

- IGM survey of syndicate desks is looking for a pickup in activity next week, calling for \$27.36B of IG supply. Estimates came in a wide range with a low of \$15B to a high of \$35B. Actual volume has been below estimated supply for the past three weeks.
- Names that have road-showed within the past month and potential issuers include Antares, Freeport LNG, Hyundai Capital Services, Industrial Bank of Korea, Korea Hydro, Posco, and Woori Bank.
- Earnings season picks up with 61 of the S&P500 companies reporting, including **BAC, GS, USB, MS, AXP, IBM, PM, and GE.**
- **Economic/Fed Calendar: Focus on Powell Congressional testimony, Beige Book**
 - **Monday** Retail Sales
 - **Tuesday** Industrial Production, Capacity Utilization, TIC Flows, Fed Chairman Powell Senate Panel
 - **Wednesday** Housing Starts, Fed Chairman Powell House Panel, Fed Beige Book
 - **Thursday** Initial Jobless Claims, Continuing Claims, Leading Index, Fed's Quarles speaks
 - **Friday** Fed's Bullard speaks
- **Last Week**
 - It was a quiet week, but the busiest one in the last three. The IG market priced \$11.9B across 17 tranches, 32% below expectations for \$17.5B coming into the week. Execution metrics were soft, underscoring the uncertain backdrop we've been stuck in. That said, in a positive sign for next week, spreads firmed on the week and the calendar performed well, breaking 1.2 bp's tighter and finishing the week 2.75 bp's tighter on average.
 - The HY market printed \$4.775B across 7 deals, the largest of which (CS's \$2B perp-nc5 AT1 deal probably should be counted as IG). Pricing was firm with 5 of the deals printing at the tight end of talk or tighter, and performance was strong. All 7 deals priced traded up by an average of 1 point. The CS deal was the outperformer, trading up 2 points.
 - **IG Fund Flows:** EPFR reported \$3.276B of inflows to IG funds the week ending 7/11, the largest weekly increase since mid May. The weekly average for 2018 is now +\$1.579B, down from +\$3.106B in 2017. The cumulative inflow to IG in 2018 is now +\$44.203B.
 - **HY Fund Flows:** EPFR reported an inflow of \$1.753B the week ending 7/11, the 2nd biggest weekly inflow of the year. HY had suffered outflows in 8 of the 11 prior weeks. The weekly average is now -\$299.75mm, down from a weekly average of -\$84.38mm in 2017.
 - **Dealer Positions:** Dealer inventories declined by \$1.125B to \$18.617B the week ending 7/4th according to the NY Federal Reserve Bank. Dealer inventory has declined 25% over the two week period ending 7/4 as the drop in primary supply forced investors into the secondary market.
 - **IG volume:** YTD IG volume is now \$712.6B, down \$59.3B and 7.64% from the 1st 28 weeks of 2017.
 - **HY volume:** YTD HY volume is now \$138.5B, down \$48.9B and 26.1% from the 1st 28 weeks of 2017.
- **FWIW**
 - As of this second, the Dow just crossed Dow 25K for the 13th time since January (odd events are a lot better than even ones). Other than one spasm above and one below, the 10yr has traded within a roughly 2.80-3.00% range since February. **Is it possible the market is seeing through the headlines, or are we just churning until one of these risks**

(tariffs, trade, N Korea, Iran, Russia, China, midterms) breaks things one way or the other?

