



5 April 2018

**FIXED INCOME MONTHLY  
INVESTMENT BANKING**

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**FIXED INCOME MARKET UPDATE: March 2018**

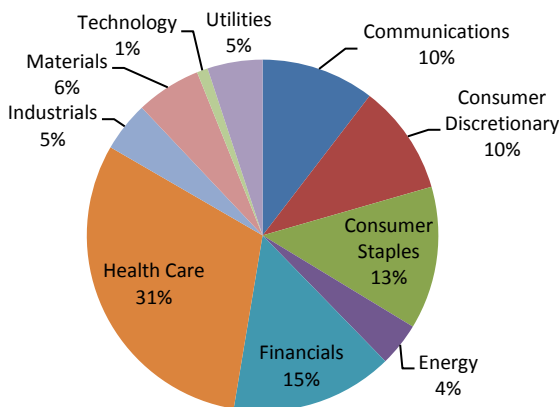
**KEY TAKEAWAY:**

Equity market volatility continued to play havoc with the bond market as March and Q1 came to a close. Concerns about geo-political risk and weaker than expected inflation numbers took a back seat to investors seeking refuge from a massive Tech sector sell-off that sent Treasuries to YTD low yields. The “rate scare” that we began the year with seems to be fading, with a 3% 10YR now thought to be a ways off.

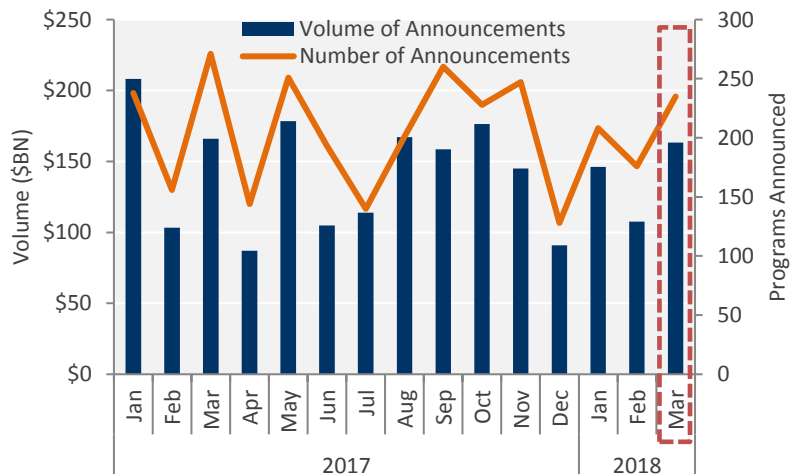
- Not surprisingly, new-issue activity continued to trail last year’s record levels and is now down 20% YTD. Investor caution was reflected in a more disciplined approach to new deals, as order books shrank, and concessions widened. Many deals widened on the break, further pressuring secondary trading. The highlight of the month was the \$40BN nine-part deal for CVS to fund its acquisition of Aetna. The offering was the third largest ever and accounted for 36% of March supply. Spreads continued to widen, off 13bps in March and 16bps since the start of the year. April volumes will likely remain subdued, with earnings blackouts sidelining many potential issuers.
- Going forward, elevated equity market volatility will likely remain with us, and continue to play out in the bond market as we re-adjust after years of no or low volatility. In the meantime, economic numbers have begun to suggest an economy slowing enough for the Fed to question the potential of four hikes for 2018, and maybe even three. Inflation seems to be eluding us, and Central banks don’t appear to be as hawkish as originally thought. All of which should keep benchmarks well below where we thought they’d be at this point. With underlying fundamentals unchanged, and spreads wider, the demand for corporate credit should reassert itself as Spring unfolds.

