



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

| Economic Calendars | | | | | | | | | |
|--------------------|-------|-----------|-------|--------------------------------|--------|-------------|--------|--------------------|---------|
| 1) Calendars | | 2) Alerts | | 3) Export | | 4) Settings | | | |
| United States | | Browse | | 13:07:52 | | 01/12/18 | | 01/18/18 | |
| Economic Releases | | | | All Economic Releases | | | | View Agenda Weekly | |
| | Date | Time | A M R | Event | Period | Surv(M) | Actual | Prior | Revised |
| 21) | 01/12 | 07:30 | 40 | CPI MoM | Dec | 0.1% | -- | 0.4% | -- |
| 22) | 01/12 | 07:30 | | CPI Ex Food and Energy MoM | Dec | 0.2% | -- | 0.1% | -- |
| 23) | 01/12 | 07:30 | 40 | CPI YoY | Dec | 2.1% | -- | 2.2% | -- |
| 24) | 01/12 | 07:30 | | CPI Ex Food and Energy YoY | Dec | 1.7% | -- | 1.7% | -- |
| 25) | 01/12 | 07:30 | | CPI Index NSA | Dec | 246.372 | -- | 246.669 | -- |
| 26) | 01/12 | 07:30 | | CPI Core Index SA | Dec | -- | -- | 253.724 | -- |
| 27) | 01/12 | 07:30 | 40 | Retail Sales Advance MoM | Dec | 0.5% | -- | 0.8% | -- |
| 28) | 01/12 | 07:30 | | Retail Sales Ex Auto MoM | Dec | 0.3% | -- | 1.0% | -- |
| 29) | 01/12 | 07:30 | | Retail Sales Ex Auto and Gas | Dec | 0.4% | -- | 0.8% | -- |
| 30) | 01/12 | 07:30 | | Retail Sales Control Group | Dec | 0.4% | -- | 0.8% | -- |
| 31) | 01/12 | 07:30 | | Real Avg Weekly Earnings YoY | Dec | -- | -- | 0.8% | -- |
| 32) | 01/12 | 07:30 | | Real Avg Hourly Earning YoY | Dec | -- | -- | 0.2% | -- |
| 33) | 01/12 | 09:00 | | Business Inventories | Nov | 0.4% | -- | -0.1% | -- |
| 34) | 01/16 | 07:30 | 40 | Empire Manufacturing | Jan | 18.0 | -- | 18.0 | -- |
| 35) | 01/17 | 06:00 | 40 | MBA Mortgage Applications | Jan 12 | -- | -- | 8.3% | -- |
| 36) | 01/17 | 08:15 | 40 | Industrial Production MoM | Dec | 0.4% | -- | 0.2% | -- |
| 37) | 01/17 | 08:15 | | Capacity Utilization | Dec | 77.3% | -- | 77.1% | -- |
| 38) | 01/17 | 08:15 | | Manufacturing (SIC) Production | Dec | 0.3% | -- | 0.2% | -- |
| 39) | 01/17 | 09:00 | | NAHB Housing Market Index | Jan | 72 | -- | 74 | -- |

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 2018 Bloomberg Finance L.P.
SN 502240 CST GMT-6:00 G602-2294-1 11-Jan-2018 13:07:52

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Fed Speak Calendar
(All times are CST)

| Economic Calendars | | | | | | | | | | | |
|--------------------|-------|--------|-------------------|----------|---|--|---------------------|---------|--------|-------|---------|
| Calendars ▾ | | Alerts | | Export ▾ | | Settings ▾ | | | | | |
| United States | | | Browse | | 13:11:51 | | 01/12/18 - 01/31/18 | | | | |
| Central Banks | | | All Central Banks | | View <input checked="" type="radio"/> Agenda <input type="radio"/> Weekly <input type="radio"/> | | | | | | |
| | Date | Time | A | M | R | Event | Period | Surv(M) | Actual | Prior | Revised |
| 21) | 01/12 | 11:00 | | | | Fed's Harker Speaks on Economic Outlook | | | | | |
| 22) | 01/12 | 15:15 | | | | Fed's Rosengren Gives Keynote Address at UC San Diego Conf | | | | | |
| 23) | 01/17 | 13:00 | | | | U.S. Federal Reserve Releases Beige Book | | | | | |
| 24) | 01/17 | 14:00 | | | | Fed's Evans Speaks on Economy and Monetary Policy | | | | | |
| 25) | 01/17 | 15:30 | | | | Fed's Mester Discusses Monetary Policy Communication | | | | | |
| 26) | 01/31 | 13:00 | | | | FOMC Rate Decision (Upper Bound) | Jan 31 | 1.50% | -- | 1.50% | -- |
| 27) | 01/31 | 13:00 | | | | FOMC Rate Decision (Lower Bou... | Jan 31 | 1.25% | -- | 1.25% | -- |

