



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>
(All times are CST)

9 <GO> to Save as Default

1) Calendars		2) Alerts		3) Export		4) Settings		Economic Calendars			
United States				Browse		05:52:18		08/08/17		- 08/15/17	
Economic Releases		All Economic Releases					View Agenda Weekly				
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/08	05:00	+	0	0	NFIB Small Business Optimism	Jul	103.5	105.2	103.6	--
22)	08/08	09:00	+	0	0	JOLTS Job Openings	Jun	5700	--	5666	--
23)	08/09	06:00	+	0	0	MBA Mortgage Applications	Aug 4	--	--	-2.8%	--
24)	08/09	07:30	+	0	0	Nonfarm Productivity	2Q P	0.7%	--	0.0%	--
25)	08/09	07:30	+	0	0	Unit Labor Costs	2Q P	1.0%	--	2.2%	--
26)	08/09	09:00	+	0	0	Wholesale Trade Sales MoM	Jun	0.0%	--	-0.5%	--
27)	08/09	09:00	+	0	0	Wholesale Inventories MoM	Jun F	0.6%	--	0.6%	--
28)	08/10	07:30	+	0	0	Initial Jobless Claims	Aug 5	240k	--	240k	--
29)	08/10	07:30	+	0	0	Continuing Claims	Jul 29	1960k	--	1968k	--
30)	08/10	07:30	+	0	0	PPI Final Demand MoM	Jul	0.1%	--	0.1%	--
31)	08/10	07:30	+	0	0	PPI Ex Food and Energy MoM	Jul	0.2%	--	0.1%	--
32)	08/10	07:30	+	0	0	PPI Ex Food, Energy, Trade MoM	Jul	0.2%	--	0.2%	--
33)	08/10	07:30	+	0	0	PPI Final Demand YoY	Jul	2.2%	--	2.0%	--
34)	08/10	07:30	+	0	0	PPI Ex Food and Energy YoY	Jul	2.1%	--	1.9%	--
35)	08/10	07:30	+	0	0	PPI Ex Food, Energy, Trade YoY	Jul	--	--	2.0%	--
36)	08/10	08:45	+	0	0	Bloomberg Consumer Comfort	Aug 6	--	--	49.6	--
37)	08/10	13:00	+	0	0	Monthly Budget Statement	Jul	-\$54.0b	--	-\$90.2b	--
38)	08/11	07:30	+	0	0	CPI MoM	Jul	0.2%	--	0.0%	--
39)	08/11	07:30	+	0	0	CPI Ex Food and Energy MoM	Jul	0.2%	--	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 6946-796-1 08-Aug-2017 05:52:18

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

© Copyright 2017. The Fixed Income Group at R.J. O'Brien. All rights reserved.

Fed Speak Calendar

(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
	United States	Browse		05:54:06		08/08/17		- 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)	08/10	09:00				Fed's Dudley to Hold Press Briefing					
22)	08/11	08:40				Fed's Kaplan Speaks in Arlington, Texas					
23)	08/11	10:30				Fed's Kashkari Speaks to Independent Community Bankers of Minn					
24)	08/16	13:00				FOMC Meeting Minutes	Jul 26	--	--	--	--
25)	08/17	12:00				Fed's Kaplan Speaks in Lubbock, Texas					
26)	08/18	09:15				Fed's Kaplan Speaks in Dallas					
27)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					

NI TRE <go>

4) Previous		3) Next		66) Send		98) Actions ▾		News: News Story			
08/07/2017 13:00:29 [BN]								Translate to...			
	Next Offer	Next	Date	CUSIP		\$	Prior	Prior			
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln			
Cash mgmt	TBA	TBA	TBA	TBA		TBA	TBA	\$20			
4-week	08/14/2017	08/08/2017	08/10/2017	912796LT4		\$45	08/01/2017	\$45			
3-month	08/10/2017	08/14/2017	08/17/2017	912796MCO		TBA	08/07/2017	\$39			
6-month	08/10/2017	08/14/2017	08/17/2017	912796NS4		TBA	08/07/2017	\$33			
1-year	08/10/2017	08/15/2017	08/17/2017	912796NQ8		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			

