



Fixed Income Group A Division of RJ O'Brien

**The Missile**

[www.fixedincomegroup.com](http://www.fixedincomegroup.com)

ECO <go>  
(All times are CST)

9 <GO> to Save as Default

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

United States 6) Browse 13:38:55 09/27/17 - 09/28/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/27	06:00	🔊	🔊	🔊	MBA Mortgage Applications	Sep 22	--	--	-9.7%	--
22)	09/27	07:30	🔊	🔊	🔊	Durable Goods Orders	Aug P	1.0%	--	-6.8%	--
23)	09/27	07:30	🔊	🔊	🔊	Durables Ex Transportation	Aug P	0.2%	--	0.6%	--
24)	09/27	07:30	🔊	🔊	🔊	Cap Goods Orders Nondef Ex Air	Aug P	0.3%	--	1.0%	--
25)	09/27	07:30	🔊	🔊	🔊	Cap Goods Ship Nondef Ex Air	Aug P	0.3%	--	1.2%	--
26)	09/27	09:00	🔊	🔊	🔊	Pending Home Sales MoM	Aug	-0.5%	--	-0.8%	--
27)	09/27	09:00	🔊	🔊	🔊	Pending Home Sales NSA YoY	Aug	-0.5%	--	-0.5%	--
28)	09/28	07:30	🔊	🔊	🔊	GDP Annualized QoQ	2Q T	3.0%	--	3.0%	--
29)	09/28	07:30	🔊	🔊	🔊	Personal Consumption	2Q T	3.3%	--	3.3%	--
30)	09/28	07:30	🔊	🔊	🔊	GDP Price Index	2Q T	1.0%	--	1.0%	--
31)	09/28	07:30	🔊	🔊	🔊	Core PCE QoQ	2Q T	0.9%	--	0.9%	--
32)	09/28	07:30	🔊	🔊	🔊	Initial Jobless Claims	Sep 23	270k	--	259k	--
33)	09/28	07:30	🔊	🔊	🔊	Continuing Claims	Sep 16	1993k	--	1980k	--
34)	09/28	07:30	🔊	🔊	🔊	Advance Goods Trade Balance	Aug	-\$65.1b	--	-\$65.1b	-\$63.9b
35)	09/28	07:30	🔊	🔊	🔊	Wholesale Inventories MoM	Aug P	0.4%	--	0.6%	--
36)	09/28	07:30	🔊	🔊	🔊	Retail Inventories MoM	Aug	--	--	-0.2%	-0.1%
37)	09/28	08:45	🔊	🔊	🔊	Bloomberg Consumer Comfort	Sep 24	--	--	50.6	--
38)	09/28	10:00	🔊	🔊	🔊	Kansas City Fed Manf. Activity	Sep	14	--	16	--

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 H139-3105-3 26-Sep-2017 13:38:55

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## Fed Speak Calendar (All times are CST)

1) Calendars		2) Alerts		3) Export		4) Settings		Economic Calendars			
	United States		Browse	13:48:11		09/29/17	-	10/18/17			
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)	09/29	10:00				Fed's Harker Speaks at Fintech Event on Consumers and Banking					
22)	10/02	13:00				Fed's Kaplan Speaks in El Paso					
23)	10/04	14:15				Fed's Yellen to Speak on Community Banking in St. Louis					
24)	10/05	08:15				Fed's Williams Speaks at Community Banking Conference					
25)	10/05	09:00				Fed's Harker Speaks at Workforce Conference					
26)	10/05	15:30				Fed's George Speaks at Workforce Conference					
27)	10/06	08:15				Fed's Bostic Speaks at Workforce Conference					
28)	10/06	11:45				Fed's Kaplan Speaks at Workforce Conference					
29)	10/06	12:00				Fed's Bullard Speaks on Economy in St. Louis					
30)	10/10	09:00				Fed's Kashkari Speaks at Regional Economic Conference					
31)	10/10	19:00				Fed's Kaplan Speaks at Stanford Institute					
32)	10/11	06:15				Fed's Evans Speaks on Economy and Monetary Policy					
33)	10/11	13:00		---	---	FOMC Meeting Minutes	Sep 20	--	--	--	--
34)	10/12	09:15				ECB's Draghi, Fed's Brainard Speak on Monetary Policy Panel					
35)	10/12	09:30				Fed's Powell Speaks at IIF Conference in Washington					
36)	10/13	10:30				Fed's Kaplan Speaks in Boston					
37)	10/13	12:00				Fed's Powell Speaks at Boston Fed Economic Conference					
38)	10/18	13:00				U.S. Federal Reserve Releases Beige Book					

