



Fixed Income Group A Division of RJ O'Brien

The Missile

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

United States Browse 05:48:32 04/11/18 - 04/18/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	04/11	06:00				MBA Mortgage Applications	Apr 6	--	--	-3.3%	--
22)	04/11	07:30				CPI MoM	Mar	0.0%	--	0.2%	--
23)	04/11	07:30				CPI Ex Food and Energy MoM	Mar	0.2%	--	0.2%	--
24)	04/11	07:30				CPI YoY	Mar	2.4%	--	2.2%	--
25)	04/11	07:30				CPI Ex Food and Energy YoY	Mar	2.1%	--	1.8%	--
26)	04/11	07:30				CPI Index NSA	Mar	249.588	--	248.991	--
27)	04/11	07:30				CPI Core Index SA	Mar	256.200	--	255.751	--
28)	04/11	07:30				Real Avg Weekly Earnings YoY	Mar	--	--	0.6%	--
29)	04/11	07:30				Real Avg Hourly Earning YoY	Mar	--	--	0.4%	0.3%
30)	04/11	13:00				Monthly Budget Statement	Mar	-\$186.0b	--	-\$215.2b	--
31)	04/11	13:00				FOMC Meeting Minutes	Mar 21	--	--	--	--
32)	04/12	07:30				Initial Jobless Claims	Apr 7	230k	--	242k	--
33)	04/12	07:30				Continuing Claims	Mar 31	1843k	--	1808k	--
34)	04/12	07:30				Import Price Index MoM	Mar	0.1%	--	0.4%	--
35)	04/12	07:30				Import Price Index ex Petroleum	Mar	0.2%	--	0.5%	--
36)	04/12	07:30				Import Price Index YoY	Mar	3.8%	--	3.5%	--
37)	04/12	07:30				Export Price Index MoM	Mar	0.2%	--	0.2%	--
38)	04/12	07:30				Export Price Index YoY	Mar	--	--	3.3%	--
39)	04/12	07:45				Bloomberg April United States Economic Survey					

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 6599-4008-1 11-Apr-2018 05:48:32

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Fed Speak Calendar
(All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		05:58:35		04/11/18		-		04/30/18	
Central Banks		All Central Banks		View		Agenda		Weekly		🔍	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	04/11	13:00				FOMC Meeting Minutes	Mar 21	--	--	--	--
22)	04/12	16:00				Fed's Kashkari Speaks in Moderated Q&A in Minneapolis					
23)	04/13	07:00				Fed's Rosengren Speaks on Economic Outlook					
24)	04/13	08:00				Fed's Bullard Speaks on Living Standards across U.S. Cities					
25)	04/13	12:00				Fed's Kaplan Speaks in Odessa					
26)	04/16	12:15				Fed's Bostic Speaks on the Economy and Rural Market Trends					
27)	04/17	08:15				Fed's Williams Speaks on Economic Outlook at Event in Madrid					
28)	04/17	09:00				Fed's Quarles to Testify Before House Financial Services panel					
29)	04/17	10:00				Fed's Harker Speaks on the Economics of Equitable Education					
30)	04/17	12:10				Fed's Evans Discusses Economic Outlook					
31)	04/17	16:40				Fed's Bostic to Speak on Economy at Bloomberg Event in Atlanta					
32)	04/18	13:00				U.S. Federal Reserve Releases Beige Book					
33)	04/18	14:00				Fed's Dudley Speaks on Economic Outlook					
34)	04/18	15:30				Fed's Quarles Speaks in Washington					
35)	04/19	08:10				Fed's Quarles Speaks at Institute of International Finance Eve					
36)	04/20	08:40				Fed's Evans Speaks on the Economy and Monetary Policy					

