

- Next Week

- IGM survey of syndicate desks is calling for \$13.08B of new IG supply next week with estimates ranging from \$5-20B. Holy Week is typically a quiet week but this year combines with quarter end to dampen expectations. Maybe a break would be good.
- Among potential names, SK Telecom, Valero Energy Partners, Welltower, and Rio Tinto have reportedly recently completed investor outreach.
- 7 of the S&P500 report earnings, including PAYX, RHT, MKC, MON, WBA, PVH, and STZ.
- **Economic/Fed Calendar: Fed speakers and short week (including early close Thursday)**
 - **Monday** Fed's Dudley, Mester, and Quarles speak
 - **Tuesday** Consumer Confidence, Fed's Bostic speaks
 - **Wednesday** Wholesale Inventories, 4Q GDP, Pending Home Sales, Fed's Bostic speaks
 - **Thursday** Personal Income, Personal Spending, Initial Jobless Claims, Continuing Claims, Chicago PM, UofM Sentiment, Fed's Harker speaks
 - **Friday** ****Market Closed for Good Friday****

- Last Week

- Despite the swirling backdrop, the IG market printed \$30.3B of new supply this week, underpinned by \$16.15B of defensive credits in the utility and consumer, non-cyclical space. Despite the defensive nature of the week's supply, execution metrics continued to be mixed at best. The good news is this week's deals saw increased demand and a little bit more pricing leverage than last week, but the bad news is it came at the expense of the extremely generous marketing levels and expanding new issue concessions. This week's deals on average marketed 30 bp's cheap to secondary's and were printed with new issue concessions averaging 16.3 bp's. And while this week's calendar generated some performance, tightening by 0.66 bp's on average, the dispersion was wide and the modest performance when measured against the large discounts indicates we're still in a market groping for proper clearing levels.
- The HY market was extremely quiet with only two deals totaling \$1.6B printed through Thursday and one for \$400mm slated for pricing Friday. The forward calendar is decent however with 5 deals for an announced \$5.37B targeting the short week next week for pricing.
- **IG Fund Flows:** EPFR reported inflows of \$82.39B to IG funds the week ending 3/21, the smallest weekly inflow of 2018. The 4WMA has dropped to +\$517.73mm after \$3.105B of inflows per week in 2017. The cumulative inflow for 2018 is now \$25.663B
- **HY Fund Flows:** EPFR reported an outflow from HY funds of \$337.47mm the week ending 3/21, the 3rd consecutive week of outflows from HY. It is also the 9th weekly outflow out of 12 weeks in 2018. The 4WMA is -\$334.83mm, larger than the weekly -\$84.38mm average in 2017. The cumulative outflow for 2018 is now \$9.855.62B.
- **Dealer Positions:** The Federal Reserve Bank of NY reported that primary dealer holding of corporate securities totaled \$24.154B the week ending 3/14, up a mere \$260mm from the week prior. Given the pressure on front end spreads in the market, we're keeping closer watch on holdings in the shorter maturity buckets and still see no real sign of back-up on dealer balance sheets. Holdings of CP was down \$585mm to \$9.798B, and holdings of IG <13mos was down \$474mm to \$1.228B. Holdings of paper >13mos and <5yr was up \$1.007B to \$5.518B (+22%), but remains in line with the 2018 average of \$5.34B and 26% below the 2018 high of \$7.46B in early February.

- IG volume MTD is now \$113.5B bringing YTD volume to \$339.351B, down 10.3% from 2017's \$378.5B 12 week total.
- HY volume MTD of \$23.3B brings YTD volume to \$73.675B, down 20.4% from 2017's \$92.517B total.
- **FWIW**
 - We've touched on it above and in the past, and in conversations with clients over the past few weeks, but deal execution is telling in any market, but even more right now as the market continues to churn in this potentially historic inflection point. If you believe the #MAGA, global growth and inflation narrative, the bull market in bonds is over and we could be on the cusp of a bear market. If you are a seller of that narrative, the 10yr at H2s-3% is a huge buy and so are spreads.
 - I think the flat tsy curve and the flat credit curve are telling us the corporate bond market is a seller of the inflation/growth story. That the Fed is ahead of the curve and the bid for duration remains huge.
 - That said, the erosion in execution over the past seven weeks is exposing a huge crack in the market's complacency about where we're headed. For five weeks out of seven, a new issue process designed to create performance has failed to generate performance, pushing cash to the sideline and increasing the cost of accessing it.
 - For people like me who respond to loud noises, bright colors, and pictures....

