

# Weekly Credit Update

## Headlines

- The negative markets continued
- New version of our Scandi Handbook published

## Market commentary

The negative sentiment from last week has continued this week affecting most securities. Especially the continued fall in the Brent Crude benchmark, which now trades at USD89/barrel, has opened up for concerns of a wider negative impact on the many oil-related Nordic companies. The iTraxx Crossover has widened as much as 110bp since last Friday, while the iTraxx Europe has widened significantly less by 5bp and iTraxx Senior financials by 9bp. Please note that the large increase in the iTraxx Crossover index is a result of the latest series roll-over from S21 to S22, which has meant that the equivalent credit rating for the index has been lowered one notch from B1 to B2.

Adding to the negative markets, on Tuesday, the IMF lowered its growth forecast for the global economy by 0.4pp to 3.3% for 2014. The IMF said that the global activity had been weaker than expected in the first half of 2014 and that the downside risks had increased since the spring. The global growth projection for 2015 was lowered to 3.8%. Moreover, the German export data disappointed, falling by 5.8% in August compared with July, far in excess of a forecast decline of 4%. It was the biggest drop since January 2009 and added to fears that Germany may be slipping into recession.

On a different note, the EBA has today confirmed that the EU-wide stress test results of the EU banks will be published on Sunday 26 October at 12:00 CET. A positive outcome (provided that the market finds the test creditable) should have a positive impact on the credit markets and vice versa.

## New version of our Scandi Handbook published

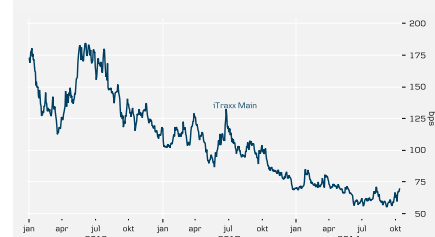
This week, we published the 23rd edition of our Scandi Handbook.

The publication is intended to act as a quick reference guide to the Scandinavian corporate credit market, providing an overview of each credit issuer, along with an indication of relative value within the peer groups. We refer to page 4 below for further reading on the Scandi handbook and a link to the publication.

## Contents

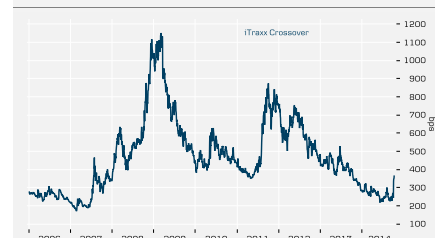
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## iTraxx Europe (investment grade)



Source: Bloomberg, Danske Bank Markets

## iTraxx Crossover (high yield)



Source: Bloomberg, Danske Bank Markets

Table 1. Selected issues

Name	Rating	Coupon	Cur.	Tenor	Size	Spread*
Golden Close	NR/NR/NR	Fixed	USD	5Y	400	9%**
Infra Foch	BBB/NR/NR	Fixed	EUR	6Y	500	+72
Unibail-Rodamco	NR/A/A+	Fixed	EUR	8Y	750	+55
Telefonica	BBB/Baa2/BBB+	Float	EUR	15Y	800	+138
Credit Suisse	A/A1/A	Float	EUR	5Y	1000	+20

Note: Size in million, ratings are senior unsecured ratings from S&P/Moody's/Fitch

