



Fixed Income Group A Division of RJ O'Brien

The Missile

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(All times are CST)

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

United States Browse 10:49:15 09/11/18 - 09/17/18

Economic Releases All Economic Releases View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/11	05:00				NFIB Small Business Optimism	Aug	108.0	--	107.9	--
22)	09/11	09:00				JOLTS Job Openings	Jul	6675	--	6662	--
23)	09/11	09:00				Wholesale Trade Sales MoM	Jul	0.1%	--	-0.1%	--
24)	09/11	09:00				Wholesale Inventories MoM	Jul F	0.7%	--	0.7%	--
25)	09/12	06:00				MBA Mortgage Applications	Sep 7	--	--	-0.1%	--
26)	09/12	07:30				PPI Final Demand MoM	Aug	0.2%	--	0.0%	--
27)	09/12	07:30				PPI Ex Food and Energy MoM	Aug	0.2%	--	0.1%	--
28)	09/12	07:30				PPI Ex Food, Energy, Trade Mo	Aug	0.2%	--	0.3%	--
29)	09/12	07:30				PPI Final Demand YoY	Aug	3.2%	--	3.3%	--
30)	09/12	07:30				PPI Ex Food and Energy YoY	Aug	2.7%	--	2.7%	--
31)	09/12	07:30				PPI Ex Food, Energy, Trade YoY	Aug	--	--	2.8%	--
32)	09/12	13:00				U.S. Federal Reserve Releases Beige Book					
33)	09/13	07:30				CPI MoM	Aug	0.3%	--	0.2%	--
34)	09/13	07:30				CPI Ex Food and Energy MoM	Aug	0.2%	--	0.2%	--
35)	09/13	07:30				CPI YoY	Aug	2.8%	--	2.9%	--
36)	09/13	07:30				CPI Ex Food and Energy YoY	Aug	2.4%	--	2.4%	--
37)	09/13	07:30				CPI Index NSA	Aug	252.366	--	252.006	--
38)	09/13	07:30				CPI Core Index SA	Aug	258.431	--	257.930	--
39)	09/13	07:30				Real Avg Weekly Earnings YoY	Aug	--	--	0.1%	--

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 H142-4689-2 10-Sep-2018 10:49:16

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Fed Speak Calendar (All times are CST)

Calendars		Alerts		Export		Settings		Economic Calendars			
United States		Browse		10:55:56		09/11/18		09/30/18			
Central Banks		All Central Banks				View		Agenda		Weekly	
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised	
21)	09/12 08:30				Fed's Bullard Speaks to CFA Society Chicago						
22)	09/12 11:45				Fed's Brainard Speaks in Detroit						
23)	09/12 13:00				U.S. Federal Reserve Releases Beige Book						
24)	09/13 09:00				Fed's Quarles Testifies to Senate Banking Committee						
25)	09/13 12:15				Fed's Bostic Gives Speech on Economy and Monetary Policy						
26)	09/14 08:00				Fed Evans Speaks in Fort Wayne, Indiana						
27)	09/14 09:00				Fed's Rosengren Speaks at Brookings Conference						
28)	09/26 13:00				FOMC Rate Decision (Upper Bou...	Sep 26	2.25%	--	2.00%	--	
29)	09/26 13:00				FOMC Rate Decision (Lower Bou...	Sep 26	2.00%	--	1.75%	--	
30)	09/26 13:30				Fed's Powell Holds Press Conference Following FOMC Decision						
31)	09/27 11:30				Fed's Kaplan Speaks at Forum for Minority Banking						
32)	09/28 07:30				Fed's Barkin Speaks at Forum for Minorities in Banking						
33)	09/28 15:45				Fed's Williams Speaks in New York at Money Markets Conference						

