

- Next Week

- The IGM survey of syndicate desks is calling for \$22.13B of new IG supply next week, with estimates ranging from \$15 to \$30B.
- Past the peak in earnings. 43 of the S&P500 report next week including DISCA, DIS, FOXA, CTL, VIAB, NWSA, SRE, AES, PPL, SO, and EVRG.
- 316-56-3. Of the 375 companies to have reported, 316 have beat by an average of 10.6% and 56 have missed by an average of 12.0%.
- **Economic/Fed Calendar: Quiet week – Focus on Inflation Data**
  - **Monday**
  - **Tuesday**
  - **Wednesday** Fed's Barkin speaks
  - **Thursday** Initial Jobless Claims, **PPI**, Wholesale Inventories
  - **Friday** **CPI**, Monthly Budget Statement

- Last Week

- Another disappointing volume week, but a pretty impressive one from an execution standpoint. IG new issue volume was only \$14.6B (20% below expectations for \$18.21B), the 5<sup>th</sup> week out of 6 that volume has been lower than expected. That said execution tightened up considerably. Average book sizes were up and the 4.3x avg oversubscription level was the highest of the year and well above the 2.8x ytd avg. Pricing leverage was strong and for the first time this year, average new issue concessions were negative. Underscoring the positive message, this week's deals were 3.50 bp's tighter on average at week's end.
- Activity in HY was subdued again, with 6 deals totaling \$3.365B priced through Thursday and one for \$350mm queued for Friday. Five of the six printed at the mid or better than IPT's and one suffered significant pushback (Intrepid Aviation printed \$500mm 3nc1 at 8.50% after beginning marketing at 6.50%a). Performance was strong with this week's deals up an average of 1 point Friday morning.
- **IG Fund Flows:** EPFR reported a \$2.433B inflow into IG funds the week ending 8/1, the fourth consecutive week of positive flows. The 4WMA is now +\$2.28B, above the ytd weekly average of +\$1.614B but well below the \$3.105B weekly average in 2017. The cumulative inflow this year into IG funds is now +\$50.043B.
- **HY Fund Flows:** EPFR reported a \$266.92mm inflow into HY funds the week ending 8/1, the second straight week of positive flows. The 4WMA is now +\$496.22mm well above the weekly average outflow of -\$263.28mm. The cumulative outflow from HY funds is now -\$8.162B.
- **Dealer Positions:** Dealer inventories increased slightly the week ending 7/25 according to data supplied by the NY Federal Reserve Bank. Overall inventories were up 2% to \$13.195B but remain near the lows of the year. If there's anything interesting in the data this week it's the shift from the long bucket (IG Corps >10yr were down week over week by 70% to \$568mm) to the intermediate one (IG Corps maturing between 5 and 10yr jumped 101% from net short \$2.153B to net positive \$12mm). Clearly the reach for yield continues.
- **IG volume:** Final volume for July was a disappointing \$63.58B, down 43% from June and 49% from July 2017. YTD volume is now \$773B, \$109B and 12% behind last year's 31 week tally.
- **HY volume:** July HY volume was \$11.2B, the quietest month of the year. YTD volume is now \$148B, \$62B and 30% behind last year's pace.

