

- Next Week

- The Infoma survey of street syndicate desks produced a \$28.08B average of estimates for IG volume next week. Estimates ranged from a low of \$20B to a high of \$35B.
- **Economic/Fed Calendar:**
 - **Monday**
 - **Tuesday** PPI, Fed's Evans, Bullard, and Bostic speak, Yellen, Draghi, Kuroda, and Carney on ECB Panel
 - **Wednesday** CPI, Empire Mfg, Retail Sales, Fed's Evans speaks
 - **Thursday** Initial Jobless Claims, Continuing Claims, Philly Fed, Industrial Production, Capacity Utilization, Fed's Mester, Kaplan, and Williams speak, 10yr TIPS auction
 - **Friday** Housing Starts, KC Fed Mfg Activity, Fed's Williams speaks
- Earnings season winding down. Only 17 of the S&P500 companies report earnings next week. Heavy on retail with AAP, HD, TJX, TGT, LB, WMT, BBY, ROST, GPS, and FL reporting.
- Potential names for next week include Israel Elec, JSC NC Kazakhstan Temir Zholy (10-15yr), Fujairah F1 (14.82avg life), Korea Electric Power (short/interm), Emirates (5yr), DCP Midstream (perp-nc5), and Leggett & Platt.
- **ONLY THREE NON-HOLIDAY, NON-FOMC WEEKS LEFT IN 2017!!**

- Last Week

- With the window for 2017 deal execution widening, and despite some caution flags, volume surged this week to \$48B on a staggering 68 tranches. Not surprisingly we saw some signs of buckling, with spreads under pressure and execution deteriorating.
- This week's deals were only 2.5x oversubscribed (3.1x ytd avg, 2.8x the week prior), were only able to tighten 14.6 bp's from more generous IPT's than we've been conditioned for, and were left with new issue concessions averaging 7.0 bp's, considerably more than the 1.2 bp's ytd average. Most ominously, the market was unable to monetize the concessions, with this week's deals finishing the week only 0.8 bp's tighter than pricing, the second straight week of mediocre deal performance. 26 of 55 fixed rate tranches priced this week were flat to wide of initial pricing.
- There were even more signs of "dynamic" execution in the HY market this week. Deal flow was decent with \$4.93B on 12 deals priced through Thursday, but 5 of the 12 were forced to price at the wide end of talk and three (3) deals decided to postpone due to terms inconsistent with their expectations. Deal performance was ok, with this week's deals finishing the week up an average of ¼ point and outperforming a secondary market that widened 21 bp's on the week.
- MTD IG volume now up to \$56.39B and YTD volume up to \$1.275T, within spitting distance of 2016s full year total of \$1.295T.
- MTD HY volume of \$10B brings the YTD total to \$304B, already well over the full year volume for both 2016 (\$255B) and 2015 (\$283B). For what it's worth, HY volume averaged \$360B per annum the three years prior to 2015.
- IG Fund Flows: EPFR reported \$3.459B of inflows to IG mutual funds this week, the 46th consecutive week of inflows. The cumulative inflow to IG funds for 2017 is now \$146B, a weekly average of \$3.255B (up from +\$1.259B weekly average in 2016).
- HY Fund Flows: EPFR reported \$932mm of outflows from HY mutual funds this week, the fourth consecutive week of outflows. This week's outflow actually flips the switch to negative on the cumulative flow for 2017 to -\$28.85B (weekly average is -\$660k, down from an average \$325mm weekly inflow in 2016.)

- Dealer Positions: The Fed reported dealer positions of corporate fixed income securities for the week ending 11/01 of \$31.999B up \$1.027B on the week and the largest position since the week ending March 15th. As we tried to point out last week, that's not the whole story. Once again, CP balances declined by 2+B and HY positions declined marginally. The largest absolute gain was again in IG paper longer >13mos which increased to \$14.581B, the highest reading in 2017 and more than tripling from the low just two weeks prior.
- **FWIW**
 - Deal execution this week provided a pretty good snapshot of the Pavlovian impulses of a market at work. Tracking the Key Execution Metrics daily (below), you can see absence of positive feedback (electric shock) of Monday's calendar (breaking an average of 2.0 bp's wider) lead to a decline in average oversubscription and spike higher for new issue concessions on Tuesday. The opportunity to monetize those concessions (ring the dinner bell), with Tuesday's deals breaking 3.0 bp's tighter led to oversubscription levels spiking on Wednesday to 3.8x and a calming of new issue concessions. Psych 101.
 - Hard to whether we are closer to or farther away from tax reform and/or tax cuts, but objectively 10yr yields did lift this week back toward 2.40% and back to the upper half of the range we've been in all year long. Clearly confidence/complacency/capitulation to the range is one of the key psychological underpinnings of market behavior (grind it out, reach for incremental yield). Shouldn't be surprising that we're seeing some little signs of stress and backing away from recent decade tights in both IG and HY as 2.60% is more clearly in sight now than it was a few months ago, and now by virtue of the calendar, folks will be forced to reflect.

