



7 November 2016

**FIXED INCOME MONTHLY**  
INVESTMENT BANKING

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**FIXED INCOME MARKET UPDATE: October 2016**

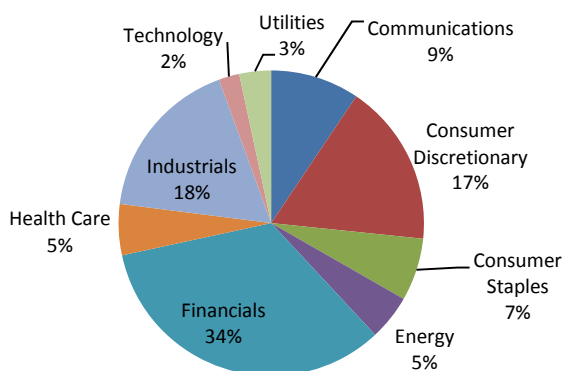
**KEY TAKEAWAY:**

October has always been a difficult month for investors and this year was no exception. Bond and equity markets sold off in tandem throughout the month as global Central Banks began hinting of “Tapering” or altering the make-up of their bond purchases. Equities had their worst month since January and bonds suffered their worst monthly sell-off since 2010. Hardest hit were European Sovereign bond markets, many of which had been trading at negative yields for much of the year.

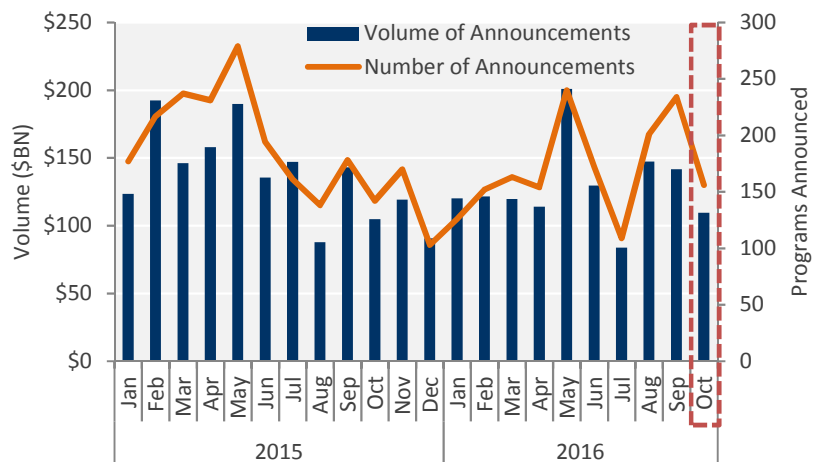
- There’s no question markets seem to be sniffing out fiscal stimulus as the next cure-all for anemic global growth. Recognition that negative interest rates haven’t worked is forcing policy makers in new directions. The move down in the bond market has been a negative duration move, not a credit move, driven in large part by changing inflation expectations. Increased infrastructure spending suggests greater government debt issuance, and more supply suggests higher yields. The US Treasury market is up over 50 bps across the board since the July lows, with the US 10YR ending the month at 1.86%. Buying of long duration paper, very much the rage earlier this year, has slowed considerably in favor of intermediate maturities and floating-rate notes (FRNS).
- Despite the back-up in benchmark levels, IG spreads remained quite stable throughout the month as yield hungry investors continue to look to investment grade credit for returns. While the financing environment remains quite positive for the near term, new-issuance is likely to be more subdued in the wake of the upcoming elections and December’s much anticipated Fed meeting. Nevertheless, good news on the supply side came late in the month with the announcement of several large M&A transactions, likely promising a significant addition to next year’s calendar.

