

- Next Week

- IGM survey of syndicate desks is pointing toward ~\$32B next week, with estimates ranging from \$25-\$40B. Some of that is likely coming from this week, which fell short of expectations in part due to the arctic “bomb cyclone” hitting the East Coast. This week’s \$27.55B was a little short of the \$33.64B predicted.
- **Economic/Fed Calendar: focus on inflation data and Fed speakers**
 - **Monday** Consumer Credit, Fed’s Bostic, Rosengren, and Williams speaks
 - **Tuesday** Fed’s Kashkari speaks
 - **Wednesday** MBA Mortgage Applications, Wholesale Inventories, Fed’s Evans and Bullard speak
 - **Thursday** **PPI**, Initial Jobless Claims, Continuing Claims, Fed’s Dudley speaks
 - **Friday** **CPI**, Retail Sales, Fed’s Rosengren speaks
- 8 of the S&P500 companies report earnings next week, including BLK, PNC, JPM, and WFC on Friday.
- Potential names for next week include Athene Global, BBVA Bancomer, Jabil, Marfrig, Nemak, Patterson-UTE Energy, Rumo SA on the corporate side and both Israel and Oman on the government side – all of whom have announced roadshows or investor meetings this week. Carryforwards from 2017 investor marketing include Korea Southern Power, ENI, Korea Elec, and Israel Elec. In HY, Meredith Corp is in the market with a \$1.8B TLB to fund the Time Inc. acquisition and Arby’s has its bank meeting on 1/9 to launch the TLB for their Buffalo Wild Wings acquisition

- Last Week

- Despite the short week and weather, the IG market still printed \$21.55B through Thursday, with another 3 deals totaling \$6B (BNS, CS, and ISPIM) marketing deals expected to price on Friday. Execution metrics were solid with average oversubscriptions of 2.9x and flat to slightly negative new issue concessions. Performance was solid, with deals tightening an average of 2.0 bp’s by Friday.
- The HY market was quiet to start, with no deals announced or priced.
- The SSA and Government sector was active, but hardly played its typical role in re-opening the market. Argentina (\$9B), Mexico (\$2.6B), Sweden (\$3B), and KBN (\$1.5B) tapped the market.
- **IG Fund Flows:** EPFR reported a \$2.962B inflow to IG mutual funds the week ending 1/3, roughly double the 4WMA of \$1.492B. It was the 54th consecutive week of inflows to IG funds.
- **HY Fund Flows:** EPFR reported a \$1.218B inflow to HY mutual funds the week ending 1/3, the largest weekly inflow since the week ending 10/4/17.
- **Dealer inventory** fell \$4.7B as of the week ending 12/7 to \$18.1B, and has declined by 50% from a recent peak in early November. Interestingly, dealer inventory of IG corporates >10yr dropped to a net short of -\$610mm.

- FWIW

- The tone could hardly be better to start the year. Spreads gapped in during over the past two weeks, back to decade tights. Credit curves flattened as well with LUACOAS – LF98OAS (IG-HY) spread back down to +232 bp’s – matching the low for 2017 and the flattest since June 2014.
- The 10yr (2.48%) remains range bound (2.04-2.64%) and the reach for yield trade is alive and well. With the yield and credit curves flat and getting flatter, the cost to issue longer or lower or lower in quality is even more favorable.

- Happy New Year to all. Here's hoping for a healthy and prosperous 2018. And a Georgia win on Monday....



Key Execution Metrics (not including Friday)

Week 1 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday							
Tuesday	10	\$7,350	2.9x	\$1,980	-18.8 bp's	+1.9 bp's	-1.1 bp's
Wednesday	14	\$8,900	2.5x	\$1,521	-16.5 bp's	-0.9 bp's	-0.6 bp's
Thursday	5	\$5,300	4.7x	\$2,800	-13.0 bp's	-1.8 bp's	-3.4 bp's
Friday							
This Week	29	\$21,550	2.9x	\$1,833	-16.7 bp's	-0.1 bp's	-1.3 bp's
Week Prior	N/A	N/A	N/A	N/A	N/A	N/A	N/A
YTD Weekly Average		\$21,550	2.9x	\$1,833	-16.7 bp's	-0.1 bp's	-1.3 bp's

* source - R. Seelaus, Informa, Bloomberg

Weekly Deal Summary (thru Thursday)

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
1/4	A1	A	2000	BACR	3.0	75-80	65#	65	(13)	0
1/4	Baa1	BBB	1500	LLOYDS	30.0	175a	160a	155	(20)	(5)
1/4	Baa1	BBB+	400	SEP	10.0	120a		110	(10)	(2)
1/4	Baa1	BBB+	400	SEP	30.0	150a		140	(10)	(2)
1/3	Aa3	A+	500	BANCO	3.0	80a	65-70	65	(15)	5
1/3	Baa1	BBB	1250	CBAAU	30.0	175a	155a	153	(22)	(7)
1/3	Aa2	A+	1100	RABOBK	5.0	65a	55a	52	(13)	2
1/3	Baa2	BBB	1250	ACAFP	15nc10	180a	165a	162.5	(18)	5
1/3	Baa1	A	200	ES	3.2	55-60	45a	42	(16)	(11)
1/3	Baa1	A	450	ES	10.0	100-105	90a	85	(18)	(6)
1/3	A2	A	600	DE	3.0	55a	35#	35	(20)	2
1/3	A2	A	500	DE	5.0	65a	50a	47	(18)	(3)
1/3	A2	A	400	DE	10.0	80a	65a	62	(18)	3
1/3	Aa3	AA-	1000	MET	3.0	M50s	45a	42	(13)	(3)
1/3	Aaa	AA+	700	NYLIFE	10.0	80a	65-68	65	(15)	0
1/2	A3	A-	450	BRKHEC	3.0	60a	40a	38	(22)	3
1/2	A3	A-	400	BRKHEC	5.0	70-75	60a	55	(20)	5
1/2	A3	A-	600	BRKHEC	10.3	100-105	90a	83	(20)	3
1/2	A3	A-	750	BRKHEC	30.5	120-125	110a	103	(20)	3
1/2	Baa1	A-	2000	BNP	7.0	120a	105a	103	(17)	8
1/2	Baa3	BBB	850	GM	5.0	120a	105a	102	(18)	(2)
1/2	Baa3	BBB	400	GM	10.0	165a	145a	142	(23)	(2)
1/2	Baa1	BBB	500	SANUK	3.0	65-70	55a	53	(15)	3
1/2	Aa3	A	1000	SANUK	6nc5	130a	115a	113	(17)	0