Key Execution Metrics

Week 45 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	13	\$11,100	2.0x	\$1,540	-15.1 bp's	+2.8 bp's	+2.0 bp's
Tuesday	12	\$13,600	1.6x	\$1,896	-11.3 bp's	+12.9 bp's	-3.0 bp's
Wednesday	14	\$9,750	3.8x	\$2,658	-21.8 bp's	+4.9 bp's	-1.3 bp's
Thursday	24	\$13,690	2.3x	\$1,103	-11.8 bp's	+7.4 bp's	-1.5 bp's
Friday							
This Week	63	\$48,140	2.5x	\$1,686	-14.6 bp's	+7.0 bp's	-1.0 bp's
Week Prior	41	\$26,850	2.8x	\$1,820	-18.5 bp's	+1.7 bp's	-0.7 bp's
YTD Weekly Average		\$28,323	3.1x	\$2,246	-17.9 bp's	+1.2 bp's	-1.6 bp's

* source - R. Seelaus, Informa, Bloomberg

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
11/9	Baa2	BBB	600	ARE	7.5	137.5a	130a	128	(10)	10
11/9	Baa1	BBB+	125	AFG	8.8	130a		120	(10)	
11/9	Baa1	BBB+	240	AFG	29.6	160a		155	(5)	
11/9	Baa1	A-	1500	BNP	10.0	135a	125#	125	(10)	5
11/9	Baa3	BBB-	100	BDN	5.3	165a	145a	140	(25)	(20)
11/9	Baa3	BBB-	450	BDN	10.0	190a	175a	170	(20)	(20)
11/9	Baa3	BBB-	400	BPL	10.1	200a	185-190	185	(15)	10
11/9	Ba2	BBB-	500	CNHI	10.0	175a	160a	158	(18)	
11/9	A2	A	400	DAIGR	3.3	L equiv	L equiv	3mL+43	(15)	3
11/9	A2	A	1100	DAIGR	3.3	H70s	62.5\$	62.5	(15)	3
11/9	Aa2	A	550	DUK	30.1	100a	90a	90	(10)	7
11/9	A2	A	150	ETR	10.1	100-105		95	(8)	13
11/9		BBB-	600	FIBRBZ	7.2	4.375%a	4.25%a	204.9	(13)	12
11/9	Baa1	A-	250	LNT	7.1	70-75		75	3	15
11/9	Baa2	A-	500	ITC	5.0	90a	75a	72	(18)	0
11/9	Baa2	A-	500	ITC	10.0	120a	105a	102	(18)	0
11/9	A1	A+	350	UPS	3.4	L equiv	L equiv	3mL+15	(15)	15
11/9	A1	A+	700	UPS	3.4	50a	40	35	(15)	15
11/9	A1	A+	500	UPS	5.4	L equiv	L equiv	3mL+45	(10)	15
11/9	A1	A+	1000	UPS	5.4	65a	60a	55	(10)	15
11/9	A1	A+	500	UPS	7.0	70a	70a	65	(5)	17
11/9	A1	A+	1000	UPS	10.0	80a	80a	75	(5)	17
11/9	A1	A+	1150	UPS	30.0	100a	100a	95	(5)	17
11/9	Baa1	BBB+	525	SO	3nc1			3mL+55		
11/8	Baa1	BBB+	500	AEP	3.0	65a	50a	45	(20)	3
11/8	Baa1	BBB+	500	AEP	10.0	110a	95a	90	(20)	3
11/8	A3	A-	300	AVB	3.2nc1			3mL+43		
11/8	A3	A-	450	AVB	10.2	110a	95a	92	(18)	6
11/8	Ba2		1000	BBVASM	perp-nc10	6.50%a	6.375%a	385	(38)	
11/8	Aaa	AAA	500	JNJ	3.0	40a	25a	23	(17)	8
11/8	Aaa	AAA	750	JNJ	7.2	60a	45a	43	(17)	8
11/8	Aaa	AAA	1500	JNJ	10.2	70-75	60a	58	(15)	8
11/8	Aaa	AAA	1000	JNJ	20.2	75-80	65a	63	(15)	11
11/8	Aaa	AAA	750	JNJ	30.2	85-90	75a	73	(15)	6
11/8	Baa3	BBB-	550	MOS	5.0	162.5a	150a	125	(38)	3
11/8	Baa3	BBB-	700	MOS	10.0	200-212.5	180a	175	(31)	3
11/8	Baa2	BBB+	500	NI	5.0	85a	70a	68	(17)	0
11/8	Baa1	A-	750	SUCN	30.0	150a	130a	125	(25)	0
11/7	Baa3	BBB-	450	AN	7.0	145a	140a	135	(10)	3
11/7	Baa3	BBB-	300	AN	10.0	160a	155a	150	(10)	3
11/7	Ba1	BBB-	750	BNP	perp-nc5	5.625%a	5.125%a	291	(50)	(15)
11/7	Baa2	BBB	650	BIMBOA	30.0	220a	200a	195	(25)	(5)
11/7	Baa2	BBB	600	K	10.0	115a		112.5	(3)	16
11/7	A1	AA-	1250	ORCL	5.3	65a	65#	65	0	11
11/7	A1	AA-	2000	ORCL	7.0	85a	80-85	80	(5)	30
11/7	A1	AA-	2750	ORCL	10.0	100a	95-100	95	(5)	30
11/7	A1	AA-	1750	ORCL	20.0	110a	105-110	105	(5)	22
11/7	A1	AA-	2250	ORCL	30.0	130a	125-130	125	(5)	22
11/7	Baa3e	BB+	500	STI	perp-nc10	5.125-5.25%	5.125%#	277	(6)	25
11/7	Baa2	BBB	350	TXT	3nc1			3mL+55		
11/6	Aa1	AA+	1000	AAPL	2.0	35a	20#	20	(15)	5
11/6	Aa1	AA+	1000	AAPL	3.0	45a	30#	30	(15)	5
11/6	Aa1	AA+	750	AAPL	5.2	55a	45a	42	(13)	0
11/6	Aa1	AA+	1500	AAPL	7.2	75a	63a	60	(15)	4
11/6	Aa1	AA+	1500	AAPL	10.0	87.5a	75a	72	(16)	5
11/6	Aa1	AA+	1250	AAPL	30.0	112.5a	103a	100	(13)	3
11/6	Aa3	AA-	500	ANZ	3.0	L equiv	L equiv	3mL+32	(12)	3
11/6	Aa3	AA-	250	ANZ	5.0	L equiv	L equiv	3mL+58	(10)	3
11/6	Aa3	AA-	1000	ANZ	3.0	M60s	55a	53	(12)	3
11/6	Aa3	AA-	1000	ANZ	5.0	M70s	65#	65	(10)	3
11/6	Baa1	BBB+	750	GLW	40.0	175a	160a	158	(17)	2
11/6		BBB-	300	MULT	5.0	M-H200s	250a	240	(35)	
11/6	A1	A+	300	PCAR	3.0	M-H40s	35a	33	(15)	(2)

