

- **Next Week**

- IGM survey of syndicate desks is predicting \$29.55B of new IG supply next week, with estimates ranging from \$20-\$36B. The self-funding banks are a huge delta for next week's volume and could potentially push volume much higher.
- Earnings season underway. 60 of the S&P500 report next week, 25 of which are financials. BAC, GS, MS, USB, AXP, BBT, BK, KEY, RF, SYF, STI, and STT all report. PM, PG, IBM, and GE too.
- Lots of roadshow activity – Ausgrid Finance, Axa/Equitable, BOC Aviation, Cometa Energia, DTE Electric, Growthpoint Properties, Hanwha Life, KazMunayGas, Oman Telecom, and Syngenta all possibilities.
- **Economic/Fed Calendar: focus on retail sales, mfg data, Beige Book, and tons of Fed speakers**
 - **Monday** Retail Sales, TIC Flow data, Fed's Bostic speaks
 - **Tuesday** Housing Starts, Industrial Production, Capacity Utilization, Fed's Williams, Quarles, Harker, Evans, and Bostic speak
 - **Wednesday** Fed Beige Book, Fed's Dudley and Quarles speak
 - **Thursday** Initial Jobless Claims, Continuing Claims, Philly Fed Outlook, Leading Index, Fed's Brainard, Quarles, and Mester speak
 - **Friday** Fed's Evans speaks

- **Last Week**

- The IG market priced \$10.175B of new supply this week, 45% below modest expectations for \$18.6B. Execution metrics were "normal" which is a big improvement from March. A picture's worth a thousand words so see below. Most supportive for building momentum was the strong performance of the calendar which was 4.3 bp's tighter on average by Friday.
- The HY market \$4.47B across 8 deals. 7 of the 8 priced at the tight end of whispers or through and this week's cohort finished the week an impressive ~1 3/8 point higher on average.
- The real activity in the market this week was in the SSA space. In one of the busiest SSA weeks ever, gov't and gov't related issuers printed \$36.45B of new supply led by Qatar (\$12B), Saudi Arabia (\$11B), Uruguay (\$1.75B), Panama (\$1.2B) and Sri Lanka (\$2.5B). Traditional SSA's like FNMA, IADB, and even Ontario Teachers priced firm to whispers, while the "yieldy" gov't paper was able to print an average of 28 bp's tighter than IPT's (see below).
- **IG Fund Flows:** EPFR reported inflows to IG funds totaling \$3.56B the week ending 4/11, bringing the two-week total to \$6.05B after totaling just \$1.05B the five weeks prior. The 4WMA is now \$1.28B (weekly average for 2017 was \$2.05B) and the cumulative inflow for 2018 is \$30.7B.
- **HY Fund Flows:** EPFR reported a \$795mm inflow to HY funds the week ending 4/11, the second straight week of inflows after suffering 11 weeks of outflows during the 12 weeks prior. The 4WMA is now a positive \$44mm (2017 weekly average was -\$84mm). The cumulative outflow for 2018 is now -\$9.34B.
- **Dealer Positions:** The Federal Reserve Bank of NY reported that primary dealer holding of corporate securities declined \$142mm the week ending 4/04 to \$15.054B, the lowest inventory level since July 2016.
- IG volume MTD is now \$35.7B and YTD \$385.2B. We're running 11.2% behind last year's 15 week total.

- HY volume MTD is now \$10.1B and YTD \$89.3B. We're running 20.5% behind last year's 15 week total.
- **FWIW**
 - In looking at dealer inventory data, we've been tracking shorter dated buckets to try to validate the "short paper repatriation supply overhang" narrative that's been in the market. Excluding CP, the 5yr and in bucket is down to \$1.04B which is the lowest mark in our database going back to Jan 2015. It is also 90% below the 2018 peak of \$10.102B (2/07) and 88% below the average for 2017 (\$8.875B). Secondary TFLOW data on 1-3yr corp trading (graph below) underscores that the **front-end overhang story is OVER for now** from the perspective of selling pressure weighing on the market. That said, the bigger issue is and will continue to be the removal of a significant buyer of front end corporate paper as dollars previously trapped overseas move on.



