



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 11:17:09 09/21/17 - 09/26/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/21	07:30	40			Initial Jobless Claims	Sep 16	300k	--	284k	--
22)	09/21	07:30				Continuing Claims	Sep 9	1975k	--	1944k	--
23)	09/21	07:30	40			Philadelphia Fed Business Outlook	Sep	17.1	--	18.9	--
24)	09/21	08:00	40			FHFA House Price Index MoM	Jul	0.4%	--	0.1%	--
25)	09/21	08:45	40			Bloomberg Consumer Comfort	Sep 17	--	--	51.9	--
26)	09/21	08:45	40			Bloomberg Economic Expectations	Sep	--	--	54.0	--
27)	09/21	09:00	40			Leading Index	Aug	0.3%	--	0.3%	--
28)	09/21	11:00				Household Change in Net Worth	2Q	--	--	\$2347b	--
29)	09/22	08:45	40			Markit US Manufacturing PMI	Sep P	53.0	--	52.8	--
30)	09/22	08:45	40			Markit US Services PMI	Sep P	55.7	--	56.0	--
31)	09/22	08:45	40			Markit US Composite PMI	Sep P	--	--	55.3	--
32)	09/25	07:30	40			Chicago Fed Nat Activity Index	Aug	--	--	-0.01	--
33)	09/25	09:30	40			Dallas Fed Manf. Activity	Sep	13.0	--	17.0	--
34)	09/26	08:00				S&P CoreLogic CS 20-City MoM SA	Jul	--	--	0.11%	--
35)	09/26	08:00				S&P CoreLogic CS 20-City YoY NSA	Jul	--	--	5.65%	--
36)	09/26	08:00				S&P CoreLogic CS 20-City NSA Index	Jul	--	--	200.54	--
37)	09/26	08:00				S&P CoreLogic CS US HPI YoY NSA	Jul	--	--	5.77%	--
38)	09/26	08:00				S&P CoreLogic CS US HPI NSA Index	Jul	--	--	192.60	--
39)	09/26	09:00	40			New Home Sales	Aug	600k	--	571k	--

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 G660-5103-3 20-Sep-2017 11:17:09

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Fed Speak Calendar

(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars	
	United States	Browse		15:44:42		09/21/17		- 09/30/17	
Central Banks		All Central Banks		View		Agenda		Weekly	
Date	Time	A	M	R	Event				
21)	09/22 05:00				Fed's Williams Speaks to Media at Swiss National Bank Event				
22)	09/22 08:30				Fed's George Speaks at Dallas/Kansas City Fed Oil Conference				
23)	09/22 12:30				Fed's Kaplan Speaks at Dallas/Kansas City Fed Oil Conference				
24)	09/25 07:30				Fed's Dudley Speaks on Workforce Development				
25)	09/25 11:40				Fed's Evans Speaks on Economy and Monetary Policy				
26)	09/25 17:30				Fed's Kashkari Speaks at Townhall in Grand Forks, North Dakota				
27)	09/26 08:30				Fed's Mester Moderates Session NABE				
28)	09/26 11:00				Fed Chair Janet Yellen Delivers Keynote at NABE Conference				
29)	09/26 11:30				Fed's Bostic Speaks to the Atlanta Press Club				
30)	09/27 12:30				Fed's Bullard Speaks on Economy and Monetary Policy				
31)	09/27 18:00				Fed's Rosengren to Speak to Money Marketeers in New York				
32)	09/28 08:45				Fed's George Speaks on Economy and Monetary Policy				
33)	09/29 10:00				Fed's Harker Speaks at Fintech Event on Consumers and Banking				

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4) Previous		3) Next		66) Send		98) Actions ▾		News: News Story	
09/19/2017 12:47:57 [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	09/08/2017	\$20		
4-week	09/25/2017	09/26/2017	09/28/2017	TBA	TBA	09/19/2017	\$35		
3-month	09/21/2017	09/25/2017	09/28/2017	912796MJ5	TBA	09/18/2017	\$42		
6-month	09/21/2017	09/25/2017	09/28/2017	912796LS6	TBA	09/18/2017	\$36		
1-year	10/05/2017	10/10/2017	10/12/2017	TBA	TBA	09/12/2017	\$20		
Note Auctions									
2-year	09/21/2017	09/26/2017	10/02/2017	9128282X7	TBA	08/28/2017	\$26		
3-year	10/05/2017	10/11/2017	10/16/2017	TBA	TBA	09/11/2017	\$24		
5-year	09/21/2017	09/27/2017	10/02/2017	9128282W9	TBA	08/28/2017	\$34		
7-year	09/21/2017	09/28/2017	10/02/2017	9128282Y5	TBA	08/29/2017	\$28		
10-year	10/05/2017	10/11/2017	10/16/2017	TBA	R TBA	09/12/2017	\$20		
Bond Auctions									
30-year	10/05/2017	10/12/2017	10/16/2017	TBA	R TBA	09/13/2017	\$12		

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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	04/19/2017	\$.025

1-Month Libor Set	1.23722	+.00166	(98.76278)
3-Month Libor Set	1.32833	+.00527	(98.67167)
6-Month Libor Set	1.49100	+.01100	(98.50900)
1-Year Libor Set	1.76761	+.02028	(98.23239)

