



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

ECO <go>ok
(All times are CST)

9 <G0> to Save as Default

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

United States Browse 05:55:00 09/05/18 - 09/12/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/05	06:00				MBA Mortgage Applications	Aug 31	--	--	-1.7%	--
22)	09/05	07:30				Trade Balance	Jul	-\$50.2b	--	-\$46.3b	--
23)	09/06	06:30				Challenger Job Cuts YoY	Aug	--	--	-4.2%	--
24)	09/06	07:15				ADP Employment Change	Aug	200k	--	219k	--
25)	09/06	07:30				Nonfarm Productivity	2Q F	2.9%	--	2.9%	--
26)	09/06	07:30				Unit Labor Costs	2Q F	-0.9%	--	-0.9%	--
27)	09/06	07:30				Initial Jobless Claims	Sep 1	213k	--	213k	--
28)	09/06	07:30				Continuing Claims	Aug 25	1720k	--	1708k	--
29)	09/06	08:45				Bloomberg Consumer Comfort	Sep 2	--	--	58.3	--
30)	09/06	08:45				Markit US Services PMI	Aug F	55.2	--	55.2	--
31)	09/06	08:45				Markit US Composite PMI	Aug F	--	--	55.0	--
32)	09/06	09:00				ISM Non-Manufacturing Index	Aug	56.8	--	55.7	--
33)	09/06	09:00				Factory Orders	Jul	-0.6%	--	0.7%	--
34)	09/06	09:00				Factory Orders Ex Trans	Jul	--	--	0.4%	--
35)	09/06	09:00				Durable Goods Orders	Jul F	-1.7%	--	-1.7%	--
36)	09/06	09:00				Durables Ex Transportation	Jul F	--	--	0.2%	--
37)	09/06	09:00				Cap Goods Orders Nondef Ex Air	Jul F	--	--	1.4%	--
38)	09/06	09:00				Cap Goods Ship Nondef Ex Air	Jul F	--	--	0.9%	--
39)	09/07	07:30				Change in Nonfarm Payrolls	Aug	195k	--	157k	--

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 G788-1051-1 05-Sep-2018 05:55:00

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Fed Speak Calendar

(All times are CST)

Calendars		Alerts	Export	Settings	Economic Calendars						
	United States	Browse	05:56:46	09/05/18	-	09/30/18					
Central Banks		All Central Banks			View <input checked="" type="radio"/> Agenda <input type="radio"/> Weekly						
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/05	08:20				Fed's Bullard Speaks in New York					
22)	09/05	15:00				Fed's Kashkari Speaks at Townhall in Bozeman, Montana					
23)	09/06	09:00				Fed's Williams Speaks at University of Buffalo					
24)	09/07	07:30				Fed's Rosengren Makes Opening Remarks at Boston Fed Conference					
25)	09/07	08:00				Fed's Mester Moderates Panel at Boston Fed conference					
26)	09/07	11:45				Fed's Kaplan Speaks at Energy Conference in Dallas					
27)	09/10	11:00				Fed's Bostic Discusses Economic Outlook					
28)	09/12	08:30				Fed's Bullard Speaks to CFA Society Chicago					
29)	09/12	13:00				U.S. Federal Reserve Releases Beige Book					
30)	09/13	12:15				Fed's Bostic Gives Speech on Economy and Monetary Policy					
31)	09/26	13:00				FOMC Rate Decision (Upper Bou...	Sep 26	2.25%	--	2.00%	--
32)	09/26	13:00				FOMC Rate Decision (Lower Bou...	Sep 26	2.00%	--	1.75%	--
33)	09/26	13:30				Fed's Powell Holds Press Conference Following FOMC Decision					
34)	09/28	15:45				Fed's Williams Speaks in New York at Money Markets Conference					
35)	09/29-10/02					Fed Chair Jerome Powell Delivers Keynote at NABE Conference					