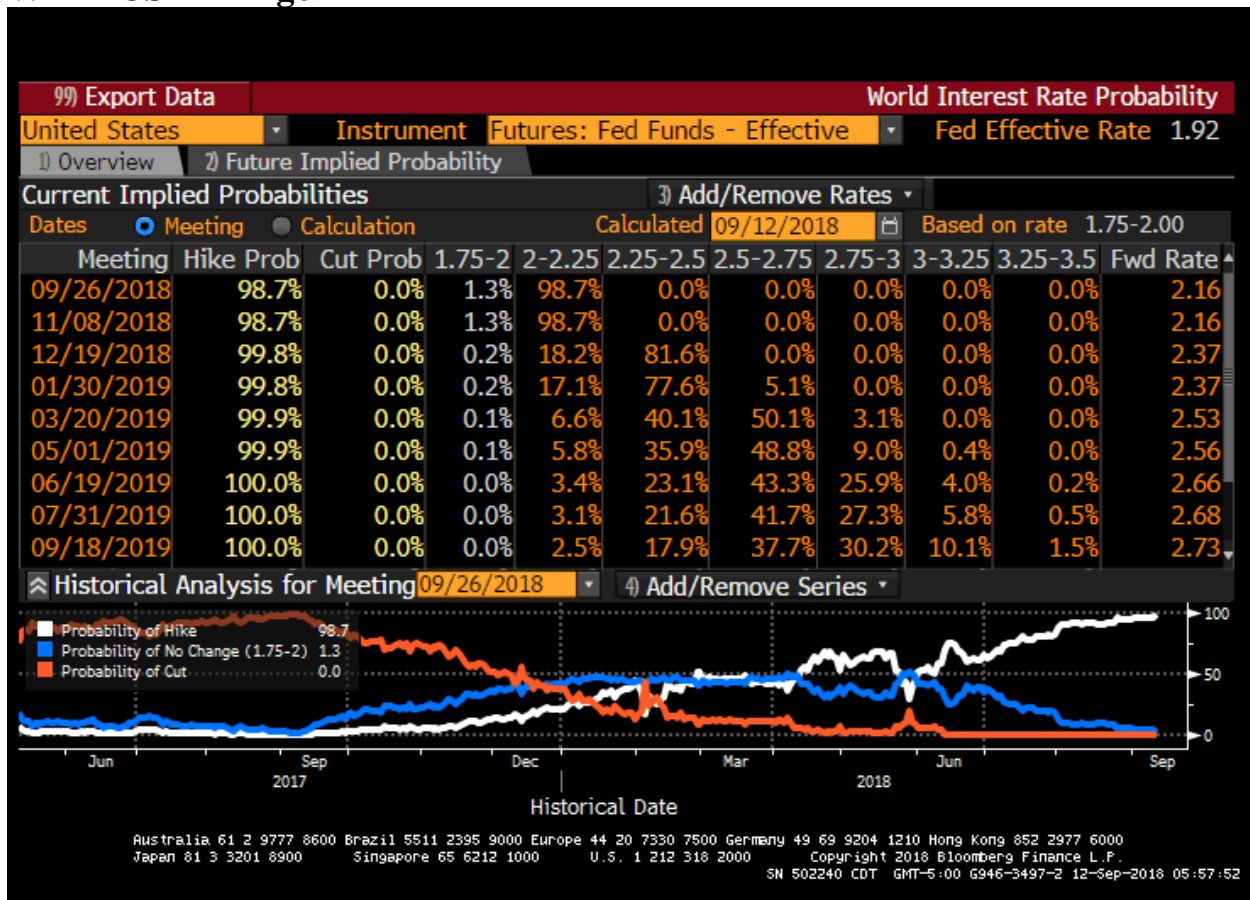
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	Next Offer	Next	Date	CUSIP	\$	Prior	Prior	
Bill Auctions	Announcement	Auction	Settles	Numbers	R	Bil	Auction	\$ Bln
Cash mgmt	TBA	TBA	TBA	TBA	TBA	TBA	02/13/2018	\$50
4-week	09/17/2018	09/18/2018	09/20/2018	TBA	TBA	TBA	09/11/2018	\$45
8-week	10/15/2018	10/16/2018	10/18/2018	TBA	TBA	TBA	n/a	n/a
3-month	09/13/2018	09/17/2018	09/20/2018	912796QP7	TBA	TBA	09/10/2018	\$48
6-month	09/13/2018	09/17/2018	09/20/2018	912796RC5	TBA	TBA	09/10/2018	\$42
1-year	10/04/2018	10/09/2018	10/11/2018	TBA	TBA	TBA	09/11/2018	\$26
Note Auctions								
2-year	09/20/2018	09/24/2018	10/01/2018	TBA	TBA	TBA	08/27/2018	\$36
3-year	10/04/2018	10/10/2018	10/15/2018	TBA	TBA	TBA	09/11/2018	\$35
5-year	09/20/2018	09/25/2018	10/01/2018	TBA	TBA	TBA	08/28/2018	\$37
7-year	09/20/2018	09/27/2018	10/01/2018	TBA	TBA	TBA	08/29/2018	\$31
10-year	10/04/2018	09/12/2018	09/17/2018	9128284V9	R	\$23	08/08/2018	\$26
Bond Auctions								
30-year	10/04/2018	09/13/2018	09/17/2018	912810SD1	R	\$15	08/09/2018	\$18

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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	TBA	11/15/2017	\$.025

Current Implied Probability of Fed Rate Movement (Futures) WIRP US FFE <go>



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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	2.13444	-.01350	(97.06556)
3-Month Libor Set	2.33150	-.00275	(97.66550)
6-Month Libor Set	2.56063	+.00288	(97.45937)
1-Year Libor Set	2.86456	-.00394	(97.13544)

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THEY SAID IT

“The first place you’ll likely see it is in initial jobless claims,” Ryan Sweet, an economist at Moody’s Analytics Inc. in West Chester, Pennsylvania, said in reference to Florence. At the same time, major storms’ effects on the broader economy tend to be “pretty small, on aggregate.”

