

- Next Week

- The IGM survey of syndicate desks is calling for \$22.14B of new IG supply next week, with estimates ranging from a low of \$15B to a high of \$30B
- Hyundai Capital Services, International Flavors & Fragrances, and Suncorp-Metway Ltd are among the name who've recently conducted or announced roadshows.
- 6 of the S&P500 report earnings – CTAS, NKE, KMX, CCL, MKC, and CAG
- **Economic/Fed Calendar: Lots of Data and Lots of Fed**
 - **Monday** Chicago Fed, Dallas Fed
 - **Tuesday** Richmond Fed, Consumer Confidence
 - **Wednesday** **FOMC Rate Decision**, New Home Sales
 - **Thursday** Wholesale Inventories, GDP, Durable Goods, Initial Jobless Claims, Continuing Claims
 - **Friday** Personal Income, Personal Spending, Chicago Purchasing Managers, UofM Sentiment

- Last Week

- Take the over. For the 7th consecutive week, actual volume exceeded expected volume, as borrowers look to take advantage of favorable conditions. IG volume was \$36.82B, above predictions for \$27.42B. Most impressive, execution metrics are firming up on the growing volume. Demand (oversubscription levels and average book sizes) were up week over week and pricing leverage firmed. New issue concessions crept up a bp, but that was quickly monetized – this week's cohort of deals broke 2.3 bp's tighter on average but finished the week a strong 4.3 bp's, pointing towards continued near term momentum.
- The HY market absorbed 6 deals totaling \$5.68B through Thursday, with two more for \$750mm queued for Friday pricing. Pricing was strong with everything pricing at or through the tight end of whispers. Two deals, Financial & Risk Holdings and Starfruit, both printed 100 bp's tighter than they were introduced. The dearth of supply has sufficiently stoked demand that Basic Energy Services re-introduced a \$300mm 5nc2 deal that had previously been postponed due to market conditions (slated to price next week). This week's deals were up an average of ~3/4 point Friday.
- **IG Fund Flows:** EPFR reported inflows of \$862mm to IG funds the week ending 9/19, the 11th consecutive week of inflows. The 4WMA dropped to +\$1.526B, in line with the ytd weekly average but well below the 2017 weekly average of +\$3.105B. The cumulative inflow to IG funds so far this year is \$61.405B
- **HY Fund Flows:** EPFR reported a \$289.21mm inflow to HY funds the week ending 9/19 after two straight weeks of outflows. The 4WMA is -\$88.22mm, still better than the 2018 weekly average of -\$188.4mm and the 2017 weekly average of -\$155.6mm. The cumulative outflow from HY funds for 2018 is now -\$7.159B,
- **Dealer Positions:** Dealer inventory was essentially unchanged the week ending 9/12, according to data released by the NY Federal Reserve Bank. Total holdings of corporate debt were up \$171mm (+1%) to \$18.317B, and remain below both the 2018 average of \$19.934B and the 2017 average of \$25.286B.
- **IG volume:** MTD IG volume is now \$127.5B and fast approaching the all time most active September (\$147B). YTD volume is \$982B, \$91B and 8.4% behind last year's 37 week total.
- **HY volume:** MTD HY volume is now \$15.23B and YTD HY volume is \$176B, \$79B and 31% behind last year's pace.

- FWIW

- Wells Fargo this week became the first bank to print a SOFR floater, pricing \$1B 18mos floater at SOFR+48, 7 bp's inside IPT's. Looks to me like that would have swapped to 3mL+26. FNMA did the first 18mos SOFR floater which came at SOFR+16 and is quoted SOFR+11 now. Recent 18mos floaters from the Canadian banks have been printing 3mL+18-19.
- Key future challenges in transition from LIBOR to SOFR will be developing a liquid swap market and consensus on what the term structure will look like.
- Really interesting to note that despite the strong execution backdrop, there are incidents of investor pushback as well. On Tuesday, Electricite de France was forced to print at IPT's, leaving it with 30-35 bp's new issue concessions on a \$3.75B three tranche deal. The pushback was attributed to a combination of French nuclear regulatory risk, the underperformance of the previous week's \$4B 3 tranche Enel deal which is still wide of issue spread, and EDF's decision to skew maturities to the long end (10/20/30yr). Another transaction for Hanwha General Insurance Co., Ltd, was pulled from the market purportedly due to market conditions, despite announcing the night prior with the benefit of roadshow feedback from investors.
- Fed Funds market pricing in a 98% likelihood of a 25 bp's hike at next week's meeting, and 73% likelihood of a 2nd at December's.
- The 10yr's breach of 3% grew a little wider this week, but curves have only moved a little. Yield curve percolating off of flat line -- 2s>5s +14.8 (from 52 week low of 8.6) and 10s>30s +13.6 (52 week low of 9.1). The credit curve is going the other way however. Bbg Barc HY – IG OAS touched +207 this week, which ties the tights dating back to June, 2006.
- From Michael Pearce and Capital Economics ahead of next week's FOMC meeting - "Fed officials may also use this meeting to begin a more formal review of its policy toolkit. Jerome Powell said the Committee would reassess its balance sheet run-down plans in the fall, and there are still plenty of open questions for the Fed to address. Key among them are what size balance sheet officials want over the longer-term, how the Fed intends to shift the mix of its assets towards holding only Treasury securities, and whether the Fed would halt its balance sheet run-down if economic growth were to slow. Our suspicion is that the Fed will reaffirm that it thinks the balance sheet will remain much larger in the future, and that officials would in any case halt its rundown once it begins to cut rates again."

