



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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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 13:11:26 03/07/18 - 03/13/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	03/07	06:00				MBA Mortgage Applications	Mar 2	--	--	2.7%	--
22)	03/07	07:15				ADP Employment Change	Feb	200k	--	234k	--
23)	03/07	07:30				Nonfarm Productivity	4Q F	-0.1%	--	-0.1%	--
24)	03/07	07:30				Unit Labor Costs	4Q F	2.1%	--	2.0%	--
25)	03/07	07:30				Trade Balance	Jan	-\$55.0b	--	-\$53.1b	--
26)	03/07	13:00				U.S. Federal Reserve Releases Beige Book					
27)	03/07	14:00				Consumer Credit	Jan	\$17.650b	--	\$18.447b	--
28)	03/08	06:30				Challenger Job Cuts YoY	Feb	--	--	-2.8%	--
29)	03/08	07:30				Initial Jobless Claims	Mar 3	220k	--	210k	--
30)	03/08	07:30				Continuing Claims	Feb 24	1919k	--	1931k	--
31)	03/08	08:45				Bloomberg Consumer Comfort	Mar 4	--	--	56.2	--
32)	03/08	11:00				Household Change in Net Worth	4Q	--	--	\$1742b	--
33)	03/09	07:30				Change in Nonfarm Payrolls	Feb	200k	--	200k	--
34)	03/09	07:30				Two-Month Payroll Net Revision	Feb	--	--	--	--
35)	03/09	07:30				Change in Private Payrolls	Feb	198k	--	196k	--
36)	03/09	07:30				Change in Manufact. Payrolls	Feb	15k	--	15k	--
37)	03/09	07:30				Unemployment Rate	Feb	4.0%	--	4.1%	--
38)	03/09	07:30				Underemployment Rate	Feb	--	--	8.2%	--
39)	03/09	07:30				Average Hourly Earnings MoM	Feb	0.2%	--	0.3%	--

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 6641-3228-2 06-Mar-2018 13:11:26

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Fed Speak Calendar

(All times are CST)

Economic Calendars											
1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		United States			
United States		Browse		13:15:10		03/07/18		- 04/30/18			
Central Banks		All Central Banks				View <input checked="" type="radio"/> Agenda <input type="radio"/> Weekly 🔍					
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	03/07	07:00				Fed's Bostic Speaks on the Economic Outlook					
22)	03/07	07:20				Fed's Dudley Speaks in Puerto Rico					
23)	03/07	13:00				U.S. Federal Reserve Releases Beige Book					
24)	03/09	11:40				Fed's Rosengren Speaks on Outlook					
25)	03/09	11:45				Fed's Evans Speaks on Monetary Policy					
26)	03/21	13:00	🔔	📶		FOMC Rate Decision (Upper Bo...	Mar 21	1.75%	--	1.50%	--
27)	03/21	13:00	🔔	📶		FOMC Rate Decision (Lower Bo...	Mar 21	1.50%	--	1.25%	--
28)	03/29	12:00				Fed's Harker Speaks on the Economic Outlook					
29)	04/11	13:00	🔔	📶		FOMC Meeting Minutes	Mar 21	--	--	--	--
30)	04/18	13:00				U.S. Federal Reserve Releases Beige Book					

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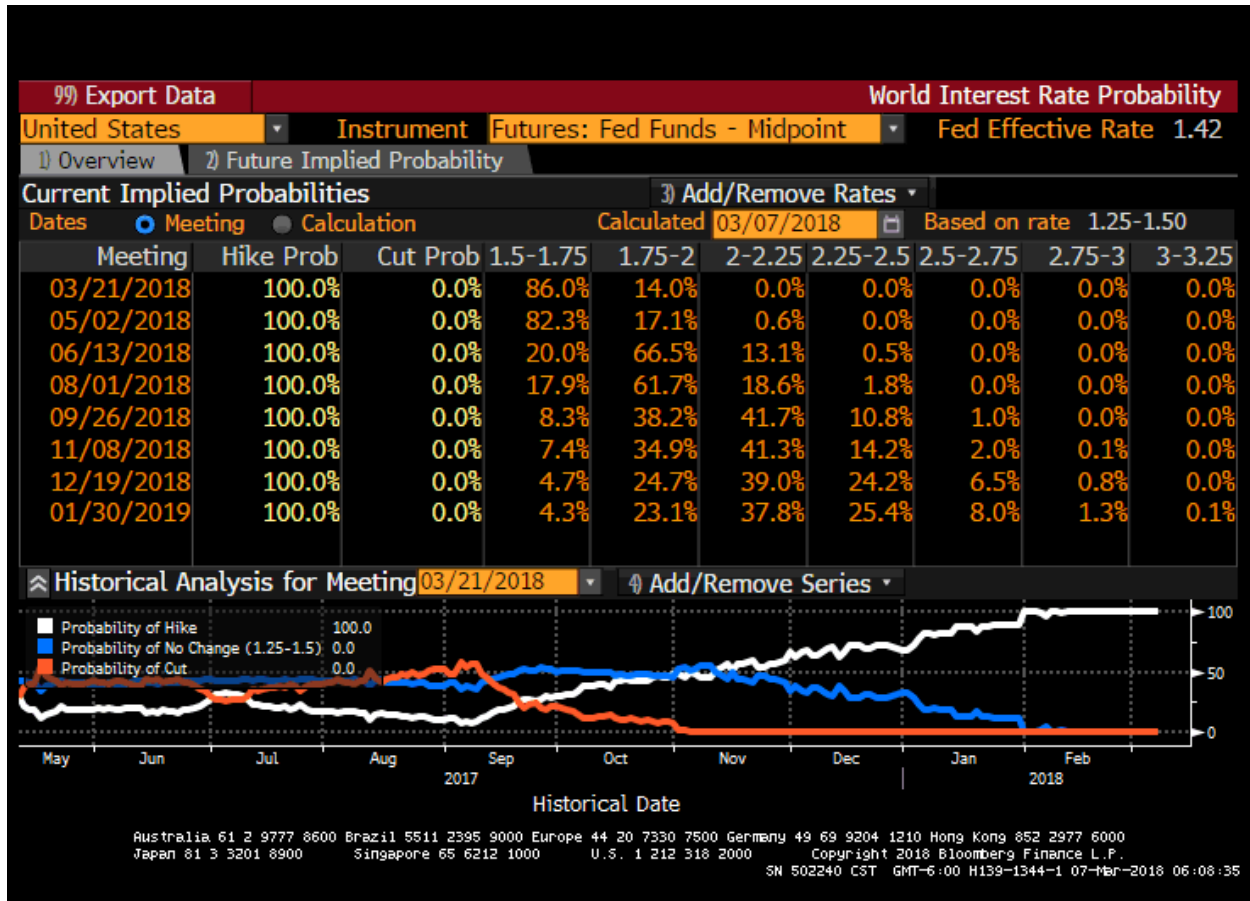
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	Next Offer	Next	Date	CUSIP		\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	03/12/2018	03/06/2018	03/08/2018	912796NY1		\$65	02/27/2018	\$60
3-month	03/08/2018	03/12/2018	03/15/2018	912796PL7		TBA	03/05/2018	\$51
6-month	03/08/2018	03/12/2018	03/15/2018	912796NV7		TBA	03/05/2018	\$45
1-year	03/22/2018	03/27/2018	03/29/2018	TBA		TBA	02/27/2018	\$22
Note Auctions								
2-year	03/22/2018	03/26/2018	04/02/2018	TBA		TBA	02/20/2018	\$28
3-year	03/08/2018	03/12/2018	03/15/2018	9128284B3		TBA	02/06/2018	\$26
5-year	03/22/2018	03/27/2018	04/02/2018	TBA		TBA	02/21/2018	\$35
7-year	03/22/2018	03/28/2018	04/02/2018	TBA		TBA	02/22/2018	\$29
10-year	03/08/2018	03/12/2018	03/15/2018	9128283W8	R	TBA	02/07/2018	\$24
Bond Auctions								
30-year	03/08/2018	03/13/2018	03/15/2018	912810SA7	R	TBA	02/08/2018	\$16

