



Fixed Income Group A Division of RJ O'Brien

The Missile

www.fixedincomegroup.com

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(All times are CST)

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

United States Browse 13:34:35 09/07/18 - 09/13/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/07	07:30				Change in Nonfarm Payrolls	Aug	194k	--	157k	--
22)	09/07	07:30				Two-Month Payroll Net Revision	Aug	--	--	--	--
23)	09/07	07:30				Change in Private Payrolls	Aug	195k	--	170k	--
24)	09/07	07:30				Change in Manufact. Payrolls	Aug	23k	--	37k	--
25)	09/07	07:30				Unemployment Rate	Aug	3.8%	--	3.9%	--
26)	09/07	07:30				Underemployment Rate	Aug	--	--	7.5%	--
27)	09/07	07:30				Average Hourly Earnings MoM	Aug	0.2%	--	0.3%	--
28)	09/07	07:30				Average Hourly Earnings YoY	Aug	2.7%	--	2.7%	--
29)	09/07	07:30				Average Weekly Hours All Emplo	Aug	34.5	--	34.5	--
30)	09/07	07:30				Labor Force Participation Rate	Aug	--	--	62.9%	--
31)	09/10	14:00				Consumer Credit	Jul	\$14.100b	--	\$10.211b	--
32)	09/11	05:00				NFIB Small Business Optimism	Aug	108.2	--	107.9	--
33)	09/11	09:00				JOLTS Job Openings	Jul	--	--	6662	--
34)	09/11	09:00				Wholesale Trade Sales MoM	Jul	--	--	-0.1%	--
35)	09/11	09:00				Wholesale Inventories MoM	Jul F	0.5%	--	0.7%	--
36)	09/12	06:00				MBA Mortgage Applications	Sep 7	--	--	-0.1%	--
37)	09/12	07:30				PPI Final Demand MoM	Aug	0.2%	--	0.0%	--
38)	09/12	07:30				PPI Ex Food and Energy MoM	Aug	0.2%	--	0.1%	--
39)	09/12	07:30				PPI Ex Food, Energy, Trade MoM	Aug	0.2%	--	0.3%	--

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 6602-3943-1 06-Sep-2018 13:34:35

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Fed Speak Calendar
(All times are CST)

Economic Calendars											
Calendars ▾		Alerts ▾		Export ▾		Settings ▾		United States			
United States		Browse		13:38:30		09/07/18		- 09/30/18			
Central Banks		All Central Banks				View		Agenda ● Weekly 🔍			
	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/07	07:30				Fed's Rosengren Makes Opening Remarks at Boston Fed Conference					
22)	09/07	08:00				Fed's Mester Moderates Panel at Boston Fed conference					
23)	09/07	11:45				Fed's Kaplan Speaks at Energy Conference in Dallas					
24)	09/10	11:00				Fed's Bostic Discusses Economic Outlook					
25)	09/12	08:30				Fed's Bullard Speaks to CFA Society Chicago					
26)	09/12	13:00				U.S. Federal Reserve Releases Beige Book					
27)	09/13	12:15				Fed's Bostic Gives Speech on Economy and Monetary Policy					
28)	09/14	08:00				Fed Evans Speaks in Fort Wayne, Indiana					
29)	09/14	09:00				Fed's Rosengren Speaks at Brookings Conference					
30)	09/26	13:00	🔔	📊		FOMC Rate Decision (Upper Bou...	Sep 26	2.25%	--	2.00%	--
31)	09/26	13:00	🔔	📊		FOMC Rate Decision (Lower Bou...	Sep 26	2.00%	--	1.75%	--
32)	09/26	13:30				Fed's Powell Holds Press Conference Following FOMC Decision					
33)	09/28	15:45				Fed's Williams Speaks in New York at Money Markets Conference					
34)	09/29-10/02					Fed Chair Jerome Powell Delivers Keynote at NABE Conference					

