



Fixed Income Group A Division of RJ O'Brien

The Missile

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(All times are CST)

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

United States Browse 12:37:52 12/04/17 - 12/07/17

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	12/04	09:00	40			Factory Orders	Oct	0.3%	--	1.4%	--
22)	12/04	09:00				Factory Orders Ex Trans	Oct	--	--	0.7%	--
23)	12/04	09:00	40			Durable Goods Orders	Oct F	--	--	-1.2%	--
24)	12/04	09:00				Durables Ex Transportation	Oct F	--	--	0.4%	--
25)	12/04	09:00	40			Cap Goods Orders Nondef Ex Air	Oct F	--	--	-0.5%	--
26)	12/04	09:00	40			Cap Goods Ship Nondef Ex Air	Oct F	--	--	0.4%	--
27)	12/05	07:30	40			Trade Balance	Oct	-\$44.8b	--	-\$43.5b	--
28)	12/05	08:45	40			Markit US Services PMI	Nov F	55.3	--	54.7	--
29)	12/05	08:45	40			Markit US Composite PMI	Nov F	--	--	54.6	--
30)	12/05	09:00	40			ISM Non-Manf. Composite	Nov	59.0	--	60.1	--
31)	12/06	06:00	40			MBA Mortgage Applications	Dec 1	--	--	-3.1%	--
32)	12/06	07:15	40			ADP Employment Change	Nov	175k	--	235k	--
33)	12/06	07:30				Nonfarm Productivity	3Q F	3.2%	--	3.0%	--
34)	12/06	07:30				Unit Labor Costs	3Q F	0.3%	--	0.5%	--
35)	12/07	06:30				Challenger Job Cuts YoY	Nov	--	--	-3.0%	--
36)	12/07	07:30	40			Initial Jobless Claims	Dec 2	--	--	--	--
37)	12/07	07:30				Continuing Claims	Nov 25	--	--	--	--
38)	12/07	08:45	40			Bloomberg Consumer Comfort	Dec 3	--	--	--	--
39)	12/07	11:00				Household Change in Net Worth	3Q	--	--	\$1698b	--

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 CST GMT-6:00 H139-4148-1 29-Nov-2017 12:37:52

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Fed Speak Calendar
(All times are CST)

1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		Economic Calendars			
	United States	Browse		12:40:06		12/04/17		-		12/13/17	
Central Banks		All Central Banks		View		Agenda		Weekly		♀	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	12/12	07:15				Alabama Special General Election - U.S. Senate					
22)	12/13	13:00	↔	▲	■	FOMC Rate Decision (Upper Bo...	Dec 13	1.50%	--	1.25%	--
23)	12/13	13:00	▲	FOMC Rate Decision (Lower Bo...	Dec 13	1.25%	--	1.00%	--
24)	12/13	13:30				Yellen Holds Press Conference Following FOMC Meeting					

