

- **Next Week**

- The street is calling for a light \$15-20B of new IG supply next week.
- Earnings blackouts are a big driver for the modest expectations. Next week is the peak for 1st quarter earnings announcements, with 186 of the S&P500 names reporting. 395 of 500 report over the next two weeks.
- Absent almost 80% of potential US issuers blacked out, drivers for supply will come from self-funders and Yankees.
 - Citi, JPM, BAC, and MS have already printed. Waiting on GS and WFC (printed \$600mm pfd).
 - Yankee supply could be muted as the scores of Asian names that have road-showed recently might hold back given North Korean saber rattling. The 1st round of French elections Sunday will be a gating issue for European borrowers as well.
- Kaiser Permanente (/AA-) marketing \$2.4B 5/10/30s taxable muni's which should hit next week.

- **This Week**

- The new issue market printed \$24.16B of IG supply this week, driven mostly by financials. C, JPM, BAC, and MS alone were \$18.25B of the weekly volume (75.5%). Outside of financials, there were only 3 deals totaling \$3.925B this week and \$3B of that came from Lowe's.
- Execution metrics continued to erode this week (see below). This week's deals were only oversubscribed an avg of 2.0x, down from 2.6x the week prior and the weakest reading of the year. Pricing leverage suffered as a result, with deals pricing an average of only 14.0 bp's inside IPT's and with avg new issue concessions of 3.1 bp's, marking four straight weeks of declines in those measures
- This week's IG volume brings the MTD to \$58B and the YTD to \$458B. Absent a surprising surge in volume, April will be the slowest month this year. The YTD total is 7.7% ahead of last year's pace – and in a year the street was calling for supply to be down ~10% could presage a much slower 2nd half.
- The HY market was busy, printing \$3.8B across 8 deals through Thursday, with another 2 totaling \$1.05B queued for pricing Friday. Pricing was strong, with every deal pricing significantly inside IPT's. The calendar significantly outperformed a flat 2day market – this week's deals were up an average of 1 ½ points by Friday.
- US IG Corp fund flows were +\$1.229B according to EPFR vs a \$0.84B outflow the week prior. HY fund flows were a negligibly positive \$31.4mm vs a \$682mm outflow the week prior

- **FWIW**

- With the 10yr ~2.23%, spreads near tights, and cash plentiful, the window to issue remains enormously attractive.
- When 10yr yields were peaking at 2.60% 5-6 weeks ago, it was unclear whether we were entering an historic inflection point toward higher yields or at the cheap end of a trading range. Post healthcare reform misfire and fading hopes for tax reform, the market's getting comfortable if not capitulating to the range. It should be good for spreads and spread product. That said, just as we were probably overbought on the Trump change/reflation trade, we could be oversold on the Trump fail trade. And with the 1st 100 day marker out there on April 30th, watch your Twitter feeds closely.
- Odds of a rate hike in May 13%, in June 50%

- Perhaps it was inevitable given the significant outperformance of the floating rate tranches relative to fixed rate tranches in recent weeks, but interesting to watch the BAC and JPM 6nc5 fixed and floating tranches. Both marketed the floating tranches at a “Libor plus” level instead of the conventionally “Libor equivalent” level and it looks like both were able to print their floating tranches at levels inside of their fixed rate tranches. BAC’s 6nc5 frn printed 2.1 bp’s inside the fixed tranche and JPM’s 6nc5 frn printed 3.5 bp’s inside the fixed tranche

Key Execution Metrics

Week 16 of 2017			Demand		Pricing Leverage	
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC
Monday	2	\$800	1.9x	\$775	-20.0 bp's	+0.0 bp's
Tuesday	10	\$11,135	2.2x	\$2,200	-13.0 bp's	+1.6 bp's
Wednesday	9	\$12,225	1.9x	\$3,099	-13.6 bp's	+5.9 bp's
Thursday						
Friday						
This Week	21	\$24,160	2.0x	\$2,446	-14.0 bp's	+3.1 bp's
Week Prior	41	\$11,475	2.6x	\$1,798	-16.8 bp's	+1.9 bp's
YTD Average		\$28,681	3.0x	\$2,215	-17.7 bp's	+1.1 bp's

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
4/19	Baa1	BBB+	1500	BAC	6nc5	L+115a	L+105a	3mL+100	(15)	2
4/19	Baa1	BBB+	1250	BAC	6nc5	130a	120a	115	(15)	2
4/19	Baa1	BBB+	2000	BAC	11nc10	165a	155a	150	(15)	3
4/19	Baa1	BBB+	2000	BAC	21nc20	155a	140a	137	(18)	5
4/19	A3	A	500	BASINE	30.0	vL200a	195a	190	(15)	
4/19	Aa3	A+	225.4	CM	1.6			-		
4/19	A3	A-	1500	LOW	10.0	100a	90#	90	(10)	9
4/19	A3	A-	1500	LOW	30.0	130a	120#	120	(10)	10
4/19	A3	BBB+	1750	MS	7nc6	L+130-135	L+125a	3mL+122	(11)	10
4/18	Aa3	A+	160	BNS	1.5			3mL+25		
4/18	Baa1	BBB+	1250	C	5.0	L equiv	L equiv	3mL+96	(13)	0
4/18	Baa1	BBB+	2250	C	5.0	L120s	110a	107	(13)	0
4/18	Baa1	BBB+	1000	C	31nc30	160a	145#	145	(15)	(2)
4/18	A3	A-	1250	JPM	6nc5	L+105a	L+90a	3mL+90	(15)	(3)
4/18	A3	A-	1500	JPM	6nc5	120a	107a	107	(13)	(3)
4/18	A3	A-	2500	JPM	11nc10	150a	137a	137	(13)	5
4/18	A1	A+	425	KORESC	5.0	140a	130#	130	(10)	15
4/18	A1	A	450	NRUC	5.0	80-85	75a	70	(13)	2
4/18	A1	A	350	NRUC	10.0	100-105	95a	90	(13)	0
4/17		A-	300	ATHGLO	3.0	L equiv	L equiv	3mL+114	(20)	0
4/17		A-	500	ATHGLO	3.0	160a	145a	140	(20)	0