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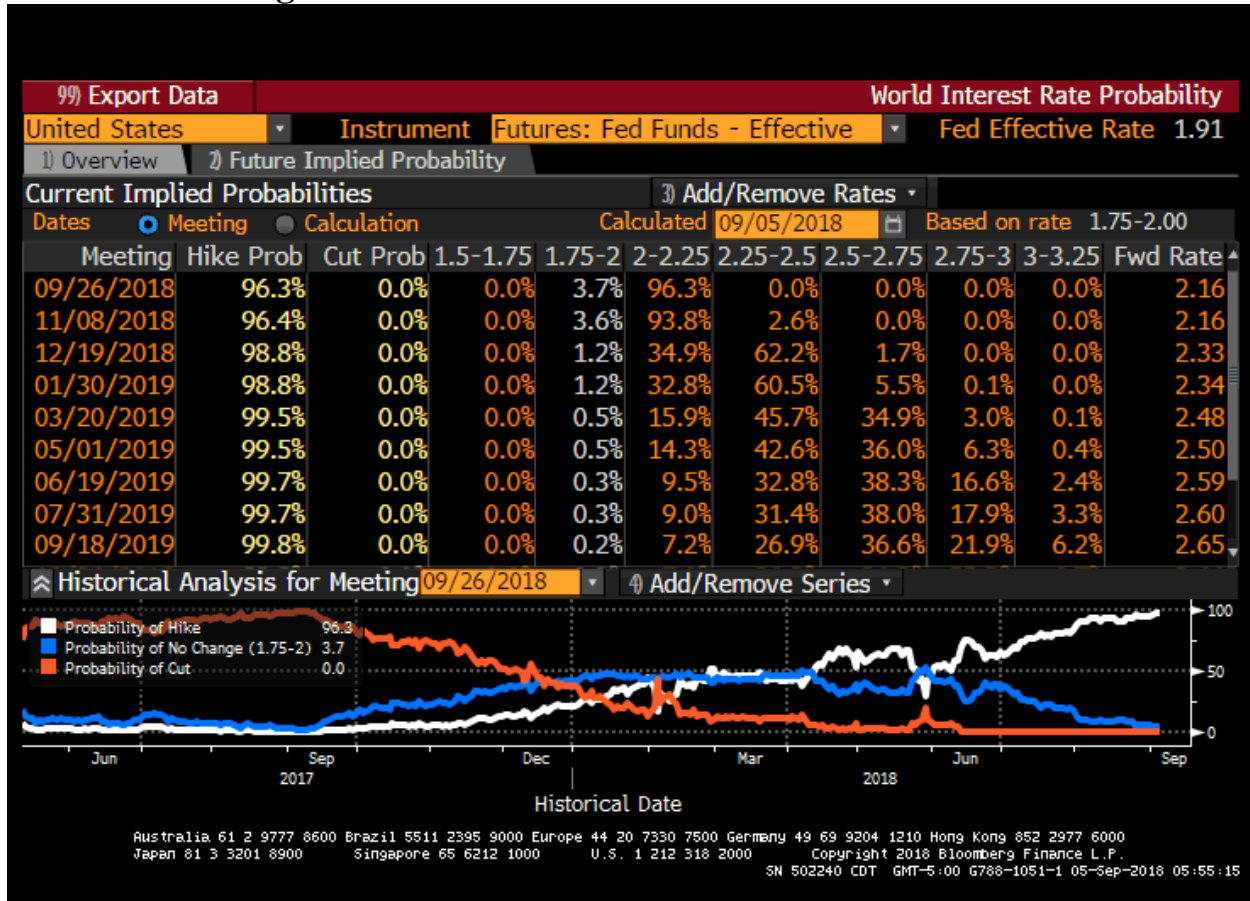
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	09/10/2018	09/11/2018	09/13/2018	TBA		TBA	09/04/2018	\$55
8-week	10/15/2018	10/16/2018	10/18/2018	TBA		TBA	n/a	n/a
3-month	09/06/2018	09/10/2018	09/13/2018	912796QN2		TBA	09/04/2018	\$48
6-month	09/06/2018	09/10/2018	09/13/2018	912796RB7		TBA	09/04/2018	\$42
1-year	09/06/2018	09/11/2018	09/13/2018	912796RA9		TBA	08/14/2018	\$26
Note Auctions								
2-year	09/20/2018	09/24/2018	10/01/2018	TBA		TBA	08/27/2018	\$36
3-year	09/06/2018	09/11/2018	09/17/2018	9128285A4		TBA	08/07/2018	\$34
5-year	09/20/2018	09/25/2018	10/01/2018	TBA		TBA	08/28/2018	\$37
7-year	09/20/2018	09/27/2018	10/01/2018	TBA		TBA	08/29/2018	\$31
10-year	09/06/2018	09/12/2018	09/17/2018	9128284V9	R	TBA	08/08/2018	\$26
Bond Auctions								
30-year	09/06/2018	09/13/2018	09/17/2018	912810SD1	R	TBA	08/09/2018	\$18

TIPS Auctions								
5-yr TIPS	12/13/2018	12/20/2018	12/31/2018	TBA	R	TBA	08/23/2018	\$14
10-yr TIPS	09/13/2018	09/20/2018	09/28/2018	TBA	R	TBA	07/19/2018	\$13
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	09/20/2018	09/25/2018	09/28/2018	TBA	R	TBA	08/29/2018	\$18
Buyback Operation								
Buyback	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	2.12050	+.00019	(97.08950)
3-Month Libor Set	2.31681	-.00594	(97.68319)
6-Month Libor Set	2.54056	+.00156	(97.45944)
1-Year Libor Set	2.84394	+.00106	(97.15606)

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THEY SAID IT

"There's not a farmer in America that would rather not have a good crop and a fair price than a government check," he added. "That's what they do. That's what they put their equity on the line every year for."

<https://www.cnbc.com/2018/08/29/agriculture-secretary-sonny-perdue-farmers-want-trade-not-trump-aid.html?recirc=taboolainternal>

The Agriculture Department has authorized up to \$12 billion in relief to U.S. growers. Soybean producers, in particular, have been hard hit by Chinese retaliatory tariffs and stand to get up to \$3.6 billion in assistance under the Market Facilitation Program.

The payments to farmers will be based on "actual production ... not on any kind of average," Perdue said Wednesday. "It's going to be individual, by farmer."

