



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

9 <GO> to Save as Default

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

United States Browse 10:01:37 07/01/17 - 07/06/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/03	08:45	+	0	0	Markit US Manufacturing PMI	Jun F	52.1	--	52.1	--
22)	07/03	09:00	+	0	0	ISM Manufacturing	Jun	55.0	--	54.9	--
23)	07/03	09:00	+	0	0	ISM Prices Paid	Jun	58.5	--	60.5	--
24)	07/03	09:00	+	0	0	ISM New Orders	Jun	--	--	59.5	--
25)	07/03	09:00	+	0	0	ISM Employment	Jun	--	--	53.5	--
26)	07/03	09:00	+	0	0	Construction Spending MoM	May	0.2%	--	-1.4%	--
27)	07/03		+	0	0	Wards Total Vehicle Sales	Jun	16.53m	--	16.58m	--
28)	07/03		+	0	0	Wards Domestic Vehicle Sales	Jun	12.99m	--	12.84m	--
29)	07/05	09:00	+	0	0	Factory Orders	May	-0.5%	--	-0.2%	--
30)	07/05	09:00	+	0	0	Durable Goods Orders	May F	--	--	-1.1%	--
31)	07/05	09:00	+	0	0	Factory Orders Ex Trans	May	--	--	0.1%	--
32)	07/05	09:00	+	0	0	Durables Ex Transportation	May F	--	--	0.1%	--
33)	07/05	09:00	+	0	0	Cap Goods Orders Nondef Ex Air	May F	--	--	-0.2%	--
34)	07/05	09:00	+	0	0	Cap Goods Ship Nondef Ex Air	May F	--	--	-0.2%	--
35)	07/05	13:00	+	0	0	FOMC Meeting Minutes	Jun 14	--	--	--	--
36)	07/06	06:00	+	0	0	MBA Mortgage Applications	Jun 30	--	--	-6.2%	--
37)	07/06	06:30	+	0	0	Challenger Job Cuts YoY	Jun	--	--	9.7%	--
38)	07/06	07:15	+	0	0	ADP Employment Change	Jun	180k	--	253k	--
39)	07/06	07:30	+	0	0	Initial Jobless Claims	Jul 1	245k	--	244k	--

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 G602-5037-2 30-Jun-2017 10:01:37

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Fed Speak Calendar

(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
United States		6) Browse		06:05:32		07/03/17		- 07/31/17			
Central Banks		All Central Banks						View <input checked="" type="radio"/> Agenda <input type="radio"/> Weekly			
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
21)	07/03 03:30				Fed's Bullard Speaks at BoE Conference in London						
22)	07/05 13:00				FOMC Meeting Minutes	Jun 14	--	--	--	--	
23)	07/06 02:45				Fed's Williams Speaks in Hobart, Tasmania						
24)	07/06 09:00				Fed's Powell Speaks in Washington on Housing Finance Reform						
25)	07/06 18:30				Fed's Fischer Speaks on Government Policy, Labor Productivity						
26)	07/07 10:00				Fed releases July 2017 Monetary Policy Report to the Congress						
27)	07/10 22:05				Fed's Williams Speaks in Sydney						
28)	07/11 11:00				Fed's Brainard Speaks in New York						
29)	07/12 07:30				Fed Releases Chair Yellen's testimony to Congress						
30)	07/12 09:00				Yellen to Appear Before U.S. House Panel						
31)	07/12 13:00				U.S. Federal Reserve Releases Beige Book						
32)	07/12 13:15				Fed's George Speaks in Denver on the Economic Outlook						
33)	07/13 09:00				Fed Chair Yellen Testifies Before Senate Banking Panel						
34)	07/13 10:30				Fed's Evans Speaks at Rocky Mountain Summit in Victor, Idaho						
35)	07/14 08:30				Fed's Kaplan Speaks in Mexico City						
36)	07/26 13:00				FOMC Rate Decision (Upper B...	Jul 26	1.25%	--	1.25%	--	
37)	07/26 13:00				FOMC Rate Decision (Lower B...	Jul 26	1.00%	--	1.00%	--	

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4) Previous		3) Next		66) Send		98) Actions ▾		News: News Story			
06/28/2017 12:24:29 [BN]								Translate to...			
	Next Offer	Next	Date	CUSIP	\$	Prior	Prior				
Bill Auctions	Announcement	Auction	Settles	Numbers	R	BiL	Auction	\$ Bln			
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	07/27/2017	07/31/2017	TBA	TBA	TBA	06/28/2017	\$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			

