



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 14:57:38 03/30/18 - 04/05/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	04/02	08:45				Markit US Manufacturing PMI	Mar F	55.7	--	55.7	--
22)	04/02	09:00				Construction Spending MoM	Feb	0.4%	--	0.0%	--
23)	04/02	09:00				ISM Manufacturing	Mar	60.0	--	60.8	--
24)	04/02	09:00				ISM Employment	Mar	--	--	59.7	--
25)	04/02	09:00				ISM Prices Paid	Mar	72.5	--	74.2	--
26)	04/02	09:00				ISM New Orders	Mar	--	--	64.2	--
27)	04/03					Wards Domestic Vehicle Sales	Mar	13.10m	--	12.94m	--
28)	04/03					Wards Total Vehicle Sales	Mar	16.90m	--	16.96m	--
29)	04/04	06:00				MBA Mortgage Applications	Mar 30	--	--	4.8%	--
30)	04/04	07:15				ADP Employment Change	Mar	205k	--	235k	--
31)	04/04	08:45				Markit US Services PMI	Mar F	54.3	--	54.1	--
32)	04/04	08:45				Markit US Composite PMI	Mar F	--	--	54.3	--
33)	04/04	09:00				ISM Non-Manf. Composite	Mar	59.0	--	59.5	--
34)	04/04	09:00				Factory Orders	Feb	1.8%	--	-1.4%	--
35)	04/04	09:00				Factory Orders Ex Trans	Feb	--	--	0.4%	--
36)	04/04	09:00				Durable Goods Orders	Feb F	--	--	3.1%	--
37)	04/04	09:00				Durables Ex Transportation	Feb F	--	--	1.2%	--
38)	04/04	09:00				Cap Goods Orders Nondef Ex Air	Feb F	--	--	1.8%	--
39)	04/04	09:00				Cap Goods Ship Nondef Ex Air	Feb F	--	--	1.4%	--

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 CDT GMT-5:00 6722-19-2 29-Mar-2018 14:57:38

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Fed Speak Calendar (All times are CST)

Calendars		Alerts	Export	Settings	Economic Calendars					
	United States	Browse	15:05:18	04/02/18	-	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)	04/04 08:45				Fed's Bullard Speaks on U.S. Economy and Monetary Policy					
22)	04/04 10:00				Fed's Mester Speaks on Diversity in Economics					
23)	04/05 12:00				Fed's Bostic Speaks on Financial Literacy					
24)	04/06 12:30				Fed Chairman Powell to Give Speech on Economic Outlook					
25)	04/07 09:30				Fed's Evans Speaks on the Economy and Monetary Policy					
26)	04/11 13:00			****	FOMC Meeting Minutes	Mar 21	--	--	--	--
27)	04/13 08:00				Fed's Bullard Speaks on Living Standards across U.S. Cities					
28)	04/17 08:15				Fed's Williams Speaks at NABE Conference in Madrid					
29)	04/17 09:00				Fed's Quarles to Testify Before House Financial Services panel					
30)	04/17 12:10				Fed's Evans Discusses Economic Outlook					
31)	04/18 13:00				U.S. Federal Reserve Releases Beige Book					
32)	04/19 08:10				Fed's Quarles Speaks at Institute of International Finance Eve					
33)	04/20 08:40				Fed's Evans Speaks on the Economy and Monetary Policy					

