

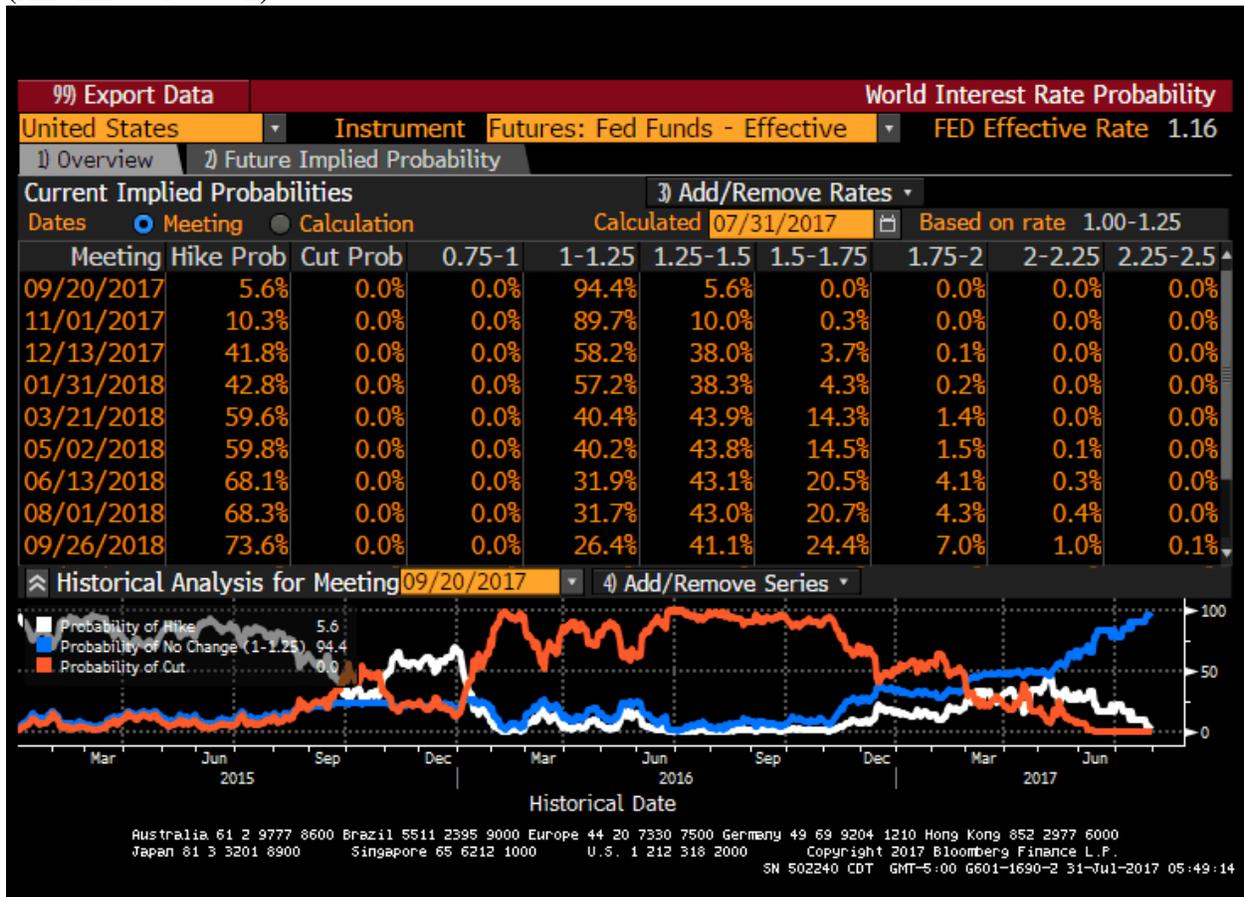


Fixed Income Group A Division of RJ O'Brien

## The Missile

[www.fixedincomegroup.com](http://www.fixedincomegroup.com)

ECO <go>  
(All times are CST)



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## Fed Speak Calendar

(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
	United States	Browse		15:01:46		07/29/17		- 08/31/17			
Central Banks		All Central Banks						View		Agenda ● Weekly	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/02	11:00				Fed's Mester Speaks to Community Banking Conference					
22)	08/02	14:30				Fed's Williams Speaks in Las Vegas on Monetary Policy					
23)	08/07	10:45				Fed's Bullard Speaks on U.S. Economy in Nashville, TN					
24)	08/07	12:25				Fed's Kashkari Speaks in Bloomington, MN					
25)	08/10	09:00				Fed's Dudley to Hold Press Briefing					
26)	08/11	08:40				Fed's Kaplan Speaks in Arlington, Texas					
27)	08/11	10:30				Fed's Kashkari Speaks to Independent Community Bankers of Minn					
28)	08/16	13:00				FOMC Meeting Minutes	Jul 26	--	--	--	--
29)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					

