



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

9 <GO> to Save as Default

1) Calendars 2) Alerts 3) Export 4) Settings Economic Calendars

United States Browse 05:49:48 08/25/17 - 09/01/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	08/25	07:30	+	0	0	Durable Goods Orders	Jul P	-6.0%	--	6.4%	--
22)	08/25	07:30	+	0	0	Durables Ex Transportation	Jul P	0.4%	--	0.1%	--
23)	08/25	07:30	+	0	0	Cap Goods Orders Nondef Ex Air	Jul P	0.4%	--	0.0%	--
24)	08/25	07:30	+	0	0	Cap Goods Ship Nondef Ex Air	Jul P	0.2%	--	0.1%	--
25)	08/28	07:30	+	0	0	Wholesale Inventories MoM	Jul P	0.3%	--	0.7%	--
26)	08/28	07:30	+	0	0	Advance Goods Trade Balance	Jul	-\$64.6b	--	-\$63.9b	-\$64.0b
27)	08/28	07:30	+	0	0	Retail Inventories MoM	Jul	--	--	0.6%	0.6%
28)	08/28	09:30	+	0	0	Dallas Fed Manf. Activity	Aug	--	--	16.8	--
29)	08/29	08:00	+	0	0	S&P CoreLogic CS 20-City MoM S	Jun	--	--	0.10%	--
30)	08/29	08:00	+	0	0	S&P CoreLogic CS 20-City YoY NS	Jun	--	--	5.69%	--
31)	08/29	08:00	+	0	0	S&P CoreLogic CS 20-City NSA In	Jun	--	--	198.97	--
32)	08/29	08:00	+	0	0	S&P CoreLogic CS US HPI YoY NS	Jun	--	--	5.58%	--
33)	08/29	08:00	+	0	0	S&P CoreLogic CS US HPI NSA In	Jun	--	--	190.61	--
34)	08/29	09:00	+	0	0	Conf. Board Consumer Confidenc	Aug	120.0	--	121.1	--
35)	08/29	09:00	+	0	0	Conf. Board Present Situation	Aug	--	--	147.8	--
36)	08/29	09:00	+	0	0	Conf. Board Expectations	Aug	--	--	103.3	--
37)	08/30	06:00	+	0	0	MBA Mortgage Applications	Aug 25	--	--	-0.5%	--
38)	08/30	07:15	+	0	0	ADP Employment Change	Aug	185k	--	178k	--
39)	08/30	07:30	+	0	0	GDP Annualized QoQ	2Q S	2.7%	--	2.6%	--

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 G946-4699-3 25-Aug-2017 05:49:48

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Fed Speak Calendar

(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
	United States	6) Browse		05:52:26		08/25/17		- 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)	08/25	09:00				Yellen speaks at Fed Conference in Jackson Hole, Wyoming					
22)	08/25	14:00				ECB President Mario Draghi speaks in Jackson Hole					
23)	08/24-08/26					Kansas City Fed hosts annual Jackson Hole Policy Symposium					
24)	08/30	08:15				Fed's Powell Speaks at Large-Bank Directors Conference					
25)	09/05	06:30				Fed's Brainard Speaks to The Economic Club of New York					
26)	09/05	12:10				Fed's Kashkari Holds Townhall Event in Minneapolis					
27)	09/05	18:00				Fed's Kaplan Speaks in Dallas					
28)	09/06	13:00				U.S. Federal Reserve Releases Beige Book					
29)	09/07	11:15				Fed's Mester Speaks on Economic Outlook and Monetary Policy					
30)	09/08	07:45				Fed's Harker Speaks on Consumer Finance in Philadelphia					
31)	09/20	13:00				FOMC Rate Decision (Upper Bo...	Sep 20	1.25%	--	1.25%	--
32)	09/20	13:00				FOMC Rate Decision (Lower Bo...	Sep 20	1.00%	--	1.00%	--
33)	09/26	08:30				Fed's Mester Moderates Session NABE					
34)	09/26	11:00				Fed Chair Janet Yellen Delivers Keynote at NABE Conference					
35)	09/26	11:30				Fed's Bostic Speaks to the Atlanta Press Club					

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4) Previous		3) Next		6) Send		9) Actions ▾		News: News Story			
08/24/2017 12:25:25 [BN]								Translate to...			
<ul style="list-style-type: none"> To see the when announced auction results click HERE 											
	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	08/28/2017	08/29/2017	08/31/2017	TBA		TBA	08/22/2017	\$30			
3-month	08/31/2017	08/28/2017	08/31/2017	912796ME6		\$39	08/21/2017	\$39			
6-month	08/31/2017	08/28/2017	08/31/2017	912796LN7		\$33	08/21/2017	\$33			
1-year	09/07/2017	09/12/2017	09/14/2017	TBA		TBA	08/15/2017	\$20			
Note Auctions											
2-year	09/21/2017	08/28/2017	08/31/2017	9128282T6		\$26	07/25/2017	\$26			
3-year	09/07/2017	09/11/2017	09/15/2017	TBA		TBA	08/08/2017	\$24			
5-year	09/21/2017	08/28/2017	08/31/2017	9128282S8		\$34	07/26/2017	\$34			
7-year	09/21/2017	08/29/2017	08/31/2017	9128282U3		\$28	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			

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TIPS Auctions								
5-yr TIPS	12/14/2017	12/21/2017	12/29/2017	TBA	R	TBA	08/24/2017	\$14
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	09/21/2017	09/27/2017	09/29/2017	TBA	R	TBA	08/23/2017	\$13
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	04/19/2017	\$.025

