

- Next Week

- Street looking for \$20-25B next week despite a holiday shortened week and the relative quiet of the past three weeks. That said, there's speculation Northrop Grumman could follow its investor outreach with ~\$8.5B of acquisition financing and we start rolling out of earnings blackouts.
- BLK, FAST, DAL, JPM, C, OMC, PGR, BAC, WFC, JBHT, and PNC all report earnings.
- **Economic/Fed Calendar:**
 - **Monday** ****Columbus Day****
 - **Tuesday** Fed's Kashkari and Kaplan speak
 - **Wednesday** FOMC Meeting Minutes, Fed's Evans and Williams speak
 - **Thursday** **PPI**, Initial Jobless Claims, Fed's Powell and Brainard speak
 - **Friday** **CPI**, Retail Sales, UofM Sentiment, Fed's Evans, Kaplan, and Powell speak
- Continue to see a high level of investor outreach, most a precursor to issuance. Banco do Brasil, Banco Santander (SNP), Aviation Capital, Bancolumbia (T2), Daimler, Fidelity Bank (5yr and/or 10yr), Kia Motors (short/interm), Farmers Insurance Exchange, Gerdaul, Intercorp, Northrop Grumman, Republic of Philippines, and Turkiye Petrol Rafinerileri (10yr) are engaging or are about to engage in investor roadshows. In addition, Mattel and ConocoPhillips filed shelves this week.
- Only 8 non-holiday interrupted weeks left this year. And two of them have FOMC meetings.

- Last Week

- Market was expecting a timid \$15-20B this week, but failed to reach it, printing only \$13.85B of IG supply. Execution remains strong (see below), with heavy oversubscription levels and pricing leverage, aggressive pricing, and strong follow thru. Despite having negative new issue concessions on average, this week's calendar performed strongly, tightening an average of 4.3 bp's by Friday.
- Excess demand continues to spill into the secondary market where spreads continue to grind tighter. Bloomberg Barclays IG OAS moved inside +100 for the first time since July 2014 and street inventory gets worked down. Federal Reserve reports on primary dealer corporate holdings (reported with a one week lag) show IG & HY street inventory dropping five of the past seven weeks. Total positions (including CP) dropped \$4.7B in the last report to \$19.1B.
- The HY market was much more active, nearly surpassing IG volume with \$11.8B printed across 20 deals. Execution was ok (12 printed at tight end of talk, 4 at the mid, and 4 pushed wide) but performance held up. The cohort of deals priced through Thursday finished the week up an average of ½ point in a market otherwise unchanged.
- As much as the HY market was unch'd in price, it outperformed a tsy market that continues to sell off, and credit curves continue to flatten as investors reach for incremental yield. Bbg Barclays HY OAS tightened another 4 bp's to IG to finish the week +243.
- YTD IG volume now \$1.110T, up 2.2% over last year's 40 week total.
- YTD HY volume now \$275B, \$20B ahead of 2016's full year total, and 32% ahead of last year's 40 week tally.
- IG Fund Flows: EPFR reported inflows of +\$6.2B to IG mutual funds and etf's, up from +\$2.3B the week before. This was the 41st consecutive week of inflows. Cumulative inflow in 2017 is now +\$128.1B (+\$3.2B weekly average, up from +\$1.3B weekly average in 2016).

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- **FWIW**
 - Payroll numbers Friday came in well below expectations (-33k vs +80k expectations) and showed a loss of jobs for the first time in 7 years, but seriously impacted by Hurricanes Harvey and Irma. Over 100k restaurant and bar jobs were "lost" as bars and restaurants had to shut down. Unemployment rate now down to 4.2%. Still so much slack but the participation rate ticked up and hourly earnings were up more than expected (tho likely hurricane impacted as well). So signs of strength despite the headline number. Market focus will be on inflation data and we get PPI and CPI to chew on next week.
 - Yellen term ends in February. Speculation on next Fed chairman reaching crescendo.
 - New stories to follow on the geo-political front include the Catalan secession movement and the potential for a declaration of independence on Monday, Iran nuclear treaty, and rumors of more North Korean missile launches.
 - Potential of a tax deal, reality of Fed balance sheet unwind commencing, and speculation on next Fed chair have driven a pretty quiet but substantial 30bps+ lift in yields over the past month. 2yr, 5yr, and 10yr yields all trading above 200 DMA, and the 30yr is converging on its. While we stay in the range, corp moves are lagging rates and spreads are grinding tighter. If we break out (up) and break psychology of lower for longer, it is really hard to believe that will continue.
 - Giants are 0-4. Georgia soccer is 0-5 in conference. Heading to Athens to see the lady Dawgs hopefully get their first SEC win this weekend....

