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The Missile

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

United States 6) Browse 15:31:43 05/07/18 - 05/11/18

Economic Releases | All Economic Releases | View Agenda Weekly

	Date Time	Event	Period	Surv(M)	Actual	Prior	Revised
21)	05/07 14:00	Consumer Credit	Mar	$16.000b	--	$10.601b	--
22)	05/08 05:00	NFIB Small Business Optimism	Apr	104.7	--	104.7	--
23)	05/08 09:00	JOLTS Job Openings	Mar	6075	--	6052	--
24)	05/09 06:00	MBA Mortgage Applications	May 4	--	--	-2.5%	--
25)	05/09 07:30	PPI Final Demand MoM	Apr	0.2%	--	0.3%	--
26)	05/09 07:30	PPI Ex Food and Energy MoM	Apr	0.2%	--	0.3%	--
27)	05/09 07:30	PPI Ex Food, Energy, Trade MoM	Apr	0.2%	--	0.4%	--
28)	05/09 07:30	PPI Final Demand YoY	Apr	2.8%	--	3.0%	--
29)	05/09 07:30	PPI Ex Food and Energy YoY	Apr	2.4%	--	2.7%	--
30)	05/09 07:30	PPI Ex Food, Energy, Trade YoY	Apr	--	--	2.9%	--
31)	05/09 09:00	Wholesale Trade Sales MoM	Mar	--	--	1.0%	--
32)	05/09 09:00	Wholesale Inventories MoM	Mar F	0.6%	--	0.5%	--
33)	05/10 07:30	CPI MoM	Apr	0.3%	--	-0.1%	--
34)	05/10 07:30	CPI Ex Food and Energy MoM	Apr	0.2%	--	0.2%	--
35)	05/10 07:30	CPI YoY	Apr	2.5%	--	2.4%	--
36)	05/10 07:30	Initial Jobless Claims	May 5	218k	--	211k	--
37)	05/10 07:30	CPI Ex Food and Energy YoY	Apr	2.2%	--	2.1%	--
38)	05/10 07:30	Continuing Claims	Apr 28	1800k	--	1756k	--
39)	05/10 07:30	CPI Index NSA	Apr	250.700	--	249.554	--

Fed Speak Calendar
(All times are CST)

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

United States 6) Browse 15:35:12 05/07/18 - 05/31/18

Central Banks All Central Banks View Agenda Weekly

	Date Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	05/07 07:25				Fed's Bostic Makes Welcome at Financial Markets Conference					
22)	05/07 13:00				Fed's Barkin Speaks in Moderated Q&A at GMU					
23)	05/07 14:30				Fed's Kaplan Speaks on Panel at Financial Conference					
24)	05/07 14:30				Fed's Evans Speaks At Atlanta Fed Financial Markets Conference					
25)	05/08 02:15				Fed's Powell to Speak at SNB/IMF Event in Zurich					
26)	05/09 12:15				Fed's Bostic Speaks on Economic Outlook and Monetary Policy					
27)	05/11 07:30				Fed's Bullard Speaks on U.S. Economy & Monetary Policy					
28)	05/14 01:45				Fed's Mester Speaks at Bank of France Conference					
29)	05/16 07:30				Fed's Bostic to Give Economic Update					
30)	05/17 09:45				Fed's Kashkari Speaks at Moderated Q&A in Minneapolis					
31)	05/18 02:00				Fed's Mester Speaks at ECB on Macroprudential, Monetary Policy					
32)	05/21 13:05				Fed's Harker Speaks in New York					
33)	05/21 16:30				Fed's Kashkari Speaks at Moderated Q&A in Escanaba, MI					
34)	05/23 13:00				FOMC Meeting Minutes	May 2	--	--	--	--
35)	05/24 13:00				Fed's Harker Speaks About Technology's Impact on Labor Market					
36)	05/25 08:00				Fed's Powell Joins Riksbank's 350th Anniversary Conference					
37)	05/25 10:45				Fed's Evans Speaks on Economic and Policy Outlook					
38)	05/30 13:00				U.S. Federal Reserve Releases Beige Book					

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Bill Auctions	Next Offer Announcement	Next Auction	Date Settles	CUSIP Numbers	R	$ Bil	Prior Auction	Prior $ 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

TIPS Auctions								
5-yr TIPS	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	11/15/2017	$.025

Implied Probability of Fed Rate Movement (Futures)

99) Export Data | World Interest Rate Probability

United States | Instrument: Futures: Fed Funds - Midpoint | Fed Effective Rate 1.70

