



Fixed Income Group A Division of RJ O'Brien

The Missile

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 15:28:45 09/28/17 - 09/29/17

Economic Releases All Economic Releases View Agenda Weekly

| | Date | Time | A | M | R | Event | Period | Surv(M) | Actual | Prior | Revised |
|-----|-------|-------|---|---|---|--------------------------------|--------|----------|--------|----------|----------|
| 21) | 09/28 | 07:30 | + | 0 | 0 | GDP Annualized QoQ | 2Q T | 3.0% | -- | 3.0% | -- |
| 22) | 09/28 | 07:30 | + | 0 | 0 | Personal Consumption | 2Q T | 3.3% | -- | 3.3% | -- |
| 23) | 09/28 | 07:30 | + | 0 | 0 | GDP Price Index | 2Q T | 1.0% | -- | 1.0% | -- |
| 24) | 09/28 | 07:30 | + | 0 | 0 | Core PCE QoQ | 2Q T | 0.9% | -- | 0.9% | -- |
| 25) | 09/28 | 07:30 | + | 0 | 0 | Initial Jobless Claims | Sep 23 | 270k | -- | 259k | -- |
| 26) | 09/28 | 07:30 | + | 0 | 0 | Continuing Claims | Sep 16 | 1993k | -- | 1980k | -- |
| 27) | 09/28 | 07:30 | + | 0 | 0 | Advance Goods Trade Balance | Aug | -\$65.1b | -- | -\$65.1b | -\$63.9b |
| 28) | 09/28 | 07:30 | + | 0 | 0 | Wholesale Inventories MoM | Aug P | 0.4% | -- | 0.6% | -- |
| 29) | 09/28 | 07:30 | + | 0 | 0 | Retail Inventories MoM | Aug | -- | -- | -0.2% | -0.1% |
| 30) | 09/28 | 08:45 | + | 0 | 0 | Bloomberg Consumer Comfort | Sep 24 | -- | -- | 50.6 | -- |
| 31) | 09/28 | 10:00 | + | 0 | 0 | Kansas City Fed Manf. Activity | Sep | 15 | -- | 16 | -- |
| 32) | 09/29 | 07:30 | + | 0 | 0 | Personal Income | Aug | 0.2% | -- | 0.4% | -- |
| 33) | 09/29 | 07:30 | + | 0 | 0 | Personal Spending | Aug | 0.1% | -- | 0.3% | -- |
| 34) | 09/29 | 07:30 | + | 0 | 0 | Real Personal Spending | Aug | -0.1% | -- | 0.2% | -- |
| 35) | 09/29 | 07:30 | + | 0 | 0 | PCE Deflator MoM | Aug | 0.3% | -- | 0.1% | -- |
| 36) | 09/29 | 07:30 | + | 0 | 0 | PCE Deflator YoY | Aug | 1.5% | -- | 1.4% | -- |
| 37) | 09/29 | 07:30 | + | 0 | 0 | PCE Core MoM | Aug | 0.2% | -- | 0.1% | -- |
| 38) | 09/29 | 07:30 | + | 0 | 0 | PCE Core YoY | Aug | 1.4% | -- | 1.4% | -- |
| 39) | 09/29 | 08:45 | + | 0 | 0 | Chicago Purchasing Manager | Sep | 58.7 | -- | 58.9 | -- |

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 G404-1570-3 27-Sep-2017 15:28:45

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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 | | | | | |

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| | Next Offer | Next | Date | CUSIP | \$ | Prior | Prior | |
|----------------------|--------------|------------|------------|-----------|----|-------|------------|--------|
| Bill Auctions | Announcement | Auction | Settles | Numbers | R | Bil | Auction | \$ Bln |
| Cash mgmt | TBA | TBA | TBA | TBA | | TBA | 09/08/2017 | \$20 |
| 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 |
| Note Auctions | | | | | | | | |
| 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 |
| 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 | 1.23500 | +.00000 | (98.76500) |
| 3-Month Libor Set | 1.33500 | +.00222 | (98.66500) |
| 6-Month Libor Set | 1.50944 | +.00555 | (98.49056) |
| 1-Year Libor Set | 1.78678 | +.00139 | (98.21322) |

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.

