

- **Next Week**

- Street is looking for ~\$25B of IG supply next week. IGM survey of syndicate desks calling for \$94B in November, with estimates ranging from \$85B to \$105B.
- 132 of the S&P500 companies report earnings.
- **Economic/Fed Calendar: Focus on FOMC Wednesday and the Employment Data**  
**Friday**
  - **Monday** Personal Income, Personal Spending, PCE, Dallas Fed
  - **Tuesday** Employment Cost Index, Chicago Purchasing Manager, Consumer Confidence
  - **Wednesday** **FOMC Rate Decision**, MBA Mortgage Applications, ADP, Mfg PMI, ISM
  - **Thursday** Initial Jobless Claims, Continuing Claims, Nonfarm Productivity, Feds Powell and Bostic speak
  - **Friday** **Employment Data**, Factory Orders, Durable Goods, Services PMI, Composite PMI, Fed's Kashkari and ECB's Coeure speak
- Potential names include Israel, Empresas Publicas de Medellin, Inkia Energy, JSC NC Kazakhstan Temir Zholy, Mazoon Electricity, and Petropavlosk, all of whom already have or are conducting investor meetings.

- **Last Week**

- The IG market printed \$34.6B through Thursday with another \$2.5B teed up for pricing Friday (Santander UK 3yr fixed/float, 11nc10). Execution metrics remain healthy (2.6x oversubscribed, negligible nic's) and calendar performance remains strong. This week's deals finished the week 2.2 bp's tighter on average (19 of 30 fixed rate tranches tighter, 7 unch'd, and 4 wider).
- The HY market printed \$5.7B through Thursday on six deals with another 3 deal totaling \$960mm queued for Friday. Execution was little more "dynamic" this week with some visible signs of investor pushback. Only two of the deals printed so far this week priced at the tight end of talk, and Warrior Met Coal got pushed back to 50 wide of whispers before pricing. In addition, CONSOL Mining, originally slated to price Friday, was pushed into next week with rumors of pricing slipping from whispered 8.50-9.00% out to 10.50-11.00%. There were some opportunities. Curo Financial printed a \$135mm tap of their 12% of 2022 on Friday at \$103.50, a 6.50 point discount to where they'd been quoted Thursday. And performance of the calendar this week was solid (up ¾ point on average).
- The grab for spread continued this week with spreads tightening and compressing. LUACOAS tightening another 3 bp's to 94 and LF98OAS tightening another 10 bp's to 329.
- Fed reporting of dealer positions for the week ending 10/18 showed street inventory of corporates rising for the fourth consecutive week to \$25.26B. That said, the increase was once again at the front end. Dealer inventory of commercial paper and IG corporates <13mos rose to \$17.5B, the highest reading of the year (43% above ytd avg). Street inventory of IG corporates >13mos was only \$4.41B, the lowest reading of the year and 54% below the ytd average.
- IG Fund Flows: EPFR reported inflows of +\$3.1B this week, the 44<sup>th</sup> consecutive week of inflows. The cumulative inflow for 2017 is now +\$137.6B (+\$3.2B weekly average, up from +\$1.3B for 2016).

- HY Fund Flows: EPFR reported outflows of -\$168mm this week, the second consecutive week of modest outflows. The cumulative inflow for 2017 is now +\$927mm (+\$21.6mm weekly average, down from +\$325mm in 2016).
- MTD IG volume is now \$103.3B and YTD IG volume is now \$1.2T, up 2.4% from 2016s 43 week pace.
- MTD HY volume is now \$29B and YTD HY volume is now \$293B, up 33% from 2016s 43 week tally and up 15% from 2016s full year total.
- **FWIW**
  - There are only four non-holiday, non-FOMC weeks left in the year. Windows are narrow, market is good.
  - On September 7<sup>th</sup> the 10yr was 2.04%. Going out this week 2.42%. It's not a taper tantrum, but it's an 18% lift in the yield in a short period of time coinciding with the Fed commencing QT. It also brings well into the upper half of the trading range we've been in all year.
  - I'd hoped to show the impact of duration by going back to the corporates priced the first week of September and highlighting how much lower their prices are today. It was a \$46B week, with DISCA (\$6.3B), AAPL (\$5B), and IBM (\$3B) among the largest issuers (nice timing). A little surprising, but the average price today of the fixed rate DISCA, IBM, and AAPL bonds priced that day is \$99.655. The 38 bp's rise in yields was largely offset by spreads tightening by 26 bp's over the same time.
  - Not to lead the witness, but it *feels* like as long as the market remains complacent about the range, we're good. And the price action in corporates is saying the market *is still complacent about the range*. With QT underway, the ECB slowly turning, inch by inch, toward taper, the potential for tax cuts soon, etc. is that kind of complacency still warranted?