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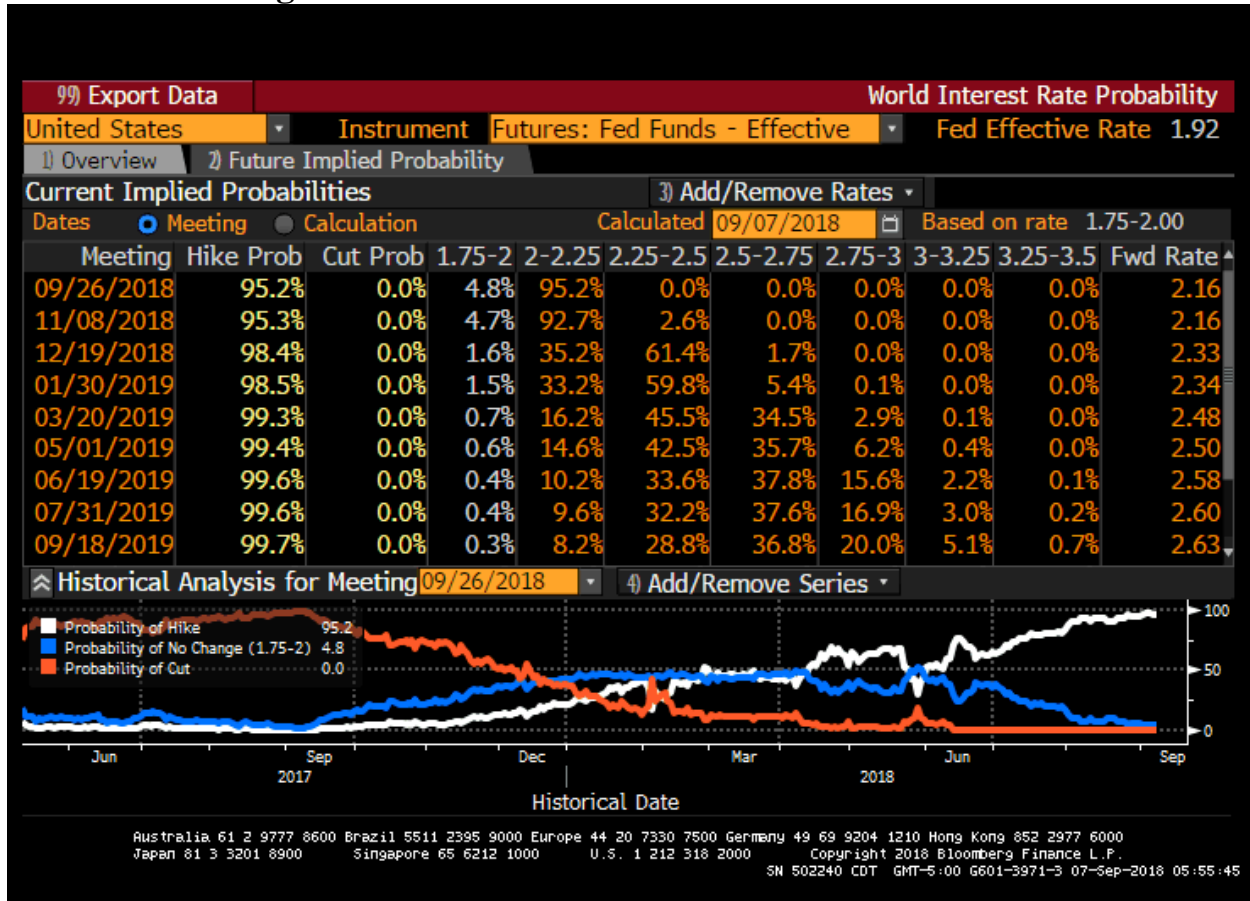
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA		TBA	02/13/2018	\$50
4-week	09/10/2018	09/11/2018	09/13/2018	TBA		TBA	09/04/2018	\$55
8-week	10/15/2018	10/16/2018	10/18/2018	TBA		TBA	n/a	n/a
3-month	09/06/2018	09/10/2018	09/13/2018	912796QN2		TBA	09/04/2018	\$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	2.13100	-.00156	(97.06900)
3-Month Libor Set	2.33125	+.00419	(97.66875)
6-Month Libor Set	2.54150	-.00269	(97.45850)
1-Year Libor Set	2.84550	-.00356	(97.15450)

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THEY SAID IT

Here's what some economists expect from the August jobs report, from low to high estimates on non-farm payrolls. The median projections are for a job gain of 191,000 and a drop in the unemployment rate to 3.8 percent.

<https://www.bloomberg.com/news/articles/2018-09-07/what-economists-are-saying-ahead-of-the-august-u-s-jobs-report?srd=premium>

“Despite a rising pace of inflation, a looming trade war that threatens to slow U.S. exports, and tightening monetary policy by Fed policy makers, hiring by employers today shows little sign of slowing,” Andrew Chamberlain, chief economist at the job-search and company-review website, said in an email. “All signs today point to an August jobs report that’s likely to bring more good news for American workers.”

Economists Carl Riccadonna, Yelena Shulyatyeva and Tim Mahedy noted that the first reading of August payrolls “has fallen short of both the consensus estimate and the prevailing trend with impressive consistency for much of the current economic cycle.”

“Analysts should beware of an August mirage in payroll weakness,” [they wrote](#). “The optics will be particularly jarring on the heels of a below-trend [July reading](#). While it may prove tempting to connect the two months as a signal of deteriorating labor-market conditions, Bloomberg Economics does not subscribe to such a view.”

Scotiabank (180,000)

“If August is within the realm of typical Augusts when it comes to seasonal wage gains, then when combined with year-ago base effects we could well see an acceleration of wage growth,” said senior economist Derek Holt.

