

- **Next Week**

- The IGM survey of syndicate desks is calling for \$27.42B of new IG supply next week, with estimates ranging from \$20 to \$31B.
- Names that have or will be road-showing and are potential issuers for next week include DP World, Hyundai Capital Services, Interpublic Group, Interstate P&L, International Flavors and Fragrances, Nestle Holdings, Sasol Ltd, and Suzano Austria.
- 10 members of the S&P500 report earnings – ORCL, FDX, LEN, AZO, GIS, CPRT, RHT, CCL, DRI, MU.
- **Economic/Fed Calendar: Quiet data week**
 - **Monday**
 - **Tuesday**
 - **Wednesday** Housing Starts
 - **Thursday** Philly Fed, Initial Jobless Claims, Continuing Claims, Leading Index, Existing Home Sales
 - **Friday** Markit PMI

- **Last Week**

- The market remained busy this week, printing \$33.925B of IG volume, 16% above expectations for \$29B coming in. Despite some signs of indigestion late the prior week, execution metrics firmed up on the margin. Oversubscription levels (2.8x vs 2.5x), pricing leverage (-15.5 bp's vs -14.7 bp's) and new issue concessions (+3.9 bp's vs +6.1 bp's) all better week over week. This week's deals broke an average of 1.6 bp's tighter and finished the week a strong 3.4 bp's tighter.
- The HY market printed 3 deals totaling \$1.3B through Thursday with another 5 for \$1.45B queued for pricing on Friday. All three priced at or well through the tight end of IPT's, the most dramatic being Pacific Drilling's \$250mm pik/toggle note which priced 125 bp's inside the mid-point of IPT's. This week's deals finished the week an impressive 1.75 bp's higher on average.
- **IG Fund Flows:** EPFR reported a \$2.710B inflow into IG funds the week ending 9/12, the 10th consecutive week of inflows. The 4WMA is now +\$1.755B, above the 2018 weekly average of +\$1.706B but below the 2017 weekly average of +\$3.105B. The cumulative inflow to IG funds for the year is now +\$60.543B.
- **HY Fund Flows:** EPFR reported a \$181.61mm outflow from HY funds the week ending 9/12, the 2nd consecutive week of outflows after 6 straight with inflows. The 4WMA is now -\$101.02mm, above both the 2018 weekly average of -\$201mm and the 2017 weekly average of -\$156mm. The cumulative outflow for 2018 is now -\$7.448B.
- **Dealer Positions:** Dealer inventories increased 10% (\$1.626B) to \$18.146B the week ending 9/05 according to data released by the NY Federal Reserve Bank. The entire increase came from a 20% jump (\$1.679B) in holdings of commercial paper. IG (-\$436mm) and HY (+\$383mm) offset each other.
- **IG volume:** MTD IG volume is now \$89.9B and YTD IG volume \$945B, down \$110B and 10.4% from the same period in 2017.
- **HY volume:** MTD HY volume is now \$8.1B and YTD HY volume is \$169B, down \$76B and 31% from the first 37 weeks of 2017.

- **FWIW**

- The two standout performers in IG this week were BBB rated 3yr floaters from Wabtec and Hewlett Packard Enterprises which both tightened 20 bp's. Short duration assets with some spread are really attractive assets for defensive asset managers.

