



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

9 <GO> to Save as Default

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

United States Browse 12:12:14 07/31/18 - 08/06/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/31	07:30	↔	🔊	📊	Personal Income	Jun	0.4%	--	0.4%	--
22)	07/31	07:30	↔	🔊	📊	Personal Spending	Jun	0.4%	--	0.2%	--
23)	07/31	07:30	↔	🔊	📊	Real Personal Spending	Jun	0.4%	--	0.0%	--
24)	07/31	07:30	🔊	📊	📊	PCE Deflator MoM	Jun	0.1%	--	0.2%	--
25)	07/31	07:30	🔊	📊	📊	PCE Deflator YoY	Jun	2.3%	--	2.3%	--
26)	07/31	07:30	🔊	📊	📊	PCE Core MoM	Jun	0.1%	--	0.2%	--
27)	07/31	07:30	🔊	📊	📊	PCE Core YoY	Jun	2.0%	--	2.0%	--
28)	07/31	07:30	↔	🔊	📊	Employment Cost Index	2Q	0.7%	--	0.8%	--
29)	07/31	08:00	🔊	📊	📊	S&P CoreLogic CS 20-City MoM SA	May	0.20%	--	0.20%	--
30)	07/31	08:00	🔊	📊	📊	S&P CoreLogic CS 20-City YoY NSA	May	6.40%	--	6.56%	--
31)	07/31	08:00	🔊	📊	📊	S&P CoreLogic CS 20-City NSA Inde	May	--	--	210.17	--
32)	07/31	08:00	🔊	📊	📊	S&P CoreLogic CS US HPI NSA Inde	May	--	--	200.86	--
33)	07/31	08:00	🔊	📊	📊	S&P CoreLogic CS US HPI YoY NSA	May	--	--	6.41%	--
34)	07/31	08:45	↔	🔊	📊	Chicago Purchasing Manager	Jul	62.0	--	64.1	--
35)	07/31	09:00	↔	🔊	📊	Conf. Board Consumer Confidence	Jul	126.0	--	126.4	--
36)	07/31	09:00	🔊	📊	📊	Conf. Board Present Situation	Jul	--	--	161.1	--
37)	07/31	09:00	🔊	📊	📊	Conf. Board Expectations	Jul	--	--	103.2	--
38)	08/01	06:00	↔	🔊	📊	MBA Mortgage Applications	Jul 27	--	--	-0.2%	--
39)	08/01	07:15	↔	🔊	📊	ADP Employment Change	Jul	186k	--	177k	--

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 6601-5414-0 30-Jul-2018 12:12:14

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Fed Speak Calendar
(All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		12:13:50		07/30/18		- 08/31/18			
Central Banks		All Central Banks				View		Agenda		Weekly	
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
21)	08/01 13:00				FOMC Rate Decision (Upper Bou...	Aug 1	2.00%	--	2.00%	--	
22)	08/01 13:00				FOMC Rate Decision (Lower Bo...	Aug 1	1.75%	--	1.75%	--	
23)	08/08 07:45				Fed's Barkin Speaks in Roanoke, Virginia						
24)	08/22 13:00				FOMC Meeting Minutes	Aug 1	--	--	--	--	

