



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

9 <GO> to Save as Default

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

United States Browse 11:58:17 10/12/17 - 10/18/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	10/12	07:30	+	0	0	PPI Final Demand MoM	Sep	0.4%	--	0.2%	--
22)	10/12	07:30	+	0	0	PPI Ex Food and Energy MoM	Sep	0.2%	--	0.1%	--
23)	10/12	07:30	+	0	0	PPI Ex Food, Energy, Trade MoM	Sep	0.2%	--	0.2%	--
24)	10/12	07:30	+	0	0	PPI Final Demand YoY	Sep	2.6%	--	2.4%	--
25)	10/12	07:30	+	0	0	PPI Ex Food and Energy YoY	Sep	2.0%	--	2.0%	--
26)	10/12	07:30	+	0	0	PPI Ex Food, Energy, Trade YoY	Sep	--	--	1.9%	--
27)	10/12	07:30	+	0	0	Initial Jobless Claims	Oct 7	250k	--	260k	--
28)	10/12	07:30	+	0	0	Continuing Claims	Sep 30	1930k	--	1938k	--
29)	10/12	08:45	+	0	0	Bloomberg Consumer Comfort	Oct 8	--	--	49.9	--
30)	10/12-10/20		+	0	0	Monthly Budget Statement	Sep	\$6.0b	--	\$33.4b	--
31)	10/13	07:30	+	0	0	CPI MoM	Sep	0.6%	--	0.4%	--
32)	10/13	07:30	+	0	0	CPI Ex Food and Energy MoM	Sep	0.2%	--	0.2%	--
33)	10/13	07:30	+	0	0	CPI YoY	Sep	2.3%	--	1.9%	--
34)	10/13	07:30	+	0	0	CPI Ex Food and Energy YoY	Sep	1.8%	--	1.7%	--
35)	10/13	07:30	+	0	0	CPI Core Index SA	Sep	253.017	--	252.540	--
36)	10/13	07:30	+	0	0	CPI Index NSA	Sep	246.933	--	245.519	--
37)	10/13	07:30	+	0	0	Real Avg Weekly Earnings YoY	Sep	--	--	0.9%	1.0%
38)	10/13	07:30	+	0	0	Retail Sales Advance MoM	Sep	1.7%	--	-0.2%	--
39)	10/13	07:30	+	0	0	Real Avg Hourly Earning YoY	Sep	--	--	0.6%	0.7%

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 G601-3864-3 11-Oct-2017 11:58:17

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Fed Speak Calendar

(All times are CST)

1) Calendars		2) Alerts		3) Export		4) Settings		Economic Calendars	
United States		Browse		14:51:22		10/12/17		- 10/30/17	
Central Banks		All Central Banks		View		Agenda		Weekly	
Date	Time	A	M	R	Event				
21)	10/10-10/15				Annual Meetings of the IMF and the World Bank				
22)	10/12 09:30				Fed's Powell Speaks on Prospects for Emerging Market Economies				
23)	10/12 09:30				Fed's Brainard Speak on Monetary Policy Panel with ECB's Dragh				
24)	10/12 09:30				ECB's Draghi, Fed's Brainard Participate on Policy Panel				
25)	10/12 12:30				Riksbank Deputy Governor Skingsley Speaks in Washington				
26)	10/12 14:30				Riksbank Governor Ingves Speaks in Washington				
27)	10/12				Germany's Schaeuble, Axel Weber, Brazil's Meirelles at IIF				
28)	10/13 07:30				Fed's Rosengren Opens Conference on Monetary Polic				
29)	10/13 09:25				Fed's Evans Speaks on Economy and Monetary Policy				
30)	10/13 09:45				Riksbank Deputy Governor Skingsley Speaks in Washington				
31)	10/13 10:30				Fed's Kaplan Speaks in Boston				
32)	10/13 12:00				CANCELLED - Fed's Powell Speaks at Boston Fed Conference				
33)	10/15 08:00				Yellen, Zhou, Kuroda, Constancio on G-30 Panel in Washington				
34)	10/18 07:00				Fed's Dudley and Kaplan Discuss Economic Development				
35)	10/18 13:00				U.S. Federal Reserve Releases Beige Book				
36)	10/20 13:00				Fed's Mester Speaks on Global Regulatory Structure				
37)	10/20 18:15				Yellen Speaks to National Economists Club in Washington				