TIPS Auctions								
5-yr TIPS	04/12/2018	04/19/2018	04/30/2018	TBA		TBA	12/21/2017	\$14
10-yr TIPS	03/15/2018	03/22/2018	03/29/2018	TBA	R	TBA	01/18/2018	\$13
30-yr TIPS	06/14/2018	06/21/2018	06/29/2018	TBA	R	TBA	02/15/2018	\$7
Floating Rate Note								
2-year FRN	03/22/2018	03/28/2018	04/02/2018	TBA	R	TBA	02/21/2018	\$15
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	1.7-2.2
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	1.71794	+.00663	(98.28206)
3-Month Libor Set	2.05725	+.00997	(98.94275)
6-Month Libor Set	2.24550	+.00499	(97.75450)
1-Year Libor Set	2.51856	+.00656	(97.48144)

THEY SAID IT

“I can’t believe this is happening,” Michael Purves, Weeden & Co.’s chief global strategist, said by phone. “I wrote up Cohn’s departure this morning as a real risk to consider. I thought it’s like a 35 percent probability event. I was just amazed that Trump is letting this happen.”

<https://www.bloomberg.com/news/articles/2018-03-06/u-s-stock-futures-fall-after-trump-s-economic-adviser-resigns>

“Of all the Trump administration resignations, this will be the one most meaningful for markets,” said Michael O’Rourke, chief market strategist at JonesTrading Institutional Services. “Cohn was the administration official financial markets had the most confidence in. This opens the environment up to whole new wave of uncertainty. The likelihood of a trade war just jumped dramatically.”

“A lot of people saw him as a calming influence to the Trump administration,” said Nick Twidale, Sydney-based chief operating officer at Rakuten Securities’ Australian unit. “Now he’s gone, there’s that perception that maybe they’re letting loose the hardline aspects of the Trump administration to go even harder on protectionism.”

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“Policy uncertainty has underpinned a lot of the market’s recent volatility,” Stephen Wood, chief market strategist for North America at Russell Investments in New York, said by phone. “This speaks to the instability. He’s an advocate for free trade policy so there would be expectation that protectionist voices would be more representative in the administration.”

“Cohn’s huge accomplishment was tax reform, which responded to low corporate taxes abroad by bringing the U.S. corporate sector back to a competitive position,” said Barry Bannister, chief equity strategist at Stifel Nicolaus & Co. “Almost all nations had been under-cutting the U.S. on corporate tax rates and export subsidies such as refunding sales taxes at the point of export, which is prevalent abroad.”

“When we’re behind every single country, trade wars aren’t so bad,” Trump said Tuesday in a press conference at the White House with Swedish Prime Minister Stefan Lofven. “The trade war hurts them, not us.”

<https://www.bloomberg.com/news/articles/2018-03-06/mnuchin-says-trump-isn-t-trying-to-start-trade-war-with-tariffs>

The EU warned earlier Tuesday it would respond with its own 25 percent tariff to hit \$3.5 billion of American goods. The bloc is targeting iconic U.S. brands produced in key Republican states on a range of consumer, agricultural and steel products that will be levied if Trump goes through on his tariff threat, according to a list drawn up by the European Commission.

Trump said that the EU has been “particularly tough” on U.S. products, yet is able to sell its own goods -- like cars -- to Americans. Trump warned that he would impose a 25 percent penalty on European car imports if the bloc carried out its threat to retaliate.

“We have to straighten this out,” Trump said. “We really have no choice.”

“We are not looking to get into trade wars,” Mnuchin said during a congressional committee hearing when asked about the tariffs, adding that he is “supportive” of imposing the broad duties Trump announced.