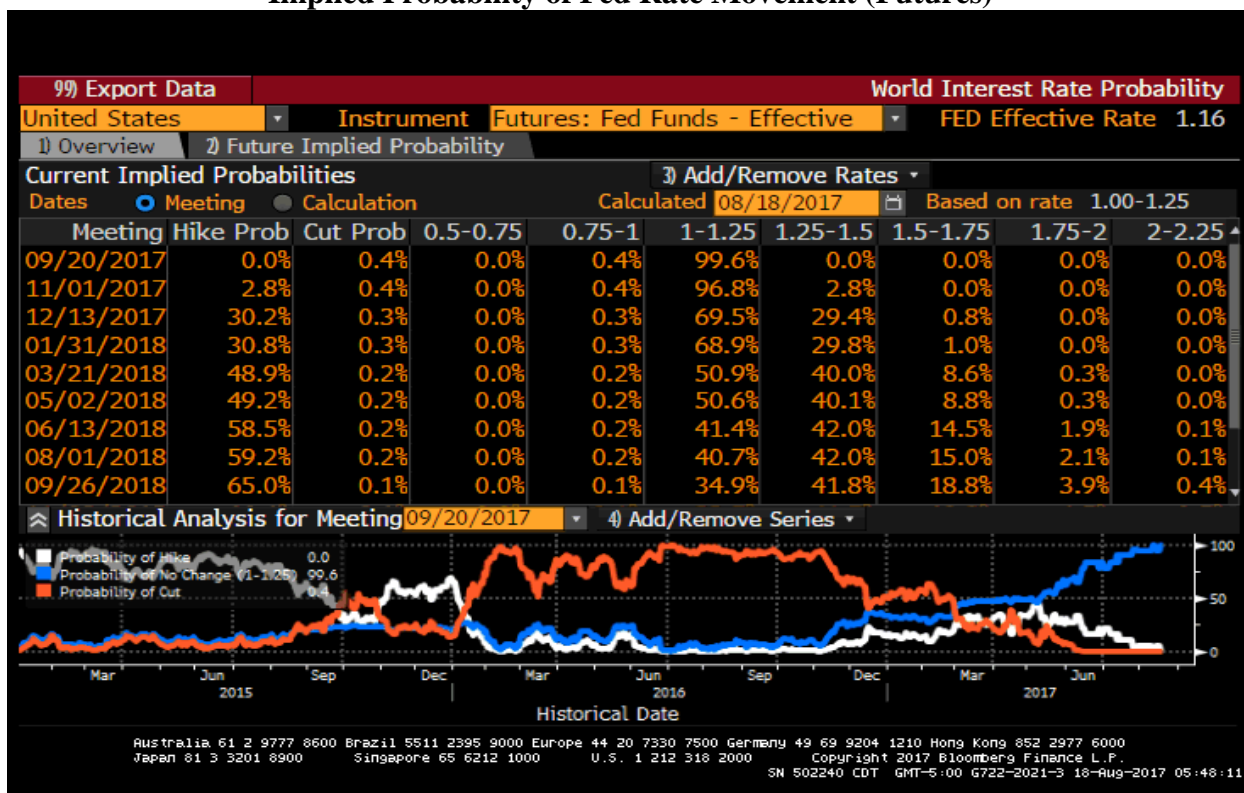
1-Month Libor Set	1.23556	+.00167	(98.76444)
3-Month Libor Set	1.31778	+.00056	(98.68212)
6-Month Libor Set	1.45500	+.00111	(98.54500)
1-Year Libor Set	1.72789	+.00445	(98.27211)

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/fomeprojtabl20170614.pdf>

Implied Probability of Fed Rate Movement (Futures)



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THEY SAID IT

“We are expecting catastrophic, life-threatening flooding in Southeastern Texas,” said Carl Erickson, a senior meteorologist for AccuWeather. “The weather goes downhill as the day goes on Friday.”

<https://www.bloomberg.com/news/articles/2017-08-25/harvey-strengthens-as-gasoline-surges-on-texas-refinery-threat>

Oil refiners in the Gulf Coast, home to as much as half of the nation’s refining capacity, began halting operations amid warnings of deadly floods and storm surges. If Harvey makes the forecast landfall as a Category 3 -- with winds of at least 111 miles an hour -- it’ll be the strongest storm to hit the U.S. since Wilma in 2005.

About [1 million barrels a day](#) of crude and condensate refining capacity in Texas has been shut down by companies including Valero Energy Corp., according to company statements, government releases and people familiar with the situation. About 10 percent of Gulf of Mexico oil production has also been shuttered.

Harvey may dump as much as 35 inches of rain on areas of Texas over the next week. The Federal Emergency Management Agency is sending staff and food and water supplies to the region.

Texas Governor Greg Abbott declared a state of disaster for 30 counties and evacuations have begun. A hurricane warning has been issued from Port Mansfield to Sargent, Texas. A storm surge of up to 12 feet (3.7 meters) may occur near the Padre Island National Seashore to Sargent. Storm surges account for close to half of all hurricane deaths.

Robert Heller, a former Federal Reserve governor from 1986-1989, said that, in his opinion, the 2 percent inflation target wasn’t entirely in line with the central bank’s Congressionally mandated goal of price stability.

Instead, the goal should be zero percent inflation, he said, but acknowledged the difficulty of hitting that target exactly.

<https://www.cnbc.com/2017/08/25/central-banks-pursuit-of-inflation-has-turned-sisyphean-and-some-are-calling-for-it-to-end.html>

"If the Fed and other central banks say they want 2 percent or less, that's fine with me. The closer to zero you get the better it is," he said.

Others didn't think getting rid of inflation targets would happen anytime soon.

"Almost all central banks have adopted it," said Shirai Sayuri, a professor at Keio University whose five-year term at as a Bank of Japan governor ended in 2016. "They worry if they change the framework, it'll have an impact on inflation expectations."

In Japan's case, "it's very difficult to achieve 2 percent for a while, but that doesn't mean they should abandon the 2 percent target," she said. "As a central bank, it's not a good idea to drop a target that they've already introduced," although the bank can extend the time frame for when it can be achieved.

But she added that the massive monetary easing programs, particularly in Japan's case, weren't sustainable and she was very concerned about market distortion.

At least one analyst was sticking with the importance of keeping an eye on the inflation ball.