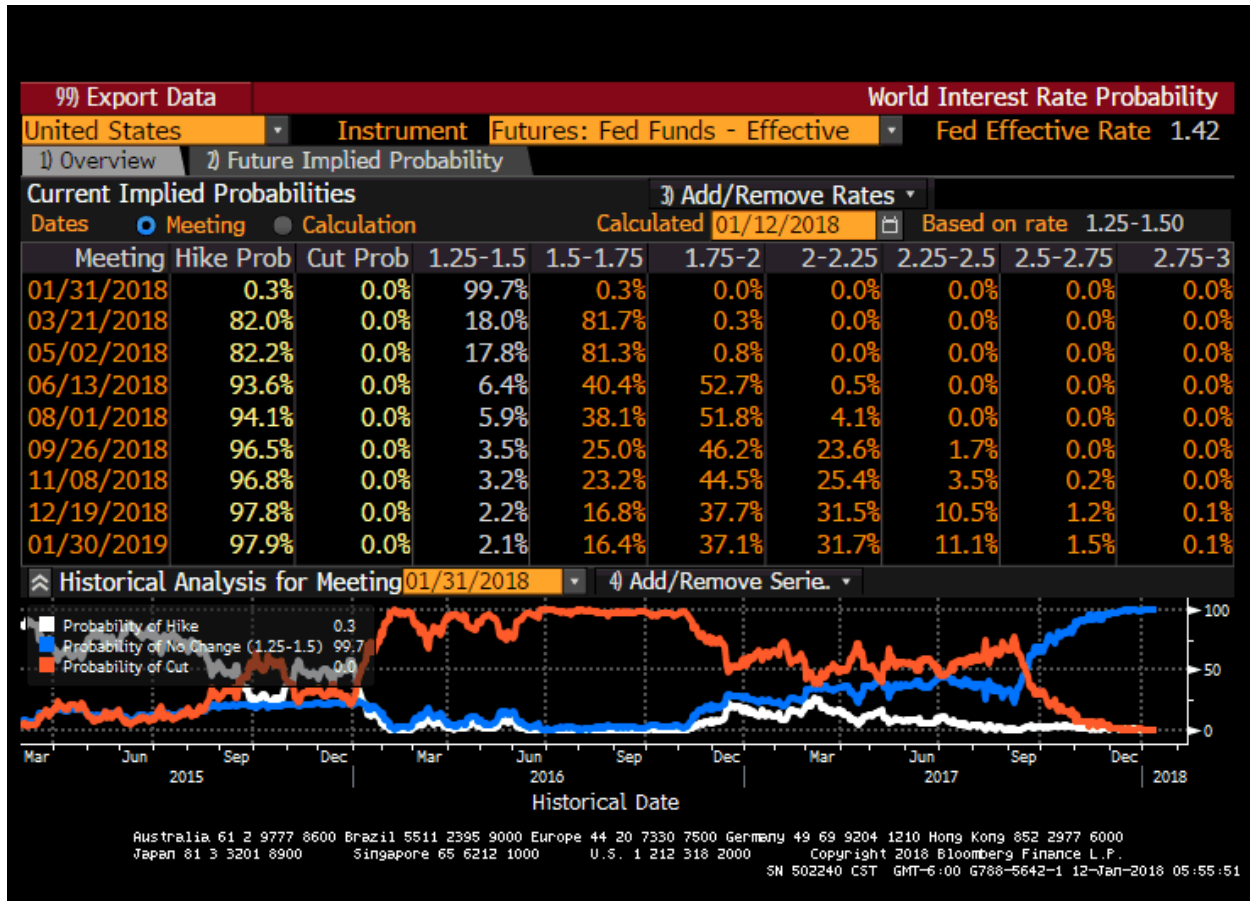
NI TRE <go>

| | Next Offer | Next | Date | CUSIP | \$ | Prior | Prior | |
|----------------------|--------------|------------|------------|-----------|----|-------|------------|--------|
| Bill Auctions | Announcement | Auction | Settles | Numbers | R | Bil | Auction | \$ Bln |
| Cash mgmt | TBA | TBA | TBA | TBA | | TBA | 12/08/2017 | \$9 |
| 4-week | 01/11/2018 | 01/16/2018 | 01/18/2018 | 912796NS4 | | TBA | 01/09/2018 | \$50 |
| 3-month | 01/11/2018 | 01/16/2018 | 01/18/2018 | 912796PB9 | | TBA | 01/08/2018 | \$48 |
| 6-month | 01/11/2018 | 01/16/2018 | 01/18/2018 | 912796MK2 | | TBA | 01/08/2018 | \$42 |
| 1-year | 01/25/2018 | 01/30/2018 | 02/01/2018 | TBA | | TBA | 01/02/2018 | \$20 |
| Note Auctions | | | | | | | | |
| 2-year | 01/18/2018 | 01/23/2018 | 01/31/2018 | TBA | | TBA | 12/26/2017 | \$26 |
| 3-year | 01/31/2018 | 02/06/2018 | 02/15/2018 | TBA | | TBA | 01/09/2018 | \$24 |
| 5-year | 01/18/2018 | 01/24/2018 | 01/31/2018 | TBA | | TBA | 12/27/2017 | \$34 |
| 7-year | 01/18/2018 | 01/25/2018 | 01/31/2018 | TBA | | TBA | 12/28/2017 | \$28 |
| 10-year | 01/31/2018 | 01/10/2018 | 01/16/2018 | 9128283F5 | R | \$20 | 12/11/2017 | \$20 |
| Bond Auctions | | | | | | | | |
| 30-year | 01/31/2018 | 01/11/2018 | 01/16/2018 | 912810RZ3 | R | \$12 | 12/12/2017 | \$12 |

| TIPS Auctions | | | | | | | | |
|--------------------|------------|------------|------------|-----------|---|------|------------|--------|
| | | | | | | | | |
| 5-yr TIPS | 04/12/2018 | 04/19/2018 | 04/30/2018 | TBA | R | TBA | 12/21/2017 | \$14 |
| 10-yr TIPS | 01/11/2018 | 01/18/2018 | 01/31/2018 | TBA | | TBA | 11/16/2017 | \$11 |
| 30-yr TIPS | TBA | TBA | TBA | TBA | | TBA | 10/19/2017 | \$5 |
| Floating Rate Note | | | | | | | | |
| 2-year FRN | 01/18/2018 | 12/27/2017 | 12/29/2017 | 9128283B4 | R | \$13 | 11/21/2017 | \$13 |
| Buyback Operation | | | | | | | | |
| Buyback | TBA | TBA | TBA | TBA | | TBA | 11/15/2017 | \$.025 |

