



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 15:01:06 08/03/17 - 08/04/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/03	06:30				Challenger Job Cuts YoY	Jul	--	--	-19.3%	--
22)	08/03	07:30				Initial Jobless Claims	Jul 29	243k	--	244k	--
23)	08/03	07:30				Continuing Claims	Jul 22	1958k	--	1964k	--
24)	08/03	08:45				Bloomberg Consumer Comfort	Jul 30	--	--	48.6	--
25)	08/03	08:45				Markit US Services PMI	Jul F	54.2	--	54.2	--
26)	08/03	08:45				Markit US Composite PMI	Jul F	--	--	54.2	--
27)	08/03	09:00				ISM Non-Manf. Composite	Jul	56.9	--	57.4	--
28)	08/03	09:00				Factory Orders	Jun	3.0%	--	-0.8%	--
29)	08/03	09:00				Factory Orders Ex Trans	Jun	--	--	-0.3%	--
30)	08/03	09:00				Durable Goods Orders	Jun F	0.0%	--	6.5%	--
31)	08/03	09:00				Durables Ex Transportation	Jun F	--	--	0.2%	--
32)	08/03	09:00				Cap Goods Orders Nondef Ex Air	Jun F	--	--	-0.1%	--
33)	08/03	09:00				Cap Goods Ship Nondef Ex Air	Jun F	--	--	0.2%	--
34)	08/04	07:30				Change in Nonfarm Payrolls	Jul	180k	--	222k	--
35)	08/04	07:30				Two-Month Payroll Net Revision	Jul	--	--	--	--
36)	08/04	07:30				Change in Private Payrolls	Jul	180k	--	187k	--
37)	08/04	07:30				Change in Manufact. Payrolls	Jul	5k	--	1k	--
38)	08/04	07:30				Unemployment Rate	Jul	4.3%	--	4.4%	--
39)	08/04	07:30				Average Hourly Earnings MoM	Jul	0.3%	--	0.2%	--

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 G722-5580-3 02-Aug-2017 15:01:06

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Fed Speak Calendar

(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
	United States	Browse		15:02:54		08/03/17		- 08/31/17			
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)	08/07	10:45				Fed's Bullard Speaks on U.S. Economy in Nashville, TN					
22)	08/07	12:25				Fed's Kashkari Speaks in Bloomington, MN					
23)	08/10	09:00				Fed's Dudley to Hold Press Briefing					
24)	08/11	08:40				Fed's Kaplan Speaks in Arlington, Texas					
25)	08/11	10:30				Fed's Kashkari Speaks to Independent Community Bankers of Minn					
26)	08/16	13:00				FOMC Meeting Minutes	Jul 26	--	--	--	--
27)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					

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	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 \$20
4-week	08/07/2017	08/08/2017	08/10/2017	TBA		TBA	08/01/2017 \$45
3-month	08/03/2017	08/07/2017	08/10/2017	912796KX6		TBA	07/31/2017 \$39
6-month	08/03/2017	08/07/2017	08/10/2017	912796NR6		TBA	07/31/2017 \$33
1-year	08/10/2017	08/15/2017	08/17/2017	TBA		TBA	07/18/2017 \$20
Note Auctions							
2-year	08/24/2017	08/28/2017	08/31/2017	TBA		TBA	07/25/2017 \$26
3-year	09/07/2017	08/08/2017	08/15/2017	9128282Q2		\$24	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	09/07/2017	08/09/2017	08/15/2017	9128282R0		\$23	07/12/2017 \$20
Bond Auctions							
30-year	09/07/2017	08/10/2017	08/15/2017	912810RY6		\$15	07/13/2017 \$12
TIPS Auctions							
5-yr TIPS	08/17/2017	08/24/2017	08/31/2017	TBA	R	TBA	04/20/2017 \$16
10-yr TIPS	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
Floating Rate Note							
2-year FRN	08/17/2017	08/23/2017	08/25/2017	TBA	R	TBA	07/26/2017 \$17
Buyback Operation							
Buyback	TBA	TBA	TBA	TBA		TBA	04/19/2017 \$.025

