



Fixed Income Group A Division of RJ O'Brien

The Missile

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(All times are CST)

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

United States Browse 14:44:05 07/02/18 - 07/06/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/02	08:45				Markit US Manufacturing PMI	Jun F	54.8	--	54.6	--
22)	07/02	09:00				Construction Spending MoM	May	0.5%	--	1.8%	--
23)	07/02	09:00				ISM Manufacturing	Jun	58.4	--	58.7	--
24)	07/02	09:00				ISM Employment	Jun	--	--	56.3	--
25)	07/02	09:00				ISM Prices Paid	Jun	74.7	--	79.5	--
26)	07/02	09:00				ISM New Orders	Jun	--	--	63.7	--
27)	07/02					Revisions: Construction Spending					
28)	07/03	09:00				Factory Orders	May	0.0%	--	-0.8%	--
29)	07/03	09:00				Factory Orders Ex Trans	May	--	--	0.4%	--
30)	07/03	09:00				Durable Goods Orders	May F	--	--	-0.6%	--
31)	07/03	09:00				Durables Ex Transportation	May F	--	--	-0.3%	--
32)	07/03	09:00				Cap Goods Orders Nondef Ex Air	May F	--	--	-0.2%	--
33)	07/03	09:00				Cap Goods Ship Nondef Ex Air	May F	--	--	-0.1%	--
34)	07/03					Wards Total Vehicle Sales	Jun	17.00m	--	16.81m	--
35)	07/04	06:00				MBA Mortgage Applications	Jun 29	--	--	-4.9%	--
36)	07/05	06:30				Challenger Job Cuts YoY	Jun	--	--	-4.8%	--
37)	07/05	07:15				ADP Employment Change	Jun	190k	--	178k	--
38)	07/05	07:30				Initial Jobless Claims	Jun 30	225k	--	227k	--
39)	07/05	07:30				Continuing Claims	Jun 23	1720k	--	1705k	--

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 6788-5313-3 29-Jun-2018 14:44:05

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Fed Speak Calendar
(All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		11:59:15		06/29/18		- 08/31/18			
Central Banks		All Central Banks						View		Agenda Weekly	
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
21)	07/05 13:00				FOMC Meeting Minutes	Jun 13	--	--	--	--	
22)	07/12 07:30				Fed's Kashkari Speaks on Panel Discussing Immigration						
23)	07/13 11:30				Fed's Bostic Holds Town Hall Chat in Northern Virginia						
24)	07/18 13:00				U.S. Federal Reserve Releases Beige Book						
25)	08/01 13:00				FOMC Rate Decision (Upper Bou...	Aug 1	2.00%	--	2.00%	--	
26)	08/01 13:00				FOMC Rate Decision (Lower Bo...	Aug 1	1.75%	--	1.75%	--	
27)	08/22 13:00				FOMC Meeting Minutes	Aug 1	--	--	--	--	

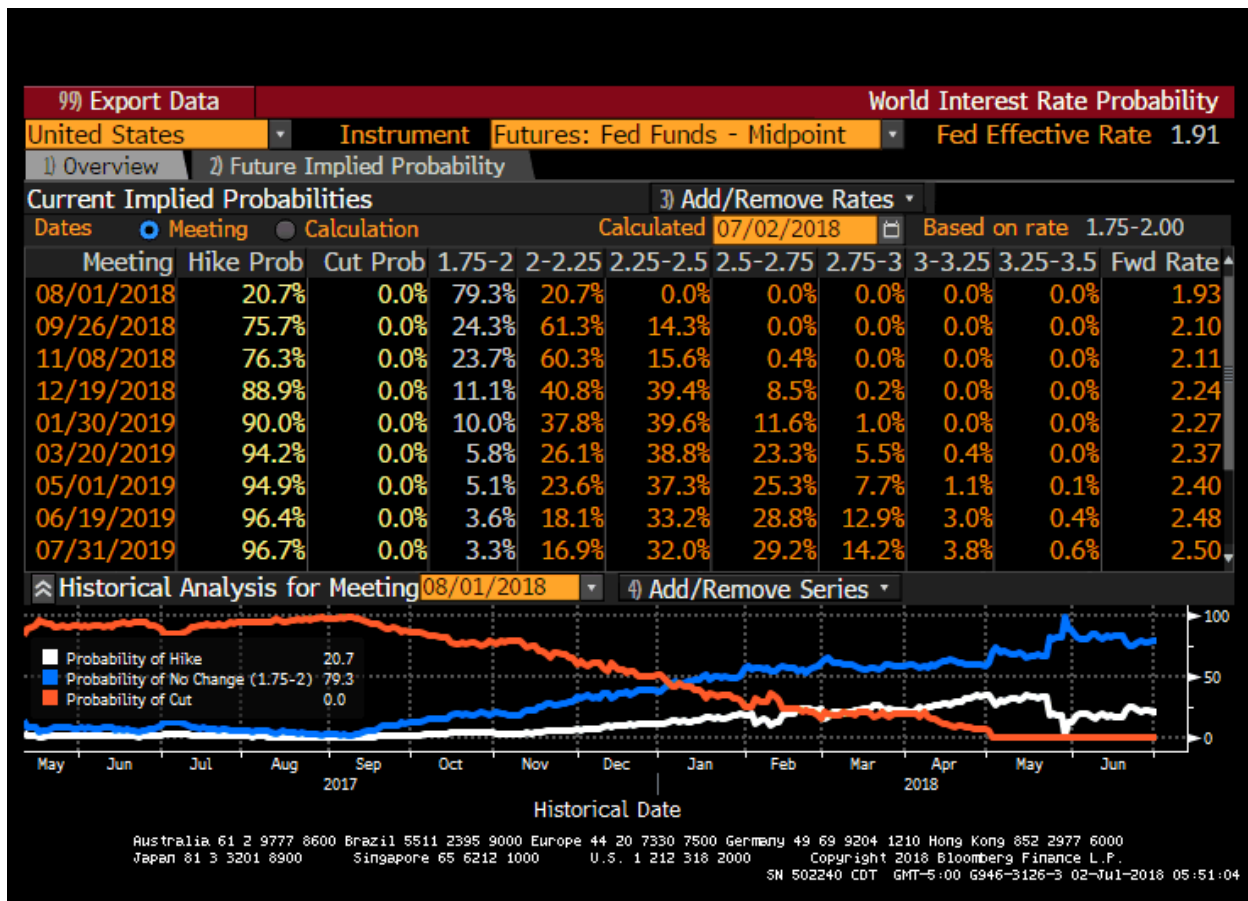
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction \$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018 \$50
4-week	06/28/2018	07/02/2018	07/05/2018	TBA		TBA	06/26/2018 \$35
3-month	06/28/2018	07/02/2018	07/05/2018	912796QB8		TBA	06/25/2018 \$48
6-month	06/28/2018	07/02/2018	07/05/2018	912796PK9		TBA	06/25/2018 \$42
1-year	07/12/2018	07/17/2018	07/19/2018	TBA		TBA	06/19/2018 \$26
Note Auctions							
2-year	07/19/2018	07/24/2018	07/31/2018	TBA		TBA	06/26/2018 \$34
3-year	07/05/2018	07/10/2018	06/15/2018	TBA		TBA	06/11/2018 \$32
5-year	07/19/2018	07/25/2018	07/31/2018	TBA		TBA	06/27/2018 \$36
7-year	07/19/2018	06/28/2018	07/02/2018	912828XZ8		\$30	05/24/2018 \$30
10-year	07/05/2018	07/11/2018	06/15/2018	TBA	R	TBA	06/11/2018 \$22
Bond Auctions							
30-year	07/05/2018	07/12/2018	06/15/2018	TBA	R	TBA	05/10/2018 \$14