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4) Previous		3) Next		6) Send		9) Actions		News: News Story	
10/11/2017 13:52:54 [BN]								Translate to...	
	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	10/16/2017	10/17/2017	10/19/2017	TBA		TBA	10/10/2017	\$35	
3-month	10/12/2017	10/16/2017	10/19/2017	912796NN5		TBA	10/10/2017	\$42	
6-month	10/12/2017	10/16/2017	10/19/2017	912796PB9		TBA	10/10/2017	\$36	
1-year	11/02/2017	11/07/2017	11/09/2017	TBA		TBA	10/10/2017	\$20	
Note Auctions									
2-year	10/19/2017	10/24/2017	10/31/2017	TBA		TBA	09/26/2017	\$26	
3-year	11/01/2017	11/07/2017	11/15/2017	TBA		TBA	10/11/2017	\$24	
5-year	10/19/2017	10/25/2017	10/31/2017	TBA		TBA	09/27/2017	\$34	
7-year	10/19/2017	10/26/2017	10/31/2017	TBA		TBA	09/28/2017	\$28	
10-year	11/01/2017	11/08/2017	11/15/2017	TBA	R	TBA	10/11/2017	\$20	
Bond Auctions									
30-year	11/01/2017	10/12/2017	10/16/2017	912810RY6	R	\$12	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	1.23889	+.00000	(98.76111)
3-Month Libor Set	1.35917	+.00056	(98.64044)
6-Month Libor Set	1.53156	+.00223	(98.46844)
1-Year Libor Set	1.80844	-.00112	(98.19156)

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

NOTE: 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.

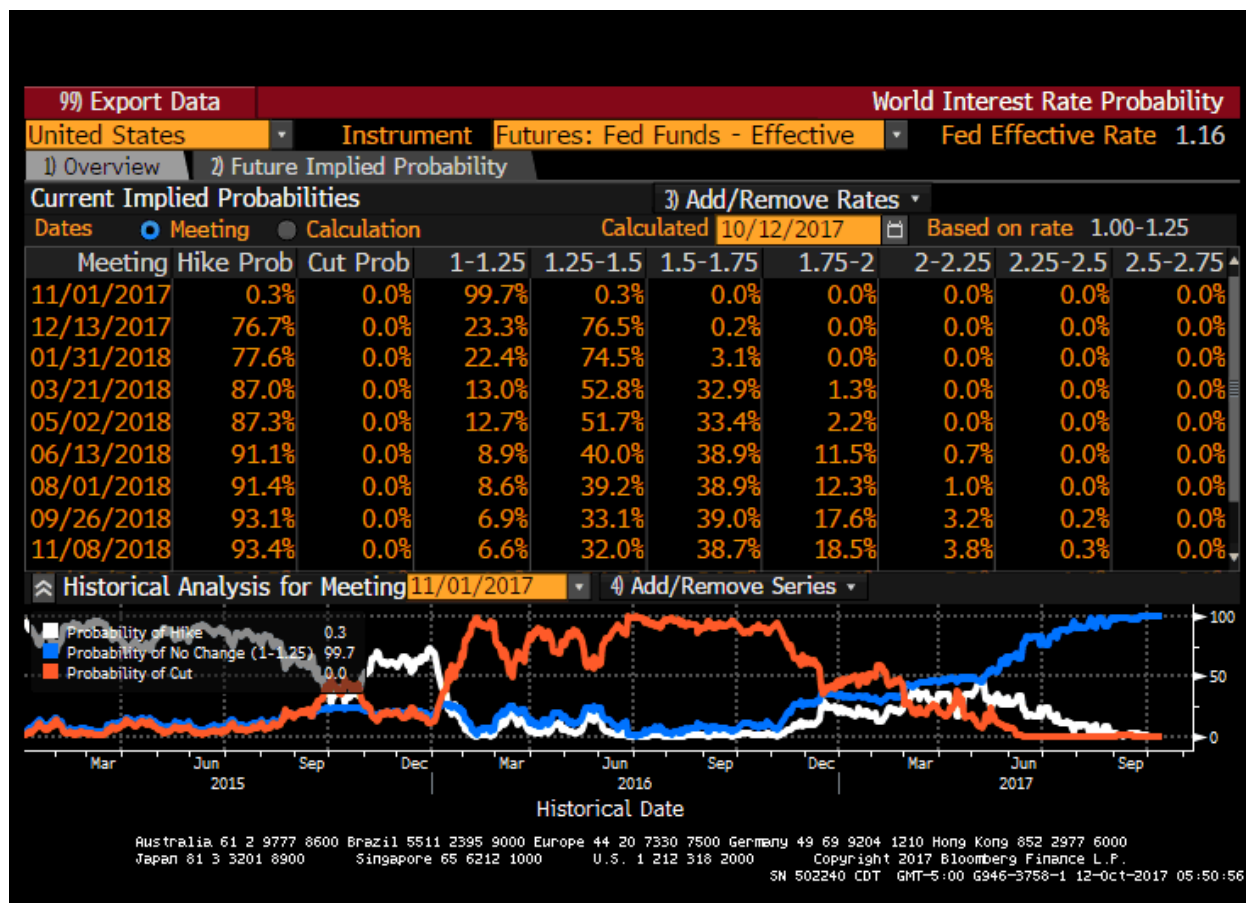
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.

