

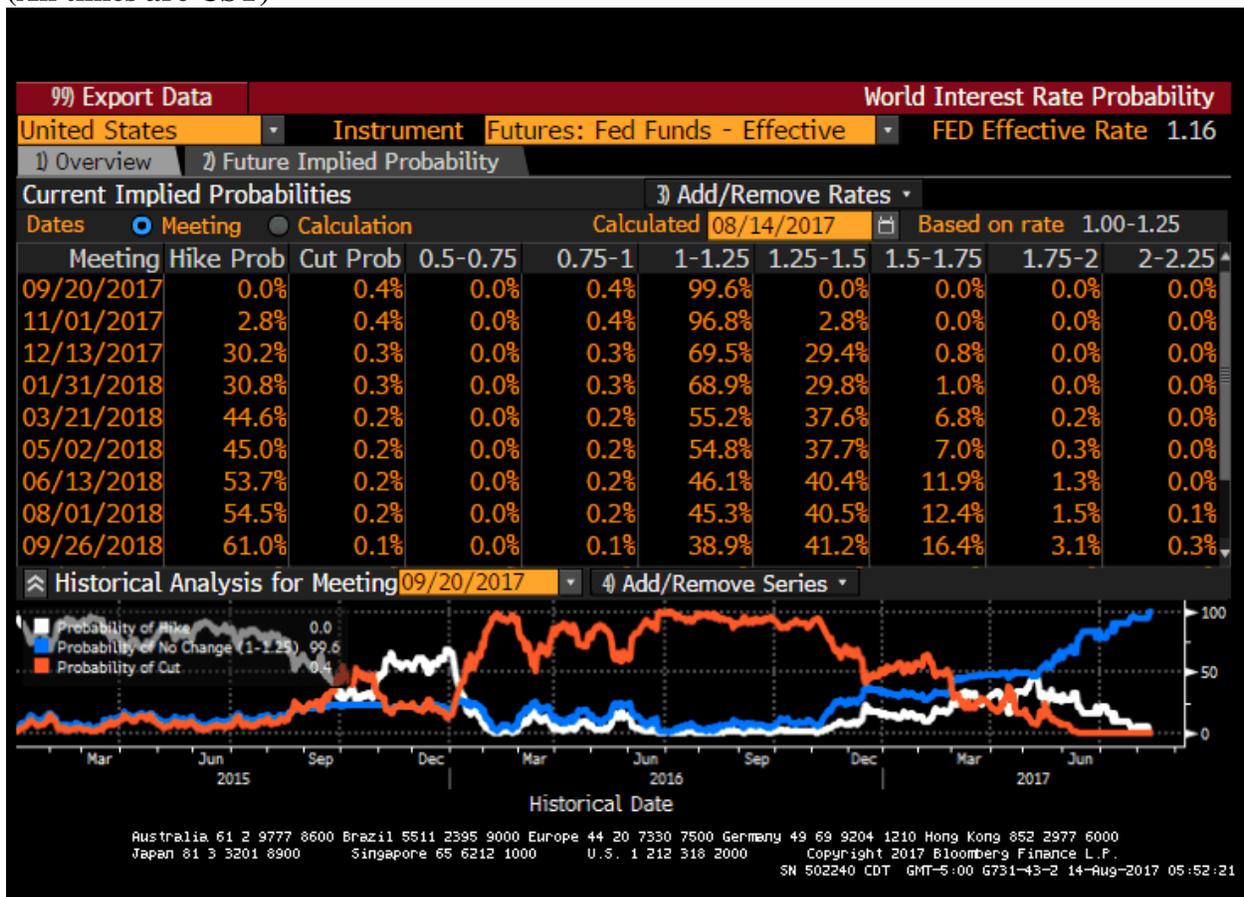


Fixed Income Group A Division of RJ O'Brien

The Missile

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		13:24:42		08/12/17		- 09/30/17			
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)	08/16	13:00				FOMC Meeting Minutes	Jul 26	--	--	--	--
22)	08/17	12:00				Fed's Kaplan Speaks in Lubbock, Texas					
23)	08/18	09:15				Fed's Kaplan Speaks in Dallas					
24)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					
25)	09/06	13:00				U.S. Federal Reserve Releases Beige Book					
26)	09/20	13:00				FOMC Rate Decision (Upper Bo...	Sep 20	1.25%	--	1.25%	--
27)	09/20	13:00				FOMC Rate Decision (Lower Bo...	Sep 20	1.00%	--	1.00%	--
28)	09/26	08:30				Fed's Mester Moderates Session NABE					
29)	09/26	11:00				Fed Chair Janet Yellen Delivers Keynote at NABE Conference					
30)	09/26	11:30				Fed's Bostic Speaks to the Atlanta Press Club					

