

- **Next Week**

- IGM survey of syndicate desks is calling for \$25.18B of new IG supply next week with a wide range of estimates from \$15-35B.
- Big earnings week. 177 of the S&P500 report earnings. 37 financials, 58 in the consumer space, 11 communications, 12 energy, 20 industrials, 12 basic materials, 18 technology, and 9 utilities.
- Names recently on or about to roadshow include Ausgrid Finance, BOC Aviation, CNOOC, DTE Electric, Ex-Im Bank Korea, Growthpoint Properties, Harvest Operations, Nucor, State Grid Corp of China, and Barcardi.
- Treasury auctions \$32B 2yr fixed, \$17B floating on Tuesday, \$35B 5yr notes on Wednesday, and \$29B 7yr notes on Thursday.
- **Economic/Fed Calendar: Quiet week from Fed speakers and data. Focus on GDP, tsy auctions (^)**
  - **Monday** PMI
  - **Tuesday** Richmond Fed Mfg Index, Consumer Confidence
  - **Wednesday**
  - **Thursday** Initial Claims, Continuing Claims, Durable Goods, KC Fed Mfg
  - **Friday** GDP, Personal Consumption, PCE, UofM Sentiment

- **Last Week**

- Take the over. The IG market printed \$48.4B this week, \$19B and 65% above expectations of \$29.4B. Self-funders were expected to be the delta and they were – JPM, MS, C, and GS printed \$18.75B – but others including Syngenta (\$4.75B), AXA Equitable (\$3.8B) and KazMunayGas (\$3.25B) certainly contributed.
- Execution metrics were solid and without question generous marketing facilitated book-building. Average marketing concessions were 9 bp's higher on the week (32 bp's vs 23 the week prior) and led to average book sizes jumping to \$3.1B (\$2.4B avg the week prior) and pricing leverage improving to -22.6 bp's (strongest of the year). Average new issue concessions rose for the 3<sup>rd</sup> straight week (to 10.2 bp's) but follow through was weaker. This week's cohort of deals only tightened 1.48 bp's by Friday.
- The HY market priced \$5.325B of new supply on 11 deals through Thursday with another two for \$1B+ queued for pricing today. 9 of 11 deals priced printed at or through IPT's, 2 at the mid, and none were pushed wide. 9 of the 11 were up an average of 1 point on Friday morning and the other two were down an average of 7/8 pt.
- **IG Fund Flows:** EPFR reported a rare outflow of \$1.444.75B from IG funds the week ending 4/18. It is only the 3<sup>rd</sup> weekly outflow of 2018. There were none in 2017. Brings the 4WMA to +\$895.87mm (weekly average in 2017 was \$3.105B). The cumulative inflow for 2018 is now \$29.246.59B.
- **HY Fund Flows:** EPFR reported an inflow of \$2.593B the week ending 4/18. It's the 3<sup>rd</sup> consecutive week of positive flows and the biggest weekly inflow of the year. The 4WMA is now +\$786.28mm. The cumulative outflow from HY funds for 2018 is now - \$6.750B.
- This is the first time this year that IG suffered outflows in a week that HY had inflows. It didn't happen last year (no weekly outflows in IG in 2017).
- **Dealer Positions:** The Federal Reserve Bank of NY reported that primary dealer holding of corporate securities increased \$2.476B (+16%) the week ending 4/11, to \$17.53B. Virtually all of the increase was in CP, which jumped \$2.42B (+30%) from the week prior. Total IG holdings were \$6.366B (+4%), total HY holding were \$609mm (-26%). Total

holdings of IG 5yr and in remained near multi-year lows at \$1.325B (+\$285mm on the week).

- IG volume MTD is now \$84.28B and YTD it's \$434B, down \$24B (5.2%) from 2017's 16 week total.
- HY volume MTD of \$16.5B brings the YTD tally to \$95.7B. That's down \$22B (19%) from last year.

