

- Next Week

- Street looking for \$20-25B of new supply next week. Weekly average in 2017 is \$27.6B.
- 180 of the S&P500 companies reporting earnings.
- **Economic/Fed Calendar: No Fed speakers , light ECO week, Tsy 2yr/5yr/7yr auctions**
  - **Monday**
  - **Tuesday** PMI, 2yr Tsy auction
  - **Wednesday** Durable Goods, New Home Sales, 2yr frn/5yr Tsy auctions
  - **Thursday** Wholesale Inventories, Initial Jobless Claims, 7yr Tsy auction
  - **Friday** GDP, Personal Consumption, UoM Sentiment
- Only four weeks left to Thanksgiving week. After that only three weeks before we shut down for year end. FOMC meetings on November 1<sup>st</sup> and December 13<sup>th</sup>. Taking out Fridays that leaves one 15 day window and one 11 day window left to issue in 2017.
- Potential names for the market include Abu Dhabi Crude Oil Pipeline (\$3B), Korea Housing Finance (covered bond), Boral Ltd, CCDJ, Celulosa Arauco (interm and/or long bond), Empresas Publicas de Medellin (10yr), and S.A.C.I. Falabella (interm), all of whom have recently announced or finished investor outreach. In addition, CPPIB announced a mandate on Friday for a \$1B no grow 10yr to be launched in the near future, subject to market conditions.
- There are four names in the visible HY pipeline. Global Ship Lease (\$360mm 5nc2), Warrior Met Coal (\$350mm 7nc3), Wind Tre Spa (€7.3B equivalent across 5 \$/€ tranches), and Harland Clarke (\$500mm tap of their 8 3/8% of 2022 notes).

- Last Week

- The IG market priced \$19.55B through Thursday, with an expected \$1B two tranche Friday print from Glencore bringing the total weekly volume to \$20.55B – below expectations for ~\$25B. Execution metrics remain strong with healthy demand (2.6x avg oversubscription) creating pricing leverage and efficient pricing. Solid performance from the calendar (2.4 bp's tighter on average by Friday) continues to affirm the momentum in the market.
- The HY market was relatively quiet with only \$3.28B priced across seven deals. Execution was strong in a strong market with all seven deal pricing at or through the tight end of whispers. Follow through was equally impressive with this week's calendar finishing the week up 1 ½ points on average.
- Both IG (1 bp tighter) and HY (5 bp's tighter) outperformed a tsy market that sold off 10 bp's on the week.
- The Fed reported dealer inventory jumped 17% to \$23.7B the week ending 10/11. That said, almost the entire jump in inventory came in commercial paper. Dealer inventory of IG corporates longer than 13mos was only \$335mm higher and at \$5.479B remains near the low for 2017 (ytd avg \$8.936B). Dealer inventory of HY corporates >13mos at \$1.384B is similarly near the lows for the year (ytd avg \$2.229B).
- IG Fund Flows: EPFR reported a +\$4.3B inflow into IG funds this week, the 43<sup>rd</sup> consecutive week of positive flows. Cumulative inflow for 2017 is now \$134.5B (\$3.2B weekly average, up from \$1.3B weekly average in 2016).
- HY Fund Flows: EPFR reported a -\$384mm outflow from HY this week after four consecutive weeks of inflows. The cumulative inflow into HY funds for 2017 is now +\$1.096B (+\$26mm weekly average, down from +\$325mm weekly average in 2016).
- MTD IG volume now \$64.85B and YTD \$1.161T, up 2.02% from 2016's 42 week tally.
- MTD HY volume now \$22.83B and YTD \$286B, up 34.56% from 2016's 42 week tally and up 12.3% from 2016's full year total.

- **FWIW**

- Corporates continue to outperform and this week reached some historic levels. Both Bloomberg Barclays US Agg OAS (LUACOAS) at +97 and Bloomberg Barclays US Corp HY OAS (LF98OAS) at +339 reached multi-year tightts not seen since June 2007. Both indices bottomed at that point and interestingly both peaked a mere 18 months later – LUACOAS at +607 and LF98OAS at +1,833. Round trip complete.
- The steady grind tighter from the wides in 2008 and more palpably from the more recent wides in early 2016 brings to mind a basketball analogy. Can't help thinking about the physics involved when you push a basketball further and further under water. When your grip starts to slip, make sure you're not looking straight down over it!