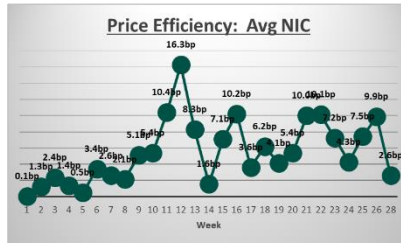
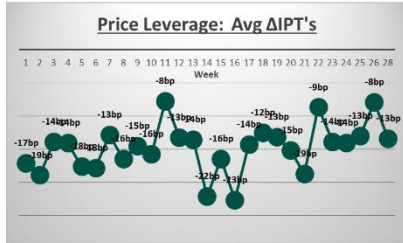
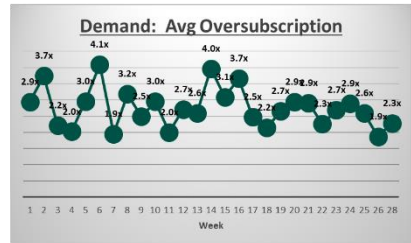
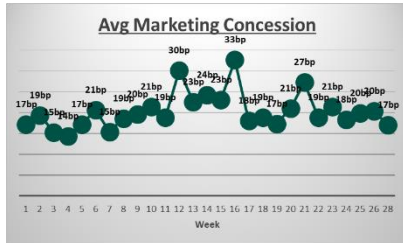
- We've been below anyone's perception of NAIRU for months and have also now surpassed the Fed's target inflation rate. The Fed's raised rates twice so far this year and the market is increasingly expecting two more for 2018. And the net result is slightly wider spreads and flatter curves. IG spreads are 35 wider and HY spreads are 25 wider since February. 5s>10s is 10 bp's and 10s>30s is 10 bp's. **Will anything the Fed does matter before they've removed A LOT more excess liquidity from the market?**
- An interesting perspective on trade (and an virtually ignored risk) from Mohamad El-Erian highlighted in a CNBC interview on Tuesday.
 - "When people realize that at the end of the day, the U.S. will prevail, because [China] is a less open economy, because [the U.S.] is a more dynamic economy, that ultimately you may end up in a situation where the U.S.' position in global economic terms is better off," he said.
 - Still, some fear that Trump's nontraditional negotiating tactics may have gone too far. El-Erian said as long as the risks are managed, "One of the upside risks, is that you may end up changing the global landscape in a way that favors the U.S. Because countries will realize, if we slip into a trade war, while everybody suffers, [the] U.S. does better in relative terms," he said.
 - "The rest of the world is less solid than the U.S.," El-Erian said."
- I admit I was rooting for England in the World Cup. But seriously, **does anyone think for a second England would know what to do if they won something?**

Key Execution Metrics

Week 28 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday							
Tuesday	7	\$5,200	2.1x	\$1,464	-12.0 bp's	-0.8 bp's	-0.7 bp's
Wednesday	3	\$1,750	2.0x	\$1,150	-10.8 bp's	+2.0 bp's	-1.0 bp's
Thursday	7	\$4,950	2.6x	\$1,721	-15.9 bp's	+6.3 bp's	-1.8 bp's
Friday							
This Week	17	\$11,900	2.3x	\$1,515	-13.4 bp's	+2.6 bp's	-1.2 bp's
Week Prior		\$0	0.0x	\$0	0.0 bp's	+0.0 bp's	+0.0 bp's
YTD Weekly Average		\$25,433	2.8x	\$2,202	-15.1 bp's	+5.4 bp's	-1.0 bp's

