

- **Next Week**

- Street survey of syndicate desks is calling for \$20-25B of new IG supply next week, in line with this week and lower than the ytd average (\$30B). It may prove optimistic, given the potential for greater headline and news distraction.
- Busy week for economic data and the Fed next week. From a supply standpoint, 3yr and 10yr tsy auction on Monday, 30yr on Tuesday. From an economic perspective, the FOMC will get one last data point on inflation (PPI Tuesday, CPI Wednesday) before making its June rate announcement on Wednesday. Retail sales also on Wednesday. BOE (more important post-election) on Thursday, and the BOJ (more important now that they are at least thinking/talking about the potential maybe, some day of less accommodation).
- Issuers that have recently completed roadshows/investor calls that could be candidates for next week include Hyundai Capital, Kemper, Korea East-West Power, Korea Gas, PetroPeru, and Unicredit.

- **Last Week**

- The IG market was busy again with \$24.3B priced over five days of activity. Execution was excellent again, with strong oversubscription levels and continued strong pricing (see below).
- Critical for continued momentum in the market, deals performed well – breaking an average of 2.4 bp's tighter in an otherwise flat market.
- Interesting to note some more off screen prints in the IG space. Duke Energy printed a small \$330mm 3yr at +65 on Thursday and NBC Universal became the latest telco/media name to print a large frn away from the spotlight, printing \$1.5B 3.8yr frn's at 3mL+40 also on Thursday.
- Activity in the HY market picked up slightly, with \$5.83B printed, but only with the benefit of several deals that could just as easily have been executed off IG desks (Nokia, Toll Brother, and Tri Pointe). With the exception of one deal (Taseko Mines – priced 50 wide of whispers) pricing was strong, with almost every deal printing at or close to the tight end of talk.
- In contrast to the IG market, performance of the HY calendar was lacking. Overall this week's deals were up a few pennies on average, but that performance was almost entirely driven by the strong follow thru on Nokia. Excluding that deal, this week's HY calendar was down 3/8 point on average with 7 of 8 tranches finishing the week below issue price.
- MTD IG volume ~\$42B and YTD volume \$688B, 2.5% ahead of last year's pace
- MTD HY volume ~\$6.8B and YTD volume \$165B, 30% ahead of 2016's depressed 1<sup>st</sup> half total
- IG fund flows for the week were +\$5.42B vs +\$1.7B the week prior. 4WMA is +\$3.9B and YTD total is +\$76B (weekly average +\$3.3B vs +\$1.3B in 2016), according to EPFR
- HY fund flows continue to be uneven, but positive this week. HY funds saw a \$1.0B inflow, vs a \$300mm outflow the week prior. 4WMA is -\$400mm and the 2017 cumulative flow is -\$2.0B (-\$86mmm weekly average vs +\$325mm in 2016), also according to EPFR

- **FWIW**

- Banco Popular's AT1 became the first AT1 bonds to be wiped out in a bail out situation when Santander rescued Banco Popular.
- Oil still well below \$50bbl and psychology around crude eroding, energy paper is underperforming. IG Energy paper only wider by 5 bp's or so over the past two weeks,

but HY Energy has underperformed HY Ex-Energy by almost 50 bp's over the same period

- Tale of two cities: Cash chasing deals shows no signs of abating. Liquidity is boundless. At the same time there is plenty of anecdotal evidence of investors starting to build cash levels for the next storm.
- Geopolitical risks rising. On top of a seeming surge in terrorist activity, North Korean missile launches, the ongoing DC spectacle, the UK election seemed to be *almost* another (along with French elections) reversal of the populist wave that shook the consensus last year. Tougher to gauge the immediate impact, but the tails on the Brexit risk distribution are getting fatter.
- Recent headlines re declining performance of subprime auto loans and credit card receivables further reminders of how late in the credit cycle we are
- Range on Tsy's post Presidential election sell-off has been ~2.20% to 2.60%. With 10yr yields touching back down close to 2.10 and finishing the week 2.20%, the burden of proof has clearly shifted to team Trump to prove that they can create a legislative/policy victory to reignite optimism in the reflation trade. Neither a wall or immigration reform count. Healthcare? Tax reform? Infrastructure? Trade policy? With Comey testimony done, can the admin get back on track or will the resistance continue to run the clock out to mid-terms?
- With a 95% probability of a Fed hike on Wednesday, more important will be growing discussion, emerging narrative over shrinking the balance sheet

