

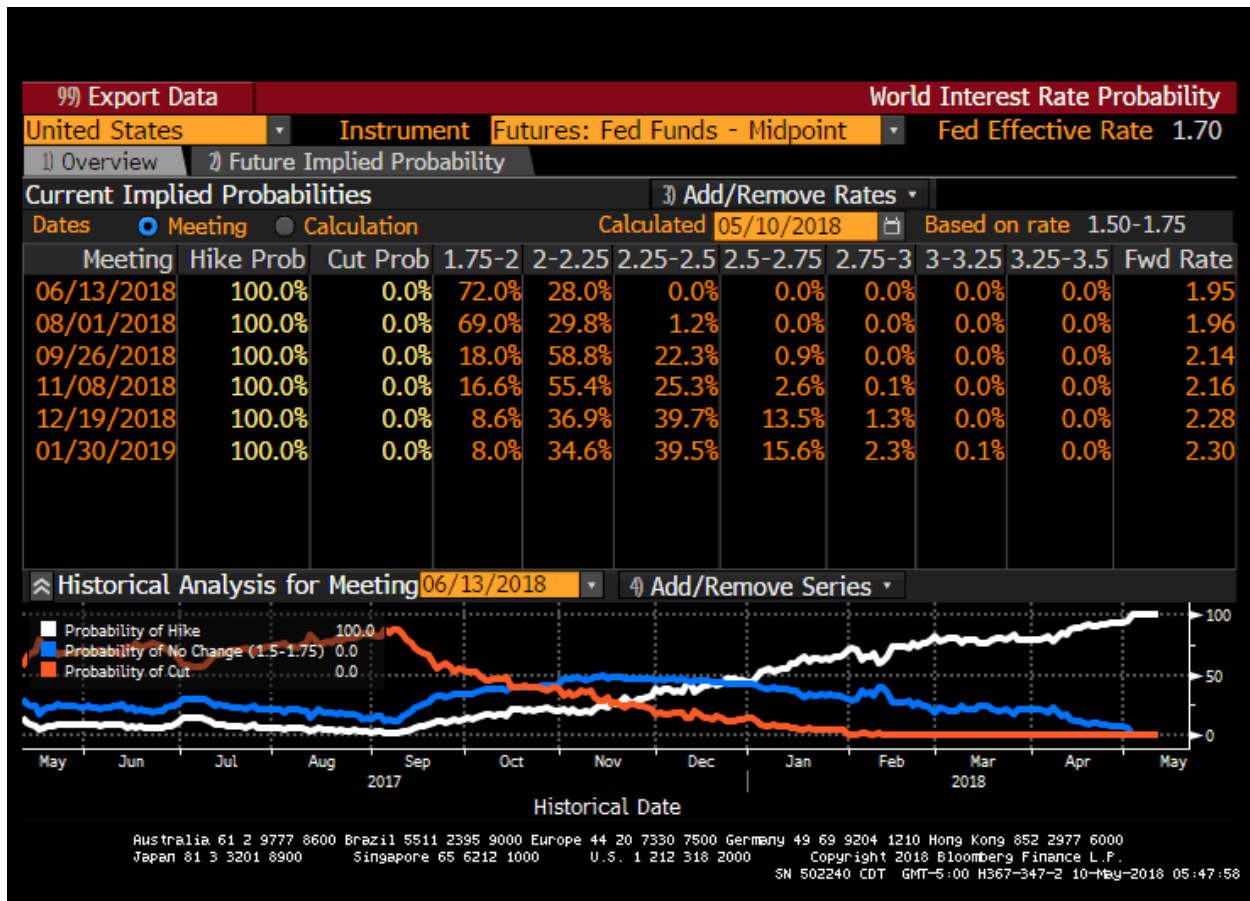


Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)



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Fed Speak Calendar (All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		15:00:12		05/10/18		-		05/31/18	
Central Banks		All Central Banks		View		Agenda		Weekly		🔍	
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	05/11	07:30				Fed's Bullard Speaks on U.S. Economy & Monetary Policy					
22)	05/14	01:45				Fed's Mester Speaks at Bank of France Conference					
23)	05/14	08:40				Fed's Bullard Speaks at Crypto Conference in New York					
24)	05/15	09:00				Fed Nominees Clarida and Bowman Testify Before Senate Panel					
25)	05/15	12:00				Fed's Williams to Speak at Economic Club of Minnesota					
26)	05/16	07:30				Fed's Bostic to Give Economic Update					
27)	05/16	16:30				Fed's Bullard Speaks to Media					
28)	05/17	09:45				Fed's Kashkari Speaks at Moderated Q&A in Minneapolis					
29)	05/18	02:00				Fed's Mester Speaks at ECB on Macroprudential, Monetary Policy					
30)	05/21	11:15				Fed's Bostic Speaks to Atlanta Economics Club					
31)	05/21	13:05				Fed's Harker Speaks in New York					
32)	05/21	16:30				Fed's Kashkari Speaks at Moderated Q&A in Escanaba, MI					
33)	05/23	13:00	🔔		FOMC Meeting Minutes	May 2	--	--	--	--
34)	05/24	13:00				Fed's Harker Speaks About Technology's Impact on Labor Market					
35)	05/25	08:00				Fed's Powell Joins Riksbank's 350th Anniversary Conference					
36)	05/25	10:45				Fed's Evans Speaks on Economic and Policy Outlook					
37)	05/30	13:00				U.S. Federal Reserve Releases Beige Book					