Average hourly earnings are forecast to rise 2.7 percent from a year earlier, according to the median estimate of analysts in a Bloomberg survey. That would be identical to gains in June and July, with the pace failing to break above 2.8 percent in this expansion despite the low unemployment rate.

Morgan Stanley (194,000)

Several indicators point to solid hiring, according to analysts led by Ellen Zentner, chief U.S. economist. The four-week average of jobless claims “comes right near the record low for the series,” they wrote in a note to clients, “signaling that firing flows remain low and should remain supportive of net job growth.” Consumer sentiment indicates Americans are feeling confident about the labor market, and purchasing managers’ indexes offer “further positive indications.”

ING Bank (210,000)

According to Chief International Economist James Knightley, the August reading will likely get a natural bump following July employment numbers that were dragged down by mass layoffs at Toys “R” Us, the now-bankrupt retail chain.

“After a disappointing July report, we expect normal service to resume with a rebound in payrolls and a pick-up in pay, which should cement expectations of a September rate hike,” he said in a note to clients.

With President Donald Trump expected to start implementing the next round of tariffs on \$200 billion of Chinese goods within hours, it’s tempting to think the global economy is riding out the turmoil. Tempting, but mistaken. Look closely: The slowdown has begun.

<https://www.bloomberg.com/view/articles/2018-09-07/the-global-trade-slowdown-is-happening-now?srd=premium>

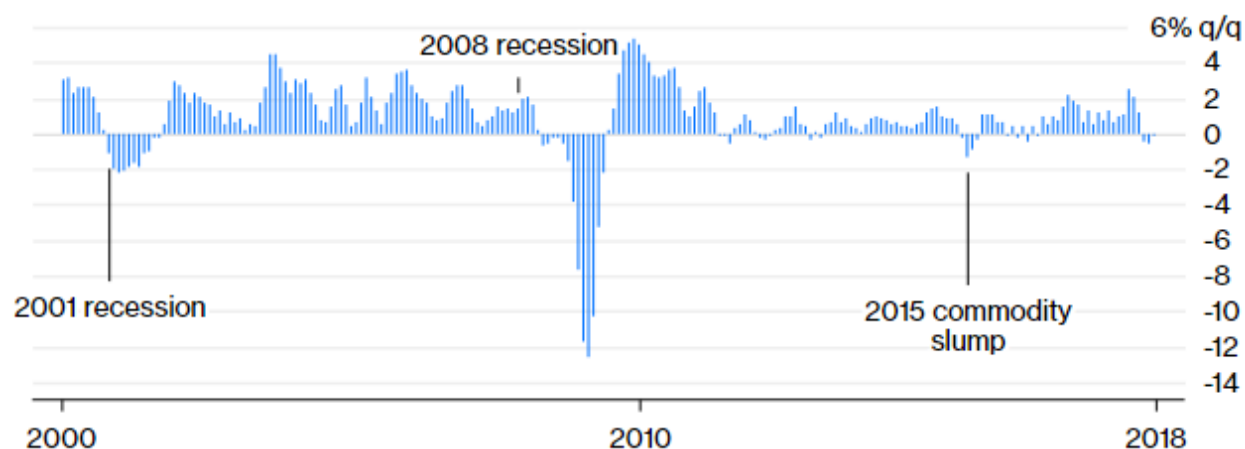
Take trade volumes. It’s been extraordinarily unusual for the momentum of global commerce to

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head anywhere but up in recent decades. The only notable occasions when the world trade monitor compiled by the CPB Netherlands Bureau for Economic Policy Analysis has turned down in a sustained way since 2000 have been on the eve of the 2001 and 2008 recessions, and during the 2015 commodity slump.

Past the Peak

Rolling three-month trade volumes are already in decline, a rare situation in recent decades



Source: CPB Netherlands, Bloomberg Opinion calculations

Note: Based on rolling three-month-to-three-month change in average trade volumes.

That's consistent with the picture emerging on the ground. U.S. manufacturers "reported higher prices and supply disruptions that they attributed to the new trade policies," according to the [Federal Reserve's July Beige Book](#), in addition to "higher input prices and shrinking margins." The next edition, due out next week, is likely to show further impact, judging by the [warnings from business leaders](#) on the eve of the current round of levies.

The fact that previous trade slumps have often coincided with U.S. recessions doesn't mean the coming one will. The declines in volumes tracked by the CPB are more likely to have been consequences rather than causes of previous economic contractions. Still, as Komal Sri-Kumar [wrote for Bloomberg Opinion](#) earlier this year, markets have a poor track record of picking up on the risks from rising tariff barriers in advance.

As recently as 2016, Barack Obama [argued](#) that a weak China that could not contribute to solving global problems was more dangerous than a strong and potentially aggressive China. The Trump administration, by contrast, has [identified](#) China as the biggest long-term threat to U.S. geopolitical and geo-economic interests. Trump himself has labeled Beijing an implacable economic competitor even as he has occasionally tried to buddy up to Chinese President Xi Jinping.

