



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>
(All times are CST)

9 <GO> to Save as Default

1) Calendars 2) Alerts 3) Export 4) Settings Economic Calendars

United States Browse 12:20:45 06/29/17 - 07/05/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	06/29	07:30	+	0	0	GDP Annualized QoQ	1Q T	1.2%	--	1.2%	--
22)	06/29	07:30	+	0	0	Personal Consumption	1Q T	0.6%	--	0.6%	--
23)	06/29	07:30	+	0	0	GDP Price Index	1Q T	2.2%	--	2.2%	--
24)	06/29	07:30	+	0	0	Core PCE QoQ	1Q T	2.1%	--	2.1%	--
25)	06/29	07:30	+	0	0	Initial Jobless Claims	Jun 24	240k	--	241k	--
26)	06/29	07:30	+	0	0	Continuing Claims	Jun 17	1934k	--	1944k	--
27)	06/29	08:45	+	0	0	Bloomberg Consumer Comfort	Jun 25	--	--	49.4	--
28)	06/30	07:30	+	0	0	Personal Income	May	0.3%	--	0.4%	--
29)	06/30	07:30	+	0	0	Personal Spending	May	0.1%	--	0.4%	--
30)	06/30	07:30	+	0	0	Real Personal Spending	May	0.2%	--	0.2%	--
31)	06/30	07:30	+	0	0	PCE Deflator MoM	May	-0.1%	--	0.2%	--
32)	06/30	07:30	+	0	0	PCE Deflator YoY	May	1.5%	--	1.7%	--
33)	06/30	07:30	+	0	0	PCE Core MoM	May	0.1%	--	0.2%	--
34)	06/30	07:30	+	0	0	PCE Core YoY	May	1.4%	--	1.5%	--
35)	06/30	08:45	+	0	0	Chicago Purchasing Manager	Jun	58.0	--	59.4	--
36)	06/30	09:00	+	0	0	U. of Mich. Sentiment	Jun F	94.5	--	94.5	--
37)	06/30	09:00	+	0	0	U. of Mich. Current Conditions	Jun F	--	--	109.6	--
38)	06/30	09:00	+	0	0	U. of Mich. Expectations	Jun F	--	--	84.7	--
39)	06/30	09:00	+	0	0	U. of Mich. 1 Yr Inflation	Jun F	--	--	2.6%	--

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.
SN 502240 CDT GMT-5:00 H367-1416-1 28-Jun-2017 12:20:45

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Fed Speak Calendar
(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
United States		Browse		15:34:23		06/29/17		- 07/31/17			
Central Banks		All Central Banks						View		Agenda ● Weekly	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	06/29	12:00				Fed's Bullard Speaks on Monetary Policy in London					
22)	07/03	03:30				Fed's Bullard Speaks at BoE Conference in London					
23)	07/05	13:00				FOMC Meeting Minutes	Jun 14	--	--	--	--
24)	07/06	09:00				Fed's Powell Speaks in Washington on Housing Finance Reform					
25)	07/12	13:00				U.S. Federal Reserve Releases Beige Book					
26)	07/13	10:30				Fed's Evans Speaks at Rocky Mountain Summit in Victor, Idaho					
27)	07/26	13:00				FOMC Rate Decision (Upper Bo...	Jul 26	1.25%	--	1.25%	--
28)	07/26	13:00				FOMC Rate Decision (Lower Bo...	Jul 26	1.00%	--	1.00%	--

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Cash mgmt	TBA	TBA	TBA	TBA	TBA	TBA	05/30/2017	\$25
4-week	06/29/2017	07/03/2017	07/06/2017	TBA	TBA	TBA	06/27/2017	\$40
3-month	06/29/2017	07/03/2017	07/06/2017	912796LW7	TBA	TBA	06/26/2017	\$39
6-month	06/29/2017	07/03/2017	07/06/2017	912796LC1	TBA	TBA	06/26/2017	\$33
1-year	07/13/2017	07/18/2017	07/20/2017	TBA	TBA	TBA	06/20/2017	\$20
Note Auctions								
2-year	07/20/2017	07/25/2017	07/31/2017	TBA	TBA	TBA	06/26/2017	\$26
3-year	07/06/2017	07/11/2017	07/17/2017	TBA	TBA	TBA	06/12/2017	\$24
5-year	07/20/2017	07/26/2017	07/31/2017	TBA	TBA	TBA	06/27/2017	\$34
7-year	07/20/2017	06/28/2017	06/30/2017	912828XX3	\$28	TBA	05/25/2017	\$28
10-year	07/06/2017	07/12/2017	07/17/2017	TBA	R	TBA	06/12/2017	\$20
Bond Auctions								
30-year	07/06/2017	07/13/2017	07/17/2017	TBA	R	TBA	06/13/2017	\$12
TIPS Auctions								
5-yr TIPS	08/17/2017	08/24/2017	08/31/2017	TBA	R	TBA	04/20/2017	\$16
10-yr TIPS	07/13/2017	07/20/2017	07/31/2017	TBA	TBA	TBA	05/18/2017	\$11
30-yr TIPS	06/15/2017	06/22/2017	06/30/2017	TBA	R	TBA	02/16/2017	\$7
Floating Rate Note								
2-year FRN	06/22/2017	06/28/2017	06/30/2017	TBA	R	TBA	05/24/2017	\$13
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	04/19/2017	\$.025