## Key Execution Metrics

Week 23 of 2017		Demand		Pricing Leverage		
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC
Monday	18	\$8,250	3.3x	\$1,398	-18.4 bp's	-0.3 bp's
Tuesday	11	\$7,091	3.1x	\$1,913	-15.6 bp's	+5.5 bp's
Wednesday	7	\$3,180	2.7x	\$1,333	-18.2 bp's	-1.7 bp's
Thursday	6	\$4,245	4.8x	\$2,400	-12.5 bp's	
Friday	2	\$1,500	1.4x	\$1,075	-5.0 bp's	+5.0 bp's
<b>This Week</b>	<b>44</b>	<b>\$24,266</b>	<b>3.1x</b>	<b>\$1,522</b>	<b>-16.6 bp's</b>	<b>+1.3 bp's</b>
<b>Week Prior</b>	41	\$27,840	2.9x	\$2,128	-17.6 bp's	+0.9 bp's
<b>YTD Weekly Average</b>		\$29,914	3.1x	\$2,284	-17.9 bp's	+0.7 bp's

## Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
6/9	A1	A+	500	CM	5.0	L equiv	L equiv	3mL+72	(5)	5
6/9			1000	CM	5.0	85a	80#	80	(5)	5
6/8			115	DCOM	10nc5			-		
6/8	Baa1	BBB+	330	DUK	3.0			65		
6/8	Ba1	BBB-	1500	HCA	30.0	5.50%a	5.50%a	264	0	
6/8	Baa1	BBB+	500	MXIM	10.0	150a	130a	125	(25)	
6/8	A3	A-	1500	CMCSA	3.8			3mL+40		
6/8	Aa2	AA-	300	SHBASS	2.0			3mL+28		
6/7	Baa2	BBB	350	F	3.0	L equiv	L equiv	3mL+79	(17)	0
6/7	Baa2	BBB	650	F	3.0	115a	100a	98	(17)	0
6/7	Aa3	AA-	300	MET	3.0	L equiv	L equiv	3mL+40	(15)	0
6/7	Aa3	AA-	700	MET	3.0	75a	60-62	60	(15)	0
6/7		BBB	750	SYF	5.0	155a		135	(20)	0
6/7	Aa3	AA-	130	TUFTS	40.2			118		
6/7	Baa1	BBB+	300	UDR	10.1	160a	140a	135	(25)	(10)
6/6	Aa3	A+	640	BMO	1.5			3mL+23		
6/6	Aa3	A+	200	BNS	1.5			1mL+11		
6/6	A1	A+	601.3	CM	1.5			3mL+23		
6/6	A1	A+	500	C	3.0	L equiv	L	3mL+50	(10)	0
6/6	A1	A+	2000	C	3.0	80a	70#	70	(10)	0
6/6	Baa2	BBB-	400	COH	5.1	162.5a	145a	140	(23)	25
6/6	Baa2	BBB-	600	COH	10.1	225a	205a	200	(25)	25
6/6	A3	A-	400	HOG	5.0	105a	90a	88	(17)	0
6/6	A3	A-	600	KEY	5.0	85a	72a	70	(15)	0
6/6	Baa1	BBB+	750	SRE	10.0	130-135	115-120	115	(18)	(6)
6/6	A2	A	400	AEE	10.0	90-95		85	(8)	0
6/5		BBB	600	AL	5.1	115a	100a	98	(17)	0
6/5	Baa3	BBB-	200	AF	3.0	250a		206	(45)	
6/5	A3	A-	250	AZN	5.0	L equiv	L equiv	3mL+62	(20)	3
6/5	A3	A-	1000	AZN	5.0	90a	75a	70	(20)	3
6/5	A3	A-	750	AZN	10.0	115a	105a	100	(15)	3
6/5	A2	A	500	ATO	10.0	105a	90a	85	(20)	(5)
6/5	A2	A	250	ATO	27.4	120-125	110a	105	(18)	(5)
6/5	Baa2	BBB	500	ADSK	10.0	150-162.5	145a	140	(16)	(5)
6/5	A2	A-	500	ED	30.0	120a	105-110	105	(15)	2
6/5	Baa2	BBB	100	DPS	10.0	125a	110a	108	(17)	3
6/5	Baa2	BBB	300	DPS	28.4	150-155	137a	135	(18)	(5)
6/5	Baa2	BBB	400	GSCCOR	5.0	155a	130-135	130	(25)	(3)
6/5	A1	A	500	NACN	3.0	L equiv	L equiv	3mL+56	(10)	5
6/5	A1	A	1000	NACN	3.0	85a	75#	75	(10)	5
6/5	Aaa	AA+	300	NYLIFE	5.0	L equiv	L equiv	3mL+52	(13)	0
6/5	Aaa	AA+	500	NYLIFE	5.0	L70s	62.5a	60	(13)	(3)
6/5	Aa2	A+	400	SRE	30.0	115a	95a	93	(22)	(2)
6/5	A1	A	200	SUMITR	1.5			3mL+39		

