



Fixed Income Group A Division of RJ O'Brien

**The Missile**

[www.fixedincomegroup.com](http://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 15:08:26 07/28/17 - 08/01/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/28	07:30				Revisions: GDP data from 2014-16; reference year remains 2009					
22)	07/28	07:30	+	0		GDP Annualized QoQ	2Q A	2.7%	--	1.4%	--
23)	07/28	07:30				Personal Consumption	2Q A	2.8%	--	1.1%	--
24)	07/28	07:30				GDP Price Index	2Q A	1.3%	--	1.9%	--
25)	07/28	07:30				Core PCE QoQ	2Q A	0.7%	--	2.0%	--
26)	07/28	07:30	+	0		Employment Cost Index	2Q	0.6%	--	0.8%	--
27)	07/28	09:00	+	0		U. of Mich. Sentiment	Jul F	93.1	--	93.1	--
28)	07/28	09:00				U. of Mich. Current Conditions	Jul F	--	--	113.2	--
29)	07/28	09:00				U. of Mich. Expectations	Jul F	--	--	80.2	--
30)	07/28	09:00				U. of Mich. 1 Yr Inflation	Jul F	--	--	2.7%	--
31)	07/28	09:00				U. of Mich. 5-10 Yr Inflation	Jul F	--	--	2.6%	--
32)	07/31	08:45	+	0		Chicago Purchasing Manager	Jul	59.0	--	65.7	--
33)	07/31	09:00	+	0		Pending Home Sales MoM	Jun	1.0%	--	-0.8%	--
34)	07/31	09:00				Pending Home Sales NSA YoY	Jun	--	--	0.5%	--
35)	07/31	09:30	+	0		Dallas Fed Manf. Activity	Jul	14.0	--	15.0	--
36)	08/01	07:30	+	0		Personal Income	Jun	0.4%	--	0.4%	--
37)	08/01	07:30	+	0		Personal Spending	Jun	0.2%	--	0.1%	--
38)	08/01	07:30	+	0		Real Personal Spending	Jun	--	--	0.1%	--
39)	08/01	07:30				PCE Deflator MoM	Jun	0.0%	--	-0.1%	--

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 G731-2741-3 27-Jul-2017 15:08:26

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**Fed Speak Calendar**  
(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
United States		Browse		15:11:03		07/28/17		- 08/31/17			
Central Banks		All Central Banks				View		Agenda		Weekly	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/28	12:20				Fed's Kashkari Speaks at Townhall Event					
22)	08/02	11:00				Fed's Mester Speaks to Community Banking Conference					
23)	08/02	14:30				Fed's Williams Speaks in Las Vegas on Monetary Policy					
24)	08/07	10:45				Fed's Bullard Speaks on U.S. Economy in Nashville, TN					
25)	08/07	12:25				Fed's Kashkari Speaks in Bloomington, MN					
26)	08/11	10:30				Fed's Kashkari Speaks to Independent Community Bankers of Minn					
27)	08/16	13:00				FOMC Meeting Minutes	Jul 26	--	--	--	--
28)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					

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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
<b>Bill Auctions</b>	<b>Announcement</b>	<b>Auction</b>	<b>Settles</b>	<b>Numbers</b>	<b>R</b>	<b>Bil</b>	<b>\$ Bln</b>
Cash mgmt	TBA	07/27/2017	08/01/2017	912796RE1		\$20	05/30/2017 \$25
4-week	07/31/2017	08/01/2017	08/03/2017	TBA		TBA	07/25/2017 \$45
3-month	07/27/2017	07/31/2017	07/27/2017	912796MA4		TBA	07/24/2017 \$39
6-month	07/27/2017	07/31/2017	07/27/2017	912796LJ6		TBA	07/24/2017 \$33
1-year	08/10/2017	08/15/2017	08/17/2017	TBA		TBA	07/18/2017 \$20
<b>Note Auctions</b>							
2-year	08/24/2017	08/28/2017	08/31/2017	TBA		TBA	07/25/2017 \$26
3-year	08/02/2017	08/08/2017	08/15/2017	TBA		TBA	07/11/2017 \$24
5-year	08/24/2017	08/28/2017	08/31/2017	TBA		TBA	07/26/2017 \$34
7-year	08/24/2017	07/27/2017	07/31/2017	9128282N9		\$28	06/28/2017 \$28
10-year	08/02/2017	08/09/2017	08/15/2017	TBA		TBA	07/12/2017 \$20
<b>Bond Auctions</b>							
30-year	08/02/2017	08/10/2017	08/15/2017	TBA		TBA	07/13/2017 \$12
<b>TIPS Auctions</b>							
5-yr TIPS	08/17/2017	08/24/2017	08/31/2017	TBA	R	TBA	04/20/2017 \$16
10-yr TIPS	09/14/2017	09/21/2017	09/29/2017	TBA	R	TBA	07/20/2017 \$13
30-yr TIPS	10/12/2017	10/19/2017	10/31/2017	TBA	R	TBA	06/22/2017 \$5
<b>Floating Rate Note</b>							
2-year FRN	08/17/2017	08/23/2017	08/25/2017	TBA	R	TBA	07/26/2017 \$17
<b>Buyback Operation</b>							
Buyback	TBA	TBA	TBA	TBA		TBA	04/19/2017 \$.025

