



5 October 2016

FIXED INCOME MONTHLY
INVESTMENT BANKING

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FIXED INCOME MARKET UPDATE: September 2016

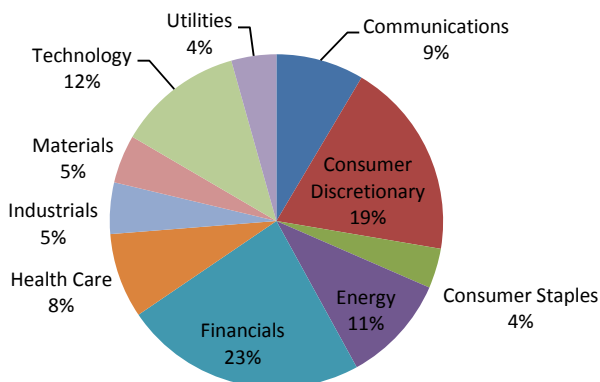
KEY TAKEAWAY:

Investors returned from the summer holidays to face a barrage of concerns, both political and economic, and an end to the low vol. complacency many had gotten used to. Concern that the ECB was on hold for further Quantitative Easing (QE), that the BOJ was rethinking their QE, and that the Fed was considering tightening faster than traders like, all contributed to a spike in volatility that caught everyone by surprise.

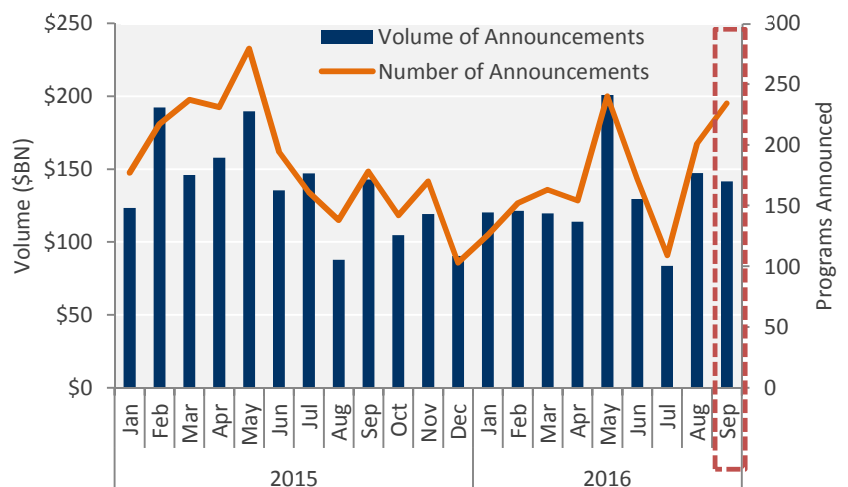
- US Treasury yields retreated from their historic July lows and equity markets around the world sold off dramatically. The curve steepened over the potential for a scaling back of purchases of longer term bonds on the part of Central Banks, as they rethink their approach to QE. Worries that the buying of Sovereign bonds and negative interest rates had run its course suggested to many that QE in the future would look very different from QE in the past.
- Despite the spike in volatility, IG spreads across most sectors were only marginally higher, with interest rate sectors showing the most sensitivity. With much of the developed world still trading at negative rates, the demand for \$USD based credit remains exceptionally strong. Nevertheless, with IG spreads trading at close to their lowest levels in a year, resistance to higher valuations began to surface, suggesting a limit on any further compression going into year end.
- By month's end, earlier concerns about Central Bank actions had dissipated as the Fed scaled back its expectations for hiking rates next year and the BOJ pegged its 10 year rate at zero. For many, this confirmed that Central Banks continue to be the only game in town and are not likely to abandon the markets anytime soon. Stock and bond markets recovered as investors once again embraced the "lower-for-longer everywhere" mantra. With Treasuries once again anticipated to be range bound through year end, and credit thought to be the least dirty shirt in the laundry, an active new-issue calendar is expected for Q4.

