

MARKETS

## French Vote Over, GE Issues €8 Billion Bond



General Electric Co. issued an €8 billion (\$8.7 billion) bond on Wednesday, capitalizing on the release of pent-up demand after the French election.

The deal is one of the largest in the euro corporate-bond market's history. It follows a string of euro corporate-bond issues on Tuesday, including deals from Kellogg Co. and Spanish oil company Repsol SA.

Over the past five weeks, companies had held back from selling bonds in Europe given political uncertainty spurred by the French election. Many firms

also already raised cash earlier this year ahead of a series of European elections in which anti-euro candidates were gaining ground in the polls. France's presidential election ended Sunday with a win for mainstream candidate Emmanuel Macron.

"Risk appetite is there and it's a good opportunity for issuers to print bonds," says Thomas Neuhold, portfolio manager at Austria's Gutmann, who bid for one of GE's four bond tranches.

Frazer Ross, a senior debt banker with Deutsche Bank AG, said the latest figures available

showed there were €22 billion of orders for the GE bonds, with the highest demand coming for the longer-dated securities offered, including a €2 billion tranche of 20-year debt.

Dealers priced the bonds to yield around 0.44% for the five-year tranche, 1.02% in eight years, 1.59% in 12 years and 2.2% in 20 years. A GE plant in South Carolina is shown above.

"The message is political risk in Europe is subsiding and markets are open. Even though the [Federal Reserve] is hiking and there's talk of [European Central

Bank] tapering...there is demand for long-dated bonds," said Mr. Ross, who is working on the GE deal. He said global asset managers as well as pension funds and insurers had placed orders.

Fund managers "have a lot of money available," said the head of syndicate at a big European bank.

But the good conditions may not last, as central banks begin thinking about scaling back or ending their huge bond-buying programs. The ECB and Bank of England have also bought corporate bonds, which analysts said helped to prop up the market.

## Treasurys Slip After Weak Sale

By SAM GOLDFARB

U.S. government-bond prices retraced early gains Wednesday, ending the day slightly lower after an auction of 10-year notes drew soft demand.

Treasurys rallied overnight, driven in part by reaction to U.S. President Donald Trump's firing of Federal Bureau of Investigation Director James Comey, which caught investors off-guard and again raised concerns that the administration could be distracted from pursuing policies that could aid the economy.

Prices, though, crept lower during the U.S. trading session and fully erased their earlier gains following the second leg of this week's new Treasury debt offerings.

The yield on the benchmark 10-year Treasury note settled at 2.414%, up from 2.405% Tuesday. The \$23 billion of new 10-year notes were sold at a 2.400% yield, with a range of statistics showing below-average interest from buyers. Yields rise as bond prices fall.

Analysts and traders pointed to several factors behind the midday shift, among them a report showing a larger-than-expected rise last month in import prices. Overall prices for foreign goods shipped to the U.S. increased 0.5% in April from March, well above the 0.1% increase expected by economists surveyed

by The Wall Street Journal.

The import-price index is one of several gauges of how quickly prices are rising in the U.S. It isn't as closely followed as some other measures, but the latest report does show some "inflation trickling in," said Thomas Simons, senior vice president and money-market economist in the Fixed Income Group at Jefferies LLC.

Inflation erodes the fixed returns of longer-term bonds over time.

Also weighing on Treasurys were comments from Federal Reserve Bank of Boston President Eric Rosengren, who reiterated that the Fed could raise interest rates three more times this year after nudging up rates in March. Mr. Rosengren isn't a voting member of the interest-rate-setting Federal Open Market Committee, and most Fed officials have projected two more rate-increases this year.

Still, his comments were consistent with a more hawkish tone set by officials in recent weeks.

### AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

10-YEAR NOTES	
Applications	\$61,231,832,900
Accepted bids	\$30,598,792,900
* noncompetitively	\$27,173,800
* foreign noncompetitively	\$0
Auction price (rate)	99.778909 (2.400%)
Interest rate	2.375%
Bids at clearing yield accepted	13.56%
Cusip number	912822X88
The notes, dated May 15, 2017, mature on May 15, 2027.	

## Hey, Harvard, Baruch College Just Ate Your Lunch

By AKANE OTANI

The college students who dominated trading competitions around North America this school year aren't finance majors at Harvard, the University of Pennsylvania or the Massachusetts Institute of Technology.

They're students at Baruch College.

Students in the Baruch Traders Club crushed rivals at several competitions this year, claiming first, second and third place at MIT's ninth annual trading face-off in the fall—an unprecedented feat—and beating Columbia University and Carnegie Mellon to rank first at the Rotman International Trading Competition in February.