* source - R. Seelaus, Informa, Bloomberg

Execution Dashboard



Weekly Deal Summary

Date	MDY	S&P	Size	Ticker	Tenor	IPT's	Guidance	Spread	Δ IPT	NIC
7/12	Aa2	AA	500	KOEWPW	5.0	145a	125a	122.5	(23)	9
7/12	A2	A	450	BRKHEC	30.5	150a	137.5a	135	(15)	
7/12	A1	A-	500	SUMIBK	5.0	L equiv	L equiv	3mL+86	(15)	6
7/12	A1	A-	750	SUMIBK	5.0	115a	105a	100	(15)	6
7/12	A1	A-	750	SUMIBK	10.0	130a	115a	110	(20)	5
7/12	Aa2	AA-	400	TD	5.0	L equiv	L equiv	3mL+64	(12)	6
7/12	Aa2	AA-	1600	TD	5.0	90a	80a	78	(12)	6
7/12	B3	B-	450	HRDRCK	6nc3	rvsd 12% @ \$98.00		-	73	
7/12	Ba3	BB-	475	GSYCN	4.4nc1.4	\$105.00a	\$105.00-105.25	-	0	
7/11	A2	A+	750	HNDA	1.9	L equiv	L equiv	3mL+26	(10)	0
7/11	A2	A+	500	HNDA	1.9	60a	50#	50	(10)	0
7/11	A2	A+	500	HNDA	5.0	85-90	75#	75	(13)	6
7/10	A1	A+	1000	BMO	2.0	70-75	60a	58	(15)	(1)
7/10	A1	A+	1250	BMO	2.0	L equiv	L equiv	3mL+34	(15)	(1)
7/10	Ba2	BB	500	DCP	7.0	5.50%a	5.25-5.50%	254	(13)	
7/10	Baa1	A-	350	LIFEVT	50nc30	225a/5.22%		228.4	3	
7/10	A1	A+	600	BRKHEC	30.5	L130s	120a	117	(16)	5
7/10	Ba1	BB+	500	QRVO	8nc3	5.50-5.75%	5.50-5.75%	265	(13)	
7/10	B1	BB-	250	SIMFOO	5.5nc2.5	L8s	7.75%a	494	(50)	
7/10	Aa3	AA-	750	TOYOTA	3.0	60-65	52a	50	(13)	0
7/10	Aa3	AA-	750	TOYOTA	5.0	75-80	67a	65	(13)	(3)
7/10	Aa3	AA-	500	TOYOTA	10.0	95-100	82a	80	(18)	(5)
7/10	B1	BB-	600	RIG	7nc3	6.50% @ \$99.00	6.25% @ \$99.00	-	(38)	
7/9		BB-	2000	CS	perp-nc5	7.75%a	7.70%#	-	(25)	15

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
KOEWPW	3.875	7/19/2023	122.5	115	113	-8
SUMIBK	frn	7/19/2023	3mL+86	79	76	-7
BMO	3.100	7/13/2020	58.0	53	51	-5
BRKHEC	4.125	1/15/2049	117.0	112	110	-5
HNDA	3.450	7/14/2023	75.0	71	68	-4
BMO	frn	7/13/2020	3mL+34	30	27	-4
TD	3.500	7/19/2023	78.0	75	72	-3
TD	frn	7/19/2023	3mL+64	62	59	-2
HNDA	3.000	6/16/2020	50.0	48	45	-2
LIFEVT	5.250	7/19/2068	228.4	227	222	-1
BRKHEC	4.300	1/15/2049	135.0	134	131	-1
SUMIBK	3.748	7/19/2023	100.0	99	96	-1
HNDA	frn	6/16/2020	3mL+26	25	20	-1
TOYOTA	3.183	7/20/2021	50.0	49	46	-1
SUMIBK	3.944	7/19/2028	110.0	110	107	+0
TOYOTA	3.669	7/20/2028	80.0	80	75	+0
TOYOTA	3.419	7/20/2023	65.0	67	64	+2
Best						-5
Worst						+0
Avg						-2.75

*** Hi Yield ***				
Issue	Price	Bid	Ask	Δ
SIMFOO 7 3/4 01/15/24	100.000	102.375	103.250	+\$2.375
CS 7 1/2 PERP	100.000	102.000	102.250	+\$2.000
RIG 6 1/8 08/01/25	99.000	100.125	100.500	+\$1.125
HRDRCK 12 07/15/24	97.000	98.000	98.750	+\$1.000
DCP 5 3/8 07/15/25	100.000	100.750	101.250	+\$0.750
GSYCN 7 7/8 11/01/22	105.000	105.250	105.875	+\$0.250
QRVO 5 1/2 07/15/26	100.000	100.000	100.625	+\$0.000
Worst				+\$0.000
Best				+\$2.375
Avg				+\$1.071