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

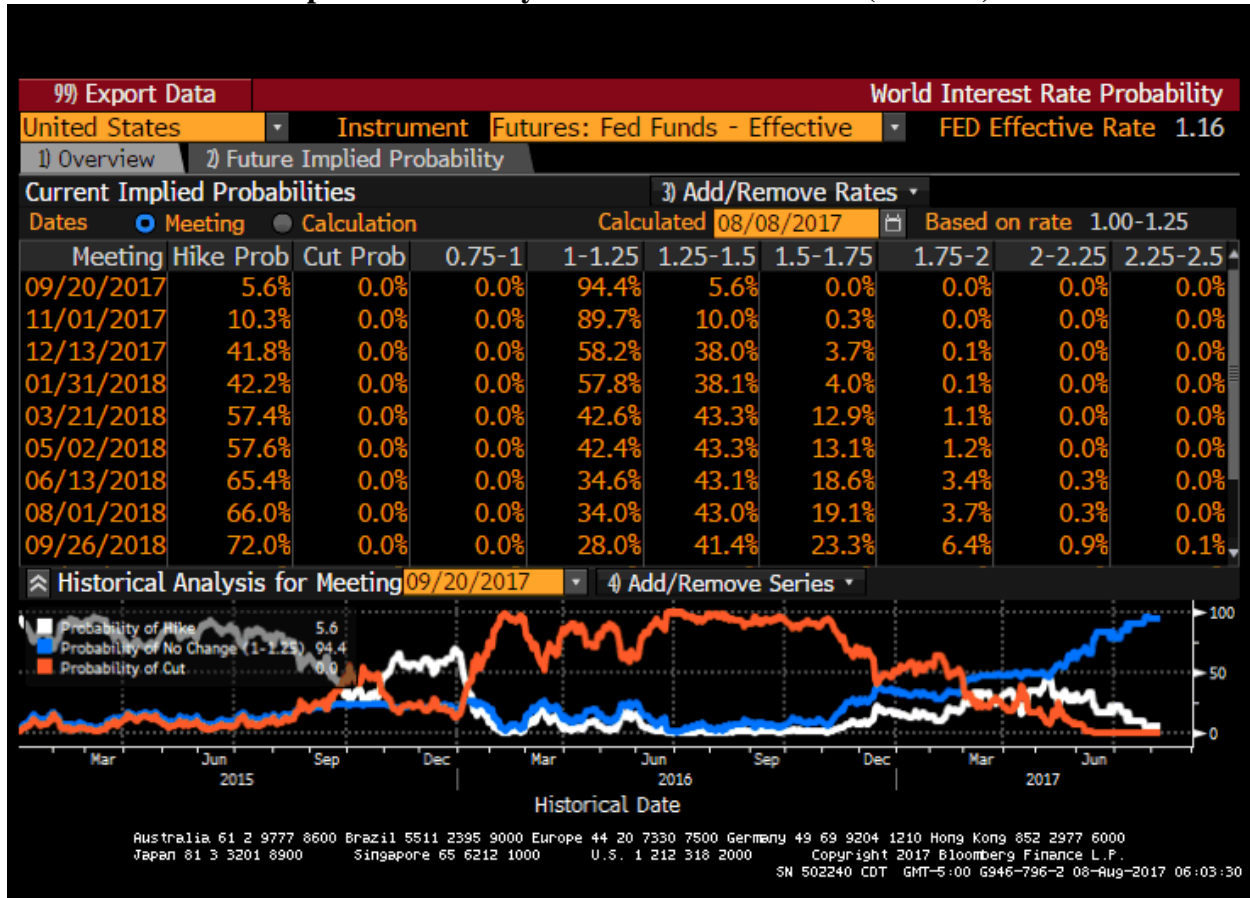
1-Month Libor Set	1.23056	+.00167	(98.76944)
3-Month Libor Set	1.30944	-.00195	(98.69056)
6-Month Libor Set	1.45222	+.00000	(98.54778)
1-Year Libor Set	1.73011	-.00222	(98.26989)

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)



This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

THEY SAID IT

"Owing to China's traditional economic ties with North Korea, it will mainly be China paying the price for implementing the resolution," the statement cited Wang as saying. "But in order to protect the international non-proliferation system and regional peace and stability, China will as before fully and strictly properly implement the entire contents of the relevant resolution."

<https://www.cnbc.com/2017/08/07/china-says-willing-to-pay-the-price-for-new-north-korea-sanctions.html>

The United Nations Security Council unanimously imposed new sanctions on North Korea on Saturday that could slash its \$3 billion annual export revenue by a third.

Speaking at a regional security forum in Manila on Monday, Wang said the new resolution showed China and the international community's opposition to North Korea's continued missile tests, the foreign ministry said in a statement on Tuesday.

China will pay the biggest price from the new United Nations sanctions against North Korea because of its close economic relationship with the country but will always enforce the resolutions, Chinese Foreign Minister Wang Yi said.

"The significance (on the attack of a military base) lies in whether this suggests that Maduro is losing his grip on the military and whether we can expect to see more mutinies to come, or if this is just an isolated incident," Stuart Culverhouse, global head of macro and fixed income research at Exotix Capital, said in an email.

"Maintaining the support of the military is a key factor in Maduro's survival, and many in the military will have a vested interest in ensuring (his) survival," Culverhouse said.

<https://www.cnbc.com/2017/08/07/venezuela-military-attack-country-could-be-close-to-civil-war.html>

Reggie Thompson, Latin America analyst at Stratfor, said it isn't clear whether the attack was carried out with "military collusion," but if it was, "that could be a problem" for the Venezuelan government.

High-ranking members of the military are more likely to remain loyal to Maduro, but there could be further instances of attrition along the lower ranks, he said. "The lower you get in the ranks, the more likely the crisis will impact the lives of these people's families."

The Venezuelan government claims that both soldiers and civilians were involved in the attack on the base, which killed two people. [Venezuelan authorities say they are hunting 10 of the attackers, who escaped with a cache of weapons.](#)

"Strong consumer demand is boosting small business optimism," Juanita Duggan, president of NFIB, said in a release. "Small business owners are feeling better about the economy because their customers are feeling better about the economy."

<http://www.reuters.com/article/us-usa-economy-nfib-idUSKBN1AO10S>

The share of U.S. small business owners with plans to add to payrolls in July exceeded those planning to cut jobs by 19 percentage points on a seasonally adjusted basis, NFIB data showed. That is a 4-point increase from June and the strongest reading since December 1999.

