

- Next Week

- IGM survey of syndicate desks calling for \$7.45B of new IG supply next week. With the FOMC Wednesday, that could be it for 2017!
- **Economic/Fed Calendar: Focus on the Alabama Senate vote Tuesday and the FOMC Wednesday**
  - **Monday**
  - **Tuesday** PPI, Alabama Special Senate Election
  - **Wednesday** **FOMC Rate Decision**, CPI, Yellen post FOMC Press Conference
  - **Thursday** Initial Jobless Claims, Continuing Claims, Retail Sales, Markit PMI
  - **Friday** Industrial Production, Capacity Utilization
- Potential IG names for the market next week include ENI, Korea Southern Power, Packaging Corp of America, and Vornado Realty Trust. HY names in the market targeting next week include Par Petroleum (\$300mm 8nc3).

- Last Week

- The IG market priced \$18.384B this week, almost \$3B below expectations coming in. Generous concessions and good performance on Monday drove a tightening of execution metrics the rest of the week. Calendar is showing clear signs of winding down. When 8 of 12 IG tranches in the market on Thursday were either callable or had average lives, it's pretty obvious there's not much left to do.
- Gov't and SSA's were active, with \$6.25B priced from Indonesia, Province of New Brunswick, BNG, and World Bank.
- The HY market was active with \$14B across 26 tranches priced through Thursday and another 4 deals expected to total \$1.13B queued for Friday pricing. Not everyone made it across the finish line – McGraw Hill Educational announced Friday it was postponing its 5nc 2 pik/toggle note despite widening talk to Low10s from Mid9s earlier in the week. By and large demand was strong and issuers enjoyed substantial price leverage. 18 of the 26 tranches priced printed an average of 30 bp's inside whispers while the remaining 8 printed an average of 19 bp's wide. The strongest performance came from the one that got pushed back the most. Oxford Fin's #300mm 5nc2 was pushed 5/8 wider than whispered levels (from Mid-Hi5% to 6.375%) but turned in the strongest performance, finishing the week up 2 ¼ points. Overall this week's deals finished the week up ¼ point in a market that more broadly was down ¼ point.
- **Dealer Holdings:** Dealer inventories of corporate securities fell \$2.271B the week ending 11/29<sup>th</sup> to \$26.515B. That said, \$2.724B of the decrease was in holdings of commercial paper, so positions of corp (non-cp) paper actually increased by \$453mm. Total holdings of IG paper >13mos decreased \$425mm to \$11.786B (average for 2017 is \$9.132B) and holdings of HY paper >13mos increased \$372mm to \$3.434B (average for 2017 is \$2.304B).
- **IG Fund Flows:** EPFR reported net inflows to IG funds the week ending 12/6 of \$1.281.59B. It is the 50th consecutive week of inflows in IG. This is the 3rd week of declining inflows (4WMA is +\$2.591B). The cumulative inflow for 2017 is now \$156.833B (weekly average +\$3.2B vs +\$1.259B weekly average in 2016).
- **HY Fund Flows:** EPFR reported net inflows totaling \$356mm to HY funds during the week ending 12/6. It was the 3rd consecutive week of modest inflows after a \$4.294B outflow the week ending 11/15. The cumulative outflow from HY funds ytd is now - \$3.024B (-\$62mm weekly average after averaging +\$325mm in 2016).

- **IG Volume** YTD is now up to \$1.354T, 5% above 2016's 49 week total. In 2016 total volume the last three weeks of the year was \$5.9B and in 2015 total volume the final three weeks of the year was zero.
- **HY Volume** YTD is now \$344.5B, up 39% over 2016's 49 week total. Last year saw \$7B of HY supply the last three weeks of the year and in 2015 the market shut down the last four weeks of the year.
- **FWIW**
  - Aliementation Couch-Tard printed \$900mm on Thursday split between \$300mm of a 2nc1 frn and \$900mm of a 2yr fixed, giving another data point on what the call is worth. The 2yr fixed at T+55 would have swapped to ms+36 and the 2nc1 frn printed at 3mL+50, so after EQT in September marketed and printed a 3nc1 frn at the "libor equivalent + 10" to the 3yr fixed bullet, ATDBCN printed a 2nc1 frn +14 to where they printed a fixed bullet.
  - Interesting to note that CIBC printed a \$400mm 18mos frn at 1mL+30 on Thursday. I don't catch them all but it's the first one month libor frn I've seen since the end of July and the biggest of the year. In a similar vein interesting to note Bank of Nova Scotia printed a 2yr fed funds floater on Thursday as well. Haven't noticed a fed funds floater since August.
  - We're at an incredible point in the markets and handle changes (turning the calendar) tend to bring changes. We've long described the market as being in transition from a 100% policy driven pricing environment to maybe someday returning to the market driven pricing model us older folks grew up with. The first key inflection point was the taper, the second rate normalization, and the third if it ever got here would be balance sheet unwind. Well the taper and the tantrum are a distant memory, absent a showing on the inflation front rates will be fairly normalized next week (98% likelihood of a rate hike on Wednesday), and the process of quantitative tightening is underway. With tax reform/cuts at hand, on top of 4.1% unemployment can we reasonably expect the phenomenal funding environment to continue throughout 2018?
  - Interesting to note the underemployment rate is now 8.0% (up from 7.9% last month), from a crisis peak of 17%, and the lowest level since February 2007.

