



6 February 2017

FIXED INCOME MONTHLY
INVESTMENT BANKING

Table of Contents:

JANUARY MARKET UPDATE 1
VOLUMES, LIQUIDITY & SPREADS 2
MONTHLY ISSUANCE 3

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FIXED INCOME MARKET UPDATE: January 2017

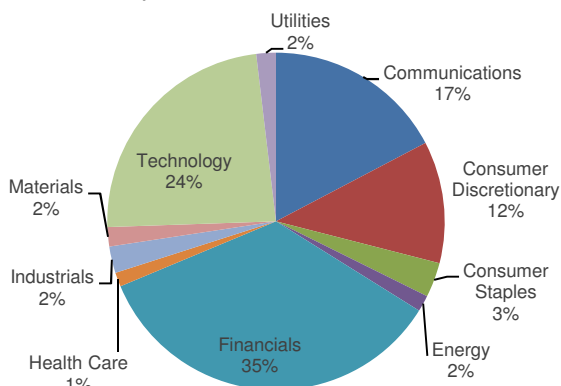
KEY TAKEAWAY:

The month and New Year got off to a strong start as issuers, dominated by Financials, were anxious to tap the market ahead of the inauguration and Q4 earnings. Volumes exceeded expectations in what turned out to be the busiest start to a year since 1999. The supply was easily absorbed with little or no concession to outstanding issues, reflecting the ongoing demand for credit that has brought IG spreads to a two-year low.

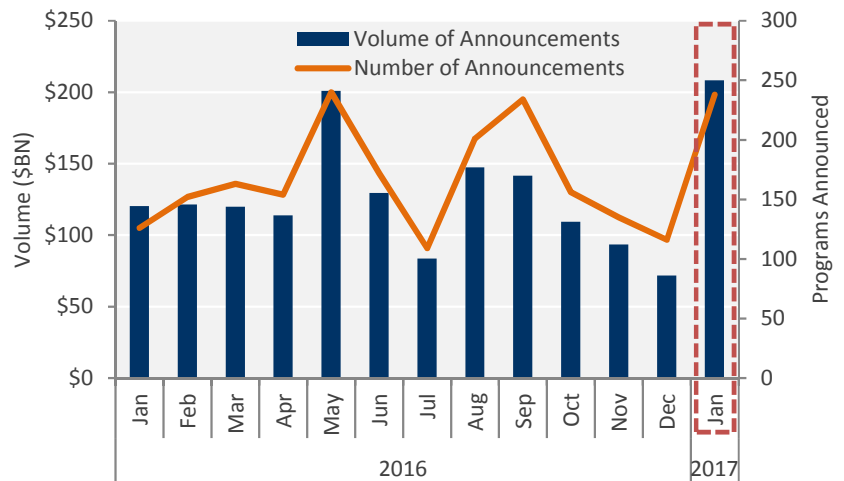
- After a mid-month slowdown following earnings releases, mega deals from AT&T and Microsoft, both incorporating 40 year tranches, brought month end totals to record levels (\$227BN). With underlying benchmark levels still well below post-election highs, borrowing activity is likely to continue at a brisk pace as we move through the quarter. In addition, uncertainty surrounding the new administration, along with the prospect of 2-3 more rate hikes, has many thinking this year's issuance could very well be front loaded.
- Regardless of where and when future supply comes, the fundamental backdrop remains very positive for corporate credit, suggesting spreads are likely to remain around current fully valued levels. Domestic institutional demand should stay robust as yields go up and be supportive of the long end of the curve. Foreign demand, driven by a strong \$USD and large yield differentials, should provide further cushion. Both will be important factors in avoiding any serious spread erosion as we move through the year. The outlook then remains very positive for debt financing, despite the uncertainties that are to be expected with a change in administration.