**Volume of Announced Programs**

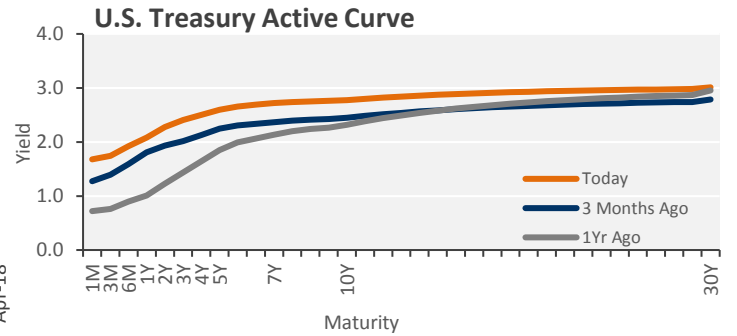
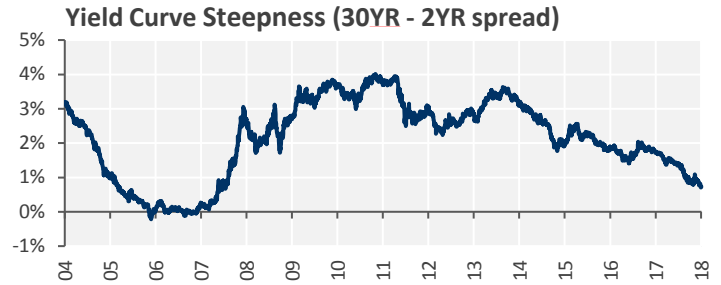
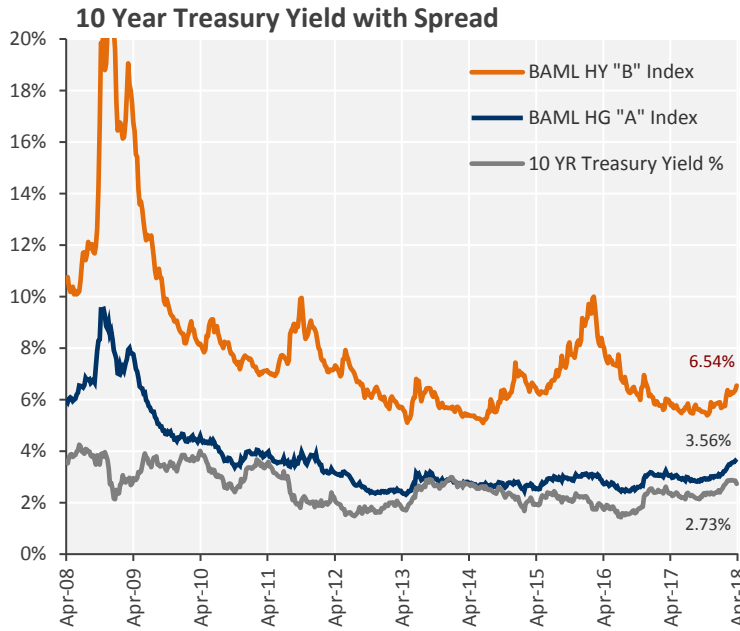
March 2018