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TIPS Auctions								
5-yr TIPS	08/16/2018	08/23/2018	08/31/2018	TBA	R	TBA	04/19/2018	\$16
10-yr TIPS	07/12/2018	07/19/2018	07/31/2018	TBA		TBA	05/17/2018	\$11
30-yr TIPS	10/11/2018	10/18/2018	10/31/2018	TBA	R	TBA	06/21/2018	\$5
Floating Rate Note								
2-year FRN	07/19/2018	06/27/2018	06/29/2018	9128284K3	R	\$16	05/23/2018	\$16
Buyback Operation								
Buyback	TBA	TBA	TBA	TBA	TBA	TBA	11/15/2017	\$.025

Current 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, June 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	2.8	2.4	2.0	1.8	2.7-3.0	2.2-2.6	1.8-2.0	1.8-2.0	2.5-3.0	2.1-2.7	1.5-2.2	1.7-2.1
March projection	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
Unemployment rate	3.6	3.5	3.5	4.5	3.6-3.7	3.4-3.5	3.4-3.7	4.3-4.6	3.5-3.8	3.3-3.8	3.3-4.0	4.1-4.7
March projection	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
PCE inflation	2.1	2.1	2.1	2.0	2.0-2.1	2.0-2.2	2.1-2.2	2.0	2.0-2.2	1.9-2.3	2.0-2.3	2.0
March projection	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
Core PCE inflation ⁴	2.0	2.1	2.1		1.9-2.0	2.0-2.2	2.1-2.2		1.9-2.1	2.0-2.3	2.0-2.3	
March projection	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	
Memo: Projected appropriate policy path												
Federal funds rate	2.4	3.1	3.4	2.9	2.1-2.4	2.9-3.4	3.1-3.6	2.8-3.0	1.9-2.6	1.9-3.6	1.9-4.1	2.3-3.5
March projection	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

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 March projections were made in conjunction with the meeting of the Federal Open Market Committee on March 20-21, 2018. 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 March 20-21, 2018, meeting, and one participant did not submit such projections in conjunction with the June 12-13, 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/fomcprojtab120180613.pdf>

Libor Set

1-Month Libor Set	2.09994	+.00969	(97.90031)
3-Month Libor Set	2.34250	+.00675	(97.65740)
6-Month Libor Set	2.50969	+.00844	(97.49031)
1-Year Libor Set	2.77156	+.00750	(97.22844)

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THEY SAID IT

“The administration is threatening to undermine the economic progress it worked so hard to achieve,” said Chamber President Tom Donohue in a statement to Reuters. “We should seek free and fair trade, but this is just not the way to do it.”

<https://www.cnbc.com/2018/07/02/largest-us-business-group-attacks-trump-on-tariffs.html>

The new campaign, detailed first to Reuters, is an aggressive effort by the business lobbying giant. Using a state-by-state analysis, it argues that Trump is risking a global trade war that will hit the wallets of U.S. consumers.

The Chamber, which has 3 million members, historically has worked closely with Republican presidents and praised Trump for signing business tax cuts in December. But mounting trade tensions have opened a rift with the president.

For example, the Chamber said Texas could see \$3.9 billion worth of exports targeted by retaliatory tariffs; Tennessee, \$1.4 billion; and South Carolina, \$3 billion.

The United States could get a new round of retaliatory tariffs worth as much as \$300 billion, if it moves ahead with new duties on European cars, the [Financial Times](#) reported.

<https://www.cnbc.com/2018/07/02/eu-warns-of-new-tariffs-worth-300-billion-if-trump-targets-automakers.html>

In a written statement to the U.S. Department of Commerce, seen by the news publication, the EU set out clear plans to respond to potential U.S. duties on European cars. According to the newspaper, [European leaders](#) are getting more convinced that President Donald Trump will put new tariffs on European cars.