## NI TRE <go>

	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>Auction</b>
<b>Cash mgmt</b>	TBA	TBA	TBA	TBA		TBA	\$ Bln
4-week	07/31/2017	08/01/2017	08/03/2017	912796LR8		TBA	07/25/2017 \$45
3-month	08/03/2017	07/31/2017	07/27/2017	912796MA4		\$39	07/24/2017 \$39
6-month	08/03/2017	07/31/2017	07/27/2017	912796LJ6		\$33	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	9128282Q2		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	08/29/2017	08/31/2017	TBA		TBA	07/27/2017 \$28
10-year	08/02/2017	08/09/2017	08/15/2017	9128282R0		TBA	07/12/2017 \$20
<b>Bond Auctions</b>							
30-year	08/02/2017	08/10/2017	08/15/2017	912810RY6		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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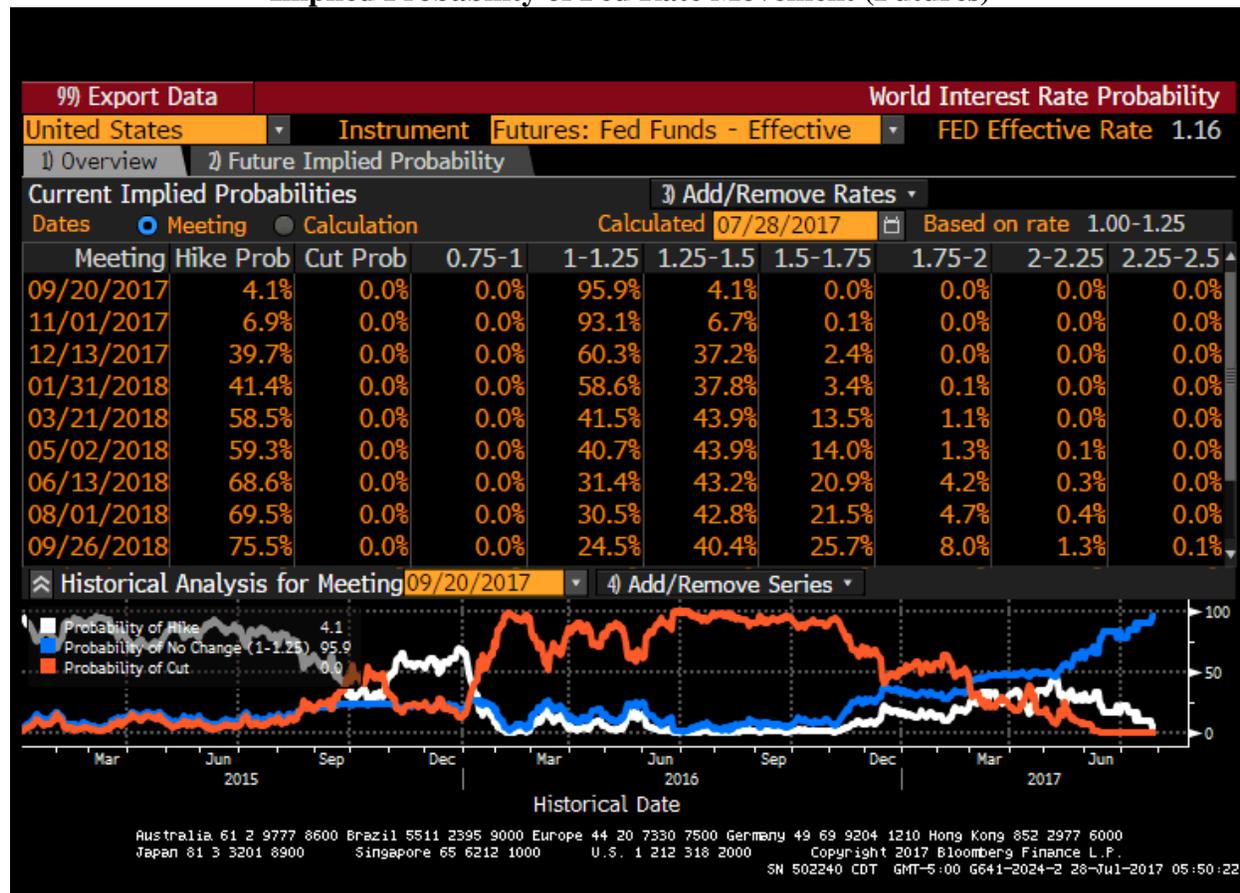
1-Month Libor Set	1.23167	-.00222	(98.76833)
3-Month Libor Set	1.31056	-.00055	(98.68944)
6-Month Libor Set	1.45500	+.00056	(98.54500)
1-Year Libor Set	1.72900	-.00056	(98.27100)

<b>Federal Reserve Target Fed Fund Rate Projections (Median)</b>				
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/fomeprojtatl20170614.pdf>

**Implied Probability of Fed Rate Movement (Futures)**



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## THEY SAID IT

**“The Trump administration set a red line by announcing sanctions if the vote went ahead, so if his administration wants to be taken seriously some form of sanctions would have to be announced,”** said Raul Gallegos, an analyst at consultancy Control Risks.