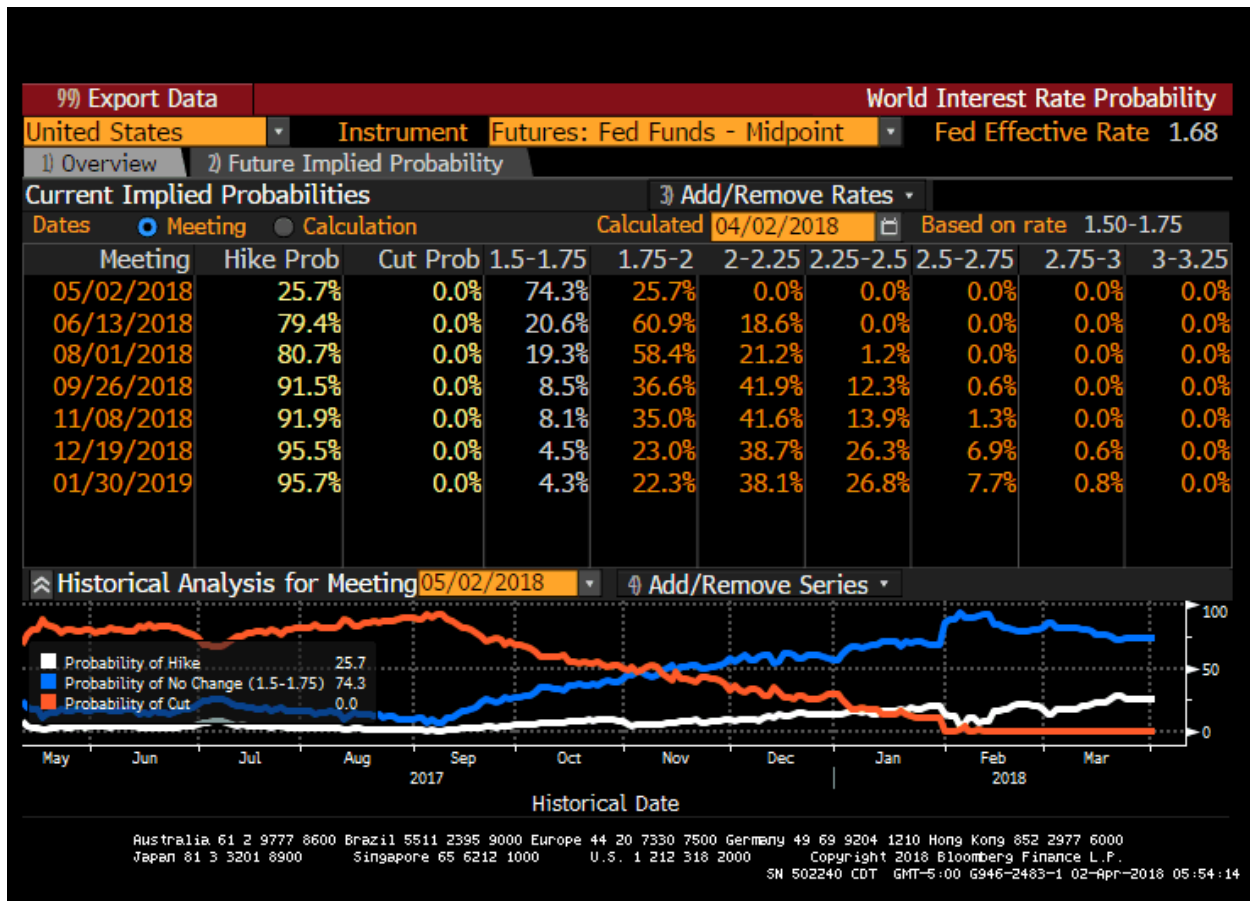
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	04/02/2018	04/03/2018	04/05/2018	TBA		TBA	03/27/2018	\$65
3-month	04/05/2018	04/02/2018	04/05/2018	912796PN3		\$48	03/26/2018	\$51
6-month	04/05/2018	04/02/2018	04/05/2018	912796QB8		\$42	03/26/2018	\$45
1-year	04/19/2018	04/24/2018	04/26/2018	TBA		TBA	03/27/2018	\$24
Note Auctions								
2-year	04/19/2018	04/24/2018	04/30/2018	TBA		TBA	03/26/2018	\$30
3-year	04/05/2018	04/10/2018	04/16/2018	TBA		TBA	03/12/2018	\$28
5-year	04/19/2018	04/25/2018	04/30/2018	TBA		TBA	03/27/2018	\$35
7-year	04/19/2018	04/26/2018	04/30/2018	TBA		TBA	03/28/2018	\$29
10-year	04/05/2018	04/11/2018	04/16/2018	TBA	R	TBA	03/12/2018	\$21
Bond Auctions								
30-year	04/05/2018	04/12/2018	04/16/2018	TBA	R	TBA	03/13/2018	\$13

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TIPS Auctions								
5-yr TIPS	04/12/2018	04/19/2018	04/30/2018	TBA	TBA	12/21/2017	\$14	
10-yr TIPS	05/10/2018	05/17/2018	05/31/2018	TBA	R	TBA	03/22/2018	\$11
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	04/19/2018	03/28/2018	04/02/2018	9128283T5	R	\$15	02/21/2018	\$15
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	11/15/2017	\$.025

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, March 2018
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			
	2018	2019	2020	Longer run	2018	2019	2020	Longer run	2018	2019	2020	Longer run
Change in real GDP	2.7	2.4	2.0	1.8	2.6-3.0	2.2-2.6	1.8-2.1	1.8-2.0	2.5-3.0	2.0-2.8	1.5-2.3	1.7-2.2
December projection	2.5	2.1	2.0	1.8	2.2-2.6	1.9-2.3	1.7-2.0	1.8-1.9	2.2-2.8	1.7-2.4	1.1-2.2	1.7-2.2
Unemployment rate	3.8	3.6	3.6	4.5	3.6-3.8	3.4-3.7	3.5-3.8	4.3-4.7	3.6-4.0	3.3-4.2	3.3-4.4	4.2-4.8
December projection	3.9	3.9	4.0	4.6	3.7-4.0	3.6-4.0	3.6-4.2	4.4-4.7	3.6-4.0	3.5-4.2	3.5-4.5	4.3-5.0
PCE inflation	1.9	2.0	2.1	2.0	1.8-2.0	2.0-2.2	2.1-2.2	2.0	1.8-2.1	1.9-2.3	2.0-2.3	2.0
December projection	1.9	2.0	2.0	2.0	1.7-1.9	2.0	2.0-2.1	2.0	1.7-2.1	1.8-2.3	1.9-2.2	2.0
Core PCE inflation ⁴	1.9	2.1	2.1		1.8-2.0	2.0-2.2	2.1-2.2		1.8-2.1	1.9-2.3	2.0-2.3	
December projection	1.9	2.0	2.0		1.7-1.9	2.0	2.0-2.1		1.7-2.0	1.8-2.3	1.9-2.3	
Memo: Projected appropriate policy path												
Federal funds rate	2.1	2.9	3.4	2.9	2.1-2.4	2.8-3.4	3.1-3.6	2.8-3.0	1.6-2.6	1.6-3.9	1.6-4.9	2.3-3.5
December projection	2.1	2.7	3.1	2.8	1.9-2.4	2.4-3.1	2.6-3.1	2.8-3.0	1.1-2.6	1.4-3.6	1.4-4.1	2.3-3.0

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 December projections were made in conjunction with the meeting of the Federal Open Market Committee on December 12-13, 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 December 12-13, 2017, meeting, and one participant did not submit such projections in conjunction with the March 20-21, 2018, 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/fomcprojtab120180321.pdf>

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Libor Set

1-Month Libor Set	1.88313	+.00000	(98.11687)
3-Month Libor Set	2.31175	+.00000	(98.68825)
6-Month Libor Set	2.45240	+.00000	(97.54760)
1-Year Libor Set	2.66263	+.00000	(97.33737)

THEY SAID IT

“Investors are comparing to futures and seeing where the futures alternative is cheaper,” said Kevin McPartland, head of research and market structure and technology at consultancy Greenwich Associates.

