

- **Next Week**

- IGM survey of syndicate desks is predicting \$25.447B of new issuance next week, with estimates ranging from a low of \$20B to a high of \$30B.
- Names that have road-showed or announced roadshows include Aeropuerto Int'l de Tocumen (22yr avg life), DTE Electric, Ex-Im Bank of Korea, and Perusahaan Listrik Negara.
- Another big week for earnings, with 143 of the S&P500 reporting. Of the 243 companies that have already reported, the record is 197-43-3. 197 have beat by an average of 10.4%, 43 have missed by an average of 15.3%, and 3 have hit the number.
- **Economic/Fed Calendar: Focus on FOMC Wednesday and Employment Data on Friday**
  - **Monday** Personal Income, Personal Spending, Chicago Purchasing Mgr, Dallas Fed Mfg
  - **Tuesday** Markit PMI, ISM Mfg,
  - **Wednesday** ADP, **FOMC Rate Decision**
  - **Thursday** Initial Claims, Continuing Claims, ISM Non-Mfg, Durable Goods
  - **Friday** **Employment Data**, Fed's Dudley, Quarles, and Kaplan speak
- The futures market dismissing the potential for a hike at next week's FOMC meeting, assigning a 5.5% likelihood of a 25 bp's hike. Expectations for June however are a little different – probability is 92.5% we get a 25 bp's hike at the next meeting. Barring a surprise next week, focus will be on their statement for any attempts to shift expectations going forward.

- **Last Week**

- The IG market priced \$26.523B this week, just above expectations for \$25.18B coming in. Weak equities early in the week, 10yr piercing 3% (albeit temporarily), and soft spreads took their toll on execution metrics, which took a turn toward the worse. Average book sizes and oversubscription levels were weaker, pricing leverage eroded, and follow through performance was poor. Only 7 of 28 tranches priced this week broke tighter the morning after pricing (though the group recovered by Friday to finish the week 1.5 bp's tighter).
- The HY market printed \$6.357B on 11 deals this week, the largest coming from Netflix which printed a \$1.9B 10yr bullet on Monday at 5.875%. 7 of the 11 deals priced this week printed at or through IPT's, 3 at the mid, and 1 was pushed back 62.5 bp's wide of whispers (Heartland Dentals \$310mm 8nc3 priced at 8.50% after starting marketing at 7.75-8.00%). Performance was weak, with 5 of the 11 finishing the week flat or under water – though outperformed the 2dary market which was down ¼ point.
- **IG Fund Flows:** EPFR reported inflows of \$3.479B the week ending 4/25, more than compensating for the outflow of \$1.445B the week prior. The 4WMA is now +\$2.021B, below 2017's weekly average of +\$3.106B. The cumulative inflow for 2018 is now +\$32.726B.
- **HY Fund Flows:** EPFR reported outflows of \$1.562B the week ending 4/25 after three consecutive weeks of positive and increasing inflows. The 4WMA is now +\$496.4mm versus a 2017 weekly average of -\$84.4mm. The cumulative outflow from HY funds for 2018 is now -\$8.312B.
- **Dealer Positions:** The NY Fed reported dealer inventories of corporate securities increased \$728mm (4%) the week ending 4/18 to \$18.258B. Holding of CP declined \$724mm so corporate bond holding actually increased \$1.452B (+21%). IG was up \$725mm (+11%) to \$7.091B and HY was up \$727mm (+119%) to \$1.336B.