<https://www.bloomberg.com/news/articles/2017-07-31/venezuela-s-maduro-waits-for-u-s-response-after-violent-vote>

The election sought to "undermine the Venezuelan people's right to self-determination," State Department spokeswoman Heather Nauert said on Sunday in a statement. "We will continue to take strong and swift actions against the architects of authoritarianism in Venezuela, including those who participate in the National Constituent Assembly as a result of today's flawed election."

For the president, the hand-picked successor to Hugo Chavez, the creation of the so-called constituyente was another step in a stubborn rise to autocratic power in the face of international condemnation, U.S. sanctions, a cratering economy and months of civil unrest that has claimed more than 110 lives. The slate of 545 chosen to staff the new assembly are mostly all Maduro supporters, his wife among the more than 6,000 on the ballot.

Once officially convened, this new assembly will have no set term. It will supersede the National Assembly, the legislative branch that has struggled to be an anti-Maduro bulwark. Maduro will be primed to be seize more power than Chavez ever held.

**"Because more than 1,000 workers - diplomats and support staff - were working and are still working in Russia, 755 must stop their activity in the Russian Federation,"** he said.

<http://www.reuters.com/article/us-usa-trump-russia-retaliation-putin-idUSKBN1AF0S5>

President Vladimir Putin said the United States would have to cut its diplomatic staff in Russia by 755 people and that Moscow could consider additional measures against Washington as a response to new U.S. sanctions approved by Congress.

Moscow ordered the United States on Friday to cut hundreds of diplomatic staff and said it would seize two U.S. diplomatic properties after the U.S. House of Representatives and the Senate overwhelmingly approved new sanctions on Russia. The White House said on Friday that U.S. President Donald Trump would sign the sanctions bill.

**China is betting that U.S. President Donald Trump won't make good on his threats of a military strike against North Korea, with Beijing continuing to provide a lifeline to Kim Jong Un's regime.**

<https://www.bloomberg.com/news/articles/2017-07-29/china-bets-trump-won-t-resort-to-military-strike-on-north-korea>

Secretary of State Rex Tillerson singled out China and Russia as "economic enablers" of North Korea after Kim on Friday test-fired an intercontinental [ballistic missile](#) for the second time in a matter of weeks. While Tillerson said the U.S. wants a peaceful resolution to the tensions, the top American general called his South Korean counterpart after the launch to discuss a potential military response.

China on Saturday condemned the latest test while calling for restraint from all parties, a muted reaction to Pyongyang's progress on an ICBM capable of hitting the U.S. mainland. Despite Kim's provocations, analysts said Beijing still sees the collapse of his regime as a more immediate strategic threat, and doubts Trump would pull the trigger given the risk of a war with North Korea that could kill millions.

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**"The deleveraging campaign now is focused on curbing shadow banks, and the shadow banks help the smaller companies most," said Shen Jianguang, chief Asia economist at Mizuho Securities Asia Ltd. in Hong Kong. "Conditions for them will be even harder next year, when regulators are even more serious about cracking down on risks."**

<https://www.bloomberg.com/news/articles/2017-07-31/smaller-companies-feel-the-chill-of-china-s-great-deleveraging>

The manufacturing purchasing managers index pulled back slightly to 51.4 in July, propped up by improved sentiment among large firms. That masked a marked deterioration among small companies, with a sub gauge for them slumping to 48.9 from 50.1 in June, and a drop in mid-sized firms back below 50. Numbers under 50 indicate conditions are deteriorating.

Growth in China's broad money supply was the slowest on record in June, and surging interbank lending rates have drained liquidity at smaller lenders. That stress is trickling down to their clients, usually SMEs, according to Shen.

A Standard Chartered Plc [report](#) last week showed smaller firms found it tough to get loans in July, according to a monthly survey of more than 500 companies.

"The economy in the second half will likely slow down gradually," said Ding Shuang, chief China economist at Standard Chartered Plc in Hong Kong. "With the deleveraging in process, we will see gradual lagged effects on the economy."

**"The economy in the second half will likely slow down gradually," said Ding Shuang, chief China economist at Standard Chartered Plc in Hong Kong. "With the deleveraging in process, we will see gradual lagged effects on the economy," which will show up more clearly at the end of the third quarter, he said.**

**"July's PMI signals a slight softening of the manufacturing sector," said Raymond Yeung, the Hong Kong-based chief economist at Australia & New Zealand Banking Group Ltd.**

**"External demand will likely drop in the summer and third quarter GDP growth isn't expected to hit 6.9 percent. But we aren't worried about the decline today."**

<https://www.bloomberg.com/news/articles/2017-07-31/china-factory-gauge-suggests-economic-momentum-faded-in-july>

Reading of input prices accelerates to 57.9, output prices climbs to 52.7

New export orders index slips to 50.9, manufacturing [PMI shows](#)

Large firms more optimistic, confidence slides for small and medium-sized enterprises

The statistics official says companies kept increasing procurement and have higher confidence in future development. Almost 40 percent of companies said labor costs are rising, according to the official.