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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	05/18/2017	\$11
30-yr TIPS	10/12/2017	10/19/2017	10/31/2017	TBA	R	TBA	06/22/2017	\$5
Floating Rate Note								
2-year FRN	07/20/2017	07/26/2017	07/31/2017	TBA		TBA	06/28/2017	\$15
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA		TBA	04/19/2017	\$.025

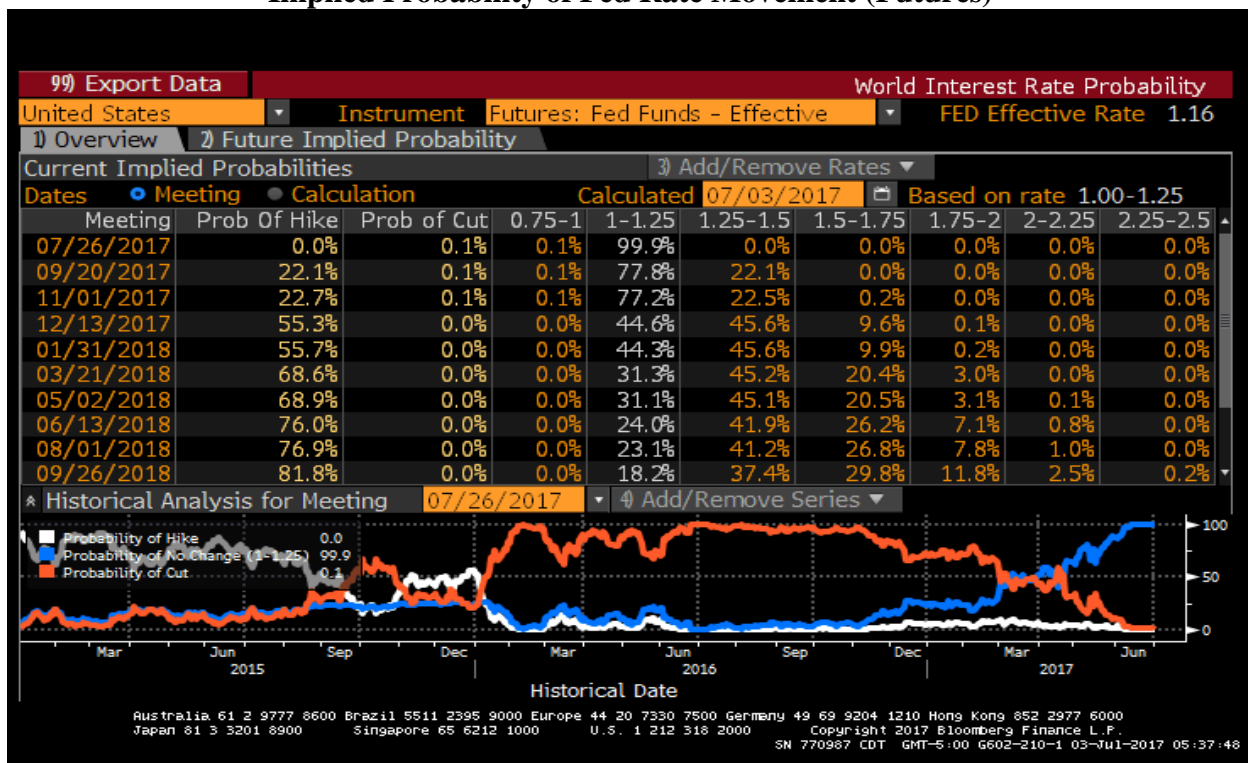
1-Month Libor Set	1.22690	+.00301	(98.77310)
3-Month Libor Set	1.30070	+.00056	(98.70083)
6-Month Libor Set	1.45600	+.00833	(98.54400)
1-Year Libor Set	1.74840	+.00996	(98.25160)

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/fomcprojtabl20170614.pdf>

Implied Probability of Fed Rate Movement (Futures)



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THEY SAID IT

“There’s no sign of the impressive performance ending any time soon,” said Chris Williamson, chief business economist at IHS Markit. “Optimism about the year ahead has risen to the highest for at least five years, backlogs of orders are building up at the fastest rate for over seven years and factories are reporting near-record hiring as they struggle to deal with the upturn in demand.”