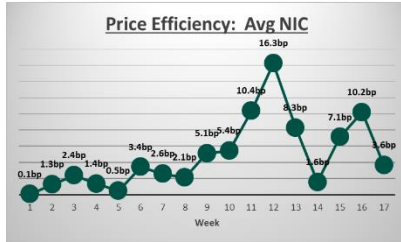
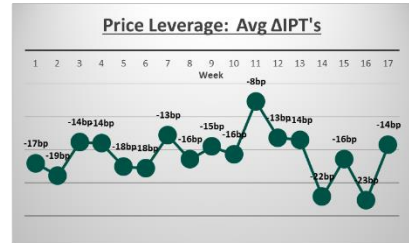
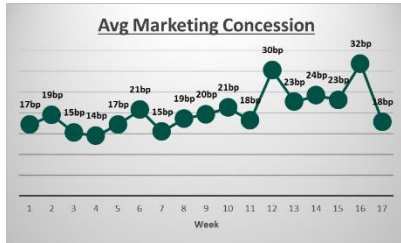
- **IG volume:** With one day left in the month, April IG volume is now \$110.44B, bringing YTD volume to \$460.491B (down 4.29% from 2017's 17 week total).
- **HY volume:** April HY new issue volume is now \$23.25B, bringing YTD volume over the century mark at \$102.495B (down 18.02% from 2017's 17 week total).
- **FWIW**
  - For every action and equal and opposite reaction? The poor execution metrics this week underscore the backdrop of uncertainty persisting in the marketplace. At the most fundamental level, we're grappling with the risks associated with a new Fed attempting to choreograph a "beautiful normalization" on both the rate *and* balance sheet front, yields creeping back to the psychologically important handle change at 3%, and the unknown impact of finally breaking the psychology of "lower yields indefinitely." Given how entrenched the low yields indefinitely framework has been and how impactful it's been in crushing volatility and forcing spreads tighter, it's not too hard to project breaking it should lead to higher volatility and wider spreads.
  - Don't want to jump the gun, but last year Peach Shake season at Chick-fil-A began on May 15<sup>th</sup>. I don't think that means it has to be May 15<sup>th</sup> this year, but we're getting close.

## **Key Execution Metrics**

Week 17 of 2018		Demand		Pricing Leverage		Performance	
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	11	\$8,550	2.7x	\$1,760	-14.5 bp's	+4.5 bp's	-1.8 bp's
Tuesday	16	\$13,023	2.2x	\$1,684	-11.9 bp's	+5.1 bp's	+0.5 bp's
Wednesday	2	\$1,450	1.5x	\$1,050	-20.0 bp's	-4.0 bp's	+3.0 bp's
Thursday	5	\$3,500	3.1x	\$1,900	-19.0 bp's	-3.0 bp's	+1.0 bp's
Friday							
<b>This Week</b>	<b>34</b>	<b>\$26,523</b>	<b>2.5x</b>	<b>\$1,702</b>	<b>-14.3 bp's</b>	<b>+3.6 bp's</b>	<b>+0.0 bp's</b>
<b>Week Prior</b>		\$48,018	3.5x	\$3,164	-22.6 bp's	+10.2 bp's	-1.6 bp's
<b>YTD Weekly Average</b>		\$27,088	2.9x	\$2,280	-15.9 bp's	+5.0 bp's	-0.8 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
4/26	Baa1	BBB	COF	1250	3.0	110a	85#	85	(25)	(3)
4/26	Baa1	BBB	COF	750	7.0	150a	130#	130	(20)	(3)
4/26	Baa1	BBB+	SABALT	500	10.0	145a	130a	125	(20)	
4/26	Baa1	BBB+	SABALT	600	20.0	165a	155a	150	(15)	
4/26	Baa1	BBB+	SABALT	400	30.0	180a	170a	165	(15)	
4/25	A1	A+	CNOOC	450	5.0	125a	105-110	105	(20)	(3)
4/25	A1	A+	CNOOC	1000	10.0	160a	140-145	140	(20)	(5)
4/24		A-	PACLIF	650	5.0	120-125	115#	115	(8)	9
4/24	Ba1	BBB-	BACARD	750	7.1	160a	155#	155	(5)	2
4/24	Ba1	BBB-	BACARD	800	10.1	175a	175#	175	0	7
4/24	Ba1	BBB-	BACARD	350	20.1	200a	200#	200	0	7
4/24	Ba1	BBB-	BACARD	700	30.1	215a	215#	215	0	7
4/24	Baa3		GRTSJ	425	5.0	6.00%a	6.00%a	304.7	(13)	
4/24	Aa2	AA	KOROIL	397.5	5.1	165a	140#	140	(25)	5
4/24	Baa3	BBB-	PLBIII	500	5.0	4.85%a	4.75%#	-	(10)	32
4/24	A1	AA-	RY	1500	3.0	L equiv	L equiv	3mL+39	(13)	0
4/24	A1	AA-	RY	1500	3.0	L70s	62a	60	(13)	0
4/24	A1	A+	CHGRID	950	5.0	125a	100a	97.5	(28)	(6)
4/24	A1	A+	CHGRID	800	10.0	155a	135a	130	(25)	6
4/24	Baa1	BBB+	STI	850	7.0	120-125	110a	108	(15)	0
4/24	A1	AA-	USB	1000	3.0	L equiv	L equiv	3mL+32	(13)	2
4/24	A1	AA-	USB	1000	3.0	M-H60s	55a	53	(13)	2
4/24	A1	A+	USB	850	10.0	105-110	95#	95	(13)	4
4/23	Baa1	BBB	AUSGF	500	5.0	120a	110a	105	(15)	
4/23	Baa1	BBB	AUSGF	500	10.3	150a	140#	140	(10)	
4/23	A1	A	BK	750	5.0	80a	70#	70	(10)	8
4/23	A1	A	BK	500	10.0	105a	90#	90	(15)	4
4/23	A-	A-	BOCAVI	500	3.0	L+130a	L+105#	3mL+105	(25)	18
4/23	A1	A+	C	1500	2.0	L equiv	L+32#	3mL+32	(8)	(2)
4/23	A1	A+	C	2000	2.0	H60s	60#	60	(8)	(2)
4/23	A1	AA-	JACLIF	550	2.0			3mL+30		
4/23	Baa1	BBB+	KEY	750	10.0	125a	115#	115	(10)	3
4/23	Ba1	A-	NUE	500	10.0	125a	105a	100	(25)	3
4/23	Ba1	A-	NUE	500	30.0	150a	135a	130	(20)	5