**When Chinese residents of Spain needed to get piles of illicit cash back home, police allege, they found an accomplice in the Industrial and Commercial Bank of China.**

<http://www.reuters.com/investigates/special-report/icbc-spain/>

Confidential court filings, including wiretap transcripts, detail how the bank allegedly helped launder hundreds of millions of euros.

**"They need to get a clear story for September or October to make the case of the exit and it's not going to be easy because core inflation and wages will probably roughly be where they are now," said Nick Kounis, an economist at ABN Amro in Amsterdam. "They have to make the case for tapering and that will be based on growth giving them confidence that inflation is going to come back, and that's the story they will try to sell."**

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<https://www.bloomberg.com/news/articles/2017-07-31/euro-area-inflation-holds-at-1-3-as-ecb-braces-for-exit-debate>

Consumer-price growth in the euro area stayed at 1.3 percent -- enough to argue that deflation risks have disappeared, but too little to meet the European Central Bank president's goal of just under 2 percent. While it confirms Draghi's prediction that inflation would remain near June levels in the coming months, it also reinforces his assessment that, despite better economic growth, there isn't yet a self-sustained upward trend.

**"If the moonshot factory gives up on a big, important problem like climate change, then maybe it will never get solved," said Obi Felten, a director at X. "If we do start solving it, there are trillions and trillions of dollars in market opportunity."**

<https://www.bloomberg.com/news/articles/2017-07-31/alphabet-wants-to-fix-renewable-energy-s-storage-problem-with-salt>

The research lab, which hatched Google's driverless car almost a decade ago, is developing a system for storing renewable energy that would otherwise be wasted. It can be located almost anywhere, has the potential to last longer than lithium-ion batteries and compete on price with new hydroelectric plants and other existing clean energy storage methods, according to X executives and researchers.

In the first half of this year, California tossed out more than 300,000 megawatts produced by solar panels and wind farms because there's no good way to store it. That's enough to power tens of thousands of homes. About 4 percent of all wind energy from Germany was jettisoned in 2015, according to Bloomberg New Energy Finance. China throws out more than 17 percent. X is stepping into a market that could see about \$40 billion in investment by 2024, according Bloomberg New Energy Finance.

**With Prime Minister Theresa May away on holiday, her chancellor of the exchequer went out on a limb to say a consensus was forming around a three-year transition phase, during which little would change about the U.K.'s relationship with the European Union even past 2019, when the two sides formally break up.**

<https://www.bloomberg.com/news/articles/2017-07-30/u-k-takes-two-steps-forward-one-back-on-brex-it-transition-plan>

But that vision of harmony was shattered almost immediately. Trade Secretary Liam Fox used a Sunday Times interview to pour cold water on Philip Hammond's claims that he and other senior ministers had gone soft and agreed to allow the free movement of people to last beyond the two-year negotiations.

It would "not keep faith" with voters' decision to leave in the 2016 referendum, he said, adding pointedly: "I have not been involved in any discussion on that."

May's spokesman, James Slack, told reporters on Monday that free movement will end in March 2019 and that it would be "wrong" to suggest "that free movement will continue as it is now."

He also said that May's position on an implementation period "are very clear and well known: It is in no one's interests for there to be a cliff edge."

"We have said that it will take time to get immigration numbers down but we are committed to doing so," Slack said. He also said that the transitional period won't be unlimited, repeating remarks made by May in January.

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## **EQUITIES**

The S&P is +2 and the NASDAQ is +11.

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 +0.36%.**

In the UK, yields are mixed with the yield curve flatter.

**BOE Rate +0.25%.**

**Next meeting 08/03/17**

## **On the European Continent**

**The CAC Index closed +0.04%.**

**The DAX Index closed +0.18%.**

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 -0.16%.**

**The NIKKEI closed -0.17%.**

In Japan yields are mixed with the yield curve steeper.