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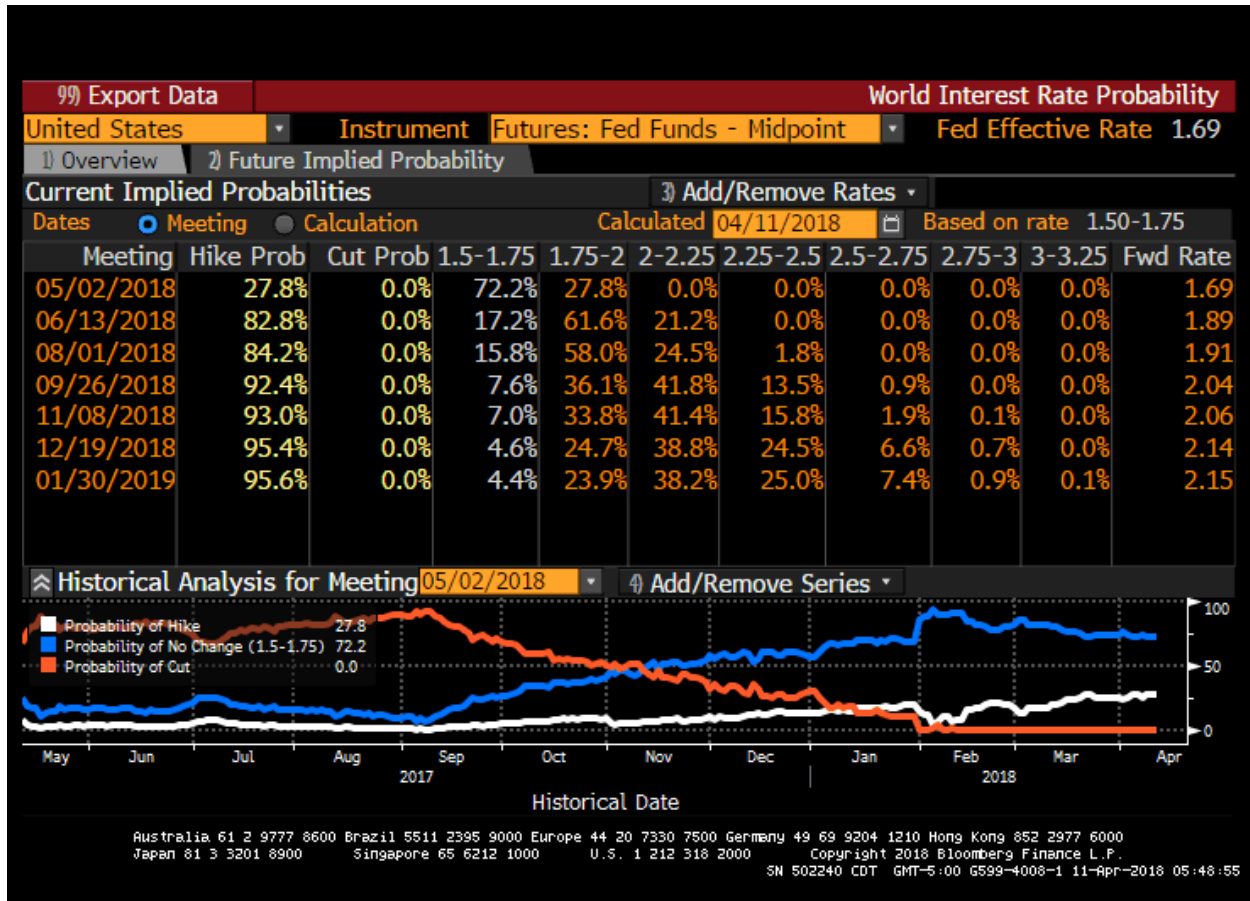
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	Next Offer	Next	Date	CUSIP		\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	04/16/2018	04/17/2018	04/19/2018	TBA		TBA	04/10/2018	\$45
3-month	04/12/2018	04/16/2018	04/19/2018	912796MK2		TBA	04/09/2018	\$48
6-month	04/12/2018	04/16/2018	04/19/2018	912796QD4		TBA	04/09/2018	\$42
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	05/02/2018	05/08/2018	05/15/2018	TBA		TBA	04/10/2018	\$30
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	05/02/2018	04/11/2018	04/16/2018	9128283W8	R	\$21	03/12/2018	\$21
Bond Auctions								
30-year	05/02/2018	04/12/2018	04/16/2018	912810SA7	R	\$13	03/13/2018	\$13

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	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, 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	1.89563	+.00125	(98.10437)
3-Month Libor Set	2.34163	+.00260	(98.65837)
6-Month Libor Set	2.47250	+.00500	(97.52750)
1-Year Libor Set	2.70950	+.00531	(97.29479)

THEY SAID IT

U.S. President Donald Trump told Russia to “get ready” for “nice and new” missiles fired at Syria, an apparent reference to plans for military action after a suspected chemical attack by Syrian government forces.

<https://www.bloomberg.com/news/articles/2018-04-11/trump-tells-russia-get-ready-for-syria-missile-strikes>

“Russia vows to shoot down any and all missiles fired at Syria. Get ready Russia, because they will be coming, nice and new and ‘smart!’ You shouldn’t be partners with a Gas Killing Animal who kills his people and enjoys it!” Trump [said in a tweet](#).

The air traffic control agency that oversees Europe has warned airlines to consider the danger of air-to-ground strikes or cruise missiles when flying over the eastern Mediterranean Sea.

<https://www.cnbc.com/2018/04/11/eurocontrol-warns-airlines-of-missile-strikes-into-syria.html>

Eurocontrol said that air strikes into Syria could take place over the next 72 hours. The pan-European agency issued the "rapid alert notification" on its site [early Wednesday](#).