At a typical competition, undergraduate students are given a limited amount of time to maximize profits in trading simulations that might focus on stocks, commodities, volatility instruments or other areas of the markets.

Most students in the Baruch Traders Club join without having ever held an internship in the financial-services industry. Baruch, a public college in the City University of New York system, isn't usually thought of as a feeder school for Wall Street jobs: The University of Pennsylvania, Harvard and Columbia sent the most graduates into asset management, data provider eVestment found in a study.

"In theory, you think Bar-

uch College students have some kind of inferiority complex regarding Harvard. We don't. Here, you don't have to convince the students that [the trading club] is something they want to do," said Dan Stefanica, a Baruch College professor who helped coach the Traders Club.

The only work experience Baruch senior Bell Chen had before he became a member of the club in August 2015 was tutoring peers at Baruch's Student Academic Consulting Center.

He claimed first place in the options market-making division at the University of Chicago's algorithmic trading competition in April 2016 and took first place at MIT's trading competition in November.

Members of the Baruch Traders Club, which has about 50 students, attribute their success to practicing simulated trading ahead of competitions—combined with classes in subjects like multivariable calculus, options pricing and linear algebra.

Baruch senior and Traders Club member Dmitriy Treyger said he spent many late nights at the library crunching numbers and reworking his trading models, only to return to campus at around 6 a.m.

"The nice thing is that finding a job, working on these competitions and studying for math classes all really go hand in hand—so when you're working on one, you're developing your skills in the other two," said Mr. Treyger.



Students in the Baruch Traders Club took first, second and third place in an MIT trading competition.

### Borrowing Benchmarks | WSJ.com/bonds

#### Money Rates

May 10, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation		Week		-52-WEEK-	
March index level	Chg From (%) Feb. '17/March '16	Latest	ago	High	Low
<b>U.S. consumer price index</b>					
All items	243.801	0.08	2.4		
Core	251.290	0.06	2.0		
International rates		Week		-52-Week-	
		Latest	ago	High	Low
<b>Prime rates</b>					
U.S.	4.00	4.00	4.00	3.50	
Canada	2.70	2.70	2.70	2.70	
Japan	1.475	1.475	1.475	1.475	
<b>Policy Rates</b>					
Euro zone	0.00	0.00	0.00	0.00	
Switzerland	0.50	0.50	0.50	0.50	
Britain	0.25	0.25	0.50	0.25	
Australia	1.50	1.50	1.75	1.50	
<b>Overnight repurchase</b>					
U.S.	0.82	0.85	1.30	0.15	
U.S. government rates		Week		-52-Week-	
		Latest	ago	High	Low
<b>Discount</b>					
	1.50	1.50	1.50	1.00	
<b>Federal funds</b>					
Effective rate	0.9200	0.9300	0.9400	0.3200	
High	1.0625	1.0625	1.0625	0.5000	
Low	0.7500	0.8200	0.9100	0.2000	
Bid	0.9100	0.9000	0.9300	0.2000	
Offer	0.9200	1.0000	1.0000	0.2600	
<b>Treasury bill auction</b>					
4 weeks	0.710	0.725	0.770	0.160	
13 weeks	0.900	0.845	0.900	0.240	
26 weeks	1.015	0.975	1.015	0.340	
Secondary market		Week		-52-Week-	
		Latest	ago	High	Low
<b>Fannie Mae</b>					
30-year mortgage yields					
30 days	3.608	3.540	3.865	2.806	
60 days	3.637	3.574	3.899	2.832	
Other short-term rates		Week		-52-Week-	
		Latest	ago	High	Low
<b>Call money</b>					
	2.75	2.75	2.75	2.25	
<b>Commercial paper (AA financial)</b>					
90 days	1.05	1.03	1.13	0.47	
<b>Libor</b>					
One month	0.98856	0.99167	0.99500	0.43395	
Three month	1.18094	1.17122	1.18456	0.62360	
Six month	1.44211	1.42739	1.44517	0.88685	
One year	1.78761	1.77011	1.82761	1.19570	
<b>Notes on data:</b>					
U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 16, 2017. Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is effective March 16, 2017. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET. Futures on the DTCC GCF Repo Index are traded on NYSE Liffe US.					
Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.					

#### Dividend Changes

Dividend announcements from May 10.

