REGION BENCHMARKS

Bond	Mid-Market	Variation
Brazil23s	89	-10ct
Mex 23	100.1	+10ct
Boden 15	96	+40ct
Vene 22	99.25	+25ct

Source: Thomson Reuters

CDS BENCHMARKS

Contract	Level	Variation
Brazil 5-yr	154bp	-11bp
Mex 5-yr	108bp	-8bp
Arge 5-yr	2307bp	-120bp

Source: Thomson Reuters

MOST TRADED BONDS

Bond	Mid-Market	Variation
Ecopetrol18	104.8	+25ct
OGX2018	5	-50ct

Source: Thomson Reuters

DCM LEAGUE TABLE

Bank	Total US$(m)	No. of deals
JP Morgan	10,016.7	37
Citi	9,912.8	40
BofA Merrill Lynch	9,786.1	32
Deutsche Bank	8,850.3	32
HSBC Holdings PLC	7,666.1	27

Source: Thomson Reuters

CORPORACION NACIONAL DEL COBRE DE CHILE, or Codelco, priced new US$950m 2043s at 97.873 with a coupon of 5.625% for a yield of 5.775% and a spread of Treasuries plus 200bp. Leads *Bank of America Merrill Lynch*, *HSBC* and *Mitsubishi UFJ Securities* had released initial price thoughts of low 200s before tightening to Treasuries plus 205bp (plus/minus 5bp) and launching at Treasuries plus 200bp.

The bonds were judged to be carrying a new-issue concession of between 2bp and 5bp. Some looked at the Codelco 2042s, with a dollar price of 82.00, were quoted at a spread of Treasuries plus 180bp. Another banker on the syndicate used the Codelco 2036s as a comp because the 2042s are less liquid.

"A better reference point may be the old [Codelco] long bond, the 2036s, which was trading near par, but 15bp wide of the 42s on a curve-adjusted basis," according to the banker. "We, thus, saw fair value at Treasuries plus 195bp after adjusting for this for low dollar price, making for NIC of about 5bp."

In the end, the book was around US$3bn, comprising 155 accounts of which 90% from the US, 8% from Europe and 2% from Asia. Fund managers made up 85% of the book with insurance and pension funds coming in at 5%, banks and private banks at 2% and hedge funds at 8%.

Settlement date is October 18 with maturity falling on the same day in 2043. The notes are 144A/Reg S (without registration rights) senior unsecured. The proceeds will be used to finance partially capital expenditure, cancel short-term indebtedness and for general corporate purposes.

Elsewhere, bankers are awaiting a mandate decision from PANAMA as the sovereign prepares a liability-management operation to target the short-end of its international curve, say sources familiar with the process.

Government officials are still deciding how much of the transaction will involve a local market component, but the Global 7.25% of March 15 2015s are likely to be targeted, according to a finance ministry source.

A domestic market foray may be more expensive as instruments there are still not Euro-clearable, and a slight premium is required, but the government is keen to develop its domestic market.

It remains unclear how the sovereign will target the 2015s, which are trading at 108.50–109.25, or 1.18%–0.68% on a yield basis. Simply pre-funding and paying down the bond this far in advance may make little sense, especially given the relatively high cash price.

"If you are Panama, you will be paying a higher premium over par," said Carl Ross, managing director of investments at Oppenheimer. "You could just wait a little over a year and pay the 2015s at par instead of 109.00."

Panama also has a comfortable maturity profile with just the 2015s and 2020s falling due over the next 10 years. However, the sovereign could probably issue a longer-term bond well below the 7.25% coupon on the 2015s. For instance, its 2026s and 2027s now trade anywhere between the mid 4% and 5% area.

However, much depends on its view on US rates – and how much higher it thinks they will climb in coming months.

"You are issuing a bond at [say] 5% and buying back one that yields 1%," said Ross. "It seems like they are paying a premium to protect against rate movements, but it doesn't seem like rates are going to be that much higher."

Panama, rated Baa2/BBB/BBB, was last in the market in April when it sold a US$750m 40-year amortizer at par to yield 4.30%, or 139.7bp over comparable Treasuries. *Bank of America Merrill Lynch* and *Credit Suisse* acted as leads on that occasion.