<https://www.bloomberg.com/news/articles/2018-09-12/florence-to-batter-u-s-data-but-harm-to-economy-likely-small?srnd=premium>

That will be a challenge again with Florence, [forecast](#) to be the worst storm to hit North Carolina in 64 years, and the storm season is far from over. Data on employment, consumer spending and manufacturing may also become trickier to analyze as economists gauge impacts of tax cuts and a trade war.

Based on consumer purchases that won’t be made as a result of the storm -- such as canceled events and missed dinners out -- Florence may have a \$700 million net negative impact on the U.S. economy, not counting insurance losses, according to weather-analytics company Planalytics’ initial estimate.

“If you’re a mom-and-pop and you happen to be in harm’s way, this could be devastating,” said Evan Gold, executive vice president at Planalytics. Florence is “going to be big, and it’s going to be notable, but I’m not sure it’s going to be as big as others” such as Sandy.

It may be human nature to want to assign blame for terrible events — and since climate change became part of public consciousness, it’s a frequently faulted for natural disasters. Is Hurricane Florence our fault for emitting climate-changing greenhouse gases, or perhaps policy makers’ fault for allowing us to do so?

<https://www.bloomberg.com/view/articles/2018-09-11/hurricane-florence-and-climate-change-beware-of-connecting-dots?srnd=premium>

The answer is the same one that applies to cancer. Environmental factors such as excessive UV radiation, secondhand smoke and certain chemical exposures increase risk, but cancer has been around since the age of the dinosaurs, and there’s an [element of randomness](#) to it. It may be impossible to conclude any single risk factor was the single cause of any given case.

The National Academy of Sciences looked into the matter in 2016, with its report “[Attribution of Extreme Events in the Context of Climate Change](#).” University of Georgia meteorology professor J. Marshall Shepherd, who contributed to the report, said that it’s much easier to connect climate change to extreme heat spells, and the relative lack of recent cold spells.

There, the models predict these events, and there are good records from the past and a good understanding of the physics behind the phenomena. There’s a good understanding of the physical mechanisms connecting more severe storms to climate change, but the models aren’t yet able to say much about hurricanes specifically, and the records only go back a few decades. Soon after the report was released, Shepherd [wrote a piece](#) for Forbes saying that “Was that caused by climate change?” is “one of the most abused questions ever.” It’s abused because people use it to push different agendas. But as with cancer cases, seeking a cause is a common emotional reaction. What matters is answering it honestly.

The ECB committee that oversees the compilation of the forecasts now sees the risks to economic growth as tilted to the downside, according to the people. While that’s a change from policy makers’ latest view that the risks are “broadly balanced,” the Governing Council could choose to disagree with that assessment and keep its existing language at its

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meeting on Thursday.

<https://www.bloomberg.com/news/articles/2018-09-12/ecb-is-said-to-lower-euro-area-growth-outlook-on-global-demand?srnd=premium>

“We’ve thought for months that it was a little strange to say risks are balanced, when every single one mentioned was on the downside,” said Nick Kounis, an economist at ABN Amro Bank NV in Amsterdam. “Given the ECB hasn’t said risks are tilted to the downside until now, it would be surprising if they changed their outlook now, even though it would be justified.” President Mario Draghi, who will unveil the final projections after the Governing Council meeting, has acknowledged the damage to confidence from protectionist threats and global uncertainties in recent months. Since then, Turkey and Argentina have slid deeper into crisis, triggering turmoil across the emerging-markets world, and the U.K. is still at risk of breaking away from the European Union without a trade agreement.

The European Union statistics agency Eurostat said industry output in the 19-country currency bloc fell in July by 0.8 percent during the month and by 0.1 percent year-on-year.

<https://www.reuters.com/article/us-eurozone-economy-industrialoutput/euro-zone-industry-output-in-surprise-fall-due-to-germany-italy-idUSKCN1LS1A1>

The fall was mostly caused by bad data from Germany, the bloc’s largest economy, and Italy, which has gone through a stormy summer with market jitters over large spending plans of its new euro-skeptic government.

If Britain does not reach an exit deal with the European Union, the “position changes” on its agreement to pay a financial settlement to the bloc, Prime Minister Theresa May said on Wednesday.

