



Fixed Income Group A Division of RJ O'Brien

**The Missile**

[www.fixedincomegroup.com](http://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 14:38:02 08/17/17 - 08/21/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/17	07:30	🔔	📊	📈	Initial Jobless Claims	Aug 12	240k	--	244k	--
22)	08/17	07:30	🔔	📊	📈	Continuing Claims	Aug 5	1955k	--	1951k	--
23)	08/17	07:30	🔔	📊	📈	Philadelphia Fed Business Outloo	Aug	18.0	--	19.5	--
24)	08/17	08:15	🔔	📊	📈	Industrial Production MoM	Jul	0.3%	--	0.4%	--
25)	08/17	08:15	🔔	📊	📈	Capacity Utilization	Jul	76.7%	--	76.6%	--
26)	08/17	08:15	🔔	📊	📈	Manufacturing (SIC) Production	Jul	0.2%	--	0.2%	--
27)	08/17	08:45	🔔	📊	📈	Bloomberg Consumer Comfort	Aug 13	--	--	51.4	--
28)	08/17	08:45	🔔	📊	📈	Bloomberg Economic Expectation	Aug	--	--	47.0	--
29)	08/17	09:00	🔔	📊	📈	Leading Index	Jul	0.3%	--	0.6%	--
30)	08/18	09:00	🔔	📊	📈	U. of Mich. Sentiment	Aug P	94.0	--	93.4	--
31)	08/18	09:00	🔔	📊	📈	U. of Mich. Current Conditions	Aug P	112.9	--	113.4	--
32)	08/18	09:00	🔔	📊	📈	U. of Mich. Expectations	Aug P	81.5	--	80.5	--
33)	08/18	09:00	🔔	📊	📈	U. of Mich. 1 Yr Inflation	Aug P	--	--	2.6%	--
34)	08/18	09:00	🔔	📊	📈	U. of Mich. 5-10 Yr Inflation	Aug P	--	--	2.6%	--
35)	08/21	07:30	🔔	📊	📈	Chicago Fed Nat Activity Index	Jul	--	--	0.13	--
36)	08/21-08/25		🔔	📊	📈	MBA Mortgage Foreclosures	2Q	--	--	1.39%	--
37)	08/21-08/25		🔔	📊	📈	Mortgage Delinquencies	2Q	--	--	4.71%	--

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 G660-5651-3 16-Aug-2017 14:38:02

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## Fed Speak Calendar

(All times are CST)

1) Calendars		2) Alerts		3) Export		4) Settings		Economic Calendars			
United States		Browse		14:41:14		08/16/17		- 09/30/17			
Central Banks		All Central Banks						View		Agenda 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)	08/23	08:05				Fed's Kaplan Speaks to Oil Group in Midland, Texas					
25)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					
26)	09/05	06:30				Fed's Brainard Speaks to The Economic Club of New York					
27)	09/05	12:10				Fed's Kashkari Holds Townhall Event in Minneapolis					
28)	09/06	13:00				U.S. Federal Reserve Releases Beige Book					
29)	09/08	07:45				Fed's Harker Speaks on Consumer Finance in Philadelphia					
30)	09/20	13:00				FOMC Rate Decision (Upper Bo...	Sep 20	1.25%	--	1.25%	--
31)	09/20	13:00				FOMC Rate Decision (Lower Bo...	Sep 20	1.00%	--	1.00%	--
32)	09/26	08:30				Fed's Mester Moderates Session NABE					
33)	09/26	11:00				Fed Chair Janet Yellen Delivers Keynote at NABE Conference					
34)	09/26	11:30				Fed's Bostic Speaks to the Atlanta Press Club					

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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	08/21/2017	08/22/2017	08/24/2017	TBA		TBA	08/15/2017	\$35
3-month	08/17/2017	08/21/2017	08/24/2017	912796MD8		TBA	08/14/2017	\$39
6-month	08/17/2017	08/21/2017	08/24/2017	912796NT2		TBA	08/14/2017	\$33
1-year	09/07/2017	09/12/2017	09/14/2017	TBA		TBA	08/15/2017	\$20
<b>Note Auctions</b>								
2-year	08/24/2017	08/28/2017	08/31/2017	TBA		TBA	07/25/2017	\$26
3-year	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
<b>Bond Auctions</b>								
30-year	09/07/2017	09/13/2017	09/15/2017	TBA	R	TBA	08/10/2017	\$15
<b>TIPS Auctions</b>								
5-yr TIPS	08/17/2017	08/24/2017	08/31/2017	TBA	R	TBA	04/20/2017	\$16
10-yr TIPS	09/14/2017	09/21/2017	09/29/2017	TBA	R	TBA	07/20/2017	\$13
30-yr TIPS	10/12/2017	10/19/2017	10/31/2017	TBA	R	TBA	06/22/2017	\$5
<b>Floating Rate Note</b>								
2-year FRN	08/17/2017	08/23/2017	08/25/2017	TBA	R	TBA	07/26/2017	\$17
<b>Buyback Operation</b>								
Buyback	TBA	TBA	TBA	TBA		TBA	04/19/2017	\$.025