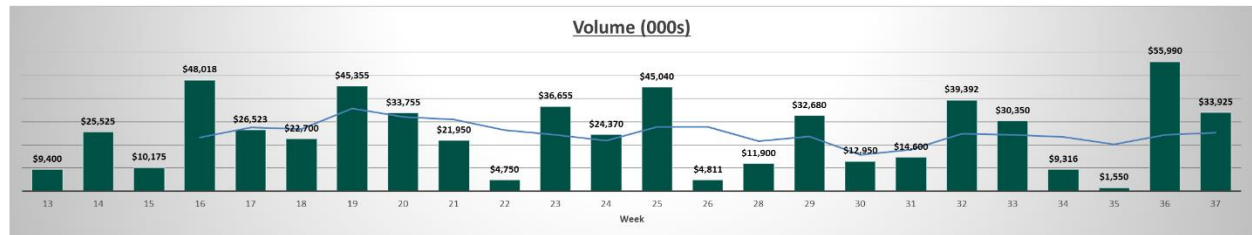
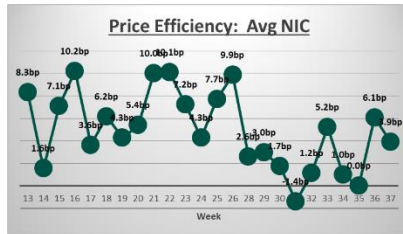
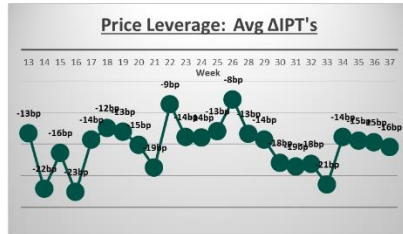
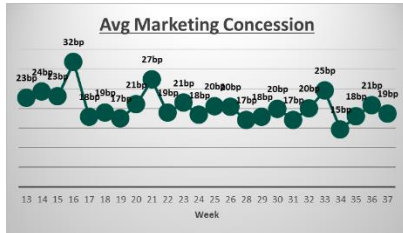
- from WSJ Real Time Economics on Thursday - underscoring the strong wage data last Friday, "U.S. workers are quitting their jobs in droves. The number of quits rose to another record in July, suggesting people either have another job offer in hand or are pretty sure they can find one without much trouble. Perhaps even more significant, the rate at which people are leaving is now at the highest level in 17 years. That's great for workers—not so much for employers. Wages are growing significantly faster for job switchers than loyal soldiers."
- WSJ's Nick Timiraos column on Wednesday actually poses the big question: "What if markets are wrong about 'Lower for Longer?'" We've been pretty consistent that the biggest driver for spreads over recent years has been the utter capitulation of the market to the psychology of lower for longer. And long felt the biggest risk to spreads is a break in that psychology.
- Fed governor Lael Brainard switched to the hawk camp on Wednesday, citing fiscal stimulus to say "over the next year or two, barring unexpected developments, continued gradual increases in the federal funds rate are likely to be appropriate," "it may be appropriate to depart from the gradual path," and a pickup in inflation would likely cause the Fed to raise rates higher than neutral.
- 10yr breach of 3.00% today.
- No sign of decompression. Yet. HY rallying relative to IG. Bbg Barc HY OAS tightened to +207 vs IG OAS, only 7 bp's off the tightest levels since the financial crisis.
- Thank you to BAML syndicate for working with us as selling group members on Duke Energy, to Wells Fargo syndicate for doing the same on Allianz and to Morgan Stanley syndicate on Chimera!!!!
- Big 3-1 win for UGA last night vs Arkansas. First time Georgia is 1-0 in SEC play since 2013!! Sunday's game cancelled.
- Our thoughts and prayers this weekend will be for everyone at risk with hurricane Florence.

