



Fixed Income Group A Division of RJ O'Brien

**The Missile**

[www.fixedincomegroup.com](http://www.fixedincomegroup.com)

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(All times are CST)

9 <GO> to Save as Default

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

United States Browse 15:21:44 04/10/18 - 04/13/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	04/10	05:00				NFIB Small Business Optimism	Mar	107.0	--	107.6	--
22)	04/10	07:30				PPI Final Demand MoM	Mar	0.1%	--	0.2%	--
23)	04/10	07:30				PPI Ex Food and Energy MoM	Mar	0.2%	--	0.2%	--
24)	04/10	07:30				PPI Ex Food, Energy, Trade MoM	Mar	0.2%	--	0.4%	--
25)	04/10	07:30				PPI Final Demand YoY	Mar	2.9%	--	2.8%	--
26)	04/10	07:30				PPI Ex Food and Energy YoY	Mar	2.6%	--	2.5%	--
27)	04/10	07:30				PPI Ex Food, Energy, Trade YoY	Mar	--	--	2.7%	--
28)	04/10	09:00				Wholesale Trade Sales MoM	Feb	--	--	-1.1%	--
29)	04/10	09:00				Wholesale Inventories MoM	Feb F	0.6%	--	1.1%	--
30)	04/11	06:00				MBA Mortgage Applications	Apr 6	--	--	-3.3%	--
31)	04/11	07:30				CPI MoM	Mar	0.0%	--	0.2%	--
32)	04/11	07:30				CPI Ex Food and Energy MoM	Mar	0.2%	--	0.2%	--
33)	04/11	07:30				CPI YoY	Mar	2.4%	--	2.2%	--
34)	04/11	07:30				CPI Ex Food and Energy YoY	Mar	2.1%	--	1.8%	--
35)	04/11	07:30				CPI Index NSA	Mar	249.576	--	248.991	--
36)	04/11	07:30				CPI Core Index SA	Mar	256.200	--	255.751	--
37)	04/11	07:30				Real Avg Weekly Earnings YoY	Mar	--	--	0.6%	--
38)	04/11	07:30				Real Avg Hourly Earning YoY	Mar	--	--	0.4%	0.3%
39)	04/11	13:00				Monthly Budget Statement	Mar	-\$185.0b	--	-\$215.2b	--

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2877 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.  
SN 534263 CDT GMT-5:00 06-Apr-2018 15:21:44

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## Fed Speak Calendar (All times are CST)

Economic Calendars										
1) Calendars ▾		2) Alerts		3) Export ▾		4) Settings ▾		United States		
Browse		12:13:38		04/06/18		- 04/30/18				
Central Banks				All Central Banks				View ● Agenda ● Weekly 🔍		
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	04/06	12:30			Fed Chairman Powell to Give Speech on Economic Outlook					
22)	04/06	15:00			Fed's Williams Speaks on the Economic Outlook					
23)	04/07	09:30			Fed's Evans Speaks on the Economy and Monetary Policy					
24)	04/11	13:00			FOMC Meeting Minutes	Mar 21	--	--	--	--
25)	04/12	16:00			Fed's Kashkari Speaks in Moderated Q&A in Minneapolis					
26)	04/13	07:00			Fed's Rosengren Speaks on Economic Outlook					
27)	04/13	08:00			Fed's Bullard Speaks on Living Standards across U.S. Cities					
28)	04/16	12:15			Fed's Bostic Speaks on the Economy and Rural Market Trends					
29)	04/17	08:15			Fed's Williams Speaks at NABE Conference in Madrid					
30)	04/17	09:00			Fed's Quarles to Testify Before House Financial Services panel					
31)	04/17	12:10			Fed's Evans Discusses Economic Outlook					
32)	04/18	13:00			U.S. Federal Reserve Releases Beige Book					
33)	04/18	15:30			Fed's Quarles Speaks in Washington					
34)	04/19	08:10			Fed's Quarles Speaks at Institute of International Finance Eve					
35)	04/20	08:40			Fed's Evans Speaks on the Economy and Monetary Policy					