“There is a lot of concern among Republican senators that this could metastasize into a broader trade war,” Senate Majority Leader Mitch McConnell, a Kentucky Republican, told reporters. Asked if White House is listening, he replied, “I think they are.”

It’s unclear whether Cohn’s campaign or the threat of losing his top economic adviser will be enough to change the president’s mind. Trump said in a tweet Tuesday there may be more staff turnover, even as he denied his administration is chaotic.

“People will always come & go, and I want strong dialogue before making a final decision,” Trump said in a Twitter [posting](#). “I still have some people that I want to change (always seeking perfection). There is no Chaos, only great Energy!”

The tariffs could reduce U.S. growth by as much as 0.2 percentage point this year, and further risk lies in how trading partners respond, Barclays Plc economists said. While a tight job market and tax cuts are likely to keep America’s expansion humming along, the trade tensions could weigh on growth and boost inflation more than desired by Fed policy makers.

Senate Democratic leader Chuck Schumer said the White House needs to adjust any tariffs to address trade imbalances with China, rather than allies like Canada and the EU.

“I believe that the president’s instincts to go after China are the right thing to do,” Schumer said. But the initial announcement on tariffs was “not well targeted.”

Republican Senator Cory Gardner of Colorado said many Republican lawmakers oppose the tariffs and he has “no doubt Congress would be forced to act” to end them if Trump proceeds.

“There is a series of legislative actions that could be taken to reverse the decision, obviously with the president supporting them they would have to be done in a way that would overcome any

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action that he would take, but we still have time,” Gardner said.

However Republican Senator Jeff Flake said he doesn’t think enough Republicans would cross the president by passing legislation to reverse the tariffs, even as he called the measure “completely, utterly irrational.”

Ways and Means Committee Chairman Kevin Brady of Texas and other House Republicans are seeking to blunt the tariffs’ impact by adding an “exclusion process” allowing American companies to petition for duty-free access for imports that aren’t available from U.S. sources. “Done right the president could impact trade positively,” Brady told reporters Tuesday. “We want to help him tailor it.”

If Trump follows through with the tariffs he proposed, the Senate Finance Committee should consider holding hearings, said John Cornyn of Texas, the No. 2 Republican in the chamber. “The part that concerns me the most is the potential for retaliatory tariffs and a so-called trade war and other areas that would affect some of the more vulnerable sectors of our economy, like agriculture,” Cornyn said.

“I have Coca-Cola every once in a while,” says the quiet, white-haired Craker, from a rolling chair in his basement office at the University of Massachusetts at Amherst, where he’s served as a professor in the [Stockbridge School of Agriculture](#) since 1967, specializing in medicinal and aromatic plants.

<https://www.bloomberg.com/news/features/2018-03-07/america-is-giving-away-the-30-billion-medical-marijuana-industry>

Lyle Craker is an unlikely advocate for any political cause, let alone one as touchy as marijuana law, and that’s precisely why Rick Doblin sought him out almost two decades ago. Craker, Doblin likes to say, is the perfect flag bearer for the cause of medical marijuana production—not remotely controversial and thus the ideal partner in a long and frustrating effort to loosen the Drug Enforcement Administration’s chokehold on cannabis research. There are no counterculture skeletons in Craker’s closet; only dirty boots and botany books. He’s never smoked pot in his life, nor has he tasted liquor. He and his students do things such as subject basil plants to high temperatures to study the effects of climate change on what plant people call the constituents, or active elements.

“It was quite a congenial group of people. We had a really wonderful conversation,” said Tim Dove, CEO of Pioneer Natural Resources Co ([PXD.N](#)). He noted that Mohammed Barkindo, OPEC secretary general, gave a speech, and “his main message was that they believe very strongly that demand is going to be significant moving forward in terms of growth.”

<https://www.reuters.com/article/us-ceraweek-energy-opec-shale/u-s-shale-and-opec-share-steak-in-uneasy-truce-at-houston-dinner-idUSKCN1GJ04H>

U.S. firms cannot engage in agreements to control supply or push up prices due to anti-trust laws in the United States. But shale firms are enjoying the benefits of OPEC members doing what they cannot, driving U.S. production to a record in late 2017 at more than 10 million barrels a day.

Occasionally, OPEC ministers show signs of their frustration. Nigerian Oil Minister Emmanuel Ibe Kachikwu told Reuters on Monday that “some of the same companies that are working in shale are the same companies working in OPEC,” and that they should “take some responsibilities in terms of stability of oil prices.”

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At the same industry gathering a year ago, Saudi Arabia's oil minister said his country should not have to underwrite the investments of others. But both OPEC ministers and shale executives know that there is nothing, really, that shale firms can do.

"The key thing is that information is shared about our projections; it really helps everybody," Gabriel Mbaga Obiang Lima, Equatorial Guinea's petroleum minister, told Reuters of the discussion at the dinner, which he attended.

"The important thing is to know how much they (shale) are investing and their projections because usually they have good statistics," he said. "What we are doing is avoiding volatility." But ConocoPhillips ([COP.N](#)) CEO Ryan Lance, speaking Tuesday at the conference, said "We've just decided to embrace volatility. The growth in the U.S. is coming. It'll probably consume most of the incremental demand. So OPEC is needed to show restraint in order to continue to balance that market."

Goldman Sachs ([GS.N](#)) has put more than a dozen UK-based banking, sales and trading staff on notice to move to Frankfurt within weeks, two sources with knowledge of the matter said, as it braces for divorce between Britain and the European Union.

<https://www.reuters.com/article/us-britain-eu-goldman-exclusive/exclusive-goldman-puts-london-staff-on-notice-for-german-move-by-june-sources-idUSKCN1GJ1L7>

After months of patience and private lobbying, the U.S. investment bank has decided it can no longer wait for clarity from lawmakers on how its business might be impacted by Britain's imminent exit from the trading bloc and is taking the steps to minimize disruption to clients. It has informed members of its London-based derivatives and debt capital markets teams working on German accounts that their activities will be relocated to its base in Frankfurt and to make the necessary preparations to move to those offices by end-June, the two sources told Reuters.