"What we know from experience, both theory and historical experience, when inflation moves to extremes, either very low or very high, generally that ends up having a bad outcome on economic growth, on employment, on other indicators we care about," Manpreet Gill, head of

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fixed income, commodity and currency investment strategy at Standard Chartered Private Bank, told CNBC's "[Street Signs](#)" on Wednesday.

"We do need to care about it," he said.

While strategists and economists largely argue that the government is likely to avoid a shutdown, as the debt limit is a perennial issue, such a shutdown would cause a spike in the CBOE volatility index and depress the value of the yield on the 10-year Treasury note, according to Gina Sanchez, CEO of Chantico Global.

<https://www.cnbc.com/2017/08/24/debt-ceiling-drama-could-cause-serious-volatility-ahead.html>

Her working assumption is that Congress will, in fact, raise the debt limit in time to avoid defaulting, Sanchez said Thursday on CNBC's "Trading Nation." However, she added, "If recent Washington drama is the new normal, then we might see heightened volatility in early October." Such market volatility would likely be short-lived, as much of it has been this year.

Most shutdowns "don't last long and equities rarely see a large sell-off," wrote Ryan Detrick, senior market strategist at LPL Financial in a report on Thursday.

According to his analysis, the longest shutdown since 1976 lasted 21 days, between late 1995 and early 1996, and the S&P 500's return was 0.1 percent.

As U.S. trade representatives sit down with their Canadian and Mexican counterparts to renegotiate Nafta, fruit and vegetable farmers in the Southeast have emerged as a staunch component of the anti-free-trade movement. That's put them at odds with much of the U.S. agriculture industry, which has long been one of the biggest advocates—and beneficiaries—of Nafta. Since 1994, the year the agreement went into effect, exports of staple crops such as corn, soybeans, and wheat have more than quadrupled.

<https://www.bloomberg.com/news/articles/2017-08-25/why-florida-farmers-want-to-kill-nafta>

Outside the U.S. Grain Belt in the Midwest, Nafta has harmed U.S. fruit and vegetable farmers, who've struggled to maintain market share in the face of cheaper Mexican produce. Florida, where crops can be harvested in the dead of winter, has emerged as the epicenter of anti-Nafta sentiment in U.S. agriculture. Located farther south than California, which is the main U.S. source of fresh produce, Florida made year-round fruits and vegetables possible in U.S. grocery stores. "There were times of the year when Florida vegetables fed the whole nation," says Reggie Brown, executive vice president of the Florida Tomato Exchange, a grower group. "Everyone else has a frost. We can still produce."

Increasingly, though, the fruits and vegetables Americans buy come from Mexico, not Florida. While annual U.S. tomato consumption has risen 61 percent since 1994, to 6.9 billion pounds, domestic production has fallen 11 percent, to 3.2 billion pounds, according to government data. Meanwhile, Mexican tomato imports have quadrupled, to 3.57 billion pounds, and strawberry imports have risen sixfold, to 568 million pounds. This has led to a rash of fruit and vegetable farm bankruptcies across Florida.

Mexico's lower labor costs are a major concern for a producer such as Reeder; he, unlike an Illinois corn farmer who can harvest thousands of acres alone with his tractor, needs 500 fieldworkers to pick 600 acres of tomatoes by hand. Says Brown: "I understand that people will say if Mexico can grow it cheaper, let them produce it. But there are small towns depending on this, and as an American, that is my first and foremost concern."

The U.S. commercial real estate market could soon find out what happens when the government of the world's largest country tightens the spigot on overseas investments from

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its citizens. Last week, the State Council of the People's Republic of China officially announced measures to curb outbound investment - a move Chinese officials had been hinting at all year.

<http://www.costar.com/News/Article/Chinese-Govt-Moves-to-Stem-Flow-of-Funds-to-Overseas-CRE-Investments/193615>

Prominently listed on the restricted list of the new investment guidelines are real estate, hotels, casinos, entertainment, sport clubs, outdated industries and projects in countries with no diplomatic relations with China, as well as "chaotic regions" and nations that should be limited by bilateral and multilateral treaties concluded by China.

In addition, China said it would direct overseas investment to support the framework of its 2013 "Belt and Road Initiative." More specifically, China said it would encourage domestic investors to put their money into eligible projects in Southeast Asia, Pakistan and Central Asia, and beyond to the Middle East, Europe and Africa. The State Council said it would encourage companies to invest up to \$1 trillion in that initiative, with the goal of strengthening China's trade links in those regions, which has surged this year.

U.S. authorities on Thursday accused a Chinese national visiting the United States of providing malware that has been linked to the theft of security clearance records of millions of American government employees.

<https://www.cnbc.com/2017/08/24/chinese-national-arrested-in-los-angeles-on-us-hacking-charge.html>

Yu Pingan of Shanghai was arrested on Monday at Los Angeles International Airport after a federal criminal complaint accused him of conspiring with others wielding malicious software known as Sakula, a Justice Department spokesman said on Thursday.

The complaint said the group attacked a series of unnamed U.S. companies using Sakula, the same rare program involved in U.S. Office of Personnel Management (OPM) hacks detected in 2014 and 2015. The filing did not mention the OPM hacks.

The arrest could provide information on the OPM hacks which U.S. officials have blamed on the Chinese government.

Honolulu became the seventh metropolitan area added to the list of markets targeted by the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) aimed at cracking down on money laundering through high-end U.S. residential real estate.

FinCEN first required the filings, known as Geographic Targeting Orders (GTOs), in January 2016 from U.S. title insurance companies who have to report beneficial ownership information on legal entities, including shell companies, used to purchase certain luxury residential real estate in Manhattan and Miami-specifically, luxury residential property purchased by a shell company without a bank loan and made at least in part using a cashier's check or similar instrument.