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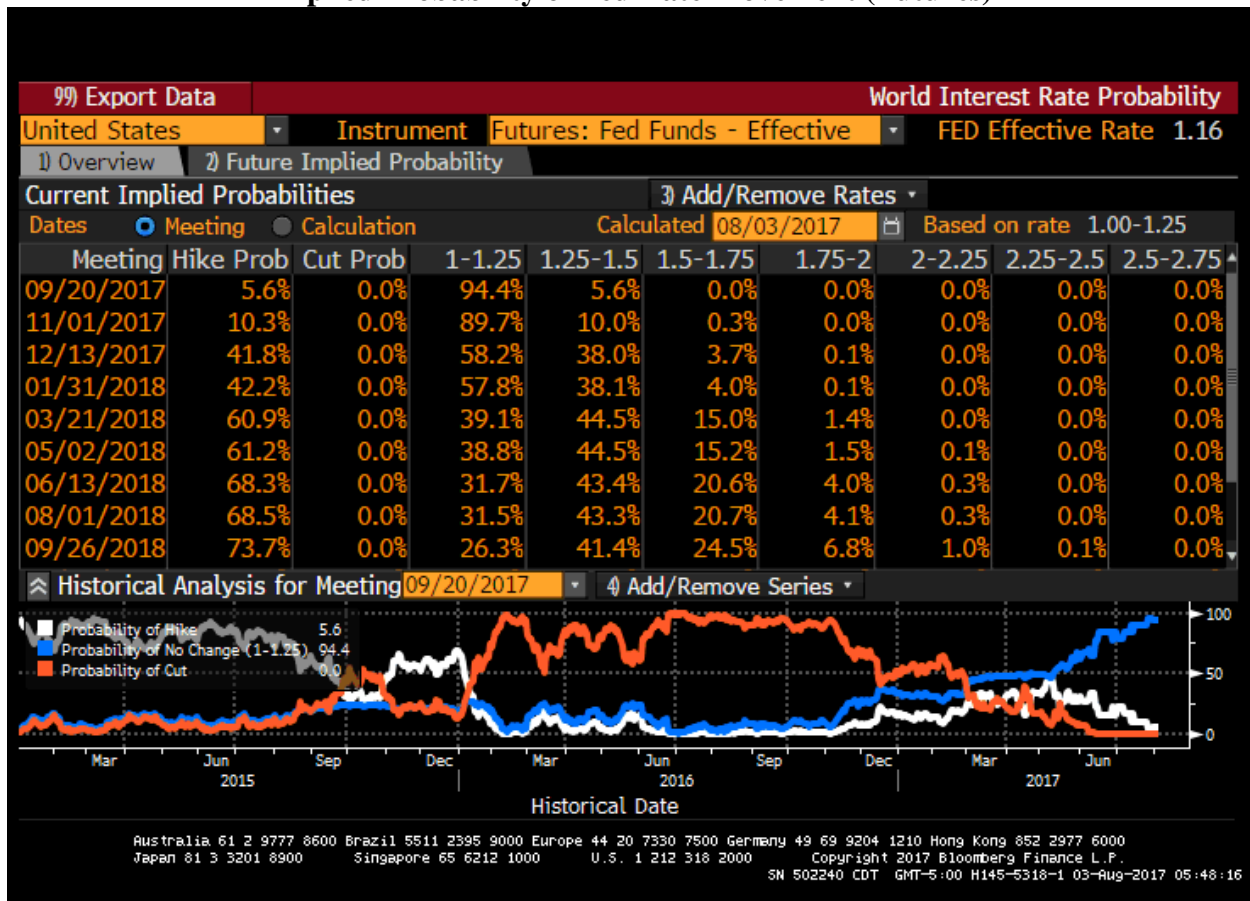
1-Month Libor Set	1.23056	+.00000	(98.76944)
3-Month Libor Set	1.31167	-.00111	(98.68833)
6-Month Libor Set	1.45111	-.00056	(98.54889)
1-Year Libor Set	1.72567	+.00000	(98.27433)

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

- *BANK OF ENGLAND KEEPS KEY INTEREST RATE AT 0.25%; VOTE 6-2
- *BOE CUTS ECONOMIC GROWTH FORECAST, CUTS 2017 GDP FORECAST TO 1.7% VS 1.9%, 2018 1.6% VS 1.7%
- *BOE SEES WEAKER WAGE INFLATION, SEES 2018 AT 3% VS 3.5% IN MAY
- *BOE KEEPS GILT PURCHASE PLAN AT 435 BILLION PND\$; VOTE 8-0
- *BOE WILL REINVEST PROCEEDS OF GILTS MATURING IN AUG., SEPT.
- *BOE FORECASTS BASED ON 2 RATE HIKES OVER 3YRS, FIRST IN Q3 2018

The CoStar Commercial Repeat-Sale Index (CCRSI) reached midyear 2017 with pricing trends continuing to rise steadily across all U.S. regions and types of properties. The equal-weighted U.S. Composite Index rose by 1.4% in June, contributing to a second-quarter gain of 5%, while the value-weighted U.S. Composite Index advanced by a similar 1.3% for the month and by 4.1% for the quarter.

<http://www.costar.com/News/Article/CoStar-National-Price-Indices-Continue-to-Trend-Upward-at-Midyear/193012>

Driven by the second-quarter and recent monthly advances, the value-weighted U.S. composite index, reflecting larger asset sales common in core markets, has erased losses earlier in the year and has now expanded by 5.4% over the 12-month period ending in June 2017.

However, pricing momentum remains strongest in the lower end of the market in 2017. The equal-weighted U.S. Composite Index, reflecting the more numerous but lower-priced property sales typical of secondary and tertiary markets, increased 17.5% over the past year, the strongest 12-month period on record.

"Maybe some of these hiring announcements are just some of the exuberance that comes late in an expansion," Challenger, Gray & Christmas Chief Executive Officer John Challenger said in an interview. "But it may also be that some of the decision makers who decide whether to build a new plant or launch a new product or hire new people are becoming more comfortable that the recession is not imminent."

<https://www.cnbc.com/2017/08/03/us-planned-layoffs-fall-while-hiring-picks-up-in-july-challenger.html>

U.S. companies announced 28,307 planned job cuts in July, a 9 percent decline from 31,105 in June and the lowest since November, according to outplacement consultancy Challenger, Gray & Christmas.

Overall, July's job cuts were down 37.6 percent from 45,346 a year earlier.

Meanwhile, employers made plans to hire 88,000 workers, the highest July total on record and the third-highest total of the year, according to the report.

"Customers will be able to print a prepaid return shipping label via the Online Return Center instantly," the email said.

<https://www.cnbc.com/2017/08/02/amazons-new-refunds-policy-will-crush-small-businesses-say-sellers.html>

Amazon sellers are up in arms over a new returns policy that will make it easier for consumers to send back items at the merchant's expense.

Marketplace sellers who ship products from their home, garage or warehouse — rather than using Amazon's facilities — were told this week by email that starting Oct. 2, items they sell will be "automatically authorized" for return.

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That means a buyer will no longer need to contact the seller before sending an item back, and the merchant won't have the opportunity to communicate with the customer. If a consumer is returning an electronic device because it's difficult to use, for example, the seller won't be able to offer help before being forced to pay a refund.

Additionally, Amazon said that it's introducing "return-less refunds," a feature that the company said is "highly requested by sellers." The change enables sellers to offer a refund without taking back an item that may be expensive to ship and hard to resell.

In a new study, Zillow compared its own estimates for median rent increases in major U.S. cities with homelessness data published by the U.S. Department of Housing and Urban Development in an effort to describe the relationship between rising rents and homelessness. Its conclusion: Much depends on where you live.

