

- **Next Week**

- The IGM survey of syndicate desks is calling for \$20.16B next week with estimates ranging from \$15B to \$30B.
- Potential names who have just completed or announced roadshows include Constellation Brands, Oglethorpe Power, Ohio National Financial Services, Hyundai Capital Services, PT Pertamina, Shinhan Bank, Suncorp-Metway, and Korea Housing Ltd.
- Big earnings week with 155 of the S&P500 announcing earnings including VZ, T, CMCSA, CHTR, TWTR, and GOOGL.
- **Economic/Fed Calendar: Focus on Beige Book and Fed speakers**
 - **Monday**
 - **Tuesday** Richmond Fed Mfg, Fed's Kashkari, Bostic, Kaplan speak
 - **Wednesday** PMI, New Home Sales, Fed's Bostic, Brainard and Mester speak, Fed releases Beige Book
 - **Thursday** Wholesale Inventories, Durable Goods, Initial Jobless Claims, Continuing Claims
 - **Friday** GDP, Personal Consumption, UofM Sentiment, Fed's Clarida and Mester speak

- **Last Week**

- Equity market volatility and a questionable spread backdrop led to a case of calendar interruptus this week. Only \$18.45B priced this week, \$10.3B below expectations for \$28.8B coming into the week, and nearly half of that priced on Monday. Interesting week from an execution metric standpoint. By most measures it was a solid week, with healthy demand and ample pricing leverage. That said, it took 10.3 bp's of concession on average to clear the calendar. Given the shaky performance of last week's calendar (breaking wider by 1.1 bp's on average) and negative sentiment emanating from the equity market, perhaps it shouldn't be surprising that investors demanded larger concessions to add risk. This week's deals performed, breaking tighter by 2.4 bp's on average, but measured against 10 bp's concessions probably fell short of sending an all clear signal.
- The HY market priced \$3.55B across 4 names and 5 tranches, highlighted by Uber's first HY bond transaction. Uber printed \$500mm 5nc2 at 7.50% and \$1.5B 8nc3 at 8.00%, in line with IPTs, in a transaction that traded up ~1 ½ points on the break. Overall 2 of the 5 tranches priced this week printed tight to whispers, 3 at the mid, and this week's deals traded up ¾ point on average.
- **IG Fund Flows:** EPFR reported a \$1.123B outflow from IG funds the week ending 10/17, the 3rd consecutive week of IG outflows. That brings the 4WMA to -\$1.053B. There were no weekly outflows in all of 2017. The cumulative inflow into IG funds so far this year is now \$57.2B.
- **HY Fund Flows:** EPFR reported an inflow of \$913.85mm into HY funds, partly reversing the prior week's large \$4.9B outflow. The 4WMA is now -\$630mm and the cumulative outflow for 2018 is now -\$9.7B
- **Dealer Positions:** Dealer inventories were relatively unchanged the week ending 10/10 according to data released today by the NY Federal Reserve Bank. Overall inventories were up 6% to \$26.429B, which is above the YTD average of \$19.3B. The biggest jump in absolute and relative terms was in HY. CP was up \$98mm (1%), IG was up \$365mm (4%), and HY was up \$937mm (38%) to \$3.38B, nearly double the ytd average for HY of \$1.7B.