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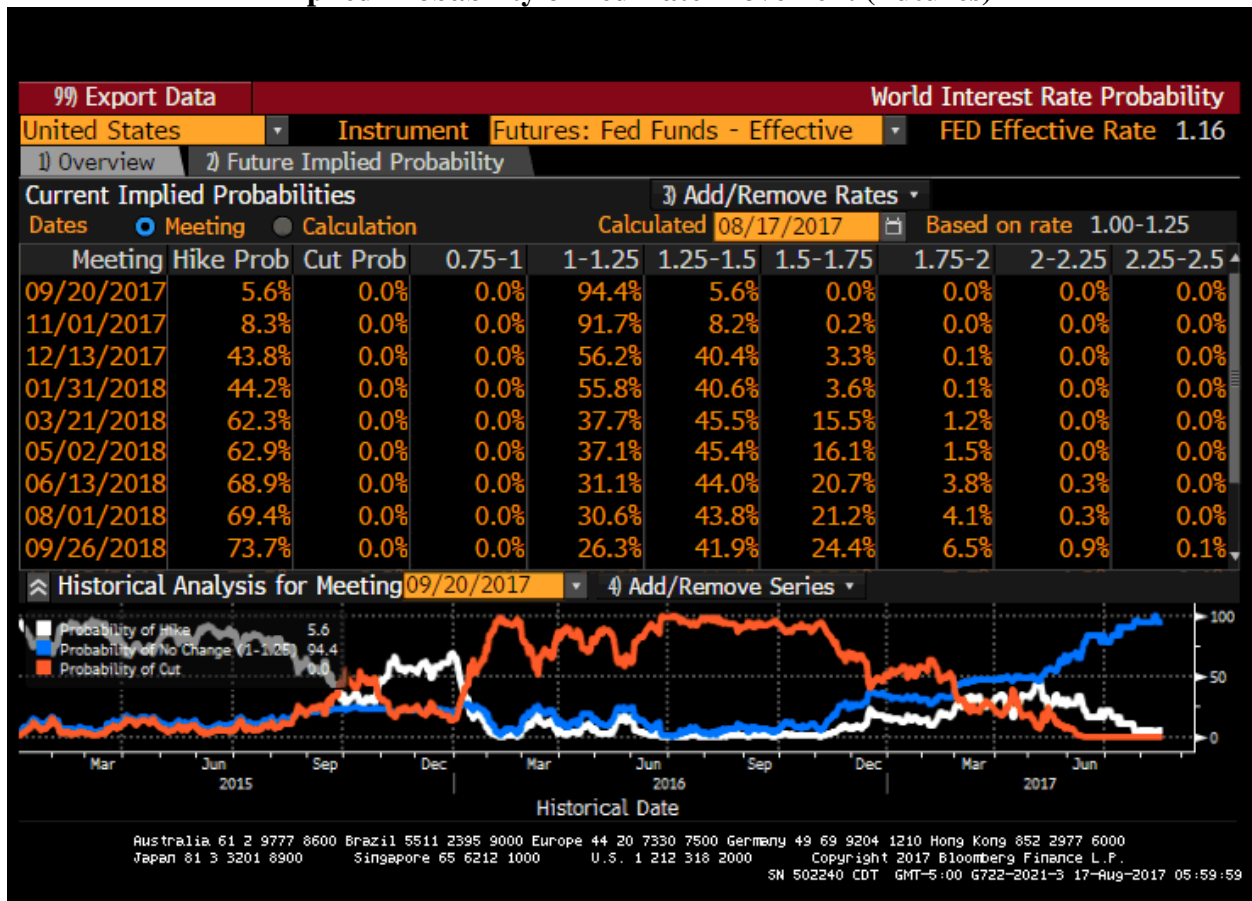
1-Month Libor Set	1.23056	+.00223	(98.76944)
3-Month Libor Set	1.31639	-.00028	(98.68361)
6-Month Libor Set	1.45722	-.00222	(98.54278)
1-Year Libor Set	1.73289	-.00333	(98.26711)

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

**The Las Vegas metropolitan area, which led the nation with the biggest share of seriously underwater homes after the housing crash, has been overtaken by Cleveland.**

<https://www.bloomberg.com/news/articles/2017-08-17/cleveland-now-leads-u-s-cities-for-seriously-underwater-homes>

The share of homeowners in the Nevada city whose loans are higher than the property's market value by 25 percent or more fell to 20 percent in the second quarter from 55 percent four years earlier, according to figures released Thursday by ATTOM Data Solutions. Cleveland's share was 22 percent, down from 39 percent in the second quarter of 2013, when the research company began tracking the data.

**"While we will need to see inflation tick up for the Fed to hike, we certainly think they are in play for December.**

<https://www.cnbc.com/2017/08/17/jpmorgan-says-market-wrong-fed-is-in-play-for-december-rate-hike.html>

Marika Dysenchuk, fixed income client portfolio manager at JPMorgan Asset Management, said Thursday the market is underestimating the likelihood.

"They've got a dual mandate and the other side of the equation in terms of employment and labor market is very strong," she said.

"We think it is just a matter of time and over the medium and long term we expect to see inflation to kick in.

"So again we expect to see the Fed hike rates in December with probably another couple of hikes next year in order to get to that zero percent real yield and then they might pause and take it from there."

**Thirty-one years ago today, Congress agreed on a tax-reform package. A bipartisan group of Republicans and Democrats lowered individual and corporate tax rates, closed loopholes and shifted some of the burden to corporations.**

**Thirty-one years later, no one has repeated that effort.**

<https://www.cnbc.com/2017/08/16/reagan-tax-reform-approved-by-congress-in-1986-harder-for-trump-now.html>

"Tax reform would be great, but it's hard to do," said Howard Gleckman, senior fellow at the Urban-Brookings Tax Policy Center at the Urban Institute. "Certainly, anybody who thinks they can do broad-based tax reform in a few months is smoking an illegal substance."

