

- Next Week

- IGM syndicate survey calling for \$31.5B next week, with a range of estimates from \$25B-\$40B.
- **Economic/Fed Calendar:**
 - **Monday** Fed's Potter and Dudley speak
 - **Tuesday** 3yr note Auction. Fed's Quarles speaks
 - **Wednesday** MBA Mortgage Applications, 10yr note Auction
 - **Thursday** Initial Jobless Claims, Continuing Claims, Wholesale Inventories, 30yr note Auction
 - **Friday** UofM Sentiment
- 47 of the S&P500 companies report next week
- Potential names for the market include Israel, NWB Bank (4yr green bond), ITC Holdings, Multibank, Grupo Bimbo, Axtel, Mosaic, JCC NC Kazakhstan Temir Zholy, and Petropavlovsk – all of whom have conducted or announced investor roadshows/calls.
- **There are only FOUR non-holiday, non-FOMC weeks left in 2017.**

- Last Week

- The IG market priced \$26.85B this week including a \$1.75B 31nc30 Friday print from JPM. Execution metrics held up well (see below) and were in line with ytd experience, but a weak secondary backdrop and poor performance of this week's calendar hint at a slowing momentum. IG spreads were wider 2 bp's on the week (tech underperformed (+10)) and this week's deals *finished the week wider by 0.6 bp's on average*. 19 of 30 fixed rate tranches priced this week finished flat to wider than initial spreads. Always a little bit of a disappointment when a process designed to create performance fails to.
- The HY market priced \$5.06B on 11 deals through Thursday with another 3 for \$1.325B queued for Friday pricing. Execution was nominally good with 9 of the 11 printing at or through the tight end of whispers. The one outlier was Consol Mining, which priced a downsized \$300mm 8nc3 on Monday at 11%, out significantly from initial whispers last week of 8.50-9.00%. It proved a winner for those involved as it was the strongest performer of the week, finishing up nearly 2 ½ points by Friday.
- IG Fund Flows: EPFR reported inflows to IG funds this week of \$5.4B, the 45th consecutive week of positive flows. The cumulative inflow into IG funds this year is now \$143B, a weekly average of \$3.25B (up from +\$1.26B weekly average in 2016).
- HY Fund Flows: EPFR reported a slight \$25.5mm outflow from HY funds this week, the third consecutive weekly outflow. The cumulative inflow to HY funds in 2017 is now +\$901mm, a weekly average of +\$20.5mm (down from +\$325mm weekly average in 2016).
- Interesting look at dealer positions for the week ending 10/25 (Fed reports with a one week lag). Big jump in dealer inventories last week, and in contrast to the previous several weeks, it isn't coming from CP. Total corp holdings jumped \$5.7B to \$30.972B. Interestingly, CP dropped \$2.356B and HY was only up \$300mm to \$3.6B. **The big jump came in IG corporates longer than 13mos which nearly tripled from \$4.41B to \$11.011B (from the low for the year to nearly the high).**
- October IG volume finished at \$121.9B, the most active October in history. YTD volume now at \$1.225T, up 3.5% from 2016's 45 week total.
- October HY volume finished at \$30.57B. YTD volume is now \$298B, up 32% from last year's 45 week total and up 17% over 2016's full year volume.

- FWIW

- Contributing to the negative *feel* of the market, beyond a nominal widening from decade tights, was the **re-emergence of the tape bomb this week**. A whole bunch of names broke down this week from being “priced for perfection” on negative earnings or outlooks. HY names getting tagged include Treehouse Foods (-3 3/8 points), Petsmart (-4 ¼ points), Community Health (-4 ½ points), and Frontier Communications (-3 points). It wasn’t much softer for IG credits Under Armour (+85 bp’s), Pitney Bowes (+80 bp’s), and Teva (+55 bp’s). The tape bombs may be foreboding for 2018. As we transition to the new old world (market driven pricing instead of liquidity driven pricing) security selection/credit research is going to matter again, especially in a rising interest rate environment.
- The nomination process for a new Fed Chair has finally run its course and Jerome Powell got the nod. Continuity in policy and the potential to economize financial regulation.
- The FOMC as expected left rates unchanged but signaled it remains on course to raise them for the fifth time in December. “Economic activity has been rising at a solid rate despite hurricane-related disruptions,” the Fed said in a statement Wednesday. GDP rose 3.0% in the 3rd quarter after rising 3.1% in the 2nd quarter. Friday’s employment data reinforced growing consensus that economic momentum is broad and sustainable.
- The Bank of England as expected raised its benchmark rate for the first time in a decade, and signaled that further tightening would be gradual and limited. “The pace at which the economy can grow without generating inflationary pressures has fallen relative to pre-crisis norms,” said Mark Carney, the BOE’s governor. “Over the next few years, modest demand growth is expected to use up the little spare capacity remaining in the economy. Domestic inflationary pressures are likely to build.” If the FOMC adopted the same framework, it would certainly support a more aggressive normalization of rates.