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4) Previous		3) Next		66) Send		98) Actions ▾		News: News Story				
08/11/2017 05:51:48 [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	08/15/2017	08/17/2017	TBA		TBA	08/08/2017	\$45				
3-month	08/17/2017	08/14/2017	08/17/2017	912796MC0		\$39	08/07/2017	\$39				
6-month	08/17/2017	08/14/2017	08/17/2017	912796NS4		\$33	08/07/2017	\$33				
1-year	09/07/2017	08/15/2017	08/17/2017	912796NQ8		\$20	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	09/11/2017	09/15/2017	TBA		TBA	08/08/2017	\$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	09/12/2017	09/15/2017	TBA		TBA	08/09/2017	\$23				
Bond Auctions												
30-year	09/07/2017	09/13/2017	09/15/2017	TBA	R	TBA	08/10/2017	\$15				
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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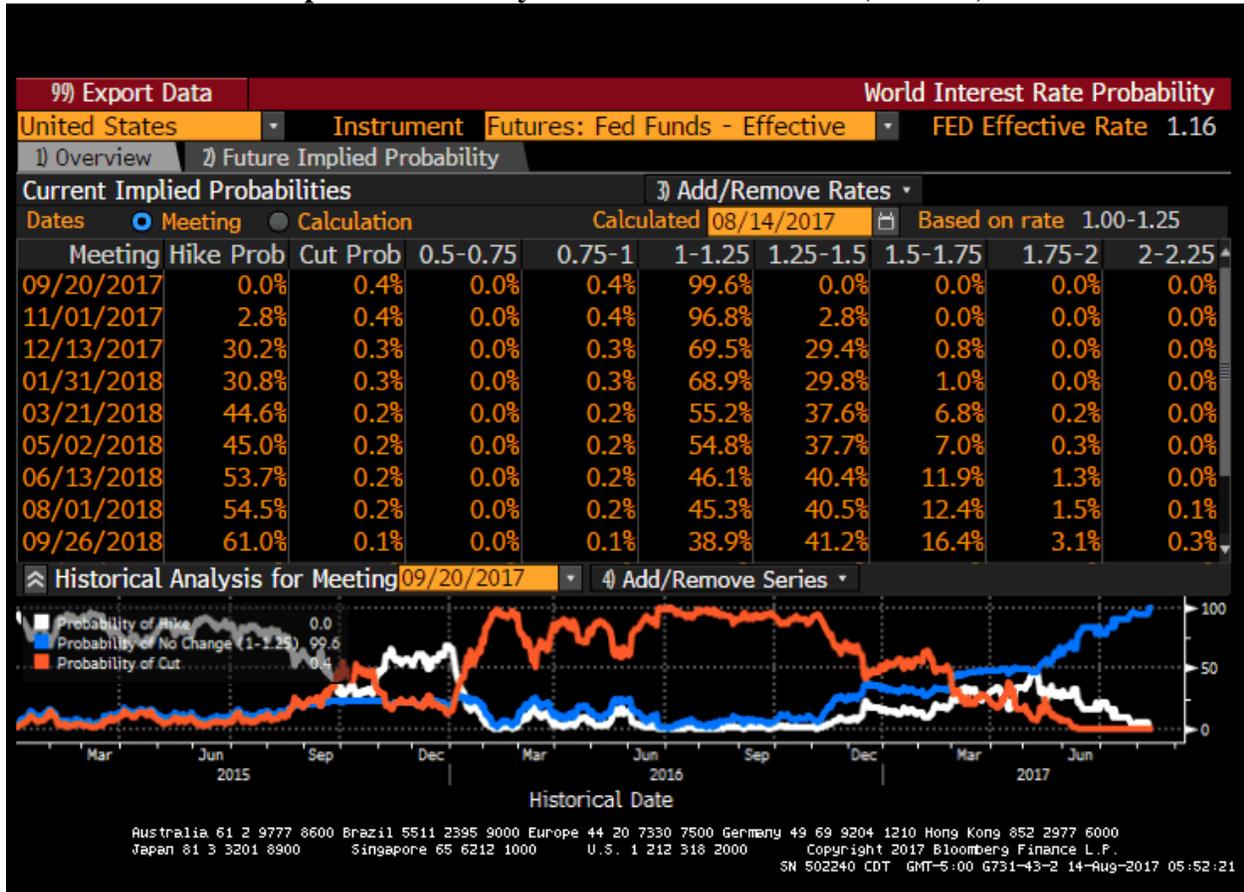
1-Month Libor Set	1.22778	+.00711	(98.77222)
3-Month Libor Set	1.31417	-.00083	(98.68583)
6-Month Libor Set	1.45000	-.00583	(98.55000)
1-Year Libor Set	1.71789	-.00667	(98.28211)

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

China's Commerce Ministry issued a ban effective from Tuesday on several imports from North Korea, including coal, iron ore, lead concentrates and ore, lead and seafood, a move that is in line with U.N. sanctions announced this month.