Key Execution Metrics

Week 40 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	8	\$2,900	3.1x	\$1,119	-18.1 bp's	-2.1 bp's	-1.1 bp's
Tuesday	4	\$3,500	3.5x	\$2,725	-17.8 bp's	+1.8 bp's	-3.0 bp's
Wednesday	5	\$4,000	4.5x	\$3,550	-28.9 bp's	-4.2 bp's	-1.9 bp's
Thursday	4	\$3,450	4.1x	\$2,775	-20.4 bp's	+2.7 bp's	-4.0 bp's
Friday							
This Week	21	\$13,850	3.7x	\$2,319	-21.0 bp's	-1.1 bp's	-2.2 bp's
Week Prior	41	\$21,846	3.3x	\$1,876	-21.7 bp's	+0.3 bp's	-3.1 bp's
YTD Weekly Average		\$28,110	3.1x	\$2,287	-18.1 bp's	+1.0 bp's	-1.7 bp's

* source - R. Seelaus, Informa, Bloomberg

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
10/5	A1	A	500	BCICI	10.0	150a	135a	130	(20)	0
10/5	Baa3	BBB-	450	KORS	7.1	225a	200a	190	(35)	
10/5	A1	A+	1000	PEP	3.5	45-50	40a	38	(10)	7
10/5	A1	A+	1500	PEP	10.0	85a	70a	68	(17)	1
10/4	Baa3	BBB-	1250	BNS	perp-nc5	5.00%a	4.70%a	273	(35)	0
10/4		BBB-	500	BRASKM	5.3	4.00%a	3.75%a	178	(30)	(7)
10/4		BBB-	1250	BRASKM	10.3	5.00%a	4.75%a	231	(38)	(7)
10/4		BBB	500	COLBUN	10.0	195a	170a	165	(30)	(5)
10/4	A3	BBB+	500	GIS	5.0	80a	70a	68	(12)	(2)
10/3	Baa2	BBB	1250	ENELIM	5.5	105a	93a	90	(15)	3
10/3	Baa2	BBB	1250	ENELIM	10.5	145a	135a	132	(13)	5
10/3	Baa2	BBB	500	ENELIM	29.6	165a	150a	147	(18)	(1)
10/3	Baa3	BBB-	500	SLG	5.0	160a	140a	135	(25)	0
10/2	Baa2	BBB	400	ACC	10.1	155-160	135a	130	(28)	0
10/2	Baa3	BBB-	350	FE	10.5	145a	125a	120	(25)	
10/2	Baa1	A-	450	ES	4.4	70-75	60a	57	(16)	0
10/2	Baa1	A-	450	ES	7.0	95-100	80a	77	(21)	(6)
10/2	A2	A	300	DE	1.8	L+hi teens	L+12-15	3mL+12	(6)	0
10/2	A2	A	300	DE	6.7	70a	60-62.5	60	(10)	3
10/2	A2	A	350	ES	9.6	90-95	75a	72	(21)	(7)
10/2	A2	A	300	LNT	10.0	95a	80a	75	(20)	(5)

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	?
Ticker	Cpn	Maturity	Spd	Bid	Ask	?
KORS	4.000	11/01/24	190.0	174	172	-16
BNS	4.650	perp-nc5	273.0	261	258	-12
SLG	3.250	10/15/22	135.0	125	122	-10
COLBUN	3.950	10/11/27	165.0	158	155	-7
LNT	3.050	10/15/27	75.0	68	65	-7
GIS	2.600	10/12/22	68.0	63	60	-5
ACC	3.625	11/15/27	130.0	125	122	-5
FE	3.500	04/01/28	120.0	115	112	-5
PEP	2.000	04/15/21	38.0	34	31	-4
ES	2.750	03/15/22	57.0	53	50	-4
ES	2.900	10/01/24	77.0	73	70	-4
ES	3.200	05/15/27	72.0	69	66	-3
ENELIM	3.500	04/06/28	132.0	130	128	-2
PEP	3.000	10/15/27	68.0	67	64	-1
BRASKM	4.500	01/10/28	231.0	230	227	-1
ENELIM	4.750	05/25/47	147.0	146	143	-1
BCICI	3.500	10/12/27	130.0	130	127	+0
DE	2.650	06/24/24	60.0	60	57	+0
BRASKM	3.500	01/10/23	178.0	178	175	+0
ENELIM	2.750	04/06/23	90.0	91	88	+1
				Best		-16
				Worst		+1
				Avg		-4.3