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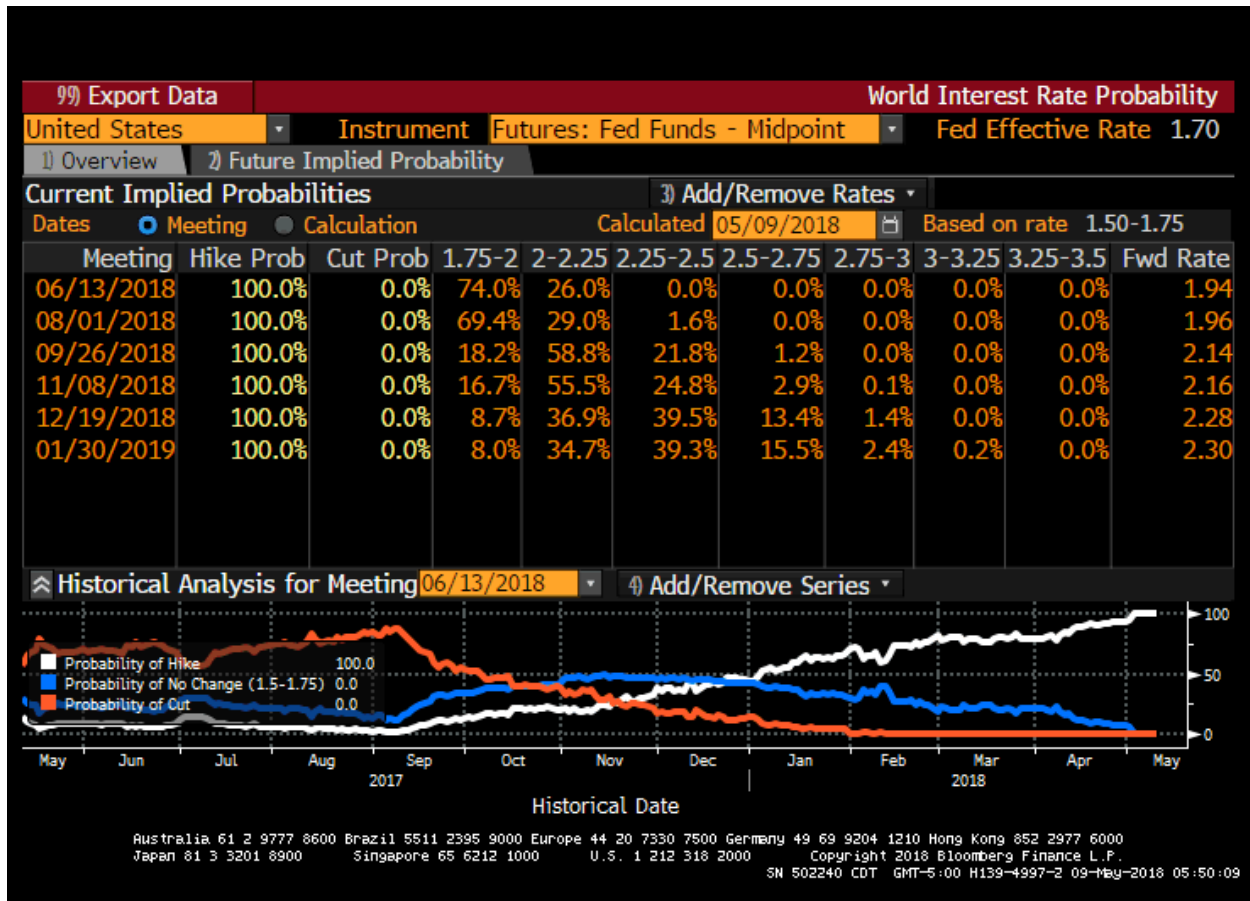
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50	
4-week	05/14/2018	05/15/2018	05/17/2018	TBA	TBA	05/08/2018	\$45	
3-month	05/10/2018	05/14/2018	05/17/2018	912796NQ8	TBA	05/07/2018	\$48	
6-month	05/10/2018	05/14/2018	05/17/2018	912796QJ1	TBA	05/07/2018	\$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	06/07/2018	06/11/2018	06/15/2018	TBA	TBA	05/08/2018	\$31	
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	06/07/2018	06/11/2018	06/15/2018	TBA	R	TBA	05/09/2018	\$25
Bond Auctions								
30-year	06/07/2018	05/10/2018	05/15/2018	912810SC3		\$17	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	

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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/fomcprojtabl20180321.pdf>

Libor Set

1-Month Libor Set	1.91839	-.01012	(98.08161)
3-Month Libor Set	2.35500	-.00075	(98.64500)
6-Month Libor Set	2.51688	-.00125	(97.48312)
1-Year Libor Set	2.76813	-.00281	(97.23187)

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THEY SAID IT

Donald Trump personally welcomed home three Americans released from detention in North Korea, a triumphant middle-of-the-night moment for the president as he prepares for a landmark summit with Kim Jong Un.