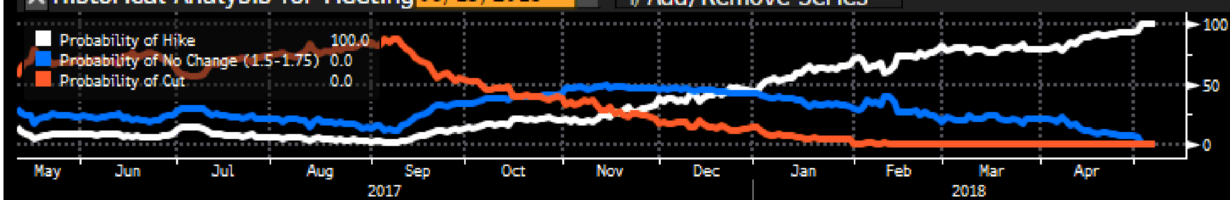
1) Overview | 2) Future Implied Probability

Current Implied Probabilities | 3) Add/Remove Rates

Dates: Meeting / Calculation | Calculated 05/07/2018 | Based on rate 1.50-1.75

Meeting	Hike Prob	Cut Prob	1.75-2	2-2.25	2.25-2.5	2.5-2.75	2.75-3	3-3.25	3.25-3.5	Fwd Rate
06/13/2018	100.0%	0.0%	74.0%	26.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.94
08/01/2018	100.0%	0.0%	67.9%	30.0%	2.1%	0.0%	0.0%	0.0%	0.0%	1.96
09/26/2018	100.0%	0.0%	21.9%	55.6%	21.0%	1.5%	0.0%	0.0%	0.0%	2.13
11/08/2018	100.0%	0.0%	20.1%	52.9%	23.8%	3.1%	0.1%	0.0%	0.0%	2.15
12/19/2018	100.0%	0.0%	10.9%	37.9%	37.1%	12.6%	1.5%	0.1%	0.0%	2.27
01/30/2019	100.0%	0.0%	10.0%	35.7%	37.2%	14.5%	2.4%	0.2%	0.0%	2.29

Historical Analysis for Meeting 06/13/2018 | 4) Add/Remove Series



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 H142-5861-2 07-May-2018 05:58:26

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

Percent

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	**1.92770**	**+.00000**	**(98.07230)**
3-Month Libor Set	**2.36906**	**+.00000**	**(98.63094)**
6-Month Libor Set	**2.52019**	**+.00000**	**(97.47981)**
1-Year Libor Set	**2.77666**	**+.00000**	**(97.22334)**

THEY SAID IT

"They're two separate highways, but both need to exist," said John Coleman, managing director of the fixed-income group at R.J. O'Brien & Associates, a futures brokerage in Chicago. "There has to be a channel for unsecured lending. Libor must continue. Whether it continues as the A-list rate remains to be seen."
https://www.bloomberg.com/news/articles/2018-05-06/libor-refuses-to-die-setting-up-battle-for-benchmark-supremacy
Ultimately, the market will determine Libor's successor. Coleman says a better replacement for the unsecured benchmark would be the average rate from the Federal Home Loan Bank system, where thousands of lenders already transact every day. Another option is Ameribor, the brainchild of Richard Sandor, an economist who pioneered interest-rate futures and derivatives at the Chicago Board of Trade. Ameribor is a new interbank rate that reflects borrowing costs based on the transactions of members of the American Financial Exchange.
"Libor will go away and we need a rate that hundreds of trillions of dollars of contracts can migrate to, New York Fed President William Dudley said Friday at an event at Bloomberg headquarters in New York. "Eventually we'll get a term curve for SOFR, and then the heavy lifting will occur, which is when we move the existing set of contracts that we have today that reference Libor onto SOFR."
"For now Libor is still preferred as it's the most liquid and deepest set of contracts that we have," said Chris Sullivan, chief investment officer at the United Nations Federal Credit Union, which manages over $2 billion in U.S. fixed-income assets. "But we will be watching SOFR pretty closely just to see how its received, managed and traded. We want to see how it's received and what the major risks are with it."