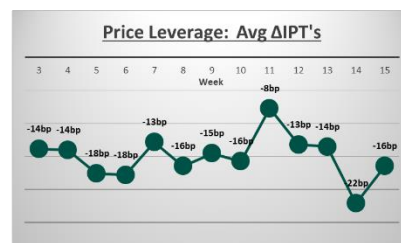
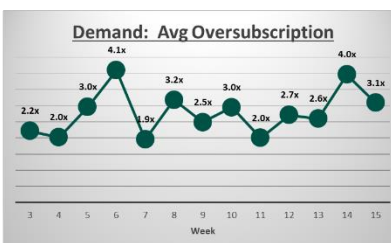
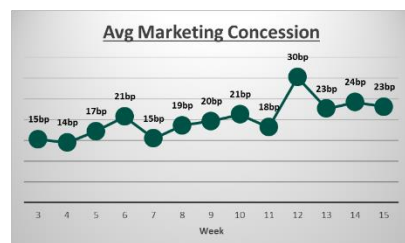
- So much noise in the past few weeks on trade and now this week on Syria. Market behavior over the past few weeks kinda makes it feel like the noise is getting tuned out which is a yuuuge positive, since noise ain't going away. What's been important has been the tug of war between those fearing shifting perceptions of inflation and those who don't. And with the 10yr churning +/-2.80% instead of in the low 2.90s and the yield curve flattening again, the current market is telling us the Fed is ahead of the curve, and not behind it. Challenge going forward will be how the market responds to transitory effects pushing CPI up going forward. Risk on one end is the market uncoiling. On the other the curve inverting.
- Overdue shout out to the **Fighting Irish** for their spectacular women's hoops national championship and for nearly pulling off the double in men's hockey!

Key Execution Metrics

Week 15 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	7	\$5,075	3.8x	\$2,750	-17.9 bp's	+10.8 bp's	-3.4 bp's
Tuesday	5	\$4,500	2.1x	\$1,890	-14.7 bp's	+2.6 bp's	-1.6 bp's
Wednesday							
Thursday	1	\$600			-15.0 bp's	+8.0 bp's	
Friday							
This Week	13	\$10,175	3.1x	\$2,392	-16.4 bp's	+7.1 bp's	-2.7 bp's
Week Prior		\$25,525	4.0x	\$3,236	-22.1 bp's	+1.6 bp's	-2.0 bp's
YTD Weekly Average		\$25,680	2.9x	\$2,247	-15.4 bp's	+4.6 bp's	-0.8 bp's

* source - R. Seelaus, Informa, Bloomberg

In pictures...



Weekly Deal Summary

Date	MDY	S&P	Ticker	Size	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
4/12	Baa3	BBB-	FFHCN	600	10.0	220a	210a	205	(15)	8
4/10	A1	A+	BMO	750	3.0	Lequiv	Lequiv	3mL+46	(15)	0
4/10	A1	A+	BMO	1500	3.0	85a	70#	70	(15)	0
4/10	Aa3	AA-	TOYOTA	750	3.0	Lequiv	Lequiv	3mL+28	(16)	5
4/10	Aa3	AA-	TOYOTA	1000	3.0	H60s	55a	52	(16)	5
4/10	Aa3	AA-	TOYOTA	500	7.0	L80s	70#	70	(13)	3
4/9	Baa1	A-	SANTAN	500	5.0	Lequiv	Lequiv	3mL+112	(15)	10
4/9	Baa1	A-	SANTAN	1250	5.0	140a	125a	125	(15)	10
4/9	Baa1	A-	SANTAN	1250	10.0	175a	160a	160	(15)	10
4/9	Baa2	BBB+	CHRW	600	10.0	170a	155a	148	(22)	
4/9	Baa2	BBB-	EPR	400	10.0	250a	235a	230	(20)	23
4/9	A2	A+	BRKHEC	575	2.0	60-65	50a	47	(16)	0
4/9	A3	A-	SKM	500	5.0	140a	120a	117.5	(23)	12