**BOJ Basic Loan rate 0.30%**

**Next meeting 09/21/17**

### **China:**

**The Hang Seng closed +1.28%.**

**The Shanghai Composite closed +0.61%.**

### **PBOC**

**Deposit Rate: 1.50%**

**Lending Rate: 4.35%**

**Reserve Requirement Ratio: 17.00%**

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## THE TREND

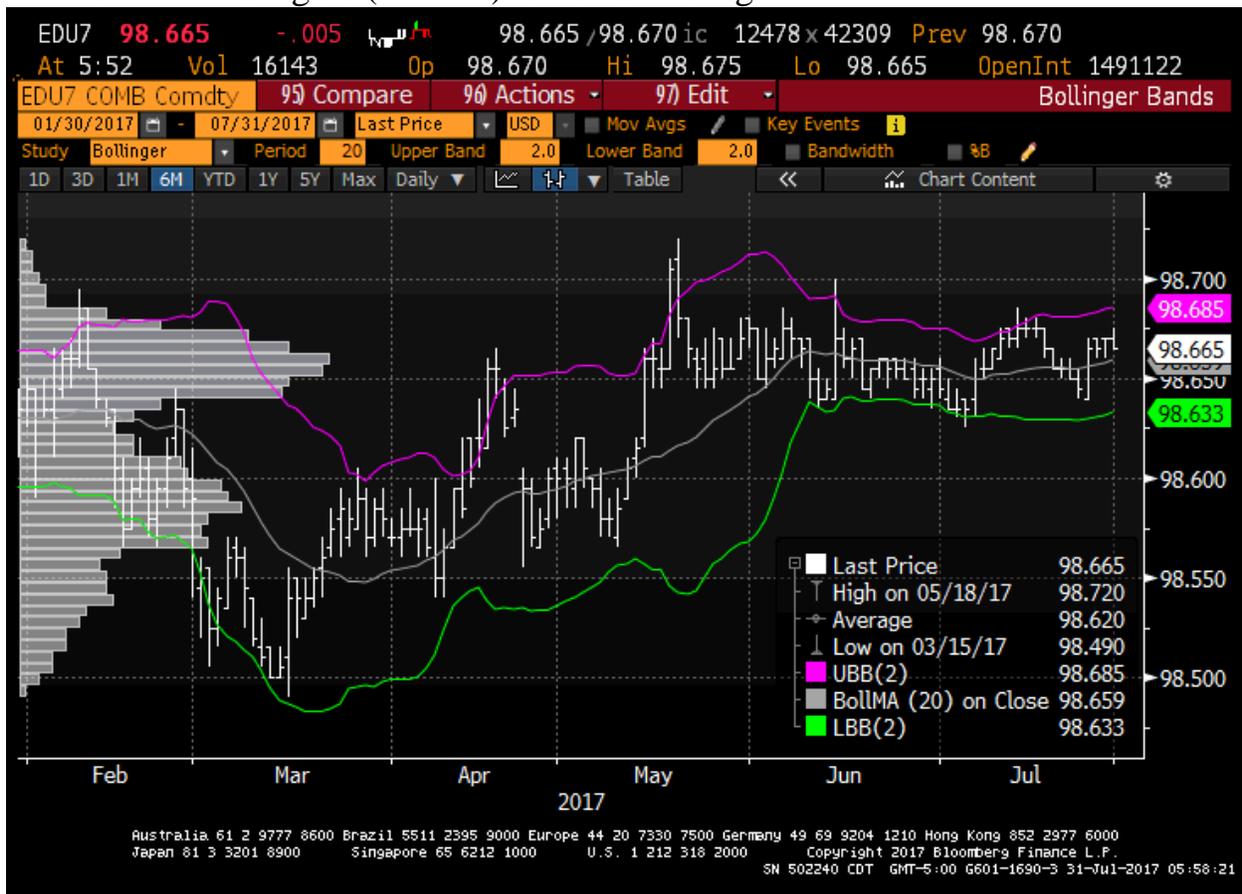
EDU7: 98-66.0 is the pivot. Below the pivot you should be short, above long.  
Support is at 98-65.5\* and 98-68.5\*\*.

Resistance is at 98-63.5\*.

\*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: 125-20.5** is the pivot point. Above you should be long, below short.

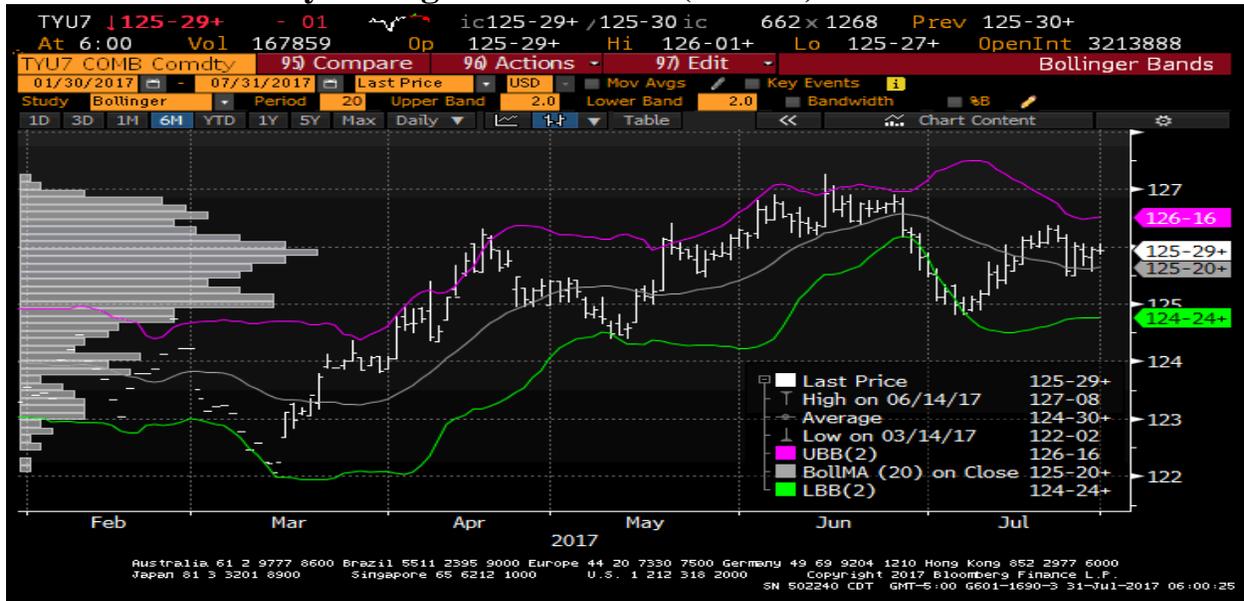
Support is at **125-20.5, 124-24.5\*\***