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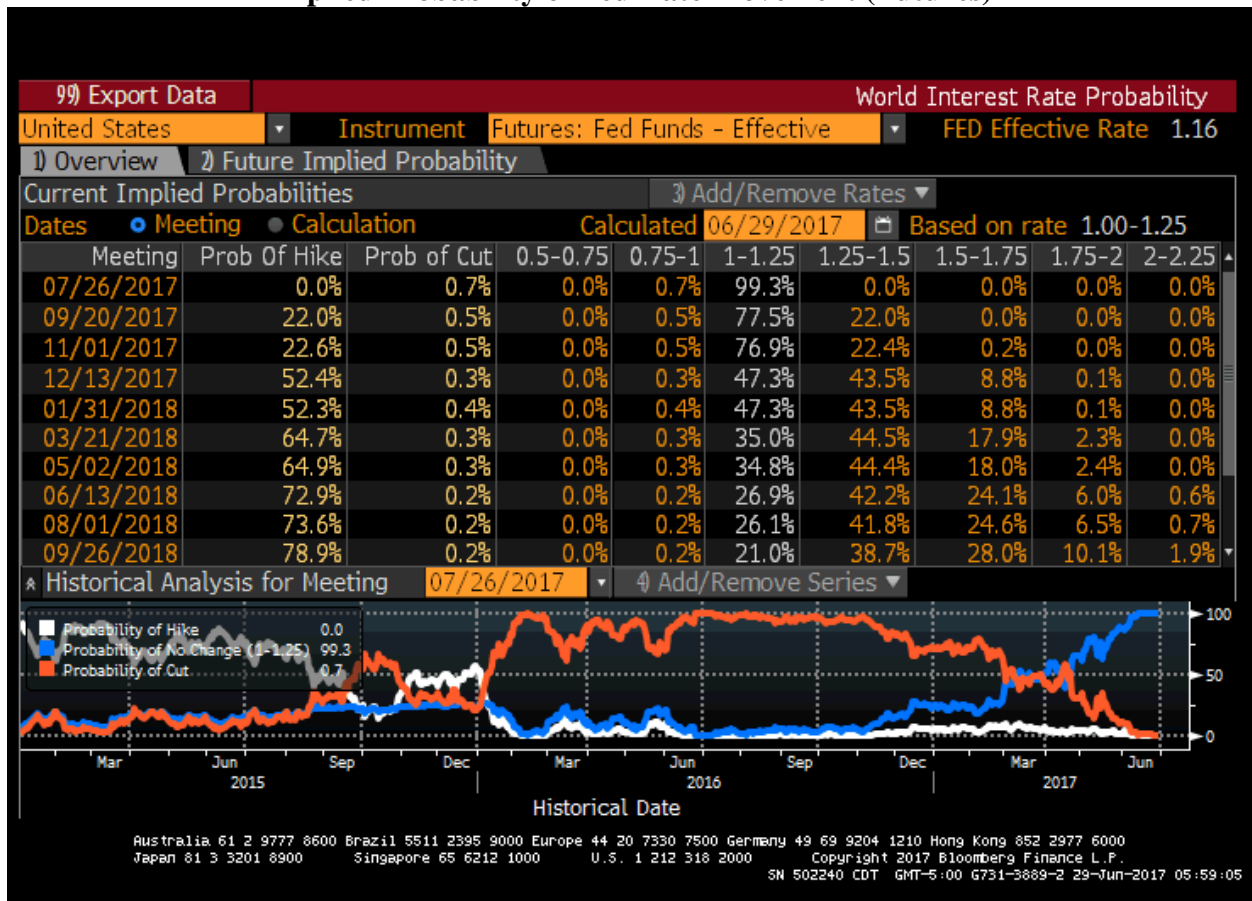
1-Month Libor Set	1.22722	+.00111	(98.77278)
3-Month Libor Set	1.29861	+.00222	(98.70139)
6-Month Libor Set	1.44822	+.00166	(98.55178)
1-Year Libor Set	1.73956	+.00278	(98.26044)

Federal Reserve Target Fed Fund Rate Projections (Median)				
Year Ending	2017	2018	2019	Longer
Rate	1.40	2.10	3.00	3.00

Median Federal Reserve Projections

<http://www.federalreserve.gov/monetarypolicy/files/fomcproitabl20170614.pdf>

Implied Probability of Fed Rate Movement (Futures)



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THEY SAID IT

Vornado's DC Spinoff, Merger with JBG Leading Fresh Crop of Newly Launched REITs
<http://www.costar.com/News/Article/Vornados-DC-Spinoff-Merger-with-JBG-Leading-Fresh-Crop-of-Newly-Launched-REITs/192169>

The period since the start of June is shaping up to be the most active period for public REIT launches in more than 13 years. No less than six new entities either have or are expected to expand the REIT ranks by the end of next week.

Government Properties REIT Buying First Potomac for \$1.4 Billion

[http://www.costar.com/News/Article/Government-Properties-REIT-Buying-First-Potomac-for-\\$14-Billion/192138](http://www.costar.com/News/Article/Government-Properties-REIT-Buying-First-Potomac-for-$14-Billion/192138)

Following an 18-month 'crash course' in boosting shareholder value under CEO Robert Milkovich, Bethesda, MD-based First Potomac Realty Trust (NYSE:**FPO**) has accepted a buyout offer from Government Properties Income Trust (Nasdaq:**GOV**) for \$1.4 billion in cash and debt assumption.

Capital Market Round-Up: Goldman Sachs, Others Securitizing Loans for Blackstone's \$790 Million IMT Properties Buy

[http://www.costar.com/News/Article/Capital-Market-Round-Up-Goldman-Sachs-Others-Securitizing-Loans-for-Blackstones-\\$790-Million-IMT-Properties-Buy/192147](http://www.costar.com/News/Article/Capital-Market-Round-Up-Goldman-Sachs-Others-Securitizing-Loans-for-Blackstones-$790-Million-IMT-Properties-Buy/192147)

A trio of institutional lenders is securitizing \$536 million in loans backing 11 multifamily properties totaling 4,488 units that were acquired by Blackstone Property Partners, a real estate affiliate of the giant private equity firm.

Two Tallest Buildings On West Coast Making Their Debut in LA, San Francisco

<http://www.costar.com/News/Article/Two-Tallest-Buildings-On-West-Coast-Making-Their-Debut-in-LA-San-Francisco/192154>

At 1,100 feet, Korean Air and Hanjin Group's spire-topped Wilshire Grand Center in the Los Angeles Financial District is the tallest building in L.A. and west of the Mississippi River, surpassing the U.S. Bank Tower at 633 W. Fifth St. by 82 feet, and ninth tallest in the U.S. The \$1.2 billion, 1.5 million-square-foot building at 900 Wilshire Blvd. at Figueroa Street, at the site of the old Wilshire Grand Hotel, includes a 900-room InterContinental Hotel and 17 stories of office space totaling 677,000 square feet.