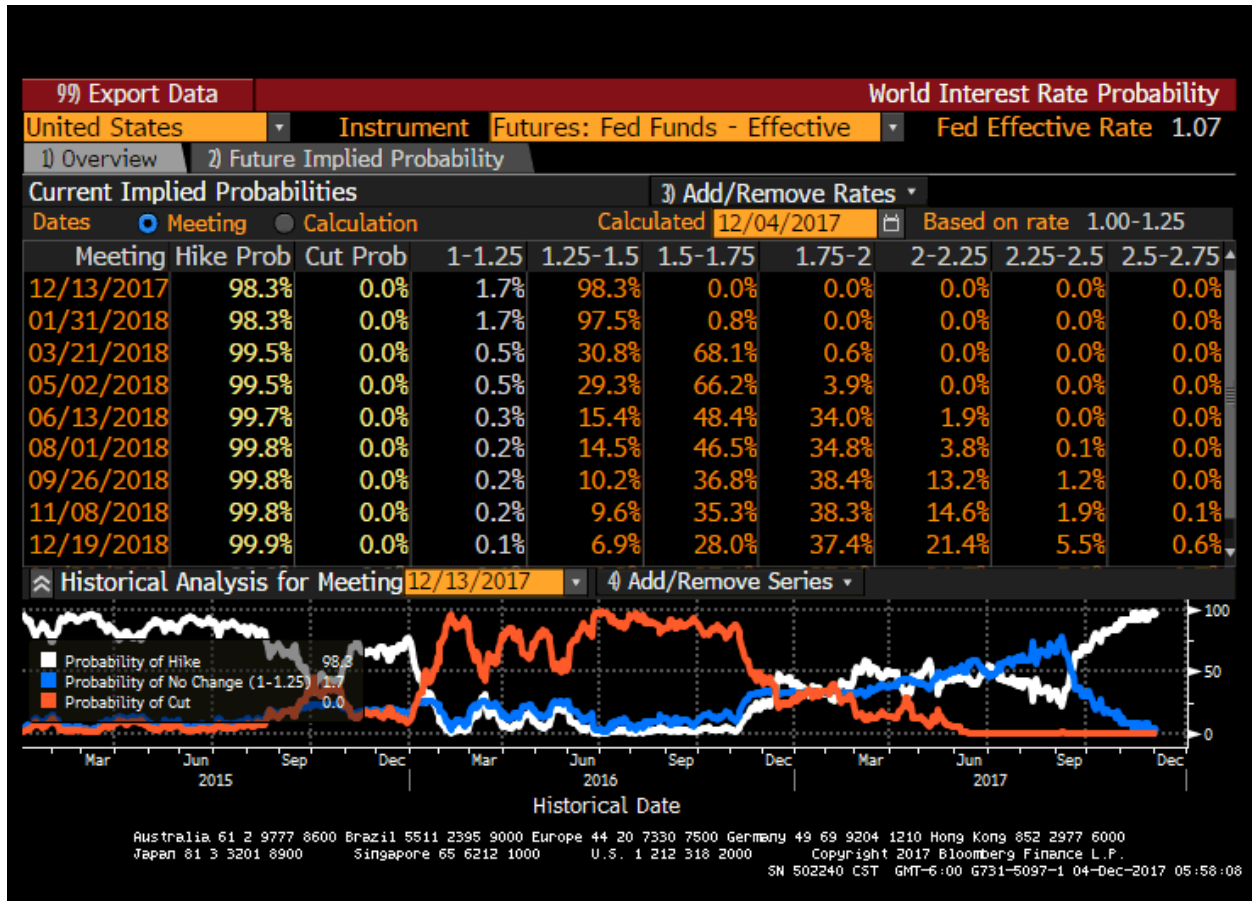
NI TRE <go>

	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction \$ Bln
Cash mgmt	TBA	TBA	TBA	TBA	TBA	10/30/2017	\$20
4-week	12/04/2017	12/05/2017	12/07/2017	TBA	TBA	11/28/2017	\$45
3-month	11/30/2017	12/04/2017	12/07/2017	912796NU9	TBA	11/27/2017	\$42
6-month	11/30/2017	12/04/2017	12/07/2017	912796PJ2	TBA	11/27/2017	\$36
1-year	11/30/2017	12/05/2017	12/07/2017	912796PE3	TBA	11/07/2017	\$20
Note Auctions							
2-year	12/21/2017	12/26/2017	01/02/2018	TBA	TBA	11/27/2017	\$26
3-year	12/07/2017	12/11/2017	12/15/2017	TBA	TBA	11/07/2017	\$24
5-year	12/21/2017	12/27/2017	01/02/2018	TBA	TBA	11/27/2017	\$34
7-year	12/21/2017	12/28/2017	01/02/2018	TBA	TBA	11/28/2017	\$28
10-year	12/07/2017	12/11/2017	12/15/2017	TBA	TBA	11/08/2017	\$23
Bond Auctions							
30-year	12/07/2017	12/12/2017	12/15/2017	TBA	TBA	11/09/2017	\$15

TIPS Auctions							
5-yr TIPS	12/14/2017	12/21/2017	12/29/2017	TBA	R	TBA	08/24/2017 \$14
10-yr TIPS	01/11/2018	01/18/2018	01/31/2018	TBA	R	TBA	11/16/2017 \$11
30-yr TIPS	TBA	TBA	TBA	TBA	TBA	TBA	10/19/2017 \$5
Floating Rate Note							
2-year FRN	12/21/2017	11/21/2017	11/24/2017	9128283B4	R	\$13	10/25/2017 \$13
Buyback Operation							
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	11/15/2017 \$.025

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Implied Probability of Fed Rate Movement (Futures)



Libor Set

1-Month Libor Set	1.39181	+.01241	(98.60819)
3-Month Libor Set	1.50849	+.01389	(98.49151)
6-Month Libor Set	1.69313	+.01893	(98.30687)
1-Year Libor Set	1.98169	+.01678	(98.01831)

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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/fomcprojtabl20170920.pdf>

THEY SAID IT

Boarding Marine One at the White House, Trump said of the corporate tax rate, “it could be 22 (percent) when it comes out. We are going to see what ultimately comes out.”

<https://www.bloomberg.com/news/articles/2017-12-02/trump-says-he-s-unbeatable-in-2020-on-tax-cuts-stock-market>

Every one percentage point change in the corporate tax rate is equivalent to about \$100 billion in revenue over 10 years. Setting the rate at 22 percent against 20 percent would free up roughly \$200 billion in revenue.

“Look, there’s not going to be a government shutdown,” McConnell said on ABC’s “This week” program on Sunday. “It’s just not going to happen.”

<https://www.bloomberg.com/news/articles/2017-12-01/house-republicans-set-to-push-stopgap-funding-without-democrats>

The House legislation would push the next funding deadline to the Friday before Christmas, giving House and Senate lawmakers time to knit together their respective tax-cutting bills into a single piece of legislation to present to Trump.

The short-term spending bill, known as a continuing resolution, would still need support from some Democrats in the Senate, where 60 votes will be required to advance the measure and Republicans have only 52 members. But being able to get it through the House by relying just on the Republican majority removes some Democratic leverage to press to include other issues.