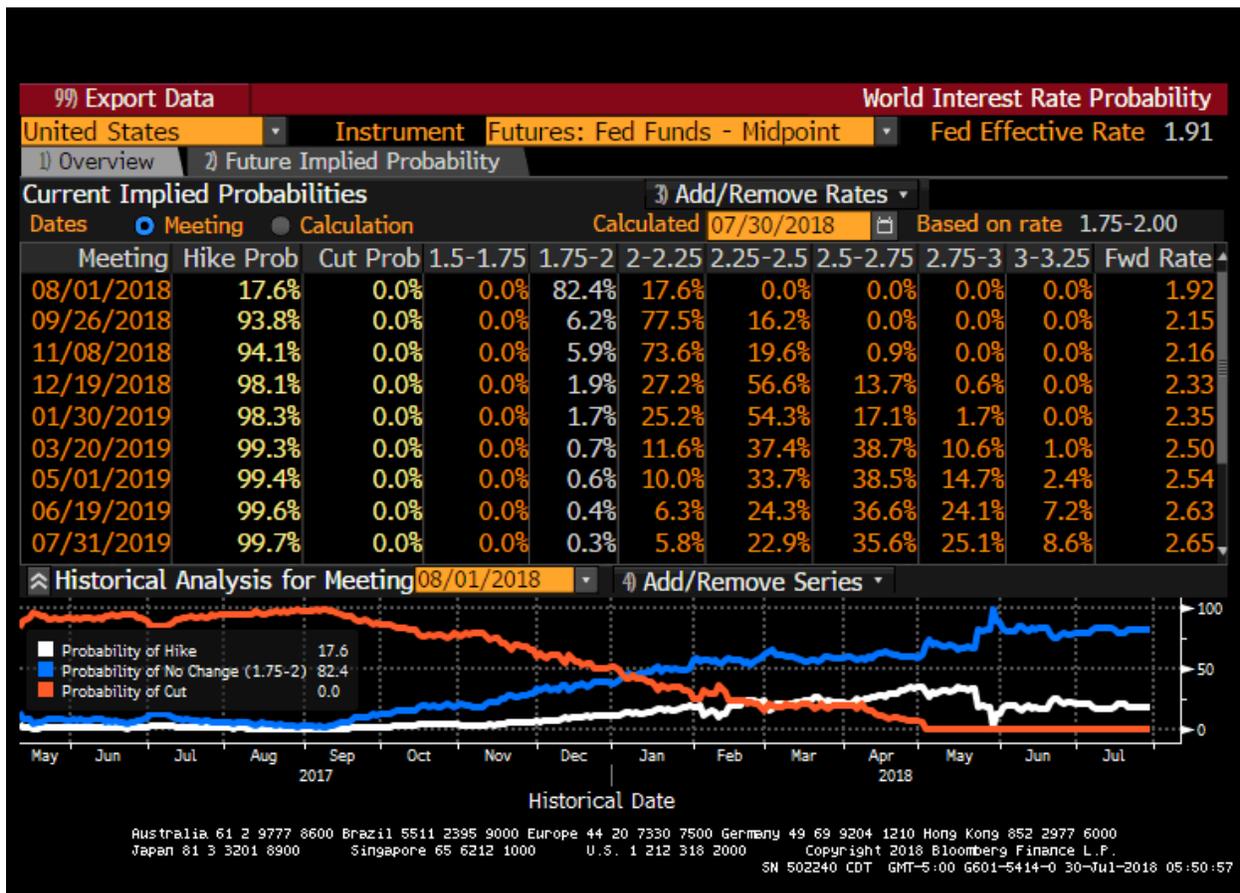
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Previous		Next		Send		Actions		Translate		News: News Story	
07/30/2018 12:28:57 [BN]											
	Next Offer	Next	Date	CUSIP	\$	Prior	Prior				
Bill Auctions	Announcement	Auction	Settles	Numbers	R Bil	Auction	\$ Bln				
Cash mgmt	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50				
4-week	08/06/2018	07/31/2018	08/02/2018	912796PW3	\$65	07/24/2018	\$55				
3-month	08/02/2018	08/06/2018	08/09/2018	912796PD5	TBA	07/30/2018	\$51				
6-month	08/02/2018	08/06/2018	08/09/2018	912796QW2	TBA	07/30/2018	\$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	9128284W7	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	9128284V9	TBA	07/11/2018	\$22				
Bond Auctions											

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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/fomcprojtabl20180613.pdf>

Libor Set

1-Month Libor Set	2.08138	-0.0012	(97.91862)
3-Month Libor Set	2.34856	+0.00543	(97.65144)
6-Month Libor Set	2.53050	+0.00000	(97.46950)
1-Year Libor Set	2.82781	+0.00656	(97.17219)

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THEY SAID IT

When a central bank feels the need to tell the world that its monetary policy is “continuous” and “powerful,” you know investors will conclude that it’s neither.