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

"You have a China that is looking to showcase its multi-trillion dollar **'Belt-Road' initiative** with very high-profile events and then you have American officials who want to say no to everything: No to ambition at the World Bank, no to trade agreements," Morris told CNBC's **"Squawk Box."**

"That's a message that is a hard sell to the rest of the international community," he added.

<https://www.cnbc.com/2017/10/11/trump-giving-up-us-soft-power-to-china-scott-morris-center-for-global-development.html>

President **Donald Trump's** "America First" stance is making the U.S. more isolated on the world stage, with the country quickly losing soft power to **China**, a former U.S. Treasury official told CNBC Thursday.

The meetings of the IMF and the World Bank — two multilateral institutions that support global financial stability and offer development assistance, respectively — come as Trump indicated again Wednesday he might exit the North American Free Trade Agreement.

U.S. President **Donald Trump** said on Wednesday he was open to bilateral trade pacts with either Canada or Mexico if a three-way deal cannot be reached to substantially revise the North American Free Trade Agreement.

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<https://www.cnbc.com/2017/10/12/trump-says-open-to-bilateral-canada-mexico-pacts-if-nafta-talks-fail.html>

Asked by a reporter if he could envision maintaining free trade with Canada if NAFTA talks sour with Mexico, Trump said: "Oh sure, absolutely. It's possible we won't be able to reach a deal with one or the other, but in the meantime we'll make a deal with one."

Trump added that a "very creative" deal was still possible to benefit all three countries.

President [Donald Trump](#) is planning to sign an executive order on Thursday as a new step to weakening the Affordable Care Act, according to reports from [The New York Times](#) and [the Wall Street Journal](#).

<https://www.cnbc.com/2017/10/11/trump-is-about-to-start-undercutting-obamacare-by-relaxing-insurance-rules.html>

And as part of that move, Trump will instruct agencies to allow more sales of cheaper — and less comprehensive — health plans, the Journal said.

The act will push federal agencies to take actions that aim to increase competition in the insurance markets, two White House senior officials told the Journal in an interview, according to the report.

Those alternative protection arrangements are likely to provide greater choice for consumers, but could come at an expense, the report said. That is, younger and healthier customers will benefit from more affordable health plans with less coverage, but that will raise costs for sicker people, the Journal reported.

"In the last couple of weeks, we've had a number of new data points that have led us to believe that the probability of tax reform is rising," McDonald said Tuesday on CNBC's ["Trading Nation."](#)

"Republicans' backs are against the wall. You're talking about a 2018 midterm election that could be disastrous if they drop the ball here. They've already dropped the ball on health care. Tax reform and tax cuts is something they must deliver, or they'll lose a substantial amount of seats in the House, and even the Senate," he said.

<https://www.cnbc.com/2017/10/10/tax-reform-is-crucial-for-the-market-strategist-says.html>

Equity markets have priced in a lot of "good news" since the election, said Larry McDonald, head of global macro strategy at ACG Analytics, and the hope is largely that tax reform will get done.

Indeed, the argument has been made that much of the so-called "Trump rally" is due to hopes around a tax reform package that would benefit equities.

Goldman Sachs [said Monday](#) that there is a 65 percent chance of an agreement on tax reform coming together next year. That would benefit stocks, the firm said.

McDonald said there is a 60 percent chance of some kind of reform passing this year, with a 90 percent likelihood of such a passage between Tuesday and Feb. 1 of next year.

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First the good news: U.K. lenders expect to restrict the availability of [unsecured credit](#) to British consumers. Now the bad news: U.K. lenders expect to restrict the availability of unsecured credit to British consumers.

<https://www.bloomberg.com/gadfly/articles/2017-10-12/u-k-credit-squeeze-is-good-for-banks-bad-for-economy>

The [contraction in credit](#), both actual and anticipated, at least shows banks are paying attention to the risks posed by consumer borrowing. The Bank of England's Financial Policy Committee warned last month that banks could suffer greater losses from defaults on consumer loans than they're currently anticipating should the economy suddenly stumble:

Lenders overall are placing too much weight on the recent performance of consumer lending in benign conditions as an indicator of underlying credit quality. As a result, they have been underestimating the losses they could incur in a downturn.

“No deal will be a very bad deal, huh? And to be clear on our side we will be ready to face any eventualities and all eventualities,” the EU’s chief Brexit negotiator, Michel Barnier, told reporters in Brussels on Thursday. The pound traded down by as much as 0.6 percent against the euro after Barnier spoke.

<https://www.bloomberg.com/news/articles/2017-10-12/barnier-chides-talks-deadlock-as-cliff-edge-brexite-inches-closer>

On the question of the financial settlement, he said “we have reached a state of deadlock which is very disturbing for thousands of project promoters in Europe and it’s disturbing also for taxpayers.”

The European side made the point repeatedly that the onus was on the U.K. to unlock talks and that while “decisive progress is within our grasp in the next two months” it was entirely up to Prime Minister Theresa May’s team to bring its political firepower. That will be hard in a government constantly at war with itself on the direction of Brexit.

