity date for the 'old' securities remains unclear at this stage.

Figure 14. Bank Capital Securities

Issuer / Security	NZX Code	Closing Prices	Coupon	Freq	Next Reset	Yield to reset	Current Margin	Security Rating	Type
ANZ	ANBHB	\$0.995	3.79%	Qtly	25/05/22	4.72%	4.41%	BBB-	Tier 1
Kiwibank	KCFHA	\$1.000	3.99%	Qtly	27/05/22	4.46%	4.15%	BB-	Tier 1
ASB Sub Notes #2	ABB050	\$1.028	5.25%	Qtly	15/12/21	1.70%	n/a	BBB+	Tier 2
BNZ Sub Notes	BNZ090	\$1.007	2.73%	Qtly	17/12/25	2.62%	1.69%	BBB+	Tier 2
Kiwibank	KWB010	\$1.000	2.36%	Qtly	11/12/25	2.40%	1.47%	Baa3	Tier 2
Westpac	WBC010	\$1.017	4.70%	Qtly	01/09/21	1.75%	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 15. Reset securities

Security	NZX Code	Closing Prices	Coupon	Next Reset	Running Yield*	Reset Margin	Current Margin	Security Rating	Comment
Fonterra	FCGHA^	\$0.970	2.47%	10/07/21	2.55%	2.20%	2.30%	BBB+	Illiquid - FCG own majority
Infratil	IFTHA	\$0.620	1.71%	15/11/21	2.76%	1.50%	3.04%	n/r	Very low reset margin
Infratil	IFTHC	\$0.988	2.75%	15/12/21	2.78%	2.50%	2.55%	n/r	Low reset margin - 0% floor
Motor Trade Finance	MTFHC	\$0.480	2.52%	30/09/21	5.25%	2.40%	6.17%	n/r	Illiquid - Small issue (\$38m)
Nufarm Finance	NFFHA	\$0.900	4.01%	16/04/21	4.45%	3.90%	4.44%	B	Can be volatile - good reset margin (390bp)
Quayside Holdings	QLLHA	\$1.010	2.46%	12/03/23	2.44%	1.70%	1.70%	n/r	Good credit but low reset margin (3 yearly)
Works Infra. Finance	WKSHA	\$1.041	4.32%	15/06/21	4.15%	4.05%	3.87%	n/r	Attractive 405bp annual reset margin