I would also question whether the Fed will consider slowing or halting its buyback program if recent pressures in emerging markets spread further. It could be tough to separate that question from a tougher one should that emerging markets turmoil be more visibly driven by a trade related slowdown in China.

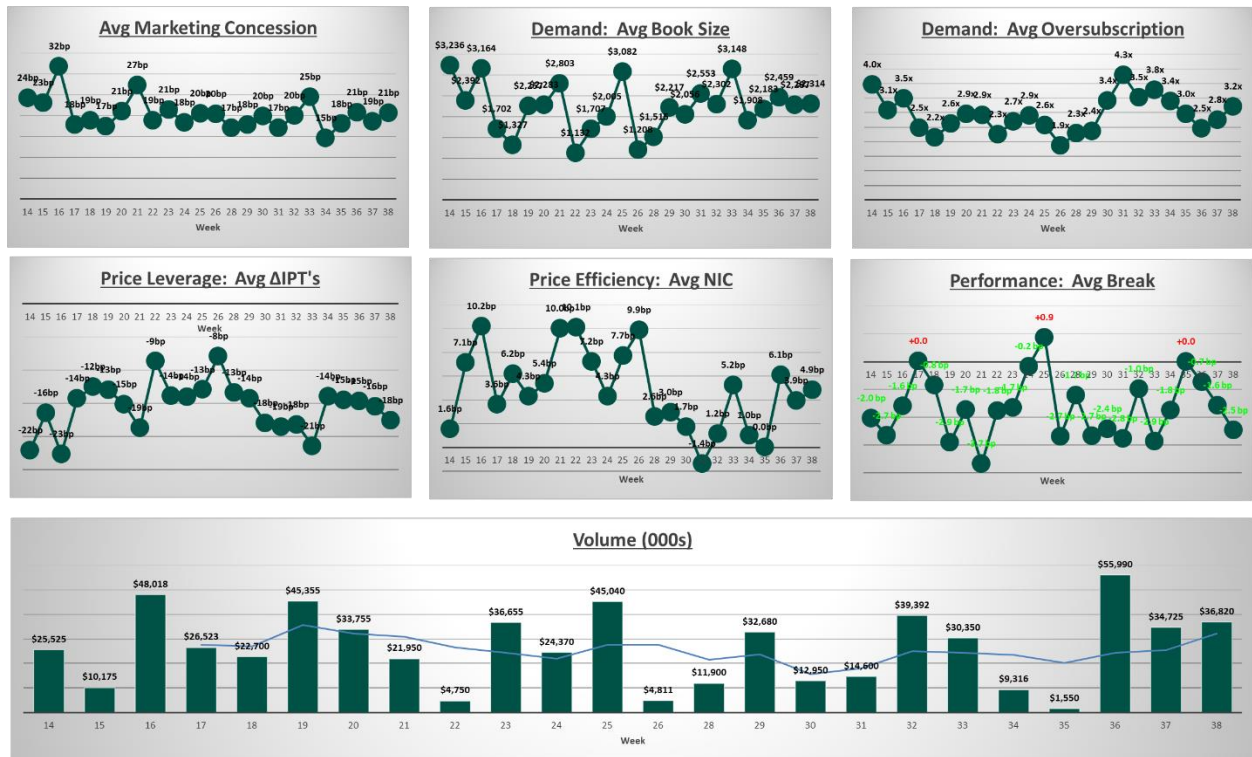
- Btw, spreads on Turkey have tightened almost 300 bp's since peaking at +866 on 8/13.
- UGA women fought to a 0-0 draw with Missouri last night, bringing the overall record to 4-3-3 and 1-0-1 in the SEC. Texas A&M up next on Sunday.
- Thank you to Exelon for including us a co-manager on Baltimore G&E's \$300mm 30yr bond offering on Monday, our first Exelon deal! Thank you to American Express for including us as a co-manager on their ABS transaction on Monday as well, our second ABS deal! And thank you to both JP Morgan for allowing us to act as an underwriter on their \$1.475B perp-nc5 and to Wells Fargo syndicate for working with us as a selling group member on CMS Energy's 60nc5 junior subordinated debenture offering.