**"We believe 2017 will be a transitional year for Applebee's and we are making the necessary investments for overall long-term brand health and expect to see improvement over the next year," said Richard J. Dahl, chairman and interim CEO of Glendale, CA-based DineEquity.**

<http://www.costar.com/News/Article/DineEquity-Doubling-Applebees-Restaurant-Closures/193352>

DineEquity Inc. (NYSE: [DIN](#)), the parent company of Applebee's Neighborhood Grill & Bar and IHOP restaurants, announced more aggressive restaurant closure plans this past week, more than doubling the count of Applebee's it expects to close this year, from originally planning 40 to 60 closures to 105 to 135. The firm also updated IHOP closure estimates from 18 to about 25.

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While Dahl said the pruning of its restaurant counts will be widespread, the specific locations marked for closure weren't disclosed but typically fall into one or two categories.

"The first consists of older locations in lapsed trade areas where once-vibrant retail, residential and traffic characteristics are just no longer present, often where the desirable trade area within a town has simply moved over time," said John Cywinski, president of Applebee's.

"The second category consists of underperforming and perhaps even brand-damaging restaurants with unsustainable unit economics," he added.

Despite those closures, DineEquity plans to continue adding between 20 and 30 new Applebee's globally, mostly overseas. IHOP franchisees are expected to open between 80 and 95 restaurants with the majority expected to be in the U.S.

While IHOP appears to be on solid ground despite soft sales this quarter, Applebee's, on the other hand, is trying to make up for a strategic marketing misstep: catering to Millennials at the expense of its core customers.

**"We are just beginning the discovery process and working to quickly outline our priorities, criteria and other metrics to help define a cohesive strategy for this project," Scott Vazin, vice president and chief communications officer Toyota Motor North America, Inc., told CoStar.**

[http://www.costar.com/News/Article/Nearly-a-Dozen-States-Compete-for-Planned-\\$16-Billion-Toyota-Mazda-Assembly-Plant/193328](http://www.costar.com/News/Article/Nearly-a-Dozen-States-Compete-for-Planned-$16-Billion-Toyota-Mazda-Assembly-Plant/193328)

Elected officials and business recruiters in at least 11 Midwestern and southern states are wooing Japanese automakers Toyota Motor Corp. and Mazda Motor Corp., which announced a joint venture to build a \$1.6 billion U.S. factory to produce Toyota Corollas and cross-over models that Mazda plans to introduce to the North American market.

Toyota existing facility in Blue Springs, Mississippi, already produces Corollas at a plant opened in 2011, and state officials hope to grow the partnership. Mississippi Gov. Phil Bryant said in a Facebook post last week that the state is "working hard to grow our automotive manufacturing industry," noting that the Toyota Blue Springs factory is "a success story known around the world."

The state provided nearly \$360 million in incentives under former Gov. Haley Barbour to attract Toyota.

Pending approvals and authorization by government agencies, the companies will begin to examine detailed plans for a new plant funded with equal capital contributions by both companies with an estimated production capacity of about 300,000 units annually and create up to 4,000 jobs at the start of production, targeted for 2021.

Toyota first must decide on a site for the plant. The company declined to comment on which states are in the running for the plant. The Wall Street Journal last week reported that Alabama, Florida, Illinois, Indiana, Iowa, Kentucky, Michigan, Mississippi, North Carolina, South Carolina and Texas are on the short list.

**The Wisconsin State Assembly on Thursday will consider a \$3 billion incentive package for a proposed liquid-crystal display factory by Taiwan's Foxconn, the first vote on the deal by a chamber of the state's Republican-controlled legislature.**

<http://www.reuters.com/article/us-foxconn-wisconsin-idUSKCN1AX101?il=0>

Foxconn, an electronics manufacturer formally known as Hon Hai Precision Industry Co Ltd, hopes to open a \$10 billion plant in 2020 at a 1,000-acre site in southeastern Wisconsin.

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**"Both sides stand to lose tremendously, economically speaking, should this boil over into an actual war," wrote Asia analysts Shailesh Kumar and Kelsey Broderick at consulting firm Eurasia Group.**

**In an editorial entitled "India must not flirt with disaster," published August 8, Chinese state news platform Xinhua said that India's involvement in the Doklam area was "an offense to China's sovereignty."**

<https://www.cnbc.com/2017/08/16/china-vs-india-border-confrontation-in-the-himalayas-gets-serious.html>

India has been uncomfortable with China's expansion in Asia. Price spoke of "India's vociferous objection to the Belt and Road initiative," China's infrastructure development program spanning across the continent and further around the globe.

Reuters reported Tuesday that Chinese and Indians troops were involved in a tussle in the western Himalayas. Sources in New Delhi told Reuters that Chinese soldiers attempted to enter Indian Territory in Ladakh, Jammu and Kashmir state.

But armed forces have been locked in a stand-off on their border further east since June of this year, on a plateau known as Donglang in China and Doklam in India. Both countries have amassed troops in the area following a disagreement over the Chinese building a road in territory disputed between itself and Indian ally Bhutan. For Gareth Price, senior research fellow on the Asia program at Chatham House, the dispute reflects how China and India posit themselves within the pecking order in Asia. "China (wants) to be primary hegemonic power," in the region, he said, but India challenges this and "wants to be treated as an equal."

