

- Next Week

- Street looking for ~\$25B next week.
- **Economic/Fed Calendar:**
 - **Monday** Empire Mfg
 - **Tuesday** Industrial Production, Capacity Utilization, Fed's Harker speaks
 - **Wednesday** Housing Starts, Beige Book, Fed's Dudley, Kaplan speak
 - **Thursday** Initial Jobless Claims, Philly Fed Outlook, Leading Indicators
 - **Friday** Existing Home Sales, Fed's Yellen and Meister speak
- Good number of names engaged or engaging investors – Banco do Brasil (7-10yr), Banco Santander (SNP), CCDJ, Daimler, Kia Motors (short/interm), Korea Housing Finance (covered), Oil & Gas Holding Company BSC, Pac Life (50nc30 surplus note) and Republic of Philippines all potential names in for the mkt. In addition Qatar is reported to be considering up to \$9B in dollar funding and Celulosa Arauco announced Friday they would finance their (up to) \$700mm tender with new notes.
- 58 of the S&P500 companies report earnings next week including MS and GS on Tuesday, USB and AXP on Wednesday, BBT, KEY, BK, TRV on Thursday, and STI, SYF on Friday.
- Only 8 non-holiday interrupted weeks left this year. Two of them have FOMC meetings.

- Last Week

- Despite a short week, the IG market printed \$28.8B of new supply through Thursday (with Citi 2yr fixed/float and JPM perp-nc5 fixed-to-float teed up for Friday), well above expectations for \$20-25B. Most of the activity was Tues/Wed and just four issuers accounted for (Sumitomo, Wal-Mart, Broadcom, and Northrop Grumman) accounted for \$22.25B of the total.
- Execution metrics held up well, with comfortable oversubscription levels (3.1x), significant pricing leverage, and efficient pricing (average -0.5 bp's concessions). That said performance was only modest, with this week's deals breaking an average of 1.2 bp's tighter and finishing the week only ½ bp tighter.
- IG spreads were unch'd on the week and remain at multi-year tights. Fed report on Primary Dealer corp inventory (1 week lag) reported a modest rise in overall street inventory, but stripping out CP showed another decline of \$1.75B to \$10.216B, the lowest reading of the year.
- HY was also active this week, but the short probably held things back a little bit. New issues totaled \$5.91B across 10 tranches through Thursday with another four deals for \$1.81B queued up for Friday prints. 7 of the 10 tranches priced printed at the tight end of talk and performance was decent with deals finishing the week up an 3/8 point on average.
- HY secondary's were flat on the week, widening 3 bp's to a modestly higher tsy market and to the IG market. Bloomberg Barclays HY OAS finished the week +246 to IG.
- IG Fund Flows: EPFR reported \$2.03B inflow to IG mutual funds and etf's, down from the \$6.18B the week before. It was the 42nd consecutive week of inflows reported by EPFR. The cumulative flow in is now \$130.1B (average \$3.174B per week, up from 2016's \$1.3B weekly average).
- HY Fund Flows: EPFR reported a \$753mm inflow to HY mutual funds and etf's, the fourth consecutive week of inflows. Cumulative flow into HY funds in 2017 is now \$1.48B (\$36.1mm weekly average, down from 2016s \$325mm weekly average).
- MTD IG volume now \$42.55B, bringing the YTD tally to \$1.139T (2.9% ahead of last year's pace)

- MTD HY volume is now \$17.7B, bringing the YTD tally to \$281B (34% ahead of last year's 41 week total and 10% ahead of last year's FULL YEAR total).
- **FWIW**
 - ECB is next meeting on October 26th but reportedly considering reducing QE to €30B a month from the current €60B pace. Tapering of QE plus reality of QT in the US? If the tide isn't yet receding, the storm surge certainly is.
 - #MAGA? Repeal and replace fail, immigration reform fail, tax reform next. Kinda subtly however, the administration is against all odds creating some leverage for itself on a couple fronts. By reaching across the aisle on the budget deal, the administration sent a shot across the Republican bow that they no longer have sole control of the agenda. By communicating a willingness both to end DACA or save it he's sent an invitation to deal. By cutting off ACA subsidies under the cover that there actually is no appropriation for cost sharing reduction, they are putting enormous pressure on Democrats to come to the table on health care. And by signaling they will not certify Iran's compliance with the nuclear agreement, the administration is literally forcing Congress to put up or shut up on Iran. Inertia is a powerful force. A body at rest tends to stay at rest. A body in motion tends to stay in motion. How to get that body (Congress) in motion? Find a weak spot, apply pressure, squeeze. It is not pretty, but could it work?
 - 10yr yield roughly at the mid-point of the post-election trading range we've been in all year. Well inside the Trump trade highs and well off the "he's not going to last" lows. Continue to believe breaking out of the range to higher yields is the biggest threat to spreads.
 - Giants are 0-5, headed to 0-6. The Georgia women's soccer team is 0-6 in conference and lacing them up against Tennessee tonight. Fingers crossed.

