



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>
(All times are CST)

9 <GO> to Save as Default

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

United States Browse 12:47:35 05/03/18 - 05/09/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	05/03	06:30				Challenger Job Cuts YoY	Apr	--	--	39.4%	--
22)	05/03	07:30				Nonfarm Productivity	1Q P	0.9%	--	0.0%	--
23)	05/03	07:30				Unit Labor Costs	1Q P	3.0%	--	2.5%	--
24)	05/03	07:30				Initial Jobless Claims	Apr 28	225k	--	209k	--
25)	05/03	07:30				Continuing Claims	Apr 21	1835k	--	1837k	--
26)	05/03	07:30				Trade Balance	Mar	-\$50.0b	--	-\$57.6b	--
27)	05/03	08:45				Bloomberg Consumer Comfort	Apr 29	--	--	57.5	--
28)	05/03	08:45				Markit US Services PMI	Apr F	54.5	--	54.4	--
29)	05/03	08:45				Markit US Composite PMI	Apr F	--	--	54.8	--
30)	05/03	09:00				ISM Non-Manf. Composite	Apr	58.0	--	58.8	--
31)	05/03	09:00				Durable Goods Orders	Mar F	--	--	2.6%	--
32)	05/03	09:00				Durables Ex Transportation	Mar F	--	--	0.0%	--
33)	05/03	09:00				Cap Goods Orders Nondef Ex Air	Mar F	--	--	-0.1%	--
34)	05/03	09:00				Cap Goods Ship Nondef Ex Air	Mar F	--	--	-0.7%	--
35)	05/03	09:00				Factory Orders	Mar	1.4%	--	1.2%	--
36)	05/03	09:00				Factory Orders Ex Trans	Mar	--	--	0.1%	--
37)	05/04	07:30				Change in Nonfarm Payrolls	Apr	192k	--	103k	--
38)	05/04	07:30				Two-Month Payroll Net Revision	Apr	--	--	-50k	--
39)	05/04	07:30				Change in Private Payrolls	Apr	190k	--	102k	--

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-6:00 6722-4773-2 02-May-2018 12:47:35

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Fed Speak Calendar (All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States				Browse		10:52:30		04/23/18		05/31/18	
Central Banks		All Central Banks				View Agenda Weekly					
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	05/02	13:00				FOMC Rate Decision (Upper Bo...	May 2	1.75%	--	1.75%	--
22)	05/02	13:00				FOMC Rate Decision (Lower Bo...	May 2	1.50%	--	1.50%	--
23)	05/06	18:00				Fed's Quarles Speaks at Atlanta Fed's Financial Conference					
24)	05/07	07:25				Fed's Bostic Makes Welcome at Financial Markets Conference					
25)	05/07	14:30				Fed's Kaplan Speaks on Panel at Financial Conference					
26)	05/09	12:15				Fed's Bostic Speaks on Economic Outlook and Monetary Policy					
27)	05/23	13:00				FOMC Meeting Minutes	May 2	--	--	--	--
28)	05/30	13:00				U.S. Federal Reserve Releases Beige Book					