**Energy Information Administration (EIA) data showed commercial U.S. crude stocks C-STK-T-EIA have fallen by almost 13 percent from their peaks in March to 466.5 million barrels. Stocks are now lower than in 2016.**

<http://www.reuters.com/article/us-global-oil-idUSKCN1AX03G?il=0>

But U.S. oil output is rising fast as shale producers take advantage of a recent increase in prices. U.S. production jumped by 79,000 barrels per day (bpd) to over 9.5 million bpd last week, its highest level since July 2015, and 12.75 percent above the most recent low in mid-2016. C-OUT-T-EIA

"The EIA data suggest the U.S. oil market is becoming more balanced, with crude inventories falling," said Tamas Varga, senior market analyst at London brokerage PVM Oil Associates.

"But the big jump in production was the focus."

Rising U.S. output has been undermining efforts by the Organization of the Petroleum Exporting Countries and non-OPEC producers including Russia to drain a global fuel glut.

They have promised to restrict output by a total of 1.8 million bpd between January this year and March 2018.

William O'Loughlin at Rivkin Securities said that if inventory declines continued at the current pace, U.S. stocks would fall below the five-year average in two months.

"The pace of the declines indicates that OPEC production cuts are having an effect, although the current oil price suggests that the market is sceptical about the longer-term prospects for rebalancing of the oil market," he added.

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## EQUITIES

The S&P is **-4** and the NASDAQ is **-18**.

Particulars for companies to make money (**low interest rates, positive growth and some wage inflation**) remain in place. I am dollar cost averaging into a mix of equities.

Currently 65% Equities, 20% Bonds and 15% Money Markets.

Earnings:

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

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

## UK/EUROPE

**In the UK the FTSE closed -0.33%.**

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 -0.28%.**

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

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

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

**Deposit Facility Rate -.40%**

**Next meeting 09/07/17**

## ASIA

### Japan:

**The TOPIX closed -0.07%.**

**The NIKKEI closed -0.14%.**

In Japan yields are mixed with the yield flatter.

**BOJ Basic Loan rate 0.30%**

**Next meeting 09/21/17**

### China:

**The Hang Seng closed -0.24%.**

**The Shanghai Composite closed +0.68%.**

### PBOC

**Deposit Rate: 1.50%**

**Lending Rate: 4.35%**

**Reserve Requirement Ratio: 17.00%**

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## THE TREND

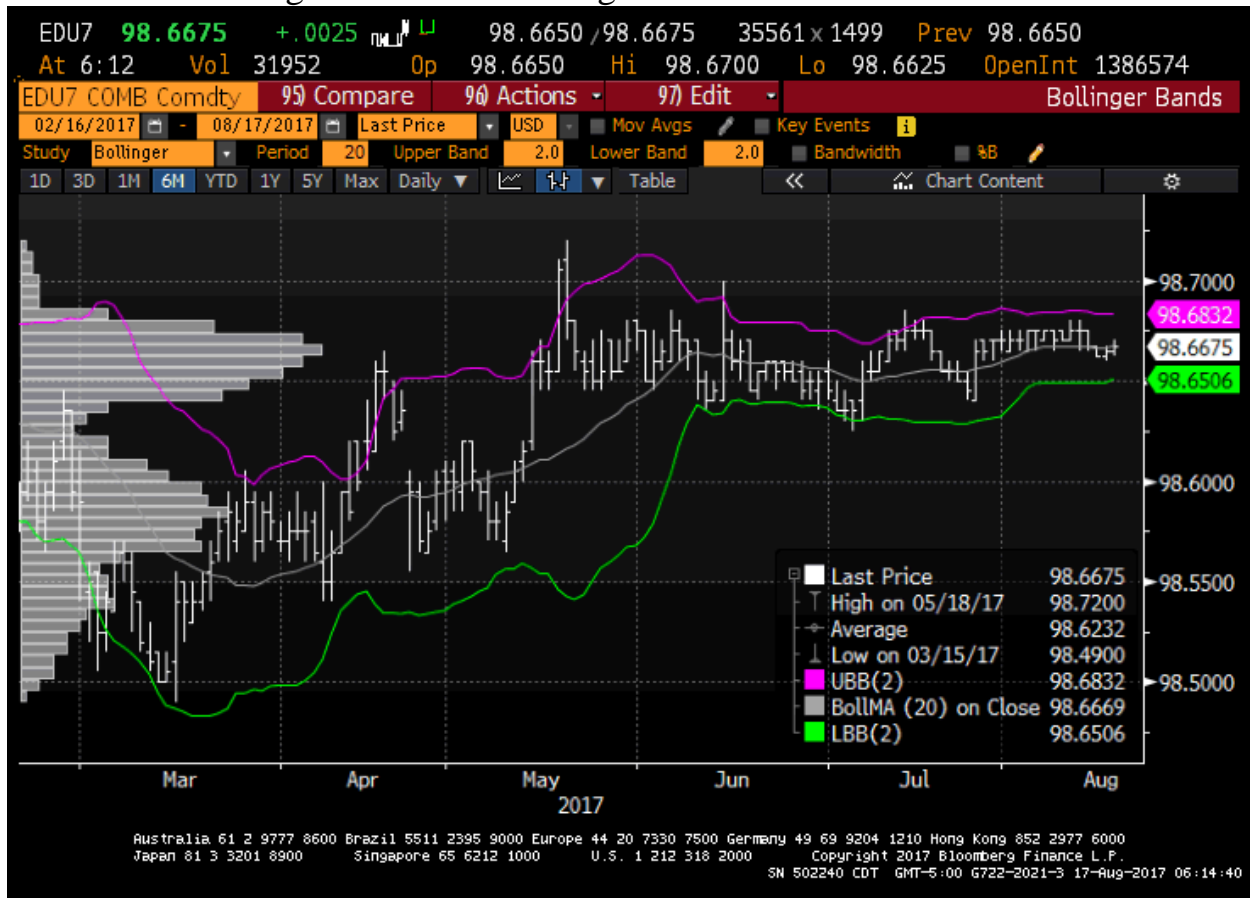
EDU7: 98-66.5 is the pivot. Below the pivot you should be short, above long. Support is at 98-66.5\* and 98-68.5\*\*.