The relief will not be able to make farmers "whole," but to ensure they don't have a disastrous season, he said.

"We're not saying we don't want to move swiftly to try and get a deal. But I think certainly we were always intending to take as long as it was going to take," said a government source, who declined to be identified given the sensitivity of the situation.

"We're seeing goodwill on all sides and if we see some more flexibility, then I think we can start to see things moving in a good direction," added the source.

<https://www.reuters.com/article/us-trade-nafta/canada-to-stick-to-guns-at-nafta-talks-despite-trump-pressure-idUSKCN1LLOCM>

Trudeau said on Tuesday: "There are a number of things we absolutely must see in a renegotiated NAFTA," and reiterated he would not sign a bad deal.

Trump notified Congress that he intended to sign the agreement by the end of November and officials said the text would be published by around Oct. 1.

"It's evident in recent months that many of the most overheated real estate markets — especially those out West — are starting to see a slight decline in home sales and slower price growth," Lawrence Yun, chief economist for the Realtors, said in a release. "The reason sales are falling off last year's pace is that multiple years of inadequate supply in markets with strong job growth have finally driven up home prices to a point where an increasing number of prospective buyers are unable to afford it."

<https://www.cnbc.com/2018/08/29/pending-home-sales-fall-for-seventh-straight-month-in-july.html?recirc=taboolainternal>

Signed contracts to buy existing homes fell 0.7 percent in July compared with June, according to the National Association of Realtors' pending home sales index. The gauge was down 2.3 percent compared with July 2017. That is the seventh straight month of annual declines. Pending home sales are an indicator of future closed sales.

Buyers have been struggling to find affordable homes this year, as the supply of homes for sale has fallen annually for most of the year. It was finally flat in July, but the market needs a significant surge in new listings in order to cool prices and boost sales.

South Africa's rand led the sell-off, falling to the lowest level in more than two years, followed by Mexico's peso. The MSCI Emerging Markets Index of shares dropped for a sixth day, set for its steepest slide in three weeks. Worst-hit was Indonesia, where shares tumbled the most in three years amid concern the depreciating rupiah will lead to higher corporate borrowing costs.

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<https://www.bloomberg.com/news/articles/2018-09-05/emerging-market-contagion-fears-deepen-rupee-in-cross-hairs?srnd=premium>

It's "no longer just about EM fundamentals," Sameer Goel, the head of macro strategy for Asia at Deutsche Bank AG in Singapore, said in a Bloomberg TV interview with David Ingles. It's "increasingly about contagion, which largely happens because of cross-holdings and the pressure of redemptions," he said.

HIGHLIGHTS:

- **MSCI Inc.'s index of developing-nation currencies is poised for the lowest close since April last year. The dollar advances a fifth day after a gauge of American manufacturing jumped to a 14-year high Tuesday**
- **The rand drops 1.5 percent, falling 5.7 percent so far this week. Investors are [concerned](#) Moody's could downgrade the nation's local-currency debt to junk at next review**
- **Mexico's peso weakened more than 1 percent, the worst performer in EM after the rand**
- **Turkey's lira declines for a seventh day out of eight. [Worries](#) remain that Turkey's central bank may not do enough at its policy meeting next week to shore up the weakening lira**
- **Indonesia's rupiah little changed at two-decade low**
- **Bloomberg Barclays EM index for dollar bonds down almost 4 percent so far this year. It's set for its first negative annual performance since 2013, the year of the taper tantrum**

All governments have until Oct. 15 to submit their programs and targets to the European Commission, which must issue its opinion on whether they are compliant with the bloc's fiscal rules by the end of November. Italy's populist coalition has been the center of attention all summer, with spending and tax promises that have left investors on edge. Concern about the country's enormous debt load has manifested itself in a bond selloff, pushing yields to levels last seen during the euro-area debt crisis.

<https://www.bloomberg.com/news/articles/2018-09-05/it-s-not-just-italy-these-are-europe-s-other-smaller-budget-headaches>

Elsewhere, France's Emmanuel Macron has already had to tweak his plans because of slower economic growth, delaying a business-friendly tax cut, while Spain's Socialist government has a minority in parliament, meaning its dream budget will be subject to plenty of compromise.

Here's a roundup of some of the main issues and the names to watch.

"We are working for a good deal. We are still working, as are the European Union, for the timetable that was set of October because we are leaving the European Union on the 29 March 2019. We will need to pass legislation in this House prior to our leaving," May told parliament.

<https://www.reuters.com/article/us-britain-eu-may/uk-pm-may-says-still-working-towards-october-brexite-deal-deadline-idUSKCN1LL1EX?il=0>

Britain is still working towards reaching a Brexit deal with the European Union in October, Prime Minister Theresa May said on Wednesday.

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The Syrian Observatory for Human Rights reported that pro-government forces focused their shelling overnight and early on Wednesday on the area around Jisr al-Shughour in the west of the rebel enclave.