## NI TRE <go>

	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	
Cash mgmt	TBA	TBA	TBA	TBA	TBA	TBA	\$ Bln	
4-week	10/02/2017	10/03/2017	10/05/2017	TBA	TBA	09/26/2017	\$35	
3-month	09/28/2017	10/02/2017	10/05/2017	912796LC1	TBA	09/25/2017	\$42	
6-month	09/28/2017	10/02/2017	10/05/2017	912796NY1	TBA	09/25/2017	\$36	
1-year	10/05/2017	10/10/2017	10/12/2017	TBA	TBA	09/12/2017	\$20	
<b>Note Auctions</b>								
2-year	10/19/2017	10/24/2017	10/31/2017	TBA	TBA	09/26/2017	\$26	
3-year	10/05/2017	10/11/2017	10/16/2017	TBA	TBA	09/11/2017	\$24	
5-year	10/19/2017	09/27/2017	10/02/2017	9128282W9	\$34	08/28/2017	\$34	
7-year	10/19/2017	09/28/2017	10/02/2017	9128282Y5	\$28	08/29/2017	\$28	
10-year	10/05/2017	10/11/2017	10/16/2017	TBA	R	TBA	09/12/2017	\$20
<b>Bond Auctions</b>								
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

<b>1-Month Libor Set</b>	<b>1.23500</b>	<b>+.00056</b>	<b>(98.76500)</b>
<b>3-Month Libor Set</b>	<b>1.33278</b>	<b>+.00190</b>	<b>(98.66722)</b>
<b>6-Month Libor Set</b>	<b>1.50389</b>	<b>+.00678</b>	<b>(98.49611)</b>
<b>1-Year Libor Set</b>	<b>1.78539</b>	<b>+.00972</b>	<b>(98.21461)</b>

### 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 <sup>1</sup>					Central tendency <sup>2</sup>					Range <sup>3</sup>				
	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 <sup>4</sup>	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.