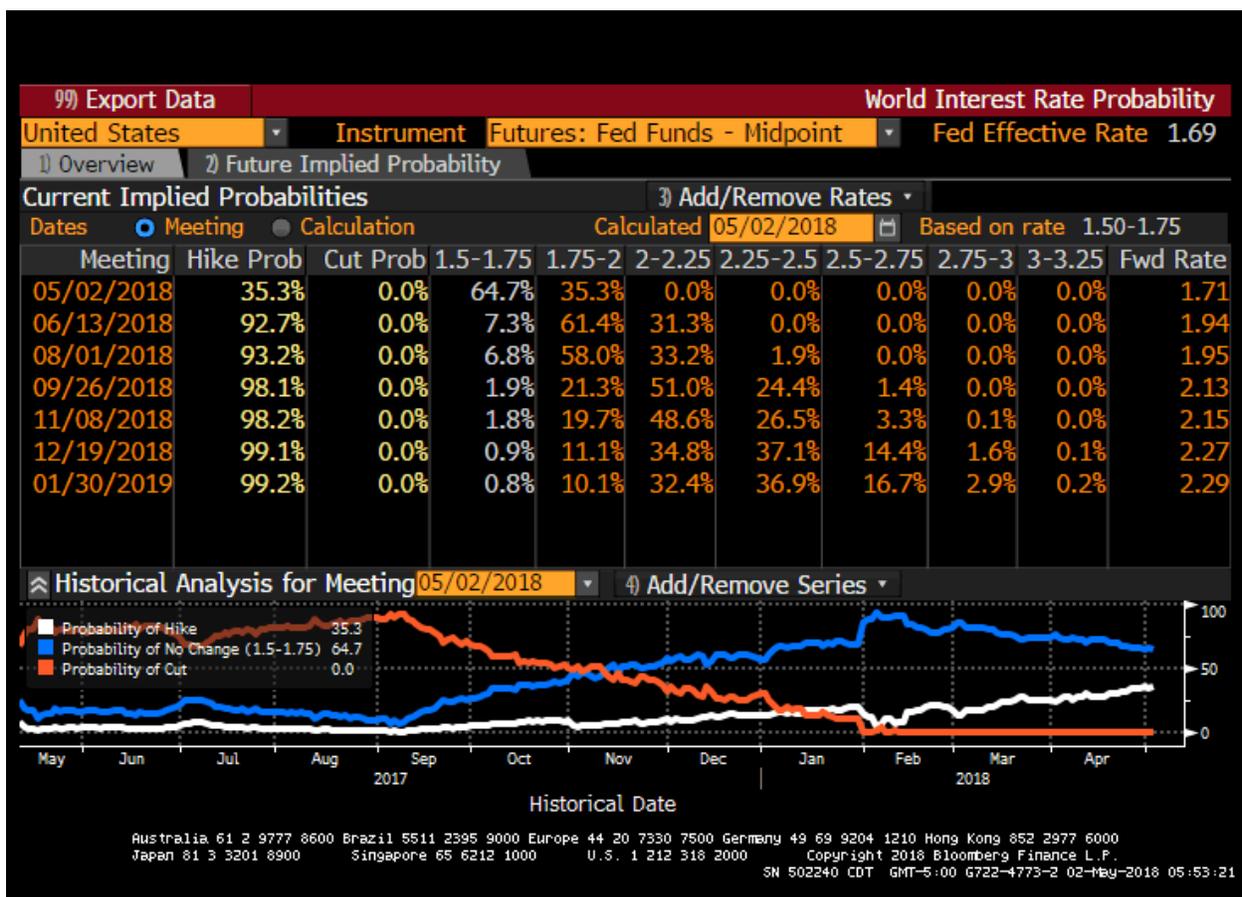
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50	
4-week	05/07/2018	05/08/2018	05/10/2018	TBA	TBA	05/01/2018	\$45	
3-month	05/03/2018	05/07/2018	05/10/2018	912796PU7	TBA	04/30/2018	\$48	
6-month	05/03/2018	05/07/2018	05/10/2018	912796PD5	TBA	04/30/2018	\$42	
1-year	05/17/2018	05/22/2018	05/24/2018	TBA	TBA	04/24/2018	\$26	
Note Auctions								
2-year	05/17/2018	05/22/2018	05/31/2018	TBA	TBA	04/24/2018	\$32	
3-year	05/02/2018	05/08/2018	05/15/2018	9128284P2	TBA	04/10/2018	\$30	
5-year	05/17/2018	05/23/2018	05/31/2018	TBA	TBA	04/25/2018	\$35	
7-year	05/17/2018	05/24/2018	05/31/2018	TBA	TBA	04/26/2018	\$29	
10-year	05/02/2018	05/09/2018	05/15/2018	9128284N7	TBA	04/11/2018	\$21	
Bond Auctions								
30-year	05/02/2018	05/10/2018	05/15/2018	912810SC3	TBA	04/12/2018	\$13	

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TIPS Auctions								
5-yr TIPS	TBA	TBA	TBA	TBA	TBA	TBA	04/19/2018	\$16
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	05/17/2018	04/25/2018	04/30/2018	9128284K3		\$17	03/28/2018	\$18
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/fomcprojtabl20180321.pdf>

Libor Set

1-Month Libor Set	1.92270	+.00557	(98.07730)
3-Month Libor Set	2.36313	+.00019	(98.63687)
6-Month Libor Set	2.51488	+.00219	(97.48512)
1-Year Libor Set	2.77273	-.00412	(97.22727)

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THEY SAID IT

"Thrilled to be here. Thank you," Mnuchin told Reuters upon arriving at his hotel, when asked if he expected progress. He made no other comments.