<https://www.bloomberg.com/view/articles/2018-07-31/the-bank-of-japan-has-found-some-cover-for-tapering>

Bank of Japan Governor Haruhiko Kuroda has finally created some cover for stealth tapering. The BOJ left its main stance unchanged Tuesday. It’s holding the short-term policy rate (which it charges banks to park reserves at the central bank) at minus 0.1 percent and is still targeting a 10-year government bond yield at “around zero percent.”

But there are tweaks, and they’re significant because they represent Kuroda’s face-saving way out of more than five years of an unprecedented monetary experiment that gave the bank ownership of 41 percent of Japan’s government bond market and 5 percent of its stock market – far higher proportions than elsewhere.

The central bank now says that “yields [may move](#) upward and downward to some extent,” effectively permitting the 10-year yield to shift beyond an unspoken 0.11 percent ceiling in place since the yield curve control program began in September 2016 – and perhaps to stay there.

“So far the ECB is putting a brave face on it,” said Nick Kounis, an economist at ABN Amro Bank NV in Amsterdam. “They decided to wind down their quantitative-easing program on the basis that they’re getting increasingly confident about the macroeconomic environment, so I think that they need to continue to tell that story until they really become worried. But there is still quite a lot of uncertainty.”

<https://www.bloomberg.com/news/articles/2018-07-31/euro-area-economy-gets-higher-inflation-but-weaker-growth>

The data confirm what ECB President Mario Draghi foreshadowed last week: Some of the sluggishness in output in the first quarter continued into the second, while underlying price pressures remains generally muted.

While domestic demand remains generally healthy thanks to rising wages and employment, global uncertainty over the threat of a trade war seems to have left its mark on the region. The ECB has singled out protectionism as a key risk to the outlook, after exports propelled growth last year to the strongest in a decade.

Confidence in the euro-area economy slipped to its lowest level in almost a year in July, according to a European Commission [report](#) on Monday, with manufacturers’ export orders and production expectations declining.

Italy’s economic growth slowed to the weakest pace in almost two years, possibly spelling trouble for the populist government’s costly projects.

<https://www.bloomberg.com/news/articles/2018-07-31/italian-economic-growth-slows-to-weakest-in-almost-two-years>

Gross domestic product expanded 0.2 percent in the three months through June, down from 0.3 percent in the first quarter, statistics agency Istat said Tuesday in a preliminary report in Rome. The latest figure matched the median estimate of 26 analysts in a Bloomberg survey.

Italy is still trailing behind the euro area as a whole, which itself slowed to 0.3 percent growth in the second quarter, according to figures released earlier in the day.

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China reported on Tuesday that factory activity was slightly lower than expected in July, with the official manufacturing Purchasing Manager's Index (PMI) coming in at 51.2.

<https://www.cnbc.com/2018/07/31/chinese-pmi-china-reports-official-manufacturing-purchasing-managers.html>

The Chinese manufacturing PMI had been forecast to fall to 51.3 in July from 51.5 in June, [according to a poll of economists by Reuters](#).

A reading above 50 indicates expansion, while a reading below that signals contraction.

China's official services PMI also fell in July, with the reading data coming in at 54.0 from 55.0 in June, the National Bureau of Statistics reported.

The PMI readings in July were affected by adverse weather, a rise in global trade tensions and other seasonal factors, Chinese statistics bureau statistician Zhao Qinghe wrote in an analysis of the data published online.

Mnuchin told the newspaper the Treasury was examining whether it could use regulatory powers to allow taxpayers to account for inflation in calculating capital gains tax liabilities. That would allow taxpayers to adjust the initial value of an asset, such as a home or shares of stock, for inflation when selling it, the NYT said.