## Key Execution Metrics

Week 49 of 2017			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	8	\$4,650	3.1x	\$1,679	-16.5 bp's	+5.3 bp's	-1.3 bp's
Tuesday	5	\$2,750	2.3x	\$1,170	-12.9 bp's	-0.4 bp's	-0.4 bp's
Wednesday	7	\$5,650	3.6x	\$2,686	-20.3 bp's	-0.8 bp's	+0.0 bp's
Thursday	13	\$5,334	3.9x	\$1,666	-19.8 bp's	+0.7 bp's	-1.3 bp's
Friday							
<b>This Week</b>	<b>33</b>	<b>\$18,384</b>	<b>3.4x</b>	<b>\$1,830</b>	<b>-18.0 bp's</b>	<b>+1.6 bp's</b>	<b>-0.8 bp's</b>
<b>Week Prior</b>	<b>41</b>	<b>\$27,075</b>	<b>3.3x</b>	<b>\$2,369</b>	<b>-17.9 bp's</b>	<b>+1.3 bp's</b>	<b>-2.2 bp's</b>
<b>YTD Weekly Average</b>		<b>\$27,632</b>	<b>3.1x</b>	<b>\$2,224</b>	<b>-17.9 bp's</b>	<b>+1.4 bp's</b>	<b>-1.6 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
12/7	Aa3	AA	400.108	ACACN	12.1	3.45%a		93.3	(15)	
12/7	A2	A	172.198	ACACN	12.1	3.70%a		118.3	(15)	
12/7	Baa3	BBB	146.875	ACACN	8.1	3.90%a		155.9	(20)	
12/7	Baa2	BBB	300	ATDBCN	2nc1	L+70a	L+55a	3mL+50	(20)	0
12/7	Baa2	BBB	600	ATDBCN	2.0	70a	60a	55	(15)	0
12/7	Baa2	BBB	1250	BMO	15nc10	165a	150a	145	(20)	0
12/7	A1	A+	400	CM	1.5			1mL+30		
12/7	A3	A-	400	DUK	1.1	2.30-2.35%		29.4	(18)	0
12/7	A3	A-	175	FRT	9.6	110-115	100a	97	(16)	(3)
12/7	Baa3	BBB-	500	ICICI	10.0	170a		150	(20)	7
12/7	Baa1	BBB	300	IENOVA	10.1	H100s	160a	155	(20)	
12/7	Baa1	BBB	540	IENOVA	30.1	H200s	5.125%#	235	(40)	
12/7			150	UNIHCP	10.0			389		
12/6	A3	A-	1250	BHI	5.0	85a	70a	65	(20)	
12/6	A3	A-	1350	BHI	10.0	115a	105a	100	(15)	
12/6	A3	A-	1350	BHI	30.0	155a	140a	135	(20)	
12/6	Baa3	BBB+	300	MLM	2.0	L+65-70	L+55a	3mL+50	(18)	(1)
12/6	Baa3	BBB+	500	MLM	10.0	145a	125a	120	(25)	(1)
12/6	Baa3	BBB+	600	MLM	30.0	180a	160a	155	(25)	(1)
12/6	Baa3	BBB	300	RPM	30.1	170-175	155a	153	(20)	0
12/5	Baa3	BBB-	700	AMT	5.5	110a	95a	90	(20)	0
12/5	Baa3	BBB-	700	AMT	10.1	L140s	135a	130	(13)	4
12/5	A1	A	300	BBT	2.5	Lequiv	L+22#	3mL+22	(5)	0
12/5	A1	A	750	BBT	2.5	50a	45#	45	(5)	0
12/5	Baa1	BBB+	300	DRE	10.0	125a	105a	103	(22)	(6)
12/4	A2	A	800	SCHW	5.1	70a	55a	53	(17)	8
12/4	A2	A	700	SCHW	10.1	95a	85a	83	(12)	8
12/4	Baa2	BBB	300	SJM	2.0	65a	45a	43	(22)	(2)
12/4	Baa2	BBB	500	SJM	10.0	125-130	105a	100	(28)	0
12/4	A1	A+	250	PFG	2.0			39		
12/4	Aa3	A	350	PEG	30.0	95a	85a	82	(13)	3
12/4	Aa3	AA-	1250	WSTP	5.1	75a	65a	63	(12)	10
12/4	Aa3	AA-	500	WSTP	5.1	Lequiv	Lequiv	3mL+57	(12)	10