<https://www.bloomberg.com/news/articles/2017-08-03/the-cities-where-rent-hikes-leave-the-most-people-homeless>

That 5 percent rent hike in Atlanta can be expected to boost the homeless population by 1.5 percent—in New York, by 3.9 percent. Cities such as Pittsburgh, Minneapolis, and Detroit may have smaller homeless populations, but theirs are also sensitive to rising rents.

The U.S. is short more than 7 million housing units that extremely low-income households can afford, according to the National Low Income Housing Coalition, which defines such households as earning less than 30 percent of area median income. ¹ Such low-income renters may not be living in homes with the area's median rent, but a median rent hike can boost prices for even the cheapest market-rate units.

“The reason why Trump has not hit back immediately is because there are lots of constituencies,” foremost among them U.S. refiners and anyone who drives, said Sandy Fielden, commodities research director at Morningstar Inc. in Chicago. “A lot of different parties will be impacted.”

<https://www.bloomberg.com/news/articles/2017-08-03/as-venezuela-spirals-u-s-oil-confronts-a-10-billion-threat>

From New Jersey down to Texas, oil companies have come to depend on crude-soaked Venezuela to feed their massive refineries. Last year alone, more than 270 million barrels worth about \$10 billion reached American shores -- enough to produce about 5 billion gallons of gasoline.

The socialist autocrat's allies on Thursday will begin rewriting the constitution, pushing aside Venezuela's democratic institutions. The prospect of a U.S. response that cuts off crude has been particularly unsettling for the likes of Chevron, Phillips 66 and Valero Energy Corp. which have spent billions calibrating their plants to handle Venezuela's sludgy-but-abundant oil.

An embargo on oil from Venezuela, the third biggest supplier to the U.S., could force a slowdown in production at Gulf Coast refineries and at least a temporary spike in gasoline prices.

If you wanted a poster child for the capitalist logic that so riles the old French left, then Macron's labor minister, Muriel Penicaud, is not a bad candidate. As a human resources director at Danone in the 1990s, Penicaud made 1.2 million euros (\$1.4 million) from stock options while cutting 900 jobs, according to a French newspaper. That's on top of 4.8 million euros in cash remuneration over three years.

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<https://www.bloomberg.com/news/articles/2017-08-03/macron-vows-millionaire-minister-will-cut-french-workers-rights>

Reports about her executive record have inflamed Macron's opponents over the past week, stoking resistance to his plans to limit severance pay and reduce collective bargaining rights. With France's second-largest union, the CGT, already calling for demonstrations in September, the showdown is fast becoming an acid test of the president's ability to deliver on his campaign promises to shake up the economy.

(Holy smokes transparent markets! Sounds like the fairest way to trade all products?)

"The purpose is not only to secure the best price, but the seller gets access to all this market intelligence that nobody sees," said John Driscoll, chief strategist at JTD Energy Services Pte. "They see how many buyers are participating, how aggressive they are and whether they are willing to improve their price. Sellers are getting a much more indicative and reliable gauge of the market for the crude through this process."

<https://www.bloomberg.com/news/articles/2017-08-02/oil-s-going-going-gone-auctions-reveal-clues-on-crude-s-worth>

Iraq's state oil marketing company, known as SOMO, [conducted](#) its first-ever auction in April, when it sold two million barrels of Basrah Light grade for June loading. The company has sold another four million barrels each of Basrah Light and Basrah Heavy since, with its most-recent sale attracting 17 bidders and 25 bids in a two-minute window. The September-loading heavy cargo was sold at [\\$1.37 a barrel](#) more than its official price, a bigger premium than for an August shipment.

Britain and France announced last month the death of the internal combustion engine, both scheduling it for 2040. Their ban on gas- and diesel-powered cars may only accelerate a process already well on its way, but it will help reduce the future effects of climate change and pollution now.

<https://www.bloomberg.com/view/articles/2017-08-03/gas-powered-cars-sputter-toward-obsolence>

The trend toward electric vehicles is coming from both government and industry. Norway and the Netherlands have also announced bans on gas-powered vehicles, scheduled for 2025. Meanwhile, Sweden's Volvo Car Group has said all its motors will be electric by 2019. Bloomberg New Energy Finance estimates that 54 percent of new car sales in 2040 globally will be electric, with falling battery prices making the technology price competitive by 2030. This move away from old-fashioned engines (if it's not too soon to use that term) will require a greater commitment to responsible energy: Generating clean electric power will be a challenge, and a whole new electric-charging infrastructure will have to be put in place in the space of a decade or two. Batteries will have to be cheap and powerful enough so that consumers want to buy them. Governments must also do their best to address the inevitable disruption that will be caused by the move away from fossil fuel-powered cars.

The Senators said they worked closely with the White House on this latest version of their bill. "This is probably our third or fourth visit to the Oval Office to work with President Trump," Cotton told reporters.

"This competitive application process will favor applicants who can speak English, financially support themselves and their families and demonstrate skills that will contribute to our economy," Trump said.

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<http://www.reuters.com/article/us-usa-trump-immigration-idUSKBN1A11ZU>

After a crackdown on illegal immigration that has sharply reduced the number of unauthorized border crossings from Mexico, U.S. President Donald Trump is now turning his attention to reducing the number of legal immigrants in the country.

The White House is throwing its support behind a bill developed by Republican senators Tom Cotton of Arkansas and David Perdue of Georgia that would cut legal immigration by 50 percent over 10 years by reducing the kinds of relatives immigrants can bring into the country.

But the legislation faces an uphill climb to get through Congress where some senior Republicans back comprehensive immigration reform, not a tough crackdown. Under the new bill, known as the RAISE Act, the United States would prioritize high-skilled immigrants by setting up a merits-based system similar to those used by Canada and Australia.

Trump and the Republican lawmakers blasted the current immigration system as out of date and argued that it hurts American workers by driving down wages.

The same laws used to dismiss Pakistan's former Prime Minister Nawaz Sharif could effectively be applied to other lawmakers, spelling potential political upheaval and a stronger military — unsavory scenarios for the nuclear power's fragile democracy.

