

- Next Week

- The IGM survey of syndicate desks is calling for \$17.275B of new IG supply next week with estimates ranging from a low of \$10B to a high of \$30B.
- Among the possibilities who've recently road-showed are Korea Expressway, Korea Housing Finance, Ohio National, the Republic of Peru, Shinhan Bank, and Suncorp-Metway.
- 7 S&P500 companies report earnings: FAST, WBA, DAL, PNC, JPM, C, WFC
- **Economic/Fed Calendar: Short week, focus on Inflation Data, plethora of Fed speakers**
 - **Monday** ****Columbus Day – US Market Closed**** Fed's Bullard speaks
 - **Tuesday** Fed's Williams and Harker speak
 - **Wednesday** PPI, Wholesale Inventories, Fed's Evans and Bostic speak
 - **Thursday** CPI, Initial Jobless Claims,
 - **Friday** Monthly Budget Statement, UofM Sentiment, Fed's Evans, Bostic, and Quarles speak

- Last Week

- The IG new issue market was extremely active. Led by the 2nd largest transaction of the year, Comcast's 12 tranche \$27B offering, new issue volume reached \$46.775B, ~\$7.5B and 19% above expectations for \$39B coming into the week.
- Execution metrics could hardly have been better, with average book sizes of \$3.56B betraying healthy cash levels available, strong price leverage and along with slightly elevated new issue concessions to clear the size, strong secondary market performance. This week's deals broke an average of 3.60 bp's tighter. Similar to last week however, execution waned as the week wore on, with demand and pricing leverage fading, forcing concessions higher.
- The HY new issue market took down 9 deals for \$4.25B through Thursday with one more for \$625mm queued for Friday. 6 of the 9 priced at or through the tight end of whispers, 2 at the mid, and 1 was pushed wide. Performance was weak with the average deal up only ~1/8 point and 4 of the 9 flat to down by Friday.
- **IG Fund Flows:** EPFR reported an outflow from IG funds totaling \$185.25mm the week ending 10/03, breaking a streak of 12 consecutive weeks of inflows. It brings the 4WMA to +\$1.025B, well below the ytd weekly average of +\$1.548B. The cumulative inflow for 2018 is not +\$61.9B.
- **HY Fund Flows:** EPFR reported a large \$2.736B inflow to HY funds the week ending 10/03, the largest weekly inflow all year. It brings the 4WMA to +\$382mm, well above the weekly average this year of -\$143mm. The cumulative outflow from HY so far this year is down to -\$5.7B.
- **Dealer Positions:** Dealer inventory dropped by \$1.719B (9%) the week ending 9/26 according to data released today by the NY Federal Reserve Bank. More than all of it came from a 31% (\$3.16B) decline in CP. IG holdings actually increased 9% to \$9.02B and HY holdings increased 26% to \$3.46B.
- **IG volume:** MTD IG new issue volume is now \$46B and ytd volume has now exceeded the trillion dollar mark at \$1.041T. New issuance ytd is down \$67B and 6% from last year's 40 week total.
- **HY volume:** MTD HY volume of \$4.25B brings ytd volume to \$187.3B, down \$88B and 32% from last year at this time.

- FWIW

- First big story of the week was once again trade. With news that Canada would accede to the newly “created” USMCA, it seemed like Trump and the trade hawks scored a major win and one that if coupled with quick progress with Europe could put significant pressure on China – which is already starting to feel some pressure. From Monday’s WSJ the “intensifying trade brawl with the U.S. is starting to take a heavier toll on China’s economy. The latest evidence: Chinese manufacturers are scaling back production. The manufacturing slowdown, detailed in reports released Sunday, raises the prospect that China’s leaders will step up economic stimulus measures to prop up growth, Liyan Qi and Lingling Wei report. A similar measure of factory activity in the U.S., the Institute for Supply Management purchasing managers index, hit a 14-year high in August. September data, out Monday, are expected to show another month of strong growth, albeit at a slightly slower pace.”
- A blockbuster story from Bloomberg later in the week exposing massive corporate espionage from the Chinese underscored the growing sentiment that the issues with China are likely to get far worse before they get better and that far from making progress, the battle lines have yet to be fully drawn.
- The other big story of the week was another crack in the psychological dam of lower yields for longer, with 10yr yields breaking upwards toward 3.25%. We’ve long felt that breaking the psychology of low yields forever would have to be bad for spreads and the price of risk. Without question spreads have lagged the move in rates and the first part of this has led to tighter spreads not wider. That said, there are no doubt plenty of yield starved investors grabbing at more attractive yields now available keeping things firm. That said there are a lot of unnatural holders of risk who’ve been renting coupon by extending duration, going down in credit, and sacrificing structure. They’ve been insulated from much of the move so far by spread compression and the flattening yield curve. But with the drum beating louder from the Fed, the economy strengthening, and wage pressures firming inflation expectations, how much longer can that last. We started to see some re-steepening of the yield curve this week, and despite the inflows into HY funds chasing yesterday’s performance, are also starting to see growing concerns in HY and turmoil in Emerging Markets potentially presaging a decompression in spreads. Risks are growing.
- Hard fought 1-0 loss for UGA to the University of South Carolina last night. Brings the overall record to 4-6-3 and conference record to 1-3-1. Big game Sunday at Auburn. Sic ‘em Dawgs.
- *Huuuge thank you to Comcast for including us this week a junior co-manager on their jumbo bond deal (!!!), to Royal Bank of Canada for including us as a co-manager on their \$1.8B 5yr fixed and floating rate deal, and to MetLife for allowing us to co-manage their \$750mm 3yr fixed funding agreement backed note offering. We would also like to thank the RBC syndicate desk for working with us as a selling group member on DCP Midstream’s perp-nc5!*