<https://www.bloomberg.com/view/articles/2018-09-06/how-china-went-from-a-business-opportunity-to-enemy-no-1>

Earlier this year, two former high-ranking Democratic foreign-policy officials — Kurt Campbell and Ely Ratner — wrote an article [describing](#) the China challenge in roughly the same terms as Trump's National Security Strategy. It is hard to imagine the next administration's strategy identifying China as anything other than the most formidable great-power challenger the U.S. has faced in decades.

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Brazilian presidential elections were jolted Thursday when the leading candidate, the controversial former Army officer Jair Bolsonaro, was stabbed during a street rally in the country's heartland.

<https://www.bloomberg.com/news/articles/2018-09-07/near-fatal-stabbing-of-presidential-front-runner-stuns-brazil?srnd=premium>

The attack threw what had already been a raucous race into an even greater state of turmoil. By Thursday evening, the right-wing lawmaker's condition had stabilized and Brazilian traders, who are partial to the candidate's free-market stance, had placed bets the incident would fuel outpourings of sympathy and help propel him to the presidency.

"One of the biggest challenges facing our sector right now is the lack of that skilled workforce to fill open jobs," said Carolyn Lee, executive director of the Manufacturing Institute, NAM's social impact arm. "Part of the reason for this challenge is that people don't understand what modern manufacturing is all about — so perception is a big issue. People think of manufacturing as old and antiquated, when it's not."

The U.S. manufacturing sector is booming — adding more than 380,000 jobs since

<https://www.cnn.com/2018/09/07/manufacturing-is-firing-on-all-cylinders-but-a-lack-of-skilled-workers-is-squeezing-the-sector.html>

President [Donald Trump](#) took office in January 2017. But while a strong economy is helping to bolster the industry, it's also being crunched by an increasingly tight labor market, leaving companies in short supply of workers they desperately need to meet capacity.

Due to a combination of economic expansion and baby boomer retirements, the Manufacturing Institute projects that by the year 2025, some two million jobs within the industry will go unfilled. The National Association of Manufacturers (NAM) said there are about 500,000 manufacturing jobs that are currently open.

The problem, experts say, is a severe skills gap.

Argentina and the International Monetary Fund have history. Not the good kind. Their last loan deal was among the most disastrous of all time.

That's why the stakes are so high — for both sides — as Argentina resumes the role of IMF borrower after almost two decades. And already there are signs that the current \$50 billion bailout is getting blown off course.

<https://www.bloomberg.com/news/articles/2018-09-07/this-time-is-different-for-argentina-and-imf-it-had-better-be?srnd=premium>

President Mauricio Macri is pushing to revise an agreement reached less than three months ago. He wants more cash up front to [prop up](#) the peso, whose dramatic slump last week helped trigger an emerging-market rout.

That's a hard sell anywhere. It's especially toxic in Argentina, where "fundamentally, the IMF is a villain," according to Benjamin Gedan, head of the Argentina Project at the Wilson Center in Washington.

Macri's government has been talking to the IMF this week, after [announcing](#) \$6 billion of fiscal savings for next year. The goal is a balanced budget (before interest payments on debt), from a projected deficit of 2.6 percent in 2018.

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EQUITIES

The S&P is **-4** and the NASDAQ is **-11**.

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 -0.91%.

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

BOE Rate +0.50%. (No change).

Next meeting 09/13/18

On the European Continent

The CAC Index closed -0.19%.

The DAX Index closed -0.25%.

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 -0.48%.

The NIKKEI closed -0.80%.

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

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

Next meeting 09/19/18

China:

The Hang Seng closed -0.01%.

The Shanghai Composite closed +0.40%.

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

EDZ8: 97-39.00 is the pivot. Below the pivot, you should be short, above long. Support is at 97-39.00** and 97-36.00^.

Resistance is at 97-41.5**.

^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.



YTD (per contract)

2018 +36.5 ticks (+\$912.50)

2017 +33.0 ticks (+\$825.00)