**Volume of Announced Programs**

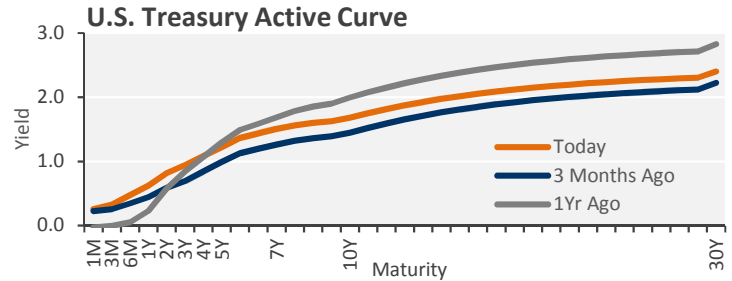
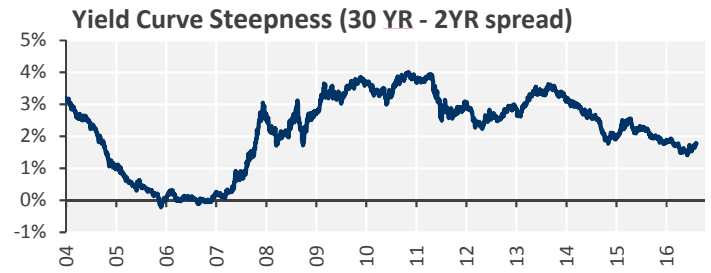
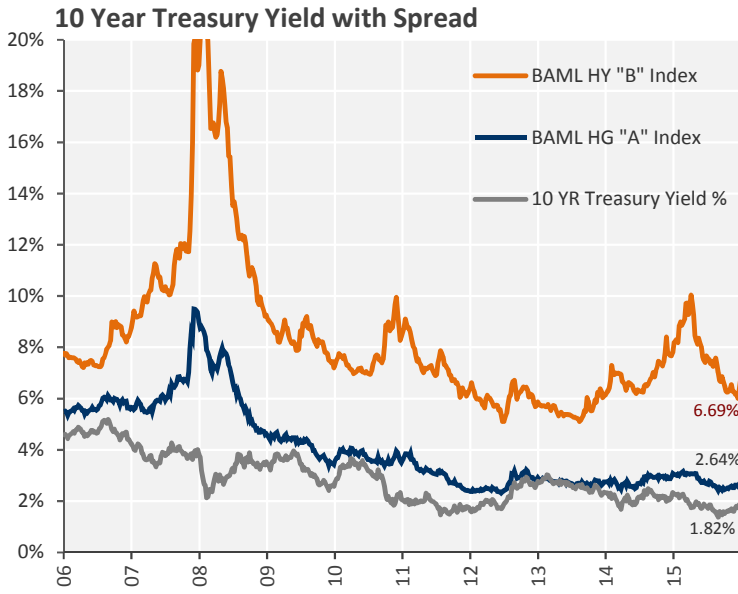
October 2016