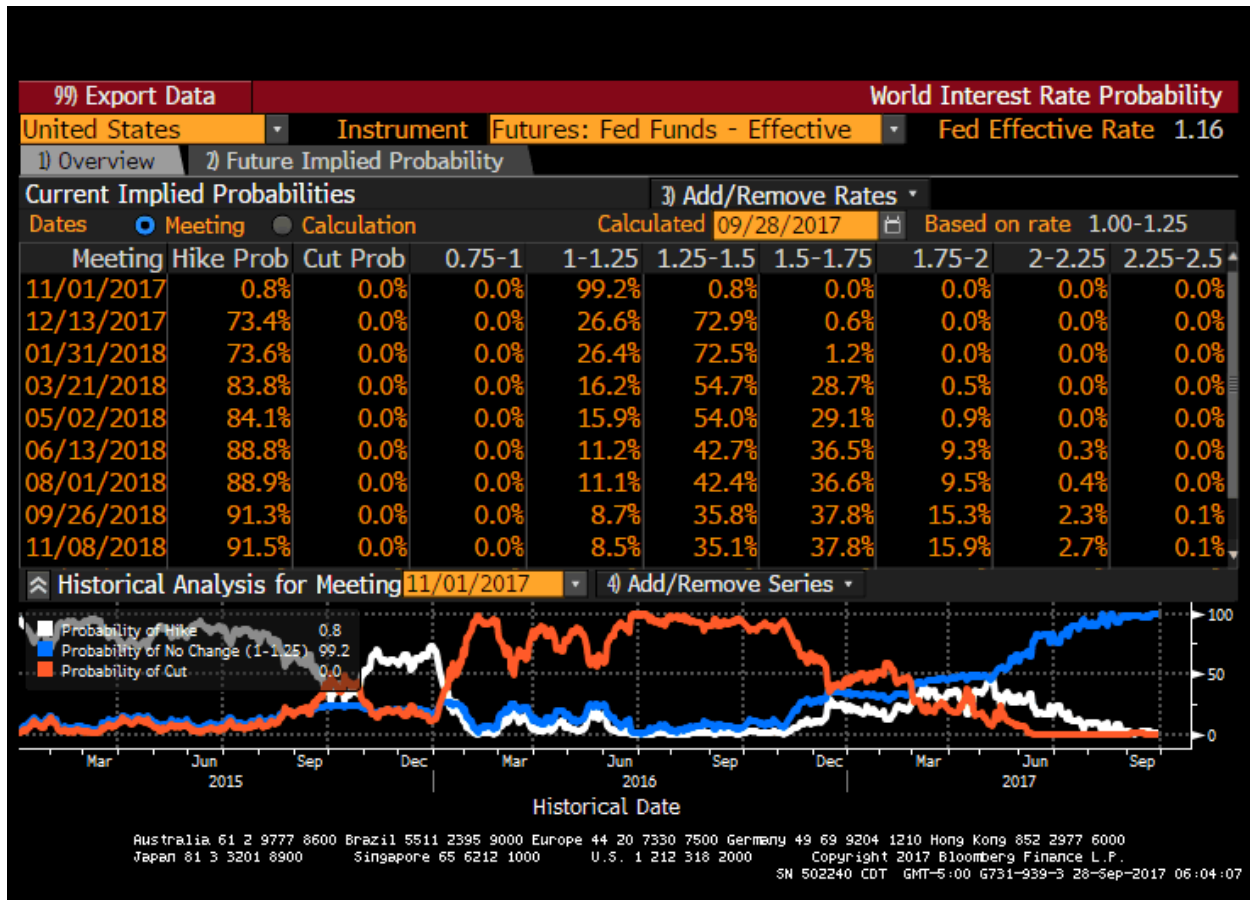
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.

