



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

9 <G0> to Save as Default

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

United States Browse 14:04:56 07/27/18 - 08/02/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/27	07:30				Revisions: GDP					
22)	07/27	07:30				GDP Annualized QoQ	2Q A	4.2%	--	2.0%	--
23)	07/27	07:30				Personal Consumption	2Q A	3.0%	--	0.9%	--
24)	07/27	07:30				GDP Price Index	2Q A	2.3%	--	2.2%	--
25)	07/27	07:30				Core PCE QoQ	2Q A	2.2%	--	2.3%	--
26)	07/27	09:00				U. of Mich. Sentiment	Jul F	97.1	--	97.1	--
27)	07/27	09:00				U. of Mich. Current Conditions	Jul F	--	--	113.9	--
28)	07/27	09:00				U. of Mich. Expectations	Jul F	--	--	86.4	--
29)	07/27	09:00				U. of Mich. 1 Yr Inflation	Jul F	--	--	2.9%	--
30)	07/27	09:00				U. of Mich. 5-10 Yr Inflation	Jul F	--	--	2.4%	--
31)	07/30	09:00				Pending Home Sales MoM	Jun	0.5%	--	-0.5%	--
32)	07/30	09:00				Pending Home Sales NSA YoY	Jun	--	--	-2.8%	--
33)	07/30	09:30				Dallas Fed Manf. Activity	Jul	31.0	--	36.5	--
34)	07/31	07:30				PCE Core YoY	Jun	2.0%	--	2.0%	--
35)	07/31	07:30				Personal Income	Jun	0.4%	--	0.4%	--
36)	07/31	07:30				Personal Spending	Jun	0.5%	--	0.2%	--
37)	07/31	07:30				Real Personal Spending	Jun	--	--	0.0%	--
38)	07/31	07:30				PCE Deflator MoM	Jun	0.1%	--	0.2%	--
39)	07/31	07:30				PCE Deflator YoY	Jun	2.4%	--	2.3%	--

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 6722-4175-2 26-Jul-2018 14:04:56

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Fed Speak Calendar (All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		14:42:57		07/23/18		-		08/31/18	
Central Banks		All Central Banks		View		Agenda		Weekly			
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
08/01	13:00				FOMC Rate Decision (Upper Bou...	Aug 1	2.00%	--	2.00%	--	
08/01	13:00				FOMC Rate Decision (Lower Bo...	Aug 1	1.75%	--	1.75%	--	
08/22	13:00				FOMC Meeting Minutes	Aug 1	--	--	--	--	