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: 126-06.5 is the pivot point. Above you should be long, below short.**

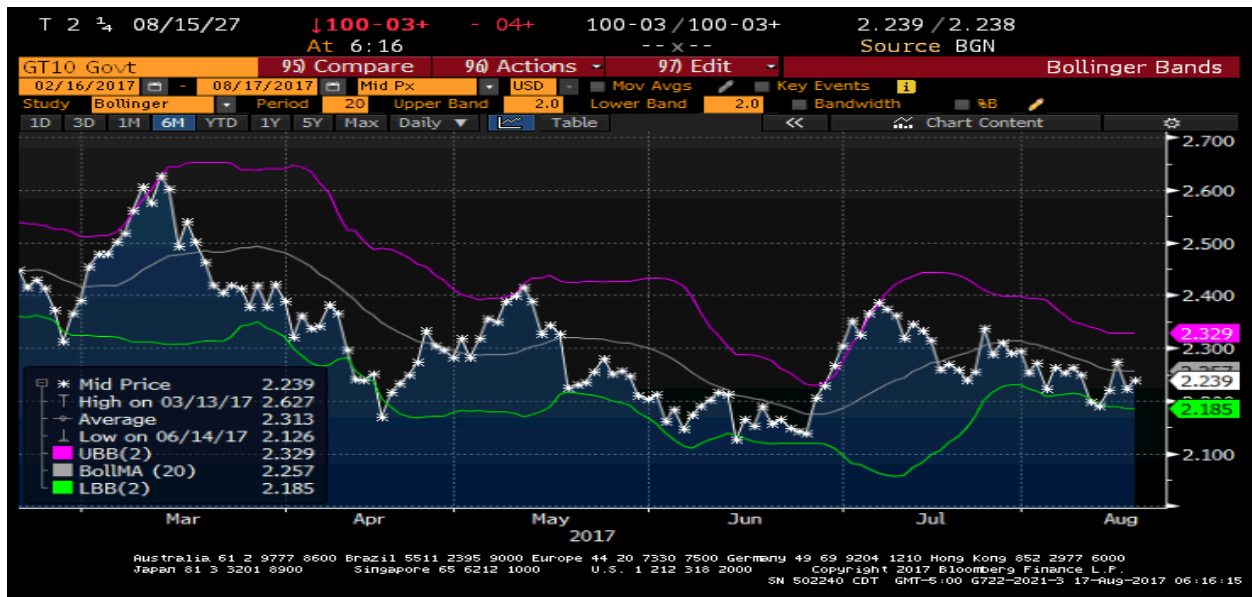
**Support is at 126-06.5, 125-20.5\*\***