Median Federal Reserve Projections

For release at 2:00 p.m., EDT, September 20, 2017

Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, September 2017
Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Variable	Median ¹					Central tendency ²					Range ³				
	2017	2018	2019	2020	Longer run	2017	2018	2019	2020	Longer run	2017	2018	2019	2020	Longer run
Change in real GDP	2.4	2.1	2.0	1.8	1.8	2.2-2.5	2.0-2.3	1.7-2.1	1.6-2.0	1.8-2.0	2.2-2.7	1.7-2.6	1.4-2.3	1.4-2.0	1.5-2.2
June projection	2.2	2.1	1.9	n.a.	1.8	2.1-2.2	1.8-2.2	1.8-2.0	n.a.	1.8-2.0	2.0-2.5	1.7-2.3	1.4-2.3	n.a.	1.5-2.2
Unemployment rate	4.3	4.1	4.1	4.2	4.6	4.2-4.3	4.0-4.2	3.9-4.4	4.0-4.5	4.5-4.8	4.2-4.5	3.9-4.5	3.8-4.5	3.8-4.8	4.4-5.0
June projection	4.3	4.2	4.2	n.a.	4.6	4.2-4.3	4.0-4.3	4.1-4.4	n.a.	4.5-4.8	4.1-4.5	3.9-4.5	3.8-4.5	n.a.	4.5-5.0
PCE inflation	1.6	1.9	2.0	2.0	2.0	1.5-1.6	1.8-2.0	2.0	2.0-2.1	2.0	1.5-1.7	1.7-2.0	1.8-2.2	1.9-2.2	2.0
June projection	1.6	2.0	2.0	n.a.	2.0	1.6-1.7	1.8-2.0	2.0-2.1	n.a.	2.0	1.5-1.8	1.7-2.1	1.8-2.2	n.a.	2.0
Core PCE inflation ⁴	1.5	1.9	2.0	2.0		1.5-1.6	1.8-2.0	2.0	2.0-2.1		1.4-1.7	1.7-2.0	1.8-2.2	1.9-2.2	
June projection	1.7	2.0	2.0	n.a.		1.6-1.7	1.8-2.0	2.0-2.1	n.a.		1.6-1.8	1.7-2.1	1.8-2.2	n.a.	
Memo: Projected appropriate policy path															
Federal funds rate	1.4	2.1	2.7	2.9	2.8	1.1-1.4	1.9-2.4	2.4-3.1	2.5-3.5	2.5-3.0	1.1-1.6	1.1-2.6	1.1-3.4	1.1-3.9	2.3-3.5
June projection	1.4	2.1	2.9	n.a.	3.0	1.1-1.6	1.9-2.6	2.6-3.1	n.a.	2.8-3.0	1.1-1.6	1.1-3.1	1.1-4.1	n.a.	2.5-3.5

Notes: Projections of change in real gross domestic product (GDP) and projections for both measures of inflation are percent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The projections for the federal funds rate are the value of the midpoint of the projected appropriate target range for the federal funds rate or the projected appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. The June projections were made in conjunction with the meeting of the Federal Open Market Committee on June 13-14, 2017. One participant did not submit longer-run projections for the change in real GDP, the unemployment rate, or the federal funds rate in conjunction with the June 13-14, 2017, meeting, and one participant did not submit such projections in conjunction with the September 19-20, 2017, meeting.

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.

2. The central tendency excludes the three highest and three lowest projections for each variable in each year.

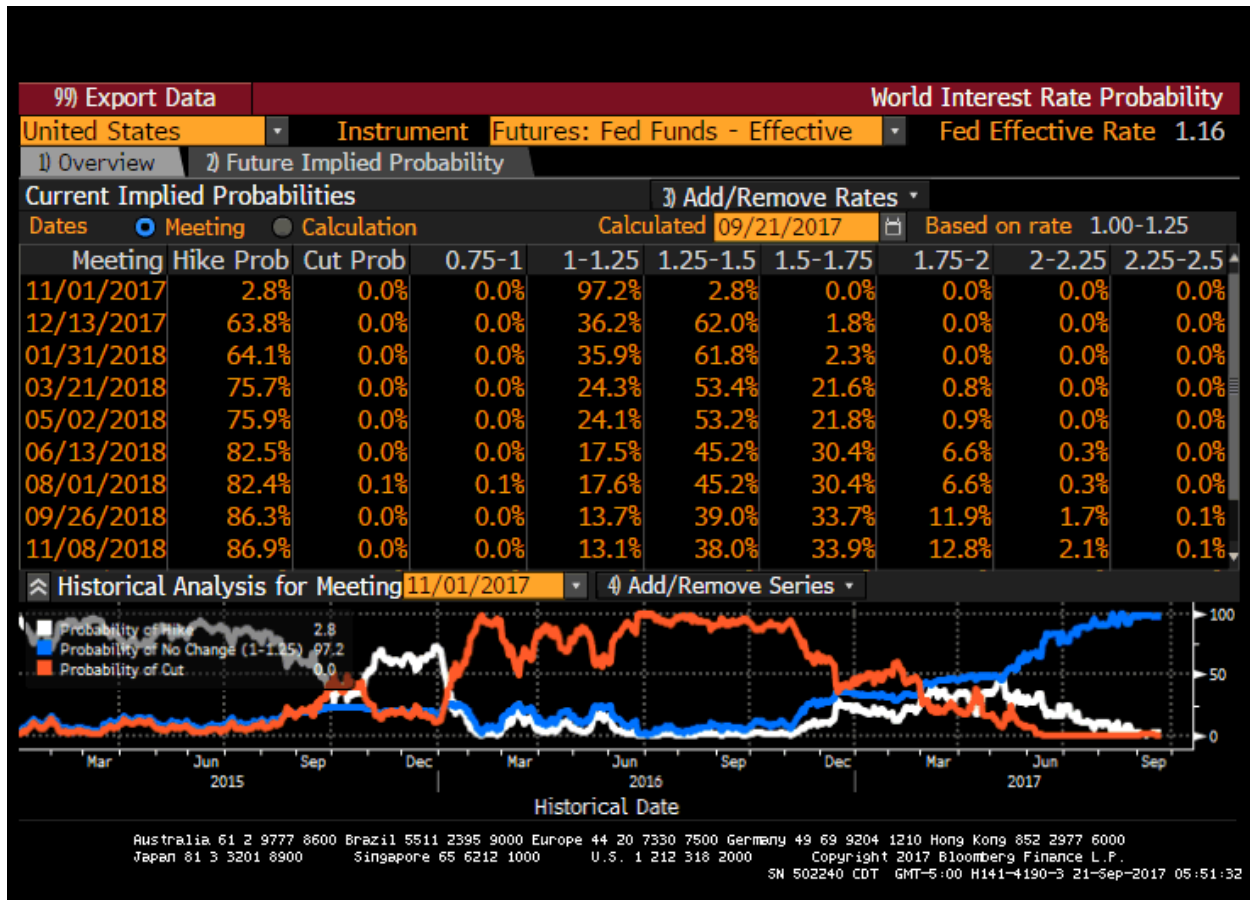
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.