New Issue Report Card

Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
BBVASM	6.125	perp-nc5	385.0	366	361	-19
ORCL	3.800	11/15/2037	105.0	93	89	-12
ORCL	3.250	11/15/2027	95.0	86	82	-9
ORCL	2.950	11/15/2024	80.0	72	68	-8
ORCL	4.000	11/15/2047	125.0	117	114	-8
CNHI	3.850	11/15/2027	158.0	151	150	-7
BNP	5.125	perp-nc10	291.0	284	281	-7
LNT	3.250	12/1/2024	75.0	69	65	-6
UPS	3.750	11/15/2047	95.0	90	89	-5
JNJ	1.950	11/10/2020	23.0	18	15	-5
ORCL	2.625	2/15/2023	65.0	60	57	-5
FIBRBZ	4.000	1/14/2025	204.9	201	199	-4
ARE	3.450	4/30/2025	128.0	124	121	-4
BDN	3.950	11/15/2027	170.0	167	166	-3
UPS	2.050	4/1/2021	35.0	32	29	-3
UPS	2.800	11/15/2024	65.0	62	60	-3
UPS	3.050	11/15/2027	75.0	72	69	-3
BPL	4.125	12/1/2027	185.0	183	179	-2
ITC	2.700	11/15/2022	72.0	70	67	-2
ITC	3.350	11/15/2027	102.0	100	97	-2
UPS	2.500	4/1/2023	55.0	53	51	-2
NI	2.650	11/17/2022	68.0	66	63	-2
MULT	4.375	11/9/2022	240.0	238	233	-2
AFG	4.500	6/15/2047	155.0	154	151	-1
DUK	3.700	12/1/2047	90.0	89	86	-1
AEP	2.150	11/13/2020	45.0	44	42	-1
JNJ	2.625	1/15/2025	43.0	42	40	-1
BIMBOA	4.700	11/10/2047	195.0	194	190	-1
PCAR	2.050	11/13/2020	33.0	32	27	-1
AFG	3.500	8/15/2026	120.0	120	115	+0
BDN	3.950	2/15/2023	140.0	140		+0
ETR	3.250	12/1/2027	95.0	95		+0
AEP	3.200	11/13/2027	90.0	90	87	+0
AVB	3.200	1/15/2028	92.0	92	90	+0
AN	3.500	11/15/2024	135.0	135	131	+0
K	3.400	11/15/2027	112.5	113	109	+1
JNJ	2.900	1/15/2028	58.0	59	56	+1
JNJ	3.400	1/15/2038	63.0	64	61	+1
ANZ	2.625	11/9/2022	65.0	66	63	+1
JNJ	3.500	1/15/2048	73.0	75	72	+2
SUCN	4.000	11/15/2047	125.0	127	125	+2
AN	3.800	11/15/2027	150.0	152	148	+2
DAIGR	2.300	2/12/2021	62.5	65	60	+3
BNP	3.500	11/16/2027	125.0	128	124	+3
MOS	3.250	11/15/2022	125.0	128	125	+3
MOS	4.050	11/15/2027	175.0	178	175	+3
AAPL	1.800	11/13/2019	20.0	23	19	+3
AAPL	3.000	11/13/2027	72.0	75	74	+3
ANZ	2.250	11/9/2020	53.0	56	53	+3
AAPL	2.000	11/13/2020	30.0	36	32	+6
AAPL	2.750	1/13/2025	60.0	66	63	+6
AAPL	3.750	11/13/2047	100.0	108	105	+8
STI	5.125	perp-nc10	277.0	287	277	+10
GLW	4.375	11/15/2057	158.0	169	167	+11
AAPL	2.400	1/13/2023	42.0	55	52	+13
				Best		-19
				Worst		+13
				Avg		+6.6