<https://www.cnn.com/2017/08/02/pakistan-democracy-at-risk-after-removal-of-nawaz-sharif.html>

Last Friday, the Supreme Court dismissed the 67 year-old on a failure to announce income in disclosure papers for 2013's general election. According to the Supreme Court statement, the former prime minister demonstrated dishonesty by not declaring monthly salary of roughly \$2,700 from Dubai-based Capital FZE — a company owned by his son — during 2006 to 2014. The judicial body based its decision on Article 62 of the Constitution and Section 99 of the Representation of the People Act — little-used legislation that require truthfulness and honesty from elected officials.

(I have officially changed the name of BitCoin to Shitcoin)

Hackers have cashed out on \$143,000 of bitcoin from the massive WannaCry ransomware attack

<https://www.cnn.com/2017/08/03/hackers-have-cashed-out-on-143000-of-bitcoin-from-the-massive-wannacry-ransomware-attack.html>

Hackers withdrew 52.2 bitcoins - worth more than \$143,000 - overnight.

The cryptocurrencies were withdrawn from online wallets related to victims of the WannaCry ransomware attack.

The withdrawal of funds was confirmed by Elliptic, which has been tracking the events.

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EQUITIES

The S&P is +1 and the NASDAQ is +9.

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 +0.12%.

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

BOE Rate +0.25%.

Next meeting 09/14/17

On the European Continent

The CAC Index closed +0.32%.

The DAX Index closed -0.26%.

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 -0.03%.

The NIKKEI closed -0.25%.

In Japan yields are mixed with the yield curve flatter.

BOJ Basic Loan rate 0.30%

Next meeting 09/21/17

China:

The Hang Seng closed -0.28%.

The Shanghai Composite closed -0.37%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

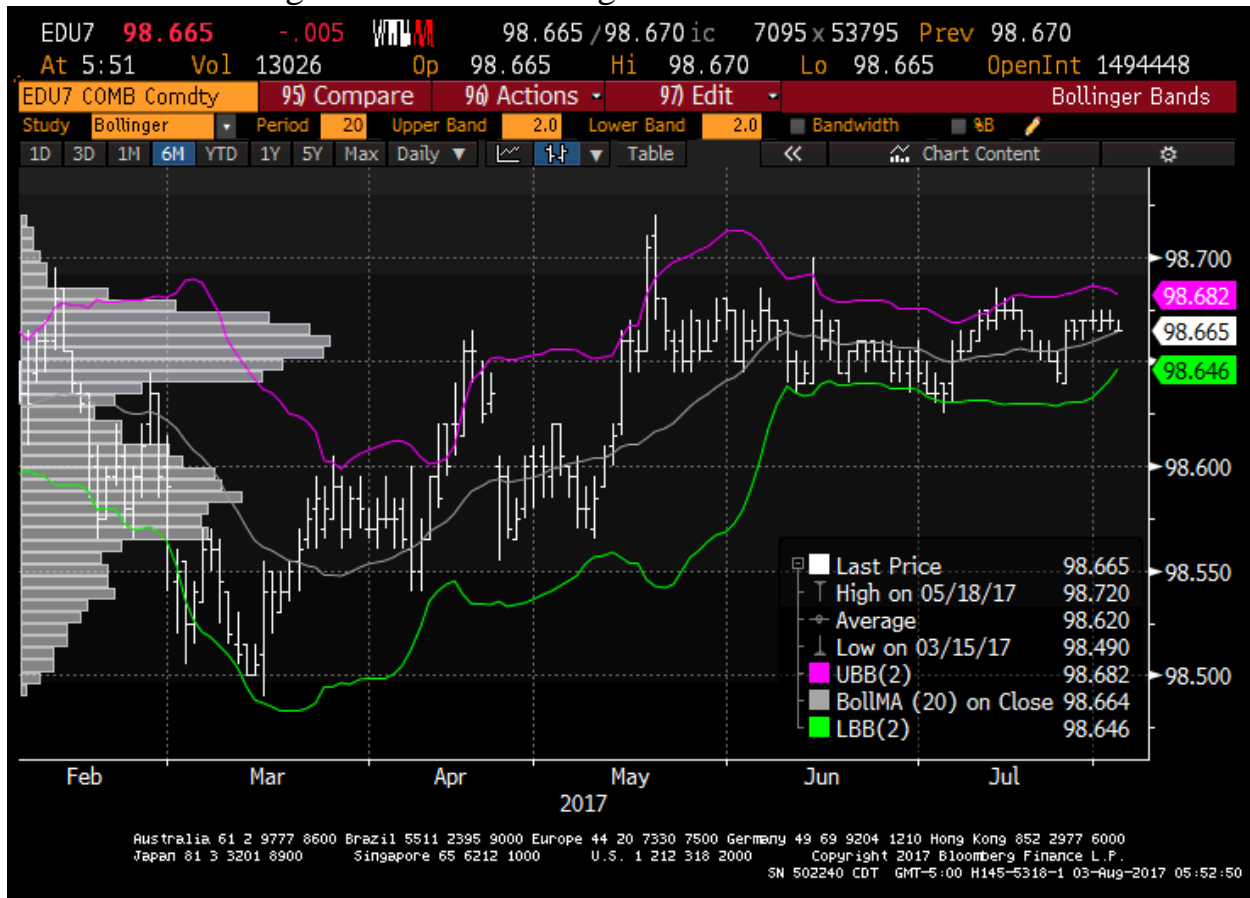
EDU7: 98-66.5 is the pivot. Below the pivot you should be short, above long.
Support is at 98-66.5* and 98-68.0**.

Resistance is at 98-64.5*.

*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 all sell signals and remain long.



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

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10yr/TYU7: 125-25.5 is the pivot point. Above you should be long, below short.