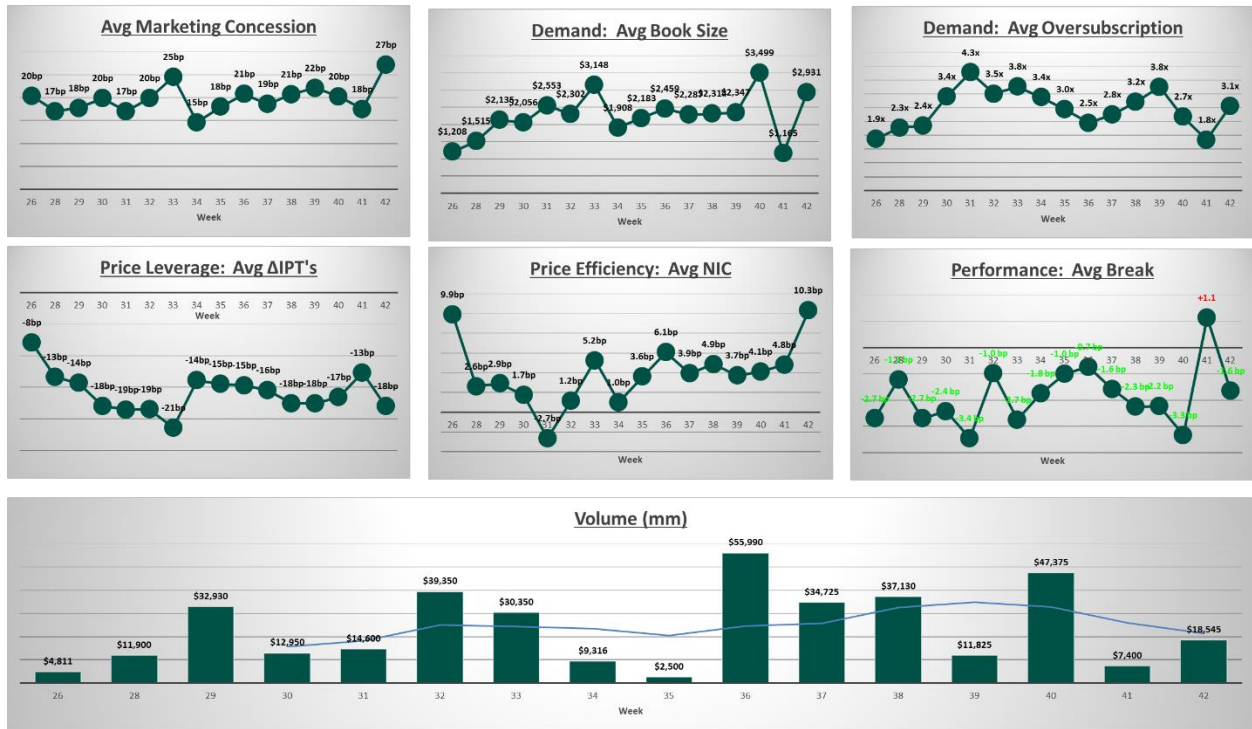
- **IG volume:** MTD IG new issue volume is now \$72.2B. YTD volume is now \$1.067T, \$94B and 8% behind last year's 42 week total.
- **HY volume:** MTD HY new issue volume is only \$8.9B. YTD volume is now \$192B, \$94B and 33% behind last year's 42 week total.
- **FWIW**
 - Another one bites the dust. Yes it was Latam but Empresa Electrica Cochrane II SpA's became the 5th US issue this year to pull its trade due to market conditions, in another sign (besides ballooning NIC's) of investor pushback. Three deals also pulled/postponed in Europe this week
 - Bloomberg highlighted this week a JPM research/strategy piece on the shortage of HY bonds, which is remarkable given the 33% plunge in issuance this year. "Junk bond investors were back to focusing on supply shortages as no new issues were added to the calendar on Tuesday and none have priced since Oct. 5. Year-to-date supply of approximately \$155b is the lowest since 2009. This is the largest supply shortage since 2008 with calls, tenders and maturities exceeding issuance, JPMorgan said yesterday." The growing popularity of the leveraged loan market is part of the reason for the dearth of supply.
 - Ruh Roh: 10/15 WSJ - "Deficits usually shrink during economic booms because strong growth leads to increased tax revenue as household income, corporate profits and capital gains all rise. Meantime, spending on safety-net programs like unemployment insurance and food stamps tends to be restrained. In the last fiscal year, a different set of forces was at play as economic growth sped up. Interest payments on the federal debt and military spending rose rapidly, while tax revenue failed to keep pace as the Republican tax cuts for both individuals and corporations kicked in."
 - I was in Gainesville last night for a tough 1-0 defeat for UGA's women's soccer to the University of Florida. Brings the overall record to 4-8-4 and the conference record to 1-5-2. Will be in Athens for huge game against Alabama on Sunday. With two game remaining, UGA may need to win out just to make the SEC tournament (only top 10 in conference go). Gonna stay in Atlanta for Monday night's Giant game vs the Falcons. With the Giants 1-5, my only highlight may be seeing Mercedes-Benz Stadium for the first time. Ugh, what a Fall season it's been....