From the EU’s perspective, “there’s no question of making concessions.” In what is increasingly heading into a game of brinkmanship, Brexit Secretary David Davis said: “I make no secret of the fact that to provide certainty, we must talk about the future.”

BMW AG is working on a deal that would bring manufacturing of the iconic Mini brand outside Europe for the first time, according to people with knowledge of the plan.

<https://www.bloomberg.com/news/articles/2017-10-12/bmw-is-said-to-outsource-china-mini-car-making-to-great-wall-j8nvcwg> The German company is discussing a possible outsourcing agreement with China’s Great Wall Motor Co. to produce the small car for export, said the people, asking not to be identified as the deliberations are private.

The British-designed vehicle, first built to tackle soaring fuel prices in the late 1950s, has evolved over the years and the vehicles are now produced in the U.K. and the Netherlands. After successfully reviving the brand -- selling more than 230,000 cars in the first eight months of the year -- BMW is now preparing to add an electric version for the first time.

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EQUITIES

The S&P is **-4** and the NASDAQ is **-5**.

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 +0.18%.

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

BOE Rate +0.25%.

Next meeting 11/02/17

On the European Continent

The CAC Index closed -0.25%.

The DAX Index closed -0.05%.

On the Continent, the yield curve is flatter with yields lower.

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -.40%

Next meeting 10/26/17

ASIA

Japan:

The TOPIX closed +0.20%.

The NIKKEI closed +0.35%.

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

BOJ Basic Loan rate 0.30%

Next meeting 10/31/17

China:

The Hang Seng closed +0.24%.

The Shanghai Composite closed -0.06%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

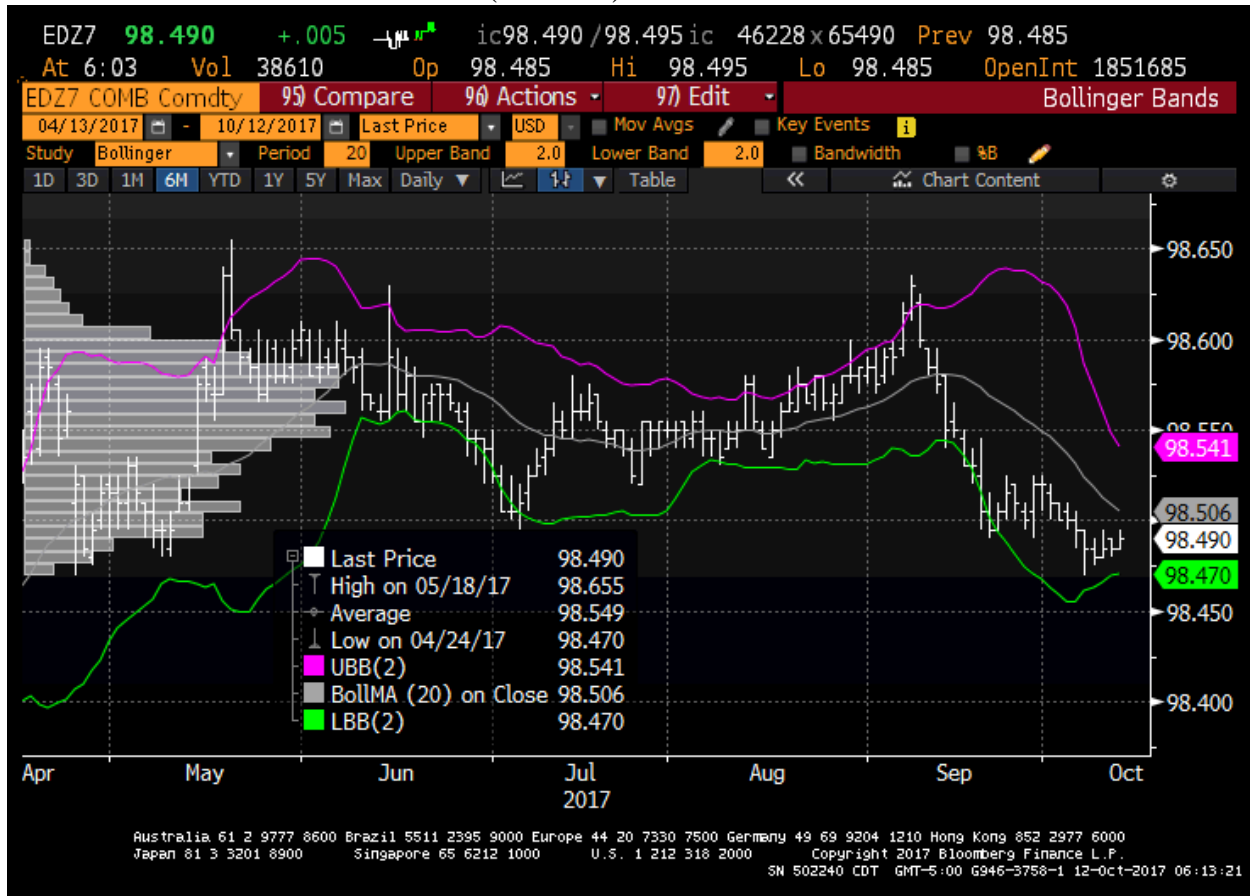
EDZ7: 98-50.5 is the pivot. Below the pivot you should be short, above long. Support is at 98-47.0**.