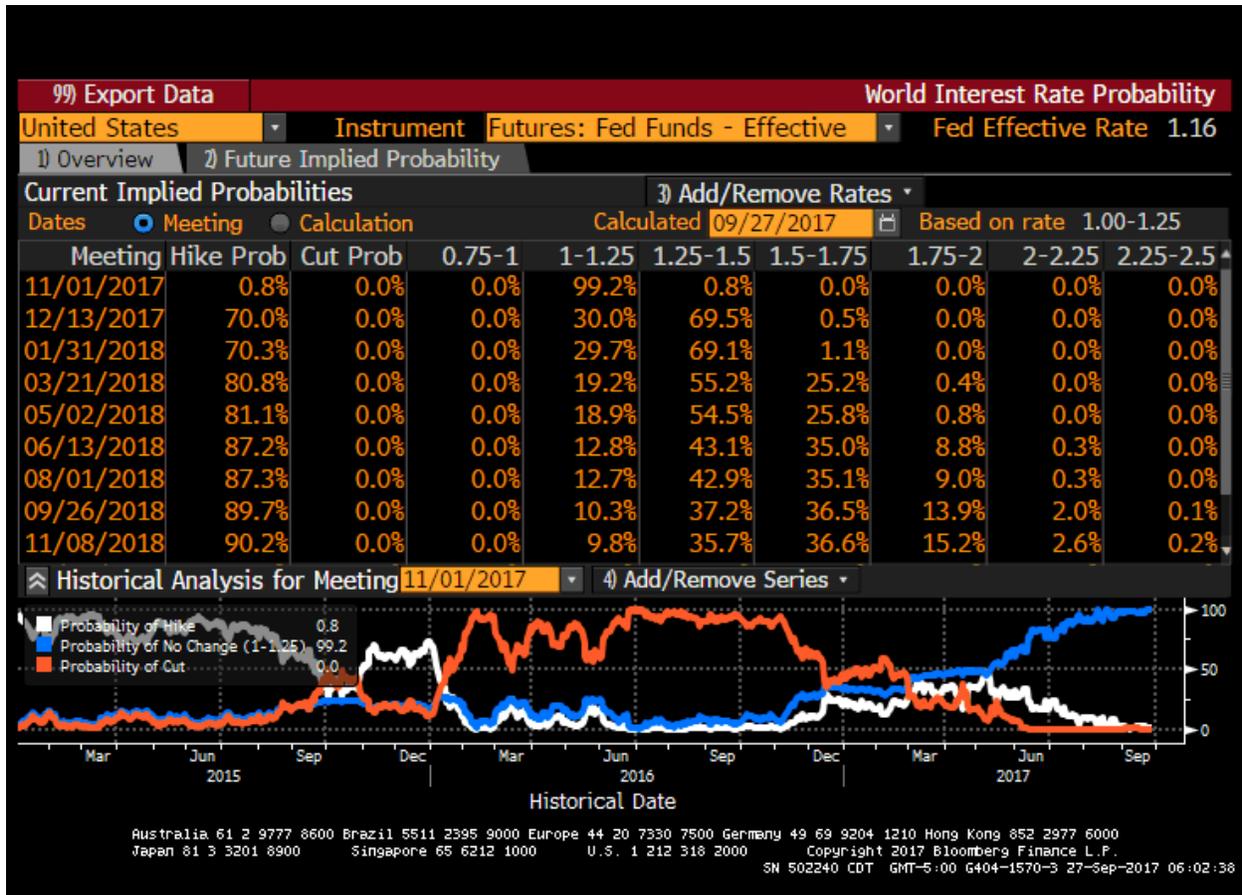
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.

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

<http://www.federalreserve.gov/monetarypolicy/files/fomcproitabl20170920.pdf>

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## Implied Probability of Fed Rate Movement (Futures)



## THEY SAID IT

**"You have to look at the plan in its entirety. It doubles the standard deduction, so in the end, even the lowest rates get a tax cut,"** said Jim Renacci, a Republican on the tax-writing House of Representatives Ways and Means Committee.

<https://www.cnbc.com/2017/09/27/trumps-tax-plan-to-propose-deep-us-rate-cuts-lacks-revenue-details.html>

Hammered out over months of talks among Trump aides and top Republicans in Congress, the plan to be unveiled at an event in Indianapolis was expected to propose a 20 percent corporate income tax rate, a new 25 percent tax rate for pass-through businesses such as partnerships, and a reduced 35 percent top income tax rate for individual Americans.

While it would lower the top individual rate from 39.6 percent, the plan was also expected to double the standard deduction, a set amount of income exempt from taxation, for all taxpayers. Republicans will say that the tax cuts, widely leaked to the media by a variety of sources in recent days, would be offset by new revenues raised from eliminating tax loopholes, although few if any of those are expected to be named in the plan.

Analysts have warned that huge tax cuts would balloon the federal deficit and debt if the economic growth projected by Republicans fails to materialize amid rising interest rates.