<http://www.costar.com/News/Article/Feds-Expand-FinCEN-Order-Targeting-Money-Laundering-in-High-End-Real-Estate/193617>

In July 2016 and February 2017, FinCEN reissued the original GTOs and extended coverage to all boroughs of New York City, two additional counties in the Miami metropolitan area, five counties in California (including Los Angeles, San Francisco, and San Diego), and the Texas county that includes San Antonio.

It also includes a range of different purchase methods covered by the new rule. These include fund transfers, money orders, personal and business checks, and more. Previously, the rule only

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required title insurers to seek a declaration of beneficial ownership from companies buying properties in cash.

As of May 2, 2017, over 30% of the real estate transactions reported under the GTOs involved individuals previously connected to a wide array of suspicious activities. Included among what FinCEN has been able to identify were the following examples.

London, Stockholm and Singapore charge motorists to use the most congested streets. Now Governor Andrew Cuomo is risking his political capital on a pitch to do the same in New York City.

<https://www.bloomberg.com/news/articles/2017-08-25/cuomo-bets-on-nyc-traffic-fee-plan-as-transit-system-crumbles>

The transportation issue is crucial to the city's future: The city's deteriorating subway system, its economic lifeblood and the busiest in the U.S., needs an immediate multibillion-dollar fix.

The hitch is that Cuomo is up for re-election next year and may run for president in 2020. So-called congestion pricing could offer a solution for a city needing to reduce clogged streets and pollution, and increase revenue for transit. Yet in London, where inner-city traffic decreased 40 percent over 12 years, the program is now seen largely as outdated. But as New Yorkers endure mounting subway delays and train breakdowns, Cuomo says it's time to start charging motorists to enter Manhattan's most crowded streets.

"If the governor stands behind congestion pricing as strong as he has for other initiatives, it has a good chance of being enacted," said Maria Doulis, vice president of the Citizens Budget Commission, a business-funded fiscal research group. "City taxpayers already pay a large share of MTA funding support. It's time for motorists to contribute more."

New York's subway system serves about 5.7 million riders a day along 665 miles of track. A series of derailments and track fires, power outages and malfunctions of its 80-year-old signal system have occurred this summer. It's been a steady deterioration of service, with delays more than doubling in the past five years.

"Until now, everything has been transparent," said Johannes Paeffgen, head of energy trading at Next Kraftwerke GmbH in Cologne. "An Austrian customer with a hydro power plant knew which price he would get. But now we can't simply point to one price on a website anymore."

<https://www.bloomberg.com/news/articles/2017-08-24/new-kid-on-europe-s-power-block-turning-into-giant-killer>

For 15 years, futures based on Germany and Austria's shared electricity market have dominated power trading and anchored wholesale energy rates across Europe. With the joint price area due to end next year, a successor is emerging.

The German-Austrian power futures contract, born out of the liberalization of Europe's electricity markets in the 1990s, is based on a measure of average hourly prices known as the Physical Electricity Index, or Phelix. Germany sought the split in order to reduce the cost of keeping grids balanced and to end Austria's unbounded access to cheap electricity from its wind and solar plants.

EEX started to offer contracts for Germany in April, followed by those for Austria two months later. While German-only trading makes up only a fraction of this month's volume for electricity deliverable next year, the portion increases to more than 80 percent of the German-Austrian futures expiring in 2019. For 2020, trading in the German contracts has overtaken that for the benchmark this month, data on the Leipzig, Germany-based exchange show.

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EQUITIES

The S&P is +6 and the NASDAQ is +20.

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 +0.39%.

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 +0.29%.

The DAX Index closed +0.35%.

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 +0.30%.

The NIKKEI closed +0.51%.

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 +1.20%.

The Shanghai Composite closed +1.83%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

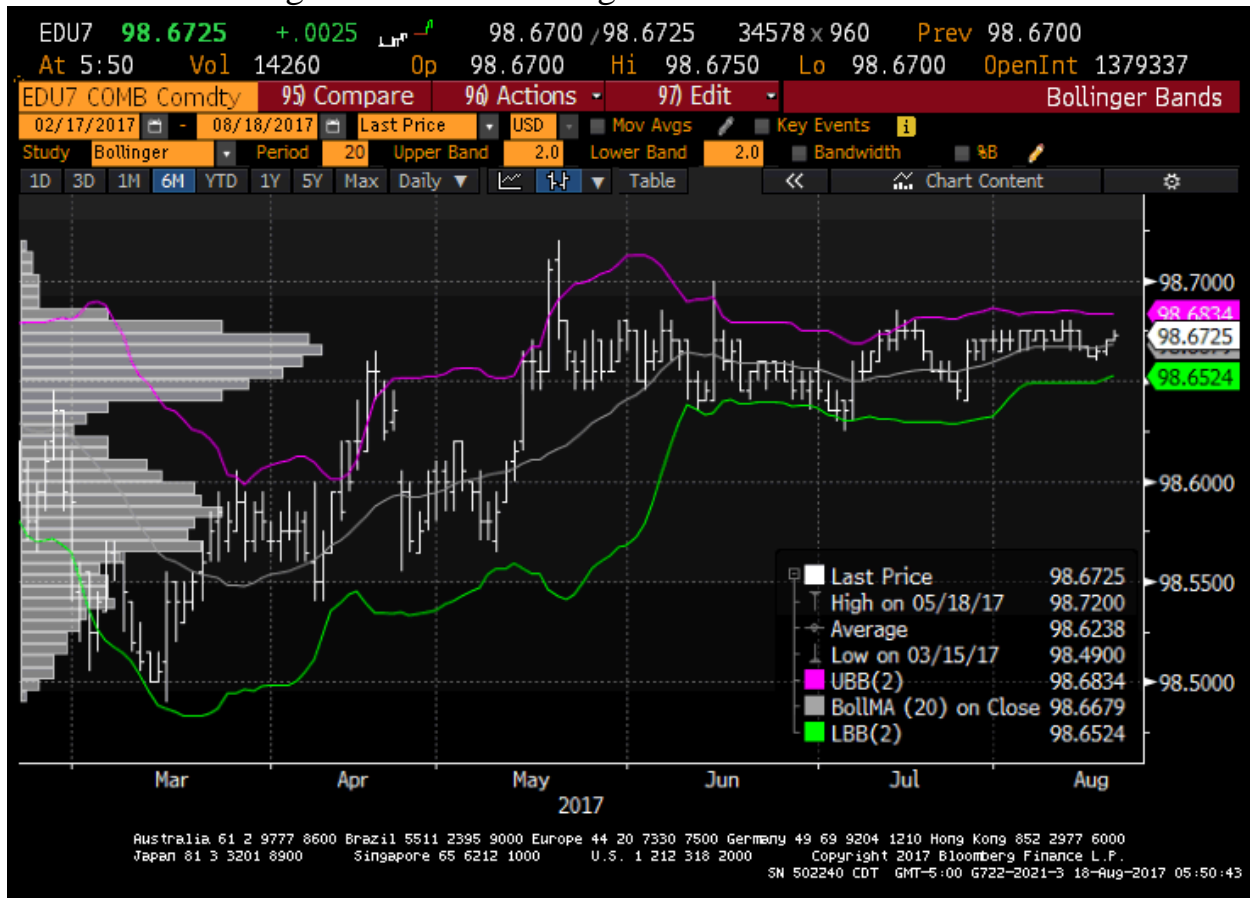
EDU7: 98-67.0 is the pivot. Below the pivot you should be short, above long. Support is at 98-67.0* and 98-68.0**.