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

<http://www.federalreserve.gov/monetarypolicy/files/fomcprojtab120170920.pdf>

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Implied Probability of Fed Rate Movement (Futures)



THEY SAID IT

Manufactured by American defense contractor [General Atomics](#), the unmanned devices—called Guardians — are "the world's most advanced maritime reconnaissance drones and can help India track the movement of Chinese warships with its multi-mode maritime radar," said Harsh Pant, head of the strategic studies program at the Observer Research Foundation, a New Delhi-based think tank.

<https://www.cnbc.com/2017/09/27/india-news-modi-wants-naval-drones-to-watch-china-in-indian-ocean.html>

President [Donald Trump's](#) administration authorized the sale in June, with the price tag estimated at \$3 billion, according to defense researcher Jane's by IHS Markit. The U.S. approval was the first such clearance to a friendly, non-NATO nation, but the transaction has yet to be finalized and was a key topic of discussion during General [James Mattis'](#) visit to [India this](#) week.

Sessions went to Georgetown University on Tuesday to deliver a [robust defense](#) of free speech on college campuses. He would have had more credibility had he rebuked Trump for his incendiary attack on National Football League players who kneel during the national anthem as an expression of political protest. Doing so might well have cost Sessions his job, but as one of his [predecessors](#) understood, he serves the Constitution, not

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the president.

However flawed the messenger, Sessions's speech identified a real and growing problem: College students and administrators have been displaying a shocking disregard for First Amendment rights. Recent incidents involving violent protesters and overzealous administrators have made headlines, but they are not isolated cases. An unwillingness to hear opposing views is getting to be a defining feature of campus culture.

<https://www.bloomberg.com/view/articles/2017-09-28/jeff-sessions-has-a-point-about-free-speech>

The rise of intolerance on campus has coincided with the [increasing homogeneity](#) of the academic faculty. In 1995, liberal faculty members outnumbered conservatives by roughly two to one. Today, it is closer to five to one -- and rather than man the barricades, many have joined students in protesting the presence of conservative speakers on campus.

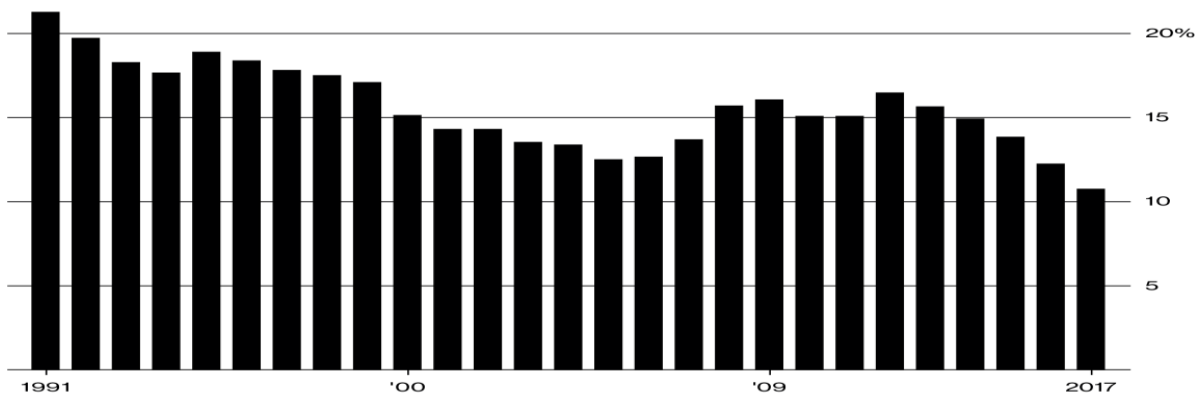
Administrators must shoulder some of the blame, too. By tolerating and sometimes nurturing a culture in which students feel entitled to protection, through safe spaces and trigger warnings, they are sheltering students from opinions they may find challenging or even disturbing. These are precisely the ideas that colleges should be exposing the them.