<https://www.bloomberg.com/news/articles/2017-07-03/euro-area-manufacturing-accelerates-as-orders-fuel-optimism>

A Purchasing Managers’ Index climbed to 57.4 in June, up from 57.0 in May and above a June 23 flash estimate, IHS Markit said on Monday. Growth rates improved in most of the surveyed countries, including France and Italy, while a gauge for Greece signaled expansion for the first time since last August.

Scandal-hit Japanese Prime Minister Shinzo Abe faces one of his biggest tests since coming to power in late 2012, after his ruling party lost to an upstart outfit in an election for Tokyo’s assembly.

<https://www.bloomberg.com/news/articles/2017-07-02/abe-s-ruling-ldp-humbled-by-upstart-party-s-win-in-tokyo-vote>

The Liberal Democratic Party lost more than half its seats to end up with 23, the lowest number ever in the capital, in a vote that could be a harbinger for national elections. Voter turnout was up about eight percentage points on the previous poll four years ago.

Japan's Tankan report showed big manufacturers' sentiment beat expectations, with the index hitting a three-year high.

<http://www.cnbc.com/2017/07/02/japan-tankan-big-manufacturers-index-beats-forecast.html>

The Big Manufacturers Index for June came in higher than expected at +17, compared with a Reuters poll forecast for +15. That was up from +12 in the March survey.

The Big Manufacturers Index was expected to come in at +15 for September, above a Reuters forecast for +14.

The closely watched index, which can affect policy making, is a quarterly survey of Japanese businesses.

Total and CNPC signed a “heads of agreement” with [National Iranian Oil Co.](#) in November to develop phase 11 of the South Pars offshore gas field, a deal that was valued then at \$4.8 billion. Total Chief Executive Officer Patrick Pouyanne will be in Tehran for the signing of the formal agreement, Parastoo Youchi, the Iranian oil ministry official in charge of foreign media relations, said Sunday.

<https://www.bloomberg.com/news/articles/2017-07-02/total-to-sign-milestone-iran-energy-deal-since-sanctions-eased>

South Pars is Iran’s section of the world’s biggest gas deposit, shared also with Qatar, and the Persian Gulf field lies at the center of a dispute embroiling Qatar and several Arab neighbors. Saudi Arabia severed commercial links with Qatar last month, accusing it of cozying up to arch-rival Iran. Qatar initially faced a Monday deadline to comply with 13 demands from a Saudi-led coalition, including a cutback in relations with Iran. The coalition agreed later to extend its deadline by two days, the state-run Saudi Press Agency reported.

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Iran holds the world's largest gas reserves, estimated by BP Plc at 1,183 trillion cubic feet (33 trillion cubic meters), and is the third-biggest oil producer in the Organization of Petroleum Exporting Countries. The producer is wooing companies such as Total, Royal Dutch Shell Plc and Russia's Lukoil PJSC to invest in its oil and gas fields to boost output. Its oil production climbed 33 percent last year after sanctions related to its nuclear program were eased in January 2016, according to data compiled by Bloomberg.

Saudi Arabia, Bahrain, Egypt, and the United Arab Emirates (UAE) have raised the possibility of further sanctions against Qatar if it does not comply with the 13 demands presented to Doha through Kuwait, which is acting as a mediator.

<http://www.cnbc.com/2017/07/03/saudi-arabia-allies-give-qatar-two-more-days-to-accept-demands.html>

According to a joint statement on Saudi state news agency SPA, the four countries agreed to a request by Kuwait to extend by 48 hours Sunday's deadline for compliance.

“In the world of bank regulation there are still two parallel universes: one where bank bailouts are frowned upon as an abuse of taxpayers' money, and another where bank bailouts are considered as a politically more expedient and cheaper way of solving banking crises,” said [Christian Stiefmueller](#), a senior policy analyst at the independent watchdog **Finance Watch in Brussels**. **“These two sets of rules are not compatible.”**

<https://www.bloomberg.com/news/articles/2017-07-03/italy-s-bank-funeral-shows-brussels-still-using-crisis-playbook>

Italy's taxpayer-funded wind-down of Banca Popolare di Vicenza SpA and Veneto Banca SpA highlighted the patchwork of EU and national laws and guidelines that govern the funneling of public money to banks, despite years of work on a common rule book intended to end the era of big bailouts.