Volume of Announced Programs

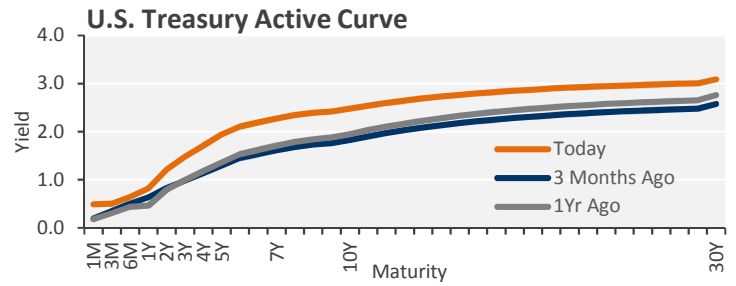
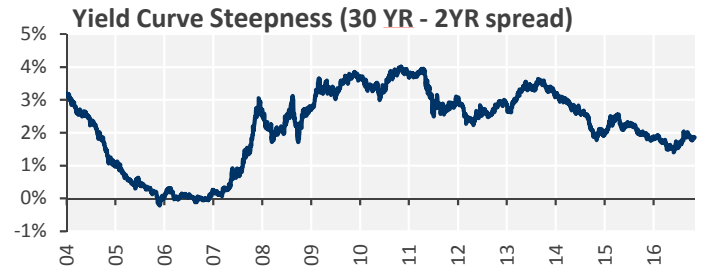
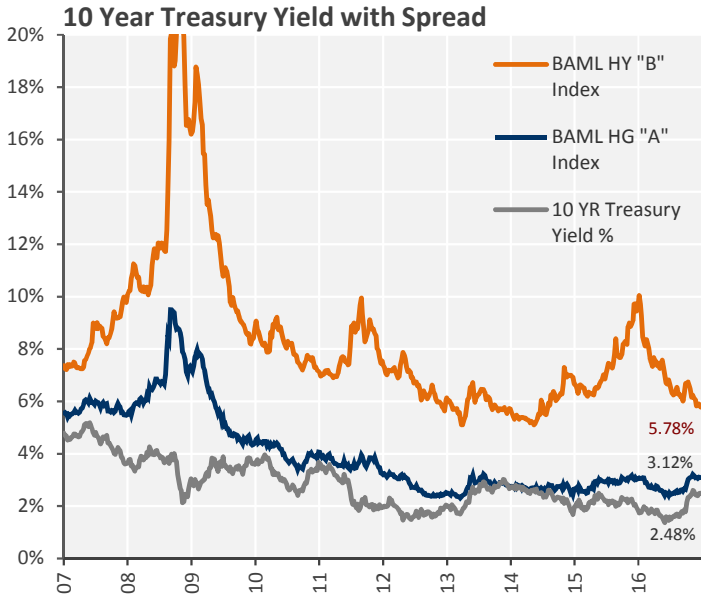
January 2017