Moreover, 60 percent of owners said they were hiring or trying to hire, a 6-point increase from June.

Yet when it came to filling those positions, 87 percent of small businesses said they were having a difficult time finding qualified workers.

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

"Just going to math, if a big source of economic growth is population growth, and your population growth slows, either because you restrict immigration or because you have fewer babies, your economic growth is going to slow," Kashkari said at the Rotary Club of Downtown Sioux Falls, responding to a question about a Trump-backed bill to cut legal immigration by 50 percent over the next 10 years. "Do we want economic growth, or not? That's what it comes down to."

<http://www.reuters.com/article/us-usa-fed-kashkari-idUSKBN1AN269>

Dallas Fed President Robert Kaplan routinely points out that immigrants have historically boosted U.S. workforce growth, and therefore economic growth, and has warned that the crackdown on illegal immigration could hurt consumer spending. Fed Chair Janet Yellen told U.S. lawmakers earlier this year that slowing immigration could probably hurt growth. Most economic research suggests that immigration has little effect on wages of U.S. workers, and one recent study of what happened after the U.S. ended a guest-worker program for Mexican farm workers in the 1960s showed that growers, instead of raising wages to attract more workers, simply automated more of their field work.

"You can either accept slower growth; you can spend a lot of money to subsidize fertility – child care etc, very expensive – or you can embrace immigration. That's math," Kashkari told the audience in Sioux Falls, where the foreign-born population grew by more than a third from 2010 to 2014, figures from the U.S. census show.

"You guys have done a pretty good job of embracing immigration and that is a source of economic growth vibrancy."

"There are serious companies investing and people are starting to lock up the biggest, long-life resources. The question is -- who's next?" Simon Moores, managing director of Benchmark Mineral, said by phone from London. Though on a smaller scale, "it's a land grab like in the petroleum industry when BP, Shell and others rounded on the Middle East in the 1960s and 1970s," he said.

<https://www.bloomberg.com/news/articles/2017-08-06/electric-car-boom-drives-rush-to-mining-s-90-billion-heartland>

A scramble by the lithium market's biggest players to tie up supply of the high-tech metal is gathering pace in the 170-year-old heartland of Australia's \$90 billion mining industry. Rising Chinese demand for lithium-ion batteries needed for electric vehicles and energy storage is driving significant price gains and an asset boom in Australia, already the world's largest lithium producer. The fast-developing hub is drawing investment and deals from global producers as well as chemical-to-battery manufacturers in China, the top consumer. Western Australia has four operations in production and three more major projects being advanced to begin output. Major players are likely to continue to scope for deals in the state to secure supply for the next 20 or 30 years, according to consultant Benchmark Mineral Intelligence.

"Anybody on the block considering selling?" Yanoviak asks gently. "I'm not a developer, I'm not interested in renting to students. I'm just a kid trying to buy a house, fix it up and live in it."

"We're not going no place," replies a 70-something woman, relaxing in fuzzy white pig slippers in the row house where she's lived twice as long as Yanoviak has been alive. "All these houses are taken."

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

<https://www.bloomberg.com/news/articles/2017-08-08/baby-boomers-who-won-t-sell-are-dominating-the-housing-market>

Like much of his generation, Yanoviak is desperate to get a piece of an increasingly scarce commodity: prime American real estate. Millennials are finding themselves out in the cold because building has slowed, and longer-living baby boomers are staying put, setting up a simmering conflict between the two biggest generations in U.S. history.

People 55 and older own 53 percent of U.S. owner-occupied houses, the biggest share since the government started collecting data in 1900, according to real estate website [Trulia](#). That's up from 43 percent a decade ago. Those ages 18 to 34 possess just 11 percent. When they were that age, baby boomers had homes at almost twice that level.

"The system is gridlocked," says Dowell Myers, a professor of urban planning and demography at the University of Southern California. "The seniors aren't turning over homes as fast as they used to, so there are very few existing homes coming online. To turn it over, they'll have to have a landing place."

"It's the best of both worlds," said Daniel Clifton, a former tax lobbyist who was involved in the tax-cut negotiations under former President George W. Bush in 2001. "But if you're a purist for tax cuts or a purist for tax reform, it's going to be neither."

<https://www.bloomberg.com/news/articles/2017-08-08/gop-is-said-to-discuss-a-mix-of-temporary-permanent-tax-changes>

Republicans struggling to pass a major tax overhaul that doesn't add to the federal deficit are discussing a kind of compromise: mixing permanent revisions with temporary rate cuts for individuals and businesses.

Officials on the House and Senate tax committees are talking with the White House about a hybrid approach that would combine lasting tax code changes to deter offshore profit shifting by corporations with lower rates for a number of years, according to three people familiar with the discussions.

Mixing and matching proposals -- making some permanent and others temporary --- could be a potential workaround for GOP leaders who want to use a budgetary process known as reconciliation to prevent Senate Democrats from blocking tax legislation. That course limits the scope of the overall bill because it requires that any tax changes that add to the nation's long-term deficit would have to expire.

Faulkner reportedly responded: "Why do you want your medical records?" There are a thousand pages of which you understand 10."

<https://www.cnbc.com/2017/08/07/joe-biden-vs-judy-faulkner-epic-systems-ceo-its-complicated.html>

As reported by Politico, Biden asked Judy Faulkner, CEO of medical record vendor Epic Systems, why patients shouldn't have access to their medical records.