<https://www.reuters.com/article/us-britain-eu-may/uk-pm-may-says-position-changes-on-divorce-payment-if-no-brexite-deal-idUSKCN1LS1TQ?il=0>

As part of a Brexit transition deal, Britain has agreed to pay the EU between 35 and 39 billion euros (\$41-\$46 billion) over the coming decades.

“We are a country which honors our obligations, we believe in the rule of law and therefore we believe in abiding by our legal obligations,” she told parliament.

“However ... the specific offer was made in the spirit of our desire to reach a deal with the European Union and on the basis, as the EU themselves have said, that nothing is agreed until everything is agreed, without a deal the position changes.”

China’s credit growth has been sluggish for months as a multi-year campaign to slow debt growth squeezed shadow banking and hurt people’s appetite for risk. As the trade conflict with the U.S. intensifies, policy makers have loosened monetary policy and eased regulatory requirements on banks to encourage lending.

- China’s broadest measure of new credit expanded as companies issued more debt, though the expansion in new bank loans slowed, showing that banks are still cautious about extending credit and taking on risk.

<https://www.bloomberg.com/news/articles/2018-09-12/china-s-funding-to-economy-rises-in-august-on-policy-support?srnd=premium>

Aggregate financing stood at 1.52 trillion yuan (\$221 billion) in August, the People’s Bank of China said Wednesday, compared with an estimated 1.30 trillion yuan in a Bloomberg survey and 1.04 trillion yuan in July

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- An increase in corporate bond financing supported the larger-than-expected rise, while the shadow banking sector continued to shrink
 - New yuan loans stood at 1.28 trillion yuan, versus a projected 1.40 trillion yuan and 1.45 trillion yuan last month
 - Broad M2 money supply increased 8.2 percent, compared with a forecast 8.6 percent
- August's credit data is "up arrow overall" but the risk appetite remains low, and the rising bill financing indicates banks are reluctant to lend, while slower M1 growth suggests companies' willingness to invest is low, said Xia Le, chief Asia economist at BBVA Hong Kong. "Monetary policy is in transition to an easier bias. Credit growth will see greater support in coming months."

Despite fears of disruptions to global oil supplies and curbs on production, major oil producing group OPEC sees global oil supplies as fine – it's demand that should be worrying people.

The 15-member OPEC said Wednesday in its latest monthly report that preliminary data suggested that the global oil supply increased 490,000 barrels a day to average 98.9 mb/d in August, compared with the previous month.

In 2018, OPEC believes the non-OPEC oil supply in 2018 will grow by 2.02 million barrels a day (mb/d) despite making a downward revision of 64,000 b/d from its last report. In 2019, non-OPEC oil supply is expected to grow by 2.15 mb/d, a minor upward revision of 17,000 b/d.

Meanwhile, OPEC's supply is also rising.

<https://www.cnn.com/2018/09/12/opec-sees-global-oil-supply-as-robust-global-demand-growth-revised-a-touch-lower.html>

According to secondary sources (that is, not the producers themselves) total crude oil production by OPEC members averaged 32.56 mb/d in August, an increase of 278,000 b/d over the previous month.

Crude oil output increased mostly in Libya, Iraq and Nigeria, while production declined in Iran, Venezuela and Algeria. Iran is due to be hit with sanctions on its oil industry from November onwards while Venezuela is experiencing economic and political upheavals, affecting production.

Oil production by OPEC's defacto leader Saudi Arabia has ticked up since May, when it and Russia signalled that they could increase output to fill any supply shortages due to incoming U.S. sanctions on Iran's oil industry.

President Vladimir Putin said on Wednesday that Russia knew the real identity of two men accused by British prosecutors of trying to murder former Russian spy Sergei Skripal and his daughter Yulia in Britain.

<https://www.reuters.com/article/us-britain-russia/putin-says-russia-knows-real-identity-of-men-accused-by-uk-over-poisoning-idUSKCN1LS1KX>

British prosecutors last week identified two Russians who they said were operating under aliases - Alexander Petrov and Ruslan Boshirov - who they said had tried to murder the Skripals with a military-grade nerve agent in England.

Putin, speaking at an economic forum in the Russian port city of Vladivostok, said Russia had found the two men, that they were civilians, and there was nothing special or criminal about them and that he hoped they would come forward and tell the world their own story.

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Russia began its biggest war games since the fall of the Soviet Union on Tuesday close to its border with China, mobilising 300,000 troops in a show of force that will include joint exercises with the Chinese army.