## **Key Execution Metrics**

Week 42 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	3	\$2,500	2.1x	\$2,050	-15.0 bp's	+0.0 bp's	+0.5 bp's
Tuesday	5	\$3,650	3.2x	\$2,270	-18.0 bp's	+2.0 bp's	-3.2 bp's
Wednesday	9	\$9,000	2.4x	\$2,233	-16.6 bp's	+0.4 bp's	-0.8 bp's
Thursday	6	\$4,400	2.5x	\$1,533	-15.2 bp's	+1.7 bp's	-1.5 bp's
Friday							
<b>This Week</b>	<b>23</b>	<b>\$19,550</b>	<b>2.6x</b>	<b>\$2,034</b>	<b>-16.4 bp's</b>	<b>+1.0 bp's</b>	<b>-1.4 bp's</b>
<b>Week Prior</b>	<b>41</b>	<b>\$31,450</b>	<b>3.0x</b>	<b>\$2,675</b>	<b>-19.3 bp's</b>	<b>-0.2 bp's</b>	<b>-1.3 bp's</b>
<b>YTD Weekly Average</b>		<b>\$27,646</b>	<b>3.1x</b>	<b>\$2,292</b>	<b>-18.1 bp's</b>	<b>+1.0 bp's</b>	<b>-1.7 bp's</b>

\* source - R. Seelaus, Informa, Bloomberg

## Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
10/19	Baa1	A-	600	KIAMTR	5.5	145a	120-125	120	(25)	0
10/19	Baa1	A-	300	KIAMTR	10.0	150a	125-130	125	(25)	0
10/19	Aa2	AA-	300	TD	2.0	Lequiv	Lequiv	3mL+15	(8)	5
10/19	Aa2	AA-	1700	TD	2.0	H40s	40#	40	(8)	5
10/19	A1	AA-	300	USB	3.0	Lequiv	Lequiv	3mL+14	(13)	0
10/19	A1	AA-	1200	USB	3.0	50a	40a	37	(13)	0
10/18	Ba1	BB	1500	GS	perp-nc5	5.25%a	5.00%#	-	(25)	4
10/18	A2	A	1500	PNC	3.0	55a	45a	42	(13)	(1)
10/18	A2	A	1000	PNC	10.0	L90s	80a	77	(16)	4
10/18	A1	AA-	500	RY	3.0	Lequiv	L+24#	3mL+24	(11)	3
10/18	A1	AA-	2000	RY	3.0	H50s	47#	47	(11)	3
10/18	A3	A+	300	UNH	3.0	Lequiv	Lequiv	3mL+7	(20)	(1)
10/18	A3	A+	900	UNH	3.0	50a	35a	30	(20)	(1)
10/18	A3	A+	900	UNH	5.0	65a	50a	45	(20)	(3)
10/18	A3	A+	950	UNH	10.0	90a	75a	70	(20)	0
10/18	A3	A+	950	UNH	30.0	115a	100a	95	(20)	0
10/17	Baa1	BBB+	500	SANTAN	5.4	Lequiv	Lequiv	3mL+109	(15)	5
10/17	Baa1	BBB+	1000	SANTAN	5.4	135a	125a	120	(15)	5
10/17	Baa1	BBB+	1000	SANTAN	10.4	170a	160a	155	(15)	3
10/17	Baa2	BBB-	400	HPT	10.2	215a	195a	190	(25)	(5)
10/17	A3	A	750	PACLIF	50nc30	170a	150#	150	(20)	
10/16	Baa3	BBB+	1250	BPCEGP	10.0	140a	125#	125	(15)	(2)
10/16	Baa1	BBB-	500	ISPIIM	1.5			3mL+67		
10/16	A2	A	750	TGT	30.1	125a	110a	110	(15)	2
10/16			150	TGP	perp-nc5		8.50-8.625%	632	(6)	