“Continuing funding for federal operations is critical to our nation’s stability, our economy, and for the well-being of the American people,” Representative Rodney Frelinghuysen of New Jersey, chairman of the House Appropriations Committee, said in a statement on Saturday.

“It is a necessary step to ensure the programs and services that all Americans rely on are maintained and available to all,” Frelinghuysen said.

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Representative Richard Hudson, a North Carolina Republican, said on Friday that the leadership team planned to press rank-and-file members to vote for the funding extension without any extraneous provisions that could cause delays. A handful of conservatives, including Representatives Scott Perry of Pennsylvania and Jim Jordan of Ohio, had said earlier that they wouldn't vote for it.

Directors at the Federal Reserve Bank of Richmond have chosen Thomas Barkin, a senior executive at global consulting firm McKinsey & Co., as the institution's next president, said a person familiar with the decision.

<https://www.bloomberg.com/news/articles/2017-12-03/richmond-fed-is-said-to-tap-mckinsey-s-barkin-as-its-president>

Barkin, 56, will succeed Jeffrey Lacker, who resigned in April after admitting his role in the leak of confidential, market-sensitive information to a Wall Street newsletter.

Barkin is the chief risk officer at McKinsey, where he's worked for 30 years, according to Steve John, a spokesman for the firm. He served as chief financial officer from 2009 to 2015. Before joining McKinsey, Barkin worked at First Boston Corp. and Boston Consulting Group, according to the company's website.

That's what Avallone, a certified financial planner, calls "million-dollar poverty."

<https://www.cnbc.com/2017/11/30/even-a-1-million-retirement-nest-egg-isnt-enough-anymore.html>

A cool \$1 million has long been considered the gold standard of retirement savings. These days, it's only a fraction of what you will really need.

For instance, a 67-year-old baby boomer retiring now with \$1 million in the bank will generate \$40,000 a year to live on adjusted for inflation and assuming a sustainable withdrawal rate of 4 percent, said Mark Avallone, president of Potomac Wealth Advisors and author of "Countdown to Financial Freedom."

It's worse for a 42-year-old Gen Xer, whose \$1 million at retirement will only generate an inflation-adjusted \$19,000 a year when all is said and done. A 32-year-old millennial planning to retire at 67 with \$1 million would live below the poverty line.

Naturally, depending on where in the U.S. you live, the longevity of a \$1 million nest egg varies. Those dollars stretched furthest in states like Mississippi, Arkansas and Tennessee, where retirees could live a life of leisure for at least a quarter of a century.

However, in Hawaii, where residents pay roughly 30 percent more for household items across the board, that same amount will only get you just shy of a dozen years — largely because of that higher cost of living and pricey real estate.

South Korea and the United States launched their largest-ever joint aerial drills on Monday, officials said, one week after North Korea said it had tested its most advanced missile as part of a weapons program that has raised global tensions.

<https://www.reuters.com/article/us-northkorea-missiles-drill/south-korea-u-s-kick-off-largest-air-exercise-amid-north-korean-warnings-idUSKBN1DY02I?il=0>

The annual U.S.-South Korean drill, called Vigilant Ace, will run until Friday, with six F-22 Raptor stealth fighters among the more than 230 aircraft taking part. The isolated North has condemned the exercises as a provocation.

F-35 fighters will also join the drill, which will also include the largest number of 5th generation fighters to take part, according to a South Korea-based U.S. Air Force spokesperson.

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Around 12,000 U.S. service members, including from the Marines and Navy, will join South Korean troops. Aircraft taking part will be flown from eight U.S. and South Korean military installations.

“No country has done more than the United States, and our generosity will continue,” said Haley, whose parents are immigrants from India. “But our decisions on immigration policies must always be made by Americans and Americans alone.”

“We will decide how best to control our borders and who will be allowed to enter our country,” she said.

<https://ca.reuters.com/article/topNews/idCAKBN1DX0Q4-OCATP>

U.S. quits talks on global migration pact over sovereignty clash

The United States has quit negotiations on a voluntary pact to deal with migration because the global approach to the issue was “simply not compatible with U.S. sovereignty,” said U.S. Ambassador to the United Nations Nikki Haley.

With a record 21.3 million refugees globally, the 193-member U.N. General Assembly adopted a political declaration in September last year in which they also agreed to spend two years negotiating the pact on safe, orderly and regular migration.

Former U.S. President Barack Obama’s administration backed the resolution, known as the New York Declaration, which also asked U.N. High Commissioner for Refugees Filippo Grandi to propose a global compact on refugees for adoption in 2018. “The global approach in the New York Declaration is simply not compatible with U.S. sovereignty,” Haley said.

Jets believed to be Syrian and Russian struck heavily crowded residential areas in a besieged rebel enclave near Damascus, killing at least 27 people and injuring dozens in the third week of a stepped-up assault, residents, aid workers and a war monitor said on Monday.

<https://www.reuters.com/article/us-mideast-crisis-syria-ghouta/syrian-russian-jets-bomb-residential-areas-in-eastern-ghouta-witnesses-monitor-idUSKBN1DY01J>

The Syrian Observatory for Human Rights, which monitors the conflict, said the casualties on Sunday were the biggest daily death toll since the stepped-up strikes began 20 days ago.