An index of executive and consumer sentiment rose to 111.1 in June from 109.2 in May, the European Commission in Brussels said Thursday. The reading is the strongest since August 2007 and compares with a median estimate of 109.5 in a Bloomberg survey of economists.

<https://www.bloomberg.com/news/articles/2017-06-29/euro-area-economic-confidence-hits-decade-high-as-ecb-mulls-exit>

The report comes two days after ECB President Mario Draghi confounded investors by arguing that there's room to adjust stimulus measures as the economy improves, even though he called for prudence and patience amid still-low inflation. A gauge for private-sector activity signaled the euro-area economy recorded its fastest expansion in six years in the second quarter as business confidence in Germany hit a record and consumer sentiment in France surged.

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In the German state of Hesse, annual inflation rose to 1.9 percent in June from 1.7 percent in May, the data showed. It also edged up in Saxony, Brandenburg and Baden-Wuerttemberg while it remained stable in North Rhine-Westphalia and Bavaria.

<http://www.reuters.com/article/us-germany-economy-inflation-idUSKBN19K14H>

The state readings, which are not harmonized to compare with other euro zone countries, will feed into nationwide inflation data due at 1200 GMT.

A Reuters poll conducted before the release of the regional data suggested EU-harmonized consumer price inflation fell to 1.3 percent in June from 1.4 percent in May.

Capital Economics analyst Jennifer McKeown said the state readings now suggested that German inflation edged up in June to 1.5 percent, adding that price pressure would rise further in the coming months due to the robust German labor market.

“The more hawkish commentary is something that is offering more support for the pound in the near term,” MUFG’s Hardman said. “The Bank of England is probably closer to raising rates than many people had anticipated.”

<https://www.bloomberg.com/news/articles/2017-06-29/pound-on-hot-streak-as-carney-hints-at-higher-interest-rates>

The pound rose for a seventh day versus the dollar, set for its longest winning streak since April 2015, after Bank of England Governor Mark Carney said Wednesday that the Monetary Policy Committee may need to raise interest rates despite a weakening economy.

As Elon Musk races to finish building the world’s biggest battery factory in the Nevada desert, China is poised to leave him in the dust.

<https://www.bloomberg.com/news/articles/2017-06-28/china-is-about-to-bury-elon-musk-in-batteries>

Chinese companies have plans for additional factories with the capacity to pump out more than 120 gigawatt-hours a year by 2021, according to a [report](#) published this week by Bloomberg Intelligence. That’s enough to supply batteries for around 1.5 million Tesla Model S vehicles or 13.7 million Toyota Prius Plug-in Hybrids per year, according to Bloomberg New Energy Finance.

By comparison, when completed in 2018, Tesla Inc.’s Gigafactory will crank out up to 35 gigawatt-hours of battery cells annually.

If you apply the insights of the literature on disruptive innovation, last week’s fall in oil prices could well place members of the Organization of Petroleum Exporting Countries in a tough spot, and not just in the short term. Cost-cutting innovations in shale are weakening their grasp of energy market dynamics. Their prospects increasingly depend less on what they can do on the supply side and more on what they can hope for on the demand side.

<https://www.bloomberg.com/view/articles/2017-06-29/opec-oil-prices-and-disruptive-innovation>

In the last few years, OPEC has operated in three distinct production regimes. Until November 2014, the emphasis was on supporting prices through comprehensive production ceilings, with a willingness to undertake the role of swing producer for the market as a whole. That changed when, led by Saudi Arabia, the cartel abandoned output limits on concerns that it risked losing long-term market share to non-OPEC and shale producers -- thereby also lessening its effectiveness in stabilizing prices.

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"The fast ramp-up in shale drilling and the unexpectedly large rebound in Libya/Nigeria production are on track to slow the 2017 stock draws," Goldman Sachs analysts said in a research note published late Wednesday.

The investment bank now points to a three-month average of \$47.50 per barrel for WTI crude, down from its previous estimate of \$55.00 a barrel.

<http://www.cnbc.com/2017/06/29/goldman-sachs-slashes-oil-price-projection-amid-us-shale-surge.html>

The rebound in production from Libya and Nigeria – two countries which were exempt from OPEC's historic [November deal](#) to curb output – could offset inventory declines in the third quarter of this year, Goldman Sachs analysts warned.

"This creates risks that the normalization in inventories will not be achieved by the time the OPEC cut ends next March. We expect this will leave prices trading near \$45 (a barrel) until there is evidence of a decline in the U.S. horizontal oil rig count, sustained stock draws or additional OPEC production cuts," the analysts said in the note.

Global demand for coal fell in 2016 for the second year in a row, with output dropping at the fastest pace on record, according to BP Plc. On April 21, the U.K.'s electricity generators didn't use a single metric ton for 24 hours, the first time that's happened [since the 19th century](#). Now China, the biggest coal importer, is [planning to ban shipments](#) at an array of provincial ports starting Saturday, people with knowledge of the matter told Bloomberg.

<https://www.bloomberg.com/gadfly/articles/2017-06-29/coal-s-hot-summer-won-t-last>

Those hoping that there's an easy road ahead to decarbonize the planet's energy systems should temper their optimism. Thermal coal at Newcastle in Australia, the biggest export harbor for the commodity, has trimmed its 18 percent year-to-date fall with a 6.1 percent gain over the past month. Far from being beheaded by the growth of renewables, 2017 may be the year when this zombie fuel shambles forward again.

An analysis of those named suggests the dispute is as much about Qatar's support for the Muslim Brotherhood since the 2011 Arab Spring as it is about its backing of international terrorist organizations such as al-Qaeda that target the West. There are no Islamic State members among the names.

<https://www.bloomberg.com/news/articles/2017-06-28/terrorism-case-against-qatar-muddied-by-muslim-brotherhood-links>

The Muslim Brotherhood, a diffuse and divided group that defies easy classification as a militant movement, is not labeled as a terrorist organization in the U.S. or Europe. The Egyptian government, however, has spent the past four years trying to crush it, saying it embodies the dangers of political Islam.

