

- **Next Week**

- Looking like a light week for a host of obvious reasons. 4th of July holiday falling on a Tuesday and employment data on Friday likely leaves only Wednesday and Thursday as viable options next week. Street survey of syndicate desks calling for only -/+ \$5B, which would be the slowest week of the year.
- There are a host of yankee names who've completed or are near completing investor roadshows/calls including Cencosud (LM exercise), Korea Gas, Korea Hydro & Nuclear, Kyobo Life, NonHyup Bank, Pemex, PTT Exploration (LM exercise), and the Republic of Indonesia as potential issuers.
- In addition to Friday's always important employment data, the market will be closely scrutinizing the July 5th release of the June 14 FOMC Meeting Minutes for further affirmation of the trajectory for rates and pace/timing of "tiptoe taper" on the Fed balance sheet. The Fed will publish the July 2017 Monetary Policy Report to Congress on Friday, ahead of Yellen's scheduled July 12th testimony.

- **Last Week**

- IG new issue volume declined for the sixth consecutive week. This week's \$13.9B was the lightest weekly volume so far this year and 51% lower than 2017's weekly average
- Execution metrics remain strong (see below) with heavy oversubscription levels driving pricing and strong performance. This week's deals broke an average of 1.3 bp's tighter and finished the week an impressive 3.1 bp's tighter.
- HY issuance surged to close the 1st half, with \$9.4B across 19 tranches priced this week. Execution was strong (15 of 19 tranches priced at or *well through* the tight end of whispers) but uneven. A week after Charter pulled its HY deal (in favor of an IG deal this week due) due to "unattractive levels" two more deals were pulled or restructured. Exela Intermediate Co, initially announced a two tranche sr secured 6nc2 and sr unsecured 7nc3 deal at 7-7.25% and 10-10.50% respectively. They ultimately dropped the unsecured piece, folded it into the secured tranche and printed at 10%, nearly 300 bp's higher than whisper. On Thursday, Hecla Mining pulled its 8nc3 (whispered H5s-6%) due to "not sufficiently attractive" pricing.
- Lack of supply pushed demand into the secondary market, where both IG and HY performed well. IG cash was 3 bp's tighter (energy and basic materials outperforming). The Bbg Barclays US Agg OAS is at its tightest levels since 2014. A bounce off the lows for oil prices drove a strong week for HY. HY energy paper was up 1 ½ points.
- IG fund flows: EPFR reported net inflows of \$1.4B this week, the 27th consecutive week of positive flows. 4WMA is +2.8B, cumulative inflow for 2017 is +\$81.8B (+\$3.1B avg per week, vs +\$1.3B in 2016)
- HY fund flows: EPFR reported net inflow of \$158mm this week vs -\$1.2B the week prior. 4WMA is +\$224mm, cumulative outflow for 2017 is \$2.1B (weekly avg -\$81mm vs +\$325mm in 2016)

- **FWIW**

- The Fed's blanket approval of every bank's capital plans freed the banks to announce significant share repurchase/dividend increases in excess of \$90B
- Policy prism: Draghi's comments this week unleashed a mini taper tantrum in Europe, and provided yet another reminder of how dependent the market is on policy accommodation and excess liquidity. The walk back was swift but the reaction betrays the risks. That said, with the Fed clearly moving toward normalization rates and balance sheet, any shift from the ECB in the same direction, while disruptive, would at least start

to address the cumulative risks created by such a significant policy divergence between the US and Europe.

- Political prism: Markets still facing bi-modal risk distribution in the DC slugfest. With the narrative shifting on Russia and the Senate inching (maybe) toward an actual vote on healthcare, the Trump reflation trade showed a pulse this week.
- The 10yr at 2.28% is still within the ~ 2.10-2.60% post-election sell-off range, but now well off the lows.
- Still believe the greatest support for spreads is the 8yr capitulation to low yields indefinitely. The greatest risk to spreads is a break-down of that psychology. With the FOMC clearly in normalization mode, the ECB at least contemplating the slow turn toward normalization, any risk of actual fiscal stimulus could shift psychology quickly.
- Best wishes for a Happy and Safe Fourth of July...