Resistance is at 98-66.5*.

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

** 2-STD Deviations from the pivot point.

Trend that had you long from 98.59 (5/2/17) has rolled over but, I have elected to over-ride all sell signals and remain long.



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

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10yr/TYU7: 126-14.5 is the pivot point. Above you should be long, below short.

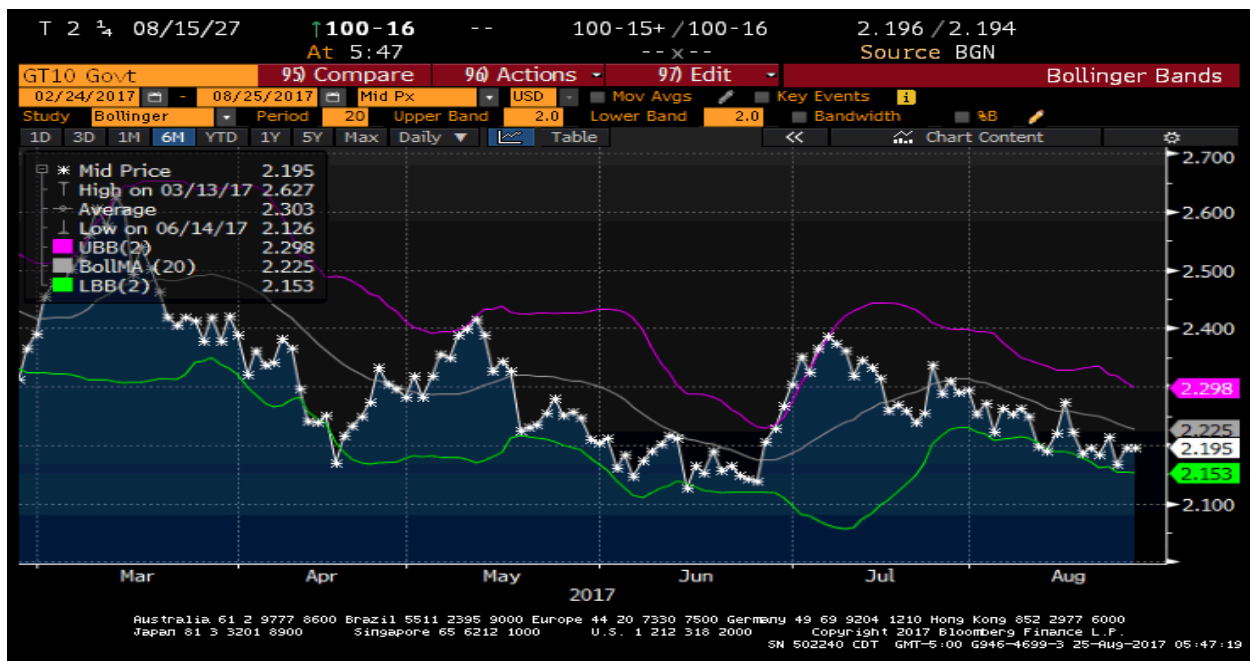
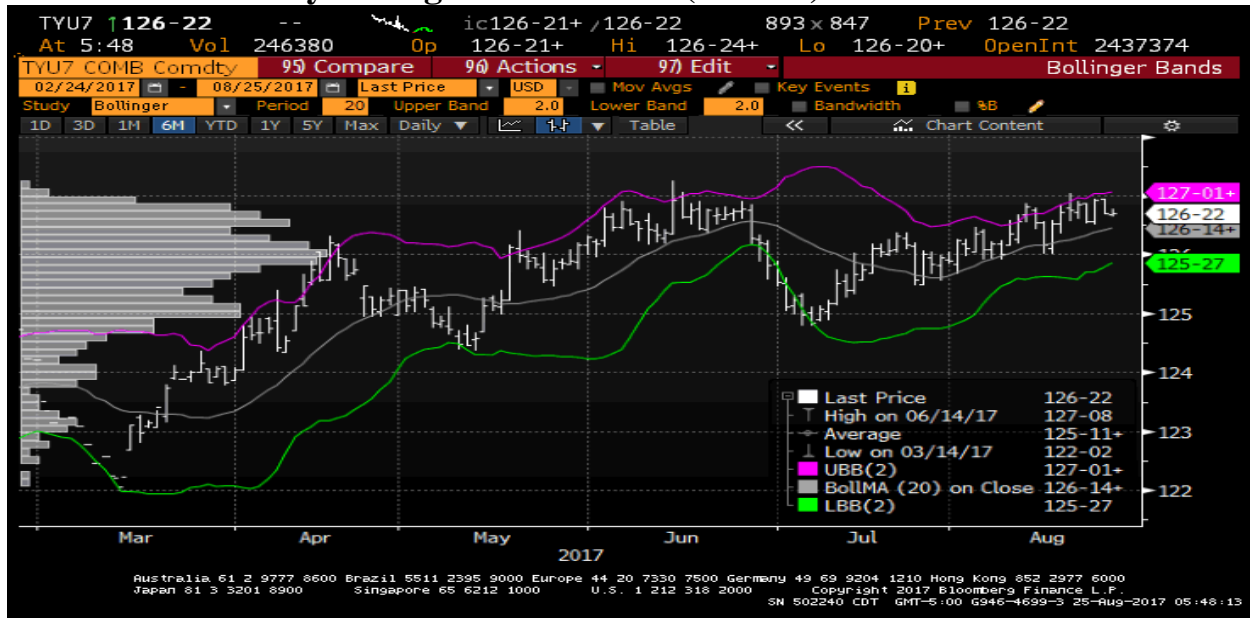
Support is at 126-14.5, 125-27.0**