\* Mid-swap for fixed, discount margin for FRNs, in basis points. \*\*Coupon

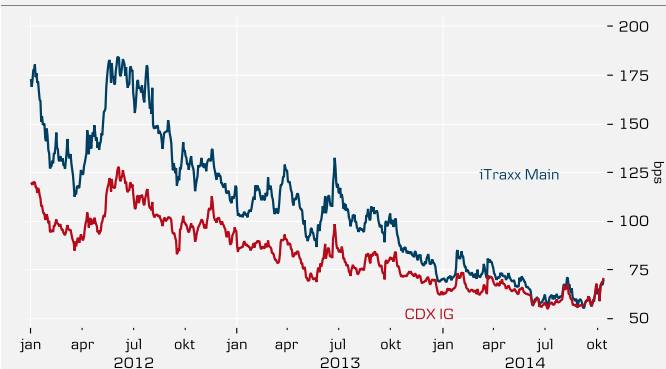
Source: Danske Bank Markets, Bloomberg

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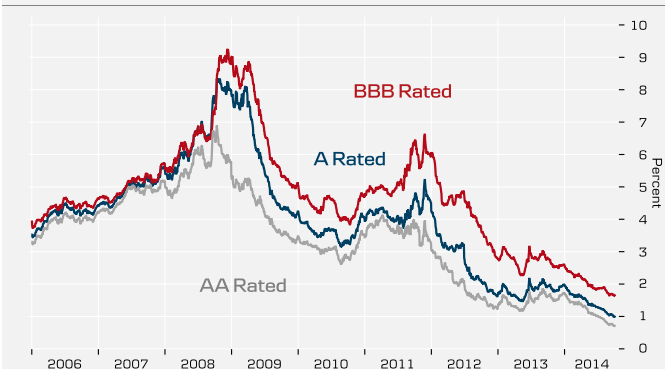
# Selected Charts

iTraxx (Europe) vs CDX (US)