## New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
KOROIL	4.200	6/1/2023	140.0	124	119	-16
BOCAVI	frn	5/2/2021	3mL+105	90	87	-15
STI	4.000	5/1/2025	108.0	102	100	-6
PACLIF	3.875	5/1/2023	115.0	112	107	-3
CHGRID	3.750	5/2/2023	97.5	95	92	-3
RY	frn	4/30/2021	3mL+39	37	33	-2
USB	frn	4/26/2021	3mL+32	30	27	-2
USB	3.150	4/26/2021	53.0	51	47	-2
USB	3.900	4/26/2028	95.0	93	92	-2
AUSGF	3.850	5/1/2023	105.0	103	98	-2
BK	3.500	4/28/2023	70.0	68	65	-2
BK	3.850	4/28/2028	90.0	88	85	-2
BACARD	4.450	5/15/2025	155.0	153	151	-2
SABALT	4.246	5/1/2028	125.0	124	121	-1
CHGRID	4.250	5/2/2028	130.0	129	126	-1
C	frn	5/1/2020	3mL+32	31	28	-1
C	3.050	5/1/2020	60.0	59	57	-1
COF	3.450	4/30/2021	85.0	85	84	+0
CNOOC	3.750	5/2/2023	105.0	105	103	+0
CNOOC	4.375	5/2/2028	140.0	140	138	+0
RY	3.200	4/30/2021	60.0	60	58	+0
AUSGF	4.350	8/1/2028	140.0	140	137	+0
NUE	3.950	5/1/2028	100.0	100	97	+0
NUE	4.400	5/1/2048	130.0	130	127	+0
COF	4.250	4/30/2025	130.0	131	129	+1
SABALT	4.682	5/1/2038	150.0	151	148	+1
SABALT	4.832	5/1/2048	165.0	166	163	+1
BACARD	5.300	5/15/2048	215.0	216	215	+1
BACARD	4.700	5/15/2028	175.0	178	175	+3
KEY	4.100	4/30/2028	115.0	118	115	+3
BACARD	5.150	5/15/2038	200.0	205	203	+5
				Best		-16
				Worst		+5
				Avg		-1.51

*** Hi Yield ***				
Issue	Price	Bid	Ask	Δ
RETAIL 5 3/8 05/02/23	99.676	100.650	101.000	+\$0.374
LIGTBZ 7 1/4 05/03/23	99.485	100.350	100.850	+\$0.865
GILHDG 8 1/2 05/02/23	100.000	100.650	101.150	+\$0.650
JAG 5 7/8 05/01/26	100.000	100.375	100.750	+\$0.375
SIGHCO 7 7/8 05/15/26	100.000	100.250	100.750	+\$0.250
HEARTL 8 1/2 05/01/26	100.000	100.250	100.750	+\$0.250
NFLX 5 7/8 11/15/28	100.000	100.000	100.250	-\$0.000
TRAGAS 6 3/4 05/02/25	99.725	99.500	100.000	-\$0.225
CNECN 7 1/4 05/03/25	100.000	99.125	99.625	-\$0.875
WEWORK 7 7/8 05/01/25	100.000	99.000	99.500	-\$1.000
KIONET 7 1/2 05/02/25	100.000	98.500	99.000	-\$1.500
			<b>Worst</b>	<b>-\$1.500</b>
			<b>Best</b>	<b>+\$0.374</b>
			<b>Avg</b>	<b>-\$0.021</b>