Resistance is at 127-01.5**

*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).

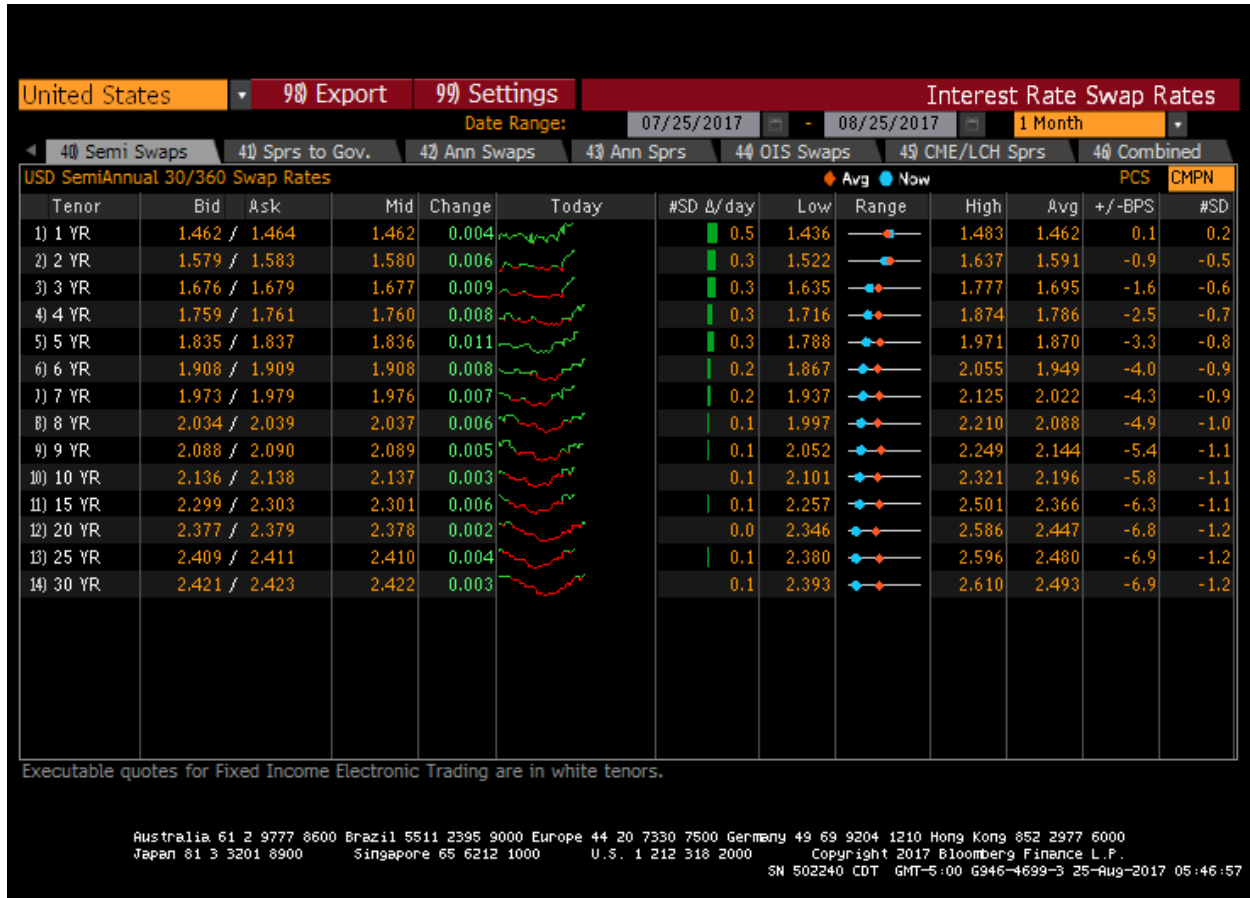


YTD (2017) +56.5 futures ticks (\$31.25 per tick) or +1,765.63 per 1 contract traded.