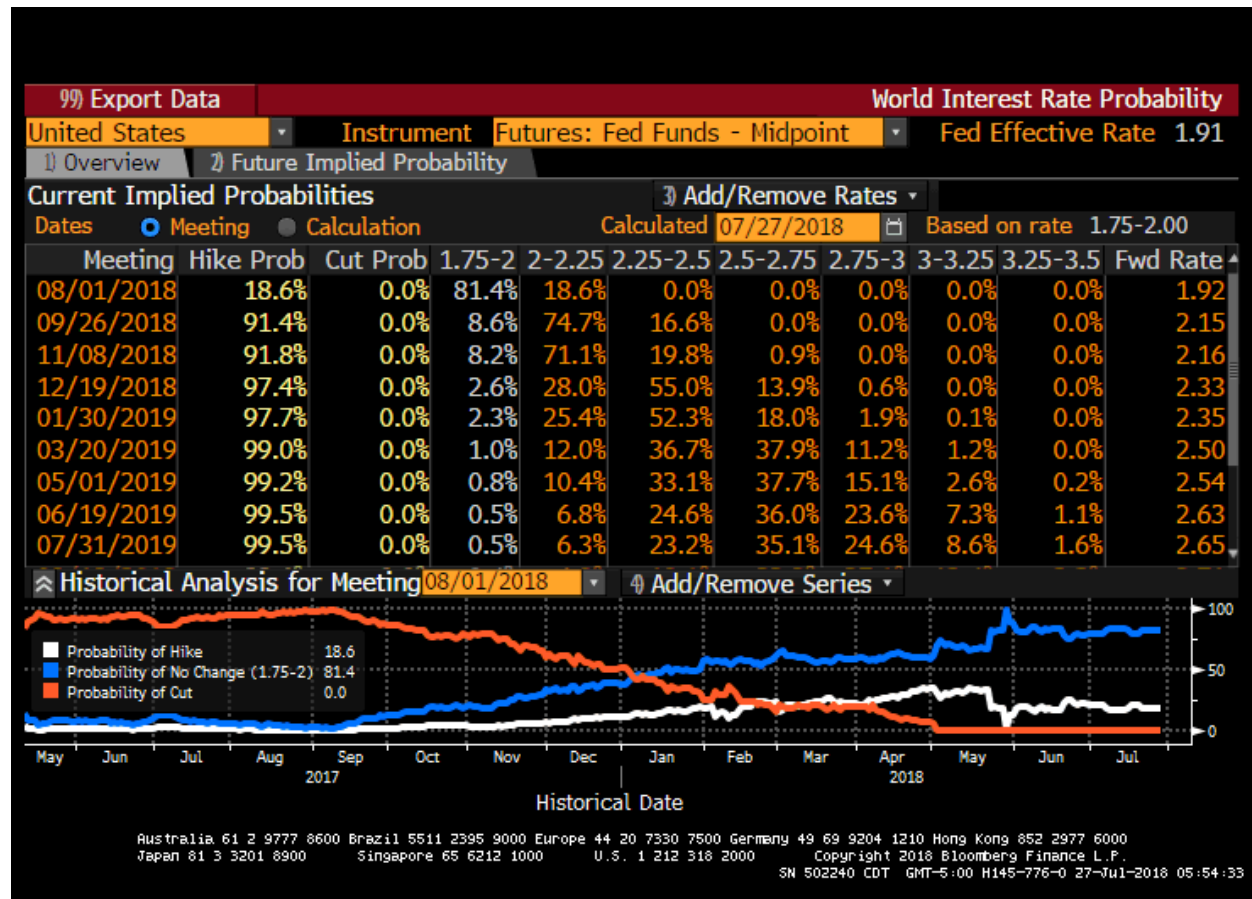
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Previous		Next		Send		Actions		Translate		News: News Story	
07/26/2018 12:16:21 [BN]											
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln			
Cash mgmt	TBA	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50			
4-week	07/30/2018	07/31/2018	08/02/2018	TBA	TBA	07/24/2018	\$55				
3-month	08/02/2018	07/30/2018	08/02/2018	912796QF9	\$51	07/23/2018	\$51				
6-month	08/02/2018	07/30/2018	08/02/2018	912796PP8	\$45	07/23/2018	\$45				
1-year	08/09/2018	08/14/2018	08/16/2018	TBA	TBA	07/17/2018	\$26				
Note Auctions											
2-year	08/23/2018	08/27/2018	08/31/2018	TBA	TBA	07/24/2018	\$35				
3-year	08/01/2018	08/07/2018	08/15/2018	TBA	TBA	07/10/2018	\$33				
5-year	08/23/2018	08/28/2018	08/31/2018	TBA	TBA	07/25/2018	\$36				
7-year	08/23/2018	08/29/2018	08/31/2018	TBA	TBA	07/26/2018	\$30				
10-year	08/01/2018	08/08/2018	08/15/2018	TBA	TBA	07/11/2018	\$22				
Bond Auctions											
30-year	08/01/2018	08/09/2018	08/15/2018	TBA	TBA	07/12/2018	\$14				

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

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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/fomeproitabl20180613.pdf>

Libor Set

1-Month Libor Set	2.07675	+.00512	(97.92325)
3-Month Libor Set	2.34238	+.00350	(97.65762)
6-Month Libor Set	2.52988	+.00125	(97.47012)
1-Year Libor Set	2.82138	+.00475	(97.17862)

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THEY SAID IT

White House economic adviser Lawrence Kudlow is expecting a “very good” number for second-quarter U.S. growth, while one economist has warned that the pace of expansion is “[close to a peak](#).” Either way, analysts are largely projecting that the main number in Friday’s report on gross domestic product will be a standout.

The median estimate of economists surveyed by Bloomberg is for an annualized growth rate of 4.2 percent, which would be the fastest since the third quarter of 2014. Projections range from 3 percent to 5 percent. Here’s what some of the forecasters say ahead of the Commerce Department figures due at 8:30 a.m., which will also include comprehensive revisions to historical GDP numbers:

Morgan Stanley (4.7%)

“The factors driving the headline print are trade related and will likely reverse in the second half of the year, at least in part,” analysts led by Ellen Zentner wrote. They estimate trade and inventories contributed about 2.2 percentage points to the pace of second-quarter growth, which is “likely a reflection of stockpiling ahead of the implementation of trade tariffs.” They estimate final private domestic demand, “a clearer fundamental picture of the economy,” expanded at a “much more modest” 2.5 percent pace in the quarter.