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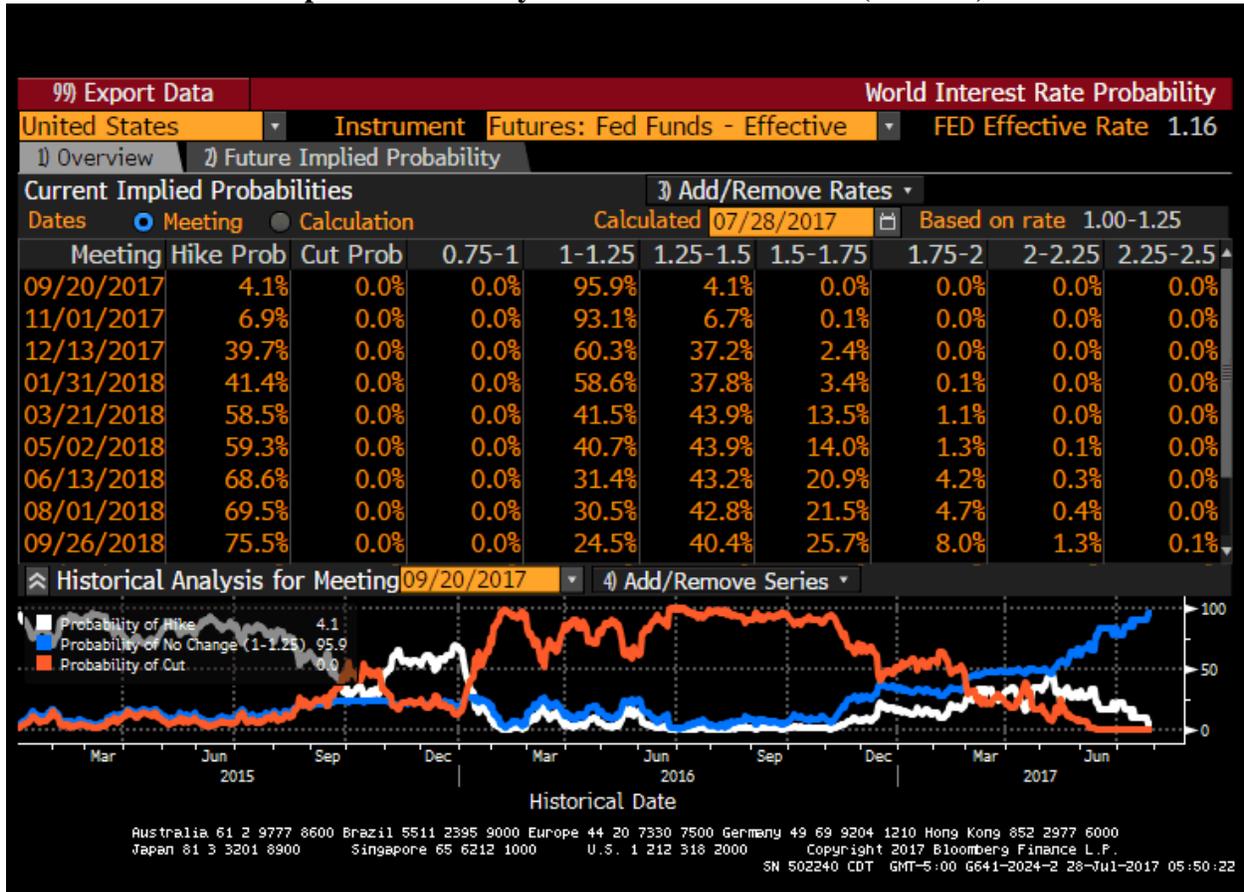
1-Month Libor Set	1.23167	-.00222	(98.76833)
3-Month Libor Set	1.31056	-.00055	(98.68944)
6-Month Libor Set	1.45500	+.00056	(98.54500)
1-Year Libor Set	1.72900	-.00056	(98.27100)

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

**"Our objective here is to bring as many resources online as responsibly as we can," DeVito said during an event in Washington Thursday. "We are changing the way the government is doing business."**

<https://www.bloomberg.com/news/articles/2017-07-27/the-u-s-interior-department-has-a-new-mission-to-make-money>

Interior Secretary Ryan Zinke aims to retool the agency into a federal profit center focused on increasing energy production, according to a plan laid out by his special adviser, Vincent DeVito.

That means running the government as though it actually is a business, according to DeVito, who refers to himself as a "senior manager" within "the Department of Interior Energy."

**Republican leaders billed their decision to [abandon](#) a controversial plan to tax companies' domestic sales and imports as an essential step toward uniting their efforts to overhaul the U.S. tax code -- but its death adds new complications to an already intricate task.**

**Though the so-called border-adjusted tax had circled the drain for months, its last gasp on Thursday greatly increased the chances that any tax cuts Congress delivers will be shallower than President Donald Trump and other GOP leaders want, or shorter-lived, experts said. Without the proposal's estimated \$1 trillion in new revenue, a resulting bill may look more like the temporary tax cuts of 2001 than the once-in-a-generation overhaul of 1986 on which Trump and lawmakers have set their sights.**

<https://www.bloomberg.com/news/articles/2017-07-28/killing-the-border-tax-solved-one-problem-it-may-create-several>

The death of the BAT "means a lot," said Douglas Holtz-Eakin, who leads the GOP-aligned research and advocacy group American Action Forum. "Obviously it was a big pay-for so it puts pressure on the other pay-fors. There's a lot at stake."

Without a border-adjusted tax, the lowest the corporate tax rate could go is 27 percent for a tax bill to remain revenue neutral, said Scott Greenberg, a senior analyst at the conservative Tax Foundation.

Setting a 28 percent tax rate would be largely meaningless for more than 150 of the largest U.S. companies, which already paid lower rates than that from 2008 through 2015, according to a recent study.