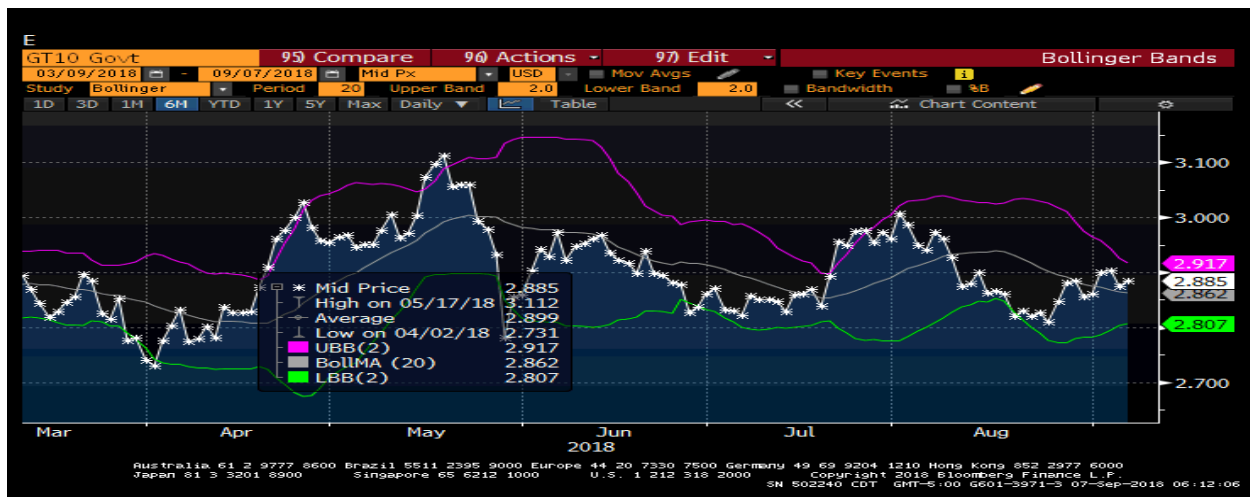
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10yr/TYZ8: 120-04.0 is the pivot point. Above you should be long, below short.
 Support is at **120-04.0** and **119-17.0**^*
 Resistance is at **120-22.5**

**^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)

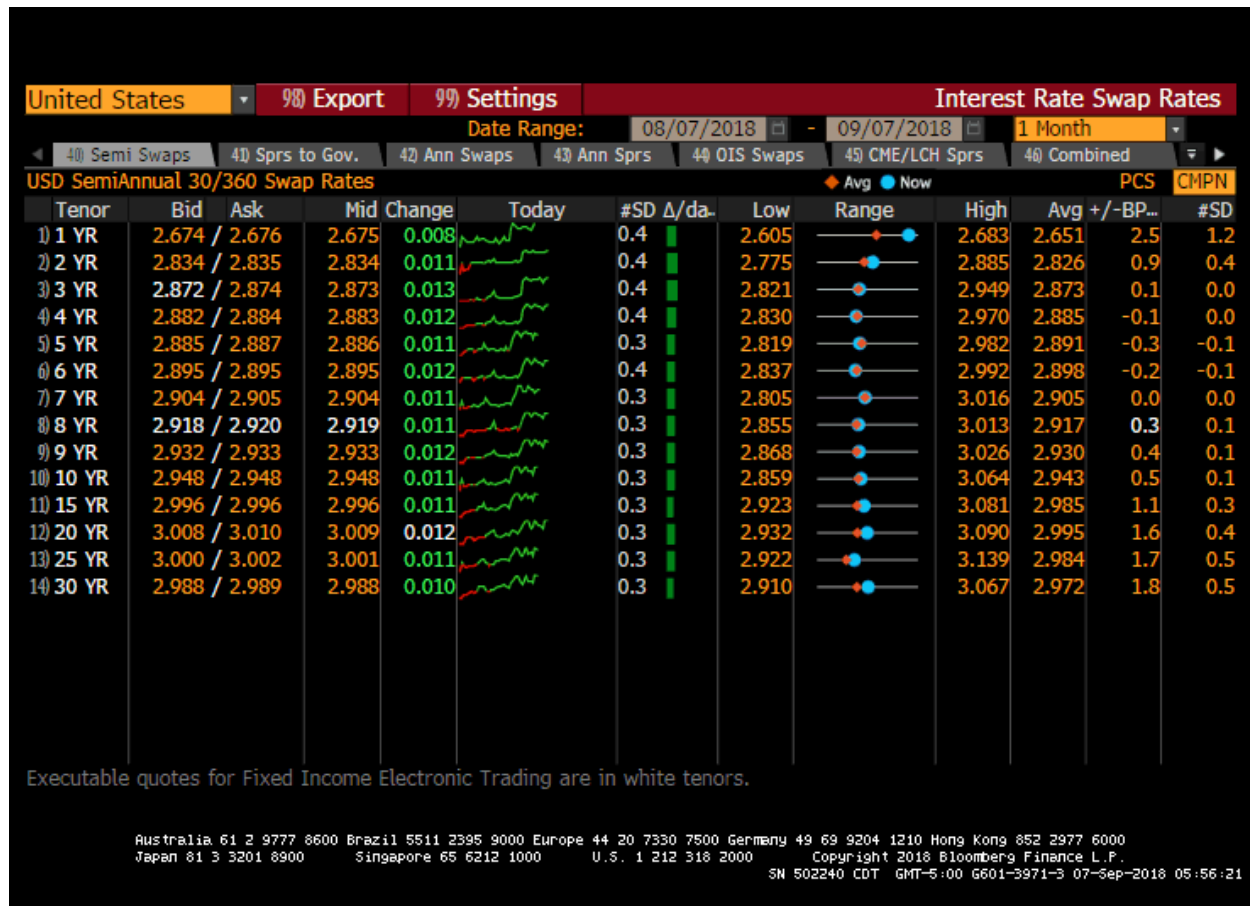
(2018) +108.0 futures ticks (\$31.25 per tick) or +\$3,375.00.