Last week, U.S.-based emerging market equity funds posted their first weekly outflows of the year, according to Reuters, citing Lipper data. The EEM emerging markets ETF fell nearly 2 percent in that time, and 3 percent in the last month.
https://www.cnbc.com/2018/05/07/investors-are-fleeing-emerging-markets-and-more-pain-could-be-ahead.html
Chad Morganlander, portfolio manager at Washington Crossing Advisors, explained to CNBC's "Trading Nation" his reasons for selling emerging market stocks. Here's why:
Emerging markets logged a banner year in 2017, with the EEM rallying nearly 35 percent for its best year since 2009, as global growth ramped up and the U.S. dollar fell substantially. This year won't be so rosy.
The U.S. dollar just posted three straight weeks of gains, depressing emerging market stocks in that time, which will likely continue as a headwind going forward.
The eventual deceleration in China's credit growth, too, will pose a headwind. At this point, however, the U.S. trade policy with China and recent turmoil in the space is not a major factor in emerging markets' performance.

China's "huge" trade imbalance with the United States is a structural and long-term problem and should be viewed with rationality, the Chinese central bank governor was quoted as saying by financial magazine Caixin.
https://www.reuters.com/article/us-usa-trade-china-cbank/chinas-trade-imbalance-with-u-s-a-long-term-problem-says-central-bank-governor-caixin-idUSKBN1I806T
Yi only weighed in briefly on the U.S.-China trade issue in an extensive interview with Caixin in

Washington in late April. The PBOC governor reiterated China's existing stance on a variety of matters including monetary policy, the opening up of its economy, the yuan and the country's deleveraging efforts.

He reiterated China's commitment to its prudent and neutral monetary policy and its focus on stabilizing its macro leverage ratio and reducing financial risks. On the currency front, Yi said that the PBOC has not intervened in the foreign exchange market for almost a year now, and authorities are committed to market-based foreign exchange rate reform.

China will also push for the convertibility of the capital account to coincide with the opening up of the financial sector, Yi said. Beijing in recent weeks said it will resume two key outbound investment schemes, allowing domestic financial institutions to invest in overseas securities.

However, in the process of opening up, China will step up the oversight of cross-border capital flows, prevent the contagion of cross-border financial risks and fend off international arbitrage, Yi said.

In it deleveraging campaign, China will take aim at debt levels of local governments and state-owned firms, Yi added.

Talks to update the NAFTA trade deal enter a make-or-break week on Monday, as ministers from Canada, the United States, and Mexico seek to resolve an impasse in key areas before elections in Mexico and the United States complicate the process.

https://www.cnbc.com/2018/05/07/nafta-talks-enter-critical-week-with-u-s-still-pushing-hard-line.html

Discussions in Washington will center on rules of origin that govern what percentage of a car needs to be built in the North American Free Trade Agreement region to avoid tariffs, the dispute-resolution mechanism and U.S. demands for a sunset clause that could automatically kill the trade deal after five years.

U.S. Trade Representative Robert Lighthizer warned last week that if the talks took too long, approval by the Republican-controlled Congress may be on "thin ice." The aim is to complete a vote during the "lame-duck" period before a new Congress is seated after November's congressional elections.

Mexico holds its presidential election on July 1 and the front-runner, leftist Andres Manuel Lopez Obrador, says he wants a hand in redrafting NAFTA if he wins.

"We have a window of opportunity in the next two or three weeks ... considering two things: where the talks are now and the political calendars" in Mexico and the United States, said Moises Kalach, head of the international negotiating arm of Mexico's CCE business lobby, which is leading the private sector's involvement in the talks.

Germany doesn't see any reason to scrap the nuclear deal reached between Iran and six powers in 2015 and would do everything possible to uphold it, Foreign Minister Heiko Maas said on Monday.

https://www.reuters.com/article/us-iran-nuclear-germany/no-reason-to-scrap-iran-nuclear-deal-germany-idUSKBN1I8139?il=0

"We continue to believe that this agreement makes the world safer and without this agreement the world would be less safe," Maas said at a joint news conference with his visiting French counterpart.

"We fear a failure would result in an escalation," Maas said.

U.S. President Donald Trump has threatened to pull out of the Iran deal by not extending sanctions waivers when they expire on May 12, unless European signatories of the accord fix what he calls its "flaws".

Iranian President Hassan Rouhani said on Monday the United States would regret any decision to leave Iran's 2015 nuclear deal with world powers and Tehran would fiercely resist U.S. pressure to limit its influence in the Middle East.
https://www.reuters.com/article/us-iran-nuclear-usa/iran-says-it-will-fiercely-resist-u-s-pressure-to-limit-its-influence-idUSKBN1I80OL?il=0
"If they want to make sure that we are not after a nuclear bomb, we have said repeatedly that we are not and we will not be," Rouhani, who engineered the nuclear accord to ease Iran's isolation, said in a speech broadcast live on state television.
"But if they want to weaken Iran and limit its influence whether in the region or globally, Iran will fiercely resist."