Still, Neil Bradley, the senior vice president and chief policy officer at the U.S. Chamber of Commerce, a powerful trade and lobby, said not specifying how low a corporate rate could go was a good move since "one sign of getting close to an agreement is not drawing hard lines in the sand about particular numbers."

Another potential boon for many companies -- a costly proposal to allow them to fully deduct their capital spending from income immediately instead of over years -- didn't receive full-throated support in the joint statement Thursday. The statement called for "unprecedented" expensing, but didn't make clear that it would be full and immediate.

Eliminating full expensing could save revenue for deeper rate cuts, but that's a bad idea, according to Greenberg, who said it would boost economic growth more than a rate cut would. One other workaround -- which might extend the life of tax cuts that weren't offset by new revenue -- would be to change the time-horizon in which the cuts would be analyzed. That notion, which would increase the current 10-year budget window to as many as 25 years, has

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been [endorsed](#) by Senate Finance Chairman Orrin Hatch. The Utah Republican, like Ryan, is a member of the so-called Big Six group that has been meeting weekly to discuss tax priorities. Agreeing to shelve the border-adjusted tax doesn't make it any easier to get a tax overhaul completed by the end of the year, according to John Gimigliano of KPMG LLP's Washington National Tax practice. Ryan has said it's imperative to accomplish the task in 2017 to avoid the influence of the 2018 elections on the legislative process.

The statement from the Big Six emphasized that tax legislation will now proceed under "regular order" meaning committees in the House and Senate will take up the tax of crafting actual legislation.

"That takes a lot of time," Gimigliano said. "It's going to be really hard to get this done this year."

**Two influential and well-funded conservative groups are publicly throwing their weight behind the [Republican](#) effort to revamp the nation's tax code after the White House and GOP leadership on Capitol Hill dropped the controversial border adjustment tax.**

<http://www.cnbc.com/2017/07/28/republican-tax-reform-effort-wins-support-from-freedom-partners-and-americans-for-prosperity.html>

Freedom Partners and Americans for Prosperity are holding an event Monday featuring remarks by Treasury Secretary Steven Mnuchin and White House legislative director Marc Short, who previously served as president of Freedom Partners. That will be followed by a speech on Wednesday by Rep. Mark Meadows (R-N.C.), leader of the House Freedom Caucus. The political advocacy groups are affiliated with the libertarian billionaire brothers [Charles](#) and [David Koch](#), and they've committed to spending several million dollars to promote the benefits of tax reform focused on simplification and lower rates.

**"The truth is we have way too many wingnuts in Washington," said Walker, who was head of the GAO under Presidents Bill Clinton and George W. Bush.**

<http://www.cnbc.com/2017/07/28/we-have-way-too-many-wingnuts-in-washington-says-ex-fiscal-watchdog.html>

"We have too many far rights in the Republican Party, too many left in the Democratic Party. There's nobody in charge of the Congress. There's somebody in charge of factions, called Democrats and Republicans, but nobody is in charge of the body as a whole," Walker added on "Squawk Box."

Walker spoke after the Senate blocked the latest Republican attempt to repeal Obamacare in a dramatic floor vote early Friday morning. It came after separate pushes to immediately replace the Affordable Care Act or repeal it with a two-year transition period failed amid GOP divisions. **Walker added he's not optimistic Congress will get something done this year but said the best bipartisan legislation is infrastructure. That could bring the parties together on tax reform, he said.**

**Three out of four U.S. farmers and ranchers said health insurance was an important or very important risk management strategy for their businesses in a recent survey led by the University of Vermont. The vast majority—92 percent—said they had health insurance in 2016. That's about the same as the general population, at 91 percent. But insurance plays a special role in farming, one of the most dangerous industries in the country, and one that plays a vital, if often distant, role in every American's life.**

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<https://www.bloomberg.com/news/articles/2017-07-28/health-care-mess-makes-farming-even-riskier>

About 100 agricultural workers a day are injured on the job. When Taylor Hutchinson of Footprint Farm in Starkville, Vt., was cutting lumber for the farm's first greenhouse, she got a piece of pressure-treated wood sawdust in her eye, sending her to the emergency room. Thanks to her Medicaid coverage, she didn't have to pay out of pocket.

Many farmers are taking advantage of Medicaid for the first time because the ACA, which greatly expanded the health-care program for the poor and disabled, allowed for a separation of income and assets, helping farmers who are "land-rich and cash-poor." Under Obamacare, "because salaries from farming are often so low, many farmers were eligible for Medicaid or got subsidized," said Shoshana Inwood, lead researcher on the survey and an assistant professor in the Department of Community Development and Applied Economics at the University of Vermont. However, not all states participated in the Medicaid expansion, so the benefits weren't felt equally nationwide.

**"Supply is no longer the same kind of threat that it looked like it might be at the end of last year," said Jonathan Smoke, chief economist for Cox Automotive. "Dealers are able to buy these at auction at higher prices because the consumer is stepping up and wanting to buy those vehicles."**

**Auto lenders that sounded [alarm bells](#) about slumping car values are seeing less of a price drop than feared. Proof of the reprieve -- however short-lived -- is showing up in their profits.**

<https://www.bloomberg.com/news/articles/2017-07-28/car-prices-still-falling-but-the-sky-isn-t-as-lender-profits-up>

This is not the tune auto lenders were singing at the beginning of the year, when a surge of vehicles with expiring leases was sinking used-car prices and [roiling earnings](#). The weak underlying market dynamics are still there -- more than 3 million vehicles will hit the used-car market this year, a third more than in 2016, according to J.D. Power. But with used-car values holding up better than expected, banks and captive finance companies avoided taking the hit from vehicles being sold at depressed prices.