Key Execution Metrics

Week 41 of 2017		Demand		Pricing Leverage		Performance	
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday							
Tuesday	14	\$14,650	3.4x	\$3,104	-19.4 bp's	-2.0 bp's	-1.7 bp's
Wednesday	14	\$12,400	2.6x	\$2,346	-15.8 bp's	+1.5 bp's	-1.0 bp's
Thursday	3	\$1,650	4.4x	\$3,000	-39.6 bp's	-7.0 bp's	+1.0 bp's
Friday							
This Week	31	\$28,700	3.1x	\$2,745	-19.9 bp's	-0.5 bp's	-1.2 bp's
Week Prior	41	\$13,850	3.7x	\$2,319	-21.0 bp's	-1.1 bp's	-2.2 bp's
YTD Weekly Average		\$27,777	3.1x	\$2,297	-18.2 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
10/12		BBB-	650	GGBRBZ	10.0	L-M5% _s	5.125% _a	-	(25)	(7)
10/12		BBB-	300	INTFSI	10.0	237.5 _a	200 _a	190	(44)	
10/12	Baa1		700	TUPRST	7.0	5% _a	4.50-4.625%	233.1	(50)	
10/11			400	AIG	2.0			48		
10/11		A-	750	PACLIF	10.1	150-155	140 _a	135	(18)	0
10/11	Baa1	BBB	1250	NWIDE	15nc10	200 _a		180	(20)	0
10/11	A1	A	750	SUMIBK	2.0	L equiv	L equiv	3mL+31	(16)	0
10/11	A1	A	750	SUMIBK	2.0	70-75	60 _a	57	(16)	0
10/11	A1	A-	500	SUMIBK	5.0	L equiv	L equiv	3mL+74	(23)	0
10/11	A1	A-	1250	SUMIBK	5.0	105 _a	85 _a	82	(23)	0
10/11	A1	A-	750	SUMIBK	10.0	115 _a	105 _a	100	(15)	2
10/11	Aa2	AA	300	WMT	2.0	L equiv	L equiv	3mL-3	(12)	5
10/11	Aa2	AA	1200	WMT	2.0	35 _a	25 _a	23	(12)	5
10/11	Aa2	AA	1250	WMT	3.2	40 _a	32 _a	30	(10)	5
10/11	Aa2	AA	1250	WMT	5.2	50 _a	42 _a	40	(10)	4
10/11	Aa2	AA	1000	WMT	7.2	60 _a	50 _a	48	(12)	3
10/11	Aa2	AA	1000	WMT	30.2	95 _a	77 _a	75	(20)	(5)
10/10	Baa2	BBB-	750	AVGO	3.3	70-75	65 _a	60	(13)	(3)
10/10	Baa2	BBB-	1000	AVGO	5.3	85-90	75 _a	70	(18)	(4)
10/10	Baa2	BBB-	1000	AVGO	7.3	115-120	100 _a	95	(23)	(5)
10/10	Baa2	BBB-	1250	AVGO	10.3	130-135	120 _a	115	(18)	(4)
10/10	Baa2	BBB	500	CAG	3.0	L+50 _a		3mL+50	0	2
10/10	Baa2	BBB+	400	FARMER	40.1	210 _a		187.5	(23)	(4)
10/10	Baa2	BBB	1000	NOC	3.0	65 _a	50 _a	45	(20)	0
10/10	Baa2	BBB	1500	NOC	5.0	80 _a	65 _a	60	(20)	0
10/10	Baa2	BBB	1500	NOC	7.3	95 _a	80 _a	75	(20)	6
10/10	Baa2	BBB	2000	NOC	10.3	110 _a	95 _a	90	(20)	6
10/10	Baa2	BBB	2250	NOC	30.0	140 _a	120 _a	115	(25)	0
10/10	Baa3	BBB	500	PSXP	10.4	170 _a	150 _a	145	(25)	(5)
10/10	Baa3	BBB	150	PSXP	27.4	210 _a	185 _a	180	(30)	(15)
10/10	Baa1	BBB+	850	SRE	3.4			3mL+45		

