

- **Next Week**

- Looks like another quiet week next week. FOMC on Wednesday and jobs data on Friday, plus earnings blackouts has the IGM survey of syndicate desks pointing toward only \$20.05B.
- **Economic/Fed Calendar: Lots of data, FOMC Wednesday, and Employment #s Friday**
 - **Monday** Personal Income, Personal Spending, Dallas Fed Mfg
 - **Tuesday** Conf. Board Consumer Confidence
 - **Wednesday** MBA Mortgage Applications, ADP, Chicago Purchasing Manager, Pending Home Sales, **FOMC Rate Decision**
 - **Thursday** Initial Jobless Claims, Continuing Claims, Markit PMI, Construction Spending, ISM Mfg
 - **Friday** **Employment Data**, Factory Orders, UofM Sentiment, Durable Goods, Fed's Williams speaks
- 114 of the S&P500 companies report earnings.
- Hercules Capital, Republic of Indonesia (5-10yr), and Banco Safra (5yr) have conducted investor roadshows and are potential names for the market.

- **Last Week**

- Really quiet week with only \$10.55B priced – well below modest expectations for \$22.68B. Financials continued to dominate, delivering 92% of this week's supply. Korea Southern Power's \$400mm 3yr and Owen Corning's \$400mm 30yr were the only non-financials to hit the market.
- Execution metrics were mediocre at best, no doubt depressed by the heavy proportion of financials. Deals were 2.0x oversubscribed on average, priced 14 bp's inside IPT's with 1.3 bp's nic's, and broke an average of 1.0 bp's tighter.
- The HY market was more active, with \$9.72B across 13 deals printed through Thursday and one for \$600mm queued for pricing Friday (Hunt Cos 8nc3). Despite rising tsy yields and fund outflows, pricing was strong. All 14 tranches priced at or well through IPT's (an average of 29 bp's inside the mid of IPTs). Performance was strong, with this week's calendar finishing the week an average of just over 5/8 point higher.
- **IG Fund Flows:** EPFR reported a \$3.509B inflow to IG mutual funds, the 58th consecutive week of inflows. 4WMA is now +\$3.347B.
- **HY Fund Flows:** EPFR reported an \$812.28mm outflow from HY mutual funds, the second consecutive week of outflows. 4WMA is now +\$285.4mm.
- **Dealer Positions:** Dealer positions as reported by the Federal Reserve Bank of NY rose \$3.021B to \$25.419B the week ending Jan 17th. The average for 2017 was \$25.286B.

- **FWIW**

- **92-22-1** Of the 115 S&P500 companies to report, 92 have beat, 22 missed, and 1 tied
- Of the ~\$117B we've seen in IG so far this year, a stunning 81% of it has come from financials. Financials typically lead the way in January, but the run rate so far is well above 2017's 66% of January issuance and 2016's 64%. If you reclassified Toyota Motor Credit, GM Financial, and John Deere Capital as financials, the financial % jumps to 86% mtd and crosses the \$100B mark.
- Speaking of non-financials, of last year's blowout January volume of \$175.6B, \$83B came from non-financials. With only 3 days left in the month, non-financial issuance is only \$16.825B – down 80%.
- The lack of supply pushed cash into the secondary market, where spreads were squeezed even tighter. LUACOAS (IG) is now +88, the tightest level since Feb 2007, and LF98OAS (HY) hit +315, its tightest level since June 2007.

- Noticed USB printed a \$120mm 2yr fed funds floater, the first fed funds floater we picked up so far this year.
- The fed funds futures market is pricing a 2.3% likelihood of a 25 bp's hike at next week's FOMC meeting and a 94.5% chance of a 25 bp's hike at the March meeting.