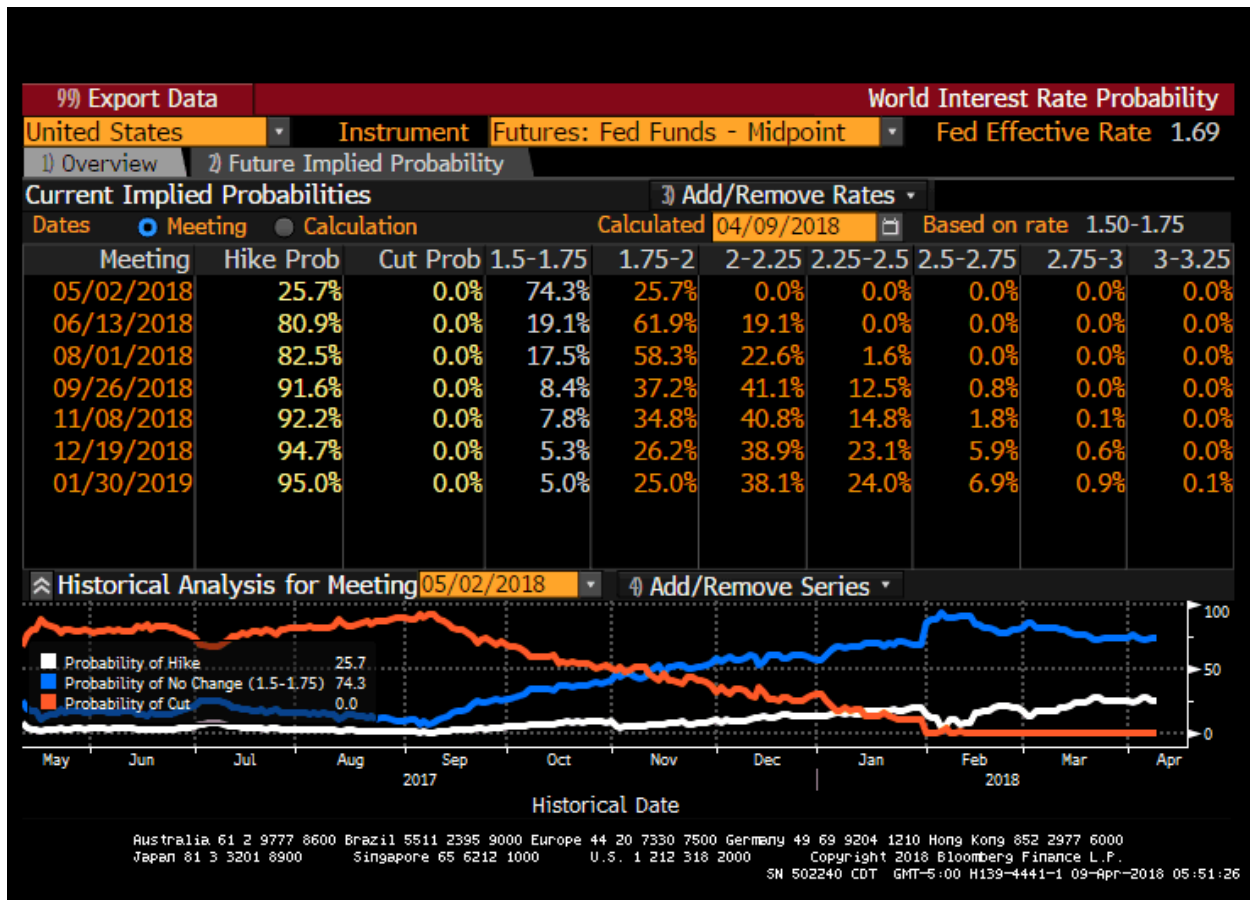
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News: News Story								
4) Previous		3) Next		60 Send		90 Actions ▾		
04/03/2018 12:58:13 [BN]								
Translate to...								
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	04/09/2018	04/10/2018	04/12/2018	TBA		TBA	04/03/2018	\$55
3-month	04/05/2018	04/09/2018	04/12/2018	912796PQ6		TBA	04/02/2018	\$48
6-month	04/05/2018	04/09/2018	04/12/2018	912796NZ8		TBA	04/02/2018	\$42
1-year	04/19/2018	04/24/2018	04/26/2018	TBA		TBA	03/27/2018	\$24
<b>Note Auctions</b>								
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	9128284G2		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	9128283W8	R	TBA	03/12/2018	\$21
<b>Bond Auctions</b>								
30-year	04/05/2018	04/12/2018	04/16/2018	912810SA7	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 <sup>1</sup>				Central tendency <sup>2</sup>				Range <sup>3</sup>			
	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 <sup>4</sup>	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