<https://www.cnbc.com/2018/07/30/treasury-contemplates-how-to-cut-another-100-billion-in-taxes.html>

"If it can't get done through a legislation process, we will look at what tools at Treasury we have to do it on our own and we'll consider that," Mnuchin told the newspaper.

"A lot of people got a little bit caught up in the bottlenecks in the Permian, we had some of that," BP Chief Executive Bob Dudley told Bloomberg TV in an interview, adding that the trading loss was "very, very small".

<https://www.bloomberg.com/news/articles/2018-07-31/bp-makes-small-oil-trading-loss-as-permian-bottlenecks-bite>

Booming oil production in the Permian region has overwhelmed pipeline capacity to get barrels to consumers, distorting markets. Producers and traders selling from the region had to swallow discounts of as much as \$13 a barrel in the second quarter relative to benchmark prices almost 500 miles away in the main hub of Cushing, Oklahoma. The spread, as little as 40 cents in January, ballooned above \$16 this month.

On top of the Midland-Cushing price difference, other U.S. crude spreads also spiraled. The gap between WTI crude in Cushing and Houston jumped to an all-time high of \$9 per barrel, up from roughly \$2 during the first quarter, as trading houses fought to secure cargoes for export. The spread between WTI and Brent also moved sharply in the quarter, with the U.S. benchmark sinking in June to a discount of \$11.57 a barrel, its widest in four years.

U.S. spy satellites have detected renewed activity at the North Korean factory that produced the country's first intercontinental ballistic missiles capable of reaching the United States, a senior U.S. official said on Monday, in the midst of talks to compel Pyongyang to give up its nuclear arms.

<https://www.reuters.com/article/us-northkorea-usa-missiles/u-s-detects-new-activity-at-north-korea-factory-that-built-icbms-source-idUSKBN1KK2KP>

Photos and infrared imaging indicate vehicles moving in and out of the facility at Sanumdong,

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but do not show how advanced any missile construction might be, the official told Reuters on condition of anonymity because the intelligence is classified.

“Make no mistake. We will be watching what the IMF does,” Pompeo said. “There’s no rationale for IMF tax dollars, and associated with that American dollars that are part of the IMF funding, for those to go to bail out Chinese bondholders or China itself,” Pompeo said.

<https://www.reuters.com/article/us-imf-pakistan/u-s-pompeo-warns-against-imf-bailout-for-pakistan-that-aids-china-idUSKBN1KK2G5>

The Financial Times reported on Sunday that senior Pakistani finance officials were drawing up options for Khan to seek an IMF bailout of up to \$12 billion.

An IMF spokeswoman said: “We can confirm that we have so far not received a request for a Fund arrangement from Pakistan and that we have not had discussions with the authorities about any possible intentions.”

In an interview with CNBC television, Pompeo said the United States looked forward to engagement with the government of Pakistan’s expected new prime minister, Imran Khan, but said there was “no rationale” for a bailout that pays off Chinese loans to Pakistan.

China urged the United States on Tuesday not to allow Taiwan President Tsai Ing-wen to transit its territory when she visits Belize and Paraguay next month, adding to tension between Beijing and Washington that has worsened amid a trade war.

<https://www.reuters.com/article/us-china-taiwan-usa/china-urges-u-s-not-to-allow-stopover-by-taiwan-president-idUSKBN1KLIK>

Beijing considers democratic Taiwan to be a wayward province of “one China.” Taiwan is ineligible for state-to-state relations and China has never renounced the use of force to bring the island under its control.

Taiwan’s government announced on Monday that Tsai would travel to and from its two diplomatic allies via the United States, standard procedure for visits by Taiwanese presidents to Latin America.

Taiwan’s Presidential Office said Tsai would be stopping off in Los Angeles and Houston, though did not provide exact dates.