The countryside around there was also the main target for Tuesday's air strikes, rescue workers, a rebel source and the British-based Observatory said

<https://www.reuters.com/article/us-mideast-crisis-syria-idlib/shells-hit-syrias-idlib-as-rebels-prepare-for-assault-monitor-idUSKCN1LL0TF?il=0>

Damascus, backed by allies Russia and Iran, has been preparing an assault to recover Idlib and adjacent areas of the northwest, and resumed heavy air strikes on Tuesday after weeks of lull.

U.S. Secretary of State Mike Pompeo met Pakistan's Prime Minister Imran Khan in Islamabad on Wednesday, in the first high-level U.S. visit to the new government, looking to "reset" relations strained over the war in Afghanistan.

<https://www.reuters.com/article/us-pakistan-usa-pompeo/u-s-s-pompeo-meets-new-pakistan-pm-khan-seeks-to-reset-ties-idUSKCN1LL0V6?il=0>

Pompeo is next due to visit India, Pakistan's neighbor and bitter foe, where he is expected to pile pressure on New Delhi over its purchases of Iranian oil and Russian missile systems in talks with senior Indian officials.

South Korea said its envoys met with North Korean leader Kim Jong Un in Pyongyang on Wednesday to prepare for a third inter-Korean summit later this month, with hopes of putting momentum back into stalled talks between the North and the United States on denuclearization.

<https://www.reuters.com/article/us-northkorea-southkorea/south-korean-envoys-meet-kim-in-north-to-prepare-for-third-summit-idUSKCN1LK2W3>

The 11-member delegation was greeted in Pyongyang by Ri Son Gwon, chairman of a North Korean committee in charge of cross-border affairs, who has steered high-level inter-Korean talks, according to Moon's press secretary Yoon Young-chan.

EQUITIES

The S&P is **-3** and the NASDAQ is **-3**.

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 -0.45%.

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

BOE Rate +0.50%. (No change).

Next meeting 09/13/18

On the European Continent

The CAC Index closed -0.85%.

The DAX Index closed -0.55%.

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 -0.77%.

The NIKKEI closed -0.51%.

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 -2.61%.

The Shanghai Composite closed -1.68%.

PBOC

Deposit Rate: 1.50%

Lending Rate: 4.35%

7-Day Repo Rate: 2.7603%

Reserve Requirement Ratio: 17.00%

THE TREND

EDZ8: 97-38.50 is the pivot. Below the pivot, you should be short, above long.

Support is at 97-38.50** and 97-35.00^.

Resistance is at 97-42.0**.

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

** 2-STD Deviations from the pivot point.

Current trend would have you long 97-36.5 (8/29/18). I have elected to remain flat.

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YTD (per contract)
2018 +36.5 ticks (+\$912.50)
2017 +33.0 ticks (+\$825.00)

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10yr/TYU8: 120-04.0 is the pivot point. Above you should be long, below short.

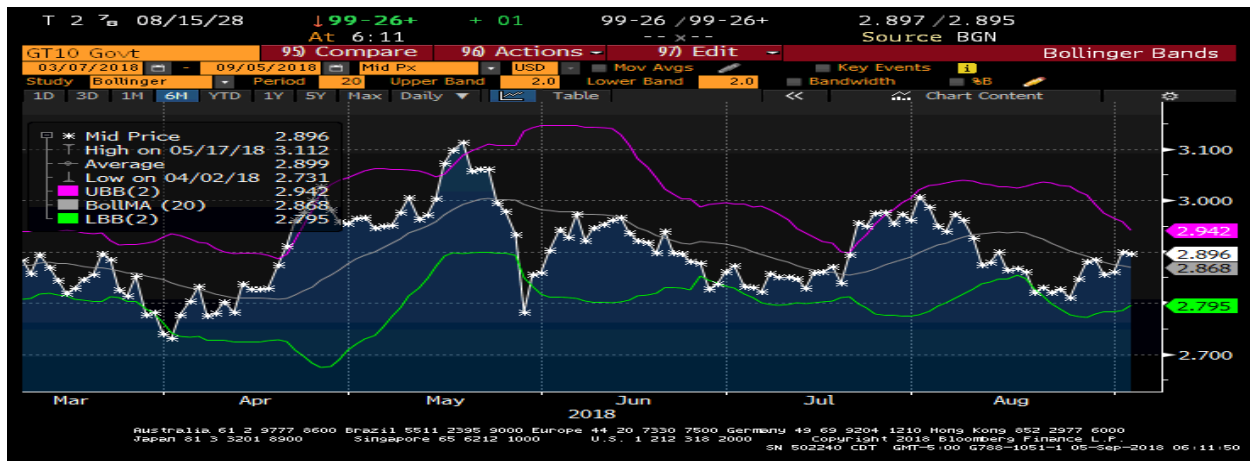
Support is at **120-04.0** and **119-17.0**^{^*}

Resistance is at **120-22.5**

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

****** 2-STD Deviations from the pivot point

Current trend has you long from 119-18 (8/9/18).