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

Figure 16. NZDX bonds

Bank Senior									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
ASB Bank	ABB040	AA-	26/05/2021	4.25%	No Bid	No Offer	0.38%	102.08	8/04/2021
ASB Bank	ABB060	AA-	24/02/2022	4.20%	No Bid	No Offer	0.40%	103.83	25/03/2021
ASB Bank	ABB070	AA-	7/09/2023	3.31%	No Bid	0.80%	0.77%	106.33	26/03/2021
ASB Bank	ABB080	AA-	19/08/2024	1.83%	No Bid	No Offer	1.06%	102.78	6/04/2021
ANZ Bank	ANB120	AA-	2/09/2021	3.33%	No Bid	No Offer	0.43%	101.48	30/03/2021
ANZ Bank	ANB130	AA-	1/09/2023	3.71%	No Bid	No Offer	0.71%	107.49	25/03/2021
ANZ Bank	ANB140	AA-	1/09/2022	3.75%	No Bid	No Offer	0.46%	104.90	18/02/2021
ANZ Bank	ANB150	AA-	30/05/2023	3.70%	No Bid	No Offer	0.73%	107.63	8/04/2021
ANZ Bank	ANB160	AA-	20/03/2024	3.03%	No Bid	No Offer	0.86%	106.44	26/03/2021
BNZ Bank	BNZ110	AA-	15/06/2023	4.10%	No Bid	No Offer	0.75%	108.54	7/04/2021
BNZ Bank	BNZ120	AA-	27/07/2022	3.86%	No Bid	No Offer	0.52%	105.08	1/04/2021
BNZ Bank	BNZ130	AA-	16/11/2023	3.65%	No Bid	No Offer	1.00%	108.21	30/03/2021
BNZ Bank	BNZ140	AA-	29/01/2025	2.16%	1.35%	No Offer	1.21%	103.95	8/04/2021
Heartland Bank	HBL010	BBB	21/09/2022	4.50%	No Bid	No Offer	1.20%	104.96	7/04/2021
Heartland Bank	HBL020	BBB	12/04/2024	3.55%	1.45%	No Offer	1.36%	106.40	7/04/2021
Kiwibank	KWB010	BBB-	11/12/2030	2.36%	2.50%	No Offer	2.40%	100.03	8/04/2021
Local Authority									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Auckland Council	AKC100	AA	27/07/2026	3.34%	1.72%	No Offer	1.57%	109.64	1/04/2021
Auckland Council	AKC110	AA	27/06/2023	3.17%	No Bid	No Offer	0.65%	106.41	25/03/2021
Chch City Holdings	CCH010	AA-	6/12/2022	3.40%	No Bid	No Offer	0.91%	105.22	26/03/2021
Chch City Holdings	CCH020	AA-	27/11/2024	3.58%	No Bid	No Offer	1.19%	109.75	29/03/2021
Local Govt Funding	LGF040	AAA	15/05/2021	6.00%	No Bid	0.27%	0.34%	102.94	16/03/2021
Local Govt Funding	LGF090	AA+	14/04/2022	2.75%	No Bid	No Offer	0.41%	103.68	17/03/2021
Local Govt Funding	LGF050	AAA	15/04/2023	5.50%	No Bid	No Offer	0.52%	109.88	6/04/2021
Local Govt Funding	LGF100	AAA	15/04/2024	2.25%	No Bid	No Offer	0.69%	105.72	26/03/2021
Local Govt Funding	LGF070	AAA	15/04/2025	2.75%	No Bid	No Offer	0.89%	108.64	25/03/2021
Local Govt Funding	LGF120	AAA	15/04/2026	1.50%	No Bid	No Offer	1.36%	100.64	1/04/2021
Local Govt Funding	LGF060	AAA	15/04/2027	4.50%	No Bid	No Offer	1.46%	117.39	8/04/2021
Local Govt Funding	LGF110	AAA	20/04/2029	1.50%	No Bid	1.90%	1.90%	97.00	8/04/2021
Local Govt Funding	LGF080	AAA	14/04/2033	3.50%	No Bid	No Offer	2.47%	110.66	7/04/2021
Corporate Senior (Energy)									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Contact Energy	CEN030	BBB	15/11/2021	4.40%	No Bid	No Offer	0.55%	102.97	8/04/2021
Contact Energy	CEN040	BBB	15/11/2022	4.63%	No Bid	0.93%	0.94%	106.54	6/04/2021
Contact Energy	CEN050	BBB	15/08/2024	3.55%	No Bid	No Offer	1.30%	107.89	7/04/2021
Genesis Energy	GNE030	BBB+	18/03/2022	4.14%	No Bid	No Offer	0.74%	103.43	8/04/2021
Mercury Energy	MCY030	BBB+	14/09/2027	1.56%	2.42%	No Offer	2.15%	96.60	8/04/2021
Mercury Energy	MCY040	BBB+	29/09/2026	2.16%	2.00%	No Offer	1.94%	101.22	8/04/2021
Meridian Energy	MEL030	BBB+	14/03/2023	4.53%	No Bid	0.91%	0.91%	107.24	8/04/2021
Meridian Energy	MEL040	BBB+	20/03/2024	4.88%	1.27%	No Offer	1.17%	110.99	8/04/2021
Meridian Energy	MEL050	BBB+	27/06/2025	4.21%	No Bid	1.55%	1.57%	111.94	8/04/2021
Trustpower	TPW140	n/r	15/12/2021	5.63%	No Bid	1.50%	1.39%	103.27	8/04/2021
Trustpower	TPW150	n/r	15/12/2022	4.01%	No Bid	No Offer	1.57%	104.33	8/04/2021
Trustpower	TPW170	n/r	22/02/2024	3.97%	2.55%	No Offer	2.30%	105.16	8/04/2021
Trustpower	TPW180	n/r	29/07/2026	3.35%	2.35%	No Offer	2.35%	105.65	8/04/2021
Transpower	TRP030	AA	30/06/2022	4.30%	No Bid	No Offer	0.58%	105.69	18/03/2021
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	1.22%	110.26	7/04/2021
Transpower	TRP060	AA	14/03/2024	2.73%	No Bid	No Offer	0.94%	105.32	25/03/2021
Transpower	TRP070	AA	4/09/2025	1.74%	No Bid	No Offer	1.27%	102.19	8/04/2021
Vector	VCT090	BBB	27/05/2025	3.45%	1.65%	No Offer	1.65%	108.44	8/04/2021