Key Execution Metrics

Week 42 of 2018			Demand		Pricing Leverage		Performance
	# of Tranches	Volume	Oversubscription	Avg Book Size	Δ from IPT	Avg NIC	Avg Break
Monday	10	\$8,575	4.8x	\$3,560	-17.0 bp's	+12.3 bp's	-2.7 bp's
Tuesday	3	\$5,250	2.8x	\$5,267	-18.0 bp's	+9.3 bp's	-5.0 bp's
Wednesday	4	\$2,800	2.5x	\$1,840	-15.5 bp's	+0.8 bp's	-1.0 bp's
Thursday	4	\$1,920	1.9x	\$913	-23.1 bp's	+11.7 bp's	+0.5 bp's
Friday							
This Week	21	\$18,545	3.5x	\$2,972	-18.0 bp's	+10.3 bp's	-2.4 bp's
Week Prior		\$7,400	1.8x	\$1,165	-12.7 bp's	+4.8 bp's	+1.1 bp's
YTD Weekly Average		\$25,393	2.9x	\$2,301	-15.7 bp's	+4.9 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
10/18		BB-	650	AICNRA	10.2	M7s		-	0	
10/18	Baa3	BBB-	370	MABEMX	10.0	275a		250	(25)	
10/18	Ba3	BB-	500	JBSSBZ	7.25nc3	L-M7%	7.25%a	399	(25)	
10/18	B3	B	400	NINE	5nc2			573		
10/18	Baa2	BBB-	500	PLNIJ	10.3	5.75%a	5.50%#	-	(25)	17
10/18	Baa2	BBB-	500	PLNIJ	30.3	6.60%a	6.30%#	-	(30)	14
10/18	A2	A	550	PGR	10.4	95-100	85#	85	(13)	4
10/18			500	UBERUS	5nc2	0.075	7.50%a	-	0	
10/18			1500	UBERUS	8nc3	8.00%a	8.00%a	-	0	
10/17	Baa2	BBB+	750	FERGLN	10.0	150a	140a	137.5	(13)	
10/17	Aa2	AA	1000	TIAAGL	10.0	105-110	95a	90	(18)	0
10/17	Baa3	BBB-	750	TRAGSA	10.0	5.75%a	5.60%a	-	(20)	
10/17	Baa1	BBB+	300	UDR	10.3	135a	125a	123	(12)	2
10/16	Baa3	BBB+	2000	PEMEX	10.3	365a	340a	335	(30)	20
10/16	Aa3	A+	1000	WFC	3.0	L equiv	L equiv	3mL+51	(12)	4
10/16	Aa3	A+	2250	WFC	3.0	80a	70a	68	(12)	4
10/15	Baa3	BBB	525	CAG	2nc1	L+95a	L+80a	3mL+75	(20)	17
10/15	Baa3	BBB	1200	CAG	3.0	110a	95a	90	(20)	13
10/15	Baa3	BBB	1000	CAG	5.5	140a	135a	130	(10)	18
10/15	Baa3	BBB	1000	CAG	7.0	175a	160a	155	(20)	8
10/15	Baa3	BBB	1300	CAG	10.0	185a	175a	170	(15)	13
10/15	Baa3	BBB	1000	CAG	20.0	220a	205a	200	(20)	10
10/15	Baa3	BBB	1000	CAG	30.0	230a	215a	210	(20)	10
10/15	Baa3	BBB	400	FDX	10.0	115a	105#	105	(10)	11
10/15	Baa3	BBB	850	FDX	30.0	175a	165#	165	(10)	11
10/15	Aa2	AA	300	HIGHWY	3.0	105a	80#	80	(25)	

New Issue Report Card

*** Investment Grade ***						
Ticker	Cpn	Maturity	Spd	Bid	Ask	Δ
PEMEX	6.500	1/23/2029	335.0	321	319	-14
CAG	4.600	11/1/2025	155.0	146	144	-9
CAG	3.800	10/22/2021	90.0	82	81	-8
HIGHWY	3.625	10/22/2021	80.0	72	68	-8
CAG	frn	10/22/2020	3mL+75	68	64	-7
TIAAGL	4.000	11/1/2028	90.0	84	80	-6
MABEMX	5.600	10/23/2028	250.0	247	242	-3
CAG	4.300	5/1/2024	130.0	127	125	-3
UDR	4.400	1/26/2029	123.0	121	116	-2
WFC	frn	10/22/2021	3mL+51	50	46	-1
CAG	4.850	11/1/2028	170.0	169	167	-1
PGR	4.000	3/1/2029	85.0	85	83	+0
WFC	3.625	10/22/2021	68.0	68	65	+0
FDX	4.200	10/17/2028	105.0	109	105	+4
CAG	5.300	11/1/2038	200.0	205	200	+5
CAG	5.400	11/1/2048	210.0	215	212	+5
FDX	4.950	10/17/2048	165.0	171	167	+6
FERGLN	4.500	10/24/2028	137.5	145	143	+8
Best						-14
Worst						+8
Avg						-1.94