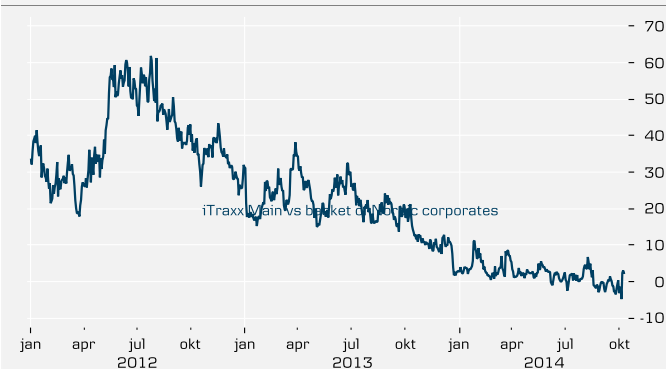
Source: Bloomberg, Danske Bank Markets

Investment grade corporate yields



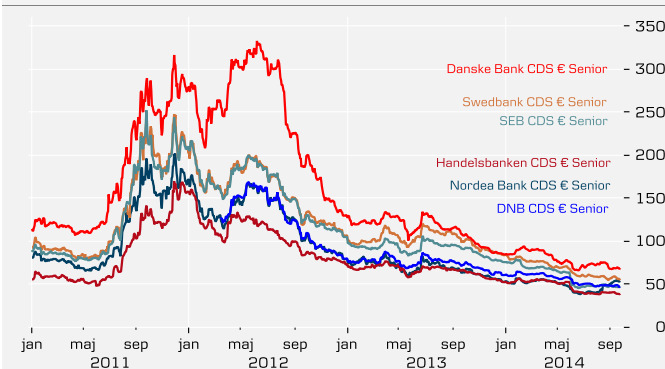
Source: Bloomberg, Danske Bank Markets

Nordic corporates vs iTraxx



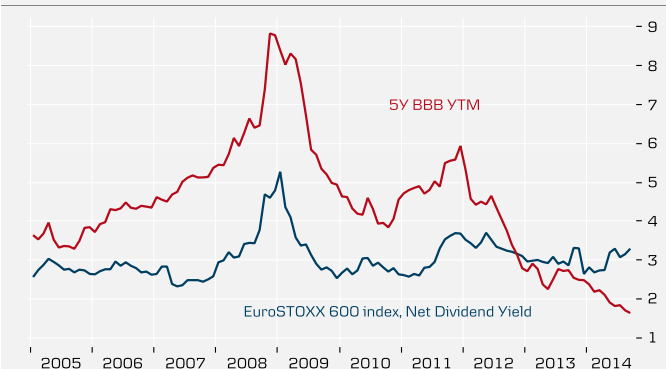
Source: Bloomberg, Danske Bank Markets

Nordic banks 5Y CDS spreads



Source: Bloomberg, Danske Bank Markets

Corporate BBB bond yield vs EuroSTOXX dividend yield



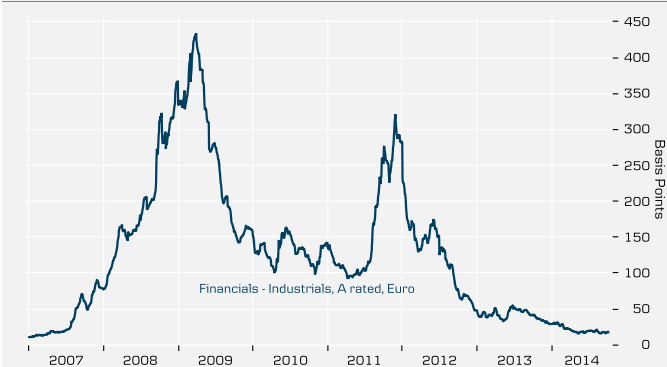
Source: Bloomberg, Danske Bank Markets

3M Libor OIS spreads



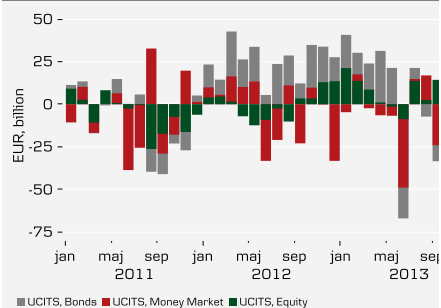
Source: Bloomberg, Danske Bank Markets

### Financials spread vs non-financials (Industrials), A-rated



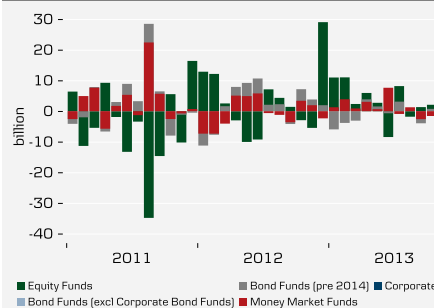
Source: Bloomberg, Danske Bank Markets

### Europe fund flows



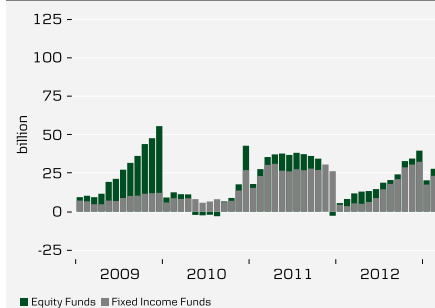
Source: Macrobond

### Sweden fund flows



Source: Macrobond

### Norway fund flows



Source: Macrobond

## Recently published research

### *Scandi handbook – October 2014*

This publication is intended to act as a quick reference guide to the Scandinavian corporate credit market, providing an overview of each credit issuer, along with an indication of relative value within the peer groups. The publication covers a wide range of the region's corporates and financials that have a credit rating from at least one of the major rating agencies (Moody's, Standard & Poor's and Fitch), and/or are established issuers in the EUR market. In addition to this, we have included a number of issuers that are either active in the domestic credit markets and/or corporates that we see as potential future issuers in the EUR markets.

In relation to the previous Scandi Handbook, we have included coverage on Elenia (Buy) and Citycon (Buy). We have temporarily suspended coverage on ISS as Danske Bank participated in the IPO process of ISS. Furthermore, we have changed our recommendation on Sparebank1-SMN from Buy to Hold.

