

- **Next Week**

- Despite a few cautionary flags, the street is looking for a big pick-up in supply next week as the post earnings/pre Labor Day window gets narrower. Survey of syndicate desks predicting \$35B next week, with some desks calling for \$45B to the plus.
- We're past the peak in earnings announcements. After getting 314 of the S&P 500 announced over the past two weeks, only 33 companies report next week
- In addition to heavy corporate supply, the fixed income market will also be taking down a slug of treasuries, as the gov't auctions off \$24B 3yr notes (Tuesday), \$23B 10yr notes (Wednesday), and \$15B 30yr bonds (Thursday) next week.
- From an economic standpoint, market focus next week will be on inflation data at the end of the week.
- **Economic / FOMC calendar**
 - **Mon:** Bullard and Kashkari speak
 - **Tues:**
 - **Wed:**
 - **Thurs:** PPI, Dudley speaks
 - **Fri:** CPI, Kaplan and Kashkari speak
- Potential names for next week include, Cerro del Aguila, American Water Works, IBK, Temasek, and BAT. BAT mandated leads for investor calls Monday and Tuesday ahead of a large multi-tranche, multi-currency deal to pay for its acquisition of the remaining 58% of Reynolds American it doesn't own.

- **Last Week**

- The IG market priced \$26.9B this week from a diverse set of issuers led by Ford (\$1.5B), Verizon (\$3B), Comcast (\$2.5B), and GM (\$3B).
- Execution metrics were optically good, but there was a decided shift in sentiment as the week wore on. Deals were impressively oversubscribed an average of 3.5x but with average book sizes of *only* \$2.0B per tranche (vs \$4.7B the week before). That said there were signs by week's end that pricing leverage was declining in the face of lackluster deal performance. This week's new deals finished the week tighter by 0.6 bp's, but if you take out Wash Prime's 10yr (tighter by 38) the rest of the cohort was wider by 0.6 bp's on average and only 10 of 30 fixed rate tranches were tighter than pricing. Not surprisingly, absent performance, pricing leverage shifted during the week to buyers, who were able to extract more generous concessions (see execution metrics below).
- IG spreads were softer by 2 bp's on the week (off of multi-year tights) with some signs of rotation. Financials were tighter by 1bp and TMT was wider by 5-8 bp's.
- The HY market busy again, with 14 deals totaling \$8.6B priced through Thursday one queued for Friday execution (Murphy Oil \$550mm 8nc3). Execution was solid with 12 of the 14 deals printing at or through the tight end of whispers, but two were forced to price wide (Diamond Offshore's \$500mm 8yr printed at 8.00%, 50 wide of mid 7s whispers and Cliff's Nat'l Resources \$575mm tap of the 5.75s of '25 printed at \$97 after whispering at \$97.50-98).

This week's calendar outperformed a flat secondary market, finishing the week up ½ point on average.

- YTD IG volume now \$884B, 3% ahead of last year's 31 week total.
- YTD HY volume now \$209B, 29% ahead of last year's 31 week total.

- IG Fund Flows: EPFR reported net inflows of +\$2.34B this week vs +\$3.5B the week prior. It's the 32nd consecutive week of inflows. Cumulative inflow for 2017 is now +\$99.3B (+\$3.2B weekly average, vs +\$1.26B weekly average in 2016).
- HY Fund Flows: EPFR reported a net +\$584mm inflow this week, vs +\$307mm the week prior. Cumulative outflow for 2017 is now -\$747mm (-\$24mm weekly average, vs +\$325mm weekly average in 2016).
- **FWIW**
 - Friday's strong NFP and unemployment data affirmed the strength in the labor force and did little to change calculus that the FOMC will focus next on balance sheet reduction over rate hikes and is more concerned about (lack of) inflation than low unemployment. Market is pricing in a 39% likelihood of a 25 bp's hike in December, down from 51% a month ago.
 - Former Fed Chairman Greenspan's interview brought back memories of "irrational exuberance." While Greenspan's warnings that the bond bubble is "about to break because of 'abnormally low' interest rates" pointedly denied having a time frame on the forecast, he did warn that "it look stronger just before it isn't stronger" and "it will "likely be quick and take the market by surprise." His comments are important because they highlight the challenges facing the Fed. After a decade of extraordinary measures and zipr, implemented to stimulate risk appetite and re-inflate asset prices, the risks from normalization are enormous. In an ideal world the Fed would have plenty of time and control of the process and market reaction. Greenspan's comments highlight what those who've been around long enough to experience fixed income bear markets know - that everything is good, "until it isn't" and it tends to happen hard and fast and without prior notification.