Britain said on Wednesday that investigators now knew more about a mystery substance that struck down a former Russian double agent and his daughter in an English city, in a case that threatens to further damage already strained ties with Moscow.

<https://www.reuters.com/article/us-britain-russia/britain-knows-more-about-mystery-substance-behind-illness-of-russian-double-agent-idUSKCN1GJ0SX>

Sergei Skripal, once a colonel in Russia's GRU military intelligence service, and his 33-year-old daughter, Yulia, were found slumped unconscious on a bench outside a shopping center in the southern English city of Salisbury on Sunday afternoon.

Both remain critically ill in intensive care.

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EQUITIES

The S&P is **-19** and the NASDAQ is **-40**.

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 +0.04%.

In the UK, the swap curve is flatter with yields lower.

BOE Rate +0.50%. (No change)

Next meeting 03/22/18

On the European Continent

The CAC Index closed -0.28%.

The DAX Index closed +0.24%.

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

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

Deposit Facility Rate -.40%

Next meeting 03/08/18

ASIA

Japan:

The TOPIX closed -0.72%.

The NIKKEI closed -0.77%.

In Japan, the swap curve is largely unchanged with yields largely unchanged.

BOJ Policy Balance Rate -0.10% (No change)

Next meeting 03/09/18

China:

The Hang Seng closed -1.03%.

The Shanghai Composite closed -0.55%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.8343%

Reserve Requirement Ratio: 17.00%

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THE TREND

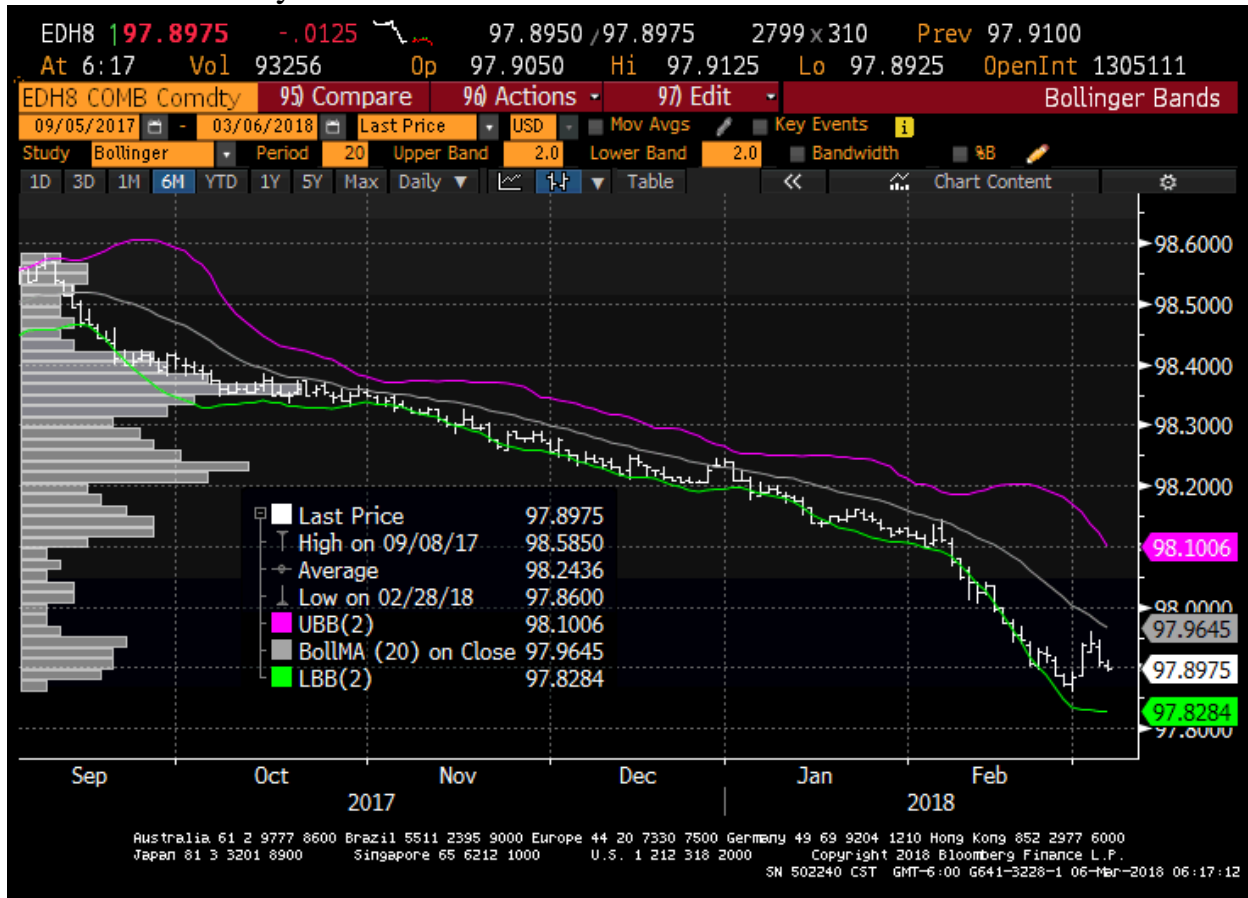
EDH8: 97-95.25 is the pivot. Below the pivot, you should be short, above long.
Support is at 97-83.00**.

Resistance is at 97-95.25^ and 98-07.5**.