The monitor said nearly 200 civilians were killed in strikes and shelling, including many women and children, during that period. The Eastern Ghouta has been besieged by army troops since 2013 in an attempt to force the rebel enclave to submission.

"The recently announced agreement with the Pension Benefit Guaranty Corp. requires an initial upfront payment to the pension plans which will be secured by 138 properties released to the company," said Rob Riecker, CFO of Sears Holdings. "Once complete, the estimated contributions of \$550 million to the pension plans in 2018 and 2019 is eliminated (with the exception of a \$20 million payment in July of 2018)."

"Additionally we will be taking action in the near term with respect to certain upcoming debt maturities to provide the company with further financial flexibility and enhanced liquidity," Riecker added.

<http://www.costar.com/News/Article/Pension-Deal-Frees-Up-Sears-to-Sell-138-Properties/196209>

Sears Holdings Corp. (NASDAQ: [SHLD](#)) reported that it has negotiated a deal with the federal government that will free up the potential sale of additional stores with a property value of more than \$400 million.

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Earlier this month, the U.S. Pension Benefit Guaranty Corp. and Sears reached a new agreement that calls for Sears to pay \$500 million into two pension plans, including contributions already made by Sears since August 2017. The pension plans cover about 100,000 participants.

The new agreement amends a March 2016 agreement between PBGC and Sears that restricted Sears from selling 138 stores in its portfolio.

The new deal is expected to close in February 2018, after which Sears would be free to monetize the properties.

Sears said it expects to raise \$407 million through a sale of properties and financing secured by the properties, with any financing to be repaid from the sale proceeds. The department store chain did not identify the properties on the call.

The top 1,000 corporate, government and institutional occupiers in the U.S. hold leases worth an aggregated rent value of more than \$135 billion, encompassing just over 8.4 billion square feet of office, industrial and flex space across about 115,500 properties, according to a recent analysis of CoStar Group tenant data.

<http://www.costar.com/News/Article/Which-Companies-Carry-the-Highest-Value-in-Leases-for-US-Office-and-Industrial-Real-Estate-/196160>

The study ranks occupiers by the current value of rents paid across their U.S. real estate portfolios in CoStar's database. Total rent value was calculated by multiplying the space occupied by tenants in each building by the estimated rent value per property in the U.S. and providing a total lease value for each occupier across markets.

Of the top 1,000, Amazon.com had the highest overall rent value relative to its occupied square footage, with a total \$1.34 billion in rent value across 352 U.S. properties totaling more than 130 million square feet of industrial, office and flex space. Amazon controls large blocks of office space in Manhattan, San Francisco and its headquarters city of Seattle, among other markets.

When Zhu Chenxia bought a flat early last year from Lei Yarong in the up-market Nanshan district of China's southern metropolis of Shenzhen, the two women drew up three purchase agreements to cover the deal.

Only one was genuine.

<https://www.reuters.com/investigates/special-report/china-risk-mortgages/>

In the legitimate contract, Zhu agreed to pay Lei 6.49 million yuan (about \$980,000) for the 96-square-meter apartment near the city's border with Hong Kong, according to records filed in a Shenzhen court. With the help of her property agent, Zhu cooked up a second contract with Lei that overstated the value of the flat at 7 million yuan. This one was for the bank.

If Zhu had presented her lender with the true purchase price, she would only have been entitled to borrow up to 70 per cent of that amount, or 4.54 million yuan. Chinese regulations stipulate that first-home buyers in some major cities must make a down payment of at least 30 percent to reduce bank exposure to risk. The higher valuation convinced the Bank of China to lend Zhu 4.85 million yuan, leaving the lender less buffer against a price drop.

Details of the deception are contained in a court judgment from a subsequent dispute between Zhu and Lei over the transaction. Remarkably, Zhu herself disclosed the fraud to the court when she gave evidence that showed the pair had conspired to cheat the bank and the government. Mortgage fraud like the pair's flouting of rules designed to protect banks is rampant in China's roaring property market, according to interviews with buyers, sellers and dozens of property market insiders including real estate agents, lawyers, bankers, valuers and loan middlemen from three of China's major cities and four smaller cities.

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EQUITIES

The S&P is **+16** and the NASDAQ is **+21**.

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 70% Equities, 20% Bonds and 10% Money Markets.

Earnings:

www.moneycentral.msn.com/investor/market/earncalendar

On Bloomberg type in ACDR <GO>

UK/EUROPE

In the UK the FTSE closed +0.48%.

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

BOE Rate +0.50%.

Next meeting 12/14/17

On the European Continent

The CAC Index closed +1.07%.

The DAX Index closed +1.32%.

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

ECB Main Refinancing Operations Rate +0.00%

Deposit Facility Rate -.40%

Next meeting 12/14/17

ASIA

Japan:

The TOPIX closed -0.54%.

The NIKKEI closed -0.49%.

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

BOJ Basic Loan rate 0.30%

Next meeting 12/21/17

China:

The Hang Seng closed +0.22%.