<https://www.bloomberg.com/news/articles/2018-05-10/trump-meets-americans-released-from-north-korea-ahead-of-summit>

The return of prisoners the U.S. has called “hostages” clears an obstacle to direct talks between Trump and Kim. The president said on Wednesday that he expects to announce a date and location for the summit within days and that he had ruled out the Korea Peninsula’s Demilitarized Zone. An administration official later said that he is leaning toward Singapore. Trump thanked Kim for releasing the men. “This is a special night for these three really great people and congratulations on being in this country,” Trump told reporters at the airbase.

How much would it cost to keep the peace on the Korean Peninsula? Around \$2 trillion over ten years.

<https://www.bloomberg.com/news/articles/2018-05-10/peace-in-north-korea-seen-costing-2-trillion-if-history-a-guide>

That’s according to Stephen Jen and Joana Freire at Eurizon SLJ Capital Ltd. in London who estimated what resources would be needed to ensure a denuclearized North Korea is economically viable. They drew on the example of Germany’s unification, noting that transfers from the West to East totaled more than 1.2 trillion euros, or around 1.7 trillion euros using today’s value.

By population, the relative size of North Korea to South Korea is meaningfully larger than East Germany was to West Germany. North Korea is also much much underdeveloped compared to East Germany, which had a well established industry base.

"Given the threat presented by the nuclear arsenals, Mr Kim Jong Un is in a position to demand a very large financial commitment from the rest of the world to secure complete denuclearisation," Jen and Freire wrote in a note. "We stress that we are not arguing that North Korea should or will demand such a large financial assistance. We are merely thinking out loud about what the order of magnitude of that figure might be."

During the sanctions decade, when Iran was largely frozen out of global commerce, the capital’s authorities managed to steadily expand the network -- roughly doubling its size. It wasn’t easy. Often, “the parts we needed, we had to build ourselves,” said Ali Abdollahpour, deputy managing director of Tehran Urban and Suburban Railway Operating Company.

<https://www.bloomberg.com/news/articles/2018-05-10/iran-s-door-to-the-west-is-slamming-shut-and-that-leaves-china>

A constant of those years was Chinese help, with everything from building rails to manufacturing wagons. The nuclear deal of 2015, and the lifting of major sanctions the year after, was supposed to broaden Iran’s options. Abdollahpour had his eyes on Europe (“their tech is better”) for essential braking and signaling systems.

But when a major contract, to supply more than 600 wagons, came up for tender it went to a unit of China’s CRRC Corp, which beat off two European bids to win a contract worth more than \$900 million this year. That’s part of a wider pattern. The nuclear deal hasn’t delivered more

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than a trickle of Western investment -- and even that is poised to dry up, after U.S. President Donald Trump pulled out of the agreement and said he'll [re-impose](#) sanctions

In the race to commercialize space, one premise is undisputed: It's getting crowded up there.

From private enterprise to universities to the military, everyone has their eye on the sky as it comes financially within reach. Yet it's not clear how all these new orbital gadgets will coexist, zipping around at 17,000 miles per hour, surrounded by a high-speed minefield of debris from mankind's earlier space ventures.

<https://www.bloomberg.com/news/articles/2018-05-10/why-low-earth-orbit-desperately-needs-a-traffic-cop>

Aerospace Corp., a federally funded research center, has a proposal to remedy this congestion: Stick a small, 100-gram GPS transponder on each craft that's launched, for tracking, identification and oversight—even after the satellite stops working. Common in the civil aviation and maritime industries, transponders have never made it widely to space. Current satellite tracking consists mostly of ground-based radar and optical tracking telescopes.

Humans have launched some 7,500 satellites since the dawn of the Space Age, with more than 1,500 still in working order. That's a fraction of the more than 20,000 new vehicles envisioned by a range of space companies such as Planet Labs Inc., OneWeb, LeoSat Enterprises Inc. and Elon Musk's SpaceX.

Defunct satellites often burn up in Earth's atmosphere, while some larger craft are sent to their doom in a remote area of the South Pacific. Still others are flown farther into space, to an orbital "graveyard" far beyond where working satellites roam.

"The company is currently working hard to speedily resolve this impasse," read the email. "Don't let inaccurate information and rumors unsettle us. Stick to your posts, rally your teams, and calm your troops." It didn't elaborate on that two-week timeframe, which takes it roughly to the end of May.

<https://www.bloomberg.com/news/articles/2018-05-10/china-s-zte-ceases-major-operations-after-u-s-trade-ban>

[ZTE Corp.](#) regards the next two weeks as crucial to resolving a U.S. blockade that's brought its main businesses to a standstill and choked off revenue, [signaling](#) the potential collapse of one of the world's largest makers of phones and networking gear.

The No. 2 Chinese telecom equipment maker said Thursday it's suspended all major operations. That means its three main divisions -- network gear, devices and enterprise solutions -- have all but halted sales and aren't bringing in sizable income, a person familiar with the matter said. ZTE specified the coming fortnight as a "critical window" and urged managers to calm employees, according to an email to senior staff seen by Bloomberg News.

ZTE [remains](#) intent on resolving a seven-year blockade Washington imposed as punishment for [violating the terms](#) of a 2017 sanctions settlement, then lying about it. That cut off access to the American technology it needs to build most of its products, from [Qualcomm Inc.](#)'s semiconductors to optical chips from [Lumentum Holdings Inc.](#)

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Iranian forces in Syria shelled Israeli army outposts across the Syrian frontier overnight, Israel said, prompting one of the heaviest Israeli strikes in Syria since its civil war began in 2011.