The written submission sent by the EU also highlighted that European-owned car brands represented more than a quarter of U.S. car production. It added that this was mainly focused on exportation and any tariffs would fragment markets, raise prices for the American consumer and potentially lead to job losses.

Speaking to Fox News over the weekend, Trump said that the EU is “possibly as bad as China, just smaller” when speaking on trade deficits with other countries. He added: “It is terrible what they do to us.”

“We don’t expect policymakers to encourage material RMB depreciation,” China economists at the bank, led by Robin Xing in Hong Kong, wrote in a July 1 note, referring to the renminbi, the official name of China’s currency. “The PBOC could step up intervention if depreciation risk intensifies.”

<https://www.bloomberg.com/news/articles/2018-07-02/china-will-halt-any-disorderly-yuan-slide-morgan-stanley-says>

China is not using yuan depreciation as a tool in its trade conflict with the U.S., and will likely step in to avert any disorderly decline, according to Morgan Stanley.

The People’s Bank of China has already signaled that it’s on alert for excessive declines, by setting the yuan’s reference rate on the strong side of what models had predicted last week, according to Morgan Stanley. Strategists at Goldman Sachs Group Inc. also on Friday concluded that the PBOC has been “leaning against excessive depreciation in recent days.”

Andres Manuel Lopez Obrador was elected as Mexico’s first left-wing president in recent times, riding a public revolt against rampant crime, corruption and poverty and handing a crushing defeat to the business-friendly parties who’ve run the country for decades.

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The earliest figures announced by the electoral board gave Lopez Obrador 53 percent of the vote. Ricardo Anaya, leader of a right-left coalition, had about 22 percent and Jose Antonio Meade, the candidate of the incumbent PRI party, took 16 percent.

<https://www.bloomberg.com/news/articles/2018-07-01/mexico-heads-to-polls-with-leftist-on-brink-of-historic-victory>

In a televised address later on Sunday, Lopez Obrador promised “deep changes” and said that while he’ll respect all Mexicans, “we’ll give preference to the poorest, and to the forgotten.” But he made a point of allaying market concerns too, promising to respect the central bank’s autonomy, avoid raising taxes in real terms, and stay within “legal channels” as he reviews oil deals approved under the outgoing president, Enrique Pena Nieto.

(The Structure of the Mexican Government)

The presidency is the paramount institution, not only of the Mexican state, but of the entire Mexican political system. Critics have pejoratively labeled the presidency the "six-year monarchy" because of the seemingly unchecked power that historically has resided in the office.

<http://countrystudies.us/mexico/82.htm>

In addition to the president's prerogatives in legislative matters, he or she may freely appoint and dismiss cabinet officials and almost all employees of the executive branch. Subject to traditionally routine ratification by the Senate, the president appoints ambassadors, consuls general, magistrates of the Supreme Court, and the mayor of the Federal District. The president also appoints the magistrates of the Supreme Court of the Federal District, subject to ratification by the Chamber of Deputies. Presidential appointment authority also extends downward through the federal bureaucracy to a wide assortment of midlevel offices in the secretariats, other cabinet-level agencies, semiautonomous agencies, and parastatal (see Glossary) enterprises. This extensive appointment authority provides a formidable source of patronage for incoming administrations and has been an important factor in ensuring the regular, orderly turnover in office of competing elite factions within the official party.

Despite the nominally federal character of the Mexican state, presidents have historically played a decisive role in the selection and removal of state governors, all of whom, until 1991, were members of the PRI.

The president confers broad powers on cabinet secretaries, although the cabinet rarely meets as a single body. There is a hierarchy of influence among the different cabinet posts, and the power of a minister or secretary varies, depending on the priorities set by a particular president as well as the resources available at the time. Traditionally, the secretary of interior has been an influential figure and often has been chosen to succeed the president.

The legislative branch of the Mexican government consists of a bicameral congress (Congreso de la Unión) divided into an upper chamber, or Senate (Cámara de Senadores), and a lower chamber, or Chamber of Deputies (Cámara de Diputados). As in the United States, both chambers are responsible for the discussion and approval of legislation and the ratification of high-level presidential appointments. In theory, the power of introducing bills is shared with the executive, although in practice the executive initiates about 90 percent of all legislation.

The congress holds two ordinary sessions per year. The first session begins on November 1 and continues until no later than December 31; the second session begins on April 15 and may continue until July 15. A Permanent Committee (Comisión Permanente), consisting of thirty-seven members (eighteen senators and nineteen deputies), assumes legislative responsibilities

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during congressional recesses. The president may call for extraordinary sessions of congress to deal with important legislation.

Historically, the Senate consisted of sixty-four members, two members for each state and two representing the Federal District elected by direct vote for six-year terms. However, as part of the electoral reforms enacted by the Salinas government in 1993, the Senate was doubled in size to 128 members, with one of each state's four seats going to whichever party comes in second in that state. Since 1986 the Chamber of Deputies has consisted of 500 members, 200 of whom are elected by proportional representation from among large plurinominal districts, and the remainder from single-member districts. Members of the Chamber of Deputies serve three-year terms. All members of the congress are barred from immediate reelection but may serve nonconsecutive terms.

The powers of the congress include the right to pass laws, impose taxes, declare war, approve the national budget, approve or reject treaties and conventions made with foreign countries, and ratify diplomatic appointments. The Senate addresses all matters concerning foreign policy, approves international agreements, and confirms presidential appointments. The Chamber of Deputies, much like the United States House of Representatives, addresses all matters pertaining to the government's budget and public expenditures. As in the United States, in cases of impeachment, the Chamber of Deputies has the power to prosecute, and the Senate acts as the jury. In some instances, both chambers share certain powers, such as establishing committees to discuss particular government issues and question government officials. The deputies have the power to appoint a provisional president. In the event of impeachment, the two chambers are convened jointly as a General Congress. Each legislative chamber has a number of committees that study and recommend bills. If there is disagreement between the chambers, a joint committee is appointed to draft a compromise version.