<https://www.cnbc.com/2018/05/03/us-trade-team-arrives-in-beijing-for-talks-and-china-media-are-cautious.html>

A U.S. trade delegation arrived in [China](#) on Thursday for talks on tariffs, with state media saying China will stand up to [U.S.](#) bullying if need be, but it was better to work things out at the negotiating table.

The discussions, led by U.S. Treasury Secretary [Steven Mnuchin](#) and Chinese Vice Premier Liu He, are expected to cover a wide range of U.S. complaints about China's trade practices, from accusations of forced technology transfers to state subsidies for technology development.

"On examination, it turns out that the phrase excess capacity is slippery — rhetorically useful, but hard to pin down, even harder to operationalize, and at the same time woefully misleading."

<https://www.reuters.com/article/us-usa-trade-study/impact-of-chinese-overcapacity-on-global-trade-is-exaggerated-study-finds-idUSKBN1I41A0>

The United States, the European Union and Japan have accused China of trading unfairly by subsidizing bloated steel and aluminum sectors and flooding the world with cheap exports.

U.S. President Donald Trump has used China's mammoth steel and aluminum sectors as justification for imposing tariffs on global supplies, causing an outcry from many countries.

Global Trade Alert has cataloged global trade policies since 2009 to gauge trends in protectionism, following a pledge by the G20 group of countries in November 2008 not to resort to trade protectionism as a response to the financial crisis.

There was no question that the steel sector was plagued by trade distortions, the study said, but G20 governments had grossly under-reported their own use of trade-distorting policies.

"Even before the recent steel tariffs were imposed by the U.S., the cumulative effect of the 144 American actions to limit steel imports still in effect today covered 96.8 percent of U.S. steel imports," the report said.

Targeting excess steel capacity was "a fool's errand", because measuring it was very difficult, and estimates of China's steel production capacity varied enormously, it said.

"It's particularly striking that export orders are contracting, possibly an indication that tariff talk has turned buyers cautious," Bloomberg economists Tom Orlik and Fielding Chen wrote in a [note](#) Wednesday. "Policy makers appear to be taking no chances, with the latest signals showing a slight tilt toward supporting growth -- including a cut in the reserve requirement ratio and allowing the yuan to creep lower."

<https://www.bloomberg.com/news/articles/2018-05-02/the-trump-effect-may-finally-be-weighing-on-china-s-exports>

While the official manufacturing gauge and a private counterpart both held up last month, their sub-indexes tracking new export orders both declined. The Caixin Media Co. and Markit Economics Ltd. reading for booked shipments dropped to the weakest level since June 2016.

While monthly readings for the survey-based indicators are subject to seasonal fluctuations, an exports downturn poses an unwelcome challenge for policy makers dealing with the trade spat while pushing ahead with a campaign to curb debt risk. With the global recovery still intact,

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exports posted a 14 percent increase from a year earlier in the first quarter. Trade data for April are due for release Tuesday.

The jobs report on Friday comes, too, as the second quarter is showing a marked slowdown all across the G-7 universe, and the U.S. is no exception, even as the economy is solidly in expansion.

<https://www.cnbc.com/2018/05/02/the-fate-of-future-fed-hikes-could-linger-in-fridays-jobs-report.html>

What's been evident from the latest data points is the U.S. economy is growing at a solid pace of 2 percent or more, though starting to show signs of deceleration in both business activity ([as evident in the latest ISM data](#)) and consumer spending ([as seen in the latest auto sales figures](#)). That will have massive implications for all capital markets, as bonds will bounce, the dollar rally will stall in its tracks and equities could get a second wind due to a less aggressive Fed.