4. Longer-run projections for core PCE inflation are not collected.

<http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20170920.pdf>

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Implied Probability of Fed Rate Movement (Futures)



THEY SAID IT

“China’s prolonged period of strong credit growth has increased its economic and financial risks,” S&P said. “Although this credit growth had contributed to strong real gross domestic product growth and higher asset prices, we believe it has also diminished financial stability to some extent.”

<https://www.bloomberg.com/news/articles/2017-09-21/s-p-lowers-china-s-rating-to-a-from-aa-says-outlook-stable>

S&P Global Ratings cut China’s sovereign credit rating for the first time since 1999, citing the risks from soaring debt, and revised its outlook to stable from negative.

The sovereign rating was cut by one step, to A+ from AA-, the company said in a [statement](#) late Thursday. The analysts also [lowered](#) their rating on three foreign banks that primarily operate in China, saying HSBC China, Hang Seng China and DBS Bank China Ltd. would be unlikely to avoid default should the nation default on its sovereign debt.

"It's bad optics for China, especially when they're out there from a policy and rhetorical standpoint talking about debt more and acknowledging their debt challenge," said Andrew Polk, co-founder of research firm Trivium China in Beijing. "It may feel like potentially the international community is piling on and that will be frustrating."

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"This hack illustrates that protecting against hackers isn't as easy as the government sometimes expects of companies," said Bradley Bondi, a former SEC enforcement attorney now in private practice. "Everyone is vulnerable at any time."

<https://www.bloomberg.com/news/articles/2017-09-21/sec-says-hack-of-edgar-may-have-led-to-illicit-trading-profits>

The SEC's disclosure comes just two weeks after credit-reporting company Equifax Inc. said it had been a victim of a hack that may have led to the theft of personal data on 143 million Americans. With the public and lawmakers still reeling from Equifax's breach, the SEC intrusion is almost certain to trigger additional questions over whether the U.S. government can do more to protect data.

The Social Security number is a "chief means" of identifying and gathering information about an individual, according to website of the [Social Security Administration](#). Among others, it is used in the opening of a bank account, application for loans and filing of tax returns.

The wide usage in both government and private sectors, and the ease of using it to access highly-sensitive accounts, has made hacking systems such as credit reporting agencies more appealing, experts told CNBC.

<https://www.cnbc.com/2017/09/21/equifax-data-breach-why-the-united-states-was-wide-open.html>

"I think people should focus on not just why the breach happened and Equifax's behavior, but why the consequences of a breach like this are so bad," said Joel Brenner, former inspector general of the National Security Agency.

"Why is it that it's so easy to steal people's identity based on the kind of information that's been stolen? I think we should begin to look at that end of it, we might do more than simply focus on cyber insecurity," he added.

Equifax said the exposed data include names, birth dates, Social Security numbers, addresses and some driver's license numbers. It also said that 209,000 credit card numbers were obtained, in addition to "certain dispute documents with personal identifying information for approximately 182,000 U.S. consumers."

While the company's security lapses have made it a low-hanging fruit for hackers, those incidents — and Equifax's [subsequent handling of them](#) — showed that consumers are at the losing end given the way the U.S. credit reporting system is structured, noted Chi Chi Wu, a staff attorney at the [National Consumer Law Center](#).

"It's an odd system that has developed in the USA for judging creditworthiness. We have three private companies that trade in, and profit from, vast amounts of highly sensitive information about American consumers. These companies are publicly traded, so their highest goal is to make money for their investors," she told CNBC in an email.