Company	Symbol	Amount	Yld %	New/Old	Frq	Payable/Record
<b>Increased</b>						
4.65% Fltg. Rate STRATS	GJO	1.9	.0346/03398	M	May15/May12	
<b>Reduced</b>						
Ormat Technologies	ORA	0.6	.08/17	Q	May31/May22	
PPLUS FR Call Ser GSC-2	PYT	3.6	.1854/18958	Q	May15/May12	
STRATS Dom Res Ser 05-06	GJP	3.2	.0616/0637	M	May15/May12	
<b>Funds and investment companies</b>						
Eagle Growth & Incrm Opps	EGIF	5.8	.083	M	May31/May19	
THL Credit Senior Loan Fd	TSLF	6.9	.105	M	May31/May19	
Tortoise Energy	TYG	7.6	.655	Q	May31/May24	
Tortoise Energy Inv Fd	NDP	10.9	.4375	Q	May31/May24	
Tortoise MLP Fund	NTG	8.4	.4225	Q	May31/May24	
Tortoise P&Engy Infrstr	TPZ	6.7	.125	M	Jun30/Jun23	
<b>Stocks</b>						
DST Systems	DST	2.1			Jun08/Jun09	
<b>Foreign</b>						
Ardagh Group Cl A	ARD	2.5	.14	Q	May31/May17	
CABCO Tr GS Cap Fltg Rate	GYB	3.6	.20087	Q	May15/May12	
Pembina Pipeline	PBA	4.6	.12381	M	Jun15/May25	
<b>KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S21: stock split and ratio; SO: spin-off.</b>						

## Wells Investigates Whether Executives Steered Business

By MICHAEL WURSTHORN

Wells Fargo & Co. is investigating whether three senior executives in Chicago inappropriately steered business toward certain individuals in its private-banking unit, according to people familiar with the matter. The probe comes months after the bank reached a settlement over a sales-practice scandal in its retail unit.

Two weeks ago, Wells Fargo suspended Chip Flannagan, a senior vice president and regional managing director for the bank's Chicago private-banking operations, according to the people. Wells Fargo also suspended two other private-banking executives as part of its investigation: senior vice presidents Scott Landau and J. Scott Voigt.

Wells Fargo declined to make Messrs. Flannagan, Landau and Voigt available to comment. Messrs. Flannagan

and Landau didn't return phone calls seeking comment, while Mr. Voigt couldn't be reached.

The investigation is looking into whether Messrs. Flannagan, Landau and Voigt steered Wells Fargo clients toward

*Lender investigates senior executives over handling of clients in private-banking unit.*

certain individuals within Wells Fargo's private-banking unit and away from other employees, such as brokers, who may have been better equipped to handle certain client needs, the people said.

The bank's concern is that in some cases the expectation to meet growth goals within

the private-banking unit may have taken precedence over the needs of clients, the people said. Meeting such goals also allowed certain employees to collect bonuses, the people said. It wasn't clear if any clients were harmed by the alleged actions, the people said.

A Wells Fargo spokesman said the allegations "deserve serious attention, and they are receiving it." She said the investigation is continuing. "We owe it to all parties involved to let the process proceed in a way that guarantees a fair and thorough outcome," she said.

The alleged practices, which aren't related to the bank's sales-practice scandal in which it agreed to pay a \$185 million settlement in September, had been occurring in the bank's Chicago wealth-management branch for some time and don't appear to include other regions, the people said.

## UBS Funded HNA Investment in Deutsche

By JENNY STRASBURG

Deutsche Bank AG's new biggest shareholder, Chinese conglomerate HNA Group, used billions in financing—not just its own money—to help buy its nearly 10% stake in the German lender and protect itself against potential losses on the position.

Bankers and analysts said the disclosures suggest a heavier reliance on financing than they would consider typical for most large investors building a similar holding.

Some of them said that investment banks have been competing fiercely for HNA's business as it goes on a global buying spree.

In February, Deutsche Bank disclosed for the first time that HNA had a major stake, of about 3%. The Chinese company then began a series of transactions that more than tripled its stake to 9.92%, catapulting HNA to the top of the lender's shareholder roster. Bankers and investors have cited the HNA purchases as a show of strength in the bank.

Yet the filing, made May 2 with the U.S. Securities and Exchange Commission, show HNA didn't just shell out cash to buy the new shares; it tapped more than €2.6 billion (\$2.8 billion) in financing, mostly from UBS Group AG. With that money, it bought shares and established derivatives positions that would compensate it if Deutsche Bank's share price fell while sacrificing some gains if the stock rose.

The derivatives structure, known as a collar, limits HNA's risk—and its potential reward.