Key Execution Metrics

Week 31 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	16	\$7,306	4.7x	\$1,661	-19.4 bp's	-4.5 bp's	-1.7 bp's
Tuesday	9	\$8,400	2.8x	\$2,175	-13.9 bp's	+1.4 bp's	-4.4 bp's
Wednesday	10	\$6,100	3.1x	\$2,044	-16.8 bp's	+1.5 bp's	-0.4 bp's
Thursday	7	\$5,050	2.7x	\$2,076	-19.9 bp's	+7.8 bp's	-0.4 bp's
Friday							
This Week	42	\$26,856	3.5x	\$1,958	-17.8 bp's	+0.4 bp's	-1.8 bp's
Week Prior	41	\$36,405	3.3x	\$4,743	-22.2 bp's	+1.2 bp's	-3.9 bp's
YTD Weekly Average		\$28,509	3.1x	\$2,329	-18.0 bp's	+0.7 bp's	-1.7 bp's

Weekly Deal Summary

Date	MDY	S&P	Ticker	Size	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
8/3	Baa1	BBB+	COF	300	5.0	Lequiv	Lequiv	3mL+82	(13)	3
8/3	Baa1	BBB+	COF	1000	5.0	100-105	90#	90	(13)	3
8/3	A3	A-	SO	500	3.1	75a	55a	53	(22)	3
8/3	Baa3	BBB-	KMI	250	5.5		L+128#	3mL+128		15
8/3	Baa3	BBB-	KMI	1000	5.5	135-140	140#	140	3	15
8/3	Baa3		MINCAP	1200	13.0	5.00%a	4.625-4.75%	-	(38)	
8/3	Baa3		MINCAP	800	20.0	6.00%a	5.625-5.75%	-	(38)	
8/2	A1	A+	BACR	300	2.0			3mL+55		
8/2	A1	A+	BACR	300	3.0			3mL+65		
8/2	Baa2	BBB	DLR	350	5.5	115-120	105a	95	(23)	(6)
8/2	Baa2	BBB	DLR	1000	10.0	165a	150a	145	(20)	(5)
8/2	Baa3	BBB	GM	500	3.0	L+95a	L+85a	3mL+80	(15)	0
8/2	Baa3	BBB	GM	750	10.2	210a	200a	195	(15)	0
8/2	Baa3	BBB	GM	1000	20.7	250a	235a	230	(20)	12
8/2	Baa3	BBB	GM	750	30.7	270a	260a	255	(15)	10
8/2	A3	BBB+	HBAN		5.0	Lequiv	drop	drop		
8/2	A3	BBB+	HBAN	700	5.0	L-M80s	75a	73	(10)	3
8/2	A2	A	XEL	450	30.0	105a	90a	88	(17)	(2)
8/1	Baa3	BBB-	AXSBIN	500	5.0	155a	130-135	130	(25)	(4)
8/1	Baa2	BBB+	CELG	500	4.0			83		3
8/1	A3	A-	CMCSA	1650	10.5	95a	90#	90	(5)	9
8/1	A3	A-	CMCSA	850	30.0	115-120	115#	115	(3)	10
8/1	Baa1	BBB+	KIM	500	7.5	150a	130a	125	(25)	(8)
8/1	Baa1	BBB+	KIM	350	30.1	180-185	165a	163	(20)	(2)
8/1	Baa1	BBB+	R	300	5.1	90a	80a	75	(15)	2
8/1	Baa1	BBB+	VZ	3000	16.0	170a	170a	165	(5)	1
8/1	Baa3	BBB-	WPG	750	7.0			415		
7/31	Aa3		AAL	544.644	8.3avg	3.50%a	3.40%a	105.9	(15)	
7/31	A2		AAL	252.254	8.3avg	3.75%a	3.65%a	130.9	(15)	
7/31		BBB	BANCOG	550	10.0	L-M200s	200a	195	(30)	
7/31	A3	A-	NGGLN	500	10.0	110a	87-90	87	(23)	(3)
7/31	Aa3	A	DTE	440	30.0	105a	87.5a	85	(20)	(1)
7/31	A3	A-	EQR	400	10.0	115a	100a	98	(17)	(2)
7/31	A3	A-	EQR	300	30.0	140a	125a	123	(17)	(7)
7/31	Baa2	BBB	F	600	5.0	Lequiv	Lequiv	3mL+108	(18)	1
7/31	Baa2	BBB	F	900	5.0	130-135	120a	115	(18)	1
7/31	Baa1	A	HUBB	300	10.0	115-120	100a	95	(23)	(5)
7/31	Baa2	BBB	IP	-	3nc1	L+65a	drop	drop		
7/31	Baa2	BBB	IP	1000	31.0	160a	145a	145	(15)	(3)
7/31	A3	A-	KOREAT	400	5.0	110a	95a	92.5	(18)	0
7/31		BBB	PANAMT	618.708	3.3avg	L4% _s			(25)	
7/31	Baa1	A-	TEL	100	7.0	85a	60a	58	(17)	(19)
7/31	Baa1	A-	TEL	400	10.0	115a	95a	93	(22)	(12)