Volume of Announced Programs

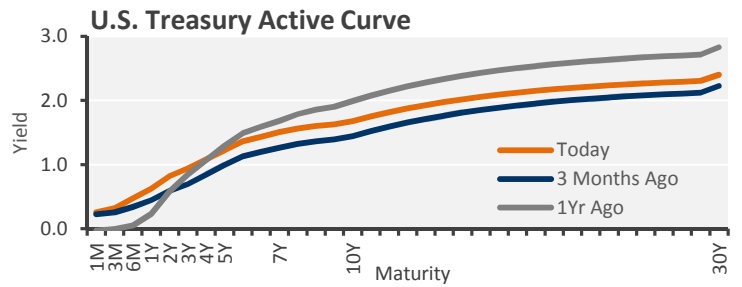
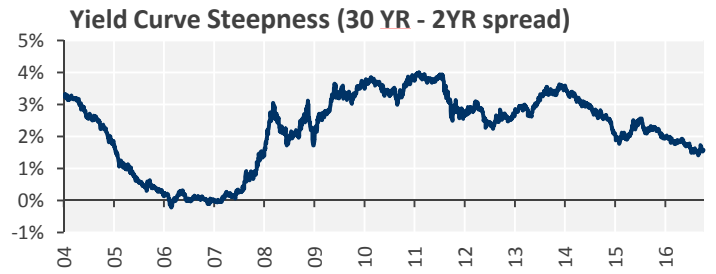
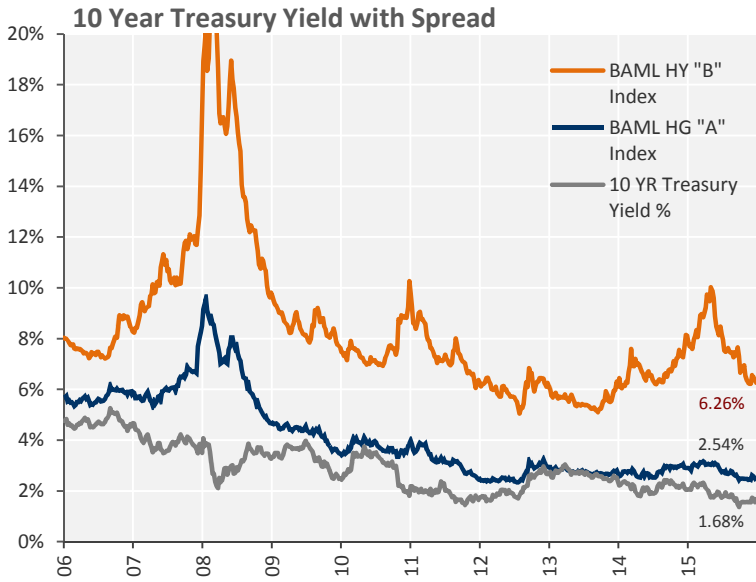
September 2016



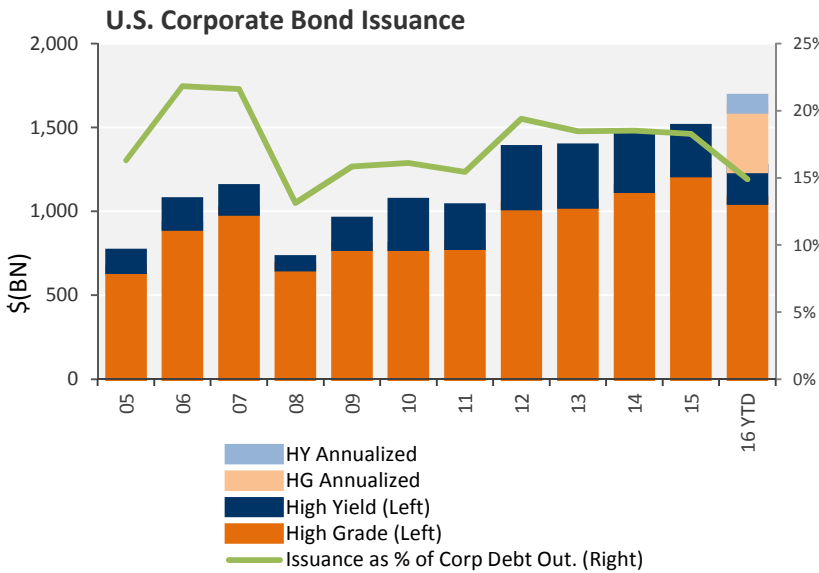
Number and Volume of Announcements



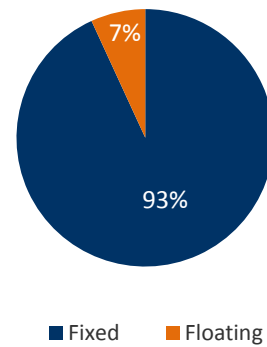
YIELDS & SPREADS



U.S. CORPORATE BOND ISSUANCE



Fixed vs Floating Issuance 2016 YTD



SEPTEMBER 2016 ANNOUNCEMENTS (>\$1BN)