Millions of people don't have access to their medical records. A recent exchange between former Vice President Joe Biden and the CEO of one of the largest health IT companies in America offers some insight into why.

Fundamentally, the problem is that Epic, like many other medical record vendors, was initially designed for the purposes of billing -- and not for data-sharing.

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

"We will allege that the two syndicates have long been involved in organizing high-volume imports of illegal substances into Australia, and laundering millions of dollars and dealing in the proceeds of crime, both domestically and internationally," Australian Federal Police Assistant Commissioner Neil Gaughan told reporters.

<https://www.bloomberg.com/news/articles/2017-08-08/17-people-arrested-in-3-countries-in-australian-drug-bust>

Police in three countries arrested 17 people on Tuesday and seized nearly 2 tons of drugs in connection with what Australian authorities said was an effort by organized crime groups to transport large amounts of drugs into Australia.

Ten people in Sydney, five Australians in Dubai, United Arab Emirates, and two people in the Netherlands were arrested as part of an investigation into what Australian police say were two interlinked crime syndicates operating across the three countries. Officials in the Netherlands seized 1.8 tons of MDMA, also known as ecstasy, 136 kilograms (300 pounds) of cocaine and 15 kilograms (30 pounds) of crystal methamphetamine, all bound for Australia, the Australian Federal Police said. The drugs were worth around 810 million Australian dollars (\$640 million).

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

© Copyright 2017. The Fixed Income Group at R.J. O'Brien. All rights reserved.

EQUITIES

The S&P is **-1** and the NASDAQ is **-1**.

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 -0.05%.

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

BOE Rate +0.25%.

Next meeting 09/14/17

On the European Continent

The CAC Index closed -0.01%.

The DAX Index closed +0.08%.

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 -0.24%.

The NIKKEI closed -0.30%.

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 +0.59%.

The Shanghai Composite closed +0.07%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

THE TREND

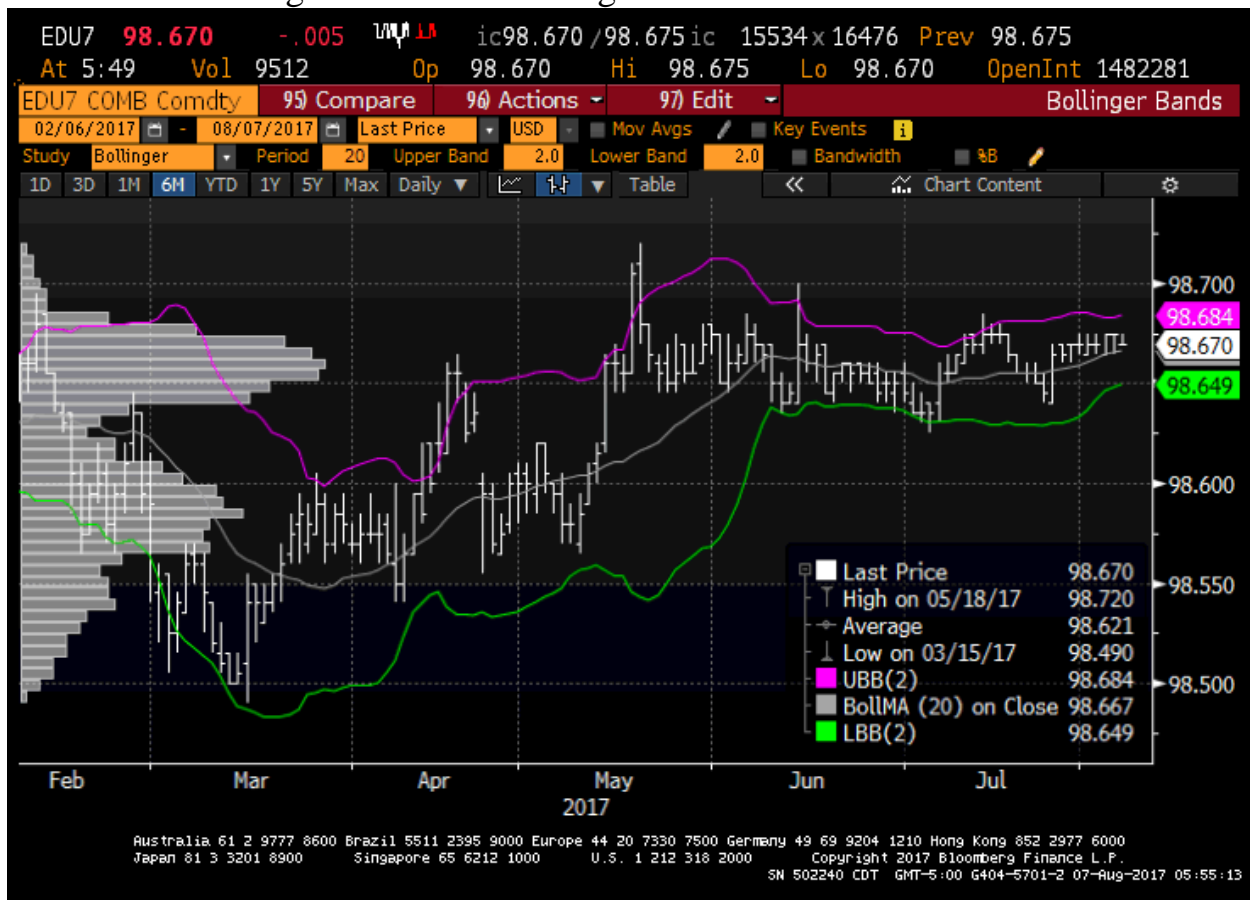
EDU7: 98-66.5 is the pivot. Below the pivot you should be short, above long. Support is at 98-66.5* and 98-68.5**.