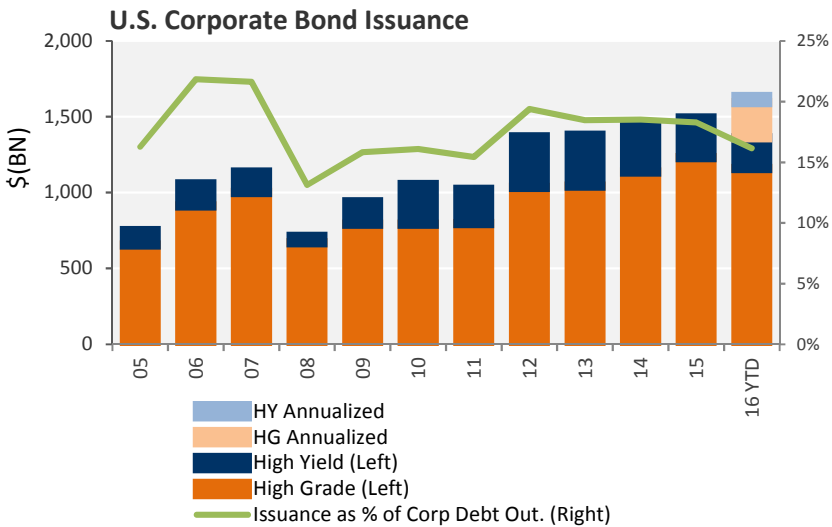
**Number and Volume of Announcements**



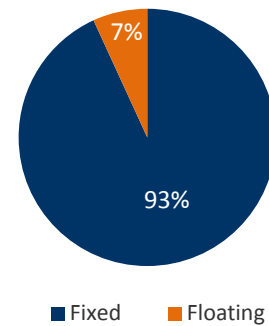
## YIELDS & SPREADS



## U.S. CORPORATE BOND ISSUANCE



### Fixed vs Floating Issuance 2016 YTD



## OCTOBER 2016 ANNOUNCEMENTS (>\$1BN)

Issuer	Coupon	Maturity	Size	Dated	Spread	Yield	Ratings
Wells Fargo & Co	3.00	10/23/2026	3,500	10/16	125	3.0	A2 / A
Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	3.36	9/20/2021	3,500	10/16	226	3.2	Baa2
Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	3.36	9/20/2021	3,500	10/16	210	3.1	Baa2
Citigroup Inc	3.20	10/21/2026	3,000	10/16	143	3.2	Baa1 / BBB+
Bank of America Corp	3.248	10/21/2027	2,500	10/16	145	3.2	Baa1 / BBB+
Morgan Stanley	2.282	10/24/2023	2,500	10/16	140	2.3	A3 / BBB+
JPMorgan Chase & Co	2.112	10/24/2023	2,000	10/16	123	2.1	A3 / A-
Bank of America Corp	2.503	10/21/2022	2,000	10/16	123	2.5	Baa1 / BBB+
Wells Fargo & Co	2.117	10/31/2023	2,000	10/16	123	2.2	A2 / A
PepsiCo Inc	3.45	10/6/2046	1,500	10/16	112	3.7	A1 / A
Honeywell International Inc	2.50	11/1/2026	1,500	10/16	84	2.6	A2 / A
Honeywell International Inc	1.85	11/1/2021	1,500	10/16	58	1.8	A2 / A
Honeywell International Inc	1.40	10/30/2019	1,250	10/16	41	1.4	A2 / A
Inception Merger Sub Inc / Rackspace Hosting Inc	8.625	11/15/2024	1,200	10/16	688	8.7	B3 / B+
Inception Merger Sub Inc / Rackspace Hosting Inc	8.625	11/15/2024	1,200	10/16	690	8.7	B3 / B+
Centene Corp	4.75	1/15/2025	1,200	10/16	295	4.7	Ba2 / BB
United Technologies Corp	2.65	11/1/2026	1,150	10/16	84	2.6	A3 / A-
Daimler Finance North America LLC	1.75	10/30/2019	1,100	10/16	77	1.7	A3 / A
Daimler Finance North America LLC	1.75	10/30/2019	1,100	10/16	74	1.7	A3 / A
United Technologies Corp	3.75	11/1/2046	1,100	10/16	124	3.8	A3 / A-
PepsiCo Inc	2.375	10/6/2026	1,000	10/16	74	2.5	A1 / A
Toyota Motor Credit Corp	1.55	10/18/2019	1,000	10/16	52	1.5	Aa3 / AA-
NIKE Inc	2.375	11/1/2026	1,000	10/16	66	2.5	A1 / AA-
Netflix Inc	4.375	11/15/2026	1,000	10/16	279	4.6	B1 / B+
Netflix Inc	4.375	11/15/2026	1,000	10/16	279	4.6	B1 / B+
The Goldman Sachs Group Inc	2.64	10/28/2027	1,000	10/16	175	2.6	A3 / BBB+
Daimler Finance North America LLC	2.20	10/30/2021	1,000	10/16	87	2.1	A3 / A
Daimler Finance North America LLC	2.20	10/30/2021	1,000	10/16	85	2.1	A3 / A
Illinois Tool Works Inc	2.65	11/15/2026	1,000	10/16	79	2.6	A2e / A+

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