Of the Egyptians named, one -- Mohammed Shawqi Islambouli, a leader of the Gamaa Islamiyya terror group -- is sanctioned by the U.S. Several others are prominent Muslim Brotherhood preachers who have supported violence, such as Al Jazeera broadcaster Sheikh Yusuf al-Qaradawi and Wagdy Abdelhamid Ghoneim, who left Qatar for Turkey in 2014. Other names are unknown to terrorism experts, but are identified in Egyptian media as Muslim Brotherhood. "Egypt has been dreaming for this moment, where the Saudis and everyone else is applying pressure on Qatar," according to Mokhtar Awad, a research fellow at George Washington University's Program on Extremism, because "Qatar has been consistently undermining the Egyptian regime."

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EQUITIES

The S&P is +3 and the NASDAQ is -17.

Particulars for companies to make money (**low interest rates, positive growth and some wage inflation**) remain in place. I am dollar cost averaging into a mix of equities.

Currently 65% Equities, 20% Bonds and 15% Money Markets.

Earnings:

www.moneycentral.msn.com/investor/market/earncalendar

On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed +0.18%.

In the UK, yields are higher with the yield curve steeper.

BOE Rate +0.25%.

Next meeting 08/03/17

On the European Continent

The CAC Index closed -0.74%.

The DAX Index closed -0.31%.

On the Continent, yields are mixed with the yield curve largely unchanged.

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -.40%

Next meeting 07/20/17

ASIA

Japan:

The TOPIX closed +0.60%.

The NIKKEI closed +0.45%.

In Japan yields are mixed with the yield curve flatter.

BOJ Basic Loan rate 0.30%

Next meeting 07/20/17

China:

The Hang Seng closed +1.10%.

The Shanghai Composite closed +0.47%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDU7: 98-65.0 is the pivot. Below the pivot you should be short, above long. Support is at 98-65.0* and 98-67.5**.

Resistance is at 98-63.5*.

*Pivot Point is a simple 20-day moving average.

** 2-STD Deviations from the pivot point.

Trend that had you long from 98.59 (5/2/17) has rolled over but, I have elected to over-ride the sell signal (6/19/17) and remain long.



YTD -0.5 futures ticks (\$25 per tick) or -\$12.50 per 1 contract traded.

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10yr/TYU7: 126-17.5 is the pivot point. Above you should be long, below short.

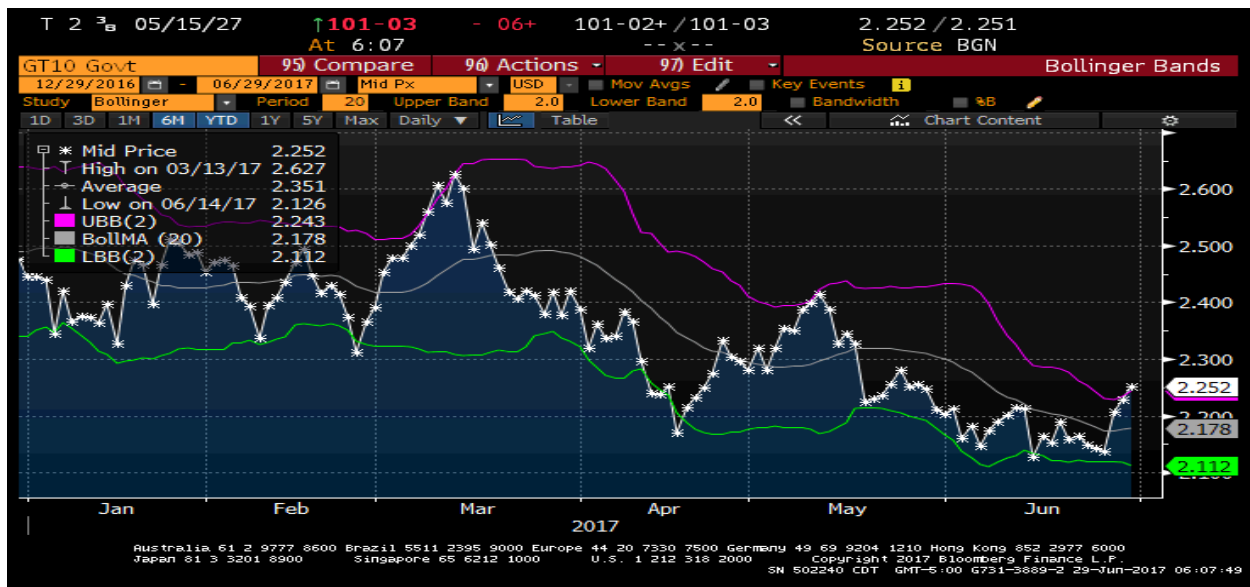
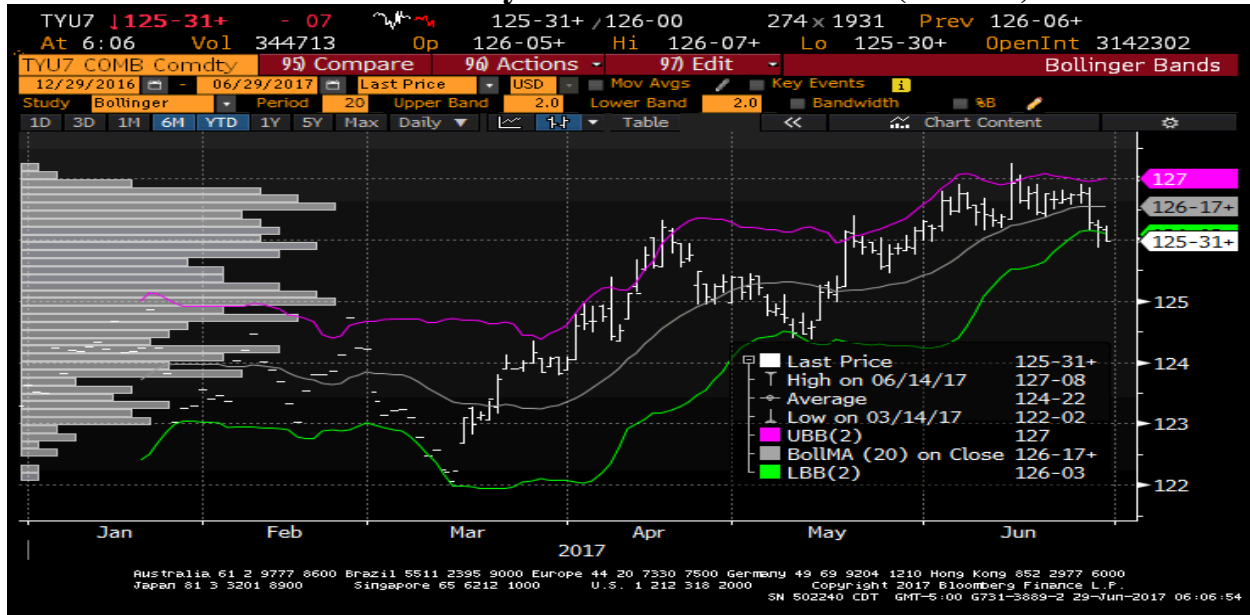
Support is at 126-17.5, 126-03.0**