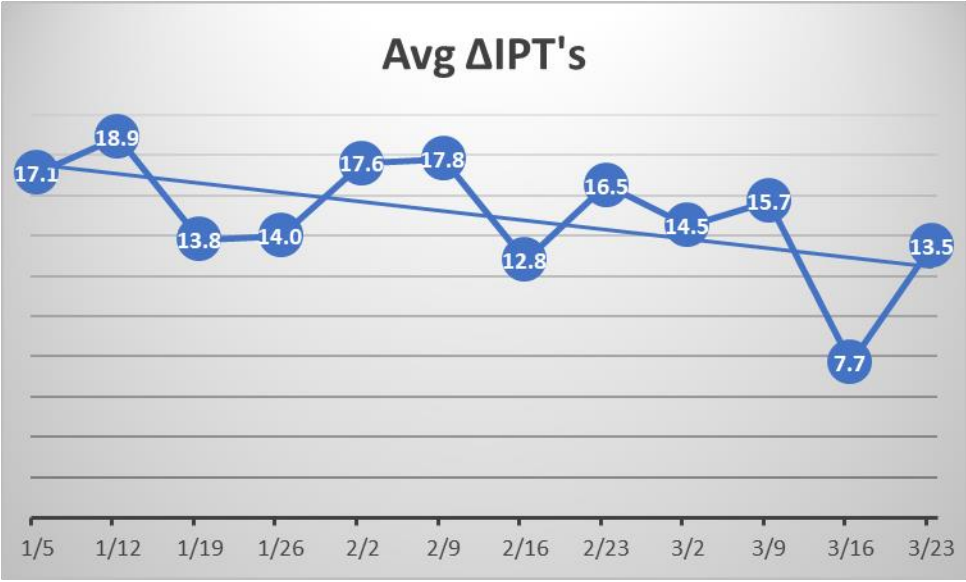
Poor performance...



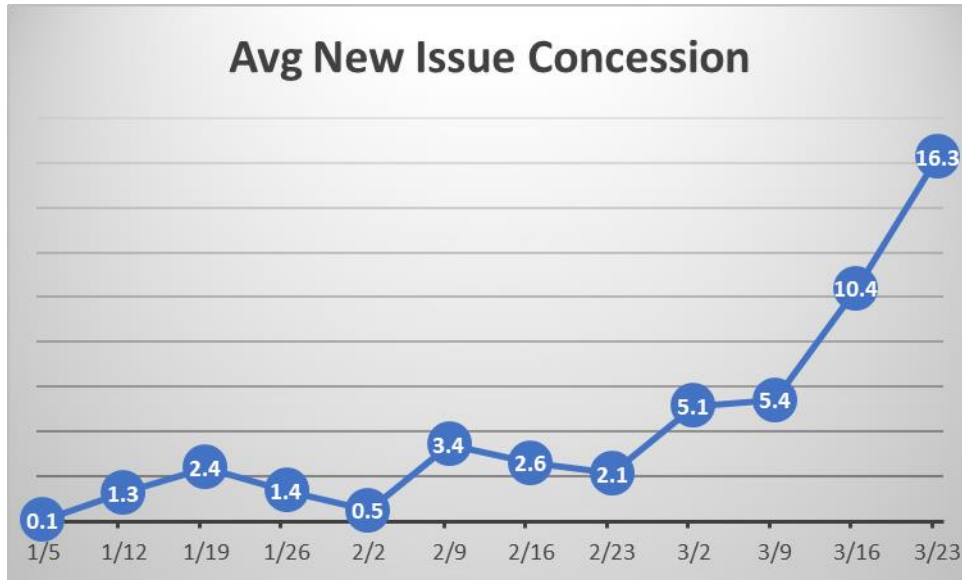
Leads to reduced demand...



Reducing Pricing Leverage...



And increasing cost to execute!!



- Confidence runs high when the market clears volume at levels that generate performance. While the market's been able to clear size, it's failure to generate performance is indicative of a market beginning to struggle more visibly with unresolved issues. QT, rate normalization, fiscal stimulus, increasing trade tension are among the top macro issues we're struggling with. Given the direction over the past few weeks a break of some sort could be coming soon – spreads break wider, volume drops, market gets clarity on macro issues, or some combination of the three.