"Due to the possible launch of air strikes into Syria with air-to-ground and/or cruise missiles within the next 72 hours, and the possibility of intermittent disruption of radio navigation equipment, due consideration needs to be taken when planning flight operations in the eastern Mediterranean/Nicosia FIR area [control center in Cyprus]," the warning reads.

Yemen's armed Houthi movement said on Wednesday it had launched a drone strike on a facility belonging to oil giant Saudi Aramco in southern Saudi Arabia - though the company said its plants there were operating "normally and safely".

<https://www.cnbc.com/2018/04/11/saudi-aramco-says-jizan-facilities-safe-after-houthis-claim-attack.html>

The Houthis' Al-Masirah TV channel did not say when the attack took place or give details of any damage.

"The air force announced the execution of air strikes with the Qasef-1 aircraft on Aramco in Jizan (province)," the channel said on its Twitter account, referring to a drone the Houthis unveiled last year.

Saudi Aramco operates a 400,000-barrel-per-day refinery in Jizan, part of a new economic city on the Red Sea.

Al-Masirah said the Houthis had also launched an attack with the same model of drone on the airport of Abha in neighboring Asir province.

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The fresh details from the new central bank chief may help further ease trade tensions after Xi's renewed pledges to open sectors from banking to auto manufacturing [drew praise](#) from U.S. President Donald Trump. When asked by Bloomberg News whether the financial reforms represented a "big bang," Yi characterized them as gradual.
<https://www.bloomberg.com/news/articles/2018-04-11/pboc-s-yi-pledges-more-steps-to-further-open-china-s-economy>

"I think that the Chinese philosophy is gradualism," Yi said. "I'll be very cautious. I even don't want to use the word 'bang,' no matter if it's big or small. I think this is a prudent, cautious, gradualist move."

1. How is China speeding things up?

The big announcement that limits on foreign ownership would be rolled back and then scrapped came in November. (Coincidentally or not, on the last day of a visit by Trump to Beijing.) After trade tensions between China and the U.S. ratcheted up in March, Chinese President Xi Jinping [pledged](#) a "new phase of opening up" in a speech in April. The following day, the country's top central banker said some of the changes in the financial industry may happen [sooner than](#) previously expected.

2. What had China already pledged?

Here are existing caps on ownership and what China announced in November:

Banks -- The current limit is 20 percent for a single institution, with no more than 25 percent held in aggregate by non-Chinese investors. Those limits will be removed and foreign investors will face the same requirements as Chinese. Domestic restrictions include a 30 percent cap for shareholders in private banks.

Financial asset management companies -- the same will apply to these firms, originally set up to manage bad loans, as to banks.

Securities firms -- The cap will be lifted to 51 percent from 49 percent; three years after the new rules are effective, there will be no limit.

Fund managers -- The limit will be raised to 51 percent from 49 percent; three years after the new rules come in, the limit will be scrapped.

Life insurance companies -- The cap will be raised to 51 percent from 50 percent after three years and then removed after five years.

3. What's changed since then?

Yi Gang, the new People's Bank of China governor, said April 11 that securities joint ventures will no longer have to be with Chinese brokerages. He said restrictions on the scope of business of foreign securities joint ventures might be scrapped. That stands to put overseas banks on the same footing as local companies in securities trading and wealth management. Those changes will happen by the end of 2018. He also said foreign ownership caps for life insurance companies and securities joint ventures may be raised by the end of June.

4. Is it time for overseas companies to celebrate?

Maybe so. While China has made big strides in freeing up its equity and bond markets, foreign banks, asset managers and insurers have long been kept on the margins by various barriers. The November announcement spurred optimism among global banks that have been largely excluded from lucrative businesses such as secondary-market trading in Chinese debt and equities and managing money for wealthy clients. Yi's comments can only heighten the feelgood factor. Adding to the new vibe out of China, Yi's predecessor, Zhou Xiaochuan, used one of his last public appearances to urge the world's second-largest economy to "be bolder in opening up."

5. Are these moves a bit late for some?

Indeed. Some foreign firms already wound back their ambitions or exited Chinese ventures.

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Taking so much time to throw the doors open has allowed domestic firms to entrench their businesses, making it a more challenging business environment for overseas competitors.

6. Which foreign companies own Chinese bank stakes?

Many have already sold up, including Citigroup Inc. and Goldman Sachs Group Inc. The [only remaining bank](#) with a major holding is HSBC Holdings Plc: it has a 19 percent stake in Bank of Communications Co. Analysts say banks gave up stakes as a result of requirements by their home regulators that they hold substantial amounts of extra capital against such minority holdings. Among overseas insurers, Prudential Plc and Manulife Financial Corp. already operate in China, while foreign firms with stakes in local mutual fund managers include UBS Group AG, ING Groep NV and Schroder Investment Management.