Hezbollah and its political allies won just over half the seats in Lebanon's parliamentary elections, unofficial results showed, boosting an Iranian-backed movement fiercely opposed to Israel and underlining Tehran's growing regional clout.
https://www.reuters.com/article/us-lebanon-election/hezbollah-allies-gain-in-lebanon-vote-underscoring-iran-sway-idUSKBN1I804D?il=0
Branded a terrorist group by the United States, the heavily armed Shi'ite Hezbollah has grown in strength since joining the war in Syria in support of President Bashar al-Assad in 2012.
The apparent gains made on Sunday by a Hezbollah-backed alliance risk complicating Western policy towards Lebanon, a big recipient of U.S. military support that is banking on foreign aid and loans to revive its stagnant economy.

With benchmark U.S. crude prices crossing the $70 a barrel threshold on Monday, the shale drillers who helped upend global markets now face a new challenge: Do they stick with promises of fiscal discipline and avoid new production? Or is it time to turn on the taps and reap the benefits of the highest crude prices in more than three years.
U.S. oil traded at $70.37 a barrel at 6:55 a.m. in New York as traders braced for a re-imposition of U.S. sanctions on Middle East crude producer Iran.
In quarterly earnings reports over the last two weeks, producers have modestly upped forecasts for oil and gas output but also mostly kept drilling budgets flat, holding out hope they won't completely undermine the rally. What do they do now? Here are three ways the industry could react:
Drill, Baby, Drill?
Historically, shale drillers have ramped up output in response to the market, and there's little reason to believe this time will be different. "It signals to drill. That's for sure," said Ashley Petersen, lead oil analyst at Stratas Advisors in New York, in a phone interview. "It definitely signals to them, take advantage of prices while you can."
Companies are also adding on new hedging contracts, locking in payments for future barrels that will sustain production even if prices slide again.
https://www.bloomberg.com/news/articles/2018-05-07/shale-drillers-face-new-test-of-will-as-crude-crosses-70-mark
Stay the Course?

For months, investors have urged exploration and production companies to rein in unprofitable spending. That pressure's likely to remain, keeping a lid on any increases to drilling budgets, analysts at Houston investment bank Tudor Pickering Holt & Co. said in a note to clients recently.

"Expect little change to messaging or 2018 plans as operators continue to view the rally in crude as a boon to cash flow rather than an opportunity to accelerate growth," the bank advised.

Instead, additional share buybacks and debt reduction are likely to be the top priorities, added RBC Capital Marketsanalyst Scott Hanold in another note.

The caution is made more likely by the logistical hurdles mounting in the Permian basin, the top U.S. shale play. Shortages of labor, equipment and pipeline capacity had crude from the West Texas region selling at a $12.50 a barrel discount this past week to oil received at the U.S. distribution hub in Cushing, Oklahoma.

That's meant producers aren't reaping the full benefit of $70 oil anyway, saidAntoine Halff, former chief oil analyst for the International Energy Agency. Add in the increasing size and complexity of shale projects, which lengthen the time for oil to come to market, and "I wouldn't necessary conclude that this will trigger a huge rebound in supply," said Halff, now a Columbia University scholar.

Let the Price Wars Begin

After years of watching fees shrink during the industry's downturn, oilfield servicers -- the businesses that frack wells, truck in sand and do other contract work for the shale patch -- are likely to demand a bigger slice of the pie.

"Seventy dollars is a very strong signal of psychological recovery," said Petersen of Stratas Advisors. For service companies, "now is the time to start aggressively renegotiating pricing contracts that they had set when prices were a lot lower." Higher fees could cut into explorer profits, however, making it harder to keep those aforementioned investors happy.

(Adds early price of oil in new third paragraph.)