In [allowing Italy](#) to pour as much as 17 billion euros (\$19.4 billion) into liquidating the two banks, the European Commission relied on its guidance that state aid for banks is justified “as long as the crisis situation persists, creating genuinely exceptional circumstances where financial stability at large is at risk.” The 2013 document, which replaced guidance from five years earlier, hasn't been updated, meaning that as far as the EU is concerned, the crisis rages on and taxpayers can foot the bill when banks collapse.

Italy succeeded in keeping Banca Popolare di Vicenza and Veneto Banca out of resolution, allowing it to shield senior creditors, when the Single Resolution Board said it wasn't warranted because of the banks' small size. That meant Italian authorities were free to dispose of the lenders under national insolvency law, which varies widely across the 28-nation bloc.

The confusion has prompted concern and calls for reform. “One might ask, why national insolvency law is more favorable for the owners and creditors than if the resolution is done according to the rules of the European resolution authority,” German Finance Minister Wolfgang Schauble said on June 28.

Once Italy got its hands on the banks, however, it insisted that public money was needed to grease the liquidation deal whereby Intesa Sanpaolo SpA took over their good assets for one euro and will also receive about 5 billion euros from the state to maintain its capital ratios.

“This is where the fudge was,” said Federico Santi an analyst at Eurasia Group. It's hard to argue that liquidation under national law that spared senior creditors was the best way to meet the SRB's legal objective to protect public funds, he said. The “political imperative” was to “prevent the backlash that bailing in senior creditors would have generated.”

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Illinois Democratic-controlled House of Representatives passed big, permanent income-tax rate increases on Sunday with the help of some Republican votes as the cash-strapped state scrambled to piece together a budget and revenue plan to stave off a bond rating downgrade to junk.

<http://www.cnbc.com/2017/07/03/illinois-house-passes-5-billion-tax-package.html>

The \$5 billion tax package, which passed in a 72-45 vote, would boost the personal income tax rate to 4.95 percent from 3.75 percent and the corporate rate to 7 percent from 5.25 percent. It would also close tax loopholes and expand tax credits. It now heads to the Democratic-led Senate for concurrence.

In 2014, Seattle voted to gradually hike its minimum wage to \$15 an hour, with the rate jumping from \$11 to 13 last year. Yet on average, low-wage workers have made \$125 per month less.

<http://www.cnbc.com/2017/07/02/seattles-minimum-wage-hike-may-have-cut-wages-and-jobs-study-author.html>

That's a key result of a new University of Washington study that found that the hourly wage hike could in fact be costing jobs. The study, released last week, examined low-wage employment within the city of Seattle from 2014 to 2016.

"What we found," study co-author Mark Long explained to CNBC's "On the Money" recently, "is that employees increased wages, which you'd expect given the mandate of the law, but they also cut hours and they cut jobs."

Long, a professor of public policy at the University of Washington, added that as a product of fewer hours and available jobs, "the net amount paid to low-wage workers declined instead of increased."

Partial government shutdowns in Maine and New Jersey entered a second day on Sunday as lawmakers returned to their respective state capitals in a bid to break budget impasses that have led to the suspension of many nonessential services.

<http://www.reuters.com/article/us-usa-shutdowns-idUSKBN19N0RO>

In Maine, a bipartisan legislative committee met in Augusta in hopes of breaking a stalemate between Republican Governor Paul LePage and Democratic lawmakers. The shutdown came after LePage threatened to veto a compromise reached by lawmakers in the state's \$7.055 billion, two-year budget.

In New Jersey, the legislature was due to reconvene to resolve a political fight over a controversial bill that Governor Chris Christie said must be passed alongside the state's budget. After House Republicans in Maine voted to reject a compromise deal on Saturday, the Bangor Daily News reported that Republican Minority Leader Ken Fredette presented a \$7.1 billion plan he said could get the governor's approval, but some Democrats noted that was costlier than the rejected compromise.

New Jersey residents were not so lucky. With the July 4 holiday weekend in full swing, the shutdown included the closure of Island State Beach Park, one of New Jersey's few free public beaches, and all other state parks.

At the center of the budget stalemate is a controversial plan that would shake up the state's largest health insurer, Horizon Blue Cross Blue Shield.

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EQUITIES

The S&P is +7 and the NASDAQ is +13.

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 +0.38%.

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

BOE Rate +0.25%.