Only about one in 10 new cars sold in the U.S. is a midsize sedan, a sharp decline for the best-selling vehicle segment in 20 of the last 27 years, according to data from car-shopping website Edmunds. Models like the Toyota Camry and Honda Accord -- both of which were redesigned this year to counteract the slump -- have slipped to the fifth most popular segment, behind compact SUVs, large trucks, midsize SUVs and compact cars. The trend is unlikely to reverse even if gas prices rise, as nearly a quarter of midsize sedan owners are choosing small SUVs when trading in their wheels. "Once someone gets used to the higher ride, extra space and creature comforts they can get in an SUV, it's almost a fool's errand to convince them to go back to a sedan," said Jessica Caldwell, Edmunds executive director of industry analysis.

Sedan Skid

Midsize cars like the Toyota Camry and Honda Accord are now just 10.7% of U.S. sales

■ U.S. market share



Note: 2017 data for Jan. - Aug.
Data: Edmunds; graphic by Bloomberg Businessweek

<https://www.bloomberg.com/news/articles/2017-09-27/midsize-u-s-sedan-demand-stalls-out-to-lowest-on-record>

A fledgling party led by popular Tokyo governor Yuriko Koike gained momentum on Thursday ahead of an Oct. 22 election as the biggest opposition Democratic Party said it

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would step aside to let its candidates run under her conservative, reformist banner.

<http://www.reuters.com/article/us-japan-election/japan-calls-snap-election-as-new-party-roils-outlook-idUSKCN1C23AO?il=0>

Prime Minister Shinzo Abe, a conservative who returned to power in 2012, hopes a recent boost in voter support will help his Liberal Democratic Party-led (LDP) coalition maintain a simple majority. It now holds a two-thirds “super” majority.

But Koike’s new Party of Hope, only formally launched on Wednesday, has upended the outlook for the election after the former LDP member announced she would lead it herself.

Inflation in some German regions edged above the ECB’s target rate in September, data showed on Thursday, pointing to healthy consumer demand and feeding into a debate about when the bank might curb its stimulus program.

<http://www.reuters.com/article/us-germany-economy-inflation/inflation-in-parts-of-germany-exceeds-ecb-target-in-september-idUSKCN1C31J2?il=0>

Policy hawks at the European Central Bank, led by Germany, want it to scale back its asset purchases relatively quickly while doves favor a gradual withdrawal.

“The country has suffered the biggest blow to our fighting capacity since the start of the war,” the secretary of the Ukrainian Security and Defence Council, Oleksandr Turchynov, told journalists.

Earlier the defense ministry said the Vynnytsya depot contained 83,000 tonnes of ammunition.It

is not clear if the explosions were accidents or sabotage, either of which would underscore poor security systems at the bases.

“There are many violations of fire and air safety at our arsenals. And these are the consequences,” Turchynov said. “We’ve shown that we’re not capable of protecting our strategic arsenals.”

<http://www.reuters.com/article/us-ukraine-explosions/ukraine-says-ammo-depot-explosions-huge-blow-to-combat-capability-idUSKCN1C316Z?il=0>

The destruction of two ammunition depots this year have dealt the biggest blow to Ukraine’s combat capability since the start of its separatist conflict, security and military officials said on Thursday.

Massive explosions at a military depot in the Vynnytsya region, 270 km (170 miles) west of Kiev, forced the authorities to evacuate 24,000 people on Wednesday. Another large depot was destroyed in March.

South Korea expects more provocative acts by North Korea next month, to coincide with the anniversary of the founding of the North Korean communist party and China’s all-important Communist Party Congress.

<http://www.reuters.com/article/us-northkorea-missiles-southkorea/south-korea-expects-more-provocative-acts-by-north-korea-in-mid-october-idUSKCN1C3073>

During a meeting with President Moon Jae-in on Thursday, national security adviser Chung Eui-yong said he expected Pyongyang to act around Oct. 10 and 18, but gave no details.

The South Korean security adviser’s report also pointed to the risk that a military conflict could be sparked by “accidental incidents,” said Park Wan-ju, a lawmaker and head spokesman of the ruling Democratic Party.

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EQUITIES

The S&P is **-2** 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 -0.22%.

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 +0.06%.

The DAX Index closed +0.32%.

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 +0.71%.

The NIKKEI closed +0.47%.

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 -0.80%.

The Shanghai Composite closed -0.17%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDZ7: 98-55.0 is the pivot. Below the pivot you should be short, above long. Support is at 98-46.5**.