<b>1-Month Libor Set</b>	<b>1.89713</b>	<b>+.00000</b>	<b>(98.10287)</b>
<b>3-Month Libor Set</b>	<b>2.33730</b>	<b>-.00013</b>	<b>(98.66270)</b>
<b>6-Month Libor Set</b>	<b>2.47063</b>	<b>-.00156</b>	<b>(97.52937)</b>
<b>1-Year Libor Set</b>	<b>2.70825</b>	<b>-.00469</b>	<b>(97.29175)</b>

## THEY SAID IT

**Israeli aircraft carried out an attack on an airbase in Syria early Monday, the Russian Defense Ministry said, shifting suspicion away from the U.S. after President Donald Trump had vowed retaliation for a reported chemical weapons attack.**

<https://www.bloomberg.com/news/articles/2018-04-09/syria-base-is-hit-after-suspected-chemical-weapons-attack>

Israel, which has targeted arms convoys in Syria dozens of times, had no comment, as is its custom. While Israel has maintained a policy of largely staying out of the civil war that's been raging on its northern frontier, it has claimed the right to take action against activities by Iran and its proxies that threaten its security.

Russia said two Israeli planes attacked the Al Tiyas, or T-4, military base from Lebanese airspace before dawn. Three missiles hit their targets and five others were shot down by Syrian forces, the Russian Defense Ministry said in a statement.

Syria's official Sana news agency said eight missiles were intercepted, adding there were casualties. At least 14 people, including Iranians, were killed in the attack, Sky News Arabia reporting, citing the opposition-aligned Syrian Observatory for Human Rights.

The missile raid on Monday "in some respects takes away the onus on the U.S., France and the international community to respond in force" because it mirrors actions the U.S. undertook to a previous chemical weapons attack a year ago, said Andrew Freeman, a London-based analyst with consultancy firm Control Risks.

**China acted swiftly on Wednesday to announce reciprocal tariffs on \$50 billion worth of American imports, unveiling a match for the Trump administration's move against Chinese imports less than 12 hours before. Now that U.S. President Donald Trump has ordered a review of measures on \$100 billion of additional Chinese goods, China will have to get creative to keep up the like-for-like rhetoric. There aren't enough American goods imports to target; of course, China could still take other measures -- like curbing package tours or student transfers to the U.S., or steps against American companies' operations in China.**

<https://www.bloomberg.com/news/articles/2018-04-06/china-s-running-out-of-u-s-imports-to>

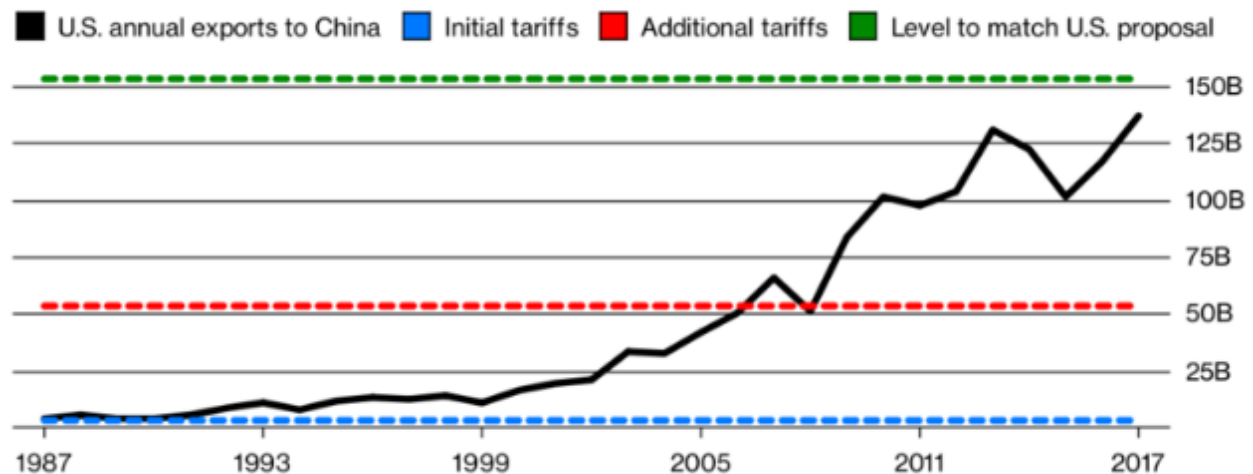
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[target](#)