"That system of rules and shared responsibility is now in danger of being torn apart," Lagarde said, referring to the multilateral trade order she said helped bring millions out of poverty. "This would be an inexcusable, collective policy failure."

<https://www.cnn.com/2018/04/11/imf-lagarde-trading-system-at-risk-of-being-torn-apart.html>

"Governments need to steer clear of protectionism in all its forms," Lagarde said. "History shows that import restrictions hurt everyone, especially poorer consumers."

Lagarde did add that countries had a responsibility to improve the trade system by examining their own practices. Trump's broadside against China was based on [claims of intellectual property \(IP\) theft](#) and other unfair trade practices on the part of the world's second-largest economy — and the president is not wrong. China is notorious for its IP theft and for what many foreign investors and U.S. manufacturers lament as restrictive and discriminatory policies.

A U.S. proposal that automobiles should be built in high-wage areas within the NAFTA region is partly aimed at increasing engine production in the United States, and more details on the plan are expected this week, Mexican officials said.

<https://www.reuters.com/article/us-trade-nafta-autos/mexico-awaits-details-of-plan-to-bring-auto-engines-to-u-s-officials-say-idUSKBN1HI0E3>

In an idea aimed at breaking a deadlock in talks, Washington last month suggested some automotive production should happen in areas of North America paying higher salaries. U.S. negotiators discussing changes to the North American Free Trade Agreement (NAFTA) floated the idea that 40 percent of automotive production must happen in areas paying wages of between \$16 to \$19 per hour, Fausto Cuevas, the director general of auto industry group AMIA, said on Tuesday.

The negotiators have also indicated a preference that motors be built in the United States, Mexican Deputy Economy Minister Juan Carlos Baker said.

Fifteen U.S. corporations including online retailer [Amazon.com](#), power company [Duke Energy](#) and insurer [Prudential Financial](#) avoided U.S. tax on nearly \$25 billion in combined profits last year, a tax watchdog group said on Tuesday.

<https://www.cnn.com/2018/04/11/15-companies-avoided-25-billion-in-taxes-last-year-says-tax-watchdog-group.html>

A report by the Institute on Taxation and Economic Policy, or ITEP, said data showed how profitable Fortune 500 companies have routinely lowered their tax bills long before the Republican tax overhaul signed into law by President [Donald Trump](#) in December.

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The 15 corporations had profits of \$24.5 billion in 2017 but managed to obtain nearly \$1.4 billion in rebates from the U.S. Treasury for a combined tax rate of minus 5.6 percent, according to the ITEP report, which examined corporate income tax disclosures.

The nonpartisan group said the new U.S. tax regime, which slashed the corporate income tax rate from 35 percent to 21 percent beginning in January, will likely allow corporations avoid even more tax.

Amazon received a \$137 million federal rebate on \$5.4 billion in U.S. profits, resulting an effective tax rate of negative 2.5 percent, by using a tax break that allows companies to write off the value of executive stock options, according to ITEP.

Charlotte, North Carolina-based Duke Energy obtained a \$247 million rebate on \$4.2 billion in U.S. profits by using accelerated depreciation on capital investments and renewable energy production tax credits to lower its federal tax rate to a minus 5.9 percent, the report said.

Tesla chief executive [Elon Musk](#) is calling out Goldman Sachs after the bank encouraged investors to sell the carmaker's stock.

"Place your bets," Musk quipped on Twitter, appearing to challenge would-be sellers to exit at their own risk.

<https://www.cnn.com/2018/04/10/elon-musk-calls-out-goldman-sachs-after-negative-report-on-tesla.html>

The CEO's response comes shortly after [Goldman analysts advised clients to ditch the stock](#), worried that Tesla won't be able to meet its Model 3 production goals by the end of June.

Aluminum is heading for its biggest winning streak since 1988 in the four days since the U.S. slapped sanctions on United Co. Rusal and as top exchanges said they'll stop accepting metal from the Russian smelting giant.

<https://www.bloomberg.com/news/articles/2018-04-11/aluminum-extends-best-gain-since-09-as-exchanges-block-rusal>

The metal advanced 3 percent on Wednesday to \$2,266.50 a metric by 11 a.m. on the London Metal Exchange. That's up 13 percent since Thursday, before the U.S. announced sanctions. Both the LME and CME Group Inc.'s Comex have [said](#) they won't allow new deliveries of metal from Russian billionaire Oleg Deripaska's Rusal, the biggest aluminum producer outside of China.

"One threat to the U.S. being able to export LNG and expand its export capability is the overall commitment to invest in infrastructure to move natural gas," Gentle said in an interview at the Bloomberg New Energy Finance Future of Energy Summit in New York Tuesday.

<https://www.bloomberg.com/news/articles/2018-04-10/what-will-it-take-to-keep-up-with-shale-gas-boom-170-billion>

Bottlenecks on the U.S. natural gas super highway are starting to stack up, raising concerns about whether infrastructure can be built fast enough to meet surging supplies.