Key Execution Metrics

Week 26 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	10	\$3,675	3.7x	\$1,450	-17.5 bp's	-2.9 bp's	-0.7 bp's
Tuesday	12	\$6,750	2.9x	\$1,617	-14.0 bp's	+3.0 bp's	-1.7 bp's
Wednesday	6	\$2,479	3.6x	\$2,342	-20.7 bp's	+0.7 bp's	-0.7 bp's
Thursday	1	\$1,000	3.0x	\$2,950	-26.7 bp's	+1.0 bp's	-4.0 bp's
Friday							
This Week	29	\$13,904	3.3x	\$1,697	-16.6 bp's	+0.5 bp's	-1.3 bp's
Week Prior	41	\$21,030	2.8x	\$2,274	-13.3 bp's	+1.6 bp's	-1.3 bp's
YTD Weekly Average		\$28,421	3.1x	\$2,259	-17.8 bp's	+0.6 bp's	-1.5 bp's

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
6/29	Baa3	BBB-	1000	NPNSJ	10.0	285a	270a	258.3	(27)	1
6/28	A3		900	BIDU	5.0	140a	120a	118	(22)	2
6/28	A3		600	BIDU	10.0	165a	150a	145	(20)	5
6/28	A1	A+	425	CM	1.5			3mL+23.5		
6/28			100	CUBI	5.0			218		
6/28	Aa2	AA-	154	SHBASS	1.5			3mL+21		
6/28	Baa1	BBB+	300	SKT	10.0	190a	175a	170	(20)	(5)
6/27	A2	A+	250	AIG	3.0	Lequiv	Lequiv	3mL+48	(15)	0
6/27	A2	A+	300	AIG	3.0	80a	70a	65	(15)	0
6/27	Baa3	BBB-	750	AMT	10.0	155-160	140a	137.5	(20)	(6)
6/27	Ba1	BBB-	1000	CHTR	10.6	180a	170a	165	(15)	0
6/27	Ba1	BBB-	500	CHTR	29.8	235a	225a	220	(15)	0
6/27	Baa2	BBB+	700	ENBCN	5.0	130a	115a	110	(20)	3
6/27	Baa2	BBB+	700	ENBCN	10.0	170a	155a	150	(20)	3
6/27	Baa3	BBB	500	GM	5.0	Lequiv	Lequiv	3mL+131	(13)	7
6/27	Baa3	BBB	1250	GM	5.0	150a	140a	137	(13)	7
6/27	Baa3	BBB	500	GM	9.6	200-205	195#	195	(8)	6
6/27	Baa1	BBB+	175	REG	9.6	145a	135#	135	(10)	6
6/27	Baa1	BBB+	125	REG	29.6	165a	160#	160	(5)	10
6/26		A-	350	ATHGLO	5.0	Lequiv	Lequiv	3mL+123	(10)	0
6/26		A-	350	ATHGLO	5.0	140a	130-133	130	(10)	0
6/26	Baa1	BBB+	300	CBOE	2.0	87.5a	70a	65	(23)	0
6/26	Baa2	BBB	400	CBS	5.6	100-105	90a	85	(18)	(3)
6/26	Baa2	BBB	500	CBS	10.6	150-155	140a	135	(18)	(5)
6/26	Baa3	BBB+	750	BCOMPS	5.0	130a	120a	115	(15)	0
6/26	Baa1	A-	300	AEP	30.0	130-135	115a	110	(23)	(5)
6/26	A3	A-	300	RNR	10.0	L160s	145a	140	(23)	(5)
6/26	Aa3	AA-	25	TOYOTA	5.0			-		
6/26	Baa2	BBB	400	VOYA	7.1	140a	125a	120	(20)	(8)
Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	
6/29	B3	B	-	HL	8nc3	H5s-6%		pulled		
6/29	B3	B	300	ZAYOGR	9.5nc4.5	\$104a	104.25	291	(5)	
6/29	Ba2	BB+	300	CMC	10nc5	5.375-5.50%	5.25-5.50%	311	(13)	
6/29	B2	BB-	375	VNTR	8nc3	6.00-6.25%	5.75-6.00%	357	(38)	
6/29	Ba2	BB	350	BANORT	perp-nc5	M7% _s	M7% _a	503.5	(63)	
6/29	Ba2	BB	550	BANORT	perp-nc10	8.25% _a	8.25% _a	535.3	(63)	
6/29	B3	B+	250	CRZO	8nc3	8.25-8.50%	8.25% _a	606	(13)	
6/29		BB	450	KUOBMM	10nc5	H5% _s	5.75% _#	-	0	
6/29	Ba1	BB+	550	VRSN	10nc5	5.00% _a		248	(25)	
6/28	Caa2	CCC+	300	ALPFIN	8nc3	L7% _s	7.00% _a	-	(38)	
6/28	B3	B	515	CSVACAC	8nc3	M-H7%	7.75% _a	563.2	0	
6/28	B2	B+	1000	EXLINT	6nc2	7.00-7.25%	9.00% _a	803	288	
6/28	Caa2	CCC+	-	EXLINT	7nc3	10-10.50%	11.00% _a	pulled		
6/28	Ba1	BB+	500	KCN	10.0	4.75-5.00%	4.50-4.75%	228	(38)	
6/27	Ba3	BB+	400	DETNOR	5nc2	6.00-6.25%	6.00% _a	421	(13)	
6/27		BB-	500	EUCHEM	4.0	4.375% _a	4.125-4.25%	213.7	(43)	