(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 ranchland 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.

U.S. railroads originated 1,386,026 carloads in August 2018, up 3.8 percent, or 50,335 carloads, from August 2017. U.S. railroads also originated 1,442,920 containers and trailers in August 2018, up 5.1 percent, or 70,198 units, from the same month last year. Combined U.S. carload and intermodal originations in August 2018 were 2,828,946, up 4.5 percent, or 120,533 carloads and intermodal units from August 2017.

In August 2018, 16 of the 20-carload commodity categories tracked by the AAR each month saw carload gains compared with August 2017. These included: grain, up 18,989 carloads or 19.8 percent; petroleum & petroleum products, up 12,780 carloads or 28.8 percent; and chemicals, up 11,911 carloads or 7.8 percent. Commodities that saw declines in August 2018 from August 2017 included: coal, down 15,410 carloads or 3.2 percent; nonmetallic minerals, down 4,034 carloads or 16.6 percent; and metallic ores, down 1,061 carloads or 3.2 percent.

“August was a very good month for U.S. rail traffic with 16 of the 20 carload commodity categories the AAR tracks registering higher carloads in August 2018 than in August 2017, the most since January 2015,” said AAR Senior Vice President of Policy and Economics John T. Gray. “The U.S. economy has been improving since the 2016 slow down and freight railroads are committed to maintaining the economic momentum by moving goods safely and efficiently for their customers. Still a concern, however, trade policy discussions that add a level of uncertainty to future economic growth.”

Excluding coal, carloads were up 65,745 carloads, or 7.6 percent, in August 2018 from August 2017.

Excluding coal and grain, carloads were up 46,756 carloads, or 6.1 percent.

Total U.S. carload traffic for the first eight months of 2018 was 9,181,733 carloads, up 1.9 percent, or 172,712 carloads, from the same period last year; and 9,704,619 intermodal units, up 6 percent, or 547,613 containers and trailers, from last year.

Total combined U.S. traffic for the first 35 weeks of 2018 was 18,886,352 carloads and intermodal units, an increase of 4 percent compared to last year.

Week Ending September 1, 2018

Total U.S. weekly rail traffic was 567,881 carloads and intermodal units, up 7.8 percent compared with the same week last year.

Total carloads for the week ending September 1 were 280,366 carloads, up 9.6 percent compared with the same week in 2017, while U.S. weekly intermodal volume was 287,515 containers and trailers, up 6 percent compared to 2017.

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

They included chemicals, up 8,450 carloads, to 33,408; petroleum and petroleum products, up 4,588 carloads, to 12,222; and grain, up 4,420 carloads, to 22,633. One commodity group posted a decrease compared with the same week in 2017: coal, down 2,533 carloads, to 92,084.

North American rail volume for the week ending September 1, 2018, on 12 reporting U.S., Canadian and Mexican railroads totaled 387,637 carloads, up 8 percent compared with the same week last year, and 379,747 intermodal units, up 5.4 percent compared with last year. Total combined weekly rail traffic in North America was 767,384 carloads and intermodal units, up 6.7 percent. North American rail volume for the first 35 weeks of 2018 was 25,452,555 carloads and intermodal units, up 3.6 percent compared with 2017.