Key Execution Metrics

Week 40 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	7	\$4,575	2.3x	\$1,389	-15.1 bp's	+3.2 bp's	-2.5 bp's
Tuesday	17	\$31,750	3.3x	\$6,340	-19.4 bp's	+6.2 bp's	-4.9 bp's
Wednesday	11	\$8,000	2.4x	\$1,766	-13.7 bp's	+1.5 bp's	-3.3 bp's
Thursday	4	\$2,450	1.8x	\$1,300	-13.3 bp's	+11.5 bp's	+0.3 bp's
Friday							
This Week	39	\$46,775	2.7x	\$3,560	-16.5 bp's	+4.7 bp's	-3.6 bp's
Week Prior		\$11,825	3.8x	\$2,347	-17.5 bp's	+3.7 bp's	-1.6 bp's
YTD Weekly Average		\$25,477	2.9x	\$2,299	-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
10/4	Baa3	BB+	750	AIB	5.0	190a	175#	175	(15)	
10/4	B2	BB-	500	CWCLN	8nc3	H7s	7.50-7.625%	437	(25)	
10/4	B2	B+	250	ITPCN	8nc3	H6s-7		384	13	
10/4			300	LLOYDS	2.1			3mL+50		
10/4	A3	BBB	850	MQGAU	1.25nc10.2!	190a	185#	185	(5)	23
10/4	B1	BB+	400	REZI	8nc3	H6s-7	6.25%a	296	(75)	
10/4	Baa3	BBB-	550	VER	7.1	180a	165a	160	(20)	0
10/3	A2	A+	350	HNDA	3.2	L equiv	L equiv	3mL+29	(10)	3
10/3	A2	A+	700	HNDA	3.2	55a	45#	45	(10)	3
10/3	A2	A+	700	HNDA	5.0	70-75	65a	62	(11)	3
10/3	Baa1	BBB+	500	CNP	3.1	85a	70a	67	(18)	
10/3	Baa1	BBB+	500	CNP	5.3	100a	90a	85	(15)	
10/3	Baa1	BBB+	500	CNP	10.1	130a	120a	115	(15)	
10/3	B1	B	400	CVA	8.25nc3.25	6.00%a	6.00-6.125%	286	0	
10/3	Baa1	BBB+	750	EPD	3.3	70a	55#	55	(15)	(6)
10/3	Baa1	BBB+	1000	EPD	10.0	115a	100#	100	(15)	5
10/3	Baa1	BBB+	1250	EPD	30.3	165a	150#	150	(15)	5
10/3	Aa3	AA-	750	MET	3.0	65a	55a	52	(13)	(1)
10/3	Aa3	A+	1000	TOTAL	10.0	87.5a	75a	73	(15)	0
10/2	Baa1	A+	850	BMO	10.0	165a	145a	140	(25)	(3)
10/2	A3	BBB+	400	CPT	10.0	125a		105	(20)	0
10/2	A3	A-	1250	CMCSA	2.0	L equiv	L equiv	3mL+33	(13)	6
10/2	A3	A-	1750	CMCSA	2.0	60-65	50#	50	(13)	6
10/2	A3	A-	1000	CMCSA	3.0	L equiv	L equiv	3mL+44	(13)	6
10/2	A3	A-	2000	CMCSA	3.0	70-75	60#	60	(13)	6
10/2	A3	A-	500	CMCSA	5.5	L equiv	L equiv	3mL+63	(18)	(2)
10/2	A3	A-	2500	CMCSA	5.5	90-95	80a	75	(18)	(2)
10/2	A3	A-	3000	CMCSA	7.0	115a	100a	95	(20)	4
10/2	A3	A-	4000	CMCSA	10.0	125-130	115a	110	(18)	6
10/2	A3	A-	1500	CMCSA	12.0	140a	125a	120	(20)	6
10/2	A3	A-	3000	CMCSA	20.0	160-165	145a	140	(23)	6
10/2	A3	A-	4000	CMCSA	30.0	170-175	155a	150	(23)	8
10/2	A3	A-	2500	CMCSA	40.0	195-200	180a	175	(23)	8
10/2	B1	BB	350	NPO	8nc3	H5s-6	5.875%a	271	(13)	
10/2	Caa2	CCC+	700	INTEL	6nc2	\$100.00a	\$100.50a	535	(16)	
10/2	Baa3	BB-	1500	LLOYDS	perp-nc7	7.75%a		449.6	(25)	38
10/2	A1	A-	1000	SABIC	5.0	140a	125a	115	(25)	
10/2	A1	A-	1000	SABIC	10.0	180a	165a	155	(25)	
10/1	A2	A	600	ATO	30.0	130a	115a	110	(20)	1
10/1	Baa3	BBB-	500	DB	2.3	L equiv	L+131a	3mL+129	(15)	3
10/1	Baa3	BBB-	1000	DB	2.3	160-165	150a	148	(15)	3
10/1	Ba2	BB+	600	HILCRP	10nc5	6.25-6.50%	6.25-6.50%	318	(13)	
10/1	Ba3	BB-	750	HDSUPP	8nc3	M-H5s	5.375-5.50%	232	(25)	
10/1	B2	BB-	300	MTDR	8nc3	\$100.50a		272	0	
10/1	A2	A	300	RY	5.0	L equiv	L equiv	3mL+66	(15)	3
10/1	A2	A	1500	RY	5.0	L90s	80a	78	(15)	3
10/1	A3	BBB+	375	TE	30.7	135a	125#	125	(10)	7
10/1	A2	A-	300	WEC	30.0	125-130	115a	110	(18)	3