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/>

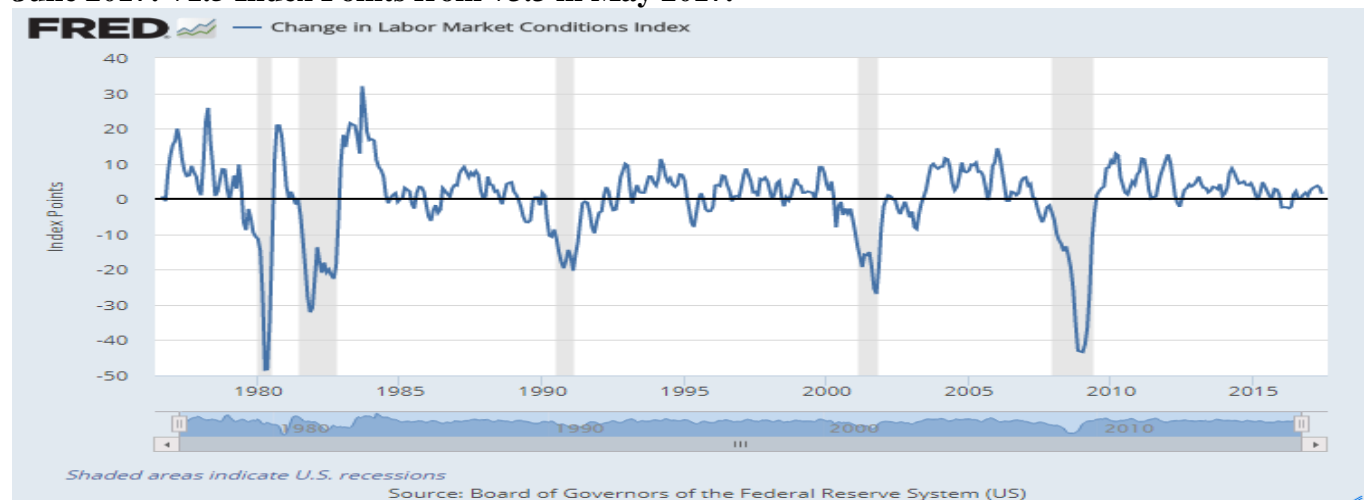
CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Labor Department (Weekly Unemployment Claims).

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

St. Louis Fed Labor Market Conditions Index

June 2017: +1.5 Index Points from +3.3 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 33 weeks of 2017, U.S. railroads reported cumulative volume of 8,531,930 carloads, up 5 percent from the same point last year; and 8,795,422 intermodal units, up 3.4 percent from last year. Total combined U.S. traffic for the first 33 weeks of 2017 was 17,327,352 carloads and intermodal units, an increase of 4.2 percent compared to last year.

North American rail volume for the week ending August 19, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 365,373 carloads, up 2.6 percent compared with the same week last year, and 366,508 intermodal units, up 9.2 percent compared with last year. Total combined weekly rail traffic in North America was 731,881 carloads and intermodal units, up 5.8 percent. North American rail volume for the first 33 weeks of 2017 was 22,938,512 carloads and intermodal units, up 5.4 percent compared with 2016.

Canadian railroads reported 78,029 carloads for the week, up 10.3 percent, and 71,726 intermodal units, up 14.1 percent compared with the same week in 2016. For the first 33 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 4,718,534 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 15,669 carloads for the week, down 0.8 percent compared with the same week last year, and 12,436 intermodal units, up 6.3 percent. Cumulative volume on Mexican railroads for the first 33 weeks of 2017 was 892,626 carloads and intermodal containers and trailers, remaining essentially flat compared to the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-08-23-railtraffic.aspx>

Weekly Rail Traffic Report and Charts.

For this week, total U.S. weekly rail traffic was 554,021 carloads and intermodal units, up 4.4 percent compared with the same week last year.

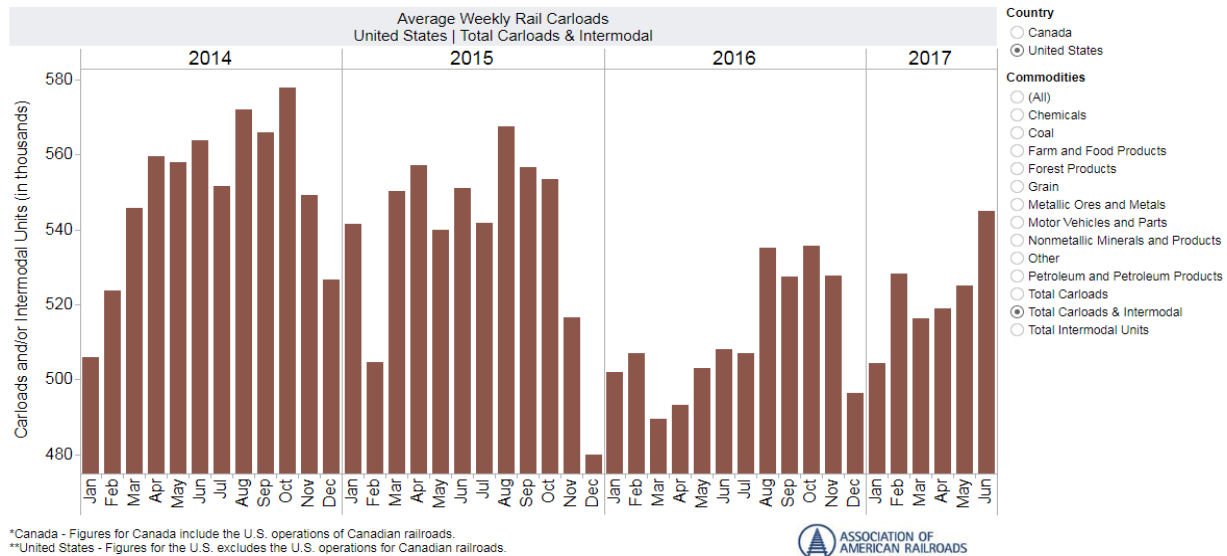
Total carloads for the week ending August 19 were 271,675 carloads, up 0.8 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 282,346 containers and trailers, up 8.2 percent compared to 2016.