Beijing issued the banning order on Monday.

<http://www.reuters.com/article/us-northkorea-missiles-un-china-idUSKCN1AU0QT?il=0>

U.N. sanctions must be implemented 30 days after the resolution was approved in a vote on Aug. 6.

The Chinese government said any cargoes already on their way to China would be cleared by customs as usual before the U.N. sanctions deadline.

"I think they'll do something and it will probably be somewhat stimulative in the short run," said High Frequency Economics Chief U.S. Economist Jim O'Sullivan, referring to Trump and Congress. "I don't expect a huge impact from it."

<https://www.bloomberg.com/news/articles/2017-08-14/trump-will-get-his-tax-cuts-vast-majority-of-economists-believe>

The pros who make their living forecasting the economy overwhelmingly expect President Donald Trump and his fellow Republicans to push through tax cuts in time for next year's congressional elections. They just don't think that the reductions will do all that much to help the economy in 2018.

That's the message from the latest Bloomberg monthly poll of economists, taken Aug. 4 to Aug. 9. Of 38 respondents, 29 expect Congress to pass tax-cut legislation by November 2018. The policy changes though are only expected to add 0.2 percentage point to the pace of gross domestic product expansion in 2018, according to the median figure from analysts penciling in an impact.

The Bloomberg survey forecasts growth in 2018 to be only slightly higher than this year -- 2.3 percent versus 2.1 percent, according to median projections from a broader pool of 71 economists. What's more, analysts see the economy losing momentum in 2019, with expansion falling back to 2 percent, contrasting with the Trump administration's forecast of a further pickup.

Cuts to individual and corporate rates would fall short of what GOP leaders and the Trump administration have promised -- a once-in-a-generation permanent overhaul of the U.S. tax code, similar to what happened in 1986 under former President Ronald Reagan. If Republicans use a budget procedure for a tax bill to bypass Democratic opposition in the Senate, cuts would have to expire if they add to the long-term federal deficit.

White House officials have said they're still committed to a permanent tax revamp, and the plan is to start hearings and a markup of a tax bill after Labor Day so a version can get through the House in October and the Senate in November. Trump and Senate Majority Leader Mitch McConnell have sparred in recent days over the amount of time needed to pass complicated legislation, such as repealing and replacing Obamacare.

The National Association of Realtors issued an "August Recess Talking Points" circular imploring members to remind lawmakers that "Homeowners must be treated fairly in tax reform" to avoid "another housing crash."

The group cited a report it commissioned from PwC that estimated home values could quickly dive more than 10 percent if the tax plan becomes law.

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To simplify the tax code, Republicans have proposed eliminating nearly all tax write-offs including those for state and local taxes, then doubling the standard deduction. This would eliminate the incentive to itemize and should drastically reduce the number of taxpayers who do so.

<https://www.cnn.com/2017/08/14/us-tax-change-proposals-anger-builders-real-estate-agents-charities.html>

Currently, many taxpayers use itemized deductions, claiming write-offs for things like charitable contributions, interest paid on a mortgage and state and local taxes. If the standard deduction becomes larger, fewer taxpayers will need to itemize, reducing the incentive to hold a mortgage or contribute to charity.

Currently, about 30 million taxpayers claim the mortgage interest deduction, with about \$70 billion in total claims, according to Robert Dietz, an economist with the National Association of Homebuilders.

Estimates suggest more than half of taxpayers would stop itemizing under the proposed plan, Dietz said, warning that this would create a large ripple effect through the economy. He said people in early years of a mortgage would suffer most, along with prospective home buyers. Home builders are also fighting the proposed tax code changes.

"I don't think I would call that a cakewalk," said Jerry Howard, the head of the National Home Builders Association, saying the proposal will face fierce resistance from his group, which represents 130,000 builders. He noted that members operate in every congressional district and employ more than 7 million people.

The [Trump](#) administration has set a collision course with the auto industry as it launches renegotiations of the 23-year-old NAFTA trade pact this week, aiming to shrink a growing trade deficit with Mexico and tighten the rules of origin for cars and parts.

<https://www.cnn.com/2017/08/14/trumps-nafta-autos-goals-to-collide-with-industry-as-talks-start.html>

More than any other industry, autos have been the focus of U.S. President Donald Trump's anger over the North American Free Trade Agreement, which he blames for taking car factories and jobs away from America to low-wage Mexico.

The United States had a \$74 billion trade deficit with Mexico in autos and auto parts last year, the dominant component of an overall \$64 billion U.S. deficit, according to U.S. Census Bureau data.

"The Trump administration has framed their NAFTA negotiating objectives around reducing the trade deficit with Mexico," said Caroline Freund, a senior trade fellow at the Peterson Institute for International Economics. "If they don't touch autos, there's no way of getting at what they want."

Public-transportation agencies typically ask their states and cities to ante up when they run short of funds for operating expenses like paying employees, fixing tracks or replacing worn parts.