The Shanghai Composite closed -0.24%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDZ7: 98-45.75 is the pivot. Below the pivot you should be short, above long. Support is at 98-43.75**.

Resistance is at 98.45.75 and 98-47.75*.

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

** 2-STD Deviations from the pivot point.

Trend has you 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: 124-28.5 is the pivot point. Above you should be long, below short.

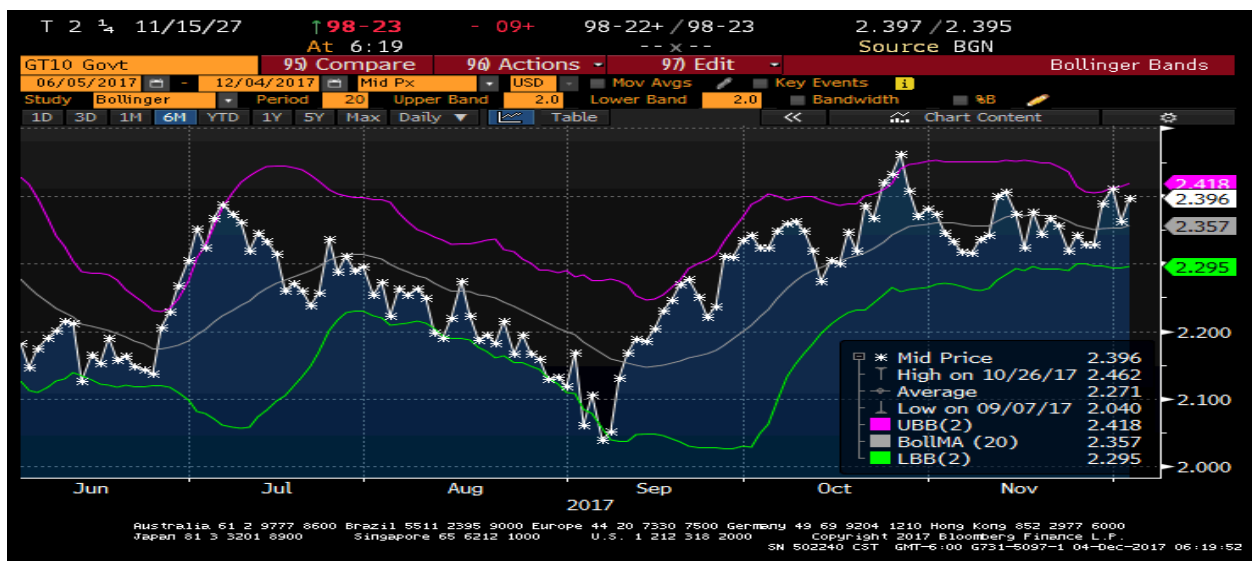
Support is at 124-09.5**

Resistance is at 124-28.5 and 125-15.5**

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

** 2-STD Deviations from the pivot point

Current trend has you short from 124-30.5 (11/26/17). I remain flat ahead of the tax vote.



YTD (2017) +93.0 futures ticks (\$31.25 per tick) or +2906.25 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:		11/04/2017 - 12/04/2017		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/da	Low	Range	High	Avg +/-BPS	PCS	CMPN
1) 1 YR	1.797 / 1.801	1.798	0.023			0.6	1.653	1.805	1.728	7.2	1.8		
2) 2 YR	1.986 / 1.987	1.987	0.027			0.6	1.816	2.002	1.901	8.6	1.9		
3) 3 YR	2.090 / 2.091	2.090	0.025			0.6	1.921	2.115	2.004	8.7	1.9		
4) 4 YR	2.153 / 2.155	2.154	0.027			0.6	1.993	2.177	2.072	8.3	2.0		
5) 5 YR	2.202 / 2.202	2.202	0.028			0.7	2.045	2.236	2.126	7.6	1.9		
6) 6 YR	2.247 / 2.247	2.247	0.030			0.8	2.106	2.273	2.179	6.8	1.9		
7) 7 YR	2.289 / 2.290	2.289	0.030			0.8	2.156	2.316	2.227	6.3	1.8		
8) 8 YR	2.327 / 2.328	2.327	0.030			0.9	2.201	2.354	2.271	5.7	1.7		
9) 9 YR	2.362 / 2.363	2.362	0.033			1.0	2.242	2.391	2.310	5.2	1.5		
10) 10 YR	2.394 / 2.394	2.394	0.030			0.9	2.279	2.444	2.347	4.7	1.4		
11) 15 YR	2.504 / 2.504	2.504	0.027			0.8	2.412	2.549	2.475	3.0	0.9		
12) 20 YR	2.558 / 2.558	2.558	0.025			0.8	2.477	2.610	2.536	2.3	0.7		
13) 25 YR	2.573 / 2.574	2.574	0.023			0.7	2.500	2.630	2.556	1.8	0.6		
14) 30 YR	2.573 / 2.573	2.573	0.024			0.7	2.500	2.632	2.559	1.4	0.4		

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 CST GMT-6:00 6731-5097-1 04-Dec-2017 06:00:30