New Issue Report Card

Ticker	Cpn	Maturity	Init Spd	Bid	Ask	Change
BASINE	4.750	4/26/2047	190.0	185	182	-5
NRUC	2.400	4/25/2022	70.0	66	62	-4
BAC	4.244	4/24/2038	137.0	133	129	-4
LOW	3.100	5/3/2027	90.0	87	85	-3
LOW	4.050	5/3/2047	120.0	117	114	-3
KORESC	3.000	4/24/2022	130.0	127	125	-3
NRUC	3.050	4/25/2027	90.0	88	85	-2
ATHGLO	2.750	4/20/2020	140.0	138	133	-2
JPM	2.776	4/25/2023	107.0	105	103	-2
BAC	3.705	4/24/2028	150.0	149	146	-1
BAC	2.881	4/24/2023	115.0	115	112	+0
C	2.750	4/25/2022	107.0	107	104	+0
JPM	3.540	5/1/2028	137.0	138	136	+1
C	4.281	4/24/2048	145.0	147	144	+2
					Best	-5
					Worst	+2
					Avg	-2

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	20,586.32	7.61	133.07	17,063.08	21,169.11	20,696.07	19,307.38
S&P 500	2,352.60	(3.24)	23.65	1,991.68	2,400.98	2,356.34	2,232.95
Nasdaq	5,915.65	(1.13)	110.50	4,574.25	5,936.39	5,848.59	5,437.94
VIX	14.8	0.65	(1.2)	9.97	26.72	12.33	13.06
Oil	49.61	(1.10)	(4.0)	44.6	58.0	52.0	51.7
Gold	1283.49	1.59	(2.2)	1122.89	1375.34	1245.68	1255.11
2yr	1.178%	(0.8)	(2.9)	0.55%	1.38%	1.26%	1.02%
3yr	1.386%	(1.4)	(2.7)	0.65%	1.69%	1.51%	1.23%
5yr	1.750%	(1.5)	(2.0)	0.94%	2.14%	1.93%	1.60%
7yr	2.031%	(1.5)	(1.5)	1.19%	2.44%	2.22%	1.90%
10yr	2.220%	(1.2)	(1.8)	1.36%	2.63%	2.41%	2.09%
30yr	2.877%	(0.5)	(1.6)	2.10%	3.21%	3.02%	2.76%
2>5 Curve	56.9	(0.7)	0.9	33.1	84.4	66.7	58.0
2>10 Curve	103.9	(0.4)	1.1	73.1	136.8	114.5	106.8
5>10 Curve	46.9	0.3	0.2	37.7	60.0	47.7	48.7
5>30 Curve	112.6	1.0	0.5	101.8	145.9	109.5	115.4
10>30 Curve	65.5	0.8	0.2	54.5	88.2	61.6	66.5
2yr Swap	34.4	0.4	1.6	9.9	38.0	34.0	27.4
3yr Swap	28.0	0.4	1.2	4.6	32.0	26.9	20.2
5yr Swap	12.9	0.4	1.1	-6.8	14.1	10.8	4.8
7yr Swap	-0.1	0.4	0.4	-18.6	9.0	-1.7	-9.2
10yr Swap	-2.9	0.3	(0.1)	-19.1	0.7	-3.2	-10.7
US IG OAS*	119	0.0	0.0	111	159	117	129
US HY OAS**	392	(4.0)	(1.0)	344	616	380	445

*- Bloomberg Barclays US Agg Corp Avg Oas (1 day delay)

**- Bloomberg Barclays US Corp HY Avg OAS (1 day delay)

YTD Volume Breakdown

Monthly \$	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Tech		2017 Total \$
Jan	700	16000	14983	4750	2500	92515	2850	6750	34550		175,598
Feb	3250	1750	3400	13800	12200	42456	2950	4850	10000		94,656
Mar	1500	18750	13500	7923	4450	51645	9350	18600	4900		130,618
Apr	1000		9350	1450	10825	33391	500	1500			58,016
May											
Jun											
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
Total	6,450	36,500	41,233	27,923	29,975	220,007	15,650	31,700	49,450		458,889

Monthly %	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Tech		2017 Total %
Jan	0.4%	9.1%	8.5%	2.7%	1.4%	52.7%	1.6%	3.8%	19.7%		100%
Feb	3.4%	1.8%	3.6%	14.6%	12.9%	44.9%	3.1%	5.1%	10.6%		100%
Mar	1.1%	14.4%	10.3%	6.1%	3.4%	39.5%	7.2%	14.2%	3.8%		100%
Apr	1.7%		16.1%	2.5%	18.7%	57.6%	0.9%	2.6%			100%
May											
Jun											
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
Total	1%	8%	9%	6%	7%	48%	3%	7%	11%		100%



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Jim Brucia, CFA

t: 908.273.0782 | m: 908.447.4080

R. Seelaus & Co., Inc. | 25 Deforest Avenue, Suite 304 | Summit, NJ 07901

jimbrucia@rseelaus.com Connect with us: [Facebook](#) | [Twitter](#) | [YouTube](#)

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