Resistance is at 98.50.5 and 98-54.0*.

*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: 125-17.5 is the pivot point. Above you should be long, below short.

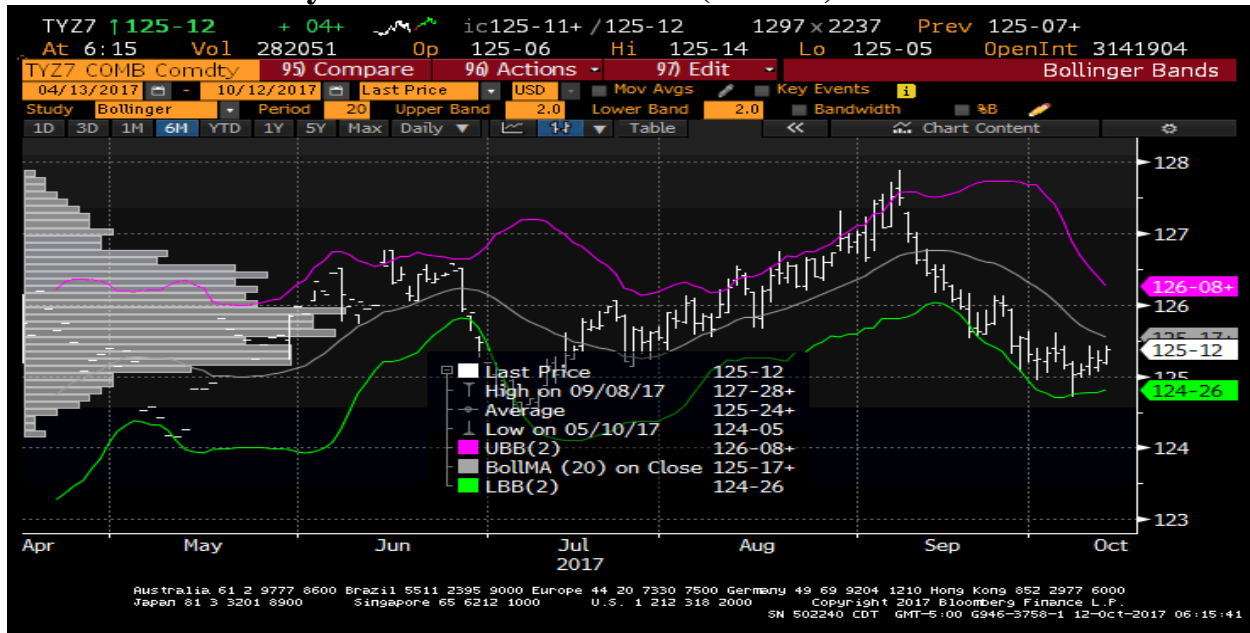
Support is at 124-26.0**

Resistance is at 125-17.5 and 126-08.5**

*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:						09/12/2017	-	10/12/2017	1 Month				
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/LCH Sprs			
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/day	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	1.597 / 1.603	1.602	-0.006			-0.1	1.440	1.614	1.555	4.8	1.1		
2) 2 YR	1.765 / 1.768	1.766	-0.014			-0.2	1.544	1.797	1.709	5.9	1.0		
3) 3 YR	1.869 / 1.872	1.870	-0.019			-0.3	1.629	1.917	1.813	5.9	0.9		
4) 4 YR	1.949 / 1.952	1.951	-0.017			-0.2	1.705	2.005	1.894	5.8	0.9		
5) 5 YR	2.018 / 2.018	2.018	-0.012			-0.2	1.778	2.082	1.964	5.4	0.8		
6) 6 YR	2.081 / 2.083	2.082	-0.017			-0.3	1.848	2.149	2.032	5.1	0.8		
7) 7 YR	2.140 / 2.142	2.141	-0.017			-0.3	1.915	2.211	2.095	4.7	0.7		
8) 8 YR	2.194 / 2.196	2.195	-0.016			-0.3	1.974	2.265	2.151	4.5	0.7		
9) 9 YR	2.242 / 2.245	2.243	-0.016			-0.3	2.029	2.315	2.201	4.4	0.7		
10) 10 YR	2.286 / 2.292	2.289	-0.014			-0.2	2.078	2.359	2.246	4.6	0.8		
11) 15 YR	2.435 / 2.438	2.437	-0.015			-0.3	2.250	2.508	2.398	4.0	0.7		
12) 20 YR	2.507 / 2.509	2.508	-0.012			-0.2	2.334	2.578	2.470	3.9	0.7		
13) 25 YR	2.536 / 2.538	2.537	-0.012			-0.2	2.370	2.606	2.500	3.8	0.8		
14) 30 YR	2.544 / 2.547	2.545	-0.014			-0.3	2.383	2.614	2.509	3.7	0.7		