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	?
WPG	5.950	08/15/24	415.0	377	372	-38
NGGLN	3.150	08/01/27	87.0	81	78	-6
DTE	3.750	08/15/47	85.0	81	77	-4
DLR	3.700	08/15/27	145.0	142	137	-3
KIM	3.300	02/01/25	125.0	122	119	-3
R	2.500	09/01/22	75.0	72	69	-3
EQR	3.250	08/01/27	98.0	95	92	-3
SO	2.000	09/08/20	53.0	51	48	-2
EQR	4.000	08/01/47	123.0	121	117	-2
TEL	3.125	08/15/27	93.0	91	88	-2
TEL	3.450	08/01/24	58.0	57	54	-1
COF	2.650	08/08/22	90.0	90	87	+0
KMI	3.150	01/15/23	140.0	140	137	+0
DLR	2.750	02/01/23	95.0	95	92	+0
HBAN	2.500	08/07/22	73.0	73	70	+0
XEL	3.700	08/15/47	88.0	88	84	+0
AXSBIN	3.000	08/08/22	130.0	130	127	+0
HUBB	3.150	08/15/27	95.0	95	91	+0
KOREAT	2.625	08/07/22	92.5	93	91	+1
GM	4.200	10/01/27	195.0	196	194	+1
KIM	4.450	09/01/47	163.0	164	161	+1
AAL	3.600	10/15/29	130.9	132	127	+1
GM	5.150	04/01/38	230.0	232	228	+2
VZ	4.500	08/10/33	165.0	167	164	+2
AAL	3.350	10/15/29	105.9	109	104	+3
GM	5.400	04/01/48	255.0	258	254	+3
BANCOG	4.125	08/07/27	195.0	199	194	+4
F	2.979	08/03/22	115.0	120	116	+5
CMCSA	3.150	02/15/28	90.0	97	92	+7
IP	4.350	08/15/48	145.0	152	148	+7
CMCSA	4.000	08/15/47	115.0	127	122	+12
				Best		-38
				Worst		+12
				Avg		-0.6

Market Dashboard (a/o 2:30pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	22,071.07	44.97	240.76	17,883.56	22,089.05	21,436.73	20,368.69
S&P 500	2,476.20	4.04	4.10	2,083.79	2,484.04	2,442.32	2,329.09
Nasdaq	6,346.86	6.52	(27.82)	5,034.41	6,460.84	6,257.48	5,806.00
VIX	9.84	(0.60)	(0.45)	8.84	23.01	10.36	12.04
Oil	49.42	0.39	(0.3)	42.3	58.4	46.7	51.3
Gold	1258.7	(9.90)	(10.9)	1122.89	1364.80	1251.46	1230.48
2yr	1.357%	1.6	0.8	0.64%	1.41%	1.35%	1.23%
3yr	1.504%	2.4	(0.0)	0.75%	1.69%	1.51%	1.46%
5yr	1.815%	2.6	(2.0)	1.03%	2.14%	1.82%	1.85%
7yr	2.080%	3.6	(2.2)	1.31%	2.44%	2.07%	2.14%
10yr	2.263%	4.1	(2.7)	1.50%	2.63%	2.25%	2.33%
30yr	2.840%	4.3	(5.6)	2.21%	3.21%	2.84%	2.96%
2>5 Curve	45.5	1.0	(2.8)	34.5	84.4	46.4	61.2
2>10 Curve	90.3	2.5	(3.5)	74.3	136.8	89.5	109.7
5>10 Curve	44.6	1.5	(0.7)	37.2	60.0	43.0	48.4
5>30 Curve	102.4	1.6	(3.6)	91.6	145.9	102.4	111.1
10>30 Curve	57.6	0.2	(2.9)	50.4	87.3	59.3	62.5
2yr Swap	25.1	0.4	1.0	17.4	38.0	22.6	27.3
3yr Swap	21.0	0.0	0.2	9.9	32.0	19.1	21.3
5yr Swap	7.9	(0.0)	1.0	-4.0	14.1	7.2	6.9
7yr Swap	-2.6	(0.4)	1.3	-18.6	9.0	-2.6	-5.5
10yr Swap	-3.1	(0.3)	1.3	-19.1	0.7	-3.8	-7.1
US IG OAS*	104	1.0	2.0	102	146	109	118
US HY OAS**	353	4.0	5.0	344	543	362	393

*- 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	3750	25500	8797	4925	9055	68742	2365	1500			124,633
Aug		5500	3000	500	1250	8050	950	300			19,550
Sep											
Oct											
Nov											
Dec											
Total	18,700	82,150	68,280	81,167	51,055	406,313	49,519	46,850	79,750		883,784

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	3.0%	20.5%	7.1%	4.0%	7.3%	55.2%	1.9%	1.2%			100%
Aug		28.1%	15.3%	2.6%	6.4%	41.2%	4.9%	1.5%			100%
Sep											
Oct											
Nov											
Dec											
Total	2%	9%	8%	9%	6%	46%	6%	5%	9%		100%



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