"And American consumers have no choice. Our information is included whether we want it or not. Plus, consumers are not the customers (but) our information is the commodity of the credit bureaus," she added.

The Norwegian island of Finnoey has the highest density of electric cars in the world. The reason? They are exempt from the \$6,000-a-year toll charges for the tunnel to the mainland.

There has been a surge in sales of fully electric cars like Teslas and Nissan Leafs since the tunnel opened in 2009 and they now account for one in five cars on Finnoey, compared

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with less than 1 in 100 globally.

<http://www.reuters.com/article/us-autos-electric-analysis/road-to-electric-car-paradise-paved-with-handouts-idUSKCN1BW1AN?il=0>

Twenty-nine percent of all new car registrations in Norway were fully electric or plug-in hybrids last year, according to the International Energy Agency, far ahead of the Netherlands in second on 6.4 percent and Sweden in third on 3.4. China had almost 1.5 percent and the United States less than one.

State subsidies support sales of electric cars around the world, and Norway has the most electric cars per capita thanks to the most generous handouts.

It offers nationwide tax breaks for users of electric cars that can be worth tens of thousands of dollars, plus various local incentives like exemptions from road tolls and parking fees.

“Economic incentives work, especially if they are very, very, very strong as in Finnoey,” said former Norwegian central bank governor Svein Gjedrem, who grew up on the western island chain of 3,250 people which is famous for its fish farms and tomatoes.

A reliance on state handouts complicates efforts in nations like Britain and France to phase out combustion engines in favor of battery-powered vehicles, which are far costlier, have limited ranges and often have long charging times.

As people in other wealthy countries fretted in the 1990s and 2000s over what falling birthrates would mean for economic growth and retirement-program finances, the U.S. seemed to have far less to worry about. Fertility here remained at or near the [replacement rate](#) of 2.1 births per woman over her lifetime, and the country's long-honed ability to attract immigrants and quickly integrate them into the workforce provided a further economic boost.

Times have changed. Immigration has been a contentious topic lately, and [illegal immigration has gone into reverse since 2007](#). Still, legal immigrants are still arriving and contributing to population growth.

<https://www.bloomberg.com/view/articles/2017-09-20/the-consequences-of-the-u-s-baby-bust>

The decline since 2008 is new enough that experts are still [debating whether it's a blip or a trend](#). Maybe it is another of those millennial quirks -- like putting off buying a car or moving to the suburbs -- that will normalize as the economy continues to improve. The sharpest birthrate declines have been [among teenagers](#), which seems like a positive development. Also, one could argue that population growth and economic growth are not so great anyway and we'd be better off with a [steady-state economy](#).

I am going to stick with the conventional assumptions, though, that [economic growth is helpful](#) in resolving societal conflicts, paying for social insurance programs, and generally making people's lives better, and that population growth is a major driver of economic growth. In that case, the fact that U.S. births have fallen below the replacement rate is significant even if we cannot be sure they'll stay so low, and worthy of more attention and consideration than it has gotten so far.

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The venue for May's speech is discouraging, because the message she most needs to send is not to Italy or Europe but to her fellow U.K. citizens, and above all to her own party. Three main things need to come through loud and clear.

<https://www.bloomberg.com/view/articles/2017-09-21/may-s-message-should-be-to-britain-not-europe>

First: Britain will not quibble over exit payments. This is a trivial matter, she ought to say, not one of pride or principle. Liabilities will be paid in good part. The details should be sent for independent arbitration, allowing the talks to move on.

Second: A [transitional deal](#) will be needed, because the long-term partnership can't be negotiated in the time remaining. Moreover, this pact will essentially freeze the existing arrangements, except that the U.K. will no longer have a vote in EU affairs. This is the price, she should say, that Britain understands it must pay for an orderly departure.

Third: Britain wants the closest possible future partnership with the EU, subject only to remaining an independent sovereign nation, and is ready for the give-and-take that will require. It is not expecting to dictate or demand.

Resistance to all three of these essential elements is most intense in her own party. If it isn't already too late, she needs to confront that resistance -- right now, and head-on.

Russia said on Thursday it had warned the United States it would target areas in Syria where U.S. special forces and U.S.-backed militia were operating if its own forces came under fire from them, something it said had already happened twice.

<http://www.reuters.com/article/us-mideast-crisis-syria-russia/russia-warns-u-s-it-will-target-u-s-backed-fighters-in-syria-if-provoked-idUSKCN1BW14U>

Russia was referring to the Syrian Democratic Forces (SDF), an alliance of Kurdish and Arab militias fighting with the U.S.-led coalition, which Moscow said had diverted from the battle to take Raqqa to Deir al-Zor, where Russian special forces are helping the Syrian army push out Islamic State militants.

"If he was thinking he could scare us with the sound of a dog barking, that's really a dog dream," Ri Yong Ho, North Korean Foreign minister, told reporters near the UN headquarters in New York.

In Korean, a "dog dream" is one that typically refers to something absurd or unrealistic.
<https://www.cnn.com/2017/09/21/north-korea-says-trumps-speech-to-un-akin-to-sound-of-a-barking-dog.html>

Trump responded with:

The path of the righteous man is beset on all sides by the inequities of the selfish and the tyranny of evil men. Blessed is he, who in the name of charity and good will, shepherds the weak through the valley of darkness, for he is truly his brother's keeper and the finder of lost children. And I will strike down upon thee with great vengeance and furious anger those who would attempt to poison and destroy my brothers. And you will know my name is the Lord when I lay my vengeance upon thee! (Just Kidding)

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EQUITIES

The S&P is **-1** and the NASDAQ is **-3**.

