

- **Next Week**

- Average of the street syndicate estimates for supply next week is \$31B. Much more consistency in responses for this survey with a decent level of visibility on names that are lining up.
- There are at least ten IG names that have announced or recently completed either roadshows or investor calls – Autodesk, Becton Dickinson, DDR, Enel, Great West Life, GS Caltex, Hyundai Capital Services, National Bank of Kuwait, TC Pipelines, and Tyson Foods
- 18 S&P 500 names report earnings next week, including Lowe's on Wednesday and Costco on Thursday
- Light week for market moving economic releases, but Wednesday sees the release of FOMC Meeting minutes. President Trump's on the road all week (!! ) starting in Saudi Arabia then Israel, and finishing with the G7 Summit on Friday/Saturday.

- **Last Week**

- The new issue market maintained its heady pace, printing \$38B of new supply. It might've been even more but for a mid-week Trump and Brazil induced spasm that threatened to halt the momentum. The week brought a heavy dose of Financials (\$22.6B, 2<sup>nd</sup> busiest week of the year) and Qualcomm (\$11B 9 tranche Friday print).
- IG Execution metrics remain firm (see below) with healthy oversubscription levels and strong pricing. 2dary performance of the calendar was mixed at best, with 11 of 21 fixed tranches finishing the week unch'd to wider (QCOM not priced yet).
- The HY market was busy as well, printing \$7.3B on 9 tranches through Thursday with another 4 deals totaling \$1.3B queued for pricing on Friday.
- Execution and tone in HY turned pretty dramatically mid-week. Petrobras printed the deal of the week on Monday, leveraging an \$18.5B book into a triple tap of their bmk 5s, 10s, and 30s. Two days later amid corruption allegations engulfing Brazilian President Temer, Brazil got crushed and the PETBRA deal sold off dramatically. The 30yr tap sold off as much as 7 points and finished the week down 5.75 points. Overall, HY got left behind the US Tsy rally, widening 13 bp's despite a continued rally in oil markets (Oil closing above \$50bbl for the first time since April 21). Several deals have suffered push-back on price – Great Lakes Dredge & Dock printed 50 wide of whispers, and SunCoke Energy has gone out with talk 75 wide to whispers.
- IG MTD volume now \$114.7B and YTD up to \$597B, roughly even with last year's 20 week total. If beginning of the year predictions for overall supply to be down 10% this year from 2016 are right, that could portend a pretty dramatic slowdown coming – an average of \$22B per week for the rest of the year, vs \$30B per week so far this year
- IG fund flows were a +\$4.21B last week acc to EPFR, the 21<sup>st</sup> consecutive week of inflows and in contrast to a \$3.2B ytd weekly average
- HY MTD volume now \$18.4B and YTD up to \$143B, up 49% over last year's 20 week total.
- HY mutual funds were +\$450mm last week acc to EPFR vs a \$1.5B outflow the week prior.

- **FWIW**

- Probability of a FOMC rate hike on June 14<sup>th</sup> is 97.5%
- 10yr at ~2.25% safely in the ~1.50-2.50% range we've been in for 3 years. Excess liquidity and complacency in the range are really good for spreads.
- Tough to talk politics, but with politics driving sentiment it is equally tough to ignore. Simple thought is that the tails are getting fat. On the one end of the risk spectrum is

the good Trump trade (tax and healthcare reform, financial deregulation, infrastructure investment) and on the other end is the bad Trump trade (gridlock at best, political crisis at worst). Least likely path is a straight line in either direction, so sentiment swings and consequent volatility are likely to increase going forward not decrease. Doesn't really feel like that's reflected in current prices...

## Key Execution Metrics

Week 20 of 2017			Demand		Pricing Leverage	
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC
Monday	17	\$12,950	3.5x	\$3,183	-17.8 bp's	-0.7 bp's
Tuesday	13	\$12,400	2.3x	\$2,245	-17.5 bp's	+1.3 bp's
Wednesday	4	\$1,350	3.8x	\$1,225	-18.1 bp's	-7.5 bp's
Thursday	1	\$350				
Friday	9	\$11,000	3.4x	\$4,344	-16.1 bp's	+7.1 bp's
<b>This Week</b>	<b>44</b>	<b>\$38,050</b>	<b>3.2x</b>	<b>\$3,005</b>	<b>-17.3 bp's</b>	<b>+0.9 bp's</b>
<b>Week Prior</b>	41	\$35,585	2.7x	\$2,092	-19.4 bp's	+0.4 bp's
<b>YTD Weekly Average</b>		\$29,878	3.1x	\$2,299	-17.9 bp's	+0.9 bp's

## Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
5/19	A1	A	Bmk	QCOM	2yr frn	L equiv	L equiv	3mL+36	(10)	10
5/19	A1	A	Bmk	QCOM	2.0	70a	65a	60	(10)	10
5/19	A1	A	Bmk	QCOM	3yr frn	L equiv	L equiv	3mL+45	(15)	10
5/19	A1	A	Bmk	QCOM	3.0	80a	70a	65	(15)	10
5/19	A1	A	Bmk	QCOM	5.5yr frn		L+78a	3mL+73	(15)	10
5/19	A1	A	Bmk	QCOM	5.5	100a	90a	85	(15)	10
5/19	A1	A	Bmk	QCOM	7.0	110a	95a	90	(20)	3
5/19	A1	A	Bmk	QCOM	10.0	125a	110a	105	(20)	3
5/19	A1	A	Bmk	QCOM	30.0	165a	145a	140	(25)	(2)
5/18	A1	A-	350	MIZUHO	1.5			3mL+45		
5/17	A2	A	450	ETR	10.3	100a		90	(10)	0
5/17	Baa3	BBB+	300	MLM	3.0	L+87.5a	L+70a	3mL+65	(23)	(15)
5/17	Baa3	BBB+	300	MLM	10.0	150-155	130a	125	(28)	(15)
5/17	A1	A-	300	AGR	10.0	100-105	90#	90	(13)	0
5/16	Baa1	BBB+	1500	T	4.2			3mL+95		
5/16	Baa2	A-	1000	BNP	5.0	135a	115a	113	(22)	(4)
5/16	Baa2	BBB-	450	EPR	10.0	250a	230a	225	(25)	3
5/16	A3	BBB+	3250	MS	5.0	105a	95#	95	(10)	7
5/16	Aa2	AA-	1000	NAB	3.0	L equiv	L+51#	3mL+51	(15)	3
5/16	Aa2	AA-	500	NAB	5.0	L equiv	L+72#	3mL+72	(15)	6
5/16	Aa2	AA-	1000	NAB	3.0	85a	70#	70	(15)	3
5/16	Aa2	AA-	1000	NAB	5.0	95a	78#	78	(15)	6
5/16	A2	A	500	PNC	3.0	L equiv	L equiv	3mL+36	(15)	(3)
5/16	A2	A	1000	PNC	3.0	70a	60a	55	(15)	(3)
5/16	A3	A-	750	PNC	10.0	L100s	90a	85	(28)	(5)
5/16	A1	A	250	SUMIBK	2.0			3mL+46		
5/16	A3	A	200	CAT	2.7			3mL+51		
5/15	Aa2	AA-	400	ANZ	3.3	L+60a	L+52a	3mL+50	(10)	0
5/15	Aa2	AA-	500	ANZ	5.0	L+L80a	L+73a	3mL+71	(12)	0
5/15	Aa2	AA-	600	ANZ	3.3	L80s	75a	73	(11)	0
5/15	Aa2	AA-	500	ANZ	5.0	90a	80a	78	(12)	0
5/15	Baa3	BBB+	500	BPCEGP	5.0	L equiv	L equiv	3mL+122	(27)	(5)
5/15	Baa3	BBB+	1000	BPCEGP	5.0	155a	130a	128	(27)	(5)
5/15	A2	A-	300	SO	10.0	110a	100a	98	(12)	0
5/15	Baa3	BBB	3000	HSBC	perp-nc10	6.125%a	6.00%#	366	(31)	10
5/15	Baa1	BBB+	500	IFF	30.0	170a	140a	137.5	(33)	(15)
5/15	A3	A	250	MTB	5.0	L equiv	L equiv	3mL+61	(18)	0
5/15	A3	A	650	MTB	5.0	85a	70a	67	(18)	0
5/15	Aa2	AA-	200	NAB	2.0			3mL+28		
5/15	Aa2	AA-	250	NAB	2.0			3mL+28		
5/15	A2	A	200	EXC	25.8	110a		100	(10)	2
5/15	A2	A	700	TRV	30.0	120a		100	(20)	0
5/15	A2	A	3000	WFC	11nc10	140a	125-127	125	(15)	2
5/15	A2	A+	400	GWW	30.0	130-135		120	(13)	0