Next meeting 08/03/17

On the European Continent

The CAC Index closed +1.08%.

The DAX Index closed +0.74%.

On the Continent, yields are lower with the yield curve steeper.

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -.40%

Next meeting 07/20/17

ASIA

Japan:

The TOPIX closed +0.16%.

The NIKKEI closed +0.11%.

In Japan yields are mixed with the yield curve steeper.

BOJ Basic Loan rate 0.30%

Next meeting 07/20/17

China:

The Hang Seng closed +0.08%.

The Shanghai Composite closed +0.11%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

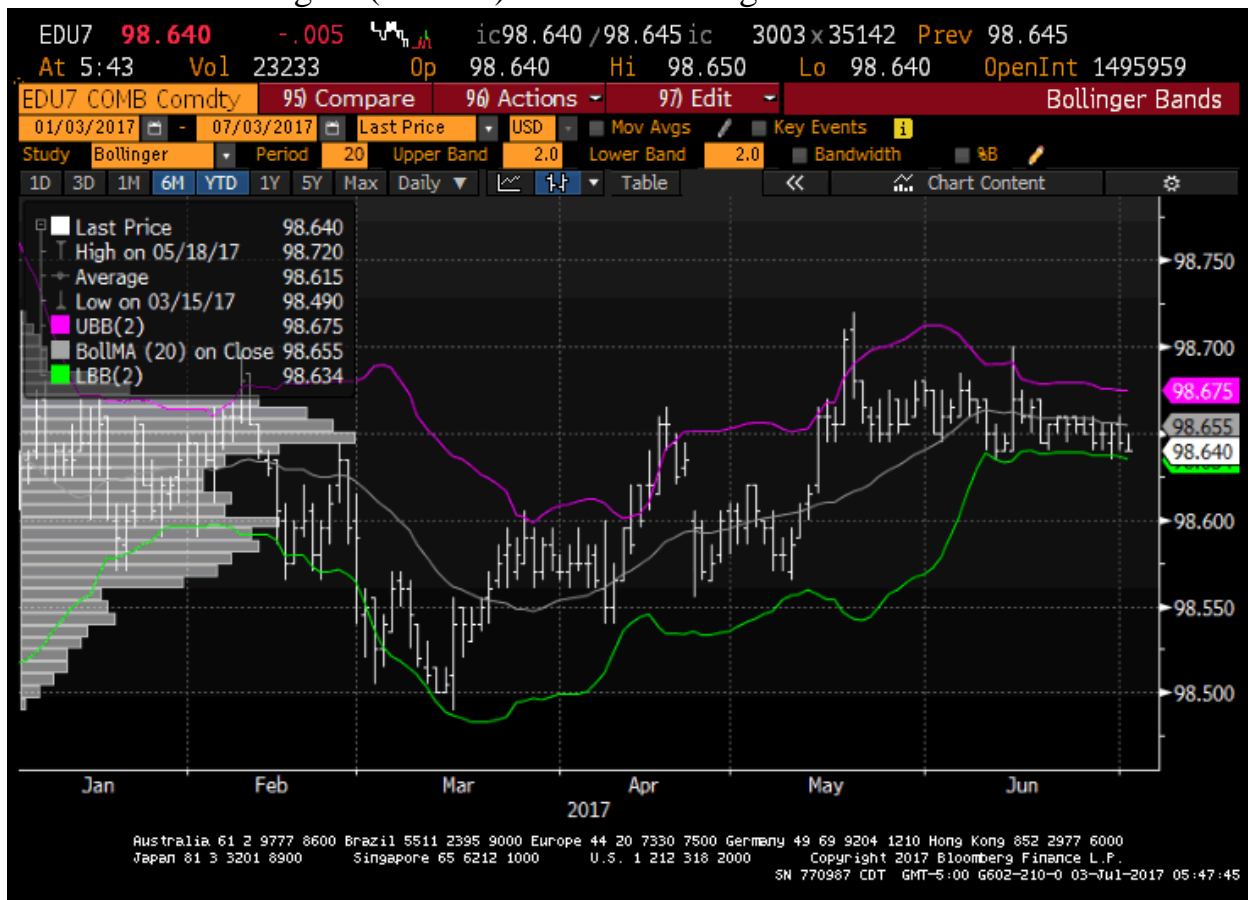
EDU7: 98-65.5 is the pivot. Below the pivot you should be short, above long. Support is at 98-65.5* and 98-67.5**.