^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 (per contract)

2018 **-2.0 ticks (-\$50.00)**

2017 **+33.0 ticks (+\$825.00)**

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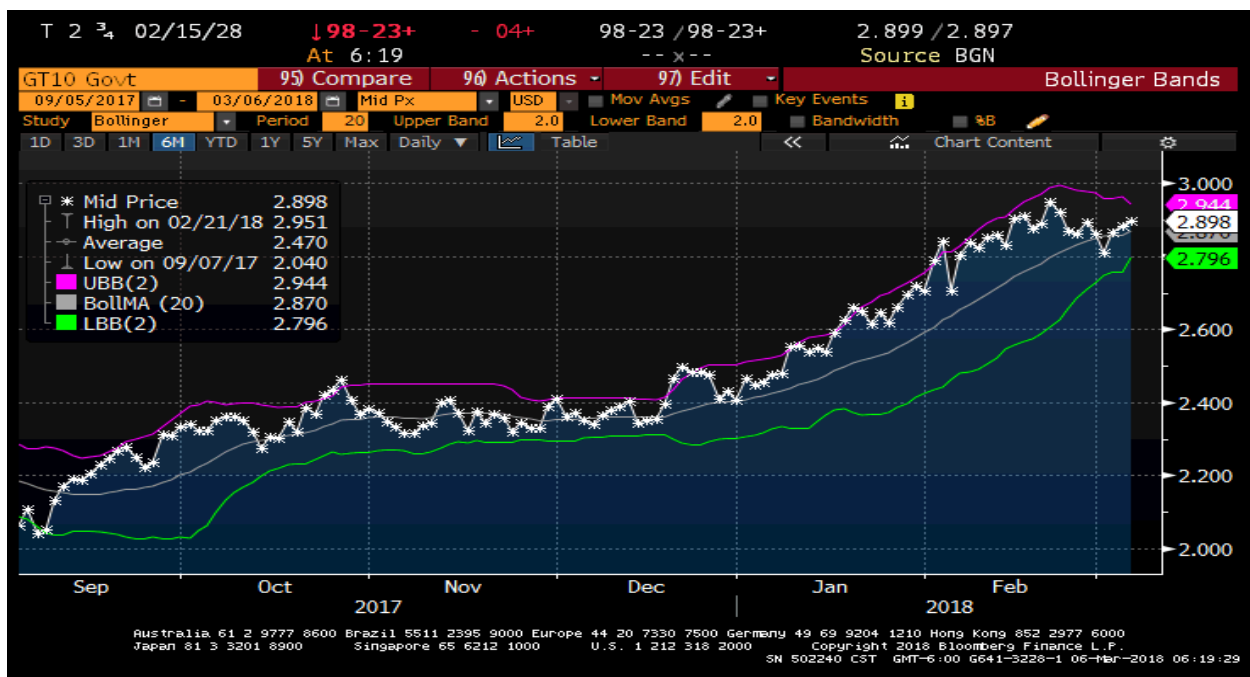
10yr/TYM8: 120-04.0 is the pivot point. Above you should be long, below short. Support is at 119-18.0**

Resistance is at 120-04.0^ and 120-22.0**

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

** 2-STD Deviations from the pivot point

Trend that had you short from 120-03.0 (3/6/18) has rolled over, resulting in a three tick loss. Current trend has you long from 120-06.0 (3/7/18).



YTD (per contract)

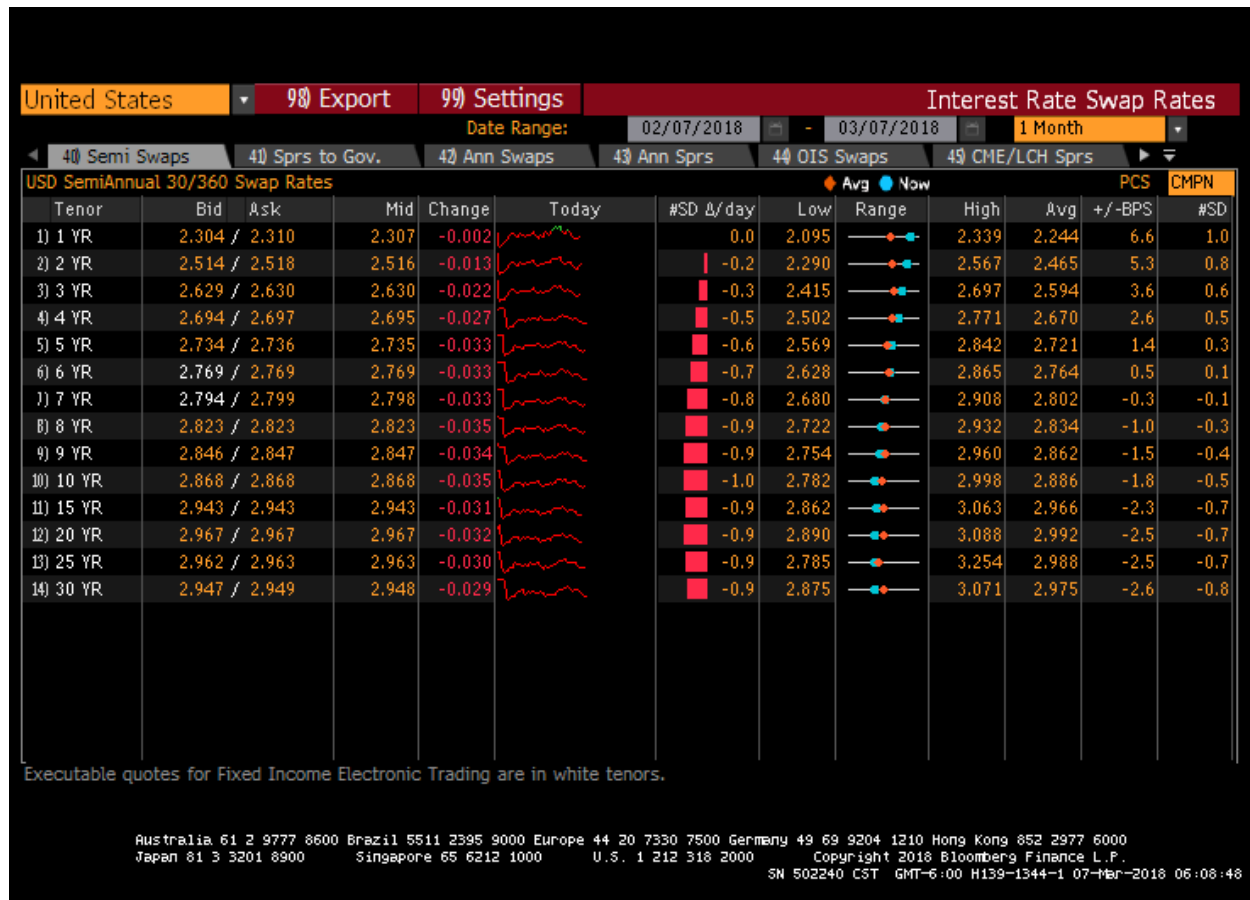
(2018) +61.0 futures ticks (\$31.25 per tick) or +\$1,906.25.