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
PSXP	3.750	03/01/28	145.0	141	138	-4
INTFSI	4.125	10/19/27	190.0	187	184	-3
WMT	1.750	10/09/19	23.0	20	17	-3
NOC	4.030	10/15/47	115.0	112	110	-3
WMT	3.625	12/15/47	75.0	73	71	-3
NOC	3.250	01/15/28	90.0	88	86	-3
SUMIBK	2.092	10/18/19	57.0	55	50	-2
WMT	1.900	12/15/20	30.0	28	25	-2
WMT	2.350	12/15/22	40.0	38	36	-2
NOC	2.080	10/15/20	45.0	43	41	-2
NOC	2.550	10/15/22	60.0	58	56	-2
SUMIBK	2.778	10/18/22	82.0	81	79	-1
SUMIBK	3.352	10/18/27	100.0	99	97	-1
FARMER	4.747	11/01/57	187.5	187	184	-1
PACLIF	3.500	11/01/27	135.0	135	134	+0
WMT	2.650	12/15/24	48.0	48	46	+0
AVGO	2.200	01/15/21	60.0	60	57	+0
NOC	2.930	01/15/25	75.0	75	73	+0
NWIDE	4.125	10/18/32	180.0	181	179	+1
PSXP	4.680	02/15/45	180.0	181	178	+1
AVGO	3.125	01/15/25	95.0	97	94	+2
AVGO	3.500	01/15/28	115.0	119	115	+4
TUPRST	4.500	10/18/24	233.1	238	233	+5
AVGO	2.650	01/15/23	70.0	76	71	+6
				Best		-4
				Worst		+6
				Avg		-0.5

Market Dashboard (a/o 11:05am)

		1 Day Change	1 Week Change
INDU	22,878.44	37.43	104.77
S&P 500	2,557.10	6.17	7.77
Nasdaq	6,611.31	19.80	21.13
VIX	9.55	(0.36)	0.36
Dealer Positions #	20,215		1,086
Oil	51.18	0.58	1.9
Gold	1299.35	5.63	22.7
2yr	1.503%	(1.2)	(0.3)
3yr	1.644%	(2.0)	0.4
5yr	1.912%	(2.7)	(4.5)
7yr	2.126%	(2.8)	(6.1)
10yr	2.292%	(2.7)	(6.8)
30yr	2.831%	(1.7)	(6.3)
2>5 Curve	40.6	(1.5)	(4.2)
2>10 Curve	78.6	(1.5)	(6.5)
5>10 Curve	37.8	(0.0)	(2.3)
5>30 Curve	91.7	1.0	(1.9)
10>30 Curve	53.7	1.0	0.5
2yr Swap	25.8	(0.1)	(0.8)
3yr Swap	21.7	0.3	(2.9)
5yr Swap	8.1	0.1	(0.3)
7yr Swap	-1.5	0.4	0.4
10yr Swap	-3.9	0.3	0.4
US IG OAS*	98	0.0	0.0
US HY OAS**	344	3.0	3.0

*- 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)

52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
17,883.56	22,905.33	22,164.55	21,155.05
2,083.79	2,557.65	2,486.01	2,401.77
5,034.41	6,616.58	6,402.38	6,073.28
8.84	23.01	11.03	11.31
15,880	33,509	24,593	25,852
42.8	58.4	49.5	50.7
1122.89	1357.61	1298.38	1255.99
0.78%	1.52%	1.38%	1.31%
0.94%	1.69%	1.51%	1.50%
1.23%	2.14%	1.81%	1.86%
1.53%	2.44%	2.05%	2.13%
1.74%	2.63%	2.22%	2.31%
2.48%	3.21%	2.80%	2.91%
34.1	84.4	42.5	54.5
75.6	136.8	84.0	100.1
37.2	60.0	41.3	45.4
90.0	145.9	98.6	105.7
50.4	87.3	57.1	60.2
17.4	38.0	24.9	27.5
9.9	32.0	21.2	22.6
-4.0	14.1	7.4	8.3
-18.6	2.4	-2.9	-3.2
-19.1	0.7	-4.4	-4.8
98	136	107	113
341	505	365	372

* 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	2400		6450	3500	1350	9000	6250	9600	4000		42,550
Nov											
Dec											
Total	24,400	108,450	84,244	123,317	70,690	481,503	72,539	73,700	100,000		1,138,843

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	5.6%		15.2%	8.2%	3.2%	21.2%	14.7%	22.6%	9.4%		100%
Nov											
Dec											
Total	2%	10%	7%	11%	6%	42%	6%	6%	9%		100%

* Source - R. Seelaus, Informa, Bloomberg



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