

- **Next Week**

- Street calling for another \$25-30B next week.
- Names that have recently announced or completed investor meetings include Banque Ouest Africaine de Developpement, Couche-Tard, Duquesne Light, Korea Hydro & Nuclear, and Kyobo Life.
- Other names on the radar include JP Morgan, Citi, PNC, and Wells who all reported earnings on Friday. Next week's earnings reports come from Blackrock on Monday, BofA and Goldman on Tuesday, US Bancorp and Morgan Stanley on Wednesday, Bank of NY and Cap One on Thursday, and Synchrony on Friday.
- HY forward calendar next week includes Lithia Motors (\$300mm 8nc3), Topaz Marine (\$375mm 5nc2), Jefferies Finance LLC (\$400mm 7yr), DAE Funding (\$1.9B two tranche offer), HD Supply Waterworks (\$475mm 8nc3), and Nostrum Oil & Gas (bmk 5nc2)
- Light week for economic releases and no Fed speeches scheduled.

- **Last Week**

- The new issue market sprang back to life on the back of a surge in yankee issuance, printing \$27.9B of new issuance - the busiest week in seven. 80% of this week's issuance came from Yankees, 87% if you count Nissan as a yankee.
- Execution metrics (below) remain excellent, with heavy oversubscription levels driving efficient pricing and strong performance. This week's new deals finished the week nearly 4 bp's tighter on average.
- The bid in the secondary market was strong as well, with spreads grinding to multi-year tightness. IG spreads were 3-10 bp's tighter, with Basic Materials outperforming.
- Activity in the HY market was subdued again, with only 4 deals totaling \$850mm priced through Thursday and one for \$840mm queued to print Friday. Execution was mixed, with three of four deals pricing at the tight end of talk, but the 2 tranche deal slated to price Friday for homebuilder K Hovnanian getting significant pushback. The 5nc2 and 7nc3 tranches were initially whispered at 8%a and 9%a respectively but went out with talk of 9.75-10% and 10.25-10.50% by Thursday.
- The HY 2dary market was flat on the week but underperformed the 7 bp rally in tsy's. Energy (+ 1 pt) was the outperformer.
- IG Fund Flows: according to EPFR, +\$3.1B vs +\$3.7B the week prior. 29 straight weeks of inflows. Cumulative inflow for 2017 is +\$88.7B (+\$3.2B per week, vs +\$1.3B weekly avg in 2016)
- HY Fund Flows: according to EPFR, net outflow of -\$1.1B last week vs -\$0.3B the week prior. Cumulative outflow for 2017 -\$3.49B (-\$125mm weekly avg vs +\$325mm weekly avg in 2016)

- **FWIW**

- Fed Chairwoman Jane Yellen's two day testimony before Congress reinforced the notion of slow and gradual in regard to future rate hikes and balance sheet run-off. She could've added they will necessarily be data dependent and highly choreographed. With a likely "desire" to commence the balance sheet reduction before potentially handing the reigns to another Fed Chair, market focus is shifting to balance sheet reduction from interest rate hikes. Probability of a rate hike in September is down to 10% and in December down to 43%.
- One of the key underpinnings of the low yields indefinitely camp in the post-taper, rate normalizing world has been the tethering impact of economic weakness in Europe and

BOJ, BOE, and ECB QE. With the Bank of Canada raising rates for the first time in seven years this week, the BOE agitating for a rate hike and asset sales, and the drum beat for ECB tapering getting louder by the day, the “risks” from material policy divergence (between the Fed and everyone else) is rapidly shifting to the risk of policy convergence.

- WSJ editorial from Mick Mulvaney on MAGAnomics:
 - 1. Tax reform
 - 2. Curbing unnecessary regulation
 - 3. Welfare reform
 - 4. Smart energy strategy
 - 5. Rebuilding America's infrastructure
 - 6. Fair trade for America
 - 7. Government spending restraint
- Standing in the way of MAGAnomics is health care reform. Two big games to be played over the next two weeks are Trump vs Resistance on Russian and Republicans vs Republicans on Healthcare. The second one is the only one that matters.