The judicial branch of the Mexican government is divided into federal and state systems. Mexico's highest court is the Supreme Court of Justice, located in Mexico City. It consists of twenty-one magistrates and five auxiliary judges, all appointed by the president and confirmed by the Senate or the Permanent Committee.

Mexican supreme court justices must be Mexican citizens by birth, thirty-five to sixty-five years old, and must have resided in Mexico and held a law degree during the five years preceding their nomination. According to the constitution, supreme court justices are appointed for life but are subject to impeachment by the Chamber of Deputies. In practice, the justices, along with the entire federal judiciary, traditionally submit their resignations at the beginning of each *sexenio*.

“Tighter finance conditions and less investment activity have been the primary drivers of weaker housing market conditions, and we don’t see either of these factors relaxing over the second half of 2018,” CoreLogic’s head of research Tim Lawless said.

<https://www.bloomberg.com/news/articles/2018-07-02/australia-property-prices-fall-for-ninth-month-on-tighter-credit>

Australian housing prices fell for a ninth straight month in June as tighter credit rules weigh on buyers.

Property values fell 0.2 percent nationally last month, to be 1.3 percent lower than their September peak, according to CoreLogic Inc. data released Monday. The decline was led by the biggest cities, with prices falling 0.3 percent in Sydney and 0.4 percent in Melbourne.

Barely a week after OPEC's decision to ramp up oil supplies, President Donald Trump surprised the world on Saturday by announcing a new side agreement with the

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Saudis to compensate for supply shortages from crisis-hit producers, [Iran](#) and [Venezuela](#). Both countries resisted the oil cartel's decision last month, even though OPEC demurred on how much it would boost supply.

<https://www.cnbc.com/2018/06/30/oil-deal-may-stir-the-pot-in-the-middle-east-and-test-saudi-capacity.html>

The president and King Salman agreed that Saudi Arabia would add more output to a market that's seen [crude](#) shoot to its highest level in more than 3 years above \$74 per barrel. According to Trump, the world's 3rd largest oil producer will inject up to 2 million barrels a day to world oil markets — a figure Saudi officials did not immediately verify in a readout confirming the call between Trump and Salman. In a statement issued later in the day, the White House softened the 2 million barrel target, saying that Salman "affirmed" its spare capacity, "which it will prudently use if and when necessary" to smooth out oil markets.

“Any increase in the production by any member country beyond commitments stipulated in OPEC’s decisions ... would constitute breach of the agreement,” Zanganeh wrote in the letter seen by Reuters and reported by Iranian state media.

“I hereby request your excellency to remind [OPEC](#) member countries to adhere to their commitments... refrain from any unilateral measures undermining the unity and independence of the OPEC,” he added.

<https://www.cnbc.com/2018/07/01/iran-urges-opec-members-to-refrain-from-unilateral-actions.html>

Iran has asked fellow OPEC members to “refrain from any unilateral measures”, warning that would undermine the unity of OPEC, following reports that Saudi Arabia has [raised its oil production](#) to a record high this month.

As Tehran seeks ways to counter U.S. sanctions that would restrict its exports and eat into its market share, Iranian Oil Minister Bijan Zanganeh wrote to his UAE counterpart, Suhail al-Mazrouei, who holds the OPEC presidency in 2018, urging him to remind OPEC members to adhere to last month’s agreement.

Bolton told CBS’s “Face the Nation” that Washington has devised a program to dismantle North Korea’s weapons of mass destruction - chemical, biological and nuclear - and ballistic missile programs in a year, if there is full cooperation and disclosure from Pyongyang.

“If they have the strategic decision already made to do that and they’re cooperative, we can move very quickly,” he said. “Physically we would be able to dismantle the overwhelming bulk of their programs within a year.”

<https://www.reuters.com/article/us-northkorea-missiles-usa/u-s-has-plan-to-dismantle-north-korea-nuclear-program-within-a-year-bolton-idUSKBN1JR1KP>

He said Secretary of State Mike Pompeo will likely discuss that proposal with the North Koreans soon. The Financial Times reported that Pompeo was due to visit North Korea this week but the State Department has not confirmed any travel plans.

South Korea media reported on Sunday that Sung Kim, the U.S. ambassador to the Philippines, met with North Korean officials on Sunday at the border village of Panmunjom within the demilitarized zone separating the two Koreas to coordinate an agenda for Pompeo’s next visit to North Korea.

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EQUITIES

The S&P is **-13** and the NASDAQ is **-60**.

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 -0.92%.

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

BOE Rate +0.50%. (No change).

Next meeting 06/21/18

On the European Continent

The CAC Index closed -1.09%.

The DAX Index closed -0.50%.

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 -2.06%.

The NIKKEI closed -2.21%.

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

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

Next meeting 06/15/18

China:

The Hang Seng was closed for a public holiday.

The Shanghai Composite closed -2.52%.

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

EDU8: 97-53.0 is the pivot. Below the pivot, you should be short, above long. Support is at 97-50.5** and 97.53.0^.

Resistance is at 97-55.5**.

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

** 2-STD Deviations from the pivot point.

New trend would have you long but I have elected to go flat. (6/26/18).



YTD (per contract)

2018 +36.5 ticks (+\$912.50)

2017 +33.0 ticks (+\$825.00)

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10yr/TYU8: 119-24.0 is the pivot point. Above you should be long, below short.