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Implied Probability of Fed Rate Movement (Futures)



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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, December 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 | 2.5 | 2.5 | 2.1 | 2.0 | 1.8 | 2.4-2.5 | 2.2-2.6 | 1.9-2.3 | 1.7-2.0 | 1.8-1.9 | 2.4-2.6 | 2.2-2.8 | 1.7-2.4 | 1.1-2.2 |
| September projection | 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 |
| Unemployment rate | 4.1 | 3.9 | 3.9 | 4.0 | 4.6 | 4.1 | 3.7-4.0 | 3.6-4.0 | 3.6-4.2 | 4.4-4.7 | 4.1 | 3.6-4.0 | 3.5-4.2 | 3.5-4.5 | 4.3-5.0 |
| September projection | 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 |
| PCE inflation | 1.7 | 1.9 | 2.0 | 2.0 | 2.0 | 1.6-1.7 | 1.7-1.9 | 2.0 | 2.0-2.1 | 2.0 | 1.5-1.7 | 1.7-2.1 | 1.8-2.3 | 1.9-2.2 | 2.0 |
| September projection | 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 |
| Core PCE inflation ⁴ | 1.5 | 1.9 | 2.0 | 2.0 | | 1.5 | 1.7-1.9 | 2.0 | 2.0-2.1 | | 1.4-1.5 | 1.7-2.0 | 1.8-2.3 | 1.9-2.3 | |
| September projection | 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 | |
| Memo: Projected appropriate policy path | | | | | | | | | | | | | | | |
| Federal funds rate | 1.4 | 2.1 | 2.7 | 3.1 | 2.8 | 1.4 | 1.9-2.4 | 2.4-3.1 | 2.6-3.1 | 2.8-3.0 | 1.1-1.4 | 1.1-2.6 | 1.4-3.6 | 1.4-4.1 | 2.3-3.0 |
| September projection | 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 |

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 September projections were made in conjunction with the meeting of the Federal Open Market Committee on September 19-20, 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 September 19-20, 2017, meeting, and one participant did not submit such projections in conjunction with the December 12-13, 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/fomcprojtabl20171213.pdf>

Libor Set

| | | | |
|--------------------------|----------------|-----------------|-------------------|
| 1-Month Libor Set | 1.55947 | +0.00007 | (98.44053) |
| 3-Month Libor Set | 1.72152 | +0.00113 | (98.27848) |
| 6-Month Libor Set | 1.88769 | +0.00742 | (98.11231) |
| 1-Year Libor Set | 2.17313 | +0.00907 | (97.82687) |

THEY SAID IT

“China’s economic expansion has been beating expectations since the second half of last year, boosting demand for all kinds of commodities,” Guo Chaohui, an analyst with Beijing-based China International Capital Corp., said by phone. “We are expecting continued strength in economic growth in 2018 which will keep up the nation’s import appetite.”

<https://www.bloomberg.com/news/articles/2018-01-12/world-s-commodity-engine-roars-to-another-record-with-xi-at-helm>

The crown of the world’s biggest oil importer now sits firmly atop China after the nation’s shipments surpassed the U.S. on an annual basis for the first time ever. What’s more, it’s also one of the largest [buyers](#) of American crude.

Inbound shipments from across the globe -- Russia to Saudi Arabia and Venezuela -- jumped about 10 percent to average 8.43 million barrels a day in 2017, data from China’s General Administration of Customs showed on Friday.

The [unprecedented](#) purchases may be bettered in 2018, if import quotas granted by the government to China’s independent refiners are a signal. The first batch of [allocations](#) was 75

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percent higher than for 2017.

The world's second-biggest economy is also realizing that the key to winning its war on smog may lie overseas. Record amounts of less-polluting grades of iron ore -- typically not available within China -- are being pulled in to feed the nation's mammoth steel industry, with imports rising 5 percent to 1.07 billion metric tons in 2017.

Purchases of less-polluting ore is only one tactic in China's war against pollution. Another is curbing coal use and encouraging the use of cleaner natural gas instead. Imports of the fuel via both sea and pipeline surged almost 27 percent to 68.57 million tons in 2017.

And while China is trying to clean up its air, it's also seeking more food for its hogs at its expanding large-scale farms. The explosion in economic growth over the past couple of decades has made its population richer, with better living standards spurring meat consumption.

As the growing economy spurs construction of buildings and factories, China's going to need more copper for the electrical wires and pipes that wind through its infrastructure. Domestic mines are often small and can't keep up with the pace at which capacity for refining the metal is expanding, boosting demand for overseas purchases of concentrate.

China's 2017 trade surplus with the U.S. was \$275.81 billion, the country's customs data showed Friday, according to Reuters.

<https://www.cnbc.com/2018/01/11/chinas-trade-surplus-with-the-us-hit-a-record-high-in-2017.html>

By that data, last year's surplus is a record high, the wire service reported. For comparison, the previous record was a surplus of \$260.8 billion in 2015.