<https://www.cnn.com/2018/05/10/israel-strikes-in-syria-says-iran-forces-shelled-outposts.html>

The attack into the Israeli-occupied Golan Heights marks the first time Iranian forces have hit Israel from Syria, where they have deployed along with Iran-backed Shi'ite militias to support President [Bashar al-Assad](#) in the civil war.

Syrian state media said dozens of Israeli missile strikes hit a radar station, Syrian air defense positions and an ammunition dump, underscoring the risks of a wider escalation involving Iran and its regional allies.

German Foreign Minister Heiko Maas said on Thursday that the attacks on the Golan Heights were a provocation and Israel has right to self defense.

<https://www.reuters.com/article/us-mideast-crisis-syria-israel-germany/german-foreign-minister-on-golan-attacks-israel-has-right-to-self-defense-idUSKBN1IB1KY?il=0>

Israel said it attacked nearly all of Iran's military infrastructure in Syria on Thursday after Iranian forces fired rockets at Israeli-held territory for the first time.

Russian Foreign Minister Sergei Lavrov said on Thursday that Moscow has urged Iran and Israel to avoid acts that could lead to a spiral of conflict.

<https://www.reuters.com/article/us-iran-nuclear-lavrov/russias-lavrov-says-urged-iran-israel-to-avoid-acts-leading-to-conflict-idUSKBN1IB1KK?il=0>

Iranian forces in Syria launched a rocket attack on Israeli army bases in the Golan Heights early on Thursday, Israel said, prompting one of the heaviest Israeli barrages against Syria since the conflict there began in 2011.

"We mitigated the risk of Iran in our production plans. For 777 and 737 programs, there will be no risk at this time. Beyond that, we are following the lead of the U.S. government and we will consult with them as necessary," he said.

The President of Middle East, North Africa, and Turkey for Boeing, Bernard Dunn, told CNBC's [Hadley Gamble](#) in Bahrain on Thursday that the impact on overall business will be minimal.

<https://www.cnn.com/2018/05/10/boeing-middle-east-president-on-iran.html>

[Boeing's](#) top executive in the Middle East said the company's conservative strategy will protect it from any loss of business with Iran.

Boeing is playing down an estimated loss of \$20 billion of sales to Iranian airlines after the U.S. moved to withdraw from a nuclear pact and re-impose sanctions on Tehran. Treasury Secretary Steve Mnuchin announced Wednesday that Boeing licenses to sell aircraft to Iran would be revoked following President [Donald Trump](#)'s decision.

Boeing has early agreements with Iranian airlines for 110 planes worth about \$20 billion at list prices. This pales with the U.S. firm's wider backlog which at the end of March, sat at about 5,800 airplanes.

The U.S. planemaker announced the largest of its deals with Iranian airlines in December 2016. This included 80 jets for Iran Air, including 50 of the 737 MAX 8 model.

And in April 2017, Iran Aseman Airlines signed an agreement to purchase 30 Boeing 737 MAX

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planes, with an option to buy 30 more.

Airlines analyst at Seeking Alpha, Dhierin Bechai, said in a note Wednesday that Boeing's deals with Iranian customers have only ever reached a tentative stage.

"It is hard to speak about a loss for Boeing, since no final purchase agreements with Iranian customers were ever drafted and it's really simple, you can't lose any orders if you didn't log any," Bechai said.

“There will be an effort to go out globally and talk to our partners around the world who share our interests. That is the first stage,” a senior State Department official said of plans for talks by Pompeo and his chief Iran negotiator, Brian Hook.

<https://www.reuters.com/article/us-iran-nuclear-diplomacy/pompeo-to-immediately-pursue-talks-with-allies-on-iran-u-s-officials-idUSKBN11B0EP>

The open question is whether the allies, and above all Iran, will agree to resume full-fledged talks having just seen the United States withdraw from the 2015 Iran nuclear deal and renege on its promises under the landmark arms control accord.

The U.S. hope is that Iran will be dragged to the table by the resumption of U.S. sanctions - and possibly the imposition of more - which would penalize European and other companies and likely cripple Iran's oil-driven economy.

A senior State Department official said discussions with Britain, France and Germany, as well as Japan, Iraq and Israel on next steps had already taken place since U.S. President Donald Trump on Tuesday pulled out of the nuclear pact.

California regulators on Wednesday unanimously approved a historic plan that will require most new homes in the state have rooftop solar panels that turn sunlight into electricity starting in 2020.

<https://www.cnbc.com/2018/05/09/california-approves-plan-to-mandate-solar-panels-on-new-homes.html>

With the move, California now becomes the first state in the nation to mandate solar-energy installations on most single-family homes as well as multi-family residential buildings up to three stories, including condos and apartment complexes. But some experts warn that increasing the cost to build new homes will only worsen the [state's affordable housing crisis](#).

The solar mandate is expected to add on average about \$9,500 to the cost of new houses but is projected to be offset by the solar system's long-term energy savings.

The mandate, approved 5-to-0 by the [California Energy Commission](#), is part of the state's 2019 update of energy efficiency standards and ongoing efforts to reduce greenhouse gases. The state's building sector is the [second-largest source of greenhouse gas emissions](#) when fossil fuels power plants are factored in.

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The Bank of England kept interest rates on hold after a first-quarter economic slump and said inflation will slow faster than previously anticipated.