Particulars for companies to make money (**low interest rates, 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 +0.01%.

In the UK, the yield curve is flatter with yields higher.

BOE Rate +0.25%.

Next meeting 11/02/17

On the European Continent

The CAC Index closed +0.55%.

The DAX Index closed +0.34%.

On the Continent, the yield curve is steeper with yields higher.

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -0.40%

Next meeting 10/26/17

ASIA

Japan:

The TOPIX closed +0.05%.

The NIKKEI closed +0.18%.

In Japan, the yield curve is flatter with yields mixed.

BOJ Basic Loan rate 0.30%

Next meeting 09/21/17

China:

The Hang Seng closed -0.06%.

The Shanghai Composite closed -0.24%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDZ7: 98-57.0 is the pivot. Below the pivot you should be short, above long. Support is at 98-50.5**.

Resistance is at 98.57.0 and 98-63.5*.

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

** 2-STD Deviations from the pivot point.

Trend has us short from 98.550 (9/14/17).



YTD +8.0 futures ticks (\$25 per tick) or +\$200.00 per one contract traded.

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10yr/TYZ7: 126-20.5 is the pivot point. Above you should be long, below short.

Support is at 125-18.5**

Resistance is at 126-20.5 and 127-22.5**

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

** 2-STD Deviations from the pivot point

Current trend has you short from 126-21.5 (9/12/17).



YTD (2017) +80.0 futures ticks (\$31.25 per tick) or +2500.00 per one contract traded.

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

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US-SWAPS IRSB <GO>

Screen saved as C:\Users\rchierici\Desktop\GIF\US swaps.gif

United Kingdom 98 Export 99 Settings Interest Rate Swap Rates

Date Range: 08/21/2017 - 09/21/2017 1 Month

40 Swap Rates 41 Swap Spr 42 SONIA OIS 43 Combined

GBP Swap Rates

Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg +/-BPS	PCS	CMPN
1) 1 YR	0.632 / 0.641	0.636	0.011			0.2	0.000	0.659	0.511	12.9	1.9		
2) 18 MO	0.721 / 0.756	0.738	0.016			0.2	0.480	0.756	0.582	17.4	1.9		
3) 2 YR	0.812 / 0.817	0.814	0.017			0.2	0.515	0.817	0.619	19.8	1.9		
4) 3 YR	0.933 / 0.940	0.937	0.022			0.2	0.586	0.960	0.710	23.0	1.9		
5) 4 YR	1.023 / 1.030	1.025	0.020			0.2	0.653	1.030	0.789	24.1	1.9		
6) 5 YR	1.106 / 1.107	1.106	0.016			0.1	0.720	1.163	0.874	23.4	1.8		
7) 6 YR	1.177 / 1.180	1.178	0.045			0.4	0.788	1.185	0.942	23.8	1.9		
8) 7 YR	1.243 / 1.247	1.244	0.053			0.4	0.851	1.255	1.015	23.2	2.0		
9) 8 YR	1.305 / 1.308	1.305	0.049			0.4	0.911	1.319	1.078	22.9	2.0		
10) 9 YR	1.362 / 1.367	1.365	0.053			0.5	0.967	1.378	1.141	22.6	2.0		
11) 10 YR	1.416 / 1.419	1.417	0.023			0.2	1.034	1.452	1.203	21.6	1.9		
12) 12 YR	1.507 / 1.509	1.508	0.022			0.2	1.130	1.529	1.305	20.4	1.9		
13) 15 YR	1.595 / 1.599	1.597	0.019			0.2	1.237	1.621	1.409	19.0	1.9		
14) 20 YR	1.662 / 1.662	1.659	0.010			0.1	1.252	1.686	1.488	17.4	1.9		
15) 25 YR	1.668 / 1.668	1.665	-0.003			0.0	1.328	1.689	1.495	17.3	1.8		
16) 30 YR	1.653 / 1.658	1.655	-0.001			0.0	1.321	1.686	1.500	15.8	1.7		

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 H141-4190-3 21-Sep-2017 05:52:56

The Option Lab

Option Book 2017 YTD realized: **-\$228.13** per one contract.

Option Book 2016 YTD realized: **+\$43.75** per one contract.