To contact the reporters on this story:

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Jessica Summers in New York at jsummers24@bloomberg.net

EQUITIES

The S&P is **+9** and the NASDAQ is **+38.**
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 +0.86%.
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 +0.08%.
The DAX Index closed +0.42%.
On the Continent, the swap curve is steeper with yields higher.
ECB Main Refinancing Operations Rate +0.00% (No change)
Deposit Facility Rate -.40%
Next meeting 06/14/18

ASIA
Japan:
The TOPIX closed +0.09%.
The NIKKEI closed -0.03%.
In Japan, the swap curve is steeper with yields higher.
BOJ Policy Balance Rate -0.10% (No change)
Next meeting 06/15/18

China:
The Hang Seng closed +0.23%.
The Shanghai Composite closed +1.48%.
PBOC
Deposit Rate: 1.50%
Lending Rate: 4.35%
7-Day Repo Rate: 2.7603%
Reserve Requirement Ratio: 17.00%

THE TREND

EDM8: 97-63.0 is the pivot. Below the pivot, you should be short, above long.
Support is at 97-59.5**.
Resistance is at 97-63.0^ and 97-66.5**.
^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)

10yr/TYM8: **119-27.5** is the pivot point. Above you should be long, below short.
Support is at **118-25.0****
Resistance is at **119-27.5^** and **120-29.5****

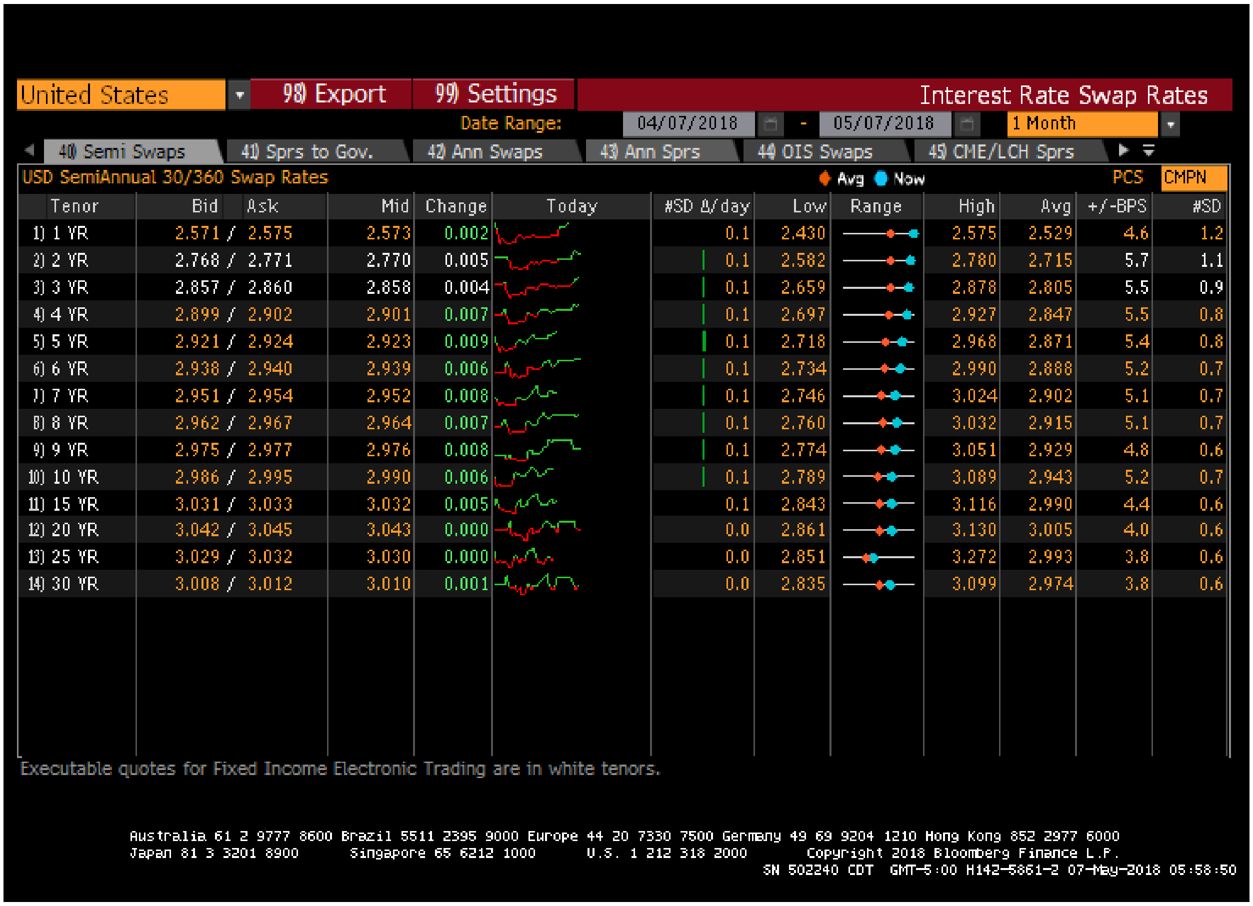
^Pivot Point is a simple 20-day moving average**.**
** 2-STD Deviations from the pivot point

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.