## New Issue Report Card

Investment Grade						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
BHI	4.080	12/15/47	135.0	129	126	-6
DRE	3.375	12/15/27	103.0	99	94	-4
DUK	2.100	12/15/19	29.4	26		-3
ATDBCN	2.350	12/13/19	55.0	52	48	-3
BHI	3.337	12/15/27	100.0	97	95	-3
PEG	3.600	12/01/47	82.0	79	76	-3
IENOVA	4.875	01/14/48	235.0	233	227	-2
BHI	2.773	12/15/22	65.0	63	61	-2
SJM	2.200	12/06/19	43.0	41	37	-2
ACACN	3.300	01/15/30	93.3	92	88	-1
ACACN	3.550	01/15/30	118.3	117	113	-1
SJM	3.375	12/15/27	100.0	99	97	-1
WSTP	2.750	01/11/23	63.0	62	59	-1
ACACN	3.700	01/15/26	155.9	155	151	-1
BMO	3.803	12/15/32	145.0	145	143	+0
FRT	3.250	07/15/27	97.0	97	95	+0
IENOVA	3.750	01/14/28	155.0	155	151	+0
MLM	3.500	12/15/27	120.0	120	118	+0
AMT	3.000	06/15/23	90.0	90	87	+0
BBT	2.250	06/01/20	45.0	45	42	+0
SCHW	2.650	01/25/23	53.0	53	51	+0
AMT	3.600	01/15/28	130.0	131	128	+1
SCHW	3.200	01/25/28	83.0	84	82	+1
MLM	4.250	12/15/47	155.0	157	155	+2
RPM	4.250	01/15/48	153.0	155	152	+2
ICICI	3.800	12/14/27	150.0	153	148	+3
				<b>Best</b>		-6
				<b>Worst</b>		+3
				<b>Avg</b>		-1.0

Hi Yield				
Ticker	Spd	Bid	Ask	Δ
OXDFLL 6 3/8 12/15/22	100.0	102	103	+\$2.250
MERC 5 1/2 01/15/26	100.0	102	102	+\$1.625
ITAU 6 1/8 PERP	100.0	101	101	+\$1.250
SCI 4 5/8 12/15/27	100.0	101	102	+\$1.250
VRXCN 9 12/15/25	98.6	100	100	+\$1.014
COVPAR 7 1/2 05/15/25	104.3	105	106	+\$0.750
VANTIV 4 3/8 11/15/25	100.0	101	101	+\$0.625
BTGPBZ 5 1/2 01/31/23	99.4	100	100	+\$0.613
CLF 4 7/8 01/15/24	99.3	100	100	+\$0.403
JELWEN 4 5/8 12/15/25	100.0	100	101	+\$0.375
CENT 5 1/8 02/01/28	100.0	100	101	-\$0.250
JELWEN 4 7/8 12/15/27	100.0	100	101	+\$0.250
YPFDAR 7 12/15/47	100.0	100	101	+\$0.250
OI 4 03/15/23	100.0	100	101	+\$0.250
AMGFIN 5 5/8 03/15/23	100.0	100	101	+\$0.250
QUICKN 5 1/4 01/15/28	99.0	99	100	+\$0.223
BID 4 7/8 12/15/25	100.0	100	100	+\$0.000
TEP 5 1/2 01/15/28	101.5	102	102	+\$0.000
TECPET 4 7/8 12/12/22	100.0	100	100	+\$0.000
GEL 6 1/4 05/15/26	100.0	100	100	-\$0.120
YPFDAR 6.95 07/21/27	106.3	106	106	-\$0.250
CPN 5 1/4 06/01/26	100.0	100	100	-\$0.250
PRLHOL 9 1/2 12/11/22	100.0	100	100	-\$0.250
CLR 4 3/8 01/15/28	100.0	100	100	-\$0.375
GOLLBZ 7 01/31/25	98.6	98	99	-\$0.604
BEEFBZ 5 7/8 01/19/28	100.0	98	98	-\$2.500
			<b>Worst</b>	<b>-\$2.500</b>
			<b>Best</b>	<b>+\$2.250</b>
			<b>Avg</b>	<b>+\$0.280</b>