## **Key Execution Metrics**

Week 43 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	17	\$14,245	2.2x	\$1,676	-13.0 bp's	+1.8 bp's	-1.2 bp's
Tuesday	7	\$9,450	3.2x	\$3,100	-16.9 bp's	+2.0 bp's	-3.4 bp's
Wednesday	6	\$3,310	3.0x	\$1,306	-15.1 bp's	-1.9 bp's	+0.1 bp's
Thursday	10	\$7,607	2.8x	\$1,428	-17.1 bp's	+2.2 bp's	-1.4 bp's
Friday							
<b>This Week</b>	<b>40</b>	<b>\$34,611</b>	<b>2.6x</b>	<b>\$1,857</b>	<b>-15.0 bp's</b>	<b>+1.4 bp's</b>	<b>-1.4 bp's</b>
<b>Week Prior</b>	41	\$20,850	2.9x	\$2,104	-16.8 bp's	+0.6 bp's	-1.8 bp's
<b>YTD Weekly Average</b>		\$27,838	3.1x	\$2,281	-18.0 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
10/26		AA	837	ADNOUH	12.0	3.90%a	3.70%a	121.5	(25)	
10/26		AA	2200	ADNOUH	30.0	4.80%a	4.65%a	165.2	(20)	
10/26	Baa1	BBB	400	COF	3.0	Lequiv	Lequiv	3mL+45	(15)	(2)
10/26	Baa1	BBB	600	COF	3.0	L80s	70a	68	(15)	(2)
10/26	Baa1	BBB	1500	COF	7.0	125a	105#	105	(20)	0
10/26	Baa3	BBB-	500	CELARA	10.0	H100s	165a	160	(15)	10
10/26	Baa3	BBB-	400	CELARA	30.0	H200s	260a	255	(20)	
10/26	Ba1	BBB-	570	DFS	perp-nc10	5.625%a		304	(13)	
10/26	Baa3	BBB-	100	SLG	5.1	135a		123	(12)	2
10/26	A1	A+	500	TXN	10.0	75a	60a	58	(17)	5
10/25	Baa1	BBB+	1150	T	49nc5	5.375-5.50%	5.35%#	240	(9)	
10/25	Baa2	BBB	500	SCHW	perp-nc10	5.125%a		256	(13)	0
10/25	A3	A-	300	FITB	3.0	Lequiv	Lequiv	3mL+25	(15)	0
10/25	A3	A-	750	FITB	3.0	L60s	50a	48	(15)	0
10/25	A1	A	309.5	MIZUHO	2.0			3mL+40		
10/25		BBB-	300	SNV	5.0	137.5a	115a	112.5	(25)	(8)
10/24	Baa2	BBB	450	BLDAU	5.0	130a	110a	105	(25)	
10/24	Baa2	BBB	500	BLDAU	10.5	165a	145a	140	(25)	
10/24	Aa2	AA+	350	CCDJ	3.0	Lequiv	Lequiv	3mL+33	(10)	
10/24	Aa2	AA+	1150	CCDJ	3.0	65a	57a	55	(10)	
10/24	A3	BBB+	1250	GS	5nc4	L+95a	L+80a	3mL+78	(17)	3
10/24	A3	BBB+	3250	GS	5nc4	100a	85a	83	(17)	3
10/24	A3	BBB+	2500	GS	21nc20	120-125	110a	108	(15)	0
10/23	A3	BBB+	500	AXP	3.0	Lequiv	Lequiv	3mL+33	(10)	5
10/23	A3	BBB+	1500	AXP	3.0	M60s	58a	55	(10)	5
10/23	A3	BBB+	1650	AXP	7.0	L-M90s	83a	80	(13)	0
10/23	A2	A-	300	BBT	3.3	Lequiv	Lequiv	3mL+22	(8)	(3)
10/23	A2	A-	1000	BBT	3.3	55a	47#	47	(8)	(3)
10/23	A2	A-	1000	BBT	7.0	80a	65#	65	(15)	(5)
10/23	Baa1	BBB+	400	C	5.0	Lequiv	Lequiv	3mL+69	(13)	1
10/23	Baa1	BBB+	1750	C	5.0	90a	80a	77	(13)	1
10/23	Baa1	BBB+	2250	C	11nc10	H120s	115#	115	(13)	4
10/23	A2	A	450	HON	2.0	Lequiv	Lequiv	3mL+4	(15)	8
10/23	A2	A	750	HON	2.0	L40s	30a	28	(15)	8
10/23	Aa3	AA-	600	PG	2.0	L30a	22a	20	(13)	5
10/23	Aa3	AA-	600	PG	3.0	40a	27a	25	(15)	5
10/23	Aa3	AA-	600	PG	30.0	90a	70a	68	(22)	(4)
10/23		BBB+	400	BFALA	10.0	170a	155a	150	(20)	0
10/23	Baa2		258.348	UAL	8.2	3.75%a	3.65%#	165	(10)	
10/23	Baa2		236.173	UAL	8.0		3.65%#	165	(10)	