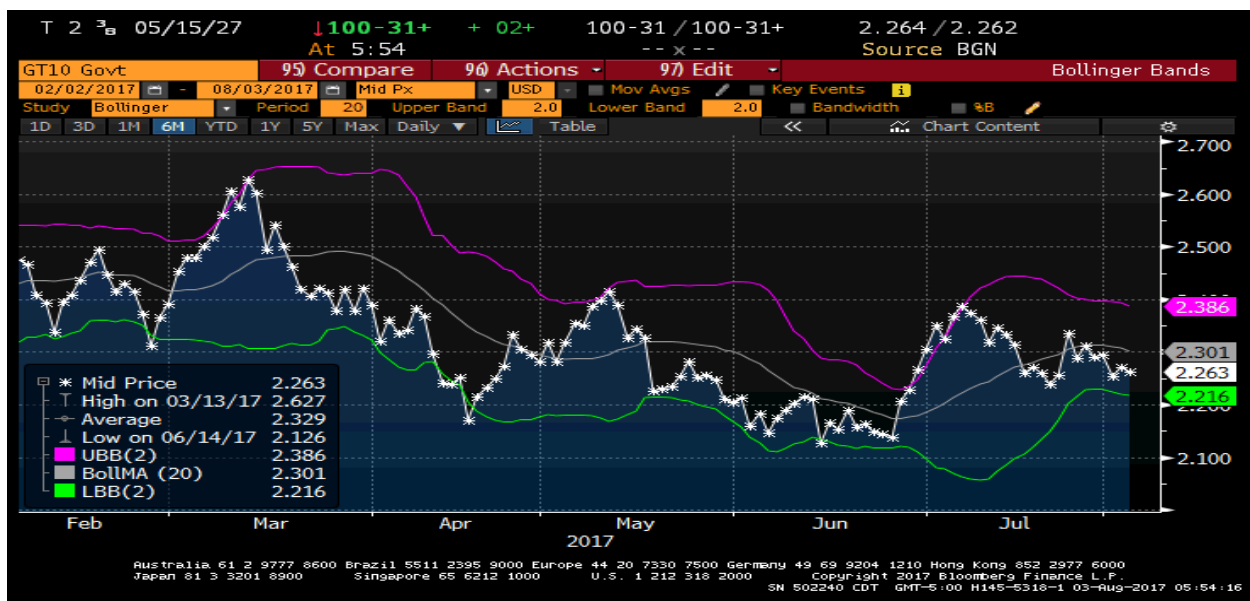
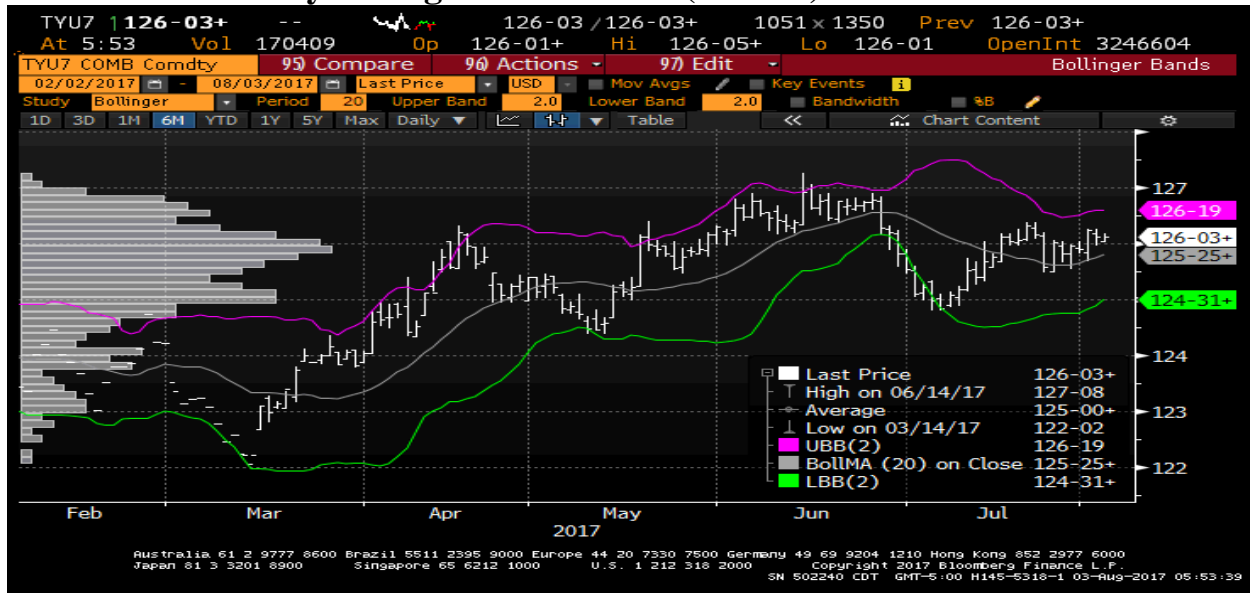
Support is at 125-25.5, 124-31.5**