It's already considered to be the most cashless society in the world. More Swedes have access to a payment card than to cash, according to data from the country's central bank, the Riksbank. And the overwhelming majority of the nation — 85 percent — have access to online banking.

<https://www.cnbc.com/2018/05/03/sweden-cashless-future-sounds-alarm-bells-for-the-central-bank.html>

The Scandinavian country has seen the circulation of notes and coins as a percentage of gross domestic product (GDP) drop year after year, as Swedes make less withdrawals and look to digital methods of paying for things, like cards and mobile.

Just 2 percent of the total value of transactions in Sweden consist of cash, and this is expected to decline to less than half a percent by 2020, according to research by [Capgemini](#) and [BNP Paribas](#).

The situation has gotten to a stage where the central bank has had to warn on the rapid rate at which physical cash is being phased out of Swedes' lives.

Earlier this year, Riksbank Governor Stefan Ingves said that a completely cashless society would mean a small number of commercial players being responsible for all payments in Sweden, posing a threat to the infrastructure for payments. A cashless Sweden could be unprepared if faced with a crisis, he added.

China has quietly installed anti-ship cruise missiles and surface-to-air missile systems on three of its fortified outposts west of the Philippines in the South China Sea, a move that allows Beijing to further project its power in the hotly disputed waters, according to sources with direct knowledge of U.S. intelligence reports.

<https://www.cnbc.com/2018/05/02/china-added-missile-systems-on-spraty-islands-in-south-china-sea.html>

Intelligence assessments say the missile platforms were moved to the outposts in the Spratly Islands within the past 30 days, according to sources who spoke on the condition of anonymity. The placement of the defensive weapons also comes on the heels of China's [recent South China Sea installation of military jamming equipment](#), which disrupts communications and radar systems.

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EQUITIES

The S&P is **-7** and the NASDAQ is **-33**.

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 -0.11%.

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 -0.22%.

The DAX Index closed -0.23%.

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 06/14/18

ASIA

Japan:

The TOPIX closed for the Constitution Memorial Day and tomorrow's Greenery day.

The NIKKEI closed for the Constitution Memorial Day and tomorrow's Greenery day.

In Japan, the swap curve is steeper with yields slightly higher.

BOJ Policy Balance Rate -0.10% (No change)

Next meeting 06/15/18

China:

The Hang Seng closed -0.27%.

The Shanghai Composite closed -0.03%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

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7-Day Repo Rate: 2.7603%
Reserve Requirement Ratio: 17.00%

THE TREND

EDM8: 97-64.0 is the pivot. Below the pivot, you should be short, above long.
Support is at 97-59.0**.

Resistance is at 97-64.0^ and 97-68.5**.

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

** 2-STD Deviations from the pivot point.

Current trend has you short from 97-66.5 (4/11/18).



YTD (per contract)

2018 +34.5 ticks (+\$862.50)

2017 +33.0 ticks (+\$825.00)

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10yr/TYM8: 119-31.5 is the pivot point. Above you should be long, below short.

Support is at 118-24.0**

Resistance is at 119-31.5^ and 121-07.5**

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

** 2-STD Deviations from the pivot point

Current Trend has you short TYM8 from 120-19.0 (4/12/18).



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:		04/03/2018 - 05/03/2018		1 Month					
40 Semi Swaps		41 Sprs to Gov.		42 Ann Swaps		43 Ann Sprs		44 OIS Swaps		45 CME/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	2,551 / 2,552		2,551	-0.009		1	-0.2	2,408		2,569	2,510	4.2	0.9
2) 2 YR	2,741 / 2,744		2,742	-0.016		1	-0.3	2,555		2,780	2,690	5.4	0.9
3) 3 YR	2,833 / 2,835		2,834	-0.018		1	-0.3	2,632		2,878	2,779	5.6	0.8
4) 4 YR	2,878 / 2,879		2,878	-0.018		1	-0.2	2,670		2,927	2,822	5.7	0.8
5) 5 YR	2,898 / 2,908		2,903	-0.017		1	-0.2	2,686		2,968	2,846	6.2	0.8
6) 6 YR	2,921 / 2,924		2,922	-0.018		1	-0.2	2,704		2,990	2,863	6.2	0.8
7) 7 YR	2,935 / 2,943		2,939	-0.017		1	-0.2	2,715		3,024	2,877	6.6	0.8
8) 8 YR	2,952 / 2,954		2,953	-0.017		1	-0.2	2,732		3,032	2,891	6.3	0.8
9) 9 YR	2,967 / 2,967		2,967	-0.016		1	-0.2	2,748		3,051	2,905	6.3	0.8
10) 10 YR	2,980 / 2,982		2,981	-0.017		1	-0.2	2,762		3,089	2,919	6.3	0.8
11) 15 YR	3,024 / 3,027		3,026	-0.021		1	-0.3	2,816		3,116	2,968	5.9	0.7
12) 20 YR	3,039 / 3,041		3,039	-0.022		1	-0.3	2,833		3,130	2,984	5.7	0.7
13) 25 YR	3,027 / 3,028		3,028	-0.024		1	-0.3	2,824		3,272	2,973	5.5	0.7
14) 30 YR	3,007 / 3,009		3,008	-0.024		1	-0.3	2,806		3,099	2,954	5.4	0.7