## No Tit-for-Tat Here

China doesn't import enough U.S. goods to match tariff total from latest Trump proposal



Data: Bloomberg, U.S. Census Bureau; graphic by Bloomberg Businessweek

Hitching a ride on Tesla Inc. these days seems precarious at best, [especially for its sole battery supplier Panasonic Corp.](#)

<https://www.bloomberg.com/gadfly/articles/2018-04-09/handle-panasonic-with-care-after-tesla-electric-shock>

Shares of the Japanese company plunged as much as 9 percent after a spate of Tesla bad-news stories over the past few weeks. First, the U.S. electric-car maker reported [yet another fatal crash](#), then a shortfall in [production targets](#) for its mass-market Model 3 and to top it off, a [rating downgrade](#) by Moody's Investors Service on liquidity concerns. The cost to insure Panasonic's five-year debt -- a broad gauge of risk -- has risen sharply.

That Panasonic is dancing to Tesla's tune is no big surprise -- it usually does. Investors have long seen the electronics giant as a derivative play on its U.S. customer. Their thesis: more Teslas, more batteries. To be fair, Panasonic does have solid battery technology -- better than the likes of Samsung SDI Co. -- and has focused its efforts on the auto industry. In fact, moments of weakness in Panasonic stock are often seen as an opportune time to buy. This time, there are other factors to consider.

First, the level of Panasonic's reliance. The Osaka-based company revised down its sales and operating profit estimates for rechargeable batteries for the full fiscal year in February because it had to push out sales plans in North America to "future periods." Its hyped-up gigafactory partnership with Tesla in Nevada has undershot expectations. Panasonic is piling capex into the \$5 billion project, in part raising debt to do so. Moody's expects the company to shovel more than 50 percent of its capital spending into the automotive segment including battery plants.

Besides Tesla, Panasonic leans heavily on the broader electric-vehicle industry, where prospects are dimming amid the Trump administration's lackluster interest in green policies. Earlier this month, the U.S. Environmental Protection Agency said it was revising fuel-efficiency standards that allow carmakers "to make cars that people both want and can afford." That damped enthusiasm for the potential growth of electric cars.

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Then, there's China, the world's largest electric-vehicle market. Panasonic, along with other foreign battery makers, risks being shut out by new-energy policies aimed at cornering the global market. China's own battery champion, Contemporary Amperex Technology Co., is shoving global competitors aside as it ramps up production and pushes down prices, while reaching standards to supply the likes of BMW AG.

**A cyberattack that U.S. natural gas pipeline owners weren't required to report has lawmakers taking a closer look at how the industry is handling such threats, raising the prospect of tighter regulation.**

<https://www.bloomberg.com/news/articles/2018-04-06/cyberattack-wake-up-call-puts-pipeline-industry-in-hot-seat>

In website notices to customers this week, at least seven pipeline operators from [Energy Transfer Partners LP](#) to [TransCanada Corp.](#) said their third-party electronic communications systems were shut down, with five confirming the service disruptions were caused by [hacking](#). But the companies didn't have to alert the U.S. Transportation Security Administration, the agency that oversees the nation's more than 2.6 million miles of oil and gas conduits in addition to providing security at airports.

Though the cyberattack didn't disrupt the supply of gas to U.S. homes and businesses, it underscores that energy companies from power providers to pipeline operators and oil drillers are increasingly vulnerable to electronic sabotage. It also showed how even a minor attack can have ripple effects, forcing utilities to warn of [billing delays](#) and making it more difficult for analysts and traders to predict a key government report on gas stockpiles.

**China stepped up its attacks on the Trump administration on Monday over billions of dollars worth of threatened tariffs, saying Washington is to blame for trade frictions and repeating it was impossible to negotiate under "current circumstances".**

<https://www.reuters.com/article/us-usa-trade-china/china-blames-u-s-for-trade-frictions-says-negotiations-currently-impossible-idUSKBN1HG0WB?il=0>

"Under the current circumstances, both sides even more cannot have talks on these issues,"

Foreign Ministry spokesman Geng Shuang told reporters at a regular news briefing.