Not New Jersey Transit.

<https://www.bloomberg.com/news/articles/2017-08-14/nj-transit-leads-nation-for-day-to-day-federal-budget-assistance>

This year, almost one-fourth of its operating budget comes courtesy of an accounting maneuver that shifts federal capital funding intended for long-term improvements to more immediate needs, according to [Federal Transit Administration](#) data compiled by Bloomberg.

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The beleaguered commuter service turns to the U.S. government to cover day-to-day costs more than any of its peers, the [data](#) show. That's largely because of its budget move, which U.S. rules permit. The tactic isn't used by the Long Island or Metro-North railroads or New York City's bus system, and it was discontinued in Chicago and Philadelphia after critics said it amounted to cannibalizing major-project funding. Since 1990, NJ Transit has tapped \$7.57 billion, with 45 percent of it under Governor Chris Christie.

Electric vehicles aren't going to destroy the fossil fuel industry any time soon, but they don't need to in order to disrupt it. And that could happen within a decade, when EVs begin to tip annual growth in gasoline demand into structural decline.

The skeptics argue that the barriers to mass take-up of electric vehicles are insurmountable and that recent enthusiasm among proponents of the technology -- and some European governments -- is misplaced. High costs of ownership, limited range, lack of refueling infrastructure are among many drawbacks that will limit their adoption, and thus the power of electricity to replace gasoline. So refiners like Valero Energy, Marathon Petroleum and Exxon Mobil can breathe easy.

<https://www.bloomberg.com/gadfly/articles/2017-08-13/gasoline-can-reach-its-electric-car-tipping-point-by-2020>

The fleet of electric vehicles in use worldwide is on track to displace around 100,000 barrels a day of road transport fuel this year -- most of it gasoline -- according to a report published last month by Bloomberg New Energy Finance. They expect that volume to rise to 155,000 barrels a day next year.

EVs could displace almost 1 million barrels a day of transport fuel demand by 2025.

To be sure, that is a tiny volume compared with global gasoline consumption that was reported by BP Plc at more than 25 million barrels a day in 2016, but that misses the point. It is at the margin where the growing fleet of electric vehicles will make its presence felt.

Despite the slowdown in growth, Complete Intelligence's Chief Economist Tony Nash said the Chinese numbers were "not terrible," even though the house thinks the actual numbers were likely "a bit slower" than what was released.

China, Nash told CNBC's "Street Signs," is likely growing at 5.5 to 6 percent.

<https://www.cnbc.com/2017/08/13/china-reports-july-industrial-production.html>

China reported industrial output for the month of July rose 6.4 percent on-year, missing expectations.

July retail sales rose 10.4 percent from a year ago, also missing a 10.8 percent forecast from analysts polled by Reuters.

January to July fixed asset investment meanwhile rose 8.3 percent from a year ago, against Reuters' poll forecast of 8.6 percent.

Nomura analysts said in a note after the release of the data that that the house is maintaining its view of a gradual slowdown for the rest of 2017 due to the cooling property marketing and escalating U.S.-China trade tensions.

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Saudi Arabia's new crown prince hopes to transform the kingdom and modernize society, but the planned execution of 14 Shiite protesters charged with violence against security forces suggests the government's handling of sectarian tensions and unrest remains unchanged.

<https://www.cnn.com/2017/08/14/death-sentences-of-shiites-point-to-limits-of-saudi-reforms.html>

The country's Supreme Court recently upheld the death penalty in the case, raising concerns among rights activists that the group could be executed at any moment.

The kingdom has one of the highest rates of execution in the world. Last year, 47 people were executed on one day, including a prominent Saudi Shiite cleric convicted for his role in violent protests. The cleric, Nimr al-Nimr, denied the charges of sedition. His supporters say he was punished for being an outspoken government critic and a key leader of the Shiite protests in eastern Saudi Arabia in 2011 and 2012.

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EQUITIES

The S&P is **+14** and the NASDAQ is **+33**.

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 +0.62%.

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

BOE Rate +0.25%.

Next meeting 09/14/17

On the European Continent

The CAC Index closed +0.98%.

The DAX Index closed +1.19%.

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

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -.40%

Next meeting 09/07/17

ASIA

Japan:

The TOPIX closed -1.12%.

The NIKKEI closed -0.98%.

In Japan yields are lower with the yield flatter.

BOJ Basic Loan rate 0.30%

Next meeting 09/21/17

China:

The Hang Seng closed +1.36%.