Ford Chief Financial Officer Bob Shanks said lease residuals -- a measure of how much used cars are worth after a lease or period of ownership -- were flat in the second quarter.

"I think that's a victory," Shanks said on a July 26 [earnings call](#). "That's been one of the biggest headwinds of the business now for quite a number of quarters, but as it has been written about by many of you and others in the media, we are seeing less of a downward draft on auction values than what we had expected."

**The U.S. government ordered family members of employees at its embassy in Venezuela to leave on Thursday as a political crisis deepened ahead of a controversial vote critics contend will end democracy in the oil-rich country.**

<http://www.reuters.com/article/us-venezuela-politics-idUSKBN1AC1S9?il=0>

Violence continued to rage on the street, with another seven people killed during the latest opposition-led strike against President Nicolas Maduro's planned election for a powerful new Constituent Assembly on Sunday.

Adding to Venezuela's growing international isolation, Colombian airline Avianca suddenly stopped operations in the country on Thursday due to "operational and security limitations".

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**Wells Fargo & Co.'s campaign to rebuild customer and shareholder trust just hit another bump, as the bank said it may have pushed thousands of car buyers into loan defaults and repossessions by charging them for unwanted insurance.**

<https://www.bloomberg.com/news/articles/2017-07-28/wells-fargo-to-compensate-customers-for-unwanted-auto-insurance>

An internal review of the bank's auto lending found more than 500,000 clients may have unwittingly paid for protection against vehicle loss or damage while making monthly loan payments, even though many drivers already had their own policies, Wells Fargo said in a [statement](#) late Thursday. The firm said it may pay as much as \$80 million to affected clients -- with extra money for as many as 20,000 who lost cars, "as an expression of our regret." About 490,000 customers unnecessarily paid for CPI for at least some period of time, the bank said. Collectively, they will receive about \$25 million in refunds.

Wells Fargo also described two smaller groups of victims where the impact on individuals may have been more severe:

About 60,000 clients lived in five states that don't allow CPI to be imposed on borrowers without a specific notification, which the bank said they didn't receive. That group will get \$39 million.

An estimated 20,000 customers may have had cars repossessed because the additional costs from CPI, the bank said. It expects to spend \$16 million on that group, compensating them for their vehicle. The amounts "will depend on each customer's situation and also will include payment above and beyond the actual financial harm as an expression of our regret for the situation," Wells Fargo said.

**Imagine a Detroit auto executive driving a Japanese car. That's kind of what it felt like when the chief executive officer of one of the world's biggest oil companies said in a Bloomberg TV interview that his next car would be electric. Ben Van Beurden, head of Royal Dutch Shell Plc, will drive a plug-in Mercedes-Benz S500e in September, giving up his diesel, Bloomberg reports.**

<https://www.bloomberg.com/news/articles/2017-07-28/oil-prices-may-stay-low-forever>

It reflects the many changes Shell and its competitors have made in response to dramatic shifts in markets over the past few years. Oil boomed, peaking near \$150 a barrel, then within two years went bust, down to the \$30s, and is now hovering around \$50. "We are [getting fit for the \\$40s](#), with the way we are going," Van Beurden said, referring to oil prices. Shell is operating under the assumption that crude will be "lower forever," he said.

**"The passage of the new law on sanctions shows with all obviousness that relations with Russia have become hostage to the domestic political battle within the U.S.," the Foreign Ministry said in a statement announcing the moves Friday. "The latest events show that in well-known circles in the United States, Russophobia and a course toward open confrontation with our country have taken hold."**

<https://www.bloomberg.com/news/articles/2017-07-28/russia-retaliates-for-u-s-sanctions-with-ouster-of-diplomats>

Russia ordered the U.S. to cut its embassy and other personnel in the country and vacate two properties in Moscow, retaliating angrily to the [passage](#) of a new sanctions bill in the U.S. Congress.

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## EQUITIES

The S&P is **-9** and the NASDAQ is **-51**.

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](http://www.moneycentral.msn.com/investor/market/earncalendar)

**On Bloomberg type in ACDR <GO>**

## UK/EUROPE

**In the UK the FTSE closed -0.74%.**

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 -1.40%.**

**The DAX Index closed -0.76%.**

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

**ECB Main Refinancing Operations Rate +0.00%**

**Deposit Facility Rate -.40%**

**Next meeting 09/07/17**

## ASIA

### Japan:

**The TOPIX closed -0.35%.**

**The NIKKEI closed -0.60%.**

In Japan yields are higher with the yield curve steeper.

**BOJ Basic Loan rate 0.30%**

**Next meeting 09/21/17**

### China:

**The Hang Seng closed -0.56%.**

**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 98-68.5\*\*.

Resistance is at 98-63.0\*.

\*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: 125-19.5 is the pivot point. Above you should be long, below short.

