IFR JAPAN CAPITAL MARKETS BRIEFING

ALL INTERNATIONAL YEN BONDS
BOOKRUNNERS: 1/1/2013 TO 15/3/2013

	Managing bank or group	No. of issues	Total ¥(m)	Share (%)
1	Sumitomo Mitsui Finl Grp	4	33,090.00	18.2
2	Goldman Sachs	1	28,000.00	15.4
3	Barclays	3	21,500.00	11.8
=3	Mizuho	3	21,500.00	11.8
5	Nomura	5	17,500.00	9.6
6	Daiwa Securities Group	3	10,000.00	5.5
=6	Citigroup	3	10,000.00	5.5
8	BNP Paribas	1	6,000.00	3.3
9	Credit Agricole CIB	1	5,000.00	2.7
10	Natl Agricultural Coop Fed	1	4,000.00	2.2
	Total	**16**	**181,870.00**	

Source: Thomson Reuters (SDC code: K12)

JAPAN EQUITY & EQUITY RELATED
BOOKRUNNERS: 1/1/2013 TO 14/3/2013

	Managing bank or group	No. of issues	Total ¥(m)	Share (%)
1	Daiwa Securities Group	14	329,626.72	22.1
2	Goldman Sachs	3	277,249.04	18.6
3	Nomura	16	226,742.87	15.2
4	Mizuho Financial Group	11	213,485.62	14.3
5	JP Morgan	2	115,835.73	7.8
6	Sumitomo Mitsui Finl Grp	11	102,260.98	6.9
7	Morgan Stanley	8	93,018.19	6.2
8	Barclays	3	53,455.63	3.6
9	Citigroup	1	42,614.69	2.9
10	UBS	3	20,018.77	1.3
	Total	**48**	**1,489,362.85**	

Source: Thomson Reuters (SDC code: C1e)

** There will be no IFR Japan Capital Markets Briefing on Wednesday March 20 due to a public holiday. The next briefing will be published on Thursday March 21**

Bonds

Andean development bank CORPORACION ANDINA DE FOMENTO has been on a rising wave as its status has almost reached that of a true high-grade supranational, at least ratings-wise. The issuer is now a Double A credit after Fitch upgraded it to AA– last week.

Rated Aa3/AA–/AA–/AA (Moody's/S&P/Fitch/JCR) with a stable outlook, CAF is now developing relationships with the top rung SSA investors who previously were unable to buy its bonds, says Gabriel Felpeto, the bank's director of financial policies and international issuance.

Many of these accounts are central banks or official institutions, many of which are from Asia. Should such buyers take a shine to the new Double A rated bank, CAF hopes eventually to tap this new funding pool at attractive pricing levels. "This investor base tends to want shorter tenors, particularly five years," he said.

While such a public account-targeted push may still be a stretch for CAF in Japan, there is an investor base that has been following its credit as it has previously issued wholesale and retail Samurais as well as non-yen Uridashis.

"There are investors who have bought CAF before and there are also investors interested in Latin America. While Mexico and even the likes of Colombia trade very tight, CAF trades wider. So that could leave a scope for selling its credit to local investors interested in the name," said one cross-border DCM banker.

However, yen-denominated issuance may not be on the cards, at least in the near future. In the current environment, wholesale levels in yen are not competitive for high-rated global issuer compared with other major markets, said one syndicate banker. The DCM banker supports the view, adding that even less price-sensitive yen-denominated, or US dollar, retail-targeted issuance would not work for individual investors due to the absolutely low yield.

As the issuer is said to have a small but a loyal investor base, prospects for both wholesale and retail funding are present, however, just not in yen, said the two Tokyo bankers. Theoretically, non-yen institutional trades could work as well as higher-yielding Uridashi issuance.

CAF has Samurai and Uridashi shelves in place, each for ¥100bn (US$1bn), valid until October 2014. It tapped retail demand when it issued a ¥10bn 1% four-year retail-targeted Samurai in 2011 at yen offer-side swaps plus 48bp via sole lead Daiwa. A year before that, when its ratings were at A1/A+/A+/AA–, it sold a ¥14.4bn institutional deal in three and five-year maturities via Mizuho and Nomura.

The bank's credit quality has, however, improved rapidly over the past eight months, with four upgrades over that period, and it now hopes to position itself as a supranational credit. "This opens us to another set of investors," said Felpeto.

If the borrower is successful in cultivating relationships in this new funding pool, the goal is to come to market with a benchmark transaction, a five-year bond in either dollars or euros. The bank tested the waters in this market with a US$300m three-year FRN in January at three-month Libor plus 85bp.

Another possibility is a foray in the Australian dollar market, which is not only a traditional stomping ground for SSA investors, but also for Asian buyers, including Japanese, who like the higher rates.

This year CAF needs to raise US$2bn–$2.5bn in the capital markets, with about US$450m already covered. For now, the goal is to come to market with one benchmark transaction per year, but Swiss francs as well as local currency forays are another possibility, Felpeto said.

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Equities

Book coverage on the ¥7.878bn (US$82m) TAMA HOME IPO was more than 30 times oversubscribed. Individual investors, who are set to buy 80% of the deal's share, made up a book for coverage of a little less than 30 times. Institutional accounts, taking 20% of the Japanese home builder's deal, piled for more than 40 oversubscription coverage.

The deal, split into 65m primary shares (for ¥6.37bn) and 15.39m secondary shares (¥1.50822bn), was priced on March 15 at the initial indication of ¥980, the top end of the ¥870–¥980 price guidance. There is an overallotment of 1.2058m shares.

Priced on March 15, the domestic-only deal will dually list on the Tokyo and Fukuoka Stock Exchanges on March 27.

Daiwa is sole bookrunner. On the syndicate for the new share offering portion of the deal are *SMBC Nikko*, *SBI*, *SMBC Friend*, *Nomura*, *Nishinihon City Tokai Tokyo*, *MUMSS*, *Mizuho*, *Okasan*, *Ichiyoshi* and *Monex*.

PIPELINE

DEBT:
- **WEEK OF MAR 18: Sompo Japan Insurance** to issue its debut US dollar hybrid, 60NC10 deal (*Nomura, JPM, Mizuho, MS*)
- **POSSIBLY IN MAR: Marubeni** eyeing potential US dollar Reg S funding after completing its roadshow on March 7 (*Citigroup, GS, JPM*)
- **H1–H2:** The **Czech Rep** is expected to issue a Samurai. Deadline for the RFP pitches was on Jan 21

EQUITIES:
- **MARCH 18: Orix J-REIT** priced ¥19.7bn follow-on at 2.5% discount (*Daiwa, Nomura, UBS*)
- **MARCH 22: Broadleaf** ¥20.3bn listing on TSE (Nomura)
- **2013: Aeon REIT**'s ¥100bn IPO (*Nomura*), **Suntory**'s ¥500bn IPO (*Nomura*), **Seibu Holdings**' ¥100bn IPO (*BofA Merrill, JP Morgan, Mizuho, Nomura* and *UBS*)
- **2015: Japan Post Holdings**' ¥2trn IPO (to be mandated)