Key Execution Metrics

Week 4 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	5	\$3,150	2.1x	\$1,255	-14.1 bp's	+2.0 bp's	-1.6 bp's
Tuesday	4	\$1,800	2.2x	\$950	-11.1 bp's	-0.3 bp's	-0.5 bp's
Wednesday							
Thursday	3	\$3,000	2.1x	\$2,125	-19.2 bp's	+0.7 bp's	-0.7 bp's
Friday	4	\$2,600	1.7x	\$1,050	-13.0 bp's	+2.5 bp's	
This Week	16	\$10,550	2.0x	\$1,291	-14.0 bp's	+1.3 bp's	-1.0 bp's
Week Prior		\$47,750	2.2x	\$2,074	-13.8 bp's	+2.4 bp's	-0.9 bp's
YTD Weekly Average		\$29,419	2.9x	\$2,282	-16.2 bp's	+1.3 bp's	-1.2 bp's

* source - R. Seelaus, Informa, Bloomberg

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
1/26	A1	A+	600	CM	3.0	L equiv	L+31.5	3mL+31.5	(10)	5
1/26	A1	A+	750	CM	3.0	60a	50#	50	(10)	5
1/26	Baa1	A-	750	STI	3nc2	65a	50a	48	(17)	0
1/26	Baa1	A-	500	STI	5.0	75a	60.62.5	60	(15)	0
1/25	Baa1	BBB	350	COF	5.0	L equiv	L equiv	3mL+72	(20)	0
1/25	Baa1	BBB	1250	COF	5.0	100a	80-85	80	(20)	0
1/25	Baa1	BBB	1400	COF	10.0	137.5a	120-125	120	(18)	2
1/23	Aaa	AA+	500	NYLIFE	2.0	L+15a	L+10#	3mL+10	(5)	0
1/23	Ba1	BBB	400	OC	30.0	175-180	160a	157	(21)	(3)
1/23	Baa2	A-	350	RF	3.2	L equiv	L equiv	3mL+38	(10)	1
1/23	Baa2	A-	550	RF	3.2	H60s	60a	58	(10)	1
1/22	A1	A	1000	BK	5.0	65a	55a	53	(12)	0
1/22	A1	A	750	BK	10.0	H80s	77a	75	(13)	0
1/22	Aa2		400	KOSOPW	3.0	115a	90-95	90	(25)	
1/22	A3	A	350	MTB	3.0	L equiv	L equiv	3mL+27	(11)	4
1/22	A3	A	650	MTB	3.0	M-H50s	50a	47	(11)	4

New Issue Report Card

Investment Grade						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
COF	3.800	1/31/2028	120.0	116	113	-4
RF	2.750	4/1/2021	58.0	55	53	-3
BK	3.400	1/29/2028	75.0	72	70	-3
MTB	frn	1/25/2021	3mL+27	25	22	-2
MTB	2.625	1/25/2021	47.0	45	43	-2
COF	frn	1/30/2023	3mL+72	71	69	-1
COF	3.200	1/30/2023	80.0	79	78	-1
NYLIFE	frn	1/21/2020	3mL+10	9	6	-1
OC	4.400	1/30/2048	157.0	156	153	-1
RF	frn	4/1/2021	3mL+38	37	34	-1
BK	2.950	1/29/2023	53.0	52	50	-1
KOSOPW	3.000	1/29/2021	90.0	90	87	+0
Best						-4
Worst						+0
Avg						-1.7

Hi Yield				
Ticker	Price	Bid	Ask	Δ
QUAPAW 10 1/2 02/15/23	99.0	103	103	+\$3.750
MSUNRG 6 7/8 02/01/25	99.3	101	101	+\$1.833
WASPRO 5 1/2 02/15/26	100.0	102	102	+\$1.750
TMUS 4 3/4 02/01/28	100.0	101	101	+\$0.875
TMUS 4 1/2 02/01/26	100.0	101	101	+\$0.500
NATURA 5 3/8 02/01/23	100.0	100	101	+\$0.375
STWD 3 5/8 02/01/21	100.0	100	101	+\$0.250
PETBRA 5 3/4 02/01/29	98.4	99	99	+\$0.148
FANG 5 3/8 05/31/25	104.0	104	105	+\$0.125
MEDCIJ 6 3/4 01/30/25	99.2	99	100	+\$0.122
VAKBN 5 3/4 01/30/23	99.6	100	100	+\$0.053
GNNEIA 8 3/4 01/20/22	109.0	109	110	+\$0.000
RUALRU 4.85 02/01/23	100.0	100	100	-\$0.250
PGILLN 4.7 01/29/24	100.0	100	100	-\$0.250
Worst				-\$0.250
Best				+\$3.750
Avg				+\$0.663