Resistance is at 126-19.0**

*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:		07/03/2017 - 08/03/2017		1 Month							
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/LCH Sprs		46 Combined	
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	1.463 / 1.467	1.467	1.465	-0.001			-0.1	1.395		1.485	1.460	0.7	0.7
2) 2 YR	1.601 / 1.602	1.602	1.601	-0.002			-0.1	1.568		1.671	1.613	-1.1	-0.5
3) 3 YR	1.709 / 1.712	1.712	1.710	-0.003			-0.1	1.677		1.880	1.738	-2.6	-0.8
4) 4 YR	1.805 / 1.806	1.806	1.805	-0.005			-0.1	1.724		1.937	1.843	-3.7	-0.9
5) 5 YR	1.892 / 1.894	1.894	1.892	-0.008			-0.2	1.856		2.045	1.938	-4.4	-1.0
6) 6 YR	1.974 / 1.976	1.976	1.974	-0.008			-0.2	1.935		2.131	2.021	-4.5	-0.9
7) 7 YR	2.049 / 2.050	2.050	2.049	-0.009			-0.2	2.022		2.202	2.096	-4.6	-1.0
8) 8 YR	2.114 / 2.116	2.116	2.115	-0.009			-0.2	2.067		2.281	2.162	-4.6	-1.0
9) 9 YR	2.172 / 2.174	2.174	2.173	-0.009			-0.2	2.143		2.326	2.220	-4.6	-1.0
10) 10 YR	2.224 / 2.226	2.226	2.225	-0.010			-0.2	2.178		2.386	2.272	-4.6	-1.0
11) 15 YR	2.396 / 2.398	2.398	2.397	-0.009			-0.2	2.348		2.554	2.439	-4.2	-1.1
12) 20 YR	2.477 / 2.479	2.479	2.477	-0.010			-0.3	2.428		2.628	2.517	-3.9	-1.1
13) 25 YR	2.510 / 2.511	2.511	2.509	-0.012			-0.4	2.478		2.632	2.547	-3.6	-1.1
14) 30 YR	2.522 / 2.524	2.524	2.523	-0.010			-0.3	2.490		2.640	2.559	-3.5	-1.1

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 H145-5318-1 03-Aug-2017 05:48:31

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/>

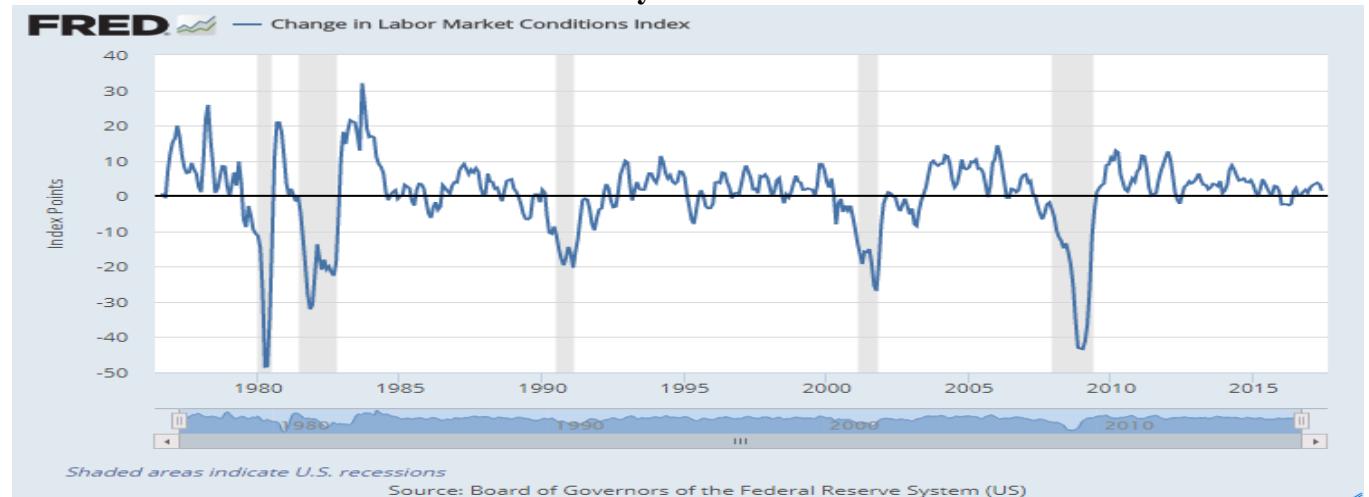
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Labor Department (Weekly Unemployment Claims).

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

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 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>

Renewable Fuels Association

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

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TRANSPORTS

Association of American Railroads Rail Traffic Report.

Total U.S. weekly rail traffic was 550,356 carloads and intermodal units, up 2.5 percent compared with the same week last year.

Total carloads for the week ending July 29 were 270,006 carloads, down 1.5 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 280,350 containers and trailers, up 6.8 percent compared to 2016.

Three of the 10 carload commodity groups that AAR follows weekly posted an increase compared with the same week in 2016. They were nonmetallic minerals, up 6.5 percent to 40,192 carloads; coal, up 2.4 percent to 92,430 carloads; and chemicals, up 1.7 percent to 31,556 carloads. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 16 percent to 20,725 carloads; petroleum and petroleum products, down 14.2 percent to 8,910 carloads; and motor vehicles and parts, down 13.9 percent to 15,008 carloads.

North American rail volume for the week ending July 29, 2017 on 13 reporting U.S., Canadian and Mexican railroads totaled 363,946 carloads, up 0.7 percent compared with the same week last year, and 362,580 intermodal units, up 9.6 percent compared with last year. Total combined weekly rail traffic in North America was 726,526 carloads and intermodal units, up 4.9 percent. North American rail volume for the first 30 weeks of 2017 was 20,757,326 carloads and intermodal units, up 5.4 percent compared with 2016.

Canadian railroads reported 77,869 carloads for the week, up 8.4 percent, and 71,202 intermodal units, up 14.9 percent compared with the same week in 2016, making this the single best week ever for Canadian intermodal rail traffic. For the first 30 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 4,276,788 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 16,071 carloads for the week, up 3.7 percent compared with the same week last year, and 11,028 intermodal units, up 73.4 percent. Cumulative volume on Mexican railroads for the first 30 weeks of 2017 was 810,819 carloads and intermodal containers and trailers, down 0.3 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-08-02-railtraffic.aspx>

Weekly Rail Traffic Report and Charts.

U.S. railroads originated 1,019,239 carloads in July 2017, down 0.6 percent, or 6,079 carloads, from July 2016. U.S. railroads also originated 1,058,354 containers and trailers in July 2017, up 5.6 percent, or 55,997 units, from the same month last year. Combined U.S. carload and intermodal originations in July 2017 were 2,077,593, up 2.5 percent, or 49,918 carloads and intermodal units from July 2016.