Key Execution Metrics

Week 37 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	11	\$8,550	2.3x	\$1,741	-13.6 bp's	+2.4 bp's	-1.8 bp's
Tuesday	14	\$11,825	3.0x	\$2,317	-15.5 bp's	+4.7 bp's	+0.1 bp's
Wednesday	11	\$6,550	2.7x	\$1,666	-16.4 bp's	+3.9 bp's	-2.2 bp's
Thursday	5	\$7,000	3.3x	\$4,780	-17.8 bp's	+5.8 bp's	-4.3 bp's
Friday							
This Week	41	\$33,925	2.8x	\$2,287	-15.5 bp's	+3.9 bp's	-1.6 bp's
Week Prior		\$55,990	2.5x	\$2,459	-14.7 bp's	+6.1 bp's	-0.7 bp's
YTD Weekly Average		\$25,271	2.9x	\$2,254	-15.5 bp's	+4.8 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
9/13		BB	200	LLAKES	perp-nc10			-		
9/13	Baa2	A-	1250	ABBV	3.2	80-85	65a	60	(23)	(4)
9/13	Baa2	A-	1250	ABBV	5.2	105-110	95a	90	(18)	4
9/13	Baa2	A-	1750	ABBV	10.2	150-155	140a	138	(15)	3
9/13	Baa2	A-	1750	ABBV	30.2	200a	185a	183	(17)	7
9/13	AAA		100	NCV	perp-nc5	5.625%a		-		0
9/13			250	CIM	perp-nc7	7.75-7.875%	7.75%#	-	(6)	
9/13	Baa2	BBB+	1000	PRU	30nc10	5.875%a	5.75%a	-	(18)	20
9/12	A2	A	500	AIA	3.0	L+60a	L+52-55	3mL+52	(8)	
9/12	Ba1	BB	100	AMH	perp-nc5	6.25-6.375%	6.25%#	-	(6)	
9/12	Baa1	BBB+	600	BBLTB	5.5	145a	125a	122.5	(23)	0
9/12	Baa1	BBB+	600	BBLTB	10.0	175a	155a	152.5	(23)	0
9/12	Baa3	A-	500	LAZ	10.0	180a	170a	165	(15)	7
9/12	A3	A-	500	MUFJLF	5.0	130a rvsd 120-125	112.5a	110	(20)	0
9/12	Caa1	B	750	PACDF	5nc2	8.50-9.00%	8.25-8.50%	550	(38)	
9/12	Caa3	B-	250	PACDF	5.5nc1.5	12.00-12.50%		811	(125)	
9/12	A2	A	350	TOMARI	5.0	110-115	105a	100	(13)	6
9/12			150	SSW	perp-nc5	8.00-8.125%	8.00%#	-	(6)	
9/12	Baa3	BBB	500	WAB	3nc1	L+120a	L+105#	3mL+105	(15)	
9/12	Baa3	BBB	750	WAB	5.5	155a	135a	133	(22)	
9/12	Baa3	BBB	1250	WAB	10.0	195a	180a	175	(20)	
9/12	A2	A	500	ULFP	10.0	130-135	120a	120	(13)	5
9/12	A2	A	500	ULFP	30.0	165a	155a	155	(10)	9
9/11	A1	AA-	400	MMM	3.0	35-40	25#	25	(13)	2
9/11	A1	AA-	300	MMM	5.4	L equiv	L+30#	3mL+30	(10)	6
9/11	A1	AA-	300	MMM	5.4	50-55	43#	43	(10)	6
9/11	A1	AA-	600	MMM	10.0	80-85	65-68	65	(18)	4
9/11	A1	AA-	650	MMM	30.0	110-115	95-98	95	(18)	0
9/11	Baa2	BBB	3000	BOCHKL	perp-nc5	0.063	5.90%#	303.6	(40)	
9/11	Baa1	BBB+	400	BCECN	29.6	160a	145a	142	(18)	0
9/11	Baa2	BBB	500	DUK	60nc5	5.75%a	rvsd 5.625%#	-	(13)	
9/11	Baa2	BBB+	1250	ENELIM	5.0	160a	145a	140	(20)	7
9/11	Baa2	BBB+	1500	ENELIM	7.0	195a	185a	180	(15)	8
9/11	Baa2	BBB+	1250	ENELIM	10.8	215a	205a	200	(15)	8
9/11	A3	A-	500	PNC	9.9	115a	110#	110	(5)	5
9/11	B2	BB-	300	BPOP	5.0	6.25%a	6.125-6.25%	325.3	(13)	
9/11	Baa2	A-	575	AEP	10.0	120-125	112.5a	112.5	(10)	6
9/11	A1	AA-	600	SEVENI	3.0	65-70 rvsd 65a	55a	53	(15)	
9/10		BBB	700	AL	3.3	112.5a	95#	95	(18)	(1)
9/10		BBB	500	AL	10.1	190a	185#	185	(5)	10
9/10	Baa3	BBB	900	DFS	10.0	190a	175a	173	(17)	3
9/10	Baa2	BBB	800	HPE	3.1	L+95a	L+75a	3mL+72	(23)	1
9/10	Baa2	BBB	500	HPE	3.1	100a	80a	77	(23)	1
9/10	Aa3	AA	750	ROSW	5.0	55a	45a	43	(12)	0
9/10	Aa3	AA	650	ROSW	10.0	80-85	72a	70	(13)	0
9/10	Baa2	BBB+	1000	SOCGEN	5.0	155a	145a	145	(10)	5
9/10	Baa2	BBB+	750	SOCGEN	10.0	195a	185a	185	(10)	3
9/10	Aa1	AA-	1000	TD	2.0	L equiv	L+26#	3mL+26	(10)	2
9/10	Aa1	AA-	1000	TD	2.0	55a	45#	45	(10)	2