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

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

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US-SWAPS IRSB <GO>



The Option Lab

Trade Log:

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.

The put fly was sold on 2/7/18 for a 1.25 tick (\$31.25) winner.

Option Book 2018 YTD realized: +\$31.25 per contract.

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

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

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The Fundamentals

LABOR

Bureau of Labor and Statistics

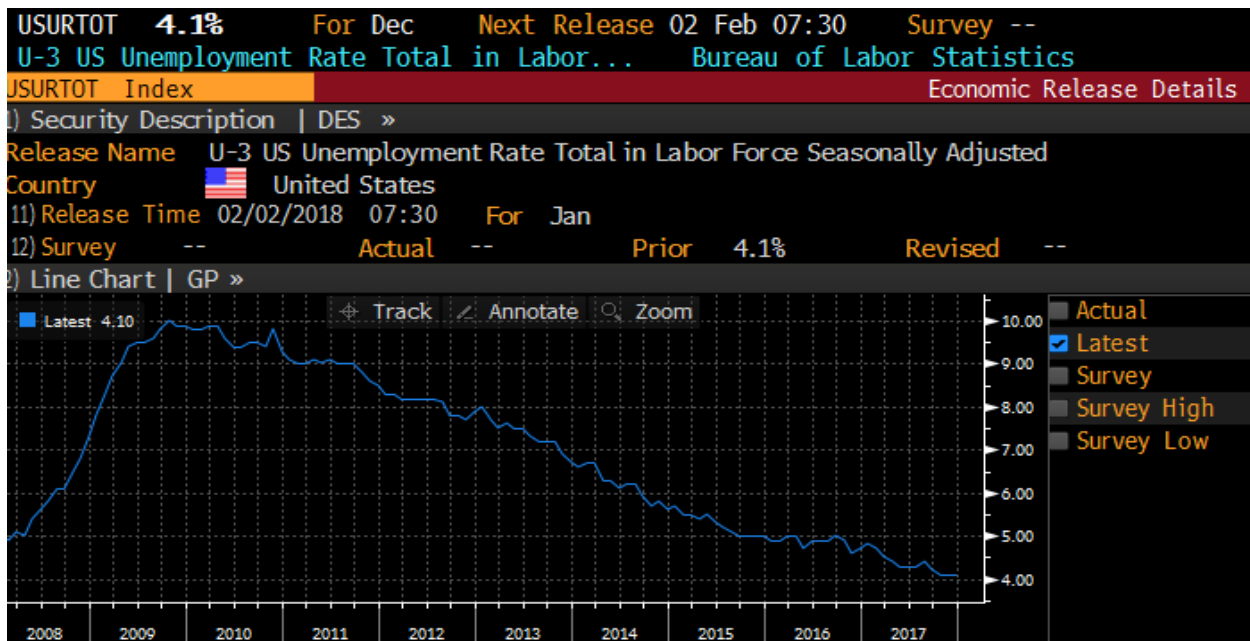
<http://www.bls.gov/news.release/>

CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Average Hourly Earnings y/y Department of Labor Department.



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St. Louis Fed Agriculture Finance Monitor 4th quarter 2017

A majority of agricultural bankers in the Eighth Federal Reserve District reported that farm income declined during the fourth quarter of 2017 compared with a year earlier. This finding is consistent with the past several surveys. Although bankers were modestly more optimistic about the near-term prospects for farm income, they still expect income in the first quarter of 2018 to fall below year-earlier levels.

Actual and expected farm household spending and capital expenditures also remain below year-earlier levels. Quality farmland and ranch and pastureland values posted solid increases in the fourth quarter from a year earlier. Quality farmland values rose 5 percent in the fourth quarter, while ranchland and pastureland values surged nearly 15 percent. Cash rents for both land categories also increased in the fourth quarter from a year earlier.

Compared with three months earlier, a slightly larger percentage of bankers reported that the demand for bank loans increased in the fourth quarter relative to a year earlier. Some further strengthening in loan demand is expected in the first quarter of 2018. Proportionately more bankers reported an erosion in loan repayment rates between the third and fourth quarters of 2017. Except for interest rates on loans secured by farm real estate, rates on most fixed- and variable-rate loan products were little changed in the fourth quarter compared with the previous quarter.

There were three special questions in this quarter's survey. The first two questions asked bankers about the health of the rural economy in their area. A majority of bankers reported that the economy in their area could be characterized as poor to fair at the end of 2017. About three-quarters of bankers expect no change in local economic conditions in 2018. The final question asked bankers about their expectation for the return on farmland in 2018. Nearly all bankers believe that farmland returns in 2018 will be greater than 0 percent but less than 5 percent.

