

- Next Week

- The IGM survey of syndicate desks is calling for \$39.3B of new supply next week with estimates ranging from a low of \$30B to a high of \$56B.
- Comcast, Camden Property Trust, Korea Expressway, Sabic, and Suncorp-Metway have all announced or just completed investor roadshows and are potentials to be in the market.
- 5 S&P500 Companies report earnings – PEP, PAYX, LEN, STZ, COST
- **Economic/Fed Calendar: Lots of data, Lots of Fed speakers, and Employment Friday!**
 - **Monday** Markit Mfg PMI, Construction Spending, ISM Mfg, Fed's Bostic, Kashkari, and Rosengren speak
 - **Tuesday** Fed's Quarles testifies to Senate Banking Committee, Powell speaks
 - **Wednesday** ADP Employment Change, Markit PMI Services PMI, Fed's Evans, Barkin, and Mester speak
 - **Thursday** Initial Jobless Claims, Continuing Claims, Factory Orders, Durable Goods, Fed's Quarles speaks
 - **Friday** Trade Balance, **Employment Data**, Fed's Bostic speaks

- Last Week

- Volume failed to meet expectations this week, with only \$11.625B printing through Thursday (with a \$200mm (wng) 30yr tap for Motorola Solutions slated for pricing Friday), \$10B behind expectations for \$22.1B. Execution metrics were solid on the week, but notable that they deteriorated as the week wore on (see Key Execution Metrics below). And while deals on average finished the week 1.9 bp's tighter, if we counted SocGen's perp-nc5 with IG, this week's deals would have barely been above water.
- HY priced \$4.3B across 6 deals and 7 tranches. Pricing was uneven, with 3 printing at the tight end of talk, 2 at the mid, and 2 pushed to the wide end. Performance was also uneven. This week's deals finished the week +3/8 point, but 4 of 7 tranches were down.
- **IG Fund Flows:** EPFR reported a \$712.06 inflow to IG funds the week ending 9/26, the smallest of 12 consecutive weeks of inflows. The 4WMA is now +\$1.498B, below the weekly average of +\$1.593B. The cumulative inflow into IG funds is now +\$62.117B.
- **HY Fund Flows:** EPFR reported a \$1.316B outflow from HY funds the week ending 9/26, bringing the 4WMA to -\$479mm, vs a weekly average ytd of -\$479mm. The cumulative outflow from HY so far this year is -\$8.475B.
- **Dealer Positions:** Total dealer inventories rose the week ending 9/19 by 16% to \$21.299B according to data released Friday by the NY Federal Reserve Bank. Numbers were up across the board, but driven mainly by IG Corporates. Commercial Paper was up 4%, HY was up 4%, but IG Corporates were up 43%, from \$5.8B to \$8.3B. Within IG, all of the increase was from the under 5yr bucket, which increased by \$2.592B (+62%).
- **IG new issue volume:** MTD IG volume is now \$139.5B. 3Q and YTD volume is now +994.1B, \$102B and 9% behind last year's 39wk total.
- **HY new issue volume:** MTD HY volume is now \$19.9B and YTD volume is \$180.9B. YTD volume is \$82B and 31% behind last year's 39wk total.

- FWIW

- The dam has held, but 10yr still above 3%.
- Interesting to look at variance in issuance year over year by sector in IG. Highlighted above that we are \$102B and 9% behind last year. Where's the difference?

	Basic Materials	Commun	Consumer, Cyclical	Consumer, Non-cyclical	Energy	Financial	Utilities	Industrial	Technology	Total
2017	22,000	108,450	77,794	119,817	69,340	472,503	66,289	64,100	96,000	1,096,293
2018	15,800	50,576	91,219	185,750	53,013	429,958	75,856	77,870	14,050	994,093
Difference	-6,200	-57,874	13,425	65,933	-16,327	-42,545	9,567	13,770	-81,950	-102,201
% Difference	-28.2%	-53.4%	17.3%	55.0%	-23.5%	-9.0%	14.4%	21.5%	-85.4%	-9%

Big surge in Consumer (+\$79.4B 40.2%) not enough to overcome loss of Tech (-85%) and drop in Financials (-\$42.5B)