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 6946-3758-1 12-Oct-2017 05:51:13

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

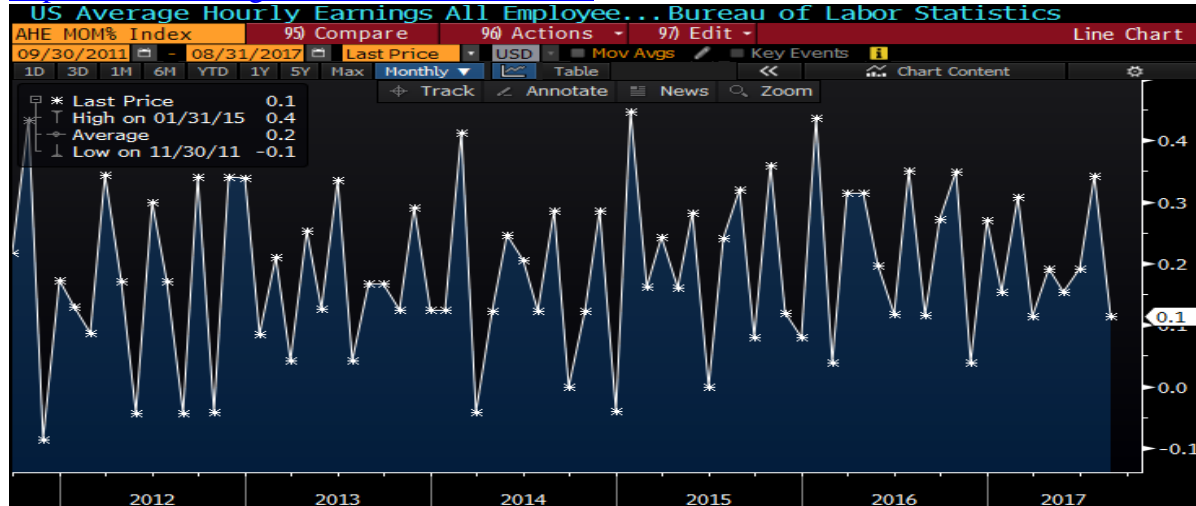
Bureau of Labor and Statistics

<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>

Charge-off Delinquency Rates on Loans and Leases at Commercial Banks

<https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>

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ENERGY

Baker Hughes Rig Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	29 September 2017	940	+5	22 September 2017	+418	30 September 2016
Canada	29 September 2017	213	-7	22 September 2017	+51	30 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>

Renewable Fuels Association

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

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TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 40 weeks of 2017, U.S. railroads reported cumulative volume of 10,375,996 carloads, up 3.7 percent from the same point last year; and 10,718,042 intermodal units, up 3.6 percent from last year. Total combined U.S. traffic for the first 40 weeks of 2017 was 21,094,038 carloads and intermodal units, an increase of 3.7 percent compared to last year.

North American rail volume for the week ending October 7, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 367,435 carloads, up 2.1 percent compared with the same week last year, and 371,039 intermodal units, up 11.6 percent compared with last year. Total combined weekly rail traffic in North America was 738,474 carloads and intermodal units, up 6.7 percent. North American rail volume for the first 40 weeks of 2017 was 27,979,390 carloads and intermodal units, up 5.1 percent compared with 2016.

Canadian railroads reported 82,819 carloads for the week, up 2.7 percent, and 71,937 intermodal units, up 16.5 percent compared with the same week in 2016. For the first 40 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 5,794,428 carloads, containers and trailers, up 11.3 percent.