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**If you live in New York, New Jersey or California, President Donald Trump and Congress may not deliver quite as much of a tax cut for you.**

**That's because Trump's economic advisers have targeted the federal tax deduction individuals can claim for their state and local taxes. Abolishing that break would generate an estimated \$1.3 trillion in revenue that Republican tax writers could use to help offset the steep corporate and individual rate cuts Trump has proposed.**

<https://www.bloomberg.com/graphics/2017-trillion-dollar-deduction-to-fund-trump-tax-plan/>

In 2015, Internal Revenue Service data show, an average U.S. taxpayer claimed about \$3,598 for the so-called SALT deduction.

In New York's 12th congressional district on Manhattan's east side, the average was \$31,078—the highest of the nation's 435 districts. In California's 18th district on the San Francisco Bay, it was \$26,668.

Both districts—and in fact, eight of the top 10 districts for use of the SALT deduction—are represented by Democratic lawmakers.

Conservatives favor abolishing the deduction, saying it would rein in tax-and-spend behavior by state and local governments. Mayors' and governors' groups want to preserve it—and they've joined a coalition with public-employees' unions to lobby for the SALT deduction.

In political terms, Democratic districts have a lot more to lose; nationwide, 136 districts registered above-average use of the deduction. Almost 62 percent of them were held by Democrats.

And of the top 25 districts—which accounted for \$120.8 billion in SALT deductions—only six were held by Republicans. But dozens of Republican members of Congress may still have a political problem: 52 of them represent districts where the average size of the SALT deduction exceeded the national average.

**Washington doesn't mind competing with Beijing on global trade but "[we just want the competition to be on a fair and level playing field](#)," Ross said.**

**"That means not so much in the way of trade barriers, not so much in the way of protectionist activities, not so much in the way of impediments to companies operating there, not so much in the way of forced technology transfers — things of that sort."**

<https://www.cnbc.com/2017/09/26/wilbur-ross-on-north-korea-trade-with-china-and-economy.html>

"What we're seeking is an overall improvement in trade. And if you look at our trade balance, there's one geographic source of our imbalance and that's most importantly China," Ross said on Wednesday.

"There's one product source of our imbalance and that's mostly automobiles," he continued, adding that the car issue was not related to the mainland. "If you solve the geographic problem and you solve the product problem, you've pretty well solved our trade problem."

**U.S. fast-food chain operator [Sonic](#) said on Tuesday it had been notified of unusual activity regarding credit cards used at its drive-in outlets.**

<https://www.cnbc.com/2017/09/27/fast-food-operator-sonic-notified-of-unusual-credit-card-activity.html>

Sonic's credit card processor informed the company earlier this week of the activity, which could have affected an unknown number of its payment systems.

Cyber security blog KrebsOnSecurity [first reported the news](#) and added that the activity may

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have led to millions of stolen credit and debit card numbers being sold in underground exchanges.

**Russia will retaliate against the United States in a rumbling dispute over a treaty that allows both countries to conduct military observation flights over each other's territory, Russian news agencies reported on Wednesday.**

<https://www.cnn.com/2017/09/27/russia-may-retaliate-against-us-over-military-observation-flights.html>

The United States has accused Russia of flouting the so-called Open Skies Treaty and said it plans to take retaliatory measures against Moscow, which could mean restricting Russian military observation flights over U.S. territory.

Russian news agencies cited Russian Deputy Foreign Minister Sergei Ryabkov on Wednesday as saying Moscow was unhappy about Washington's compliance with the same treaty and would take its own measures against the United States in response to any new U.S. restrictions.

**Islamic State claimed responsibility for several explosions that targeted the area in and around Kabul airport on Wednesday hours after U.S. Defense Secretary James Mattis arrived in the Afghan capital, the group's AMAQ news agency said.**

<http://www.reuters.com/article/us-afghanistan-security-claim/islamic-state-claims-responsibility-for-rocket-mortar-fire-on-kabul-airport-idUSKCN1C20VY?il=0>

The news agency said "infiltrators" used SPG-9 rockets and mortars for the attack.

There were no reports of casualties or damage and Mattis was not near the airport when the rockets hit.

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## EQUITIES

The S&P is +3 and the NASDAQ is +13.

