IFR JAPAN CAPITAL MARKETS BRIEFING

ALL INTERNATIONAL YEN BONDS
BOOKRUNNERS: 1/1/2013 TO 8/3/2013

	Managing bank or group	No. of issues	Total ¥(m)	Share (%)
1	Sumitomo Mitsui Finl Grp	4	33,090.00	19.7
2	Goldman Sachs	1	28,000.00	16.7
3	Barclays	3	21,500.00	12.8
4	Nomura	5	17,500.00	10.4
5	Daiwa Securities Group	3	10,000.00	6.0
=5	Citigroup	3	10,000.00	6.0
7	Mizuho	2	7,500.00	4.5
8	BNP Paribas	1	6,000.00	3.6
9	Credit Agricole CIB	1	5,000.00	3.0
10	Natl Agricultural Coop Fed	1	4,000.00	2.4
	Total	**15**	**167,870.00**	

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)

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Bonds

As the Japanese fiscal year-end approaches a throng of issuers are rushing to the international primary bond market before closing their books.

The latest in line is MIZUHO CORPORATE BANK (A1/A+/A–), the last of the three Japanese megabanks to fund in US dollars. Mizuho has been in the pipeline as a recurring dollar issuing candidate ever since it made its debut foray a year ago.

The new deal, a 5s/10s dual-tranche trade, would be its third senior, unsecured funding since the inaugural US$1.5bn five-year print mid-March last year through active leads Mizuho, Bank of America Merrill Lynch, Goldman Sachs and passive Deutsche Bank and JP Morgan.

The new 144a/ Reg S deal was announced Asian hours at what rather wide initial price thoughts of US Treasuries plus the 105bp area for the five-year piece and at plus 155bp area for the 10-year tranche. At the IPT levels, there would be a 10bp-odd premium to Mizuho's secondary levels.

After the debut, Mizuho refreshed its senior curve and added a 10-year point when it sold a US$2.5bn two-part trade in October via itself, BofA Merrill, GS, JPM and DB. The deal was split into a US$1.5bn 1.55% five-year note priced at plus 90bp and a US$1bn 2.95% 10-year at plus 130bp

Now those two are trading wider than the reoffer, quoted by the leads at Treasuries plus 91bp for the five-year and plus mid-140s for the rather illiquid 10-year. Meanwhile, the debut 2.55% dollar bond with remaining life of four years was quoted at a Z-spread of about 100bp.

Aside from senior funding, Mizuho issued a Lower Tier 2 US$1.5bn 4.2% sub at the parent level of Mizuho Financial Group in July.

Mizuho, JP Morgan, Goldman Sachs and *Deutsche Bank* are active bookrunners and *Bank of America Merrill Lynch* is passive on the latest deal. The transaction, similar to those before, would be guaranteed by Mizuho Financial Group. It will be pricing later today, during New York hours.

SOMPO JAPAN INSURANCE is planning a 60-year non-call 10 hybrid for its first subordinated bond in the US dollar market.

Sompo started roadshows in Hong Kong today and is meeting investors until next Wednesday with leads *Nomura, JP Morgan, Mizuho* and *Morgan Stanley* in preparation for the deal.

Moody's and S&P have assigned ratings of A3(hyb) and A– respectively, to the proposed step-up notes, two notches below the issuer's A1/A+ rating.

While there is no guidance out yet, a Reg S/144a hybrid would be the fifth callable foreign-currency bond outstanding from the Japanese insurance sector, offering plenty of reference points for investors looking to assess fair value.

Mitsui Sumitomo Insurance (A1/A+) has a 7% 60 non-call 10, issued last March, trading around the mid-5% area, while life insurer Nippon Life (Aa3/A+) has a 5% 30 non-call 10 quoted at around 4.75%. Those suggest the potential guidance range from Sompo would be in the mid to high 5% area. The step-up will be 100bp, according to S&P. This has been the standard for recent step-up hybrids with interest deferral options.

Sompo has another 60-year callable sub in the domestic market, a ¥128bn (US$1.33bn) 60-year with a first call date on May 2014.

Structured Finance

The JAPAN HOUSING FINANCE AGENCY has set the issue size at ¥132bn on its next Series 71 35-year RMBS. The deal features a preliminary overcollateralisation rate of 20.1% based on maximum collateral assets of ¥165.2bn. Joint leads *Mizuho, Credit Suisse* and *Mitsubishi UFJ Morgan Stanley* are looking to price the deal at the end of March.

People & Markets

Melanie Czarra, who headed the European primary debt markets team, as head of both DCM and syndicate, at MIZUHO in London will be leaving the firm. She has been on a gardening leave since early March.

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PIPELINE

DEBT:
- **MAR 14: Mizuho Corporate Bank** to price a 144a/Reg S 5s/10s Global (*Mizuho, JPM, GS, DB, BofA Merrill*)
- **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:** pricing of **Orix J-REIT**'s ¥17bn follow-on (*Daiwa, Nomura, UBS*)
- **2013: Seibu Holdings**' ¥100bn IPO (*BofA Merrill, JP Morgan, Mizuho, Nomura* and *UBS*), **Aeon REIT**'s ¥100bn IPO (*Nomura*), **Suntory**'s ¥500bn IPO (*Nomura*)
- **2015: Japan Post Holdings**' ¥2trn IPO (to be mandated)

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