Resistance is at 127-00.0**

*Pivot Point is a simple 20-day moving average.

** 2-STD Deviations from the pivot point

Trend that had you long from 125-09.0 (5/16/17) has rolled over, resulting in a 39 tick winner. New trend has you short from 126-16.0 (6/27/17).



YTD (2017) +48.5 futures ticks (\$31.25 per tick) or +1,515.25 per 1 contract traded.

YTD (2016) +377.5 futures ticks (\$31.25 per tick) or +\$11,796.88 per 1 contract traded.

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US-SWAPS IRSB <GO>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
Date Range:						05/29/2017		- 06/29/2017		1 Month			
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		49 CME/LCH Sprs			
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	1.443 / 1.444	1.444	1.443	0.007		0.2	1.352	1.445	1.398	4.5	1.7		
2) 2 YR	1.590 / 1.592	1.592	1.590	0.017		0.8	1.480	1.592	1.541	5.1	2.4		
3) 3 YR	1.709 / 1.712	1.712	1.711	0.021		1.0	1.592	1.748	1.658	5.5	2.5		
4) 4 YR	1.813 / 1.818	1.818	1.815	0.024		1.0	1.626	1.818	1.756	6.2	2.5		
5) 5 YR	1.903 / 1.908	1.908	1.905	0.025		0.9	1.762	1.910	1.841	6.7	2.4		
6) 6 YR	1.989 / 1.990	1.990	1.990	0.028		0.9	1.827	1.992	1.916	7.4	2.5		
7) 7 YR	2.058 / 2.063	2.063	2.060	0.028		0.9	1.906	2.063	1.984	7.8	2.4		
8) 8 YR	2.121 / 2.126	2.126	2.123	0.028		0.8	1.966	2.133	2.046	8.0	2.4		
9) 9 YR	2.181 / 2.182	2.182	2.181	0.029		0.9	2.022	2.182	2.100	8.2	2.4		
10) 10 YR	2.230 / 2.231	2.231	2.231	0.029		0.9	2.071	2.238	2.149	8.2	2.5		
11) 15 YR	2.390 / 2.391	2.391	2.390	0.030		0.9	2.228	2.407	2.311	8.0	2.4		
12) 20 YR	2.465 / 2.468	2.468	2.467	0.033		1.0	2.314	2.483	2.385	8.3	2.5		
13) 25 YR	2.493 / 2.494	2.494	2.494	0.032		0.9	2.344	2.495	2.413	8.2	2.4		
14) 30 YR	2.502 / 2.503	2.503	2.503	0.031		0.9	2.355	2.504	2.423	8.1	2.3		

Executable quotes for Fixed Income Electronic Trading are in white tenors.

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.
 SN 502240 CDT GMT-5:00 6731-3689-2 29-Jun-2017 05:59:39

The Option Lab

Option Book 2017 YTD realized: -\$228.13 per 1 contract.
Option Book 2016 YTD realized: +\$43.75 per 1 contract.

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The Fundamentals

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 25 weeks of 2017, U.S. railroads reported cumulative volume of 6,429,100 carloads, up 6.6 percent from the same point last year; and 6,616,665 intermodal units, up 2.6 percent from last year. Total combined U.S. traffic for the first 25 weeks of 2017 was 13,045,765 carloads and intermodal units, an increase of 4.5 percent compared to last year.

North American rail volume for the week ending June 24, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 358,880 carloads, up 3.9 percent compared with the same week last year, and 360,641 intermodal units, up 6.8 percent compared with last year. Total combined weekly rail traffic in North America was 719,521 carloads and intermodal units, up 5.3 percent. North American rail volume for the first 25 weeks of 2017 was 17,283,699 carloads and intermodal units, up 5.7 percent compared with 2016.

Canadian railroads reported 78,153 carloads for the week, up 12 percent, and 67,229 intermodal units, up 14.8 percent compared with the same week in 2016. For the first 25 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 3,564,344 carloads, containers and trailers, up 11.6 percent.

Mexican railroads reported 17,223 carloads for the week, down 5 percent compared with the same week last year, and 12,222 intermodal units, up 10.4 percent. Cumulative volume on Mexican railroads for the first 25 weeks of 2017 was 673,590 carloads and intermodal containers and trailers, down 1.3 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-06-28-railtraffic.aspx>

Weekly Rail Traffic Report and Charts.

For this week, total U.S. weekly rail traffic was 544,694 carloads and intermodal units, up 3.6 percent compared with the same week last year.