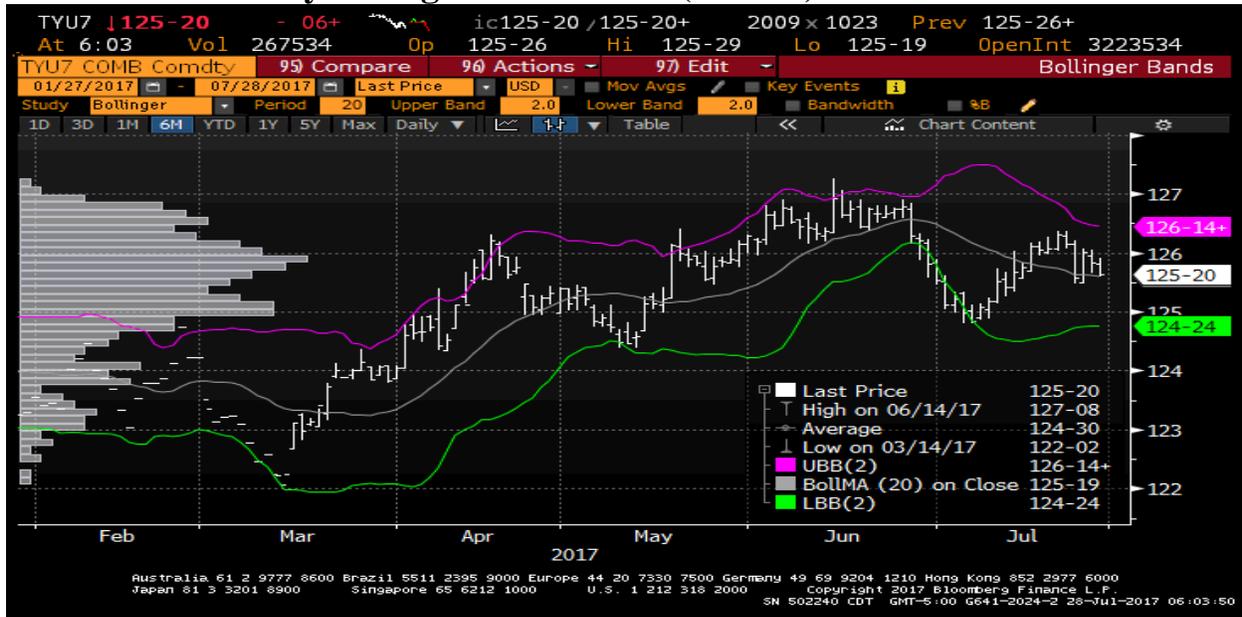
Support is at 125-19.5, 124-24.0\*\*

Resistance is at 126-14.5\*\*

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

\*\* 2-STD Deviations from the pivot point

Current trend has you long from 125-21.0 (7/26/17).

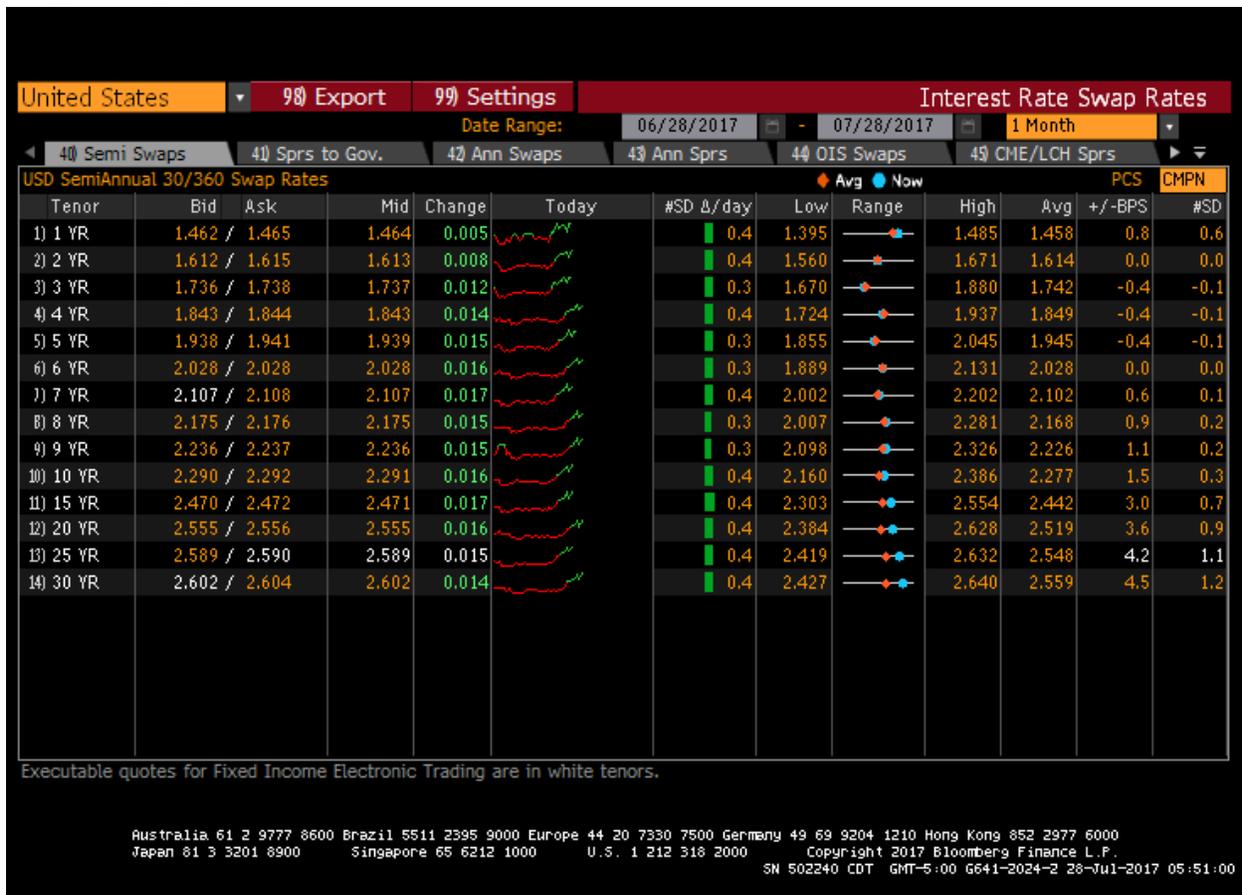


YTD (2017) +50.5 futures ticks (\$31.25 per tick) or +1,703.13 per 1 contract traded.

