

- Next Week

- Street is looking for \$20-25B next week, in what would be a pretty stiff drop from this week's frenetic pace.
- Potential IG names for the calendar include Banco General, Industrial Bank of Korea, KT Corp, Odea Bank, Temasek, and Panama Metro, all of whom have completed recent roadshows. In addition, Lockheed Martin filed a debt shelf on Thursday. CEO comments from Hydro One point toward \$2.6B of 10/20/30yr debt in the near future to fund its acquisition of Avista.
- Pace of earnings announcements picks up with 184 of the S&P500 reporting 1H earnings
- Economic / Fed calendar
 - **Mon:** PMI
 - **Tues:** Consumer Confidence
 - **Wed:** New Home Sales, **FOMC Rate Decision**
 - **Thurs:** Durable Goods, FOMC nominee Quarles Senate confirm hearing
 - **Fri:** GDP, PCE

- Last Week

- Activity surged in the IG market, with \$46B of new supply. As expected, the banks drove activity. Wells, JP Morgan, Citigroup, Bank of America, Morgan Stanley, and Goldman alone were \$31B (67%) of the weekly volume. Financials overall were 82% of this week's volume.
- Despite the heavy dose of financials, execution metrics (below) remain stellar. While demand for everything was strong, away from financials it was white hot. Average oversubscription for financials (who tend to size their deals to demand) was 2.44x and average book size was \$3.1B. Average oversubscription levels for non-financials was 5.38x (!) with average book sizes of \$2.6B.
- The positive story in the primary market was reinforced in the secondary market as well, with IG spreads continuing to grind tighter. The Bbg Barclays IG index remains at multi-year tights and this week's deals finished the week 2.9 bp's tighter.
- Activity in HY picked up as well with 13 deals totaling \$8.25B printing. Execution was solid 11 of 13 printing at or through the tight end of whispers, one at the mid, and only one deal getting pushed back wide of whisper. The calendar performed (up 5/8 pt on avg) as did the broader secondary market which continued its rip tighter, and back to toward the tights at the beginning of March.
- IG Fund Flows: EPFR reported net inflows to IG funds of +\$4.8B, the 30th consecutive week of positive flows. Cumulative inflow for 2017 is now +\$93.4B (+\$3.2B per week vs +\$1.3B weekly avg in 2016)
- HY Fund Flows: EPFR reported net inflows to HY funds of +\$1.9B this week, vs an outflow of -\$1.1B the week before. Cumulative outflow for 2017 is now -\$3.5B (-\$325mm per week vs +\$325mm weekly avg in 2016)
- MTD IG volume now ~\$81B and YTD volume is \$820.5B, 5.2% ahead of last year's 29 week tally
- MTD HY volume now \$8.19B and YTD volume is \$193.4B, 30% ahead of last year's 29 week total

- FWIW

- The market absorbed \$26.75B of callable TLAC paper issued this week. Interesting to note that all used the fixed to float structure (no fixed to fixed). It's simpler to value, to trade, and will remain that to the call date. Also interesting to note the market acceptance of inverted 10>20 and 10>30 curves for these credits (MS printed 11nc10

and 21nc20 at curve-20 and JPM printed 21nc20 and 31nc30 at 20 and 5 bp's inside where it's outstanding 11nc10 was quoted in the 2dry market).

- Forward risk from a policy perspective: Fed, ECB, BOE all starting to shift into alignment on “normalization” in sequence on the rate and balance sheet front. It will naturally take time, and may take pauses, but when those balance sheets shrink, so too will the excel liquidity position in the market
- Forward risk from a political (US) perspective: ACA repeal/replace fail threatens the rest of the Trump #MAGA domestic agenda. That the fail was self-inflicted by the Republican party threatens to compromise Trump's leverage abroad as well.
- 1+1=2. Given previous two bullet points, not surprising the tsy mkt is easing back toward the lower end of the post-election range we've been in. Lower for longer is good for spreads.
- Narrative from the Fed through the press increasingly highlighting FOMC's struggles grappling with full employment and now again flagging inflation and the Fed's reliance on “old” tools (Taylor Rule) to guide them – and a greater focus going forward on inflation instead of employment. Is it *possible, just possible* that part of reason inflation no longer behaves the way it has in the past has *something, just something* to do with the fact that the disruptive technologies we've been enjoying for the past 10+ years are not finished driving down the cost of delivery (similar to the way exporting manufacturing drove down the cost of goods sold previously). And maybe lack of inflation is just the new way of describing productivity gains? And is that a bad thing? I guess it is if your objective is to inflate your way out of the debt.