Wells Fargo (4.7%)

“Personal and corporate tax reform has proven beneficial to domestic demand, with solid growth in consumer spending and business investment growth in recent months,” economist Sam Bullard wrote. Net exports probably contributed 1.2 percentage point to growth, which “should fully reverse” in the second half. “While the robust Q2 pace should not be sustained, underlying economic fundamentals remain solid and support our outlook for U.S. real GDP to run around a 3 percent annualized rate for the remainder of the year.” Trade policy poses the main risk to the outlook.

Natixis (4.4%)

“We expect real GDP growth to increase at a hefty pace in Q2 after a trend-like increase” in the first quarter, economist Joseph LaVorgna wrote. “With the trade debate heating up, uncertainty is mounting on the near-term outlook. However, available regional surveys for July either remained steady or surprised on the consensus to the upside. This means that business confidence remains upbeat which is likely to translate into another quarter of solid GDP growth.”

Amherst Pierpont (4.7%)

“As it turns out, consumer spending did improve dramatically, but the main driver of growth in the second quarter was likely a massive narrowing in the trade gap, due primarily to a sharp increase in real exports,” economist Stephen Stanley wrote. “Domestic final demand was strong (projected to rise 3.1 percent) but unspectacular, and perhaps more importantly, largely sustainable.”

Bloomberg Economics (3.8%)

“Second-quarter growth will be robust, to be sure, and could potentially top 4 percent,” economists Carl Riccadonna and Tim Mahedy wrote. “However, this reflects a number of one-time idiosyncratic factors and should not be viewed as an indication of what is to come in the second half. Growth in the second quarter will be elevated in response to residual seasonality that depressed first-quarter activity. It will also be lifted by a substantial narrowing of the trade deficit in the quarter, which appears to be more a reflection of supply-chain adjustments in anticipation of trade-war escalation than any lasting improvement as a result of tariffs.”

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<https://www.bloomberg.com/news/articles/2018-07-27/china-s-economy-weakened-further-in-july-early-indicators-show>

“On national security grounds, the Federal Government has a major interest in protecting critical energy infrastructure,” the Economy Ministry said in a statement on Friday, without mentioning China directly. “The citizens and the business community expect a reliable energy supply.”

<https://www.bloomberg.com/news/articles/2018-07-27/germany-buys-stake-in-electric-grid-operator-to-block-chinese> .

Germany’s state investment bank is purchasing a stake in one of the country’s largest electric grid operators to block a Chinese company from buying the holding, citing national security concerns for stepping in.

State-owned KfW will acquire a 20 percent holding in [50Hertz Transmission GmbH](#) valued at about 770 million euros (\$895 million) from Belgium’s [Elia System Operator SA/NV](#). State Grid Corporation of China was previously in talks to buy a 20 percent stake before Elia, which will own the remaining 80 percent of 50Hertz, agreed to acquire it from an Australian investor.

Canada’s new Minister of International Trade Jim Carr has invited a dozen trade ministers to meet in October to discuss how to fix the World Trade Organization.

<https://www.bloomberg.com/news/articles/2018-07-27/canada-cuts-u-s-china-out-of-talks-on-reforming-global-trade>

But two countries have been left off the list: the U.S. and China.

The goal is to “identify concrete and tangible ways the operation and function of the WTO can be advanced and improved over the short, medium, and long term,” Canada’s WTO Ambassador Stephen de Boer said in a phone interview. “The idea is that it is a discussion starter, or a catalyst and they intend to broaden the conversation.”

"I do think we break out to new records," the bank's head of thematic equity solutions said Wednesday on CNBC's "[Trading Nation](#)." "To us, it's all about earnings."

<https://www.cnbc.com/2018/07/25/trade-war-aside-this-shift-may-drive-stocks-back-to-record-territory.html>

The S&P 500 hasn't hit an all-time high in six months.

But J.P. Morgan Private Bank's Stephen Parker believes that could be about to change.

"When you look broadly around the trade issue, companies haven't really talked about it being a major headwind to their fundamental outlook. Clearly, the rise in uncertainty is not a great thing," he said. "But companies are still guiding towards continued strength, continued growth." Parker sees the trend sparking a new wave of optimism on Wall Street. He believes investors are shifting from focusing on bearish "political noise" to strong corporate stories again.