Support is at **119-02.5** and **119-24.0**^{^*}

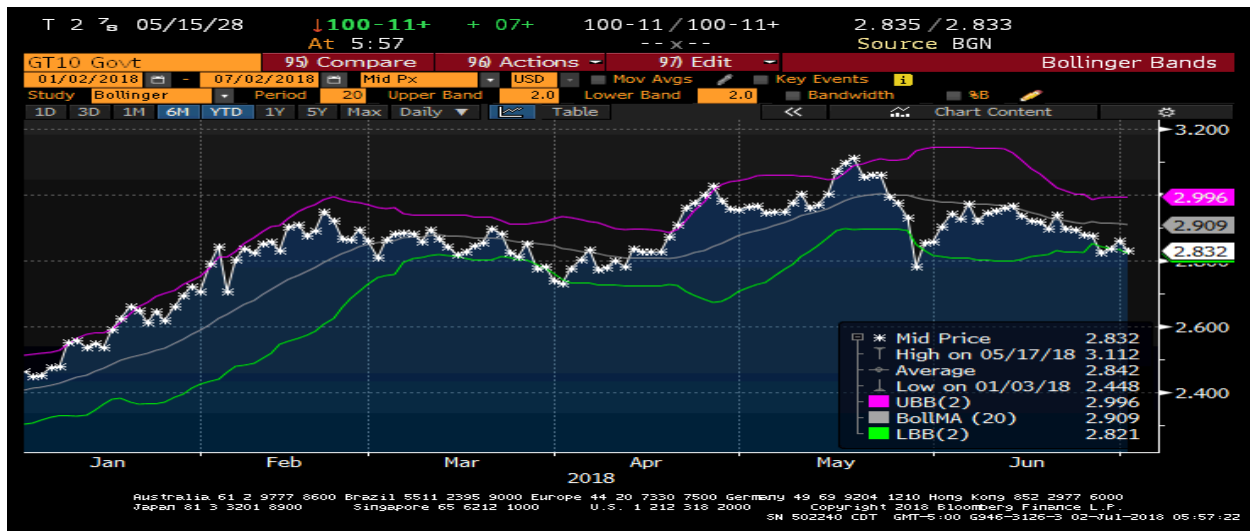
Resistance is at **120-14.0**

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

** 2-STD Deviations from the pivot point

Current trend has you long from 119-25.0 (6/22/18).

I have elected to go flat and wait for a clearer trend.



YTD (per contract)

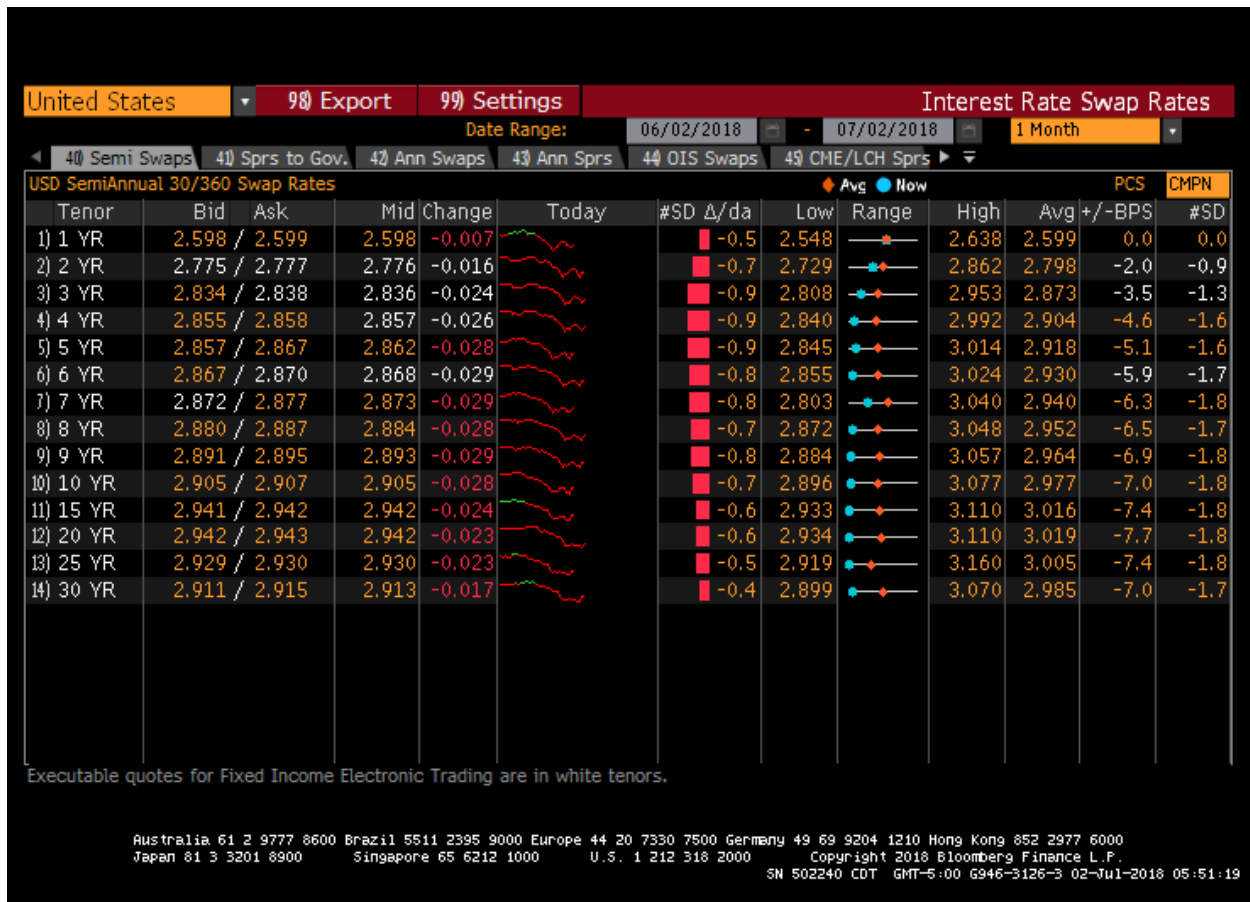
(2018) +106.0 futures ticks (\$31.25 per tick) or +\$3,312.50.