The world's second-largest economy had a surplus of \$25.55 billion in December, data showed, compared to \$27.87 billion in November.

Turkey's Foreign Ministry warned citizens to avoid travel to the U.S., citing the growing risk of terrorist attacks and other violence -- a day after the State Department said the same about Turkey.

<https://www.bloomberg.com/news/articles/2018-01-12/turkey-responds-to-u-s-travel-warning-with-one-of-its-own>

The U.S. on Wednesday urged its citizens to [reconsider travel plans](#) to Turkey, noting that terrorist groups explicitly target Western tourists and expatriates, while Turkish security forces detain individuals "based on scant evidence and grounds that appear to be politically motivated."

The Turkish [statement](#) echoed that language and referenced various past attacks in the U.S. including in Charlottesville, Ohio University and a mosque in Minnesota.

The Turkish government is angry at the U.S. refusal to extradite Fethullah Gulen, a cleric it blames for a coup attempt in 2016. There are also tensions over charges against several Turks accused of helping a Turkish-Iranian gold trader evade U.S. sanctions on Iran, and U.S. support for Kurdish groups in Syria that Turkey considers to be terrorist organizations.

Ties have also been strained by Turkey's decision to purchase a missile defense system from Russia, while both sides suspended visa services last year amid the [fallout](#) over Turkey's arrest of a local employee of the U.S. Consulate in Istanbul.

"They can pay for it indirectly through NAFTA," he told the newspaper in an interview. "We make a good deal on NAFTA, and, say, I'm going to take a small percentage of that

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money and it's going toward the wall. Guess what? Mexico's paying."

<https://www.cnbc.com/2018/01/11/trump-claims-mexico-will-pay-for-his-border-wall-through-nafta.html>

It is unclear what mechanism would go into NAFTA that would cause Mexico to indirectly pay for the structure, which Trump promised as a candidate. Last year, [the administration floated a possible 20 percent border tax on goods coming from Mexico](#), before walking back the idea. He added that he will leave his decision on a deal "a little bit flexible" as Mexico has a presidential election this year, which "makes it a little bit difficult for them."

"Clinton, Bush, Obama, and Trump: this is a 20-year failure of American foreign policy," James Rubin, former assistant secretary of state for public affairs under the Bill Clinton administration, told CNBC Friday.

<https://www.cnbc.com/2018/01/12/north-koreas-nukes-arent-trumps-fault-former-clinton-advisor-says.html>

[North Korea's](#) rapidly advancing nuclear capability is not the fault of President Donald Trump, but rather of successive U.S. administrations who've failed to reign in the rogue state, according to a former White House foreign policy director.

"We have felt since the elections that the world will not wait for us, and in particular regarding Europe we are convinced we need a new call for Europe," Merkel, who has played a central role in tackling crises over the euro and refugees, told journalists after talks that had run through the night.

<https://www.reuters.com/article/us-germany-politics/merkel-strikes-deal-with-social-democrats-opening-way-to-new-german-government-idUSKBN1F10EO>

Chancellor Angela Merkel struck a deal with Social Democrat (SPD) rivals on Friday to open government coalition talks, easing months of uncertainty that has undermined Germany's global role and raised questions about her political future.

But the deal to revive a "grand coalition" that has governed since 2013 must be approved by SPD party members at a congress planned for January 21. Some fear further association with Merkel's chancellorship could erode the influence of the SPD which suffered the worst result in September's election since the modern Federal Republic was founded in 1949.

Pakistan's army chief told a top U.S. general the nation "felt betrayed" at criticism that it was not doing enough to fight terrorism, the military said on Friday., after U.S. President Donald Trump accused Pakistan of "lies and deceit".

<https://www.reuters.com/article/us-pakistan-usa/pakistan-army-chief-says-nation-felt-betrayed-at-u-s-criticism-idUSKBN1F11AI>

U.S. Central Command chief General Joseph Votel told General Qamar Javed Bajwa during a telephone call this week that the United States was not contemplating any unilateral action inside Pakistan, the Pakistani army said in a statement.

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EQUITIES

The S&P is +6 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 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 +0.23%.

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

BOE Rate +0.50%. (no change)

Next meeting 02/08/18

On the European Continent

The CAC Index closed +0.35%.

The DAX Index closed +0.25%.

On the Continent, the yield curve is slightly steeper with yields mixed.

ECB Main Refinancing Operations Rate +0.00% (no change)

Deposit Facility Rate -.40%

Next meeting 01/25/18

ASIA

Japan:

The TOPIX closed -0.63%.

The NIKKEI closed -0.24%.

In Japan, the yield curve is flatter with yields a lower.

BOJ Policy Balance Rate -0.10% (no change)

Next meeting 01/23/18

China:

The Hang Seng closed +0.10%.

The Shanghai Composite closed +1.41%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.8998%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDH8: 98-21.0 is the pivot. Below the pivot, you should be short, above long.
Support is at 98-17.0**.

Resistance is at 98.21.0^ and 98-24.5**.

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

** 2-STD Deviations from the pivot point.

Current trend has you short from 98-22.5.



YTD 2018 -2 futures ticks (\$25 per tick) or **-\$50.00** per contract

YTD 2017 +33.0 futures ticks (\$25 per tick) or **+\$825.00** per contract.

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10yr/TYH8: 123-21.0 is the pivot point. Above you should be long, below short.