Key Execution Metrics

Week 29 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	16	\$18,600	3.4x	\$2,821	-18.9 bp's	+1.7 bp's	-0.1 bp's
Tuesday	13	\$12,625	2.5x	\$1,920	-16.4 bp's	+2.1 bp's	-1.0 bp's
Wednesday	10	\$13,325	3.4x	\$3,505	-20.6 bp's	+0.9 bp's	-4.2 bp's
Thursday	5	\$1,575	7.5x	\$2,719	-15.0 bp's	-7.5 bp's	-2.8 bp's
Friday							
This Week	44	\$46,125	3.8x	\$2,880	-18.3 bp's	+0.5 bp's	-1.7 bp's
Week Prior	41	\$28,248	3.2x	\$2,230	-19.9 bp's	+1.4 bp's	-3.2 bp's
YTD Weekly Average		\$28,294	3.1x	\$2,284	-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
7/20	Baa1	BBB+	300	CHD	1.5	L+25a	L+20a	3mL+15	(10)	(5)
7/20	Baa1	BBB+	300	CHD	5.0	80a	70a	65	(15)	(7)
7/20	Baa1	BBB+	425	CHD	10.0	105a	95a	90	(15)	(9)
7/20	Baa1	BBB+	400	CHD	30.0	135a	120a	115	(20)	(9)
7/20	A1	A	150	SUMITR	1.5			3mL+37.5		
7/19	Baa2	BBB	1000	ATDBCN	5.0	115a	95a	90	(25)	
7/19	Baa2	BBB	1000	ATDBCN	10.0	160a	135a	130	(30)	
7/19	Baa2	BBB	500	ATDBCN	30.0	200a	170a	165	(35)	
7/19	Baa3	BBB-	325	DQE	10.0	160-165	140a	135	(28)	0
7/19	A3	BBB+	500	GS	2.0	75a	60#	60	(15)	2
7/19	A3	BBB+	750	GS	6nc5	L+115a	L+100#	3mL+100	(15)	2
7/19	A3	BBB+	2250	GS	6nc5	125a	110a	108	(17)	2
7/19	A3	BBB+	2000	MS	5nc4	L+105a	L+95a	3mL+93	(12)	0
7/19	A3	BBB+	3000	MS	11nc10	150a	135a	133	(17)	0
7/19	A3	BBB+	2000	MS	21nc20	125a	115a	113	(12)	0
7/18	Baa1	BBB+	1000	BAC	4.0	Lequiv	Lequiv	3mL+66	(15)	0
7/18	Baa1	BBB+	2500	BAC	4.0	100a	90a	85	(15)	0
7/18	Baa1	BBB+	1500	BAC	6.0	115a	100a	100	(15)	0
7/18	Baa1	BBB+	2000	BAC	11.0	145a	135a	133	(12)	0
7/18	A1	A+	75	BMO	1.5			3mL+23		
7/18	A1	A+	150	BNS	1.5			3mL+23		
7/18	Aa2	A+	100	RABOBK	1.5			3mL+15		
7/18	Aa2		500	DBSSP	5.0	Lequiv	L+62#	3mL+62	(14)	
7/18	Aa2	AA	300	KOHNPW	10.0	120a		95	(25)	4
7/18	A1	A	1000	MUFG	5.0	Lequiv	Lequiv	3mL+79	(18)	4
7/18	A1	A	2000	MUFG	5.0	100a	85-90	85	(18)	4
7/18	A1	A	1000	MUFG	10.0	115-120	105a	103	(17)	5
7/18	Aa3	AA-	500	TOYOTA	2.0			-		
7/17	Baa3	BBB-	1000	AER	10.0	165-170	145a	140	(28)	(6)
7/17	A1	A+	750	HNDA	1.5	L+25a	L+15-18	3mL+15	(10)	3
7/17	A1	A+	300	HNDA	3.0	Lequiv	Lequiv	3mL+27	(15)	3
7/17	A1	A+	700	HNDA	3.0	60a	50a	45	(15)	3
7/17	A1	A+	50	BMO	1.5			3mL+23		
7/17	Baa1	BBB+	750	C	6.0	Lequiv	Lequiv	3mL+95	(20)	0
7/17	Baa1	BBB+	2500	C	6.0	L120a	103#	103	(20)	0
7/17	Baa1	BBB+	2500	C	11.0	L150a	137#	137	(15)	4
7/17	Baa3	BBB-	300	GOVPIT	5.0	237.5-250	235a	230	(14)	
7/17	A3	A-	2500	JPM	21.0	115a	100-105	100	(15)	2
7/17	A3	A-	1500	JPM	31.0	125a	115-120	115	(10)	2
7/17	Baa1	BBB	400	KR	5.0	115a	100a	95	(20)	3
7/17	Baa1	BBB	600	KR	10.0	155a	145a	140	(15)	6
7/17	Baa1	BBB	500	KR	30.5	200a	185a	180	(20)	0
7/17	A3		500	KYOBOL	30nc5	4.50%a	4.00%a	209.1	(55)	
7/17	A2	A	3750	WFC	5.0	90-95	80#	80	(13)	2