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

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

## UK/EUROPE

**In the UK the FTSE closed +0.27%.**

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

**BOE Rate +0.25%.**

**Next meeting 11/02/17**

### On the European Continent

**The CAC Index closed +0.23%.**

**The DAX Index closed +0.54%.**

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

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

**Deposit Facility Rate -.40%**

**Next meeting 10/26/17**

## ASIA

### Japan:

**The TOPIX closed -0.50%.**

**The NIKKEI closed -0.31%.**

In Japan, the yield curve is steeper with yields higher.

**BOJ Basic Loan rate 0.30%**

**Next meeting 10/31/17**

### China:

**The Hang Seng closed +0.47%.**

**The Shanghai Composite closed +0.05%.**

### PBOC

**Deposit Rate: 1.50%**

**Lending Rate: 4.35%**

**Reserve Requirement Ratio: 17.00%**

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## THE TREND

EDZ7: 98-55.5 is the pivot. Below the pivot you should be short, above long.  
Support is at 98-47.5\*\*.

Resistance is at 98.55.5 and 98-64.0\*.

\*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: 126-15.0** is the pivot point. Above you should be long, below short.

Support is at **125-07.0\*\***

Resistance is at **126-15.0** and **127-23.5\*\***

\*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>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
		Date Range:		08/27/2017 - 09/27/2017		1 Month							
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/LCH Sprs		46 Combined	
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg +/-BPS	PCS	CMPN
1) 1 YR	1.561 / 1.564	1.563	1.563	0.008		0.2	1.393	1.565	1.481	8.3	1.6		
2) 2 YR	1.722 / 1.727	1.725	1.725	0.018		0.2	1.485	1.729	1.601	12.6	1.6		
3) 3 YR	1.829 / 1.834	1.831	1.831	0.027		0.3	1.554	1.837	1.692	14.2	1.6		
4) 4 YR	1.911 / 1.915	1.912	1.912	0.036		0.4	1.590	1.920	1.770	14.4	1.6		
5) 5 YR	1.982 / 1.985	1.984	1.984	0.052		0.6	1.683	1.995	1.841	14.4	1.6		
6) 6 YR	2.047 / 2.050	2.048	2.048	0.048		0.6	1.749	2.057	1.910	13.9	1.6		
7) 7 YR	2.108 / 2.112	2.110	2.110	0.051		0.6	1.813	2.118	1.975	13.7	1.6		
8) 8 YR	2.163 / 2.165	2.163	2.163	0.057		0.7	1.872	2.172	2.037	12.8	1.6		
9) 9 YR	2.211 / 2.214	2.212	2.212	0.057		0.7	1.926	2.220	2.087	12.7	1.6		
10) 10 YR	2.253 / 2.258	2.256	2.256	0.058		0.8	1.976	2.275	2.134	12.4	1.6		
11) 15 YR	2.402 / 2.403	2.403	2.403	0.060		0.9	2.151	2.410	2.297	10.6	1.6		
12) 20 YR	2.472 / 2.473	2.473	2.473	0.062		1.0	2.236	2.480	2.380	9.3	1.6		
13) 25 YR	2.500 / 2.501	2.501	2.501	0.061		1.1	2.274	2.508	2.410	9.1	1.6		
14) 30 YR	2.508 / 2.510	2.509	2.509	0.062		1.2	2.289	2.516	2.424	8.6	1.6		

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 6404-1570-3 27-Sep-2017 06:02:54