<https://www.reuters.com/article/us-russia-exercises-vostok/russia-starts-biggest-war-games-since-soviet-fall-near-china-idUSKCN1LR146>

China and Russia have staged joint drills before but not on such a large scale, and the Vostok-2018 (East-2018) exercise signals closer military ties as well as sending an unspoken reminder to Beijing that Moscow is able and ready to defend its sparsely populated far east.

Vostok-2018 is taking place at a time of heightened tension between the West and Russia, and NATO has said it will monitor the exercise closely, as will the United States which has a strong military presence in the Asia-Pacific region.

Russia's Ministry of Defence broadcast images on Tuesday of columns of tanks, armoured vehicles and warships on the move, and combat helicopters and fighter aircraft taking off.

In one clip, marines from Russia's Northern Fleet and a motorised Arctic brigade were shown disembarking from a large landing ship on a barren shore opposite Alaska.

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EQUITIES

The S&P is +2 and the NASDAQ is +17.

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 -0.04%.

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

BOE Rate +0.50%. (No change).

Next meeting 09/13/18

On the European Continent

The CAC Index closed +0.50%.

The DAX Index closed +0.15%.

On the Continent, the 2s/10s swap curve is flatter with yields lower.

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

Deposit Facility Rate -.40%

Next meeting 09/13/18

Japan:

The TOPIX closed -0.45%.

The NIKKEI closed -0.27%.

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

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

Next meeting 09/19/18

China:

The Hang Seng closed -0.29%.

The Shanghai Composite closed -0.33%.

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: 97-38.00 is the pivot. Below the pivot, you should be short, above long. Support is at 97-34.00^.

Resistance is at 97-38.00** and 97-42.00**.

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

** 2-STD Deviations from the pivot point.

Current trend would have you long 97-36.0 (9/07/18). 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: 120-02.5 is the pivot point. Above you should be long, below short.

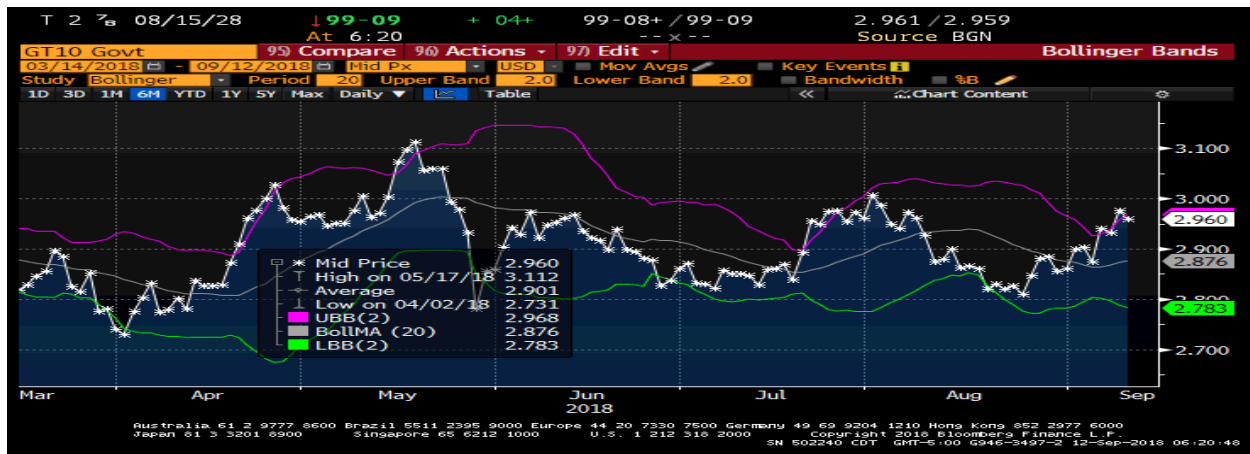
Support is at 119-13.0^*

Resistance is at 120-02.5 and 120-23.5

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

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

Current trend has you short from 120-00.0 (9/4/18).



YTD (per contract)