According to Parker, that's the main catalyst to push the [S&P 500](#) back into record territory and to the firm's official year-end price target of 2,900.

"We can hit that very soon," he said. "If this reporting season continues the way it started, I think we continue to see some near-term upside."

As of Wednesday's close, the S&P 500 is less than 1 percent away from hitting a fresh intraday all-time high.

As trade tensions escalate between Washington and Beijing, the U.S. Senate quietly passed legislation on Thursday that would lower trade barriers on hundreds of items made in

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China.

With no debate, the Senate unanimously passed a bill that would cut or eliminate tariffs on toasters, chemicals and roughly 1,660 other items made outside the United States. Nearly half of those items are produced in China, according to a Reuters analysis of government records.

<https://www.cnbc.com/2018/07/27/us-senate-quietly-votes-to-cut-tariffs-on-hundreds-of-chinese-goods.html>

The White House has not publicly taken a position on the so-called miscellaneous tariff bill, which has now passed both the Senate and the House of Representatives unanimously. The two chambers need to resolve minor differences before they can send the legislation to Trump to sign into law.

Supporters of the bill have said it would boost the economy by getting rid of tariffs set up to protect industries that no longer exist in the United States. The National Association of Manufacturers has said U.S. businesses pay \$1 million a day on such import duties.

"It makes no sense because it is a direct and punishing tax on making things in America and for creating jobs in America," the trade group's president, Jay Timmons, said in a prepared statement celebrating the bill's passage.

Among the beneficiaries are companies that have moved production offshore. Hamilton Beach Brands Holding Co, for example, would pay reduced tariffs on Chinese-made toaster ovens, steam irons and other household appliances it used to make domestically.

Some domestic manufacturers have complained the bill would undercut their business by making it easier for rivals to bring in cheap foreign goods. They said the bill punished smaller firms that lack the ability to defend their interests in Washington.

The version of the bill that passed the House in January included 145 items that are made domestically, according to a Reuters analysis.

"There's no reason to block opportunity U.S. manufacturers might have for rebuilding our manufacturing base," Michael Korchmar, the head of a family-owned travel goods company in Florida, said in a phone interview earlier this month.

A top-ranking commander of the Iranian special forces issued a direct threat to President Donald Trump over the outcome of war between the two countries.

<https://www.cnbc.com/2018/07/27/iranian-commander-soleimani-to-trump-if-you-begin-the-war-we-will-e.html>

Major General Qassim Soleimani, who leads a special forces unit of Iran's elite Revolutionary Guards, has been quoted as stating that if the U.S. attacks Iran it "will destroy all that you possess."

[According to reports](#) citing the Iranian news agency Tasnim, Soleimani said Thursday that it was "my duty to respond to your threats," before adding "Talk to me, not to the president (Rouhani). It is not in our president's dignity to respond to you."

The commander then engaged in the sort of language likely to worsen relations between the United States and the Islamic republic.

"We are near you, where you can't even imagine. Come. We are ready."

"If you begin the war, we will end the war. You know that this war will destroy all that you possess."

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EQUITIES

The S&P is +3 and the NASDAQ is +19.

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 +0.55%.

In the UK, the 2s/10s swap curve is steeper with yields higher.

BOE Rate +0.50%. (No change).

Next meeting 08/02/18

On the European Continent

The CAC Index closed +0.25%.

The DAX Index closed +0.58%.

On the Continent, the 2s/10s swap curve is largely unchanged with yields mixed.

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

Deposit Facility Rate -.40%

Next meeting 09/13/18

Japan:

The TOPIX closed +0.57%.

The NIKKEI closed +0.56%.

In Japan, the 2s/10s swap curve is steeper with yields higher.

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

Next meeting 07/31/18

China:

The Hang Seng closed +0.08%.

The Shanghai Composite closed -0.30%.

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: 97-55.0 is the pivot. Below the pivot, you should be short, above long. Support is at 97-52.0** and 97.55.0^.

Resistance is at 97-58.0**.

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

** 2-STD Deviations from the pivot point.

Current trend would have you long. I have elected to remain flat.



YTD (per contract)

2018 +36.5 ticks (+\$912.50)

2017 +33.0 ticks (+\$825.00)

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10yr/TYU8: 120-00.0 is the pivot point. Above you should be long, below short.

