

# Daily Oil Bulletin

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## A Decrease In Financings But A Slight Increase In The Number Of Dealers In 2013

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A total of \$15.8 billion in capital was raised by the Canadian oil and natural gas industry in 2013, down 22 per cent from the \$20.4 billion raised in 2012. The decrease in total financings, however, did not prevent a small jump in the number of dealers servicing the sector. Over the last two years, the number of active dealers servicing the Canadian oil and natural gas industry has increased slightly to 55 in 2013 from 54 in 2012. The total number of active dealers (defined as those completing over \$5 million in total issues per year) was comprised of 31 foreign-based dealers, 18 Canadian independent brokerage companies and six Canadian bank-owned firms. By comparison in 2012, the total number of active dealers was comprised of 26 Canadian independent brokerage companies, 22 foreign-based dealers, and six Canadian bank-owned firms.

There was a total of \$6.1 billion in equity raised during 2013, down \$4.5 billion or 43 per cent from the \$10.6 billion in 2012. The top five equity underwriters in 2013 consisted of three Canadian independent investment dealers and two Canadian bank-owned firms, which is in contrast to 2012, when the top five underwriters were four Canadian bank-owned firms and one Canadian independent investment dealer. The top five dealers in equity financings in 2013 were: **FirstEnergy Capital Corp.**, **RBC Dominion Securities Inc.**, **National Bank Financial Inc.**, **Dundee Capital Markets** and **GMP Securities L.P.** Together these dealers raised approximately \$2.0 billion of equity in 2013. It is interesting to note that only FirstEnergy and RBC remained in the top five year-over-year.

In terms of the number of equity financings completed, National Bank led the pack for the second straight year in 2013 by participating in 50 deals, of which it was lead underwriter in 13. FirstEnergy was in second place by underwriting 45 deals and acting as lead in 10. In third place was RBC, being the lead agent in 14 out of the total of 36 financings it took part in.

In contrast to equity financings, debt financings remained relatively unchanged in 2013 compared to 2012. In both 2012 and 2013, debt financings were just under \$10 billion per year. The top five spots in 2013 were occupied by four foreign-based dealers and one Canadian bank-owned firm. In 2012, the top five dealers consisted of four Canadian bank-owned dealers and one foreign-based brokerage house. The top five dealers in debt financings in 2013 were **Bank of America Merrill Lynch**, **Barclays Capital**, RBC, **Pareto Securities ASA** and **JPMorgan Chase & Co.** each with over \$300 million in financings in the category. RBC was the only underwriter which remained in the top five year-over-year.

There was a total of approximately \$91 million in financings done by oil and natural gas royalty income trusts in 2013 in comparison to the \$629 million raised in 2012. The largest financing of the year involved **Argent Energy Trust**, which raised \$83 million in July 2013. Argent used the proceeds from the financing to purchase oil and natural gas properties in Colorado and Kansas. The lead underwriters in the financing were **Scotia Capital Inc.**, **CIBC World Markets Inc.** and RBC.

In reviewing the financings completed in the first three months of 2014 and comparing them to the first quarter of 2013, the total amount of capital raised is up 96 per cent to approximately \$6.0 billion from the \$3.1 billion raised over the same time period last year. This increased amount of capital could lead to even more dealers servicing the Canadian oil and natural gas industry in 2014.

Note that the methodology we have used to derive the dollar value for dealer activity was to assign the lead dealer of a financing a value of two and all the other dealers in an underwriting syndicate a value of one. For example in a \$40 million financing with one lead dealer and two other dealers in an underwriting syndicate, the lead dealer would be credited a value of \$20 million and the other two dealers would be assigned a value of \$10 million each.

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