<https://www.reuters.com/article/us-usa-bonds-futures-analysis/rate-futures-volumes-surpass-treasuries-as-market-evolves-idUSKBN1H41XH>

Greenwich estimates that trading in rate futures can be as much as 70 percent cheaper than doing the equivalent trade with a centrally-cleared interest rate swap. A Greenwich survey of dealers and derivatives users found U.S. respondents expected to move 11 percent of swaps trading to futures, while European participants planned to move 17 percent.

The shale oil and natural gas discovered in a deposit off the island state’s west coast “is understood to dwarf Bahrain’s current reserves,” Bahrain News Agency reported, without giving figures. U.S. consultants [DeGolyer & MacNaughton Corp.](#) evaluated the field, and Bahrain plans to provide additional details on Wednesday about the reservoir’s “size and extraction viability,” BNA reported.

<https://www.bloomberg.com/news/articles/2018-04-01/bahrain-says-its-biggest-oil-find-since-1932-dwarfs-reserves>

Bahrain discovered the offshore Khaleej Al Bahrain Basin as it seeks to expand output capacity at its wholly owned Bahrain Field to 100,000 barrels a day by the end of the decade. The country is pumping about 45,000 barrels of oil a day from its Bahrain Field, and it shares income from a deposit with Saudi Arabia that produces about 300,000 barrels a day, according to figures from the U.S. Energy Information Administration.

“There are warning signs out there,” said Kevin Morrison, senior analyst at the Aite Group. Especially concerning is a surge in student and auto loans over the past decade, he said.

<https://www.bloomberg.com/news/articles/2018-04-02/rising-rates-sounding-alarm-bells-for-debt-laden-u-s-consumers>

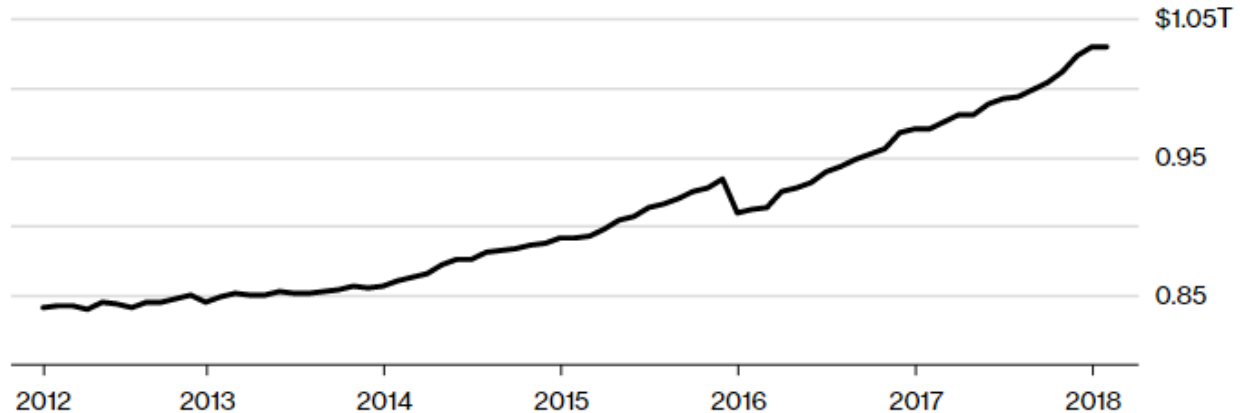
Spending on U.S. general purpose credit cards surged 9.4 percent last year, to \$3.5 trillion, according to industry newsletter Nilson Report. Card delinquencies are also rising. U.S. household debt climbed in the fourth quarter at the [fastest pace](#) since 2007, according to the

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Federal Reserve.

Return of the Credit Card

U.S. credit-card debt has been rising for several years



Source: Federal Reserve

Some 45 million people in the United States carry student debt. The average borrower owes more than \$30,000, [according](#) to Student Loan Hero, a website for managing education debt. Almost a fifth owe more than [\\$100,000](#), according to the National Association of Realtors.

<https://www.cnbc.com/2018/03/29/these-are-the-ways-student-loans-stop-people-from-buying-a-house.html>

People's monthly student loan payments can eat up a large slice of their income, threaten to push down their credit scores and make saving nearly impossible — all huge impediments, of course, to landing in a house.

For every 10 percent in student loan debt a person holds, their chance of home ownership drops between 1 and 2 percentage points during their first five years after school, [according](#) to the Federal Reserve.

More than 80 percent of people ages 22 to 35 with student debt who haven't bought a house yet blame their educational loans, according to the National Association of Realtors.

"Student loan debt holders do want to own a home, that's part of their American dream," said Jessica Lautz, managing director of survey research at the National Association of Realtors. "It's just really hard to get there right now."

The median income for student loan borrowers is \$59,746, according to analysts at the Joint Center for Housing Studies at Harvard University. For borrowers under 30, the average monthly loan payment is \$351, according to Student Loan Hero.