Key Execution Metrics

Week 12 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	13	\$10,850	2.1x	\$1,986	-11.2 bp's	+18.7 bp's	+0.4 bp's
Tuesday	12	\$12,900	2.9x	\$3,765	-13.8 bp's	+12.2 bp's	-2.0 bp's
Wednesday	1	\$330					
Thursday	14	\$6,250	3.2x	\$1,425	-15.5 bp's	+16.8 bp's	-0.4 bp's
Friday							
This Week	40	\$30,330	2.7x	\$2,255	-13.5 bp's	+16.3 bp's	-0.6 bp's
Week Prior		\$26,296	2.0x	\$1,172	-7.7 bp's	+10.4 bp's	+0.4 bp's
YTD Weekly Average		\$28,030	2.8x	\$2,214	-15.0 bp's	+4.5 bp's	-0.6 bp's

* source - R. Seelaus, Informa, Bloomberg

Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
3/22		A	750	ADCBUH	5.0	ms+145a	ms+130-135	145.3	(15)	
3/22	Baa3	BBB	300	AIZ	3nc1	L+137.5a	L+137.5a	3mL+125	(13)	38
3/22	Baa3	BBB	300	AIZ	5.5	175a	175a	162.5	(13)	33
3/22	Baa3	BBB	300	AIZ	10.0	225a	225a	212.5	(13)	33
3/22	Ba1	BB+	400	AIZ	30nc10	7.00%a	7.00%a	416	0	38
3/22	A3	A	1000	BIDU	5.5	140a	125#	125	(15)	15
3/22	A3	A	500	BIDU	10.0	180a	160#	160	(20)	18
3/22	A1	A-	300	BFB	7.1	95-100	85a	80	(18)	5
3/22	A1	A-	300	BFB	20.1	110-115	105a	100	(13)	10
3/22	Ba1	A-	300	SO	2nc.5	L+90-95	L+75a	3mL+65	(28)	(7)
3/22	Ba1	A-	300	SO	10.0	145a	125a	115	(30)	(10)
3/22	Baa1	A	600	PRU	10.0	120a	110a	105	(15)	11
3/22	Baa1	A	400	PRU	30.0	150a	140a	135	(15)	11
3/22	Baa3	BBB	500	SIGMA	10.0	225a	212.5-225	212.5	(13)	26
3/21		BBB	330	SFNC	10nc5		5%a	210	0	
3/20	A3	A-	500	ABIBB	5.8	Lequiv	Lequiv	3mL+74	(23)	7
3/20	A3	A-	1500	ABIBB	5.8	110-115	95a	90	(23)	7
3/20	A3	A-	2500	ABIBB	10.1	130-135	125a	120	(13)	15
3/20	A3	A-	1500	ABIBB	20.1	145-150	140a	135	(13)	18
3/20	A3	A-	2500	ABIBB	30.1	165a	155a	150	(15)	15
3/20	A3	A-	1500	ABIBB	40.1	185a	170a	165	(20)	13
3/20	A1		300	CM	1.5			3mL+41		
3/20	A2	A	750	ETR	15.0	130a	115a	112.5	(18)	12
3/20	Baa2	BBB	250	F	3.0			3mL+81		
3/20	Baa2	BBB	500	MET	perp-nc10	5.875%a	5.875%#	-	0	
3/20	A2	A-	400	AEP	30.0	115a	105-110	107	(8)	11
3/20	A2	BBB+	700	D	10.0	100-105	95-100	95	(8)	13
3/19	Baa1	BBB+	750	AIG	10.0	155a	140#	140	(15)	11
3/19	Baa1	BBB+	1000	AIG	30.0	185a	170#	170	(15)	13
3/19	Baa2	BBB-	750	AIG	30nc10	5.875%a	5.75%#	-	(13)	-
3/19	A2	AA-	500	ES	30.0	110a	95a	93	(17)	3
3/19	Baa3		2250	HSBC	perp-nc5	6.375%a	6.25%#	-	(13)	54
3/19	Baa3		1750	HSBC	perp-nc10	6.625%a	6.50%#	-	(13)	54
3/19	A3	BBB	550	MQGAU	6nc5	Lequiv	L+135a	3mL+135	(5)	20
3/19	A3	BBB	700	MQGAU	6nc5	155a	150a	150	(5)	20
3/19	A3	BBB	500	MQGAU	11nc10	180a	180#	180	0	26
3/19	A1	A+	400	UNANA	3.0	65a	50a	48	(17)	6
3/19	A1	A+	550	UNANA	5.0	75a	65a	63	(12)	5
3/19	A1	A+	350	UNANA	7.0	85a	77a	75	(10)	5
3/19	A1	A+	800	UNANA	10.0	95a	85a	83	(12)	8