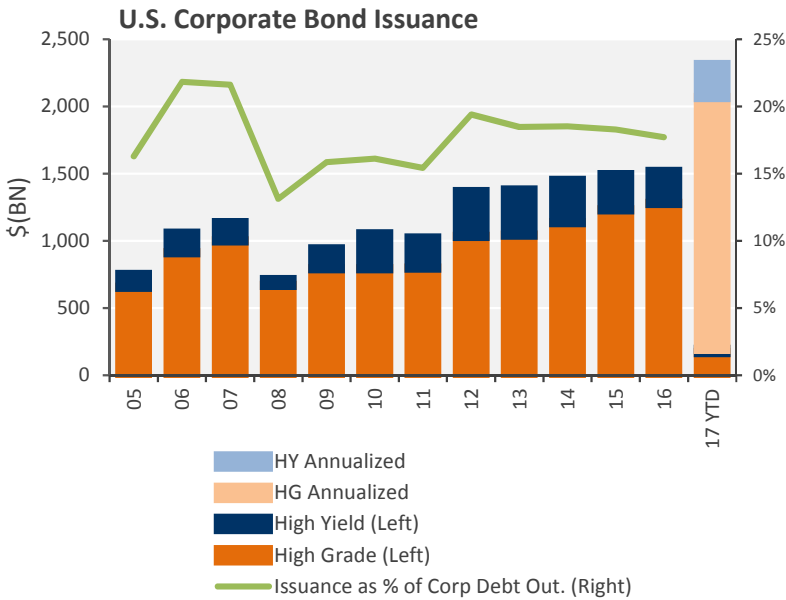
Number and Volume of Announcements



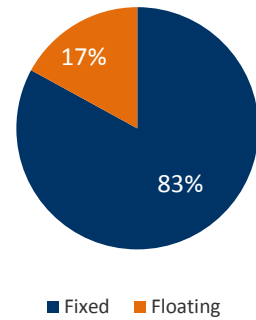
YIELDS & SPREADS



U.S. CORPORATE BOND ISSUANCE



Fixed vs Floating Issuance 2017 YTD



JANUARY 2017 ANNOUNCEMENTS (>\$1BN)