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
WAB	frn	9/15/2021	3mL+105	85	83	-20
HPE	frn	10/5/2021	3mL+72	52	50	-20
SOCGEN	4.750	9/14/2028	185.0	176	172	-9
ABBV	4.875	11/14/2048	183.0	175	173	-8
AL	3.500	1/15/2022	95.0	88	85	-7
SOCGEN	4.250	9/14/2023	145.0	138	134	-7
MMM	4.000	9/14/2048	95.0	90	88	-5
PNC	4.050	7/26/2028	110.0	105	101	-5
AL	4.625	10/1/2028	185.0	180	176	-5
TD	frn	9/17/2020	3mL+26	21	19	-5
TD	3.150	9/17/2020	45.0	40	38	-5
BBLTB	4.050	3/19/2024	122.5	118	116	-5
ABBV	4.250	11/14/2028	138.0	134	132	-4
SEVENI	3.350	9/17/2021	53.0	49	45	-4
BBLTB	4.450	9/19/2028	152.5	149	147	-4
ABBV	3.375	11/14/2021	60.0	57	54	-3
MUFJLF	3.960	9/19/2023	110.0	107	105	-3
WAB	4.150	3/15/2024	133.0	130	129	-3
HPE	3.500	10/5/2021	77.0	74	64	-3
ROSW	3.625	9/17/2028	70.0	67	66	-3
ABBV	3.750	11/14/2023	90.0	88	85	-2
AIA	frn	9/20/2021	3mL+52	50	48	-2
WAB	4.700	9/15/2028	175.0	173	171	-2
MMM	3.000	9/14/2021	25.0	23	20	-2
ULFP	4.125	9/20/2028	120.0	119	116	-1
MMM	3.250	2/14/2024	43.0	42	39	-1
MMM	3.625	9/14/2028	65.0	64	62	-1
LAZ	4.500	9/19/2028	165.0	165	162	+0
TOMARI	3.850	9/19/2023	100.0	100	98	+0
ULFP	4.625	9/20/2048	155.0	155	152	+0
BCECN	4.464	4/1/2048	142.0	142	139	+0
ENELIM	4.625	9/14/2025	180.0	180	175	+0
DFS	4.650	9/13/2028	173.0	173	168	+0
ROSW	3.250	9/17/2023	43.0	43	38	+0
MMM	frn	2/14/2024	3mL+30	31	25	+1
AEP	4.100	9/15/2028	112.5	115	108	+3
ENELIM	4.875	6/14/2029	200.0	203	201	+3
ENELIM	4.250	9/14/2023	140.0	144	141	+4
Best						-20
Worst						+4
Avg						-3.36

*** Hi Yield ***				
Issue	Init Px	Bid	Ask	Δ
PACDF 11 04/01/24	100.000	102.750	103.375	+\$2.750
PACDF 8 3/8 10/01/23	100.000	102.125	102.375	+\$2.125
BPOP 6 1/8 09/14/23	100.000	100.375	100.625	+\$0.375
		Worst		+\$0.375
		Best		+\$2.750
		Avg		+\$1.750

Market Dashboard (a/o 11:30am)