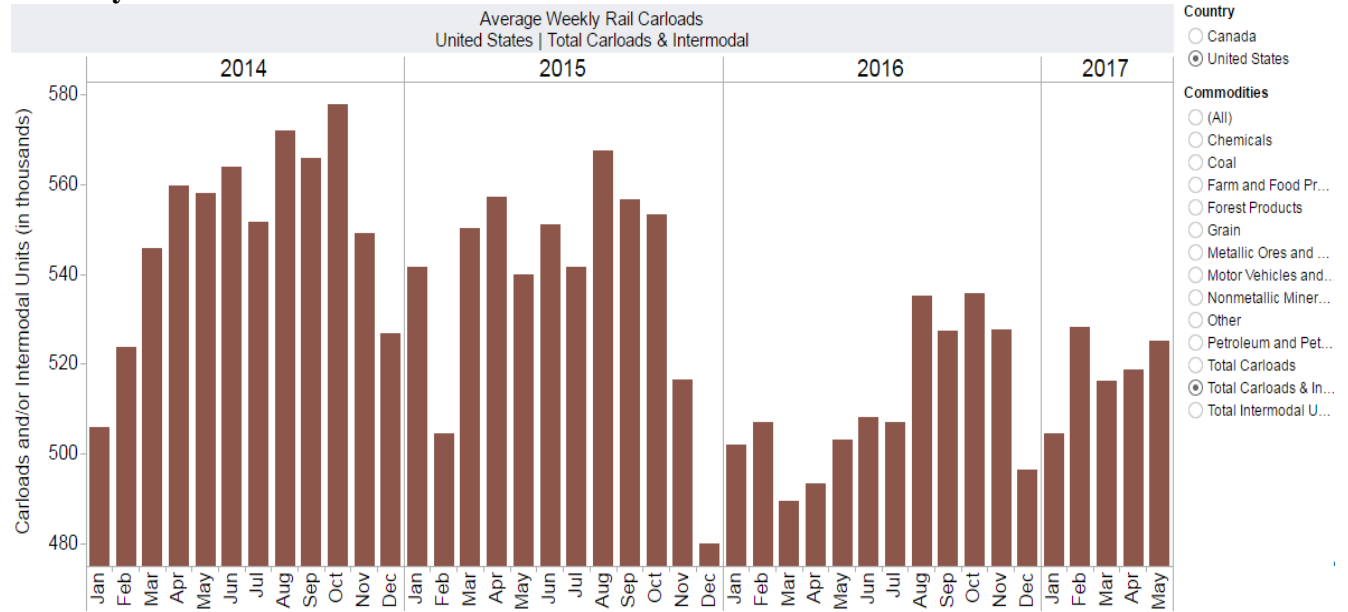
Total carloads for the week ending June 24 were 263,504 carloads, up 2.3 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 281,190 containers and trailers, up 4.9 percent compared to 2016.

Four of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included coal, up 11.2 percent to 85,975 carloads; nonmetallic minerals, up 10.4 percent to 39,632 carloads; and chemicals, up 2.2 percent to 30,391 carloads. Commodity groups that posted decreases compared with the same week in 2016 included petroleum and petroleum products, down 16 percent to 9,789 carloads; motor vehicles and parts, down 12.1 percent to 16,997 carloads; and metallic ores and metals, down 8.5 percent to 22,522 carloads.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-06-28-railtraffic.pdf>

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Monthly Rail Traffic Charts



<https://www.aar.org/Pages/Freight-Rail-Traffic-Data.aspx>

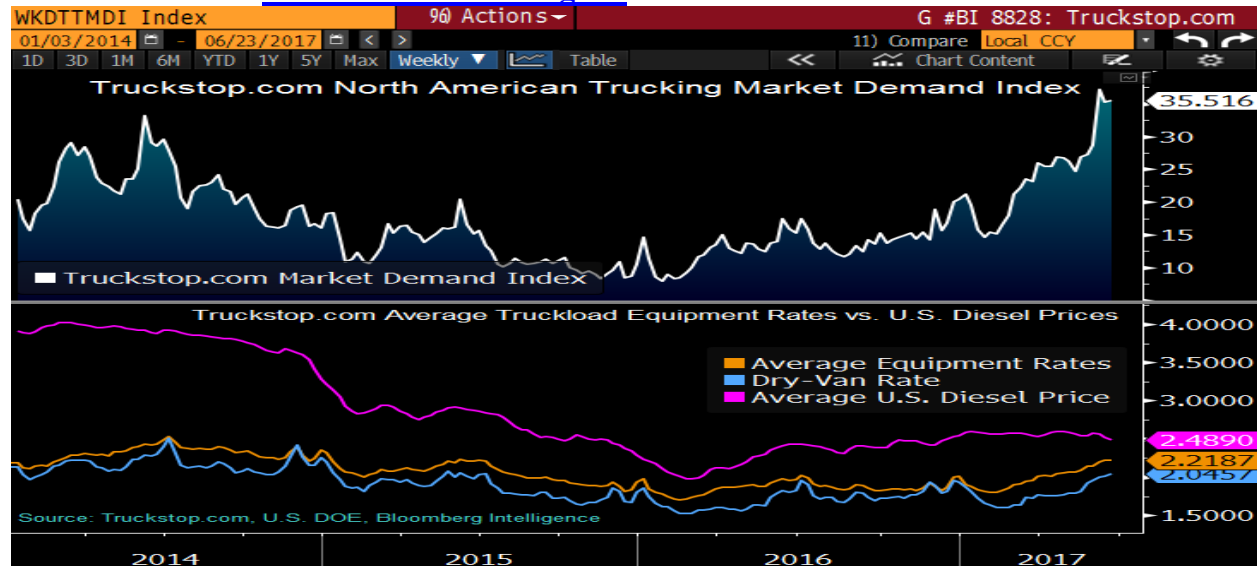
Trailer Truck Demand

(Bloomberg Intelligence) – 06/26/17

Relative North American spot trucking demand rose 0.7% sequentially to 35.5 in the week ended June 23, as measured by Truckstop.com's Market Demand Index, after demand surged 29% two weeks ago from truckers parking their tractors to avoid annual roadside inspections. Capacity tightened as a 0.8% increase in available loads outpaced a 0.2% gain in truck availability. Despite lower fuel surcharges (down 2%), average spot rates inched 0.1% higher, largely due to stronger dry-van (up 1.7%) results.

The Market Demand Index has climbed 96% on average vs. last year. Total rates have increased by 8%, driven by 37% higher fuel surcharges. USA Truck and Knight are the truckload carriers most exposed to the spot market. Swift, Werner, J.B. Hunt and Marten have little exposure.

Lee A Klaskow at lkaskow1@bloomberg.net



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ENERGY

Baker Hughes Summary Rig Count 6/23/2017 Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	23 June 2017	941	+8	16 June 2017	+520	24 June 2016
Canada	23 June 2017	170	+11	16 June 2017	+94	24 June 2016
International	May 2017	957	+1	April 2017	+2	May 2016

<http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsoverview>

What is U.S. electricity generation by energy source?