"The bank looks at it as 'unsecured debt'," said Doug Amis, a certified financial planner at Cardinal Retirement Planning in Cary, North Carolina. "With a mortgage, you have the asset of the house. If you stopped paying, you could foreclose on the house. But you can't go and foreclose on an education."

In other words: banks know you'll most likely be stuck with your student debt until you pay it off.

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“When asked about buying conditions, the appeal of low prices has largely disappeared,” Richard Curtin, director of the Michigan survey, said in a statement. “For durables, it has been replaced by favoring buying in advance of anticipated price increases.”

<https://www.bloomberg.com/news/articles/2018-04-02/americans-urge-to-splurge-starting-to-make-inflation-hawks-edgy>

More American consumers than at any time in 27 years are convinced that it’s better to make big purchases now because retailer discounts and deals won’t be around much longer.

Some 21 percent, the largest share since November 1990, said in March that conditions to buy appliances, electronics and other household durable goods are currently “good” because prices won’t fall further, according to the University of Michigan’s latest survey of consumer sentiment.

Meanwhile, another figure in last week’s report showed even greater demand for big-ticket goods. Typically that would be good news for the economy. But in the context of what may be the start of rising inflation expectations among consumers, it could be a very early caution signal for U.S. central bankers.

The U.S. didn’t respond to China’s March 26 request for consultation on Washington’s steel and aluminum tariffs, the Commerce Ministry said in a [statement](#) Monday, adding that officials have widespread public support for tougher measures and repeating Beijing’s stance that disputes should be resolved with dialogue. China previously planned to [seek compensation](#) for trade lost because of the U.S. metals actions.

<https://www.bloomberg.com/news/articles/2018-04-01/china-s-response-to-u-s-metals-tariffs-goes-into-effect-monday>

China said earlier it could impose tariffs in [two stages](#): a 15 percent duty on 120 products, and a 25 percent tariff on eight other products, including pork, after further assessing the impact of American tariffs. Sunday’s announcement covered all 128 products simultaneously.

“This shows China has the tool box to counter the unfair trade actions from Washington,” said Li Yong, a senior fellow at the China Association of International Trade in Beijing. “It’s very measured, and with no intention to escalate tension.”

The president said via Twitter on Saturday that Amazon was scamming the U.S. Postal Service, adding the service loses "billions of dollars" delivering packages for the e-commerce giant.

<https://www.cnn.com/2018/04/02/amazon-is-under-pressure-again-after-trump-tweets-its-a-scam-costing-the-post-office-billions.html>

This marks Trump’s second direct attack on Amazon in less than a week. Last week, Trump tweeted that Amazon was using the Post Office as its “delivery boy.” He also said: “I have stated my concerns with Amazon long before the Election.”

But some would argue Amazon has been good for the Post Office. In fiscal year 2017, the Post Office’s revenue rose 12 percent after a poor financial performance for more than a decade.

This follows a report from Axios on Wednesday that said Trump was “obsessed” with going after Amazon and wanted to change the e-commerce giant’s tax treatment. The report said that

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several of Trump's friends told him Amazon is hurting their businesses and "killing shopping malls and brick-and-mortar retailers."

What is GDPR?

GDPR is a piece of legislation that was approved in April 2016. European authorities have given companies two years to comply and it will come into force on May 25, 2018.

It replaces a previous law called the Data Protection Directive and is aimed at harmonizing rules across the 28-nation EU bloc.

The aim is to give consumers control of their personal data as it is collected by companies. Not only will it affect organizations located within the EU, but it will also apply to companies outside of the region if they offer goods or services to, or monitor the behavior of, people in the bloc.

This is why GDPR could have a far-reaching impact.

<https://www.cnn.com/2018/03/30/gdpr-everything-you-need-to-know.html>

A major focus of GDPR is on conditions of consent which have been strengthened. So companies will not be able to use vague or confusing statements to get you to agree to give them data. Firms won't be able to bundle consent for different things together either.

When it comes to user data, consumers will have more control. You will be able to access the personal data being stored by companies and find out where and for what purpose it is being used. You will also have the right to be forgotten. This means you can ask whoever is controlling your data to erase it and potentially stop third parties processing it too. Another provision of GDPR allows people to take their data and transfer it to a different service provider.

Big organizations have had two years to get themselves ready for GDPR.

The big technology firms who have huge user bases and handle massive amounts of data have spoken about what they are doing. Facebook [recently released some new privacy tools](#) which will help it comply with GDPR. Other big technology firms have also released their plans on GDPR.

"Mexico and its people will not be the pinata of any foreign government," Lopez Obrador said in a speech to thousands of people who jeered and swore at the mention of Trump. The U.S. president is almost universally disliked in Mexico.

"It's not with walls or use of force that you resolve social problems."

<https://www.cnn.com/2018/04/01/mexico-andres-manuel-lopez-obrador-hits-out-at-trump.html>

Mexico's presidential front-runner launched his campaign close to the U.S. border on Sunday, demanding respect for Mexicans hours after U.S. President [Donald Trump](#) again threatened to scrap a key trade pact and erect a wall between the countries.

Striking a nationalistic tone, Andres Manuel Lopez Obrador signaled that if he won the July 1 election, he would be less accommodating toward Trump than the ruling Institutional Revolutionary Party, or PRI, which has lagged in opinion polls over its failure to contain violence and corruption.

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EQUITIES

The S&P is **-10** and the NASDAQ is **-37**.

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 +0.17%.

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

BOE Rate +0.50%. (No change)

Next meeting 03/22/18

On the European Continent

The CAC Index closed +0.72%.

The DAX Index closed +1.31%.