YTD (per contract)

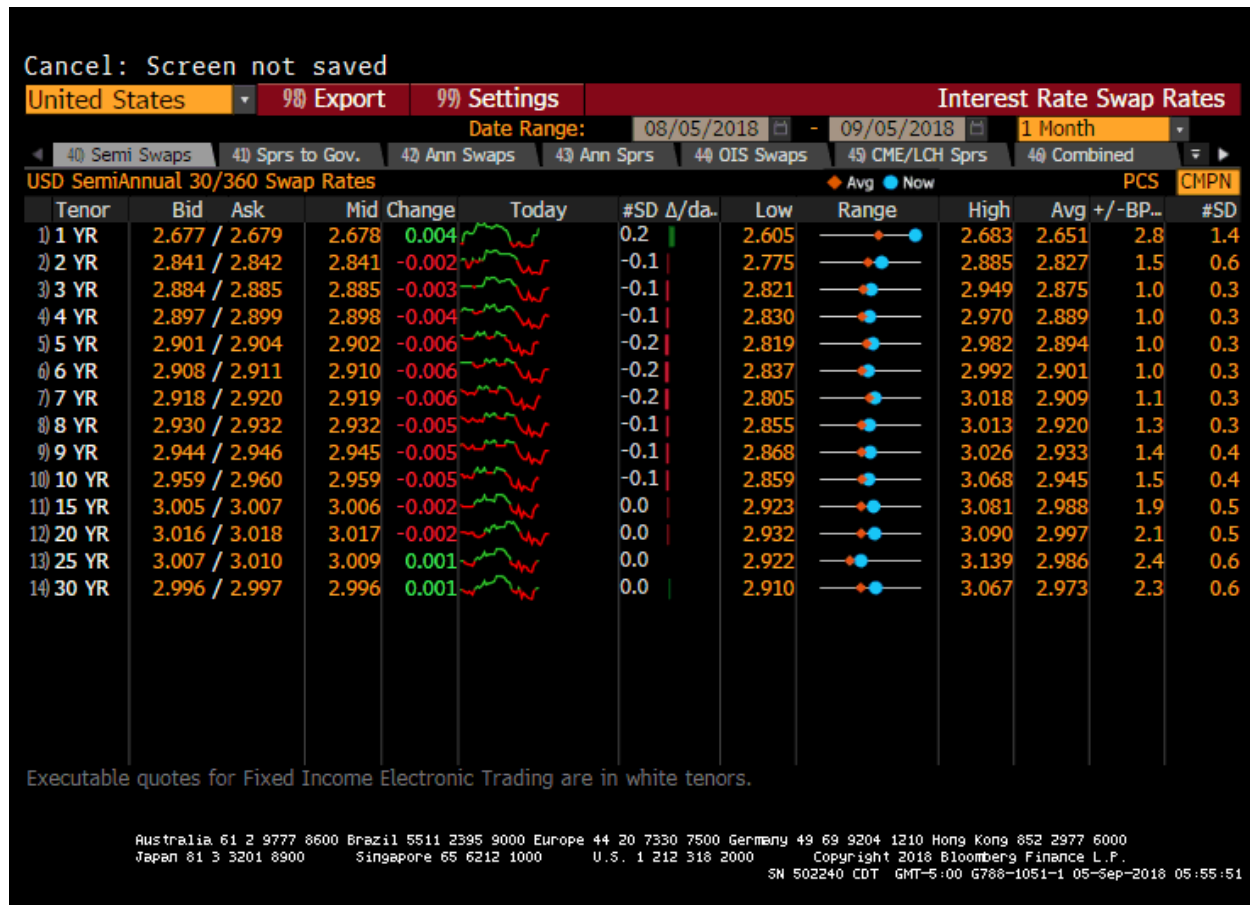
(2018) +108.0 futures ticks (\$31.25 per tick) or +\$3,375.00.

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

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

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US-SWAPS IRSB <GO>



The Option Lab

Trade Log:

2. Bought the TY Week-2 120.00 put (at the money).

Paid 8/64ths (\$125) per contract (3/9/2018).

The 120-00.00 strike price on the option equates to a TY yield of ~2.895%.

On March 9, the put was sold at 7/64ths for a \$15.63 loss.

1. Bought 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.

On February 2, the put fly was sold at 1.25 ticks for a \$31.25 win.

Option Book 2018 YTD realized: +\$15.62 per contract.

Option Book 2017 YTD realized: -\$228.13 per contract.

Option Book 2016 YTD realized: +\$43.75 per contract.

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The Fundamentals

LABOR

Bureau of Labor and Statistics

<http://www.bls.gov/news.release/>

CPI, ECI, Employment situation PPI, CPI, Productivity and Costs, Real Earnings and US import/exports.

Average Hourly Earnings y/y Department of Labor Department.