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

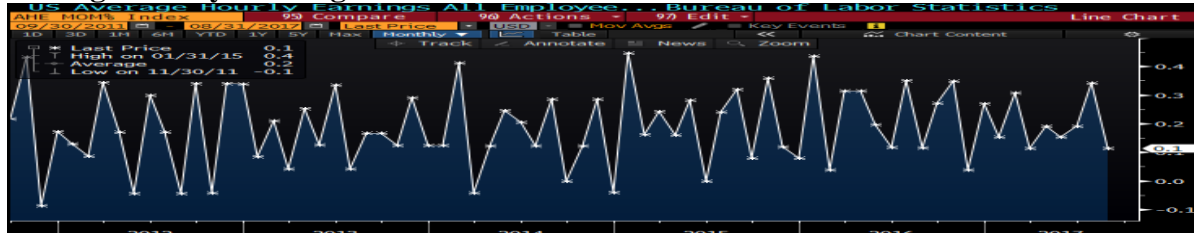
LABOR

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.

Average Hourly Earnings



Department of Labor Department.

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

St. Louis Fed Agriculture Finance Monitor 3rd quarter 2017

According to the latest survey of agricultural bankers in the Eighth Federal Reserve District, farm income declined during the third quarter of 2017 compared with a year earlier. Bankers were modestly more optimistic when asked about the prospects for farm income in the fourth quarter. Compared with their expectations registered in the second-quarter survey, proportionately MORE BANKERS REPORTED AT THE DEMAND FOR LOANS, the rate of loan repayment, and farm income were stronger than they initially expected.

Quality farmland values rose 1.1 percent in the third quarter from a year earlier, while ranchland and pastureland values increased by slightly more, 4 percent. By contrast, cash rents fell in the third quarter. In the third quarter of 2017, proportionately more bankers reported an increased demand for loans. However, proportionately more bankers also reported a decline in the availability of funds and in the rate of loan repayment. Compared with the second-quarter averages, interest rates were modestly higher among most loan categories in the third quarter, regardless of whether the loans were fixed rate or variable rate. This issue contained three special questions. The first question asked about loan repayment problems. Nearly 60 percent of bankers reported that operating loans (lines of credit) were expected to have the largest repayment problems, while nearly a quarter of respondents reported no expected increase in repayment problems. The second question asked about the performance of loans that have been restructured in the past year. Nearly 70 percent of respondents reported that the restructuring has been in line with expectations.

<https://files.stlouisfed.org/files/htdocs/publications/ag-finance/2017-11-09/2017-third-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

Rig Count Overview & Summary 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.	1 December 2017	929	+6	22 November 2017	+332	2 December 2016
Canada	1 December 2017	222	+7	22 November 2017	+22	2 December 2016
International	October 2017	951	+20	September 2017	+31	October 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

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TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 47 weeks of 2017, U.S. railroads reported cumulative volume of 12,199,607 carloads, up 3 percent from the same point last year; and 12,653,426 intermodal units, up 3.7 percent from last year. Total combined U.S. traffic for the first 47 weeks of 2017 was 24,853,033 carloads and intermodal units, an increase of 3.3 percent compared to last year.

North American rail volume for the week ending November 25, 2017, on 13 reporting U.S., Canadian and Mexican railroads totaled 324,960 carloads, up 0.3 percent compared with the same week last year, and 309,922 intermodal units, up 5.3 percent compared with last year. Total combined weekly rail traffic in North America was 634,882 carloads and intermodal units, up 2.7 percent. North American rail volume for the first 47 weeks of 2017 was 32,993,547 carloads and intermodal units, up 4.7 percent compared with 2016.

Canadian railroads reported 78,305 carloads for the week, essentially flat compared to last year, and 65,648 intermodal units, up 8.8 percent compared with the same week in 2016. For the first 47 weeks of 2017, Canadian railroads reported cumulative rail traffic volume of 6,848,611 carloads, containers and trailers, up 10.6 percent.

Mexican railroads reported 16,329 carloads for the week, up 3.2 percent compared with the same week last year, and 10,998 intermodal units, up 0.1 percent. Cumulative volume on Mexican railroads for the first 47 weeks of 2017 was 1,291,903 carloads and intermodal containers and trailers, up 1.4 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2017-11-29-railtraffic.aspx>

Weekly Rail Traffic Report and Charts

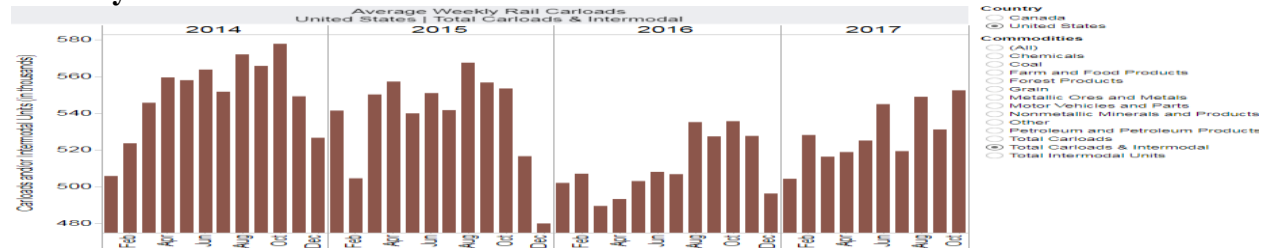
For this week, total U.S. weekly rail traffic was 463,602 carloads and intermodal units, up 2.4 percent compared with the same week last year.