In July 2017, nine of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with July 2016. These included: crushed stone, sand & gravel, up 15 percent or 13,458 carloads; coal, up 4 percent or 13,097 carloads; and chemicals, up 1.5 percent or 1,842 carloads. Commodities that saw declines in July 2017 from July 2016 included: grain, down 14 percent or 13,325 carloads; motor vehicles & parts, down 12.9 percent or 7,544 carloads; and petroleum & petroleum products, down 15.4 percent or 6,508 carloads.

"The decline in total rail carloads in July 2017 from July 2016 was very small at 0.6 percent, but it was the first carload decline since October 2016," said AAR Senior Vice President John T. Gray. "Beginning in July last year, certain categories of rail traffic — coal and grain in particular

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— saw a surge in rail volumes. That surge suddenly made comparisons to this year much tougher. That largely explains July's carload decline. Meanwhile, intermodal continues to do well — July's 5.6% gain is the sixth straight year-over-year monthly increase, and intermodal is on track to set a new annual record this year."

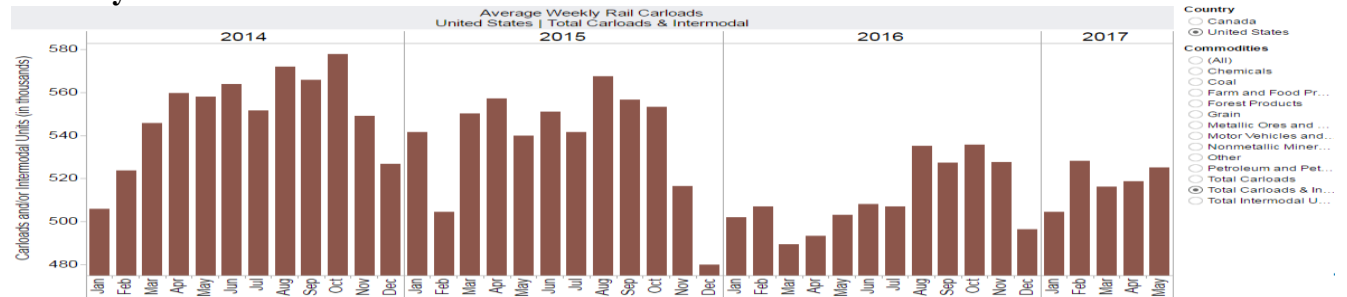
Excluding coal, carloads were down 2.8 percent, or 19,176 carloads, in July 2017 from July 2016. Excluding coal and grain, carloads were down 1 percent, or 5,851 carloads.

Total U.S. carload traffic for the first seven months of 2017 was 7,718,692 carloads, up 5.4 percent, or 397,999 carloads, from the same period last year; and 7,951,027 intermodal units, up 3.1 percent, or 235,512 containers and trailers, from last year.

Total combined U.S. traffic for the first 30 weeks of 2017 was 15,669,719 carloads and intermodal units, an increase of 4.2 percent compared to last year.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-08-02-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) – 07/31/17

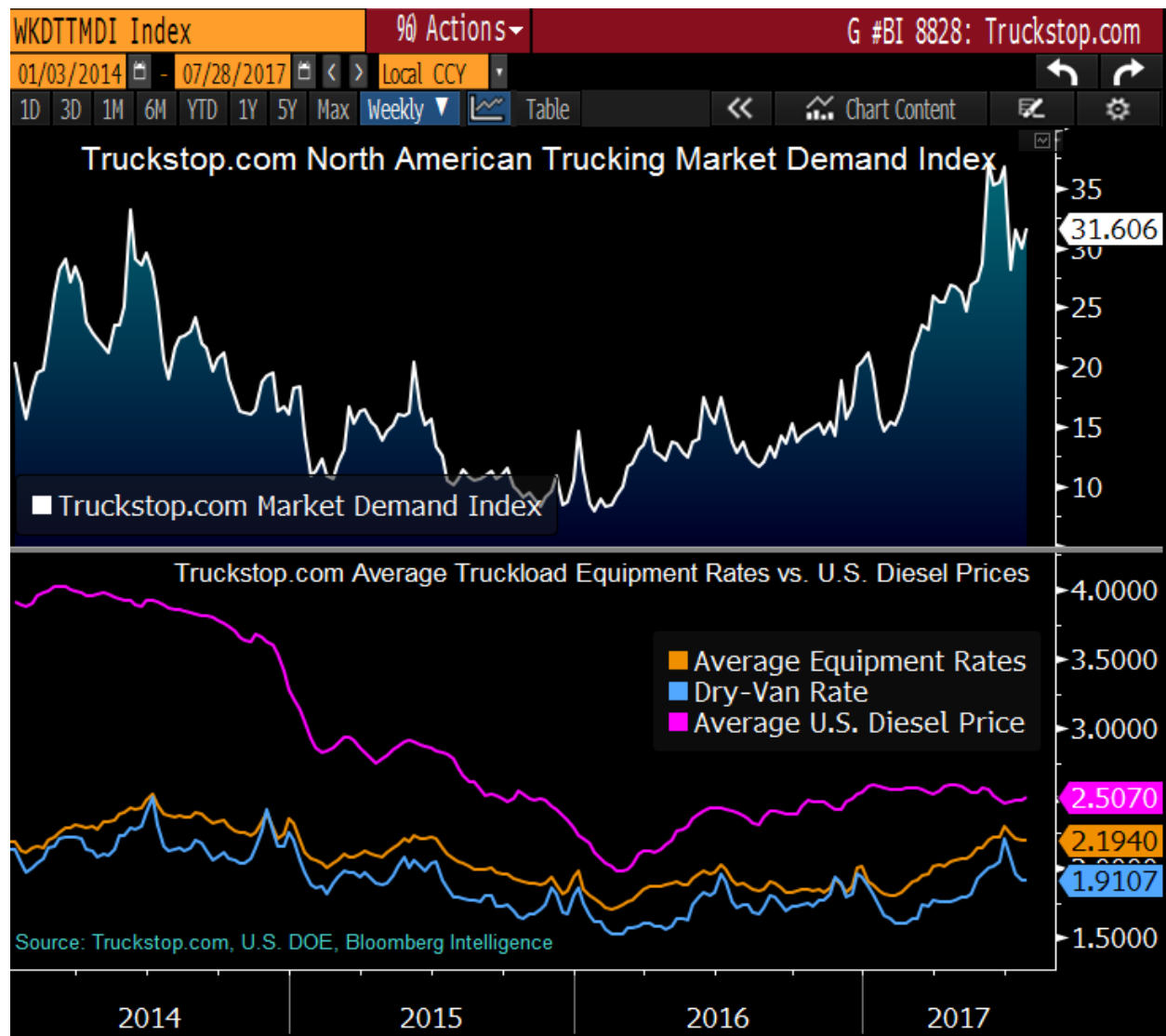
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) -- Relative North American spot trucking demand rose 5.7% sequentially to 31.6 in the week ended July 28, as measured by Truckstop.com's Market Demand Index. Capacity tightened as the number of available trucks fell 5.3%, while available loads remained flat. Average spot rates flattened after three weeks of decelerating declines, with temperature-controlled loads (up 2.5%) showing the most strength. Rates had support from fuel surcharges (up 1%), which have inched higher in four straight weeks.