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	26,616.71	223.92	544.99	19,784.77	26,616.71	24,683.65	22,533.94
S&P 500	2,872.87	33.62	62.57	2,267.21	2,872.87	2,685.51	2,517.91
Nasdaq	7,505.77	94.61	169.39	5,576.09	7,505.77	6,991.09	6,485.98
VIX	11.13	(0.45)	(0.14)	8.56	17.28	10.51	10.81
Dealer Positions #	25,419		3,021	16,674	33,509	25,203	24,962
Oil	66.2	0.69	2.9	43.9	66.7	59.7	52.6
Gold	1351.31	3.05	19.5	1180.66	1366.15	1295.20	1277.16
10yr Tips B/E	2.091	0.03	0.0	1.66	2.09	1.96	1.86
2yr	2.118%	3.2	5.1	1.14%	2.12%	1.88%	1.51%
3yr	2.242%	4.2	4.0	1.35%	2.24%	1.99%	1.65%
5yr	2.468%	4.7	1.8	1.63%	2.47%	2.22%	1.94%
7yr	2.595%	4.6	0.9	1.87%	2.59%	2.36%	2.16%
10yr	2.657%	3.9	(0.3)	2.04%	2.66%	2.45%	2.31%
30yr	2.909%	2.7	(2.5)	2.66%	3.21%	2.80%	2.84%
2>5 Curve	34.7	1.5	(3.4)	29.4	76.6	33.7	42.4
2>10 Curve	53.6	0.7	(5.4)	48.8	130.3	56.2	79.4
5>10 Curve	18.8	(0.8)	(2.1)	16.9	56.8	22.3	36.8
5>30 Curve	44.0	(2.1)	(4.3)	43.2	121.4	57.5	89.1
10>30 Curve	25.0	(1.4)	(2.2)	24.5	69.4	35.0	52.1
2yr Swap	18.2	(0.2)	(1.9)	15.9	38.0	18.9	22.8
3yr Swap	18.3	(0.3)	(1.1)	14.8	32.0	18.0	20.2
5yr Swap	7.0	(0.4)	(0.8)	1.5	14.1	5.5	7.0
7yr Swap	1.1	(0.2)	(2.5)	-18.6	4.0	-1.0	-2.2
10yr Swap	2.4	0.5	(3.2)	-10.3	6.2	-0.1	-3.0
US IG OAS*	88	(1.0)	(1.0)	88	122	95	105
US HY OAS**	315	2.0	(5.0)	313	406	341	357

*- 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

Weekly \$	Basic Materials	Commun	Consumer, Cyclical	Consumer Non-cyclical	Energy	Financial	Utilities	Industrial	Tech	Total
1			1,650		800	20,500	2,850	1,750		27,550
2		5,000	2,500		525	18,300	5,000	500		31,825
3	500				400	46,400	450			47,750
4						9,750	400	400		10,550
5										
6										
7										
8										
9										
10										
11										
12										
FY Total	500	5,000	4,150	0	1,725	94,950	8,700	2,650	0	117,675

Weekly %	Basic Materials	Commun	Consumer, Cyclical	Consumer Non-cyclical	Energy	Financial	Utilities	Industrial	Tech	Total
1			6.0%		2.9%	74.4%	10.3%	6.4%		100%
2		15.7%	7.9%		1.6%	57.5%	15.7%	1.6%		100%
3	1.0%				0.8%	97.2%	0.9%			100%
4						92.4%	3.8%	3.8%		100%
5										
6										
7										
8										
9										
10										
11										
12										
Total	0%	4%	4%	0%	1%	81%	7%	2%	0%	100%

* Source - R. Seelaus, Informa, Bloomberg



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