Figure 17. NZDX Bonds

Corporate Senior (Property)									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Argosy Property	ARG010	n/r	27/03/2026	4.00%	2.60%	No Offer	2.47%	107.29	8/04/2021
Argosy Property	ARG020	n/r	29/10/2026	2.90%	2.55%	2.45%	2.47%	102.81	8/04/2021
Argosy Property	ARG030	n/r	27/10/2027	2.20%	2.79%	No Offer	2.68%	97.59	8/04/2021
Goodman Property	GMB030	BBB+	23/06/2022	5.00%	No Bid	1.16%	1.10%	106.14	8/04/2021
Goodman Property	GMB040	BBB+	31/05/2024	4.54%	1.55%	1.50%	1.55%	110.71	29/03/2021
Goodman Property	GMB050	BBB+	1/09/2023	4.00%	1.35%	No Offer	1.35%	106.64	6/04/2021
Investore Property	IPL010	n/r	18/04/2024	4.40%	2.00%	1.95%	1.95%	107.09	8/04/2021
Investore Property	IPL020	n/r	31/08/2027	2.40%	2.70%	2.65%	2.70%	98.53	8/04/2021
Kiwi Property Group	KPG010	BBB+	20/08/2021	6.15%	No Bid	1.28%	1.30%	102.58	31/03/2021
Kiwi Property Group	KPG020	BBB+	7/09/2023	4.00%	No Bid	1.33%	1.48%	106.32	8/04/2021
Kiwi Property Group	KPG030	BBB+	19/12/2024	4.33%	1.90%	No Offer	1.90%	109.97	8/04/2021
Kiwi Property Group	KPG040	BBB+	12/11/2025	4.06%	No Bid	No Offer	2.12%	110.12	8/04/2021
Precinct Property	PCT010	n/r	17/12/2021	5.54%	No Bid	No Offer	1.39%	104.57	8/04/2021
Precinct Property	PCT020	n/r	27/11/2024	4.42%	2.15%	No Offer	2.15%	109.53	8/04/2021
Property for Industry	PFI010	n/r	28/11/2024	4.59%	2.05%	1.87%	1.87%	110.08	8/04/2021
Property for Industry	PFI020	n/r	1/10/2025	4.25%	2.35%	2.05%	2.04%	109.55	8/04/2021
Corporate Senior (Other - unrated)									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Ryman Healthcare	RYM010	n/r	18/12/2026	2.55%	2.53%	2.40%	2.51%	100.38	8/04/2021
Arvida Group	ARV010	n/r	22/02/2028	2.87%	2.70%	No Offer	2.70%	101.43	7/04/2021
Summerset	SUM010	n/r	11/07/2023	4.78%	1.65%	1.60%	1.62%	106.97	8/04/2021
Summerset	SUM020	n/r	24/09/2025	4.20%	2.19%	No Offer	2.20%	108.67	8/04/2021
Summerset	SUM030	n/r	21/09/2027	2.30%	2.70%	2.55%	2.65%	98.07	8/04/2021
Oceania Healthcare	OCA010	n/r	19/10/2027	2.30%	2.50%	2.30%	2.50%	99.31	7/04/2021
Metlifecare	MET010	n/r	30/09/2026	3.00%	2.90%	No Offer	2.64%	101.93	8/04/2021
Z Energy	ZEL040	n/r	1/11/2021	4.01%	1.58%	No Offer	1.45%	102.20	8/04/2021
Z Energy	ZEL050	n/r	1/11/2023	4.32%	1.90%	No Offer	1.69%	107.41	8/04/2021
Z Energy	ZEL060	n/r	3/09/2024	4.00%	No Bid	No Offer	2.00%	106.96	7/04/2021
Corporate Senior (Other - rated)									
Issuer	Code	Rating	Maturity	Coupon	Bid	Offer	Last	Price	Last Traded
Auckland Int'l Airport	AIA130	A-	28/05/2021	5.52%	No Bid	No Offer	0.61%	102.67	6/04/2021
Auckland Int'l Airport	AIA200	A-	9/11/2022	4.28%	No Bid	1.00%	1.05%	106.84	7/04/2021
Auckland Int'l Airport	AIA210	A-	2/11/2023	3.97%	No Bid	No Offer	1.13%	108.89	7/04/2021
Auckland Int'l Airport	AIA220	A-	17/04/2023	3.64%	1.20%	No Offer	1.20%	106.59	31/03/2021
Auckland Int'l Airport	AIA230	A-	10/10/2024	3.51%	No Bid	1.35%	1.46%	106.98	8/04/2021
Air New Zealand	AIR020	n/r	28/10/2022	4.25%	2.80%	No Offer	2.80%	104.08	6/04/2021
Chch Int'l Airport	CHC010	BBB+	24/05/2024	4.13%	1.85%	1.55%	1.61%	109.21	8/04/2021
Chorus	CNU010	BBB	6/05/2021	4.12%	No Bid	No Offer	0.75%	100.98	8/04/2021
Chorus	CNU020	BBB	6/12/2028	4.35%	1.85%	1.65%	1.66%	107.40	8/04/2021
Chorus	CNU030	BBB	2/12/2027	1.98%	2.20%	2.00%	2.20%	98.85	7/04/2021
Chorus	CNU040	BBB	2/12/2030	2.51%	2.70%	2.60%	2.87%	97.30	8/04/2021
Fonterra	FCG030	A-	20/10/2021	4.33%	No Bid	No Offer	0.58%	104.02	7/04/2021
Fonterra	FCG040	A-	7/03/2023	4.42%	No Bid	0.86%	0.96%	106.95	8/04/2021
Fonterra	FCG050	A-	14/11/2025	4.15%	1.60%	No Offer	1.38%	113.93	26/03/2021
Spark Finance	SPF560	A-	10/03/2023	4.51%	No Bid	No Offer	0.79%	107.44	1/04/2021
Spark Finance	SPF570	A-	7/09/2026	3.94%	1.70%	1.50%	1.64%	112.25	8/04/2021
Spark Finance	SPF580	A-	25/03/2022	3.37%	No Bid	No Offer	1.03%	106.96	23/03/2021
Wgtn Int'l Airport	WIA020	n/r	15/05/2021	6.25%	No Bid	No Offer	1.18%	103.01	7/04/2021
Wgtn Int'l Airport	WIA030	n/r	12/05/2023	4.25%	No Bid	No Offer	1.64%	107.08	7/04/2021
Wgtn Int'l Airport	WIA040	n/r	5/08/2024	4.00%	2.00%	No Offer	2.00%	107.09	6/04/2021
Wgtn Int'l Airport	WIA050	BBB	16/06/2025	5.00%	2.40%	No Offer	2.24%	112.48	30/03/2021
Wgtn Int'l Airport	WIA060	n/r	1/04/2030	4.00%	2.45%	2.30%	2.30%	106.53	8/04/2021
Wgtn Int'l Airport	WIA070	n/r	14/08/2026	2.50%	2.45%	2.40%	2.40%	100.89	8/04/2021

