



Coverage Team:

Aaron Smith, *Managing Director, Investment Banking*
 Jim Williams, *Managing Director, Debt Capital Markets*
 Odon von Werssowetz, *Associate, Debt Capital Markets*
 Jeff Gass, *Managing Director, Retail Syndicate*
 Luke Barbour, *Vice President, Syndicate*

Work / Cell Phone Number:

(704) 410-1244 / (704) 497-1724
 (704) 410-4772 / (704) 517-2046
 (704) 410-4828 / (704) 533-0401
 (704) 410-4880 / (704) 609-9812
 (704) 410-4812 / (704) 840-7341

Friday, January 20, 2017

Current Trading Levels - Benchmark

	Coupon	Maturity	Security	Rating	Spread at Issue	T-Spread	Weekly Change	MTD Change	G-Spread
NextEra Energy Capital Holdings	2.300%	4/1/2019	Sr. Unsecured	Baa1/BBB+	130 bps	87 bps /2yr	10 bps	10 bps	80 bps
	3.625%	6/15/2023	Sr. Unsecured	Baa1/BBB+	150 bps	127 bps /10yr	-3 bps	-3 bps	104 bps
Florida Power & Light	3.125%	12/1/2025	First Mortgage	Aa2/A	87.5 bps	53 bps /10yr	-2 bps	-1 bps	59 bps
	4.050%	10/1/2044	First Mortgage	Aa2/A	90 bps	85 bps /30yr	3 bps	-5 bps	-

New Issue Levels (Re-offer)

Issuer	Institutional Floating Rate Notes			Institutional Fixed Rate Notes				\$25 Par Securities				
	18 Months	2 Year	3 Year	3 Year	5 Year	10 Year	30 Year	Fixed-to-Float Perp/NC10 Pfd.	Fixed-to-Float 60NC10 Jr. Sub.	Fixed Perp/NC5 Pfd.	Fixed 60NC5 Jr. Sub.	
	NextEra Energy Capital Holdings											
Sr. Unsecured	Baa1/BBB+	35 bps	40 bps	55 bps	70 bps	85 bps	115 bps	145 bps	5.625%	5.625%	5.875%	5.875%
Jr. Sub Notes Preferred	Baa2/BBB Baa3/BBB											
Florida Power & Light												
First Mortgage Preferred	Aa2/A A3/BBB	N/A	N/A	N/A	40 bps	55 bps	75 bps	100 bps	5.375%		5.625%	

Current Credit Indices

Index	Spread	Change in Value		
		Weekly	Mo. To Dat.	Yr. To Dat.
U.S. Corporate Index	134 bps	-4	-6	-6
"A" 10YR Utility Index	90 bps	0	-3	-3
"BBB+" 10YR Utility Index	114 bps	5	5	5
"A" Credit Index	92 bps	-1	-1	-1
"BBB" Credit Index	151 bps	0	0	0
IG(25) CDS Index	67 bps	0	-1	-1

Market Rates

	2 Year	5 Year	10 Year	30 Year
Treasury	1.22%	1.96%	2.47%	3.05%
Mid-Swap	1.54%	2.02%	2.37%	2.59%
3 Month LIBOR:			1.03%	
Dow Jones Ind. Average, weekly change:			19,732.4	-158.6

Notable Deals in the Market

Date	Issuer	Security	Ratings		Amount (\$ Millions)	Tenor	Coupon	Spread At Issue	Implied New Issue Premium	Market
			Moody's	S&P						
1/17/2017	Wells Fargo & Co.	Senior Unsecured FRN	A2	A	\$1,250	6NC5	3ml+111	111 bps	0 bps	Institutional
1/17/2017	Wells Fargo & Co.	Senior Unsecured	A2	A	\$3,750	6NC5	3.069%	125 bps	0 bps	Institutional
1/17/2017	Morgan Stanley	Senior Unsecured FRN	A3	BBB+	\$1,750	5NC4	3ml+118	118 bps	3 bps	Institutional
1/17/2017	Morgan Stanley	Senior Unsecured	A3	BBB+	\$3,000	10.0yrs	3.625%	143 bps	3 bps	Institutional
1/17/2017	Morgan Stanley	Senior Unsecured	A3	BBB+	\$2,250	30.0yrs	4.375%	148 bps	8 bps	Institutional
1/17/2017	Bank of America	Senior Unsecured FRN	Baa1	BBB+	\$750	6NC5	3ml+116	116 bps	3 bps	Institutional
1/17/2017	Bank of America	Senior Unsecured FTF	Baa1	BBB+	\$1,500	6NC5		130 bps	3 bps	Institutional
1/17/2017	Bank of America	Senior Unsecured FTF	Baa1	BBB+	\$2,500	11NC10	3.824%	150 bps	0 bps	Institutional
1/17/2017	Bank of America	Senior Unsecured FTF	Baa1	BBB+	\$2,000	31NC30	4.443%	150 bps	0 bps	Institutional
1/17/2017	Regency Centers, LP	Senior Unsecured	Baa1	BBB+	\$350	10.0yrs	3.600%	130 bps	-5 bps	Institutional
1/17/2017	Regency Centers, LP	Senior Unsecured	Baa1	BBB+	\$300	30.0yrs	4.400%	150 bps	-10 bps	Institutional
1/17/2017	Kroger Co.	Senior Unsecured	Baa1	BBB	\$1,000	30.0yrs	4.450%	150 bps	10 bps	Institutional

Market Commentary

- Financials dominated the calendar accounting for \$25.6 billion or 94% of the \$27.2 billion of High Grade volume this week. Year-to-date High Grade supply of \$115.3 billion is up 22.2% year-over-year with Bank & Financial borrowers comprising 73% of that total.
 - New issue performance has been constructive as deals moved an average of 13.2 bps tighter from whisper levels on 2.3x oversubscribed orderbooks to price with 2.5 bps of new issue concession.
 - Away from Financials, Regency Centers, LP announced a \$600 million 10 and 30-year offering to fund its acquisition of Equity One.
 - Robust investor demand (4.3x oversubscribed orderbook) allowed the REIT to move 20 and 25 bps tighter through marketing to land 5 and 10 bps through secondary levels, respectively, for the 10 and 30-year. Regency also was able to upsize the deal printing \$650 million.
 - In order to capture additional yield, investors have been gravitating to wider trading credits (BBBs) and longer tenors in 2017, which has compressed 30-year spreads and helped Regency price with a 20 bps 10s/30s credit curve – flatter than the 25 bps typical of the sector. Scarcity of 30-year paper in the REIT space also contributed to the outperformance.
- No Utility & Power deals came to market this week, and the average secondary spread in the sector moved 2 bps tighter week-over-week.