Capital Markets Monthly – March 2015

AEQUITAS Advisors LLC

TRANSACTION VOLUME		
YTD	**#**	**$Value**
IPO	34	$5.39B
FO	151	$44.12B
CVTS	23	$13.27B
IV Grade*	--	$168.1B
HY Debt	129	$93.42B
Month	**#**	**$MM**
IPO	10	$1.04B
FO ($B)	53	$17.06B
CVTS	5	$1140.00B
IV Grade*	n/a	$74.9B
HY Debt	56	$38.69B

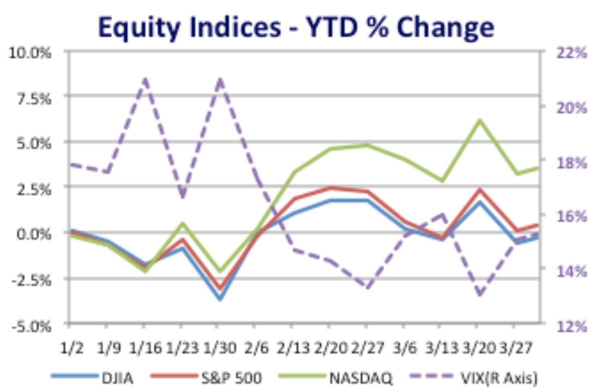
*Net Volume (new less redemptions)

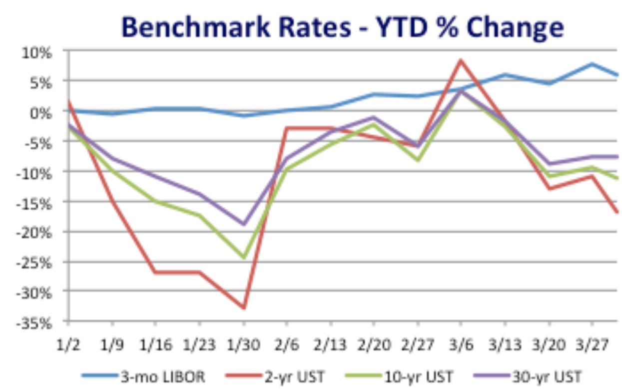
EQUITY INDICES		BENCHMARK RATES		DEBT INDICES		COMMODITIES/CURRENCY	
DJIA	17,776.12	3-Mo Libor	0.271%	IV Grade YTW	2.01%	Gold	$ 1,183.68
S&P 500	2,067.89	2-Yr UST	0.557%	HY Master	6.12%	Oil (WTI)	$ 47.60
NASDAQ	4,900.89	10-Yr UST	1.924%	BB Index	4.63%	Nat Gas (HH)	$ 2.659
VIX	15.29%	30-Yr UST	2.537%	B Index	6.38%	EUR-USD	$ 1.073

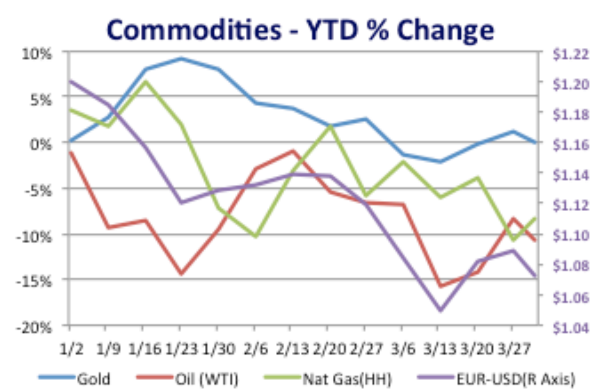
Commentary: Following the torrid upside pace US equity markets set in Feb (the Dow, S&P 500 and NASDAQ closed up 5.6%, 5.5% and 7.1% for the month, respectively), March opened with a not unsurprising pullback on the back of mixed economic data and a stronger than expected Feb jobs report (295k jobs added vs economists' estimate of 240k). This report, which included a downward revision of 18k for Jan, and a separate BLS survey pegging headline Unemployment at 5.5% (the lowest since May '08), are viewed as increasing the likelihood of a near-term increase in the fed funds target rate, though other metrics the FOMC is watching closely – wage growth & inflation – remain largely dormant. The news sent 2, 10 & 30-year treasury yields up 15%, 13% & 10%, respectively, for the week, while gold fell, oil/nat gas remained range bound and the dollar continued its rise vs the Euro and other currencies. The impact of dollar strength on global trade and US large-caps, which book up to 1/3rd of their earnings overseas, is becoming an increasing topic of discussion among economists. Equity markets fell modestly further the 2nd week of March, rallied strongly the following week on Fed Chairwoman Yellen's nuanced, dovish remarks regarding elimination of the word "patient" from its policy statement, but conceded this ground again by month end, leading the Dow, S&P and NASDAQ to close down 1.97%, 1.74% and 1.26%, respectively. Meanwhile, treasuries rallied strongly to close at higher prices/lower yields than they ended Feb and final Q4 GDP was pegged at 2.2%, below estimates of 2.4% and Q3's blistering 5%. Fed officials lowered FY growth estimates as a result.

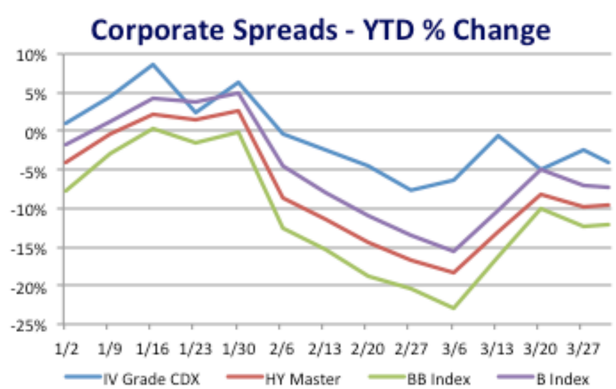
Equity/Convertibles: Just when we thought IPO volume couldn't be more lackluster, along comes March with a meager 10 deals raising just $1.04B. This is close to Feb's 11 IPOs on count, but less than half its $2.5B in proceeds. Convert volume – at 5 deals/ $1.14B vs Feb's 10 deals/$8.7B – was also weak, while March's solid 53 Follow-Ons/$17b was virtually identical to the prior mo.

IV/HY Debt: IV-Grade corporate debt volume continued its upward trend in March, with $75B of net new issuance besting Feb's $69.5B. HY volume of 56 deals/$38.7B also grew MOM despite a significant reversal in fund/etf flows (Feb +$8.3B vs -$1.7B in March). Feb's "risk-off" trade also reversed course, w/ treasury ylds contracting materially, IV sprds tightening & HY expanding.









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