Resistance is at 98.55.0 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: 126-12.5 is the pivot point. Above you should be long, below short.

Support is at 125-01.0**

Resistance is at 126-12.5 and 127-24.0**

*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: | | | | | | 08/28/2017 - 09/28/2017 | | 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 | CMFN |
| 1) 1 YR | 1.566 / 1.573 | 1.572 | 1.572 | 0.006 | | 0.1 | 1.393 | 1.579 | 1.485 | 8.8 | 1.6 | | |
| 2) 2 YR | 1.733 / 1.736 | 1.733 | 1.733 | 0.005 | | 0.1 | 1.485 | 1.751 | 1.607 | 12.9 | 1.6 | | |
| 3) 3 YR | 1.841 / 1.844 | 1.843 | 1.843 | 0.008 | | 0.1 | 1.554 | 1.863 | 1.698 | 14.5 | 1.6 | | |
| 4) 4 YR | 1.927 / 1.929 | 1.928 | 1.928 | 0.014 | | 0.2 | 1.590 | 1.950 | 1.777 | 15.3 | 1.7 | | |
| 5) 5 YR | 2.002 / 2.005 | 2.004 | 2.004 | 0.015 | | 0.2 | 1.683 | 2.027 | 1.848 | 15.7 | 1.7 | | |
| 6) 6 YR | 2.074 / 2.076 | 2.075 | 2.075 | 0.020 | | 0.2 | 1.749 | 2.097 | 1.917 | 15.8 | 1.8 | | |
| 7) 7 YR | 2.138 / 2.139 | 2.138 | 2.138 | 0.022 | | 0.3 | 1.813 | 2.162 | 1.982 | 15.8 | 1.8 | | |
| 8) 8 YR | 2.197 / 2.198 | 2.198 | 2.198 | 0.024 | | 0.3 | 1.872 | 2.219 | 2.044 | 15.4 | 1.8 | | |
| 9) 9 YR | 2.248 / 2.250 | 2.249 | 2.249 | 0.028 | | 0.3 | 1.926 | 2.270 | 2.094 | 15.6 | 1.9 | | |
| 10) 10 YR | 2.295 / 2.295 | 2.295 | 2.295 | 0.025 | | 0.3 | 1.976 | 2.320 | 2.141 | 15.4 | 1.9 | | |
| 11) 15 YR | 2.445 / 2.446 | 2.446 | 2.446 | 0.025 | | 0.3 | 2.151 | 2.464 | 2.304 | 14.2 | 2.0 | | |
| 12) 20 YR | 2.517 / 2.518 | 2.518 | 2.518 | 0.024 | | 0.4 | 2.236 | 2.534 | 2.387 | 13.1 | 2.0 | | |
| 13) 25 YR | 2.545 / 2.547 | 2.547 | 2.547 | 0.024 | | 0.4 | 2.274 | 2.562 | 2.417 | 13.0 | 2.1 | | |
| 14) 30 YR | 2.555 / 2.557 | 2.556 | 2.556 | 0.023 | | 0.4 | 2.289 | 2.571 | 2.430 | 12.6 | 2.1 | | |

Executable quotes for Fixed Income Electronic Trading are in white tenors.

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.
 SN 502240 CDT GMT-5:00 6731-939-3 28-Sep-2017 06:04:20