## New Issue Report Card

Ticker	Cpn	Maturity	Init Spd	Bid	Ask	Change
HSBC	6.000	perp-nc10	366.0	358	353	-8
ANZ	2.125	8/19/2020	73.0	67	66	-6
BPCEGP	3.000	5/22/2022	128.0	123	120	-5
ETR	3.120	9/1/2027	90.0	87	82	-3
AGR	3.100	6/1/2027	90.0	87	84	-3
NAB	2.125	5/22/2020	70.0	67	65	-3
PNC	2.000	5/19/2020	55.0	52	50	-3
IFF	4.375	6/1/2047	137.5	136	133	-2
SO	3.300	5/30/2027	98.0	97	94	-1
WFC	3.584	5/22/2028	125.0	124	123	-1
NAB	2.500	5/22/2022	78.0	78	76	+0
ANZ	2.625	5/19/2022	78.0	78	76	+0
EXC	4.150	3/15/2043	100.0	100	97	+0
MTB	2.500	5/18/2022	67.0	68	64	+1
TRV	4.000	5/30/2047	100.0	101	99	+1
BNP	2.950	5/23/2022	113.0	115	112	+2
EPR	4.500	6/1/2027	225.0	227	224	+2
MS	2.750	5/19/2022	95.0	97	94	+2
MLM	3.450	6/1/2027	125.0	128	124	+3
GWV	4.200	5/15/2047	120.0	123	120	+3
PNC	3.150	5/19/2027	85.0	92	87	+7
					Best	-8
					Worst	+7
					Avg	-1

## Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	20,804.84	141.82	(91.77)	17,063.08	21,169.11	20,776.78	19,558.44
S&P 500	2,380.79	15.07	(10.11)	1,991.68	2,405.77	2,369.19	2,256.06
Nasdaq	6,083.70	28.57	(37.53)	4,574.25	6,170.16	5,949.60	5,539.62
VIX	12.36	(2.30)	1.96	9.56	26.72	12.16	12.88
Oil	50.36	1.01	2.5	43.8	58.0	49.7	51.7
Gold	1255.47	8.40	27.0	1122.89	1375.34	1250.65	1245.82
2yr	1.268%	(0.2)	(2.4)	0.55%	1.38%	1.27%	1.08%
3yr	1.442%	0.3	(4.6)	0.65%	1.69%	1.49%	1.30%
5yr	1.773%	(0.0)	(7.5)	0.94%	2.14%	1.88%	1.68%
7yr	2.040%	0.2	(9.2)	1.19%	2.44%	2.17%	1.98%
10yr	2.230%	(0.0)	(9.6)	1.36%	2.63%	2.36%	2.17%
30yr	2.894%	(0.7)	(9.5)	2.10%	3.21%	2.99%	2.83%
2>5 Curve	50.2	0.2	(5.3)	33.1	84.4	60.6	59.6
2>10 Curve	96.1	0.4	(7.1)	73.1	136.8	107.7	108.7
5>10 Curve	45.7	0.2	(2.0)	37.7	60.0	47.0	49.0
5>30 Curve	112.0	(0.7)	(2.1)	101.8	145.9	110.9	115.0
10>30 Curve	66.2	(0.7)	0.1	54.5	88.2	63.8	65.9
2yr Swap	24.4	1.9	0.0	10.1	38.0	31.4	27.7
3yr Swap	20.7	1.9	0.6	4.6	32.0	25.8	20.9
5yr Swap	7.4	1.1	0.6	-4.9	14.1	10.3	5.4
7yr Swap	-3.8	1.1	1.6	-18.6	9.0	-1.8	-8.4
10yr Swap	-6.0	1.5	1.8	-19.1	0.7	-3.9	-10.1
US IG OAS*	113	1.0	1.0	111	159	116	126
US HY OAS**	376	1.0	13.0	344	616	382	428

\*- 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	3000	500	9350	4450	11450	43256	6750	2350	850		81,956
May	6500	3000	7950	11564	500	44685	8624	7000	24900		114,723
Jun											
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
<b>Total</b>	<b>14,950</b>	<b>40,000</b>	<b>49,183</b>	<b>42,487</b>	<b>31,100</b>	<b>274,557</b>	<b>30,524</b>	<b>39,550</b>	<b>75,200</b>		<b>597,552</b>

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	3.7%	0.6%	11.4%	5.4%	14.0%	52.8%	8.2%	2.9%	1.0%		100%
May	5.7%	2.6%	6.9%	10.1%	0.4%	39.0%	7.5%	6.1%	21.7%		100%
Jun											
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
<b>Total</b>	<b>3%</b>	<b>7%</b>	<b>8%</b>	<b>7%</b>	<b>5%</b>	<b>46%</b>	<b>5%</b>	<b>7%</b>	<b>13%</b>		<b>100%</b>



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