Issuer	Coupon	Maturity	Size	Dated	Spread	Yield	Ratings
Allison Transmission Inc	5.00	10/1/2024	1,000	09/16	308	4.5	Ba3
Allison Transmission Inc	5.00	10/1/2024	1,000	09/16	327	4.7	Ba3
Altria Group Inc	3.875	9/16/2046	1,500	09/16	127	3.7	A3 / A-
American Honda Finance Corp	1.70	9/9/2021	1,000	09/16	64	1.9	A1 / A+
Capital One NA/Mclean VA	2.25	9/13/2021	1,000	09/16	107	2.3	Baa1 / BBB+
Capital One NA/Mclean VA	1.85	9/13/2019	1,250	09/16	85	1.8	Baa1 / BBB+
Chesapeake Energy Corp	5.50	9/15/2026	1,100	09/16	370	5.4	Caa3 / CCC-
Cisco Systems Inc	2.50	9/20/2026	1,500	09/16	71	2.4	A1 / AA-
Cisco Systems Inc	1.85	9/20/2021	2,000	09/16	53	1.8	A1 / AA-
Cisco Systems Inc	1.40	9/20/2019	1,500	09/16	46	1.4	A1 / AA-
Cox Communications Inc	3.35	9/15/2026	1,000	09/16	156	3.2	Baa2 / BBB
Cox Communications Inc	3.35	9/15/2026	1,000	09/16	172	3.4	Baa2 / BBB
CSC Holdings LLC	5.50	4/15/2027	1,310	09/16	344	5.2	Ba1 / BB-
CSC Holdings LLC	5.50	4/15/2027	1,310	09/16	364	5.3	Ba1 / BB-
DISH DBS Corp	7.75	7/1/2026	2,000	09/16	512	6.8	Ba3e / B+
Gilead Sciences Inc	4.15	3/1/2047	1,750	09/16	162	4.0	A3 / A
Gilead Sciences Inc	2.95	3/1/2027	1,250	09/16	118	2.9	A3 / A
Hess Corp	4.30	4/1/2027	1,000	09/16	249	4.2	Ba1 / BBB-
JPMorgan Chase Bank NA	1.65	9/23/2019	1,000	09/16	68	1.6	Aa3 / A+
JPMorgan Chase Bank NA	1.313	9/21/2018	1,000	09/16	40	1.3	Aa3 / A+
Kinetic Concepts Inc / KCI USA Inc	9.625	10/1/2021	1,750	09/16	832	9.6	Caa1 / B-
Kinetic Concepts Inc / KCI USA Inc	9.625	10/1/2021	1,750	09/16	791	9.2	Caa1 / B-
Novelis Corp	5.875	9/30/2026	1,500	09/16	381	5.5	B2 / B
Novelis Corp	5.875	9/30/2026	1,500	09/16	392	5.6	B2 / B
NVIDIA Corp	3.20	9/16/2026	1,000	09/16	145	3.1	Baa1 / BBB-
NVIDIA Corp	2.20	9/16/2021	1,000	09/16	95	2.2	Baa1 / BBB-
Quintiles IMS Inc	5.00	10/15/2026	1,050	09/16	273	4.5	Ba3 / (P)BB+
Quintiles IMS Inc	5.00	10/15/2026	1,050	09/16	266	4.5	Ba3 / (P)BB+
Sabine Pass Liquefaction LLC	5.00	3/15/2027	1,500	09/16	298	4.7	Ba2 / BBB-
Sabine Pass Liquefaction LLC	5.00	3/15/2027	1,500	09/16	295	4.7	Ba2 / BBB-
The Goldman Sachs Group Inc	2.241	11/15/2021	1,250	09/16	121	2.1	A3 / BBB+
The Goldman Sachs Group Inc	2.35	11/15/2021	2,250	09/16	121	2.4	A3 / BBB+
The Home Depot Inc	2.125	9/15/2026	1,000	09/16	65	2.3	A2 / A
The Home Depot Inc	3.50	9/15/2056	1,000	09/16	118	3.6	A2 / A
The TJX Cos Inc	2.25	9/15/2026	1,000	09/16	77	2.4	A2 / A+
Thermo Fisher Scientific Inc	2.95	9/19/2026	1,200	09/16	132	3.0	Baa2 / BBB
Union Pacific Corp	3.799	10/1/2051	1,044	09/16	106	3.5	A
Valero Energy Corp	3.40	9/15/2026	1,250	09/16	181	3.5	Baa2 / BBB
Verizon Communications Inc	4.20	9/22/2046	2,059	09/16	311	4.2	BBB+
Wells Fargo Bank NA	1.343	9/22/2017	1,555	09/16	49	1.4	NR

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