Gas output will expand by 24 billion cubic feet, or 32 percent, through 2025 from last year, according to U.S. Energy Information Administration estimates. To support that growth, the country's gas industry needs to spend \$170 billion over the next seven years on pipelines, compressor stations, export terminals and other related infrastructure, said Meg Gentle, chief

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executive officer of gas exporter [Tellurian Inc.](#)

It's a warning that for parts of the country the pipeline woes aren't over yet. Appalachian producers have been grappling for the better part of the shale boom of the past decade with limited pipeline access. Spot prices there slumped to record lows last year and have started to rebound as new capacity starts up.

Now the Permian Basin, known for its oil-rich layers of rock, is facing the threat of having to slow down the output of crude because drillers lack capacity to handle all the gas that's flowing as a mere byproduct.

For companies building multibillion-dollar plants to chill gas into liquid and ship it abroad, the abundance of cheap gas from the Permian in West Texas is an advantage. Developments there "will happen" because it's an environment supportive to energy infrastructure, she said. That may not happen fast enough for Appalachia.

Germany's head of domestic intelligence said on Wednesday there was a "high likelihood" that the Russian government was behind a cyber attack on German computer networks, although he conceded it was difficult to be 100-percent certain.

<https://www.reuters.com/article/us-germany-security/moscow-likely-behind-hack-on-german-govt-spy-chief-says-idUSKBN1HI19D?il=0>

Hans-Georg Maassen told reporters that German authorities carefully monitored the attack after it was discovered in December, and it had not caused any damage.

He said there was no evidence to link it to APT28, the Russian hacking group blamed for a May 2015 attack on the German lower house of parliament and the U.S. Democratic National Committee ahead of the 2016 U.S. election.

"We perceived it as a cyber attack with a Russian origin," Maassen said. "A 100-percent attribution ... that the perpetrator is in Moscow and that it's a government agency is not possible, but we can talk about a high likelihood."

He said a so-called "false flag" operation, aimed at intentionally misleading authorities about which country was to blame, could not be completely excluded, but he added: "We assume it had a Russian origin."

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EQUITIES

The S&P is **-26** and the NASDAQ is **-59**.

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 -0.14%.

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

BOE Rate +0.50%. (No change)

Next meeting 05/10/18

On the European Continent

The CAC Index closed -0.38%.

The DAX Index closed -0.53%.

On the Continent, the swap curve is flatter with yields lower.

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 -0.49%.

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

BOJ Policy Balance Rate -0.10% (No change)

Next meeting 04/27/18

China:

The Hang Seng closed +0.55%.

The Shanghai Composite closed +0.56%.

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: 120-21.5 is the pivot point. Above you should be long, below short.