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
MQGAU	frn	3/27/2024	3mL+135	122	117	-13
AIZ	7.000	3/27/2048	416.0	405	402	-11
ABIBB	frn	1/12/2024	3mL+74	68	63	-6
AIZ	4.200	9/27/2023	162.5	157	152	-6
AIZ	4.900	3/27/2028	212.5	207	202	-6
SO	3.950	3/30/2028	115.0	111	109	-4
ABIBB	4.375	4/15/2038	135.0	132	130	-3
AIG	4.200	4/1/2028	140.0	137	134	-3
BFB	3.500	4/15/2025	80.0	78	75	-2
SO	frn	3/27/2020	3mL+65	63	61	-2
ABIBB	4.000	4/13/2028	120.0	118	117	-2
ABIBB	4.600	4/15/2048	150.0	148	146	-2
AIG	4.750	4/1/2048	170.0	168	164	-2
UNANA	2.750	3/22/2021	48.0	46	43	-2
ADCBUH	4.000	3/29/2023	145.3	144	141	-2
D	3.800	4/1/2028	95.0	94	91	-1
ES	4.000	4/1/2048	93.0	92	88	-1
ETR	4.000	3/15/2033	112.5	112	108	-1
AIZ	frn	3/26/2021	3mL+125	125	115	+0
ABIBB	3.500	1/12/2024	90.0	90	87	+0
F	frn	4/5/2021	3mL+81	81	77	+0
UNANA	3.375	3/22/2025	75.0	75	72	+0
BFB	4.000	4/15/2038	100.0	101	98	+1
PRU	3.878	3/27/2028	105.0	106	103	+1
PRU	4.418	3/27/2048	135.0	136	133	+1
UNANA	3.500	3/22/2028	83.0	84	81	+1
AIG	5.750	4/1/2048	290.0	291	289	+1
UNANA	3.125	3/22/2023	63.0	65	62	+2
BIDU	4.375	3/29/2028	160.0	163	161	+3
MQGAU	4.654	3/27/2029	180.0	183	180	+3
ABIBB	4.750	4/15/2058	165.0	169	167	+4
MQGAU	4.150	3/27/2024	150.0	154	150	+4
AEP	4.150	4/1/2048	107.0	112	108	+5
SIGMA	4.875	3/27/2028	212.5	220	216	+8
BIDU	3.875	9/29/2023	125.0	135	133	+10
				Best		-13
				Worst		+10
				Avg		-0.66

*** Hi Yield ***				
Issue	Price	Bid	Ask	Δ
CEQUEL 7 1/2 04/01/28	100.000	101.500	101.750	+\$1.500
MHPSA 6.95 04/03/26	100.000	99.375	99.625	-\$0.625
			Worst	-\$0.625
			Best	+\$1.500
			Avg	+\$0.438

Market Dashboard (a/o 3:25pm)

		1 Day Change	1 Week Change
INDU	23,660.17	(297.72)	(1286.34)
S&P 500	2,602.58	(41.11)	(149.43)
Nasdaq	7,047.91	(118.77)	(434.08)
VIX	25.66	2.32	9.86
Dealer Positions #	24,154		260
Oil	65.92	1.62	3.5
Gold	1347.97	18.94	33.7
10yr Tips B/E	2.075	(0.01)	(0.0)
2yr	2.256%	(2.5)	(3.7)
3yr	2.404%	(2.5)	(4.1)
5yr	2.600%	(2.4)	(4.2)
7yr	2.740%	(1.4)	(3.9)
10yr	2.816%	(0.9)	(2.9)
30yr	3.066%	0.3	(1.2)
2>5 Curve	34.1	0.1	(0.5)
2>10 Curve	55.9	1.8	1.0
5>10 Curve	21.4	1.5	1.3
5>30 Curve	46.5	2.8	3.2
10>30 Curve	24.9	1.3	1.9
2yr Swap	33.0	1.4	1.1
3yr Swap	27.7	0.6	0.5
5yr Swap	15.5	0.1	(0.0)
7yr Swap	5.6	(0.7)	0.0
10yr Swap	3.7	(0.5)	(0.9)
US IG OAS*	109	3.0	3.0
US HY OAS**	348	10.0	7.0