"The United States with one hand wields the threat of sanctions, and at the same time says they are willing to talk. I'm not sure who the United States is putting on this act for," Geng said.

The trade frictions were "entirely at the provocation of the United States", he added.

**On Monday morning in Washington Trump tweeted that China puts 25 percent tariffs on cars imported from the United States, while cars it imports from China face 2.5 percent duties.**

**"Does that sound like free or fair trade. No, it sounds like STUPID TRADE," Trump said in his post.**

**China's quality watchdog said on Monday that [Tesla](#) will recall a total of 8,898 Model S vehicles in the country from June 28.**

<https://www.cnbc.com/2018/04/09/tesla-to-recall-8898-vehicles-in-china-from-june-28-china-quality-watchdog.html>

Tesla has been voluntarily recalling Model S sedans built before April 2016 in order to replace bolts in the power steering component.

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## EQUITIES

The S&P is **+15** and the NASDAQ is **+48**.

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](http://www.moneycentral.msn.com/investor/market/earncalendar)

**On Bloomberg type in ACDR <GO>**

### UK/EUROPE

**In the UK the FTSE closed +0.03%.**

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

**BOE Rate +0.50%. (No change)**

**Next meeting 05/10/18**

### On the European Continent

**The CAC Index closed +0.37%.**

**The DAX Index closed +0.74%.**

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 +0.38%.**

**The NIKKEI closed +0.51%.**

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

**BOJ Policy Balance Rate -0.10% (No change)**

**Next meeting 04/27/18**

#### China:

**The Hang Seng closed +1.29%.**

**The Shanghai Composite closed +0.23%.**

#### 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: 97-69.0 is the pivot. Below the pivot, you should be short, above long.  
Support is at 97-65.5\*\*.

Resistance is at 97-69.0^ and 97-725\*\*.

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

\*\* 2-STD Deviations from the pivot point.

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: 120-19.5 is the pivot point. Above you should be long, below short.

Support is at 119-30.0\*\*

Resistance is at 120-19.5^ and 121-09.5\*\*

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

\*\* 2-STD Deviations from the pivot point

I remain flat in TY.



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**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>

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United States 98 Export 99 Settings Interest Rate Swap Rates

Date Range: 03/09/2018 - 04/09/2018 1 Month

40 Semi Swaps 41 Sprs to Gov. 42 Ann Swaps 43 Ann Sprs 44 OIS Swaps 49 CME/LCH Sprs

Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/da	Low	Range	High	Avg	+/-BPS	PCS	CMPN
1) 1 YR	2,454 / 2,456	2,455	2,455	0.018		0.6	2,324	2,466	2,412	4.4	1.5			
2) 2 YR	2,603 / 2,605	2,604	2,604	0.017		0.7	2,523	2,677	2,593	1.2	0.5			
3) 3 YR	2,681 / 2,683	2,682	2,682	0.017		0.6	2,601	2,797	2,687	-0.4	-0.1			
4) 4 YR	2,721 / 2,724	2,722	2,722	0.018		0.5	2,643	2,858	2,734	-1.0	-0.3			
5) 5 YR	2,744 / 2,747	2,745	2,745	0.018		0.5	2,669	2,890	2,763	-1.6	-0.4			
6) 6 YR	2,762 / 2,765	2,764	2,764	0.020		0.5	2,687	2,913	2,783	-1.8	-0.4			
7) 7 YR	2,777 / 2,781	2,778	2,778	0.020		0.4	2,703	2,932	2,801	-2.0	-0.4			
8) 8 YR	2,793 / 2,796	2,794	2,794	0.021		0.4	2,718	2,949	2,819	-2.3	-0.5			
9) 9 YR	2,808 / 2,811	2,810	2,810	0.020		0.4	2,735	2,966	2,836	-2.5	-0.5			
10) 10 YR	2,822 / 2,832	2,827	2,827	0.022		0.4	2,750	2,981	2,854	-2.3	-0.5			
11) 15 YR	2,882 / 2,883	2,882	2,882	0.020		0.4	2,804	3,033	2,917	-3.4	-0.6			
12) 20 YR	2,901 / 2,904	2,902	2,902	0.020		0.4	2,823	3,047	2,933	-3.0	-0.5			
13) 25 YR	2,894 / 2,895	2,894	2,894	0.019		0.3	2,156	3,147	2,929	-3.3	-0.6			
14) 30 YR	2,877 / 2,877	2,876	2,876	0.016		0.3	2,798	3,017	2,908	-3.2	-0.6			

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 H139-4441-1 09-Apr-2018 05:54:20

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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).