(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.



Charge-off Delinquency Rates on Loans and Leases at Commercial Banks

<https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>

St. Louis Fed Agriculture Finance Monitor 1st quarter 2018

For the seventeenth consecutive quarter, agricultural bankers in the Eighth Federal Reserve District, on net, reported that farm income had declined compared with a year earlier. This quarter's survey assesses agricultural finance conditions during the first quarter of 2018. Bankers also reported that farm household spending and capital expenditures remained below year-earlier levels in the first quarter. Compared with the previous survey, slightly more bankers were more optimistic about the prospects for farm income, household income, and capital expenditures over the next three months. Quality farmland values fell slightly in the first quarter from a year earlier, as did cash rents on quality farmland. By contrast, ranchland or pastureland values rose sharply in the first quarter, as did cash rents on this type of land. Judging from the expectations for several farm-related metrics reported last quarter, respondents generally believe that economic conditions in the farm economy in the first quarter of 2018 were modestly better than anticipated three months earlier. Interest rates on four of the six fixed- and variable-rate loan categories rose slightly in the first quarter. There were three special questions in this quarter's survey. Results from the first question indicated that nearly all bankers made loans to row crop farmers, while roughly three-quarters made loans to farmers with cattle operations. The second and third special

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questions looked at off-farm income for farmers. Nearly four of five bankers reported that half or less of the farmers they lend to have full- or part-time off-farm jobs. A similar percentage indicated that half or less of the farmers they lend to would have difficulty servicing their farm-related debt without off-farm income.

<https://research.stlouisfed.org/publications/regional/ag-finance/2018/05/10/2018-first-quarter/>

How do Farm Incomes Compare to the average population

<https://www.ers.usda.gov/faqs/#Q4>

Baker Hughes Rig Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	29 June 2018	1,047	-5	22 June 2018	+107	30 June 2017
Canada	29 June 2018	172	+12	22 June 2018	-17	30 June 2017
International	May 2018	967	-11	April 2018	+10	May 2017

<http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsoverview>

EV Outlook 2018

Executive summary:

Sales of new electric cars worldwide surpassed 1 million units in 2017 – a record volume. This represents a growth in new electric car sales of 54% compared with 2016. Electric cars accounted for 39% of new car sales in Norway in 2017 – the world’s most advanced market of electric cars in terms of sales share. 2 Iceland and Sweden, the next two most successful markets, achieved 11.7% and 6.3% electric car sales share, respectively, in 2017. 3 More than half of global sales of electric cars were in the People’s Republic of China (hereafter, “China”), where electric cars had a market share of 2.2% in 2017. Electric cars sold in the Chinese market more than doubled the amount delivered in the United States, the second-largest electric car market globally. Electrification of other transport modes is also developing quickly, especially for two-wheelers and buses. In 2017, sales of electric buses were about 100 000 and sales of two-wheelers are estimated at 30 million; for both modes, the vast majority was in China.

<https://www.iea.org/gevo2018/>

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What is U.S. electricity generation by energy source?

In 2017, about 4,015 billion kilowatthours (kWh) (or 4.01 trillion kWh) of electricity were generated at utility-scale facilities in the United States.¹ About 63% of this electricity generation was from fossil fuels (coal, natural gas, petroleum, and other gases). About 20% was from nuclear energy, and about 17% was from renewable energy sources. The U.S. Energy Information Administration estimates that an additional 24 billion kWh of electricity generation was from small-scale solar photovoltaic systems in 2017.²

U.S. electricity generation by source, amount, and share of total in 2017 ¹		
Energy source	Billion kWh	Share of total
Total - all sources	4,015	
Fossil fuels (total)	2,495	62.7%
Natural gas	1,273	31.7%
Coal	1,208	30.1%
Petroleum (total)	21	0.5%
Petroleum liquids	13	0.3%
Petroleum coke	9	0.2%
Other gases	14	0.4%
Nuclear	805	20.0%
Renewables (total)	687	17.1%
Hydropower	300	7.5%
Wind	254	6.3%
Biomass (total)	64	1.6%
Wood	43	1.1%
Landfill gas	11	0.3%
Municipal solid waste (biogenic)	7	0.2%
Other biomass waste	3	0.1%
Solar (total)	53	1.3%
Photovoltaic	50	1.2%
Solar thermal	3	0.1%
Geothermal	16	0.4%
Pumped storage hydropower ³	-6	-0.2%
Other sources	13	0.3%

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

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TRANSPORTS

Association of American Railroads Rail Traffic Report.

For the first 25 weeks of 2018, U.S. railroads reported cumulative volume of 6,476,498 carloads, up 1.3 percent from the same point last year; and 6,860,230 intermodal units, up 5.9 percent from last year. Total combined U.S. traffic for the first 25 weeks of 2018 was 13,336,728 carloads and intermodal units, an increase of 3.6 percent compared to last year.

For this week, total U.S. weekly rail traffic was 557,340 carloads and intermodal units, up 3.7 percent compared with the same week last year.

Total carloads for the week ending June 23 were 268,464 carloads, up 2.5 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 288,876 containers and trailers, up 4.9 percent compared to 2017.

Nine of the 10-carload commodity groups posted an increase compared with the same week in 2017.

They included metallic ores and metals, up 2,297 carloads, to 24,786; grain, up 2,237 carloads, to 24,104; and chemicals, up 2,059 carloads, to 32,422. One commodity group posted a decrease compared with the same week in 2017: coal, down 3,103 carloads, to 83,006.