On the Continent, the swap curve is largely unchanged with yields mixed.

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

Deposit Facility Rate -.40%

Next meeting 04/26/18

ASIA

Japan:

The TOPIX closed -0.44%.

The NIKKEI closed -0.31%.

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

BOJ Policy Balance Rate -0.10% (No change)

Next meeting 04/27/18

China:

The Hang Seng closed +0.24%.

The Shanghai Composite closed -0.18%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.7603%

Reserve Requirement Ratio: 17.00%

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THE TREND

EDM8: 97-71.0 is the pivot. Below the pivot, you should be short, above long. Support is at 97-64.5**.

Resistance is at 97-71.0^ and 97-77.0**.

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

** 2-STD Deviations from the pivot point.

Current trend has you short from 98-67.5. I have rolled out of the short position and booked a 5-tick loss (3/27/18). I remain flat until a clearer trend emerges.



YTD (per contract)

2018 +34.5 ticks (+\$862.50)

2017 +33.0 ticks (+\$825.00)

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10yr/TYM8: 120-13.0 is the pivot point. Above you should be long, below short.

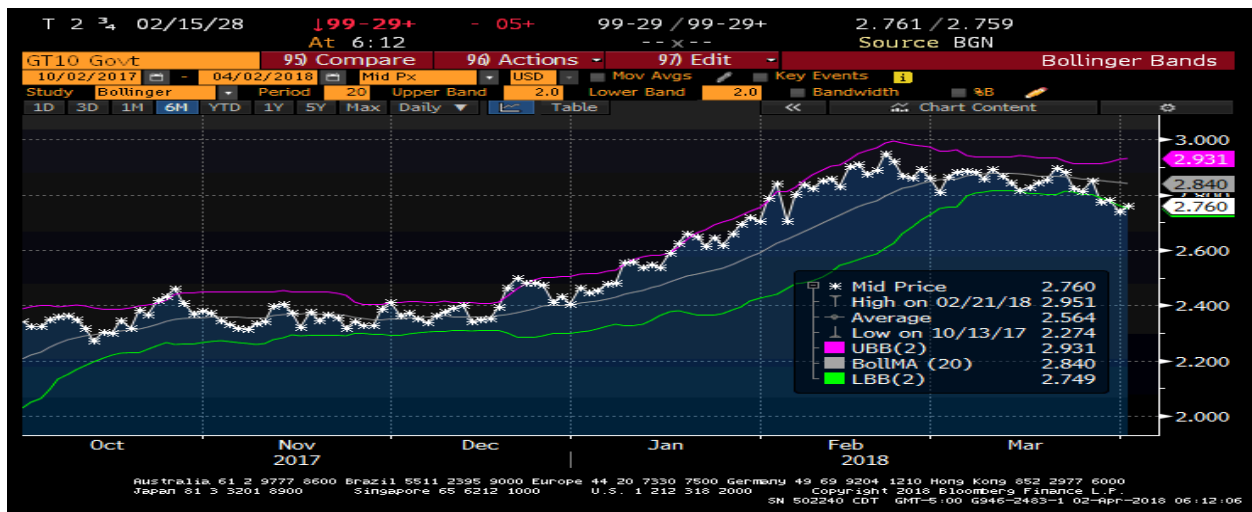
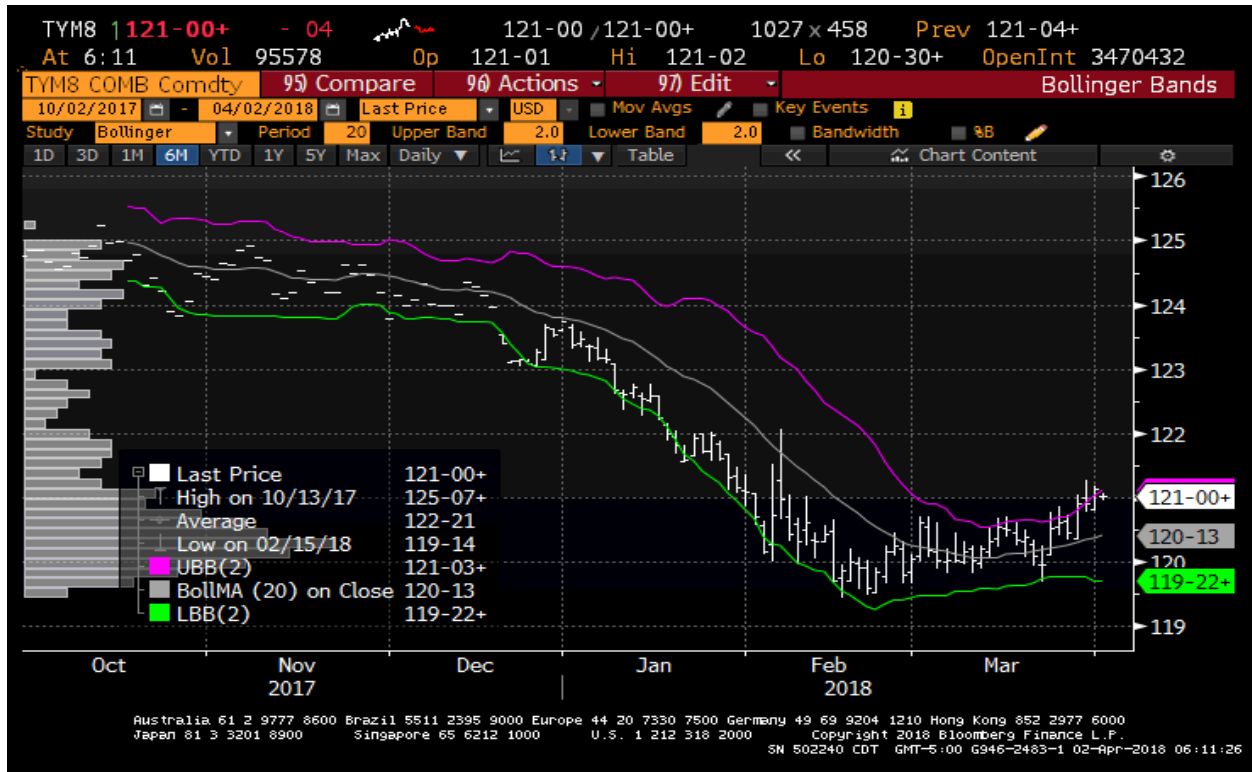
Support is at 119-22.5**