1/64<sup>th</sup> = \$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.	29 March 2018	993	-2	23 March 2018	+169	31 March 2017
Canada	29 March 2018	134	-27	23 March 2018	-21	31 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 electricity<sup>1</sup> were generated at utility-scale facilities in the United States.<sup>2</sup> 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.<sup>3</sup>

### Major energy sources and percent shares of U.S. electricity generation at utility-scale facilities in 2016<sup>1</sup>

**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%**

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**Petroleum = 0.6%**

**Other gases = 0.3%**

**Other nonrenewable sources = 0.3%**

**Pumped storage hydroelectricity = -0.2%<sup>4</sup>**

<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.

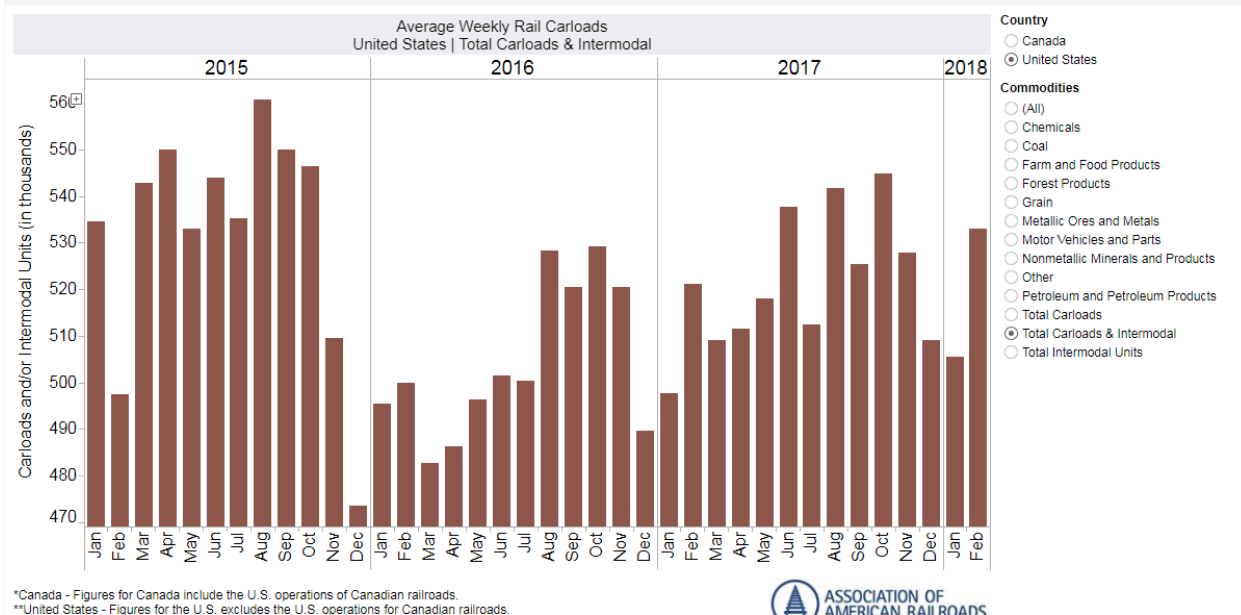
<https://www.aar.org/news/rail-traffic-for-the-week-ending-march-24-2018/>

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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