Resistance is at 98-65.0*.

*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 all sell signals and remain long.



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

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

10yr/TYU7: 125-29.0 is the pivot point. Above you should be long, below short.

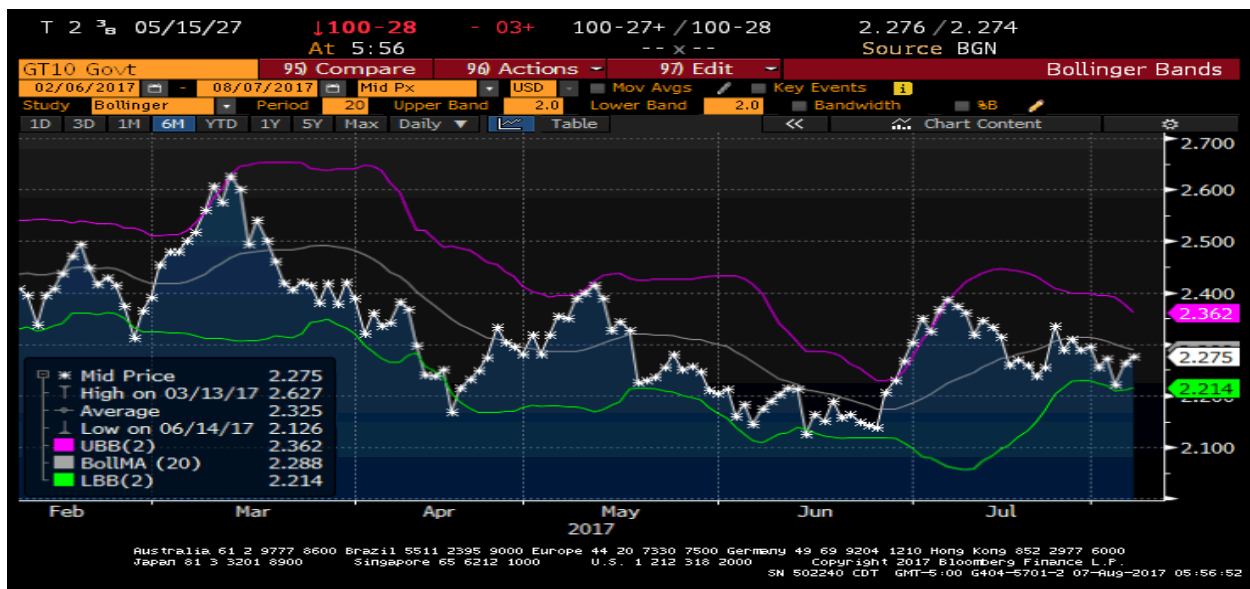
Support is at 125-29.0, 125-09.5**

Resistance is at 126-16.5**

*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).