Five of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included coal, up 8,391 carloads, to 97,873; nonmetallic minerals, up 3,220 carloads, to 40,109; and metallic ores and metals, up 2,173 carloads, to 23,580. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 7,031 carloads, to 17,913; motor vehicles and parts, down 2,346 carloads, to 16,626; and petroleum and petroleum products, down 1,575 carloads, to 9,357.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-08-23-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) – 08/21/17

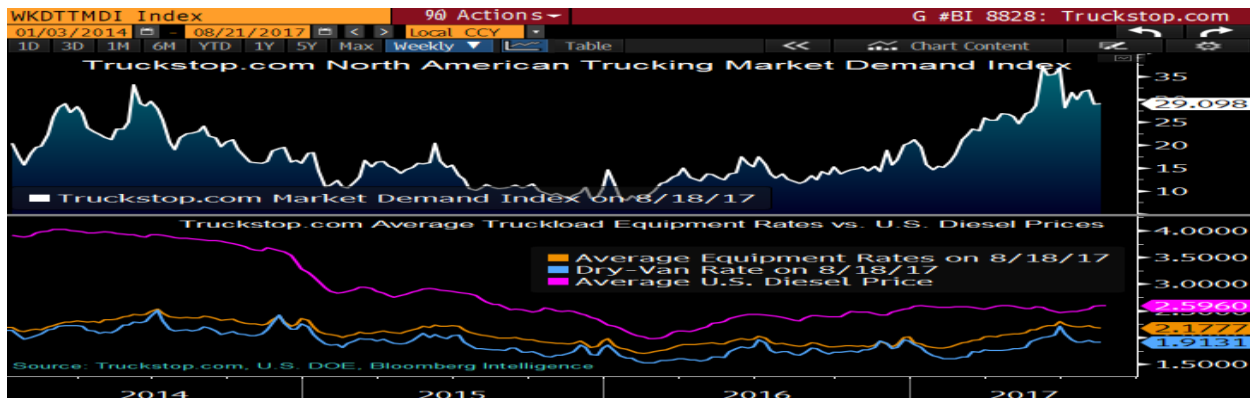
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) -- Relative North American spot trucking demand rose 0.9% sequentially to 29.1 in the week ended Aug. 18, as measured by Truckstop.com's Market Demand Index. Capacity tightened as the decline in available trucks (down 2.4%) outpaced the drop in available loads (down 1.6%). Average spot rates inched 0.3% lower, despite higher fuel surcharges, which rose for the seventh straight week. Traffic congestion and load restrictions surrounding the the solar eclipse will likely put upward pressure on pricing in the coming week.

The Market Demand Index has climbed 104% 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. (08/21/17)

To contact the analyst for this research:

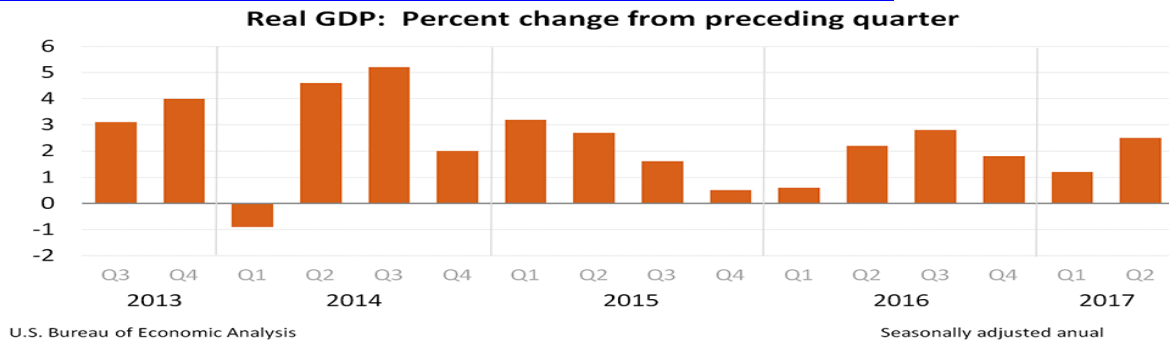
Lee A Klaskow at klaskow1@bloomberg.net



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

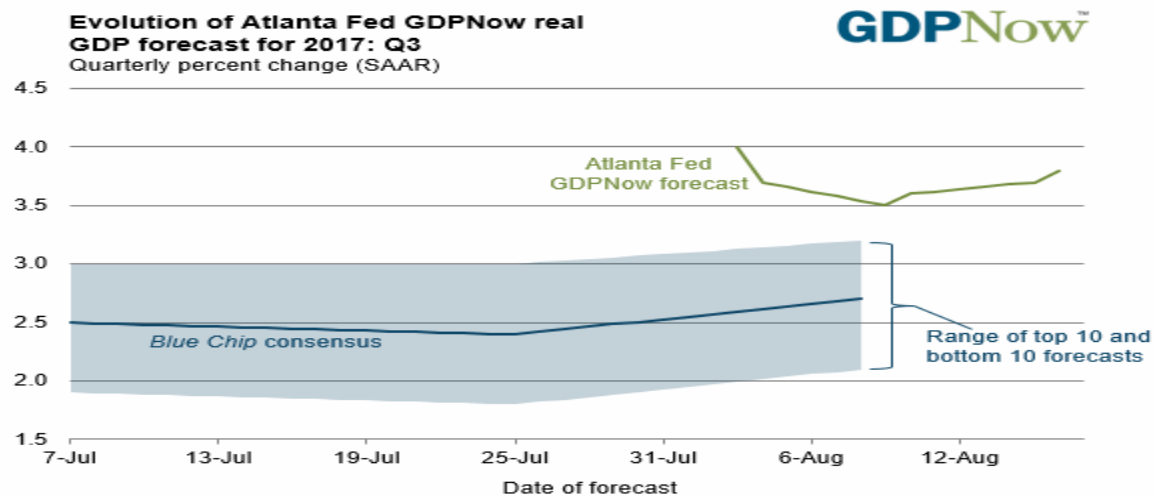
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>



GDP (3Q running around 3.16% as of August 17, up from 3.02 on August 11.

Atlanta Fed GDPNowcast Latest forecast...August 16, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is **3.8 percent** on August 16, up from 3.7 percent on August 15. The forecast of third-quarter real residential investment growth increased from -0.5 percent to 3.7 percent after this morning's new residential construction report from the U.S. Census Bureau.



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

New York Fed Nowcast...Q3 stands at 2.1%...August 18, 2017

https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0818.pdf?la=en

St. Louis Fed Real GDP Nowcast... Q3 2017: 3.68%...August 17, 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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