Ratings from Standard & Poor's, Moody's and Fitch and Danske Bank markets shadow ratings

Company	Danske Bank			S&P		Moody's		Fitch		Analyst(s)	Recomm.
	Rating	Outlook	Sr.Unsec	Rating	Outlook	Rating	Outlook	Rating	Outlook		
Ahlstrom Oyj	BBB-	Stable								Mads Rosendal	
Akelius Residential Ab	BB+	Pos	BB							Wiveca Swarting	
Ambu A/S	BBB-	Stable								Jakob Magnussen	
Ap Moeller - Maersk A/S				BBB+	Stable	Baa1	Stable			Brian Borsting	BUY
Arla Foods Amba	BBB+	Stable								Mads Rosendal	
Atlas Copco Ab				A	Stable	A2	Stable			Mads Rosendal	SELL
Avinor As				AA-	Stable	A1	Stable			Åse Haagensen	HOLD
Bank 1 Oslo Akershus As	BBB+	Stable								T. Hovard / L. Holm	
Beerenberg Holdco li As	B+	Stable								Øyvind Mossige	
Bw Offshore	BB+	Stable								Øyvind Mossige	
Cargotec Oyj	BBB-	Stable								Mads Rosendal	
Carlsberg Breweries A/S						Baa2	Stable	BBB	Stable	Brian Borsting	SELL
Cermaq Asa	BB	Stable								Knut-lvar Bakken	
Citycon Oyj				BBB	Stable	Baa2	Stable			Åse Haagensen	
Color Group As	BB-	Stable	B+							Åse Haagensen	
Danske Bank A/S				A	Neg	Baa1	Pos	A	Stable		
Dfds A/S	BB+	Stable								Brian Borsting	
Dlg Finance As	BB-	Stable								Mads Rosendal	
Dna Ltd	BBB-	Stable								Ola Heldal	
Dnb Bank Asa				A+	Stable	A1	Neg			T. Hovard / L. Holm	HOLD
Dong Energy A/S				BBB+	Stable	Baa1	Stable	BBB+	Stable	Jakob Magnussen	HOLD
Dsv A/S	BBB	Stable								Brian Borsting	
Eg Holding	B	Stable								Jakob Magnussen	
Eika Boligkreditt As	A-	Stable								T. Hovard / L. Holm	
Eika Gruppen As	BBB	Stable								T. Hovard / L. Holm	
Electrolux Ab				BBB		Wr		WD		Brian Borsting	HOLD
Elisa Oyj				BBB	Pos	Baa2	Stable			Ola Heldal	BUY
Entra Eiendom As	A-	Stable								Åse Haagensen	
Farstad Shipping Asa	BB	Stable	BB-							Åse Haagensen	
Fingrid Oyj				AA-	Neg	A1	Stable	A+	Stable	Jakob Magnussen	BUY
Finnair Oyj	BB	Stable								Brian Borsting	
Fortum Oyj				A-	Neg	A2	Neg	A-	Neg	Jakob Magnussen	SELL
Fortum Varme Holding Samagt Med St				BBB+	Stable					Jakob Magnussen	
Fred Olsen Energy Asa	BB+	Stable								Sondre Stormyr	
G4S Plc				BBB-	Stable					Brian Borsting	BUY
Getinge Ab	BBB-	Neg								Louis Landeman	
Heimstaden Ab	BB	Stable	BB-							Wiveca Swarting	
Helgeland Sparebank						Baa2	Neg			T. Hovard / L. Holm	
Hemso Fastighets Ab	BBB+	Stable								Wiveca Swarting	
Hoist Kredit Ab	BB-	Stable	B+							Gabriel Bergin	
Husqvarna Ab	BBB-	Stable								Louis Landeman	
Investor Ab				AA-	Stable	A1	Stable			Brian Borsting	BUY
Iss A/S				BBB-	Stable	Baa3	Stable			Brian Borsting	HOLD
J Lauritzen A/S	B	Stable	B-							Åse Haagensen	
Jernhusen Ab	A-	Stable								Gabriel Bergin	
Jyske Bank A/S				A-	Stable	Baa1	Neg			Thomas M. Hovard	BUY
Kesko Oyj	BBB	Stable								Mads Rosendal	
Klaveness Ship Holding As	BB-	Stable	B+							Bjørn Kristian Røed	
Meda Ab	BB-	Stable								Louis Landeman	
Metsa Board Oyj				B+	Pos	B2	Pos			Mads Rosendal	
Metso Oyj				BBB	Stable	Baa2	Neg			Mads Rosendal	BUY
Mjølby-Svartadalen Energi Ab	BBB+	Watch								Louis Landeman	
Ncc Ab	BBB-	Stable								Wiveca Swarting	
Neste Oil Oyj	BBB-	Stable								Jakob Magnussen	HOLD
Nokia Oyj				BB	Pos	Ba2	Stable	BB	Stable	Ola Heldal	HOLD
Nokian Renkaat Oyj	BBB+	Stable								Jakob Magnussen	
Nordea Bank Ab				AA-	Neg	Aa3	Neg	AA-	Stable	T. Hovard / L. Holm	SELL
North Atlantic Drilling Ltd	BB	Stable	BB-							Sondre Stormyr	
Norwegian Air Shuttle Asa	BB-	Stable	B+							Brian Borsting	
Norwegian Property Asa	BBB-	Stable								Åse Haagensen	
Nykredit Bank A/S				A+	Neg	Baa2U	Stable	A	Stable	T. Hovard / L. Holm	BUY
Nynas Group	B+	Stable	B+							Jakob Magnussen	
Odfjell Se	B+	Stable	B							Bjørn Kristian Røed	
Olav Thon Eiendomsselskap Asa	BBB+	Stable								Åse Haagensen	
Olympic Shipping As	B+	Stable	B							Åse Haagensen	
Orkla Asa	BBB+	Pos								Åse Haagensen	
Outokumpu Oyj	B-	Pos								Mads Rosendal	
Pohjola Bank Oyj				AA-	Neg	Aa3	Neg	A+	Stable	T. Hovard / L. Holm	SELL
Posten Norge As	A-	Stable								Åse Haagensen	
Postnord Ab	BBB+	Stable								Gabriel Bergin	
Prosafe Se	BB	Stable								Åse Haagensen	