- FWIW

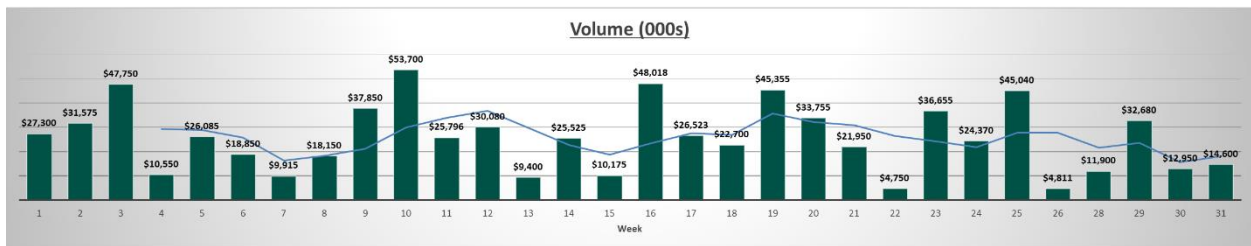
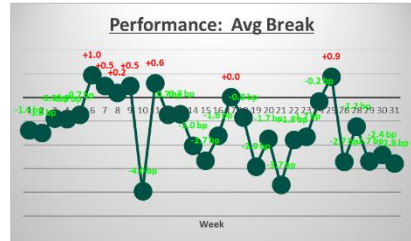
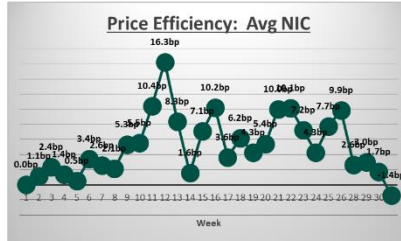
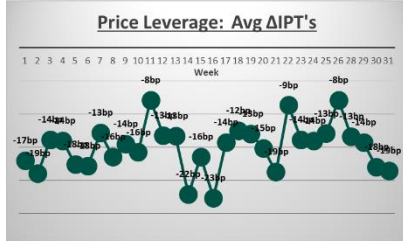
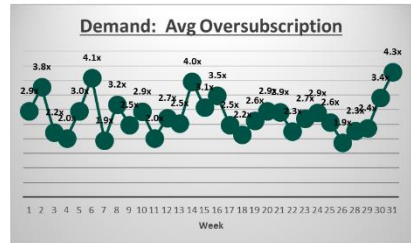
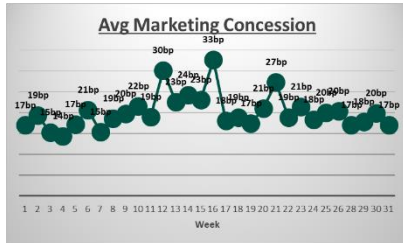
- 10yr yield continued to creep toward 3% and the yield curve has steepened ever so slightly over the past two weeks as investors factor in policy shifts from the Bank of Japan and the ECB. It has not impacted investor psychology surrounding “low rates indefinitely” however as investors continue to reach for yield and the pronounced drop in supply has them scrambling even more.
- Can it continue? From Wednesday’s WSJ: “Looming trillion-dollar federal budget deficits are boosting the U.S. Treasury’s borrowing and could restrain a fast-growing economy as the cost of credit rises. The Treasury Department said it would boost auctions of U.S. debt by an additional \$30 billion over the next three months. Over the remainder of the year the government will borrow 63% more than during the same six-month period last year, Josh Zumbrun and Daniel Kruger report. Deficits are rising in part because spending has been ramped up and in part because corporate and individual tax rates were cut last year. The yield on the benchmark 10-year U.S. Treasury note, used as a reference for everything from mortgages to student loans, breached 3% for the first time since June.”