Those bonds have widened considerably since then, and were being quoted this week at 79.75–80.75, or 5.57%–5.50% on a yield basis.

Equities

Books on Brazilian educational company SER EDUCACIONAL's IPO were two-thirds covered, signaling that it was well on track to price on October 18, banking sources said on Thursday.

It had launched an IPO of up to R$723.8m (US$312m) at an indicative price range of R$19.50–$23.50 on October 2, and began investor education last week for a listing of

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around US$300m–$400m. The company will offer 15.4m primary and 15.4m secondary shares.

Feedback from investors has been positive as the educational sector in Brazil continues to grow and those companies already public are trading well in the secondary market. Kroton Educacional, for example, is up 74% year to date, with shares quoted at R$31.86, while Anhanguera Educacional is up 16.55% year to date at R$13.40.

"The potential growth opportunity as more Brazilians go to college and continue education has investors interested," said an ECM banker. *BTG Pactual*, *Credit Suisse*, *Goldman Sachs* and *Santander* are bookrunners on the IPO.

Brazilian stolen-car-recovery company SASCAR had decided to defer its IPO until next year after lukewarm interest from investors, a banker close to the deal said on Thursday.

The company filed late this summer and had mandated *BTG Pactual*, *Credit Suisse* and *Itau*.

However, investors were not completely convinced about Sascar's marketing strategy, and its decision to pitch itself as a technology company, the banker said.

IPO success in Brazil has been mixed this year amid equity-market volatility. Ouro Verde and Unidas postponed such plans in early autumn.

Sascar's marketing decision may have been linked to the success of Brazilian software company Linx earlier this year. Bankers also say there is rarity value in the technology sector.

Linx priced a 20x covered R$527.9m (US$265m) IPO at R$27 in February. That was the top of the indicative R$23–$27 per share, and all 19.55m shares in the flotation, including 2.55m the supplementary shares, were sold.

Loans

Bank of America Merrill Lynch and *BNP Paribas* are the latest lenders to join PEMEX's US$1.25bn three-year revolving credit facility after bank meetings were held in New York yesterday.

The pair join *Citigroup*, *Credit Agricole*, *HSBC*, *Natixis* and *SMBC*, which the state-owned oil company originally mandated earlier this year. The loan is offering a margin of Libor plus 80bp. Upfront fees are 60bp on US$100m MLA tickets, 50bp on US$75m lead arranger tickets and 40bp on US$50m manager tickets. The commitment fee is 28bp.

Commitments are due on or before October 28. As the loan refinances an existing facility falling due in late November, Pemex wants to close the transaction before then.

The borrower had been waiting for the completion of a US$700m five-year revolving facility from its oil-trading facility PMI before moving forward. The leads on that loan, which came with a margin of Libor plus 120bp, were a similar line-up of banks, including namely *Citigroup*, *Credit Agricole*, *HSBC*, *JP Morgan* and *Natixis*.

Canadian-based Colombian energy company PACIFIC RUBIALES has closed a US$1.3bn one-year bridge loan to finance its proposed US$1.5bn acquisition of LatAm E&P company Petrominerales.

Lead *Bank of America* brought in *Citigroup*, *HSBC* and *Itau*. The bridge, which has a step-up structure and a duration fee, is expected to be taken out. The US$1.5bn price tag includes a US$902m cash payment and the assumption of US$622m in debt, according to Fitch.

This will increase the leverage of Pacific Rubiales to around 1.2x from 0.7x as of year-end 2012. However, the company was expected to divest some of Petrominerales assets to raise US$400m and reduce debt, it said.

"The company stated its intention to maintain a consolidated leverage below 1.0x in the medium term, which Fitch sees in line with the assigned rating category," the agency said.

LATIN AMERICA DCM PIPELINE

Issuer	Size (US$m)	Tenor (years)	Leads
Buenaventura	TBD	TBD	BAML/MS
ENAP	TBD	TBD	TBD
Bolivia	TBD	TBD	BAML/HSBC