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: 126-13.5 is the pivot point. Above you should be long, below short.

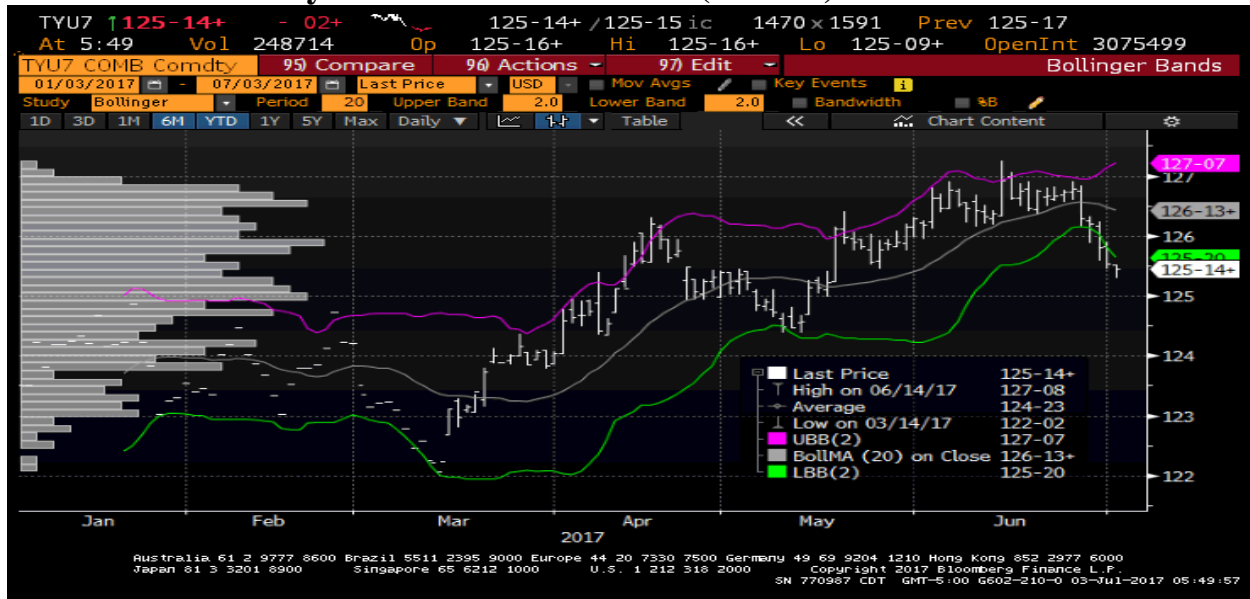
Support is at 126-13.5, 125-20.0**

Resistance is at 127-07.0**

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

** 2-STD Deviations from the pivot point

Current 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:		06/03/2017 - 07/03/2017		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	1.459 / 1.462	1.461	0.003			0.1	1.354	1.463	1.412	5.1	1.9		
2) 2 YR	1.624 / 1.630	1.627	0.009			0.3	1.480	1.642	1.553	7.7	2.6		
3) 3 YR	1.756 / 1.758	1.757	0.006			0.2	1.592	1.768	1.670	8.9	2.5		
4) 4 YR	1.869 / 1.870	1.870	0.008			0.2	1.626	1.880	1.768	10.3	2.5		
5) 5 YR	1.966 / 1.969	1.967	0.009			0.2	1.762	1.985	1.854	11.5	2.4		
6) 6 YR	2.050 / 2.052	2.051	0.010			0.2	1.827	2.068	1.928	12.3	2.5		
7) 7 YR	2.125 / 2.128	2.126	0.014			0.3	1.906	2.140	1.997	13.1	2.5		
8) 8 YR	2.189 / 2.191	2.190	0.025			0.5	1.966	2.208	2.057	13.3	2.6		
9) 9 YR	2.245 / 2.247	2.246	0.014			0.3	2.022	2.260	2.112	13.5	2.5		
10) 10 YR	2.295 / 2.297	2.296	0.015			0.3	2.071	2.314	2.161	13.7	2.5		
11) 15 YR	2.448 / 2.453	2.451	0.016			0.3	2.228	2.472	2.322	13.1	2.5		
12) 20 YR	2.523 / 2.523	2.523	0.017			0.3	2.314	2.547	2.396	12.7	2.5		
13) 25 YR	2.548 / 2.549	2.548	0.013			0.3	2.344	2.555	2.424	12.5	2.4		
14) 30 YR	2.556 / 2.556	2.556	0.017			0.3	2.355	2.561	2.433	12.4	2.5		

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 770987 CDT GMT-5:00 6602-210-0 03-Jul-2017 05:41:08

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.

