

- Next Week

- IGM survey of syndicate desks is calling for \$20.8B next week despite the holiday shortened week. Estimates range from a low of \$15B to a high of \$26B.
- Potential names coming off roadshows include ASB Bank (5yr), DBS Group (10nc5/15nc10), Empresas CMPC, Hyundai Capital, and Takeda.
- 8 of the S&P500 report earnings, including CRM, HPQ, ADI, DLTR, DG, and COST
- **Economic/Fed Calendar: short but busy week!!**
 - **Monday** **** Memorial Day Holiday ****
 - **Tuesday** Consumer Confidence, Dallas Fed Mfg., Fed's Bullard speaks
 - **Wednesday** GDP, PCE, Personal Consumption, Fed Beige Book, **Fed Board Mtg to discuss Volcker rule changes**
 - **Thursday** Initial Jobless Claims, Continuing Claims, Personal Spending, Chicago Purchasing Managers, Fed's Bullard, Bostic and Brainard speak, **G-7 Meetings in Whistler**
 - **Friday** **Employment Data**, Markit PMI, ISM, **G-7 Meetings in Whistler**

- Last Week

- The IG market printed \$21.95B this week, 18% below expectations for \$26B+. Even that seems like an accomplishment given the slow start Monday and Tuesday and the early close Friday.
- Execution metrics were mixed and largely driven by the 6 tranche \$11.5B Vodafone deal priced on Wednesday. Atypical for a VOD deal, this one was large, skewed long, marketed conservatively and priced cheaply – and it performed. Overall marketing levels and new issue concessions were elevated over recent weeks and ytd experience but most significantly performed well. Concession monetization leads to positive momentum.
- The HY market printed \$2.81B across 8 tranches. Execution continues to be mixed. 4 of 8 deals printed toward the tight end of IPT's while the other 4 were pushed wider by 37.5 to 62.5 bp's. One deal (Ithaca Energy's \$350mm 5nc2 whispered in the mid 9%) was cancelled due to market conditions. Sticking with the process paid off for the buyers as this week's deals were up an average of ~5/8 point on Friday morning in a market that was otherwise weaker.
- **IG Fund Flows:** EPFR reported a \$272.38mm inflow to IG funds the week ending 5/23, down 92% from the week prior. The 4WMA is now \$1.773B, in contrast to 2017s weekly average of \$3.11B. The cumulative inflow to IG funds for 2018 is now \$40.013B.
- **HY Fund Flows:** EPFR reported an \$844.62B inflow to HY funds, ending a streak of two straight with outflows and marking a rare week that HY received a bigger inflow than IG. The 4WMA is now +\$223.12mm (1017 weekly average was -\$84.38mm). The cumulative outflow from HY funds so far this year is \$7.42B.
- **Dealer Positions:** Dealer inventory of corporate debt holding rebounded the week ending 5/16 by \$2.9B to \$19.715B. CP was down \$1.171B, HY was up \$316mm, so the biggest jump came in IG where inventories were up by \$3.755B to \$8.252B (+83%).
- **IG volume:** MTD volume is now \$116.085B and YTD we're at \$584.75B, down 7.8% from last year's 21 week total.
- **HY volume:** MTD volume is now \$14.84B and YTD we've reached \$117.74B, down 18.7% from last year's 21 week total.

- FWIW

- Incredible to read the number of articles I read and interviews I've watched in the last two weeks that cited how incredibly short the street was as part of their rationale for

rates going higher. In what universe do street short and higher yields belong in the same sentence? I too am in the higher yield camp, but we shouldn't be surprised that the 10yr has moved back toward 2.90% from 3.10%.

- Interesting bbg article quoting JPMIM's Bob Michele...
(Bloomberg) -- Emerging markets are "very exposed" to external risks, Bob Michele, JPMorgan Asset Management's global CIO and head of global fixed-income, says on Bloomberg TV.
* "Carmen Reinhart dropped an interesting stink bomb on the markets last week. I think she's right. It was an innocent comment. When you look at external debt to GDP pre-crisis 2007 it was 28 percent, now it's 39 percent. These economies have levered up and it's not clear they can absorb higher funding rates going forward."
* "It's very reminiscent of the taper tantrum. That proved to be a false dawn because rates didn't continue rising from there. In fact, they went to new lows in 2016. This time, we don't see that. Everything's been thrown in reverse. You won't see more QE. You won't see more rate cuts. In fact, you'll see the opposite."
* Says Asia is center of future EM growth and has best opportunities
* Emerging-market local debt will face most pressure on rising U.S. yields
- Push notice from Bleacher Report reminded me that it's been 25 years to the day that John Starks drove baseline and dunked over Horace Grant and Michael Jordan. OMG, ITS BEEN 25 YEARS SINCE THE KNICKS HAVE HAD A LEGIT HIGHLIGHT.
- Best wishes for a safe and happy Memorial Day weekend, and solemn respect for all who sacrificed in service.