Key Execution Metrics

Week 28 of 2017		Demand		Pricing Leverage		Performance	
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	18	\$11,815	2.9x	\$1,981	-17.4 bp's	+1.8 bp's	-2.2 bp's
Tuesday	12	\$10,575	2.8x	\$2,473	-18.5 bp's	+3.6 bp's	-3.9 bp's
Wednesday	5	\$2,435	3.5x	\$1,750	-30.8 bp's	+0.0 bp's	-2.8 bp's
Thursday	6	\$3,073	5.4x	\$2,800	-25.6 bp's	-6.7 bp's	-5.8 bp's
Friday							
This Week	41	\$27,898	3.2x	\$2,230	-19.9 bp's	+1.4 bp's	-3.2 bp's
Week Prior	41	\$6,550	2.4x	\$3,100	-20.5 bp's	+3.0 bp's	-0.8 bp's
YTD Weekly Average		\$27,635	3.1x	\$2,261	-17.9 bp's	+0.7 bp's	-1.6 bp's

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
7/13	Aa2	AA-	400	KORGAS	5.0	115a	90-95	90	(25)	(10)
7/13	Aa2	AA-	400	KORGAS	10.0	115a	90-95	90	(25)	(5)
7/13	Ba1	BBB-	1000	MRO	10.0	230-235	215a	210	(23)	(5)
7/13	A2	A	500	MITRE	10.0	160a	135a	130	(30)	
7/13	Aa3	AA-	655	NAB	30.1			-		
7/13	A1	A	118	SUMITR	1.5			3mL+37		
7/12	Baa3		1000	CENSUD	10.0	M200s	220a	210	(40)	0
7/12	Baa3	BB+	500	PTTEPT	perp-nc5	4.875%a		272.4	(28)	
7/12		BBB+	500	SMBCAC	5.0	135a	120a	115	(25)	0
7/12	A1	A-	185	SUMIBK	2.0			3mL+37		
7/12			250	TOWN	10nc5			217.7		
7/11	A1	AA-	500	ANZSZ	3.0	90a	75a	70	(20)	0
7/11	A1	AA-	500	ANZSZ	10.0	125a	115a	112	(13)	0
7/11	Aa3	A	500	BFCM	3.0	Lequiv	Lequiv	3mL+49	(18)	(2)
7/11	Aa3	A	800	BFCM	3.0	80-85	72a	70	(18)	(2)
7/11	Aa3	A	400	BFCM	5.0	Lequiv	Lequiv	3mL+73	(18)	(2)
7/11	Aa3	A	800	BFCM	5.0	90-95	82a	80	(18)	(2)
7/11	A1	A+	400	BNS	3.0	Lequiv	Lequiv	3mL+39	(13)	0
7/11	A1	A+	1100	BNS	3.0	L70s	62a	60	(13)	0
7/11	A1	A	75	NACN	2.0			3mL+33		
7/11	Baa3	BBB+	2500	PEMEX	9.7	6%a	5.75%a	338.9	(25)	25
7/11	Baa3	BBB+	2500	PEMEX	30.2	L7%a	6.90%a	397.7	(35)	19
7/11	A1	A-	500	TACHEM	4.5	70a	60a	55	(15)	
7/10	A1	A+	50	BMO	2.0			3mL+33		
7/10	A1	A+	75	CM	2.0			3mL+33		
7/10	Baa2	BBB-	750	DB	3.0	Lequiv	Lequiv	3mL+97	(17)	1
7/10	Baa2	BBB-	1500	DB	3.0	M130s	120a	118	(17)	1
7/10	Ba1	BBB-	1000	ENBCN	60nc10	5.625-5.75%	5.50%#	313	(19)	15
7/10	Baa1	BBB-	1250	ISPIIM	5.0	145a	125a	123	(22)	1
7/10	Baa1	BBB-	1250	ISPIIM	10.0	175a	155a	153	(22)	1
7/10	A1	A+	500	NACF	5.0	120a	105#	105	(15)	4
7/10	A2	A	350	NSANY	3.0	Lequiv	Lequiv	3mL+39	(15)	(5)
7/10	A2	A	650	NSANY	3.0	75a	63a	60	(15)	(5)
7/10	A2	A	300	NSANY	5.0	Lequiv	Lequiv	3mL+65	(13)	(8)
7/10	A2	A	450	NSANY	5.0	85a	75a	72	(13)	(8)
7/10	Baa3	BBB	500	OKE	10.0	180-185	170a	165	(18)	(4)
7/10	Baa3	BBB	700	OKE	30.0	225a	215a	210	(15)	1
7/10		A-	750	ORIX	5.0	120-125	105a	100	(23)	12
7/10		A-	500	ORIX	10.0	145-150	140a	135	(13)	12
7/10	Baa3	BBB+	440	SOV	4.7	170-175	160a	155	(18)	3
7/10	Baa3	BBB+	800	SOV	10.0	230a	210a	205	(25)	7