## 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	24,322.01	(0.33)	(140.93)	20,553.45	26,616.71	24,592.73	23,688.51
S&P 500	2,674.69	7.75	4.55	2,352.72	2,872.87	2,688.70	2,610.20
Nasdaq	7,118.55	(0.13)	(27.58)	5,996.82	7,637.27	7,215.74	6,827.94
VIX	15.63	(0.61)	(1.25)	8.56	50.30	18.79	13.41
Dealer Positions #	18,258		728	15,054	32,169	24,323	24,131
Oil	68.28	0.09	(0.1)	44.5	69.6	63.9	57.0
Gold	1322.48	5.68	(13.9)	1204.90	1366.15	1330.66	1303.91
10yr Tips B/E	2.175	(0.00)	(0.0)	1.66	2.20	2.11	1.96
SOFR	1.720%	0.0	(0.0)	1.70%	1.83%		
3mLibor	2.359%	(0.0)	(0.0)	1.17%	2.37%	2.18%	1.65%
OIS-Libor Spread	1.831%	0.0	0.0	0.98%	1.83%	1.70%	1.41%
2yr	2.486%	0.3	2.6	1.25%	2.49%	2.30%	1.82%
3yr	2.619%	(0.2)	0.1	1.37%	2.64%	2.45%	1.95%
5yr	2.803%	(1.0)	0.2	1.63%	2.84%	2.65%	2.20%
7yr	2.923%	(1.4)	0.9	1.87%	2.97%	2.79%	2.39%
10yr	2.961%	(2.0)	0.0	2.04%	3.03%	2.86%	2.50%
30yr	3.132%	(3.3)	(1.4)	2.66%	3.22%	3.09%	2.90%
2>5 Curve	31.4	(1.4)	(2.4)	28.2	58.9	34.7	38.3
2>10 Curve	47.3	(2.4)	(2.6)	41.1	106.4	54.8	67.7
5>10 Curve	15.7	(1.0)	(0.2)	12.3	48.5	19.9	29.3
5>30 Curve	32.7	(2.3)	(1.6)	29.0	117.5	43.4	69.4
10>30 Curve	16.9	(1.3)	(1.4)	15.8	69.4	23.4	39.9
2yr Swap	24.9	(0.7)	(3.6)	15.9	34.4	29.3	24.0
3yr Swap	21.2	(0.5)	(1.0)	14.8	29.0	24.3	20.9
5yr Swap	10.8	(0.2)	(1.0)	1.5	16.5	12.8	8.4
7yr Swap	2.5	(0.3)	(1.3)	-18.6	7.7	3.6	-0.4
10yr Swap	2.9	(0.2)	(0.6)	-9.7	6.2	2.8	-0.7
US IG OAS*	108	1.0	2.0	85	117	103	100
US HY OAS**	333	(3.0)	10.0	311	390	340	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	5750	5000	14800	9150	5098	59393	6500	2250	2500	110,440
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>8,950</b>	<b>24,138</b>	<b>33,894</b>	<b>83,100</b>	<b>29,263</b>	<b>222,213</b>	<b>28,595</b>	<b>25,090</b>	<b>5,250</b>	<b>460,491</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	5.2%	4.5%	13.4%	8.3%	4.6%	53.8%	5.9%	2.0%	2.3%	100%
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>2%</b>	<b>5%</b>	<b>7%</b>	<b>18%</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	2,200	2,893	1,735	4,395	5,822	1,480	1,900		23,250
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>9,990</b>	<b>12,910</b>	<b>12,438</b>	<b>14,060</b>	<b>22,945</b>	<b>14,142</b>	<b>3,430</b>	<b>10,280</b>	<b>2,300</b>	<b>102,495</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	12%	9%	12%	7%	19%	25%	6%	8%		100%
May										
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>10%</b>	<b>13%</b>	<b>12%</b>	<b>14%</b>	<b>22%</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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