## Key Execution Metrics

Week 31 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	8	\$2,950	6.0x	\$2,025	-21.3 bp's	-3.9 bp's	+0.8 bp's
Tuesday	3	\$2,850	1.9x	\$1,733	-18.3 bp's	+2.0 bp's	-1.5 bp's
Wednesday	2	\$900	3.2x	\$1,400	-12.5 bp's	-10.0 bp's	-2.5 bp's
Thursday	7	\$7,900	3.5x	\$4,050	-17.3 bp's	+0.8 bp's	-7.3 bp's
Friday							
<b>This Week</b>	<b>20</b>	<b>\$14,600</b>	<b>4.3x</b>	<b>\$2,553</b>	<b>-18.5 bp's</b>	<b>-2.7 bp's</b>	<b>-2.5 bp's</b>
<b>Week Prior</b>		\$12,950	3.4x	\$2,056	-18.0 bp's	+1.7 bp's	-2.4 bp's
<b>YTD Weekly Average</b>		\$24,923	2.8x	\$2,204	-15.2 bp's	+5.1 bp's	-1.2 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
8/2	A3	BBB	600	DTE	5.0	110a	90a	88	(22)	(5)
8/2	Baa3	BB	1000	ESKOM	10.0	6.50-6.625%	6.35%#	336.4	(21)	
8/2	B3	CCC+	500	ESKOM	10.0	8.625-8.75%	8.45%#	546.4	(24)	
8/2	Ba3	BB-	500	FSEFPD	5.0	8.00%a	8.00%a	515	0	
8/2	Ca	CCC-	1250	INTEL	4.5	9.75% @ \$98.00	9.50-9.75%	716.5	(32)	
8/2		BBB	235	OAK	perp-nc5	6.625%a	6.55%#	-	(13)	
8/2	A3	BBB	500	PCG	5.0	155a	145#	145	(10)	0
8/2	A3	BBB	300	PCG	10.0	180-185	170-175	170	(13)	7
8/2	B3	B	315	PGTI	8nc3	7.00%a	6.75%a	-	(25)	
8/2	Ba1	BBB-	1800	SANLTD	5.0	200a	175#	175	(25)	
8/2	Ba1	BBB-	1800	SANLTD	7.0	235a	225a	220	(15)	
8/2	Ba1	BBB-	1900	SANLTD	10.0	260a	250a	245	(15)	
8/1			60	GLP	perp-nc5			-		
8/1	Aaa	AA+	400	NYLIFE	3.0	L equiv	L+32#	3mL+32	(13)	(10)
8/1	Aaa	AA+	500	NYLIFE	3.0	62.5a	50#	50	(13)	(10)
7/31	A3	BBB+	500	AXP	5.0	L equiv	L equiv	3mL+75	(15)	6
7/31	A3	BBB+	1850	AXP	5.0	100-105	90a	87.5	(15)	6
7/31	B2	B	300	WLSC	5nc2	L-M7s	7.00-7.25%	403	(50)	
7/31	A2	A+	500	NTRS	10.0	95a	72a	70	(25)	(5)
7/30	Aa2	A+	400	BMO	1.5			3mL+18		
7/30			33.5	BCBP	10nc5			-		
7/30		B	500	INTAVI	3nc1	6.50%a	8.50%a	-	200	
7/30	Baa1	BBB+	300	NSC	7.0	95a	80a	75	(20)	(10)
7/30	Baa1	BBB+	400	NSC	10.0	105a	90a	85	(20)	(6)
7/30	Baa1	BBB+	200	NSC	29.6	135a	120a	115	(20)	(10)
7/30	Baa1	BBB+	600	NSC	100.0	225a	205a	200	(25)	(10)
7/30	Baa1	BBB+	300	R	2.8	95a	80a	75	(20)	0
7/30	Aa3	A	300	EIX	7.0	105-110	85a	80	(28)	0
7/30	Aa3	A	550	EIX	29.6	140-145	130a	125	(18)	5
7/30	Baa3	BBB	300	WOORIB	10.0	240a	220-225	220	(20)	0

## New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
ESKOM	6.350	8/10/2028	336.4	324	317	-12
SANLTD	5.125	8/8/2025	220.0	208	205	-12
SANLTD	4.600	8/8/2023	175.0	166	164	-9
SANLTD	5.400	8/8/2028	245.0	238	235	-7
PCG	4.650	8/1/2028	170.0	165	162	-5
NYLIFE	frn	8/6/2021	3mL+32	27	22	-5
PCG	4.250	8/1/2023	145.0	141	137	-4
EIX	3.700	8/1/2025	80.0	76	74	-4
AXP	3.700	8/3/2023	87.5	84	81	-4
DTE	3.700	8/1/2023	88.0	85	82	-3
NSC	3.650	8/1/2025	75.0	72	69	-3
R	3.500	6/1/2021	75.0	72	69	-3
AXP	frn	8/3/2023	3mL+75	73	70	-2
NSC	3.800	8/1/2028	85.0	83	80	-2
EIX	4.125	3/1/2048	125.0	124	120	-1
NYLIFE	3.250	8/6/2021	50.0	50	48	+0
NSC	5.100	8/1/2118	200.0	200	197	+0
NTRS	3.650	8/3/2028	70.0	71	68	+1
NSC	4.150	2/28/2048	115.0	117	114	+2
WOORIB	5.125	8/6/2028	220.0	223	220	+3
Best						-12
Worst						+3
Avg						-3.50

*** Hi Yield ***					
Issue	Price	Bid	Ask	Δ	
ESKOM 8.45 08/10/28	100.000	102.000	102.500	+\$2.000	
INTEL 9 1/2 02/15/23	98.250	99.750	100.000	+\$1.500	
PGTI 6 3/4 08/01/26	100.000	101.500	102.250	+\$1.500	
INTAVI 8 1/2 08/15/21	100.000	100.750	101.250	+\$0.750	
FSEPFD 7 1/2 08/15/23	97.973	98.500	99.000	+\$0.527	
WLSC 6 7/8 08/15/23	100.000	100.000	100.250	+\$0.000	
Worst				+\$0.000	
Best				+\$2.000	
Avg				+\$1.046	