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 H142-5861-2 03-May-2018 05:51:46

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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

Rig Count Overview & Summary 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.	27 April 2018	1,021	+8	20 April 2018	+151	28 April 2017
Canada	27 April 2018	85	-8	20 April 2018	0	28 April 2017
International	March 2018	972	-7	February 2018	+29	March 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%

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Geothermal = 0.4%

Petroleum = 0.6%

Other gases = 0.3%

Other nonrenewable sources = 0.3%

Pumped storage hydroelectricity = -0.2%⁴

<http://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.

U.S. railroads originated 1,051,026 carloads in April 2018, up 3.3 percent, or 34,020 carloads, from April 2017. U.S. railroads also originated 1,099,000 containers and trailers in April 2018, up 6.8 percent, or 69,630 units, from the same month last year. Combined U.S. carload and intermodal originations in April 2018 were 2,150,026, up 5.1 percent, or 103,650 carloads and intermodal units from April 2017.

In April 2018, 15 of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with April 2017. These included: crushed stone, sand & gravel, up 8,466 carloads or 8.6 percent; coal, up 7,337 carloads or 2.4 percent; and grain, up 5,305 carloads or 5.7 percent. Commodities that saw declines in April 2018 from April 2017 included: nonmetallic minerals, down 2,513 carloads or 13 percent; waste & nonferrous scrap, down 1,056 carloads or 7.1 percent; and primary forest products, down 651 carloads or 14.6 percent.

“Total U.S. rail traffic so far this year is a shade below where it was in 2015, but otherwise is higher than it’s been in the last ten years” said AAR Senior Vice President of Policy and Economics John T. Gray. “Additionally, 15 of the 20 commodity categories we track had higher carloads in April 2018 than in April 2017, the most since January 2015. That’s good news for railroads and good news for the economy.”

Excluding coal, carloads were up 26,683 carloads, or 3.8 percent, in April 2018 from April 2017. Excluding coal and grain, carloads were up 21,378 carloads, or 3.5 percent.

Total U.S. carload traffic for the first four months of 2018 was 4,347,225 carloads, up 0.6 percent, or 24,993 carloads, from the same period last year; and 4,595,381 intermodal units, up 5.8 percent, or 250,934 containers and trailers, from last year.

Total combined U.S. traffic for the first 17 weeks of 2018 was 8,942,606 carloads and intermodal units, an increase of 3.2 percent compared to last year.

Week Ending April 28, 2018

Total U.S. weekly rail traffic was 551,498 carloads and intermodal units, up 5.9 percent compared with the same week last year.

Total carloads for the week ending April 28 were 266,453 carloads, up 3.7 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 285,045 containers and trailers, up 8.1 percent compared to 2017.

Nine of the 10 carload commodity groups posted an increase compared with the same week in 2017. They included coal, up 3,183 carloads, to 78,970; nonmetallic minerals, up 1,866 carloads, to 41,113; and petroleum and petroleum products, up 1,265 carloads, to 10,893. One commodity group posted a decrease compared with the same week in 2017: metallic ores and metals, down 199 carloads, to 24,454.