Source: Forsyth Barr analysis, Refinitiv

Figure 18. 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%	2.85%	No Offer	2.85%	105.73	8/04/2021
Refining NZ	NZR010	n/r	1/03/2024	5.10%	No Bid	5.69%	5.69%	99.03	8/04/2021
Infratil	IFT220	n/r	15/06/2021	4.90%	No Bid	3.05%	2.86%	100.68	1/04/2021
Infratil	IFT190	n/r	15/06/2022	6.85%	3.00%	2.80%	3.00%	104.92	7/04/2021
Infratil	IFT240	n/r	15/12/2022	5.65%	2.80%	No Offer	2.80%	105.05	7/04/2021
Infratil	IFT230	n/r	15/06/2024	5.50%	3.00%	No Offer	3.00%	107.86	30/03/2021
Infratil	IFT260	n/r	15/12/2024	4.75%	3.05%	No Offer	3.10%	106.04	7/04/2021
Infratil	IFT250	n/r	15/06/2025	6.15%	3.25%	No Offer	3.25%	111.68	31/03/2021
Infratil	IFT300	n/r	15/03/2026	3.35%	3.15%	3.00%	3.00%	101.85	8/04/2021
Infratil	IFT280	n/r	15/12/2026	3.35%	3.20%	3.01%	3.25%	100.77	8/04/2021
Infratil	IFT270	n/r	15/12/2028	4.85%	3.79%	No Offer	3.79%	103.05	8/04/2021
Infratil	IFTHC	n/r	15/12/2029	2.75%	No Bid	0.988	0.988	98.79	8/04/2021
Fletcher Building	FBI160	n/r	15/03/2022	5.00%	2.85%	2.25%	2.88%	102.27	7/04/2021
Fletcher Building	FBI170	n/r	15/03/2023	5.00%	2.79%	No Offer	2.77%	104.53	8/04/2021
Fletcher Building	FBI180	n/r	15/03/2024	4.90%	2.90%	No Offer	3.00%	105.60	31/03/2021
Fletcher Building	FBI190	n/r	15/03/2025	3.90%	3.00%	2.85%	3.00%	103.58	7/04/2021
Fletcher Building	FBI200	n/r	15/03/2026	2.80%	3.00%	2.95%	3.00%	99.30	8/04/2021
WEL Networks	WEL010	n/r	2/08/2023	4.90%	2.20%	No Offer	2.20%	107.00	8/04/2021
Synlait	SML010	n/r	17/12/2024	3.83%	4.05%	3.85%	4.00%	99.69	8/04/2021

Source: Forsyth Barr analysis, Refinitiv

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