<https://www.bloomberg.com/news/articles/2018-05-10/boe-keeps-interest-rates-on-hold-sees-inflation-cooling-faster>

The Monetary Policy Committee voted 7-2 to hold at 0.5 percent, as predicted by all but three of 54 economists in a Bloomberg survey. While Ian McCafferty and Michael Saunders reiterated their support for an immediate increase, investors pared their bets on a rate hike this year. The pound fell.

“Rate-setters have kicked the interest rate can down the road once more,” Tom Stevenson, investment director for Personal Investing at Fidelity International said.

<https://www.reuters.com/article/us-britain-boe-softdata/bank-of-england-to-wait-out-soft-data-as-it-eyes-next-rate-rise-idUSKBN1IB11N?il=0>

Britain’s economy grew more slowly than most of its peers last year after a Brexit-driven jump in inflation hit consumer spending power and some businesses delayed long-term investment. Growth slowed even more sharply in the first quarter of 2018 due to a mix of unusually snowy weather and headwinds from Britain’s impending exit from the European Union. Surveys have suggested little rebound last month.

The BoE on Thursday cut its forecasts for inflation and for growth, especially in 2018, reflecting the weak first-quarter figures which the central bank said would probably be revised up.

For now, most policymakers wanted to wait to be sure that the weakness passes quickly.

“The recent weakness in data for the first quarter had been consistent with a temporary soft patch, with few implications for ... the outlook for the UK economy,” the majority of BoE Monetary Policy Committee members said.

“There was value in seeing how the data unfolded over the coming months, to discern whether the softness in Q1 might persist,” they said.

For New York City apartment hunters, April was another good month to find a deal on rents. But no one fared better than those in northwest Queens.

<https://www.bloomberg.com/news/articles/2018-05-10/with-nyc-rents-sliding-queens-leads-the-way-on-landlord-breaks>

Rents there dropped 12 percent from a year earlier, to a median of \$2,646 a month after landlord giveaways were subtracted, according to a report Thursday by appraiser [Miller Samuel Inc.](#) and brokerage [Douglas Elliman Real Estate](#). Those giveaways were offered on 65 percent of all new leases signed in the area, excluding renewals, a record share in data going back to the beginning of 2016.

The enticements brought in more renters. New leases in northwest Queens -- Long Island City, Astoria, Sunnyside and Woodside -- jumped 11 percent to 272, the firms said.

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EQUITIES

The S&P is +1 and the NASDAQ is +8.

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 -0.40%.

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 -0.14%.

The DAX Index closed +0.29%.

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

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

Deposit Facility Rate -.40%

Next meeting 06/14/18

ASIA

Japan:

The TOPIX closed +0.27%.

The NIKKEI closed +0.39%.

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

BOJ Policy Balance Rate -0.10% (No change)

Next meeting 06/15/18

China:

The Hang Seng closed +0.89%.

The Shanghai Composite closed +0.48%.

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: 97-62.5 is the pivot. Below the pivot, you should be short, above long.
Support is at 97-60.5**.

Resistance is at 97-62.5^ and 97-64.5**.

^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: 119-21.5 is the pivot point. Above you should be long, below short.

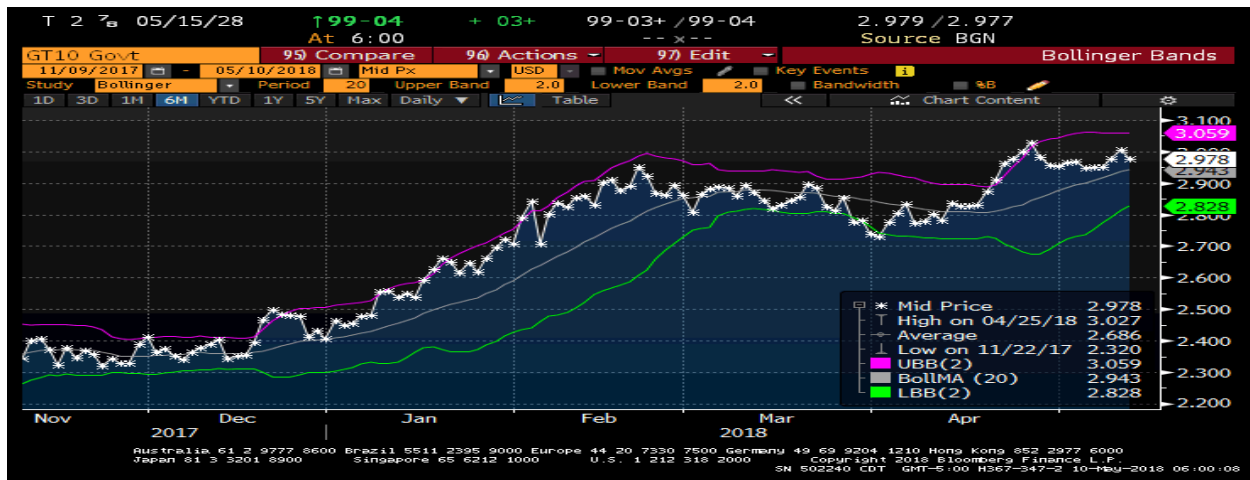
Support is at 118-26.5**

Resistance is at 119-21.5^ and 120-16.0**

^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)