- **FWIW**

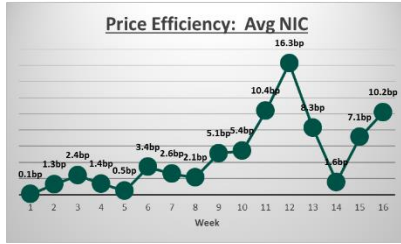
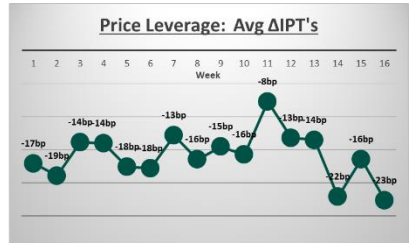
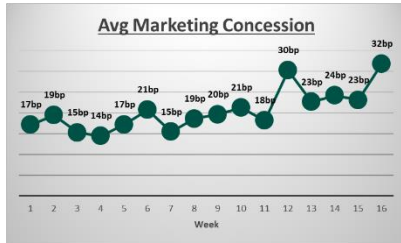
- From Bloomberg on Friday ““Production challenges in U.S. shale are emerging” related to drilling wells too close to each other and exploring lower-quality areas, Paal Kibsgaard, chief executive officer at the Houston- and Paris-based company, said Friday in a statement announcing quarterly financial results. “It is, therefore, becoming increasingly likely that the industry will face growing supply challenges over the coming year.”” WTI close to kissing \$70 bbl for the first time since 2014.
- Until widening 9 bp's Thursday, the Bbg Barclays HY OAS had almost entirely retraced its 60 bp's widening at the beginning of February.
- Interestingly enough IG had not. The Bbg Barclays US Agg OAS is only 4 bp's in from the wide end of a 35 bp's widening over the same period. So once again spreads are compressed. The difference between IG and HY now is back to the tight's hitting +209 before easing back to +217. Un-re-de-compression?
- Add in the flattening yield curve (2s>10s touched 43 bp's this week before widening out to 50) and the coiling is getting acute.
- And the market is coiling as the 10yr is drifting back into the mid-2.90s danger zone after feinting at a break below 2.80%.
- So, lots of price action to try to interpret as we all handicap the potential for missteps by the Fed choreographing both rate rises and quantitative tightening while both unemployment and inflation continue churning at cuspy levels. Add in escalating geopolitical risks, trade risks and domestic political risks versus the black swan risk of any or some combination of those risks receding.
- At some point we'll break one way or the other. If we break toward lower yields it should be supportive for spreads and further re-compression. If we break out toward higher, the bet here it will also be bad for spreads. Maybe really bad.

## **Key Execution Metrics**

Week 16 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	14	\$12,416	4.1x	\$2,500	-18.5 bp's	+2.0 bp's	-1.0 bp's
Tuesday	20	\$18,300	4.0x	\$3,475	-32.5 bp's	+18.4 bp's	-1.9 bp's
Wednesday	5	\$6,308	2.3x	\$3,358	-11.3 bp's	+4.0 bp's	-0.3 bp's
Thursday	9	\$11,360	2.4x	\$2,863	-8.4 bp's	+5.9 bp's	-2.1 bp's
Friday							
<b>This Week</b>	<b>48</b>	<b>\$48,384</b>	<b>3.7x</b>	<b>\$3,146</b>	<b>-22.6 bp's</b>	<b>+10.2 bp's</b>	<b>-1.6 bp's</b>
<b>Week Prior</b>		\$10,375	3.1x	\$2,392	-16.4 bp's	+7.1 bp's	-2.7 bp's
<b>YTD Weekly Average</b>		\$27,146	2.9x	\$2,318	-16.0 bp's	+5.0 bp's	-0.9 bp's