US-SWAPS
IRSB <GO>



United States | 98) Export | 99) Settings | Interest Rate Swap Rates

Date Range: 04/07/2018 - 05/07/2018 | 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 — Avg / Now — PCS CMPN

	Tenor	Bid / Ask	Mid	Change	Today	#SD Δ/day	Low	Range	High	Avg	+/-BPS	#SD
1)	1 YR	2.571 / 2.575	2.573	0.002		0.1	2.430		2.575	2.529	4.6	1.2
2)	2 YR	2.768 / 2.771	2.770	0.005		0.1	2.582		2.780	2.715	5.7	1.1
3)	3 YR	2.857 / 2.860	2.858	0.004		0.1	2.659		2.878	2.805	5.5	0.9
4)	4 YR	2.899 / 2.902	2.901	0.007		0.1	2.697		2.927	2.847	5.5	0.8
5)	5 YR	2.921 / 2.924	2.923	0.009		0.1	2.718		2.968	2.871	5.4	0.8
6)	6 YR	2.938 / 2.940	2.939	0.006		0.1	2.734		2.990	2.888	5.2	0.7
7)	7 YR	2.951 / 2.954	2.952	0.008		0.1	2.746		3.024	2.902	5.1	0.7
8)	8 YR	2.962 / 2.967	2.964	0.007		0.1	2.760		3.032	2.915	5.1	0.7
9)	9 YR	2.975 / 2.977	2.976	0.008		0.1	2.774		3.051	2.929	4.8	0.6
10)	10 YR	2.986 / 2.995	2.990	0.006		0.1	2.789		3.089	2.943	5.2	0.7
11)	15 YR	3.031 / 3.033	3.032	0.005		0.1	2.843		3.116	2.990	4.4	0.6
12)	20 YR	3.042 / 3.045	3.043	0.000		0.0	2.861		3.130	3.005	4.0	0.6
13)	25 YR	3.029 / 3.032	3.030	0.000		0.0	2.851		3.272	2.993	3.8	0.6
14)	30 YR	3.008 / 3.012	3.010	0.001		0.0	2.835		3.099	2.974	3.8	0.6

Executable quotes for Fixed Income Electronic Trading are in white tenors.

The Option Lab

Trade Log:
2. Long the TY Week-2 120.00 put (at the money) from 8/64ths (3/9/2018).
$1/64^{th}$ = $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.

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/

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.	4 May 2018	1,032	+11	27 April 2018	+155	5 May 2017
Canada	4 May 2018	86	+1	27 April 2018	+4	5 May 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 electricity[1] 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 2016[1]
Natural gas = 33.8%
Coal = 30.4%
Nuclear = 19.7%
Renewables (total) = 14.9%
Hydropower = 6.5%
Wind = 5.6%
Biomass = 1.5%
Solar = 0.9%
Geothermal = 0.4%
Petroleum = 0.6%

Other gases = 0.3%
Other nonrenewable sources = 0.3%
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/