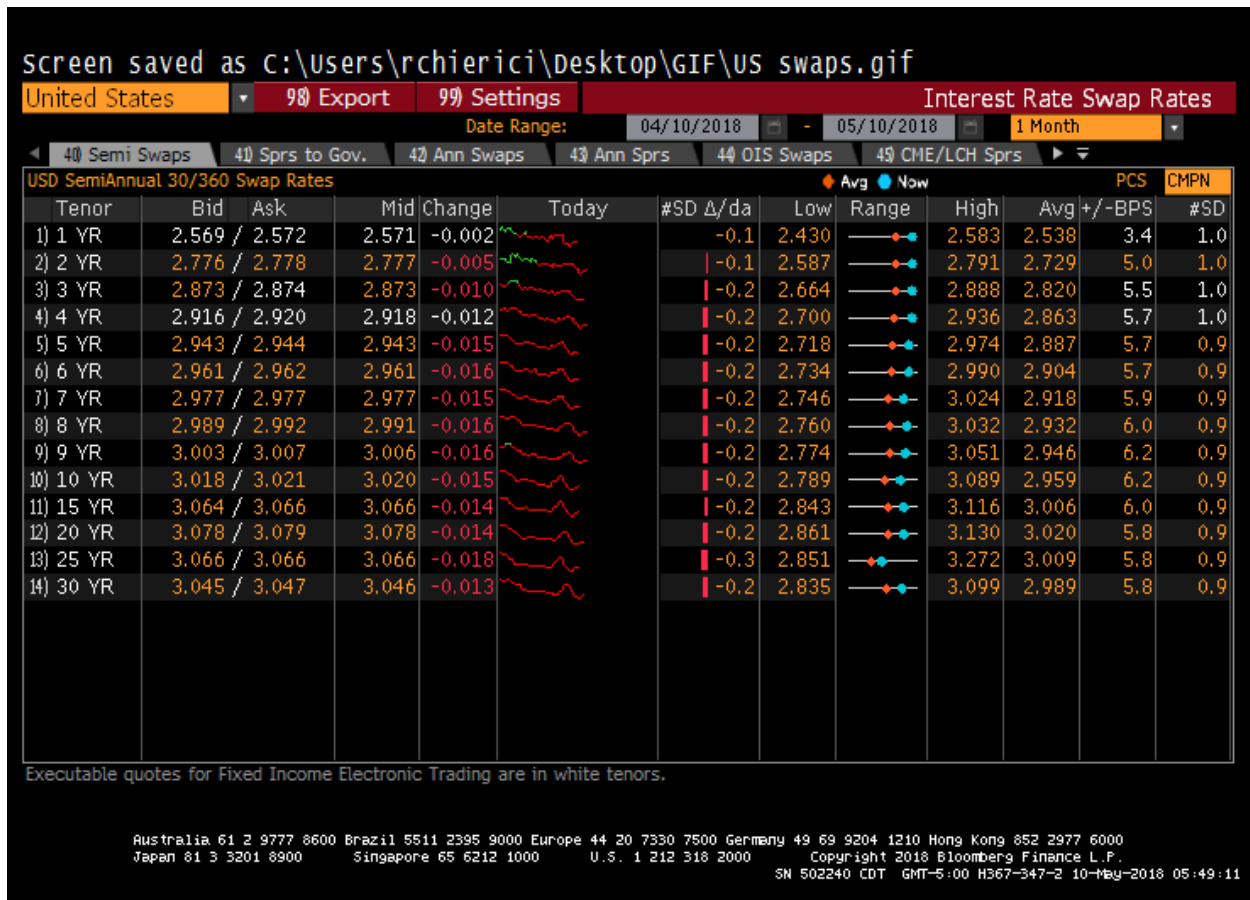
(2018) +52.0 futures ticks (\$31.25 per tick) or +\$1,625.00.

(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>



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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.	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 electricity¹ were generated at utility-scale facilities in the United States.² About 65% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases), about 20% was from nuclear energy, and about 15% was from renewable energy sources. The U.S. Energy Information Administration (EIA) estimates that an additional 19 billion kWh (or about 0.02 trillion kWh) of electricity generation was from small-scale solar photovoltaic systems in 2016.³

Major energy sources and percent shares of U.S. electricity generation at utility-scale facilities in 2016¹

Natural gas = 33.8%

Coal = 30.4%

Nuclear = 19.7%

Renewables (total) = 14.9%

Hydropower = 6.5%

Wind = 5.6%

Biomass = 1.5%

Solar = 0.9%

Geothermal = 0.4%

Petroleum = 0.6%

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Other gases = 0.3%

Other nonrenewable sources = 0.3%

Pumped storage hydroelectricity = -0.2%⁴

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

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

TRANSPORTS

Association of American Railroads Rail Traffic Report.

For this week, total U.S. weekly rail traffic was 545,937 carloads and intermodal units, up 7.5 percent compared with the same week last year.

Total carloads for the week ending May 5 were 265,563 carloads, up 6.4 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 280,374 containers and trailers, up 8.5 percent compared to 2017.

Nine of the 10-carload commodity groups posted an increase compared with the same week in 2017. They included nonmetallic minerals, up 4,192 carloads, to 41,092; coal, up 4,023 carloads, to 77,468; and grain, up 3,250 carloads, to 25,100. One commodity group posted a decrease compared with the same week in 2017: miscellaneous carloads, down 2,575 carloads, to 8,201.