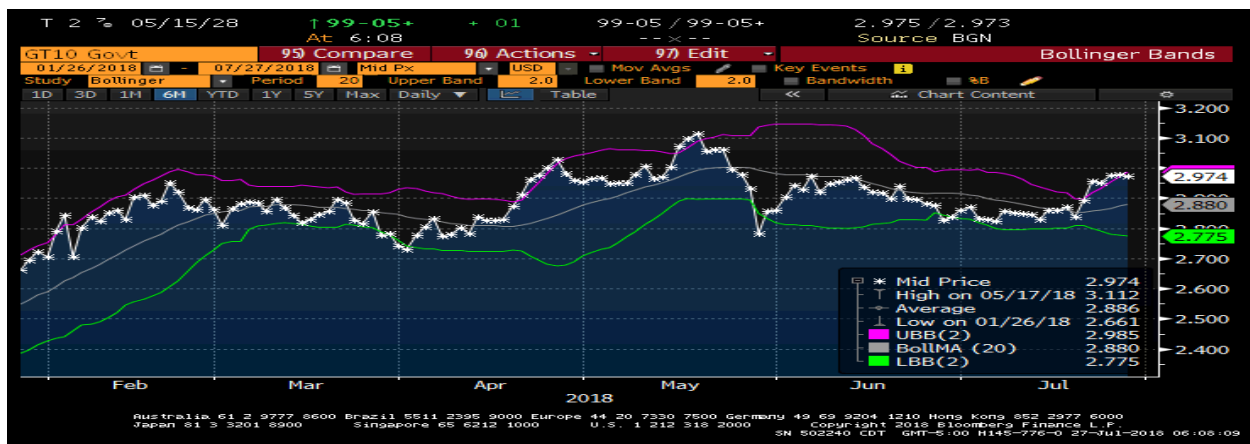
Support is at **119-11.5** and **120-00.0**^{^*}

Resistance is at **120-21.0**

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

** 2-STD Deviations from the pivot point

Current trend has you short from 120-03.0 (7/20/19).



YTD (per contract)

(2018) +98.0 futures ticks (\$31.25 per tick) or +\$3,062.50.

(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>

United States		98 Export	99 Settings	Interest Rate Swap Rates									
Date Range:				06/27/2018	-	07/27/2018	1 Month						
40 Semi Swaps 41 Sprs to Gov. 42 Ann Swaps 43 Ann Sprs 44 OIS Swaps 45 CHE/LCH Sprs 46 Combined													
USD SemiAnnual 30/360 Swap Rates													
Tenor	Bid	Ask	Mid	Change	Today	#SD	Δ/day	Low	Range	High	Avg	+/-BPS	#SD
1) 1 YR	2.667	2.669	2.668	0.001		0.0	2.580	2.675	2.634	2.634	3.6	1.7	
2) 2 YR	2.870	2.873	2.871	-0.004		-0.1	2.758	2.882	2.821	2.821	5.2	1.8	
3) 3 YR	2.935	2.937	2.936	-0.010		-0.3	2.817	2.948	2.881	2.881	5.6	1.8	
4) 4 YR	2.958	2.961	2.959	-0.008		-0.2	2.840	2.973	2.900	2.900	6.1	1.8	
5) 5 YR	2.969	2.970	2.969	-0.011		-0.3	2.845	2.985	2.905	2.905	6.4	1.8	
6) 6 YR	2.976	2.980	2.978	-0.009		-0.2	2.855	2.994	2.910	2.910	6.9	1.8	
7) 7 YR	2.987	2.989	2.988	-0.007		-0.2	2.803	3.013	2.915	2.915	7.4	1.8	
8) 8 YR	2.997	2.999	2.998	-0.007		-0.2	2.872	3.014	2.923	2.923	7.6	1.8	
9) 9 YR	3.007	3.010	3.009	-0.008		-0.2	2.882	3.025	2.933	2.933	7.6	1.8	
10) 10 YR	3.021	3.022	3.021	-0.007		-0.2	2.883	3.057	2.944	2.944	7.8	1.9	
11) 15 YR	3.052	3.054	3.053	-0.004		-0.1	2.919	3.066	2.975	2.975	7.9	1.9	
12) 20 YR	3.056	3.057	3.056	-0.005		-0.1	2.915	3.069	2.975	2.975	8.2	1.9	
13) 25 YR	3.043	3.044	3.043	-0.004		-0.1	2.889	3.154	2.961	2.961	8.3	1.9	
14) 30 YR	3.026	3.027	3.027	-0.004		-0.1	2.880	3.039	2.944	2.944	8.4	1.9	