## 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

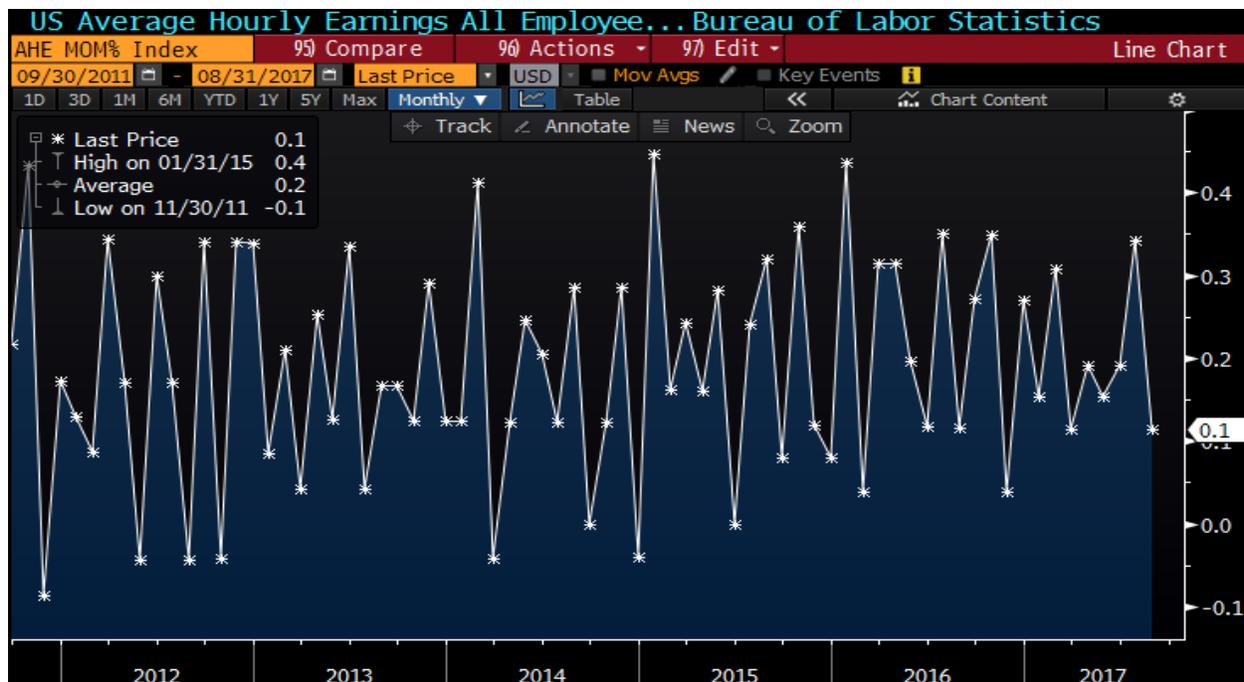
#### Bureau of Labor and Statistics

<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/](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

<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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## 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.	22 September 2017	935	-1	15 September 2017	+424	23 September 2016
Canada	22 September 2017	220	+8	15 September 2017	+82	23 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 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>

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## 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

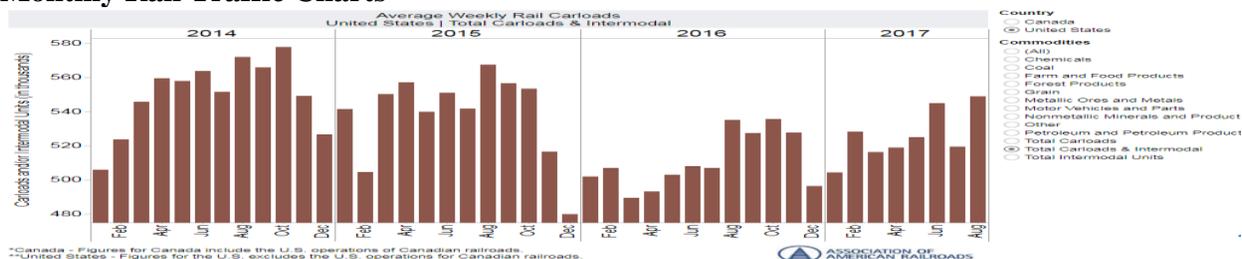
For this week, total U.S. weekly rail traffic was 530,774 carloads and intermodal units, down 1.4 percent compared with the same week last year.