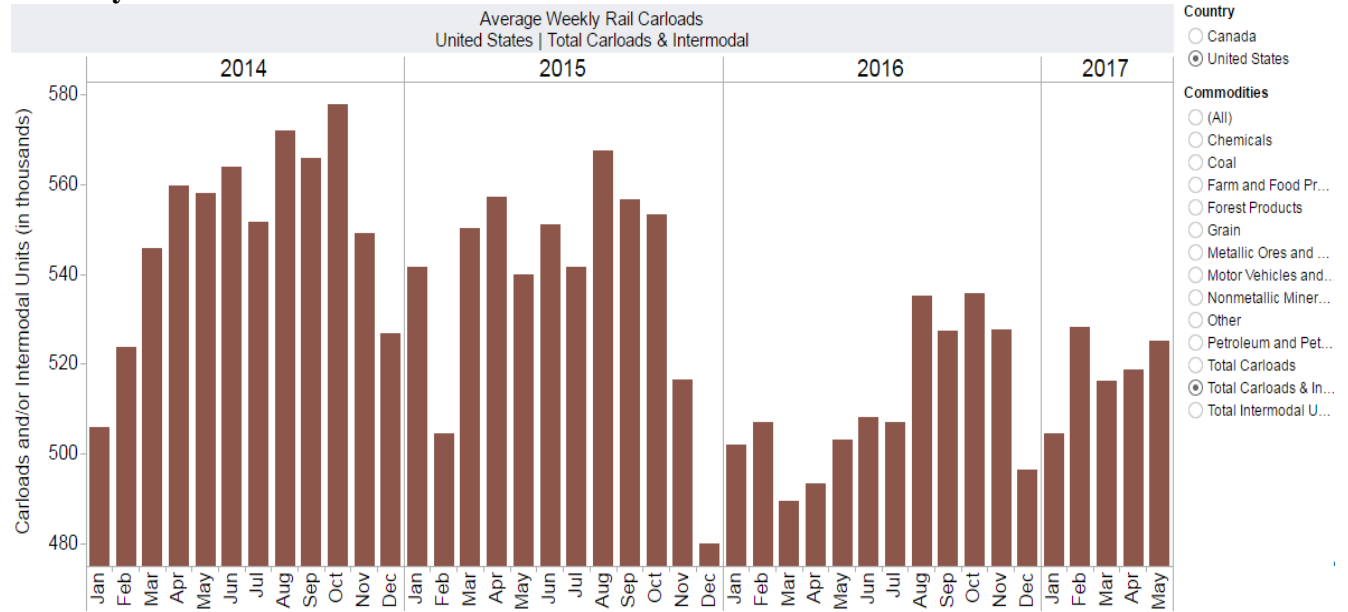
Total carloads for the week ending June 24 were 263,504 carloads, up 2.3 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 281,190 containers and trailers, up 4.9 percent compared to 2016.