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The Fundamentals

LABOR

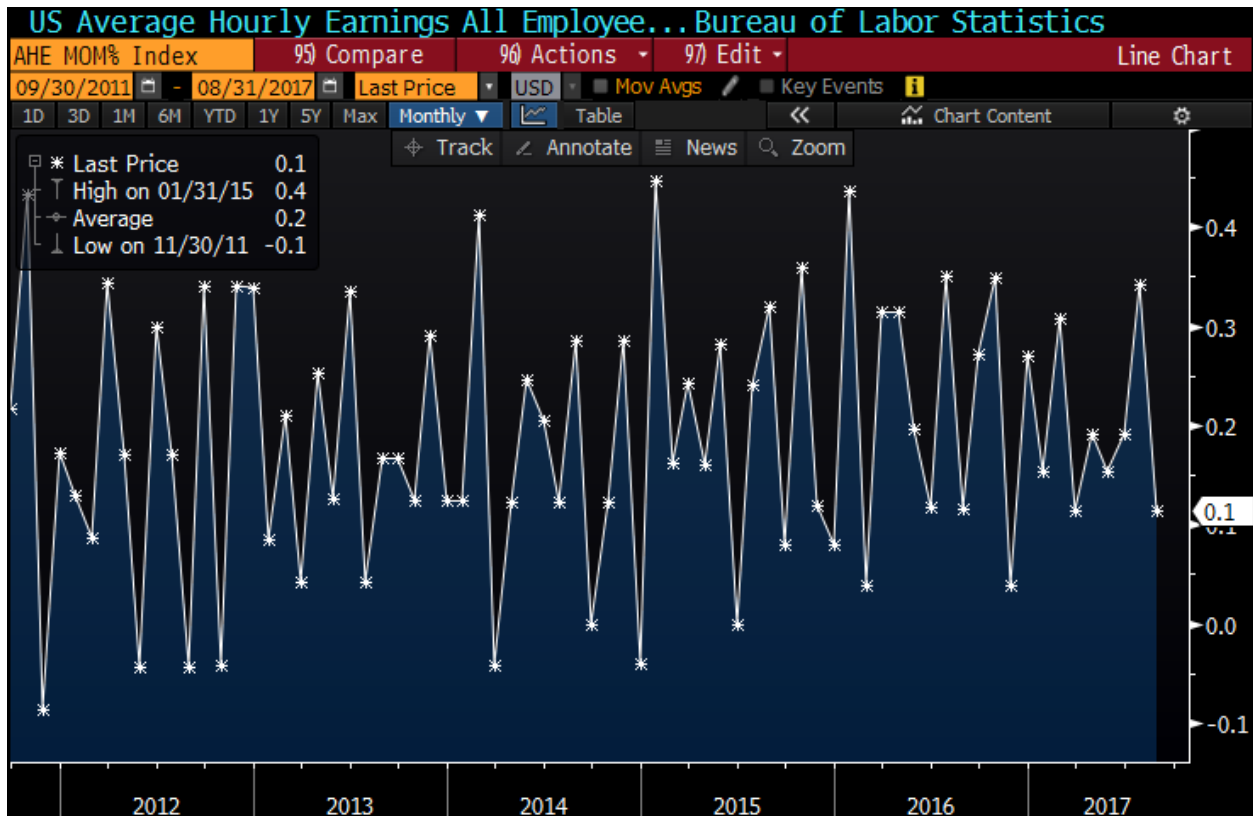
Bureau of Labor and Statistics

<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 Agriculture Finance Monitor 2nd 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

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How do Farm Incomes Compare to the average population

<https://www.ers.usda.gov/faqs/#Q4>

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.	15 September 2017	936	-8	8 September 2017	+430	16 September 2016
Canada	15 September 2017	212	+10	8 September 2017	+80	16 September 2016
International	August 2017	952	-7	July 2017	+15	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%

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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/>

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 37 weeks of 2017, U.S. railroads reported cumulative volume of 9,570,798 carloads, up 4.1 percent from the same point last year; and 9,860,655 intermodal units, up 3.4 percent from last year. Total combined U.S. traffic for the first 37 weeks of 2017 was 19,431,453 carloads and intermodal units, an increase of 3.7 percent compared to last year.

North American rail volume for the week ending September 16, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 362,507 carloads, up 0.002 percent compared with the same week last year, and 353,452 intermodal units, up 4.1 percent compared with last year. Total combined weekly rail traffic in North America was 715,959 carloads and intermodal units, up 2 percent. North American rail volume for the first 37 weeks of 2017 was 25,760,998 carloads and intermodal units, up 5.1 percent compared with 2016.

Canadian railroads reported 86,678 carloads for the week, up 11.9 percent, and 72,269 intermodal units, up 17.5 percent compared with the same week in 2016 and the most for any week in history for Canadian railroads. For the first 37 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 5,325,540 carloads, containers and trailers, up 11.6 percent.

Mexican railroads reported 15,058 carloads for the week, up 2.9 percent compared with the same week last year, and 11,180 intermodal units, up 7.6 percent. Cumulative volume on Mexican railroads for the first 37 weeks of 2017 was 1,004,005 carloads and intermodal containers and trailers, up 0.7 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-09-20-railtraffic.aspx>

Weekly Rail Traffic Report and Charts

For this week, total U.S. weekly rail traffic was 530,774 carloads and intermodal units, down 1.4 percent compared with the same week last year.