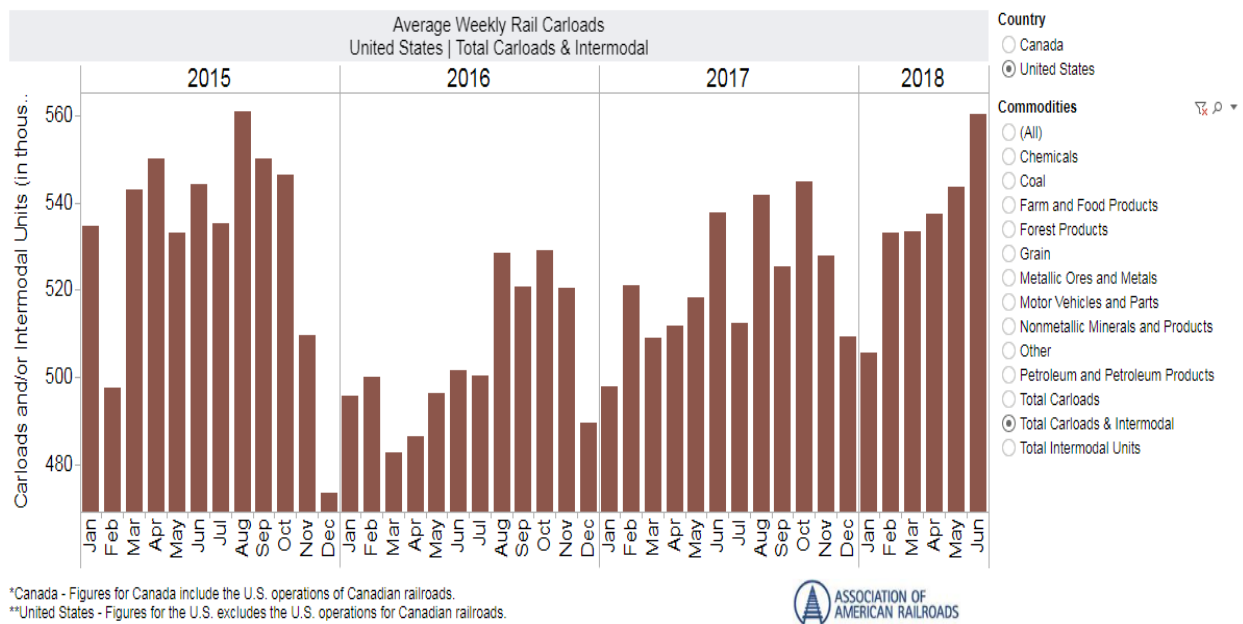
Canadian railroads reported 86,902 carloads for the week, up 5.3 percent, and 72,870 intermodal units, up 4.4 percent compared with the same week in 2017. For the first 35 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 5,215,716 carloads, containers and trailers, up 3.9 percent.

Mexican railroads reported 20,369 carloads for the week, down 1.9 percent compared with the same week last year, and 19,362 intermodal units, up 0.6 percent. Cumulative volume on Mexican railroads for the first 35 weeks of 2018 was 1,350,487 carloads and intermodal containers and trailers.

<https://www.aar.org/news/rail-traffic-for-august-and-the-week-ending-september-1-2018/>

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Monthly Rail Traffic Charts



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

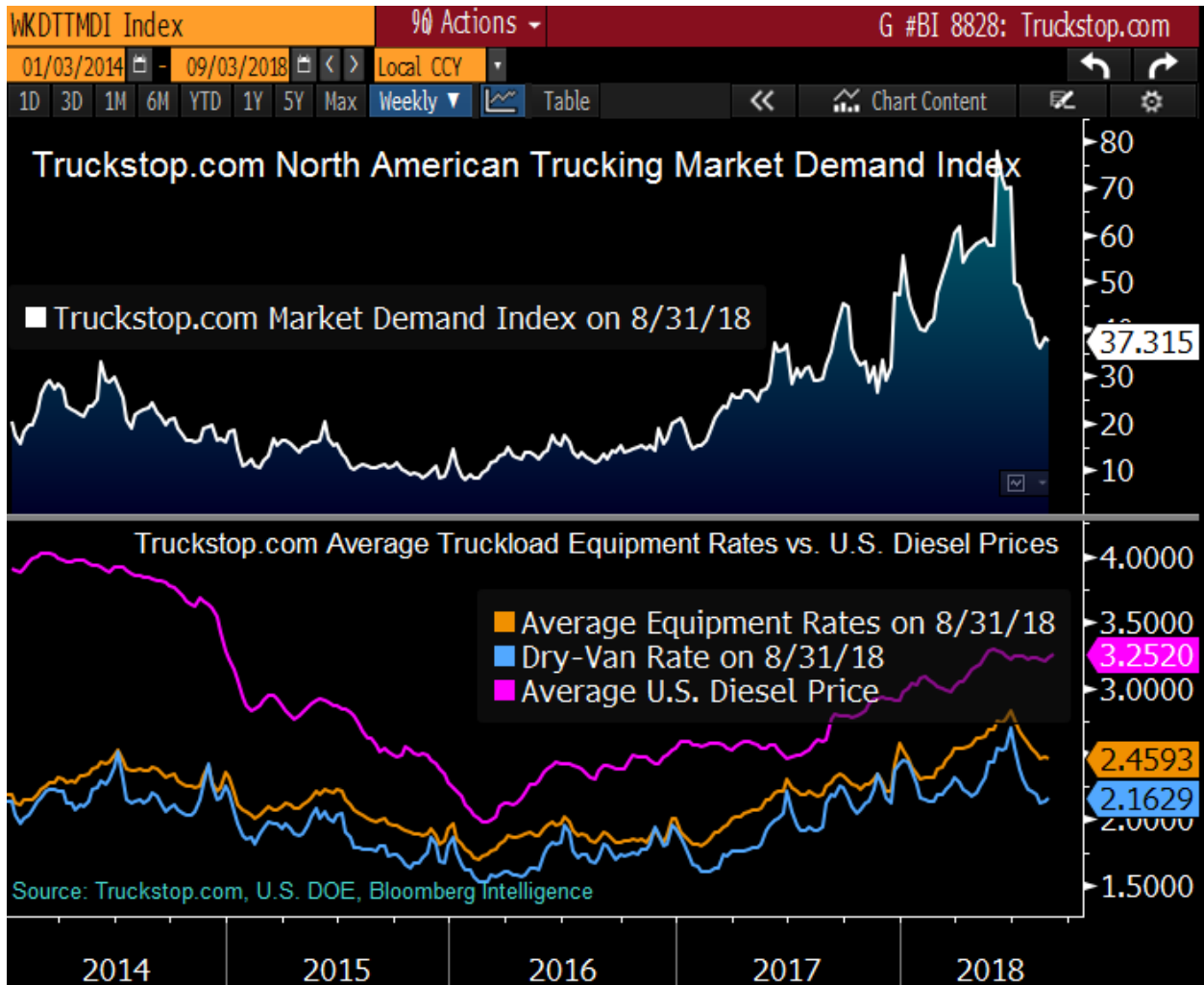
Trailer Truck Demand (Bloomberg Intelligence) – 09/04/18