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	23,422.21	(39.73)	(116.98)	18,736.96	23,602.12	22,766.18	21,516.96
S&P 500	2,582.30	(2.32)	(5.54)	2,152.49	2,597.02	2,536.02	2,433.56
Nasdaq	6,750.94	0.89	(13.50)	5,179.64	6,795.52	6,557.36	6,192.94
VIX	11.29	0.79	2.15	8.84	17.28	10.23	11.14
Dealer Positions #	31,999		1,027	15,880	33,509	24,810	25,679
Oil	56.74	(0.43)	1.1	43.1	58.4	52.0	50.6
Gold	1275.07	(10.00)	5.2	1122.89	1357.61	1293.97	1263.63
2yr	1.656%	2.0	4.1	0.89%	1.66%	1.48%	1.34%
3yr	1.786%	2.7	5.6	1.12%	1.79%	1.61%	1.53%
5yr	2.052%	4.0	6.1	1.47%	2.14%	1.90%	1.86%
7yr	2.261%	5.1	7.6	1.82%	2.44%	2.12%	2.12%
10yr	2.399%	5.7	6.6	2.04%	2.63%	2.29%	2.30%
30yr	2.880%	6.4	6.6	2.66%	3.21%	2.83%	2.90%
2>5 Curve	39.3	2.1	2.0	34.1	84.4	41.5	51.5
2>10 Curve	74.0	3.8	2.4	66.0	136.8	79.9	95.4
5>10 Curve	34.5	1.7	0.4	30.7	60.0	38.3	43.7
5>30 Curve	82.7	2.4	0.5	77.3	141.7	91.9	103.1
10>30 Curve	48.0	0.7	0.1	45.0	82.3	53.4	59.2
2yr Swap	20.0	(0.3)	(0.9)	17.4	38.0	24.0	26.8
3yr Swap	18.0	0.2	(1.9)	9.9	32.0	21.6	22.4
5yr Swap	6.4	(0.4)	(1.0)	-4.0	14.1	7.8	8.5
7yr Swap	-2.2	(0.2)	(1.5)	-18.6	2.4	-2.0	-2.5
10yr Swap	-1.9	(0.1)	0.1	-19.1	0.7	-3.3	-4.0
US IG OAS*	101	1.0	4.0	94	130	102	110
US HY OAS**	360	(3.0)	21.0	326	498	350	367

*- 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	10995	17700	4387	59230	6800	12800	4500		121,861
Nov	1850		4550	5750	1150	12815	6475	6800	17000		56,390
Dec											
Total	28,150	109,600	93,339	143,267	74,877	544,548	79,564	83,700	117,500		1,274,544

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	3.3%		8.1%	10.2%	2.0%	22.7%	11.5%	12.1%	30.1%		100%
Dec											
Total	2%	9%	7%	11%	6%	43%	6%	7%	9%		100%

* Source - R. Seelaus, Informa, Bloomberg



A WOMEN-OWNED
BUSINESS ENTERPRISE

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