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

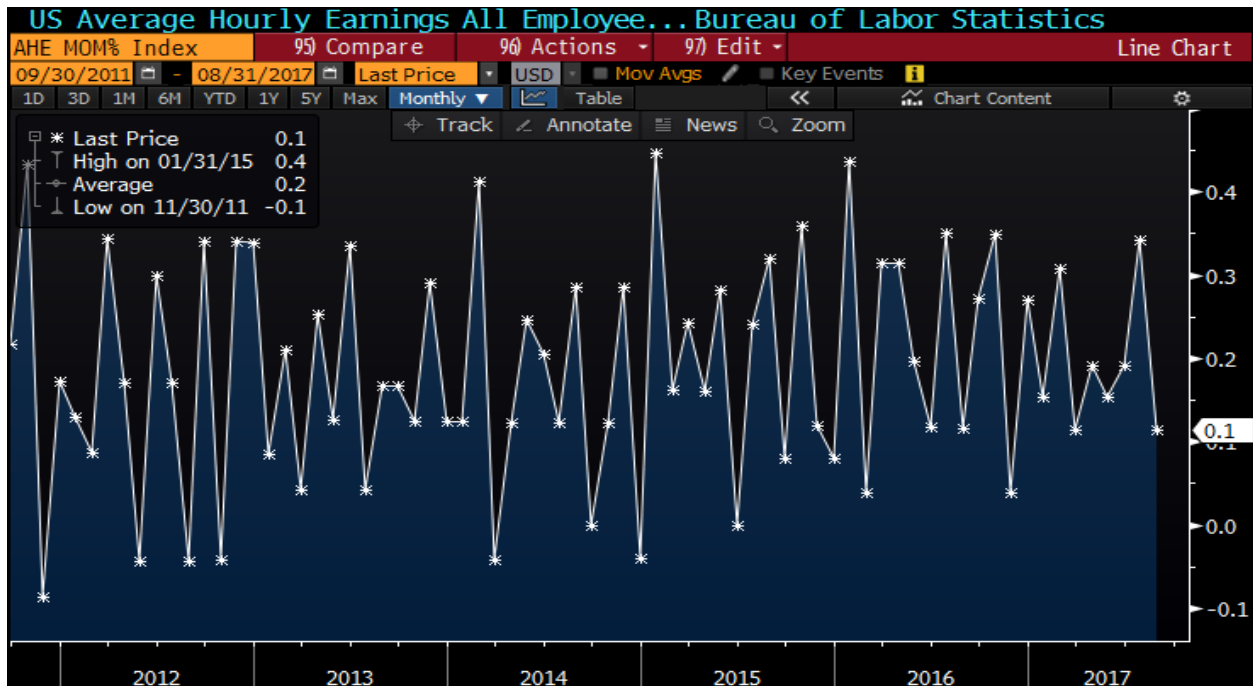
Bureau of Labor and Statistics

<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

<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 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>

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Renewable Fuels Association

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

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 38 weeks of 2017, U.S. railroads reported cumulative volume of 9,833,998 carloads, up 4 percent from the same point last year; and 10,145,659 intermodal units, up 3.4 percent from last year. Total combined U.S. traffic for the first 38 weeks of 2017 was 19,979,657 carloads and intermodal units, an increase of 3.7 percent compared to last year.

North American rail volume for the week ending September 23, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 360,341 carloads, down 1.2 percent compared with the same week last year, and 370,902 intermodal units, up 7.2 percent compared with last year. Total combined weekly rail traffic in North America was 731,243 carloads and intermodal units, up 2.9 percent. North American rail volume for the first 38 weeks of 2017 was 26,492,241 carloads and intermodal units, up 5.1 percent compared with 2016.

Canadian railroads reported 81,470 carloads for the week, up 1.2 percent, and 73,056 intermodal units, up 18.2 percent compared with the same week in 2016. For the first 38 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 5,480,066 carloads, containers and trailers, up 11.5 percent.

Mexican railroads reported 15,671 carloads for the week, down 0.6 percent compared with the same week last year, and 12,842 intermodal units, down 2.6 percent. Cumulative volume on Mexican railroads for the first 38 weeks of 2017 was 1,032,518 carloads and intermodal containers and trailers, up 0.6 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-09-27-railtraffic.aspx>