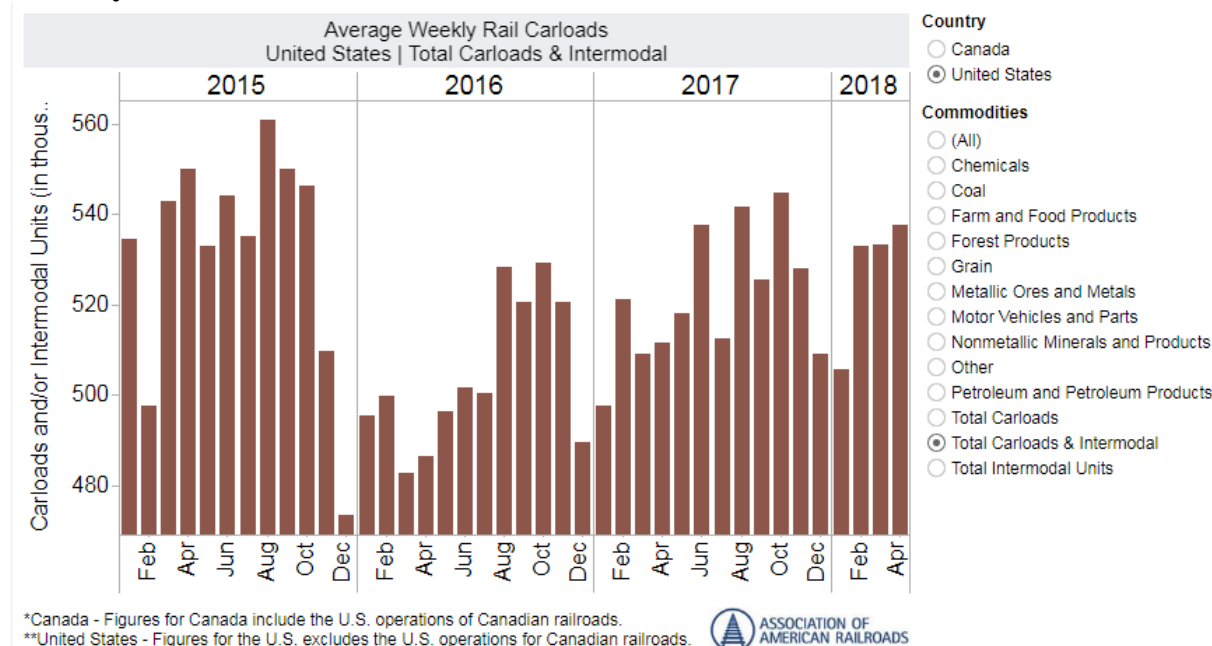
North American rail volume for the week ending June 23, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 373,229 carloads, up 2.8 percent compared with the same week last year, and 376,161 intermodal units, up 3.9 percent compared with last year. Total combined weekly rail traffic in North America was 749,390 carloads and intermodal units, up 3.3 percent. North American rail volume for the first 25 weeks of 2018 was 17,975,309 carloads and intermodal units, up 3.2 percent compared with 2017.

Canadian railroads reported 83,301 carloads for the week, up 6.5 percent, and 69,868 intermodal units, up 4.1 percent compared with the same week in 2017. For the first 25 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 3,686,302 carloads, containers and trailers, up 3.5 percent.

Mexican railroads reported 21,464 carloads for the week and 17,417 intermodal units. Cumulative volume on Mexican railroads for the first 25 weeks of 2018 was 952,279 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-june-23-2018/>