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>



## 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

### LABOR

#### Bureau of Labor and Statistics

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

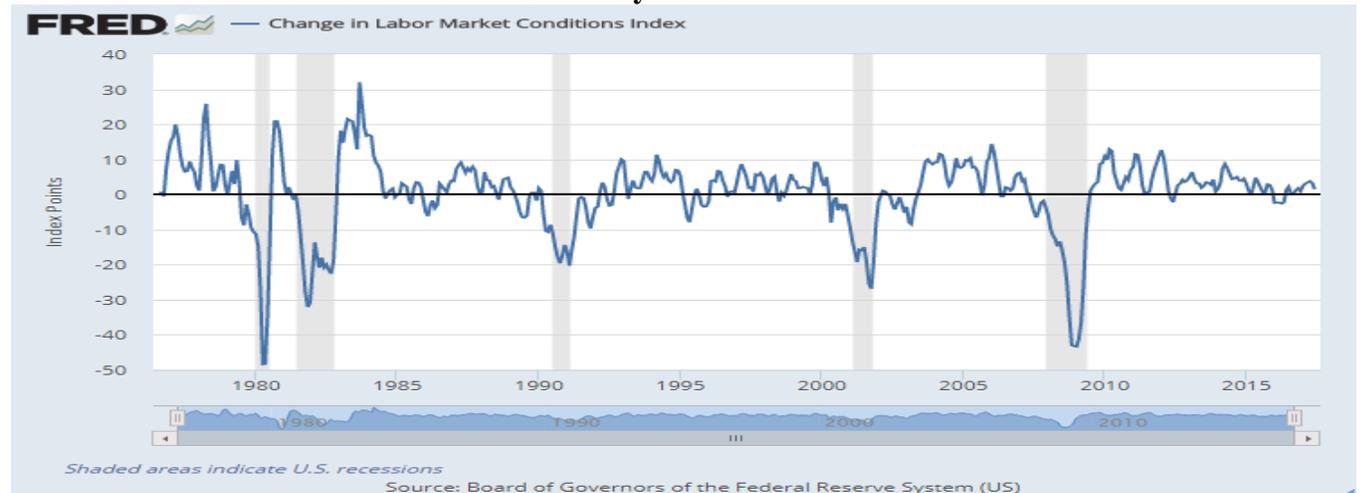
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

#### Labor Department (Weekly Unemployment Claims).

[http://www.doleta.gov/ETA\\_News\\_Releases/](http://www.doleta.gov/ETA_News_Releases/)

#### St. Louis Fed Labor Market Conditions Index

June 2017: +1.5 Index Points from +2.3 in May 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.

Proportionately more bankers reported that farm households continued to trim household expenditures and capital spending in the first quarter.

Slightly more bankers reported that declines in farm incomes and farm household expenditures.

Quality farmland and rangeland or pastureland values rose sharply in the first quarter from a year earlier, your largest increase in three years.

However, the majority of bankers expect farmland values to decline in the second quarter. Cash rents for quality farmland and rangeland 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).

62% of Bankers polled, cited their top concern for 2017 was a possible further decline in farm incomes.

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

#### How do Farm Incomes Compare to the average population

<https://www.ers.usda.gov/faqs/#Q4>

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## ENERGY

### Baker Hughes Rig Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	21 July 2017	950	-2	14 July 2017	+488	22 July 2016
Canada	21 July 2017	206	+15	14 July 2017	+104	22 July 2016
International	June 2017	960	+3	May 2017	+33	June 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 kilowatt hours (kWh) of electricity<sup>1</sup> were generated at utility-scale facilities in the United States.<sup>2</sup> 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.<sup>3</sup>

### Major energy sources and percent shares of U.S. electricity generation at utility-scale facilities in 2016<sup>1</sup>

**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%<sup>4</sup>**

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

### Renewable Fuels Association

<http://www.ethanolrfa.org/>

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## TRANSPORTS

### Association of American Railroads Rail Traffic Report.

For this week, total U.S. weekly rail traffic was 534,152 carloads and intermodal units, up 1.1 percent compared with the same week last year.

Total carloads for the week ending July 22 were 256,863 carloads, down 2 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 277,289 containers and trailers, up 4.1 percent compared to 2016.

Three of the 10 carload commodity groups posted an increase compared with the same week in 2016. They were coal, up 5.3 percent to 88,304 carloads; nonmetallic minerals, up 2.9 percent to 38,630 carloads; and forest products, up 1.9 percent to 10,388 carloads. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 15.8 percent to 20,316 carloads; miscellaneous carloads, down 15.2 percent to 9,258 carloads; and motor vehicles and parts, down 13.2 percent to 12,696 carloads.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-07-26-railtraffic.aspx>

### Weekly Rail Traffic Report and Charts.

For the first 29 weeks of 2017, U.S. railroads reported cumulative volume of 7,448,686 carloads, up 5.7 percent from the same point last year; and 7,670,677 intermodal units, up 2.9 percent from last year. Total combined U.S. traffic for the first 29 weeks of 2017 was 15,119,363 carloads and intermodal units, an increase of 4.3 percent compared to last year.