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North American rail volume for the week ending April 28, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 372,452 carloads, up 2.7 percent compared with the same week last year, and 370,863 intermodal units, up 6.3 percent compared with last year. Total combined weekly rail traffic in North America was 743,315 carloads and intermodal units, up 4.5 percent. North American rail volume for the first 17 weeks of 2018 was 12,053,949 carloads and intermodal units, up 2.8 percent compared with 2017.

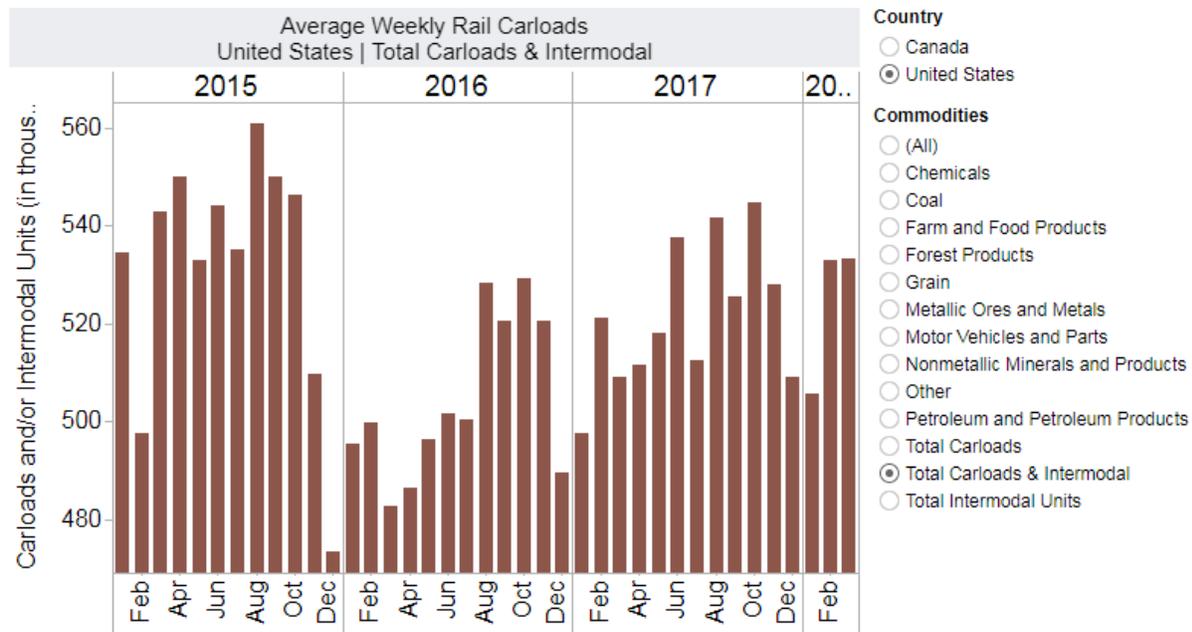
Canadian railroads reported 84,115 carloads for the week, up 1.1 percent, and 68,512 intermodal units, up 3.5 percent compared with the same week in 2017. For the first 17 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 2,465,091 carloads, containers and trailers, up 2.7 percent.

Mexican railroads reported 21,884 carloads for the week and 17,306 intermodal units.

Cumulative volume on Mexican railroads for the first 17 weeks of 2018 was 646,252 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-april-28-2018/>

Monthly Rail Traffic Charts



*Canada - Figures for Canada include the U.S. operations of Canadian railroads.