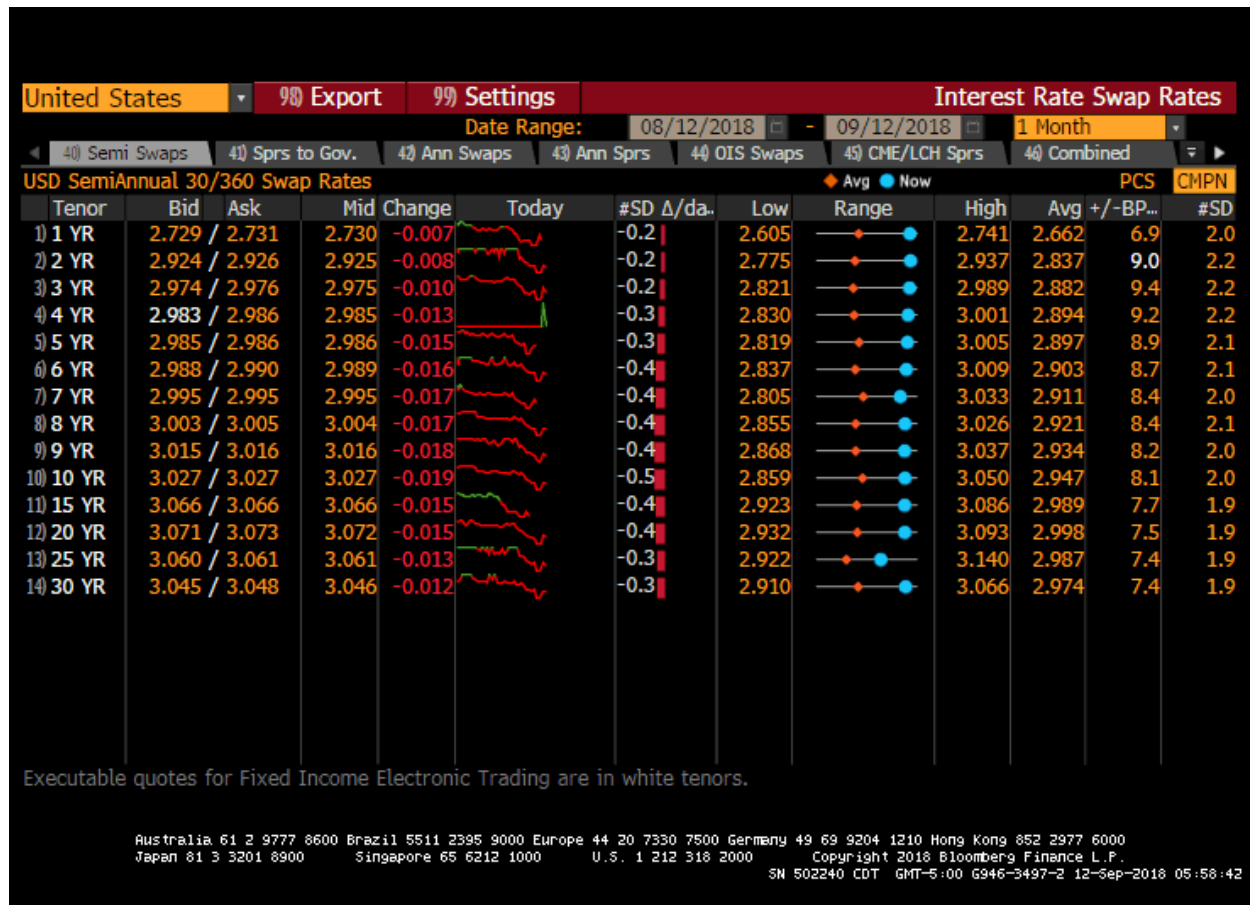
(2018) +108.0 futures ticks (\$31.25 per tick) or +\$3,375.00.

(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

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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 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.	7 September 2018	1,048	+0	31 August 2018	+104	8 September 2017
Canada	7 September 2018	204	-24	31 August 2018	+2	8 September 2017
International	July 2018	997	+38	June 2018	+38	July 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

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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/>

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

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was from small-scale solar photovoltaic systems in 2017.²

U.S. electricity generation by source, amount, and share of total in 2017¹		
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/>

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.

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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.