Speaking at a daily news briefing in Beijing, Chinese Foreign Ministry spokesman Geng Shuang said China had already lodged solemn representations with Washington about the planned transits.

The European Union has imposed asset freezes on six Russian firms for their involvement in the construction of a new road-and-rail bridge linking Russia to the annexed Crimean peninsula, which the bloc says is illegal.

<https://www.reuters.com/article/us-russia-crisis-ukraine-eu/eu-slaps-sanctions-on-six-russian-groups-over-crimea-bridge-idUSKBN1KL16P>

Russia seized Crimea from Ukraine in 2014 after Ukraine’s pro-Russian president was toppled in an uprising. After the annexation, the Kremlin ordered the building of a \$3.6 billion bridge to link the peninsula to Russia.

A statement from the EU Council, which sets the bloc’s foreign and security policy, named six firms that will have their assets in the EU frozen. EU persons and entities will not be able to make funds available to them, it said.

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EQUITIES

The S&P is +7 and the NASDAQ is +9.

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 +0.48%.

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

BOE Rate +0.50%. (No change).

Next meeting 08/02/18

On the European Continent

The CAC Index closed +0.08%.

The DAX Index closed +0.03%.

On the Continent, the 2s/10s swap curve is steeper with yields higher.

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

Deposit Facility Rate -.40%

Next meeting 09/13/18

Japan:

The TOPIX closed -0.84%.

The NIKKEI closed +0.04%.

In Japan, the 2s/10s swap curve is flatter with yields lower.

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

Next meeting 09/19/18

China:

The Hang Seng closed -0.52%.

The Shanghai Composite closed +0.26%.

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: 119-30.0 is the pivot point. Above you should be long, below short.

Support is at 119-07.5 and 119-30.0^*

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.

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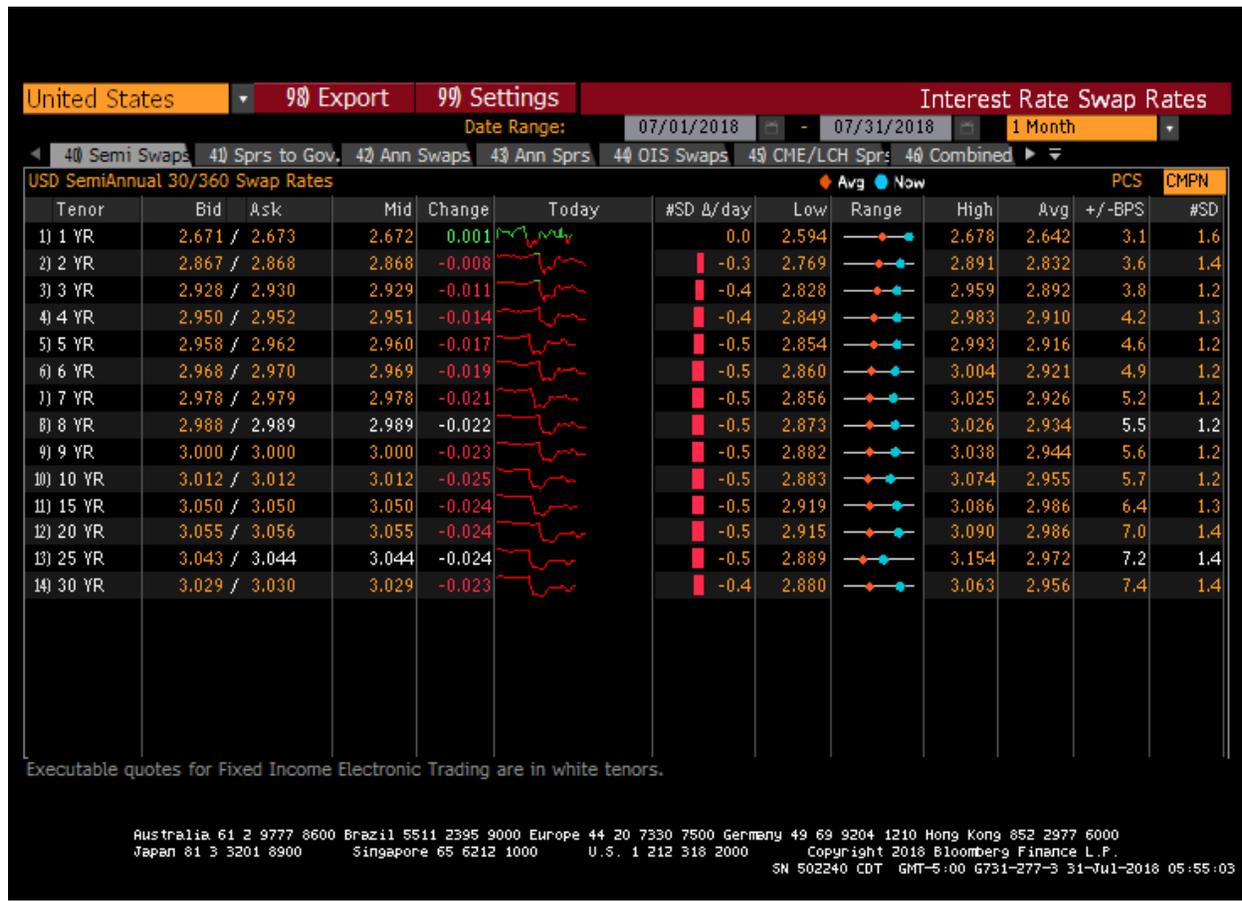
(2017) +93.0 futures ticks (\$31.25 per tick) or +\$2,906.25.