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
CMCSA	4.950	10/15/2058	175.0	162	157	-13
SABIC	4.500	10/10/2028	155.0	143	140	-12
CMCSA	4.600	10/15/2038	140.0	131	129	-9
CMCSA	4.700	10/15/2048	150.0	141	139	-9
SABIC	4.000	10/10/2023	115.0	108	105	-7
CMCSA	3.450	10/1/2021	60.0	54	50	-6
CPT	4.100	10/15/2028	105.0	99	95	-6
WEC	4.300	10/15/2048	110.0	104	99	-6
CMCSA	3.950	10/15/2025	95.0	90	87	-5
CMCSA	4.150	10/15/2028	110.0	105	98	-5
DB	frn	2/4/2021	3mL+129	124	119	-5
TE	4.450	6/15/2049	125.0	120	116	-5
CMCSA	3.300	10/1/2020	50.0	46	41	-4
CNP	3.600	11/1/2021	67.0	63	60	-4
CMCSA	frn	10/1/2021	3mL+44	40	37	-4
CMCSA	4.250	10/15/2030	120.0	116	113	-4
DB	4.250	2/4/2021	148.0	144	140	-4
LLOYDS	7.500	perp-nc7	449.6	447	437	-3
CMCSA	frn	10/1/2020	3mL+33	31	28	-2
TOTAL	3.883	10/11/2028	73.0	71	68	-2
MET	3.450	10/9/2021	52.0	51	47	-1
AIB	4.750	10/12/2023	175.0	174	170	-1
HNDA	frn	12/10/2021	3mL+29	28	26	-1
HNDA	3.375	12/10/2021	45.0	44	40	-1
HNDA	3.625	10/10/2023	62.0	61	57	-1
CNP	3.850	2/1/2024	85.0	84	79	-1
EPD	4.800	2/1/2049	150.0	149	146	-1
MQGAU	5.033	1/15/2030	185.0	185	182	+0
CNP	4.250	11/1/2028	115.0	115	111	+0
EPD	3.500	2/1/2022	55.0	55	53	+0
ATO	4.300	10/1/2048	110.0	110	107	+0
RY	frn	10/5/2023	3mL+66	66	69	+0
CMCSA	3.700	4/15/2024	75.0	76	73	+1
RY	3.700	10/5/2023	78.0	79	77	+1
BMO	4.338	10/5/2028	140.0	141	139	+1
VER	4.625	11/1/2025	160.0	162	159	+2
EPD	4.150	10/16/2028	100.0	102	100	+2
CMCSA	frn	4/15/2024	3mL+63	67	62	+4
				Best		-13
				Worst		+4
				Avg		-2.90