The Shanghai Composite closed +0.90%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

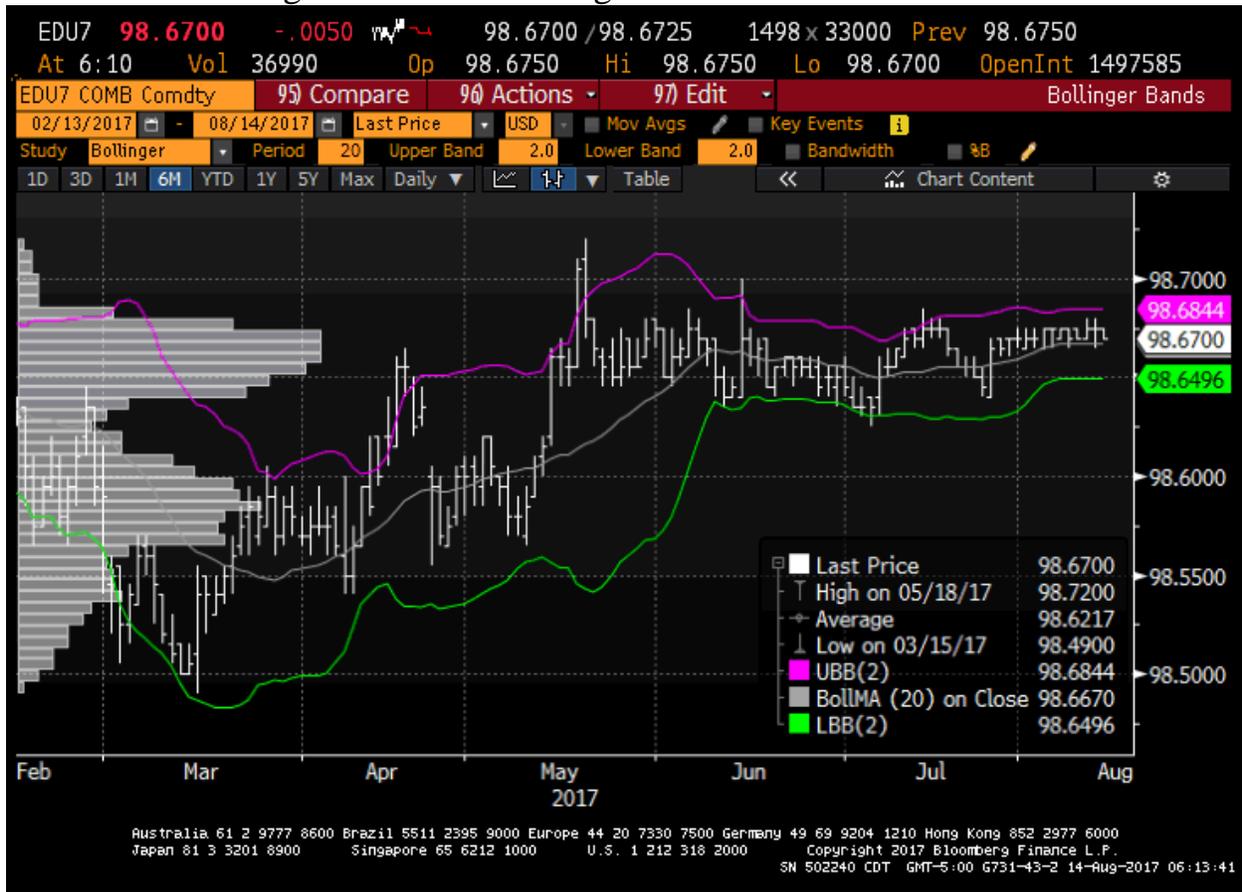
EDU7: 98-66.5 is the pivot. Below the pivot you should be short, above long. Support is at 98-66.5* and 98-68.5**.

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.

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10yr/TYU7: 126-05.0 is the pivot point. Above you should be long, below short.

Support is at 126-05.0, 125-20.0**

Resistance is at 126-22.5**

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

** 2-STD Deviations from the pivot point

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



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

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

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US-SWAPS IRSB <GO>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
						Date Range:		07/14/2017 - 08/14/2017		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	1.446 / 1.450	1.448	0.006			0.6	1.425	1.483	1.459	-0.9	-0.9		
2) 2 YR	1.569 / 1.571	1.569	0.015			1.0	1.522	1.637	1.597	-2.6	-1.7		
3) 3 YR	1.672 / 1.674	1.673	0.020			1.0	1.635	1.777	1.709	-3.4	-1.7		
4) 4 YR	1.765 / 1.770	1.767	0.025			1.0	1.724	1.874	1.806	-3.6	-1.5		
5) 5 YR	1.854 / 1.855	1.854	0.029			1.0	1.813	1.972	1.894	-3.9	-1.4		
6) 6 YR	1.934 / 1.936	1.936	0.032			1.1	1.867	2.060	1.976	-4.0	-1.4		
7) 7 YR	2.008 / 2.013	2.010	0.036			1.1	1.967	2.131	2.051	-3.8	-1.2		
8) 8 YR	2.076 / 2.078	2.077	0.037			1.1	2.032	2.231	2.118	-3.9	-1.2		
9) 9 YR	2.132 / 2.137	2.134	0.037			1.1	2.090	2.256	2.175	-3.8	-1.1		
10) 10 YR	2.186 / 2.187	2.186	0.036			1.0	2.139	2.321	2.227	-4.0	-1.1		
11) 15 YR	2.358 / 2.359	2.359	0.034			0.9	2.308	2.501	2.400	-4.1	-1.1		
12) 20 YR	2.439 / 2.440	2.438	0.032			0.8	2.393	2.586	2.482	-4.2	-1.1		
13) 25 YR	2.473 / 2.474	2.473	0.031			0.8	2.427	2.596	2.515	-4.1	-1.1		
14) 30 YR	2.484 / 2.487	2.486	0.028			0.7	2.440	2.610	2.527	-4.0	-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 6751-43-2 14-Aug-2017 05:52:40