(2016) +377.5 futures ticks (\$31.25 per tick) or +\$11,796.88.

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US-SWAPS IRSB <GO>



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.

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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.	27 July 2018	1,048	+2	20 July 2018	+90	28 July 2017
Canada	27 July 2018	223	+12	20 July 2018	+3	28 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.

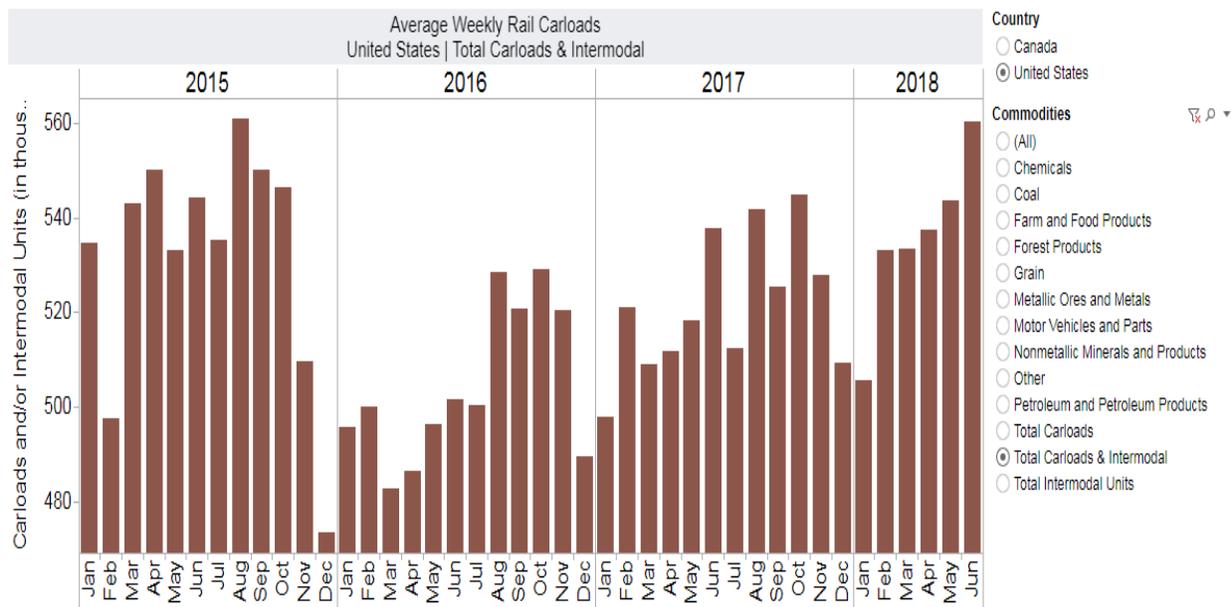
North American rail volume for the week ending July 21, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 367,733 carloads, up 4.3 percent compared with the same week last year, and 374,898 intermodal units, up 4.7 percent compared with last year. Total combined weekly rail traffic in 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/>