St. Louis Fed Agriculture Finance Monitor 2nd quarter 2018

The results of this quarter's survey reflect agricultural finance conditions in the Eighth Federal Reserve District during the second quarter of 2018. **For the eighteenth consecutive quarter bankers who responded to the survey on net reported a decline in farm income when compared with the same period a year ago.** Similar to the previous survey, the results of this survey reflect some expectations of improving levels for farm income for the next quarter. While a majority of bankers still expect income to decline next quarter when compared with the third quarter of last year, slightly fewer bankers report that assessment. Bankers reported a similar assessment and outlook for capital spending. Responses about household spending also indicate a decline in that category when compared with responses a year ago. Bankers have reported lower comparative income levels since the fourth quarter of 2013, reaching a low point in the second quarter of 2016. This period correlates with an extended period of depressed prices for commodities. Survey responses indicate that the value of quality farm land fell during the second quarter of 2018 compared with a year ago but that cash rents for that property slightly improved. In contrast, the value for rangeland or pastureland rose during the second quarter while cash rents for that property fell. Responses to bank-related activities indicated that loan demand and available funds increased during the second quarter of 2018 as compared with a year ago. The rate of loan repayment slowed during the second quarter of 2018 on a comparative basis as reported by a majority of bankers. Both fixed and variable interest rates on all categories of loans rose during the quarter, relative to the previous quarter. This quarter's survey asked two special questions. Results of the first question indicate that a significant majority of respondents feel that the University of Missouri's projections that farm income will fall in 2018 by about 6.5 percent is

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about right. The second question asked about the impact lenders expected the new tax law will have on borrowers: Over 71 percent felt it would be either somewhat positive or significantly positive, while only 29 percent felt there would be either no effect or a somewhat negative effect.

<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>

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

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

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.	31 August 2018	1,048	+4	24 August 2018	+105	1 September 2017
Canada	31 August 2018	228	-1	24 August 2018	+27	1 September 2017
International	July 2018	997	+38	June 2018	+38	July 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 this week, total U.S. weekly rail traffic was 565,706 carloads and intermodal units, up 3.9 percent compared with the same week last year.

Total carloads for the week ending August 25 were 275,334 carloads, up 1.8 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 290,372 containers and trailers, up 6 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 2,184 carloads, to 22,064; petroleum and petroleum products, up 1,980 carloads, to 11,332; and metallic ores and metals, up 1,587 carloads, to 25,451. Commodity groups that posted decreases compared with the same week in 2017 were coal, down 5,010 carloads, to 91,300; and miscellaneous carloads, down 27 carloads, to 9,881.

For the first 34 weeks of 2018, U.S. railroads reported cumulative volume of 8,901,367 carloads, up 1.7 percent from the same point last year; and 9,417,104 intermodal units, up 6 percent from last year. Total combined U.S. traffic for the first 34 weeks of 2018 was 18,318,471 carloads and intermodal units, an increase of 3.9 percent compared to last year.

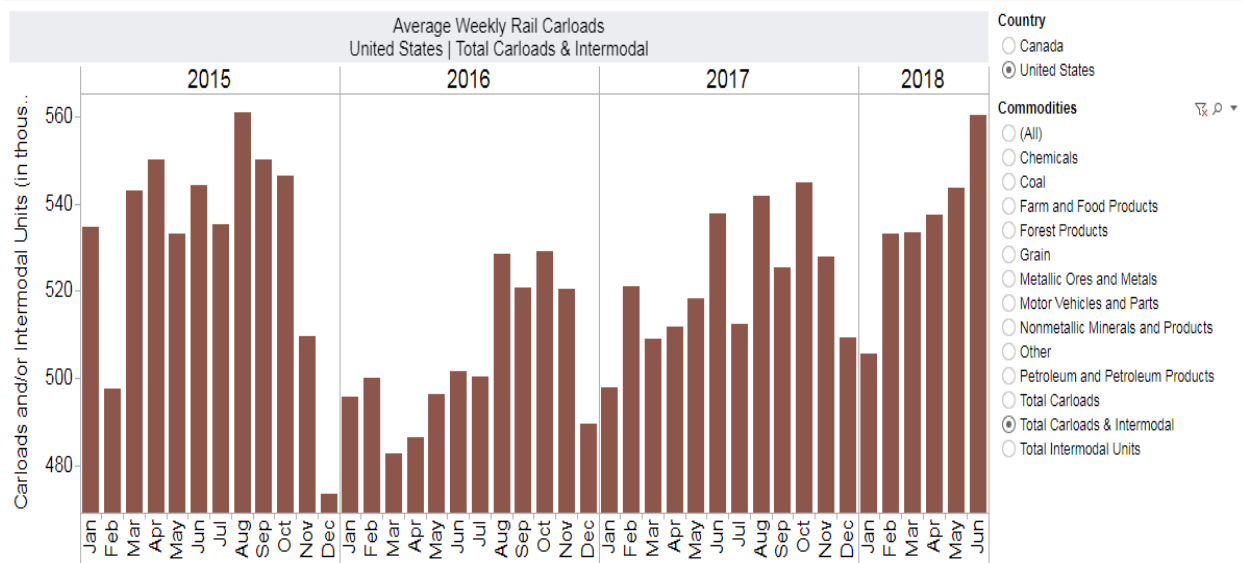
North American rail volume for the week ending August 25, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 381,287 carloads, up 1.6 percent compared with the same week last year, and 383,099 intermodal units, up 4.8 percent compared with last year. Total combined weekly rail traffic in North America was 764,386 carloads and intermodal units, up 3.2 percent. North American rail volume for the first 34 weeks of 2018 was 24,685,171 carloads and intermodal units, up 3.5 percent compared with 2017.