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

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
 SN 502240 CDT GMT-5:00 H145-776-0 27-Jul-2018 05:54:56

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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 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

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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.	20 July 2018	1,046	-8	13 June 2018	+96	21 July 2017
Canada	20 July 2018	211	+14	13 June 2018	+5	21 July 2017
International	June 2018	959	-8	May 2018	-1	June 2017

<http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=iro-l-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 29 weeks of 2018, U.S. railroads reported cumulative volume of 7,524,473 carloads, up 1.6 percent from the same point last year; and 7,973,779 intermodal units, up 6.2 percent from last year. Total combined U.S. traffic for the first 29 weeks of 2018 was 15,498,252 carloads and intermodal units, an increase of 3.9 percent compared to last year.

For this week, total U.S. weekly rail traffic was 553,024 carloads and intermodal units, up 4.9 percent compared with the same week last year.

Total carloads for the week ending July 21 were 265,338 carloads, up 3.8 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 287,686 containers and trailers, up 5.9 percent compared to 2017.

Eight of the 10-carload commodity groups posted an increase compared with the same week in 2017. They included grain, up 3,359 carloads, to 23,767; petroleum and petroleum products, up 2,009 carloads, to 11,102; and chemicals, up 1,785 carloads, to 32,043. Commodity groups that posted decreases compared with the same week in 2017 were coal, down 2,469 carloads, to 85,865; and forest products, down 82 carloads, to 10,313.

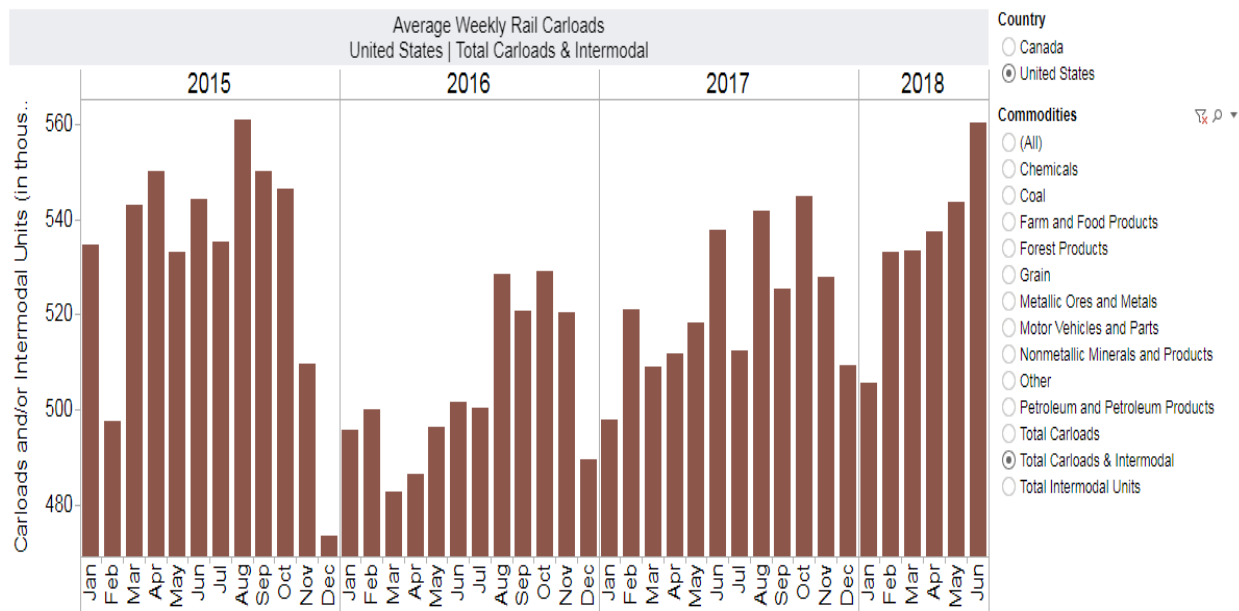
North American rail volume for the week ending July 21, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 367,733 carloads, up 4.3 percent compared with the same week last year, and 374,898 intermodal units, up 4.7 percent compared with last year. Total combined weekly rail traffic in North America was 742,631 carloads and intermodal units, up 4.5 percent. North American rail volume for the first 29 weeks of 2018 was 20,890,754 carloads and intermodal units, up 3.6 percent compared with 2017.

Canadian railroads reported 80,302 carloads for the week, up 7.2 percent, and 69,249 intermodal units, up 2.9 percent compared with the same week in 2017. For the first 29 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 4,282,727 carloads, containers and trailers, up 3.8 percent.