*** Hi Yield ***				
Issue	Init Px	Bid	Ask	Δ
NINE 8 3/4 11/01/23	100.000	101.750	102.125	+\$1.750
UBERUS 7 1/2 11/01/23	100.000	101.750	102.250	+\$1.750
UBERUS 8 11/01/26	100.000	101.500	102.000	+\$1.500
JBSSBZ 7 01/15/26	99.319	99.600	99.800	+\$0.281
AICNRA 7 1/2 12/15/28	100.000	98.375	99.000	-\$1.625
Worst				-\$1.625
Best				+\$1.750
Avg				+\$0.731

Market Dashboard

		1 Day Change	1 Week Change	52 Week Low	52 Week High	50 Day Moving Avg	200 Day Moving Avg
INDU	25,444.34	64.89	104.35	23,201.78	26,951.81	25,987.61	25,158.93
S&P 500	2,767.78	(1.00)	0.65	2,532.69	2,940.91	2,871.13	2,768.02
Nasdaq	7,449.03	(36.11)	(47.87)	6,517.93	8,133.30	7,869.28	7,516.59
VIX	19.89	(0.17)	(1.42)	8.56	50.30	14.29	15.42
Dealer Positions #	26,429		1,434	11,522	32,169	21,425	22,145
Fed Balance Sheet (\$B)	4,175		(0.1)	4,175	4,461	4,345	4,443
ECB Corp Holding (€mm)	17,183		74.4	11,946	17,183	15,099	14,493
Oil	69.12	0.47	(2.2)	51.3	76.9	69.8	65.4
Gold	1226.49	0.68	9.4	1160.39	1366.15	1200.21	1275.37
10yr Tips B/E	2.115	0.00	(0.0)	1.83	2.21	2.12	2.12
SOFR	2.190%	0.0	0.0	1.65%	2.25%	2.01%	
3mLibor	2.469%	0.0	0.0	1.36%	2.47%	2.36%	2.22%
OIS-Libor Spread	2.283%	0.0	0.0	1.24%	2.29%	2.16%	1.88%
2yr	2.906%	2.9	5.1	1.53%	2.91%	2.74%	2.48%
3yr	2.984%	2.5	4.2	1.67%	2.98%	2.82%	2.60%
5yr	3.047%	1.9	3.1	1.95%	3.07%	2.88%	2.74%
7yr	3.135%	1.5	2.8	2.17%	3.17%	2.95%	2.85%
10yr	#N/A N/A	#N/A N/A	#N/A N/A	2.32%	3.23%	3.00%	2.90%
30yr	3.377%	1.2	4.2	2.69%	3.40%	3.15%	3.09%
2>5 Curve	13.8	(0.8)	(2.0)	8.6	48.4	13.0	25.7
2>10 Curve	28.4	(1.4)	(2.0)	18.3	85.5	25.3	41.8
5>10 Curve	14.4	(0.6)	(0.1)	8.8	39.1	12.1	16.0
10>30 Curve	18.3	(0.0)	1.1	9.1	52.4	15.5	18.2
2yr Swap	20.4	(1.7)	1.7	15.1	34.4	18.4	23.8
3yr Swap	19.0	(0.8)	2.5	14.1	29.0	16.6	20.2
5yr Swap	14.6	(0.5)	2.5	1.5	16.5	12.9	12.4
7yr Swap	8.0	(0.6)	2.6	-18.6	9.9	7.2	4.9
10yr Swap	6.7	(0.3)	2.5	-3.5	8.4	6.2	4.6
US IG OAS*	111	0.0	2.0	85	124	110	107
US HY OAS**	343	0.0	(1.0)	303	379	330	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	2500	7695	8150	19150	4125	2100		72,720
Nov										
Dec										
Total	17,800	77,776	93,719	193,445	61,163	449,108	79,981	79,970	14,050	1,067,013

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	2.8%	37.1%	3.4%	10.6%	11.2%	26.3%	5.7%	2.9%		100%
Nov										
Dec										
Total	2%	7%	9%	18%	6%	42%	7%	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		3,700	750	900	1,925	650		1,000		8,925
Nov										
Dec										
Total	13,980	22,345	23,188	30,268	41,875	29,402	6,380	17,495	7,007	191,939

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%		4%	17%	100%
Sep	4%	10%	8%	18%	31%	18%	3%	8%		100%
Oct		41%	8%	10%	22%	7%		11%		100%
Nov										
Dec										
Total	7%	12%	12%	16%	22%	15%	3%	9%	4%	100%

* Source - R. Seelaus, Informa, Bloomberg

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