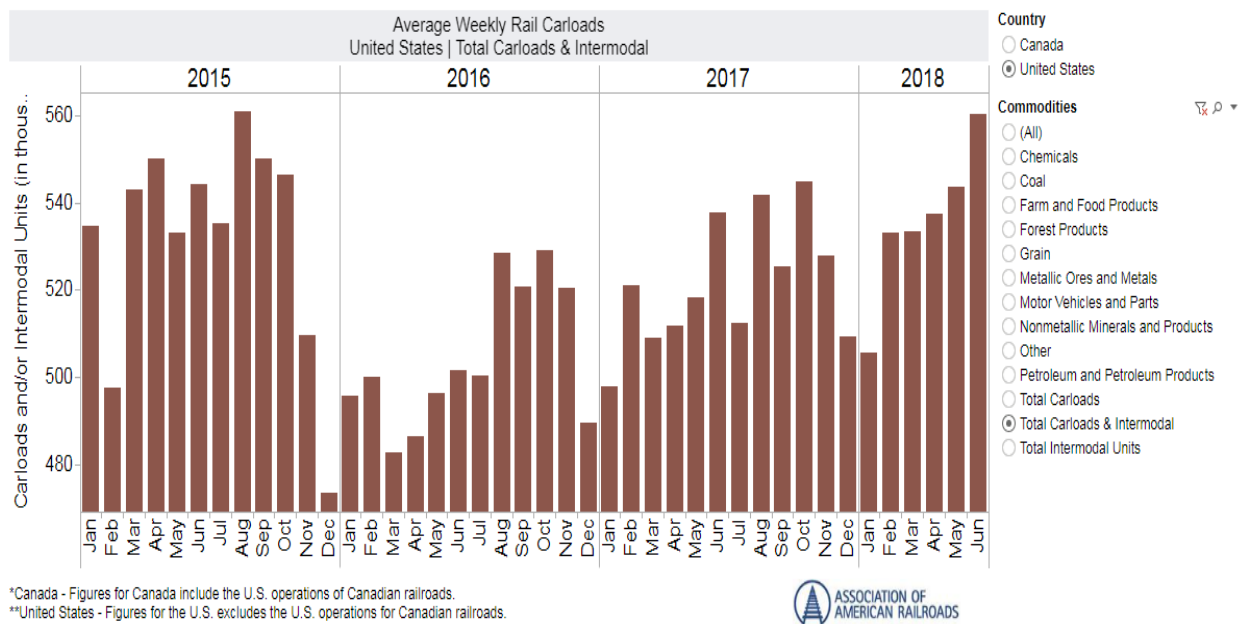
Canadian railroads reported 86,902 carloads for the week, up 5.3 percent, and 72,870 intermodal units, up 4.4 percent compared with the same week in 2017. For the first 35 weeks of 2018, Canadian railroads reported cumulative rail traffic volume of 5,215,716 carloads, containers and trailers, up 3.9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

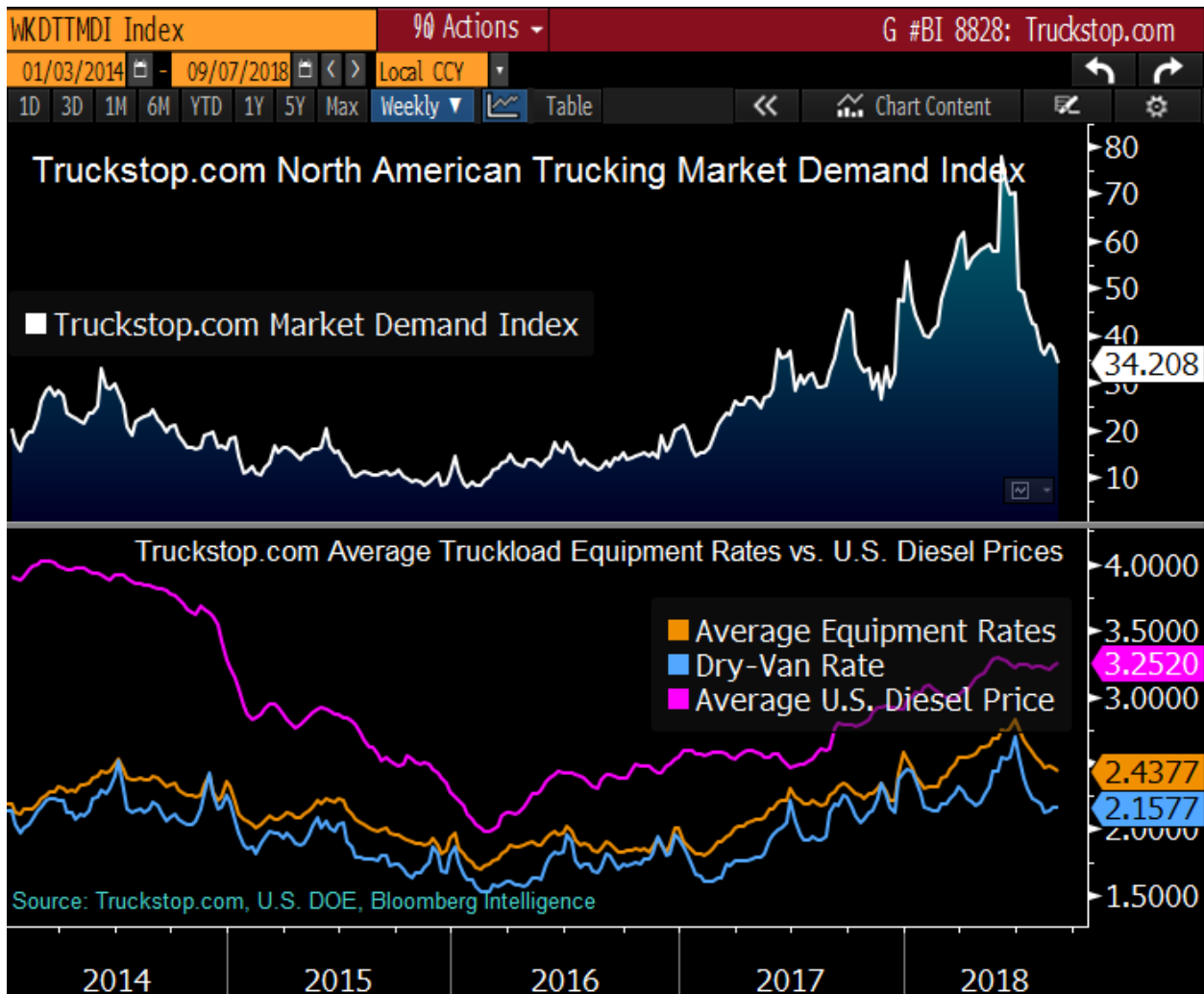
Trailer Truck Demand (Bloomberg Intelligence) – 09/10/18