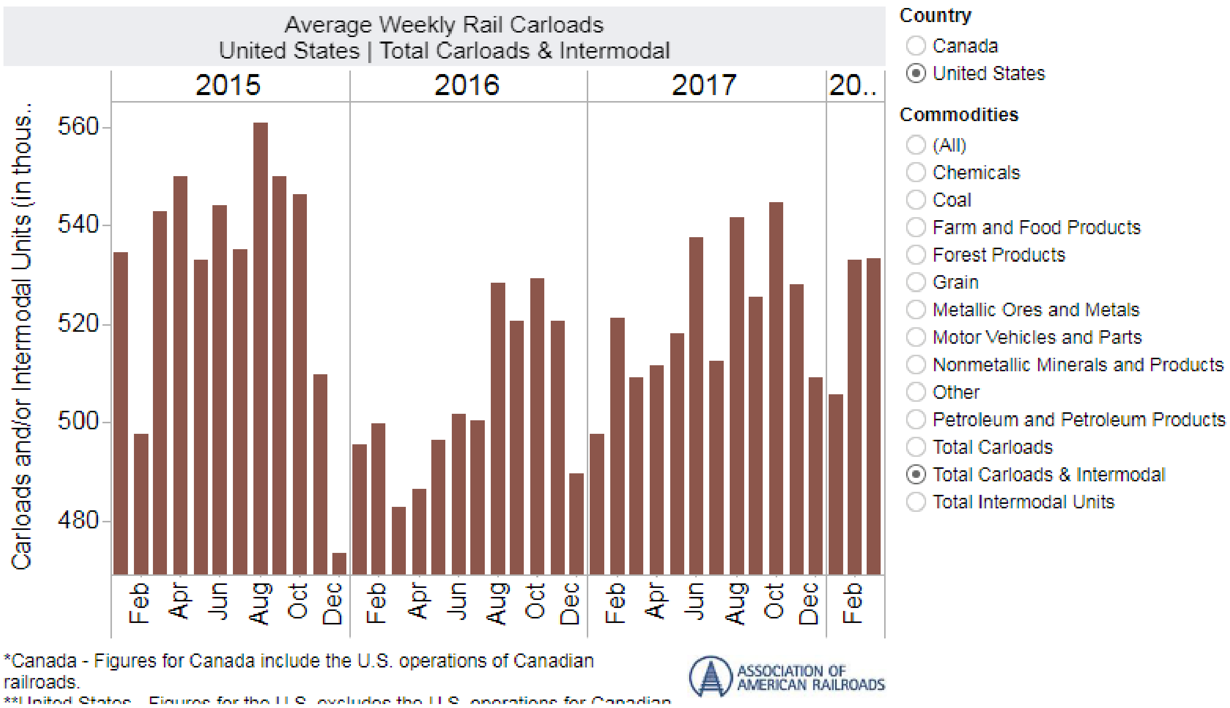
TRANSPORTS

Association of American Railroads Rail Traffic Report.
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.
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.
lhttps://www.aar.org/news/rail-traffic-for-the-week-ending-april-28-2018/