Date	MDY	S&P	Ticker	Size	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
4/12		AA+	FNMA	2000	3.0	10a		9	(1)	
4/12	Aaa	AAA	IADB	4000	3.0	ms-1a		22.1	(2)	
4/12	Baa2	BBB	URUGUA	1750	37.0	235a	205a	200	(35)	
4/12	Aa3	AA-	QATAR	3000	5.0	170a	135#	135	(35)	19
4/12	Aa3	AA-	QATAR	3000	10.0	200a	170#	170	(30)	36
4/12	Aa3	AA-	QATAR	6000	30.0	230a	205#	205	(25)	33
4/11	B1	B+	SRILAN	1250	5.0	6%a	5.75%#	-	(25)	
4/11	B1	B+	SRILAN	1250	10.0	7%a	6.75%#	-	(25)	
4/10	A1	A+	KSA	4500	7.0	170a	145a	140	(30)	
4/10	A1	A+	KSA	3000	12.0	200a	180a	175	(25)	
4/10	A1	A+	KSA	3500	31.0	235a	215a	210	(25)	
4/10	Aaa	AA+	ONTFFT	2000	3.0	ms+16a	ms+16a	39.61	(1)	
4/9	Baa2	BBB	PANAMA	1200	32.0	175a	155a	150	(25)	

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
SANTAN	4.379	4/12/2028	160.0	152	149	-8
SKM	3.750	4/16/2023	117.5	110	107	-8
BMO	3.100	4/13/2021	70.0	63	60	-7
SANTAN	frn	4/12/2023	3mL+112	105	103	-7
BMO	frn	4/13/2021	3mL+46	40	37	-6
SANTAN	3.848	4/12/2023	125.0	119	116	-6
CHRW	4.200	4/15/2028	148.0	143	140	-5
TOYOTA	frn	4/13/2021	3mL+28	23	20	-5
TOYOTA	2.950	4/13/2021	52.0	48	45	-4
FFHCN	4.850	4/17/2028	205.0	202	197	-3
TOYOTA	3.400	4/14/2025	70.0	70	67	+0
BRKHEC	2.750	4/15/2020	47.0	48	43	+1
EPR	4.950	4/15/2028	230.0	232	229	+2
				Best		-8
				Worst		+2
				Avg		-4.29

*** Hi Yield ***				
Issue	Price	Bid	Ask	Δ
RIOOIL 8.2 04/06/28	100.000	103.125	103.750	+\$3.125
JBPOIN 7 1/8 04/15/26	100.000	102.000	102.500	+\$2.000
BLD 5 5/8 05/01/26	100.000	101.625	102.125	+\$1.625
DRXLN 6 5/8 11/01/25	100.000	101.500	101.750	+\$1.500
HILDOC 5 1/8 05/01/26	100.000	101.125	101.375	+\$1.125
SILSEA 7 1/4 02/01/25	104.500	105.500	106.000	+\$1.000
BANBRA 4 7/8 04/19/23	100.000	100.400	100.550	+\$0.400
BIMBOA 5.95 PERP	100.000	100.150	100.350	+\$0.150
		Worst		+\$0.150
		Best		+\$3.125
		Avg		+\$1.366