Key Execution Metrics

Week 38 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	12	\$11,900	2.8x	\$2,758	-16.5 bp's	+5.8 bp's	+0.2 bp's
Tuesday	18	\$13,250	3.6x	\$2,222	-15.6 bp's	+4.6 bp's	-2.3 bp's
Wednesday	8	\$4,450	2.6x	\$1,325	-15.8 bp's	+5.0 bp's	-0.8 bp's
Thursday	8	\$7,220	3.7x	\$2,730	-25.8 bp's	+4.4 bp's	-7.7 bp's
Friday							
This Week	46	\$36,820	3.2x	\$2,314	-17.5 bp's	+4.9 bp's	-2.3 bp's
Week Prior		\$34,725	2.8x	\$2,287	-15.5 bp's	+3.9 bp's	-1.6 bp's
YTD Weekly Average		\$25,515	2.9x	\$2,256	-15.6 bp's	+4.8 bp's	-1.3 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
9/20	Baa3	BBB-	650	AYR	5.0	170a	150a	148	(22)	
9/20	Baa3	BBB-	1300	BSMXB	10nc5	6.25%a	6.00%a	299.5	(30)	5
9/20	Baa2	BBB	1000	FISV	5.0	110a	90a	85	(25)	0
9/20	Baa2	BBB	1000	FISV	10.0	140a	120a	115	(25)	0
9/20	A1	A	520	LLOYDS	2.0			3mL+50		
9/20	Baa3	BBB-	1500	SASOL	5.5	L300s	300a	295	(30)	
9/20	Baa3	BBB-	750	SASOL	10.0	H300s	350a	345	(30)	
9/20	Baa1	BBB	500	STT	perp-nc5	5.75-5.875%	5.625%#	266	(19)	13
9/19	A2	A+	300	HNDA	1.7			3mL+18		
9/19		A-	500	BOCAVI	5.0	L+135a	L+115a	3mL+112.5	(23)	3
9/19	A3	A-	250	RABOBK	5.0	L equiv	L equiv	3mL+86	(15)	
9/19	A3	A-	1000	RABOBK	5.0	112.5a	100a	98	(15)	
9/19	Baa3	BBB	750	F	2.0			3mL+93		
9/19	Baa3	BBB+	600	FBHS	5.0	120-125	110a	105	(18)	5
9/19	Baa1	A-	500	LNT	10.0	115a		105	(10)	8
9/19	Aa2	A+	550	SRE	30.3	120-125	110a	107	(16)	5
9/18	Baa3	BBB-	500	BKIR	5.2	180a		160	(20)	
9/18	A1	A-	1000	BPLN	7.0	90-95	80#	80	(13)	7
9/18	A1	A-	1000	BPLN	10.0	100-105	90#	90	(13)	11
9/18	Baa1	BBB+	1000	DPWDU	10.0	ms+200a	ms+185a	180.6	(25)	
9/18	Baa1	BBB+	1000	DPWDU	30.0	5.875%a	5.75-5.80%	251.1	(18)	3
9/18	A3	A-	1800	EDF	10.0	160a	160a	160	0	31
9/18	A3	A-	650	EDF	20.0	190a	190#	190	0	35
9/18	A3	A-	1300	EDF	30.0	200a	200#	200	0	35
9/18	Baa2	BBB	500	IPG	2.0	110a	85a	80	(30)	(25)
9/18	Baa2	BBB	500	IPG	3.0	120a	95a	90	(30)	(25)
9/18	Baa2	BBB	500	IPG	10.0	185a	170a	165	(20)	0
9/18	Baa2	BBB	500	IPG	30.0	240a	230a	225	(15)	0
9/18	Baa1	BBB+	400	NNN	10.1	155a	140a	135	(20)	0
9/18	Baa1	BBB+	300	NNN	30.1	190-195	175a	170	(23)	0
9/18	A2	A	400	NSANY	3.0	L equiv	L equiv	3mL+63	(17)	(2)
9/18	A2	A	400	NSANY	3.0	95a	80a	78	(17)	(2)
9/18	A2	A	500	NSANY	5.0	110a	95#	95	(15)	0
9/18	Aa2	A+	1000	WFC	1.5	SOFR+55a	SOFR+50a	SOFR+48	(7)	5
9/17	A3	A-	300	EXC	30.0	125-130	115a	112.5	(15)	1
9/17	Ba1	BBB-	350	GLPI	7.1	212.5a	195a	190	(23)	(2)
9/17	Ba1	BBB-	750	GLPI	10.3	250-262.5	235a	230	(26)	9
9/17	Aa2	AA-	1000	NESNVX	3.0	40-45	30a	27	(16)	
9/17	Aa2	AA-	1500	NESNVX	5.0	60-65	50a	47	(16)	
9/17	Aa2	AA-	900	NESNVX	7.0	70-75	63a	60	(13)	
9/17	Aa2	AA-	1250	NESNVX	10.0	80-85	73a	70	(13)	
9/17	Aa2	AA-	1250	NESNVX	20.0	100-105	88a	85	(18)	
9/17	Aa2	AA-	2100	NESNVX	30.0	110-115	98a	95	(18)	
9/17		BBB-	1000	SUZANO	10.3	6.375%a	6.25%a	313.3	(25)	25
9/17	Aa3	AA-	750	TOYOTA	2.0	L+25a	L+17#	3mL+17	(8)	0
9/17	Aa3	AA-	750	TOYOTA	5.0	70a	62a	60	(10)	2