Mexican railroads reported 15,280 carloads for the week, up 0.9 percent

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-10-11-railtraffic.aspx>

Weekly Rail Traffic Report and Charts

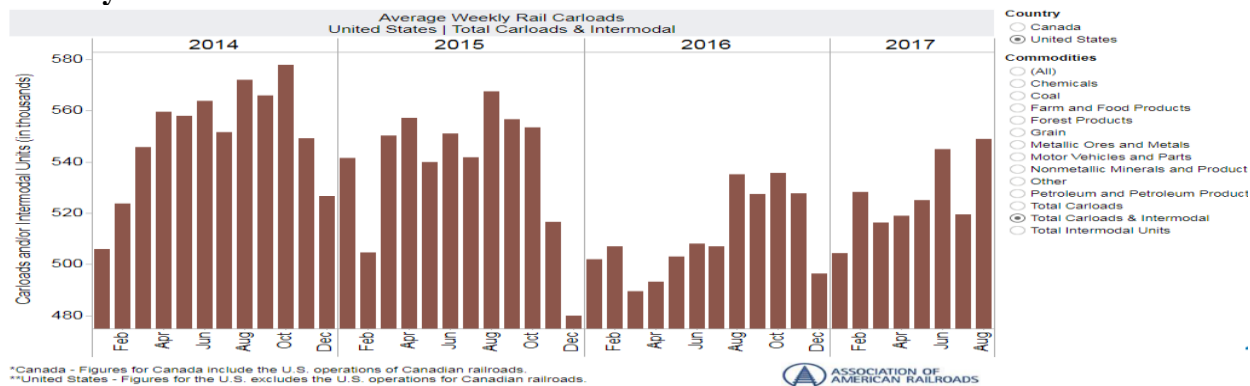
For this week, total U.S. weekly rail traffic was 554,826 carloads and intermodal units, up 6.3 percent compared with the same week last year.

Total carloads for the week ending October 7 were 269,336 carloads, up 2 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 285,490 containers and trailers, up 10.8 percent compared to 2016.

Seven of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included nonmetallic minerals, up 5,064 carloads, to 40,402; chemicals, up 3,006 carloads, to 31,190; and metallic ores and metals, up 1,680 carloads, to 21,299. Commodity groups that posted decreases compared with the same week in 2016 were coal, down 2,681 carloads, to 87,521; grain, down 2,111 carloads, to 24,741; and motor vehicles and parts, down 1,747 carloads, to 17,194.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-10-11-railtraffic.pdf>

Monthly Rail Traffic Charts



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

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Trailer Truck Demand

(Bloomberg Intelligence) – 10/09/17

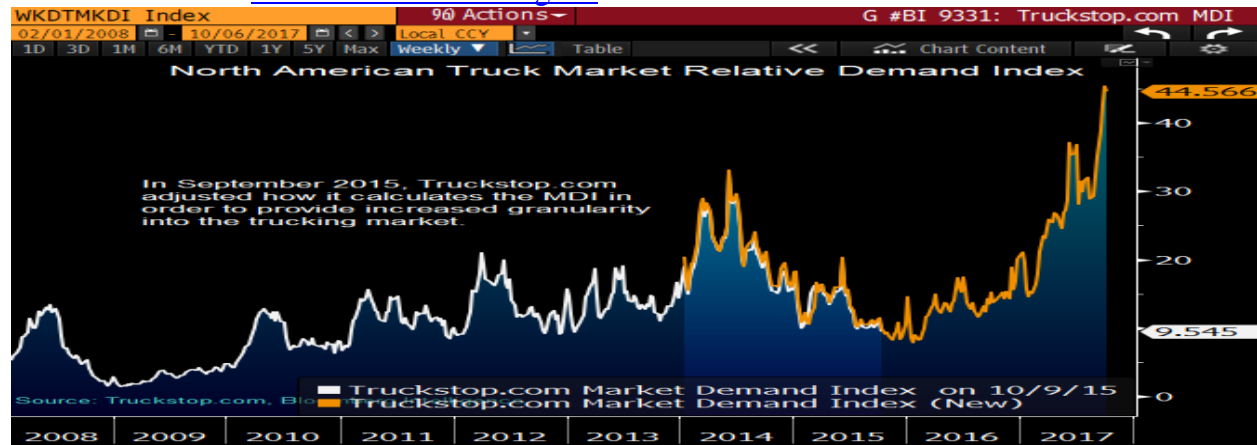
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) – Truckstop.com's Market Demand Index, which gauges relative supply and demand for the spot truckload market, soared 145% in 3Q from a year ago to 33.4 on average. The index reached a new high in September after Hurricane Harvey tore through the Gulf Coast. Hurricane preparations and emergency relief shipments, which lured carriers from other regions, helped capacity tighten sequentially in the last seven weeks of 3Q. The looming electronic logging device mandate may keep capacity tight into 2018.

Knight-Swift, Werner, J.B. Hunt, Covenant, Marten, Heartland and Schneider National are some of the largest carriers by sales and have various degrees of exposure to the spot market, which is measured by Truckstop.com's index. A stronger spot market could positively influence negotiated contract rates.