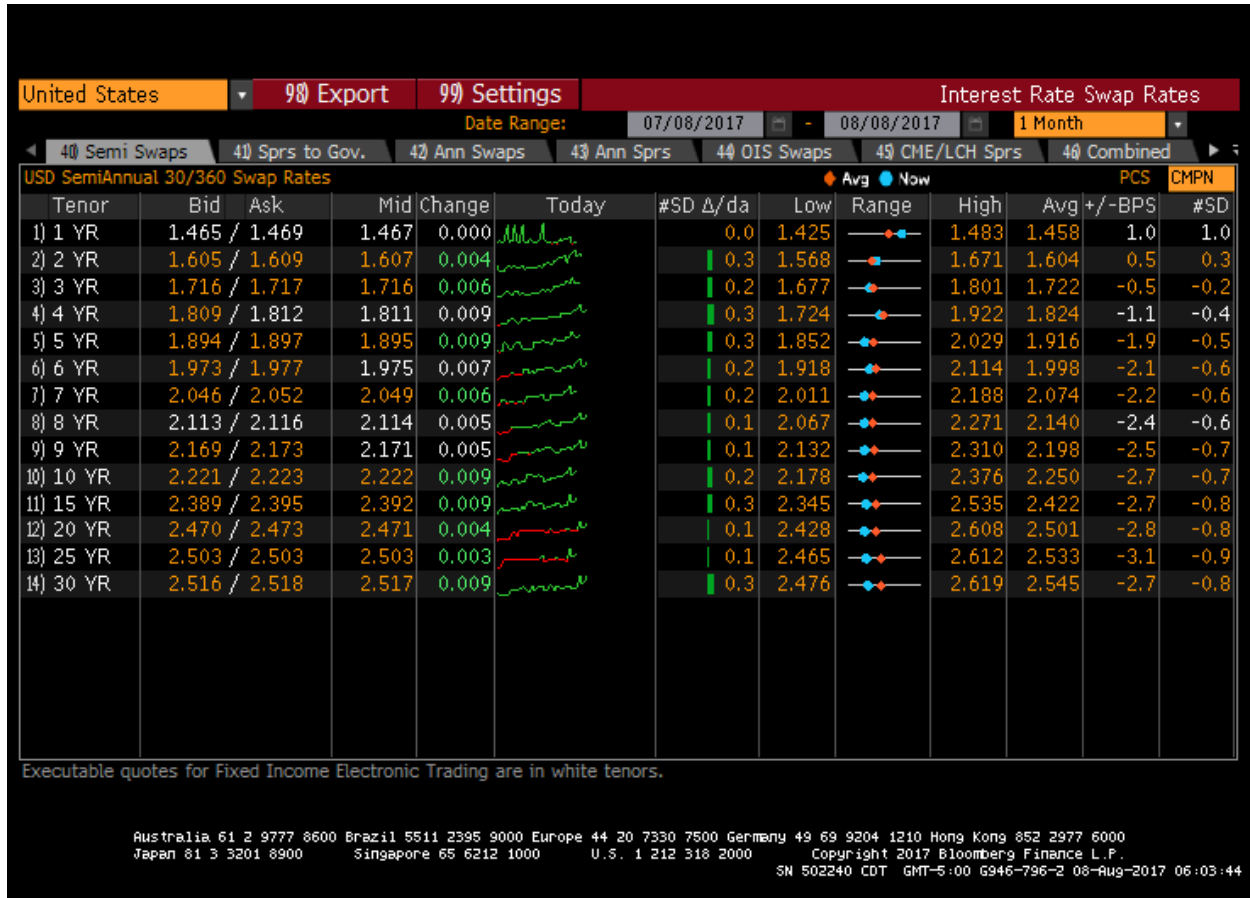


YTD (2017) +50.5 futures ticks (\$31.25 per tick) or +1,703.13 per 1 contract traded.

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

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

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.

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

The Fundamentals

LABOR

Bureau of Labor and Statistics

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

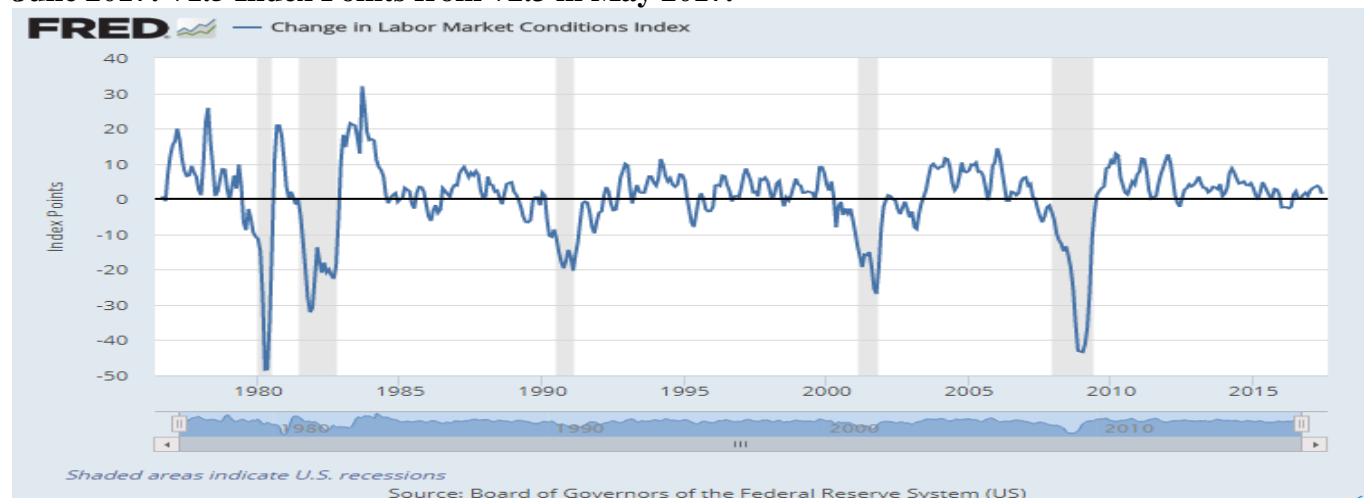
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

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>

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

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.	04 August 2017	954	-4	28 July 2017	+490	05 August 2016
Canada	04 August 2017	217	-3	28 July 2017	+95	05 August 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>

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

Renewable Fuels Association

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

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.

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

"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 — 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."

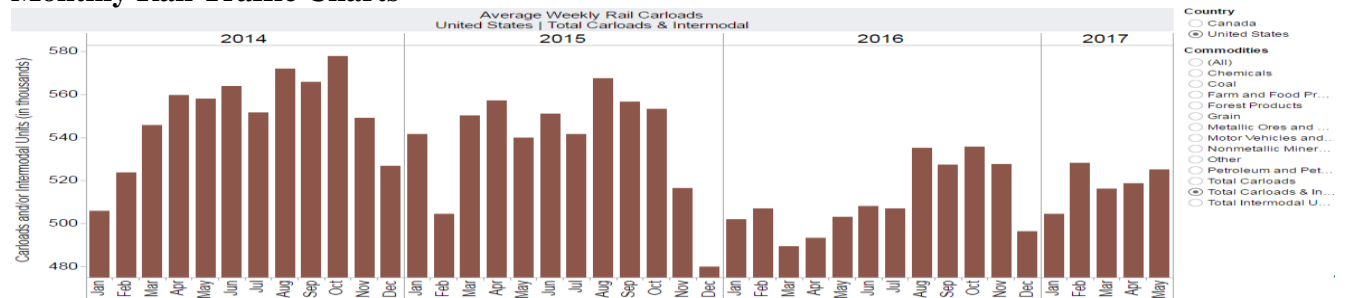
Excluding coal, carloads were down 2.8 percent, or 19,176 carloads, in July 2017 from July 2016. Excluding coal and grain, carloads were down 1 percent, or 5,851 carloads.