Resistance is at 120-13.0^ and 121-03.5**

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

** 2-STD Deviations from the pivot point

I remain flat in TY.



YTD (per contract)

(2018) +52.0 futures ticks (\$31.25 per tick) or +\$1,625.00.

(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>

United States		98 Export		99 Settings		Interest Rate Swap Rates							
						Date Range: 03/02/2018 - 04/02/2018 1 Month							
						40 Semi Swaps 41 Sprs to Gov. 42 Ann Swaps 43 Ann Sprs 44 OIS Swaps 45 CHE/LCH Sprs							
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/day	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	2.424 / 2.427		2.425	0.005		0.1	2.251	2.466	2.381	2.466	2.381	-4.6	1.0
2) 2 YR	2.581 / 2.585		2.583	0.002		0.0	2.445	2.677	2.577	2.677	2.577	0.9	0.2
3) 3 YR	2.667 / 2.675		2.670	0.011		0.3	2.550	2.797	2.679	2.797	2.679	-0.5	-0.1
4) 4 YR	2.703 / 2.709		2.706	0.030		0.8	2.616	2.858	2.732	2.858	2.732	-2.4	-0.7
5) 5 YR	2.711 / 2.751		2.731	0.023		0.7	2.660	2.890	2.767	2.890	2.767	-1.6	-0.4
6) 6 YR	2.737 / 2.747		2.742	0.022		0.6	2.687	2.913	2.790	2.913	2.790	-4.4	-1.1
7) 7 YR	2.752 / 2.757		2.754	0.023		0.5	2.704	2.932	2.812	2.932	2.812	-5.5	-1.3
8) 8 YR	2.767 / 2.770		2.769	0.022		0.5	2.722	2.949	2.832	2.949	2.832	-6.2	-1.4
9) 9 YR	2.781 / 2.786		2.784	0.028		0.6	2.742	2.966	2.851	2.966	2.851	-6.5	-1.4
10) 10 YR	2.795 / 2.800		2.798	0.007		0.2	2.760	2.981	2.870	2.981	2.870	-7.0	-1.5
11) 15 YR	2.848 / 2.852		2.850	0.022		0.5	2.825	3.033	2.938	3.033	2.938	-8.6	-1.8
12) 20 YR	2.866 / 2.870		2.868	0.020		0.4	2.845	3.047	2.954	3.047	2.954	-8.4	-1.6
13) 25 YR	2.854 / 2.862		2.858	-0.112		-2.3	2.156	3.237	2.952	3.237	2.952	-9.0	-1.9
14) 30 YR	2.840 / 2.844		2.842	0.018		0.3	2.818	3.017	2.931	3.017	2.931	-8.7	-1.6

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 2018 Bloomberg Finance L.P.
 SN 502340 CDT GMT-5:00 6946-2483-1 02-Apr-2018 05:54:28

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The Option Lab

Trade Log:

2. Long the TY Week-2 120.00 put (at the money) from 8/64ths (3/9/2018).

1/64th = \$15.625

8/64ths = \$125 per contract purchased.

120-00.00 strike price on the option equates to a TY yield of ~2.895%.

TY Week-2 in March expire today (3/9/18). Sold option back out at 7/64ths for a \$15.63 loss.

1. 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: +\$15.62 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.



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.

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

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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>

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.	23 March 2018	995	+5	16 March 2018	+186	24 March 2017
Canada	23 March 2018	161	-58	16 March 2018	-84	24 March 2017
International	February 2018	979	+19	January 2018	+38	February 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%

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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/>

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For this week, total U.S. weekly rail traffic was 526,521 carloads and intermodal units, up 1.4 percent compared with the same week last year.

Total carloads for the week ending March 24 were 265,756 carloads, up 2.5 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 260,765 containers and trailers, up 0.3 percent compared to 2017.

Six of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 7,979 carloads, to 87,348; chemicals, up 1,756 carloads, to 33,788; and nonmetallic minerals, up 667 carloads, to 35,776. Commodity groups that posted decreases compared with the same week in 2017 included motor vehicles and parts, down 1,717 carloads, to 16,675; miscellaneous carloads, down 1,504 carloads, to 9,417; and petroleum and petroleum products, down 697 carloads, to 9,889.

For the first 12 weeks of 2018, U.S. railroads reported cumulative volume of 3,030,729 carloads, down 0.5 percent from the same point last year; and 3,227,100 intermodal units, up 5.7 percent from last year. Total combined U.S. traffic for the first 12 weeks of 2018 was 6,257,829 carloads and intermodal units, an increase of 2.6 percent compared to last year.