\* source - R. Seelaus, Informa, Bloomberg

# Execution Dashboard



## Weekly Deal Summary

Date	MDY	S&P	Ticker	Size	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
4/19	A1	A+	BMW	500	2.0			3mL+30		
4/19	Baa3	BBB	COMENG	860	11.0	L-M6% <sub>s</sub>		-	0	
4/19	Aa3	A+	RABOBK	750	3.0	Lequiv	Lequiv	3mL+43	(13)	3
4/19	Aa3	A+	RABOBK	1000	3.0	H70 <sub>s</sub>	65#	65	(13)	3
4/19	A3	A+	JPM	1300	3nc2		L+34	3mL+34	(5)	4
4/19	A3	A+	JPM	2200	3nc2	70 <sub>a</sub>	65#	65	(5)	4
4/19	A3	BBB+	MYLIFE	1000	30nc10	5.25% <sub>a</sub>	5.10%#	218.3	(15)	18
4/19	A3	BBB+	MS	2750	6nc5	110 <sub>a</sub>	100 <sub>a</sub>	98	(12)	2
4/19	A3	BBB+	MS	1000	21nc20	140 <sub>a</sub>	135 <sub>a</sub>	135	(5)	7
4/18	A3	BBB+	GS	3500	11nc10	145 <sub>a</sub>	135#	135	(10)	6
4/18	A3	BBB+	GS	1500	21nc20	145 <sub>a</sub>	135#	135	(10)	9
4/18	Aa2	AA+	GUARDN	300	5.0	L-M80 <sub>s</sub>	70-72	70	(14)	(3)
4/18			NDASS	500	1.5			3mL+27		
4/18	Aa2		SHBASS	507.5	1.5			3mL+27		
4/17	Baa2	BBB+	AXASAH	800	5.0	155 <sub>a</sub>	130 <sub>a</sub>	125	(30)	
4/17	Baa2	BBB+	AXASAH	1500	10.0	185 <sub>a</sub>	160 <sub>a</sub>	155	(30)	
4/17	Baa2	BBB+	AXASAH	1500	30.0	225 <sub>a</sub>	205 <sub>a</sub>	200	(25)	
4/17	A1	A+	BNS	700	3.0	Lequiv	Lequiv	3mL+44	(13)	5
4/17	A1	A+	BNS	1300	3.0	80 <sub>a</sub>	70 <sub>a</sub>	67	(13)	5
4/17	A2	A	CARGIL	500	3.0	65-70	55-60	57	(11)	5
4/17	Baa2	BBB+	ACAFP	500	5.0	Lequiv	Lequiv	3mL+102	(20)	4
4/17	Baa2	BBB+	ACAFP	1250	5.0	135 <sub>a</sub>	115#	115	(20)	4
4/17	Baa3	BBB-	KZOKZ	500	7.0	4.875% <sub>a</sub>	4.75-4.875%	195.1	(13)	21
4/17	Baa3	BBB-	KZOKZ	1250	12.0	5.50% <sub>a</sub>	5.375-5.50%	253.4	(13)	43
4/17	Baa3	BBB-	KZOKZ	1500	30.5	6.60% <sub>a</sub>	6.45-6.60%	341	(15)	51
4/17	Baa3	BBB-	OTELOM	600	5.5	6.375-6.50%	6.125-6.25%		(56)	
4/17	Baa3	BBB-	OTELOM	900	10.0	7.25% <sub>a</sub>	7.00-7.125%	405.9	(38)	
4/17	A1	A	SUMIBK	750	1.8	L+50 <sub>a</sub>	L+45 <sub>a</sub>	3mL+40	(10)	4
4/17	Ba2	BBB-	SYNNVX	750	2.0	187.5 <sub>a</sub>	135 <sub>a</sub>	130	(58)	23
4/17	Ba2	BBB-	SYNNVX	750	3.0	200 <sub>a</sub>	145 <sub>a</sub>	140	(60)	23
4/17	Ba2	BBB-	SYNNVX	1000	5.0	237.5 <sub>a</sub>	180 <sub>a</sub>	175	(63)	23
4/17	Ba2	BBB-	SYNNVX	750	7.0	262.5 <sub>a</sub>	215 <sub>a</sub>	210	(53)	23
4/17	Ba2	BBB-	SYNNVX	1000	10.0	287.5 <sub>a</sub>	240 <sub>a</sub>	235	(53)	23
4/17	Ba2	BBB-	SYNNVX	500	30.0	325 <sub>a</sub>	270 <sub>a</sub>	265	(60)	23
4/16	A3	A	TAQAUH	750	7.0	185 <sub>a</sub>	165 <sub>a</sub>	160	(25)	7
4/16	A3	A	TAQAUH	1000	12.0	240 <sub>a</sub>	210 <sub>a</sub>	205	(35)	7
4/16	Baa1	BBB+	C	2000	11nc10	140 <sub>a</sub>	125-128	125	(15)	(1)
4/16			CS	250	1.5			3mL+58.5		
4/16	Baa3	BB+	DAL	600	3.0	115 <sub>a</sub>	95 <sub>a</sub>	90	(25)	(5)
4/16	Baa3	BB+	DAL	500	5.0	140 <sub>a</sub>	120 <sub>a</sub>	115	(25)	(5)
4/16	Baa3	BB+	DAL	500	10.0	170 <sub>a</sub>	160 <sub>a</sub>	155	(15)	0
4/16	A3	A-	HLINSU	1000	30nc5	5.00% <sub>a</sub>	4.75% <sub>a</sub>	200	(30)	
4/16	A3	A-	JPM	500	6nc5	Lequiv	Lequiv	3mL+73	(7)	5
4/16	A3	A-	JPM	1750	6nc5	95 <sub>a</sub>	90 <sub>a</sub>	88	(7)	5
4/16	A3	A-	JPM	2250	11nc10	125 <sub>a</sub>	120 <sub>a</sub>	118	(7)	5
4/16	Aa1	AA-	UOBSP	116	1.5			3mL+21		
4/16	Aa1	AA-	UOBSP	500	3.0	Lequiv	Lequiv	3mL+48	(13)	
4/16	Aa1	AA-	UOBSP	700	3.0	90 <sub>a</sub>	72-75	72	(18)	