Mexican railroads reported 22,093 carloads for the week, down 0.5 percent compared with the same week last year, and 17,963 intermodal units, down 4.9 percent. Cumulative volume on Mexican railroads for the first 29 weeks of 2018 was 1,109,775 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-july-21-2018/>

Monthly Rail Traffic Charts



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

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



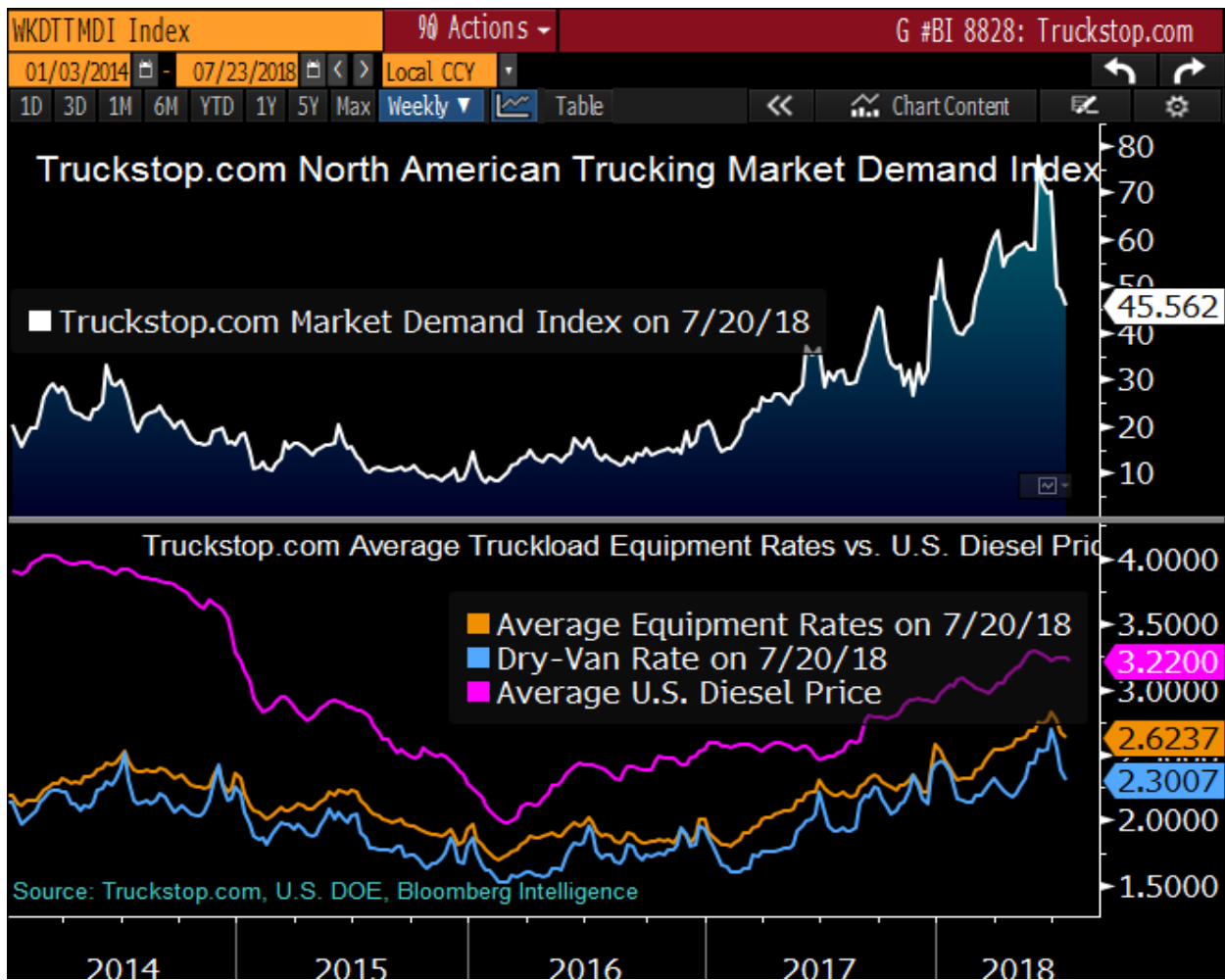
<https://www.aar.org/data-center/rail-traffic-data/>

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Trailer Truck Demand

(Bloomberg Intelligence) – 07/23/18

(Bloomberg Intelligence) -- Relative North American spot-trucking demand fell 6.8% sequentially to 45.6 in the week ended July 20, based on Truckstop.com's Market Demand Index (MDI), down about 35% from seasonal highs before the July 4th holiday. Capacity loosened for the third straight week as available loads declined 6.6%, while truck availability inched slightly higher (0.3%). Average spot rates, excluding fuel surcharges, (down 1.8%) also declined for the third consecutive week. Rates are still about 16% higher vs. the same period a year ago. 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 pricing can be a leading indicator of contractual pricing. Some carriers are raising spot exposure to take advantage of higher rates.