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>

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

Trailer Truck Demand

(Bloomberg Intelligence) – 08/07/17

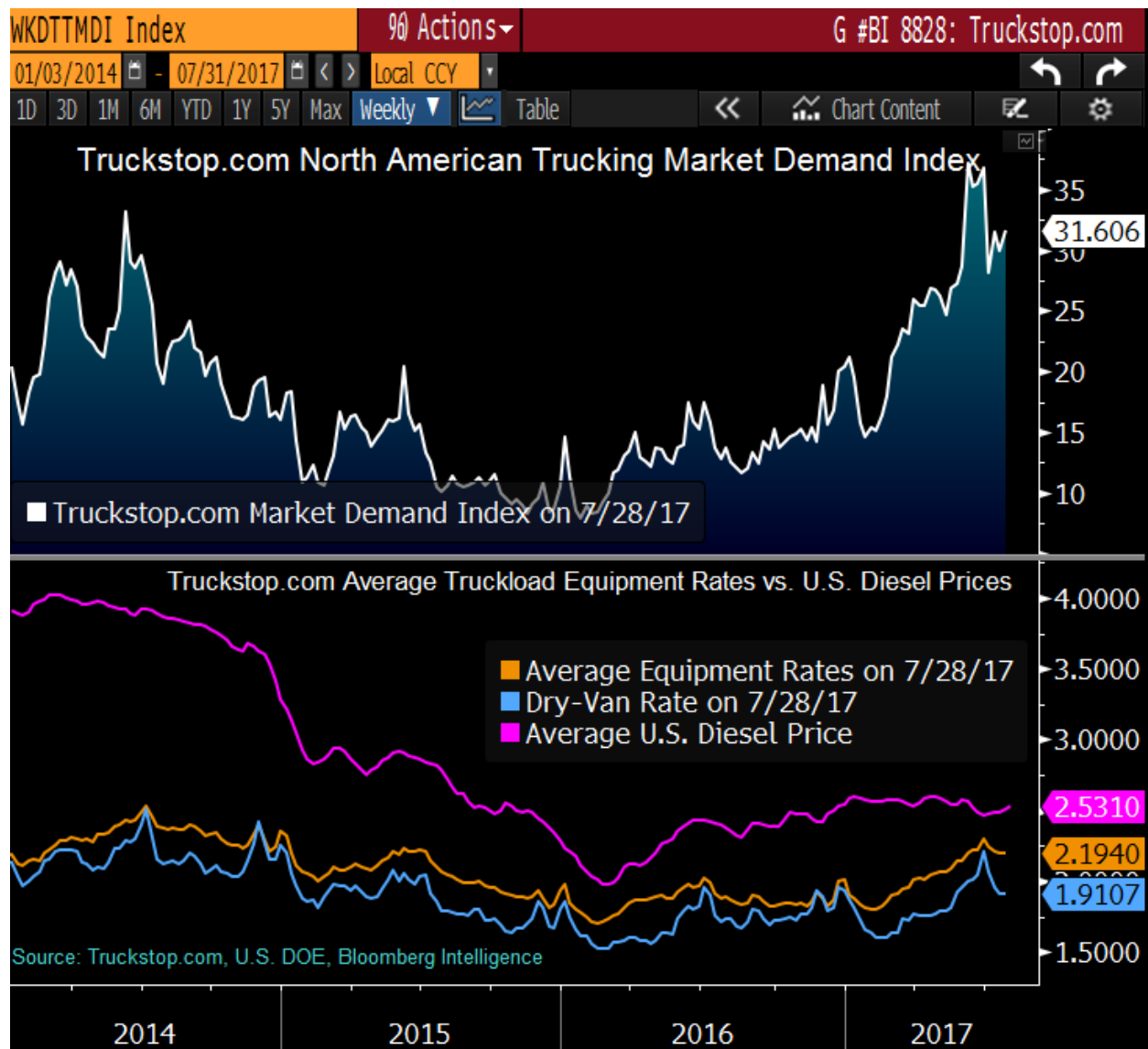
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) -- Relative North American spot trucking demand rose 1.2% sequentially to 32 in the week ended Aug. 4, as measured by Truckstop.com's Market Demand Index. Capacity tightened as the decline in available trucks (1.5%) outpaced the fall in available loads (down 0.2%). Average spot rates ticked higher for the first time in five weeks, led by gains in temperature-controlled (up 4.4%) and dry-van (1.5% higher). Rates were supported by higher fuel surcharges (up 1.6%) that rose for the fifth straight week.