**Resistance is at 126-24.5\*\***

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

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

**Current trend has you long from 126-08.0 (8/16/17).**

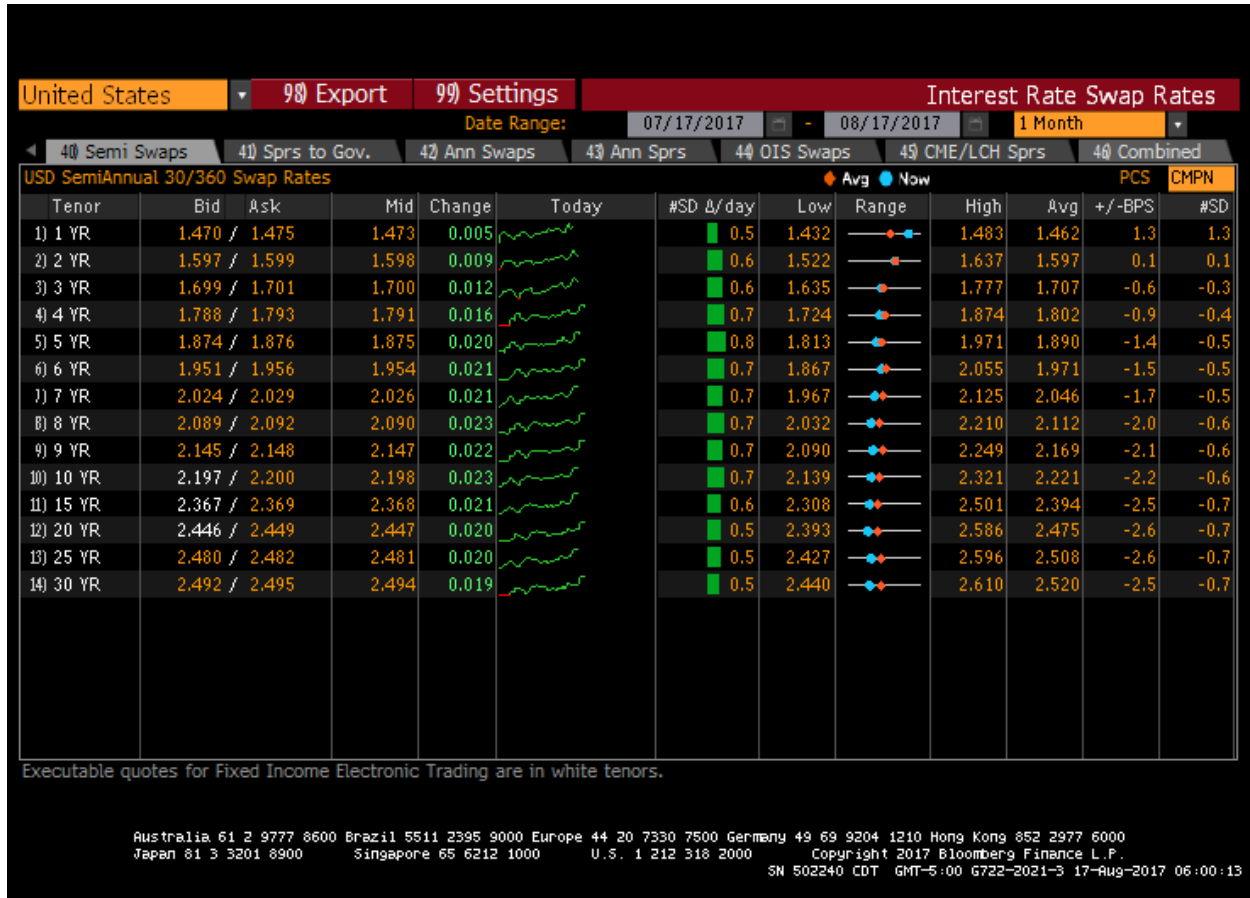


**YTD (2017) +56.5 futures ticks (\$31.25 per tick) or +1,765.63 per 1 contract traded.**

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

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# US-SWAPS IRSB <GO>



## The Option Lab

**Option Book 2017 YTD realized: -\$228.13 per 1 contract.**  
**Option Book 2016 YTD realized: +\$43.75 per 1 contract.**

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## The Fundamentals

### LABOR

#### Bureau of Labor and Statistics

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

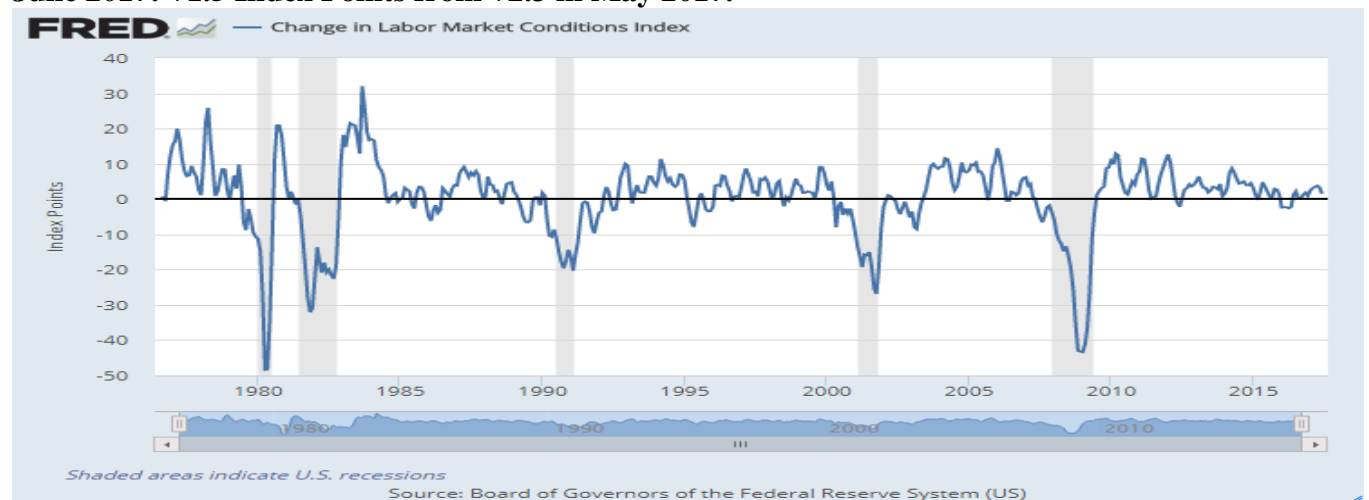
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

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

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

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

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



<https://research.stlouisfed.org/fred2/series/FRBLMCI>

#### St. Louis Fed Agriculture Finance Monitor 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 electricity<sup>1</sup> were generated at utility-scale facilities in the United States.<sup>2</sup> About 65% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases), about 20% was from nuclear energy, and about 15% was from renewable energy sources. The U.S. Energy Information Administration (EIA) estimates that an additional 19 billion kWh (or about 0.02 trillion kWh) of electricity generation was from small-scale solar photovoltaic systems in 2016.<sup>3</sup>

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

**Natural gas = 33.8%**

**Coal = 30.4%**

**Nuclear = 19.7%**

**Renewables (total) = 14.9%**

**Hydropower = 6.5%**

**Wind = 5.6%**

**Biomass = 1.5%**

**Solar = 0.9%**

**Geothermal = 0.4%**

**Petroleum = 0.6%**

**Other gases = 0.3%**

**Other nonrenewable sources = 0.3%**

**Pumped storage hydroelectricity = -0.2%<sup>4</sup>**

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

#### Renewable Fuels Association

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

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## TRANSPORTS

### **Association of American Railroads Rail Traffic Report.**

For the first 32 weeks of 2017, U.S. railroads reported cumulative volume of 8,260,255 carloads, up 5.1 percent from the same point last year; and 8,513,076 intermodal units, up 3.2 percent from last year. Total combined U.S. traffic for the first 32 weeks of 2017 was 16,773,331 carloads and intermodal units, an increase of 4.2 percent compared to last year.