<https://research.stlouisfed.org/publications/regional/ag-finance/2018/02/08/2017-fourth-quarter/>

How do Farm Incomes Compare to the average population

<https://www.ers.usda.gov/faqs/#Q4>

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

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

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.	2 March 2018	981	+3	23 February 2018	+225	3 March 2017
Canada	2 March 2018	302	-4	23 February 2018	-33	3 March 2017
International	January 2018	960	+6	December 2017	+27	January 2017

<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%

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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/>

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For this week, total U.S. weekly rail traffic was 528,440 carloads and intermodal units, up 2.8 percent compared with the same week last year.

Total carloads for the week ending February 24 were 251,970 carloads, down 1.3 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 276,470 containers and trailers, up 6.7 percent compared to 2017.

Four of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 781 carloads, to 85,600; petroleum and petroleum products, up 602 carloads, to 10,047; and farm products excl. grain, and food, up 103 carloads, to 16,494.

Commodity groups that posted decreases compared with the same week in 2017 included grain, down 1,157 carloads, to 20,143; motor vehicles and parts, down 1,093 carloads, to 17,527; and nonmetallic minerals, down 1,044 carloads, to 31,511.

For the first eight weeks of 2018, U.S. railroads reported cumulative volume of 1,980,887 carloads, down 2.4 percent from the same point last year; and 2,134,607 intermodal units, up 4.3 percent from last year. Total combined U.S. traffic for the first eight weeks of 2018 was 4,115,494 carloads and intermodal units, an increase of 1 percent compared to last year.

North American rail volume for the week ending February 24, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 346,089 carloads, down 2.7 percent compared with the same week last year, and 363,753 intermodal units, up 6.4 percent compared with last year. Total combined weekly rail traffic in North America was 709,842 carloads and intermodal units, up 1.8 percent. North American rail volume for the first eight weeks of 2018 was 5,528,880 carloads and intermodal units, up 0.7 percent compared with 2017.

Canadian railroads reported 72,911 carloads for the week, down 6.7 percent, and 68,277 intermodal units, up 6.1 percent compared with the same week in 2017. For the first eight weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 1,111,750 carloads, containers and trailers, level with the same week last year.

Mexican railroads reported 21,208 carloads for the week, down 4.8 percent compared with the same week last year, and 19,006 intermodal units, up 2.9 percent. Cumulative volume on Mexican railroads for the first eight weeks of 2018 was 301,636 carloads and intermodal containers and trailers, down 1.1 percent from the same point last year.

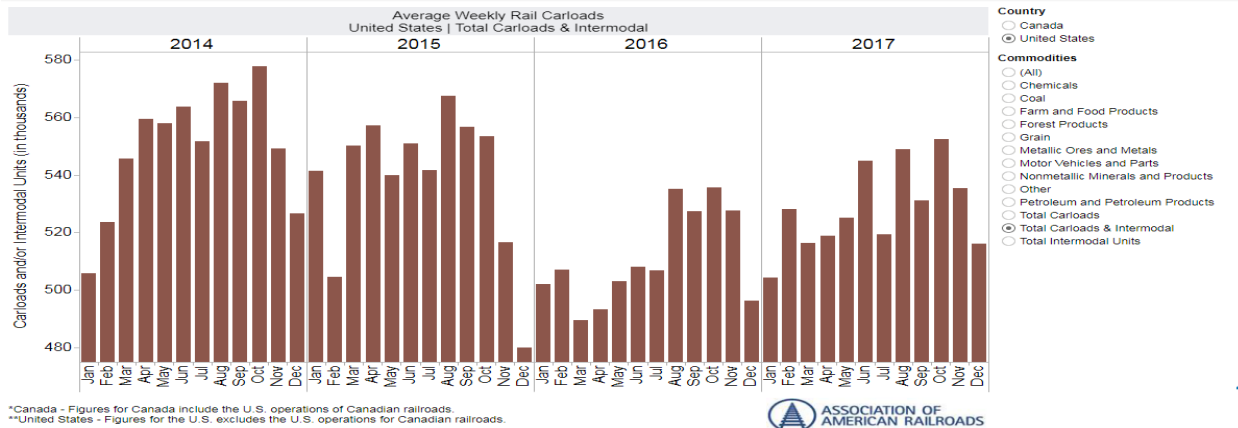
<https://www.aar.org/newsandevents/Press-Releases/Pages/2018-02-28-railtraffic.aspx>

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Monthly Rail Traffic Charts

MONTHLY RAIL TRAFFIC DATA

SHARE



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

Trailer Truck Demand

(Bloomberg Intelligence) – 03/05/18

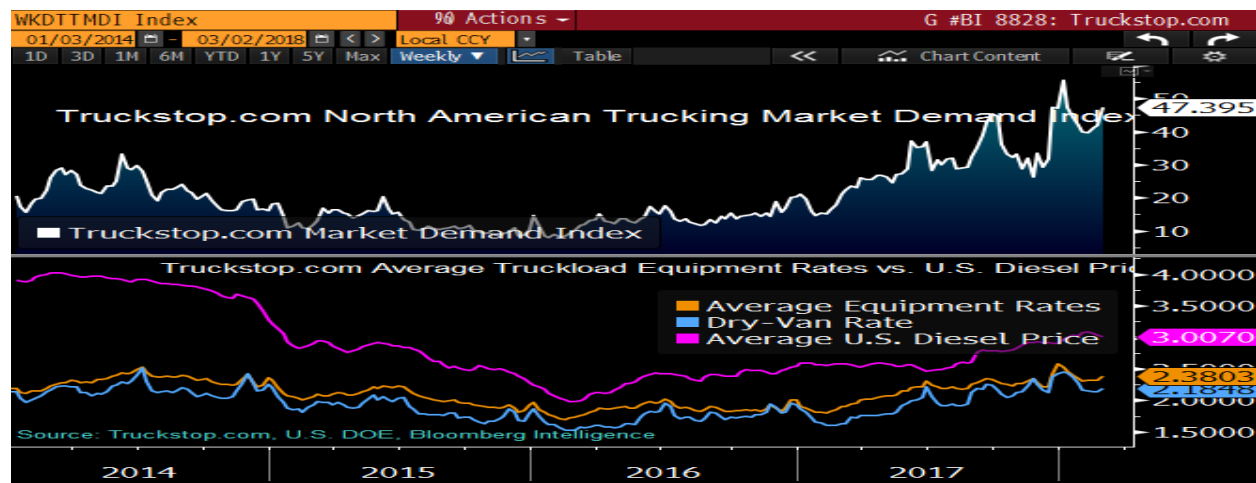
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --Relative North American spot-trucking demand jumped 13% sequentially to a 2018 high of 47.4 in the week ended March 2, based on Truckstop.com's Market Demand Index, as a winter storm that ripped through the Mid-Atlantic and Northeast compounded pressure from regulatory capacity constraints. Capacity tightened as the 14% increase in available loads outpaced the 1.1% gain in available trucks. Average spot rates, excluding fuel surcharges, rose for the fourth-straight week (up 3%) to \$2.02 a mile.