## Market Dashboard *(a/o 3:25pm)*

		1 Day Change	1 Week Change
INDU	24,294.97	83.49	63.38
S&P 500	2,647.85	10.87	5.63
Nasdaq	6,840.02	27.18	(7.57)
VIX	9.7	(0.46)	(1.73)
Dealer Positions #	26,515		(2,271)
Oil	57.34	0.65	(1.0)
Gold	1248.89	1.67	(31.7)
2yr	1.797%	(0.8)	2.3
3yr	1.911%	(0.2)	2.6
5yr	2.141%	0.2	2.7
7yr	2.290%	0.5	1.8
10yr	2.379%	1.4	1.6
30yr	2.770%	0.8	0.7
2>5 Curve	34.1	1.0	0.7
2>10 Curve	57.9	2.2	(0.4)
5>10 Curve	23.6	1.2	(1.1)
5>30 Curve	62.8	0.7	(1.9)
10>30 Curve	38.9	(0.7)	(0.9)
2yr Swap	19.9	1.3	1.1
3yr Swap	18.1	0.5	0.1
5yr Swap	6.1	0.0	(0.0)
7yr Swap	-0.3	(0.2)	1.1
10yr Swap	1.0	(0.4)	0.8
US IG OAS*	97	0.0	0.0
US HY OAS**	347	(1.0)	3.0

52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
19,527.83	24,534.04	23,347.10	21,828.49
2,233.62	2,665.19	2,578.53	2,459.69
5,371.89	6,914.19	6,698.14	6,290.07
8.56	17.28	10.38	11.10
15,880	33,509	25,130	25,539
43.4	59.0	54.7	50.9
1122.89	1357.61	1279.34	1267.60
1.10%	1.82%	1.63%	1.40%
1.35%	1.93%	1.75%	1.56%
1.63%	2.14%	2.02%	1.88%
1.87%	2.44%	2.22%	2.13%
2.04%	2.63%	2.35%	2.30%
2.66%	3.21%	2.83%	2.87%
29.4	84.4	38.4	47.9
50.4	136.8	71.3	89.4
19.8	60.0	32.7	41.3
57.3	129.1	80.1	98.8
36.8	70.7	47.2	57.3
15.9	38.0	21.4	25.2
12.0	32.0	20.1	21.6
-0.6	14.1	7.2	8.0
-18.6	2.4	-1.3	-2.2
-16.1	2.3	-1.8	-3.5
94	127	98	108
326	425	346	365

\*- 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	2650	7900	10050	14725	6050	33840	12643	11830	17750		117,438
Dec	300	1619	1619	800	3950	8725	1590	1400			18,384
<b>Total</b>	<b>29,250</b>	<b>117,500</b>	<b>100,458</b>	<b>153,042</b>	<b>83,727</b>	<b>574,298</b>	<b>87,322</b>	<b>90,130</b>	<b>118,250</b>		<b>1,353,977</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	3.5%	0.9%	9.0%	14.5%	3.6%	48.6%	5.6%	10.5%	3.7%		100%
Nov	2.3%	6.7%	8.6%	12.5%	5.2%	28.8%	10.8%	10.1%	15.1%		100%
Dec	1.6%		8.8%	4.4%	21.5%	47.5%	8.6%	7.6%			100%
<b>Total</b>	<b>2%</b>	<b>9%</b>	<b>7%</b>	<b>11%</b>	<b>6%</b>	<b>42%</b>	<b>6%</b>	<b>7%</b>	<b>9%</b>		<b>100%</b>

\* Source - R. Seelaus, Informa, Bloomberg



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