52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
20,379.55	26,616.71	25,248.55	23,345.36
2,322.25	2,872.87	2,745.24	2,584.44
5,769.39	7,637.27	7,292.84	6,722.28
8.56	50.30	17.81	12.39
16,674	32,169	24,816	24,624
44.3	66.0	62.6	54.8
1204.90	1366.15	1331.24	1291.45
1.66	2.15	2.10	1.91
1.16%	2.35%	2.17%	1.70%
1.35%	2.49%	2.33%	1.84%
1.63%	2.70%	2.56%	2.10%
1.87%	2.87%	2.72%	2.30%
2.04%	2.95%	2.79%	2.43%
2.66%	3.22%	3.06%	2.87%
29.4	70.1	38.8	40.3
48.8	116.8	61.9	72.9
16.9	49.3	22.9	32.4
40.0	117.5	49.4	76.8
21.3	69.4	26.3	44.2
15.9	37.4	25.5	23.1
14.8	32.0	21.8	20.2
1.5	16.5	10.4	7.6
-18.6	7.7	1.9	-1.2
-9.7	6.2	2.3	-1.6
85	119	94	101
311	404	334	351

*- 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

**** Investment Grade ***										
Weekly \$	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	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		4,000	935	1,900	6,700	6,650	700	3,200	2,000	26,085
6		750	650	5,100	5,500	5,350	1,000	500		18,850
7			3,850			650	1,125	4,290		9,915
8	1,000	500	1,150	1,000	3,100	8,300		3,100		18,150
9	1,050	2,000	2,850	4,200	4,150	17,950	3,950	1,950		38,100
10		700	800	41,750	1,000	4,450	2,300	2,200	750	53,950
11	650	3,938	3,959	5,300	940	8,790	770	1,950		26,296
12		1,500	250	13,200		12,430	2,950			30,330
FY Total	3,200	18,388	18,594	72,450	23,115	159,520	21,495	19,840	2,750	339,351

Weekly %	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	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		15.3%	3.6%	7.3%	25.7%	25.5%	2.7%	12.3%	7.7%	100%
6		4.0%	3.4%	27.1%	29.2%	28.4%	5.3%	2.7%		100%
7			38.8%			6.6%	11.3%	43.3%		100%
8	5.5%	2.8%	6.3%	5.5%	17.1%	45.7%		17.1%		100%
9	2.8%	5.2%	7.5%	11.0%	10.9%	47.1%	10.4%	5.1%		100%
10		1.3%	1.5%	77.4%	1.9%	8.2%	4.3%	4.1%	1.4%	100%
11	2.5%	15.0%	15.1%	20.2%	3.6%	33.4%	2.9%	7.4%		100%
12		4.9%	0.8%	43.5%		41.0%	9.7%			100%
Total	1%	5%	5%	21%	7%	47%	6%	6%	1%	100%

* Source - R. Seelaus, Informa, Bloomberg

**** High Yield ***										
Weekly \$	Basic Materials	Communic	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	Total
1										0
2	800	1,000	2,150	1,500	4,650			1,150		11,250
3	1,050	1,700	885	1,000	2,300			1,575		8,510
4	1,000	2,500	270	1,350	2,800	1,750	150	500		10,320
5			2,000	900	1,950	500	400	350	2,300	8,400
6	350		825	300	2,025	875	400	375		5,150
7					450					450
8	1,850	1,500		500	950	400		400		5,600
9	500		525	125	125	250	1,000	950		3,475
10		1,600	955	2,500	750	3,695		1,475		10,975
11	650	360	1,035	2,550	2,150	500		700		7,945
12		1,050		550						1,600
FY Total	6,200	9,710	8,645	11,275	18,150	7,970	1,950	7,475	2,300	73,675

Weekly %	Basic Materials	Communic	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	Total
1										
2	7%	9%	19%	13%	41%			10%		100%
3	12%	20%	10%	12%	27%			19%		100%
4	10%	24%	3%	13%	27%	17%	1%	5%		100%
5			24%	11%	23%	6%	5%	4%	27%	100%
6	7%		16%	6%	39%	17%	8%	7%		100%
7					100%					100%
8	33%	27%		9%	17%	7%		7%		100%
9	14%		15%	4%	4%	7%	29%	27%		100%
10		15%	9%	23%	7%	34%		13%		100%
11	8%	5%	13%	32%	27%	6%		9%		100%
12		66%		34%						100%
FY Total	8%	13%	12%	15%	25%	11%	3%	10%	3%	100%

* Source - R. Seelaus, Informa, Bloomberg

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Jim Brucia, CFA

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](#)

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