## New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
TAQAUH	4.875	4/23/2030	205.0	200	196	-5
UOBSP	3.200	4/23/2021	72.0	67	63	-5
SUMIBK	frn	1/17/2020	3mL+40	36	32	-4
RABOBK	frn	4/26/2021	3mL+43	40	38	-3
RABOBK	3.125	4/26/2021	65.0	62	59	-3
MS	4.457	4/22/2039	135.0	132	130	-3
DAL	3.400	4/19/2021	90.0	87	84	-3
JPM	3.086	4/26/2021	65.0	63	60	-2
AXASAH	3.900	4/20/2023	125.0	123	120	-2
JPM	frn	4/26/2021	3mL+34	33	31	-1
MS	3.737	4/24/2024	98.0	97	95	-1
BNS	frn	4/20/2021	3mL+44	43	40	-1
SYNNVX	4.892	4/24/2025	210.0	209	207	-1
SYNNVX	5.182	4/24/2028	235.0	234	231	-1
JPM	frn	4/23/2024	3mL+73	72	71	-1
OTELOM	6.625	4/24/2028	405.9	405	400	-1
DAL	3.800	4/19/2023	115.0	115	112	-0
KZOKZ	4.750	4/24/2025	195.1	195	190	-0
GS	4.223	5/1/2029	135.0	135	133	+0
GUARDN	3.400	4/25/2023	70.0	70	65	+0
CARGIL	3.050	4/19/2021	57.0	57	53	+0
JPM	4.005	4/23/2029	118.0	118	115	+0
KZOKZ	5.375	4/24/2030	253.4	254	249	+1
GS	4.411	4/23/2039	135.0	136	134	+1
ACAFP	3.750	4/24/2023	115.0	116	114	+1
JPM	3.559	4/23/2024	88.0	89	86	+1
C	4.075	4/23/2029	125.0	127	126	+2
TAQAUH	4.375	4/23/2025	160.0	164	159	+4
HLINSU	4.700	4/23/2048	200.0	205	200	+5
AXASAH	5.000	4/20/2048	200.0	206	203	+6
DAL	4.375	4/19/2028	155.0	163	160	+8
AXASAH	4.350	4/20/2028	155.0	166	163	+11
SYNNVX	5.676	4/24/2048	265.0	279	276	+14
				Best		-16
				Worst		+14
				Avg		-1.48

*** Hi Yield ***				
Issue	Price	Bid	Ask	Δ
CONCOA 10 05/01/23	97.500	100.500	101.500	+\$3.000
ASPERG 6 3/8 05/01/26	100.000	101.625	102.000	+\$1.625
OCINV 6 5/8 04/15/23	100.000	101.375	101.875	+\$1.375
FGL 5 1/2 05/01/25	99.500	100.375	100.625	+\$0.875
LXU 9 5/8 05/01/23	99.509	100.250	100.750	+\$0.741
HBGCN 7 05/01/26	100.000	100.500	101.000	+\$0.500
WRD 6 7/8 02/01/25	102.000	102.500	103.000	+\$0.500
CMC 5 3/4 04/15/26	100.000	100.375	100.625	+\$0.375
NUFAU 5 3/4 04/30/26	100.000	100.250	100.625	+\$0.250
RONHOL 7 1/4 04/26/23	99.485	98.875	99.500	-\$0.610
STAREN 6 3/4 04/24/33	100.000	99.000	99.500	-\$1.000
			<b>Worst</b>	<b>-\$1.000</b>
			<b>Best</b>	<b>+\$3.000</b>
			<b>Avg</b>	<b>+\$0.694</b>