Issuer	Coupon	Maturity	Size	Dated	Spread	Yield	Ratings
AT&T Inc	5.25	3/1/2037	3,000	01/17	210	5.2	Baa1
AT&T Inc	4.25	3/1/2027	2,000	01/17	175	4.2	Baa1
AT&T Inc	5.45	3/1/2047	2,000	01/17	234	5.4	Baa1
AT&T Inc	3.20	3/1/2022	1,250	01/17	130	3.2	Baa1
AT&T Inc	5.70	3/1/2057	1,000	01/17	261	5.7	Baa1
Aviation Capital Group Corp	2.875	1/20/2022	1,000	01/17	111	3.0	A-
Aviation Capital Group Corp	2.875	1/20/2022	1,000	01/17	109	3.0	A-
Bank of America Corp	3.824	1/20/2028	2,500	01/17	144	3.8	Baa1 / BBB+
Bank of America Corp	4.443	1/20/2048	2,000	01/17	139	4.5	Baa1 / BBB+
Bank of America Corp	3.124	1/20/2023	1,500	01/17	210	3.7	Baa1 / BBB+
The Bank of New York Mellon Corp	2.60	2/7/2022	1,250	01/17	76	2.7	A1e
The Bank of New York Mellon Corp	3.442	2/7/2028	1,000	01/17	97	3.3	A1e
Branch Banking & Trust Co	2.625	1/15/2022	1,000	01/17	71	2.7	A1 / A
Branch Banking & Trust Co	2.10	1/15/2020	1,000	01/17	59	2.1	A1 / A
Broadcom Corp / Broadcom Cayman Finance Ltd	3.875	1/15/2027	4,800	01/17	144	3.9	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	3.875	1/15/2027	4,800	01/17	144	3.9	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	3.00	1/15/2022	3,500	01/17	115	3.1	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	3.00	1/15/2022	3,500	01/17	115	3.1	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	2.375	1/15/2020	2,750	01/17	96	2.4	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	2.375	1/15/2020	2,750	01/17	97	2.5	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	3.625	1/15/2024	2,500	01/17	136	3.6	Baa2 / BBB-
Broadcom Corp / Broadcom Cayman Finance Ltd	3.625	1/15/2024	2,500	01/17	133	3.6	Baa2 / BBB-
Capital One NA/Mclean VA	2.35	1/31/2020	1,500	01/17	81	2.3	Baa1 / BBB+
Caterpillar Financial Services Corp	2.10	1/10/2020	1,000	01/17	53	2.0	A3 / A
CCO Holdings LLC / CCO Holdings Capital Corp	5.125	5/1/2027	1,000	01/17	230	4.8	B1 / BB+
CCO Holdings LLC / CCO Holdings Capital Corp	5.125	5/1/2027	1,000	01/17	232	4.9	B1 / BB+
Citigroup Inc	3.887	1/10/2028	2,750	01/17	146	3.8	Baa1 / BBB+
Citigroup Inc	2.45	1/10/2020	1,500	01/17	88	2.4	Baa1 / BBB+
Citigroup Inc	1.80	1/10/2020	1,000	01/17	74	1.8	Baa1 / BBB+
Comcast Corp	3.00	2/1/2024	1,250	01/17	89	3.2	A3 / A-
Comcast Corp	3.30	2/1/2027	1,250	01/17	100	3.5	A3 / A-
Daimler Finance North America LLC	2.30	1/6/2020	1,000	01/17	73	2.2	A3 / A
Daimler Finance North America LLC	2.30	1/6/2020	1,000	01/17	74	2.2	A3 / A
Ford Motor Credit Co LLC	2.681	1/9/2020	1,250	01/17	108	2.6	Baa2 / BBB
Ford Motor Credit Co LLC	2.009	1/9/2020	1,000	01/17	75	1.8	Baa2 / BBB
General Motors Financial Co Inc	3.45	1/14/2022	1,250	01/17	140	3.3	Baa3 / BBB
The Goldman Sachs Group Inc	3.00	4/26/2022	2,250	01/17	116	3.1	A3 / BBB+
The Goldman Sachs Group Inc	3.85	1/26/2027	1,750	01/17	139	3.9	A3 / BBB+
The Goldman Sachs Group Inc	2.142	4/26/2022	1,000	01/17	109	2.1	A3 / BBB+
International Business Machines Corp	2.50	1/27/2022	1,000	01/17	50	2.4	Aa3e / AA-
JPMorgan Chase & Co	3.782	2/1/2028	2,750	01/17	126	3.6	A3 / A-
The Kroger Co	4.45	2/1/2047	1,000	01/17	146	4.6	Baa1 / BBB
Microsoft Corp	3.30	2/6/2027	4,000	01/17	79	3.3	Aaa / AAA
Microsoft Corp	4.25	2/6/2047	3,000	01/17	106	4.2	Aaa / AAA
Microsoft Corp	4.10	2/6/2037	2,500	01/17	84	4.0	Aaa / AAA
Microsoft Corp	2.875	2/6/2024	2,250	01/17	61	2.9	Aaa / AAA
Microsoft Corp	4.50	2/6/2057	2,000	01/17	136	4.5	Aaa / AAA
Microsoft Corp	2.40	2/6/2022	1,750	01/17	46	2.4	Aaa / AAA
Microsoft Corp	1.85	2/6/2020	1,500	01/17	32	1.8	Aaa / AAA
Morgan Stanley	3.625	1/20/2027	3,000	01/17	134	3.8	A3 / BBB+
Morgan Stanley	4.375	1/22/2047	2,250	01/17	134	4.4	A3 / BBB+
Morgan Stanley	2.21	1/20/2022	1,750	01/17	108	2.1	A3 / BBB+
SunTrust Bank/Atlanta GA	2.25	1/31/2020	1,000	01/17	70	2.2	Baa1 / A-
Toyota Motor Credit Corp	2.60	1/11/2022	1,200	01/17	64	2.6	Aa3 / AA-
US Bancorp	2.625	1/24/2022	1,250	01/17	61	2.6	A1 / A+
US Bank NA/Cincinnati OH	2.00	1/24/2020	1,100	01/17	49	2.0	A1 / AA-
Verizon Communications Inc	5.012	4/15/2049	4,100	01/17	190	5.0	Baa1 / BBB+
Verizon Communications Inc	5.012	4/15/2049	4,100	01/17	190	5.0	Baa1 / BBB+
Verizon Communications Inc	2.946	3/15/2022	3,200	01/17	102	2.9	Baa1 / BBB+
Verizon Communications Inc	2.946	3/15/2022	3,200	01/17	102	2.9	Baa1 / BBB+
Verizon Communications Inc	4.812	3/15/2039	1,700	01/17	171	4.8	Baa1 / BBB+
Verizon Communications Inc	4.812	3/15/2039	1,700	01/17	171	4.8	Baa1 / BBB+
Verizon Communications Inc	4.95	2/11/2047	1,475	01/17	188	5.0	Baa1 / BBB+
Wells Fargo & Co	3.069	1/24/2023	3,750	01/17	115	3.1	A2 / A
Wells Fargo & Co	2.153	1/24/2023	1,250	01/17	99	2.0	A2 / A

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