Market Dashboard (a/o 1:35pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	24,437.48	(45.57)	504.72	20,379.55	26,616.71	24,689.28	23,535.69
S&P 500	2,665.05	1.06	60.58	2,328.95	2,872.87	2,693.29	2,597.84
Nasdaq	7,133.95	(6.30)	218.84	5,805.15	7,637.27	7,202.52	6,778.22
VIX	17.32	(1.17)	(4.17)	8.56	50.30	20.52	13.14
Dealer Positions #	15,054		(142)	15,054	32,169	24,460	24,342
Oil	67.48	0.41	5.4	44.3	67.8	62.7	56.1
Gold	1344.64	9.70	11.6	1204.90	1366.15	1330.21	1298.46
10yr Tips B/E	2.141	0.00	0.1	1.66	2.15	2.10	1.94
SOFR	1.730%	(0.0)		1.73%	1.83%		
3mLibor	2.348%	0.0	0.0	1.15%	2.35%	2.07%	1.59%
OIS-Libor Spread	1.770%	0.0	0.0	0.93%	1.77%	1.65%	1.38%
2yr	2.363%	1.4	9.5	1.16%	2.36%	2.24%	1.76%
3yr	2.504%	0.8	10.3	1.35%	2.50%	2.40%	1.90%
5yr	2.673%	0.2	8.7	1.63%	2.70%	2.61%	2.16%
7yr	2.777%	(0.6)	6.9	1.87%	2.87%	2.77%	2.35%
10yr	2.828%	(0.9)	5.3	2.04%	2.95%	2.84%	2.47%
30yr	3.033%	(1.0)	1.5	2.66%	3.22%	3.09%	2.89%
2>5 Curve	30.8	(1.1)	(0.8)	28.6	60.0	37.1	39.1
2>10 Curve	46.2	(2.4)	(4.1)	45.6	106.8	59.6	70.1
5>10 Curve	15.2	(1.1)	(3.4)	14.9	48.5	22.2	30.8
5>30 Curve	35.9	(1.2)	(7.2)	35.2	117.5	47.7	72.8
10>30 Curve	20.4	(0.1)	(3.9)	19.6	69.4	25.3	41.8
2yr Swap	31.3	0.2	(0.4)	15.9	35.2	28.9	23.9
3yr Swap	25.0	0.5	(1.6)	14.8	29.0	23.7	20.8
5yr Swap	13.6	0.1	(0.6)	1.5	16.5	12.4	8.1
7yr Swap	5.5	0.3	0.4	-18.6	7.7	3.0	-0.7
10yr Swap	4.1	0.1	1.0	-9.7	6.2	2.6	-1.1
US IG OAS*	106	(1.0)	(1.0)	85	119	100	101
US HY OAS**	332	(8.0)	(13.0)	311	400	343	350

*- 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 ****										
Monthly \$	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	2018 Total \$
Jan	500	5000	5085	1900	1725	101100	9400	4600		129,310
Feb	2050	7250	8500	10300	19450	31000	6075	8890	2000	96,515
Mar	650	6888	5509	61750	2990	30170	6620	8350	750	123,676
Apr		3500	12700	6050		9350	1000	600	2500	35,700
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	3,200	22,638	31,794	80,000	24,165	171,620	23,095	23,440	5,250	385,201

Monthly %	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	Total
Jan	0.4%	3.9%	3.9%	1.5%	1.3%	78.2%	7.3%	3.6%		100%
Feb	2.1%	7.5%	8.8%	10.7%	20.2%	32.1%	6.3%	10.2%	2.1%	100%
Mar	0.5%	5.6%	4.5%	49.9%	2.4%	24.4%	5.4%	6.8%	0.6%	100%
Apr		9.8%	35.6%	16.9%		26.2%	2.8%	1.7%	7.0%	100%
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	1%	6%	8%	21%	6%	45%	6%	6%	1%	100%

* Source - R. Seelaus, Informa, Bloomberg

**** High Yield ****										
Monthly \$	Basic Materials	Communc	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	2018
Jan	2,850	5,200	5,305	3,850	10,350	1,750	150	3,575	2,300	35,330
Feb	2,200	1,500	1,150	1,700	4,900	2,025	800	775		15,050
Mar	2,115	4,010	3,090	6,775	3,300	4,545	1,000	4,030		28,865
Apr	1,350		2,203	500	2,375	2,950	300	400		10,078
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	8,515	10,710	11,748	12,825	20,925	11,270	2,250	8,780	2,300	89,323

Monthly %	Basic Materials	Communc	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	2018
Jan	8%	15%	15%	11%	29%	5%	0%	10%	7%	100%
Feb	15%	10%	8%	11%	33%	13%	5%	5%		100%
Mar	7%	14%	11%	23%	11%	16%	3%	14%		100%
Apr	13%		22%	5%	24%	29%	3%	4%		100%
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	10%	12%	13%	14%	23%	13%	3%	10%	3%	100%

* Source - R. Seelaus, Informa, Bloomberg

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