# Market Dashboard

4/20/2018

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	24,462.94	(201.95)	102.80	20,406.68	26,616.71	24,609.62	23,616.95
S&P 500	2,670.14	(22.99)	13.84	2,340.91	2,872.87	2,687.10	2,604.39
Nasdaq	7,146.13	(91.93)	39.48	5,880.20	7,637.27	7,201.63	6,804.73
VIX	16.88	0.92	(0.53)	8.56	50.30	19.90	13.27
Dealer Positions #	17,530		2,476	15,054	32,169	24,384	24,239
Oil	68.19	(0.14)	0.9	44.5	69.6	63.0	56.5
Gold	1336.25	(9.28)	(10.0)	1204.90	1366.15	1332.38	1301.64
10yr Tips B/E	2.181	(0.00)	0.0	1.66	2.19	2.11	1.95
SOFR	1.730%	(0.0)		1.72%	1.83%		
3mLibor	2.362%	0.0	0.0	1.15%	2.36%	2.13%	1.62%
OIS-Libor Spread	1.795%	0.0	0.0	0.95%	1.80%	1.68%	1.39%
2yr	2.460%	3.1	10.2	1.18%	2.46%	2.27%	1.79%
3yr	2.618%	3.4	11.6	1.37%	2.62%	2.42%	1.93%
5yr	2.801%	4.5	12.7	1.63%	2.80%	2.63%	2.18%
7yr	2.917%	5.1	13.9	1.87%	2.92%	2.78%	2.37%
10yr	2.961%	5.0	13.4	2.04%	2.96%	2.84%	2.48%
30yr	3.149%	5.0	12.1	2.66%	3.22%	3.09%	2.90%
2>5 Curve	33.8	1.5	2.7	28.2	60.0	35.9	38.6
2>10 Curve	49.9	2.0	3.3	41.1	106.8	57.0	68.8
5>10 Curve	15.9	0.5	0.6	12.3	48.5	20.9	30.0
5>30 Curve	34.7	0.5	(0.6)	29.0	117.5	45.4	71.1
10>30 Curve	18.6	(0.0)	(1.2)	16.5	69.4	24.3	40.9
2yr Swap	28.0	(0.9)	(3.6)	15.9	35.2	29.3	23.9
3yr Swap	22.0	(0.3)	(3.1)	14.8	29.0	24.0	20.8
5yr Swap	11.7	(0.0)	(1.6)	1.5	16.5	12.7	8.3
7yr Swap	3.5	(0.1)	(1.7)	-18.6	7.7	3.3	-0.5
10yr Swap	3.5	0.8	(0.3)	-9.7	6.2	2.7	-0.9
US IG OAS*	106	1.0	0.0	85	119	102	100
US HY OAS**	323	9.0	(9.0)	311	392	343	348

\*- 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	31550	6075	9890	2000	97,065
Mar	650	6888	5509	61750	2990	30170	6620	8350	750	123,676
Apr	4750	5000	14800	6550	3250	44084	2750	600	2500	84,284
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>7,950</b>	<b>24,138</b>	<b>33,894</b>	<b>80,500</b>	<b>27,415</b>	<b>206,904</b>	<b>24,845</b>	<b>23,440</b>	<b>5,250</b>	<b>434,335</b>

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%	10.6%	20.0%	32.5%	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	5.6%	5.9%	17.6%	7.8%	3.9%	52.3%	3.3%	0.7%	3.0%	100%
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>2%</b>	<b>6%</b>	<b>8%</b>	<b>19%</b>	<b>6%</b>	<b>48%</b>	<b>6%</b>	<b>5%</b>	<b>1%</b>	<b>100%</b>

\* Source - R. Seelaus, Informa, Bloomberg

**** High Yield ***										
Monthly \$	Basic Materials	Communic	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	2,825	750	2,203	500	3,075	5,120	880	1,100		16,453
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>9,990</b>	<b>11,460</b>	<b>11,748</b>	<b>12,825</b>	<b>21,625</b>	<b>13,440</b>	<b>2,830</b>	<b>9,480</b>	<b>2,300</b>	<b>95,698</b>

Monthly %	Basic Materials	Communic	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	17%	5%	13%	3%	19%	31%	5%	7%		100%
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>10%</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>	<b>23%</b>	<b>14%</b>	<b>3%</b>	<b>10%</b>	<b>2%</b>	<b>100%</b>

\* Source - R. Seelaus, Informa, Bloomberg



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