Monthly Rail Traffic Charts



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

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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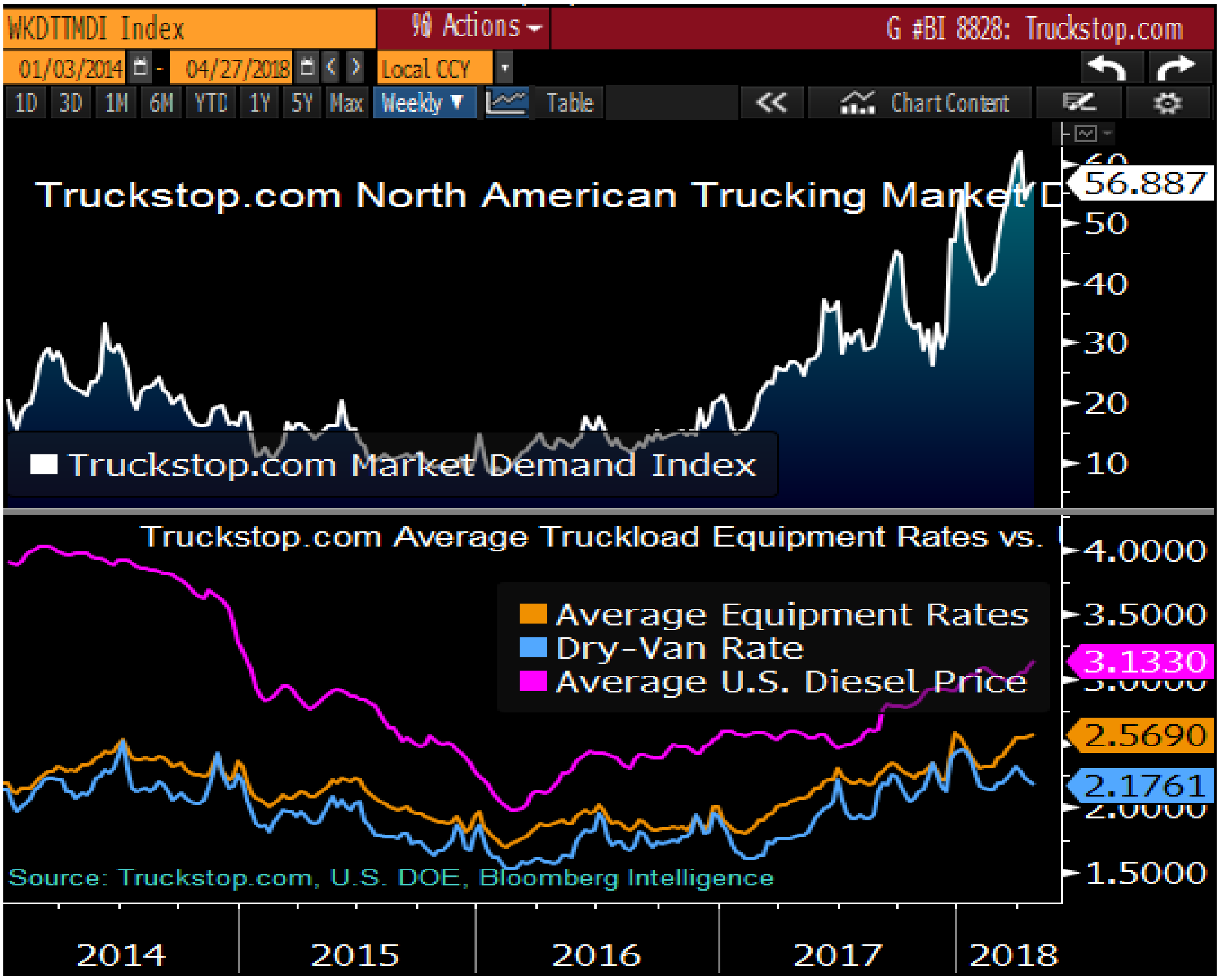
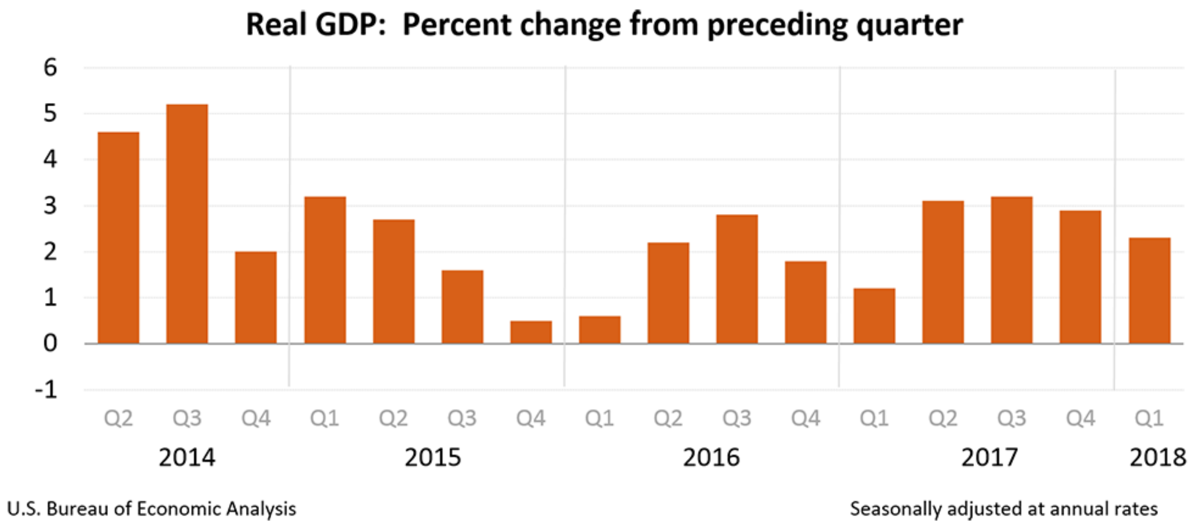


GDP

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 *3.66% as of 5/04/18 v. *3.73% as of 5/03/18
***simple average of the three regionals.**

Atlanta Fed GDPNow…Latest forecast Q2 2018: 4.0% —May 3, 2018

*The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2018 is **4.0 percent** on May 3, down from 4.1 percent on May 1. After yesterday's light vehicle sales release from the U.S. Bureau of Economic Analysis (BEA), the nowcasts for second-quarter real consumer spending growth and real nonresidential equipment investment growth declined from 3.3 percent and 9.2 percent, respectively, to 3.0 percent and 8.1 percent respectively. The nowcasts inched back up to 3.1 percent and 8.7 percent after this morning's international trade release from the BEA and U.S. Census Bureau and this morning's manufacturing release from the Census Bureau.*

*The next GDPNow update is **Wednesday, May 9**. 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: 3.0%...April 27, 2018

The New York Fed Staff Nowcast stands at 3.0% for 2018:Q2.
News from this week's data releases decreased the nowcast for 2018:Q2 by 0.2 percentage point.
News from lower-than-expected construction data, survey data, and imports account.

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

St. Louis Fed Real GDP Nowcast… Q2 2018: 3.99%…May 3, 2018

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

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

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

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

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