Support is at **122-25.5****

Resistance is at **123-21.0^** and **124-16.5****

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

** 2-STD Deviations from the pivot point

Current trend has you short from 124-21.0 (12/13/17).

I am short from 124-01.0 (12/29/17)



YTD (2018)

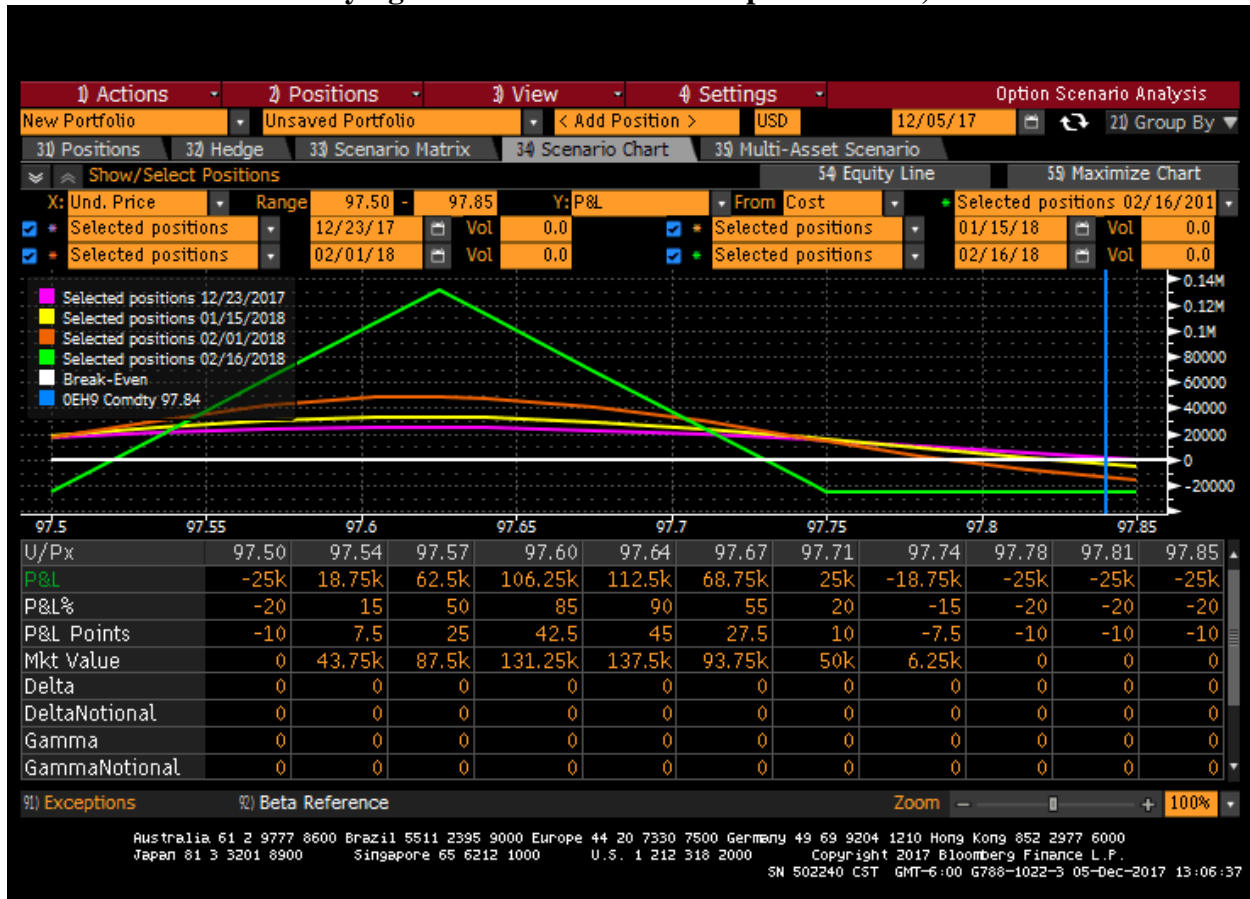
(2017) +93.0 futures ticks (\$31.25 per tick) or +2,906.25 per contract.

(2016) +377.5 futures ticks (\$31.25 per tick) or +\$11,796.88

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The Option Lab

Long the Short Feb. 97.75/97.625/97.50 put fly. Paid 2.0 ticks (\$50) per contract (12/07/17). Short Feb. has an underlying contract of EDH9 but expires Feb. 16, 2018.



Settle last night was 3.75 (\$93.75).