**United States - Figures for the U.S. exclude the U.S. operations for Canadian



<https://www.aar.org/data-center/rail-traffic-data/>

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Trailer Truck Demand

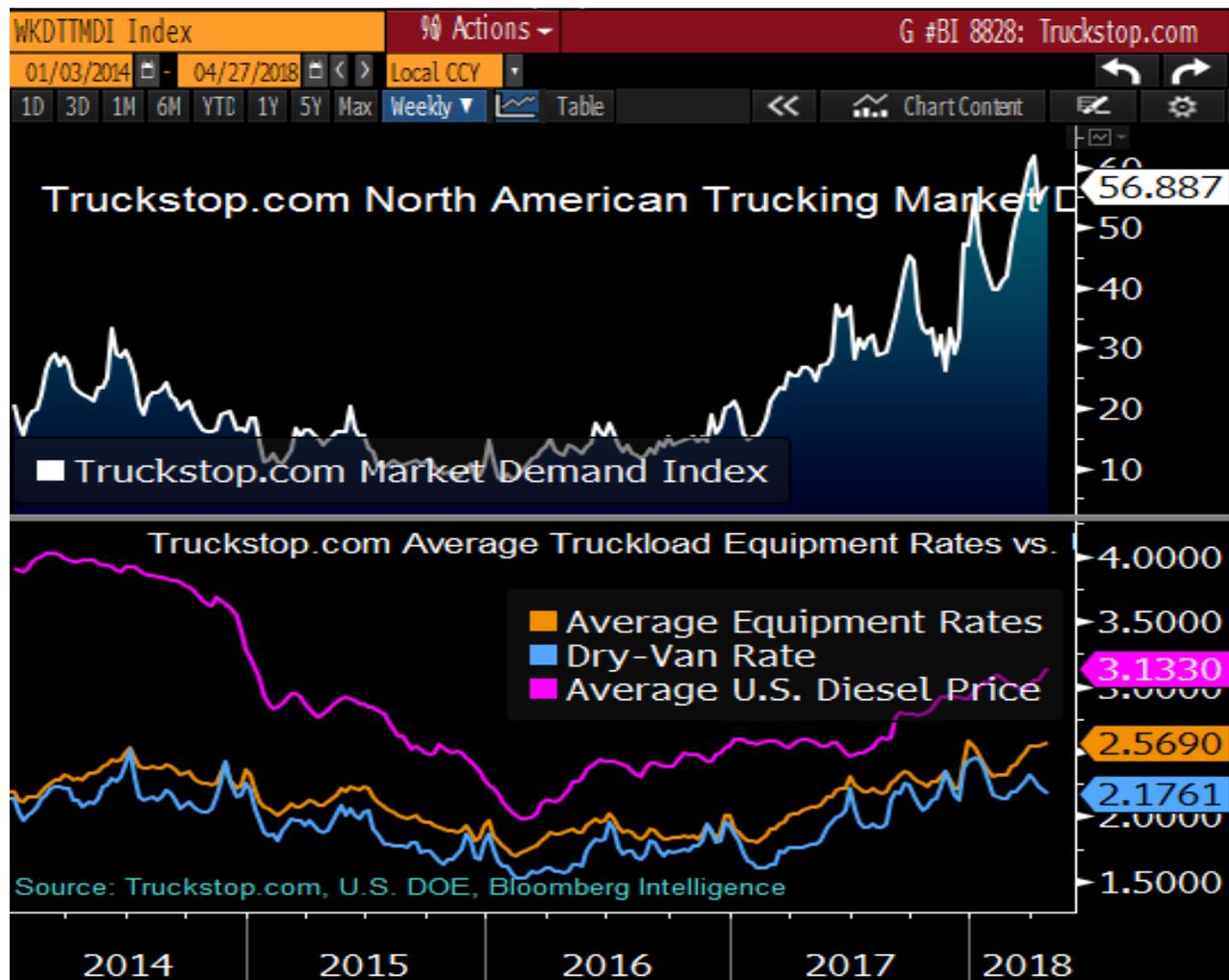
(Bloomberg Intelligence) – 04/30/18

Relative North American spot-trucking demand rose 1.4% sequentially to 56.9 in the week ended April 27, based on Truckstop.com's Market Demand Index. Capacity tightened as available loads remained relatively flat (down 0.1%) and available trucks fell 1.4%. Average spot rates, excluding fuel surcharges, inched up 44 bps for the 12th straight weekly gain and are up 27% this year. Dry-van rates top all equipment types in 2018 (up 32%), which could translate into high-single digit to mid-teens contractual rate increases.