## New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
SANTAN	3.125	02/23/23	120.0	113	109	-7
HPT	3.950	01/15/28	190.0	184	180	-6
TD	1.900	10/24/19	40.0	36	34	-5
UNH	1.950	10/15/20	30.0	26	24	-4
KIAMTR	3.500	10/25/27	125.0	122	120	-3
USB	2.050	10/23/20	37.0	34	31	-3
UNH	2.375	10/15/22	45.0	42	40	-3
UNH	2.950	10/15/27	70.0	67	65	-3
UNH	3.750	10/15/47	95.0	92	91	-3
SANTAN	3.800	02/23/28	155.0	152	149	-3
RY	2.150	10/26/20	47.0	45	42	-2
PNC	3.100	10/25/27	77.0	76	73	-1
PACLIF	4.300	10/24/67	150.0	149	148	-1
BPCEGP	3.500	10/23/27	125.0	125	123	+0
KIAMTR	3.000	04/25/23	120.0	121	118	+1
PNC	2.450	11/05/20	42.0	43	38	+1
TGT	3.900	11/15/47	110.0	111	109	+1
				<b>Best</b>		-7
				<b>Worst</b>		+1
				<b>Avg</b>		-2.4

## Market Dashboard (a/o 10:43am)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	23,233.64	70.60	361.92	17,883.56	23,244.65	22,260.06	21,234.59
S&P 500	2,570.16	8.06	16.99	2,083.79	2,571.56	2,494.30	2,409.40
Nasdaq	6,628.19	23.13	22.39	5,034.41	6,638.98	6,428.06	6,102.90
VIX	9.71	(0.34)	0.10	8.84	23.01	10.98	11.24
Dealer Positions #	23,708		3,493	15,880	33,509	24,654	25,768
Oil	51.49	0.20	0.0	42.8	58.4	49.7	50.5
Gold	1283.28	(6.85)	(20.5)	1122.89	1357.61	1299.73	1258.42
2yr	1.566%	3.4	7.1	0.78%	1.57%	1.40%	1.31%
3yr	1.707%	4.1	7.6	0.94%	1.71%	1.53%	1.51%
5yr	2.013%	5.9	11.2	1.23%	2.14%	1.82%	1.86%
7yr	2.226%	6.1	11.7	1.53%	2.44%	2.06%	2.13%
10yr	2.380%	6.1	10.6	1.74%	2.63%	2.23%	2.31%
30yr	2.896%	5.9	9.1	2.49%	3.21%	2.80%	2.91%
2>5 Curve	44.4	2.5	4.1	34.1	84.4	42.2	53.8
2>10 Curve	81.1	2.8	3.5	74.5	136.8	82.8	99.0
5>10 Curve	36.6	0.3	(0.6)	33.5	60.0	40.4	45.0
5>30 Curve	88.3	0.0	(2.1)	83.2	145.9	97.0	105.2
10>30 Curve	51.5	(0.2)	(1.5)	49.4	87.3	56.4	60.0
2yr Swap	24.2	(0.4)	(1.7)	17.4	38.0	24.8	27.4
3yr Swap	22.6	0.0	0.8	9.9	32.0	21.3	22.6
5yr Swap	7.9	(0.7)	(0.2)	-4.0	14.1	7.5	8.4
7yr Swap	-1.2	(0.2)	0.2	-18.6	2.4	-2.7	-2.9
10yr Swap	-2.4	(0.4)	1.4	-19.1	0.7	-4.3	-4.5
US IG OAS*	97	0.0	(1.0)	97	136	106	112
US HY OAS**	339	2.0	(5.0)	337	505	364	371

\*- 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	2400		8100	7500	1350	25650	6250	9600	4000		64,850
Nov											
Dec											
<b>Total</b>	<b>24,400</b>	<b>108,450</b>	<b>85,894</b>	<b>127,317</b>	<b>70,690</b>	<b>498,153</b>	<b>72,539</b>	<b>73,700</b>	<b>100,000</b>		<b>1,161,143</b>

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	3.7%		12.5%	11.6%	2.1%	39.6%	9.6%	14.8%	6.2%		100%
Nov											
Dec											
<b>Total</b>	<b>2%</b>	<b>9%</b>	<b>7%</b>	<b>11%</b>	<b>6%</b>	<b>43%</b>	<b>6%</b>	<b>6%</b>	<b>9%</b>		<b>100%</b>

\* Source - R. Seelaus, Informa, Bloomberg



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