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
AYR	4.400	9/25/2023	148.0	145	142	-3
BSMXB	5.950	10/1/2028	299.5	293	284	-7
FISV	3.800	10/1/2023	85.0	83	80	-2
FISV	4.200	10/1/2028	115.0	113	110	-2
SASOL	5.875	3/27/2024	295.0	292	287	-3
SASOL	6.500	9/27/2028	345.0	327	317	-13
STT	5.625	perp-nc10	266.0	266	261	+0
BOCAVI	3.478	9/26/2023	3mL+112.5	114	112	+2
RABOBK	3.218	9/26/2023	3mL+86	82	80	-4
RABOBK	3.875	9/26/2023	98.0	96	94	-2
FBHS	4.000	9/21/2023	105.0	101	99	-4
LNT	4.100	9/26/2028	105.0	102	101	-3
SRE	4.300	1/15/2049	107.0	102	98	-5
BKIR	4.500	11/25/2023	160.0	155	153	-5
BPLN	3.796	9/21/2025	80.0	71	71	-9
BPLN	3.937	9/21/2028	90.0	83	81	-7
DPWDU	4.848	9/26/2028	180.6	182	177	+1
DPWDU	5.625	9/25/2048	251.1	252	249	+1
EDF	4.500	9/21/2028	160.0	156	153	-4
EDF	4.875	9/21/2038	190.0	182	179	-8
EDF	5.000	9/21/2048	200.0	192	189	-8
IPG	3.500	10/1/2020	80.0	69	66	-11
IPG	3.750	10/1/2021	90.0	79	76	-11
IPG	4.650	10/1/2028	165.0	159	156	-6
IPG	5.400	10/1/2048	225.0	223	221	-2
NNN	4.300	10/15/2028	135.0	133	130	-2
NNN	4.800	10/15/2048	170.0	165	162	-5
NSANY	2.983	9/21/2021	3mL+63	56	51	-7
NSANY	3.650	9/21/2021	78.0	74	70	-4
NSANY	3.875	9/21/2023	95.0	90	88	-5
WFC	2.400	3/25/2020	SOFR+48	44	43	-4
EXC	4.250	9/15/2048	112.5	112	108	-1
GLPI	5.250	6/1/2025	190.0	189	186	-1
GLPI	5.300	1/15/2029	230.0	225	222	-5
NESNVX	3.100	9/24/2021	27.0	26	22	-1
NESNVX	3.350	9/24/2023	47.0	46	43	-1
NESNVX	3.500	9/24/2025	60.0	59	57	-1
NESNVX	3.625	9/24/2028	70.0	69	67	-1
NESNVX	3.900	9/24/2038	85.0	81	78	-4
NESNVX	4.000	9/24/2048	95.0	89	88	-6
SUZANO	6.000	1/15/2029	313.3	298	295	-15
TOYOTA	2.508	9/18/2020	3mL+17	17	14	+0
TOYOTA	3.450	9/20/2023	60.0	57	55	-3
				Best		-13
				Worst		+2
				Avg		-4.30