Canadian railroads reported 85,021 carloads for the week, up 3.4 percent, and 72,983 intermodal units, up 2.9 percent compared with the same week in 2017. For the first 34 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 5,055,944 carloads, containers and trailers, up 3.9 percent.

Mexican railroads reported 20,932 carloads for the week, down 6.6 percent compared with the same week last year, and 19,744 intermodal units, down 4.3 percent. Cumulative volume on Mexican railroads for the first 34 weeks of 2018 was 1,310,756 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-the-week-ending-august-25-2018/>

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/>

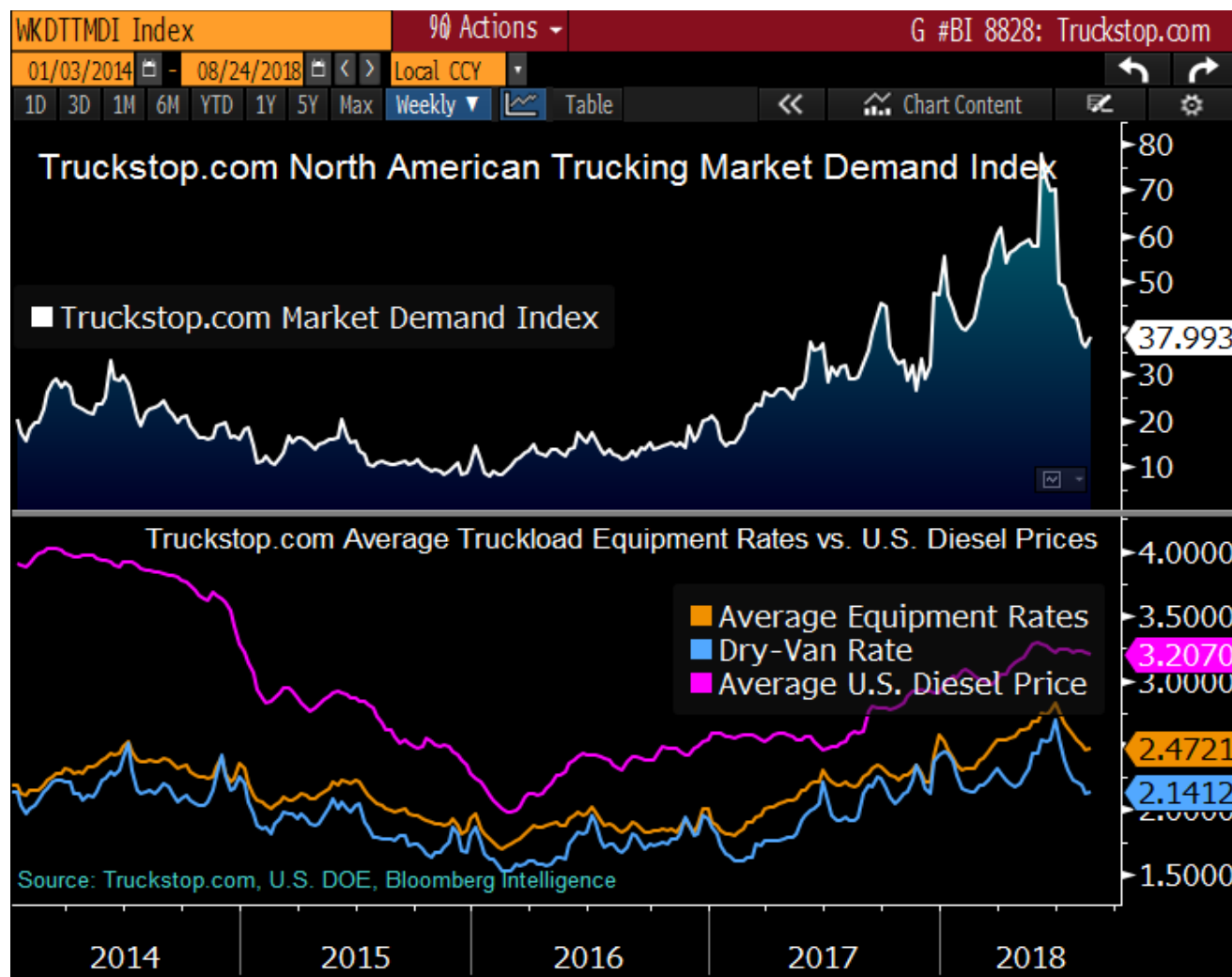
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Trailer Truck Demand (Bloomberg Intelligence) – 08/20/18

Relative North American spot-trucking demand fell 2.8% sequentially to 36.1 in the week ended Aug. 17, based on Truckstop.com's Market Demand Index (MDI), down about 48% from seasonal highs before the July 4 holiday. Capacity remains historically tight, even as it loosened for the seventh-straight week. Growth in spot rates, excluding fuel surcharges, has moderated from peak levels but is 15% higher in 3Q from the prior year. Rates will face harder comps in the coming weeks when they lap spikes from Hurricane Harvey.

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, which many carriers expect to rise in the high-single digits to mid-teens in 2018.