North American rail volume for the week ending August 12, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 359,244 carloads, up 2 percent compared with the same week last year, and 363,979 intermodal units, up 7.1 percent compared with last year. Total combined weekly rail traffic in North America was 723,223 carloads and intermodal units, up 4.5 percent. North American rail volume for the first 32 weeks of 2017 was 22,206,631 carloads and intermodal units, up 5.4 percent compared with 2016.

Canadian railroads reported 74,885 carloads for the week, up 8 percent, and 70,969 intermodal units, up 14.6 percent compared with the same week in 2016. For the first 32 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 4,568,779 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 15,995 carloads for the week, up 4.5 percent compared with the same week last year, and 12,584 intermodal units, up 15 percent. Cumulative volume on Mexican railroads for the first 32 weeks of 2017 was 864,521 carloads and intermodal containers and trailers, essentially flat compared to the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-08-16-railtraffic.aspx>

### **Weekly Rail Traffic Report and Charts.**

For this week, total U.S. weekly rail traffic was 548,790 carloads and intermodal units, up 2.7 percent compared with the same week last year.

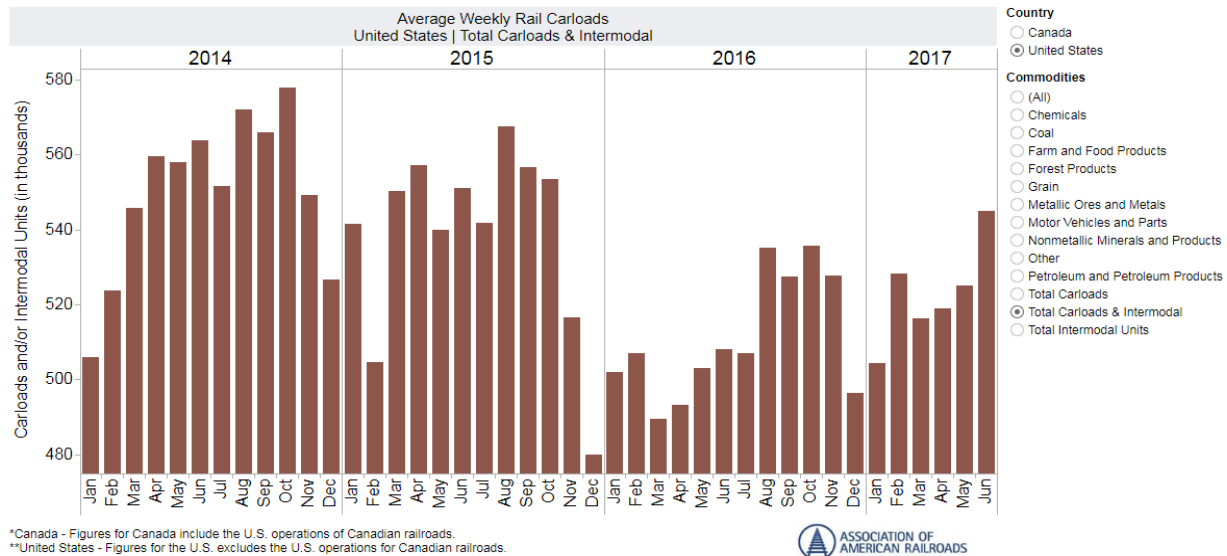
Total carloads for the week ending August 12 were 268,364 carloads, up 0.3 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 280,426 containers and trailers, up 5.1 percent compared to 2016.

Four of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included coal, up 5,689 carloads, to 94,593; nonmetallic minerals, up 3,779 carloads, to 40,794; and chemicals, up 1,169 carloads, to 31,621. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 6,161 carloads, to 19,080; petroleum and petroleum products, down 1,807 carloads, to 8,692; and motor vehicles and parts, down 1,277 carloads, to 16,166.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-08-16-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

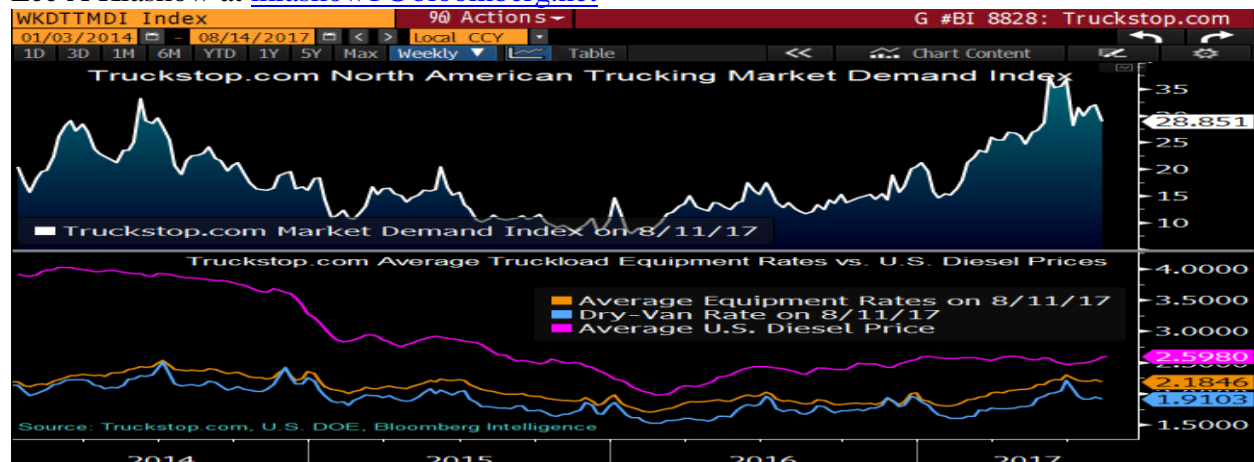
Truckstop.com Market Demand Index, Average Rates