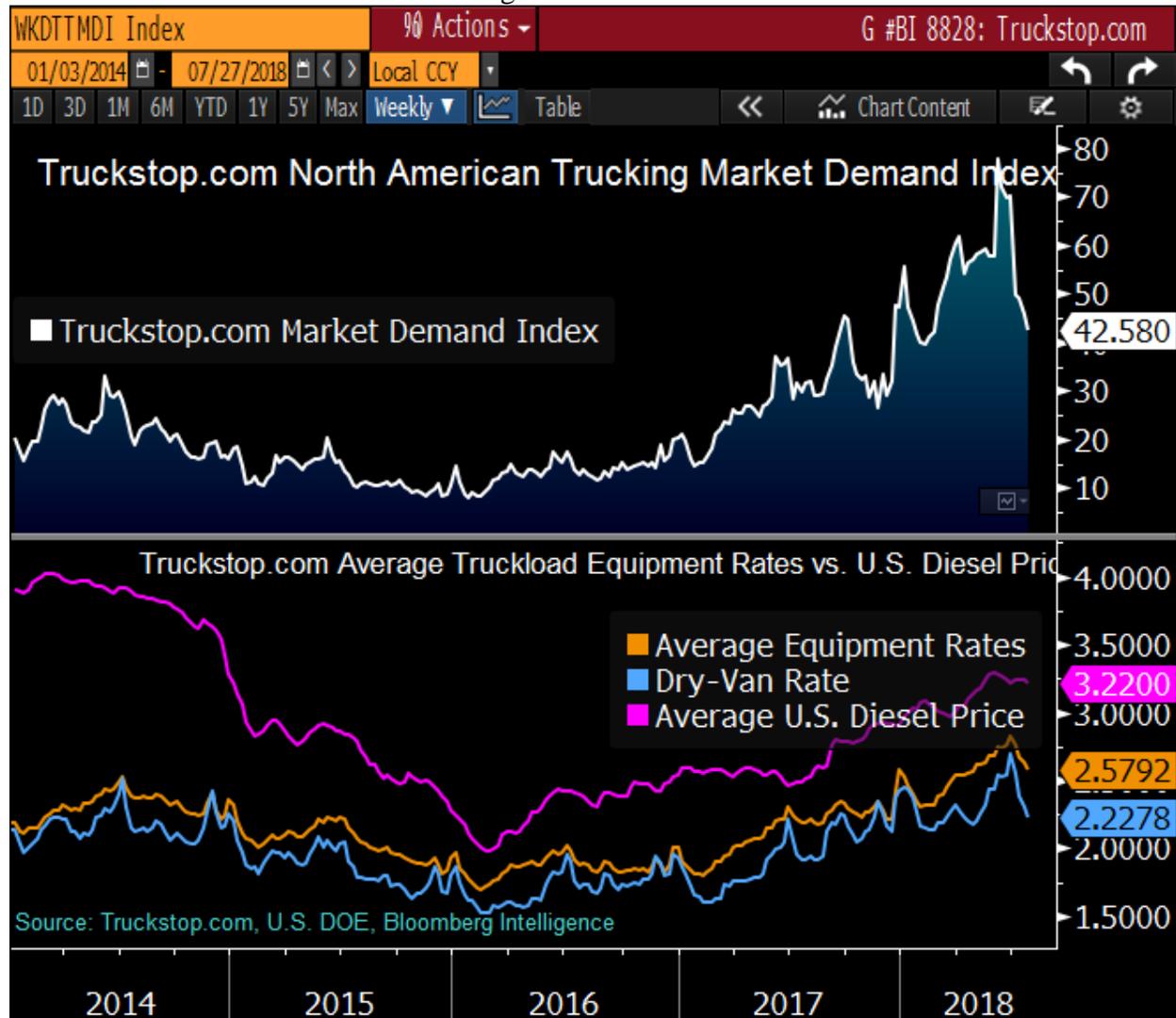
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Trailer Truck Demand
(Bloomberg Intelligence) – 07/30/18