In 2016, about 4.08 trillion kilowatthours (kWh) of electricity¹ were generated at utility-scale facilities in the United States.² About 65% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases), about 20% was from nuclear energy, and about 15% was from renewable energy sources. The U.S. Energy Information Administration (EIA) estimates that an additional 19 billion kWh (or about 0.02 trillion kWh) of electricity generation was from small-scale solar photovoltaic systems in 2016.³

Major energy sources and percent shares of U.S. electricity generation at utility-scale facilities in 2016¹

Natural gas = 33.8%

Coal = 30.4%

Nuclear = 19.7%

Renewables (total) = 14.9%

Hydropower = 6.5%

Wind = 5.6%

Biomass = 1.5%

Solar = 0.9%

Geothermal = 0.4%

Petroleum = 0.6%

Other gases = 0.3%

Other nonrenewable sources = 0.3%

Pumped storage hydroelectricity = -0.2%⁴

<https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

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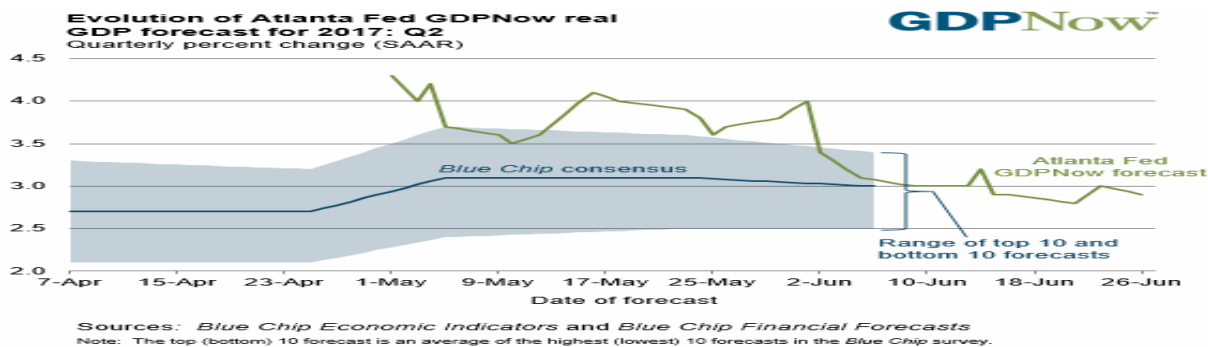
GDP

Latest forecast... 2.9 percent...June 26, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2017 is **2.9 percent** on June 26, unchanged from June 16. The forecasts of the contributions of real nonresidential equipment and inventory investment to second-quarter real GDP growth declined from 0.15 and 0.76 percentage points to 0.12 and 0.69 percentage points, respectively, after this morning's durable manufacturing report from the U.S. Census Bureau.

The forecast of second-quarter real residential investment growth increased from -0.3 percent to 2.5 percent after Friday's new-home sales release from the Census Bureau.

*The next GDPNow update is **Friday, June 30**. Please see the "Release Dates" tab below for a full list of upcoming releases.*



<https://www.frbatlanta.org/cqer/research/gdpnow.aspx?panel=1>

The FRBNY Staff Nowcast...Q2 stands at 1.9%...June 23, 2017

Q3 stands at 1.5%.

The effect of news from this week's data releases was small, leaving the nowcast for both quarters broadly unchanged.

https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0623.pdf?la=en

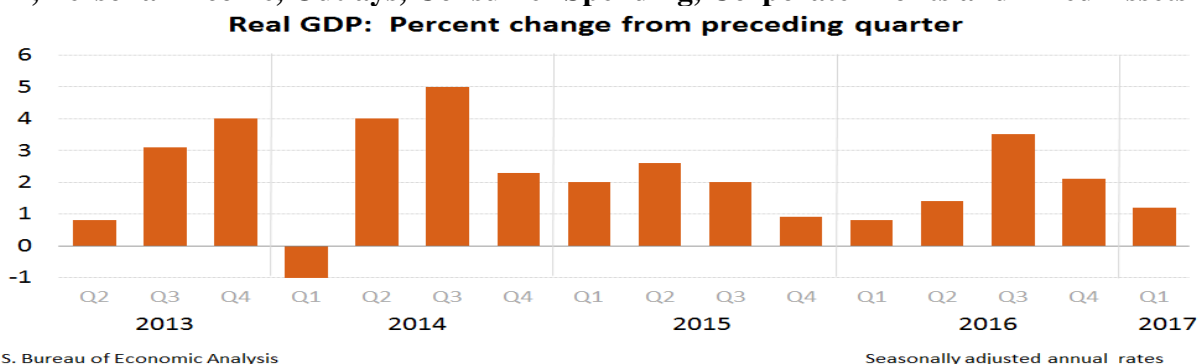
St. Louis Fed: Real GDP Nowcast... Q2 2017: 2.37...June 23, 2017

<https://fred.stlouisfed.org/series/STLENI>

U.S. Department of Commerce, Bureau of economic analysis

<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

GDP, Personal Income, Outlays, Consumer Spending, Corporate Profits and Fixed Assets