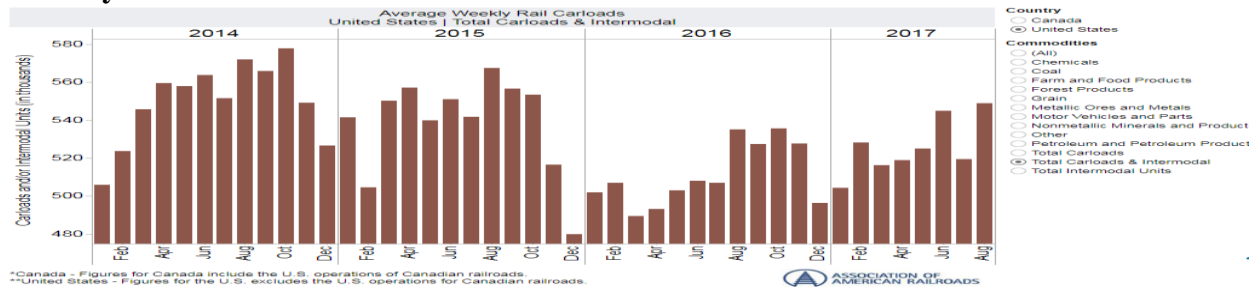
Total carloads for the week ending September 16 were 260,771 carloads, down 3.6 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 270,003 containers and trailers, up 0.9 percent compared to 2016.

One of the 10-carload commodity groups posted an increase compared with the same week in 2016. It was metallic ores and metals, up 3,292 carloads, to 24,696. Commodity groups that posted decreases compared with the same week in 2016 included petroleum and petroleum products, down 2,552 carloads, to 9,083; motor vehicles and parts, down 2,063 carloads, to 16,605; and farm products excl. grain, and food, down 1,943 carloads, to 14,625.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-09-20-railtraffic.pdf>

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Monthly Rail Traffic Charts



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

Trailer Truck Demand

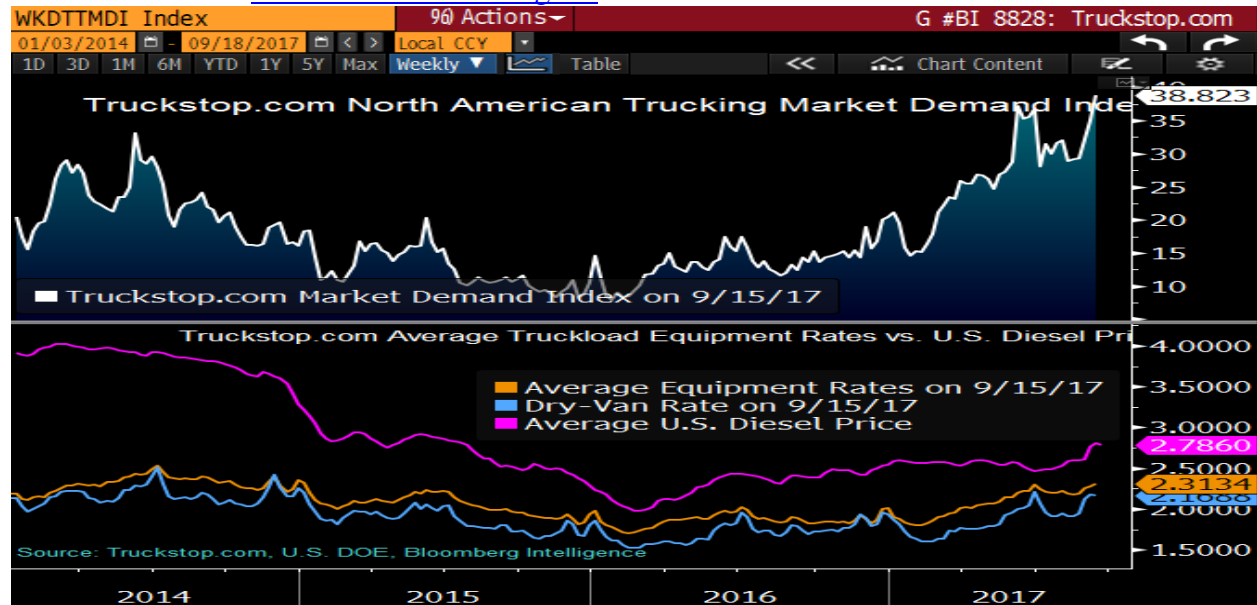
(Bloomberg Intelligence) – 09/18/17

Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --Relative North American spot trucking demand soared 11% sequentially to 38.8 in the week ended Sept. 15, as measured by Truckstop.com's Market Demand Index. Capacity tightened for the fifth straight week as a 29% jump in available loads outpaced a 16% gain in available trucks. Average spot rates rose 1.4%, boosted by Harvey's strain on affected regions. Emergency relief shipments, which typically compensate drivers for return trip deadhead miles, and higher fuel surcharges, should continue to keep rates elevated. The Market Demand Index has climbed 110% on average vs. last year. Total rates have increased 11%, driven by 29% 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:

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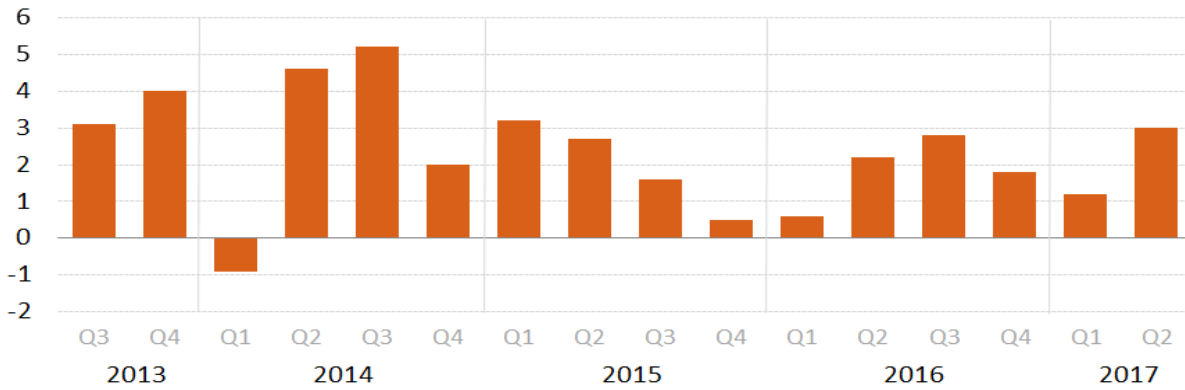
U.S. Department of Commerce, Bureau of economic analysis