New Issue Report Card

Investment Grade						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
SEP	4.150	1/15/2048	140.0	131	128	-9
SEP	3.500	1/15/2028	110.0	102	99	-8
ACAFP	4.000	1/10/2033	162.5	159	156	-4
RABOBK	2.750	1/10/2023	52.0	49	48	-3
ES	3.300	1/15/2028	85.0	82	80	-3
BRKHEC	2.800	1/15/2023	55.0	52	49	-3
BRKHEC	3.800	7/15/2048	103.0	100	99	-3
BNP	3.375	1/9/2025	103.0	100	98	-3
BANCO	2.668	1/8/2021	65.0	63	55	-2
MET	2.400	1/8/2021	42.0	40	37	-2
NYLIFE	3.000	1/10/2028	65.0	63	61	-2
BRKHEC	3.250	4/15/2028	83.0	81	79	-2
SANUK	2.500	1/5/2021	53.0	51	48	-2
DE	2.350	1/8/2021	35.0	34	31	-1
DE	2.700	1/6/2023	47.0	46	43	-1
BRKHEC	2.375	1/15/2021	38.0	37	34	-1
GM	3.250	1/5/2023	102.0	101	98	-1
SANUK	3.373	1/5/2024	113.0	112	110	-1
BACR	2.650	1/11/2021	65.0	65	63	+0
CBAAU	4.316	1/10/2048	153.0	153	151	+0
ES	2.500	3/15/2021	42.0	42	39	+0
GM	3.850	1/5/2028	142.0	142	140	+0
LLOYDS	4.344	1/9/2048	155.0	156	155	+1
DE	3.050	1/6/2028	62.0	63	60	+1
Best						-9
Worst						+1
Avg						-2.0

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	25,295.87	220.74	458.36	19,677.94	25,299.79	24,015.57	22,170.94
S&P 500	2,743.15	19.16	55.61	2,254.25	2,743.45	2,626.03	2,487.37
Nasdaq	7,136.56	58.64	186.40	5,464.36	7,137.04	6,830.18	6,387.33
VIX	9.22	0.00	(0.96)	8.56	17.28	10.38	10.93
Dealer Positions #	18,118		(4,648)	18,118	33,509	25,466	25,282
Oil	61.57	(0.44)	1.7	43.8	62.2	57.4	51.7
Gold	1320.34	(2.67)	17.5	1171.05	1357.61	1277.95	1272.16
2yr	1.962%	0.8	7.7	1.14%	1.96%	1.77%	1.45%
3yr	2.058%	2.0	8.6	1.35%	2.06%	1.88%	1.60%
5yr	2.284%	1.5	7.7	1.63%	2.28%	2.12%	1.90%
7yr	2.403%	2.0	6.9	1.87%	2.44%	2.28%	2.13%
10yr	2.475%	2.2	6.9	2.04%	2.63%	2.38%	2.29%
30yr	2.807%	2.0	6.6	2.66%	3.21%	2.79%	2.84%
2>5 Curve	32.0	0.7	0.0	29.4	76.6	34.3	44.2
2>10 Curve	51.1	1.4	(0.8)	48.8	130.3	60.7	83.1
5>10 Curve	18.9	0.7	(0.8)	18.1	56.8	26.2	38.8
5>30 Curve	52.1	0.4	(1.1)	51.0	121.4	66.6	93.7
10>30 Curve	33.0	(0.2)	(0.3)	32.0	69.4	40.3	54.8
2yr Swap	18.5	(0.2)	(0.3)	15.9	38.0	19.2	23.8
3yr Swap	18.4	(1.1)	(1.0)	14.8	32.0	18.3	20.8
5yr Swap	4.3	(0.0)	0.9	1.5	14.1	5.8	7.5
7yr Swap	-1.7	(0.2)	0.8	-18.6	2.4	-1.4	-2.2
10yr Swap	-0.8	0.1	0.3	-13.8	2.3	-1.0	-3.3
US IG OAS*	94	0.0	1.0	93	122	97	107
US HY OAS**	326	(8.0)	(16.0)	326	406	347	362

*- 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 Weekly Volume Breakdown (thru Thursday)

Weekly \$	Basic Materials	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Commun	Tech	Total
1		1,650		800	14,500	2,850	1,750			21,550
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
FY Total	0	1,650	0	800	14,500	2,850	1,750	0	0	21,550

Weekly %	Basic Materials	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Commun	Tech	Total
1		7.7%		3.7%	67.3%	13.2%	8.1%			100%
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
Total		8%		4%	67%	13%	8%			100%

* Source - R. Seelaus, Informa, Bloomberg



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