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LABOR

Bureau of Labor and Statistics

<http://www.bls.gov/news.release/>

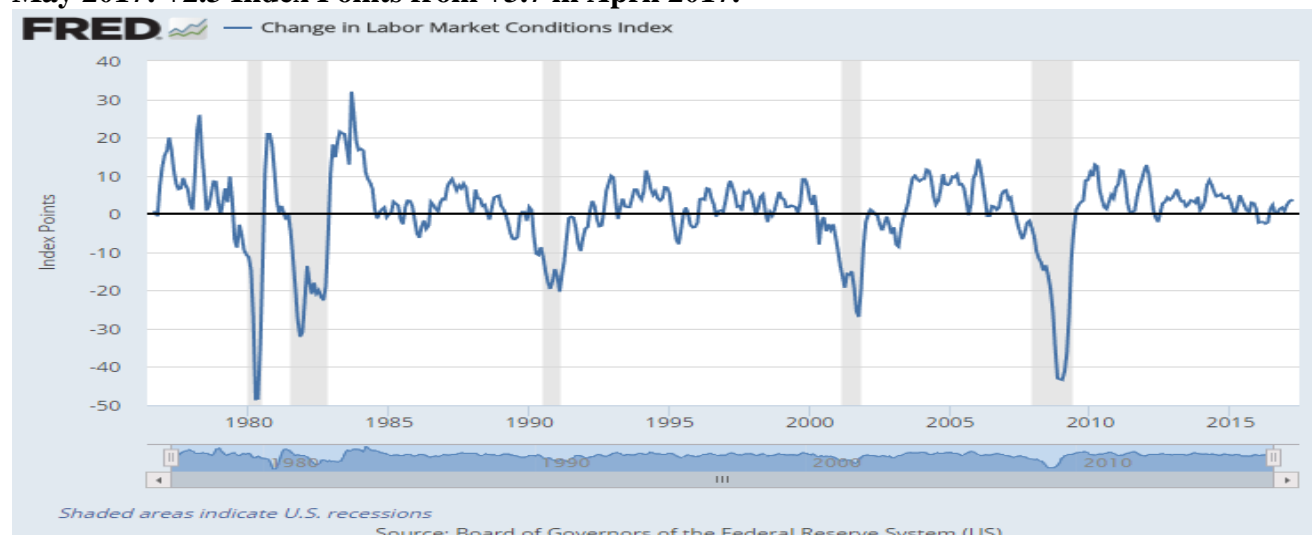
CPI, ECI, Employment, PPI, CPI, Real Earnings and US import/exports

Labor Department (Weekly Unemployment Claims).

http://www.doleta.gov/ETA_News_Releases/

St. Louis Fed Labor Market Conditions Index

May 2017: +2.3 Index Points from +3.7 in April 2017.



<https://research.stlouisfed.org/fred2/series/FRBLMCI>

St. Louis Fed Agriculture Finance Monitor 1st quarter 2017

Farm income declined in the first quarter of 2017 from a year earlier according to the latest survey of agricultural bankers in the Eighth Federal Reserve District. Proportionately more bankers reported that farm households continued to trim household expenditures and capital spending in the first quarter from a year earlier. Slightly more bankers reported that declines in farm incomes and farm household expenditures in the first quarter exceeded their expectations from three months earlier. Quality farmland and ranchland or pastureland values rose sharply in the first quarter from a year earlier. The increase in quality farmland values in the first quarter was the largest in three and a half years. However, the majority of bankers expect farmland values to decline in the second quarter. Cash rents for quality farmland and ranchland or pastureland declined slightly in the first quarter. Interest rates on fixed rate loans secured by farm real estate have increased by only 10 basis points over the past four quarters (0.10 percentage points). Results from our special questions suggest that the overall quality of the Eighth District farm loan portfolio remains stable (no significant repayment problems). We also asked our bankers to cite their top concern for 2017. A little less than two-thirds (62 percent) reported that further declines in farm incomes was their number one concern.

<https://files.stlouisfed.org/files/htdocs/publications/ag-finance/2017-05-11/2017-first-quarter.pdf>

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MANUFACTURING AT A GLANCE
May 2017

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	54.9	54.8	+0.1	Growing	Faster	9
New Orders	59.5	57.5	+2.0	Growing	Faster	9
Production	57.1	58.6	-1.5	Growing	Slower	9
Employment	53.5	52.0	+1.5	Growing	Faster	8
Supplier Deliveries	53.1	55.1	-2.0	Slowing	Slower	13
Inventories	51.5	51.0	+0.5	Growing	Faster	2
Customers' Inventories	49.5	45.5	+4.0	Too Low	Slower	8
Prices	60.5	68.5	-8.0	Increasing	Slower	15
Backlog of Orders	55.0	57.0	-2.0	Growing	Slower	4
New Export Orders	57.5	59.5	-2.0	Growing	Slower	15
Imports	53.5	55.5	-2.0	Growing	Slower	4
OVERALL ECONOMY				Growing	Faster	96
Manufacturing Sector				Growing	Faster	9

ISM THE LAST 12 MONTHS

Month	PMI®		Month	PMI®
May 2017	54.9		Nov 2016	53.5
Apr 2017	54.8		Oct 2016	52.0
Mar 2017	57.2		Sep 2016	51.7
Feb 2017	57.7		Aug 2016	49.4
Jan 2017	56.0		Jul 2016	52.3
Dec 2016	54.5		Jun 2016	52.8
Average for 2017 – 56.1 Average for 12 months – 53.9 High – 57.7 Low – 49.4				

<https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm>

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US Census Bureau (Manufacturers' Shipments, Inventories and Orders).
<http://www.census.gov/manufacturing/m3/>

The Constitution gives us four missions...

- 1. Establish Justice and Ensure Domestic Tranquility.**
- 2. Provide for the Common Defense.**
- 3. Promote the General welfare.**
- 4. Secure the Blessings of Liberty to Ourselves and Our Posterity.**

Our Nation in numbers

www.usafacts.org

US Foreign Assistance

<http://foreignassistance.gov/>

CBOT Non-Commercial Net Total – Futures Only

<http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html>

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The Fixed Income Group at R.J. O'Brien

John Coleman
312-373-5190
800-367-3349
© 312-515-3067

johncoleman@bloomberg.net

Rob Powell
312-373-5197
800-367-3349
© 312-560-7112

robpowell@bloomberg.net

Jeff Bauman
312-286-0491

jeffbau@bloomberg.net

Rich Goldblatt
312-373-5450
800-367-3650
© 312-515-6019

futuristic@bloomberg.net

Rocco Chierici
312-373-5439
800-367-3650
© 312-515-3069

rocco1@bloomberg.net

Brian Rachwalski
312-373-5191
800-367-3349
© 312-515-3066

brachwalski@bloomberg.net

Dan Sobolewski
312-373-5191
800-367-3349
© 312-505-6364

dsobolewski@bloomberg.net

Evan Vollman
312-373-5452
800-367-3650

evollman@bloomberg.net

Corrine Abele
312-373-4847
800-367-3349

cabele@rjobrien.com

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