Total carloads for the week ending November 25 were 230,326 carloads, up 0.2 percent compared with the same week in 2016, while U.S. weekly intermodal volume was 233,276 containers and trailers, up 4.7 percent compared to 2016.

Four of the 10 carload commodity groups posted an increase compared with the same week in 2016. They included nonmetallic minerals, up 4,507 carloads, to 29,579; metallic ores and metals, up 1,616 carloads, to 19,802; and motor vehicles and parts, up 1,537 carloads, to 14,309. Commodity groups that posted decreases compared with the same week in 2016 included grain, down 3,820 carloads, to 18,771; coal, down 2,192 carloads, to 81,340; and farm products excl. grain, and food, down 1,044 carloads, to 14,531.

<https://www.aar.org/newsandevents/Freight-Rail-Traffic/Documents/2017-11-29-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) – 11/27/17

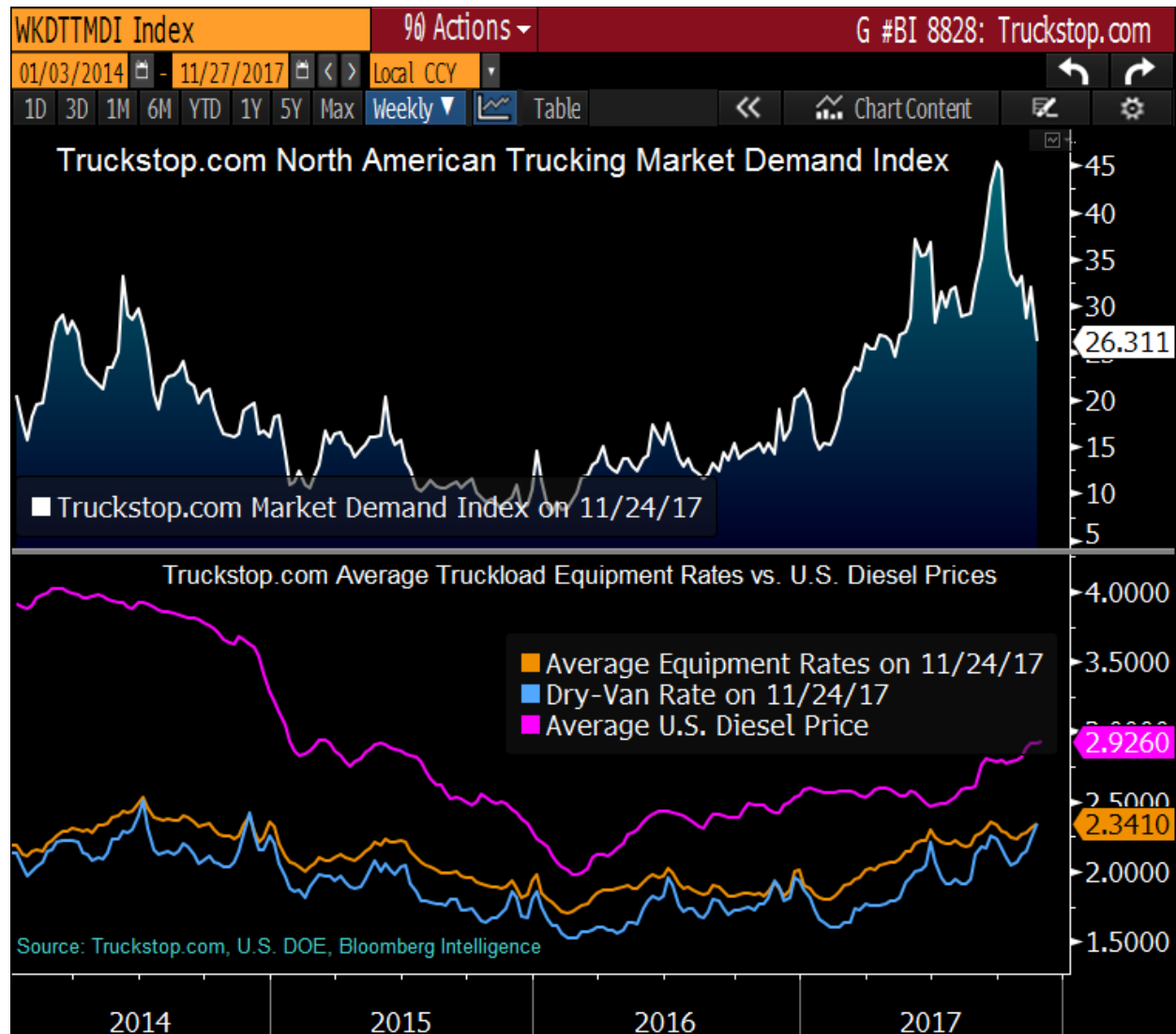
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --Relative North American spot trucking demand fell 18% sequentially to 26.3 in the week ended Nov. 24, based on Truckstop.com's Market Demand Index. One fewer working day due to Thanksgiving created a volatile week as the 42% decline in loads available outpaced a 30% drop in available trucks. Spot rates, excluding fuel surcharges, rose 1.7% to \$2, the highest since hurricane spikes in September, as retailers stock shelves ahead of the holidays. ELD capacity constraints should keep upward pressure on spot prices.