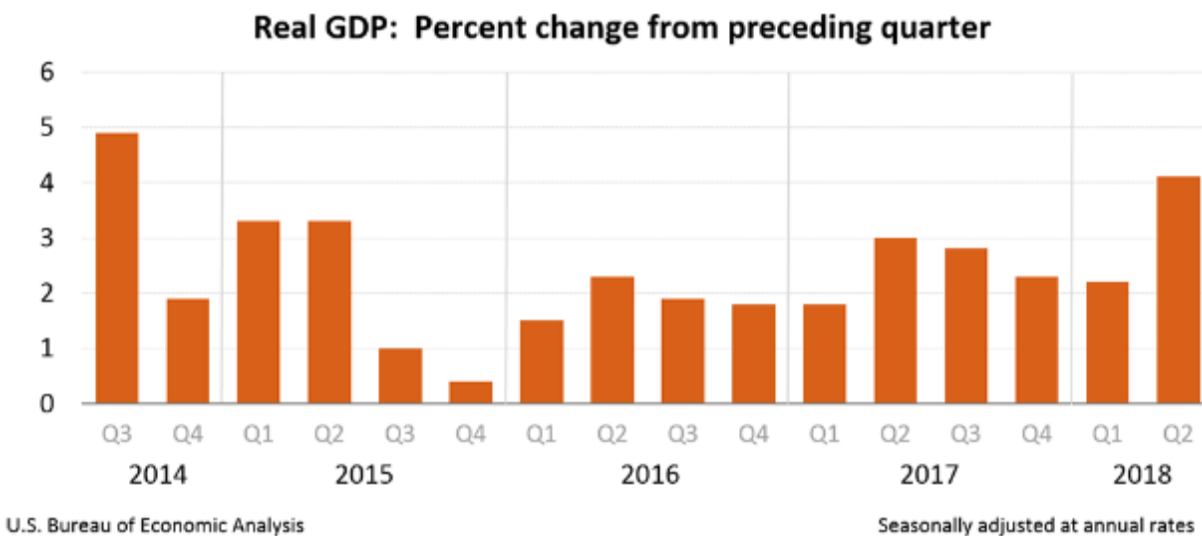
Lee A Klaskow at lklaskow1@bloomberg.net



GDP

U.S. Department of Commerce, Bureau of economic analysis

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GDP-2Q is running at *3.79% as of 09/04/18 v. *3.40% on 08/31/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q3 2018: 4.7 ...September 4, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is **4.7 percent** on September 4, up from 4.1 percent on August 30. The nowcasts of third-quarter real consumer spending growth and third-quarter real private fixed investment growth increased from 3.0 percent and 3.0 percent, respectively, to 3.6 percent and 4.3 percent, respectively, after this morning's construction spending report from the U.S. Census Bureau and this morning's Manufacturing ISM Report On Business from the Institute for Supply Management. The model's estimate of the dynamic factor for August—normalized to have mean 0 and standard deviation 1 and used to forecast the yet-to-be released monthly GDP source data—increased from 0.18 to 1.14 after the ISM report this morning.

The next GDPNow update is Wednesday, September 5. 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...Q3 2018: 2.0%...August 31, 2018

The New York Fed Staff Nowcast for 2018:Q3 stands at 2.0%.

Impacts from this week's data releases were small, leaving the nowcast for 2018:Q3 broadly unchanged.

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

St. Louis Fed Real GDP Nowcast... Q3 2018: 4.66 %...September 4, 2018

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

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MANUFACTURING AT A GLANCE
AUGUST 2018

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	61.3	58.1	+3.2	Growing	Faster	24
New Orders	65.1	60.2	+4.9	Growing	Faster	32
Production	63.3	58.5	+4.8	Growing	Faster	24
Employment	58.5	56.5	+2.0	Growing	Faster	23
Supplier Deliveries	64.5	62.1	+2.4	Slowing	Faster	23
Inventories	55.4	53.3	+2.1	Growing	Faster	8
Customers' Inventories	41.0	39.4	+1.6	Too Low	Faster	23
Prices	72.1	73.2	-1.1	Increasing	Slower	30
Backlog of Orders	57.5	54.7	+2.8	Growing	Faster	19
New Export Orders	55.2	55.3	-0.1	Growing	Slower	30
Imports	53.9	54.7	-0.8	Growing	Slower	19
OVERALL ECONOMY				Growing	Faster	112
Manufacturing Sector				Growing	Faster	24

Average for 12 months - 59.3

High - 61.3

Low - 57.3

<https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?SSO=1>

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US Census Bureau (Manufacturers' Shipments, Inventories and Orders).

<http://www.census.gov/manufacturing/m3/>

Our Nation in numbers

The Constitution gives us four missions...

- 1. Establish Justice and Ensure Domestic Tranquility.**
- 2. Provide for the Common Defense.**
- 3. Promote the General welfare.**
- 4. Secure the Blessings of Liberty to Ourselves and Our Posterity.**

www.usafacts.org

US Foreign Assistance

<http://foreignassistance.gov/>

CBOT Non-Commercial Net Total – Futures Only

<http://www.cmegroup.com/trading/interest-rates/cftc-tff/main.html>

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