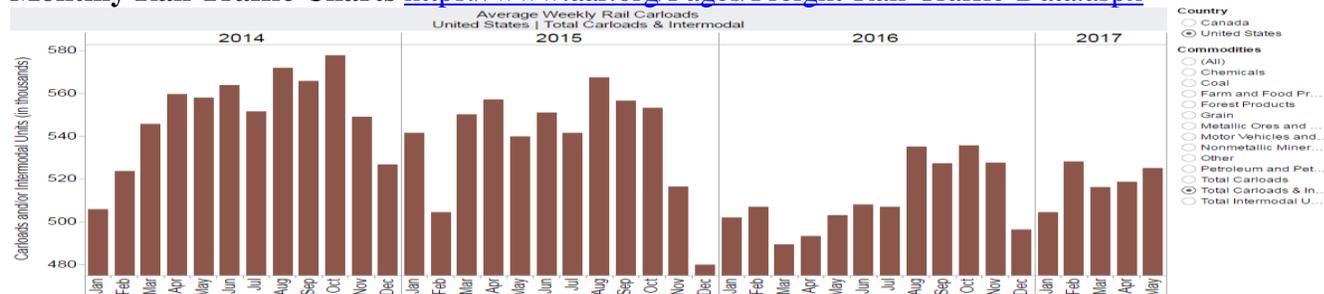
North American rail volume for the week ending July 22, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 348,537 carloads, up 0.1 percent compared with the same week last year, and 356,487 intermodal units, up 5.5 percent compared with last year. Total combined weekly rail traffic in North America was 705,024 carloads and intermodal units, up 2.8 percent. North American rail volume for the first 29 weeks of 2017 was 20,030,682 carloads and intermodal units, up 5.5 percent compared with 2016.

Canadian railroads reported 74,663 carloads for the week, up 6.5 percent, and 67,374 intermodal units, up 9.3 percent compared with the same week in 2016. For the first 29 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 4,127,599 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 17,011 carloads for the week, up 6.9 percent compared with the same week last year, and 11,824 intermodal units, up 19.4 percent. Cumulative volume on Mexican railroads for the first 29 weeks of 2017 was 783,720 carloads and intermodal containers and trailers, down 1 percent from the same point last year.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-07-26-railtraffic.pdf>

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



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## Trailer Truck Demand

(Bloomberg Intelligence) – 07/24/17

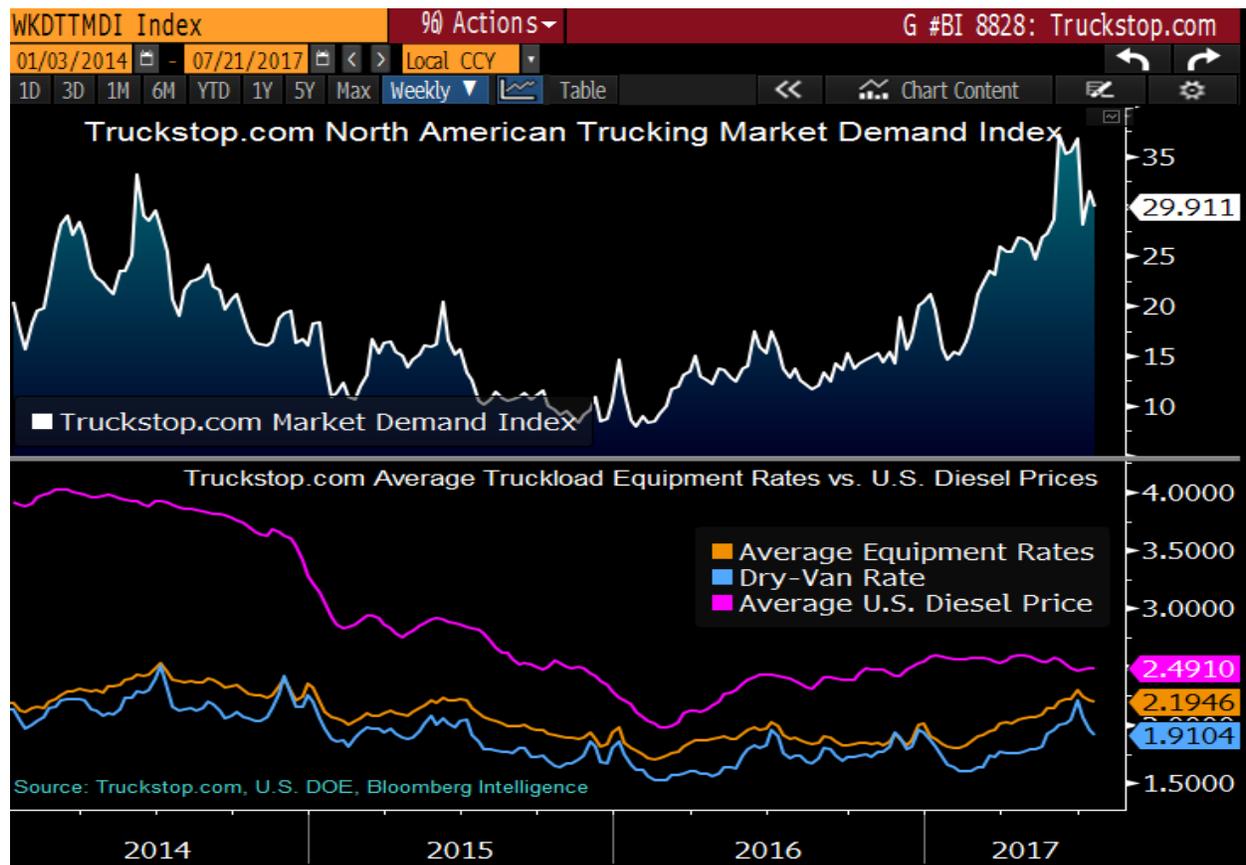
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) -- Relative North American spot trucking demand fell 5% sequentially to 29.9 in the week ended July 21, as measured by Truckstop.com's Market Demand Index. Capacity loosened as the number of available trucks rose 1.3%, while available loads slipped 3.7%. Average spot rates (down 0.7%) fell for the third consecutive week, driven by dry-van (2.5% lower), which has led declines over the period. Rates crept lower despite higher fuel surcharges, which have increased 0.4% on average over the past three weeks.