- Interesting article in bbg on Monday highlighted the massive revision in the Fed's flow of funds report pertaining to pension funds. After reporting in June that pension funds were net sellers of \$75B of treasuries in 1st quarter, they revised it to net buyers of \$13B! The revision underscores the view that tax driven pension purchases have been an under-appreciated driver of the curve flattening so dramatically, as they had until Sept 15th to deduct contributions at the "old" corporate tax rate. While the curve has been flattening for far longer than tax reform was even a remote possibility, it's interesting to note the flattening reversed ever so slightly after Sept 15.
- From WSJ's Greg Ip on the trade war with China - * "Now, as both dig in on their trade dispute, some see an economic cold war looming in which the U.S. and China seek to lead competing economic blocs. "Neither China nor America wants to be part of Chimerica anymore," says Brad Setser, a China expert at the Council on Foreign Relations. "The Chinese don't want the technological dependence, and the U.S. doesn't want the persistent trade deficits." * "The U.S. and China are in for a long and acrimonious confrontation," Arthur Kroeber of Gavekal Dragonomics, a China-based research firm, wrote last week. This isn't driven by President Trump alone, he wrote, but "by a powerful coalition of security and economic officials who believe the U.S. is entering an existential conflict with China for global economic, technological and geopolitical dominance." * "Some suspect the U.S. goal isn't a negotiated solution, but to disentangle the two economies permanently."
- Bloomberg column from Mohammed El-Erian on Thursday highlighted the growing risk of rising US yields for Europe. At the same time economic fortunes are diverging (strengthening in US, weakening in Europe), the rates framework is starting to converge. "European monetary conditions can no longer contain the overall rise in U.S. yields, and are being tightened by events across the Atlantic. This has implications not only for Europe, which hasn't yet adopted a sufficiently pro-growth approach, but also for the emerging world." European rates are starting to rise with rates in the US, effectively tightening monetary conditions on top of the shift toward removing excess accommodation. Beyond Europe, "The combination of higher rates and possible dollar appreciation would place greater pressure on the fragile economies -- those with large funding needs, high short-term debt, big currency mismatches and vulnerability to renewed outflows of portfolio investment. And the more they are disrupted, the greater the risk of unfavorable contagion for other emerging economies."
- Next up for UGA (4-4-3, 1-1-1 in SEC) is Vanderbilt on the road. Sunday at 5:00pm, televised on ESPN-U.
- Huge thank you to CenterPoint Energy for including us as a co-manager on their \$1.65B offering of common stock and \$850mm mandatory convertible preferred stock offerings, our very first equity underwriting !!!

Key Execution Metrics

Week 39 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	5	\$4,050	4.7x	\$2,640	-19.1 bp's	-1.2 bp's	-3.0 bp's
Tuesday	7	\$5,200	3.8x	\$2,457	-18.2 bp's	+4.8 bp's	-1.4 bp's
Wednesday							
Thursday	3	\$2,375	2.6x	\$2,250	-17.5 bp's	+8.8 bp's	-0.5 bp's
Friday							
This Week	15	\$11,625	3.9x	\$2,493	-18.4 bp's	+3.1 bp's	-1.8 bp's
Week Prior		\$37,130	3.2x	\$2,314	-17.5 bp's	+4.9 bp's	-2.3 bp's
YTD Weekly Average		\$25,477	2.9x	\$2,259	-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
9/27	A1	A	375	ACAFP	3.0			3mL+62.5		
9/27	Ba2	BB+	1250	SOCGEN	perp-nc5	7.50-7.625%	7.375%#	443	(19)	
9/27	A2	BBB+	600	STANLN	4nc3	L equiv	L+120a	3mL+115	(18)	9
9/27	A2	BBB+	1400	STANLN	4nc3	150-155	140a	135	(18)	9
9/26	B2	BB-	600	ASCRES	8nc3	7.00%a	7.00-7.25%	405	13	
9/26	B2	B+	400	AIMC	8nc5	H6s	6.25%a	-	(63)	
9/25	B3	B	300	BAS	5nc2	11.00%a	10.75-11.00%	801	0	
9/25	Baa1	BBB	500	BBY	10.0	160a	145a	140	(20)	10
9/25	Caa1	B-	850	CHK	6nc2.5	7.00-7.25%	7.00-7.25%	396	13	
9/25	Caa1	B-	400	CHK	8nc3	7.25-7.50%	7.50%a	441	(13)	
9/25	Baa1	A-	500	INTNED	5.0	L equiv	L equiv	3mL+100	(18)	6
9/25	Baa1	A-	1500	INTNED	5.0	130a	115a	112.5	(18)	6
9/25	Baa1	A-	1250	INTNED	10.0	165a	150#	150	(15)	8
9/25	Baa1	A	550	TMK	10.0	165-170	150#	150	(18)	
9/25	Baa2	BBB	400	TSN	5.0	115a	100a	95	(20)	0
9/25	Baa2	BBB	500	TSN	30.0	210a	195a	190	(20)	0
9/24	Baa3	BBB	300	IFF	2.0	87.5a	62a	60	(28)	(10)
9/24	Baa3	BBB	400	IFF	10.0	165a	140a	138	(27)	(6)
9/24	Baa3	BBB	800	IFF	30.0	205-210	185a	183	(25)	(6)
9/24	Aaa	AA+	800	NYLIFE	2.0	L+L20s	L+16#	3mL+16	(7)	6
9/24	Baa2	BBB-	1750	RBS	11nc10	210a	200#	200	(10)	10
9/24	Ba3	BB+	500	TEP	5nc2	H4s	4.75-4.875%	179	0	