For the first 18 weeks of 2018, U.S. railroads reported cumulative volume of 4,612,788 carloads, up 0.9 percent from the same point last year; and 4,875,755 intermodal units, up 5.9 percent from last year. Total combined U.S. traffic for the first 18 weeks of 2018 was 9,488,543 carloads and intermodal units, an increase of 3.4 percent compared to last year.

North American rail volume for the week ending May 5, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 371,260 carloads, up 6.4 percent compared with the same week last year, and 366,970 intermodal units, up 7.4 percent compared with last year. Total combined weekly rail traffic in North America was 738,230 carloads and intermodal units, up 6.9 percent. North American rail volume for the first 18 weeks of 2018 was 12,792,179 carloads and intermodal units, up 3 percent compared with 2017.

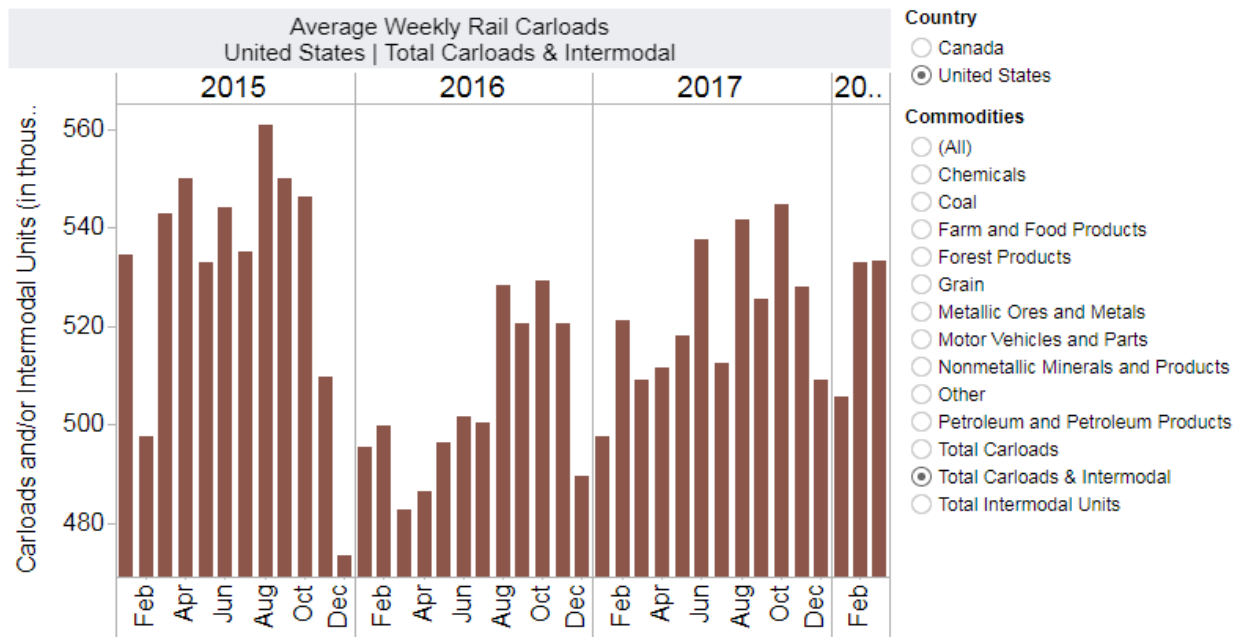
Canadian railroads reported 86,114 carloads for the week, up 5.8 percent, and 71,685 intermodal units, up 7 percent compared with the same week in 2017. For the first 18 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 2,622,890 carloads, containers and trailers, up 2.9 percent.

Mexican railroads reported 19,583 carloads for the week and 14,911 intermodal units. Cumulative volume on Mexican railroads for the first 18 weeks of 2018 was 680,746 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-may-5-2018/>

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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 railroads.