Companies Impacted: USA Truck, Knight-Swift, Werner, J.B. Hunt, Schneider, Marten and other public carriers operate mostly in the contract market with varying spot exposure. Spot can be a leading indicator of contractual pricing. Some carriers are raising spot exposure to take advantage of higher rates.

To contact the analyst for this research:

Lee A Klaskow at klaskow1@bloomberg.net



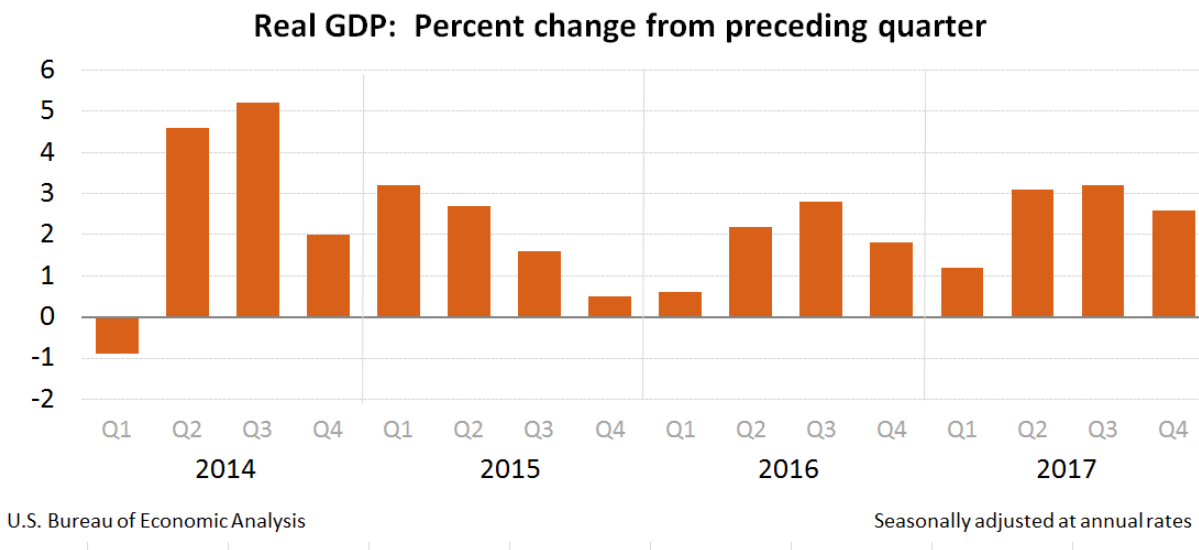
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GDP

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



GDP-1Q is running at 3.35% as of 3/2/18 v. 3.17% on 2/16/18

Atlanta Fed GDPNow...Latest forecast Q1: 3.5% — March 1, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is 3.5 percent on March 1, up from 2.6 percent on February 27. The nowcasts of first-quarter real consumer spending growth and first-quarter real private fixed-investment growth increased from 2.0 percent and 2.7 percent, respectively, to 2.9 percent and 4.4 percent, respectively, after this morning's data releases. The model's estimate of the dynamic factor for February—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—increased from 0.23 to 1.68 after this morning's Manufacturing ISM Report On Business from the Institute for Supply Management.

The next GDPNow update is Wednesday, March 7. Please see the "Release Dates" tab below for a full list of upcoming releases.

<https://www.frbatlanta.org/cqer/research/gdpnow.aspx>

New York Fed Nowcast...Q4 2017: 3.0%...March 2, 2018

News from this week's data releases decreased the nowcast by 0.1 percentage point.

Negative surprises from new home sales and personal consumption expenditures were partially offset by positive surprises from the ISM manufacturing survey.

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

St. Louis Fed Real GDP Nowcast... Q1 2017: 3.54%...March 1, 2018

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

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MANUFACTURING AT A GLANCE

February 2018

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	60.8	59.1	+1.7	Growing	Faster	18
New Orders	64.2	65.4	-1.2	Growing	Slower	26
Production	62.0	64.5	-2.5	Growing	Slower	18
Employment	59.7	54.2	+5.5	Growing	Faster	17
Supplier Deliveries	61.1	59.1	+2.0	Slowing	Faster	17
Inventories	56.7	52.3	+4.4	Growing	Faster	2
Customers' Inventories	43.7	45.6	-1.9	Too Low	Faster	17
Prices	74.2	72.7	+1.5	Increasing	Faster	24
Backlog of Orders	59.8	56.2	+3.6	Growing	Faster	13
New Export Orders	62.8	59.8	+3.0	Growing	Faster	24
Imports	60.5	58.4	+2.1	Growing	Faster	13
OVERALL ECONOMY				Growing	Faster	106
Manufacturing Sector				Growing	Faster	18

Average for 12 months - 58.0

High - 60.8

Low - 55.3

<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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