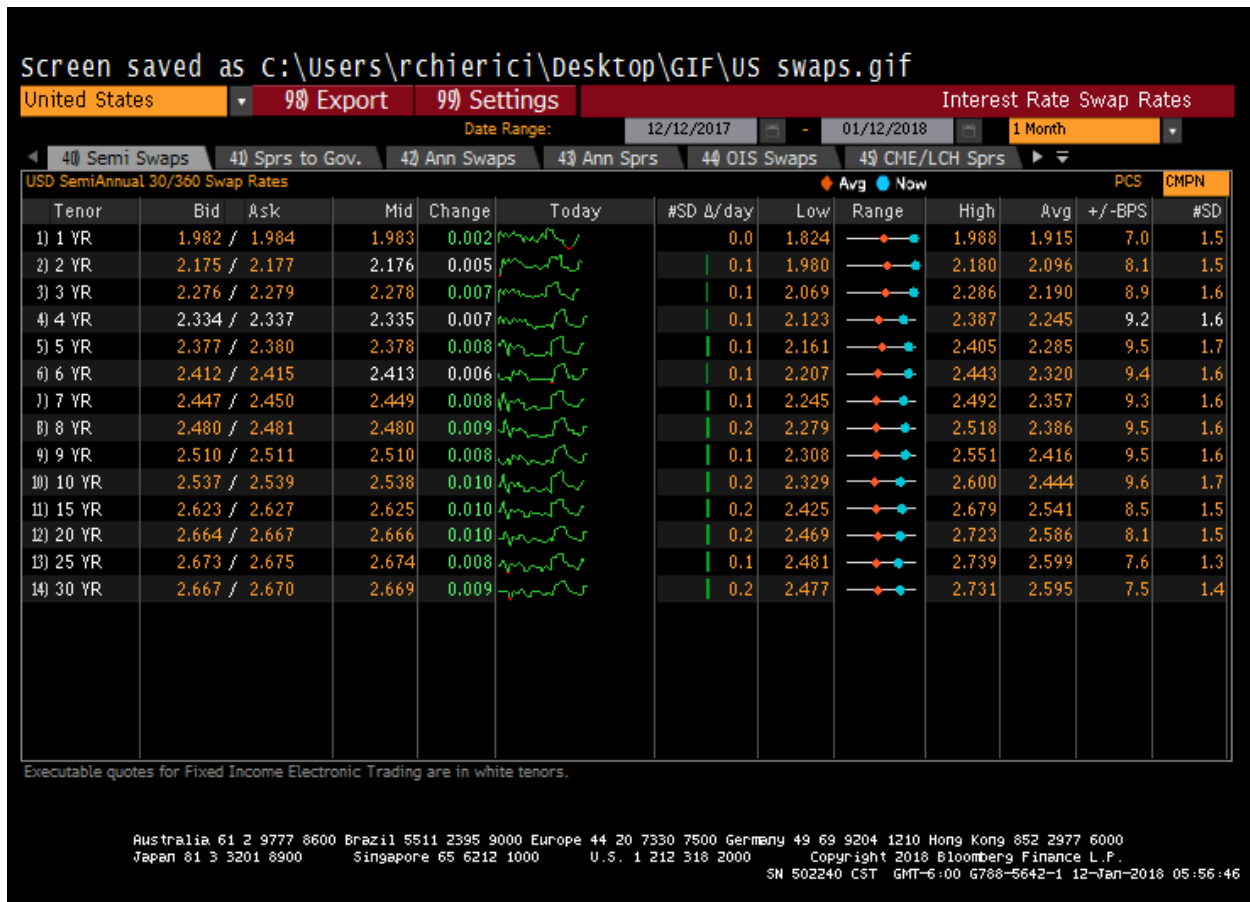
Option Book 2018 YTD realized:

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

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

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US-SWAPS IRSB <GO>



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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 y/y Department of Labor Department.



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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

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. | 5 January 2018 | 924 | -5 | 29 December 2017 | +259 | 6 January 2017 |
| Canada | 5 January 2018 | 174 | +38 | 29 December 2017 | -31 | 6 January 2017 |
| International | November 2017 | 942 | -9 | October 2017 | +17 | November 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 this week, total U.S. weekly rail traffic was 415,862 carloads and intermodal units, down 4.6 percent compared with the same week last year.

Total carloads for the week ending January 6 were 208,646 carloads, down 5.2 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 207,216 containers and trailers, down 3.9 percent compared to 2017. Total combined U.S. traffic for the first week of 2018 was 415,862 carloads and intermodal units, a decrease of 4.6 percent compared to last year. One of the 10 carload commodity groups posted an increase compared with the same week in 2017. It was petroleum and petroleum products, up 741 carloads, to 9,640. Commodity groups that posted decreases compared with the same week in 2017 included coal, down 4,554 carloads, to 69,973; nonmetallic minerals, down 2,159 carloads, to 21,872; and grain, down 1,924 carloads, to 19,638.

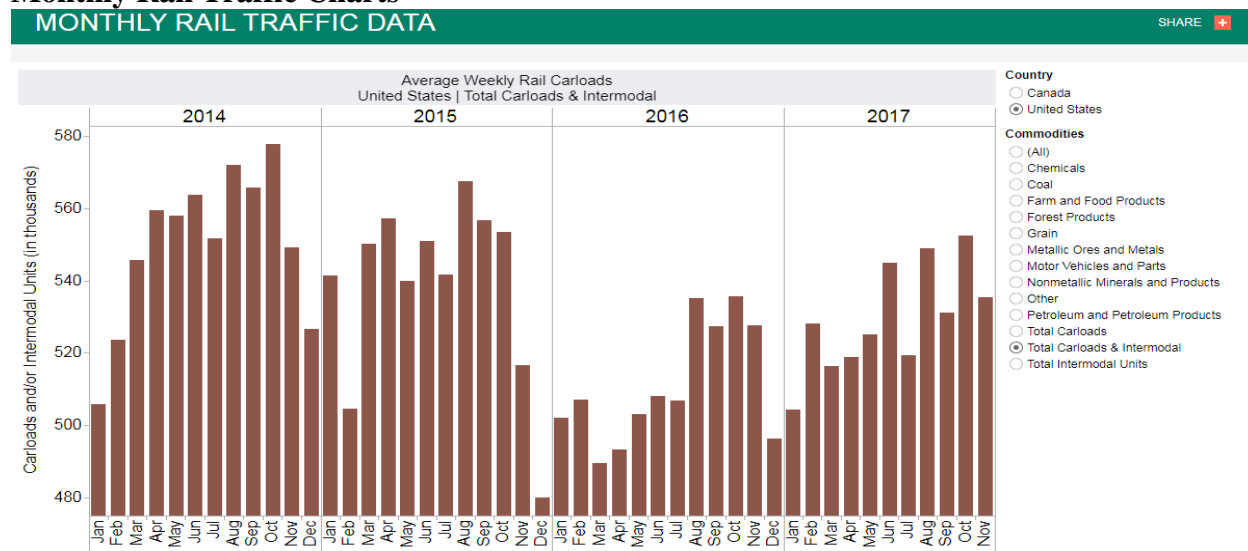
North American rail volume for the week ending January 6, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 290,767 carloads, down 4.4 percent compared with the same week last year, and 273,095 intermodal units, down 2.5 percent compared with last year. Total combined weekly rail traffic in North America was 563,862 carloads and intermodal units, down 3.5 percent. North American rail volume for the first week of 2018 was 563,862 carloads and intermodal units, down 3.5 percent compared with 2017.