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/>

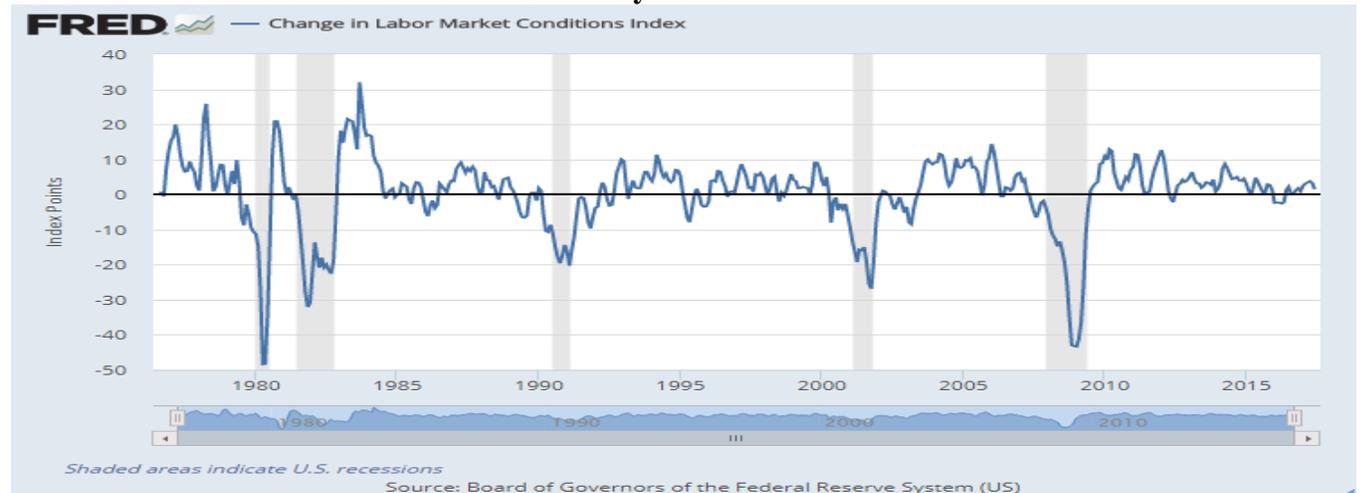
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

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 2ndt quarter 2017

According to the latest survey of agricultural bankers in the Eighth Federal Reserve District, farm income during the second quarter of 2017 declined relative to the second quarter of last year. Respondents have consistently reported lower year-over-year levels of income since the fourth quarter of 2013. This period correlates with an extended period of declining prices for commodities. Both survey results and comments from bankers indicate the long-term effect has had a negative impact on the financial condition of their borrowers. For the second-quarter 2017 survey, the impact of lower income shows up in lower household spending and lower capital spending compared with the same quarter a year ago. Furthermore, a majority of respondents feel these trends will continue into the third quarter of 2017, with lower income and spending relative to the same period last year. Values for quality farmland and levels of cash rents for farmland also declined over the past year

<https://files.stlouisfed.org/files/htdocs/publications/ag-finance/2017-08-10/2017-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.	11 August 2017	949	-5	4 August 2017	+468	12 August 2016
Canada	11 August 2017	220	+3	4 August 2017	+94	12 August 2016
International	July 2017	959	-1	June 2017	+21	July 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.

For the first 31 weeks of 2017, U.S. railroads reported cumulative volume of 7,991,891 carloads, up 5.3 percent from the same point last year; and 8,232,650 intermodal units, up 3.2 percent from last year. Total combined U.S. traffic for the first 31 weeks of 2017 was 16,224,541 carloads and intermodal units, an increase of 4.2 percent compared to last year.

North American rail volume for the week ending August 5, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 363,386 carloads, up 2.9 percent compared with the same week last year, and 362,096 intermodal units, up 8.4 percent compared with last year. Total combined weekly rail traffic in North America was 725,482 carloads and intermodal units, up 5.6 percent. North American rail volume for the first 31 weeks of 2017 was 21,483,408 carloads and intermodal units, up 5.4 percent compared with 2016.