Weekly Rail Traffic Report and Charts

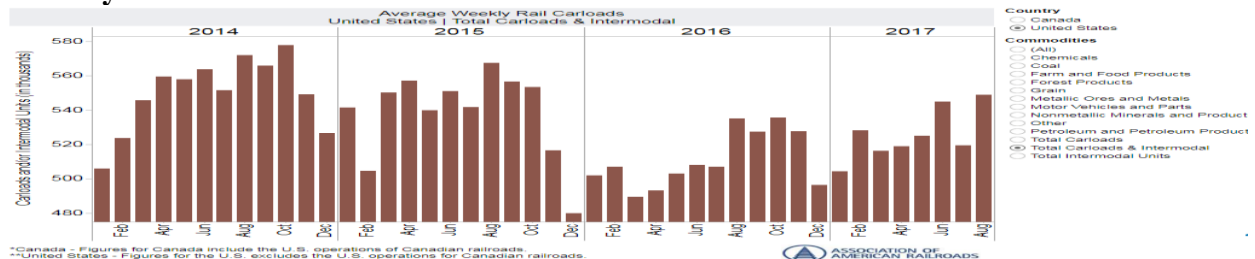
For this week, total U.S. weekly rail traffic was 548,204 carloads and intermodal units, up 1.6 percent compared with the same week last year.

Total carloads for the week ending September 23 were 263,200 carloads, down 2 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 285,004 containers and trailers, up 5.1 percent compared to 2016.

Five of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included nonmetallic minerals, up 3,166 carloads, to 40,718; metallic ores and metals, up 2,528 carloads, to 25,392; and chemicals, up 487 carloads, to 30,669. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 5,517 carloads, to 19,612; coal, down 3,120 carloads, to 84,389; and petroleum and petroleum products, down 1,189 carloads, to 9,188.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-09-27-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

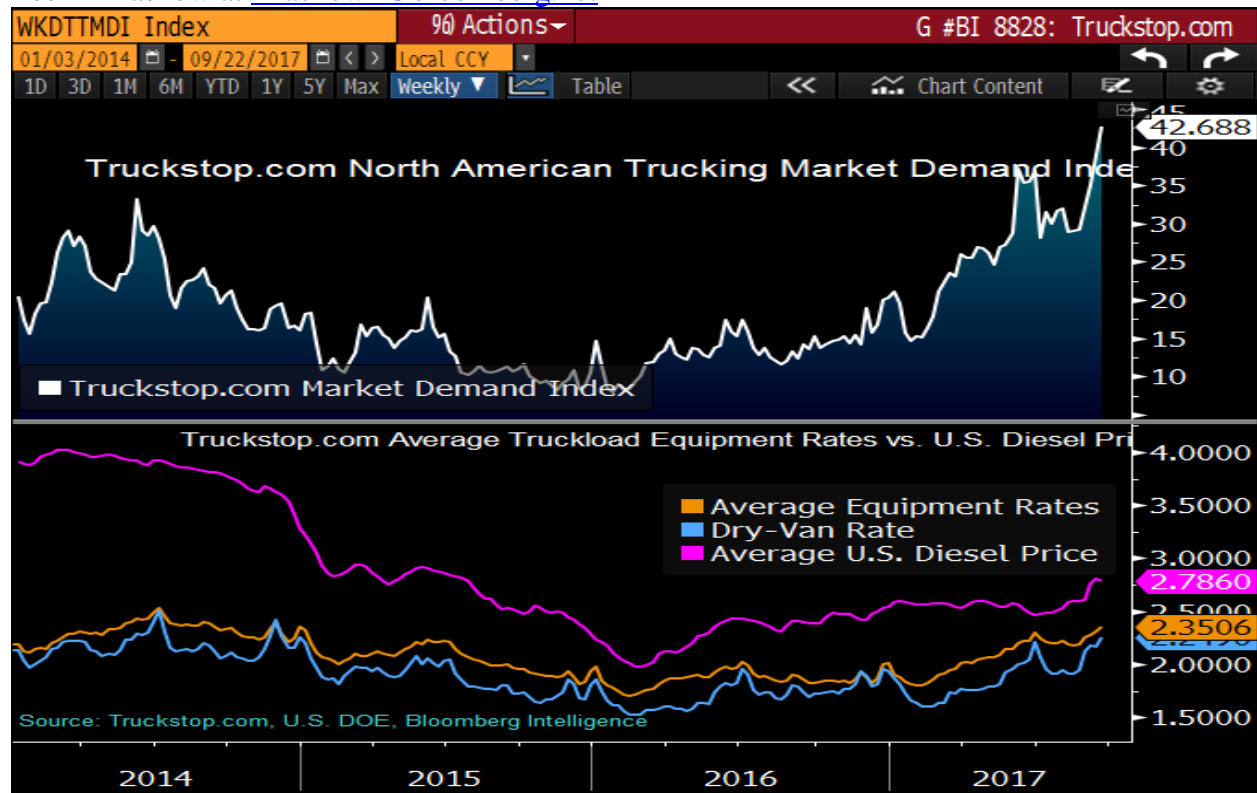
Truckstop.com Market Demand Index, Average Rates