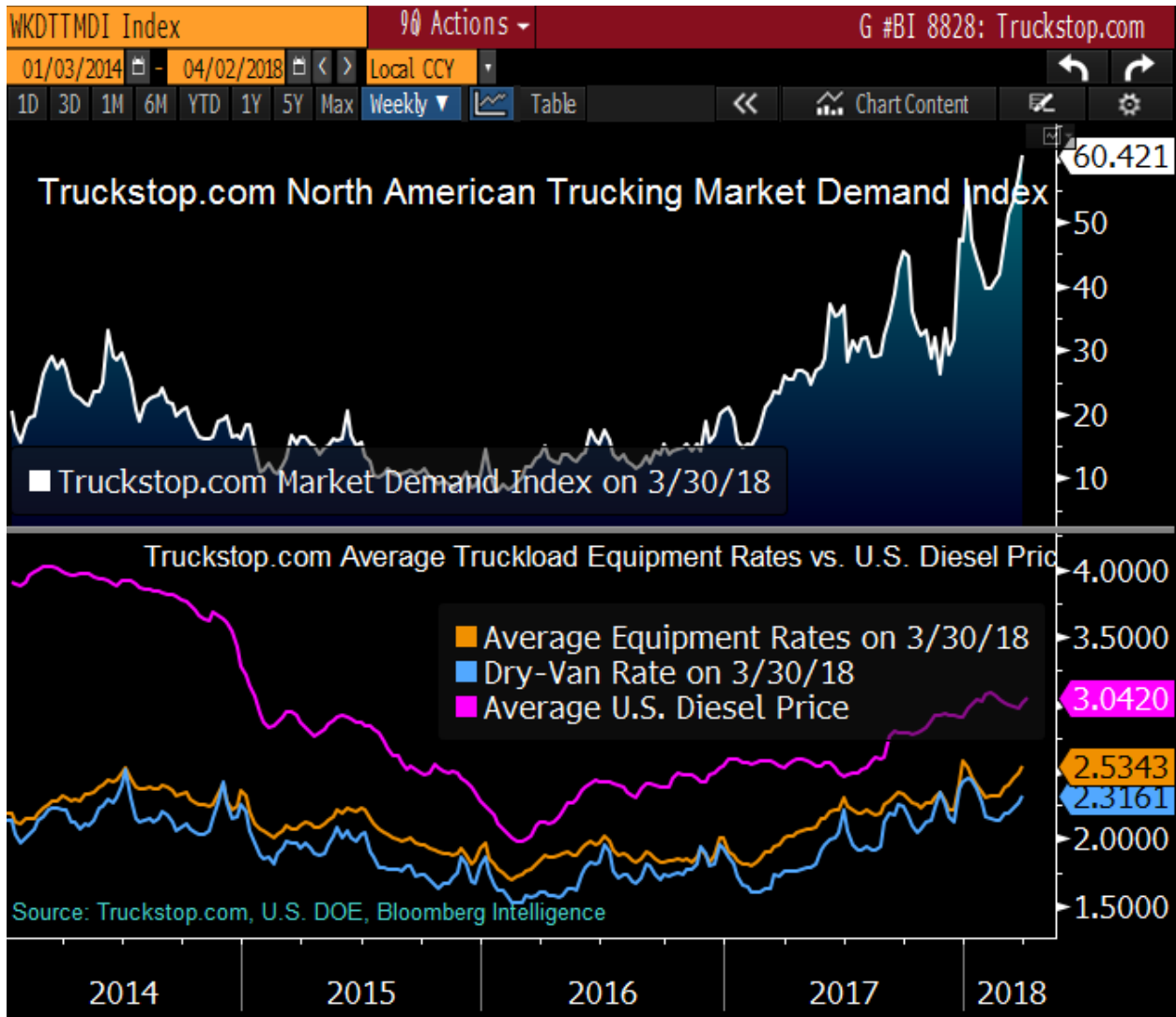
**(Bloomberg Intelligence) – 04/02/18** Truckstop.com Market Demand Index, Average Rates (Bloomberg Intelligence) --Relative North American spot-trucking demand rose 5.9% sequentially to a new high of 60.4 in the week ended March 30, based on Truckstop.com's Market Demand Index. Capacity tightened for a seventh straight week as the 8.4% decline in available trucks outpaced the 3% drop in available loads. Average spot rates, excluding fuel surcharges, rose for the eighth consecutive week (1.9%). As of April 1, drivers can be placed out of service for failing to adhere to electronic logging device rules, which could compound rate pressures.