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	?
ATDBCN	4.500	07/26/47	165.0	153	150	-12
GOVPIT	4.000	07/15/22	230.0	218	215	-12
ATDBCN	2.700	07/26/22	90.0	82	80	-8
ATDBCN	3.550	07/26/27	130.0	122	120	-8
KYOBOL	3.950	07/24/47	209.1	203	198	-6
BAC	2.369	07/21/21	85.0	79	77	-6
KR	2.800	08/01/22	95.0	89	86	-6
HNDA	1.950	07/20/20	45.0	40	37	-5
KR	3.700	08/01/27	140.0	136	134	-4
KR	4.650	01/15/48	180.0	176	173	-4
CHD	2.450	08/01/22	65.0	62	59	-3
CHD	3.150	08/01/27	90.0	87	84	-3
MS	3.971	07/22/38	113.0	110	108	-3
CHD	3.950	08/01/47	115.0	113	111	-2
MS	3.591	07/22/28	133.0	131	129	-2
BAC	3.593	07/21/28	133.0	131	129	-2
DQE	3.616	08/01/27	135.0	134	131	-1
GS	1.950	07/23/19	60.0	59	56	-1
GS	2.905	07/24/23	108.0	107	105	-1
BAC	2.816	07/21/23	100.0	99	96	-1
MUFG	2.665	07/25/22	85.0	84	82	-1
C	3.668	07/24/28	137.0	136	133	-1
JPM	4.032	07/24/48	115.0	114	111	-1
WFC	2.625	07/22/22	80.0	80	78	+0
MUFG	3.287	07/25/27	103.0	104	101	+1
C	2.876	07/24/23	103.0	104	102	+1
JPM	3.882	07/24/38	100.0	101	98	+1
KOHNPW	3.125	07/25/27	95.0	98	96	+3
AER	3.650	07/21/27	140.0	144	141	+4
				Best		-12
				Worst		+4
				Avg		-2.9

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	21,570.66	(41.12)	(67.08)	17,883.56	21,681.53	21,250.46	20,188.40
S&P 500	2,471.13	(2.32)	11.86	2,083.79	2,477.62	2,425.19	2,312.66
Nasdaq	6,381.95	(8.05)	69.49	5,034.41	6,398.26	6,203.56	5,750.21
VIX	9.69	0.11	0.18	9.37	23.01	10.70	12.28
Oil	45.89	(1.03)	(0.9)	42.3	58.4	47.0	51.5
Gold	1254.04	9.55	25.3	1122.89	1367.34	1249.41	1230.51
2yr	1.342%	(1.2)	(1.5)	0.64%	1.41%	1.33%	1.21%
3yr	1.496%	(1.3)	(5.1)	0.75%	1.69%	1.50%	1.43%
5yr	1.801%	(1.8)	(6.6)	1.02%	2.14%	1.81%	1.82%
7yr	2.047%	(2.7)	(9.0)	1.29%	2.44%	2.06%	2.11%
10yr	2.231%	(2.8)	(10.1)	1.45%	2.63%	2.25%	2.31%
30yr	2.799%	(2.7)	(12.1)	2.18%	3.21%	2.86%	2.94%
2>5 Curve	45.5	(0.6)	(5.1)	34.5	84.4	47.3	61.0
2>10 Curve	88.6	(1.7)	(8.6)	74.3	136.8	90.7	109.8
5>10 Curve	42.9	(1.0)	(3.5)	37.2	60.0	43.3	48.7
5>30 Curve	99.7	(0.8)	(5.4)	91.6	145.9	104.2	112.2
10>30 Curve	56.7	0.2	(1.9)	50.4	87.3	60.8	63.3
2yr Swap	25.0	0.4	1.3	17.4	38.0	22.5	27.2
3yr Swap	20.9	0.7	3.4	9.9	32.0	19.0	21.0
5yr Swap	8.3	0.2	2.0	-4.0	14.1	7.1	6.6
7yr Swap	-1.7	0.3	2.3	-18.6	9.0	-2.9	-6.0
10yr Swap	-3.1	0.1	2.0	-19.1	0.7	-4.3	-7.7
US IG OAS*	104	0.0	(1.0)	104	147	110	120
US HY OAS**	354	(2.0)	(13.0)	344	545	365	399

*- 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			6500	4425	8700	59373	1425	500			80,923
Aug											
Sep											
Oct											
Nov											
Dec											
Total	14,950	51,150	62,983	80,167	49,450	388,895	47,629	45,550	79,750		820,524

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			8.0%	5.5%	10.8%	73.4%	1.8%	0.6%			100%
Aug											
Sep											
Oct											
Nov											
Dec											
Total	2%	6%	8%	10%	6%	47%	6%	6%	10%		100%

SEE LAUS

A WOMEN-OWNED
BUSINESS ENTERPRISE

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](#)

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of R. Seelaus & Co., Inc. its subsidiaries and affiliates. This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. R.

Seelaus & Co., Inc. Member FINRA/SIPC 25 Deforest Avenue, Suite #304, Summit, NJ 07901 | (212) 935-0755