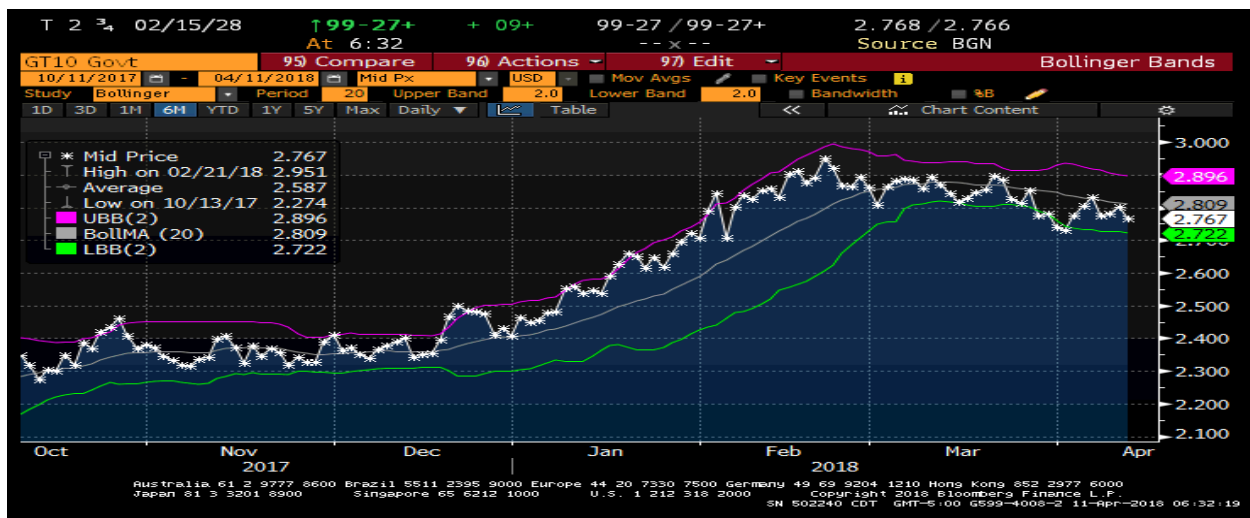
Support is at 120-00.0**

Resistance is at 120-21.5^ and 121-11.0**

^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:						03/11/2018	-	04/11/2018	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	2,444 / 2,445		2,445	-0.004			-0.2	2,349		2,466	2,417	2.8	1.1
2) 2 YR	2,602 / 2,603		2,603	-0.007			-0.3	2,523		2,677	2,595	0.8	0.4
3) 3 YR	2,680 / 2,681		2,680	-0.010			-0.3	2,601		2,797	2,686	-0.5	-0.2
4) 4 YR	2,719 / 2,720		2,719	-0.011			-0.3	2,643		2,858	2,732	-1.2	-0.3
5) 5 YR	2,742 / 2,743		2,742	-0.010			-0.3	2,669		2,890	2,760	-1.7	-0.4
6) 6 YR	2,758 / 2,760		2,759	-0.010			-0.2	2,687		2,913	2,779	-1.9	-0.4
7) 7 YR	2,772 / 2,775		2,773	-0.010			-0.2	2,703		2,932	2,796	-2.1	-0.5
8) 8 YR	2,788 / 2,789		2,789	-0.010			-0.2	2,718		2,949	2,814	-2.4	-0.5
9) 9 YR	2,804 / 2,805		2,805	-0.010			-0.2	2,735		2,966	2,830	-2.5	-0.5
10) 10 YR	2,819 / 2,821		2,821	-0.010			-0.2	2,750		2,981	2,848	-2.7	-0.6
11) 15 YR	2,876 / 2,876		2,875	-0.010			-0.2	2,804		3,033	2,909	-3.2	-0.6
12) 20 YR	2,896 / 2,898		2,896	-0.010			-0.2	2,823		3,047	2,926	-2.8	-0.5
13) 25 YR	2,887 / 2,891		2,889	-0.008			-0.2	2,156		3,147	2,920	-3.0	-0.6
14) 30 YR	2,871 / 2,873		2,872	-0.008			-0.1	2,798		3,017	2,900	-2.7	-0.5

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 6599-4008-1 11-Apr-2018 05:49:23

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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.	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 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%

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Petroleum = 0.6%

Other gases = 0.3%

Other nonrenewable sources = 0.3%

Pumped storage hydroelectricity = -0.2%⁴

<https://www.eia.gov/tools/faqs/faq.php?id=427&t=3>

Renewable Fuels Association <http://www.ethanolrfa.org/>

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.

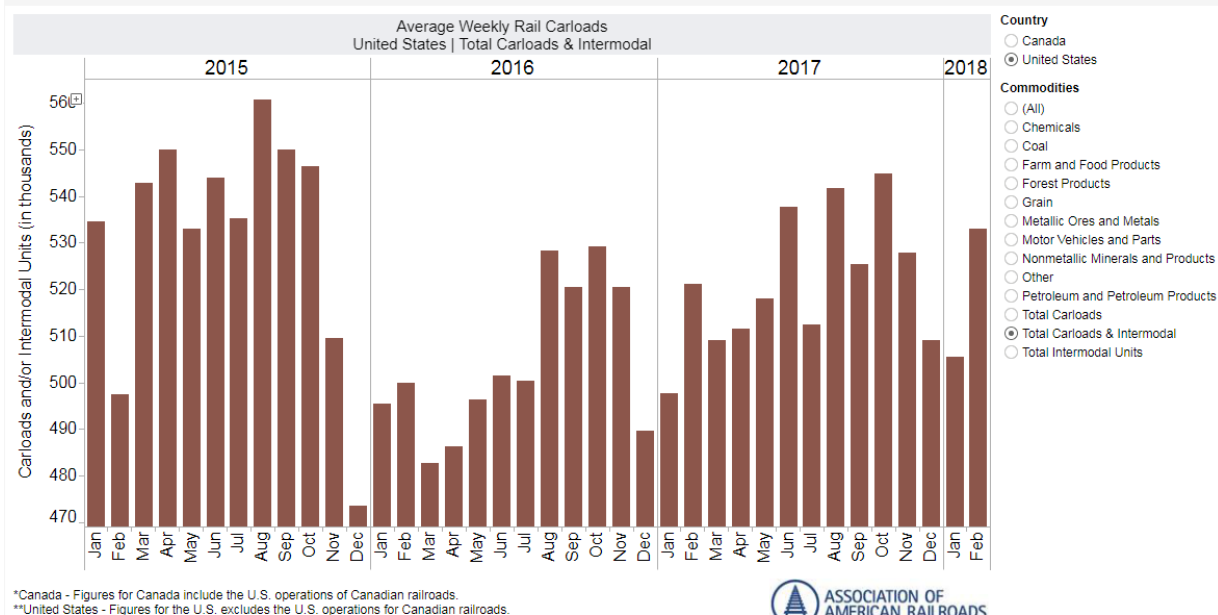
<https://www.aar.org/news/rail-traffic-for-the-week-ending-march-24-2018/>