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
TSN	5.100	9/28/2048	190.0	182	178	-8
IFF	4.450	9/26/2028	138.0	131	128	-7
TSN	3.900	9/28/2023	95.0	89	86	-6
STANLN	3.582	1/20/2023	3mL+115	110	105	-5
TMK	4.550	9/15/2028	150.0	145	141	-5
STANLN	4.247	1/20/2023	135.0	131	127	-4
IFF	5.000	9/26/2048	183.0	179	174	-4
IFF	3.400	9/25/2020	60.0	57	52	-3
NYLIFE	2.556	10/1/2020	3mL+16	13	8	-3
INTNED	3.398	10/2/2023	3mL+100	101	98	+1
BBY	4.450	10/1/2028	140.0	143	139	+3
RBS	5.076	1/27/2030	200.0	203	200	+3
INTNED	4.100	10/2/2023	112.5	116	112	+4
INTNED	4.550	10/2/2028	150.0	158	155	+8
				Best		-8
				Worst		+8
				Avg		-1.89

*** Hi Yield ***				
Issue	Init Px	Bid	Ask	Δ
BAS 10 3/4 10/15/23	99.042	101.750	102.500	+\$2.708
AIMC 6 1/8 10/01/26	100.000	101.500	101.750	+\$1.500
ASCRES 7 11/01/26	99.236	99.375	99.875	+\$0.139
TEP 4 3/4 10/01/23	100.000	99.875	100.250	-\$0.125
CHK 7 10/01/24	100.000	99.750	100.000	-\$0.250
CHK 7 1/2 10/01/26	100.000	99.750	100.000	-\$0.250
SOCGEN 7 3/8 PERP	100.000	99.000	99.500	-\$1.000
		Worst		-\$1.000
		Best		+\$2.708
		Avg		+\$0.389

Market Dashboard (a/o 1:51pm)

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	26,503.61	63.68	(239.89)	22,288.97	26,769.16	25,779.51	25,057.34
S&P 500	2,918.52	4.52	(11.15)	2,502.93	2,940.91	2,865.99	2,755.76
Nasdaq	8,049.93	7.97	62.98	6,427.66	8,133.30	7,906.19	7,457.11
VIX	12.43	0.02	0.75	8.56	50.30	12.74	14.84
Dealer Positions #	21,479		3,162	11,621	32,169	21,729	22,290
Fed Balance Sheet (\$B)	4,193		(1.5)	4,193	4,470	4,362	4,448
ECB Corp Holding (€mm)	16,910		99.7	11,466	16,910	14,841	14,145
Oil	73.5	1.38	2.7	51.3	73.7	68.1	64.3
Gold	1193.09	10.26	(7.0)	1160.39	1366.15	1202.93	1282.68
10yr Tips B/E	2.147	(0.00)	(0.0)	1.83	2.21	2.12	2.11
SOFR	2.160%	0.2	0.2	1.65%	2.16%	1.93%	
3mLibor	2.396%	0.0	0.0	1.33%	2.40%	2.34%	2.17%
OIS-Libor Spread	2.214%	0.0	0.0	1.19%	2.22%	2.09%	1.82%
2yr	2.813%	(1.6)	1.1	1.45%	2.84%	2.68%	2.41%
3yr	2.876%	(1.6)	(1.3)	1.57%	2.91%	2.76%	2.53%
5yr	2.938%	(1.9)	(1.1)	1.89%	2.98%	2.82%	2.68%
7yr	3.004%	(0.9)	(2.1)	2.11%	3.07%	2.89%	2.80%
10yr	3.045%	(0.7)	(1.8)	2.27%	3.11%	2.94%	2.85%
30yr	3.184%	0.1	(1.6)	2.69%	3.25%	3.08%	3.05%
2>5 Curve	12.3	(0.2)	(2.2)	8.6	48.4	13.4	27.0
2>10 Curve	22.8	0.7	(3.1)	18.3	87.8	25.1	43.6
5>10 Curve	10.3	0.9	(0.9)	8.8	41.6	11.5	16.4
10>30 Curve	14.0	1.0	0.4	9.1	56.4	14.5	19.4
2yr Swap	16.7	0.1	(0.9)	15.1	34.4	19.1	23.8
3yr Swap	16.2	(0.2)	0.7	14.1	29.0	16.9	20.3
5yr Swap	11.6	(0.0)	(0.7)	1.5	16.5	13.1	11.7
7yr Swap	6.6	(0.6)	(0.1)	-18.6	9.9	7.5	4.3
10yr Swap	5.8	(0.3)	(0.3)	-5.2	8.4	6.5	4.1
US IG OAS*	106	(1.0)	0.0	85	124	111	106
US HY OAS**	318	0.0	2.0	311	379	332	338

*- 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	4750	2400	7850	46000	7400	48195	11675	7900	3300	139,470
Oct										
Nov										
Dec										
Total	15,800	50,576	91,219	185,750	53,013	429,958	75,856	77,870	14,050	994,093

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	3.4%	1.7%	5.6%	33.0%	5.3%	34.6%	8.4%	5.7%	2.4%	100%
Oct										
Nov										
Dec										
Total	2%	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	5,850	3,900	600	1,800		19,880
Oct										
Nov										
Dec										
Total	13,980	18,645	22,438	28,143	39,095	28,752	6,380	16,495	7,007	180,934

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	5%	11%	9%	14%	29%	20%	3%	9%		100%
Oct										
Nov										
Dec										
Total	8%	10%	12%	16%	22%	16%	4%	9%	4%	100%

* Source - R. Seelaus, Informa, Bloomberg

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