The Market Demand Index has climbed 99% on average vs. last year. Total rates have increased 9%, driven by 32% 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.

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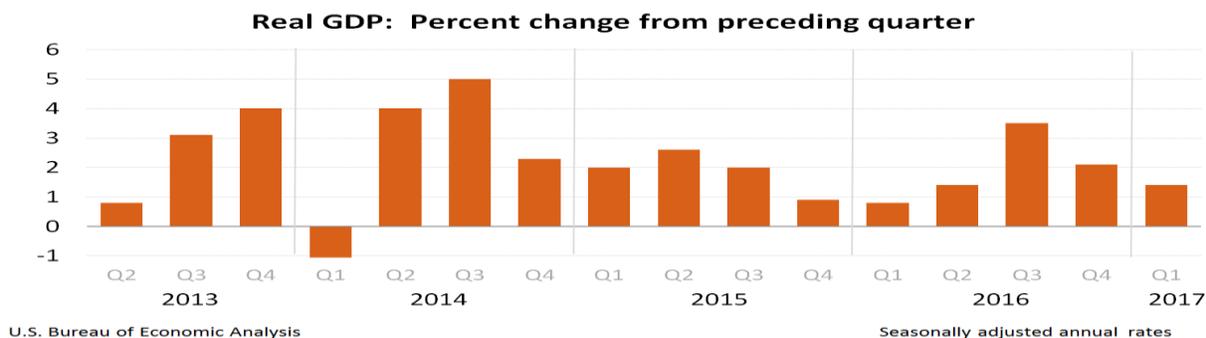
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GDP (2Q running around 2.40% as of July 27)

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

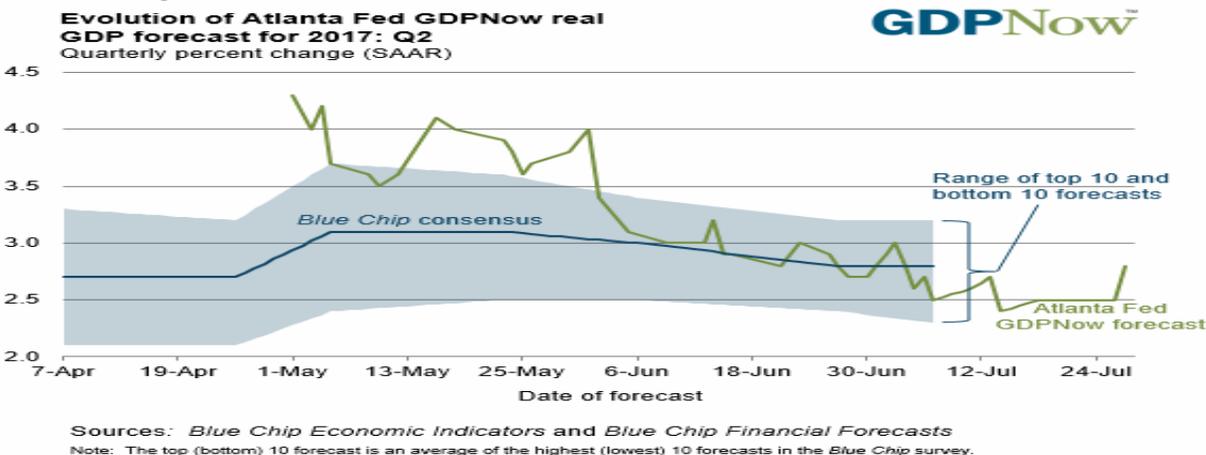
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

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



### Atlanta Fed GDPNowcast Latest forecast... 2.8 percent...July 27, 2017

The final GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2017 is **2.8 percent** on July 27, up from 2.5 percent on July 19. The forecast of the contribution of inventory investment to second-quarter growth increased from 0.54 percentage points to 0.82 percentage points after this morning's advance reports on durable manufacturing and wholesale and retail inventories from the U.S. Census Bureau.



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

New York Fed Nowcast...Q2 stands at 2.0%...July 21, 2017

Q3 stands at 1.8%.

[https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast\\_2017\\_0721.pdf?la=en](https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0721.pdf?la=en)

St. Louis Fed Real GDP Nowcast... Q2 2017: 2.39%...July 27, 2017

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

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## MANUFACTURING AT A GLANCE

June 2017

Index	Series Index June	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	57.8	54.9	+2.9	Growing	Faster	10
New Orders	63.5	59.5	+4.0	Growing	Faster	10
Production	62.4	57.1	+5.3	Growing	Faster	10
Employment	57.2	53.5	+3.7	Growing	Faster	9
Supplier Deliveries	57.0	53.1	+3.9	Slowing	Faster	14
Inventories	49.0	51.5	-2.5	Contracting	From Growing	1
Customers' Inventories	50.5	49.5	+1.0	Too High	From Too Low	1
Prices	55.0	60.5	-5.5	Increasing	Slower	16
Backlog of Orders	57.0	55.0	+2.0	Growing	Faster	5
New Export Orders	59.5	57.5	+2.0	Growing	Faster	16
Imports	54.0	53.5	+0.5	Growing	Faster	5
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>97</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>10</b>

### THE LAST 12 MONTHS

Month	PMI®		Month	PMI®
Jun 2017	57.8		Dec 2016	54.5
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

Average for 2017 – 56.4

Average for 12 months – 54.3

High – 57.8

Low – 49.4

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

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

### **Our Nation in numbers**

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.

[www.usafacts.org](http://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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