Key Execution Metrics

Week 44 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	11	\$6,300	3.4x	\$1,636	-16.8 bp's	-0.3 bp's	-1.0 bp's
Tuesday	13	\$12,300	2.2x	\$2,240	-16.7 bp's	+2.5 bp's	-0.3 bp's
Wednesday	5	\$2,750	4.9x	\$2,433	-34.3 bp's	+0.0 bp's	-2.3 bp's
Thursday	6	\$3,750	1.8x	\$1,150	-17.4 bp's	+3.6 bp's	-0.6 bp's
Friday							
This Week	35	\$25,100	2.8x	\$1,820	-18.9 bp's	+1.5 bp's	-0.8 bp's
Week Prior	41	\$43,861	2.6x	\$1,848	-16.5 bp's	+1.2 bp's	-1.4 bp's
YTD Weekly Average		\$27,838	3.1x	\$2,270	-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
11/2	A1	A-	550	SO	30.1	100a	90a	87.5	(13)	6
11/2	Baa3	BBB	400	GM	3.0	Lequiv	L+54#	3mL+54	(20)	4
11/2	Baa3	BBB	850	GM	3.0	85a	75#	75	(20)	4
11/2	Baa3	BBB	750	GM	7.0	150-155	135a	132	(21)	5
11/2	Baa1	BBB	700	PEG	5.0	L80s	70a	68	(15)	(2)
11/2	A1	A+	500	SUNAU	3.0	75a	70a	68	(17)	5
11/1	A1	A+	750	NEE	3.0			3mL+28		
11/1	A1	A	500	ICBCAS	3.0	L+95a	L+75#	3mL+75	(20)	0
11/1	A1	A	500	ICBCAS	5.0	125a	95#	95	(30)	0
11/1	A1	A	500	ICBCAS	10.0	150a	118#	118	(32)	0
11/1	Baa2	BBB	500	MAZON	10.0	M-H5% _s	5.20-5.25%	284.2	(55)	
10/31	Baa1	A	1000	AMGN	10.0	100a	90a	87.5	(13)	8
10/31	Baa2	BBB+	750	CELG	5.3	95-100	80a	75	(23)	(3)
10/31	Baa2	BBB+	1000	CELG	10.0	125-130	115a	110	(18)	5
10/31	Baa2	BBB+	1250	CELG	30.0	165-170	155a	150	(18)	5
10/31	Baa3	BBB-	600	STZ	2.0	60-65	50a	48	(15)	(2)
10/31	Baa3	BBB-	700	STZ	3.0	70-75	62a	60	(13)	0
10/31	Baa3	BBB-	700	STZ	5.0	85-90	75a	73	(15)	(2)
10/31	Baa2	BBB	300	GMT	10.4	135a	120a	118	(17)	3
10/31	A3	BBB+	2250	LLOYDS	6nc5	110a	90#	90	(20)	4
10/31	A3	BBB+	1750	LLOYDS	11nc10	140a	120#	120	(20)	0
10/31	A2	A	750	PM	2.0	50-55	40a	38	(15)	3
10/31	A2	A	750	PM	5.0	70-75	60a	58	(15)	2
10/31	A2	A	500	PM	10.3	90-95	85a	83	(20)	10
10/30	Baa1	A-	750	CFG	3.0	L70s	62a	60	(13)	0
10/30	Aa3	AA-	400	CL	5.0	45a	35a	32	(13)	(3)
10/30	Baa2	BBB	1000	F	3.0	85a	70a	65	(20)	(2)
10/30	Baa2	BBB	250	F	3.0	Lequiv	Lequiv	3mL+43	(20)	(2)
10/30	Baa2	BBB	750	F	10.0	165a	150a	145	(20)	0
10/30	Baa2	BBB	300	MKL	10.0	140a	120a	115	(25)	0
10/30	Baa2	BBB	300	MKL	30.0	170a	150a	145	(25)	0
10/30	A1	A	1000	NACN	3.0	L60s	55#	55	(8)	3
10/30	A1	A	250	NACN	3.0	Lequiv	Lequiv	3mL+33	(8)	3
10/30	Baa2	BBB	550	NEE	60nc10	5.00% _a	4.85% _a	243	(20)	0
10/30	Baa2	A-	750	WM	10.0	90-95	80a	78	(15)	(2)