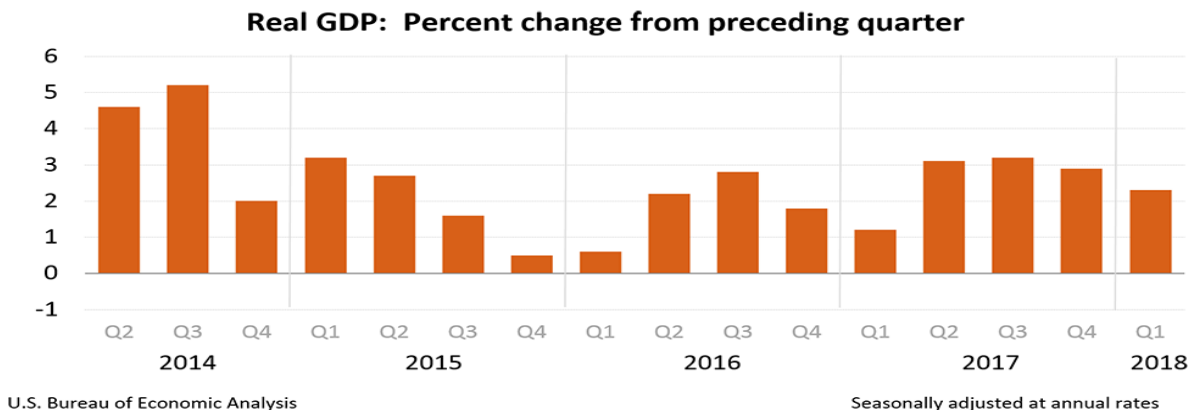
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GDP

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 *3.51% as of 7/26/18 v. *3.94% as of 7/18/18

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

Atlanta Fed GDPNow...Q2 2018: 3.8 %...July 26, 2018

The final GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2018 is 3.8 percent on July 26, down from 4.5 percent on July 18. After this morning's advance releases on durable manufacturing, private inventories, and foreign trade in goods from the U.S. Census Bureau, the nowcasts of the contributions of inventory investment and net exports to second-quarter real GDP growth declined from 0.72 percentage points and 0.32 percentage points, respectively, to 0.58 percentage points and -0.10 percentage points.

*Bureau of Economic Analysis. The next GDPNow update is **Thursday, July 27.***

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: 2.7%...July 20, 2018

The New York Fed Staff Nowcast stands at 2.7% for 2018:Q2 and 2.4% for 2018:Q3.

News from this week's data releases decreased the nowcast for 2018:Q2 by 0.1 percentage point and decreased the nowcast for 2018:Q3 by 0.2 percentage point.

The largest negative surprises came from housing data and were only partially offset by positive surprises from industrial production and capacity utilization data.

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

St. Louis Fed Real GDP Nowcast... Q2 2018: 3.82%...July 26, 2018

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

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MANUFACTURING AT A GLANCE

JUNE 2018

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	60.2	58.7	+1.5	Growing	Faster	22
New Orders	63.5	63.7	-0.2	Growing	Slower	30
Production	62.3	61.5	+0.8	Growing	Faster	22
Employment	56.0	56.3	-0.3	Growing	Slower	21
Supplier Deliveries	68.2	62.0	+6.2	Slowing	Faster	21
Inventories	50.8	50.2	+0.6	Growing	Faster	6
Customers' Inventories	39.7	39.6	+0.1	Too Low	Slower	21
Prices	76.8	79.5	-2.7	Increasing	Slower	28
Backlog of Orders	60.1	63.5	-3.4	Growing	Slower	17
New Export Orders	56.3	55.6	+0.7	Growing	Faster	28
Imports	59.0	54.1	+4.9	Growing	Faster	17
OVERALL ECONOMY				Growing	Faster	110
Manufacturing Sector				Growing	Faster	22

Average for 12 months - 59.0

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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