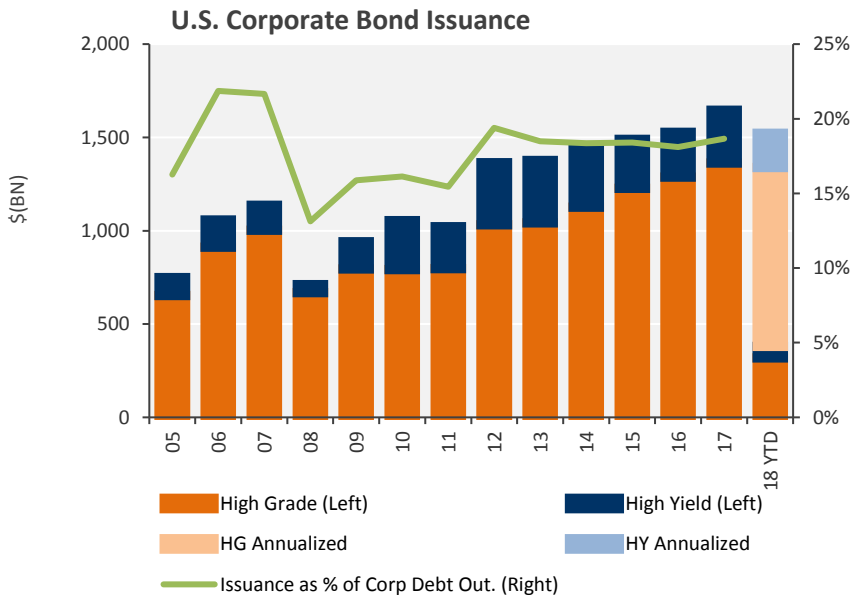
**Number and Volume of Announcements**



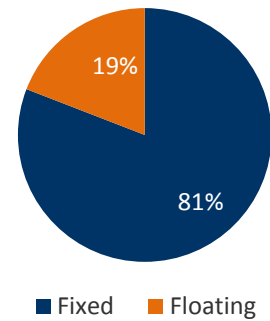
## YIELDS & SPREADS



## U.S. CORPORATE BOND ISSUANCE



### Fixed vs Floating Issuance 2018 YTD



## MARCH 2018 ANNOUNCEMENTS (>\$1BN)

Issuer	Coupon	Maturity	Size	Dated	Spread	YTM	Ratings
CVS Health Corp	4.30	2028-03-25	9,000	2018-03-06	137	4.2	Baa1 / BBB
CVS Health Corp	5.05	2048-03-25	8,000	2018-03-06	163	4.7	Baa1 / BBB
CVS Health Corp	3.70	2023-03-09	6,000	2018-03-06	87	3.5	Baa1 / BBB
CVS Health Corp	4.78	2038-03-25	5,000	2018-03-06	159	4.7	Baa1 / BBB
CVS Health Corp	4.10	2025-03-25	5,000	2018-03-06	118	4.0	Baa1 / BBB
CVS Health Corp	3.35	2021-03-09	3,000	2018-03-06	65	3.1	Baa1 / BBB
Anheuser-Busch InBev Worldwide Inc	4.00	2028-04-13	2,500	2018-03-20	103	3.9	A3 / A-
Anheuser-Busch InBev Worldwide Inc	4.60	2048-04-15	2,500	2018-03-20	135	4.4	A3 / A-
Bank of America Corp	5.875	N/A	2,350	2018-03-08	297	5.5	Ba1 / BBB-
Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	4.738	2025-03-20	2,100	2018-03-14	204	4.7	Baa2
Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	4.738	2025-03-20	2,100	2018-03-14	202	4.7	Baa2
CVS Health Corp	3.125	2020-03-09	2,000	2018-03-06	58	2.9	Baa1 / BBB
Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	5.152	2028-03-20	1,838	2018-03-12	230	5.1	Baa2
Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	5.152	2028-03-20	1,838	2018-03-12	229	5.1	Baa2
Frontier Communications Corp	8.50	2026-04-01	1,600	2018-03-07	591	8.8	B3 / B+
Frontier Communications Corp	8.50	2026-04-01	1,600	2018-03-07	589	8.8	B3 / B+
Anheuser-Busch InBev Worldwide Inc	3.50	2024-01-12	1,500	2018-03-20	74	3.4	A3 / A-
Anheuser-Busch InBev Worldwide Inc	4.375	2038-04-15	1,500	2018-03-20	117	4.3	A3 / A-
Anheuser-Busch InBev Worldwide Inc	4.75	2058-04-15	1,500	2018-03-20	157	4.6	A3 / A-
Valeant Pharmaceuticals International	9.25	2026-04-01	1,500	2018-03-12	648	9.2	Caa1 / B-
Valeant Pharmaceuticals International	9.25	2026-04-01	1,500	2018-03-12	651	9.2	Caa1 / B-
Springleaf Finance Corp	6.875	2025-03-15	1,250	2018-03-08	395	6.7	B2 / B
Campbell Soup Co	3.65	2023-03-15	1,200	2018-03-12	97	3.6	Baa2 / BBB
Cequel Communications Holdings I LLC / Cequel Capital Corp	7.50	2028-04-01	1,050	2018-03-22	420	7.1	Caa1 / B
Cequel Communications Holdings I LLC / Cequel Capital Corp	7.50	2028-04-01	1,050	2018-03-22	447	7.3	Caa1 / B
American International Group Inc	4.75	2048-04-01	1,000	2018-03-19	156	4.6	Baa1 / BBB+
Campbell Soup Co	4.15	2028-03-15	1,000	2018-03-12	138	4.2	Baa2 / BBB
CVS Health Corp	2.777	2021-03-09	1,000	2018-03-06	36	2.7	Baa1 / BBB
CVS Health Corp	2.687	2020-03-09	1,000	2018-03-06	37	2.7	Baa1 / BBB

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