*** Hi Yield ***				
CWCLN 7 1/2 10/15/26	100	101.025	101.75	1.025
REZI 6 1/8 11/01/26	100.000	100.750	101.500	+\$0.750
ITPCN 7 10/15/26	100.000	100.500	100.875	+\$0.500
INTEL 8 1/2 10/15/24	100.750	101.125	101.875	+\$0.375
HILCRP 6 1/4 11/01/28	100.000	100.125	100.625	+\$0.125
HDSUPP 5 3/8 10/15/26	100.000	100.000	100.500	+\$0.000
NPO 5 3/4 10/15/26	100.000	99.875	100.750	-\$0.125
CVA 6 01/01/27	100.000	99.625	100.000	-\$0.375
MTDR 5 7/8 09/15/26	100.500	99.750	100.625	-\$0.750
			Worst	-\$0.750
			Best	+\$1.025
			Avg	+\$0.169

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	26,447.05	(180.43)	(11.26)	22,655.14	26,951.81	25,929.84	25,108.82
S&P 500	2,885.60	(16.01)	(28.38)	2,532.69	2,940.91	2,876.17	2,761.98
Nasdaq	7,788.45	(91.06)	(257.91)	6,517.93	8,133.30	7,920.74	7,484.42
VIX	15.04	0.82	2.92	8.56	50.30	12.72	14.91
Dealer Positions #	19,580		(1,899)	11,621	32,169	21,647	22,225
Fed Balance Sheet (\$B)	4,175		(1.8)	4,175	4,470	4,356	4,446
ECB Corp Holding (€mm)	17,038		128.1	11,644	17,038	14,926	14,277
Oil	74.35	0.02	1.1	51.3	76.9	68.9	64.7
Gold	1203.67	3.75	12.8	1160.39	1366.15	1200.20	1280.60
10yr Tips B/E	2.172	0.01	0.0	1.83	2.21	2.12	2.11
SOFR	2.180%	(0.0)	0.0	1.65%	2.25%	1.96%	
3mLibor	2.410%	0.0	0.0	1.35%	2.41%	2.34%	2.19%
OIS-Libor Spread	2.241%	0.0	0.0	1.21%	2.25%	2.11%	1.84%
2yr	2.887%	1.7	6.6	1.47%	2.89%	2.70%	2.43%
3yr	2.983%	2.0	9.9	1.61%	2.98%	2.78%	2.55%
5yr	2.952%	(9.4)	(0.1)	1.90%	3.07%	2.84%	2.70%
7yr	3.175%	4.1	15.2	2.11%	3.17%	2.91%	2.81%
10yr	3.232%	4.4	17.0	2.27%	3.23%	2.95%	2.87%
30yr	3.405%	5.6	19.8	2.69%	3.40%	3.10%	3.06%
2>5 Curve	18.2	0.9	5.2	8.6	48.4	13.3	26.6
2>10 Curve	34.2	2.7	10.3	18.3	87.8	25.1	43.0
5>10 Curve	15.8	1.8	5.2	8.8	41.1	11.6	16.2
10>30 Curve	17.1	1.1	2.8	9.1	54.6	14.8	19.0
2yr Swap	17.5	(0.0)	0.8	15.1	34.4	18.7	23.7
3yr Swap	16.0	0.4	(0.5)	14.1	29.0	16.7	20.3
5yr Swap	11.6	0.1	(0.2)	1.5	16.5	13.0	11.9
7yr Swap	4.6	(1.1)	(1.8)	-18.6	9.9	7.4	4.5
10yr Swap	3.9	(0.8)	(2.0)	-5.2	8.4	6.4	4.3
US IG OAS*	105	0.0	(1.0)	85	124	110	106
US HY OAS**	316	13.0	(2.0)	303	379	329	337

*- 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	2600	7850	46000	7400	48195	11675	7900	3300	139,670
Oct	2000	27000	1750		4000	9250	2775			46,775
Nov										
Dec										
Total	17,800	77,776	92,969	185,750	57,013	439,208	78,631	77,870	14,050	1,041,068

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%	1.9%	5.6%	32.9%	5.3%	34.5%	8.4%	5.7%	2.4%	100%
Oct	4.3%	57.7%	3.7%		8.6%	19.8%	5.9%			100%
Nov										
Dec										
Total	2%	7%	9%	18%	5%	42%	8%	7%	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	4,050	6,705	3,900	600	1,800		21,960
Oct		1,200	750	400	900			1,000		4,250
Nov										
Dec										
Total	13,980	19,845	23,188	29,768	40,850	28,752	6,380	17,495	7,007	187,264

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	4%	10%	8%	18%	31%	18%	3%	8%		100%
Oct		28%	18%	9%	21%			24%		100%
Nov										
Dec										
Total	7%	11%	12%	16%	22%	15%	3%	9%	4%	100%

* Source - R. Seelaus, Informa, Bloomberg

SEELAUS

A WOMEN-OWNED
BUSINESS ENTERPRISE

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