Key Execution Metrics

Week 21 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	1	\$350					
Tuesday	5	\$2,300	3.0x	\$1,240	-14.8 bp's	-1.0 bp's	-2.0 bp's
Wednesday	15	\$17,700	3.0x	\$3,465	-19.8 bp's	+14.9 bp's	-4.5 bp's
Thursday	2	\$1,600	2.3x	\$1,750	-20.0 bp's	+6.0 bp's	+1.0 bp's
Friday							
This Week	23	\$21,950	2.9x	\$2,803	-18.7 bp's	+10.0 bp's	-3.7 bp's
Week Prior		\$33,755	2.9x	\$2,265	-15.1 bp's	+5.4 bp's	-1.7 bp's
YTD Weekly Average		\$27,821	2.8x	\$2,242	-15.6 bp's	+5.1 bp's	-1.1 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
5/24	Ba1	BBB	HNTOIL	600	10.0	H6% _s	6.50-6.625%	-	(25)	
5/24	Baa2	BBB	YARNO	1000	10.0	195a	185a	180	(15)	6
5/23	Baa1	BBB+	EFX	300	3.2	Lequiv	Lequiv	3mL+87	(15)	20
5/23	Baa1	BBB+	EFX	300	3.2	120a	110a	105	(15)	20
5/23	Baa1	BBB+	EFX	400	5.1	150a	140a	135	(15)	30
5/23	Baa3	BBB-	HRS	850	10.1	150-155	140-145	140	(13)	9
5/23		BBB-	ICLIT	600	20.0	6.50% _a		320.2	(13)	
5/23	Baa3		MCHP	1000	3.0	150-162.5	130a	125	(31)	
5/23	Baa3		MCHP	1000	5.0	175-187.5	155a	150	(31)	
5/23	Aa3	A	SANUK	750	3.0	Lequiv	L+62#	3mL+62	(15)	5
5/23	Aa3	A	SANUK	1000	3.0	95a	80#	80	(15)	5
5/23	Baa1	BBB+	VOD	1000	5.7	Lequiv	Lequiv	3mL+99	(25)	15
5/23	Baa1	BBB+	VOD	2000	5.7	135a	115a	110	(25)	15
5/23	Baa1	BBB+	VOD	1500	7.0	160a	140a	135	(25)	15
5/23	Baa1	BBB+	VOD	3000	10.0	175a	160a	155	(20)	15
5/23	Baa1	BBB+	VOD	1000	20.0	220a	205a	200	(20)	15
5/23	Baa1	BBB+	VOD	3000	30.0	235a	220a	215	(20)	15
5/22	Baa3	BBB-	SPR	300	3nc1	L+95a	L+85a	3mL+80	(15)	(11)
5/22	Baa3	BBB-	SPR	300	5.1	130a	110a	105	(25)	(4)
5/22	Baa3	BBB-	SPR	700	10.1	170a	160a	155	(15)	6
5/22	A1	AA-	USB	500	3nc2	Lequiv	Lequiv	3mL+29	(10)	2
5/22	A1	AA-	USB	500	3nc2	L60 _s	55a	53	(10)	2
5/21	Baa3	BBB	C	350	9.4			-		

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
MCHP	3.922	6/1/2021	125.0	115	113	-10
EFX	3.600	8/15/2021	105.0	98	95	-7
EFX	3.950	6/15/2023	135.0	128	124	-7
VOD	4.375	5/30/2028	155.0	148	145	-7
VOD	5.000	5/30/2038	200.0	193	191	-7
EFX	frn	8/15/2021	3mL+87	81	76	-6
MCHP	4.333	6/1/2023	150.0	144	142	-6
VOD	5.250	5/30/2048	215.0	209	207	-6
SPR	frn	6/15/2021	3mL+80	75	70	-5
VOD	4.125	5/30/2025	135.0	131	128	-4
VOD	frn	1/16/2024	3mL+99	96	93	-3
SANUK	frn	6/1/2021	3mL+62	61	58	-1
SPR	3.950	6/15/2023	105.0	104	101	-1
HRS	4.400	6/15/2028	140.0	140	138	+0
SPR	4.600	6/15/2028	155.0	155	152	+0
YARNO	4.750	6/1/2028	180.0	181	179	+1
VOD	3.750	1/16/2024	110.0	111	108	+1
SANUK	3.400	6/1/2021	80.0	82	79	+2
USB	3.104	5/21/2021	53.0	55	51	+2
USB	frn	5/21/2021	3mL+29	32	27	+3
ICLIT	6.375	5/31/2038	320.2	334	329	+14
Best						-10
Worst						+14
Avg						-2.25