To contact the analyst for this research:

Lee A Klaskow at klaskow1@bloomberg.net



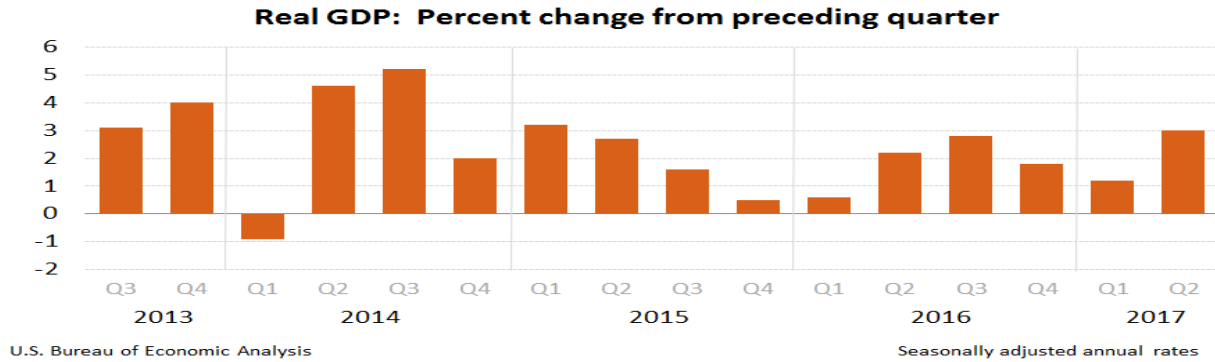
GDP

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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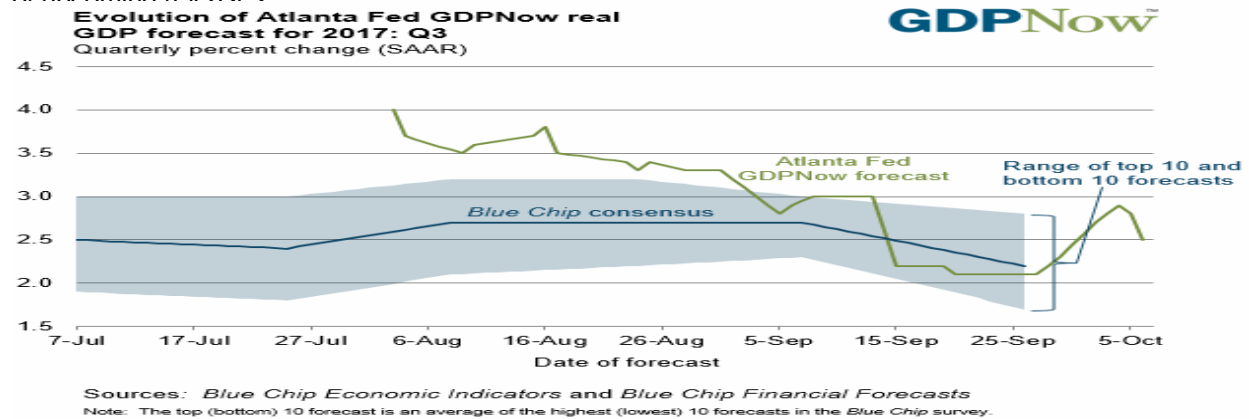


GDP-3Q running around 2.32% as of October 2, up from 2.19% on September 29.

Atlanta Fed GDPNowcast Latest forecast...October 6, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2017 is **2.5 percent** on October 6, down from 2.8 percent on October 5. The forecasts of third-quarter real consumer spending growth and third-quarter real private fixed investment growth declined from 2.5 percent and 1.8 percent, respectively, to 2.2 percent and 0.9 percent, respectively, after this morning's employment report from the U.S. Bureau of Labor Statistics. The model's estimate of the dynamic factor for September—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—fell from 1.53 to 0.18 after the report.

*The next GDPNow update is **Friday, October 13**. 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 1.5%...October 6, 2017

News from this week's data releases left the nowcast for Q3 broadly unchanged and increased the nowcast for Q4 by 0.5 percentage point.

Positive surprises from the ISM surveys outweighed negative surprises from employment data.

https://www.newyorkfed.org/medialibrary/media/research/policy/nowcast/nowcast_2017_1006.pdf?la=en

St. Louis Fed Real GDP Nowcast... Q3 2017: 2.97%...October 6, 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®
Sep 2017	60.8	Mar 2017	57.2
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

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Average for 2017 – 57.1 Average for 12 months – 56.2 High – 60.8 Low – 52.0
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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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The Fixed Income Group at R.J. O'Brien

John Coleman
312-373-5190
800-367-3349
© 312-515-3067

johncoleman@bloomberg.net

Rob Powell
312-373-5197
800-367-3349
© 312-560-7112

robpowell@bloomberg.net

Jeff Bauman
312-286-0491
jeffbau@bloomberg.net

Rich Goldblatt
312-373-5450
800-367-3650
© 312-515-6019
futuristic@bloomberg.net

Rocco Chierici
312-373-5439
800-367-3650
© 312-515-3069
rocco1@bloomberg.net

Brian Rachwalski
312-373-5191
800-367-3349
© 312-515-3066

brachwalski@bloomberg.net

Dan Sobolewski
312-373-5191
800-367-3349
© 312-505-6364

dsobolewski@bloomberg.net

Evan Vollman
312-373-5452
800-367-3650
evollman@bloomberg.net

Corrine Abele
312-373-4847
800-367-3349
cabele@rjobrien.com

Matthew Surwillo
312-373-4958
800-367-3349
msurwillo@rjobrien.com

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