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>

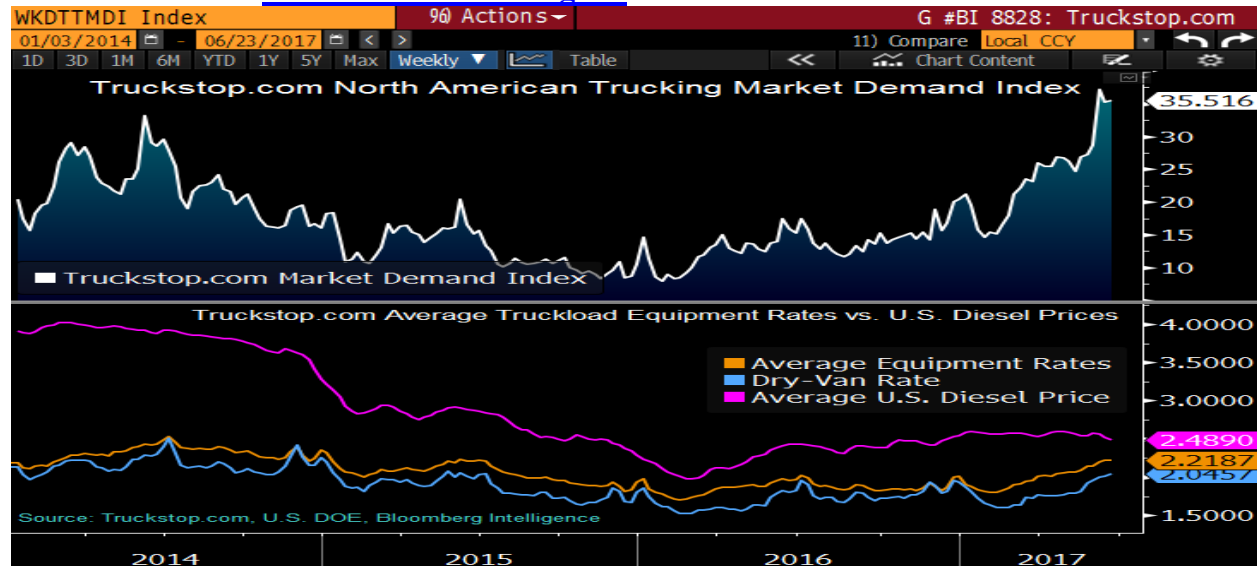
Trailer Truck Demand

(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 klaskow1@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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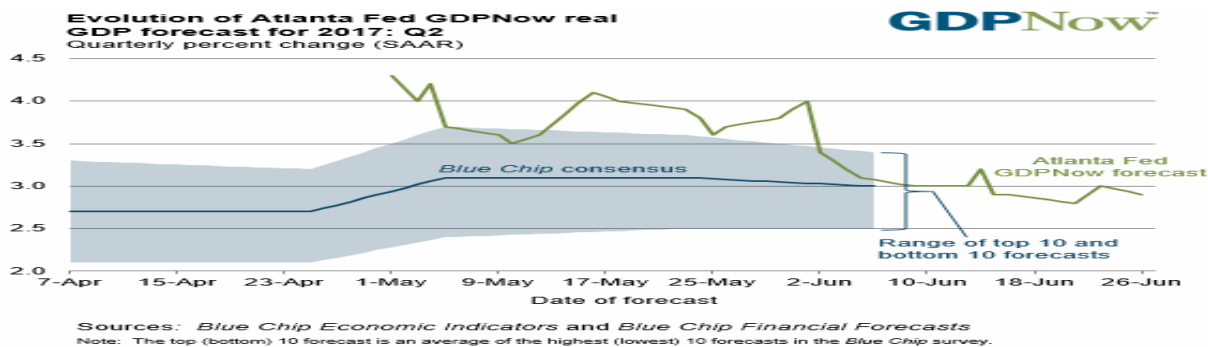
GDP

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

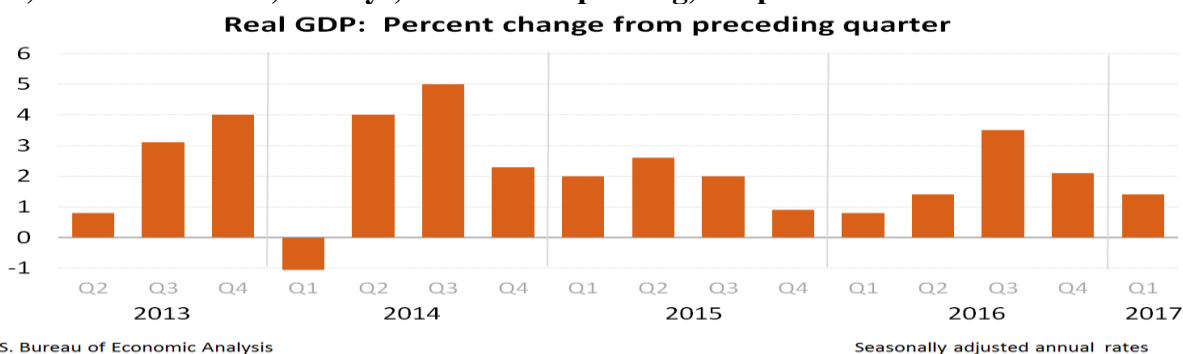
St. Louis Fed: Real GDP Nowcast... Q2 2017: 2.37...June 23, 2017

<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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