The Market Demand Index has climbed 102% on average vs. last year. Total rates have increased 10%, driven by 30% 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



This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

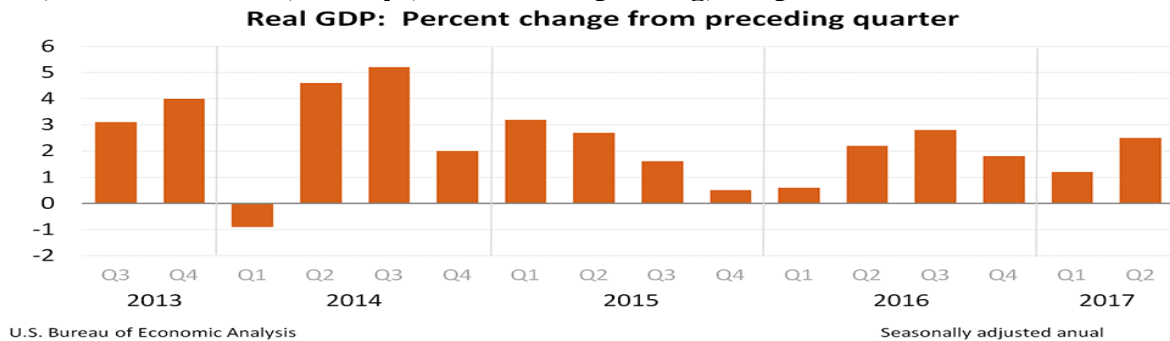
This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

© Copyright 2017. The Fixed Income Group at R.J. O'Brien. All rights reserved.

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

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

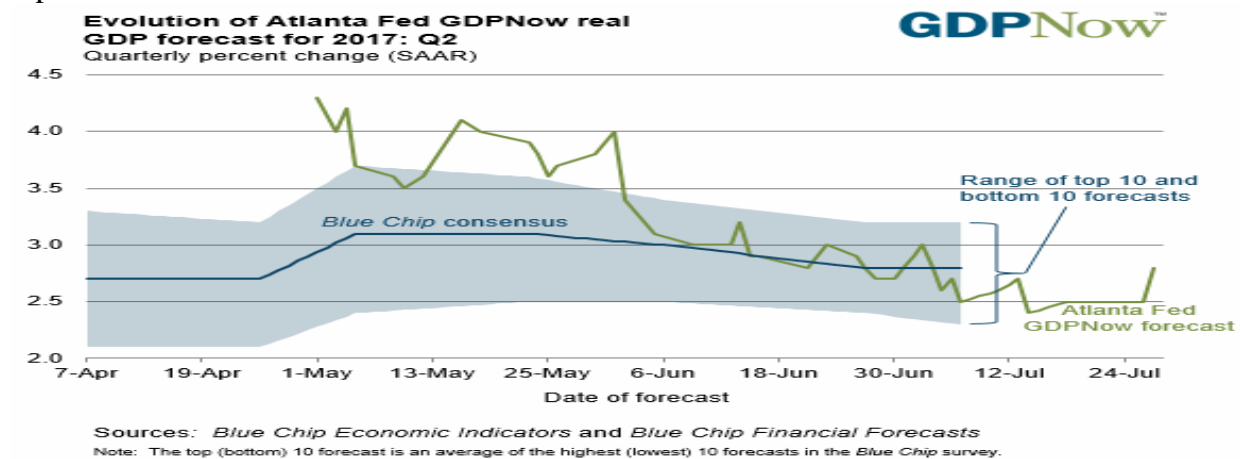
GDP, Personal Income, Outlays, Consumer Spending, Corporate Profits and Fixed Assets



GDP (3Q running around 2.40% as of July 27)

Atlanta Fed GDPNowcast Latest forecast...August 4, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is **3.7 percent** on August 4, down from 4.0 percent on August 3. The forecasts of third-quarter real consumer spending growth and real fixed investment growth declined from 3.0 percent and 5.2 percent to 2.8 percent and 4.1 percent, respectively, after this morning's employment report from the U.S. Bureau of Labor Statistics. The model's estimate of the dynamic factor for July—normalized to have mean 0 and standard deviation 1 and used to forecast yet-to-be released monthly GDP source data—decreased from 0.64 to 0.27 after the report.



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

New York Fed Nowcast...Q3 stands at 2.0%...August 4, 2017

https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0804.pdf?la=en

St. Louis Fed Real GDP Nowcast... Q2 2017: 4.0239%...August 3, 2017

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

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

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				

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

Low – 49.4

<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>

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.

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

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

johncoleman@bloomberg.net

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

robpowell@bloomberg.net

Jeff Bauman
312-286-0491

jeffbau@bloomberg.net

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

futuristic@bloomberg.net

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

rocco1@bloomberg.net

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

brachwalski@bloomberg.net

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

dsobolewski@bloomberg.net

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

evollman@bloomberg.net

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

cabele@rjobrien.com

DISCLAIMER

This material has been prepared by a sales or trading employee or agent of R.J. O'Brien and is, or is in the nature of, a solicitation. This material is not a research report prepared by R.J. O'Brien's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.

DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that R.J. O'Brien believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.

This information is not to be construed as an offer to sell or a solicitation or an offer to buy the commodities herein named. The factual information of this report has been obtained from sources believed to be reliable, but is not necessarily all-inclusive and is not guaranteed as to the accuracy, and is not to be construed as representation by R.J. O'Brien & Associates. The risk of trading futures and options can be substantial. Each investor must consider whether this is a suitable investment. Past performance is not indicative of future results.