Source: Standard & Poor's, Moody's, Fitch, Danske Bank Markets

Ratings from Standard & Poor's, Moody's and Fitch and Danske Bank markets shadow ratings

Company	Danske Bank			S&P		Moody's		Fitch		Analyst(s)	Recomm.
	Rating	Outlook	Sr.Unsec	Rating	Outlook	Rating	Outlook	Rating	Outlook		
Ramirent Oyj	BB+	Stable								Brian Borsting	
Saab Ab	BBB+	Stable				Wr				Wiveca Swarting	
Sampo Oyj						Baa2	Stable			T. Hovard / L. Holm	HOLD
Sandnes Sparebank	BBB+	Stable								T. Hovard / L. Holm	
Sandvik Ab				BBB	Stable					Mads Rosendal	HOLD
Sas Ab				B-	Stable	Wr	Pos			Brian Borsting	
Sbab Bank Ab				A	Neg	A2	Neg			T. Hovard / L. Holm	HOLD
Scania Ab				A-	Stable					Mads Rosendal	HOLD
Schibsted Asa	BBB	Stable								Ase Haagensen	
Seadrill Ltd	BB+	Stable	BB							Sondre Stormyr	
Securitas Ab				BBB	Stable	Wr				Brian Borsting	HOLD
Skandinaviska Enskilda Banken Ab				A+	Neg	A1	Neg	A+	Pos	T. Hovard / L. Holm	BUY
Skanska Ab	BBB+	Stable								Wiveca Swarting	
Skf Ab				BBB+	Stable	Baa1	Stable			Mads Rosendal	HOLD
Solstad Offshore Asa	BB-	Stable	B+							Ase Haagensen	
Spar Nord Bank A/S	BBB+	Stable								T. Hovard / L. Holm	
Sparebank 1 Boligkreditt As	A-	Stable								Lars Holm	
Sparebank 1 Nord Norge						A2	Neg	A	Stable	T. Hovard / L. Holm	HOLD
Sparebank 1 Smn						A2	Neg	A-	Stable	T. Hovard / L. Holm	HOLD
Sparebank 1 Sr Bank Asa						A2	Neg	A-	Stable	T. Hovard / L. Holm	HOLD
Sponda Oyj	BBB-	Stable								Wiveca Swarting	
St1 Nordic Oy	BB	Stable								Jakob Magnussen	
Statkraft Sf				A-	Stable	Aaa	Stable			Jakob Magnussen	BUY
Statnett Sf				A+	Stable	Wr	Stable			Jakob Magnussen	HOLD
Statoil Asa				AA-	Stable	Aa2	Stable			Jakob Magnussen	SELL
Steen & Strom As	BBB+	Stable								Ase Haagensen	
Stena Ab				BB	Stable	B2	Stable			Brian Borsting	BUY
Stockmann Oyj Abp	BB-	Neg								Mads Rosendal	
Stolt-Nielsen Ltd	BB+	Stable	BB							Bjorn Kristian Roed	
Stora Enso Oyj				BB	Stable	Ba2	Neg	WD		Mads Rosendal	HOLD
Storebrand Bank Asa	BBB+	Stable		BBB+	Neg	Baa1	Neg			T. Hovard / L. Holm	
Suomen Hypoteekkiyhdistys	A-	Stable								T. Hovard / L. Holm	
Swedavia Ab	A-	Stable								Gabriel Bergin	
Swedbank Ab				A+	Neg	A1	Neg	A+	Pos	T. Hovard / L. Holm	BUY
Swedish Match Ab				BBB	Stable	Baa2	Stable			Brian Borsting	HOLD
Svensk Fastighetsfinansiering Ab	BBB	Stable								Louis Landeman	
Svenska Cellulosa Ab Sca				A-	Stable	Baa1	Stable			Mads Rosendal	BUY
Svenska Handelsbanken Ab				AA-	Neg	Aa3	Neg	AA-	Stable	T. Hovard / L. Holm	HOLD
Sydbank A/S						Baa1	Neg			T. Hovard / L. Holm	BUY
Tallink Group As	BB	Stable	BB-							Jakob Magnussen	
Talvivaara Mining Co Plc	C									Mads Rosendal	
Tdc A/S				BBB	Neg	Baa3	Stable	BBB	Stable	Ola Heldal	HOLD
Teekay Offshore Partners Lp	BB-	Stable	B+							Bjorn Kristian Roed	
Tele2 Ab	BBB	Stable								Ola Heldal	
Telefonaktiebolaget Lm Ericsson				BBB+	Stable	Baa1	Stable	BBB+	Neg	Ola Heldal	HOLD
Telenor Asa				A-	Pos	A3	Stable			Ola Heldal	HOLD
Teliasonera Ab				A-	Stable	A3	Stable	A-	Stable	Ola Heldal	SELL
Teollisuuden Voima Oyj				BBB	Neg	Wr		BBB	Stable	Jakob Magnussen	BUY
Thon Holding As	BBB+	Stable								Ase Haagensen	
Tine Sa	BBB+	Stable								Ola Heldal	
Upm-Kymmene Oyj				BB	Pos	Ba1	Stable	WD		Mads Rosendal	HOLD
Vasakronan Ab	BBB+	Stable								Wiveca Swarting	
Vattenfall Ab				A-	Stable	A3	Stable	A-	Neg	Jakob Magnussen	HOLD
Vestas Wind Systems A/S	BBB-	Pos								Niklas Ripa	BUY
Wilh Wilhelmsen Asa	BBB-	Stable								Bjorn Kristian Roed	
Volvo Ab				BBB	Neg	Baa2	Neg	BBB	Stable	Mads Rosendal	HOLD
Yit Oyj	B	Neg								Louis Landeman	

Source: Standard & Poor's, Moody's, Fitch, Danske Bank Markets

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