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>

### Monthly Rail Traffic Charts



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

## Trailer Truck Demand

(Bloomberg Intelligence) – 09/25/17

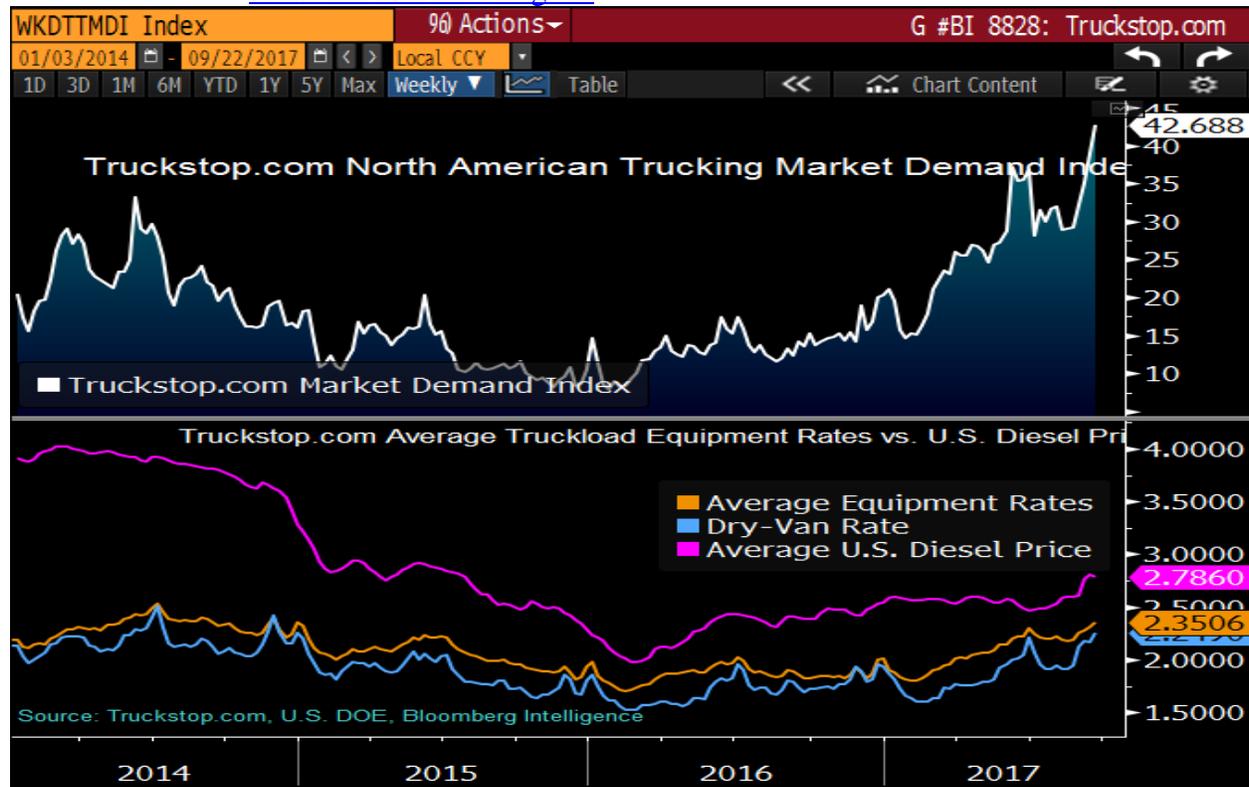
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --Relative North American spot trucking demand jumped 10% sequentially to 42.7 in the week ended Sept. 22, as measured by Truckstop.com's Market Demand Index. Capacity tightened, as a 7% jump in available loads outpaced a 2% decline in available trucks. Average spot rates (up 1.6%) remain boosted by hurricane-driven demand. Emergency relief shipments, which typically compensate for return-trip deadhead miles and lure carriers from other regions, should continue to keep rates elevated.