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

Trailer Truck Demand (Bloomberg Intelligence) – 05/07/18

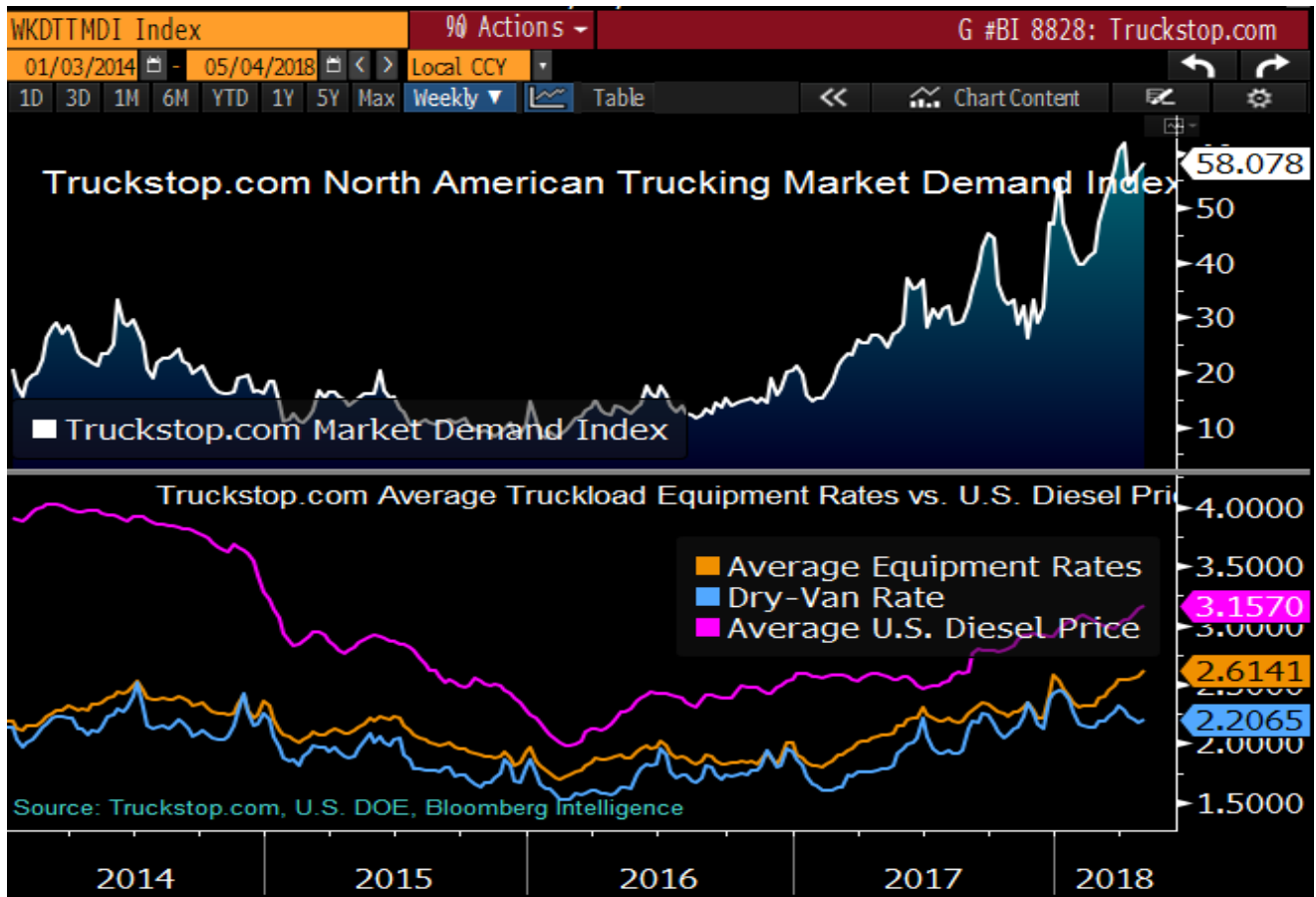
Relative North American spot-trucking demand rose 2.1% sequentially to 58.1 in the week ended April 27, based on Truckstop.com's Market Demand Index. Capacity tightened as available loads increased 1.9% and available trucks remained relatively flat (down 0.1%). Average spot rates, excluding fuel surcharges, rose 1.7% for the 13th 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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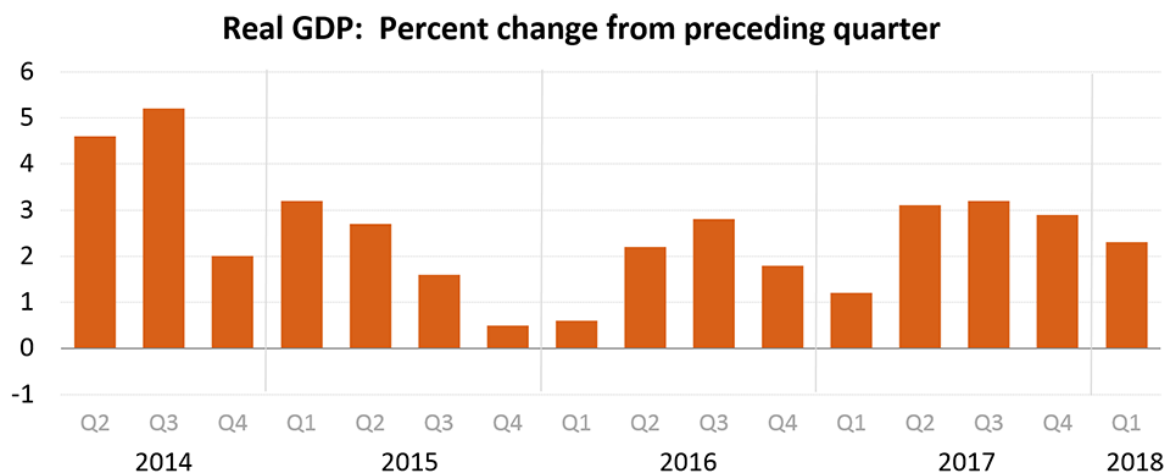


GDP

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



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

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GDP-2Q is running at *3.68% as of 5/09/18 v. *3.66% as of 5/07/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Latest forecast Q2 2018: 4.0% —May 9, 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 9, unchanged from May 3. The nowcasts of second-quarter real consumer spending growth and second-quarter real private fixed investment growth inched down from 3.1 percent and 5.6 percent, respectively, to 3.0 percent and 5.4 percent, respectively, after Friday's employment report from the U.S. Bureau of Labor Statistics. The nowcast of the contribution of inventory investment to second-quarter real GDP growth increased from 0.67 percentage points to 0.78 percentage points after this morning's wholesale trade release from the U.S. Census Bureau.*

*The next GDPNow update is **Tuesday, 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%...May 4, 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: 4.03%...May 9, 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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