Relative North American spot-trucking demand fell 6.5% sequentially to 42.6 in the week ended July 27, based on Truckstop.com's Market Demand Index (MDI), down about 39% from seasonal highs before the July 4 holiday. Capacity loosened for the fourth straight week as available loads declined 4.8%, while available trucks increased 1.9%. Spot-rate declines, excluding fuel surcharges, over the past four weeks have been led by dry-van (down 20%), though rates for the equipment type are still about 13% higher vs. one 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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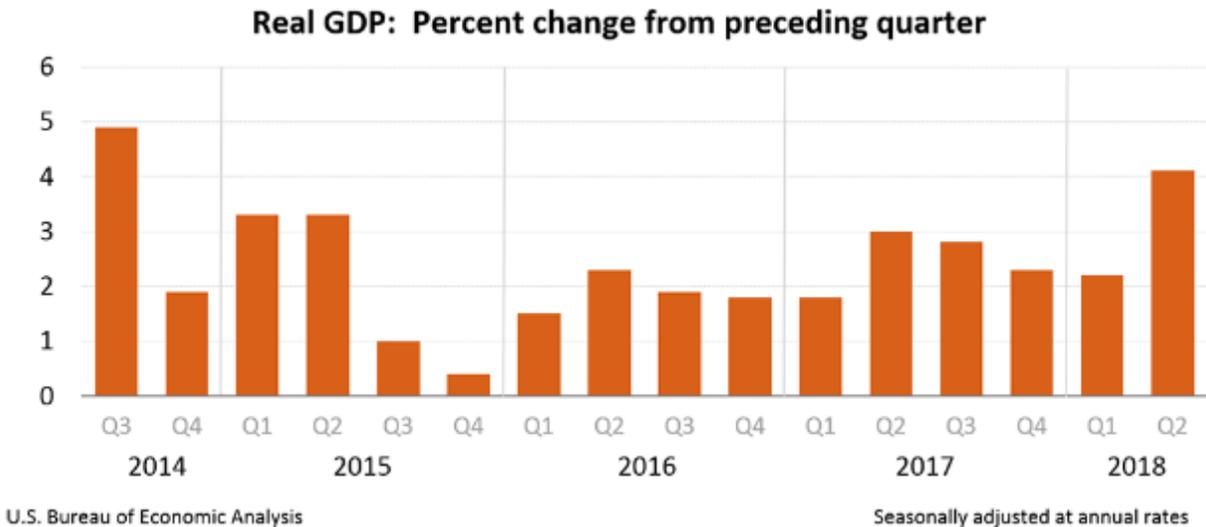
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GDP

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

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

Atlanta Fed GDPNow...Q3 2018: ...Aug. 9th, 2018

<https://www.frbatlanta.org/cqer/research/gdpnow.aspx>

New York Fed Nowcast...Q3 2018: 2.8%...July 27, 2018

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

News from this week's data releases increased the nowcast for 2018:Q3 by 0.4 percentage point.

Positive surprises from manufacturing data accounted for most of the increase.

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

St. Louis Fed Real GDP Nowcast... Q3 2018: %...August 9th, 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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