Resistance is at **126-16.0\*\***

\*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>

United States		98 Export	99 Settings	Interest Rate Swap Rates									
Date Range:		07/01/2017	-	07/31/2017	1 Month								
40 Semi Swaps	41 Sprs to Gov.	42 Ann Swaps	43 Ann Sprs	44 OIS Swaps	49 CHE/LCH Sprs								
USD SemiAnnual 30/360 Swap Rates										Avg	Now	PCS	CMPN
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/day	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	1,457 / 1,458	1,458	1,458	0,003		0.3	1,395	1,485	1,459	-0.1	0.0		
2) 2 YR	1,594 / 1,599	1,596	1,596	0,005		0.2	1,568	1,671	1,615	-1.6	-0.7		
3) 3 YR	1,711 / 1,713	1,712	1,712	0,005		0.2	1,686	1,880	1,742	-2.9	-0.8		
4) 4 YR	1,811 / 1,811	1,810	1,810	0,000		0.0	1,724	1,937	1,849	-3.7	-0.9		
5) 5 YR	1,900 / 1,903	1,902	1,902	-0,002		0.0	1,856	2,045	1,944	-4.1	-0.9		
6) 6 YR	1,988 / 1,988	1,988	1,988	0,000		0.0	1,935	2,131	2,028	-3.9	-0.8		
7) 7 YR	2,065 / 2,067	2,066	2,066	0,000		0.0	2,022	2,202	2,102	-3.5	-0.8		
8) 8 YR	2,131 / 2,136	2,134	2,134	0,000		0.0	2,067	2,281	2,169	-3.3	-0.7		
9) 9 YR	2,193 / 2,195	2,194	2,194	0,000		0.0	2,143	2,326	2,227	-3.2	-0.7		
10) 10 YR	2,246 / 2,248	2,248	2,248	0,002		0.1	2,178	2,386	2,279	-3.1	-0.7		
11) 15 YR	2,424 / 2,425	2,424	2,424	-0,001		0.0	2,348	2,554	2,445	-2.0	-0.5		
12) 20 YR	2,505 / 2,507	2,505	2,505	-0,003		-0.1	2,428	2,628	2,523	-1.6	-0.5		
13) 25 YR	2,537 / 2,540	2,538	2,538	-0,004		-0.1	2,478	2,632	2,552	-1.2	-0.4		
14) 30 YR	2,552 / 2,553	2,553	2,553	-0,005		-0.1	2,490	2,640	2,564	-1.0	-0.3		

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 6601-1690-2 31-Jul-2017 05:49:39