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
ICBCAS	3.538	11/08/27	118.0	105	102	-13
MAZOOK	5.200	11/08/27	284.2	278	275	-6
SUNAU	2.375	11/09/20	68.0	63	58	-5
NEE	4.800	12/01/77	243.0	240	235	-3
GM	3.500	11/07/24	132.0	130	128	-2
PM	3.125	03/02/28	83.0	81	78	-2
SO	3.700	12/01/47	87.5	86	84	-2
ICBCAS	2.957	11/08/22	95.0	94	91	-1
PM	1.875	11/01/19	38.0	37	34	-1
CL	2.250	11/15/22	32.0	31	28	-1
NACN	2.200	11/02/20	55.0	54	51	-1
GM	2.450	11/06/20	75.0	75	73	+0
PEG	2.650	11/15/22	68.0	68	66	+0
CFG	2.250	10/30/20	60.0	60	57	+0
STZ	2.000	11/07/19	48.0	49	46	+1
STZ	2.250	11/06/20	60.0	61	58	+1
STZ	2.650	11/07/22	73.0	74	71	+1
LLOYDS	2.907	11/07/23	90.0	91	89	+1
MKL	4.300	11/01/47	145.0	146	143	+1
WM	3.150	11/15/27	78.0	79	77	+1
CELG	4.350	11/15/47	150.0	152	149	+2
GMT	3.500	03/15/28	118.0	120	116	+2
PM	2.500	11/02/22	58.0	60	57	+2
MKL	3.500	11/01/27	115.0	118	115	+3
CELG	3.450	11/15/27	110.0	115	112	+5
LLOYDS	3.574	11/07/28	120.0	126	124	+6
F	2.343	11/02/20	65.0	71	67	+6
F	3.815	11/02/27	145.0	151	149	+6
CELG	2.750	02/15/23	75.0	82	79	+7
AMGN	3.200	11/02/27	87.5	96	91	+9
				Best		-13
				Worst		+9
				Avg		+0.6

Market Dashboard

		1 Day Change	1 Week Change
INDU	23,539.22	22.96	105.03
S&P 500	2,587.26	7.41	6.19
Nasdaq	6,764.44	49.49	63.17
VIX	9.07	(0.86)	(0.73)
Dealer Positions #	30,972		5,714
Oil	55.65	1.11	1.8
Gold	1270.11	(6.02)	(3.2)
2yr	1.615%	0.5	2.6
3yr	1.730%	0.8	1.2
5yr	1.994%	(0.7)	(3.5)
7yr	2.188%	(1.5)	(6.6)
10yr	2.333%	(1.3)	(7.4)
30yr	2.813%	(1.3)	(10.5)
2>5 Curve	37.7	(1.1)	(6.0)
2>10 Curve	71.6	(1.7)	(9.9)
5>10 Curve	33.7	(0.6)	(3.9)
5>30 Curve	81.7	(0.7)	(7.1)
10>30 Curve	47.8	(0.1)	(3.2)
2yr Swap	21.1	(0.1)	(2.2)
3yr Swap	20.3	(0.6)	(2.2)
5yr Swap	7.4	(0.2)	(0.3)
7yr Swap	-0.9	0.1	1.0
10yr Swap	-2.1	(0.3)	0.6
US IG OAS*	96	1.0	2.0
US HY OAS**	339	2.0	10.0

*- 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	23,557.06	22,566.56	21,410.52
2,083.79	2,588.42	2,519.44	2,424.44
5,034.41	6,765.14	6,503.56	6,158.31
8.84	23.01	10.40	11.18
15,880	33,509	24,667	25,665
43.1	58.4	51.1	50.6
1122.89	1357.61	1297.49	1261.90
0.78%	1.62%	1.45%	1.33%
0.94%	1.75%	1.58%	1.52%
1.23%	2.14%	1.87%	1.86%
1.54%	2.44%	2.10%	2.13%
1.78%	2.63%	2.27%	2.31%
2.56%	3.21%	2.82%	2.90%
34.1	84.4	41.7	52.4
71.2	136.8	81.0	96.8
33.1	60.0	39.1	44.3
80.8	145.9	94.1	104.0
47.1	87.3	54.8	59.5
17.4	38.0	24.1	27.0
9.9	32.0	21.6	22.6
-4.0	14.1	7.7	8.5
-18.6	2.4	-2.3	-2.6
-19.1	0.7	-3.7	-4.1
94	136	103	111
326	505	354	368

* 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	10995	17700	4387	59230	6800	12800	4500		121,861
Nov			2000			2000	2500				6,500
Dec											
Total	26,300	109,600	90,789	137,517	73,727	533,733	75,589	76,900	100,500		1,224,654

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	3.5%	0.9%	9.0%	14.5%	3.6%	48.6%	5.6%	10.5%	3.7%		100%
Nov			30.8%			30.8%	38.5%				100%
Dec											
Total	2%	9%	7%	11%	6%	44%	6%	6%	8%		100%

* Source - R. Seelaus, Informa, Bloomberg



A WOMEN-OWNED
BUSINESS ENTERPRISE

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](#)

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of R. Seelaus & Co., Inc. its subsidiaries and affiliates. This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. R. Seelaus & Co., Inc. Member FINRA/SIPC 25 Deforest Avenue, Suite #304, Summit, NJ 07901 | (212) 935-0755