Relative North American spot-trucking demand declined 1.8% sequentially to 37.3 in the week ended Aug. 31, based on Truckstop.com's Market Demand Index. Capacity remains historically tight, even as it loosened for the eighth time in the past nine weeks from seasonal highs. Spot rates now face tougher comparisons from demand spikes following Hurricane Harvey. Dry-van spot rates, excluding fuel surcharges, were down 2.8% last week vs. last year, yet average rates in the quarter remain about 13% higher from 3Q17.

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.

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GDP

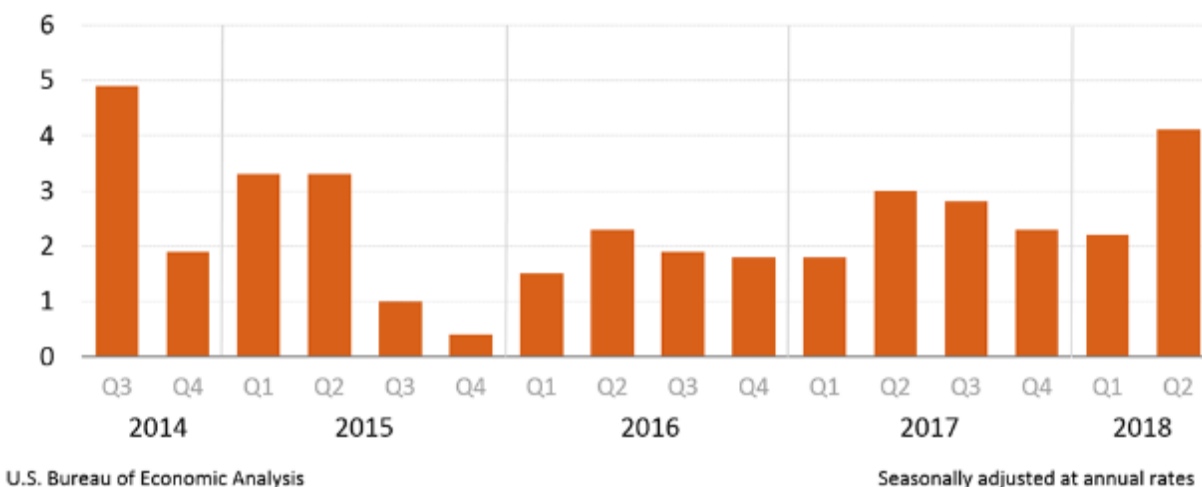
U.S. Department of Commerce, Bureau of economic analysis

<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

GDP, Personal Income, Outlays, Consumer Spending, Corporate Profits and Fixed Assets

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Real GDP: Percent change from preceding quarter



GDP-2Q is running at *3.59% as of 09/05/18 v. *3.79% on 09/04/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q3 2018: 4.4 ...September 5, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is **4.4 percent** on September 5, down from 4.7 percent on September 4. After this morning's international trade release from the U.S. Census Bureau and the U.S. Bureau of Economic Analysis (BEA), the nowcast of the contribution of net exports to third-quarter real GDP growth declined from -0.70 percentage points to -0.76 percentage points. After this morning's light vehicle sales release from the BEA, the nowcasts of third-quarter real personal consumption expenditures growth and third-quarter real gross private domestic investment growth declined from 3.6 percent and 16.9 percent, respectively, to 3.3 percent and 16.4 percent, respectively.

The next GDPNow update is Tuesday, September 11. 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: 4.36 %...September 5, 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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