Relative North American spot-trucking demand declined 8.3% sequentially to 34.2 in the week ended Sept. 7, based on Truckstop.com's Market Demand Index. Capacity remains historically tight, even as it loosened for the ninth time in the past 10 weeks from seasonal highs. Spot rates (up 4.3% from 2017) are lapping tough comparisons from demand spikes following Hurricane Harvey. Hurricane Florence, which could make landfall on the Southeastern U.S. as early as Friday, may spark upward rate pressure in the coming weeks.

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

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GDP

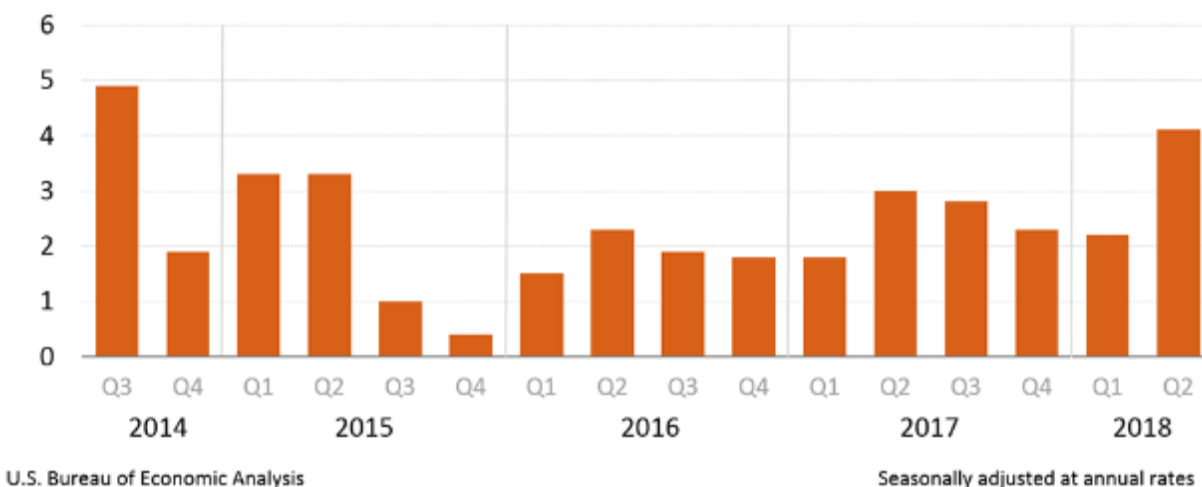
U.S. Department of Commerce, Bureau of economic analysis

<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 *3.19% as of 09/11/18 v. *3.65% on 09/05/18
***simple average of the three regionals.**

Atlanta Fed GDPNow...Q3 2018: 3.6% ...September 11, 2018

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2018 is **3.8 percent** on September 11, down from 4.4 percent on September 5. After last Friday morning's employment report from the U.S. Bureau of Labor Statistics, the nowcasts of third-quarter real consumer spending growth and third-quarter real gross private domestic investment growth decreased from 3.3 percent and 15.9 percent, respectively, to 3.0 percent and 14.0 percent, respectively. 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—declined from 1.11 to 0.41 after Friday's employment report.

The next GDPNow update is Friday, September 14. 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: 2.2%...September 7, 2018

The New York Fed Staff Nowcast stands at 2.2% for 2018:Q3 and 2.8% for 2018:Q4.

News from this week's data releases increased the nowcast for 2018:Q3 by 0.2 percentage point and increased the nowcast for 2018:Q4 by 0.8 percentage point.

Positive surprises from the ISM manufacturing survey drove the increase.

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

St. Louis Fed Real GDP Nowcast... Q3 2018: 3.78 %...September 11, 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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