## New Issue Report Card

Ticker	Cpn	Maturity	Init Spd	Bid	Ask	Change
HCA	5.500	6/15/2047	264.0	245	244	-19
COH	3.000	7/15/2022	140.0	134	130	-6
COH	4.125	7/15/2027	200.0	194	192	-6
AF	3.500	6/8/2020	206.0	201		-5
SYF	3.000	6/15/2022	135.0	131	128	-4
C	2.100	6/12/2020	70.0	66	63	-4
DPS	4.500	11/15/2045	135.0	131	128	-4
GSCCOR	3.000	6/12/2022	130.0	126	121	-4
F	2.425	6/12/2020	98.0	95	93	-3
AEE	2.950	6/15/2027	85.0	82	80	-3
ED	3.875	6/15/2047	105.0	102	99	-3
NYLIFE	2.300	6/10/2022	60.0	57	54	-3
NACN	2.150	6/12/2020	75.0	73	70	-2
KEY	2.400	6/9/2022	70.0	69	66	-2
MXIM	3.450	6/15/2027	125.0	124	122	-1
MET	2.050	6/12/2020	60.0	59	57	-1
HOG	2.550	6/9/2022	88.0	87	84	-1
SRE	3.250	6/15/2027	115.0	114	112	-1
ATO	4.125	10/15/2044	105.0	104	102	-1
DPS	3.430	6/15/2027	108.0	107	103	-1
UDR	3.500	7/1/2027	135.0	135	132	+0
ATO	3.000	6/15/2027	85.0	85	82	+0
SRE	3.750	6/1/2047	93.0	93	91	+0
AL	2.625	7/1/2022	98.0	99	96	+1
AZN	2.375	6/12/2022	70.0	71	68	+1
AZN	3.125	6/12/2027	100.0	102	99	+2
ADSK	3.500	6/15/2027	140.0	144	142	+4
					Best	-19
					Worst	+4
					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	21,271.97	89.44	65.68	17,063.08	21,305.35	20,853.94	19,735.63
S&P 500	2,431.77	(2.02)	(7.30)	1,991.68	2,446.20	2,384.36	2,272.62
Nasdaq	6,207.92	(113.85)	(97.88)	4,574.25	6,341.70	6,050.89	5,609.55
VIX	10.65	0.49	0.90	9.37	26.72	11.69	12.77
Oil	45.85	0.21	(1.8)	44.1	58.2	49.8	51.9
Gold	1267.02	(10.99)	(12.2)	1122.89	1375.34	1260.59	1241.09
2yr	1.341%	2.2	5.1	0.55%	1.38%	1.27%	1.12%
3yr	1.481%	2.5	5.6	0.65%	1.69%	1.46%	1.34%
5yr	1.771%	2.1	5.1	0.94%	2.14%	1.82%	1.72%
7yr	2.013%	1.7	4.1	1.19%	2.44%	2.09%	2.03%
10yr	2.205%	1.6	4.5	1.36%	2.63%	2.28%	2.22%
30yr	2.860%	0.8	4.9	2.10%	3.21%	2.94%	2.88%
2>5 Curve	42.7	0.1	0.0	33.1	84.4	53.8	60.1
2>10 Curve	86.1	(0.5)	(0.6)	73.1	136.8	100.2	109.6
5>10 Curve	43.3	(0.6)	(0.6)	37.7	60.0	46.3	49.3
5>30 Curve	108.8	(1.3)	(0.2)	101.8	145.9	111.9	115.1
10>30 Curve	65.4	(0.7)	0.4	54.5	88.2	65.4	65.7
2yr Swap	20.6	(0.6)	(1.5)	10.1	38.0	27.8	27.6
3yr Swap	18.8	(0.9)	(0.7)	4.6	32.0	23.9	21.0
5yr Swap	8.3	(0.4)	0.1	-4.1	14.1	9.5	5.9
7yr Swap	-1.5	(0.4)	2.0	-18.6	9.0	-2.4	-7.7
10yr Swap	-4.4	(0.5)	1.0	-19.1	0.7	-4.7	-9.5
US IG OAS*	113	0.0	0.0	111	159	115	124
US HY OAS**	367	3.0	7.0	344	616	374	417

\*- 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	5500	9950	24989	5450	63052	13624	7300	26850		163,215
Jun		3500	2400	10230	800	18666	3630	1750	1000		41,976
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
<b>Total</b>	<b>14,950</b>	<b>46,000</b>	<b>53,583</b>	<b>66,142</b>	<b>36,850</b>	<b>311,591</b>	<b>39,154</b>	<b>41,600</b>	<b>78,150</b>		<b>688,020</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	4.0%	3.4%	6.1%	15.3%	3.3%	38.6%	8.3%	4.5%	16.5%		100%
Jun		8.3%	5.7%	24.4%	1.9%	44.5%	8.6%	4.2%	2.4%		100%
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
<b>Total</b>	<b>2%</b>	<b>7%</b>	<b>8%</b>	<b>10%</b>	<b>5%</b>	<b>45%</b>	<b>6%</b>	<b>6%</b>	<b>11%</b>		<b>100%</b>



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