*** Hi Yield ***				
Issue	Init Px	Bid	Ask	Δ
MISTAK 4 3/4 11/01/24	99.750	100.000	100.125	+\$0.250
FINRSK 8 1/4 11/15/26	100.000	100.250	100.500	+\$0.250
CWENA 5 3/4 10/15/25	100.000	100.500	101.000	+\$0.500
FINRSK 6 1/4 05/15/26	100.000	100.875	101.125	+\$0.875
IGT 6 1/4 01/15/27	100.000	101.000	101.500	+\$1.000
SPCHEM 8 10/01/26	100.000	101.375	101.625	+\$1.375
RIHL 6 1/4 01/05/23	93.750			
			Worst	+\$0.250
			Best	+\$1.375
			Avg	+\$0.708

Market Dashboard (a/o 2:20pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	26,736.30	79.32	581.63	22,219.11	26,769.16	25,633.60	25,000.47
S&P 500	2,934.52	3.77	29.54	2,488.03	2,940.91	2,854.76	2,748.87
Nasdaq	8,010.21	(18.02)	0.17	6,343.96	8,133.30	7,889.09	7,427.34
VIX	11.4	(0.40)	(0.67)	8.56	50.30	12.74	14.79
Dealer Positions #	18,317		171	11,621	32,169	21,704	22,351
Fed Balance Sheet (\$B)	4,208		(0.275)	4,208	4,470	4,367	4,449
ECB Corp Holding (€mm)	16,810		71.5	11,295	16,810	14,755	14,013
Oil	71.07	0.75	2.3	51.3	71.8	67.5	63.8
Gold	1196.89	(10.29)	2.0	1160.39	1366.15	1206.43	1284.30
10yr Tips B/E	2.155	0.01	0.0	1.82	2.21	2.11	2.10
SOFR	1.920%	0.0	(0.0)	1.65%	2.12%	1.92%	
3mLibor	2.366%	0.0	0.0	1.33%	2.37%	2.33%	2.14%
OIS-Libor Spread	2.188%	0.0	0.0	1.18%	2.22%	2.07%	1.80%
2yr	2.810%	0.5	3.1	1.43%	2.81%	2.66%	2.39%
3yr	2.895%	0.0	3.9	1.56%	2.89%	2.74%	2.51%
5yr	2.954%	0.0	5.0	1.84%	2.95%	2.80%	2.67%
7yr	3.028%	0.3	6.4	2.06%	3.07%	2.87%	2.78%
10yr	3.067%	0.4	7.1	2.22%	3.11%	2.92%	2.84%
30yr	3.204%	0.8	7.3	2.69%	3.25%	3.06%	3.04%
2>5 Curve	14.1	(0.5)	2.0	8.6	48.4	13.6	27.6
2>10 Curve	25.4	(0.1)	4.0	18.3	87.8	25.3	44.5
5>10 Curve	11.1	0.4	2.0	8.8	41.6	11.5	16.8
10>30 Curve	13.6	0.5	0.4	9.1	56.4	14.3	20.0
2yr Swap	17.0	(1.1)	(0.5)	15.4	34.4	19.6	23.9
3yr Swap	15.2	(0.5)	(0.5)	14.1	29.0	17.3	20.4
5yr Swap	12.1	(0.4)	(0.4)	1.5	16.5	13.3	11.5
7yr Swap	6.5	(0.4)	(0.9)	-18.6	9.9	7.5	4.1
10yr Swap	6.0	(0.5)	(0.7)	-5.2	8.4	6.6	3.9
US IG OAS*	106	(2.0)	(4.0)	85	124	112	106
US HY OAS**	316	1.0	(8.0)	311	379	335	339

*- 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	3250	2400	7350	45100	7400	39160	11675	7900	3300	127,535
Oct										
Nov										
Dec										
Total	14,300	50,576	90,719	184,850	53,013	420,923	75,856	77,870	14,050	982,158

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	2.5%	1.9%	5.8%	35.4%	5.8%	30.7%	9.2%	6.2%	2.6%	100%
Oct										
Nov										
Dec										
Total	1%	5%	9%	19%	5%	43%	8%	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	955	2,250	1,700	2,825	2,850	2,650	600	1,400		15,230
Oct										
Nov										
Dec										
Total	13,980	18,645	22,438	28,143	36,095	27,502	6,380	16,095	7,007	176,284

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	6%	15%	11%	19%	19%	17%	4%	9%		100%
Oct										
Nov										
Dec										
Total	8%	11%	13%	16%	20%	16%	4%	9%	4%	100%

* Source - R. Seelaus, Informa, Bloomberg

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