(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

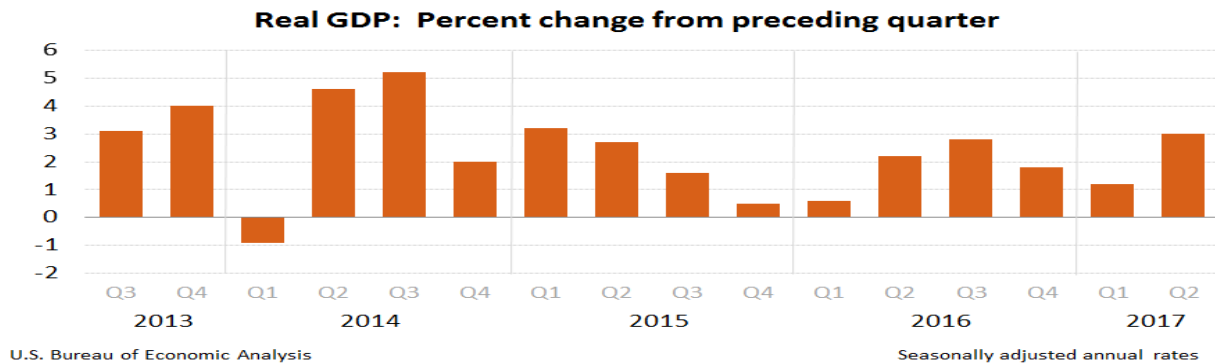


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U.S. Department of Commerce, Bureau of economic analysis

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

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

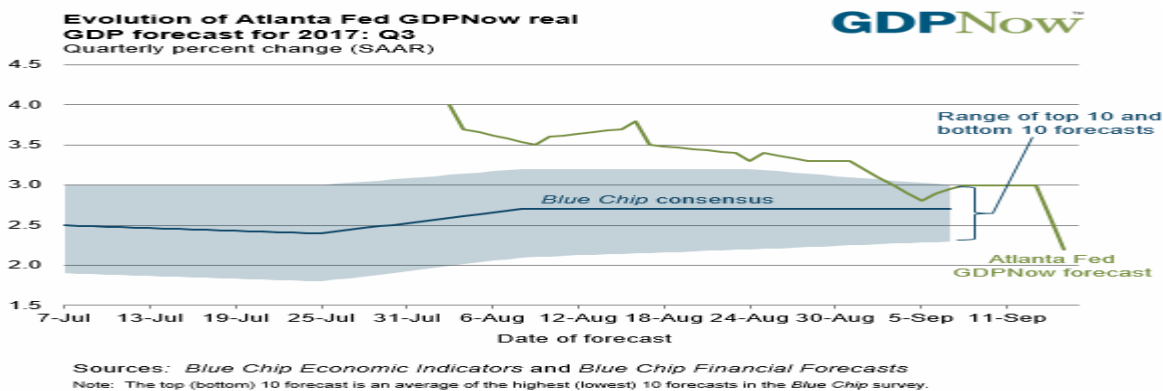


GDP-3Q running around 1.70% as of September 19, down from 1.70% on September 15.

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

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 |
| OVERALL ECONOMY | | | | Growing | Faster | 99 |
| Manufacturing Sector | | | | Growing | Faster | 12 |

| Month | PMI® | | Month | PMI® |
|--|------|--|----------|------|
| 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 |
| Average for 2017 – 56.7 Average for 12 months – 55.4 High – 58.8 Low – 51.7 | | | | |

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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

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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