## 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

### LABOR

#### Bureau of Labor and Statistics

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

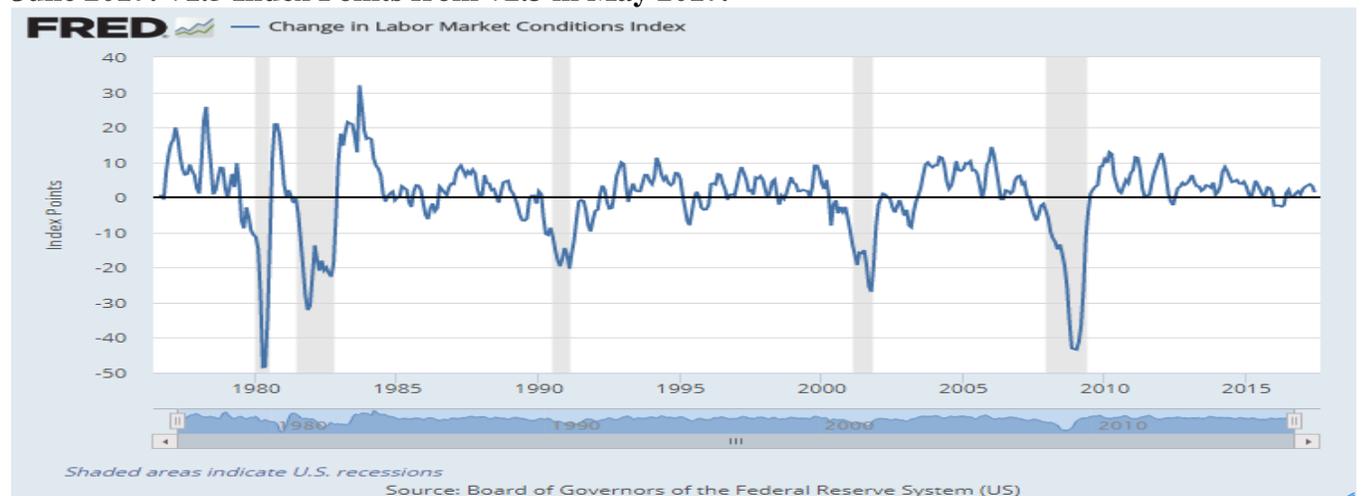
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

#### 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.	28 July 2017	958	+8	21 July 2017	+495	29 July 2016
Canada	28 July 2017	220	+14	21 July 2017	+101	29 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.

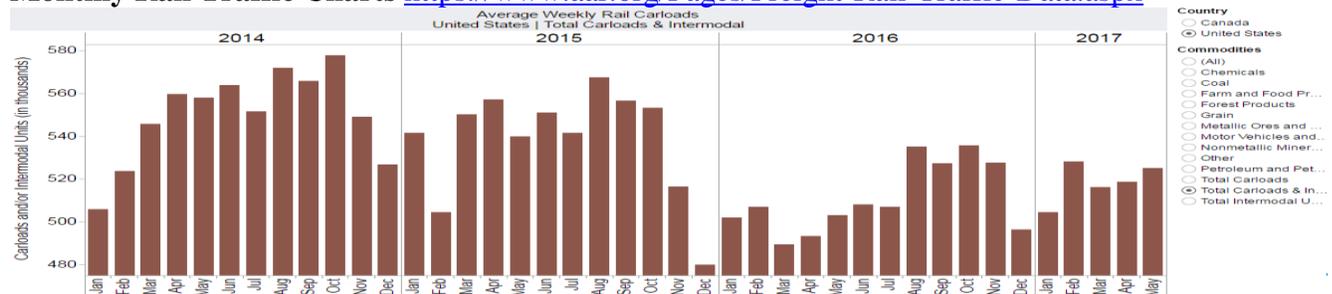
North American rail volume for the week ending July 22, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 348,537 carloads, up 0.1 percent compared with the same week last year, and 356,487 intermodal units, up 5.5 percent compared with last year. Total combined weekly rail traffic in 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

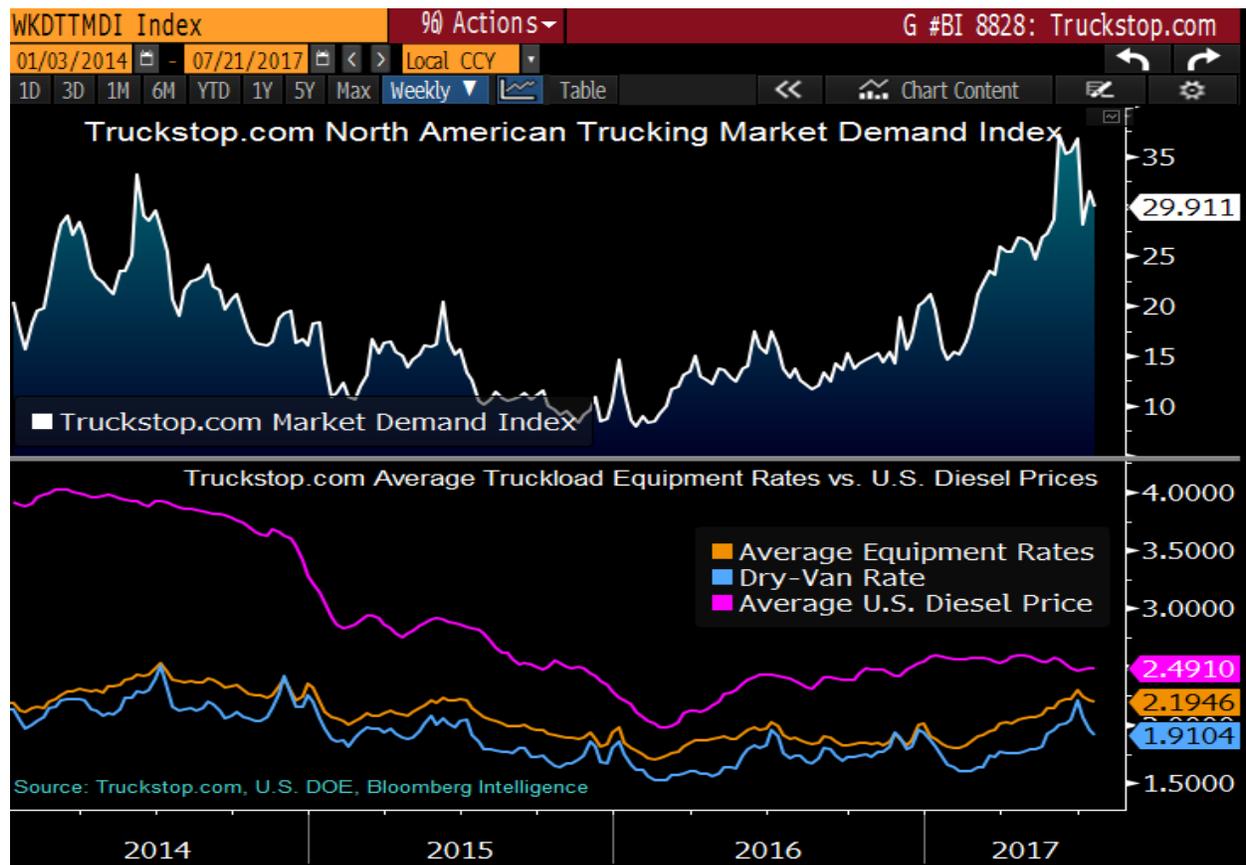
Truckstop.com Market Demand Index, Average Rates