Market Dashboard (a/o 1:20pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	25,008.43	83.54	551.95	21,471.14	26,616.71	24,674.11	24,413.92
S&P 500	2,802.88	4.59	43.06	2,417.35	2,872.87	2,734.12	2,679.34
Nasdaq	7,819.78	(4.14)	131.39	6,177.19	7,843.53	7,525.67	7,131.13
VIX	12.35	(0.23)	(1.02)	8.56	50.30	13.88	14.20
Dealer Positions #	18,617		(1,125)	15,054	32,169	23,492	23,276
Oil	71.13	0.80	(2.7)	47.4	75.3	69.3	61.7
Gold	1241.22	(6.17)	(14.3)	1214.90	1366.15	1282.73	1302.13
10yr Tips B/E	2.119	0.00	(0.0)	1.73	2.21	2.14	2.05
SOFR	1.900%	0.0	(0.1)	1.65%	2.12%	1.81%	
3mLibor	2.339%	0.0	0.0	1.30%	2.37%	2.33%	1.92%
OIS-Libor Spread	1.966%	0.0	0.0	1.15%	1.97%	1.91%	1.61%
2yr	2.580%	(0.8)	4.1	1.26%	2.59%	2.53%	2.14%
3yr	2.656%	(1.9)	2.5	1.37%	2.76%	2.65%	2.27%
5yr	2.727%	(2.0)	0.9	1.63%	2.94%	2.79%	2.48%
7yr	2.798%	(1.7)	0.8	1.87%	3.07%	2.89%	2.62%
10yr	2.832%	(1.6)	0.9	2.04%	3.11%	2.93%	2.70%
30yr	2.936%	(1.0)	0.6	2.66%	3.25%	3.07%	2.98%
2>5 Curve	14.5	(1.2)	(3.3)	14.2	53.7	25.4	33.5
2>10 Curve	24.9	(0.7)	(3.2)	24.5	99.3	39.5	55.2
5>10 Curve	10.2	0.6	0.0	9.1	46.7	13.9	21.6
5>30 Curve	20.8	1.0	(0.2)	18.6	108.4	27.7	49.6
10>30 Curve	10.4	0.6	(0.2)	9.1	62.4	13.6	27.8
2yr Swap	22.8	(0.5)	(2.6)	15.9	34.4	25.2	24.2
3yr Swap	20.0	0.3	(2.1)	14.4	29.0	21.0	21.1
5yr Swap	14.1	0.1	(1.4)	1.5	16.5	13.1	9.9
7yr Swap	7.5	(0.2)	(1.2)	-18.6	9.6	5.7	2.0
10yr Swap	6.8	(0.2)	(1.4)	-7.8	8.4	5.6	1.9
US IG OAS*	119	0.0	(3.0)	85	124	115	102
US HY OAS**	348	(6.0)	(18.0)	311	390	345	342

*- 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	24000	4650	43240	9405	16525	3200	120,835
Jun		6500	18300	24900	9250	32981	8540	9755	1000	111,226
Jul			3750		450	6600	1100			11,900
Aug										
Sep										
Oct										
Nov										
Dec										
Total	10,550	43,926	66,369	132,000	43,613	305,033	49,015	51,370	10,750	712,627

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	1.3%	11.0%	4.1%	19.9%	3.8%	35.8%	7.8%	13.7%	2.6%	100%
Jun		5.8%	16.5%	22.4%	8.3%	29.7%	7.7%	8.8%	0.9%	100%
Jul			31.5%		3.8%	55.5%	9.2%			100%
Aug										
Sep										
Oct										
Nov										
Dec										
Total	1%	6%	9%	19%	6%	43%	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	4,025	3,250	1,950		1,650	900	15,740
Jun	975	310	3,550	1,783	2,000	3,520	350	2,150	500	15,138
Jul			450	250	1,100	2,475			500	4,775
Aug										
Sep										
Oct										
Nov										
Dec										
Total	12,575	13,325	18,688	20,118	29,695	22,087	3,780	14,080	4,200	138,547

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	10%	1%	14%	26%	21%	12%		10%	6%	100%
Jun	6%	2%	23%	12%	13%	23%	2%	14%	3%	100%
Jul			9%	5%	23%	52%			10%	100%
Aug										
Sep										
Oct										
Nov										
Dec										
Total	9%	10%	13%	15%	21%	16%	3%	10%	3%	100%

* Source - R. Seelaus, Informa, Bloomberg

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