Canadian railroads reported 76,274 carloads for the week, up 8.3 percent, and 69,263 intermodal units, up 15.6 percent compared with the same week in 2016. For the first 31 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 4,422,925 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 13,913 carloads for the week, down 5 percent compared with the same week last year, and 11,210 intermodal units, up 7.9 percent. Cumulative volume on Mexican railroads for the first 31 weeks of 2017 was 835,942 carloads and intermodal containers and trailers, down 0.3 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-08-09-railtraffic.aspx>

Weekly Rail Traffic Report and Charts.

For this week, total U.S. weekly rail traffic was 554,822 carloads and intermodal units, up 4.3 percent compared with the same week last year.

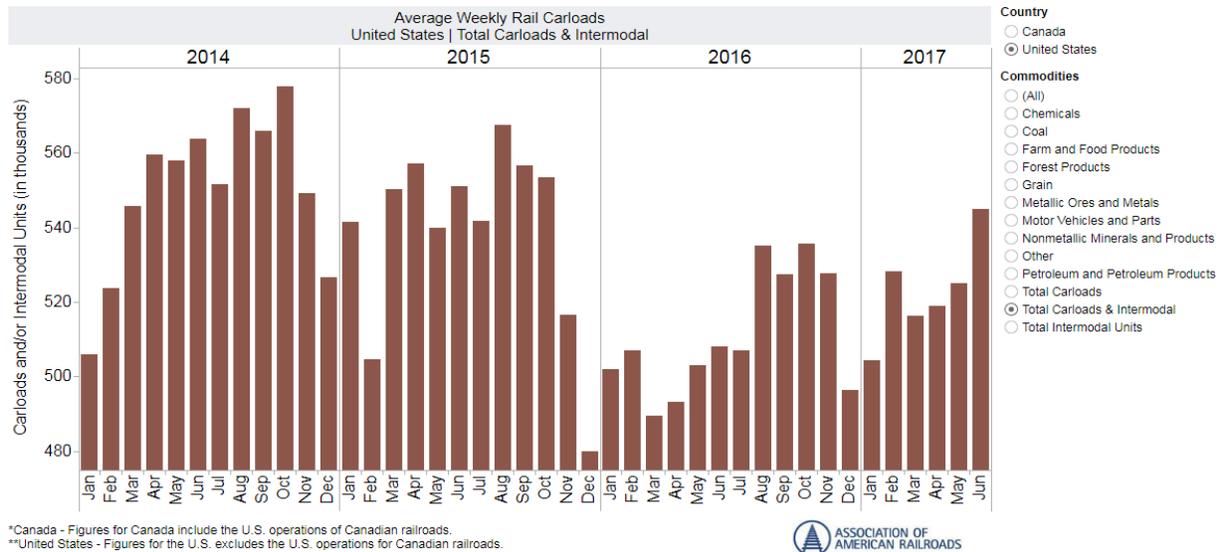
Total carloads for the week ending August 5 were 273,199 carloads, up 1.9 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 281,623 containers and trailers, up 6.8 percent compared to 2016.

Six of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included nonmetallic minerals, up 3,559 to 40,264 carloads; coal, up 3,073 to 92,517 carloads; and chemicals, up 1,993 to 32,621 carloads. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 3,279 to 20,846 carloads; motor vehicles and parts, down 1,161 to 15,609 carloads; and petroleum and petroleum products, down 1,112 to 9,386 carloads.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-08-09-railtraffic.pdf>

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Monthly Rail Traffic Charts



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

Trailer Truck Demand (Bloomberg Intelligence) – 08/07/17

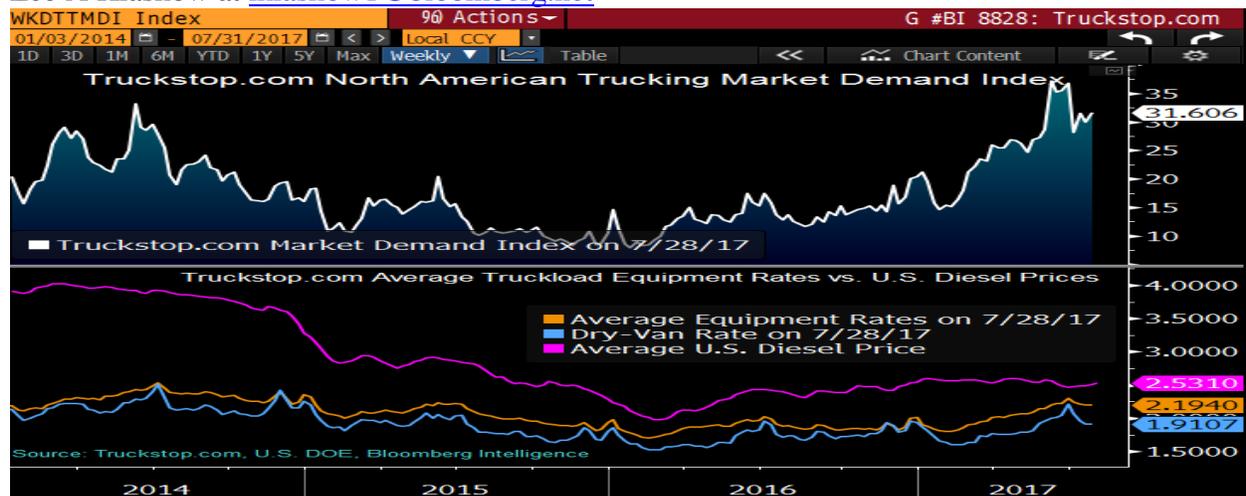
Truckstop.com Market Demand Index, Average Rates