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	22,773.67	(1.72)	368.58	17,883.56	22,777.04	22,072.92	21,083.22
S&P 500	2,547.66	(4.41)	28.30	2,083.79	2,552.51	2,478.43	2,394.66
Nasdaq	6,590.18	4.82	94.22	5,034.41	6,590.18	6,379.94	6,045.29
VIX	9.61	0.42	0.10	8.84	23.01	11.05	11.35
Dealer Positions #	19,129		(4,786)	15,880	33,509	24,596	25,949
Oil	49.29	(1.50)	(2.4)	42.8	58.4	49.4	50.8
Gold	1275.39	7.17	(4.4)	1122.89	1357.61	1295.86	1252.81
2yr	1.510%	2.1	2.4	0.78%	1.51%	1.36%	1.30%
3yr	1.648%	2.0	2.4	0.94%	1.69%	1.50%	1.50%
5yr	1.965%	2.0	2.8	1.23%	2.14%	1.79%	1.85%
7yr	2.194%	1.5	2.4	1.53%	2.44%	2.04%	2.13%
10yr	2.367%	1.8	3.2	1.70%	2.63%	2.22%	2.31%
30yr	2.905%	1.4	4.5	2.42%	3.21%	2.80%	2.92%
2>5 Curve	45.2	(0.1)	0.5	34.1	84.4	42.8	55.2
2>10 Curve	85.4	(0.3)	0.9	75.6	136.8	84.8	101.0
5>10 Curve	40.0	(0.2)	0.4	37.2	60.0	41.9	45.7
5>30 Curve	93.9	(0.6)	1.6	91.0	145.9	99.7	106.2
10>30 Curve	53.7	(0.4)	1.2	50.4	87.3	57.6	60.3
2yr Swap	26.9	(0.3)	1.3	17.4	38.0	24.8	27.5
3yr Swap	24.6	0.2	1.5	9.9	32.0	20.9	22.5
5yr Swap	8.3	0.2	0.7	-4.0	14.1	7.3	8.2
7yr Swap	-1.8	0.7	0.9	-18.6	2.4	-3.0	-3.4
10yr Swap	-4.4	0.1	0.0	-19.1	0.7	-4.4	-5.0
US IG OAS*	98	(1.0)	(5.0)	98	136	107	113
US HY OAS**	341	(2.0)	(9.0)	341	505	366	373

*- Bloomberg Barclays US Agg Corp Avg Oas (1 day delay)

** - Bloomberg Barclays US Corp HY Avg OAS (1 day delay)

#- Primary Dealer Positions Net Outright Total Corp Securities (1 week delay)

* Source - R. Seelaus, Bloomberg

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		22500	6100	30850	4050	23300	8130	1300	4650		100,880
Sep	3300	9300	6414	8300	15485	50940	9590	16250	11600		131,179
Oct	1750		450	3000		2650	5400	600			13,850
Nov											
Dec											
Total	23,750	108,450	78,244	122,817	69,340	475,153	71,689	64,700	96,000		1,110,143

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		22.3%	6.0%	30.6%	4.0%	23.1%	8.1%	1.3%	4.6%		100%
Sep	2.5%	7.1%	4.9%	6.3%	11.8%	38.8%	7.3%	12.4%	8.8%		100%
Oct	12.6%		3.2%	21.7%		19.1%	39.0%	4.3%			100%
Nov											
Dec											
Total	2%	10%	7%	11%	6%	43%	6%	6%	9%		100%

* Source - R. Seelaus, Informa, Bloomberg



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Jim Brucia

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](#)

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