(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.

To contact the analyst for this research:

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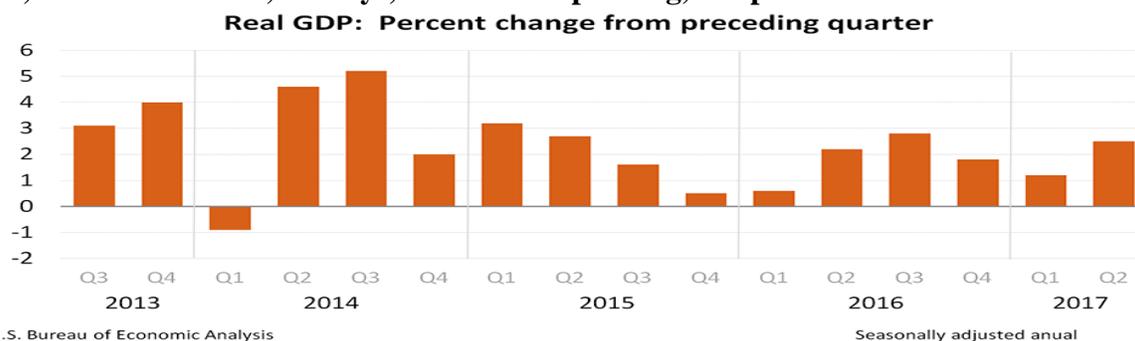
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GDP (2Q running around 2.40% as of July 27)

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

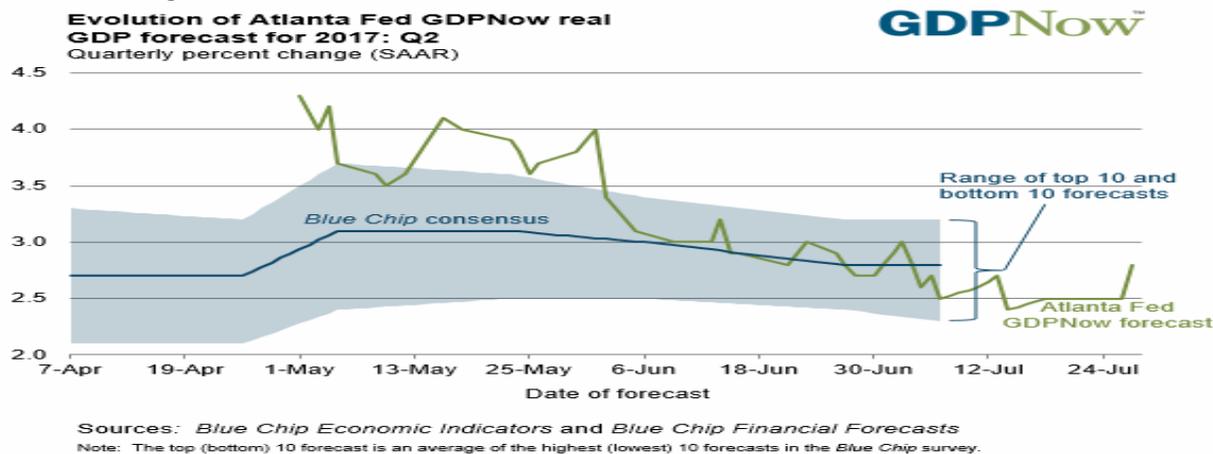
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

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

<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/>**

**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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