		1 Day Change	1 Week Change
INDU	26,193.72	47.73	277.18
S&P 500	2,907.47	3.29	35.79
Nasdaq	8,028.50	14.79	125.96
VIX	12.11	(0.26)	(2.77)
Dealer Positions #	18,146		1,626
Fed Balance Sheet (\$B)	4,211		0.232
ECB Corp Holding (€mm)	16,739		84.8
Oil	68.62	0.03	0.9
Gold	1196.79	(4.68)	(0.1)
10yr Tips B/E	2.105	0.00	(0.0)
SOFR	1.940%	0.0	0.0
3mLibor	2.334%	0.0	0.0
OIS-Libor Spread	2.147%	0.0	0.0
2yr	2.780%	2.1	7.5
3yr	2.850%	2.5	7.7
5yr	2.899%	2.6	7.7
7yr	2.959%	2.8	6.6
10yr	2.997%	2.6	5.6
30yr	3.136%	2.9	3.4
2>5 Curve	11.6	0.5	0.2
2>10 Curve	21.4	0.5	(1.8)
5>10 Curve	9.6	0.0	(2.0)
10>30 Curve	13.8	0.3	(2.3)
2yr Swap	17.7	(0.2)	(1.2)
3yr Swap	16.1	(0.0)	(0.6)
5yr Swap	12.7	(0.3)	(0.7)
7yr Swap	7.4	(0.5)	(0.2)
10yr Swap	6.7	(0.3)	0.3
US IG OAS*	110	(1.0)	(4.0)
US HY OAS**	324	(4.0)	(17.0)

52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
22,135.26	26,616.71	25,467.27	24,945.69
2,488.03	2,916.50	2,840.99	2,742.10
6,343.96	8,133.30	7,862.43	7,399.31
8.56	50.30	12.85	14.76
11,621	32,169	21,720	22,424
4,208	4,470	4,372	4,451
11,119	16,739	14,672	13,881
50.1	71.6	67.7	63.9
1160.39	1366.15	1211.25	1285.46
1.82	2.21	2.11	2.10
1.65%	2.12%	1.92%	
1.32%	2.37%	2.33%	2.12%
1.16%	2.15%	2.05%	1.78%
1.35%	2.78%	2.64%	2.36%
1.48%	2.85%	2.72%	2.48%
1.77%	2.94%	2.78%	2.65%
2.00%	3.07%	2.85%	2.76%
2.19%	3.11%	2.90%	2.82%
2.69%	3.25%	3.04%	3.03%
8.6	48.4	13.9	28.0
18.3	87.8	25.5	45.2
8.9	42.9	11.5	17.1
9.1	60.4	13.9	20.6
15.9	34.4	20.4	23.9
14.4	29.0	17.9	20.4
1.5	16.5	13.6	11.4
-18.6	9.9	7.7	4.0
-5.2	8.4	6.7	3.8
85	124	113	106
311	379	339	340

*- 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		4250	17000	6500	2000	33450	12366	14750		90,316
Sep		400	2100	35100	5400	31740	6575	7300	1300	89,915
Oct										
Nov										
Dec										
Total	11,050	48,576	85,469	174,850	51,013	413,503	70,756	77,270	12,050	944,538

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		4.7%	18.8%	7.2%	2.2%	37.0%	13.7%	16.3%		100%
Sep		0.4%	2.3%	39.0%	6.0%	35.3%	7.3%	8.1%	1.4%	100%
Oct										
Nov										
Dec										
Total	1%	5%	9%	19%	5%	44%	7%	8%	1%	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	1,750	1,750	850	2,950	2,475	500		500	11,225
Aug		1,320	750	4,600	1,700	2,765	1,500	615	2,807	16,057
Sep		2,250	600		2,100	2,125		1,000		8,075
Oct										
Nov										
Dec										
Total	13,025	18,645	21,338	25,318	35,345	26,977	5,780	15,695	7,007	169,129

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		8%	5%	29%	11%	17%	9%	4%	17%	100%
Sep		28%	7%		26%	26%		12%		100%
Oct										
Nov										
Dec										
Total	8%	11%	13%	15%	21%	16%	3%	9%	4%	100%

* Source - R. Seelaus, Informa, Bloomberg

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