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

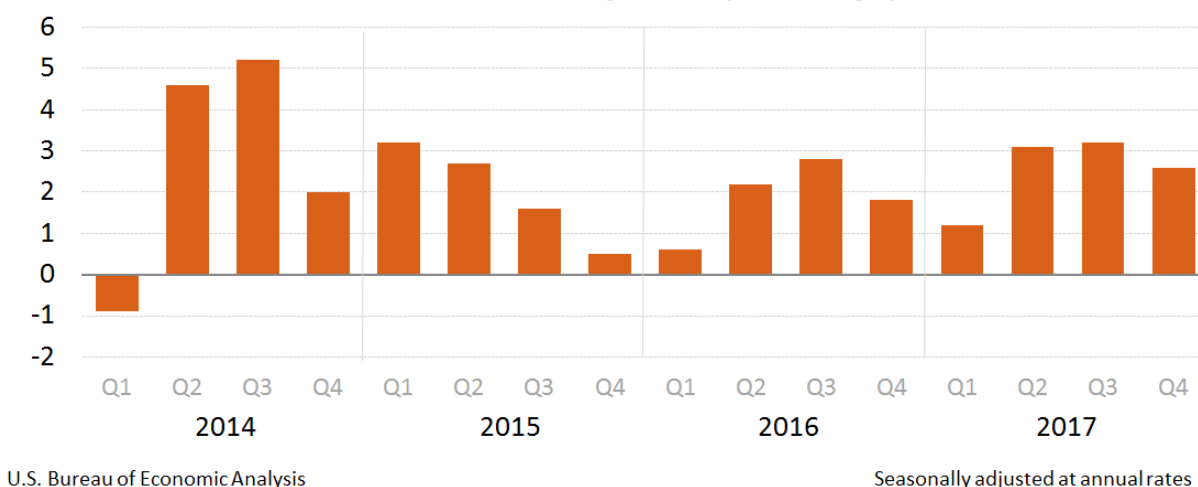
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

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 \*2.44% as of 4/05/18 v. \*2.77% on 4/02/18**

**\*simple average of the three regionals.**

### Atlanta Fed GDPNow...Latest forecast Q1 2018: 2.3% —April 5, 2018

*The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is 2.3 percent on April 5, down from 2.8 percent on April 2. The nowcast of the contribution of inventory investment to first-quarter real GDP growth fell from 1.21 percentage points to 1.05 percentage points after yesterday's manufacturing release from the U.S. Census Bureau and yesterday's light vehicle sales release from the U.S. Bureau of Economic Analysis (BEA). The nowcast of the contribution of net exports to first-quarter growth declined from -0.65 percentage points to -0.72 percentage points after this morning's international trade release from the Census Bureau and the BEA. The nowcast of first-quarter real consumer spending growth fell from 1.6 percent on April 2 to 1.3 percent this morning.*

*The next GDPNow update is Tuesday, April 10. 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: 2.7%...March 30, 2018

*The New York Fed Staff Nowcast stands at 2.7% for 2018:Q1 and 2.9% for 2018:Q2.*

*News from this week's data releases decreased the nowcast for 2018:Q1 by 0.2 percentage point and decreased the nowcast for 2018:Q2 by 0.1 percentage point.*

*A negative surprise from personal consumption expenditures accounted for most of the decrease.*

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

### St. Louis Fed Real GDP Nowcast... Q1 2017: 2.32%...April 5, 2018

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

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## MANUFACTURING AT A GLANCE

MARCH 2018

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	59.3	60.8	-1.5	Growing	Slower	19
New Orders	61.9	64.2	-2.3	Growing	Slower	27
Production	61.0	62.0	-1.0	Growing	Slower	19
Employment	57.3	59.7	-2.4	Growing	Slower	18
Supplier Deliveries	60.6	61.1	-0.5	Slowing	Slower	18
Inventories	55.5	56.7	-1.2	Growing	Slower	3
Customers' Inventories	42.0	43.7	-1.7	Too Low	Faster	18
Prices	78.1	74.2	+3.9	Increasing	Faster	25
Backlog of Orders	59.8	59.8	0.0	Growing	Same	14
New Export Orders	58.7	62.8	-4.1	Growing	Slower	25
Imports	59.7	60.5	-0.8	Growing	Slower	14
<b>OVERALL ECONOMY</b>				Growing	Slower	107
<b>Manufacturing Sector</b>				Growing	Slower	19

Average for 12 months - 58.2

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](http://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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