North American rail volume for the week ending March 24, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 369,719 carloads, up 2.5 percent compared with the same week last year, and 347,774 intermodal units, up 2.3 percent compared with last year. Total combined weekly rail traffic in North America was 717,493 carloads and intermodal units, up 2.4 percent. North American rail volume for the first 12 weeks of 2018 was 8,429,626 carloads and intermodal units, up 2.4 percent compared with 2017.

Canadian railroads reported 82,618 carloads for the week, up 3 percent, and 70,986 intermodal units, up 13.5 percent compared with the same week in 2017. For the first 12 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 1,712,693 carloads, containers and trailers, up 2.4 percent.

Mexican railroads reported 21,345 carloads for the week, down 0.03 percent compared with the same week last year, and 16,023 intermodal units, down 8.3 percent. Cumulative volume on Mexican railroads for the first 12 weeks of 2018 was 459,104 carloads and intermodal containers and trailers, down 0.8 percent from the same point last year.

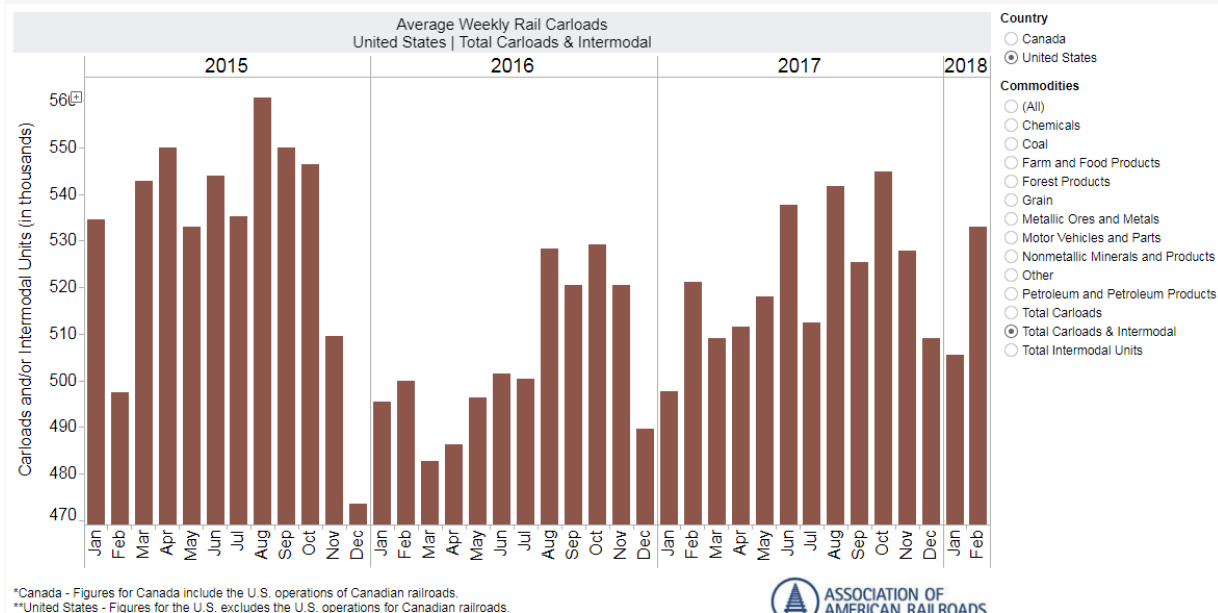
<https://www.aar.org/news/rail-traffic-for-the-week-ending-march-24-2018/>

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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) – 03/26/18

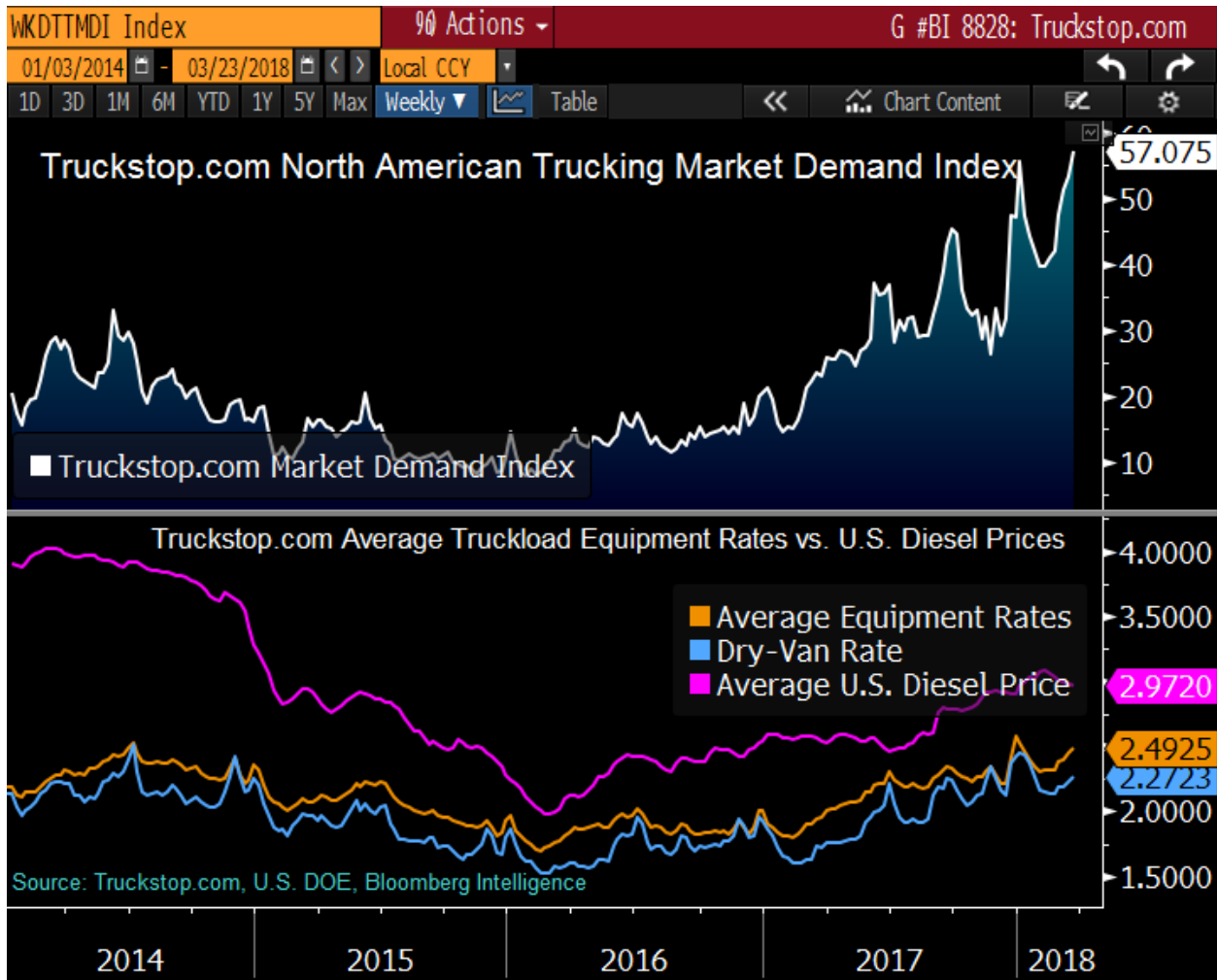
Truckstop.com Market Demand Index, Average Rates