Monthly Rail Traffic Charts



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

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Trailer Truck Demand

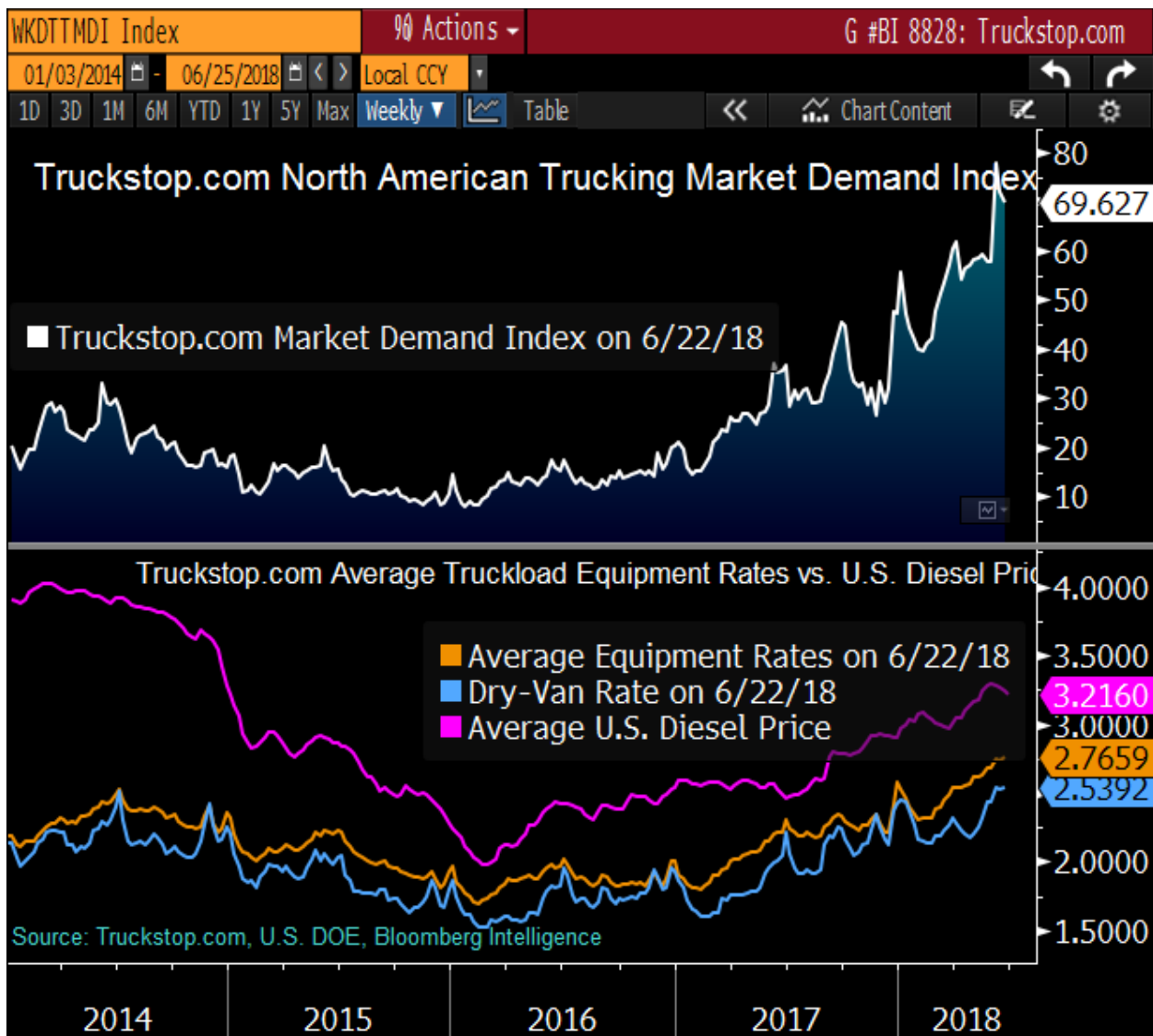
(Bloomberg Intelligence) – 06/25/18

Relative North American spot-trucking demand retreated 3% sequentially to 69.6 in the week ended June 22, based on Truckstop.com's Market Demand Index. For the second straight week, the index gave back some of the 35% surge from the annual road check inspections on June 5-7 across North America, when many drivers park their trucks. The MDI has climbed about 127% on average in 2018, which indicates very tight market capacity relative to last year. This has driven rates, excluding fuel surcharges, up 26% this year.

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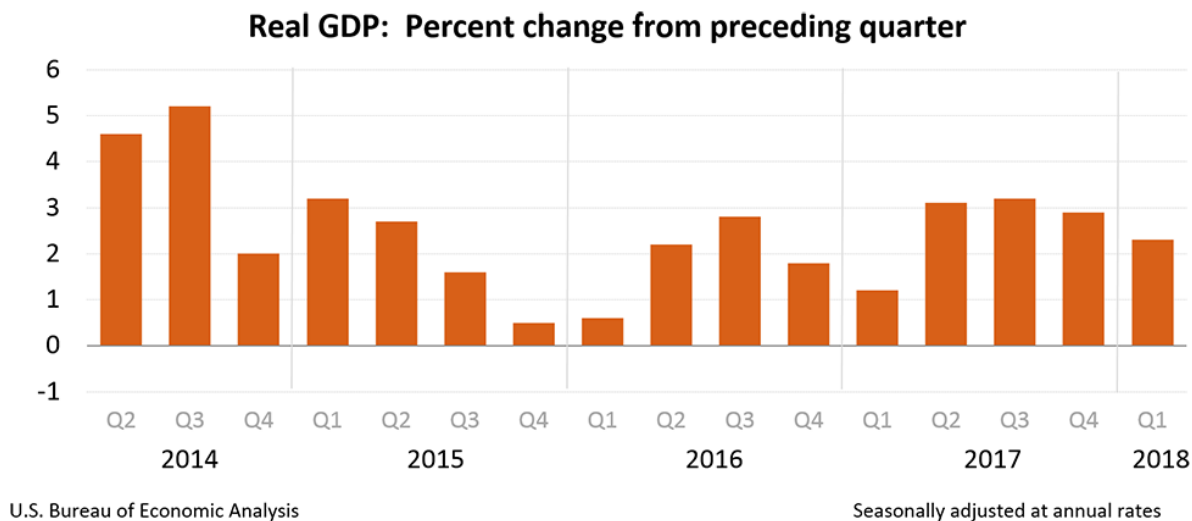
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GDP

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 *3.48% as of 6/29/18 v. *3.61% as of 6/27/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q2 2018: 3.8 % —June 29, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2018 is **3.8 percent** on June 29, down from 4.5 percent on June 27. The nowcast of second-quarter real personal consumption expenditures growth declined from 3.7 percent to 2.7 percent after this morning's personal income and outlays report from the U.S.

*Bureau of Economic Analysis. The next GDPNow update is **Monday, July 2.***

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...Q2 2018: 2.8%...June 29, 2018

The New York Fed Staff Nowcast stands at 2.8% for 2018:Q2 and 2.5% for 2018:Q3.

News from this week's data releases decreased the nowcast for both quarters by 0.1 percentage point.

Negative surprises from the advance durable goods report and personal consumption expenditures data were only partially offset by a positive surprise from new home sales data.

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

St. Louis Fed Real GDP Nowcast... Q2 2018: 3.83%...June 29, 2018

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

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MANUFACTURING AT A GLANCE
MAY 2018

Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	58.7	57.3	+1.4	Growing	Faster	21
New Orders	63.7	61.2	+2.5	Growing	Faster	29
Production	61.5	57.2	+4.3	Growing	Faster	21
Employment	56.3	54.2	+2.1	Growing	Faster	20
Supplier Deliveries	62.0	61.1	+0.9	Slowing	Faster	20
Inventories	50.2	52.9	-2.7	Growing	Slower	5
Customers' Inventories	39.6	44.3	-4.7	Too Low	Faster	20
Prices	79.5	79.3	+0.2	Increasing	Faster	27
Backlog of Orders	63.5	62.0	+1.5	Growing	Faster	16
New Export Orders	55.6	57.7	-2.1	Growing	Slower	27
Imports	54.1	57.8	-3.7	Growing	Slower	16
OVERALL ECONOMY				Growing	Faster	109
Manufacturing Sector				Growing	Faster	21

Average for 12 months - 58.7

High - 60.8

Low - 56.5

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<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>

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