The Market Demand Index has climbed 113% on average vs. last year. Total rates have increased 12%, 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:

Lee A Klaskow at [klaskow1@bloomberg.net](mailto:klaskow1@bloomberg.net)

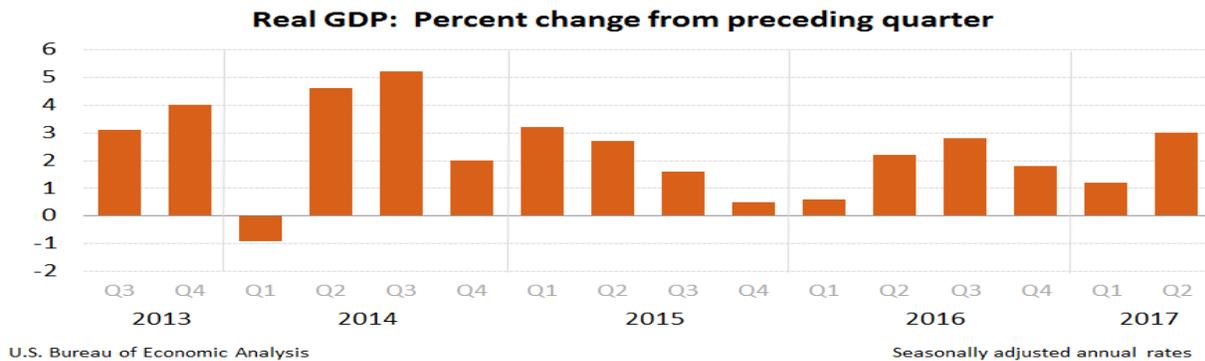


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## U.S. Department of Commerce, Bureau of economic analysis

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

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

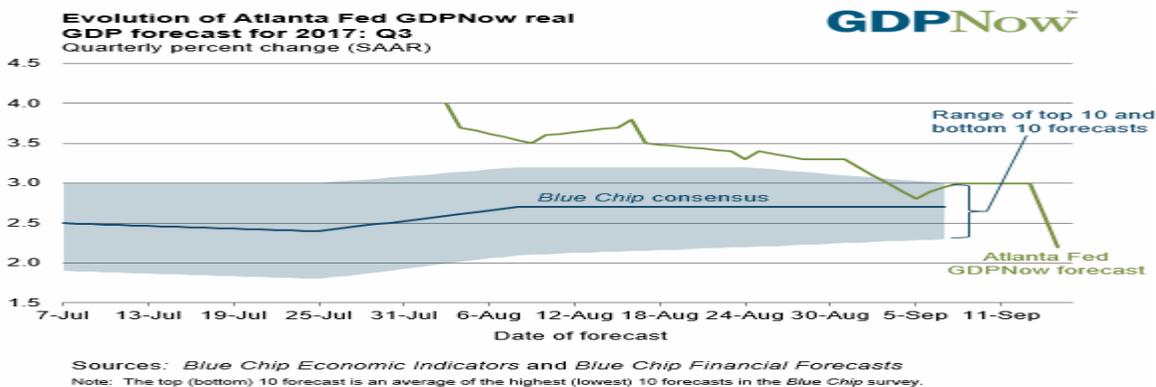


**GDP-3Q running around 1.70% as of September 19, down from 1.70% on September 15.**

### 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.*



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

### New York Fed Nowcast...Q3 stands at 1.6%...September 22, 2017

News from this week's data releases increased the nowcast for both quarters by 0.2 percentage point.

Positive surprises from housing data accounted for the increase.

[https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast\\_2017\\_0915.pdf?la=en](https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_0915.pdf?la=en)

### St. Louis Fed Real GDP Nowcast... Q3 2017: 2.78%...September 22, 2017

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

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## 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
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>99</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>12</b>

<i>Month</i>	<i>PMI®</i>		<i>Month</i>	<i>PMI®</i>
Aug 2017	58.8		Feb 2017	57.7
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
<b>Average for 2017 – 56.7</b> <b>Average for 12 months – 55.4</b> <b>High – 58.8</b> <b>Low – 51.7</b>				

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<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](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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