Canadian railroads reported 66,871 carloads for the week, down 4.5 percent, and 52,469 intermodal units, up 2.7 percent compared with the same week in 2017. For the first week of 2018, Canadian railroads reported cumulative rail traffic volume of 119,340 carloads, containers and trailers, down 1.4 percent.

Mexican railroads reported 15,250 carloads for the week, up 7.9 percent compared with the same week last year, and 13,410 intermodal units, up 0.7 percent. Cumulative volume on Mexican railroads for the first week of 2018 was 28,660 carloads and intermodal containers and trailers, up 4.4 percent from the same point last year.

<https://www.aar.org/newsandevents/Press-Releases/Pages/2018-01-10-railtraffic.aspx>

Monthly Rail Traffic Charts



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

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**Trailer Truck Demand
(Bloomberg Intelligence) – 01/08/18**

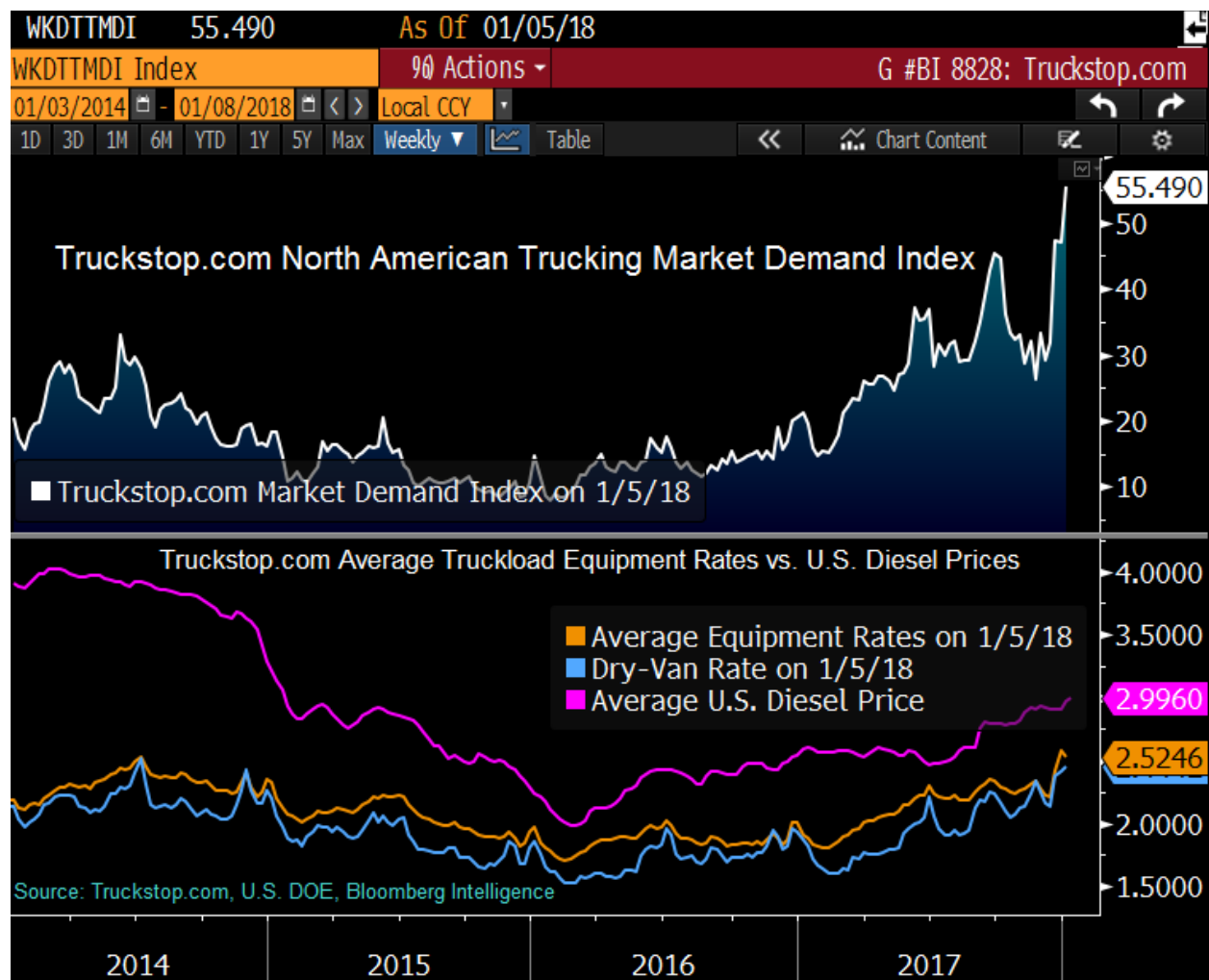
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --North American spot-trucking demand jumped 18% sequentially to 55.5 in the week ended Jan. 5, based on Truckstop.com's Market Demand Index. Capacity tightened as the 35% increase in available loads outpaced the 15% gain in truck availability. Tightening effects from the Dec. 18 electronic-logging device deadline were compounded by harsh weather in the East, creating record levels for relative demand and near-record levels for spot rates, excluding fuel surcharges, at \$2.18 a mile.