## New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
UAL	3.650	01/07/26	165.0	155	150	-10
UAL	3.650	10/07/25	165.0	155	150	-10
BLDAU	3.750	05/01/28	140.0	131	128	-9
BLDAU	3.000	11/01/22	105.0	98	95	-7
DFS	5.500	perp-nc10	304.0	299	297	-5
CCDJ	2.250	10/30/20	55.0	51	47	-4
PG	1.750	10/25/19	20.0	16	13	-4
SCHW	5.000	perp-nc10	256.0	253	250	-3
AXP	2.200	10/30/20	55.0	52	49	-3
HON	1.800	10/30/19	28.0	25	21	-3
PG	1.900	10/23/20	25.0	22	19	-3
ADNOUH	4.600	11/02/47	165.2	163	161	-2
ADNOUH	3.650	11/02/29	121.5	119	117	-2
COF	2.400	10/30/20	68.0	66	64	-2
CELARA	5.500	11/02/47	255.0	253	250	-2
SLG	4.500	12/01/22	123.0	121	116	-2
TXN	2.900	11/03/27	58.0	56	53	-2
AXP	3.000	10/30/24	80.0	78	75	-2
SNV	3.125	11/01/22	112.5	111	108	-2
CELARA	3.875	11/02/27	160.0	160	156	+0
FITB	2.200	10/30/20	48.0	48	45	+0
GS	2.876	10/31/22	83.0	83	81	+0
GS	4.017	10/31/38	108.0	108	106	+0
C	2.700	10/27/22	77.0	77	75	+0
C	3.520	10/27/28	115.0	115	113	+0
PG	3.500	10/25/47	68.0	68	65	+0
COF	3.300	10/30/24	105.0	106	104	+1
BBT	2.150	02/01/21	47.0	48	45	+1
BBT	2.850	10/26/24	65.0	67	65	+2
BFALA	3.750	10/30/27	150.0	156	151	+6
				<b>Best</b>		-10
				<b>Worst</b>		+6
				<b>Avg</b>		-2.2

## Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	23,427.55	26.69	98.92	17,883.56	23,485.25	22,401.15	21,320.66
S&P 500	2,581.44	21.04	6.23	2,083.79	2,582.98	2,505.28	2,416.74
Nasdaq	6,702.34	145.56	73.28	5,034.41	6,707.57	6,456.92	6,129.29
VIX	9.87	(1.43)	(0.10)	8.84	23.01	10.72	11.22
Dealer Positions #	25,258		1,550	15,880	33,509	24,589	25,685
Oil	53.94	1.30	2.1	43.1	58.4	50.5	50.6
Gold	1272.99	6.00	(7.5)	1122.89	1357.61	1299.02	1260.09
2yr	1.593%	(2.3)	1.5	0.78%	1.62%	1.43%	1.32%
3yr	1.724%	(2.7)	0.9	0.94%	1.75%	1.56%	1.51%
5yr	2.036%	(4.3)	1.4	1.23%	2.14%	1.85%	1.86%
7yr	2.263%	(3.7)	3.0	1.54%	2.44%	2.08%	2.13%
10yr	2.420%	(4.2)	3.5	1.78%	2.63%	2.25%	2.31%
30yr	2.930%	(4.2)	3.3	2.54%	3.21%	2.81%	2.91%
2>5 Curve	43.9	(2.0)	(0.1)	34.1	84.4	42.1	53.2
2>10 Curve	82.4	(1.8)	2.0	74.5	136.8	82.1	98.0
5>10 Curve	38.3	0.1	2.0	33.5	60.0	39.8	44.7
5>30 Curve	89.4	0.1	1.9	83.2	145.9	95.7	104.7
10>30 Curve	50.9	0.0	(0.2)	49.3	87.3	55.7	59.8
2yr Swap	22.9	0.1	(1.0)	17.4	38.0	24.5	27.3
3yr Swap	22.2	(0.7)	0.1	9.9	32.0	21.5	22.6
5yr Swap	7.5	0.1	(0.3)	-4.0	14.1	7.5	8.4
7yr Swap	-2.1	(0.6)	(0.5)	-18.6	2.4	-2.5	-2.8
10yr Swap	-2.8	(0.2)	(0.5)	-19.1	0.7	-4.0	-4.3
US IG OAS*	94	0.0	(3.0)	94	136	105	112
US HY OAS**	329	(1.0)	(10.0)	326	505	359	369

\*- 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	4300	1150	8995	9300	4387	50130	6250	11750	4500		100,761
Nov											
Dec											
<b>Total</b>	<b>26,300</b>	<b>109,600</b>	<b>86,789</b>	<b>129,117</b>	<b>73,727</b>	<b>522,633</b>	<b>72,539</b>	<b>75,850</b>	<b>100,500</b>		<b>1,197,054</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	4.3%	1.1%	8.9%	9.2%	4.4%	49.8%	6.2%	11.7%	4.5%		100%
Nov											
Dec											
<b>Total</b>	<b>2%</b>	<b>9%</b>	<b>7%</b>	<b>11%</b>	<b>6%</b>	<b>44%</b>	<b>6%</b>	<b>6%</b>	<b>8%</b>		<b>100%</b>

\* Source - R. Seelaus, Informa, Bloomberg



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