The Market Demand Index has climbed 100% on average vs. last year. Total rates have increased 9%, driven by 31% 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:

Lee A Klaskow at klaskow1@bloomberg.net



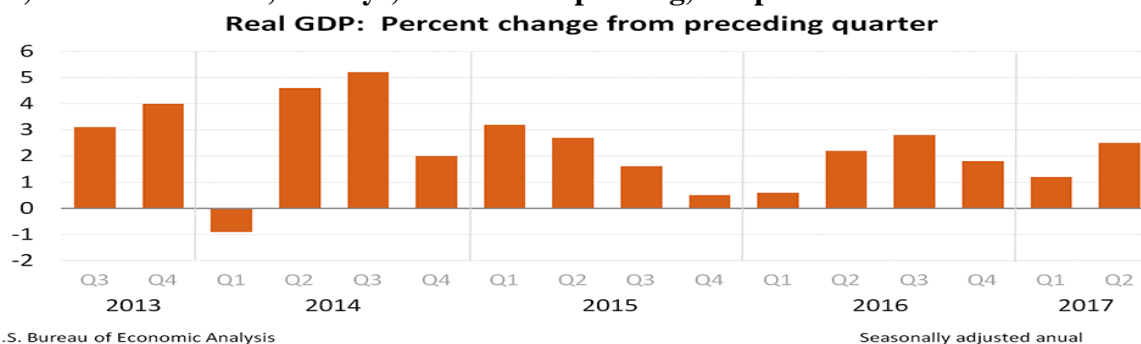
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GDP (2Q running around 2.40% as of July 27)

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

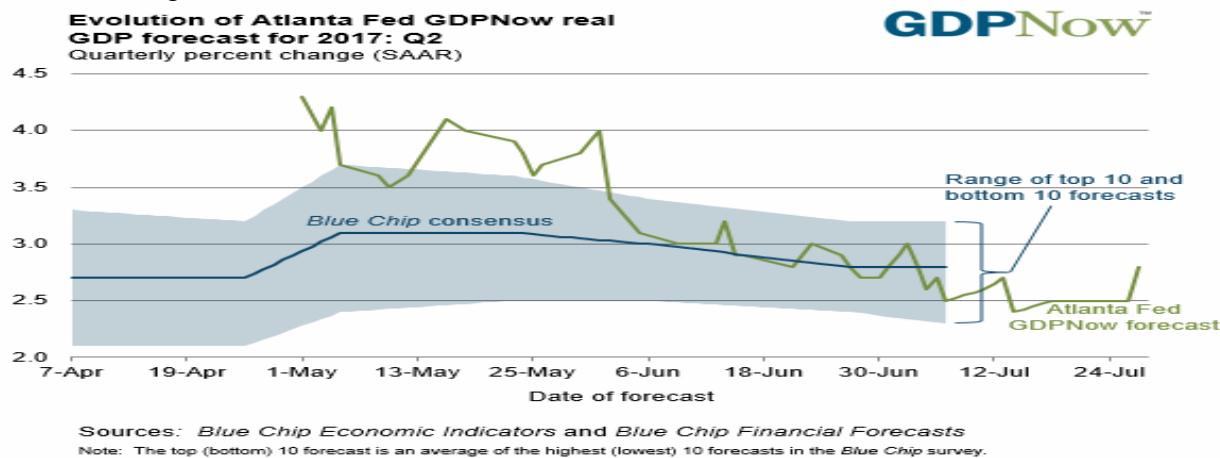
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

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

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**July 2017**

Index	Series Index Jul	Series Index Jun	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	56.3	57.8	-1.5	Growing	Slower	11
New Orders	60.4	63.5	-3.1	Growing	Slower	11
Production	60.6	62.4	-1.8	Growing	Slower	11
Employment	55.2	57.2	-2.0	Growing	Slower	10
Supplier Deliveries	55.4	57.0	-1.6	Slowing	Slower	15
Inventories	50.0	49.0	+1.0	Unchanged	From Contracting	1
Customers' Inventories	49.0	50.5	-1.5	Too Low	From Too High	1
Prices	62.0	55.0	+7.0	Increasing	Faster	17
Backlog of Orders	55.0	57.0	-2.0	Growing	Slower	6
New Export Orders	57.5	59.5	-2.0	Growing	Slower	17
Imports	56.0	54.0	+2.0	Growing	Faster	6
OVERALL ECONOMY				Growing	Slower	98
Manufacturing Sector				Growing	Slower	11

THE LAST 12 MONTHS

Month	PMI®		Month	PMI®
Jul 2017	56.3		Jan 2017	56.0
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
Average for 2017 – 56.4 PMI®				
Average for 12 months – 54.7 PMI®				
High – 57.8				
Low – 49.4				

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<https://www.instituteforsupplymangement.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

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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