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
CUBI	3.950	6/30/2022	218.0	208	192	-10
GM	3.150	6/30/2022	137.0	128	125	-9
ENBCN	2.900	7/15/2022	110.0	103	100	-7
NPNSJ	4.850	7/6/2027	258.3	252	247	-6
ENBCN	3.700	7/15/2027	150.0	144	141	-6
GM	4.350	1/17/2027	195.0	190	186	-5
CBOE	1.950	6/28/2019	65.0	60	57	-5
RNR	3.450	7/1/2027	140.0	135	132	-5
BIDU	2.875	7/6/2022	118.0	114	111	-4
BCOMPS	2.875	6/29/2022	115.0	111	109	-4
ATHGLO	3.000	7/1/2022	130.0	127	124	-3
CBS	3.375	2/15/2028	135.0	132	129	-3
AIG	2.150	7/2/2020	65.0	63	60	-2
CHTR	3.750	2/15/2028	165.0	163	160	-2
CBS	2.500	2/15/2023	85.0	83	80	-2
CHTR	5.375	5/1/2047	220.0	219	216	-1
REG	3.600	2/1/2027	135.0	134	130	-1
AMT	3.550	7/15/2027	137.5	137	135	-1
SKT	3.875	7/15/2027	170.0	170	165	+0
REG	4.400	2/1/2047	160.0	160	157	+0
AEP	3.750	7/1/2047	110.0	110	105	+0
VOYA	3.125	7/15/2024	120.0	122	119	+2
BIDU	3.625	7/6/2027	145.0	148	145	+3
				Best		-10
				Worst		+3
				Avg		-3.1

Market Dashboard (a/o 12:30pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	21,365.02	77.99	(29.74)	17,711.80	21,535.03	21,080.70	19,957.89
S&P 500	2,426.63	6.93	(11.67)	2,070.00	2,453.82	2,408.99	2,292.48
Nasdaq	6,152.66	8.31	(112.59)	4,774.52	6,341.70	6,149.99	5,682.98
VIX	10.75	(0.69)	0.73	9.37	23.01	10.83	12.54
Oil	45.5	0.57	2.5	42.0	58.3	47.5	51.6
Gold	1242.49	(3.02)	(14.2)	1122.89	1375.34	1254.35	1235.52
2yr	1.372%	0.0	2.9	0.55%	1.38%	1.31%	1.16%
3yr	1.523%	(0.3)	4.3	0.65%	1.69%	1.47%	1.39%
5yr	1.856%	0.5	9.9	0.94%	2.14%	1.80%	1.77%
7yr	2.107%	0.7	13.3	1.19%	2.44%	2.06%	2.06%
10yr	2.278%	1.1	13.5	1.36%	2.63%	2.25%	2.26%
30yr	2.824%	1.1	10.9	2.10%	3.21%	2.89%	2.91%
2>5 Curve	48.2	0.5	7.0	33.1	84.4	49.0	60.2
2>10 Curve	90.3	1.0	10.6	73.1	136.8	93.4	109.2
5>10 Curve	42.0	0.5	3.6	37.2	60.0	44.3	48.9
5>30 Curve	96.7	0.6	1.0	91.9	145.9	108.1	113.7
10>30 Curve	54.5	0.0	(2.6)	53.8	87.3	63.7	64.6
2yr Swap	23.0	1.1	2.6	14.8	38.0	23.9	27.2
3yr Swap	20.5	1.5	3.5	9.3	32.0	20.7	20.9
5yr Swap	7.5	1.0	1.4	-4.0	14.1	8.1	6.3
7yr Swap	-2.1	0.8	(0.2)	-18.6	9.0	-2.6	-6.7
10yr Swap	-2.3	0.5	0.6	-19.1	0.7	-4.6	-8.5
US IG OAS*	109	(1.0)	(3.0)	109	156	113	122
US HY OAS**	368	(1.0)	(10.0)	344	594	368	408

*- 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		8400	5300	19830	4700	36197	10680	5200	2600		92,907
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
Total	14,950	50,900	56,483	75,742	40,750	329,122	46,204	45,050	79,750		738,951

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		9.0%	5.7%	21.3%	5.1%	39.0%	11.5%	5.6%	2.8%		100%
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
Total	2%	7%	8%	10%	6%	45%	6%	6%	11%		100%



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