The Market Demand Index has climbed 113% on average vs. last year. Total rates, excluding fuel surcharges, increased 12%. USA Truck and Knight-Swift traditionally have more exposure to the spot market vs. other truckload carriers such as Werner, J.B. Hunt and Marten. (11/27/17)

To contact the analyst for this research:

Lee A Klaskow at klaskow1@bloomberg.net



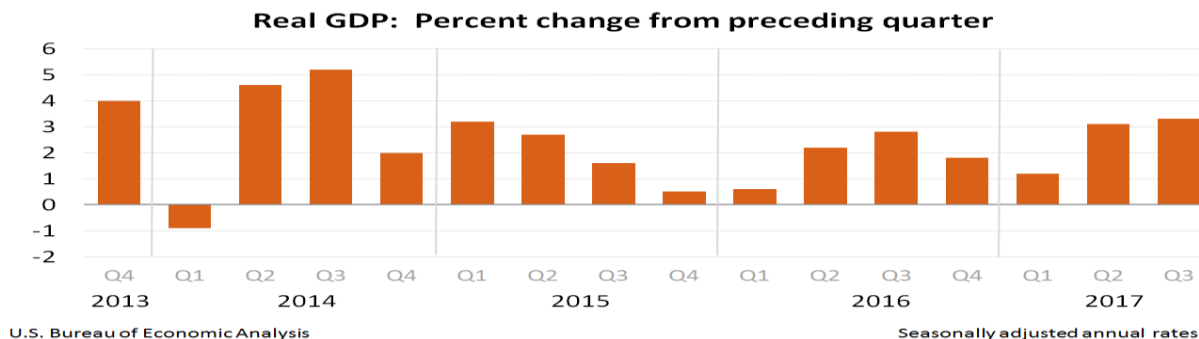
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GDP

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



My 3Q-GDP finished 2.38% v. the 3.2% GDP Second reading on November 29

GDP-4Q is running at 3.62% on December 1, unchanged from 3.50% on November 24

Atlanta Fed GDPNow...Latest forecast Q4: 3.5 percent — December 1, 2017

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2017 is **3.5 percent** on December 1, up from 2.7 percent on November 30. The forecast of real consumer spending growth increased from 2.6 percent to 3.1 percent after this morning's Manufacturing ISM Report On Business from the Institute for Supply Management, while the forecast of real private fixed-investment spending growth increased from 6.7 percent to 8.4 percent after the ISM report and this morning's construction spending release from the U.S. Census Bureau. The model's estimate of the dynamic factor for November—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—increased from 0.40 to 1.22 after the ISM report. The forecast of real government spending growth increased from 2.0 percent to 3.0 percent after the construction spending release.

*The next GDPNow update is **Tuesday, December 5**. 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...Q4 2017: 3.9%...December 1, 2017

News from this week's data releases increased the nowcast for Q4 by 0.2 percentage point. Positive surprises from manufacturing, housing, and survey data were only partially offset by a negative surprise from personal consumption expenditures.

<https://www.newyorkfed.org/research/policy/nowcast>

St. Louis Fed Real GDP Nowcast... Q4 2017: 3.47%...December 1, 2017

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

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MANUFACTURING AT A GLANCE

October 2017

Percentage

Index	Series Index	Series Index	Point	Direction	Rate of Change	Trend* (Months)
	Oct	Sep	Change			
PMI[®]	58.7	60.8	-2.1	Growing	Slower	14
New Orders	63.4	64.6	-1.2	Growing	Slower	14
Production	61.0	62.2	-1.2	Growing	Slower	14
Employment	59.8	60.3	-0.5	Growing	Slower	13
Supplier Deliveries	61.4	64.4	-3.0	Slowing	Slower	18
Inventories	48.0	52.5	-4.5	Contracting	From Growing	1
Customers' Inventories	43.5	42.0	+1.5	Too Low	Slower	4
Prices	68.5	71.5	-3.0	Increasing	Slower	20
Backlog of Orders	55.0	58.0	-3.0	Growing	Slower	9
New Export Orders	56.5	57.0	-0.5	Growing	Slower	20
Imports	54.0	54.0	0.0	Growing	Same	9
OVERALL ECONOMY				Growing	Slower	101
Manufacturing Sector				Growing	Slower	14

<i>Month</i>	<i>PMI[®]</i>	<i>Month</i>	<i>PMI[®]</i>
Oct 2017	58.7	Apr 2017	54.8
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

Average for 2017 – 57.3

Average for 12 months – 56.8

High – 60.8

Low – 53.5

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

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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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