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

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

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Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

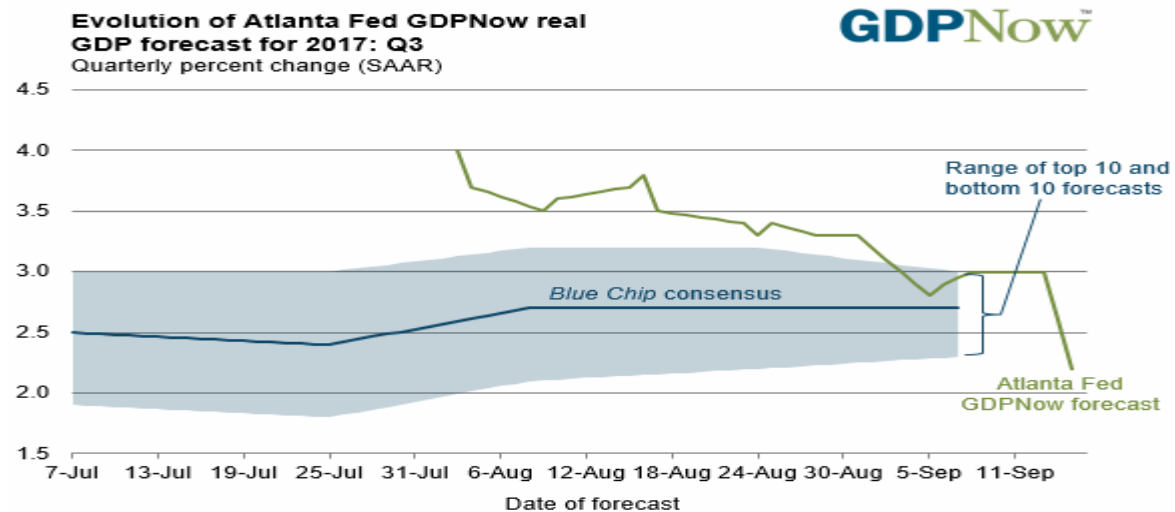
Seasonally adjusted annual rates

GDP-3Q running around 1.70% as of September 19, down from 1.70% on September 15.

Atlanta Fed GDPNowcast Latest forecast...September 19, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is **2.2 percent** on September 19, unchanged from September 15. The forecast of third-quarter real residential investment growth is -2.6 percent, virtually unchanged from last Friday, after this morning's new residential construction release from the U.S. Census Bureau. The forecast of the contribution of net exports to third-quarter real GDP growth declined from -0.11 percentage points to -0.16 percentage points after this morning's Import/Export Price Indexes release from the U.S. Bureau of Labor Statistics.

*The next GDPNow update is **Wednesday, September 27**. Please see the "Release Dates" tab below for a full list of upcoming releases.*



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>

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New York Fed Nowcast...Q3 stands at 1.3%...September 15, 2017

News from this week's data releases reduced the nowcast for both quarters by 0.8 percentage point.

The decrease was driven by a large negative surprise from industrial production and to a lesser extent by a negative surprise from retail sales.

Note: Part of the decline in manufacturing is related to Hurricane Harvey. The nowcasting model is likely to overestimate the negative impact since the platform is entirely automated and no judgmental correction is performed to account for the exceptional nature of the disruption.

https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0915.pdf?la=en

St. Louis Fed Real GDP Nowcast... Q3 2017: 2.60%...September 15, 2017

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

MANUFACTURING AT A GLANCE						
August 2017						
Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	58.8	56.3	+2.5	Growing	Faster	12
New Orders	60.3	60.4	-0.1	Growing	Slower	12
Production	61.0	60.6	+0.4	Growing	Faster	12
Employment	59.9	55.2	+4.7	Growing	Faster	11
Supplier Deliveries	57.1	55.4	+1.7	Slowing	Faster	16
Inventories	55.5	50.0	+5.5	Growing	From Unchanged	1
Customers' Inventories	41.0	49.0	-8.0	Too Low	Slower	2
Prices	62.0	62.0	0	Increasing	Same	18
Backlog of Orders	57.5	55.0	+2.5	Growing	Faster	7
New Export Orders	55.5	57.5	-2.0	Growing	Slower	18
Imports	54.5	56.0	-1.5	Growing	Slower	7
OVERALL ECONOMY				Growing	Faster	99
Manufacturing Sector				Growing	Faster	12

<i>Month</i>	<i>PMI®</i>		<i>Month</i>	<i>PMI®</i>
Aug 2017	58.8		Feb 2017	57.7

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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
Average for 2017 – 56.7 Average for 12 months – 55.4 High – 58.8 Low – 51.7				

<https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?SSO=1>

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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