## Market Dashboard (a/o 1:55pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	25,428.37	102.21	(22.69)	21,600.34	26,616.71	24,873.84	24,607.08
S&P 500	2,834.90	7.68	16.08	2,417.35	2,872.87	2,769.00	2,700.20
Nasdaq	7,802.15	(0.54)	64.73	6,177.19	7,933.31	7,670.75	7,225.48
VIX	11.64	(0.55)	(1.39)	8.56	50.30	13.49	14.42
Dealer Positions #	13,195		267	12,928	32,169	22,796	22,923
Oil	68.3	(0.66)	(0.4)	47.6	73.0	68.0	62.5
Gold	1215.49	7.66	(8.7)	1204.58	1366.15	1259.11	1297.58
10yr Tips B/E	2.123	(0.01)	(0.0)	1.74	2.21	2.12	2.07
SOFR	1.910%	0.0	0.0	1.65%	2.12%	1.86%	
3mLibor	2.341%	(0.0)	0.0	1.31%	2.37%	2.33%	1.99%
OIS-Libor Spread	2.024%	0.0	0.0	1.15%	2.02%	1.95%	1.67%
2yr	2.647%	(1.7)	(2.4)	1.26%	2.68%	2.56%	2.22%
3yr	2.735%	(2.8)	(2.7)	1.37%	2.78%	2.66%	2.35%
5yr	2.820%	(3.5)	(2.0)	1.63%	2.94%	2.77%	2.54%
7yr	2.906%	(3.5)	(1.2)	1.87%	3.07%	2.86%	2.67%
10yr	2.957%	(3.0)	0.2	2.04%	3.11%	2.90%	2.74%
30yr	3.101%	(1.8)	1.8	2.66%	3.25%	3.03%	2.99%
2>5 Curve	17.0	(1.9)	0.4	13.5	48.4	21.1	31.5
2>10 Curve	30.7	(1.4)	2.6	23.6	92.9	34.0	51.4
5>10 Curve	13.5	0.6	2.2	9.1	45.5	12.7	19.7
10>30 Curve	14.3	1.2	1.6	9.1	62.4	13.0	24.8
2yr Swap	22.3	(0.0)	2.0	15.9	34.4	24.6	24.0
3yr Swap	20.0	0.7	2.5	14.4	29.0	21.1	20.7
5yr Swap	14.7	0.6	2.5	1.5	16.5	14.0	10.4
7yr Swap	8.6	0.8	2.4	-18.6	9.6	7.0	2.6
10yr Swap	7.5	0.5	1.6	-7.8	8.4	6.4	2.6
US IG OAS*	109	0.0	(2.0)	85	124	117	103
US HY OAS**	333	0.0	(5.0)	311	390	347	341

\*- 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	500		3750	1250	450	49880	3900	3850		63,580
Aug			5500			900	2400			8,800
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>11,050</b>	<b>43,926</b>	<b>71,869</b>	<b>133,250</b>	<b>43,613</b>	<b>349,213</b>	<b>54,215</b>	<b>55,220</b>	<b>10,750</b>	<b>773,107</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	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	0.8%		5.9%	2.0%	0.7%	78.5%	6.1%	6.1%		100%
Aug			62.5%			10.2%	27.3%			100%
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>1%</b>	<b>6%</b>	<b>9%</b>	<b>17%</b>	<b>6%</b>	<b>45%</b>	<b>7%</b>	<b>7%</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	4,795	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	3,250	350	2,150	500	15,138
Jul	450	1,750	1,750	850	2,950	2,475	500		500	11,225
Aug		1,250				500	500	315		2,565
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>13,025</b>	<b>16,325</b>	<b>19,988</b>	<b>20,718</b>	<b>31,545</b>	<b>22,587</b>	<b>4,780</b>	<b>14,395</b>	<b>4,200</b>	<b>147,562</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%	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	4%	16%	16%	8%	26%	22%	4%		4%	100%
Aug		49%				19%	19%	12%		100%
Sep										
Oct										
Nov										
Dec										
<b>Total</b>	<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>14%</b>	<b>21%</b>	<b>15%</b>	<b>3%</b>	<b>10%</b>	<b>3%</b>	<b>100%</b>

\* Source - R. Seelaus, Informa, Bloomberg

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**Jim Brucia, CFA**

t: 908.273.0782 | m: 908.447.4080

**R. Seelaus & Co., Inc.** | 25 Deforest Avenue, Suite 304 | Summit, NJ 07901

jimbrucia@rseelaus.com Connect with us: [Facebook](#) | [Twitter](#) | [YouTube](#)

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