(Bloomberg Intelligence) --Relative North American spot-trucking demand rose 7.1% sequentially to 57.1 in the week ended March 23, based on Truckstop.com's Market Demand Index, a new high. Capacity tightened for a sixth straight week as available loads rose 5.7% while available trucks fell 1.2%. Average spot rates, excluding fuel surcharges, rose for the seventh consecutive week (2.3%). Regulatory capacity constraints, solid demand and a string of winter storms in the Northeast have fueled spot rates close to peak levels from the start of 2018. 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:

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GDP

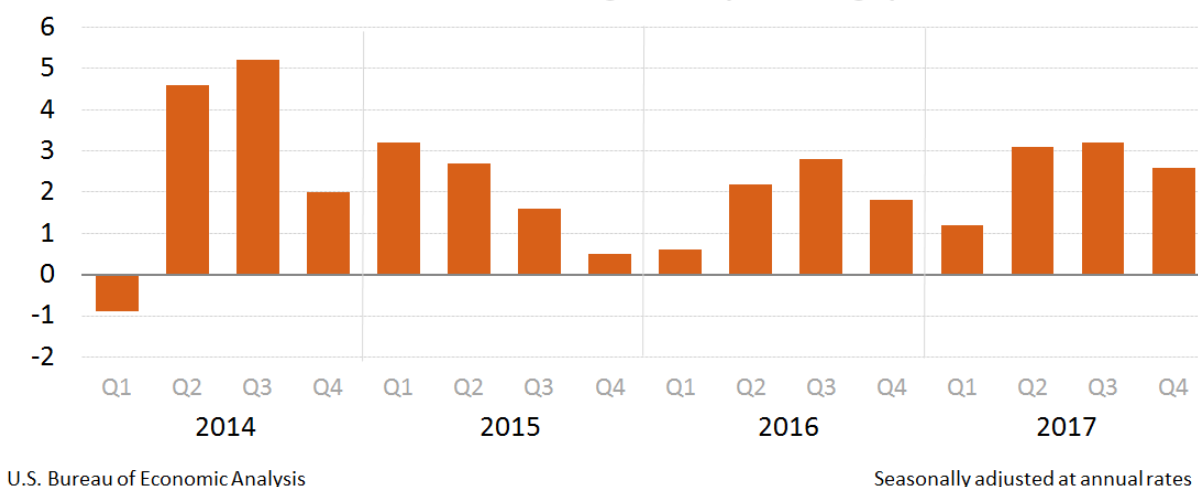
U.S. Department of Commerce, Bureau of economic analysis

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

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

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Real GDP: Percent change from preceding quarter



GDP-1Q is running at *2.56% as of 3/29/18 v. *2.17% on 3/23/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Latest forecast Q1 2018: 2.4% — March 29, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is 2.4 percent on March 29, up from 1.8 percent on March 23.

The forecast of the contribution of inventory investment to first-quarter real GDP growth, increased from 0.66 percentage points to 1.21 percentage points after yesterday's advance releases of wholesale and retail inventories by the U.S. Census Bureau and yesterday's GDP release by the U.S. Bureau of Economic Analysis (BEA) as well as this morning's release of the revised underlying detail tables for the National Income and Product Accounts by the BEA. The next GDPNow update is Monday, April 2. 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...Q1 2018: 2.9%...March 23, 2018

The New York Fed Staff Nowcast stands at 2.9% for 2018:Q1 and 3.0% for 2018:Q2.

News from this week's data releases increased the nowcast for both quarters by 0.2 percentage point.

A positive surprise from manufacturers' inventories and the positive impact of data revisions accounted for the increase.

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

St. Louis Fed Real GDP Nowcast... Q1 2017: 2.37%...March 29, 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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