Companies Impacted: USA Truck, Knight-Swift, J.B. Hunt, Werner, 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:

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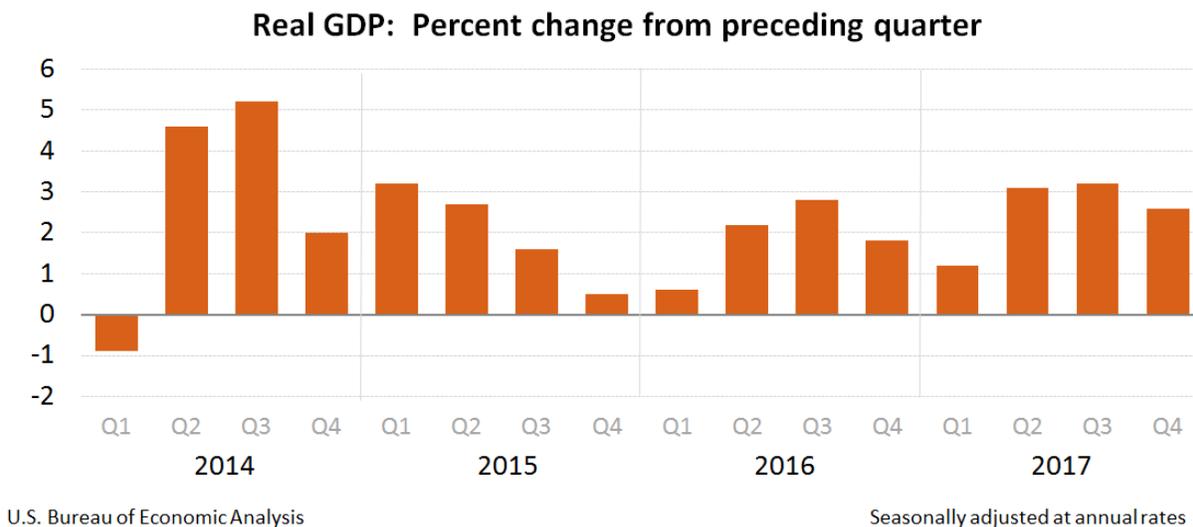
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GDP

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

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

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



GDP-2Q is running at *3.79% as of 5/01/18 v. *3.79% as of 4/30/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Latest forecast Q2 2018: 4.1% —May 2, 2018

*The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2018 is **4.1 percent** on May 1, unchanged from April 30. After this morning's construction spending release from the U.S. Census Bureau, the nowcast of second-quarter real nonresidential structures investment increased from 2.9 percent to 5.3 percent and the nowcast of real residential investment decreased from 3.5 percent to 2.9 percent. This quarter's GDPNow updates incorporate modifications to GDPNow's dynamic factor model as described [here](#). The dynamic factor is used to forecast yet-to-be released monthly GDP source data. The modifications to the factor model are intended to partially dampen some of the volatility in GDPNow forecasts in the early part of each month. The next GDPNow update is **Thursday, May 3**. 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: 3.2%...April 27, 2018

The New York Fed Staff Nowcast stands at 3.2% for 2018: Q2. This week's data releases increased the Nowcast for 2018: Q2 by 0.2 percentage point. Positive surprises from manufacturing data and the positive impact of data revisions accounted for most of the increase.

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

St. Louis Fed Real GDP Nowcast... Q2 2018: 4.07%...April 30, 2018

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

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MANUFACTURING AT A GLANCE

APRIL 2018

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	57.3	59.3	-2.0	Growing	Slower	20
New Orders	61.2	61.9	-0.7	Growing	Slower	28
Production	57.2	61.0	-3.8	Growing	Slower	20
Employment	54.2	57.3	-3.1	Growing	Slower	19
Supplier Deliveries	61.1	60.6	+0.5	Slowing	Faster	19
Inventories	52.9	55.5	-2.6	Growing	Slower	4
Customers' Inventories	44.3	42.0	+2.3	Too Low	Slower	19
Prices	79.3	78.1	+1.2	Increasing	Faster	26
Backlog of Orders	62.0	59.8	+2.2	Growing	Faster	15
New Export Orders	57.7	58.7	-1.0	Growing	Slower	26
Imports	57.8	59.7	-1.9	Growing	Slower	15
OVERALL ECONOMY				Growing	Slower	108
Manufacturing Sector				Growing	Slower	20

Average for 12 months - 58.4

High - 60.8

Low - 55.5

<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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