*** Hi Yield ***				
Issue	Price	Bid	Ask	Δ
ALPTHR 8 3/4 06/01/23	99.010	100.500	101.500	+\$1.490
CSV 6 5/8 06/01/26	100.000	100.875	101.375	+\$0.375
CCRUCN 7 5/8 12/01/21	100.500	101.250	101.750	+\$0.750
TMXFIN 11 1/8 04/01/23	100.000	100.750	101.750	+\$0.750
MAT 6 3/4 12/31/25	96.250	96.625	97.125	+\$0.375
GHC 5 3/4 06/01/26	100.000	100.250	100.750	+\$0.250
CFG 6 PERP	100.000	100.250	100.500	+\$0.250
JWACCC 10 1/4 06/01/26	100.000	100.000	101.000	+\$0.000
Worst				+\$0.000
Best				+\$1.490
Avg				+\$0.392

Market Dashboard (a/o 12:00pm)

5/25/2018

		1 Day Change	1 Week Change
INDU	24,777.87	(33.89)	62.78
S&P 500	2,725.15	(2.61)	12.18
Nasdaq	7,441.17	16.74	86.83
VIX	12.89	0.36	(0.53)
Dealer Positions #	19,715		2,900
Oil	68.41	(2.30)	(3.0)
Gold	1303.16	(1.47)	10.1
10yr Tips B/E	2.105	(0.03)	(0.1)
SOFR	1.740%	0.1	
3mLibor	2.330%	0.0	0.0
OIS-Libor Spread	1.887%	(0.0)	(0.0)
2yr	2.482%	(2.8)	(6.7)
3yr	2.610%	(4.1)	(10.4)
5yr	2.768%	(4.7)	(12.1)
7yr	2.886%	(4.8)	(12.6)
10yr	2.934%	(4.4)	(12.3)
30yr	3.090%	(3.5)	(10.9)
2>5 Curve	28.3	(1.9)	(5.4)
2>10 Curve	44.9	(1.6)	(5.6)
5>10 Curve	16.5	0.3	(0.1)
5>30 Curve	32.1	1.2	1.3
10>30 Curve	15.5	0.8	1.5
2yr Swap	23.0	(0.0)	(1.1)
3yr Swap	18.8	0.1	0.8
5yr Swap	10.6	0.3	0.8
7yr Swap	2.9	0.2	0.5
10yr Swap	3.3	0.1	(0.0)
US IG OAS*	109	0.0	0.0
US HY OAS**	345	1.0	13.0

52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
20,942.57	26,616.71	24,402.59	23,965.78
2,403.59	2,872.87	2,674.17	2,632.79
6,081.96	7,637.27	7,198.32	6,921.56
8.56	50.30	17.12	13.82
15,054	32,169	23,877	23,758
45.2	72.9	67.3	58.9
1204.90	1366.15	1322.58	1307.72
1.66	2.21	2.14	1.99
1.65%	1.83%		
1.20%	2.37%	2.32%	1.74%
1.08%	1.90%	1.80%	1.48%
1.26%	2.59%	2.41%	1.94%
1.37%	2.76%	2.56%	2.07%
1.63%	2.94%	2.74%	2.31%
1.87%	3.07%	2.86%	2.48%
2.04%	3.11%	2.91%	2.58%
2.66%	3.25%	3.10%	2.93%
27.5	55.5	31.8	36.8
41.1	99.7	48.8	63.4
12.3	47.0	16.9	26.5
25.9	114.5	35.9	62.1
11.6	67.6	18.8	35.5
15.9	34.4	27.6	24.0
14.4	29.0	22.5	20.8
1.5	16.5	12.3	8.7
-18.6	7.7	3.8	0.2
-7.8	6.2	3.3	0.0
85	114	108	101
311	390	339	346

*- 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	20300	9150	5098	59393	7875	2250	3800	118,615
May	1600	13289	4926	23700	4650	41740	8455	14725	3000	116,085
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	10,550	37,426	44,319	106,800	33,913	263,953	38,425	39,815	9,550	584,751

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	4.8%	4.2%	17.1%	7.7%	4.3%	50.1%	6.6%	1.9%	3.2%	100%
May	1.4%	11.4%	4.2%	20.4%	4.0%	36.0%	7.3%	12.7%	2.6%	100%
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	2%	6%	8%	18%	6%	45%	7%	7%	2%	100%

* 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	4,795	5,822	1,480	1,900		23,650
May	1,610	105	2,250	3,625	2,850	1,950		1,550	900	14,840
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	11,600	13,015	14,688	17,685	26,195	16,092	3,430	11,830	3,200	117,735

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%	20%	25%	6%	8%		100%
May	11%	1%	15%	24%	19%	13%		10%	6%	100%
Jun										
Jul										
Aug										
Sep										
Oct										
Nov										
Dec										
Total	10%	11%	12%	15%	22%	14%	3%	10%	3%	100%

* Source - R. Seelaus, Informa, Bloomberg

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