(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:

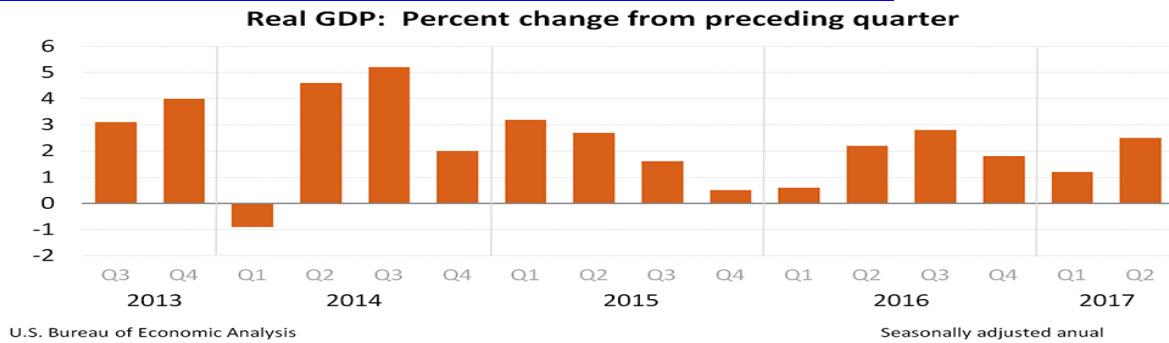
Lee A Klaskow at [klaskowl@bloomberg.net](mailto:klaskowl@bloomberg.net)



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

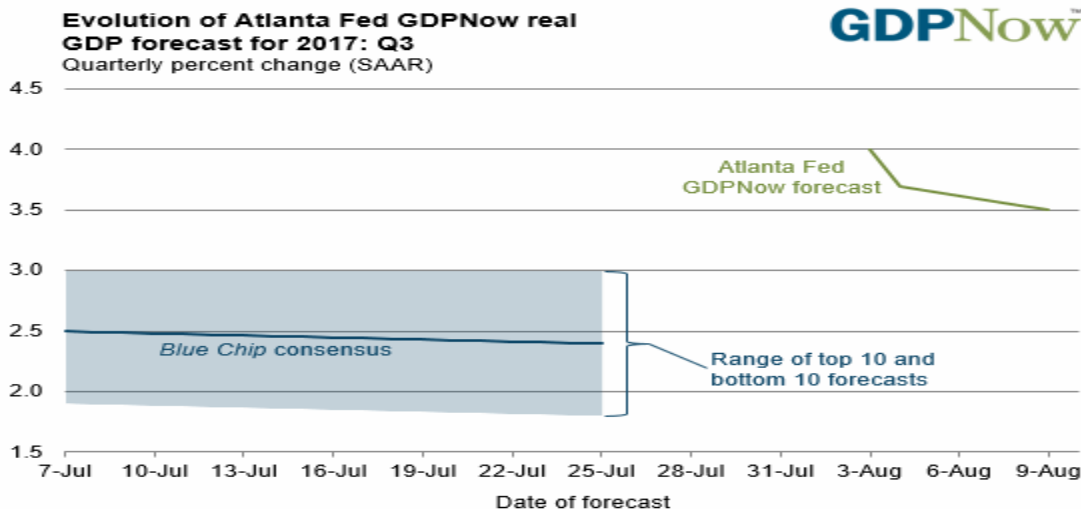
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>



### 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.



<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](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**

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

**THE LAST 12 MONTHS**

<b>Month</b>	<b>PMI®</b>		<b>Month</b>	<b>PMI®</b>
<b>Jul 2017</b>	<b>56.3</b>		<b>Jan 2017</b>	<b>56.0</b>
<b>Jun 2017</b>	<b>57.8</b>		<b>Dec 2016</b>	<b>54.5</b>
<b>May 2017</b>	<b>54.9</b>		<b>Nov 2016</b>	<b>53.5</b>
<b>Apr 2017</b>	<b>54.8</b>		<b>Oct 2016</b>	<b>52.0</b>
<b>Mar 2017</b>	<b>57.2</b>		<b>Sep 2016</b>	<b>51.7</b>
<b>Feb 2017</b>	<b>57.7</b>		<b>Aug 2016</b>	<b>49.4</b>
<b>Average for 2017 – 56.4 PMI®</b>				
<b>Average for 12 months – 54.7 PMI®</b>				
<b>High – 57.8</b>				
<b>Low – 49.4</b>				

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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/>

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The Constitution gives us four missions...

1. Establish Justice and Ensure Domestic Tranquility.
2. Provide for the Common Defense.
3. Promote the General welfare.
4. Secure the Blessings of Liberty to Ourselves and Our Posterity.

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

**US Foreign Assistance**

<http://foreignassistance.gov/>

**CBOT Non-Commercial Net Total – Futures Only**

<http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html>

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