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Monthly Rail Traffic Charts

MONTHLY RAIL TRAFFIC DATA

SHARE 



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

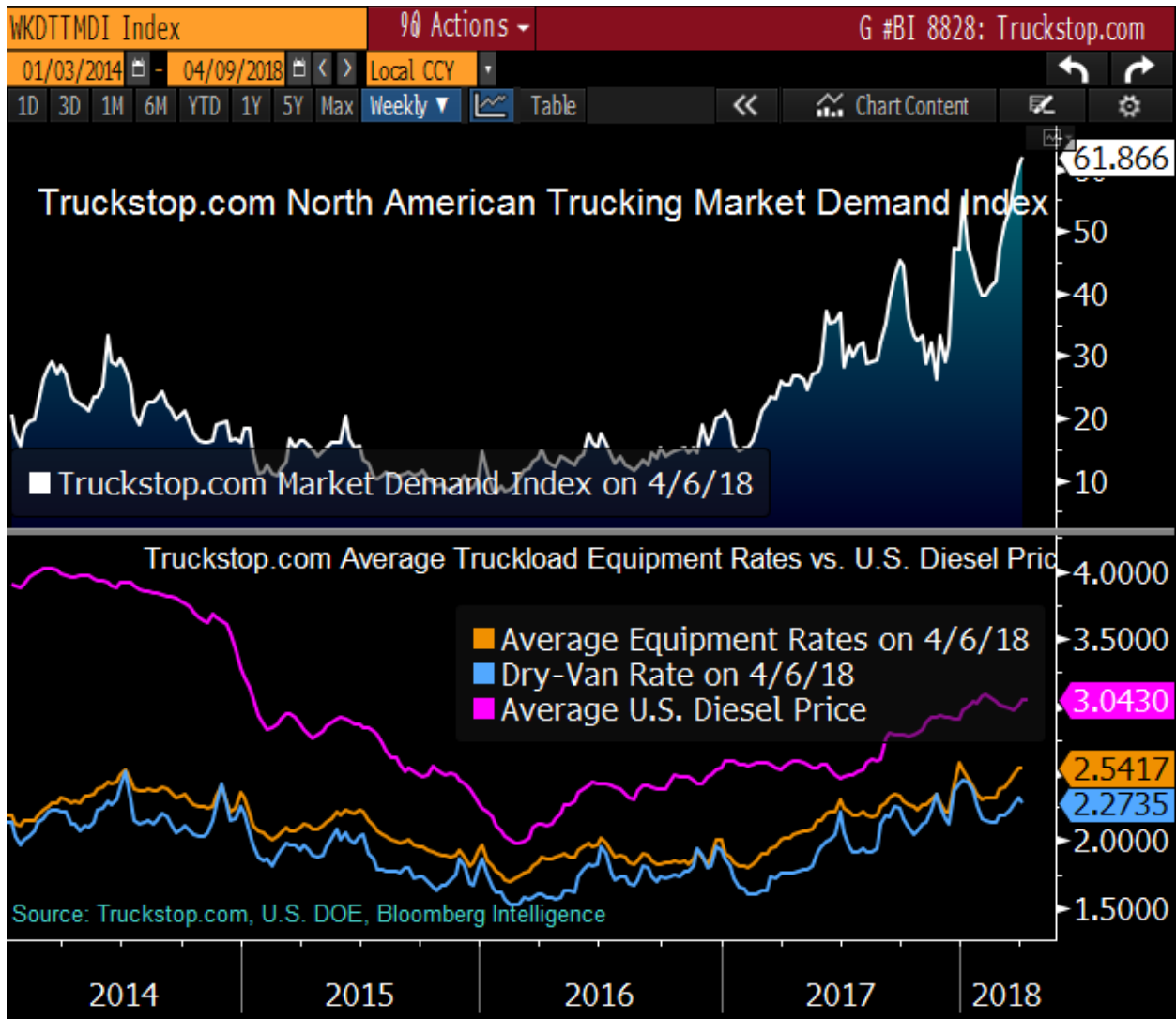
Trailer Truck Demand

(Bloomberg Intelligence) – 04/09/18 Truckstop.com Market Demand Index, Average Rates (Bloomberg Intelligence) --Relative North American spot-trucking demand rose 2.4% sequentially to a new high of 61.9 in the week ended April 6, based on Truckstop.com's Market Demand Index. Capacity tightened for the eighth straight week as the 4% increase in available loads outpaced the 1.6% gain in available trucks. Average spot rates, excluding fuel surcharges, rose for the ninth consecutive week (0.7%) and are up 27% this year. Capacity pressures could help truckload carriers with spot market exposure surpass 1Q earnings expectations. Companies Impacted: USA Truck, Knight-Swift, Werner, J.B. Hunt, Schneider, Marten and other publicly traded 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 lklaskow1@bloomberg.net