(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:

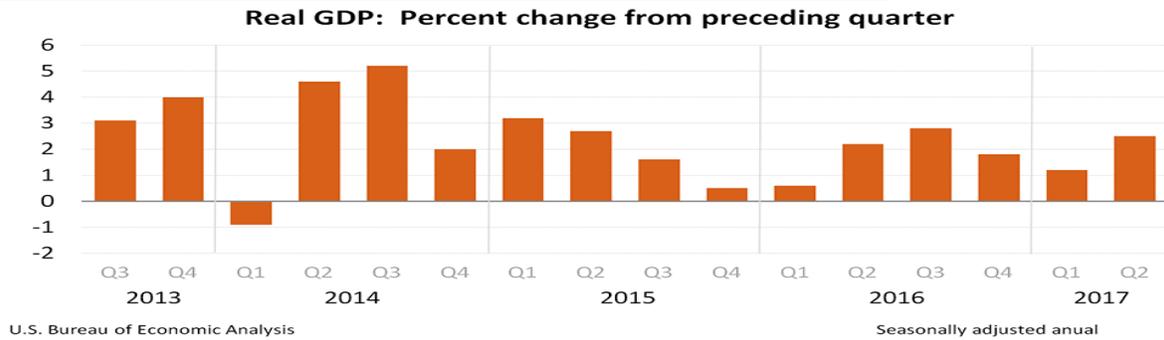
Lee A Klaskow at klaskowl@bloomberg.net



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

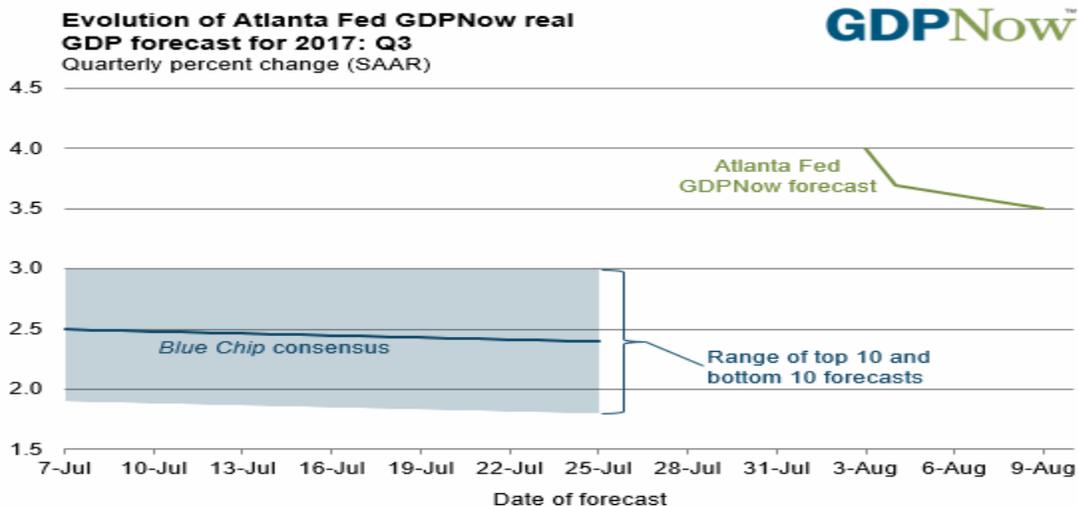
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>



GDP (3Q running around 3.02% as of August 9)

Atlanta Fed GDPNowcast Latest forecast...August 9, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is **3.5 percent** on August 9, down from 3.7 percent on August 4. The forecast of the contribution of inventory investment to third-quarter real GDP growth declined from 1.11 percentage points to 0.99 percentage points after this morning's wholesale trade report from the U.S. Census Bureau.



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts
Note: The top (bottom) 10 forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

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

New York Fed Nowcast...Q3 stands at 2.0%...August 11 2017

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

St. Louis Fed Real GDP Nowcast... Q3 2017: 3.5488%...August 9, 2017

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

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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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