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
MITSRE	3.650	7/20/2027	130.0	105		-25
PEMEX	6.500	3/13/2027	338.9	321	316	-18
PEMEX	6.750	9/21/2047	397.7	382	377	-16
SOV	4.400	7/13/2027	205.0	194	190	-11
DB	2.700	7/13/2020	118.0	109	106	-9
SMBCAC	3.000	7/15/2022	115.0	107	104	-8
ORIX	2.900	7/18/2022	100.0	94	91	-6
ANZNS	2.200	7/17/2020	70.0	65	63	-5
SOV	3.700	3/28/2022	155.0	151	148	-4
BFCM	2.700	7/20/2022	80.0	77	74	-3
BNS	2.150	7/14/2020	60.0	57	55	-3
TACHEM	2.450	1/18/2022	55.0	52	48	-3
OKE	4.000	7/13/2027	165.0	162	159	-3
ANZNS	3.450	7/18/2027	112.0	110	106	-2
BFCM	2.200	7/20/2020	70.0	68	65	-2
NSANY	2.150	7/13/2020	60.0	58	55	-2
NSANY	2.650	7/13/2022	72.0	70	68	-2
CENSUD	4.375	7/17/2027	210.0	209	205	-1
KORGAS	2.750	7/20/2022	90.0	89	84	-1
PTTEPT	4.600	perp-nc5	272.4	272	267	-0
KORGAS	3.125	7/20/2027	90.0	90	86	+0
ISPIM	3.125	7/14/2022	123.0	123	120	+0
OKE	4.950	7/13/2047	210.0	210	207	+0
ISPIM	3.875	7/14/2027	153.0	154	151	+1
NACF	2.875	7/17/2022	105.0	106	101	+1
ORIX	3.700	7/18/2027	135.0	136	133	+1
MRO	4.400	7/15/2027	210.0	215	210	+5
ENBCN	5.500	7/15/2077	313.0	319	317	+6
				Best		-25
				Worst		+6
				Avg		-4

Market Dashboard (a/o 3:07pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	21,635.22	82.13	220.88	17,883.56	21,645.94	21,186.65	20,104.29
S&P 500	2,459.34	11.51	34.16	2,083.79	2,460.38	2,418.13	2,305.09
Nasdaq	6,312.99	38.56	159.92	5,018.52	6,341.70	6,178.07	5,724.01
VIX	9.7	(0.20)	(1.49)	9.37	23.01	10.76	12.37
Oil	46.56	0.48	2.3	42.0	58.3	46.8	51.5
Gold	1228.99	11.41	16.5	1122.89	1367.34	1247.49	1230.83
2yr	1.354%	(1.2)	(4.7)	0.64%	1.41%	1.33%	1.19%
3yr	1.544%	(1.6)	(4.7)	0.75%	1.69%	1.50%	1.42%
5yr	1.860%	(3.1)	(8.8)	1.02%	2.14%	1.82%	1.80%
7yr	2.125%	(3.2)	(9.3)	1.29%	2.44%	2.07%	2.10%
10yr	2.319%	(2.7)	(6.8)	1.45%	2.63%	2.26%	2.29%
30yr	2.911%	(0.7)	(1.8)	2.17%	3.21%	2.87%	2.93%
2>5 Curve	50.4	(2.0)	(4.0)	34.5	84.4	48.3	60.9
2>10 Curve	96.2	(1.5)	(2.0)	74.3	136.8	92.0	109.8
5>10 Curve	45.7	0.5	2.0	37.2	60.0	43.6	48.8
5>30 Curve	104.9	2.4	6.9	91.6	145.9	105.1	112.7
10>30 Curve	59.1	2.0	4.9	50.4	87.3	61.4	63.8
2yr Swap	24.1	(0.1)	(0.7)	16.4	38.0	22.7	27.2
3yr Swap	17.8	(0.1)	(2.4)	9.9	32.0	19.3	21.0
5yr Swap	6.3	0.0	(0.8)	-4.0	14.1	7.2	6.5
7yr Swap	-4.0	(0.1)	(0.4)	-18.6	9.0	-3.1	-6.3
10yr Swap	-5.1	0.0	(1.9)	-19.1	0.7	-4.7	-8.0
US IG OAS*	105	(1.0)	(2.0)	105	147	112	121
US HY OAS**	367	(3.0)	3.0	344	545	366	402

*- 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	63552	13624	7300	26850		163,715
Jun		8650	5300	19830	4700	36097	10680	5200	2600		93,057
Jul			1750	1500	8700	21198	800	500			34,448
Aug											
Sep											
Oct											
Nov											
Dec											
Total	14,950	51,150	58,233	77,242	49,450	350,720	47,004	45,550	79,750		774,049

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%	38.8%	8.3%	4.5%	16.4%		100%
Jun		9.3%	5.7%	21.3%	5.1%	38.8%	11.5%	5.6%	2.8%		100%
Jul			5.1%	4.4%	25.3%	61.5%	2.3%	1.5%			100%
Aug											
Sep											
Oct											
Nov											
Dec											
Total	2%	7%	8%	10%	6%	45%	6%	6%	10%		100%

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