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GDP

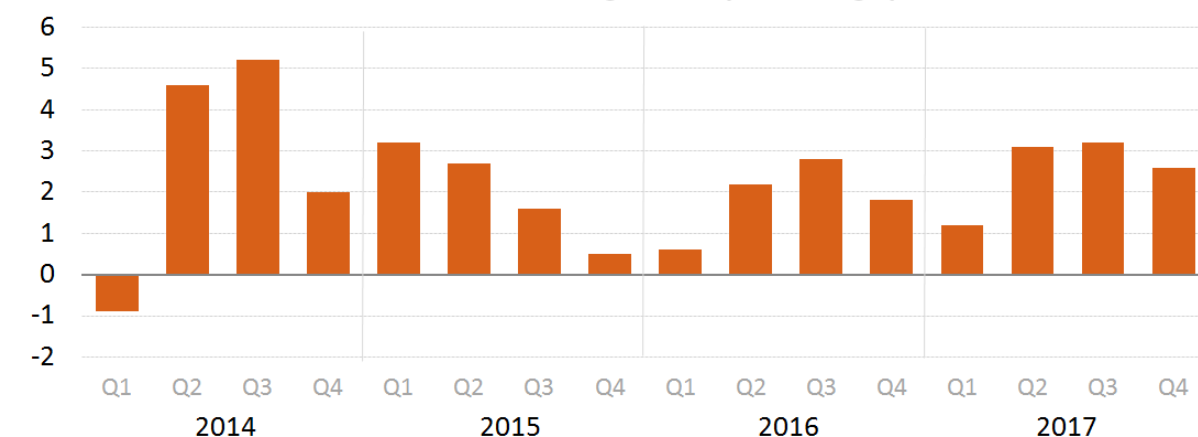
U.S. Department of Commerce, Bureau of economic analysis

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

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

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Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

GDP-1Q is running at *2.22% as of 4/10/18 v. *2.47% on 4/06/18

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

Atlanta Fed GDPNow...Latest forecast Q1 2018: 2.0% —April 10, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2018 is **2.0 percent** on April 10, down from 2.3 percent on April 5. After the employment report from the U.S. Bureau of Labor Statistics on April 6, the nowcast of first-quarter real consumer spending growth fell from 1.3 percent to 1.1 percent and the nowcast of first-quarter real private fixed investment growth fell from 5.3 percent to 4.5 percent. The model's estimate of the dynamic factor for March—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—declined from 1.43 to 0.25 after the employment report.

The next GDPNow update is **Monday, April 16**. 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: 2.8%...April 6, 2018

The New York Fed Staff Nowcast stands at 2.8% for 2018:Q1 and 2.9% for 2018:Q2.

The nowcast for 2018:Q1 moved up by 0.1 percentage point. This increase was largely due to parameter revisions.

The nowcast for 2018:Q2 was broadly unchanged. The positive impact of parameter revisions and a positive surprise from the ISM Prices index were mostly offset by negative surprises from nonfarm payroll employment and the ISM Employment index.

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

St. Louis Fed Real GDP Nowcast... Q1 2017: 1.87%...April 10, 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
OVERALL ECONOMY				Growing	Slower	107
Manufacturing Sector				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

US Foreign Assistance

<http://foreignassistance.gov/>

CBOT Non-Commercial Net Total – Futures Only

<http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html>

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The Fixed Income Group at R.J. O'Brien

John Coleman
312-373-5190
800-367-3349
© 312-515-3067

johncoleman@bloomberg.net

Rob Powell
312-373-5197
800-367-3349
© 312-560-7112

robpowell@bloomberg.net

Jeff Bauman
312-286-0491
jeffbau@bloomberg.net

Rich Goldblatt
312-373-5450
800-367-3650
© 312-515-6019
futuristic@bloomberg.net

Rocco Chierici
312-373-5439
800-367-3650
© 312-515-3069
rocco1@bloomberg.net

Brian Rachwalski
312-373-5191
800-367-3349
© 312-515-3066

brachwalski@bloomberg.net

Dan Sobolewski
312-373-5191
800-367-3349
© 312-505-6364

dsobolewski@bloomberg.net

Evan Vollman
312-373-5452
800-367-3650
evollman@bloomberg.net

Corrine Abele
312-373-4847
800-367-3349
cabele@rjobrien.com

Matthew Surwillo
312-373-4958
800-367-3349
msurwillo@rjobrien.com

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