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.

To contact the analyst for this research:

Lee A Klaskow at klaskow1@bloomberg.net



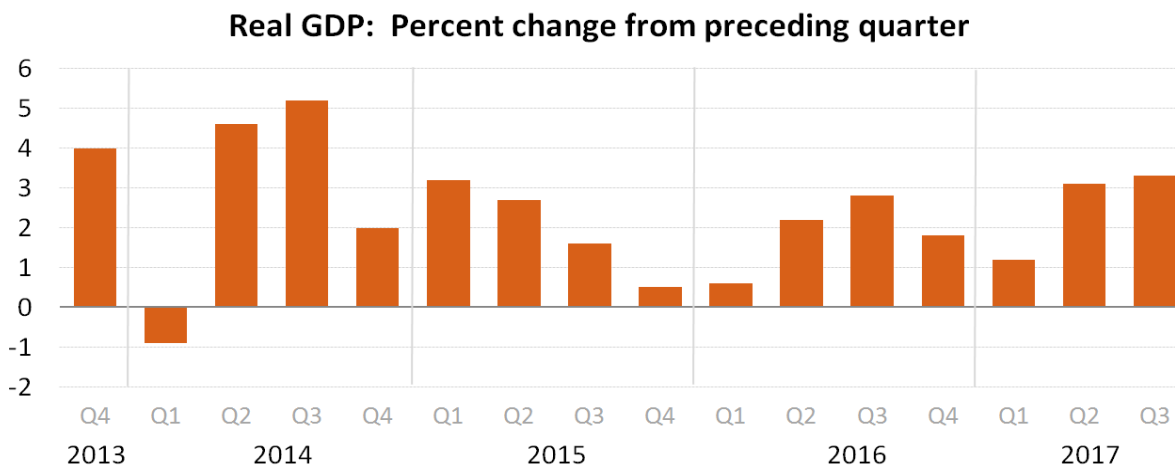
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GDP

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



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

GDP-4Q is running at 3.17% on January 10, up from 3.14% on January 5, 2018

Atlanta Fed GDPNow...Latest forecast Q4: 2.8 percent — January 10, 2018

The GDPNow model forecast for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2017 is **2.8 percent** on January 10, up from 2.7 percent on January 5.

The forecasts of the contributions of net exports and inventory investment to fourth-quarter real GDP growth increased from -0.63 percentage points and -0.46 percentage points, respectively, to -0.60 percentage points and -0.42 percentage points, respectively, after this morning's report on import and export prices from the U.S. Bureau of Labor Statistics and this morning's wholesale trade release from the U.S. Census Bureau.

*The next GDPNow update is **Friday, January 12**. 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: 4.0%...January 5, 2018

The New York Fed Staff Nowcast stands at 4.0% for 2017:Q4 and 3.4% for 2018:Q1.

News from this week's data releases increased the nowcast for 2017:Q4 by 0.1 percentage point and increased the nowcast for 2018:Q1 by 0.3 percentage point.

Positive surprises from the ISM Manufacturing PMI and from trade data accounted for most of the increase.

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

St. Louis Fed Real GDP Nowcast... Q4 2017: 2.71%...January 5, 2017

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

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Manufacturing at a Glance
December 2017

| Index | Series Index Oct | Series Index Sep | Percentage Point Change | Direction | Rate of Change | Trend* (Months) |
|-----------------------------|------------------|------------------|-------------------------|-------------|----------------|-----------------|
| PMI® | 59.7 | 58.2 | +1.5 | Growing | Faster | 16 |
| New Orders | 69.4 | 64.0 | +5.4 | Growing | Faster | 16 |
| Production | 65.8 | 63.9 | +1.9 | Growing | Faster | 16 |
| Employment | 57.0 | 59.7 | -2.7 | Growing | Slower | 15 |
| Supplier Deliveries | 57.9 | 56.5 | +1.4 | Slowing | Faster | 20 |
| Inventories | 48.5 | 47.0 | +1.5 | Contracting | Slower | 3 |
| Customers' Inventories | 42.0 | 45.5 | -3.5 | Too Low | Faster | 6 |
| Prices | 69.0 | 65.5 | +3.5 | Increasing | Faster | 22 |
| Backlog of Orders | 56.0 | 55.0 | +1.0 | Growing | Faster | 11 |
| New Export Orders | 58.5 | 56.0 | +2.5 | Growing | Faster | 22 |
| Imports | 57.5 | 54.5 | +3.0 | Growing | Faster | 11 |
| OVERALL ECONOMY | | | | Growing | Faster | 103 |
| Manufacturing Sector | | | | Growing | Faster | 16 |

Average for 12 months - 57.6
High - 60.8
Low - 54.8

<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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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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